



BEYONCA ADEMULEGUN

DIGITAL STRATEGIES IN THE BEAUTY INDUSTRY:

L'ORÉAL



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BIG DATA & DIGITAL STRATEGY



What is Big Data?

“Big data refers to massive, complex data sets that traditional data management systems cannot handle. When properly collected, managed and analysed, big data can help organisations discover new insights and make better business decisions.” (Badman & Kosinski, 2024)

What is a Digital Strategy?

A plan that integrates technology into a business to create efficient processes, engage effectively with customers, and stay competitive in a digital world. (Olmstead, 2022)

It involves transforming how a business operates and delivers value, understanding customer needs, streamlining operations, and fostering an innovative company culture. (Olmstead, 2022)

CONSUMER BEHAVIOUR & EXPERIENCE

1

Increased Digital Engagement

(2020-2025)

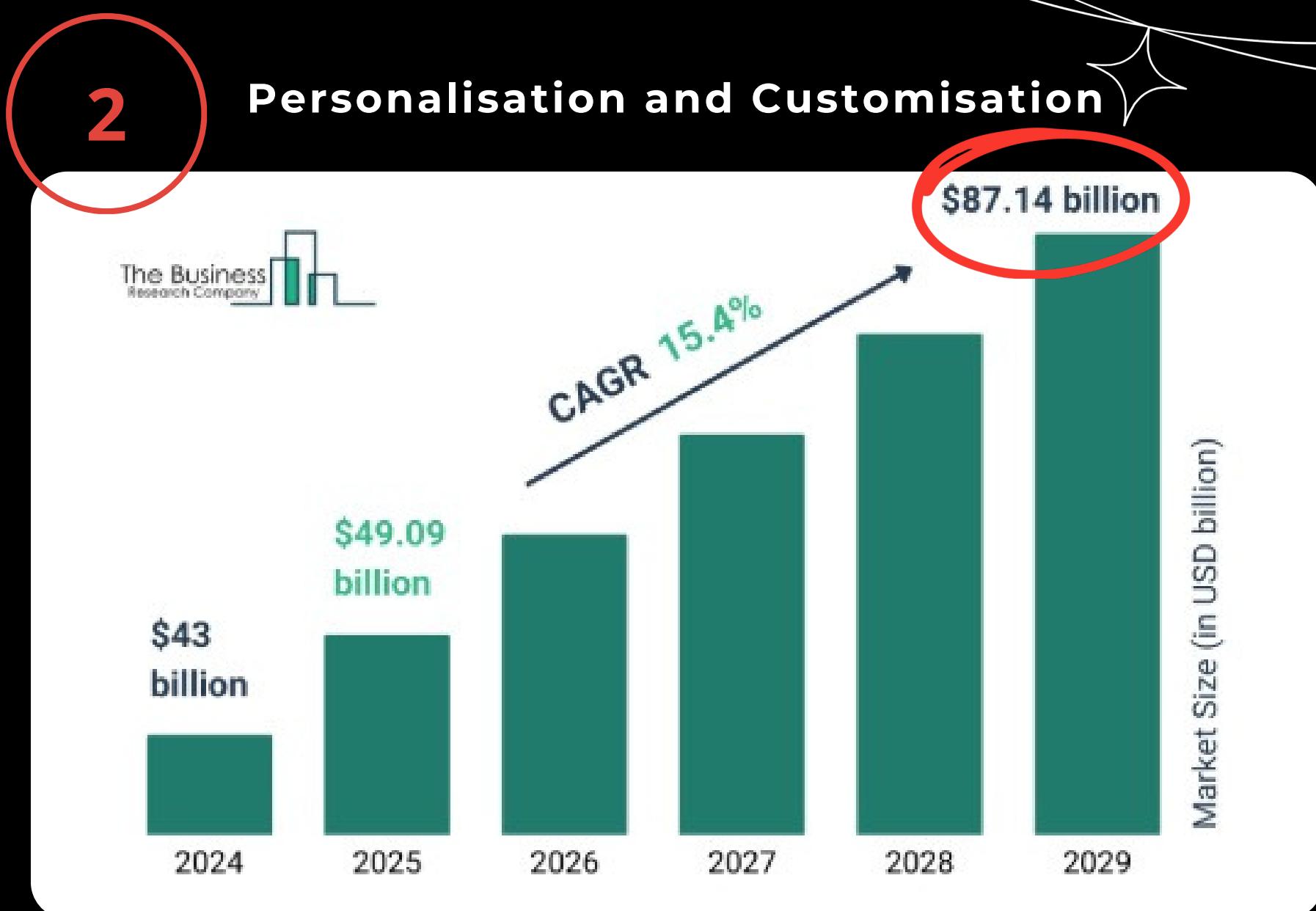


Percentage change in online purchases in UK from March 2020 to February 2021
(Statista, 2021)

- Shift towards online shopping
- Rise of virtual try-ons
- Mobile apps and AR features

2

Personalisation and Customisation



Next-Generation Personalized Beauty Market Size 2025 And Growth Rate
(The Business Research Company, 2025)

- Growing demand for personalized experiences
- Brands that offer customization have captured consumer attention by leveraging data.

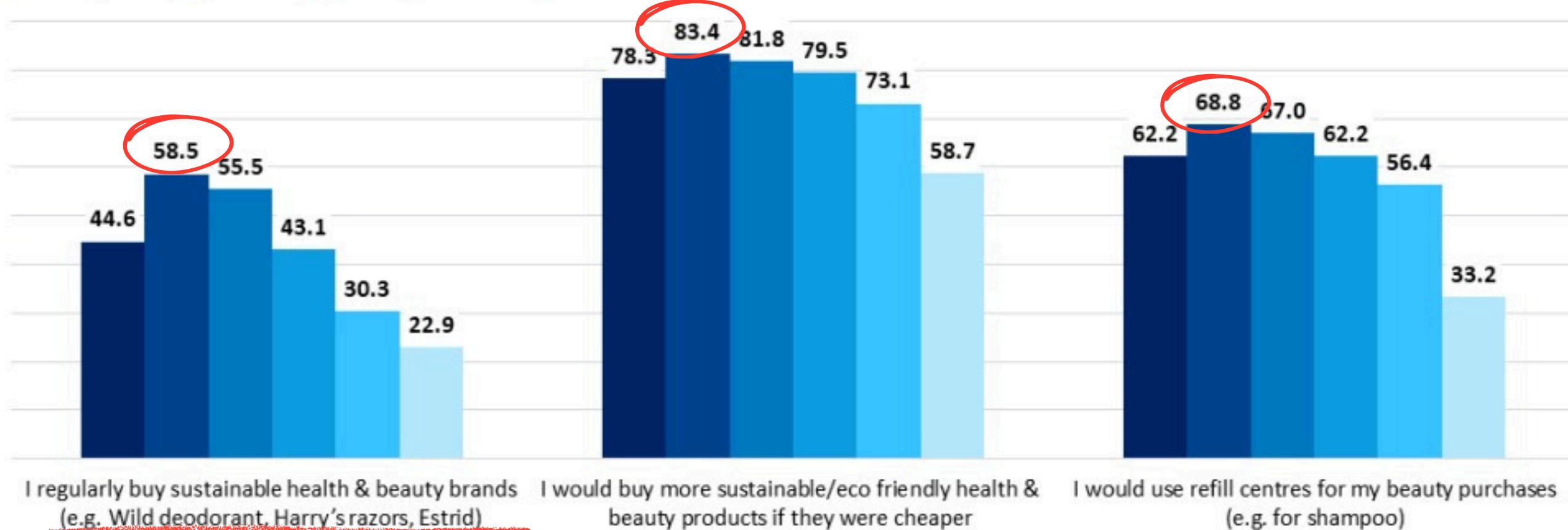
CONSUMER BEHAVIOUR & EXPERIENCE

3

Sustainability and Ethical Concerns

Agreement with various statements about sustainability within health & beauty by generations

■ Total ■ Gen Z ■ Millenials ■ Gen X ■ Boomers ■ Silent Generation



Source: All figures are percentages. The chart above shows agreement with various statements about sustainability within health & beauty, by generation. Data is derived from GlobalData's July 2024 monthly survey of 2,000 respondents.

GlobalData

Source: GlobalData Consumer Intelligence Center

Agreement about sustainability within health & beauty by generations (GobalData, 2024)

(Amed et al., 2021)

- Growing environmental and ethical considerations when purchasing
- Sustainability and cruelty-free claims became significant differentiators for brands.

CONSUMER BEHAVIOUR & EXPERIENCE

4

Social Media Influence

Social Media Is an Important Channel for Beauty Brands Targeting 18- to 34-Year-Olds

% of UK beauty shoppers, by age and channel, March 2024



Note: responses of "other" not shown

Source: Toluna and EMARKETER Survey, "UK Beauty" conducted by Toluna Start, March 2024

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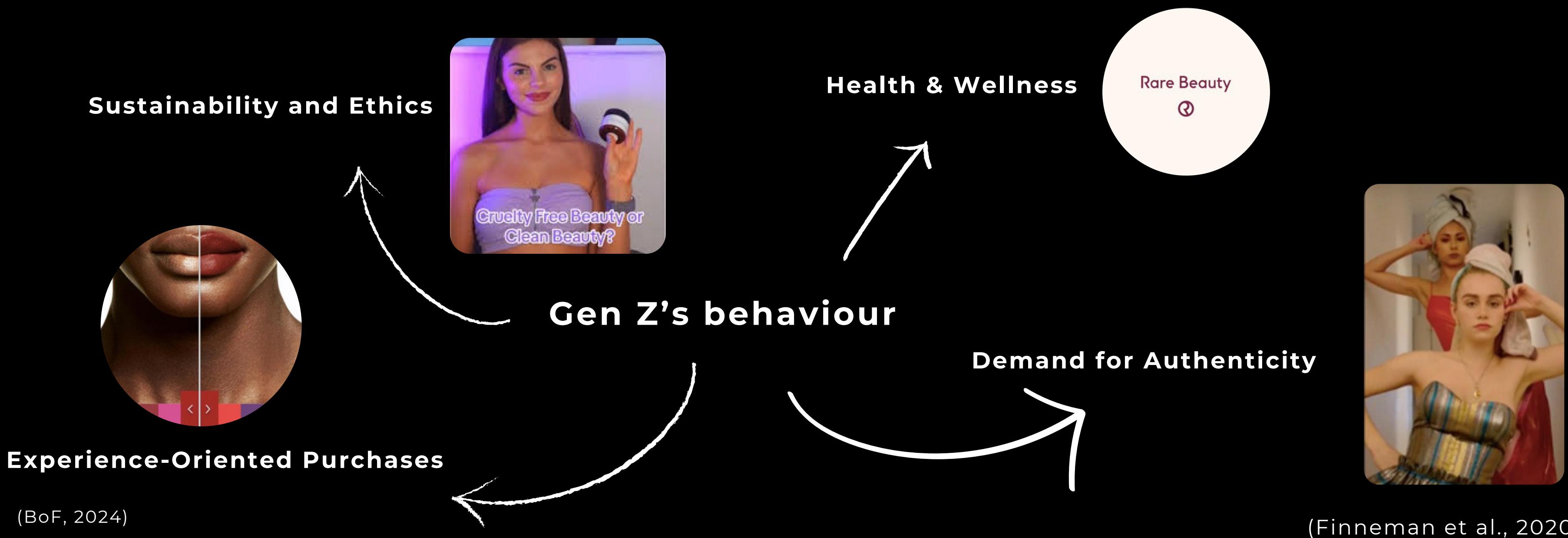
EM | EMARKETER



Instagram, TikTok, and YouTube have become central to consumers' discovery and purchasing behaviors.

WHY TARGET GEN Z?

- **Growing Purchasing Power:** In 2020, Gen Z was already estimated to contribute \$143 billion to the global economy.
- **Skincare Expenditure:** In 2021, approximately 37% of UK Gen Z respondents spent between £10 and £20 on a single skincare product (Petrucci, 2024). **Social Media Savvy:** Gen Z is the most digitally native generation.
- **Brand Loyalty & Advocacy:** Gen Z values authenticity and is more likely to support brands that align with their personal values. This generation is less brand loyal than Millennials but is more likely to advocate for brands they trust on social media.



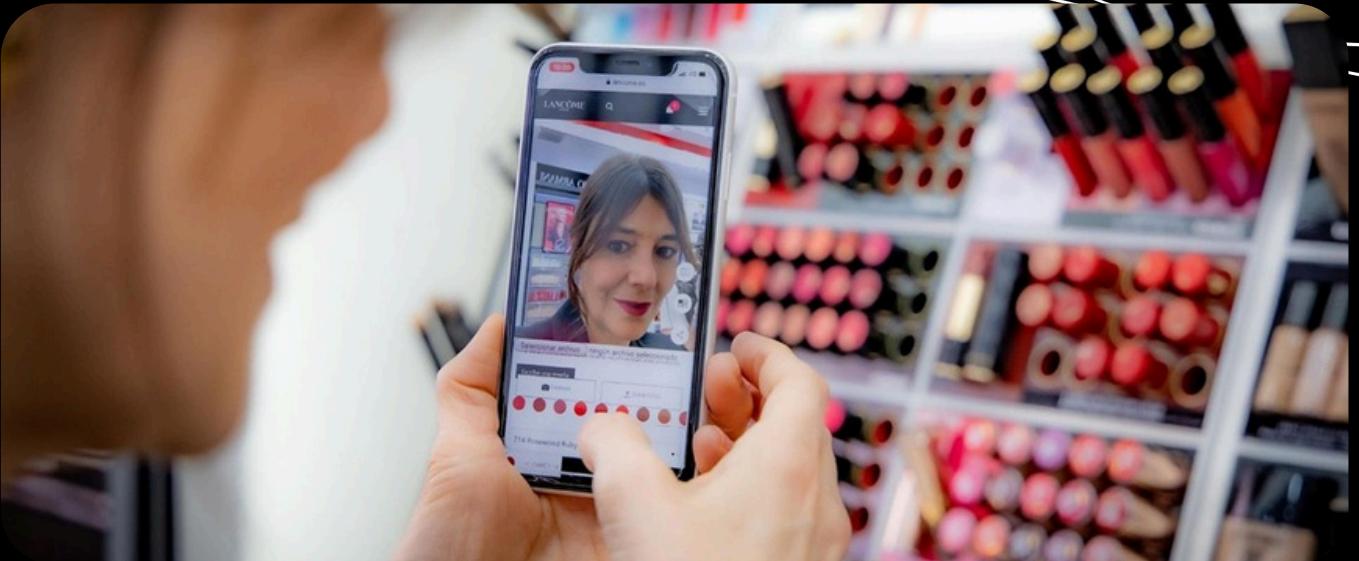


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DIGITAL INNOVATION & AI-POWERED PERSONALIZATION

ModiFace AR & AI-powered Try-Ons

L'Oréal's ModiFace technology allows customers to virtually try on makeup through Instagram, Snapchat, and brand websites. It enhances product discovery and reduces return rates by 20% (Forbes, 2023).

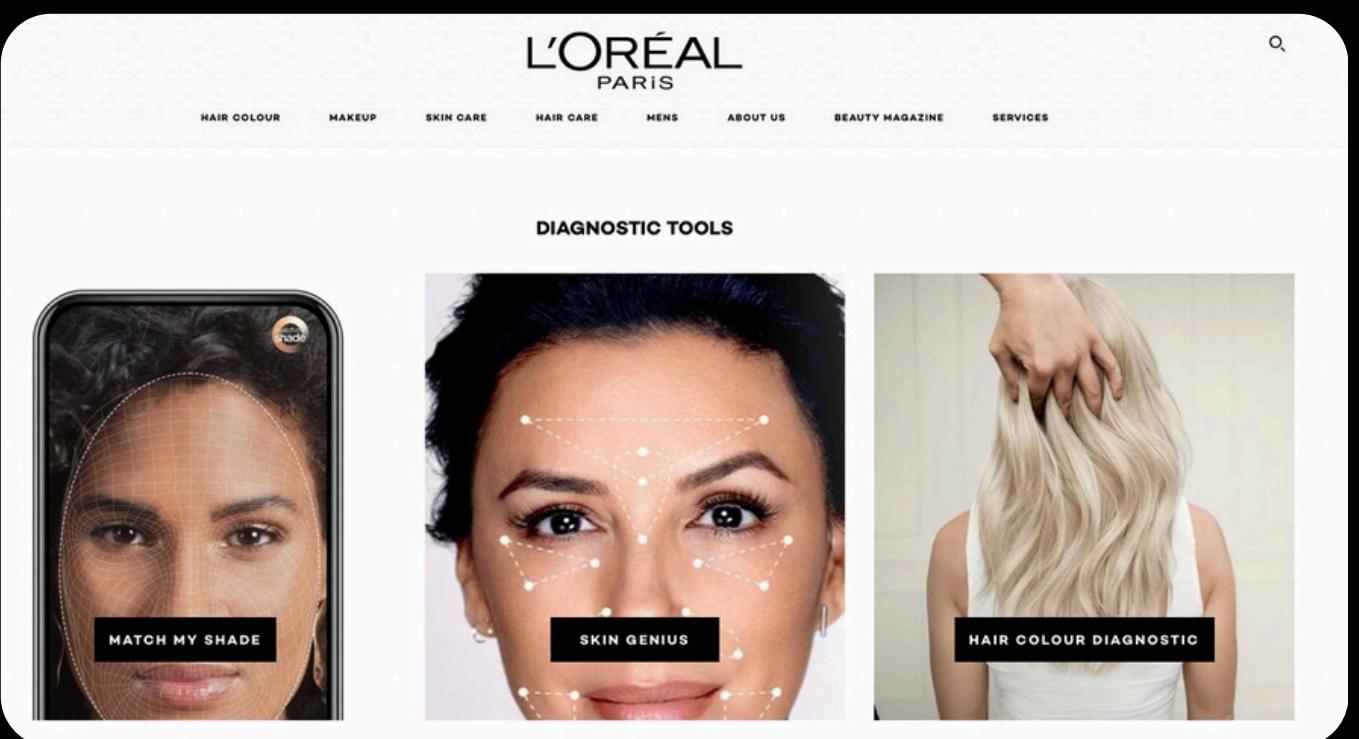


Google Cloud for Precision Advertising

L'Oréal leverages Google Cloud AI to optimize digital ad campaigns, increasing conversion rates by 30% through targeted, data-driven marketing (Marketing Dive, 2023).

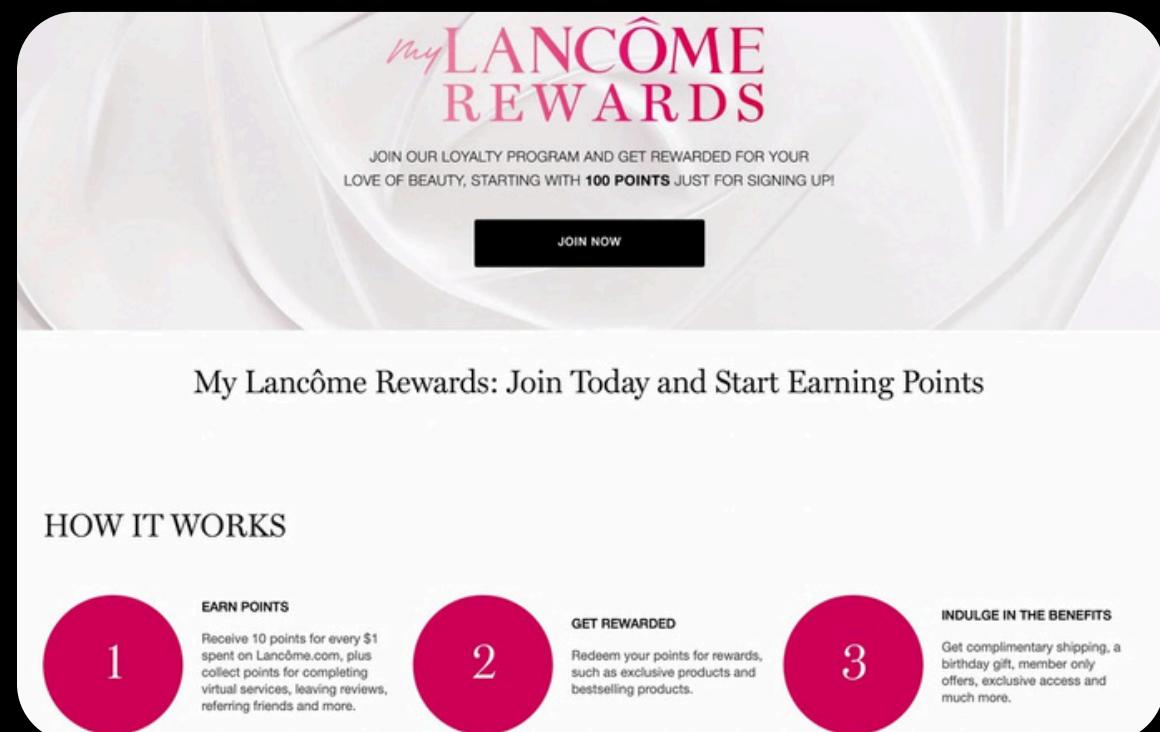
AI Skin Analysis – Skin Genius & Perso

The Skin Genius tool assesses skin conditions from selfies and recommends personalized skincare products, while Perso creates custom skincare & lipstick shades tailored to user preferences (TechCrunch, 2024).



TikTok's Role in L'Oréal's Growth

L'Oréal utilizes #LOrealParis trends, branded challenges, and influencer collaborations to drive engagement.



The image shows the My Lancôme Rewards landing page. At the top, it features the "myLancôme REWARDS" logo in pink. Below it, a subtext reads: "JOIN OUR LOYALTY PROGRAM AND GET REWARDED FOR YOUR LOVE OF BEAUTY, STARTING WITH 100 POINTS JUST FOR SIGNING UP!" A "JOIN NOW" button is present. The main section below is titled "My Lancôme Rewards: Join Today and Start Earning Points". A "HOW IT WORKS" section follows, divided into three steps: 1. EARN POINTS (Receive 10 points for every \$1 spent on Lancôme.com, plus collect points for completing virtual services, leaving reviews, referring friends and more.), 2. GET REWARDED (Redeem your points for rewards, such as exclusive products and bestselling products.), and 3. INDULGE IN THE BENEFITS (Get complimentary shipping, a birthday gift, member only offers, exclusive access and much more.).

AI-Driven Loyalty Programs

Programs like Lancôme Elite Rewards & NYX VIP offer personalized rewards, early access to launches, and VIP consultations, increasing retention by 20% (Forbes, 2024).

MY LANCÔME REWARDS OVERVIEW

My Lancôme Rewards is a complimentary loyalty program where members can earn 10 points for every \$1 spent. Additional points can be earned by leaving reviews, completing virtual services, enrolling in auto-replenishment and more!

Redeeming points has never been easier, with an exclusive rewards catalog accessible via your account or at checkout to receive with your next order.

MEMBERSHIP TIER



ROSE GOLD TIER

Up to 1,999 points earned each year

- Free shipping on \$49+
- 20% off birthday gift
- Early access to promotions and launches



GOLD TIER

Up to 6,499 points earned each year

- Free shipping on all orders
- 20% off birthday gift + 100 bonus points
- Early access to promotions and launches



PLATINUM TIER

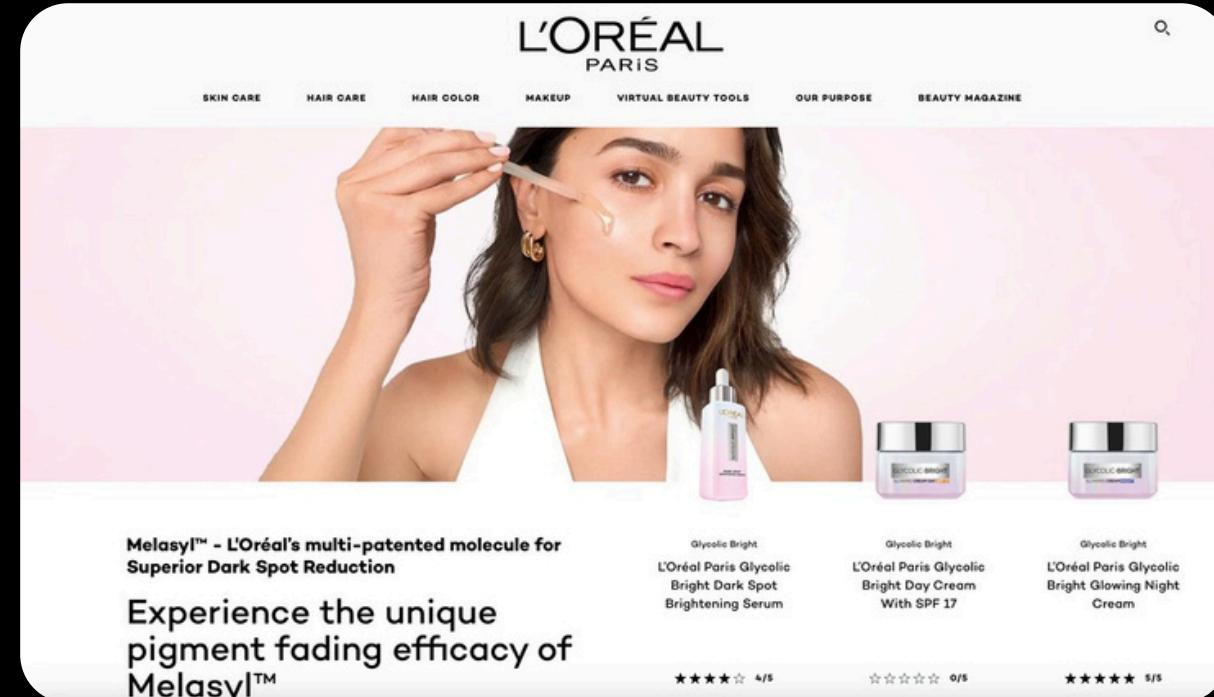
6,500+ points earned each year

- Free 2-day shipping on all orders
- 20% off birthday gift + 100 bonus points
- Early access to promotions and launches

AI & SMART BEAUTY TECH

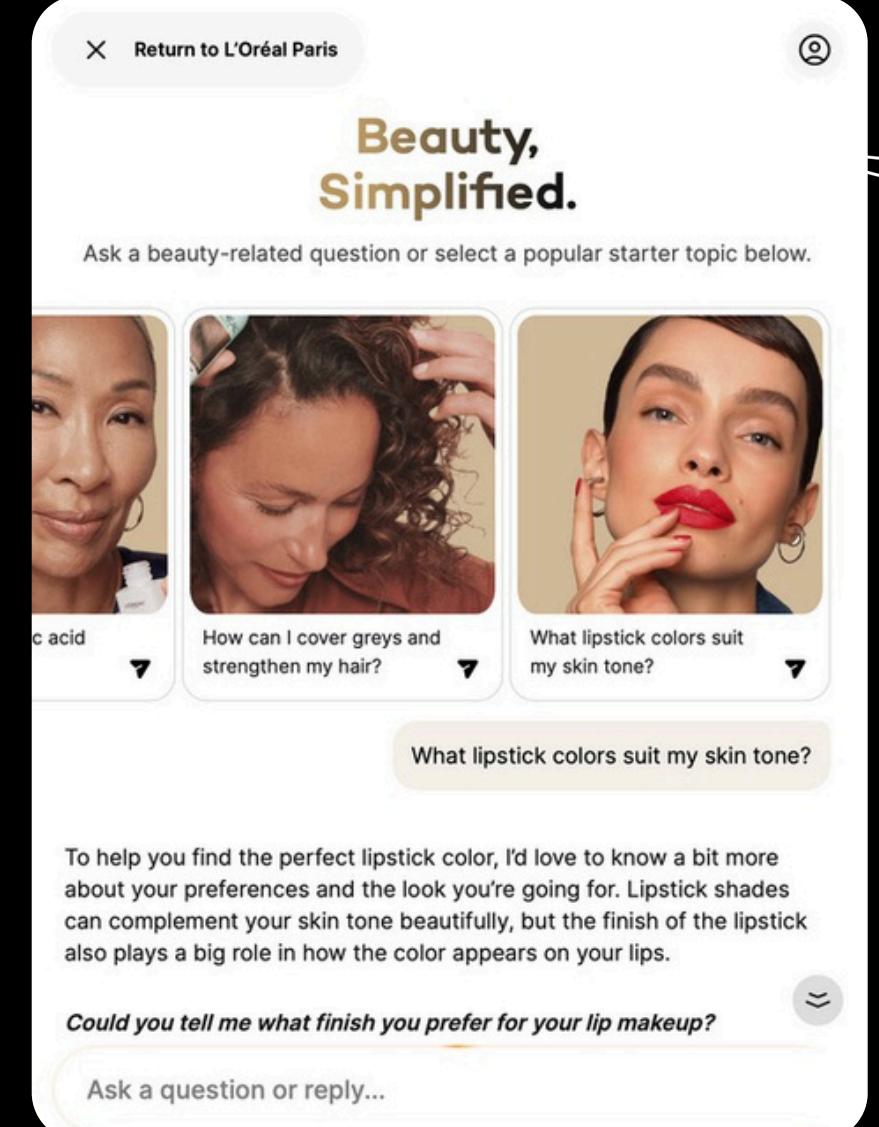
AI Assistants on L'Oréal's Website

L'Oréal integrates AI assistants on their website for beauty consultations, allowing users to receive real-time product recommendations, skincare advice, and makeup tutorials.



Omnichannel Shopping Enhancements

Customers can seamlessly switch between in-store experiences and online purchases, improving the overall shopping experience.



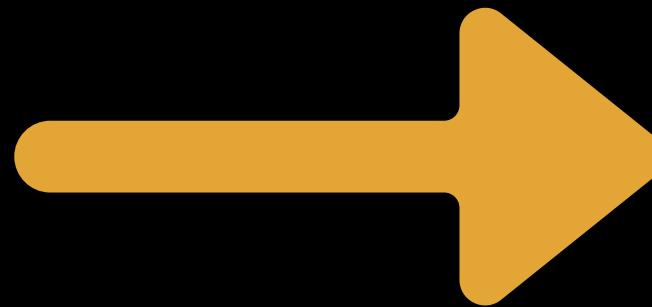
COMMERCIAL SUCCESS

DIGITAL TRANSFORMATION

- By implementing a Customer Data Platform (CDP), the company achieved a **22.22% conversion rate** in media campaigns, surpassing average rates.
 - Click-through rates increased by **26.25%**, reflecting improved customer engagement. (Tealium, 2024)
 - AI and AR enabled **100 million virtual try on** sessions in 2023.
 - E-commerce Growth: In 2021, L'Oréal's **e-commerce sales grew by 25.7%**, accounting for **28.9%** of total sales. (Tealium, 2024)
 - L'Oréal's data platform houses **10 petabytes of data**, powering various AI models, including the latest large language models (LLMs).
-
- L'Oréal's digital sales growth is **heavily** tied to external e-commerce and social platforms. This **reduces** their control over pricing, brand image, and customer experience. It has also fueled **counterfeit and grey-market** sales, especially in Asia.
 - As L'Oréal gathers vast amounts of personal data through AR try-on tools (ModiFace) and CRM systems, consumer concerns about **data misuse** are growing. European regulators have already **heightened** scrutiny on data collection for personalization.



NEEDS INVESTMENT IN DIRECT-TO-CONSUMER CHANNELS



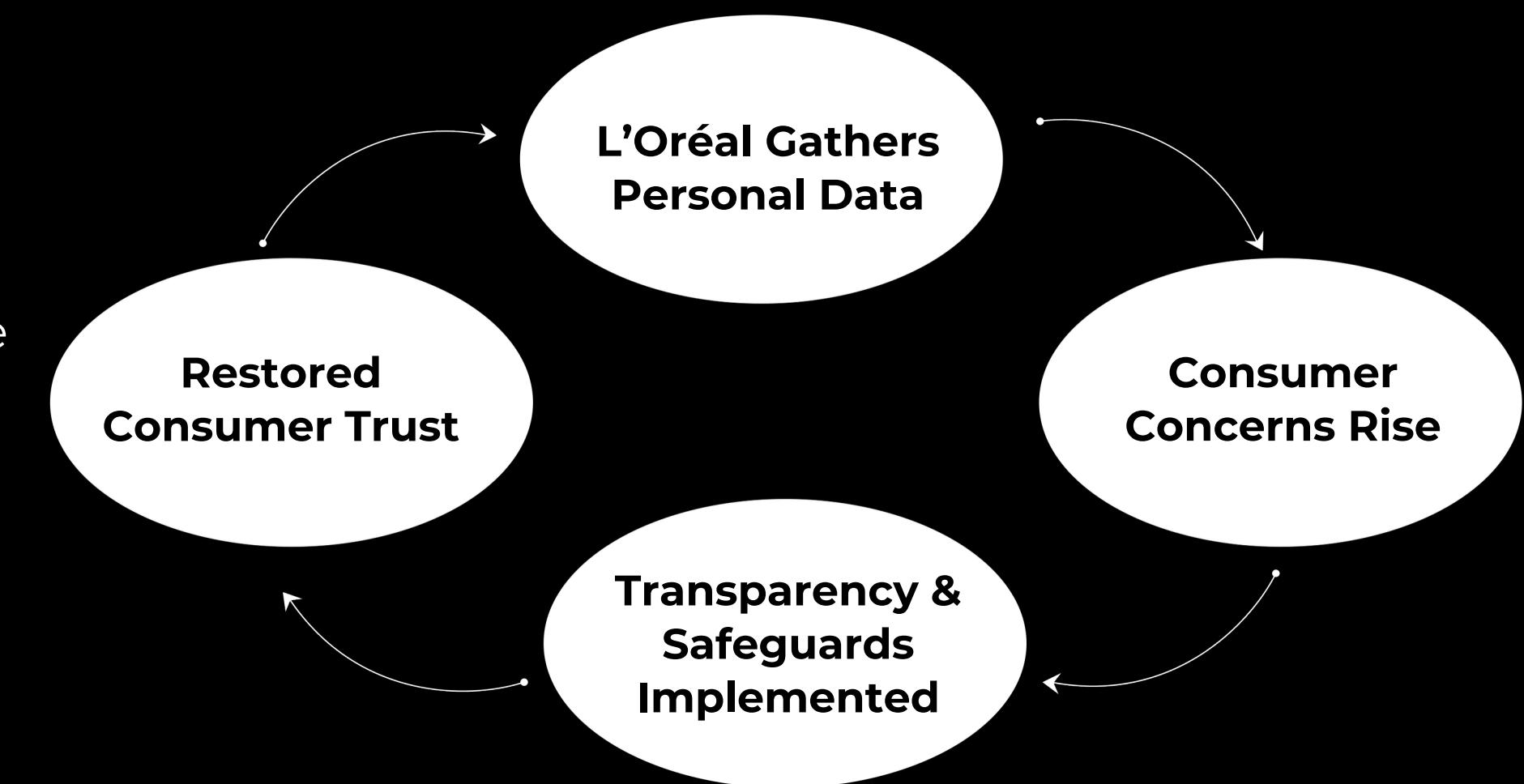
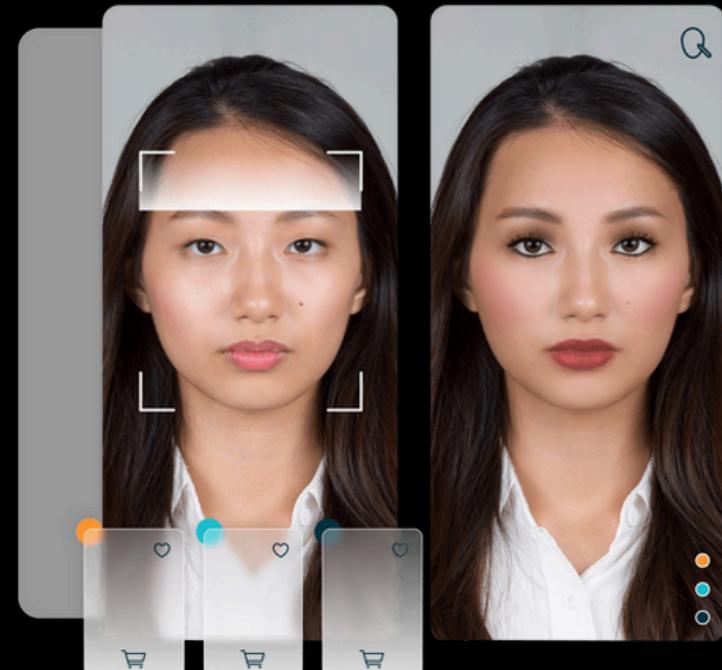
L'ORÉAL



Expand direct-to-consumer (D2C) channels through branded websites and apps, offering exclusive bundles, loyalty programs, and personalized services that third-party sellers can't replicate. Use blockchain or product authentication tools to combat counterfeits.

NEEDS INVESTMENT IN PRIVACY PROTECTION & SAFEGUARDS

- Increase transparency by clearly communicating how data is used
- Adopt stronger opt-in consent models
- **Highlight** privacy safeguards in marketing
- Partner with independent watchdogs to certify responsible data practices, turning trust into a brand differentiator



BUILDING A RESPONSIBLE DIGITAL FUTURE



In Conclusion

- **Digital transformation has redefined beauty:** AR, AI, and personalization create immersive consumer experiences.
- **Challenges remain:** Data privacy, ethical AI, and inclusivity require urgent attention.
- **L'Oréal's opportunity:** By prioritizing transparency, trust, and sustainability, the company can transform these challenges into a competitive advantage.
- **Moving forward:** Balancing innovation with responsibility ensures L'Oréal stays the global leader in beauty's digital era.

**THANK YOU VERY
MUCH!**

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