

# Sephora gives their checkout a makeover with Klarna.



From market disruptor to the world's most loved beauty community, Sephora is a champion of client-centric, digitally-focused retailing. Its ability to inspire and delight clients, now includes letting them spread the cost of their beauty purchases with Klarna.

Sephora opened its first store in the United States in 1998, changing the way beauty enthusiasts shopped forever. It now has more than 500 stores across North America, and constantly delights clients with a diverse mix of cosmetic, skin, hair, and fragrance products from its own, indie, heritage, and emerging brands.

#### Client

Sephora

#### Business focus

Beauty retailer

#### Live with Klarna in

United States, Canada, Germany, Sweden, Denmark

#### Sales channels

Online, physical stores, app

#### Solutions

Klarna In-app

Klarna In-store

#### Payment methods

4 interest-free installments

Pay in 14 or 30 days

Pay now

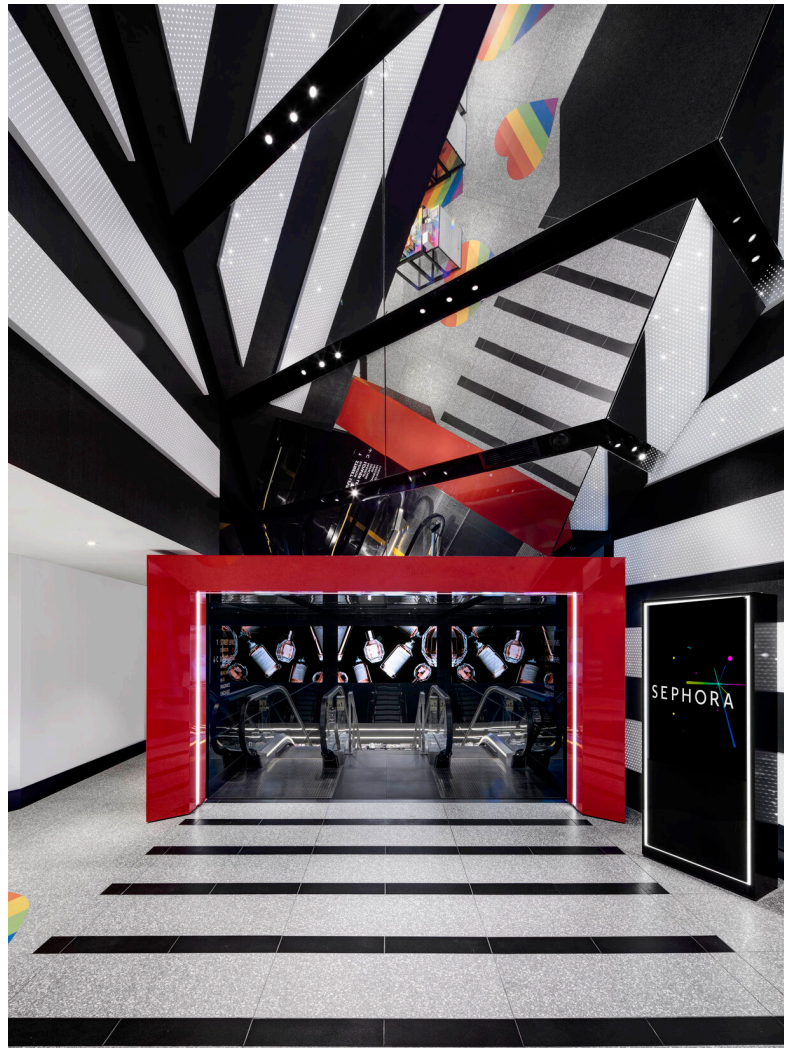
SEPHORA | Klarna.

## Challenge

Much of Sephora's success in North America lies in letting clients control their own shopping experience. Whether that's exploring, touching and testing products, blending digital and physical journeys, or engaging via social, mobile, and web platforms. It steers clear of heavily discounted lines, focusing instead on prestige, inclusive, and sustainable products as well as high-profile celebrity collections such as Rihanna's Fenty Beauty and the recently launched Rare Beauty from Selena Gomez.

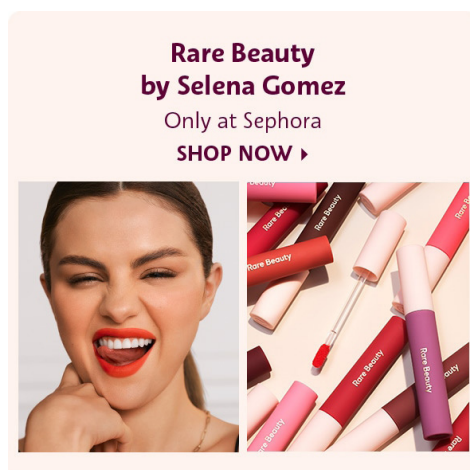
Among younger audiences today, especially in more mature markets like the US and Canada, Sephora aims to make beauty more accessible to all. As a legacy luxury brand, Sephora is trying to speak to a new generation of shoppers, including Millennials and Gen Z. To help achieve this, they wanted to give their clients more confidence to shop, and help their hard-earned dollars go even further.

Carolyn Bojanowski, General Manager of E-commerce at Sephora US, explains, "We wanted to provide new levels of financial flexibility across all our channels in the US and Canada to help our clients more easily shop for the beauty brands and essentials they love. We were aware that Buy Now Pay Later (BNPL) payments were growing in popularity with luxury and fashion brands, and wanted to explore its appeal with beauty shoppers."



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## Solution

As a market leader with a loyal following and a smooth (yes, so smooth it needs three o's) brand that resonates with shoppers of all ages, Klarna was a natural fit for Sephora. They chose to offer a mix of Klarna's interest-free payment methods in the US and Canada to give financial choice and control back to shoppers. Even more compelling, these payment methods are available online, in physical stores, and in mobile apps, catering to the multi-channel shopping experience that shoppers demand.

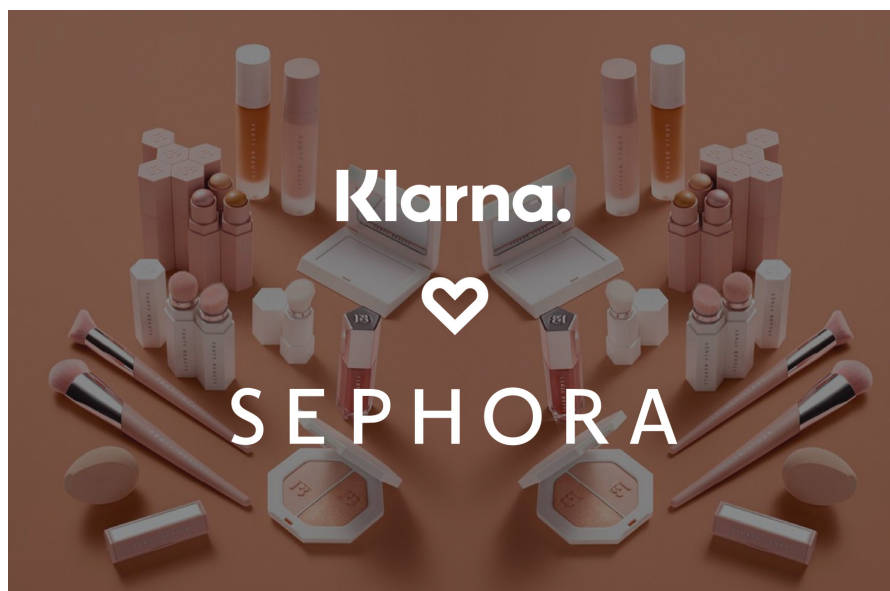
Klarna also offered a frictionless roll-out and implementation. Klarna's In-app shopping toolkit empowered Sephora to natively integrate the new payment methods across its checkouts and mobile shopping app in the US and Canada, keeping experiences seamless and fast for users, and stress-free for Sephora.

Offering Klarna in physical stores is even simpler. No integrations are needed to an existing point of sale system. As long as a retailer offers Apple and Google Pay, it's a plug-and-play set up to offer Klarna in physical stores.

Kendy Lau, Senior Manager, Sephora adds, "Given the complexity of our channels, the integration couldn't have been easier. We were very impressed with how fast the Klarna team worked from start to launch. Supportive, responsive, and agile, they enabled us to go from discussion to full scale multi-channel launch in less than 2 months." she added. "With Klarna In-store, there was no need for a complex and costly Point of Sale (POS) integration in our US and Canadian stores, which made it really easy to deploy across our physical locations."

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- Kendy Lau, Senior Manager at Sephora US



FENTY BEAUTY by Rihanna  
Pro Filt'r Soft Matte  
Longwear Foundation



\$35 or 4 payments of  
**\$8.75**  
with Klarna

Shop now at  
**SEPHORA**

## Results

In only a few short months, Sephora has rolled out Klarna's payment methods to clients across the US and Canada, and there are more countries on the horizon. Since going live, Sephora has seen a significant rise in average order values compared to other payment methods. Basket sizes on its mobile shopping app have grown by 36% and by 35% on its webstore in North America. Letting shoppers know that these payment methods are available while browsing their webstore before they reach the checkout has been a big contributor to this success.

"App clients tend to spend more time shopping, so it makes sense that they are also more likely to use 4 interest-free installments and hold onto their money for longer," says Kendy. "We did in-app tests before launch and it knocked it out of the park.

Even before any promotion, 6% of our clients had opted for Klarna."

But the biggest surprise for Sephora has been the response of their in-store clients. Shoppers using 4 interest-free payments via Klarna's digital card in North America are spending a staggering 65% more. Carolyn confirms, "Being able to spread a payment over time is liberating for our clients. They can buy complimentary items that complete their collection, color palette, or skin care regime all at the same time, rather than split them over two or three transactions. The biggest uplift has been in physical stores, with clients using 4 interest-free installments to get smarter with their choices. We have just scratched the surface in terms of promotion, so this growth is largely organic."

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- Kendy Lau

**+65%**

increase in average order value in physical stores in North America.

**+36%**

increase in average order value on their mobile app in North America.

**+35%**

increase in average order value on their webstore in North America.

## Benefits

“Klarna is living up to its promise of a smooth experience,” according to Kendy. “We pride ourselves on inclusivity and client choice. We wanted our checkout to reflect this too. Klarna is helping us achieve this, delivering fast, frictionless and flexible payments, especially for multi-channel clients who are our most frequent and loyal shoppers.” Klarna is also helping Sephora drive new client acquisition, particularly with Gen Z, who are regularly using Klarna as an alternative to credit cards with other fashion and lifestyle brands.

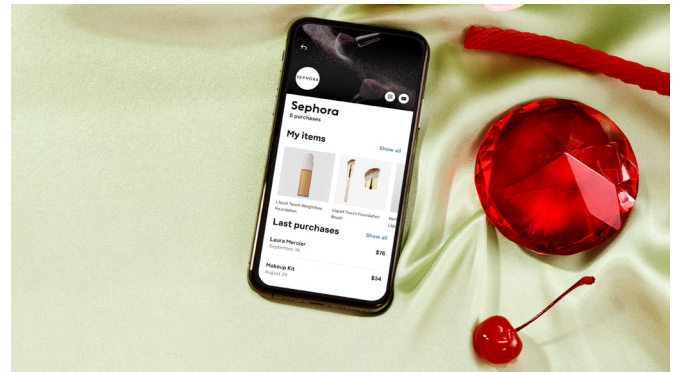
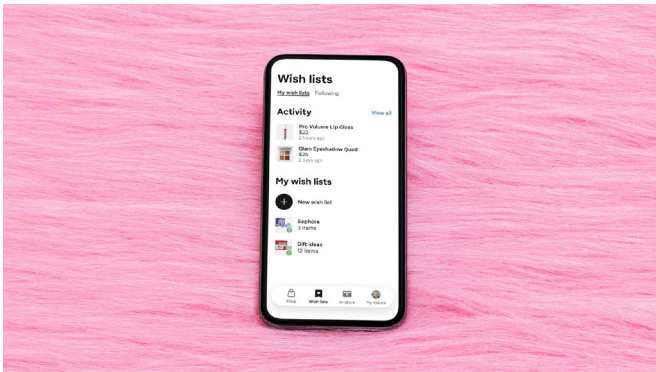
Access to Klarna’s constant app innovation is also a big win for Sephora, who is eager to experiment with new features. They have recently started leveraging Klarna’s wish list function, which lets

shoppers save products from any online store that they find in the Klarna app and add them to their Sephora wish list. They can also use it to follow and share wish lists curated by brands, influencers, Klarna’s shopping experts, and others.

Carolyn concludes, “It’s not just about payments. What’s really cool is that we can now lean on Klarna for client insights and marketing ideas. It’s really helpful to see who they work with and what they’ve tested so we can make more data-driven decisions. There’s a lot of willingness to work together and we share common goals. We aren’t afraid to try new things, to iterate, and be creative together. It’s still early days, but we are super excited with the results.”

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# Explore

When you team up with Klarna, you get more than just a set of payment methods. We elevate the shopping experience from discovery to post-purchase. Our full suite of products and features are what make us a one-stop shopping service, giving shoppers the benefits of convenience, perks, and inspiration. It's the way shopping should be. Simple, safe, and fun. Check out the services that Sephora is using in North America and Europe to give their checkout a makeover below.

## Solutions and shopping tools

### **Klarna.** In-store

#### Offer flexible ways to pay in your store.

Klarna In-store is a simple and flexible way to offer shoppers the freedom to choose how and when to pay in your physical stores.

[Learn more](#)



### **Klarna.** In-app

#### A checkout solution for your mobile app.

Make it easy for your shoppers to shop in your app and get access to our flexible payment methods.

[Learn more](#)

### **Klarna.** On-site Messaging

#### Boost sales with promotional messaging.

Let shoppers know what their payment options are as soon as they come to your site, and throughout their shopping journey.

[Learn more](#)

## Payment methods

**Klarna.** Pay in 4

#### Interest-free installments.

Give your shoppers the flexible option to shop now and spread the cost over time.

[Learn more](#)

**Klarna.** Pay in 14 or 30 days

#### An extra 30 days to pay.

Give your shoppers extra confidence to shop when they pay after delivery.

[Learn more](#)

**Klarna.** Pay now

#### Pay here and now.

Paying directly gets straight to the point. It's fast, simple, and secure.

[Learn more](#)