

Is Sephora Discriminating Against Asians?

By [Susan Berfield](#) November 21, 2014



Like most companies, Sephora treats its big-spending customers particularly well. At the cosmetics retailer, these customers are known as Insiders and are [offered](#) such perks as exclusive events, free shipping, samples, concierge services, and special sales. One such sale took place recently and did not have the desired results. Instead, four women of Chinese descent (living in the U.S.) filed a [class action](#) against the company claiming discrimination. They allege that their Insider accounts, and those of many others with Chinese or Asian names or e-mail addresses with Chinese domain names, were blocked or deactivated the first day of the sale. The reason? They say Sephora wrongly assumed they were buying products in bulk to resell. Sephora has denied the claims.

Sephora had publicized the sale for a month: 20 percent off all products, no limits, for five days beginning Nov. 6. On the first day, Sephora's website crashed. The company blamed the disruption on so-called grey market buyers. Sephora wrote a [note](#) on its Facebook ([FB](#)) page the next day apologizing for temporarily blocking some accounts while saying it had deactivated others. It also set up a hotline for those whose accounts remained blocked.

According to the suit, the four women—Xiao Xiao, Tiantian Zou, Jiali Chen, and Man Xu—unsuccessfully tried to get their accounts reopened. They allege that Sephora's only criterion for blocking or deactivating accounts was whether a customer had an Asian name or an e-mail address with a Chinese domain name, such as qq.com, 126.com, or 163.com. The suit alleges that close to 95 percent of the blocked and deactivated accounts belonged to individuals residing in the U.S.

Douglas Wigdor, an attorney for the women, said via e-mail that the customers with Internet addresses using Chinese domain names set up their e-mail accounts in China and are now working or studying in the U.S. He said the four women didn't want to disclose any information about themselves. Nor could he say how many other customers have contacted him since the lawsuit was filed in New York on Nov. 18.

"This lawsuit significantly distorts the facts in this matter," a Sephora spokeswoman told [Women's Wear Daily](#). "We look forward to defending our actions in court. Among other points, we intend to make very clear that clients from a number of countries around the world have been impacted by a temporary block we needed to place on accounts in order to restore the functionality of our site during a surge of activity by resellers during a promotional event two weeks ago."

In its Facebook post, Sephora called the problem of reselling a pervasive one for the cosmetics industry, and that's no doubt true. I couldn't find any reliable estimates, but a grey market exists for everything from [iPhones](#), to [cars](#), to baby formula. People buy these items because they're not otherwise available or because the import tariffs are high. Sometimes it's just easier. In China, the practice is called *haitao*, which roughly translates as "searching abroad."

Although the circumstances are different, other retailers have been accused of racial profiling. The New York State Attorney General recently [investigated](#) Macy's ([M](#)) and Barney's, finding that they had detained a disproportionate number of African American and Latino customers for shoplifting. In August, the stores agreed to pay \$525,000 and to train their employees better.

The Sephora lawsuit notes this precedent right at the beginning: "Despite significant media coverage of so-called "shop and frisk" cases—where companies have been accused of discriminating against minority customers while shopping in retail stores—Sephora has brazenly taken this practice to the Internet."