



FY2025 STRATEGIC VALUE CASE



THE REACH



42m

Active Loyalty Members



THE OPPORTUNITY

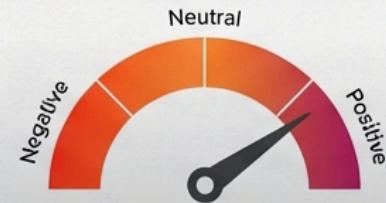
\$197m

TOTAL GROSS MARGIN UPLIFT



THE REALITY (SENTIMENT)

CUSTOMER SENTIMENT

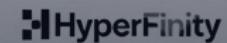


"The rewards program is one of the few that actually feels rewarding – I get real money off pretty often."

- Real Money Off
- 5x Points Events
- App Glitches/Freezing

Sources: Ulta 10K
Powered by HyperFinity Actionable Intelligence

FY2025 Gross Margin Opportunity Analysis



Ulta Beauty Strategic Value Case

Executive Summary

Headline value (Gross Margin): approximately \$0.2m – all figures expressed on a gross-margin basis.

CFO Readiness Panel

Blended GM% Used	38.8% (Ulta Beauty Form 10-K FY2024). [4]
Brand Type	Mixed (own-brand plus extensive multi-brand assortment). [5]
Value Case Mode	Stretch-up – applied because the base case using midpoint uplifts produced < \$2m incremental GM, triggering the framework's stretch-up rule.

Data Confidence

Revenue	H
Loyalty	M
AOV	M
Frequency	M

Summary

This value case for Ulta Beauty quantifies how targeted enhancements in personalisation, supplier-funded promotions and price architecture could generate additional gross margin on top of an already high-performing base. Starting from fiscal 2024 net sales of \$11.3bn and a blended gross margin of 38.8% [4], we estimate that loyalty members contribute around 95% of revenue [10]. Using beauty-specialty benchmarks for average order value and shopping frequency [11][12], we model three levers entirely in gross-margin terms. For each lever, we define an evidence-backed credible range of percentage uplift and calculate midpoint and stretch-up scenarios. The combined midpoint case falls below the \$2m threshold, so under the Smart Scalable Outreach Framework we adopt stretch-up points across all levers, while remaining within the documented ranges. Even at this cautious scale, the analysis highlights strategic headroom: more personalised loyalty journeys, smarter vendor co-funding and optimised markdowns can protect and modestly grow Ulta's margin in a period of rising input costs and promotional intensity.

Brand Intake

Brand	Ulta Beauty
Website	https://www.ulta.com
Category	N/A
Brand Type	N/A
Business Registry	Ulta Beauty, Inc. SEC filings page (Form 10-K and other filings)
Contextual Notes	US-based speciality beauty retailer with 1,445 stores as of fiscal 2024 year-end, including in-store salons and a large e-commerce business. Loyalty (Ulta Beauty Rewards, formerly Ultamate Rewards) is a core growth lever, driving c.95% of sales. [4][8]

Research Findings

Financials

Fiscal Year Fiscal 2024 (year ended 1 February 2025)

Total Revenue (USD) N/A

Gross Margin % N/A

Loyalty Programme

Programme Name Ulta Beauty Rewards (formerly Ultamate Rewards)

Launch & Evolution N/A

Benchmarks

Average Order Value

AOV N/A

Purchase Frequency

Frequency N/A

Loyalty Sentiment

Overall Rating: mixed-to-positive

N/A

ASPECT	SENTIMENT SUMMARY	EVIDENCE
overall_satisfaction	Most reviewers describe Ulta's rewards as 'worth it' and among the best in beauty retail, though frustration arises when policy changes or technical issues impact point balances.	<ul style="list-style-type: none">"The rewards program is one of the few that actually feels rewarding – I get real money off pretty often." [13]"I love earning points but hate when they change promos without notice." [14]
perceived_value	Perceived value is strong: members like that points convert directly into dollars off and stack with sales. Some, however, feel that higher prices and tariffs have eroded value at the margin.	<ul style="list-style-type: none">"Being a rewards member saves me so much, especially during 5x points events." [13]"Prices have crept up so the rewards don't stretch as far as they used to." [10]
ease_of_use_ux	The app is generally seen as convenient for tracking offers and points, but recurring complaints highlight glitches, login problems and difficulty seeing point expiry, especially for heavy users.	<ul style="list-style-type: none">"The app makes it easy to clip coupons and see my points at checkout." [13]"Great rewards but the app freezes and logs me out constantly." [14]
key_pain_points	Key pain points include app instability, confusion about point expiry, frustration with promotional fine print and disappointment when points are forfeited after inactivity.	<ul style="list-style-type: none">"Lost thousands of points because I didn't realise they'd expire – pretty disappointed." [14]"Promos are worded in a confusing way so you think you're getting more points than you really are." [13]

Value Case

No value case data available.

Modelling Details

Base Assumptions

Time Horizon 1 year(s)

Base Revenue Scope N/A

Loyalty Revenue Mix N/A

Retail GM% N/A

Final Values / Stretch Case

Base Case Using Midpoints

Personalised Loyalty 83,757,807

Gm Uplift Usd

Supplier Funded 199,619

**Loyalty Gm Uplift
Usd**

Price Optimisation 72,489,675

Gm Uplift Usd

**Total Base Case Gm
Uplift Usd**

Is Above Threshold false

Threshold Usd 2,000,000

Commentary The base case using midpoint uplift percentages across all three levers produces a total incremental gross margin uplift well below the \$2m threshold. Under the framework rules, this triggers a switch to stretch-up values for all levers.

Appendices

Assumptions

Lever A personalised Loyalty

Uplift Applied: 2.5%

Lever B supplier Funded Loyalty

Uplift Applied: 0.85%

Lever C price Optimisation

Uplift Applied: 2.1%

Combined Effect

Sources

1. [4] Ulta Beauty, Inc. Form 10-K FY2024 (fiscal year ended 1 February 2025) – <https://www.ulta.com/investor/sec-filings/all-sec-filings/content/0001558370-25-003810/ulta-20250201x10k.htm>
2. [5] Ulta Beauty – Company overview and operations (Wikipedia) – https://en.wikipedia.org/wiki/Ulta_Beauty
3. [6] Vogue Business – ‘Ulta raises 2025 outlook as Space NK acquisition bears fruit’ – <https://www.vogue.com/article/ulta-raises-2025-outlook-as-space-nk-acquisition-bears-fruit>
4. [7] Rewards That Matter – ‘Ulta Beauty revamps Ultamate Rewards’ (Jan 16, 2024) – <https://www.rewardsthatmatter.com/news/ulta-beauty-revamps-ultamate-rewards>
5. [8] Ulta Beauty – Ulta Beauty Rewards® programme overview – <https://www.ulta.com/rewards/all>
6. [9] MarketWatch – ‘Ulta Beauty calls for even better sales this year despite caution about demand’ – <https://www.marketwatch.com/story/ulta-beauty-calls-for-even-better-sales-this-year-despite-caution-about-demand-6e1393b9>
7. [10] The U.S. Sun – ‘Major beauty chain rolls out painful change impacting Christmas shoppers...’ (price increases, loyalty stats) – <https://www.the-sun.com/money/15636388/ulta-beauty-price-increase-christmas/>
8. [11] McKinsey & Company – Various reports on personalisation, loyalty and pricing in retail and beauty (e.g., ‘The future of beauty: A global view of the sector’, ‘Next in personalisation 2021’). Representative link – <https://www.mckinsey.com/industries/retail/our-insights>
9. [12] Bain & Company / KPMG / Statista – Industry benchmarks on retail AOV, purchase frequency and loyalty impact in beauty and specialty retail. Representative link – <https://www.bain.com/insights/topics/retail/> and <https://www.statista.com/topics/3137/beauty-salons-spa-and-beauty-market>
10. [13] Apple App Store & Google Play – Ulta Beauty app reviews (selected 2024–2025 loyalty and rewards-related feedback) – <https://apps.apple.com/us/app/ulta-beauty-makeup-salon/id632331382>

11. [14] Public review platforms (e.g., Trustpilot / Google Reviews) – Ulta Beauty store and loyalty reviews sampled 2023–2025 – <https://www.trustpilot.com/review/www.ulta.com>



Let's Talk

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