

SEPHORA

Buying and Merchandising Operations Research Event

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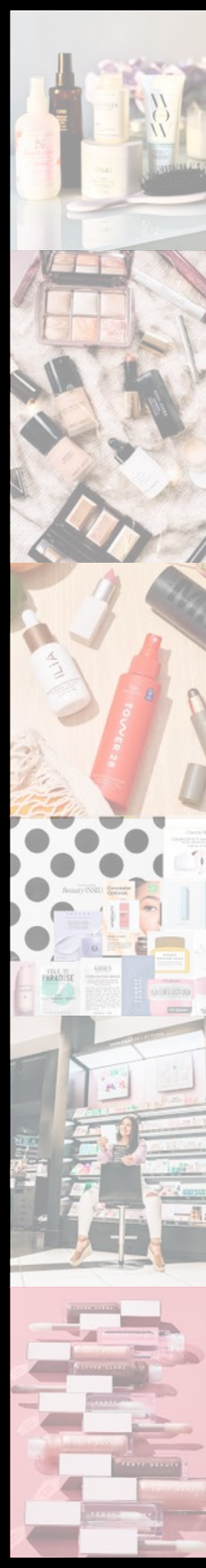


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I. EXECUTIVE SUMMARY

INTRODUCTION

Sephora, founded in 1970 by **Dominique Mandonnaud**, has been a leader in diversity, equity, and inclusion (DEI) and corporate social responsibility (CSR) for decades. The brand is **owned by Louis Vuitton Moet Hennessey (LMVH)**, and is not available for franchising. The company currently has the most store locations of any major beauty retailer, operating **2,700** stores worldwide, spanning across **35** countries. **Sephora** is known for reinventing the beauty shopping experience through its open-sell layout, allowing customers to explore products freely and discover new items. The company's **strong omnichannel model** connects an advanced digital platform with interactive in-store elements, such as sampling, consultations, and beauty classes. These features, combined with the popular **Beauty Insider loyalty program**, help foster customer engagement and repeat purchasing. Alongside its shopping experience, **Sephora** is highly regarded on social media, boasting **22.8 million** followers on Instagram and **two million** followers on TikTok, which are often used for influencer collaborations and advertising. In addition to its retail success and popularity, **Sephora** consistently promotes diversity, inclusion, and innovation through initiatives like **Sephora Accelerate**, supporting underrepresented founders and reinforcing its commitment to championing all forms of beauty. **Sephora's** company mission statement highlights its beliefs and why it operates the way it does: "At **Sephora**, our diversity and inclusion mission is simple: To never stop championing all beauty fearlessly and building inclusive environments for our employees, consumers, and communities." Through multiple CSR programs and initiatives, **Sephora** has proven commitment to the advancement of diversity, equity, inclusion, and social responsibility in the beauty industry.



Figure 1.1: Sephora founder Dominique Mandonnaud

RESEARCH METHODS USED IN THE STUDY

PRIMARY	STORE VISIT		SURVEY		INTERVIEWS	
	Conducting a store visit allowed our team to analyze how eco-friendly and diverse products were displayed . It also allowed us to better understand the diversity of shoppers and employees.		Our team published a survey to over 100 potential Sephora customers, which allowed us to identify what CSR initiatives customers would be willing to participate in or support .		We conducted three interviews to understand what it is like to be a business carried by Sephora the process of donating beauty products , and the quality of the Sephora Accelerate program.	
SECONDARY	SOCIAL MEDIA		ONLINE RESEARCH		EMPLOYEE REVIEWS	
	Analyzing Sephora's social media platforms helped our team understand how the company is marketing its CSR initiatives to customers.		Conducting online research assisted us in identifying Sephora's current CSR plans , as well as the key to an effective plan.		We read honest Sephora employee reviews on Glassdoor and identified areas of improvement for future employees .	
		COMPANY WEBSITE				
		Our team reviewed Sephora's website to observe how individual brands connected to the company are addressing CSR .				

FINDINGS

Of our survey respondents, **43.1% did not know** about any of **Sephora's** CSR initiatives. **Sephora** also **does not post** about CSR on any social media or advertising platforms.

Whenever **Sephora** has excess products in stores, they **return them** to the individual companies to be disposed. Additionally, **Sephora** is **not currently partnering with nonprofits** or shelters to help create a positive impact.

Sephora is ahead when it comes to issues such as sustainability and diversity. Still, they are **not actively trying to become the CSR leader** and influence other brands to follow them in the creation of CSR initiatives.

CONCLUSIONS

Sephora does not effectively market its CSR initiatives. **Sephora** has many small CSR programs, but there are no advertisements for any of them, which makes it difficult for customers to learn about and support the initiatives.

Sephora lacks a disposal process and does not engage with local communities regarding donations. **Sephora** was charged with illegally disposing of beauty products, which could have been donated to communities instead.

Sephora has an opportunity to be the leader in CSR. **Sephora** is very popular within the beauty industry, but its lack of effective CSR efforts, even while it has the resources, is putting it behind other companies.

S

- Commitment to sustainability
- Diverse shade ranges in brands
- Sustainability in **Sephora** Collection

W

- Lack of marketing for programs
- High employee turnover rate
- Low employee participation in CSR
- No product recycling methods

O

- Expanding the Asian and Korean market in the US
- Donating to shelters and adoption centers
- All brands engaging with CSR initiatives

T

- Not all brands involved in CSR
- Lack of refillable products
- Modifying product formation for laws

PROPOSED STRATEGIC PLAN

Sephora will expand and improve its CSR program using our team's six-step plan, **Project BEAUTY**. This plan focuses on every aspect of CSR, and will help **Sephora** **build trust with customers while giving back to the community**. Project BEAUTY's main goals are to advance **Sephora's** CSR initiatives, properly advertise them, and drive engagement amongst customers and employees.

BUILD SUSTAINABLE PRACTICES

B

In order to support sustainability, **Sephora** will **prioritize eco-friendly ingredients** and **advise other brands** to do the same. It will also **claim its position as a leader** in CSR by creating a national CSR standard as well as a **universal definition for clean and sustainable beauty**.

U

UPHOLD ETHICAL STANDARDS

Sephora will begin to improve its ethical standards by publishing an **employee survey** to analyze employee feedback around necessary improvements in training and store experience. **Sephora** will also provide **more opportunities** for employee growth such as an ambassador program.

E

EMPOWER COMMUNITIES

Sephora will **expand the Accelerate** program and thoroughly assess brands to ensure they are right for the program. The company will additionally **partner with nonprofits** and shelters to donate extra products and make a difference at the local level, while repurposing products that would have been wasted.

T

TRANSFORM WASTE INTO VALUE

Providing **recycling programs** to all stores across the country will allow **Sephora** to reduce wasted products and empty packages. As an incentive, **Sephora** will provide **rewards to customers** who recycle or donate products. **Sephora** will properly promote this initiative.

A

ADVANCE RESPONSIBLE ADVERTISING

It is necessary that **Sephora** informs the public of its CSR efforts and showcases its initiatives properly. **Sephora** will **advertise CSR** on all social media platforms and make yearly impact reports **accessible and interactive** to spark customer interest.

Y

YIELD LASTING IMPACT

To keep its commitment regarding CSR, **Sephora** will **track CSR initiatives** using sustainability metrics to ensure practices are successful, and will update initiatives if issues arise. The company will additionally publish **5 and 10-year goals** to align with global standards and continuously improve its CSR plan.

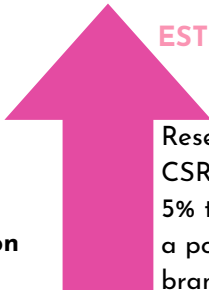
TIMELINE

The implementation of Project BEAUTY will take place over the course of **two years in the United States**. Each objective of the strategic plan will take **2-12 months to complete** until the entire plan has been carried out and **Sephora** has implemented the initiatives successfully.

	2027												2028											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
B									Sephora Collection enhancement				Definition development						Marketing and launch campaign				Advise brands	
E	Nonprofit partnerships				Product re-distribution		Sephora Accelerate program enhancement																Advertise for community engagement	
A		Content creation to advertise in-store events				Introduce eco-friendly in-store displays			Design and post infographic impact reports				Sustainability pop-up events											
U	Employee survey & management evaluation				Inclusion training (annual)		Professional development programs for employees								Inclusion training				Employee ambassador program					
T					Implement customer donation program with app development				Place product recycling bins in-store							Marketing campaigns for recycling								
Y													Create app sustainability hub & develop CSR plan for next 5-10 years				Marketing campaign		Release 5 and 10 year CSR plans					

PROPOSED BUDGET

Project BEAUTY is estimated to cost **\$15.9 million** over the course of **two years**. This amount includes ongoing costs for the two years, as well as the costs of hiring employees when necessary; all other costs are included in the cost breakdown of each strategy. The budget of Project BEAUTY was confirmed by an expert in beauty retail, as well as a financial advisor (**see page 20**). Our return on investment was calculated using the revenue of **Sephora** stores across the **United States**, which amounts to **46%** of **Sephora's** revenue globally. Based on these calculations, and the company's revenue projections for 2027, our team concluded that in **the United States**, **Sephora** will generate a **revenue of \$9.2 billion** in **2027**, when Project BEAUTY will initially launch. This return on investment (ROI) will significantly increase the net profit of **Sephora** locations across the United States.



ESTIMATED 2% SALES INCREASE

Research suggests that CSR can play a role of 1-5% total sales increase in a popular and mature brand.

B	E	A	U	T	Y
\$3,385,000	\$2,145,100	\$2,760,000	\$3,760,000	\$2,362,800	\$1,541,000
Definition development: \$375,000 Launch campaign: \$1,500,000 Advising other brands: \$500,000 Hiring employees: \$510,000 Sephora Collection improvement: \$500,000	Transportation and handling: \$310,100 Nonprofit partnerships: \$200,000 Accelerate program enhancement: \$200,000 Legal and logistics: \$715,000 Community engagement: \$235,000 Hiring employees: \$485,000	Content creation: \$600,000 Infographic impact report design: \$320,000 Sustainability pop-up events: \$375,000 Hiring employees: \$610,000 Eco-friendly in-store displays: \$855,000	Employee survey analysis: \$120,000 Professional development programs: \$415,000 Management evaluation: \$570,000 Hiring employees: \$485,000 Employee ambassadors: \$350,000 Inclusion training: \$1,820,000	In-store recycling set-up: \$362,800 Customer donation program: \$895,000 Loyalty points: \$100,000 App development: \$170,000 Logistics: \$560,000 Marketing campaign: \$275,000	CSR plan development: \$225,000 Public communication: \$316,000 Hiring employees: \$485,000 App sustainability hub: \$140,000 Data collection: \$125,000 Marketing campaign: \$250,000

Total Cost: \$15,953,900 Amount returned: \$198,720,000 Return on investment: 1145.59%

KEY PERFORMANCE INDICATORS

Our team has created several key performance indicators to **measure the success of Project BEAUTY**. These will be measured using **surveys and data**. When these indicators become a reality, our team, along with **Sephora**, can deem Project BEAUTY successful and ensure that it continues to drive sales and customer loyalty to the company.

50% of companies adopt Sephora's clean and sustainable definition	80% launch success rate of Sephora Accelerate brands	4.5/5 average satisfaction rate of employees	50% of customers gain 200 loyalty points
3 CSR events held	1,000 attendees per city at CSR pop-up events	60% of employees participating in growth opportunities	100% of annual reports published on time
5 million products donated to those in need	500,000 views on infographic reports	500,000 affected by donated products	10% increase in earned media value about CSR

II. INTRODUCTION

A. Description of the business or organization



Figure 2.1: CEO
Guillaume Motte

Overview

Sephora is a leading beauty retailer that sells products including **skincare, haircare, makeup, and fragrances**. **Sephora** was founded by Dominique Mandonnaud in France in 1970 and is now run by the President and CEO, Guillaume Motte. **Sephora** is owned by Louis Vuitton Moët Hennessy (LVMH). The company is known for its wide selection of cosmetic products, as well as its strong **omnichannel experience**. **Sephora** has a website that replicates the feeling of being in its physical store, marketing its best-selling products and new arrivals when the website is first interacted with by a customer. **Sephora** also uses customer engagement and loyalty to market products and retain customers. Its **Beauty Insider program** offers perks, rewards, and gifts to inspire customers to repeat purchases, increasing **Sephora's** revenue. **Sephora** integrates interactive elements into its stores, such as product samples, makeup consultations, and skincare classes, which enhance the in-store experience and make shopping more enjoyable. **Sephora's** main competitors include other beauty retailers such as **Ulta Beauty, Macy's, Amazon, Lush, Target, amongst others**. The company's main advertising channels include social media and strategic influencer collaborations.

Sephora's company mission statement is based on diversity and inclusion. On its "About **Sephora**" webpage, the company states: "At **Sephora**, our diversity and inclusion mission is simple: To never stop championing all beauty fearlessly and building inclusive environments for our employees, consumers, and communities." The company also created the **Sephora Accelerate program**, which is designed to **foster innovative beauty founders from underrepresented backgrounds** to create a more diverse beauty industry. Furthermore, **Sephora** commits to several social responsibility initiatives driven by individual brands, which helps to bring separate companies together within **Sephora**. For example, **Sephora** has donated to the Rare Impact fund, created by Rare Beauty owner Selena Gomez. This fund is focused on expanding access to mental health resources and education for young people. Some companies, however, provide **Sephora** with **products that do not meet cruelty-free or sustainability standards**. Additionally, they are not focused on ethical practices or are not actively giving back to communities in need.



Figure 2.2: Sephora's signature shopping bags

Products

Sephora serves as the **sole platform** for some companies to sell their beauty products, such as Fenty Beauty, Glow Recipe, and Makeup by Mario. Many of these brands are only sold in **Sephora** or on their individual websites. Since **Sephora** sells products from many high-end brands, the **prices are higher** than those of an average beauty retailer. In addition to external brands, **Sephora** also **creates its own line of products**. However, they are **not as popular** among customers, even though their products are priced relatively cheaper than others. As aforementioned, even while **Sephora** tries to promote cruelty-free and/or clean brands, some of its popular brands do not meet those standards. Brands include, but are not limited to, Pat McGrath Labs, Benefit Cosmetics, and Dior. In the future, **Sephora** is aiming to accelerate skincare over makeup and has recently added several new skincare brands into store shelves.

Figure 2.3:
Popular products
from Sephora



45,000
PRODUCTS
LISTED

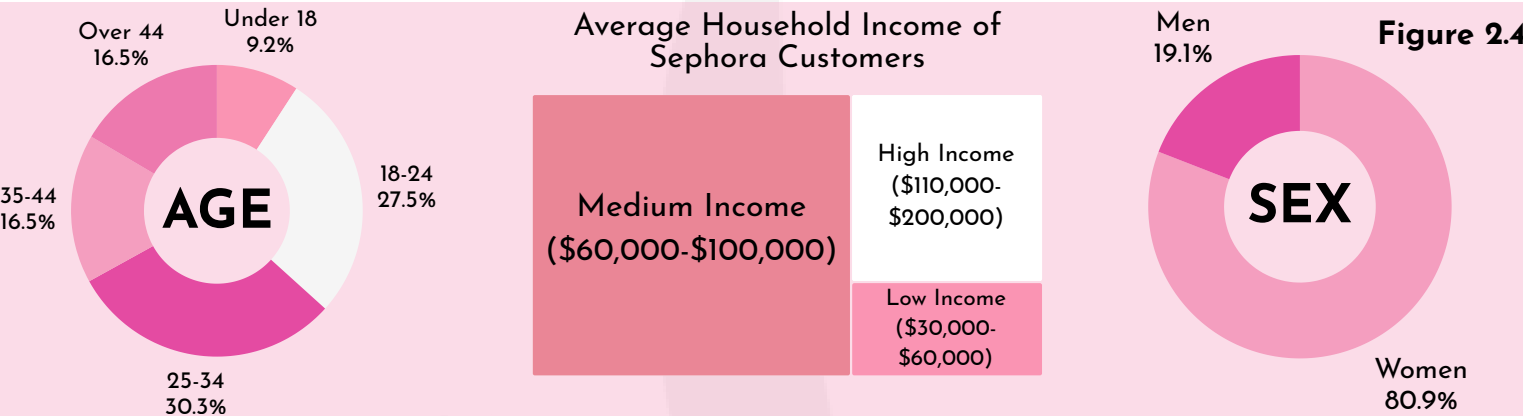
56,000
EMPLOYEES
GLOBALLY

340
BRANDS
CARRIED

B. Description of the target market (demographics and psychographics)

Demographics

According to Statista, around **80.9%** of all **Sephora** shoppers are **biologically female**, while the remaining **19.1%** of shoppers are **biologically male**. The male shoppers tend to purchase skincare products, as **Sephora** does not currently sell products specially for their demographic. **Sephora** mainly appeals to **Millennial and Generation Z women**, but **Sephora** has recently seen a surge of younger **Generation Alpha females** who are interested in beauty. Many of these younger girls do not purchase their own products, giving them the role as shoppers and their parents as the purchasers; therefore, **Sephora** must appeal to the young daughters, while also convincing their parents to buy the products. Additionally, many of **Sephora's** shoppers include **professionals and working women**. The average income of **Sephora** customers is **\$125,000 per year**. This suggests that despite their fast-paced, demanding lifestyles, customers still prioritize incorporating makeup into their daily routines. **Sephora** also makes **efforts to be inclusive** to all races, ethnicities, and genders. These efforts have resulted in a significant number of **Sephora's customers being people of color** or part of the LGBTQIA+ community.



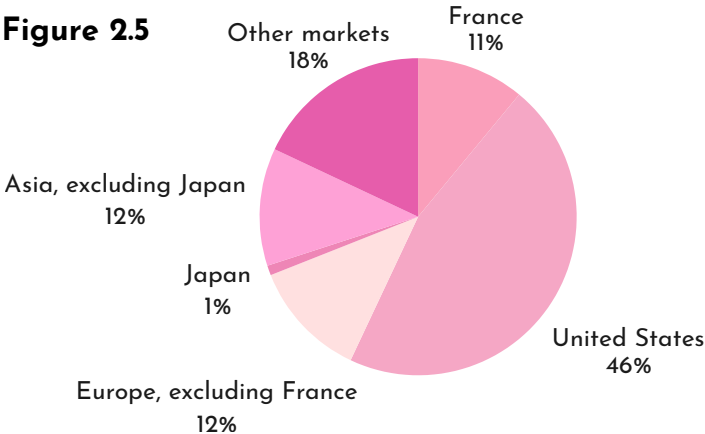
Psychographics

A portion of **Sephora's** customers are coined "skincare savvy," as they tend to only shop for skincare products, rather than makeup products. In the beauty industry, this is called "skinification"; these are products that act like skincare but have the effect and finish of a makeup product. Some brands sold at **Sephora** **promote sustainability**, which attracts eco-conscious consumers to purchase from them. Most popular sustainable brands incorporate ideas such as reusable packaging, non-harmful materials, durable ingredients, and cruelty-free products. These attributes give brands an advantage when appealing to customers who prefer sustainable products. Research suggests that **diversity and inclusion** are also extremely **important to many customers**. **Sephora** is more likely to appeal to people of color through products that offer wide shade ranges or are developed by founders from various backgrounds and ethnicities. **Sephora** customers also **expect ease and convenience** without sacrificing product quality. For example, they look for products that are easily blendable and designed for on-the-go use, such as items that include built-in mirrors or come in compact containers.

Geographics

According to the LVMH 2024 Annual Report, **Sephora** operates **over 2,700 stores** in over **35 countries** worldwide, with **1,781 stores in the United States**, resulting in a wide variety of geographics. The company also has retail locations in Japan, Brazil, France, Germany, Greece, Bahrain, and many other countries around the world. In 2024, **Sephora** had **\$21.1 billion in revenue** and **\$1.51 billion in profit** from recurring operations. **Sephora's** stores provide an **omnichannel experience** that is interactive for customers. Its striking architecture and tasteful updates combine art and performance with fashion, beauty, and design. In addition to its online presence, two of **Sephora's** most **popular store locations** are in New York City, NY, and Los Angeles, CA, due to the number of tourists, population size, and store sizes.

Revenue by Region (2024)



C. Overview of the business or organization's current business strategy relating to corporate social responsibility initiatives

Corporate social responsibility (CSR) aims to build trust and equity between a company and its customers. Building trust is essential in the beauty industry because it reassures customers of a brand's safety and quality, ultimately resulting in customer retention over time. When a company demonstrates a positive impact on the world, it **inspires customers to trust the brand** and purchase its products. In the beauty industry, CSR is extremely important to a brand's image.

Sustainability

Sephora is striving to **improve its carbon footprint** and make skincare and beauty more sustainable. Sustainability initiatives at **Sephora** represented by the Green Heart symbol on websites and articles. **Sephora** has begun creating a line of **products designed to reduce waste**; these products eliminate the use of plastic in its packaging. Although **Sephora** aims to achieve these sustainability goals, they currently **apply only to Sephora Collection** products, which are among the least popular items in stores. Most of **Sephora's** shelves are still stocked with brands that **do not follow the same sustainability initiatives** as **Sephora** itself. **Sephora** is also working to provide consumers with more information about harmful materials that may be present in beauty products. **Sephora** has additionally created its **Planet Aware and Clean at Sephora seals**; these seals can be given to brands to tell customers that the brands **do not use harmful ingredients**, or that they use **sustainable packaging**, and their products do not have a strong negative effect on the environment. The **process** to get these seals is **rigorous** and involves a lot of planning and information that the brand must provide.



Figure 2.6: Clean at Sephora Seal

Inclusion

Additionally, **Sephora** is aiming to **improve its diversity and inclusion (DEI)**. By creating a more interactive in-store experience and **ensuring more stores are accessible**, **Sephora** is assisting all people, including those with disabilities, who may need help in stores. Furthermore, the company has hired a more **diverse workforce**, and now over **50%** of its **employees are people of color**. This diversity is part of **Sephora's Red Heart Program**, which is the symbol for its diversity initiatives. **Sephora** has also ensured that the makeup products it carries have a diverse shade range. The company has **committed to the Fifteen Percent Pledge**, which is an initiative in which companies dedicate at least 15% of their product assortment to **Black-owned brands across the United States**. In addition, **Sephora** launched its **Sephora Accelerate program** that helps foster beauty brand founders from underrepresented backgrounds to create a more inclusive beauty industry. This program holds events to help these founders develop their companies, and it also includes a four-month curriculum course and mentorship. **Sephora** also aims to be inclusive of all genders and has been ahead of other beauty brands regarding inclusion and diversity. The company ensures **women hold several leadership positions** in the company and they are currently focused on the empowerment of women. **Sephora** has recently created a campaign with the Women's National Basketball Association and is prioritizing strengthening the image of women as leaders. Again, not all companies that are involved with **Sephora** take these measures to ensure they are inclusive and diverse.

Community

Finally, **Sephora** **donates funds to a few organizations** around the country that have a positive impact on communities. **Sephora** also partners with the **PACT Collective**. PACT is a nonprofit company with the goal of **decreasing the amount of waste** due to empty beauty product packaging. However, **Sephora** is **still not meeting expectations** when it comes to giving back to communities. **Sephora** wastes a lot of product, and they often **dispose** of it in **unsafe ways**, per a recent lawsuit. **Sephora** has typically only donated when there has been an emergency or during the holiday season. Nonprofits and shelters are open all year, but **Sephora** has a history of **only giving back to the community when others are doing so**. Although **Sephora** has developed a strong CSR plan and is actively implementing many of its initiatives, it still **lacks the support** of several of its most popular brands. As a result, **Sephora** continues to generate significant revenue from companies that do not prioritize sustainability or actively give back to the community.



Figure 2.7: Sephora House of Beauty community event

III. RESEARCH METHODS USED IN THE STUDY

A. Description and rationale of research methodologies selected to conduct the research study

The research study had primary goals of learning about **Sephora's** current corporate social responsibility (CSR) practices as well as discovering what makes a successful CSR plan. Our team conducted both **primary and secondary research** using resources such as interviews, store visits, company websites, and employee reviews.

P R I M A R Y	RESEARCH METHOD	DESCRIPTION	RATIONALE
	 STORE VISIT	Our team visited the Sephora location at the South Shore Plaza in Braintree, Massachusetts. The goal of this visit was primarily to understand the environment of the store and see how diverse brands were being marketed. Furthermore, we walked throughout the store and took note of the type of customers and employees present.	By observing how the sustainability of each beauty product was being marketed, we could judge which brands are not eco-friendly and then fact-check their CSR using online research. Additionally, we observed the diversity of shoppers and employees, as well as viewing how diverse brands were being presented in stores.
	 INTERVIEWS	Our team conducted three interviews with beauty companies that have connections to Sephora . Our first interview was with the founder of a local beauty nonprofit, Give n' Glow. Our second interview was with the Senior Vice President and North American General Manager of the beauty brand, Clinique. Our final interview was with a co-owner of the haircare brand, Shaz and Kiks.	Conducting these interviews allowed our team to learn more about Sephora's commitment to CSR and understand how the Sephora Accelerate program operates. They also helped us understand what CSR requirements Sephora makes brands follow.
	 SURVEYS	To further understand Sephora's customer satisfaction with its current CSR programs, our team administered a survey to our DECA chapter and school. This anonymous survey allowed us to obtain potential customers' opinions and knowledge of current Sephora CSR initiatives.	Receiving insights from potential customers helped us identify opportunities to strengthen Sephora's CSR efforts. The survey findings revealed what potential customers consider most important in a brand, it also provided insight into how effectively Sephora's CSR initiatives are being communicated to the public.

Our team additionally conducted secondary research in order to view **Sephora's** digital footprint and see the differences in their CSR from in person to online. We conducted secondary research using several online sources, articles, and apps. This research allowed us to cross check what **Sephora** says, what employees feel, and what customers experience.

S E C O N D A R Y	RESEARCH METHOD	DESCRIPTION	RATIONALE
	 SOCIAL MEDIA	Our team examined several of Sephora's social media platforms, including Instagram, TikTok, YouTube, and Facebook. We reviewed current and older posts on the company's account (@sephora). Our team then searched keywords to see what content appeared.	This research allowed our team to understand how Sephora is marketing its CSR plan. It also allowed us to see what needs to improve in Sephora's social media marketing in order to bring in more customers whose values align with Sephora . The research additionally showed us where and how Sephora is marketing its products.
	 ONLINE RESEARCH	Our team conducted internet research on several different websites and platforms, including Business Model Analyst, Inside Sephora , and KLGates. We also reviewed several aspects of Sephora's CSR plan, including its 2024 Global Impact Report.	By using online sources, we were able to identify Sephora's current CSR initiatives and explore opportunities for improvement. Online research allowed us to get reliable information quickly. It was important to understand what factors contribute to an effective CSR plan and examine examples from other companies to help strengthen Sephora's initiatives.
	 EMPLOYEE REVIEWS	We read and analyzed several employee reviews on the website, Glassdoor. This website can be used by past, present, and future employees. Employees can rate their experiences with the company and provide public comments that help future employees decide if they want to work at Sephora .	The employee experience is one of the most important factors regarding a company's CSR. If employees do not engage with initiatives, customers have no reason to engage either. By researching employees' honest opinions about their business, our team was able to analyze their experiences and learn how to improve them for future and current employees.
	 COMPANY WEBSITE	Our team conducted research on the Sephora website by reviewing several product pages and examining how each item is marketed. We also investigated what the individual brands carried by Sephora are doing in relation to their own CSR efforts.	In order to understand what Sephora is doing as a whole for CSR, we must also research what individual brands carried are doing. Looking at Sephora's website also let us see the list of ingredients that brands are using, as well as observe what products or campaigns were featured.

B. Process used to conduct the selected research methods

Primary Research

Research Method	Process Used
STORE VISIT	• Researched popular Sephora locations around our area. • Chose a date and time to visit the South Shore Plaza Sephora. • Strolled through the store reviewing the types of customers shopping. • Took note of each brand with a Clean at Sephora seal, and which brands had product displays in the front of stores.
INTERVIEWS	• Created the lists of questions. • Messaged the founder of Give n' Glow and sent list of questions for her response. • Emailed the co-owner of Shaz and Kiks and set up an interview. • Emailed the Senior Vice President of Clinique to set up an interview. • Had two separate 30-minute video calls. • Synthesized responses to help inform recommendations for new CSR initiatives.
SURVEYS	• Created survey questions to receive reliable data from customers regarding their awareness and satisfaction with Sephora's CSR initiatives. • Distributed the survey to students in our DECA chapter and grade. • Collected data from the survey and analyzed common trends among respondents.

Secondary Research

SOCIAL MEDIA	• Researched and reviewed Sephora's Instagram, Facebook, and YouTube accounts. • Looked into TikTok and TikTok Shop marketing initiatives. • Identified how CSR initiatives are being marketed to the public.
ONLINE RESEARCH	• Reviewed and summarized articles from credible marketing and industry sources. • Researched leading CSR strategies used by top merchandising brands. • Analyzed Sephora's CSR history from 2018-2024.
EMPLOYEE REVIEWS	• Conducted research on recent employee experiences in Sephora stores and warehouses around the country through Glassdoor. • Analyzed and documented the best and worst experiences of working in stores, factories, and corporate offices.
COMPANY WEBSITE	• Searched for the Sephora website using Google. • Reviewed featured products and navigated all key sections of the site. • Took notes on how Sephora markets clean-ingredient and cruelty-free products and brands.

IV. FINDINGS AND CONCLUSIONS OF THE STUDY

A. Findings of the research study

STORE VISIT



Our team conducted a visit to the **Sephora** location at the **South Shore Plaza in Braintree, Massachusetts**. When we traveled to the store, we intended to analyze customer demographics and discuss the employees' roles at the store. All **Sephora** locations aim to look the same to create an omnichannel presence. **Sephora** locations feature new products at the front and bring customers into the store with the strong black and white stripes, as well as colorful signs and posters. When our team was in the store, customers of multiple different races were shopping and speaking to employees about products or asking questions. Additionally, **several Sephora employees** presented as **male**, but **none of the customers were male**. On the right side of the store, there was a large display of Korean skincare brands. Much of the inventory seemed untouched and there were no customers observing the display. There was a lot of **diversity among the models** in different brand marketing campaigns; however, **not many black-owned brands were featured** throughout the store. Furthermore, there were several men and women doing customers' makeup and working the checkout lines. Finally, each brand that follows the Clean at **Sephora** initiatives had a **Planet Aware seal** next to the brand sign or on the product display. There were a significant number of products and brands with this seal, as well as the store having an **100% renewable energy sign** near the entrance.



Figure 4.1: South Shore Sephora location in Braintree, MA



Figure 4.2: Sephora's clean energy sign in store



Figure 4.3: Sephora's Planet Aware seal displayed in-store

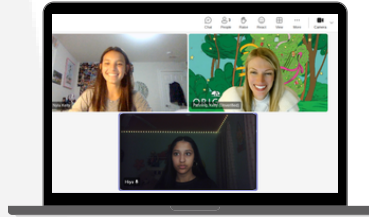


Figure 4.4: Interview with Kelly Fanning - Senior Vice President and North American General Manager of Clinique

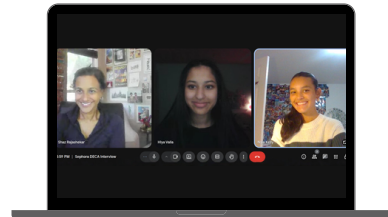


Figure 4.5: Interview with Sharoni Rajashekar - Co-founder of Shaz and Kiks

INTERVIEWS



Our team conducted **three interviews** with companies within and relating to **Sephora**. Our first interview was over iMessage with **Samantha Asprelli**, the founder of a beauty nonprofit called **Give and Glow**. We asked Samantha a series of questions and asked her for an honest opinion. Through these questions, we found that **Sephora** often has **unused products** that could benefit nonprofits and shelters. When **Sephora** does not sell all the stock of a product, they must send the remaining items back to the manufacturer, where they are typically **destroyed and disposed**. **Sephora** can donate these extra beauty products to nonprofits such as Give and Glow to reduce waste, help low-income women gain confidence, and provide hygiene products to those who need them. Additionally, since nonprofits operate year-round, to be a leader in corporate social responsibility (CSR), **Sephora** needs to be **regularly donating and setting a positive example** for other companies year-round, not only during holiday seasons. Samantha believes that **Sephora** does not have enough impact at the community level, and the company needs to focus on micro-geographic initiatives rather than large name donation organizations.

Our team's second interview was on a Microsoft Teams meeting with the **Senior Vice President and North American General Manager of Clinique, Kelly Fanning**, (Figure 4.4). We learned that **Sephora** enforces **strict requirements** for brands to receive placement in stores, and receiving the **Planet Aware and Clean at Sephora** seals involves abundant planning and information. Additionally, Kelly informed us about the team that **Sephora** has in regards to its CSR. She says that everyone on the team truly cares about the work they are doing, and they all collaborate to carry out tasks and initiatives regarding CSR.

Finally, for our last interview, our team spoke with **Sharoni Rajashekar**, who is the **co-founder of the hair-care brand, Shaz and Kiks** (see Figure 4.5). Sharoni's company was launched through the **Sephora Accelerate** program; therefore, she was able to tell us about her time during and after the program. Sharoni believed that the program was beneficial to her company, and it helped her understand how **Sephora's** team functions as well as the internal workings at **Sephora**.

Sharoni did say that there were **too many businesses at different points** in the process of launching. For example, one of the other businesses in the Accelerate program did not even have a product created or tested, the owners only had an idea for a product. Therefore, the program did not benefit this company because it would not be able to launch for the next three to four years. This raised a red flag to us, as it exposed a potential weak point in the program.

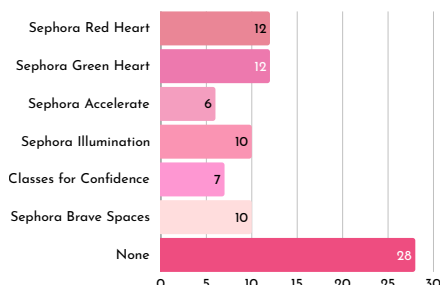
SURVEY



Based on the research study, customer perspectives are essential for determining what CSR actions a company should take in order to gain support. Our team sent the survey to students in our school and DECA chapter with the assistance of the school administration. The survey consisted of 6 questions asking respondents what they already know about **Sephora's** CSR and how they would personally improve it. Our team received responses from **100 students and potential customers** and analyzed the data using **Google Forms**. Through the survey, our team was able to learn what potential **Sephora** customers truly want them to implement in its CSR plans and how well **Sephora** is marketing certain CSR initiatives to the public.

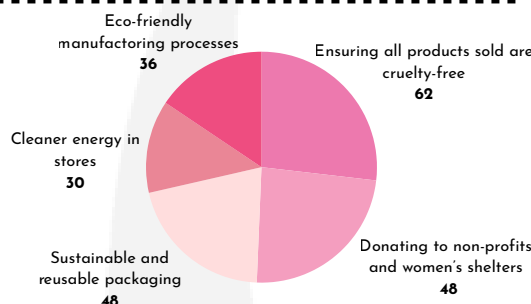
Figure 4.6: Survey responses

WHICH OF SEPHORA'S CSR INITIATIVES HAVE YOU HEARD OF?



- **43.1%** of respondents said that they **did not know** about any of **Sephora's** CSR initiatives.
- Only **6 customers** knew about the **Sephora** Accelerate program.
- **Sephora** Accelerate was the program **least known** to customers.

WHICH CSR EFFORT WOULD CAUSE YOU TO SUPPORT SEPHORA MORE?



- **Nearly half** of respondents said that they would be **more likely to support Sephora** if it **donated** to nonprofits and shelters.
- **62 respondents** stated they would support Sephora more if they ensured all products sold are **cruelty-free**.

QUESTIONS

ADMINISTERED:

How often do you visit Sephora?

Which of Sephora's current CSR initiatives have you heard of?

Are you satisfied with Sephora's current CSR efforts? (If you answered none on the previous question you can skip this question.)

How important is it to you that all brands carried by Sephora support CSR efforts?

Which CSR effort would cause you to support Sephora more?

If you have any other ideas for Sephora's CSR efforts, please add them here. (Optional)

SOCIAL MEDIA



Sephora primarily markets its products and companies through posts on social media platforms such as Instagram, YouTube, and TikTok. **Sephora's** main global Instagram account has **22.7 million active followers**, while other countries like Brazil, Canada, and France have around **667,000 to 3 million followers**. The company's Instagram consists of **2-3 posts a day** featuring several different products and brands that **Sephora** carries. **Sephora** also promotes videos with brand owners and celebrities who are endorsing products. In recent posts, the company has been marketing product launches featuring models of different races and ethnicities. Other than this, **Sephora** does **not have many posts** on social media relating to its CSR initiatives or actions. The company's TikTok and YouTube posts are nearly identical to its Instagram page. **Sephora** markets its **Sephora** Collection products; however, other popular brands are featured on social media more often. When key phrases such as "**Sephora sustainability**" and "**Sephora Accelerate**" were searched on social media platforms, there were **no posts** from the **Sephora** accounts and a limited number of posts from other large accounts. Additionally, **Sephora** makes posts relating to current social media trends, and in each post, **Sephora** tags the brand that was featured. Other brands have posts relating to **Sephora's** CSR and their ability to be **certified by Planet Aware at Sephora**.

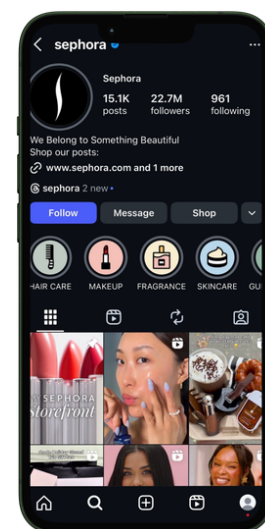


Figure 4.7: Sephora's main Instagram account

ONLINE RESEARCH



Reading articles regarding CSR has allowed our team to understand what **makes a good CSR plan** and what **Sephora** can improve to make its CSR even better. Through our research, we have realized the importance of a CSR plan in businesses and what customers are looking for from beauty brands.

For example, by expanding some of **Sephora's** CSR initiatives and promoting more eco-friendly ideas, the company can attract more customers who are committed to using sustainable products and who are willing to pay more for them. Research shows that **5% of all sustainability-driven households** are willing to **pay extra** for eco-friendly products. However, this could drive away customers who do not want to pay extra and do not care about the sustainability of the products they are using every day. Additionally, we learned that **Sephora** has **several developed CSR initiatives**, but they also have many initiatives that are very small and have not been successful. Through our online research, our team was able to find **Sephora's impact reports**, which are detailed plans of **Sephora's CSR**. These reports contain data such as **Sephora's sustainability metrics**, which showed us how **Sephora** measures the success of its initiatives. By reading and researching articles, our team was able to understand CSR and learn about the positive and negative effects of different initiatives.

EMPLOYEE REVIEWS

By reviewing ratings made by real employees at **Sephora**, we were able to discover how employees are being treated and prioritize the employee experience in **Sephora's** CSR plan. We used the website **Glassdoor** to read and analyze reviews made by employees at the store and corporate level. Employee experience is one of the most important areas regarding a company's CSR, and according to online articles, **Sephora** has one of the **highest employee turnover rates** in the beauty industry, but they **invest significantly** in staff training. When our team reviewed the comments of specific **Sephora** store locations, we were able to see what the problem was regarding that store. Many of **Sephora's** past and present employees have left positive reviews about their experiences and say that they appreciate things such as the flexible hours and the compensation for a part-time employee position. However, many employees who work full-time have left negative reviews and have stronger opinions on the management and income. For example, some workers have said that they felt as though they were being treated like children at work due to the management. Additionally, employees have said that **favoritism** and being **overworked** were significant issues within the company. Employees have also expressed that they have **no opportunities for growth** at the company, and the situations feel stalled. Overall, issues like **poor management**, lack of effective **training**, and lack of **growth** seem to be the biggest issues around **Sephora**. The employee experience is extremely important regarding a company's CSR plan, because if a company cannot get its employees involved, its customers will not engage either, shown by the lack of **Sephora** employees at several CSR events.



Figure 4.8: Sephora employees working in-store

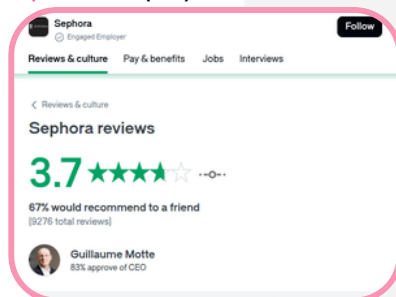


Figure 4.9: Sephora employee rating on the website **Glassdoor**

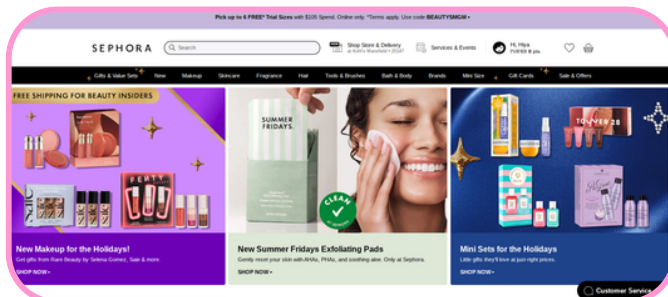


Figure 4.10: Sephora's company website page

COMPANY WEBSITE

Sephora's website **markets all of its products and services**, as well as any **events** and recent **news** from the company. When customers first open the website, several featured products and collections appear. As users scroll down, there are more individual products that are new or popular. **Sephora's** website is meant to **imitate** the feeling of being in its **stores** with similar color schemes and the variety of products. Additionally, there are tabs across the top of the website featuring the assortment of products **Sephora** sells, as well as a tab to sign up for its loyalty program and a tab for new products. When the "New" tab is clicked, shoppers will see new product arrivals and categories for **refillable, clean, and Flexible Spending Account (FSA) eligible beauty products**. An FSA-eligible product means that a product is made to treat a specific medical condition, such as acne. If a product meets the criteria for the **Planet Aware initiative**, it will have a seal on its picture that says **Clean at Sephora**. This seal shows customers which products are created with sustainability in mind and consist of eco-friendly ingredients and a healthy manufacturing process. The community tab allows customers to see what others are purchasing or using in their beauty routines. The website also heavily advertises its **Beauty Insider loyalty program** and includes a button shoppers can click to instantly join the program. Overall, **Sephora's** website markets new product arrivals as well as its loyalty program, and the website is meant to imitate the feeling of shopping in-store, a true omnichannel experience.

B. Conclusions based on the findings

CONCLUSION #1: SEPHORA DOES NOT EFFECTIVELY MARKET ITS CSR INITIATIVES

Based on social media, our team concluded that **Sephora does not effectively market its CSR initiatives**. Although Sephora has numerous CSR plans and initiatives that are continually being refined, these efforts are **not** actively promoted to the public. As a result, a substantial portion of survey respondents reported that they were **unaware** of Sephora's CSR activities. Because CSR is intended to build trust between a brand and its customers, when customers do not know what a company is doing in relation to its CSR, they are unable to support the brand or engage with its efforts.

CONCLUSION #2: SEPHORA LACKS A DISPOSAL PROCESS AND DOES NOT ENGAGE WITH LOCAL COMMUNITIES REGARDING DONATIONS

Made clear through our research, **Sephora** does not consistently donate to local communities; however, it has the resources to make a meaningful difference. Through interviews, we learned that **Sephora** often disposes of products that could instead be donated to nonprofits and shelters to support those in need, and they tend to only contribute when other companies are also doing so. However, nonprofits and shelters require support year-round, though major retailers typically donate only during the holiday season or in response to catastrophic events. To truly make a lasting impact on communities, **Sephora** must keep these organizations in mind at all times and adopt a more proactive approach to donating.

CONCLUSION #3: SEPHORA HAS AN OPPORTUNITY TO BE THE LEADER IN CSR

Sephora has always been a leader regarding inclusion and diversity in the beauty industry; even so, it has an **opportunity to lead in the beauty retailing space** within areas like sustainability, community, and ethical practices. **Sephora** has the ability and resources to make both its stores and products more sustainable, but has not done so, putting itself behind major competitors like Ulta. In contrast, Ulta has a strong brand image that emphasizes giving back to communities and prioritizing employee experience. **Sephora** is lacking in these areas, and therefore, it is missing the opportunity to be the leader and example of CSR.

STRENGTHS

- Unified brand image- one voice and look across website and all stores.
- Commitment to sustainability and plans for more sustainable initiatives in the future.
- Diverse shade ranges in most makeup brands.
- Sustainability in **Sephora** Collection; products use carefully selected ingredients as well as some compostable packaging.

WEAKNESSES

- Investing too much in product development and ineffective staff training.
- Lack of marketing for programs and organizations.
- High employee turnover rate.
- Low employee participation in CSR initiatives.
- Focusing too heavily on customer experience and losing money when shoppers do not make purchases.

S.W.O.T ANALYSIS

OPPORTUNITIES

- Getting all companies on board with CSR initiatives.
- Expanding Asian and Korean market to audiences in the U.S.
- Donating to shelters and nonprofit organizations.
- Increasing the number of volunteering employees.
- Increasing the number of brands meeting the Planet Aware standards.

THREATS

- **Sephora's** recent lawsuits.
- Negative public relations from the media.
- Not all brands carried by **Sephora** are involved in CSR.
- Sales of other brands are put in direct rivalry with **Sephora's** products.
- Raw material costs.
- Lack of refillable products may deter customers.
- Modifying product formation for sustainability laws.
- Strong CSR plans from competing companies.

V. PROPOSED STRATEGIC PLAN

A. Objectives and rationale of the proposed strategic plan

After thorough research, our team created a list of initiatives that **Sephora** will implement in order to improve their corporate social responsibility (CSR). In order to seamlessly implement the initiatives into a beauty retailer, **Sephora's** new CSR plan will be titled Project BEAUTY.

OBJECTIVE 1: BUILD SUSTAINABLE PRACTICES

Rationale: **Sephora** lacks sustainability in **Sephora** Collection products. The brand's inability to become a standout company and small amount of CSR efforts in individual brands, cause an unclear and untrustworthy brand image.

Solution: Prioritize eco-friendly, ethically sourced, and vegan ingredients within the **Sephora** Collection. Create a universal definition of clean and sustainable in order to create a national standard for brands to follow. Have all brands follow the definition and sustainability practices. Finally, become a leader in beauty CSR.

OBJECTIVE 2: EMPOWER COMMUNITIES

Rationale: There is a significant amount of excess beauty product waste and **Sephora** was illegally disposing of good products that could have been donated. **Sephora** also does not engage with communities or donate although they have the resources to help.

Solution: Expand the **Sephora** Accelerate program and incorporate feedback from past participants. Partner with pass-through nonprofits and shelters to donate extra products and make a difference at the local level while repurposing products that would have been wasted.

OBJECTIVE 3: ADVANCE RESPONSIBLE ADVERTISING

Rationale: **Sephora** customers are typically unaware of CSR efforts resulting in their inability to help and contribute to the initiatives **Sephora** is creating. There are no social media posts or advertisements about any of **Sephora's** CSR.

Solution: Market CSR initiatives on social media and create interactive yearly impact reports to inform customers about CSR. Host small pop-up events featuring responsible and inclusive brands. Create in store displays with clean products along with a QR code which explains the impact of each product.

OBJECTIVE 4: UPHOLD ETHICAL STANDARDS

Rationale: Employees feel as though they are being mistreated in **Sephora's** stores and corporate positions. Employees are also rarely engaging with CSR initiatives which causes customers to not engage.

Solution: Publish a yearly employee survey to gain feedback on aspects such as management and training, then fix the most pressing issues. Provide more opportunities for growth and introduce new aspects to employees like an employee ambassador program. Expand inclusion training to reduce the amount of customers being discriminated against.

OBJECTIVE 5: TRANSFORM WASTE INTO VALUE

Rationale: **Sephora's** last recycling program lacked engagement and it was not properly advertised, so customers did not know about it. Packaging waste is still a large problem and the beauty industry accounts for $\frac{1}{3}$ of all landfill waste.

Solution: Improve the product recycling program and make it known to all customers through social media. Implement a recycling bin in every store location across the country. Also, add rewards for shoppers who return their packages through the **Sephora** Loyalty Program.

OBJECTIVE 6: YIELD LASTING IMPACT

Rationale: Many of **Sephora's** issues come from a lack of transparency with customers because they do not know what is happening within **Sephora** and what they are planning to do next regarding CSR.

Solution: Track CSR practices using sustainability metrics to ensure initiatives are successful. Additionally, **Sephora** will set 5- and 10-year goals to align with national standards and continuously improve its CSR plan. Share metrics and data with the public to inform customers of what **Sephora** is doing and planning to do.

B. Proposed activities and timelines

BUILD SUSTAINABLE PRACTICES

The first goal of Project BEAUTY is to continue building **Sephora's** sustainable practices and improve on them to create an example for other brands in stores. **Sephora** is already ahead in its sustainability for its **Sephora** Collection products;



however, this line does not have a wide range of products and they are among the least popular brands in stores nationwide. By **improving its sustainability initiatives**, **Sephora** can gain customers as well as revenue from the **Sephora** Collection, all while **providing a model** of what other brands should be doing. Customer data shows that many customers believe all brands carried by **Sephora** should, at the least, create cruelty-free products. At this point in time, sustainability and cruelty-free products are expected from brands rather than just being an added feature. **Sephora** can improve its sustainable practices by **advising other brands to follow** them in the transition to sustainability. **Sephora** will suggest that all brands it carries focus on sustainability, in order to promote eco-friendly products and make an impact.

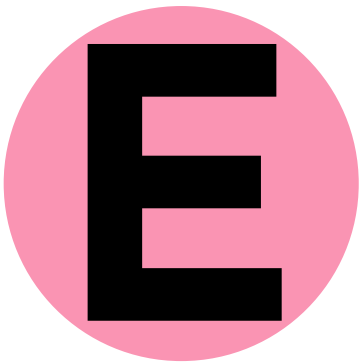
Additionally, **Sephora** will **become the leader** in sustainable beauty and create its own **definition for clean and sustainable** brands and products. Due to the fact that there are a plethora of brands, the beauty industry does not have a specific definition for what "clean and sustainable" means. **Sephora** can change this by stepping up and creating a universal definition for all brands, as well as beauty companies. The **Sephora** definition for clean should be aligned with its **Planet Aware at Sephora seal** in order to create a unified image of clean and sustainable products. Finally, the company will create a **launch campaign** for its definition and enhanced **Sephora** Collection products.

Planet Aware at Sephora focuses on four key sustainability related pillars that all Planet Aware at Sephora brands must commit to:

- Sustainable Ingredient Sourcing and Formulation - Brands that commit to sustainably source certain ingredients and develop formulas with a product's life-cycle and environmental impact in mind
- Sustainable Packaging - Brands that reduce packaging waste where possible, aim to incorporate refillable, recyclable, and compostable packaging
- Corporate Commitments - Brands that strive to make efforts related to its environmental impact
- Consumer Transparency - Brands that provide certain information related to product environmental impact to help customers make informed choices on the products they choose

-Clean + Planet Aware at Sephora description on Sephora website

EMPOWER COMMUNITIES



Donating to communities can show customers that your brand cares, building trust between the shopper and the retailer and allowing for a significant connection. **Sephora** should begin by **re-purposing** all of its **excess product** and **donating it** to underprivileged communities, nonprofit organizations, and shelters. These establishments do not usually have many hygiene products, and they are always in need of donations. Typically, when a retailer has too much of a product from a specific brand, they must send the product back, and the brand will dispose of it. To reduce waste and to help those in need, **Sephora** can instead directly donate extra products.

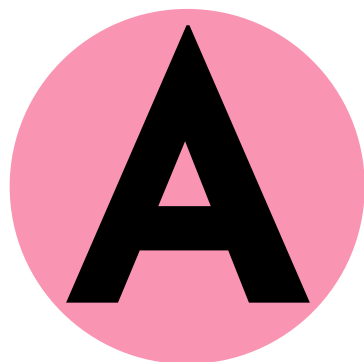
In order to donate to these shelters and nonprofits, **Sephora** must **verify each product** and brand they are donating. The company will first look to **partner** with a **pass-through nonprofit** (like **Project Beauty Share**, **Kindness Kits**, and **Give n' Glow**), which will make the donating process smoother. These organizations will sort through products and send them to smaller shelters and nonprofits. **Sephora** must check the nonprofit's status and information such as donation policy, contact personnel, scheduling rules, and insurance. **Sephora** will then create a **Memorandum of Understanding (MOU)** detailing what is donated, condition requirements, delivery, scheduling, liability, and tax documentation. This document will propose an **agreement** between **Sephora** and the nonprofit organization to ensure agreement on every aspect of the donation process. **Sephora** will need to ensure they are strictly donating items that shelters accept, and all boxes they are donating are labeled with the SKU, batch number where available, quantity, and expiration dates, so the organization can triage inventory. For large and bulk deliveries, **Sephora** must **schedule its drop-offs** with each organization. The company must provide packing lists and advanced notices of shipments, so the shelters are prepared. Additionally, **Sephora** must obtain a **written acknowledgment** from the nonprofit with all **necessary information** about the organization, such as the legal name, date of donation, description of donated products, inventory cost, and a statement whether goods were given in return for corporate tax work. **Sephora** will coordinate with its **legal and risk teams** to confirm the product liability coverage, all of which should be included in the MOU. Finally, **Sephora** will **conduct regular evaluations** of the program for feedback and areas of improvement. This donation process will be extremely low effort for Sephora but will allow people across the country to get beauty and hygiene products they need.



Figure 5.1: Nonprofit organization logos

Sephora will also **improve and expand the Sephora Accelerate program** by implementing feedback from past participants. One way they can improve is by ensuring the small brands they pick are going to be ready to launch a product in the next one to two years. Brands will then be able to **successfully** use the funding issued by **Sephora** for marketing and pop-up events. These small brands will then use the **information** and advice gained through the program **effectively and rapidly**.

ADVANCE RESPONSIBLE ADVERTISING



It is necessary that **Sephora** properly markets its CSR initiatives with **Project BEAUTY** to customers and the public. **Sephora** will **advance its marketing** on all social media platforms and ensure advertisements are not only marketing products, but also initiatives and programs. **Sephora** can start this process by **advertising** its **Red Heart and Green Heart programs**, which are the basis of **Sephora's** CSR initiatives, and separate all programs into two categories. **Sephora** will market these two programs and inform customers of the significance of a red or green heart on a product. The company will then advertise **specific CSR events**, such as **volunteer and donation opportunities**. By advertising how customers can donate, **Sephora** is more likely to get donations from shoppers who want to help and make an impact in the community.

Next, **Sephora** can make its **CSR impact reports easily accessible** for consumers and create an **interactive story** that will walk customers through what **Sephora** has done and is planning to do in the future regarding CSR. This interactive story can include **data, graphs, videos, and customer testimonials**, which will all be shared in small infographic posts on social media. Additionally, **Sephora** will host **small pop-up events** featuring diverse brands, sustainable products, and nonprofit partnerships to showcase inclusive brand initiatives. These pop-ups will be held **every month** in a new major city each time. Finally, **Sephora** will physically bring CSR to life in stores by having **in-store displays** that feature community-driven, ethical, or clean products, along with **QR codes** which bring customers to a website explaining the impact of each item.

UPHOLD ETHICAL STANDARDS



The fourth objective of Project BEAUTY is to ensure ethical standards are being upheld throughout the company. **Sephora** will begin by creating **employee surveys** in order to gain feedback from employees and learn what needs to be improved in stores. These surveys will be published yearly to ensure long term impact and that **Sephora** is continuously improving the employee experience. After the survey responses have been collected, **Sephora** will begin to improve the top 5 issues employees have voted on. As the survey is continuously published each year, **Sephora** will fix more and more issues to ensure employee problems are consistently being acknowledged. The surveys will collect opinions regarding things like management, funding, training, and salary. Most employees had complaints about management, so **Sephora** wants to ensure that it is leaving its stores in the best care possible to avoid losing customers as well as employees. Additionally, **Sephora** will fund other CSR initiatives and **create growth opportunities** for employees, an area many felt was lacking. To create this growth, **Sephora** will offer **specific opportunities** to

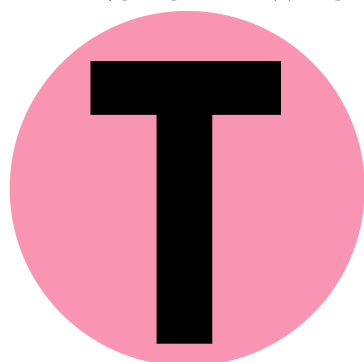
Figure 5.2: Statistics from Sephora's Racial Bias study



employees such as teaching beauty classes, providing paid volunteer opportunities, or creating employee ambassadors and advisors to educate and train younger employees or promote new launches.

Sephora will continue to hire employees fairly and treat them equally, regardless of the color of their skin or gender. The company will implement measures aimed at minimizing instances where customers and employees feel they have faced discrimination in stores. **Sephora** will create more effective inclusivity training for employees to promote diversity.

TRANSFORM WASTE INTO VALUE



In the past, **Sephora** has attempted to create recycling programs for customers, including implementing recycling bins and an opportunity to send in empty boxes online. These programs were **not successful** and did not benefit **Sephora** or its partner, PACT Collective. Using **Project BEAUTY**, **Sephora** will change the way consumers repurpose their products and **add rewards** for

consumers who donate. Firstly, Sephora will put a recycling bin inside every store across the country, to ensure no customer is missing the opportunity to recycle their products. **Sephora** will then thoroughly **advertise** these recycling bins and tell customers about other ways to donate old or empty beauty products, through the Empowering Communities initiative.



Figure 5.3: Beauty product recycling bins



Figure 5.4: Sephora recycling tab app design

Sephora will market the recycling bins, as well as **ways to donate** unused products to nonprofits, on all social media platforms and using paid advertisements. Next, the company will **provide loyalty points** to customers who recycle and donate their beauty products, allowing them to earn points to be used on purchases or acquire free gifts. When a customer recycles or donates a product, they can **log it in their Sephora app** to track how many products they have repurposed and to learn about what they are doing to help the environment. This interactive feature will transform sustainability into a **game-like experience**, fostering sustained engagement. When a customer recycles their product, all of the packaging and boxes will be sorted based on material, and recycled appropriately. If the material can be reused, Sephora will send the package back to the specific company so they can repurpose the material for future products. By offering a reward to those who recycle and donate products, Sephora is more likely to have an **increase in customer engagement**.

YIELD LASTING IMPACT



In order to build trust between a company and its customers, a brand must be reliable and deliver on its promises. Sephora will provide customers with **5 and 10-year plans** on how it is going to improve its CSR over the next few years. Sephora should be **constantly improving its CSR plan** to align with global standards and to adjust to the changing beauty industry. Sephora will also **use key metrics every year** to see what was successful regarding CSR for the past year. These metrics will help the company adjust its 5- and 10-year plans while also collecting data that can be used to improve CSR for the upcoming year. As Sephora is measuring the success of its plans, they will **share the information** with customers to keep shoppers informed and continue to build trust based on data. This information **will be posted** on social media platforms using storytelling and measurable data to keep customers informed about what Sephora has done each year.

Additionally, Sephora will create a **section on its website** focusing on informing shoppers of the **ingredients and manufacturing processes** of popular products. Sephora will also provide customers with **carbon footprint data** and **packaging details** for each product. This feature of the website will allow for transparency from Sephora and additional information for customers about the products they are purchasing.

TIMELINE OF PROPOSED ACTIVITIES

Project BEAUTY will be implemented over the course of **two years in the United States of America**. Many segments of the plan will require a team of staff and time to carry out the plan. Therefore, our plan is spread over two years to ensure the quality of **Project BEAUTY** is high.

	2027												2028											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
B									Sephora Collection enhancement				Definition development						Marketing and launch campaign				Advise brands	
E	Nonprofit partnerships				Product re-distribution		Sephora Accelerate program enhancement															Advertising for community engagement		
A		Content creation to advertise in-store events				Introduce eco-friendly in-store displays			Design and post infographic impact reports				Sustainability pop-up events at various locations											
U	Employee survey analysis & management evaluation				Inclusion training (annual)		Professional development programs for employees								Inclusion training (annual)				Employee ambassador program					
T				Implement customer donation program with app development				Place product recycling bins in-store							Marketing campaigns for recycling									
Y													Create app sustainability hub & develop CSR plan for next 5-10 years				Marketing campaign		Release 5- and 10-year CSR plans					

C. Proposed metrics or key performance indicators to measure plan effectiveness

To measure the effectiveness of Project BEAUTY, our team created key metrics for each step of the plan. These performance indicators are based on Sephora's current as well as competitor data, and will be tracked to evaluate the success of Project BEAUTY. The metrics will track data such as engagement on social media posts, repeat purchases from customers, and increases in employee satisfaction.

BUILD SUSTAINABLE PRACTICES

- Propose Sephora's definitions of clean and sustainable to at least 50% of brands in the beauty industry.
- After encouragement, 75% of brands carried by Sephora are cruelty-free.
- Sephora holds 3 CSR pop-up events in the first year to demonstrate the impact of sustainability to other brands.

UPHOLD ETHICAL STANDARDS

- Gain 12,000 responses on the employee survey.
- Achieve an average satisfaction rate of employees throughout all stores a 4.5/5 by year three.
- Pursue 60% of employees participating in growth opportunities.
- Work towards reducing the number of customers and employees who feel they have been discriminated against by 50% in two years.

EMPOWER COMMUNITIES

- Work towards 5 million products donated within the first three years.
- Target an 80% launch success rate for Sephora Accelerate brands within the first one to two years after the program.
- Strive for 50 new nonprofit partners by year three.

TRANSFORM WASTE INTO VALUE

- After implementation, 100% of stores across the country has a recycling bin.
- Attempt to increase engagement with recycling bins by 60%.
- Aim to increase the number of donated products by 40%.
- Get 50% of customers to gain 200 or more loyalty points.

ADVANCE RESPONSIBLE ADVERTISING

- Aim to increase following on Instagram by 20%.
- Try to obtain 1,000 attendees per city at Sephora pop-up events.
- Increase the number of customers who recognize the meaning of the red and green heart programs by 70%.
- After published, accumulate 500,000 views on the infographic posts about the impact reports.

YIELD TRUST AND LOYALTY

- Work towards 40% of customers repeating purchases at least once over the course of one year.
- Target 100% of annual reports being published on schedule.
- Aspire to increase the number of customers who know about Sephora's 5- and 10-year plans by 10%.
- Aim to increase the number of shoppers engaging with CSR data on Sephora's website by 15%.

VI. PROPOSED BUDGET

Costs associated with proposed strategies

Strategy	Overview	Broken Down Cost	Total Cost
BUILD SUSTAINABLE PRACTICES	Create and implement a definition for clean and sustainable products. Prioritize eco-friendly manufacturing.	Definition development: \$375,000 Launch campaign: \$1,500,000 Advising other brands: \$500,000 Hiring employees \$510,000 Improving Sephora line: \$500,000	\$3,385,000
EMPOWER COMMUNITIES	Ship all extra products to nonprofit warehouses and shelters. Pick Sephora Accelerate brands more carefully and provide funding for brands to have a successful launch.	Transportation and handling: \$310,100 Nonprofit partnerships: \$200,000 Accelerate program enhancement: \$200,000 Community engagement: \$235,000 Legal and logistics: \$715,000 Hiring employees \$485,000	\$2,145,100

ADVANCE RESPONSIBLE ADVERTISING

Create social media posts focused on corporate social responsibility (CSR) initiatives. Design infographic posts using impact reports and host sustainability pop-ups. Also, make eco-friendly displays in-store.

Content creation: \$600,000
Infographic impact report design: \$320,000
Sustainability pop-up events: \$375,000
Hiring employees: \$610,000
Eco-friendly in-store displays: \$855,000

\$2,760,000

UPHOLD ETHICAL STANDARDS

Publish an employee survey and create more opportunities for employee growth. Change management if necessary. Hire for an employee ambassador and advisor board and teach employees about inclusion and diversity.

Employee survey analysis: \$120,000
Professional development programs: \$415,000
Management evaluation: \$570,000
Hiring employees: \$485,000
Employee ambassadors: \$350,000
Inclusion training: \$1,820,000

\$3,760,000

TRANSFORM WASTE INTO VALUE

Purchase recycling bins for all Sephora store locations and provide donation opportunities for customers. Advertise these chances to donate and add a place to log recycled and donated products on the Sephora app.

In-store recycling set-up: \$362,800
Customer donation program: \$895,000
Loyalty points: \$100,000
App development: \$170,000
Logistics: \$560,000
Marketing campaigns: \$275,000

\$2,362,800

YIELD TRUST AND LOYALTY

Create 5- and 10-year CSR plans and post information. Additionally, add a new portion of the Sephora website to inform customers about sustainability.

CSR plan development: \$225,000
Public communication: \$316,000
Hiring employees: \$485,000
App sustainability hub: \$140,000
Data collection: \$125,000
Marketing campaign: \$250,000

\$1,541,000

Return on investment

KEY DATA POINTS:

- According to a Wi-FiTalents study, an estimated **70% of consumers say CSR matters to them** when choosing to purchase a brand.
- CSR impacted purchase intention and brand trust by **39%**.
- Research indicates that a brand with a strong commitment to CSR might expect a **5-10% accelerated growth compared to less sustainable peers**.
- In **mature brands** with many other variables incorporated, CSR might play a role of a **1-5% total sales uplift**.

Due to the fact that **Sephora** is a popular and mature brand, our team predicted that **Project BEAUTY will drive sales and increase revenue by 1% annually resulting in a 2% over the two years that the plan will be implemented**. According to Provenance, sustainable products saw a 1.6% higher sales rate than other beauty products. Additionally, Sia Partners states that “eco-active households” spend 5% more on sustainable beauty products. Considering the fact that **CSR seems to drive sales by 1-5%**, our team estimated that Project BEAUTY will drive sales by at least 2%. Many customers have shown that CSR is important to them when considering what products and brands to buy. If **Sephora** continues its commitment to CSR, it can expect its increase in revenue to **grow over time**. So far, in 2025, **Sephora** has recorded **less sales** in their annual report than their main **competitor**, Ulta Beauty. Project BEAUTY has the opportunity to help **Sephora** regain a **competitive edge and increase the company’s momentum**.

TOTAL COST: \$15,953,900

Project BEAUTY will be implemented in the United States **over the course of two years, starting in 2027**, with an **increase in revenue of 1% each year**. In 2024, the **United States was responsible for 46% of Sephora’s \$21.1 billion revenue**, amassing the **United States’ revenue in 2024, \$9.7 billion**. Our return on investment is based on the increase in revenue due to our strategic plan initiatives. In 2027, we can assume **Sephora’s** in the United States will have a **revenue of \$9.2 billion**, due to the fact that the estimated **Sephora** revenue is \$20 billion and the U.S. accounts for 46%. Project BEAUTY is expected to **drive sales by 1% in 2027**, resulting in an **increase in revenue for 2027 of \$92 million**. **Sephora** will then add this increase to its projected 2028 revenue, which is \$10.58 billion. Making Sephora’s 2028 revenue \$10.672 billion. Project BEAUTY will again increase sales by 1% which leaves the increase in revenue for year two of Project BEAUTY at \$106.72 million. Therefore, the **total amount returned over two years will be \$198.72 million**.

PROPOSED BUDGET

\$9,200,000,000 (estimated U.S. revenue for year 1) * 0.01 (1% increase) = \$92,000,000

\$10,672,000,000 (estimated U.S. revenue for year 2) * 0.01 (1% increase) = \$106,720,000

AMOUNT RETURNED THROUGH PROJECT BEAUTY: \$198,720,000

ROI= ((increase in revenue) - (cost of implementation) / (cost of implementation))*100

ROI= $\left(\frac{(\$198,720,000)-(\$15,953,900)}{(\$15,953,900)}\right)*100= 1145.59\%$

ROI
1145.59%

Project BEAUTY is projected to draw an astounding 1145.59% return on investment over the course of two years. Our team will expect a substantial increase in Sephora's net profit in the United States with the introduction of Project BEAUTY's CSR initiatives. This strong ROI will target significant connections between brand and customer, increased employee satisfaction, decreased product waste, and Sephora becoming a leader in beauty CSR. As shown through Sephora's competitors successful plans, CSR can create a positive store image for Sephora and lasting and personal bonds between company and customer. Project BEAUTY will be implemented along with Sephora's existing CSR plan. The new initiatives will allow Sephora to bring in more customers and be completely transparent with them. The initiatives of Project BEAUTY will be seamlessly implemented into Sephora's current CSR plan and will allow Sephora to become known for their CSR on a global level. Thus, with the help of Project BEAUTY, Sephora can help customers, the beauty industry, and the country be more beautiful!

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VIII. APPENDIX

ESTÉE LAUDER

January 22, 2026

To Whom It May Concern: I am honored to write this letter of recommendation for Nyla Kelly and Hiya Valia, two exceptional individuals who have demonstrated outstanding leadership and innovation during their involvement with DECA and through our time together working on their Sephora Consumer Social Responsibility (CSR) strategy. As their mentor, I have had the privilege of witnessing firsthand their ability to think strategically, collaborate effectively, and build a clear and actionable business case. Nyla and Hiya approached their Sephora business case, cleverly titled BEAUTY, with a level of professionalism and insight that far exceeded expectations. Their innovative ideas not only aligned with the company's consumer and corporate vision but also introduced fresh perspectives to an already innovative retailer. Both Nyla and Hiya exemplify the qualities that DECA seeks to foster: leadership, critical thinking, and a commitment to excellence. They consistently demonstrated initiative, adaptability, and a results-driven mindset. Their ability to analyze market trends, anticipate consumer needs, and translate insights into actionable strategies in an industry they are just learning about speaks volumes about their potential as future business leaders. I am confident that Nyla and Hiya will continue to make significant contributions in any endeavor they pursue. Their dedication, creativity, and collaborative spirit make them ideal candidates for any opportunity within DECA or beyond.

Please feel free to contact me if you require any additional information.

Sincerely,


Kelly Fanning
SVP / General Manager North America
Clinique, Origins, and Dr.Jart+
28 W 23rd Street, 6th Floor
New York, NY 10010

Letter from Senior Vice President and General Manager in North America of Clinique, Kelly Fanning.

The letter shows Kelly's approval and support for the proposal of Project BEAUTY.

Letter from founding partner of Liberty Square Real Estate Partners, Stephen Kelly. In the letter, Stephen voices his support for Project BEAUTY and approves its financial costs and calculations.

LIBERTY SQUARE REAL ESTATE PARTNERS

January 22, 2026

Miss Nyla Kelly & Miss Hiya Valia Project BEAUTY
King Philip Regional High School 201 Franklin Street Wrentham, MA 02593

RE: Project BEAUTY Budget

Dear Nyla and Hiya: After reviewing the projected budget for Project BEAUTY, I want to affirm that this is a smart and achievable plan with realistic cost assumptions, measurable goals, and a well-paced timeline. The total investment of \$15.9 million over two years covers all critical activities - from building sustainable practices to empowering communities, advancing responsible advertising, upholding ethical standards and transforming value into waste; all resulting in enhanced customer loyalty and trust. Costs were carefully estimated and benchmarked against industry standards and expert advice, ensuring accuracy and transparency across every line item. Each initiative (such as app development, store recycling programs, staff training, and donation logistics) is properly resourced for success, and each segment takes a conservative approach with defensible assumptions.

The ambitious yet practical goals - such as a projected 1% annual sales increase, achieving CSR milestones, and engaging hundreds of thousands of customers and employees - should be achievable within the planned period. The detailed two-year timeline thoughtfully staggers each step, allowing us to evaluate, adapt, and manage project activities at a sustainable pace. With a strong return on investment projected at over 1,000%, the financial and operational strategy for Project BEAUTY offers a clear path to delivering real business impact and improved stakeholder outcomes.

Thank you all for your dedication and attention to detail. This budget and plan should set Sephora up for measurable, sustainable success. With your collective commitment, I am confident Project BEAUTY will position Sephora as a leader in corporate social responsibility and innovation.

Best regards,


Stephen J. Kelly Founding
Partner Liberty Square Real
Estate Partners