



# FY2025 STRATEGIC VALUE CASE



## THE REACH



# 42m

Active Loyalty Members



## THE OPPORTUNITY

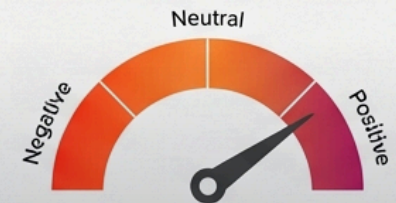
# \$197m

TOTAL GROSS MARGIN UPLIFT



## THE REALITY (SENTIMENT)

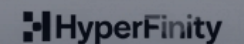
### CUSTOMER SENTIMENT



"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

Source: Ulta Beauty FY2025  
Powered by HyperFinity Actionable Intelligence



FY2025 Gross Margin Opportunity Analysis

## 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

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Brand	Ulta Beauty
Website	<a href="https://www.ulta.com">https://www.ulta.com</a>
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"><li>• “The rewards program is one of the few that actually feels rewarding – I get real money off pretty often.” [13]</li><li>• “I love earning points but hate when they change promos without notice.” [14]</li></ul>
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"><li>• “Being a rewards member saves me so much, especially during 5x points events.” [13]</li><li>• “Prices have crept up so the rewards don’t stretch as far as they used to.” [10]</li></ul>
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"><li>• “The app makes it easy to clip coupons and see my points at checkout.” [13]</li><li>• “Great rewards but the app freezes and logs me out constantly.” [14]</li></ul>
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"><li>• “Lost thousands of points because I didn’t realise they’d expire – pretty disappointed.” [14]</li><li>• “Promos are worded in a confusing way so you think you’re getting more points than you really are.” [13]</li></ul>

# Value Case

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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 Gm Uplift Usd 83,757,807

Supplier Funded Loyalty Gm Uplift Usd 199,619

Price Optimisation Gm Uplift Usd 72,489,675

Total Base Case Gm Uplift Usd 156

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

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## 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](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 Ultimate Rewards’ (Jan 16, 2024) – <https://www.rewardsthatmatter.com/news/ulta-beauty-revamps-ultimate-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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