

# *SEPHORA Racial Bias in Retail Study & Initiatives*

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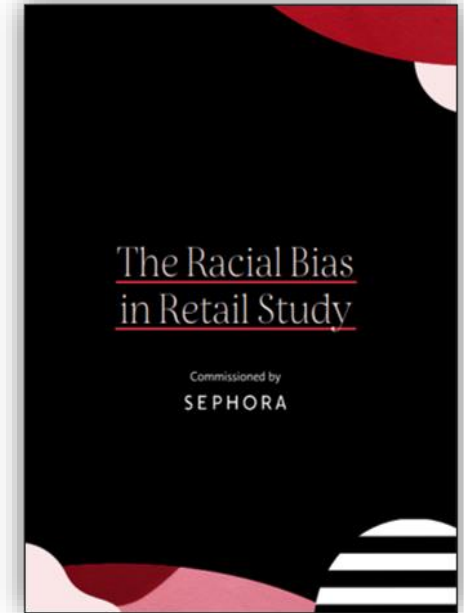
SEPHORA

# SEPHORA Racial Bias in Retail Study

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**First national research study focused on racially biased experiences and unfair treatment in US retail settings, commissioned by SEPHORA**

- **Goals:** to examine the causes and instances of bias in US retail and take practical steps to create inclusive experiences for US shoppers.
- **Partners:** Equity Advisors, Academia, Kelton, REI, RILA, Open To All, Diversity Best Practices
- **Phases of the study:**



## 1. ALIGN

- Contextual analysis
- Evaluated
  - ACADEMIC LITERATURE
  - CULTURAL INSIGHTS

## 2. UNDERSTAND

- Qualitative exploration
  - Spoke with
    - 56 SHOPPERS
    - 16 EMPLOYEES

## 3. VALIDATE

- Quantitative refinement
  - Surveyed
    - 3,034 SHOPPERS
    - 1,703 EMPLOYEES

## 4. IMPLEMENT

- Interventions
  - Created
    - D&I goals
    - D&I Task Forces

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## We balance optimism with the reality of confronting racism.

*The journey begins with an underlying tension between retail shoppers and the retail experience.*



3 out of 4 retail shoppers think **marketing fails**

*to showcase a diverse range of skin tones, body types, and hair textures.*



2 out of 3 retail shoppers think **distribution fails**

*to deliver an equally-distributed assortment of products catering to different customers' tastes & preferences.*



3 out of 4 retail shoppers think **service fails**

*to provide access to a store associate familiar with their unique needs or their race/ethnicity.*

## We struggle to be seen beyond the physical.

*BIPOC US retail shoppers believe they are judged by skin color and race, as opposed to a race-neutral indicator like age.*

	White	Black	Asian	LatinX
1	Age	★ Skin Color	★ Ethnicity	Body weight or size
2	Attractiveness	★ Ethnicity	Age	Age
3	Clothes / Accessories / Make-up	Age	Attractiveness	★ Ethnicity

## We struggle to be seen beyond the physical.

*BIPOC US retail shoppers believe they are judged by skin color and race, as opposed to a race-neutral indicator like age.*

White	Black	Asian	LatinX	Other POC
<ul style="list-style-type: none"><li>✓ Being asked if I need assistance</li></ul>	<ul style="list-style-type: none"><li>✓ Feeling like I'm being <b>watched</b></li><li>✓ Feeling like I'm being <b>followed</b></li><li>✓ Being asked to <b>leave my bags</b> at the counter / front of the store</li><li>✓ Having an associate speak in an <b>unfriendly tone of voice</b></li></ul>	<ul style="list-style-type: none"><li>✓ Being <b>ignored</b> when I need assistance</li></ul>	<ul style="list-style-type: none"><li>✓ Being asked to <b>leave my bags</b> at the counter / front of the store</li><li>✓ Having an associate speak in an <b>unfriendly tone of voice</b></li><li>✓ Being asked personal questions</li></ul>	<ul style="list-style-type: none"><li>✓ Being asked if I need assistance</li><li>✓ Being <b>ignored</b> when I need assistance</li><li>✓ Having an associate treat me with an <b>unhelpful attitude</b></li></ul>

## We cope by navigating the in-store experience.

***BIPOC US retail shoppers leverage a series of coping mechanisms in store to deal with racial bias and unfair treatment.***



- **Shop online**, to remove the burden unfair treatment
- **Dress nicely**, bring designer handbags to avoid assumptions they can't afford to shop there/will steal
- **Make a "shopping plan"** to ensure their time in store is efficient with minimal employee interactions
- **Don't try samples**, and may even leave purses and bags at home to prevent accusations of theft



- **Adjust their body language**, by keeping their hands out of their pockets or avoiding browsing
- **Interact with employees**, to make it known they are interested in spending money

### Needs of BIPOC consumers:

#### Universal needs:

- Employee friendliness
- Prompt greeting and helpful intel
- Shortened wait time for service

#### D&I focused needs:

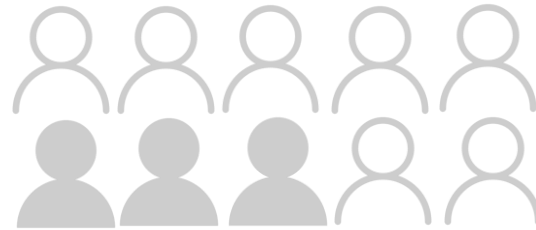
- *'finding a store associate familiar with needs unique to my race/ethnicity'*
- *'having store associates that look like me (race, age, etc.)'*

## We avoid conflict and stress in the moment.

***US Retail Shoppers are most likely to react to racial bias and unfair treatment in ways that never inform the retailer.***

### Active Response

- ✓ I posted an online review
- ✓ I posted about it on social media
- ✓ I raised the issue with a manager or store supervisor



Only **3 in 10** shoppers actively provide feedback

**70%** will not address feedback directly with the retailer

### Passive Response

- ✓ I chose not to buy anything from that store
- ✓ I left the store and purchased the item or a similar item from another retailer
- ✓ I left the store immediately
- ✓ I discussed the incident with friends and family members who have experienced similar issues

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## We seek action, not words.

*While BIPOC US retail shoppers report higher incidences of unfair treatment compared to White shoppers, they are less likely to see any meaningful change*



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**3x** less likely than white shoppers to say the retailer addressed the unfair treatment they experienced with a change in store policy



## Huge impacts for Retailers

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**After experiencing racial bias...**

**...more than 3/5 BIPOC will not shop at that specific store location again.**

**...and more than 1/2 BIPOC will not shop at any of the store's locations again.**

## 5 TRUTHS + SEPHORA D&I STRATEGY

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Leveraging insights to address and mitigate racial bias in our stores, as part of our Diversity & Inclusion Strategy

### 4. IMPLEMENT

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    - D&I goals
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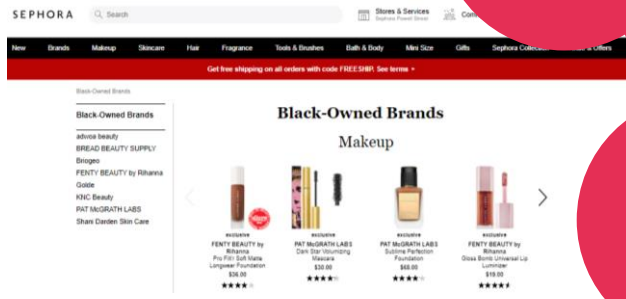
**“Diversity is our Competitive Advantage”**



Sephora Diversity & Inclusion Heart Journey

# MARKETING & MERCHANDISING

**15% Pledge** – to double our assortment of Black-Owned Brands in 2021  
Feature Black-owned brands through a dedicated tab on our website.



**Accelerate 2021** – to focus exclusively on cultivating and growing BIPOC-owned brands.

## Influencers:

April Reign & Blair Imani



## Add'l:

Nikki Walton



**New marketing production guidelines** – to encourage diverse voices and identities in our marketing campaigns and social media.

## Moderator:

Aurora James



Founders of Color Panel; Bootcamp

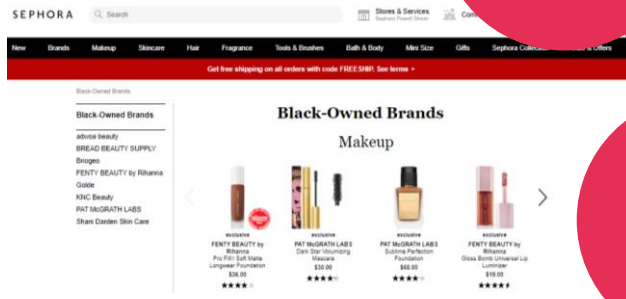
Participation confirmed, scope TBC

Mindfulness and Meditation

**Sephora Squad** – to continue building a diverse group of influencers.

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# IN-STORE EXPERIENCE & OPERATIONS

**New training modules** – Foundation matching, 1<sup>st</sup> Cultural Allyship for BIPOC Shoppers Training.

**De-Escalation Statements**  
*Racist and Discriminatory Interactions*

**SEPHORA**

- **Beauty Advisor/Brand Partner Response:** "If you would please excuse me, I'm going to step away for a minute to get more assistance [from the Store Director] for you. Someone will be with you shortly."
- **Leadership Response:**
  - **If racial slur used:** "Hi, I'm [NAME], the manager. My Beauty Advisor/brand partner let me know that you used offensive language while she was trying to help you. I would like to hear from you, what was said."
  - **Client Response:** "I just asked for help from a [insert race, color, and/or ethnicity] employee [and/or use of racial slur]."
  - **Leadership Response:** "We do not tolerate any discriminatory language in our stores, and I would kindly ask that you leave the store." If necessary, alert security (if available) for additional support in calmly escorting the client out of the store."
  - **If racial slur not used:** "Hi, I'm [NAME], the manager. My Beauty Advisor/brand partner let me know that you requested additional assistance from a Beauty Advisor who is a [insert race, color, and/or ethnicity] employee. All our Beauty Advisors/brand partners are trained to service all clients including myself. I would be happy to help. Is there something particular you are looking for today?"

**New greeting approach** to ensure a more consistent experience for all visitors.

**Reducing contracted guards & leveraging LP agents** to provide better client care.

**Gathering feedback** on both purchasers and non-purchasers, through exit surveys.

Medallia CX Surevey KPIs by Race – October

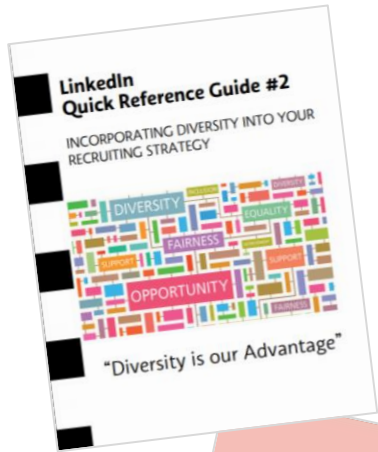
	Sample Size	% of total responses	NPS	Made Day Better	Greeted & Acknowledged	% Yes: Associate shared new information	Associate Offered Help
African American or Black							
American Indian							
Caucasian or White							
East Asian							
Hispanic/Latino							
Middle Eastern							
Pacific Islander							
South Asian/Indian							
"Other"							



**D&I In-Store Experience Dashboard** – analytics on client service and training compliance.

**Piloting virtual master-class experiences** highlighting Black owned & inclusive brands.

# TALENT & INCLUSIVE WORKPLACES



**Hiring & Advancement Practices** – new toolkits for hiring managers, key markets for recruiting events, customized coaching and mentoring for talent of color

**PullUporShutUp challenge** – double the share of Black leaders to mirror the current share of Black employees representing 14% of our workforce.

**Frequency and depth of employee trainings** – new modules, flexible scripts to identify bias and exhibit inclusive behaviors in the workplace.

**Employee performance reviews** – D&I-based performance metric, tying our D&I goals to each team member's bonus objectives.

**Zero-tolerance behavior policies** to set defined outcomes if code of conduct is not followed. Behaviors include profiling, discrimination, harassment and retaliation, among others.

## Sephora Diversity, Equity and Inclusion Progress Report July 2021

As the first major retailer to sign the 15 Percent Pledge, Sephora committed to expanding our assortment of Black-owned products and progressing our supply chain to best support and develop brands that better reflect the diversity of our community long-term.

- In June 2021, Sephora carried eight Black-owned brands. By the end of 2021, we'll more than double our assortment overall, including achieving the 15% benchmark in prestige haircare.
- As of July, our expanded offering includes: adobe beauty, BRIGGS BEAUTY LABS, Bregus, Dorena Morina Beauty, FENTY BEAUTY by Rihanna, FENTY SKIN, FOCUS MOIST, Grace Elyse, KMC Beauty, LYS Beauty, INT MCKAYDON LABS, KOSÉ, Pigeon MD, Shea Gordon Skin Care, Sunday Sunday, Tarama and Queen Biology. The full list will launch several new Black-owned brands including but not limited to Fashion Fair and Ingle Skin.
- Additionally, last year we adopted the 2017 Sephora Accelerate brand incubator program to focus exclusively on cultivating and launching BRCC-owned brands at Sephora. This year's program included 24 Therese, Estem, Clary Hyper Skin, Inanna Beauty, Kliff Beauty, Rex and Topicals and this past March, we celebrated the launch of Topicals on Sephora.com.

Within the Action Plan shared in January, we pledged to establish new guidelines to ensure our campaigns, social media and marketing content included a diverse array of backgrounds, identities, ages and body types.

Black-owned brands now comprise 11% of Sephora's total social and digital content, up from 1% in June 2020. In addition, in 2021 we implemented dedicated quarterly campaigns to three segments of Black-owned brands including a Sephora.com landing page.

We built more campaigns to celebrate important holiday milestones for a wider range of cultures, such as Lunar New Year and Eid al-Fitr. And, we featured more of our non-profit partners in our content, creating space for new voices aligned with our values of diversity, equity, inclusion and justice from organizations like the National CAES Mentoring Movement, Act to Change and National Black Justice Coalition.

To broaden inclusion for Sephora's Latino clients, we have included the number of Spanish-language YouTube videos produced each month. To improve the accessibility of our content, we have also incorporated closed captioning on all Sephora-produced CCTV content.

We continue to cultivate one of the industry's most diverse influencer groups through Sephora Squad with the largest group yet this year of 73 members. This year, 79% of members identify as people of color (compared to 59% in 2020) and the number of BRCC members has increased by 67% since its inception in 2019. Additionally, 22% of the 2021 Sephora Squad are Spanish-speaking, which has increased from 8 to 18 members since 2019.

Sephora committed to the Pull Up For Change movement to publicly articulate our commitment to diversity across every level of our organization for the long-term.

Sephora committed to make our retail experience more inclusive and welcoming for all clients and employees — online and in-store.

As of July 2021, our workforce is made up of:

2020	Our Workforce	2021
63%	People of Color	64%
14%	Black or African American	16%
82%	Female Identifying	83%
6%	Black or African American leadership across our stores, distribution centers and corporate offices	9%
6%	Black or African American Store Director representation	11%

We created 20 new inclusivity training modules required to be taken by all Sephora retail employees, including a series which trains all Sephora employees to recognize and mitigate their unconscious biases.

We also created a "Cultural Allyship for BRCC" shoppers' training managing key findings of the Sephora Social Bar in Retail Study and Customer Equity Mapping and Customer Drive Inclusion for People of Color at Work. This training was delivered to all store directors in July and will be cascaded to all Beauty Advisors.

To ensure we have structures for inclusive and equal opportunities to join or advance at Sephora at all levels going forward, we:

- Developed a new hiring toolkit for recruiters and hiring managers to raise awareness of unconscious bias and recruit a diverse pipeline of talent.
- Launched the Sephora Talent Incubator program to develop the next generation of culturally competent and diverse leaders, which comprises of mentoring and coaching for 50 managers across our corporate, distribution centers and stores.
- This summer, Sephora hired 43 interns, of which over 50% self-identify as underrepresented talent of color.

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# *#Mitigate Racial Bias in Retail Charter*

***Join us today with Open To All!***

- Leveraging the key findings of Sephora Racial Bias in Retail Study
- Implementing D&I best practices
- Driving change collectively



*Thank you!*

SEPHORA