



# Marketing Study

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# Table of contents



01

Introduction

02

Products

03

Market

04

Customers

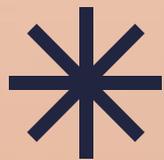
05

Marketing Strategy  
Evaluation

06

Recommendations





01

# Introduction



# Introduction



## The company

Ulta Beauty, founded in 1990, has established itself as the largest beauty retailer in the United States, offering a unique blend of prestige and mass-market cosmetics, skincare, fragrance, and haircare products.

## The mission

*“Every day, we use the power of beauty to bring to life the possibilities that lie within each of us — inspiring every guest and enabling each associate to build a fulfilling career.”*

-Ulta Beauty





02

Products





# Products

Make-Up



Skincare



Fragrance



Nail

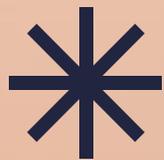


Haircare



Salon Services





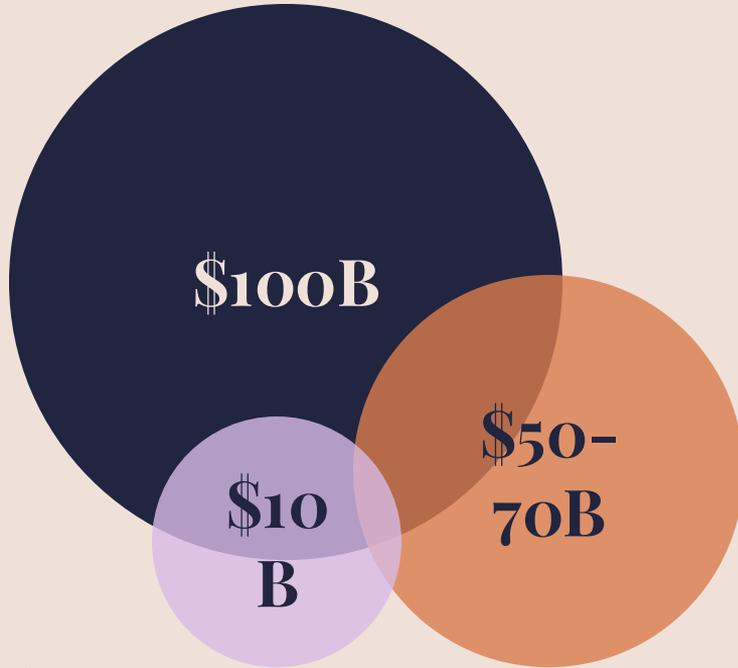
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Market





# Market size overview



## Total Market Size

As of 2023, Ulta Beauty operates within the **U.S. beauty and personal care market**, which is estimated to be worth around \$100 billion annually.



## Target Market

Ulta Beauty's target market size can be estimated to be around **\$50-\$70 billion**, considering the overlap of the mass-market and prestige segments, as well as the specific demographics that Ulta caters to.



## Current Market Size

Ulta Beauty itself generated **\$10.2 billion** in net sales for the fiscal year ending in January 2023. This makes Ulta a significant player within the market, capturing around **10% of the total market share**.

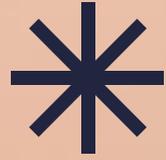




# Competition comparison



	Strength	Weakness	Share
Sephora	<ul style="list-style-type: none"><li>• Focus on premium and luxury brands.</li><li>• Offers personalized beauty experiences through in-store consultants</li><li>• A robust loyalty program.</li></ul>	<ul style="list-style-type: none"><li>• Fewer stores and a limited range of mass-market products</li></ul>	6-7%
Sally Beauty	<ul style="list-style-type: none"><li>• Offer brands that are not always available in traditional retail outlets.</li><li>• Affordable prices, a strong loyalty.</li><li>• An international presence with over 3,700 stores worldwide.</li></ul>	<ul style="list-style-type: none"><li>• Their offering in cosmetics, skincare, and fragrances is far more limited.</li><li>• Lack of luxury brands, and no in-store salon services.</li><li>• Underwhelming online platform.</li></ul>	3-4%



04

Customers



# Customers



Ulta Beauty's primary target market is women aged 18 to 34. While this is the main demographic, they also have skincare products targeted to older women to address aging concerns and make-up products tailored to mature audiences.

Additionally, Ulta is growing its male market by offering more colognes, skincare, hair care, and other grooming products.



# Customers

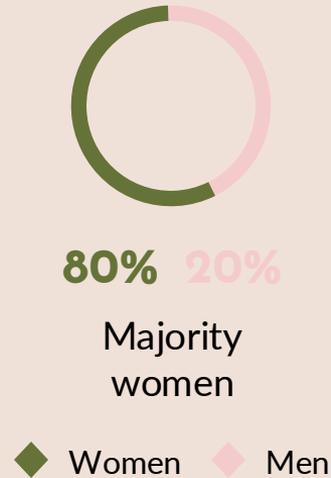


# CUSTOMER PROFILE

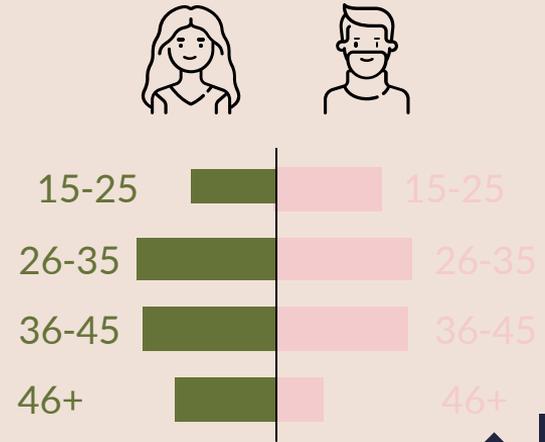
## DRIVERS



## GENDER



## AGE



# Value Proposition

## Diverse Product Range

- Ulta Beauty offers a broad selection of both prestige and mass-market beauty products across categories like skincare, haircare, makeup, fragrance, and wellness.
- Customers can find brands ranging from affordable drugstore options to high-end luxury labels, allowing them to shop for all their beauty needs in one place.

## Personalized Shopping Experience

- Ulta provides an interactive and welcoming in-store experience, featuring beauty services like hair salons, skin treatments, and brow bars.
- Knowledgeable staff and in-store beauty experts help customers find the right products and treatments tailored to their needs.



# Value Proposition

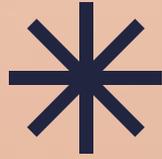
## Loyalty Program

- The Ultimate Rewards program is a key part of Ulta's value proposition, offering points on every purchase that can be redeemed for discounts, exclusive promotions, and member-only events.
- This program encourages customer loyalty by rewarding frequent shoppers and offering perks like free gifts and birthday discounts.

## Inclusive Beauty for All

- Ulta Beauty emphasizes inclusivity by offering products for diverse skin tones, hair types, and personal styles, making beauty accessible to all customers.
- The store carries a variety of clean beauty and sustainable products, appealing to consumers who value eco-friendly and ethical options.





05

Marketing  
Strategy  
Evaluation



# Marketing Strategy Evaluation



## Marketing Strategy

The marketing strategy of Ulta Beauty has been a significant driver of its growth, focusing on a customer-centric approach, digital innovation, and a seamless omnichannel experience. Here's an evaluation of the key elements of Ulta Beauty's marketing strategy



# Marketing Strategy Evaluation



- Omnichannel Strategy
- Loyalty Program – Ultimate Rewards
- Digital and Social Media Marketing
- Product Assortment and Brand Partnerships
- Focus on Inclusivity and Diversity
- In-Store Experience and Services



# Omnichannel Strategy



## Strengths

Ulta has successfully integrated its in-store and online shopping experiences, offering services like buy online, pick up in-store (BOPIS) and curbside pickup, which cater to the evolving preferences of customers.

Their large network of over 1,300 physical stores in the U.S. complements their strong e-commerce presence, allowing Ulta to reach customers in both urban and suburban areas.

## Challenges

Maintaining consistency in the customer experience across digital and physical touchpoints can be challenging, especially with the increased competition from online-only beauty retailers.

The expansion of e-commerce requires continued investment in logistics and technology to manage inventory effectively.



# Loyalty Program – Ultimate Rewards



## Strengths

The Ultimate Rewards program is a cornerstone of Ulta's marketing strategy, with over 39 million members as of 2023. It incentivizes repeat purchases by offering points on every dollar spent, which can be redeemed for discounts.

The loyalty program allows Ulta to collect valuable customer data, enabling personalized marketing and targeted promotions.

## Challenges

While the program drives customer retention, it also creates pressure on profit margins due to the discounts offered through points redemption.

Balancing the need to maintain the program's appeal without over-relying on promotions can be tricky, as excessive discounting may erode brand perception over time.



# Digital and Social Media Marketing



## Strengths

Collaborations with influencers and beauty content creators on platforms like Instagram, TikTok, YouTube, and Facebook help to promote new product launches and drive brand awareness in a highly visual market. Additionally it helps to engage with younger demographics (Millennials and Gen Z).

Their mobile app and online beauty tools (such as virtual try-on features) enhance the digital shopping experience, making it more interactive and user-friendly.

## Challenges

Keeping up with the fast pace of social media trends requires constant content creation and adaptation, which can be resource-intensive.

The digital marketing landscape is highly competitive, with brands like Sephora, e.l.f., and Glossier also targeting similar demographics through innovative digital strategies.



# Product Assortment and Brand Partnerships



## Strengths

Ulta's strategy of offering a broad assortment of products, ranging from drugstore brands to prestige and luxury options, differentiates it from competitors that focus solely on either end of the spectrum.

Strategic brand partnerships with exclusive and emerging brands, such as Kylie Cosmetics and Fenty Beauty, have helped Ulta attract new customers and drive store traffic.

## Challenges

Managing a diverse inventory can be complex, especially in maintaining a balance between popular and niche brands to avoid oversaturation or stockouts.

Competing with Sephora's more curated luxury brand offering requires Ulta to continuously innovate its product selection and identify brands that resonate with its core audience.



# Focus on Inclusivity and Diversity



## Strengths

Ulta has made significant strides in inclusive marketing, promoting a range of products for diverse skin tones, hair types, and beauty needs. This aligns with the growing consumer demand for diversity in beauty.

The brand's efforts to highlight BIPOC-owned brands and launch initiatives that support diversity have helped build brand loyalty and differentiate Ulta in the market.

## Challenges

As inclusivity becomes a broader expectation across the industry, it can be difficult for Ulta to maintain a distinct position on this front, especially with competitors like Sephora also focusing on diversity.

Ulta must continue to ensure that these efforts are seen as authentic and not just a marketing tactic, as customers increasingly seek genuine commitments to social responsibility.



# In-Store Experience and Services



## Strengths

Ulta's in-store services like salons, brow bars, and skin treatments create a differentiated experience that encourages customers to visit physical locations, enhancing customer engagement and driving cross-selling opportunities.

The stores are designed to be welcoming and accessible, offering customers the chance to explore and try out products, which is especially valuable for higher-priced prestige products.

## Challenges

The growth of e-commerce and changes in consumer behavior post-pandemic have led to a decline in foot traffic in some locations, challenging Ulta to maintain relevance in certain regions.

Balancing the investment in store renovations and service expansions with the shift towards digital shopping requires careful management of resources.



# Marketing Strategy Evaluation



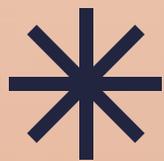
## Overall Evaluation

**Strengths:** Ulta Beauty's marketing strategy is effective in leveraging its omnichannel capabilities, diverse product offerings, and strong loyalty program. The brand has successfully positioned itself as a leader in both mass-market and prestige beauty through its inclusive and customer-focused approach.

**Opportunities for Growth:** Ulta can continue to capitalize on the growth of e-commerce, expand its men's grooming market, and enhance its sustainability efforts to attract eco-conscious consumers.

**Challenges:** The brand must manage the competitive landscape with major players like Sephora and adapt to shifting consumer behaviors towards digital shopping. Balancing profitability while offering promotions and loyalty rewards remains a key focus area.





06

Recom-  
mendations





# Recommendations

## Product

- Expand the Conscious Beauty at Ulta Beauty® initiative
- Increase focus on the Wellness Shop offerings
- Continue expanding Black-owned and Black-founded brands
- Less products in store to eliminate overwhelming shopping experience

## Place

- Accelerate the rollout of the new store layout
- Expand same-day delivery options
- Increase presence in Target stores to capture more "casual" shoppers

## Price

- Optimize pricing strategies for the Ulta Beauty Collection private label
- Implement dynamic pricing for online channels
- Enhance promotional strategies to combat margin pressure
- Optimize pricing for the growing skincare category

## Promotion

- Increase investment in UB Media retail media network
- Enhance personalization through CRM and loyalty program data
- Expand digital and social media marketing efforts

# Thanks!

Do you have any questions?

