

Ulta Beauty's Palette for Innovation Starts with Experimentation

Introduction

Ulta Beauty has been a visionary since day one, striving to celebrate the role of beauty in our lives. The largest beauty retailer in the United States, Ulta Beauty is the premier beauty destination for cosmetics, fragrances, skincare products, hair care products, and salon services.

With core values such as Win Together, Improve Always, and Give Wow Experiences, a part of the company's digital transformation, Ulta Beauty embraced digital experience optimization as a way to deliver on their vision: To be the most loved beauty destination among guests and the most admired retailer by Ulta Beauty associates, communities, partners, and investors.

Ulta Beauty turned to AB Tasty to enhance the retailer's digital presence by reimagining its Digital Store. The Digital Optimization team, or DOT for short, a dynamic group within Ulta Beauty's Digital Experience team, was tasked with building and evangelizing an experimentation culture and driving strategic optimization through data-driven insights.

Tasked with improving the overall guest experience through optimization, DOT outlined four focus areas to help guide their efforts.

- Conversion: Focused on reducing friction to capitalize on guest demand to drive increased revenue for digital business.
- Personalization: Focused on driving an enhanced one-to-one experience for our guests while driving engagement and loyalty.
- Guided Discovery: Focused on providing our guests with experiences that empower the ability to browse, learn, and experience new brands, categories, products & services.
- Omnichannel: Focused on experiences that combine digital and physical guest experiences

Revenue Uplift

9%

and built upon strong cross-functional partnerships.

Why Ulta Beauty Chose AB Tasty for Their Experimentation Needs

The Digital Store of the Future initiative necessitated a shift towards a more data-informed approach to inform the redesign and drive innovation. Ulta Beauty sought a solution that would enable them to be more agile, move faster, and gain valuable insights from experimentation to meet their business goals.

Upon implementing AB Tasty's platform, the Digital Optimization team conducted innovative tests aligned with their product roadmap and business objectives. They leveraged features such as the social proof widget to create urgency and ran numerous experiments to continuously optimize the guest experience.

"We just love that willingness to partner with us to build out features that help us do our jobs more seamlessly. That's a huge differentiator from what we were getting from our previous solution. We've been able to set up experiments with six variations and multi-armed bandit tests incredibly quickly - with minimal developer support - which has drastically improved our team's agility," added Sasha Ostrozovich, User Experience Optimization Manager at Ulta Beauty.

Results and Benefits

The collaboration with AB Tasty yielded significant results, including notable e-commerce growth and a

substantial increase in the number of tests conducted from 20 tests per year to over 65 tests per year, with plans to continue increasing that metric. Ulta Beauty’s ability to gain insights for the redesign and reduce developer dependency was a key benefit of the company’s partnership with AB Tasty.

With an eye on driving revenue metrics, the team tested an overlay that included product recommendations when guests added items to their carts.

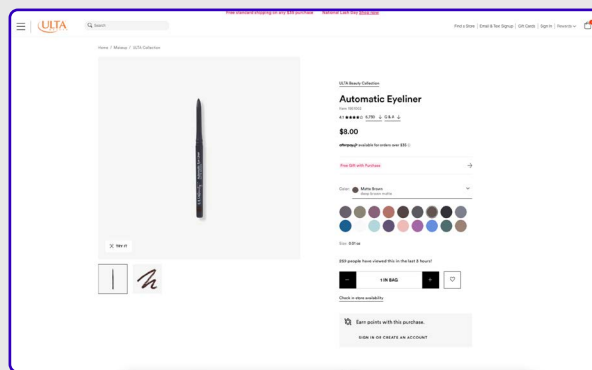
With the addition of the overlay, Ulta Beauty was able to showcase products that were most relevant to the guest which resulted in a revenue increase of 9% alongside a 15.1% increase in clicks on “add to bag.”

Overall the test listed metrics across the board, with a 2.3% conversion rate uplift, a 4.7% increase in items per order, and an increase of 11.5% for bag views.

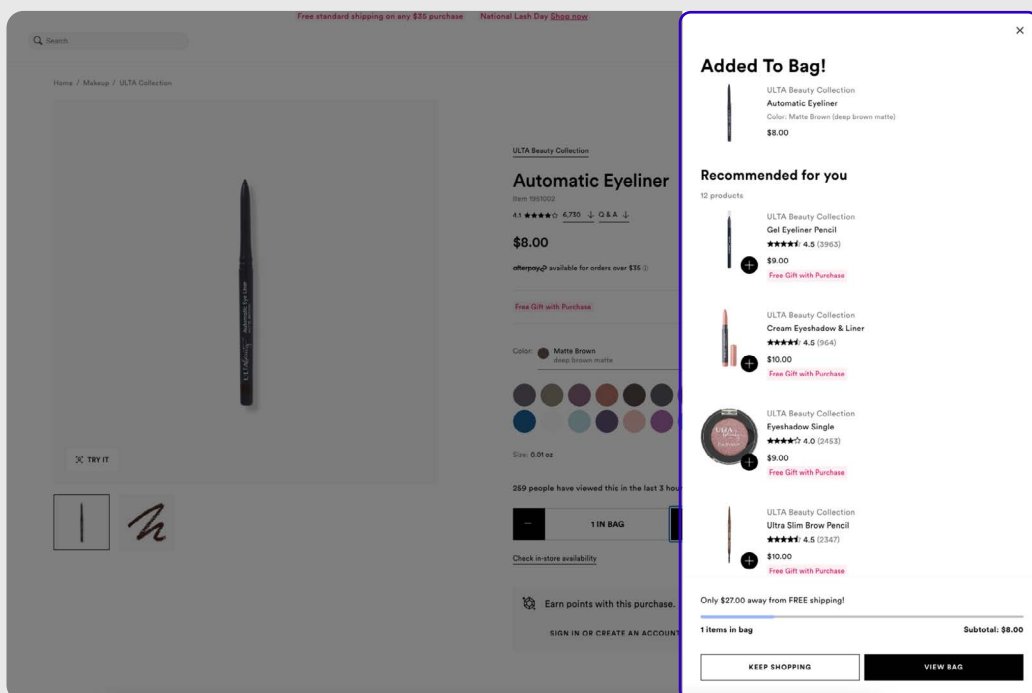
Not only do the Digital Optimization team’s tests improve business-level performance metrics such as revenue, but they also lend further insight into Ulta Beauty’s guests. These tests prove that the effective use of personalization and recommendations can have significant impacts on the guest experience and help quickly drive results for the business.

Jeff Hamm, Ulta Beauty’s Vice President of Digital Experience and Operations, noted, “2023 marked a phenomenal milestone in our digital transformation. We have a brand new refreshed look and feel, completely overhauled cart, checkout, and guest account features. Not to mention a scalable infrastructure for our future. We’re almost at the finish line, setting the stage for a future filled with growth and innovation.

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Control



Variation

“The transformation has laid a strong foundation, enabling us to scale and enhance our guest experiences. AB Tasty has played a critical role in this transformation, helping our team innovate and validate at a quicker pace with less risk.”

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Ulta Beauty's Vice President of Digital Experience and Operations

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With a heavy focus on innovation, Ulta Beauty has experienced immense digital growth. In a time when guest loyalty is increasingly difficult to secure, Ulta Beauty's loyalty program grew by 8%, with more than 95% of sales occurring through the loyalty program. Additionally, the work that the team has put into the mobile experience has paid off manifold: over 50% of e-commerce sales occur on Ulta Beauty's mobile app.

Future Plans

Looking ahead, Ulta Beauty is committed to continuing its experimentation efforts, building a robust personalization strategy, and optimizing the Digital Store to further enhance the guest experience.

To achieve this, the team has identified five areas of focus for their testing program.

- Streamline the checkout process and optimize landing pages to further improve conversion rates.
- Continue to leverage data and analytics to offer personalized product recommendations and content to build on the guest experience.
- Prioritize site speed and app performance to ensure a positive guest experience.
- Focus on guided discovery through enhanced site search, contextual search, and AI-driven beauty consultations to better facilitate product discovery and decision-making.
- Expand options for buy online pickup in-store (BOPIS) and leverage flexible fulfillment means like buy anywhere fulfill anywhere (BaFa).

