

Beauty Winning at Experiential Retail

Beauty trumps fashion when it comes to the in-store shopping experience.

By [Rachel Strugatz](#) on June 5, 2017



Beauty could show fashion a thing or two when it comes to the in-store experience.

The Sephoras, Ultas and Nyx's of the world are swiftly widening their lead over fashion when it comes to delivering interactive, high-touch experiences. These and other beauty stores are bucking the downward dog days plaguing retail generally with an arsenal of well-trained staff on floors, coupled with the

newest technologies and seamless digital tie-ins to corresponding e-commerce sites, mobile apps and social channels.

“Beauty used to piggyback on the fashion trends — and now beauty has become the driver of its own trends....It was often the designers who said this is the look, this is what brows will look like, this is what lips will look like,” said Wendy Liebmann, founder and chief executive officer of WSL Strategic Retail.

“With that lack of relevance [on the part of designers], beauty has, over the last two to three years, recognized they have to be their own trend guides...and through all the media available to them have really driven their own trends.”

Mass and prestige brands, specialty and multibrand specialty stores and even department stores are vying for market share in a beauty retail landscape that’s growing more crowded by the minute. And while these players are scrambling to update, enhance and maintain their digital properties, the brick-and-mortar experience can’t fall behind. Mobile might be the fastest-growing retail channel, but it’s in-store, after all, where the majority of purchases still happen.

Now more than ever, Liebmann said beauty brands and specialty retailers are creating out-of-the-box experiences — both in physical and digital environments and connected to social media. Beauty firms, she maintained, have been much faster to evolve when it comes to delivering these experiences than fashion houses — and shoppers are reacting.

Besides [Sephora](#), which nearly everyone interviewed cited as exemplary in experiential retail, Liebmann called out London-based [Selfridges](#) as another leader. She credited an assortment of “high and low” product, combined with pharmaceutical beauty, services and elements of wellness that extend to the retailer’s food hall.

“The tentacles of the beauty experience stretch throughout that space — even into their body studio, which is how they’ve taken what was their ath-leisure experience...[and turned it] into a total beauty and wellness proposition. [Beauty has] been pushed out to so many areas of the store that it feels incredibly relevant

and exciting. That is a beauty experience — internal, external, at every price point — and if I salivate over a beauty experience, that is it,” Liebmann said.

[Selfridges](#)’ investment in its beauty business is one of a few recent examples of specialty and department stores doubling down on the category. In the past few months, Neiman Marcus rolled out 60 Memomi Makeup Mirrors in 35 of its locations that span 21 beauty brands, Saks Fifth Avenue opened The Wellery wellness and beauty concept in its New York flagship last month, while Harrods unveiled the Wellness Clinic in its Knightsbridge store offering holistic and aesthetic treatments.

There are several factors contributing to this, according to experts, from technology lending itself better to makeup try-on to beauty firms willing to embrace and invest in technology in a way that legacy fashion houses won’t.

Others believe that beauty, as a category, had a leg up over fashion to begin with. Science and technology lead to ongoing advancements in skin care and cosmetics, which makes the space privy to a constant stream of innovation that just doesn’t exist with apparel. This, combined with endless product launches that don’t adhere to seasonal restraints, fuel continual “newness” for beauty retail environments. It’s this newness, in turn, that gives beauty a lot more to work with, resulting in a surplus of in-store and online content opportunities that are increasingly interactive in nature.

For Healey Cypher, founder and ceo of Oak Labs, newer technologies such as augmented reality, which is quickly finding its way in-store via interactive mirrors, lend themselves better to beauty use cases. It’s more likely someone will “try on” different lipstick shades in-store than use a mirror to see how a dress might look on their likeness. There is an innate desire to want to physically try on a piece of clothing, he explained, whereas augmented reality could be an attractive way to test out a number of lipstick shades.

He also thinks beauty, as an industry, will soon be the single best proof point of how artificial intelligence, or AI, will create unprecedented customer experiences.

“Skin, and as a result, makeup, is incredibly personal. As beauty retailers advance their competency in behavior data clustering, recommendations will get better and better. Their matching and style suggestions increasingly improve. After all, customers only reject ‘personalization’ when the retailer gets it wrong,” Cypher said.

These recommendations can take place online or in-store, whether the customer is using a retailer’s or brand’s app or a sales associate can pull up one’s shopping history and past searches. The future of beauty, he said, will be a blend of known preferences, anticipated needs and curated discovery.

“Everyone starts with foundation and moves their way up, but it’s hugely challenging to find the exact right foundation, and to date, the only way to find the perfect match is to pay an expert to custom mix a foundation for you,” Cypher added. “What if it were as simple as sitting down in front of a mirror for 30 seconds, and having several options brought to you that perfectly match your skin beneath any lighting scenario? That’s the power of AI and augmented reality.”

No one knows this better than [Sephora](#), where experience trumps all else. The retailer opened its largest store to date March 31, an 11,300-square-foot space on 34th Street in New York City outfitted with a handful of new digital innovations to maximize “interconnectivity.” The shop boasts 13,000 products for sale — about 3,000 more than a typical Sephora store footprint.

As far as augmented reality goes, Tap and Try enables the “trying on” of lipstick and eyelashes in-store using Sephora Virtual Artist’s Technology combined with RFID scanning. There is one end cap dedicated to each category where customers can “try on” any lip or lash product that instantly appears on their digital likeness. The store is also one of the first to have a Moisture Meter, which measures the moisture in one’s skin to make for better skin-care recommendations.

The new door serves as the most forward attempt at welding e-commerce (sephora.com is its number-one door) and brick and mortar. It’s the coming together of the beauty community Calvin McDonald, ceo of Sephora Americas, is building.

“The bigger idea behind a store like this...and the vision we want to create is an unbiased experiential retail through ‘teach-inspired play’ across all of our channels: store, digital and home,” McDonald said during an interview just before the opening of the 34th Street store.

Sephora is also leveraging its digital channel to get consumers in store.

The retailer launched the Sephora Assistant bot with Facebook’s Messenger last fall to help users book makeovers in-store.

According to data from Facebook, booking rates through the bot are 11 percent higher than those that take place either on the retailer’s app or Sephora.com. According to Mary Beth Laughton, senior vice president of digital at Sephora, the AI experience took five fewer steps than the traditional booking experience.

Ken Pilot, founder of Pilot Consulting, thinks this two-way messaging between consumer and brand or retailer (or bot) is key to winning at experiential retailing.

“The mobile experience is probably the most important piece because the demographic is coming at shopping through the phone, and even more so in beauty the phone takes on greater importance,” Pilot said.

With a highly optimized mobile site — or even better, a native app — brands can engage in this dialogue, as well as pull in other features such as augmented reality or promotional related content.

“You want to be able to schedule appointments [online]. We don’t want to speak to people; we want to interact through a piece of glass and only at the last moment if it’s completely necessary will we then interact with someone if that’s what’s required to purchase and leave the store,” Pilot said.

He admitted that the place where retailers “fall down” is the moment between check out and shoppers placing goods in their baskets. The biggest opportunity exists between product selection and the point of sale — which is where AI comes into play. If a sales associate were equipped with a mobile app as part

of the checkout process, they could scan products or suggest other items that could be complementary, either based on the consumer's current or past purchases and searches.

In December, L'Occitane rolled out a new retail concept in its U.S. flagship, the Flatiron Experiential Community Boutique, equipped with digital gifting stations and a smart beauty fitting room, the latter serving as an intersection between technology and human interaction. The fitting room is located at the back of the store and is composed of a communal table with four stations, each with a sink and a digital screen. Customers, encouraged to engage, can play with the screens and request product to try that is quickly brought to them by a sales associate.

The brand introduced a handful of doors with the new concept this spring, and according to Paul Blackburn, vice president, concept design, construction and merchandising for L'Occitane North America, the goal is to have 35 completed globally by the end of the fiscal year. Another flagship is scheduled to open in Toronto later this year.

“To get beauty to the next level takes a brand to double-down on its equities, pick apart every moment from entry to exit and boldly rebuild with their heart — and not abandon after opening. This is going to look vastly different from what we have on display today,” said Chris Skinner, founder and principal of School House, the creative agency working with L'Occitane on its new retail concept.

He cited Fresh as one of the first to “start putting the pieces together” in beauty retailing back in 2011 when the brand relaunched its concept in its Union Square door in New York City. Other examples: Nyx's social communities on display — literally — in its Union Square flagship, Glossier's cool-girl-apartment-vibe that is “utterly Instagrammable” and L'Occitane striking the balance between human connection and digital connection in its new store environments.

Above all else, he added, one aspect beauty has always gotten right is “elevated expertise.”

“In a country where ‘working retail’ has a certain connotation that must be taken down, beauty started with experts-on-hand. This could potentially be a point of differentiation amongst other industries looking to disrupt – beauty can be the leader in a new paradigm of what it means to work retail,” Skinner said.

Despite its lead over fashion, though, Skinner still thinks “beauty is not hitting retail out of the park.” There’s a way to go, he pointed out, to catch up to players like Nike, Samsung, Apple and even activewear retailer Bandier, which are making strides to evolve the perception of what a shopping experience means for each of their categories.

Liebmann agreed that there is still much work to be done in beauty retail.

“As much as Ulta and Sephora are doing, as much as Amazon is doing — that’s just scratching the surface. There is a lot more opportunity and a lot more need because I think the disruption of the smaller brands continues to change the dynamic of the beauty landscape,” Liebmann said. “It just means that traditional retailers and big brands need to really be on their guard and conscious of the opportunities.”

