The New Face of Loyalty

Leveraging Customer Data to Shift Away from Discounts

Eric Messerschmidt
SVP Marketing Strategy, Loyalty & CRM
WELCOME TO THE

Fun Side of Beauty
We are the largest specialty beauty retailer in the U.S. with nearly 1,000 locations.
20,000+ PRODUCTS
FUTURE #3
BUSINESSPERSON OF THE YEAR
TOP PERFORMING STOCK SINCE JANUARY 2009

<table>
<thead>
<tr>
<th>Company</th>
<th>TOTAL RETURN</th>
</tr>
</thead>
<tbody>
<tr>
<td>ULTA Salon</td>
<td>4,350%</td>
</tr>
<tr>
<td>Netflix</td>
<td>3,037%</td>
</tr>
<tr>
<td>General Growth Properties</td>
<td>2,737%</td>
</tr>
<tr>
<td>Regeneron Pharmaceuticals</td>
<td>2,294%</td>
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WHAT MAKES ULTA BEAUTY DIFFERENT?
SUSTAINABLE
COMPETITIVE
DIFFERENTIATION
STRATEGY
WITH ULTIMATE REWARDS,
BEAUTY loves YOU BACK.™
OVER 23 MILLION ACTIVE MEMBERS

ULTA BEAUTY HAUL
MULTIPLE WAYS
WE DELIGHT OUR MEMBERS

POINTS

CONTENT

PERKS
INTEGRAL TO ALL ASPECTS OF OUR BUSINESS
SO...
HOW DO WE DO IT?
BRAND PARTNERS
LEVERAGE OUR LOYALTY PROGRAM

INSIGHTS
about guest behavior and perceptions
via data analytics and market research

ACCESS
to guests using our robust CRM
capabilities to deliver relevant
content

OPTIMIZATION
of marketing via a continuous
improvement cycle
WE SHARE UNPARALLELED INSIGHTS

CUSTOMER DATA
Their brand, their guest – only at Ulta Beauty

MARKET RESEARCH
We capture voice of the customer through surveys and focus groups

ACTIONABLE INSIGHTS
Strategies to drive trial and penetration across categories and brands
BRANDS ACCESS OUR MEMBERS THROUGH MANY CHANNELS

PRINT

POINT OF SALE

MOBILE

DIGITAL
BRANDS LEVERAGE THIS ACCESS TO DELIVER TARGETED OFFERS

FREE SAMPLE

TOP RATED

Check out what beauty fans are (really, really) going wild for.

4.7 STARS

LANCOME

Advanced Genifique Youth Activating Concentrate $79-195

SHOP NOW>

Centrurian makes my skin look and feel Fabulous. This product is an everyday sizzle.

FREE Travel size with any
in-store or online purchase

GET SAMPLE ONLINE>

PRINT STORE COUPON>

FIND A STORE>

BONUS POINTS

Lancôme

Lancôme

Lancôme

Lancôme

SHOP NOW>

MATTE FINISHES & BOLD LINERS

TOP FACE

Perfect Matte Liquid Matte Makeup STARTER KIT

Available in shades.

Get it today! Get it now!

SHOP NOW>

DISCOUNT

ULTA

ULTA

ULTA

ULTA

SHOP NOW>

PERMISSION TO HIDE YOUR AGE

The Deep Cleanse

Take it

Exclusively for you

$30.00

° Off the MSRP of the Clarisonic Mia 2

° Off the MSRP of the Clarisonic Mia mini

° Off the MSRP of the Clarisonic MIA antiage

® Off the MSRP of the Clarisonic Mia

® Off the MSRP of the Clarisonic Pro

Get it today! Get it now!

SHOP NOW>

PRINT STORE COUPON>
BRANDS SHIFT MARKETING MIX FROM BROAD DISCOUNTS TO TARGETED OFFERS
CYCLE OF CONTINUOUS LEARNING

1. Survey Members
2. Measure Performance
3. Conduct Analysis
4. Strategize Opportunities
5. Send Targeted Campaign
VICE Lipstick

100 Addictive Shades

6 Indulgent Finishes

#lipstickismyvice
CAMPAIGN IN ACTION

CUSTOMER SURVEY

Urban Decay buyers over-index on owning 20+ lip products

DATA ANALYSIS

Urban Decay is the #1 brand guests purchase as their first prestige brand

STRATEGY DEVELOPMENT

Identified two relevant groups 1) loyal Urban Decay users and 2) top lip buyers who had not purchased Urban Decay

TARGETED MAILER

Sent 150,000 lipstick sample mailers, executed through Ulta Beauty’s channels

RESULTS

Drove a 41% lift in sales over the control group
WHAT HAS THIS ENABLED ULTA BEAUTY TO ACCOMPLISH?
WIN.  WIN.  WIN.

GUESTS  BRANDS  ULTA BEAUTY
“…it’s an AWESOME rewards program. I get special discounted high end make up deals and I often get to gain up to 5X more points and it just adds to my $$ off future purchases.”

Platinum Rewards Member
MEMBER GROWTH DRIVEN BY HIGHER ACQUISITION AND RETENTION

<table>
<thead>
<tr>
<th>Year</th>
<th>Millions of Active Members</th>
<th>YoY Growth</th>
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<tbody>
<tr>
<td>2011</td>
<td>5</td>
<td>15%</td>
</tr>
<tr>
<td>2012</td>
<td>8</td>
<td>18%</td>
</tr>
<tr>
<td>2013</td>
<td>9</td>
<td>17%</td>
</tr>
<tr>
<td>2014</td>
<td>12</td>
<td>15%</td>
</tr>
<tr>
<td>2015</td>
<td>16</td>
<td>21%</td>
</tr>
<tr>
<td>2016</td>
<td>24</td>
<td>27%</td>
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</table>
“ULTA’s CRM capabilities have given our company the ability to hyper-target our most beauty savvy customers while not having to deep discount our product.”
“Partnering with Ulta to utilize consumer data has enabled us to optimize our resources and build programs to recruit new consumers and delight our loyal consumers.”

Brand Partner
ACCELERATION OF
MAJOR NEW BRAND ADDITIONS
SUPERIOR FINANCIAL RESULTS

2012: $2.2BN
2013: $2.7BN
2014: $3.2BN
2015: $3.9BN
2016: $4.8BN

5 Year CAGR: 22%
TIPS & TAKEAWAYS

- Align on a trusted measurement methodology
- Develop a cycle of continuous learning
- Test lots of approaches and offers
- Build and leverage a knowledge base
- Staff consultative “account managers”