SEPHORA PRODUCT RETURN

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Story 1

▯ Business Problem Overview: Sephora Product Returns

▯ **Rising product return rates** are raising concerns across the organization.

☺ **Customer dissatisfaction** is growing due to:

Unclear return policy enforcement

Account warnings without clear explanations

Perceived lack of transparency

▯ **Sephora's core business** in luxury makeup and personal care depends on:

Strong **customer trust**

Reliable **supplier partnerships**

⚠ **Operational challenges** include:

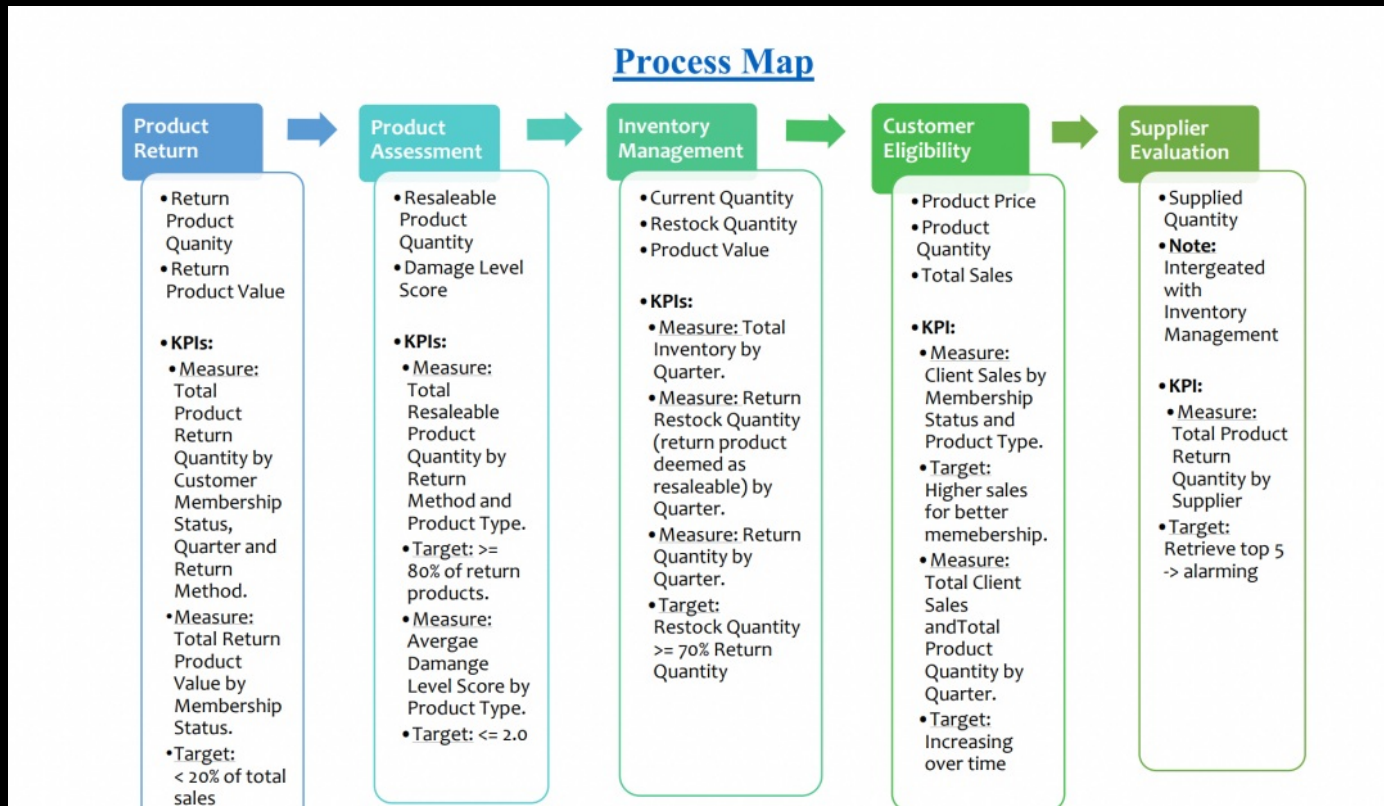Inconsistent return practices at the **store level**

Potential **return policy abuse** by customers or staff

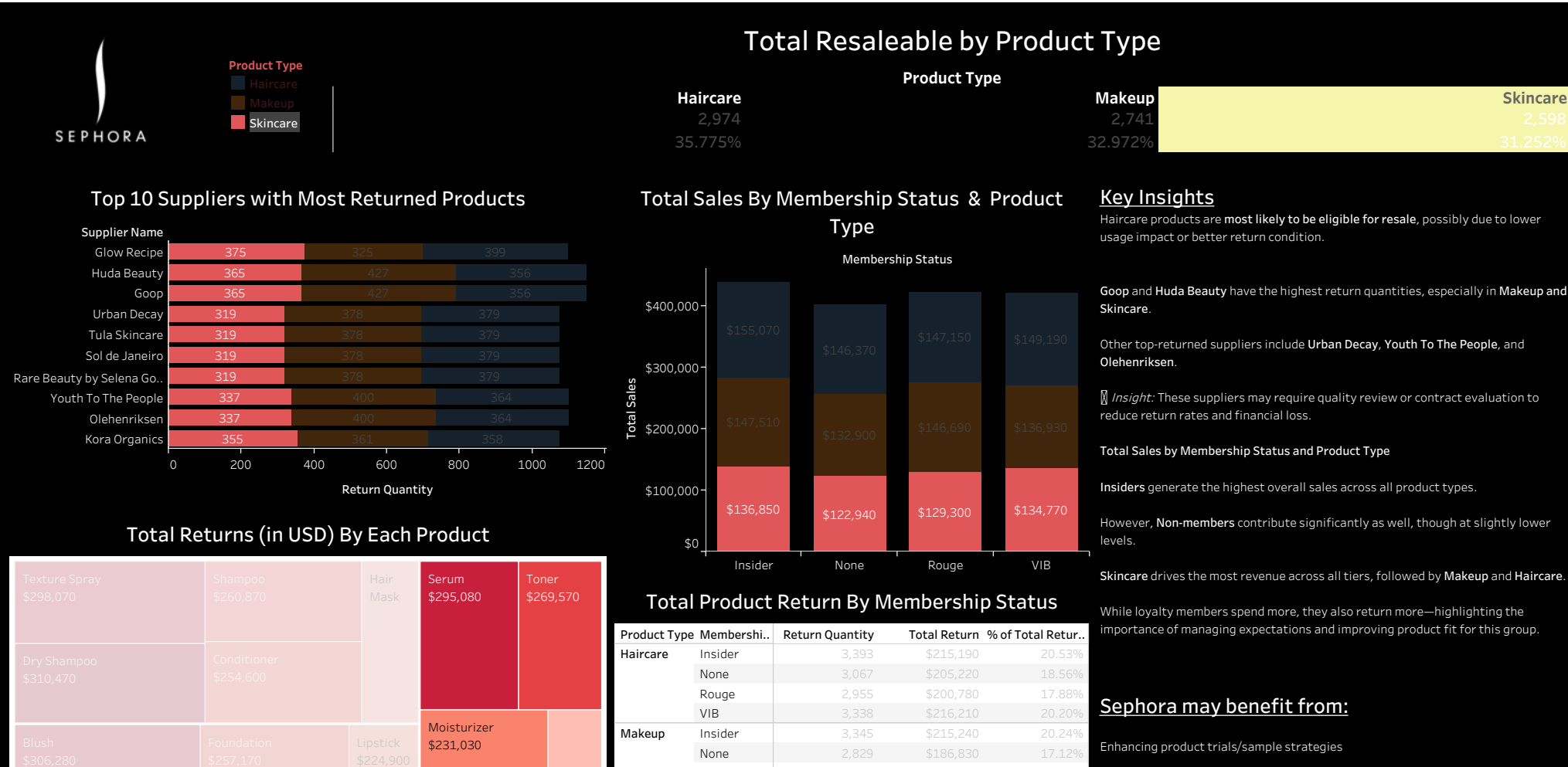Difficulty assessing **resale potential** of perishable or used products

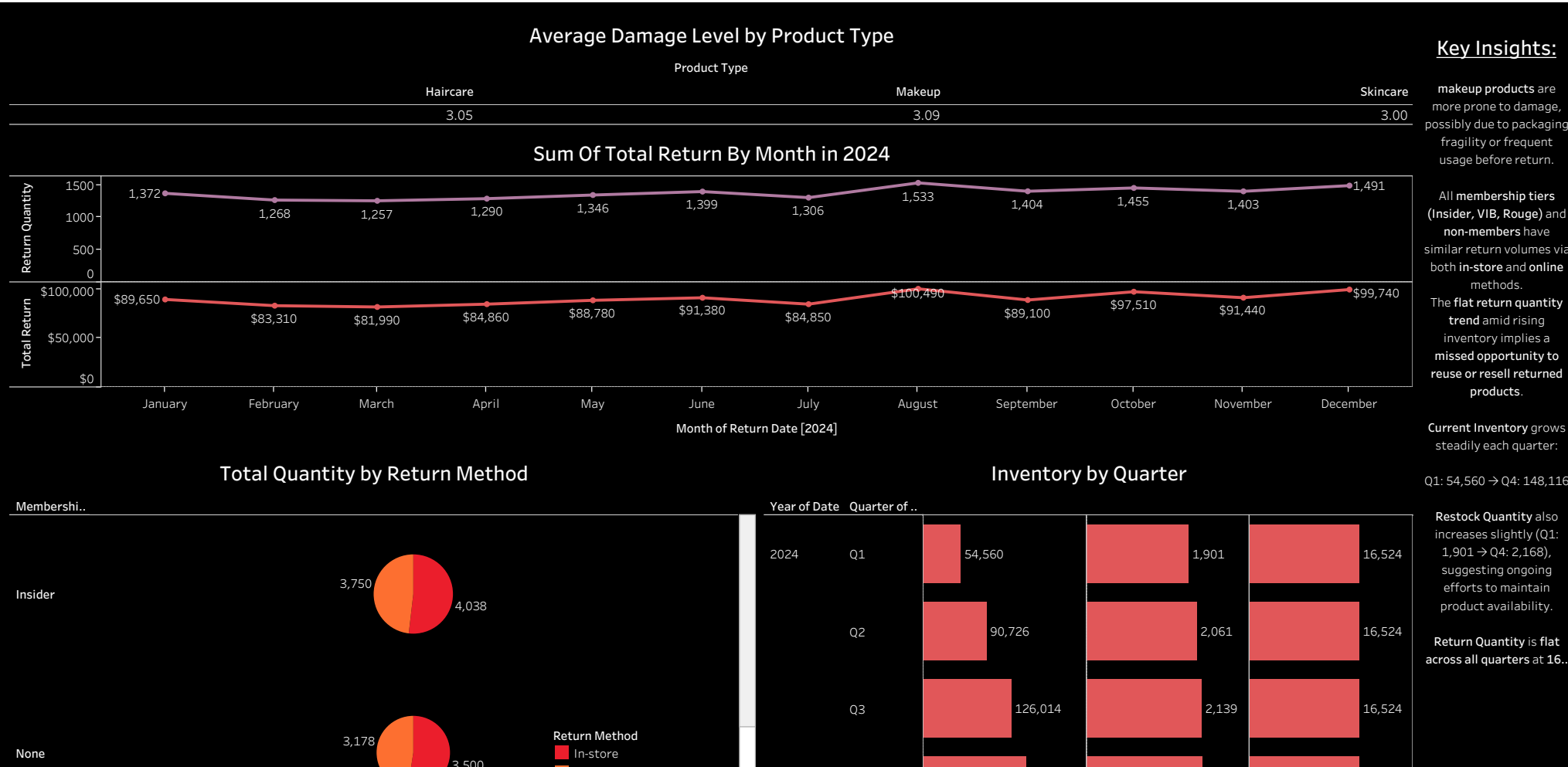▯ These issues are negatively impacting:

Inventory turnover

Story 1

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Product Type
- Haircare
- Makeup
- Skincare

SEPHORA

Total Resaleable by Product Type

Product Type

Haircare	**Makeup**	**Skincare**
2,974	2,741	2,598
35.775%	32.972%	31.252%

Top 10 Suppliers with Most Returned Products

Supplier Name

Supplier	Skincare	Makeup	Haircare
Glow Recipe	375	325	399
Huda Beauty	365	427	356
Goop	365	427	356
Urban Decay	319	378	379
Tula Skincare	319	378	379
Sol de Janeiro	319	378	379
Rare Beauty by Selena Go..	319	378	379
Youth To The People	337	400	364
Olehenriksen	337	400	364
Kora Organics	355	361	358

Return Quantity (0, 200, 400, 600, 800, 1000, 1200)

Total Returns (in USD) By Each Product

Texture Spray $298,070	Shampoo $260,870	Hair Mask	Serum $295,080	Toner $269,570
Dry Shampoo $310,470	Conditioner $254,600			
Blush $306,280	Foundation $257,170	Lipstick $224,900	Moisturizer $231,030	

Total Sales By Membership Status & Product Type

Membership Status

Status	Haircare	Makeup	Skincare
Insider	$155,070	$147,510	$136,850
None	$146,370	$132,900	$122,940
Rouge	$147,150	$146,690	$129,300
VIB	$149,190	$136,930	$134,770

Total Sales ($0 – $400,000)

Total Product Return By Membership Status

Product Type	Membershi..	Return Quantity	Total Return	% of Total Retur..
Haircare	Insider	3,393	$215,190	20.53%
	None	3,067	$205,220	18.56%
	Rouge	2,955	$200,780	17.88%
	VIB	3,338	$216,210	20.20%
Makeup	Insider	3,345	$215,240	20.24%
	None	2,829	$186,830	17.12%

Key Insights

Haircare products are **most likely to be eligible for resale**, possibly due to lower usage impact or better return condition.

Goop and **Huda Beauty** have the highest return quantities, especially in **Makeup and Skincare**.

Other top-returned suppliers include **Urban Decay**, **Youth To The People**, and **Olehenriksen**.

⚠ *Insight:* These suppliers may require quality review or contract evaluation to reduce return rates and financial loss.

Total Sales by Membership Status and Product Type

Insiders generate the highest overall sales across all product types.

However, **Non-members** contribute significantly as well, though at slightly lower levels.

Skincare drives the most revenue across all tiers, followed by **Makeup** and **Haircare**.

While loyalty members spend more, they also return more—highlighting the importance of managing expectations and improving product fit for this group.

Sephora may benefit from:

Enhancing product trials/sample strategies

Story 1

Average Damage Level by Product Type

Product Type

Haircare	Makeup	Skincare
3.05	3.09	3.00

Sum Of Total Return By Month in 2024

Return Quantity: 1,372 · 1,268 · 1,257 · 1,290 · 1,346 · 1,399 · 1,306 · 1,533 · 1,404 · 1,455 · 1,403 · 1,491

Total Return: $89,650 · $83,310 · $81,990 · $84,860 · $88,780 · $91,380 · $84,850 · $100,490 · $89,100 · $97,510 · $91,440 · $99,740

Month of Return Date [2024]: January, February, March, April, May, June, July, August, September, October, November, December

Total Quantity by Return Method

Membershi..

Insider: 3,750 / 4,038

None: 3,178 / 3,500

Return Method: ■ In-store ■ (orange)

Inventory by Quarter

Year of Date	Quarter of ..			
2024	Q1	54,560	1,901	16,524
	Q2	90,726	2,061	16,524
	Q3	126,014	2,139	16,524

Key Insights:

makeup products are more prone to damage, possibly due to packaging fragility or frequent usage before return.

All **membership tiers (Insider, VIB, Rouge)** and **non-members** have similar return volumes via both **in-store** and **online** methods. The **flat return quantity trend** amid rising inventory implies a **missed opportunity to reuse or resell returned products.**

Current Inventory grows steadily each quarter:

Q1: 54,560 → Q4: 148,116

Restock Quantity also increases slightly (Q1: 1,901 → Q4: 2,168), suggesting ongoing efforts to maintain product availability.

Return Quantity is **flat across all quarters at 16..**