

Executive Summary

In 2016, WeChat had 800 million daily users, and 215 million of those users used their WeChat accounts to buy products and services. Unlike traditional e-commerce, e-commerce on WeChat has a different focus: as opposed to traditional transactions, sales on WeChat are driven by social interactions and individual conversations. WeChat is one of the most powerful social e-commerce platforms in the world, but international brands struggle to navigate this new channel in China.

Given Sephora's large customer base, the company initially found it difficult to establish such a personal relationship with each of its customers. OCheng, a social CRM startup, offers an end-to-end solution that transforms data into personalized marketing communication. After Sephora partnered with OCheng in 2016, Sephora's followers grew by 250%, and its sales increased by 500%.

Challenge: How does Sephora establish and maintain a personalized relationship with each of its customers?

Upon entering the unfamiliar field of social e-commerce, Sephora faced the following challenges:

- Given the massive amount of information that e-commerce has made available, how can Sephora better process this data to understand the interests and habits of its customers? How can it develop marketing strategies based on this new understanding?
- What is an efficient, cost-effective way to keep track of customer profiles? How can Sephora deliver messages that are customized to each customer's preferences and interaction history?
- In sum, how can Sephora maintain a personalized relationship with each of its customers on WeChat, and at the same time promote sales and increase brand value?

Solution: A CRM system that makes social interactions intelligent and scalable.

OCheng helps brands establish a trusted, personal relationship with its customers and followers through social e-commerce. Its integrative system features a careful balance between human judgement and digital automation. As a result, brands are able to reach millions of customers on a personal level.

How Does the OCheng-Sephora Partnership Work?

- ▶ OCheng's system absorbs data from Sephora's various on-site and e-commerce channels.
- ▶ After analyzing the data, OCheng's system produces an updated report detailing Sephora's follower growth and engagement levels. The system then generates a list of suggested tasks and actions based on the goal set by Sephora's marketing department.
- ▶ Every day, Sephora's digital marketing manager checks OCheng's reports and suggestions. This manager then determines the sales offers and marketing strategies to be executed.
- ▶ The system automatically matches the offers to the most suitable customers.
- ▶ Customers receive promotional messages that are tailored to their needs and preferences.
- ▶ With access to Sephora's marketing strategies and each customer's individual preferences, OCheng's chatbot can then answer relevant questions and make customized purchase recommendations.

Results: 2.5x follower growth, 5x sales growth.

By the end of 2016, the initial cooperation increased Sephora's WeChat followers by 250% and boosted its sales by 500%. The partnership continued to expand. From the beginning of 2017 to the beginning of 2019, Sephora's e-commerce KPIs have made the following progress:

E-Members	227.8% increase
WeChat Followers	173% increase
E-Member Active Rate	From 23.90% to 42.12%
E-Member Conversion Rate	From 72% to 88%

