Brand3index

Beauty report

(Excerpt)

About Beauty report

In an era where pixels meet pigments, and algorithms blend seamlessly with aromas, the beauty industry is witnessing a profound metamorphosis, the emergence of beauty tech.

From augmented reality applications redefining the makeup trial experience to AI-driven personalized skincare regimens, and blockchain ensuring transparency in the fragrance supply chain beauty industry's tech-revolution is multifaceted.

Join us as we explore how web3 is revolutionizing the way beauty brands connect and engage with their consumers in this digital age.

Enjoy the reading

About Brand3index beauty report

*" In beauty, **new technology** concepts can often get convoluted and viewed as "new" channels like Instagram or TikTok once were, without appreciating that some of these technologies are **driving a paradigm shift in value chain for digitally native generation**.*

*This report offers a breakdown across these technologies, **helping marketers reflect on the readiness of their brand to face the future**, which waits for no-one"*

Jana Bobosikova
*Co-founder, KIKI World**

*Read KIKI world analysis in page 11 of this report

Agenda

Methodology

The goal of Brand3index is to quantitatively evaluate the level of a brand maturity within the web3 landscape in order to empower companies to make data driven decisions at strategic and activation level.
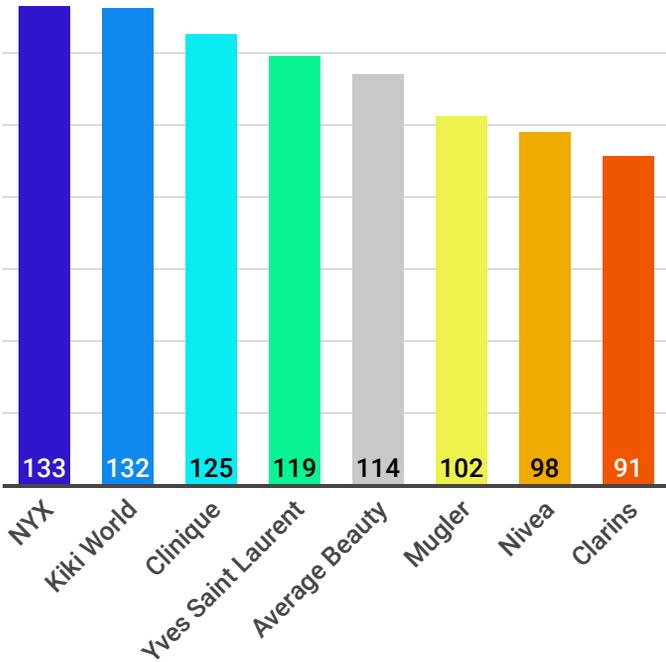
We score the maturity and performance of beauty brands leveraging over 100 data points categorized into three main pillars :

- Organization Readiness
- Activation Performance (encompassing Awareness, Engagement, and Action),
- and the brand's ability to create Shared Value.

This Q3 2023 report covers 7 Beauty brands across Skincare, Perfume and Makeup.

Brands	Programs
Mugler	We Are All Angel
Yves Saint Laurent	YSLBeauty
Yves Saint Laurent	YSL Beauty Night Masters
Nivea	The Value of Touch
NYX	GORJS
Clinique	Daz3D Non-Fungible People
Clarins	Precious - As Rare As You
Kiki World	KIKI World Pass

Overview

Chart: Brand scores

Brand	Score
NYX	133
Kiki World	132
Clinique	125
Yves Saint Laurent	119
Average Beauty	114
Mugler	102
Nivea	98
Clarins	91

Selective brands

All ranked brands (excluding Nivea) are selective brands.

All beauty groups are experimenting web3 via their selective brands: Estee Lauder with Clinique; L'Oréal with NYX, YSL and Mugler.

Shiseido have experimented web3 (not tracked here) and LVMH mostly leveraged web3 through fashion and jewerly brands.
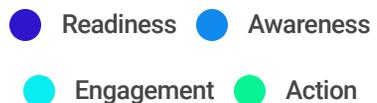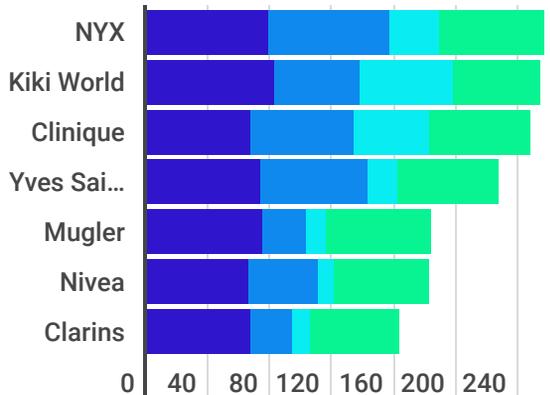
Leaders

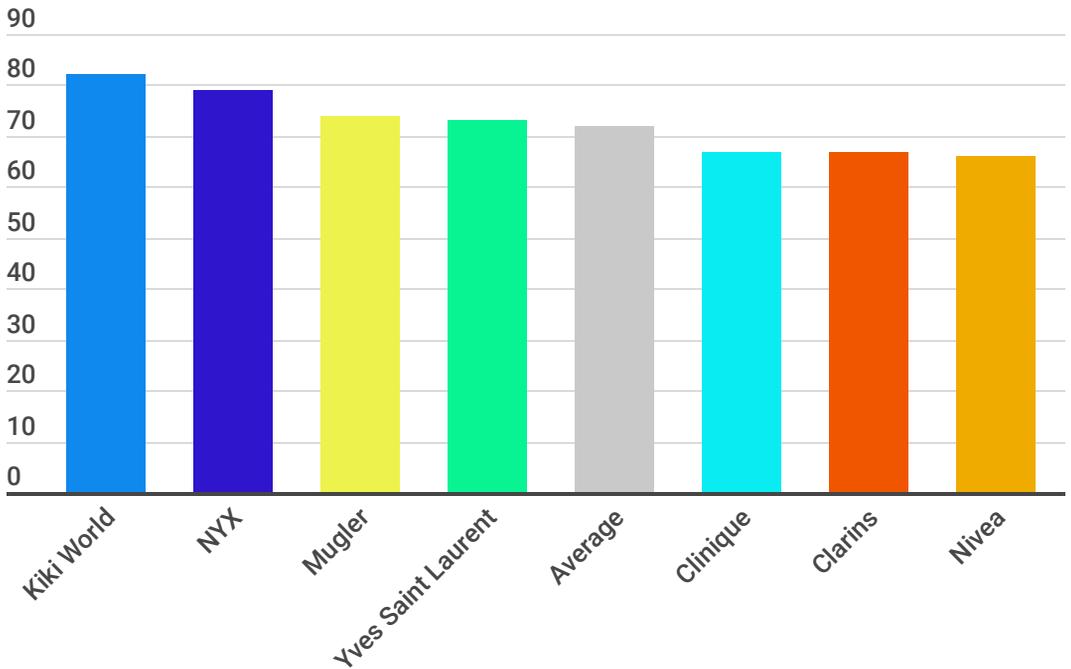Two "pure player" brands lead the beauty web3 ranking.

- NYX professional makeup, a US brand created in 1999 and acquired by L'Oréal in 2014. NYX built its brand mostly on communities in social media
- Kiki World, a new entrant brand, launched in 2023, aiming to build the largest & coolest on-chain community in the World.

What sets apart these two leading brands (and Clinique) is their high level of engagement.

Stacked bar chart showing Readiness, Awareness, Engagement, Action for: NYX, Kiki World, Clinique, Yves Sai..., Mugler, Nivea, Clarins (x-axis 0 40 80 120 160 200 240)

Legend: Readiness · Awareness · Engagement · Action

Readiness

90	
80	
70	
60	
50	
40	
30	
20	
10	
0	

Kiki World — NYX — Mugler — Yves Saint Laurent — Average — Clinique — Clarins — Nivea

Kiki world the web3 pure players leads the readiness ranking with a score of 82 (out of 100).
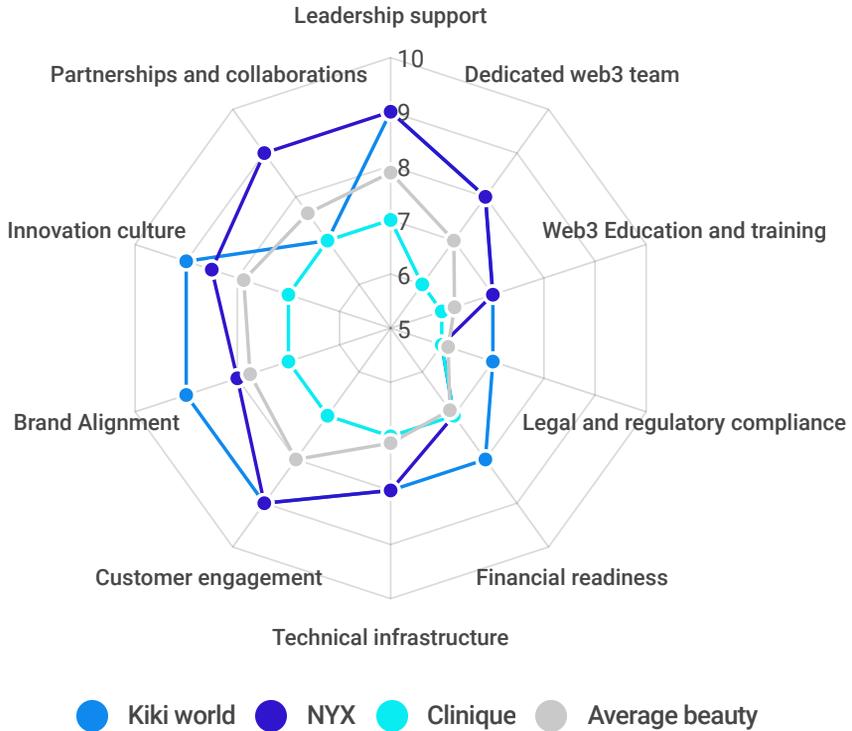Readiness and Maturity (Brand3index) ranking are aligned for all brands with 2 notable exceptions :

Clinique

Clinique level of readiness for web3 is relatively low though it's overall performance is very good (125). This is explained by the fact that they succeeded in partnering with a web3 production studio and community (Non fongible people by DAZ3D) that leveraged all assets to drive high performance. Unfortunately for Clinique, they still need to consolidate this positive outcome to further enhance their upcoming operations and strengthen their web3 learning curve.

Mugler

The heavy investment realized by L'Oréal group in beauty tech and web3 benefits all brands. NYX and Yves Saint Laurent of course, but also Mugler that ranks 3rd in terms of readiness (vs. 6th in the brand3index). Despite a good preparation and investment, the first Mugler operation didn't perform well.

Readiness

Leadership support

Partnerships and collaborations

Dedicated web3 team

Web3 Education and training

Innovation culture

Legal and regulatory compliance

Brand Alignment

Customer engagement

Financial readiness

Technical infrastructure

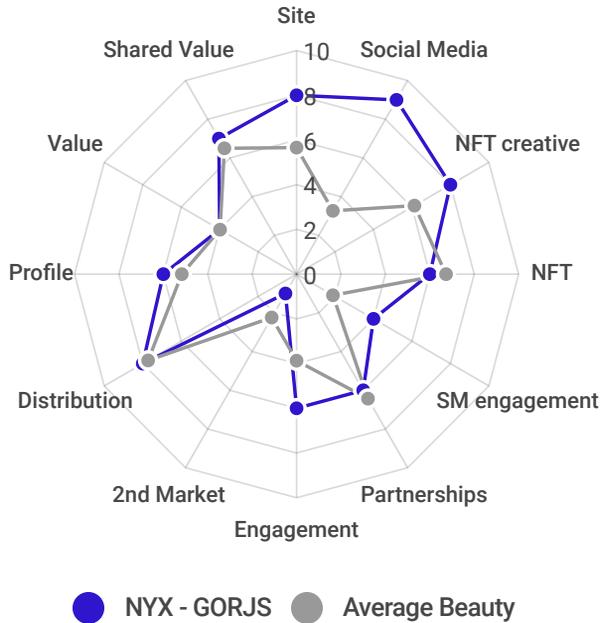● Kiki world ● NYX ● Clinique ● Average beauty

Kiki World and NYX combine strong leadership support, operational readiness (teams, training, legal ...) and customer engagement.

Kiki world as a native web3 brand, over performs on brand alignment with web3 values and innovation culture.

NYX and L'Oréal group overall score high on innovation culture and Partnerships and collaboration items.

Performance NYX professional makeup

Radar chart comparing NYX - GORJS and Average Beauty across: Site, Social Media, NFT creative, NFT, SM engagement, Partnerships, Engagement, 2nd Market, Distribution, Profile, Value, Shared Value (scale 0–10).

Legend: ● NYX - GORJS   ● Average Beauty

Social Media and web2 strength

NYX with their GORJS NFT program overperform the beauty market thanks to a high score on Awareness metrics (Site, Social Media, NFT creative and NFT).
This level is reached thanks to the digital and social media expertise acquired by the brand over the years and well translated into the web3 activation.
On all other metrics, NYX scores at an average level compared to other beauty brands.
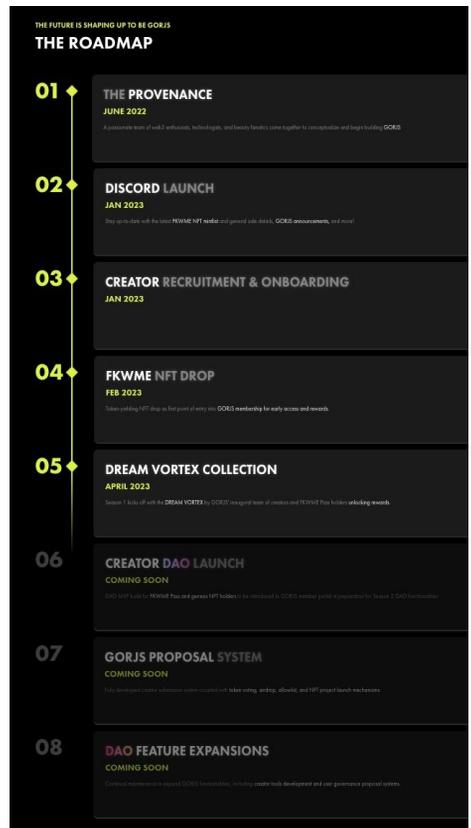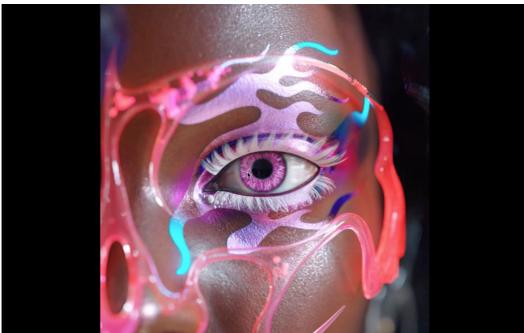
Performance NYX professional makeup

Waiting for DAO

NYX web3 project is very ambitious, as they aim to become the world's first beauty creator DAO. To achieve this goal, they have invested in beautiful video creative (NFT) and an 8 steps roadmap running over 18 months.
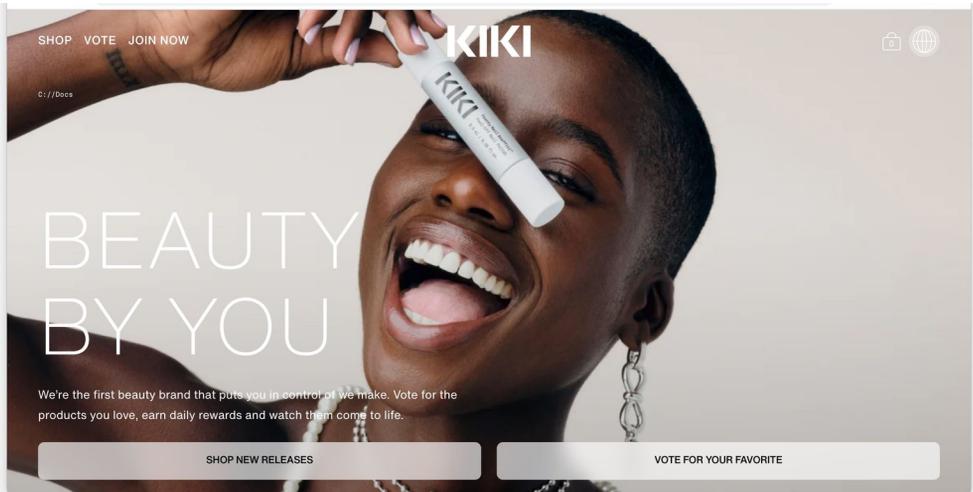
As of today, the community NFT has been launched (GORJS NFT program analyzed). The selected artists have launched their collections (Dream Vortex Collection) and the Metaverse activation is live.
The Decentralized Autonomous Organization(DAO) is a type of bottom-up entity structure with no central authority. Members of a DAO own tokens of the DAO, and members can vote on initiatives for the entity.
The NYX DAO should be launched soon and will certainly boost brand engagement rates.

THE FUTURE IS SHAPING UP TO BE GORJS
THE ROADMAP

01 — THE PROVENANCE
JUNE 2022
A passionate team of web3 enthusiasts, technologists, and beauty fanatics come together to conceptualize and begin building GORJS.

02 — DISCORD LAUNCH
JAN 2023
Stay up-to-date with the latest FKWME NFT nextlist and general sale details, GORJS announcements, and more!

03 — CREATOR RECRUITMENT & ONBOARDING
JAN 2023

04 — FKWME NFT DROP
FEB 2023
Token-yielding NFT drop as first point of entry into GORJS membership for early access and rewards.

05 — DREAM VORTEX COLLECTION
APRIL 2023
Season 1 kicks off with the DREAM VORTEX by GORJS' inaugural team of creators and FKWME Pass holders unlocking rewards.

06 — CREATOR DAO LAUNCH
COMING SOON
DAO MVP build for FKWME Pass and genesis NFT holders to be introduced to GORJS member portal in preparation for Season 2 DAO functionalities.

07 — GORJS PROPOSAL SYSTEM
COMING SOON
Fully developed creator submission system coupled with token voting, airdrop, allowlist, and NFT project launch mechanisms.

08 — DAO FEATURE EXPANSIONS
COMING SOON
Continual maintenance to expand GORJS functionalities, including creator tools development and user governance proposal systems.
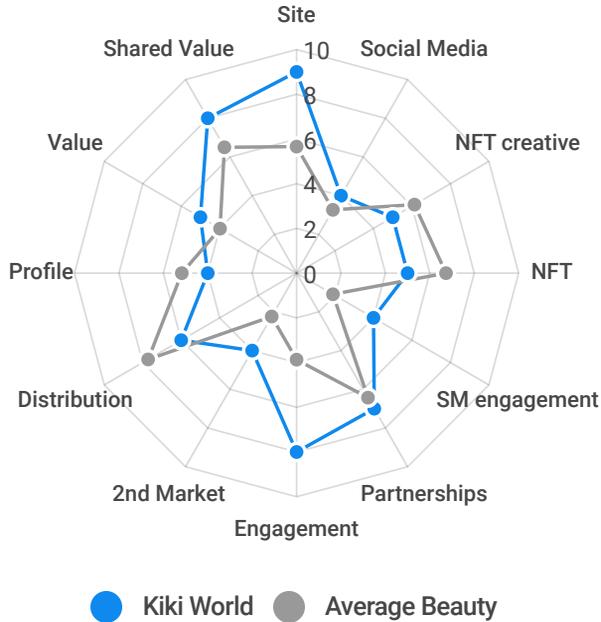
Performance Kiki world

What is a Web3 Pure player?

Backed by influential investors and securing $4 million in funding, KIKI harnesses the power of blockchain and Web3 to redefine the relationship between consumers and the beauty market.

Unleashing the Power of Web3:
KIKI introduces "virtual asset ownership", minting unique colors and formulas on the blockchain, granting users true ownership over their favorite beauty products. This approach allows individuals to benefit directly from product sales and brand success through gamification and self-expression.

Performance Kiki world

Radar chart axes (clockwise from top): Site, Social Media, NFT creative, NFT, SM engagement, Partnerships, Engagement, 2nd Market, Distribution, Profile, Value, Shared Value. Scale 0 to 10.

● Kiki World   ● Average Beauty

Engagement first

Kiki over perform beauty brands on engagement metrics (SM engagement, Partnership, web3 engagement and 2nd market activity) as well as on the shared value with consumers. KIKI's platform operates on a fully community-driven membership system. The virtual membership card unlocks co-creation perks based on engagement level and pass edition, empowering customers with a genuine stake in the products they contribute to.

Performance Kiki world

Web3 pure players

KIKI values customer insights, using on-chain data to shape product development and marketing. While initial voting occurs off-chain for inclusivity, KIKI plans to introduce on-chain voting in the future, allowing customers to shape the product lineup and earn rewards through NFC tags integrated into products based on usage frequency.

The challenge for this community driven brand is to balance between Consumer Input & Efficient Product.

This shift towards a community-driven approach disrupts the traditional product launch strategies employed by beauty brands. Instead of following a linear path from launch to sustaining media strategy, we now embrace an ever-evolving cycle. This cycle initiates with community recommendations, progresses to building awareness, and continually loops back, fostering a dynamic ecosystem.
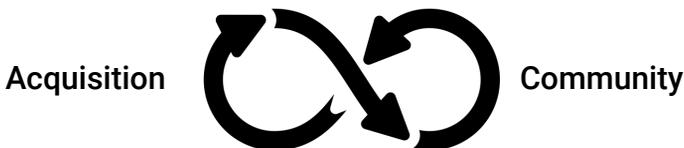
Traditional media strategy

Launch   Sustain
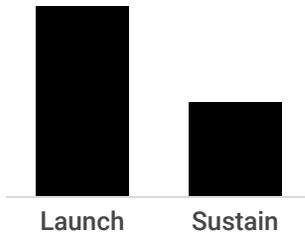
Influence media strategy

Pre-launch   Launch   Sustain
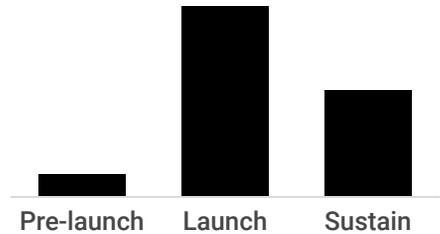
Community driven media strategy

Acquisition   Community

Performance Kiki world

Web3 pure players vision

To succeed in this new marketing approach, web3 pure players like Kiki world needs to be committed to the following:

- Innovating physical products to keep the community engaged.
- Rewarding creativity with royalties to foster innovation.
- Developing partnerships and open collaborations with other beauty brands to create a vibrant ecosystem.
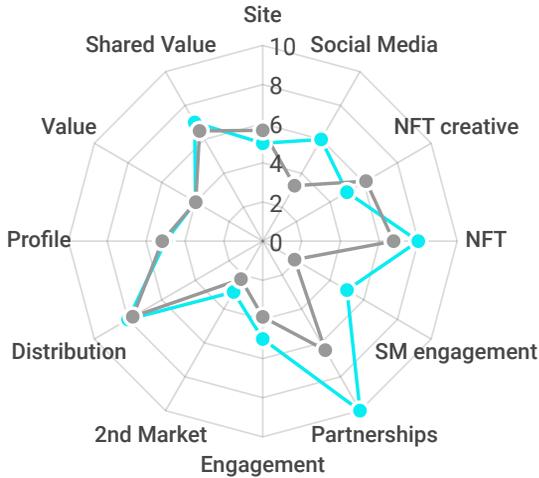- Catering to diverse beauty needs and preferences.

"To build a true lasting impact with blockchain; brands need to be open to developing tools to reward decentralized input and foster a sense of community beyond rewarding purchase.
(...)
"With KIKI, customers are participants not consumers, innovation is decentralized and commerced is community powered. Customers do not need to know they're on chain, but by having an on-chain layer underneath all actions, we are building roadblocks of digitized, customer centric interactions beyond what web2 commerce and social can ever offer."

Jana Bobosikova

Co-founder, KIKI World

Performance Clinique

Radar chart axes (clockwise from top): Site, Social Media, NFT creative, NFT, SM engagement, Partnerships, Engagement, 2nd Market, Distribution, Profile, Value, Shared Value. Scale 0–10.
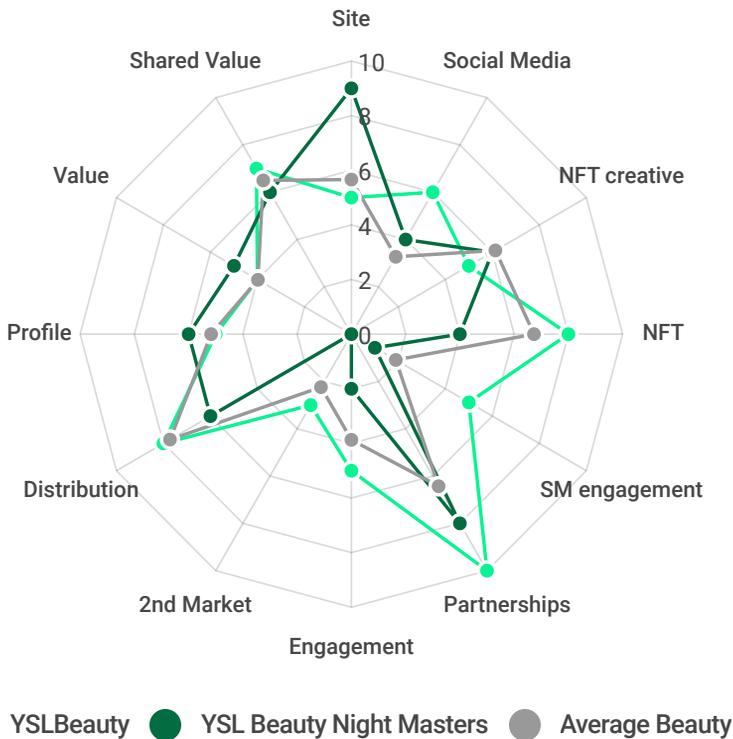
● Clinique - Daz3D Non-Fungible People   ● Average Beauty

Opportunistic approach

Clinique collaborated with Daz3D on an NFT program called "Non-Fungible People," featuring 8,888 portraits of self-expressive women and non-binary individuals from various backgrounds. This collection emphasizes the uniqueness of each character, with their distinct qualities and features beautifully rendered into hyper-realistic 3D non-fungible people, now available in the Metaverse. By strategically utilizing the Daz3D partnership across their website, social media platforms, and NFT-related activities such as partnerships and distribution, Clinique successfully improved its web3 performance. However, it's worth noting that this initial endeavor did not contribute to a learning curve for the brand. As of today, "Non-Fungible People" has partnered with the Champion brand, replacing Clinique in this collaboration.

Performance YSL Beauty

Radar chart with axes: Site, Social Media, NFT creative, NFT, SM engagement, Partnerships, Engagement, 2nd Market, Distribution, Profile, Value, Shared Value. Scale: 0, 2, 4, 6, 8, 10.

Legend: YSLBeauty, YSL Beauty Night Masters, Average Beauty

Two activations, two objectives

YSL Beauty stands out as one of the most active beauty brands in the web3 space, having launched two distinct programs with different objectives.

The first program, "The Night Blocks," becomes accessible when you purchase a Black Opium fragrance at selected shops. This unlocks access to gift vouchers and a makeup kit, aiming to enhance customer engagement and sales.

On the other hand, "The Night Masters" is a collection created by a collective of female artists, with the proceeds from this initiative directed towards charitable causes.

Performance YSL Beauty
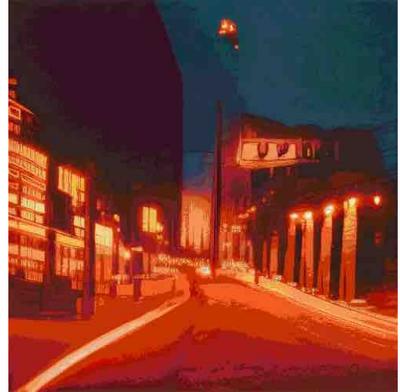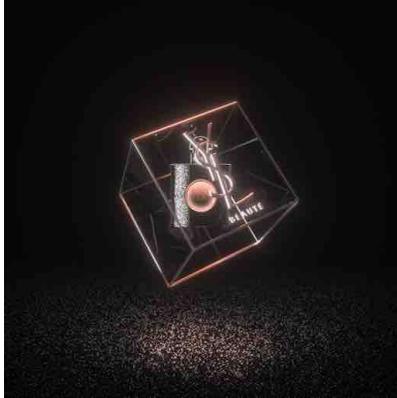
Both of these YSL Beauty NFT programs have outperformed the average in the beauty category in terms of driving web3 performance. Specifically, "The Night Blocks" has achieved the highest level of engagement and shared value, primarily due to its innovative combination of digital and physical products.

In contrast, the performance of "The Night Masters" is slightly lower, but it excels in action-related metrics, such as distribution, the profile of the community it has recruited, and the overall value generated for both the brand and the associated charitable organizations.

Beauty retail

Walmart and Sephora

Beyond NFT activation, we notice that the beauty retail landscape is undergoing a significant transformation with innovative approaches from Sephora and Walmart, catering to evolving consumer preferences and technological advancements.

Sephora's Gamified Beauty Insider Challenges:
Sephora has unveiled a groundbreaking addition to its Beauty Insider loyalty program – the "Beauty Insider Challenges." This gamified experience allows members to earn points through a series of tasks, blending purchases and non-purchase activities. With the first challenge, "Ready, Set, Sephora," members can accrue 500 points, redeemable for Beauty Insider Cash.
Sephora's strategic move aligns with Gen Z's preferences for gamification, aiming to enhance engagement and loyalty. The tracking system and accessible participation via the Sephora Mobile app emphasize a commitment to a seamless user experience.

Beauty retail

Walmart's Virtual 'Try-On' Experience:
On the other front, Walmart introduced a makeup virtual 'Try-On' experience. Through Walmart's iOS app, customers can virtually test over 1,400 beauty products from popular brands, leveraging Perfect's Face AI solution.
This AR-powered experience allows users to try lip color, eye shadow, blush, and bronzer in seconds, eliminating the need for physical product samples and contributing to reduced environmental impact.
Walmart's initiative reflects a response to the growing demand for personalized advice and product recommendations in the beauty industry.

Both Sephora and Walmart exemplify a shift in beauty retail towards enhanced customer engagement and tailored experiences. Sephora's gamified approach taps into the gaming preferences of Gen Z, fostering loyalty through interactive challenges. Walmart's integration of AI and AR in virtual try-on experiences aligns with the contemporary need for personalized and sustainable beauty solutions. In a world where beauty retail is more than just transactions, such innovations not only cater to current consumer demands but also set the stage for future retail experiences that blend technology, personalization, and sustainability.

About

Brand3index is a business intelligence company dedicated to assisting brands in shaping their digital innovation roadmap and achieving greater ROI.

Brand3index is the global standard for determining a brand's digital innovation competence, analyzing more than 100 data points across four dimensions: Innovation readiness, activation abilities to drive brand awareness, consumer engagement and action.

We conduct research and produce reports that cover automotive, entertainment, retail, CPG, Beauty, Luxury, food & drinks, and travel industries. We analyse and benchmark 200+ global and local brands.

Brand3index offers brands a clear understanding of digital innovation within their industries and actionable insights

Contact us!

If you wish to obtain the complete report or if you have any inquiries or would like to engage in a more detailed discussion regarding our findings, please feel free to contact us.

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