

Ulta Beauty leans into retail media and AI, embraces Gen Alpha's beauty obsession, CMO says

Article

Ulta Beauty is using in-store vending machines to bring more joy to the shopping experience, and AI enables it to analyze more customer data for personalization. The retailer is also training its store associates to engage younger beauty consumers.

Here are three insights from our conversation with Michelle Crossan-Matos, CMO of Ulta Beauty.

1. Beauty breaks into retail media

The retail media market has exploded, reaching \$59.98 billion this year, per our October 2023 forecast. As the channel grows, retailers outside of grocery, like Ulta Beauty, are **experimenting with how to use it** to reach customers in more targeted, engaging ways.

Ulta Beauty's **retail media network**, UB Media, offers its partners on-site and off-site ad formats, including display, sponsored search, video, and social media.

“We have 600 brands that are active in our stores and online,” said Crossan-Matos. “We consider ourselves to be brand-builders, helping these brands grow by using our first-party data to personalize campaigns, enabling them to target consumers that are more likely to buy in a moment where they’re most open to buying.”

Ulta Beauty has recently expanded its in-store retail media capabilities with smart vending machines.

- The retailer is piloting the machines in 10 cities across the US, where consumers can enter their phone number or email to get free travel-sized samples, per Retail TouchPoints.
- “In beauty, sampling matters,” said Crossan-Matos. “And when [a customer] samples, they’re more likely to buy a full-sized product.”
- Customers get a fun in-store experience and something for free, while Ulta Beauty gets valuable customer data.

2. AI enables better personalization and data-backed decisions

Ulta Beauty is using AI in several customer-facing ways to **increase personalization** across the customer journey, Crossan-Matos said.

- GLAMlab is a virtual try-on tool that helps customers see what products look like in real life.

- The Skin Analysis tool uses AI to give customers customized skincare recommendations.
- And the Foundation Shade Matcher uses the tech to match a customer's skin tone and undertone to the perfect shade of foundation.

Internally, Crossan-Matos said Ulta Beauty uses generative AI to synthesize customer feedback.

“I can pull 6,000 pieces of customer feedback a week and have AI read it all and summarize it for me,” she said. “It just shows how you can accelerate your understanding of your business and be able to make sound decisions.”

3. Younger consumers look to Ulta Beauty for beauty advice

As **younger consumers flock to beauty stores**, retailers can help them find the right product in-person.

“We see great engagement with **Gen Alpha** and Gen Z, because they tend to come in and ask us for help and education and what's right for their skin,” said Crossan-Matos.

But in order to keep those shoppers buying age-appropriate products, employees in-store must know which products are right for younger customers while also encouraging them to have fun and discover new things.

“Our associates have been so well-trained, they're able to navigate [those conversations],” she said. “We want everyone to have a healthy relationship with beauty. We want them to play with beauty and we want it to be done responsibly.”

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