

# Green Glamour: Implementing Sephora's Recycling Program at Kohl's

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Group 3



# The Team



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# Problem

## Situation

In today's retail landscape, Kohl's faces the challenge of attracting new customers while addressing environmental concerns. Engaging eco-conscious shoppers is crucial, yet traditional marketing strategies struggle to resonate with diverse consumer preferences, hindering customer acquisition.

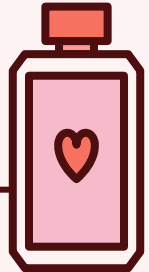
## Problem Statement

The challenge is to devise personalized approaches that engage environmentally conscious shoppers and maintain Kohl's competitiveness.



# Recommendation

- Implementing current Sephora recycling programs within Kohl's stores
  - Consumers will be awarded through Kohl's Reward Program
  - AI will determine the weight of the product being recycled and how this will be converted into a reward
- Leveraging AI technology, Pact, and Kohl's Rewards in an integrated strategy.



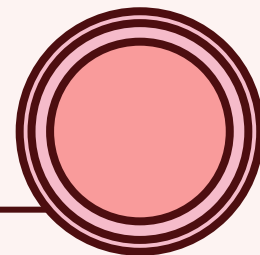
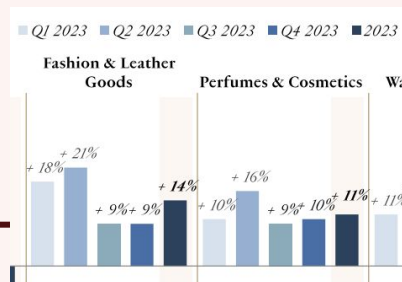
# Pact Partnership with Sephora

## History of the Program:

- MAC started their successful makeup recycling program in 1990
- LVMH reported higher organic revenue in 2023 in Perfumes and Cosmetics
- Q2 in 2023 also saw a significant increase

	2022	2023	2023 vs 2022	
			Reported	Organic*
<i>Wines &amp; Spirits</i>	7 099	6 602	- 7 %	- 4 %
<i>Fashion &amp; Leather Goods</i>	38 648	42 169	+ 9 %	+ 14 %
<i>Perfumes &amp; Cosmetics</i>	7 722	8 271	+ 7 %	+ 11 %
<i>Watches &amp; Jewelry</i>	10 581	10 902	+ 3 %	+ 7 %
<i>Selective Retailing</i>	14 852	17 885	+ 20 %	+ 25 %
<i>Other activities &amp; eliminations</i>	282	324	-	-
<b>Total LVMH</b>	<b>79 184</b>	<b>86 153</b>	<b>+ 9 %</b>	<b>+ 13 %</b>

\* with comparable structure and exchange rates. The structural impact for the Group compared to 2022 was flat and the currency effect was -4%.



# What is Pact?



pact x SEPHORA  
**Beauty  
(Re)Purposed**

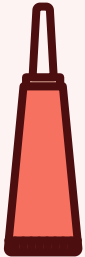


# Rewards Program

How being sustainable can benefit customers

Through the Kohl's Rewards system customers can choose to either between Kohl's Cash or a discount after the weight of the items is calculated.

For every quarter pound donated, \$5 Kohl's cash can be rewarded or a 5% discount. In the future we would like to offer discounts to sephora.





# Use of AI

## AI driven component

1. Product Identification and Weight Calculation
  - Smart Recycling Bins
  - Weight Sensors
2. Data Processing and Reward Conversion
  - AI Algorithms for Reward Calculation
  - Machine Learning for Optimization
3. User Interaction and Engagement
  - Kohl's App Integration
  - Personalized Recommendations
4. Operational Efficiency and Reporting
  - Inventory Management
  - Sustainability Reporting



## Expected Outcomes

1. Enhanced Customer Experience
2. Increased Participation Rates
3. Data-Driven Insights
4. Operational Efficiency
5. Environmental Impact



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## Financial Plan

- Pact Membership- \$12,500
  - Includes cost of collection
- AI Technology cost
- Giving rewards out
- Sephora in Kohl's has 1.4 billion in sales in 2023 and estimated \$2 billion in 2025
- In 850 stores serving 65 million customers
- Cost of Dropbox
  - Drop boxes provided, but weight machines \$850,000

Total Estimated Cost of Implementation: \$862,500

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# Market Research

**46.5  
billion**

**TAM**

Total addressable  
market= Total market \*  
Consumer interest

**420  
million**

**SAM**

Serviceable available  
market= Sephora at Kohl's  
Sales \* Consumer  
Participation

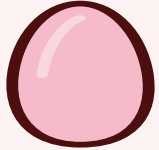
**42  
million**

**SOM**

Serviceable obtainable  
market= SAM \* First-Year  
Participation Rate

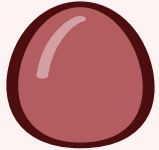
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# Marketing



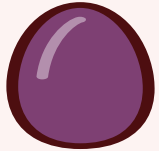
## Location

Donation bins will be placed near the cash registers of both Kohl's and Sephora



## Cross-Platform Marketing

Introduce the program and benefits on TikTok, Instagram, Twitter, etc.



## Collab Posts

Collab between Kohl's, Sephora, and Pact to reach wider audiences

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# Counterpoints



Difficulty of Recycling/Reusing



Implementation Complexities



Consumer Skepticism



# Call To Action



"At Sephora @Kohl's, I've seen a lot of unrecycled plastic. Kohl's should team up with Pact for a recycling system, like Sephora has."



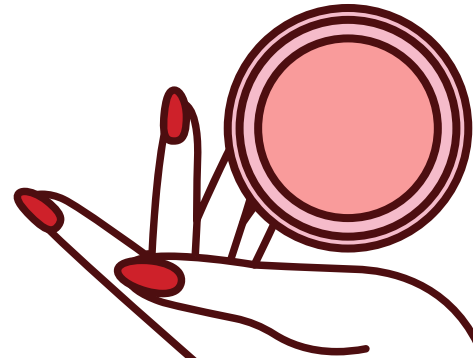
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# THANKS!

DO YOU HAVE ANY  
QUESTIONS?



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