Figure 1: Nars advertisement in 2022

Figure 2: Nars advertisement in 2020

NARS

Degree Project EBSC6021

OPTION 2: BUSINESS PLAN APPROACH

NARS: 'BEAUTY IN FUTURE' CAMPAIGN--DEVELOPING A SUSTAINABLE MAKE-UP LINE

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COTENTS PAGE

Figure 3: Nars advertisement in 2022

7 P'S

Development

Section 1

BRAND DEVELOPMENT
NARS "Beauty in future" Campaign

The report is analysed within the UK environment only.

After primary and secondary research, the luxury makeup market is not sustainable. Sustainable makeup is the missing piece of luxury cosmetics and potentially a vast future market.

NARS, a potential and influential cosmetics brand in the international market, was found to be unsustainable. There is currently a clear gap in the luxury makeup market for sustainability. The brand can seize the opportunity to stand out in the competitive market by launching a sustainable makeup product line.

The "NARS Beauty In Future" campaign aims to take eco-friendly initiatives to inspire as many beauty consumers as possible to consume and live more sustainably. Influencing consumers to make them realise the full power of eco-beauty, NARS wants to encourage them to take green steps.

"Beauty In Future" is not only NARS taking positive action to have a low impact on the environment, but it is also committed to creating healthy, harmless, and natural beauty for consumers. The campaign will be supported through various promotional tools, including offline retail store activities, influencers, and social media marketing.

Proposed development:
NARS Beauty In Future Campaign

Target Market segment:
Generation Z & Millennials consumers

Product:
Products provided are a new sustainable **make-up line** of cosmetics, aiming to have a low environmental impact and be safe for humans.

Product

NARS "Beauty In Future" Campaign

- The concept of the sustainable make-up line is to create natural and environmental beauty by reducing the burden on the environment. The range of launched make-up products is relatively small, but they all meet the basic needs of everyday life and cater to the minimalist less is more approach.

- Best sellers for NARS are blush, foundation, concealer, mascara, and lipstick. (Author's own secondary research, see appendix 1)

- Eye shadow palette, eyeliner, eyebrow product, and setting powder will also be launched in the new makeup line, and they are also essential makeup items.

Product

NARS "Beauty In Future" Campaign

Ethical, local sourcing & Improved ingredients

Products are ethically sourced, make-up raw components are guaranteed to be supplied responsibly and ethically, and are made from high-quality ingredients (Martinez, 2022).

The make-up line launched in this campaign is entirely cruelty-free and animal testing-free. The products are free from potentially harmful substances, parabens, silicones, petrochemical emulsifiers, and synthetic fragrances. Natural ingredients are grown from renewable resources (flowers, herbs, vegetables, fruit oils, natural extracts, etc.)

These are reselected ingredients (figure 4) that are organically grown in the UK or easily sourced, thus reducing raw material costs and transportation costs to some extent (Green Business Bureau, 2020), and reducing the environment's carbon footprint.

Products must be certified natural or organic to strict standards by a national certification authority such as Organic Farmers & Growers (the first government-approved organic certification body in the UK). Transparency of products is essential to consumers.

Figure 4: New ingredients for Nars make-up products (Author's own)

Improved ingredients

	Description	Function
Rose Extract (Rosehip Seed Oil) (UK)	Vitamin-, antioxidant-, and essential fatty acid-rich moisturising lotion that is gentle and quickly absorbed.	Excellent moisturiser that penetrates dry skin right away found in beautiful oils and lip balm.
Plantago Lanceolata leaf extract (Greater Plantain Leaf) (UK)	Herb used for medicine that can increase collagen production.	Antioxidant and beneficial for sensitive skin. Available in mascara.
Gardenia Extract (UK)	It is used as a natural protection against free radicals and anti-aging technique.	Worked as natural preservative and an antioxidant. Used in blush, eye shadow, and lipstick.
Rosemary Leaf (UK suppliers)	Its native astringency balances and improves skin tone while enriching it with vitamins, antioxidants, iron, and calcium.	The better antioxidant used to extend and lush up lashes in mascara.
Sweet Almond Seed Oil (reliable for the UK climate)	A natural emollient that promotes skin smoothness and moisture.	Found in blush and foundation.
Shea Butter (Ghana exports to Europe)	A superfood with plenty of fatty acids and vitamins A, E, and F for the skin. It provides low-UV, natural protection.	Extracted from organic Shea trees. Used in lipstick.
Jojoba Seed Oil (UK suppliers)	Clean and hypoallergenic for sensitive skin	Found in blush, lipstick, mascara, and foundation.
Sunflower Wax (one of the most sustainable natural waxed used for cosmetics) (Sunflower wax, 2022) (UK suppliers)	Vegan. Obtained by dewing sunflower oil.	Nourish eyes and lips (Bargh, 2018). Used in lipstick and eye liner.

Figure 5: Main products' ingredients of NARS' 'Beauty In Future' campaign (Author's own)

Figure 5 shows how the main product formulations and ingredients are eco-friendly, locally and organically grown or easily available, and how they can be used in products.

In the post-epidemic era, consumers, including millennials and Generation Z, are more concerned about health, hygiene, and safe product ingredients than ever before. In the medium to long term, they must fully know the scientific rigor and ethical transparency behind product development (Romero, 2021).

They are also the main target group of consumers for NARS. Products need to be provided with more reliable information and certification. Therefore, product ingredients should be transparently and openly shown on the website and product detail pages.

Product

The 'Beauty In Future' campaign features a significant update to the product packaging, which differs from the previous plain black packaging. The pattern features a variety of plants and flowers inspired by the organic and natural botanicals used in NARS new products. It will also be applied on all packaging of nine featured products (blush, foundation, concealer, mascara, lipstick, eye shadow palette, eyeliner, eyebrow pencil, and setting powder). The whole design has a classic and premium look. The redesigned packaging will appeal to consumers, creating a sense of curiosity and desire to purchase.

Figure 6: NARS' 'Beauty In Future' campaign products' packaging pattern

Product

Mock-ups & details of products

Figure 8: NARS new blush shade effect reference and names

Cherry Plum Carrot Strawberry Pomegranate

Figure 9: NARS blush refill product & packaging reference

Figure 7: Mock-up of NARS blush

1.Sustainable blush

- Talc free
- Multitasking
- Refillable
- Certified Organic

Key ingredients:

Pigment source: Annatto, Beetroot, Buriti, Carrot Root, Elderberry

Key features:

The outer packaging of the container is made of aluminum. The updated packaging includes a newly designed small mirror for users to apply make-up anytime easily. Customers only need to purchase a refill and reinsert it into the blush container.

Figure 10: Mock-up of NARS foundation

Figure 11: NARS foundation refill product & packaging reference

Figure 12: NARS new foundation effect reference and names remain as they were initially named

2.Natural radiant sustainable foundation

- Light to medium coverage
- All skin types
- Refillable
- Certified Organic

Key ingredients: Chamomile Water (help soothe the skin)

Key features:

The outer packaging of the foundation is made of aluminum, which is easily recyclable, durable, and waterproof. Aluminium has excellent protective properties and provides an impermeable metal barrier, perfect for protection against external aggressions (Sustainable packaging, no date). It can maximise the life cycle of the product. Foundation refills use paper as the outer packaging material. Customers can easily squeeze the refill into the original foundation bottle for a new product experience.

Figure 13: Mock-up of NARS concealer

Figure 14: NARS new concealer effect reference and names remain as they were initially named

Figure 15: NARS concealer refill product & refill packaging reference

3.Soft complete sustainable concealer

- High coverage
- Lightweight
- Refillable
- Certified Organic

Key ingredients: Rosehip Seed Oil, Moringa Oleifera Seed Oil, Papaya Extract

Key features:

It is packaged in aluminum. The new and improved concealer has a removable container inside. When the consumer finishes using the concealer, he only needs to purchase a refill and reinsert it into the container. Refills use paper as the outer packaging material.

Figure 17: NARS mascara internal reference (there is a slot for a refiill)

Figure 16: Mock-up of NARS mascara

Figure 18: NARS mascara refill product reference

4.Sustainable mascara

- Nourishing
- No clumping
- Refillable
- Certified Organic

Key ingredients: Raspberry Water (improve the rate of repair, moisture for hair), Sunflower Seed Oil (help stop breakage and stimulate healty lash growth)

Key features:

The outer packaging of the mascara is made of aluminum. Inside the mascara, there is a slot for a replacement. Customers only need to purchase a refill and reinsert it into the mascara container.

The lipstick base is rotatable and can be removed.

Figure 19: Mock-up of NARS lipstick

Figure 20: NARS new lipstick effect reference and names remain as they were initially named

Figure 21: NARS lipstick application diagram

Figure 22: NARS lipstick refill product packaging reference

5. Sustainable lipstick
- High pigment (provide rich and intense colour)
- Nourishing
- Refillable
- Certified Organic

Key ingredients: Gardenia Floria Fruit extract, Shea Butter, Sunflower Wax

Key features:

The lipstick packaging is made of aluminium, making it easy to recycle. The design retains the classic NARS logo. The lipstick base is rotatable. When the customer has consumed the entire lipstick, turn the base and only purchase a refill and reinsert it into the lipstick container for the second use.

Figure 23: Mock-up of NARS eyeshadow palette

Figure 24: NARS new eye palette effect reference and names remain as they were initially named

Figure 25: NARS eye palette refill product reference

6. Sustainable eyeshadow

- Refillable
- Long-lasting
- Silky texture
- Certified Organic

Key ingredients: Gardenia Extract, Mica

Key features:

The new product continues the design of the original NARS packaging, with the outer packaging made of aluminium. The product is removable when the back is pushed. When the original eyeshadow is used up, customers can purchase refills of any eyeshadow to insert into the palette. Refills for single/multi-color eyeshadows are available.

The pencil base is rotatable and can be removed.

Different colours show different shades.

On the left is a picture of the eyeliner pencil refill reattached to the original pencil. A new QR code is placed on each refilled product for easy and up-to-date customer tracking.

Figure 26: Mock-up of NARS eyeliner pencil

SANTA MONICA BLVD   SUNSET BOULEVARD   THE STRIP   VIA VENETO

PARK AVENUE   RODEO DRIVE   RUE BONAPARTE   OCEAN DRIVE

MAMBO   MULHOLLAND DRIVE   NIGHT PORTER   LAST FRONTIER

GRAFTON STREET   GRAN VIA   HAIGHT-ASHBURY   BROADWAY

Figure 27: NARS new eyeliner color effects refer to the colors of the previous products

Figure 28: NARS eyeliner refill product reference

BR 300
ジェルペンシル
アイライナー レフィル
ESPRIQUE
Gel Pencil
Eyeliner
《Refill》
KOSÉ

Figure 29: NARS eyeliner refill product packaging reference

7. High-pigment longwear eyeliner

- Skip-free
- Refillable
- Certified Organic

Key ingredients: Coconut oil, Mica

Key features:

The outer packaging is made of aluminium and is easily recyclable. The colour of the horizontal line on the outer packaging indicates the eyeliner shade.The pencil base of the eyeliner is rotatable. When all used up, only discard the eyeliner pencil base, take the eyeliner refill and place it into the holder, rotating firmly until it snaps into place.

The eyebrow base is rotatable and can be removed.

Different colours show different shades.

Figure 31: NARS new eyebrow color effects refer to the colors of the previous products

Naia
Atacama
Lava
Komo
Moanda
Makassar
Goma

On the left is a picture of the eyebrow pencil refill reattached to the original pencil. A new QR code is placed on each refilled product for easy and up-to-date customer tracking.

Figure 30: Mock-up of NARS eyebrow pencil

8. Eyebrow pencil
- Refillable
- Certified Organic

Key ingredients: Coconut oil
Key features:
The product packaging is made of aluminium. The horizontal line on the packaging shows the eyebrow pencil colour shade. The base of the eyebrow pencil is rotatable. When the complete pencil is used up, refill it in the same way as the eyeliner pencil.

Figure 32: NARS eyebrow refill product reference

Figure 33: Mock-up of NARS setting powder

Figure 34: NARS new setting powder color effects refer to the colors of the previous products

Figure 35: NARS powder refill product reference

9. Light reflecting pressed setting powder

- Oil-control
- Ultra-soft
- Refillable
- Certified Organic

Key ingredients: Mica, Sunflower Seed Oil, Camellia Sinensis Leaf Extract

Key features:

The packaging is made of aluminium and the setting powder is removable. When consumed, push the back to take out, only purchase a refill and reinsert it into the container.

Figure 36: NARS New Pro Palette product reference

Figure 37: Examples of NARS Refill products

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10. New Pro Palette

Key features:

The upgraded NARS Pro Palette is made from eco-friendly aluminum (plastic-free packaging). Customers can insert other sustainable makeup products from 'Beauty In Future' such as fillable blush, single/duo color eyeshadow, concealer, and more to get their own unique custom makeup palette. The outside of the palette can be customised with your name to meet your individual needs.

All Refill products are labeled with a green QR code on the back to make it easy for customers to track them. The outer packaging material of all replacement packs is made from paper. Recycled paper saves **70%** of the energy and **80%** of the water used in the original production processes compared to producing the original paper from trees (Ogura, 2021).

Product

Figure 39: Organic certification from various authorities

Consumers can scan the QR code on their mobile phones to view the authoritative certification of the products by multiple professional bodies.

Figure 38: Green QR Code

Figure 40: Organic certification reference from the authoritative body (Author's own)

Reliable certified electronic certificates from professional bodies are accessible to consumers. They are open and transparent, allowing customers to understand the organic authenticity of the products and building trust between the brand and the consumer.
The certificate also records the soil eligibility of the plant components contained in the product and that these plants were grown following organic cultivation standards.

Figure 42: Cruelty-free certification reference from the authoritative body (Author's own)

This cruelty-free certificate reliably records the relevant authority that issued the certificate. The certificate source is also available for consumers to trace and confirm.

Figure 41: Cruelty-free certification from multiple authorities in 2019.

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Product

Supply chain sustainability & transparency-
See the journey of your product

Green QR Code
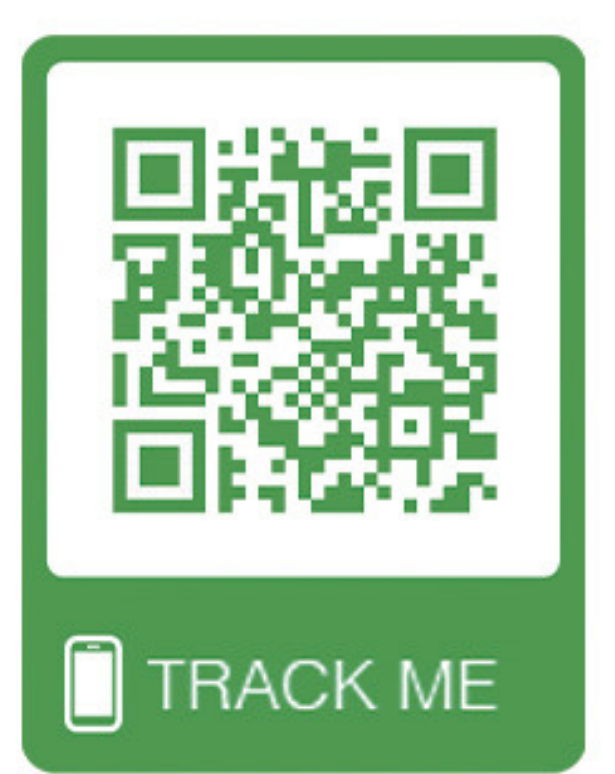
Figure 43: Great British Gardens-
Hdlmingham Hall in 2022

The specific growing area of the raw material and the growing environment are accessible online by the customer. By clicking on "SOURCING RAW MATERIALS" on UI page to get an insight into the actual origin of the product.

Figure 45: NARS new product ingredients in the UK division map

By scanning the QR code, customers can view the products' ingredients distributed in specific areas of the UK.

Figure 46: NARS foundations are processed at the factory

Figure 44: Workers sifting high-quality raw materials in 2022

Customers have online access to the workshop, where workers select high-quality ingredients before they are sent to the make-up processing area. The workshop environment and hygiene of the products being processed are also accessible to them (the picture shows an example of the foundation processing).

Product

Blockchain sustainability & transparency-
Use blockchain to tell stories (UI)

Figure 47: Blockchain tracking
product UI reference (Author's own)

Customers can click on "SOURCING RAW MATERIALS" to unlock access to the origin of the raw materials used in the product.

Figure 48: Raw material traceability
UI page (Author's own)

In addition to displaying specific information about the product, such as proof of certification, origin, ingredients, packaging materials, production date, and shelf life date, the QR code also transparently tells the consumer the entire specific production steps of the product (from raw material origins, production, shipment, warehouse, retailing stores). It also records how much CO_2 each step emits to the environment. Moreover, the customer can know product recycling channels (they can find the nearest retailer based on their location to recycle and receive a reward).

Blockchain is a good technology that allows customers to be well informed about the product through the UI interface. This also establishes an interaction between the product (brand) and the customer.

Product

Blockchain tracking product UI reference

Blockchain sustainability & transparency- Use blockchain to tell stories (UI)
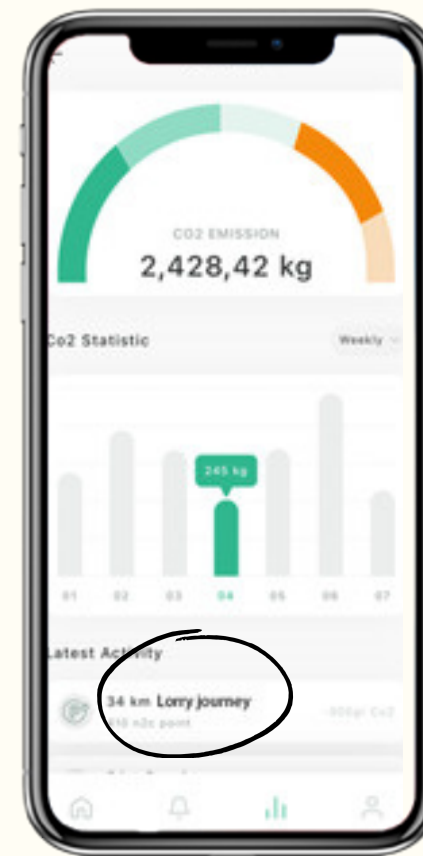
Figure 50: Carbon footprint tracking UI interface (Author's own)

Customers can track the carbon footprint of their transport trucks by clicking on "SHIPMENT", which records the carbon footprint according to the number of days of delivery.
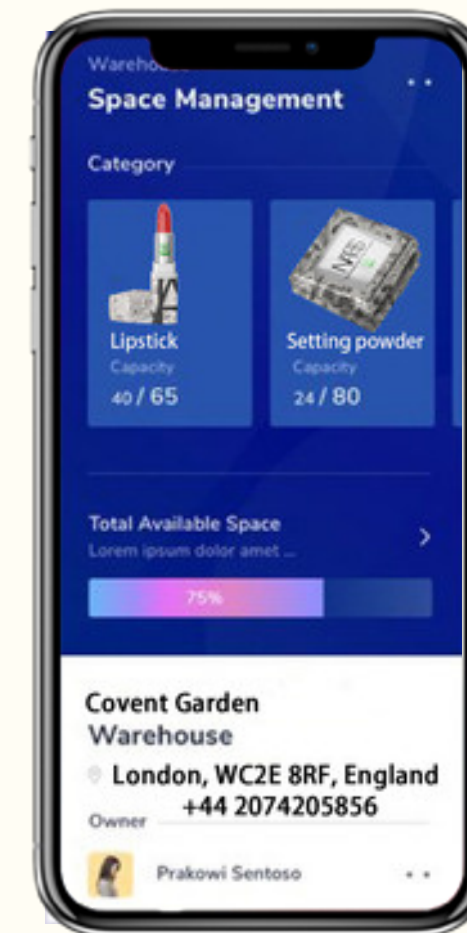
Figure 51: Warehouse tracking user interface (staff user side) (Author's own)

NARS sales staff can click on the "WAREHOUSE" interface to view the current stock status of all products in the warehouse used by the shop and the current total available warehouse capacity so that when a product is out of stock, it can be restocked promptly.

Figure 49: Product Traceability UI page (Author's own)

Customers can click on "STORE" to view complete store information - the location of the store nearby where the product is located and reward for recycling (online consumer user side) or the current stock status of the product in the shop (offline consumer user side).

Product

Use blockchain to shine a light on the NARS make-up supply chain

Figure 52: Cosmetics market challenges & Blockchain solution in 2021

The global beauty market also faces several significant challenges: consumer health, ethical access to cosmetic ingredients, sustainable production methods, green cosmetic formulations, energy use, brand protection, and environmental pollution of products are all critical issues that need to be carefully considered and disclosed to consumers.

Blockchain brings transparency to cosmetics supply chains, providing truth about the journey of make-up products.

With the popularity of Covid-19, the importance of blockchain has risen as consumer demand for safety and transparency has increased. To meet consumer demand, brands need to pay particular attention to the safety of their products for human health and strict hygiene standards.

Blockchain connects the product supply chain with real-time data flows, replacing fragmented data with an immutable ledger that allows all parties visibility. This will enable retailers to create a customer-centric supply chain that prioritizes trust in certification (How fashion brands are taking advantage of Blockchain Apparel, 2022). Making it easy for consumers to understand the origin of each product, the source of packaging materials, etc. Giving end consumers secure records and access through QR codes provide them with information to track every step of the supply chain easily.

NARS has its own supply chain (Terms and conditions of NARS official website, no date). It must record its complete supply chain information (a vast network of origins, manufacturers, warehouses, shipment, and communication channels) on the blockchain.

Product

EVERLEDGER

Figure 53: Logo of Everledger

Benefits of blockchain use in the beauty sector:

1. Stopping counterfeit beauty products:
Blockchain offers traceability solutions that provide all the necessary details about the product to win the brand in the minds of consumers.

2. Increased visibility of the supply chain.

3. Helps build brand trust:
Increases brand revenue and maintains customer loyalty.

4. Enables automated transactions:
Make the transaction process smooth and hassle-free.

Everledger is a digital transparency company that provides technology solutions to improve the transparency of global supply chains. At present, blockchain is still in the 'experimental' stage in beauty. Ryan Whittaker, a consumer analyst at GlobalData, has said that blockchain is still an emerging technology in beauty, mainly because of cost. The beauty director at WGSN, a relevant trend forecasting company, believes that the level of the environmental impact of a product when it reaches the consumer is also important to them (Culliney, 2020).

NARS can work with Everledger to achieve building a supply chain documented on the blockchain as described before (see page 23). Its technology will help create a secure and permanent digital record of every make-up product in the NARS "Beauty In Future" campaign. NARS demonstrates a commitment to sustainability through blockchain and the Internet of things and unites customers around a common passion: sustainable luxury make-up.

Product

1. Use refillable packaging:

This is achieved by developing refill solutions that have minimal impact on everyday life and existing shopping habits. All products are available in refillable packaging. The entire product range promotes the purchase of refillable replacement packaging by consumers, reducing the negative impact of unnecessary packaging on the environment. Refill solutions will save approximately **80-85%** of greenhouse gas emissions in packaging and transportation (Sustainable packaging, 2022). Primary research of the interview mentions that the appearance of cosmetic packaging is also an important factor for customers considering a purchase. By updating the packaging with classic botanical and floral patterns (aimed at ingredients derived from nature), consumers can be attracted to purchase.

2. Sustainable and safe ingredients:

Products do not negatively impact human health (skin) and bring new and upgraded product experiences.

3. Visible and reliable transparency:

This largely avoids the problem of greenwashing in the market. Product packaging is labeled with organic certification of the relevant authoritative ingredients, and honest, open, and clear product information goes a long way to guarantee the quality, source of ingredients, and origin. It can allow customers to make their own decisions about the products they are considering buying. Transparency is crucial in product sustainability and helps to build a vital relationship of trust with consumers while increasing brand impact.

4. Customised products:

Refillable packaging means that consumers can experiment and explore new product categories, which allows them to choose different eyeshadows, lipstick colors, and other products to complement their preferences without wasting the original packaging.

The New Pro Palette is a continuation of the original Pro Palette launched by NARS and allows consumers to customise it with their own name. The personalisation service will enhance the customer experience, increase consumer loyalty to the brand, and, more importantly, increase the brand's revenue and profit.

5. Traceability:

Demonstrating a brand's sustainability and ethical credentials can make it stand out in a highly competitive market.

Each NARS product bears a green QR code, which is the equivalent of a unique digital identity for each product, recording product details. The product's life history is tracked on an immutable blockchain, from raw materials, design, processing, and packaging to shipping. The QR code also simultaneously records the carbon emissions generated at each stage. It is also an opportunity to educate consumers on the importance of environmental sustainability, where every action affects our social environment.

LOCAL INGREDIENTS

Price

Product category	Regular price	Refill price
Blush (4.8g)	£40	£30
Foundation (30ml)	£42	£38
Concealer (6.2g)	£28	£25
Mascara (7ml)	£29	£24
Lipstick (3.5g)	£30	£25
single collar eyeshadow palette (1.1g) /multi-color eyeshadow palette(2.2g)	£15 for 1 £30 for 2	£26 for 2
Eyeliner pencil (1.1g)	£25	£22
Eyebrow pencil (0.1g)	£26	£20
Setting powder (10g)	£35	£31

This is the new product line pricing (see figure 54), which covers nine categories of products and is more expensive than the original products, mainly because of the increase in product cost due to the upgrade of ingredients and product packaging. The price of the refill product remains similar to the original regular product pricing.

Refill products have a significant price advantage over other luxury makeup competitors in the makeup market. This pricing strategy will attract and encourage consumers to purchase refill products. This also has the effect of reducing the burden of unnecessary packaging on society's environment.

Figure 54: The price list of NARS "Beauty In Future" campaign new products (Author's own)

Price
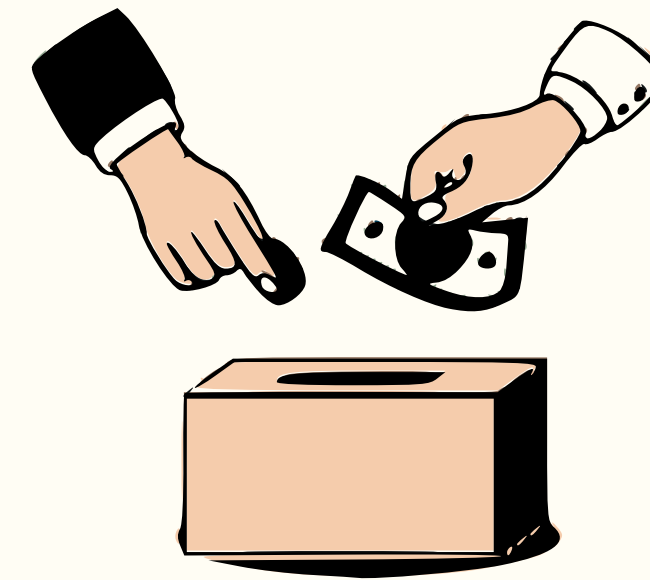
Figure 55: 1% For The Planet charity

Recognising the brand's responsibility to protect the planet and the need to contribute to the social and environmental well-being of the earth as a whole, NARS plans to donate 1% of all sales from the 'Beauty In Future' campaign to '"1% For The Planet', the gold standard for corporate environmental philanthropy, whether profitable or not.

In order to address the most important environmental crises facing our world, 1% for the Planet represents a global network of organisations, people, and environmental partners (1% for the planet homepage, no date). It is an international organisation that aims to provide accountability, prevent greenwashing and demonstrate reputable giving. Its members assist non-profit organisations in protecting land, forests, rivers, and oceans and encouraging sustainable methods of energy production. Current members include brands such as Patagonia, Klean Kanteen, Stasher Bags, Avocado Green Mattresses, and many other brands.

Place

The campaign will be introduced within the UK market, and all research (Portfolio 1) is based on an analysis of the UK market environment. We cannot assume that international consumers would have the same reaction to the campaign (market feedback). The campaign will be tailored to the preferences and needs of the local UK consumer. Products will also be available online and can be shipped globally. The customised Pro Palette can only be purchased at NARS retailing stores in the UK. Professional staffs will provide name engraving service for customers. Marketing efforts will also only be seen within the UK environment.

NARS currently sells through many third-party retailers (like Boots, Space NK, and Look Fantastic the hottest retailers), and it is also one of the D2C beauty brands (Ramesh, 2021). All NARS "Beauty In Future" products (except for personalised products) will be sold exclusively through the official website and not available to purchase from any third-party retailers. This will help NARS implement its D2C strategy better. The brand is more likely to build lasting relationships with its customers, and with today's consumers using multiple devices, reaching them through various channels has become even more critical (Ramesh, 2021). This can be able to **track consumer response** better and **collect feedback** from the campaign. NARS could harness complete consumer data, providing a more transparent understanding of consumer buying behavior and using the data to **optimise the customer experience** while running personalised and segmented marketing campaigns. But this is challenging to achieve with the involvement of third-party retailers.

NARS

'Beauty In Future'
Campaign

Place

Offline-Update NARS retail stores

To drive consumers to visit offline store and promote online and offline sales by enriching customer experience.

All current NARS retail stores in the UK needed to be upgraded, but **only to reallocate space within the shop**, freeing up a new area that will need to be redesigned to promote the campaign's new products. The visual display will be updated to present and communicate the brand's new sustainability concept, **showing the brand new sustainable culture**. Stores will also **be upgraded to phygital stores**, giving customers a more immersive shopping experience, which can be the most direct bridge connecting NARS and customers.

Figure 56: Visual display outside the Covent Garden NARS boutique

In the case of the NARS store in Covent Garden, London, posters advertising new products for the campaign need to be put up in the entrance window/new product displays need to be placed close to the window to attract customers passing by to visit.

Figure 57: New product visual poster (Author's own)

Newly designed posters promoting new products can be displayed in the window with a green leafy background, echoing the theme of sustainability in nature. This can also have a significant visual merchandising effect.

Place

Figure 58: Interior design of the Covent Garden NARS boutique 1

Take the Covent Garden store in London as an example. As customers enter the shop, the most prominent area is divided into a visual display of new products (as circled in blue). Related cosmetics are placed on display counters in three different makeup positions according to face, eye, and mouth, providing consumers with the convenience to better select the products they want.

The yellow circled area features a looping campaign advertisements and a documentary video on importance of sustainable colour cosmetics, showing the traceability of ingredients and a QR code instructional video - teaching consumers how to track the sustainability of products from raw material to spot goods, which gives consumers a closer look at the brand's practical actions and efforts in sustainability.

Figure 59: Interior design of the Covent Garden NARS boutique 2

The circled black area is a make-up experience area where customers can enter the shop directly for a make-up trial with a professional make-up artist. Customers can also fill in their details on the website and choose a specific store to book a sustainable make-up seminar (where the make-up artist introduces consumers to the advantages of sustainable make-up) and a make-up course (where customers are taught how to create their make-up look with new products).

30

Place

Offline-Update NARS retail stores

Retail shop recycling mechanism

Every offline shop in the UK is offering a product recycling incentive. Customers need to take their "Beauty In Future" used and cleaned-up products back to any shop to be rewarded with points recorded on their personal email accounts. A certain number of points can be redeemed for regular NARS products (depending on the number of points). This is not only increase repurchase rate to drive offline sales but also a way to lead consumers to impact the community positively.

Order placement and personalisation requirements

Customers can check the stock of products on the NARS app, place an online order and then collect the product at the designated store. Pro Palettes can be customised with their name and different make-up product combination through the app, and they are available to collect at the shop.

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Place

Online channel- Adjust and upgrade official website
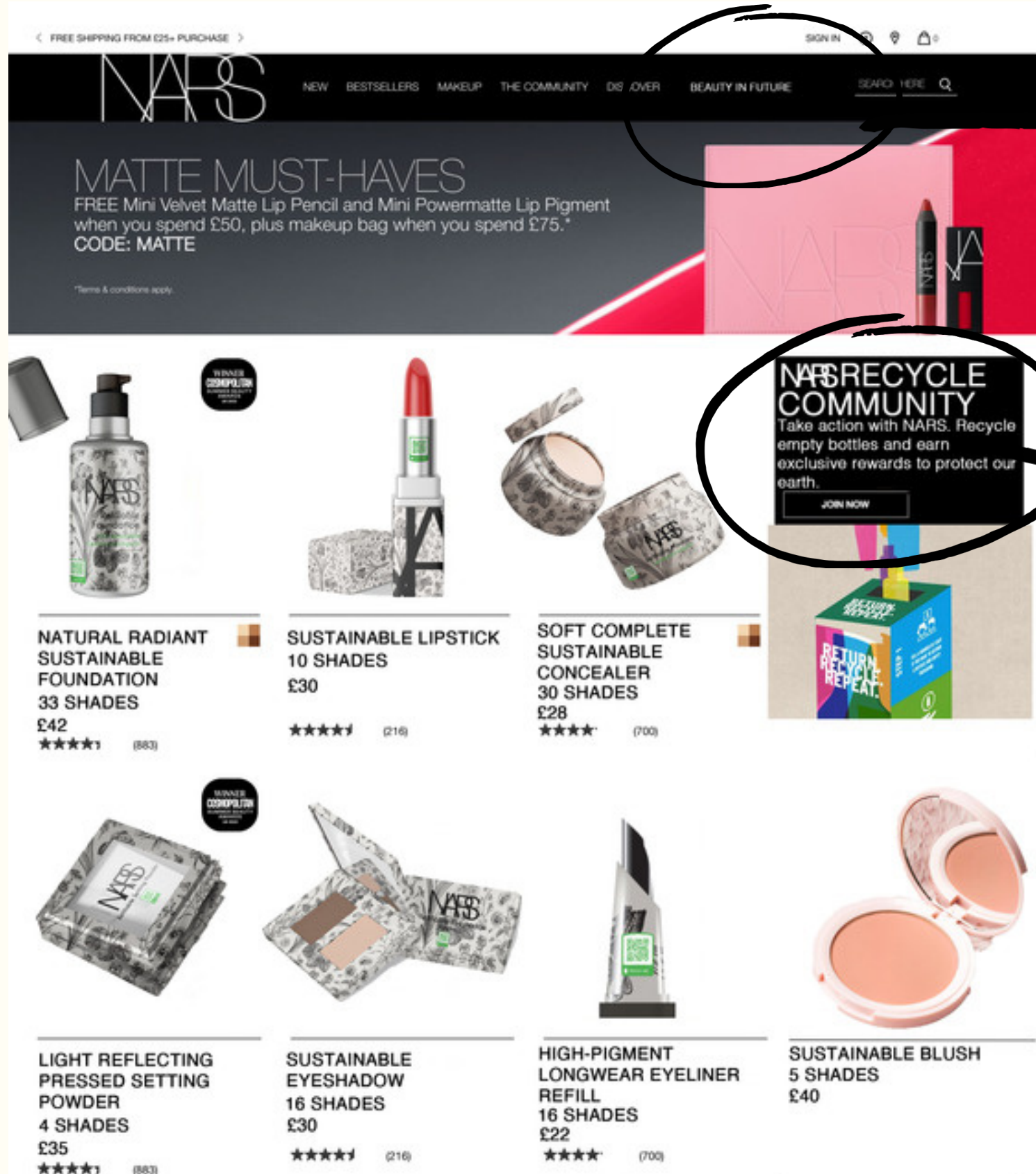
A new "Beauty In Future" sub-section has been added to the original NARS website, allowing customers to click on it to view the latest products and refill products.

This is NARS' strategy to recycle old empty bottles for this campaign. Customers can click "Join now" to see the exact criteria of the empty bottles to be recycled and the rewards they will receive.

Figure 60: Updated visual merchandising of NARS website reference(Author's own)

Place

Online channel- Adjust and upgrade official website

Figure 61: Updated NARS products details page reference (Author's own)
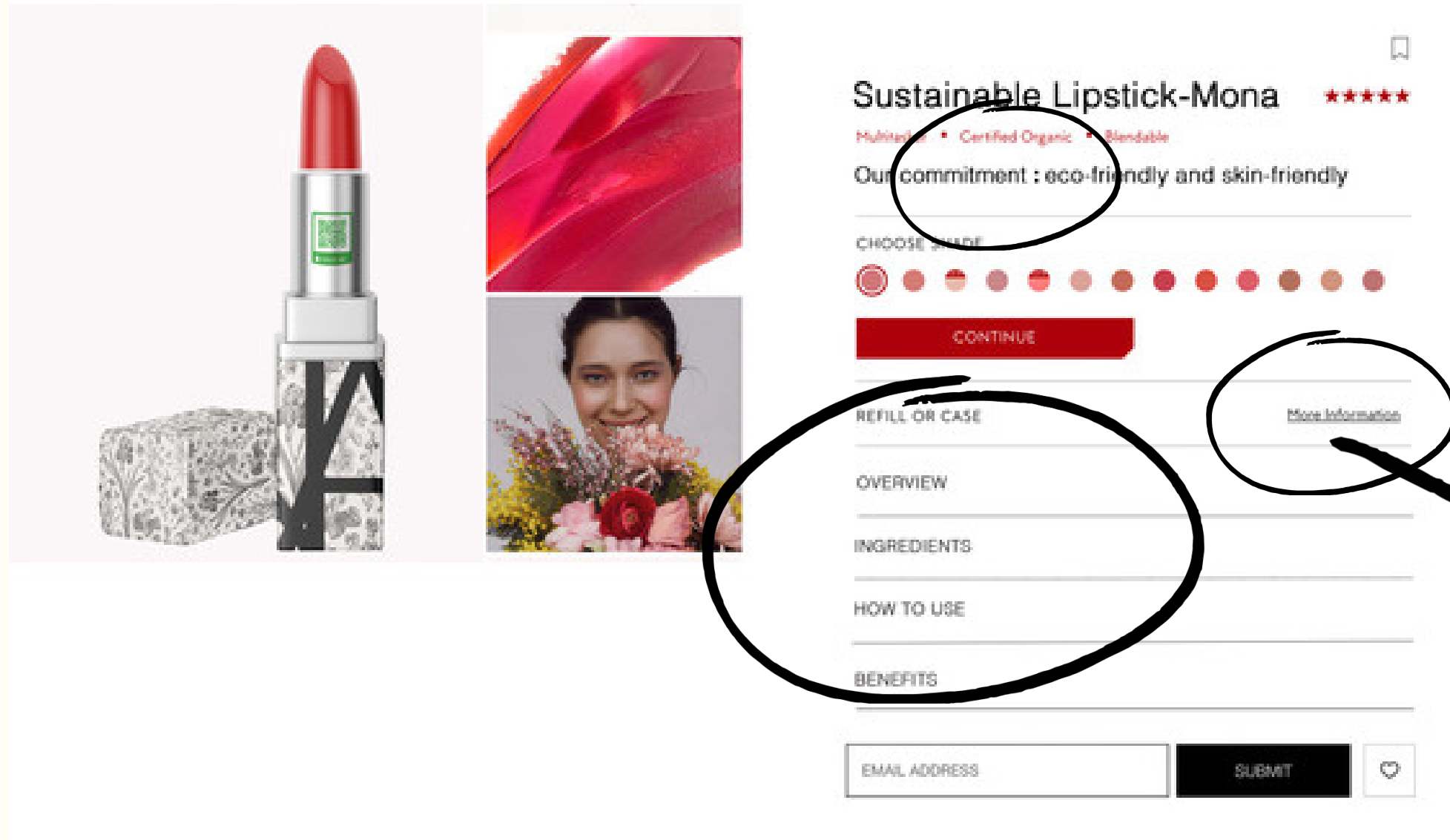
Take the Sustainable Lipstick product details page for an example. The **organic certification** is marked below each product name, demonstrating the transparency of the product to the consumer. By clicking on "REFILL OR CASE," the customer can view the refill's description. By clicking "OVERVIEW," the customer will find basic information about the product, such as weight. The "INGREDIENTS" will give you access to the specific sustainable ingredients of the product. When a product is out of stock, consumers could sign up to be notified when it's back in stock in the bottom column.

Here is "More information":
NARS Refill is available if you already own the container of our products and only need to refill the shade.
We strongly recommend purchasing the refill instead of buying a new product to protect our environment. Our container is recyclable. Come with a refill and it can be refilled 2-3 times. Our container is usually an aluminium case built for a lifetime. It comes with shade and also can be filled at any time.

Place

Online channel- Develop NARS app

Figure 62: NARS app effect reference image (Author's own)

In this campaign, NARS built an exclusive beauty mobile app to interact with consumers, as NARS did not work with other third-party retailers this time. This also allows NARS better to **grasp online users' consumption data and shopping preferences**, providing a targeted reference for the brand's marketing activities. It also meets the personalized needs of online shoppers who want to save time by allowing them to meet the demand of conducting makeup trials, taking online makeup lessons, and other

Online Course Experience

Figure 63: NARS app UI reference (Author's own)

Customers can watch free online videos (teaching how to use new products and create individual make-up looks for different scenes) and instructional videos on other parts of the face by clicking on the course portal at the bottom of the NARS app.
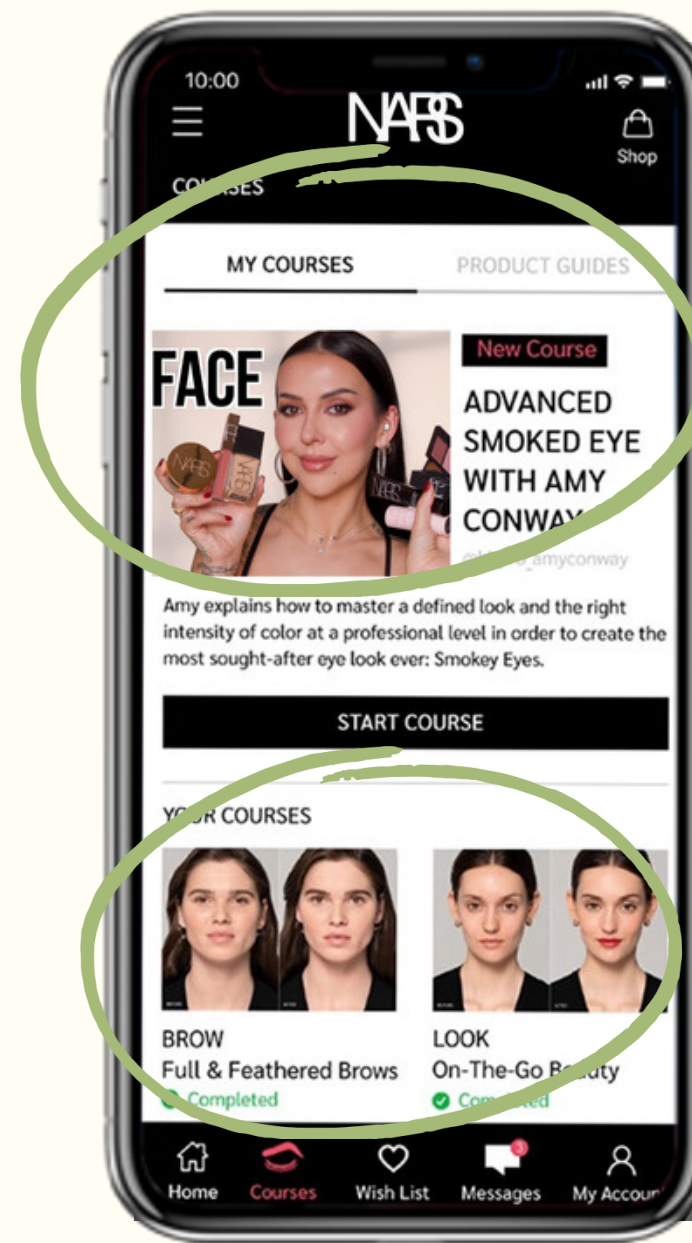
Figure 64: NARS app UI reference (Author's own)

Users can scroll down to see the cosmetics used in the recommended teaching videos in the "courses" portal. The purpose is that the customer does not have to search for the product themselves. Instead, the product search recommendation will reach the consumer precisely and provide a recommendation service, thus providing a pleasant and convenient shopping experience.

Place

Online channel- Develop NARS app

Pro Palette Customisation

Customers can participate in personalisation by clicking on the Pro Palette products. At the bottom are "choose the blush" and "choose the eyeshadow," where customers can click on several preferred palettes to fill. Customers can select their preferred font type in the "font style" and enter their name in the "Text" below. And then select the specified store to collect customised products.

Figure 66: Font style and text for customisation UI reference

Figure 65: NARS app UI reference of
Pro Palette customisation (Author's own)

Virtual Makeup Trial
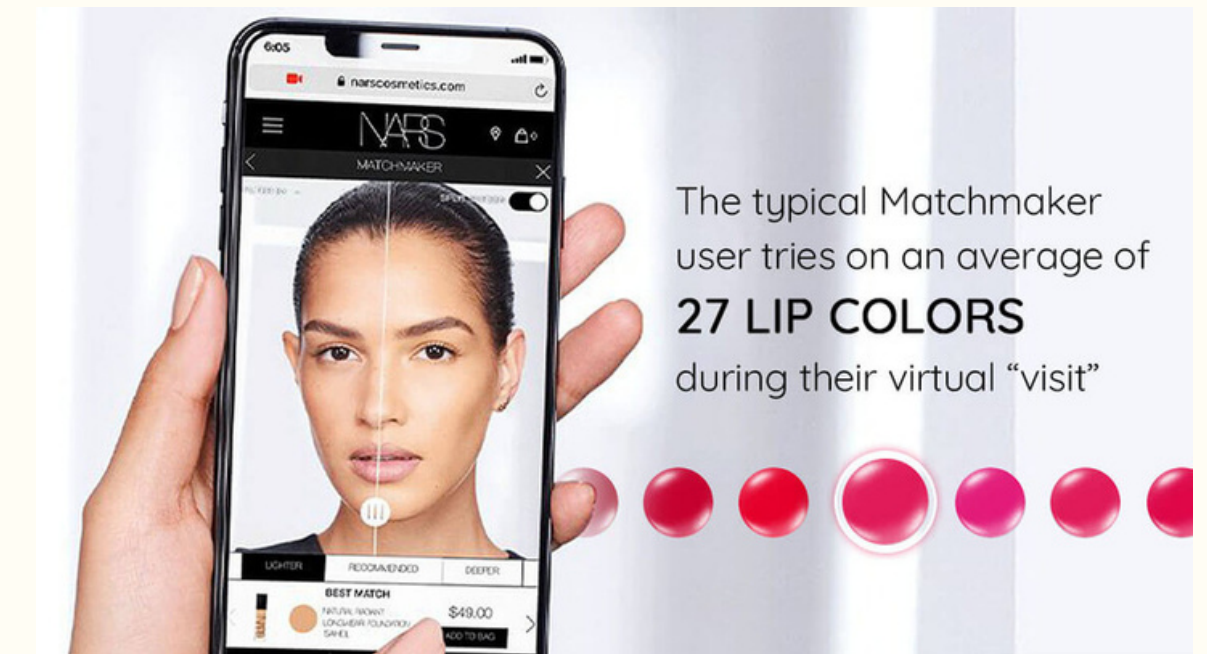
Figure 67: Virtual make-up trial UI reference

It retains the NARS make-up try-on function, which simulates the effect of real make-up on the customer's face. It also helps the brand to avoid the rush of in-store visits during peak shopping hours, with augmented reality technology for an effortless buying and shopping experience.

35

Place

Online channel- Develop NARS app

Points Card Function
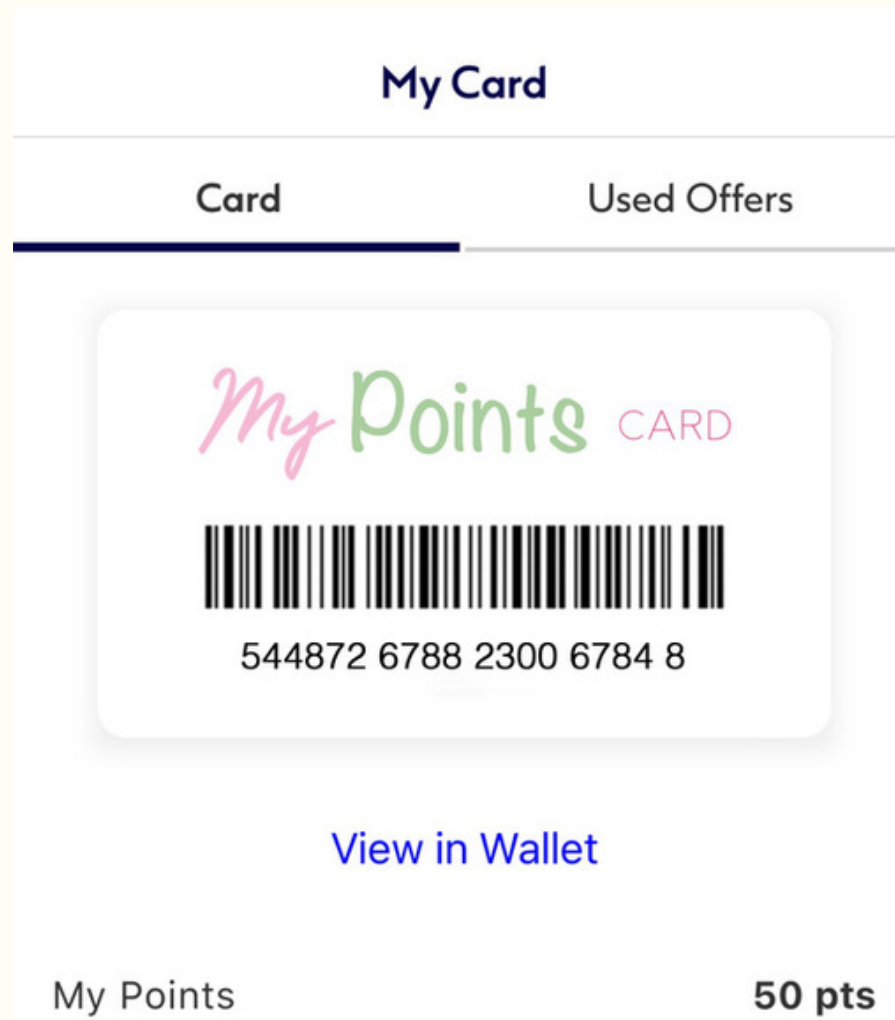
Figure 68: NARS points card reference (Author's own)

Figure 68: NARS points card reference (Author's own)

By clicking on the "my account" portal on the app and then clicking on "my card," the exclusive points card for the "Beauty In Future" campaign will appear. Every purchase, whether online or offline, will generate points for the customer. They are also rewarded with points for returning empty bottles to the shop, where they can be redeemed for rewards (products) based on their points. The points strategy not only promotes an omnichannel reorder rate but also enhances customers' awareness of recycling and contributes to the social environment, echoing the purpose of this campaign.

Off-line Pick-up

Customers can order via the app, delivered to their home addresses. Or they can choose to pick up the product from the designated store (no shipping charges), but this usually requires a 2-3 day wait (if the product is not in stock at the designated store and the product will be transferred to the designated shop). They can pick it up the next day if it is in stock.

In-store pick-up has several benefits: savings on shipping costs for brands, increase delivery speed, and impulsive shopping for customers. In-store pick-up as an available shipping option will ultimately attract customers to the physical shop and stimulate them to purchase additional items (Pasholok, 2023).

Physical Evidence

Physical space is still important for beauty brands.

Digital disruption has brought considerable changes to the retail and beauty industry, and fashion retailers continue to integrate beauty into their physical stores (Wright, 2019).

Bring digital to physical

The NARS retail stores needed to use technology to enhance the space and bring a new experience to customers. An artificially intelligent make-up mirror could be placed in the shop to try different make-up looks in a virtual environment through an augmented reality mirror. Shoppers can quickly and easily try on products without the hassle of applying and removing makeup.

Build consumer loyalty

For the store layout, during the campaign, stores will place recycle bins next to the checkout counters to collect empty bottles. In addition, NARS will regularly invite professional make-up artists to give talks on sustainable make-up and make-up masterclasses in different stores to increase the connection between consumers and brands, which will increase consumer stickiness and loyalty, getting them interested in beauty and health to boost sales (mentioned on pages 30 and 31 before).

37

People

The construction of green services and goods involves people. The provider should have green mindset to be implemented in their activities (Larashati et al., 2012).

According to a PwC survey, **86%** of employees would prefer to support or work for companies that care about the same social issues that they do (Atkins, 2022).

Consumer interest in sustainability is driving the growth of eco-conscious brands today, which will accelerate in the future. Incorporating transparency, social awareness, and eco-initiatives into the DNA of NARS will drive future growth. Brands should **implement a triple-bottom-line approach** to CSR to assess and report on environmental, social, and economic performance. Strengthen the brand by addressing or mitigating environmental aspects of social issues to generate profits and create a positive circular business model.

Figure 69: NARS staff

To successfully implement this strategy, a Chief Sustainability Officer must be hired within NARS. This officer would oversee the company's environmental impact, ensure that the company meets the necessary green compliance and implementation of an effective corporate social responsibility program, and educate employees on best practices. The campaign "Beauty In Future" is about how the products showcase the sustainability of beauty products. These can be passed on to NARS employees through training so they can also share the concept of sustainability with consumers to raise awareness of sustainability and brand identity.

Process (AIDA Model)

PRE PURCHASE

Awareness:

1. NARS could release a week before the official on-sale images and videos of the campaign(concept videos and concept product images combined with the"key words" of sustainable and eco-friendly) and details of the launch on Instagram.
2. Consumer research is carried out via NARS, an Instagram poll to understand what consumers want to see in this campaign.

Interest:

3. In order to attract more interaction between the brand and its users, NARS is able to engage users in a pre-release Instagram post. To enter, like the post and follow NARS, circle a friend in the comments section, and share the post on the story. Twenty people who meet the above requirements will be selected to receive a gift box of new NARS products.
4. Count downs for campaign launch and teasers are integrated on Instagram.

Desire:

5. In the days leading up to the official sale, influential people and celebrities within the NARS community will receive a PR box of the new product, which they will post on their personal Instagram social media platforms to increase exposure for the brand and attract their followers to purchase.
6. KOLs are invited in advance to a designated NARS shop in London for a shop tour and offline experience, and photos from the day of the shop tour are used to promote the campaign on their personal Instagram account to attract more offline traffic.

Process (AIDA Model)

Action:

7. Pre-recorded "get ready with me" videos are posted on Instagram by ten paid celebrities on their social accounts.

8. Images are reposted and shared throughout Instagram using #BEAUTYINFUTURE.

9. YouTube videos of the campaign's live event is posted.

PURCHASE

1. Consumers can purchase the new products at the official NARS online store and NARS offline retail shops in the UK.

2. Buy the products online from the link posted on NARS' Instagram story.

3. New members will still receive a 15% discount.

POST PURCHASE

1. Thank you for your purchase emails and remind consumers that the offline stores have customised services.

2. Regularly send occasional marketing emails to consumers' subscribed email addresses and remind them to bring their clean & empty bottles to the offline stores for recycling to receive an additional reward.

Process–Campaign Timeline 2023

World Environment Day
The campaign's official launch is scheduled for June 5, 2023, which is also World Environment Day, and NARS is bringing more sustainable products to the public to coincide with World Environment Day.

"BEAUTY IN FUTURE" Pre-launch announcement (concept videos and images) release

20-21th May

Celebrities & Influencers PR gifting is sent out

30-31th May

Instagram Count down, hashtags and teasers

5 th June

NARS offline retail shop event images uploaded to Instagram

16 -17th May

Instagram Poll

25-26th May

Instagram-sponsored posts & "get ready with me" videos released by paid celebrities

3-4th June

KOLs attend offline events, and images are posted to Instagram on the night for a final warm-up

NARS "BEAUTY IN FUTURE" is officially released and is available to online & offline stores

6 th June

Daily monitoring of user engagement and feedback on Instagram during the campaign.

Promotion

EARNED
MEDIA

OWNED
MEDIA

PAIDED
MEDIA

Figure 70: The digital marketing mix

The NARS 'Beauty In Future' will promote a sustainable range of products through transparent and open social media marketing, connecting the brand with its customers. The campaign will not only raise awareness of the importance of environmental issues but will also convey to consumers the significance of the brand's sustainable beauty and the shift towards green consumption. The campaign is aimed at Gen Z and millennial consumers. The brand targets Gen Z in the UK on Instagram, TikTok, and YouTube and millennials on Facebook. The campaign's content will remain mostly consistent across the platforms but will vary slightly depending on the platform to appeal to its target demographic. In this way, this will engage potential customers and create customer familiarity and trust.

Campaign Mock ups–Social Media

Instagram

TikTok

YouTube

Username: @narsissist
Followers: 9.29M
Posts: 5,832

Username: @narscosmetics
Followers: 199.7K
Likes: 1.3M
Videos Posted: 357

Username: NARS Cosmetics
Views: 31,299,562
Videos Posted: 334

Instagram

Username: @narsissist
Followers: 9.29M
Posts: 5,832

The promotion will primarily use owned media to promote products on the NARS Instagram account, with the advantages of gaining constant growth, building more followers for the brand, creating ads easily, and achieving a higher engagement rate (DeFazio, 2021). When influencers share posts, it makes NARS' ad execution costs very low.

Announcement Post

NARSISSIST
Posts

narsissist

narsissist Welcome to NARS BEAUTY IN FUTURE- dropping in half of a month, our new products will soon be online! Let's experience the beauty of nature together, explore its gifts, and give back to our society environment!
#narsbeautyinfuture
6 seconds ago

narsissist 5小时

narsissist

narsissist Welcome to NARS BEAUTY IN FUTURE- dropping in half of a month, our new products will soon be online! Let's experience the beauty of nature ogether, explore its gifts, and give back to our.....

WATCH THIS SPACE!

Instagram

Announcement—Sustainability Statements for Instagram

Instagram

Instagram Poll

The polling feature allows brands to engage with their fans by asking questions and getting responses. Polls are a great way to get a sense of the answer to a campaign or product from an audience group and drive more engagement to the brand through a fun and interactive way of engaging with users. NARS will maintain a strategic and data-driven approach to ensure the campaign is well-received.

Instagram
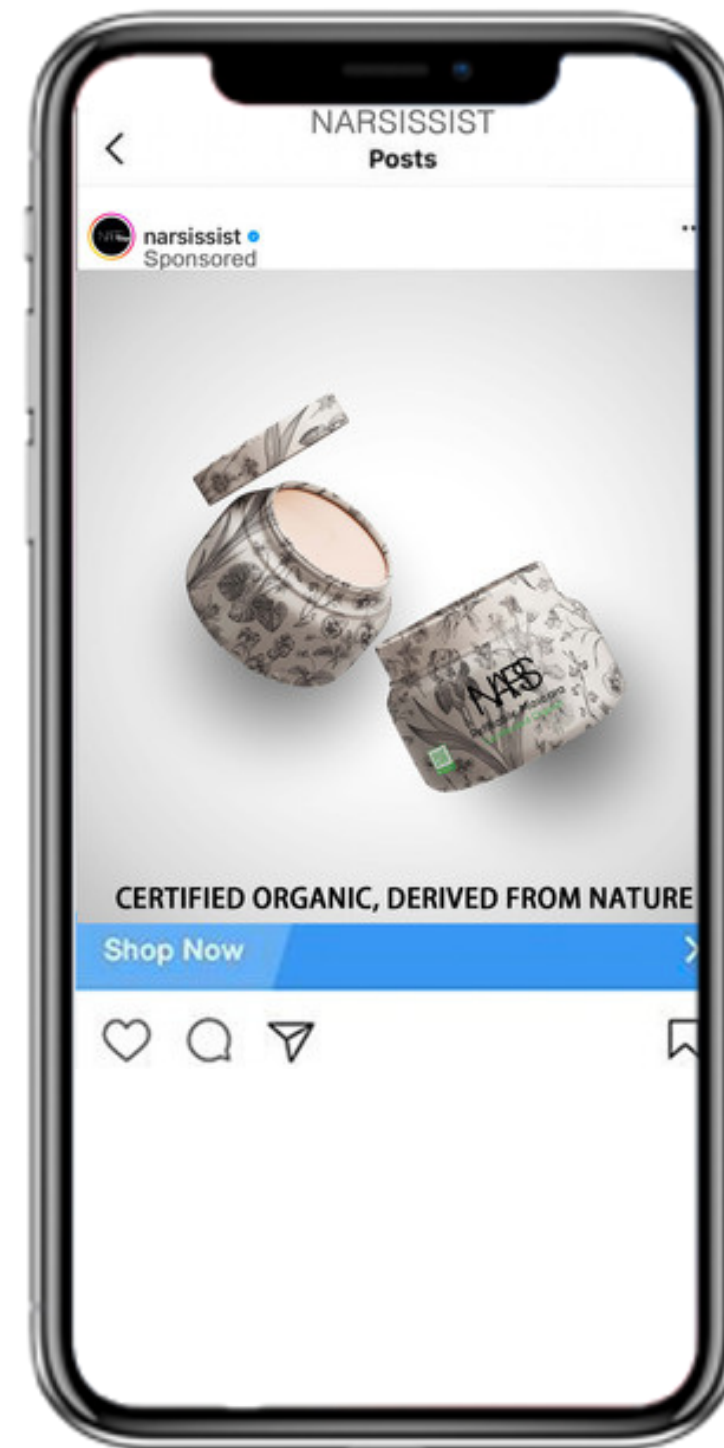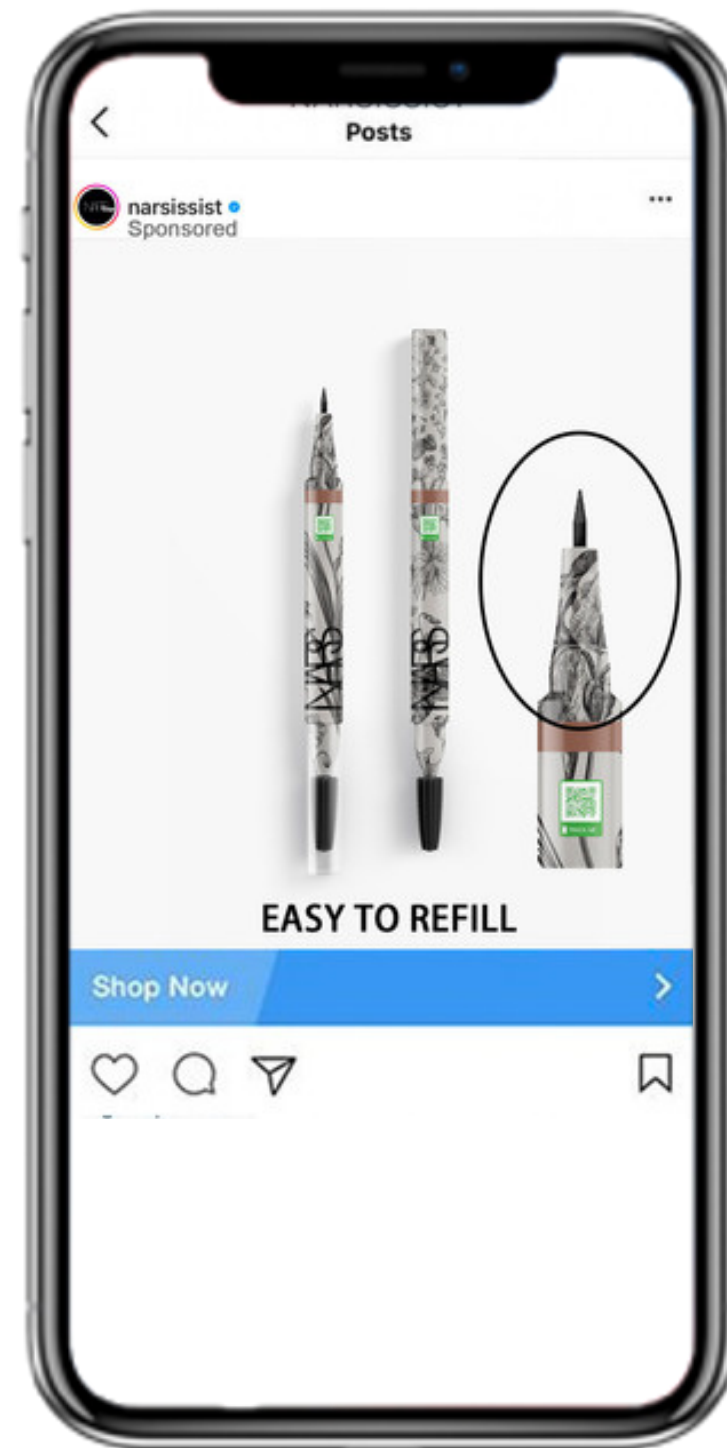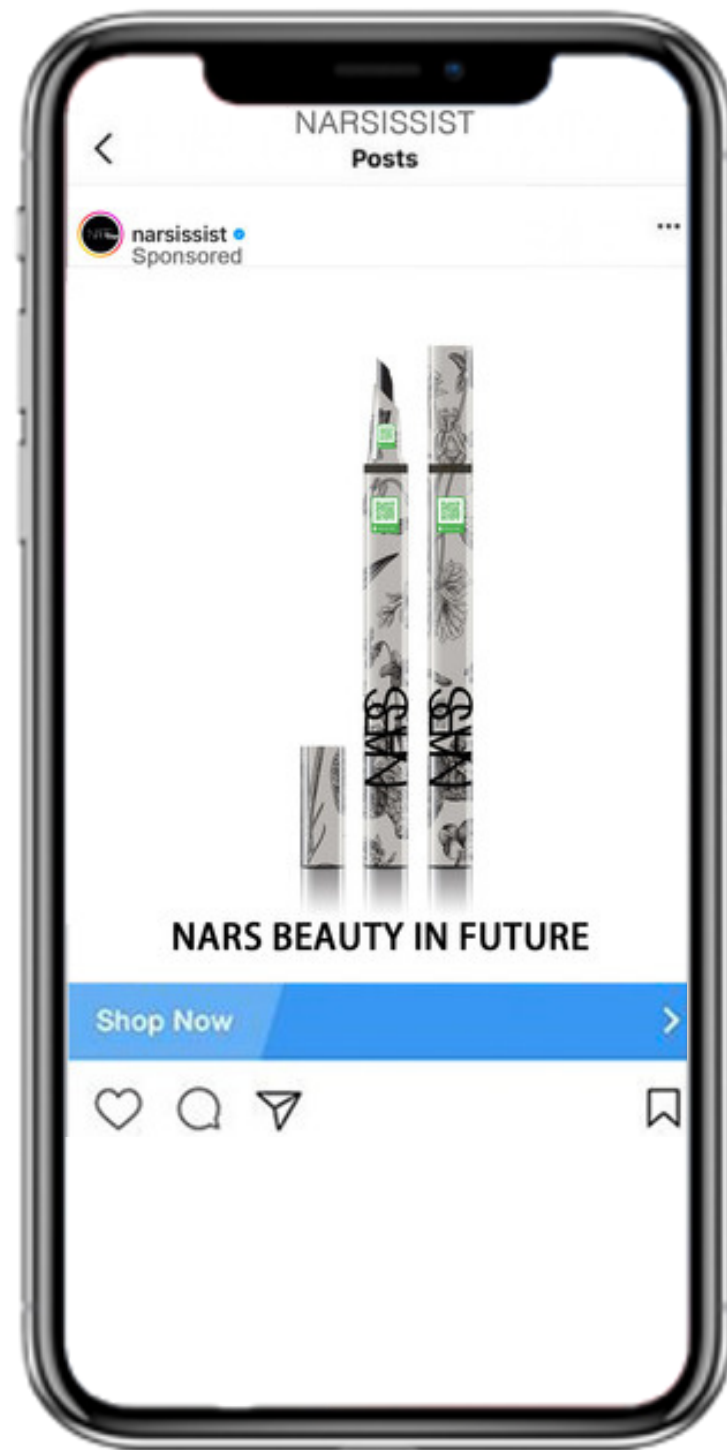
By sponsoring posts, better engagement can be driven. NARS can reach a wider audience, pushing products to approximately one billion users and bringing in more fans. Promoted posts also allow the brand to understand how well the post's content is performing and who is watching it, not just limited to the general audience. In addition, posts can make shoppable purchases, using this feature to connect to NARS products, also giving consumers the convenience of purchasing products without having to click on the app or official website.

Instagram Sponsored Posts

Instagram Giveaway

As mentioned in the previous section (Page 39), to attract more interaction between the brand and consumers, those who like the campaign post and follow the NARS account, circle a friend in the comments section, and share the post on their story will have the chance to be received a limited product gift box of the collection, with only 20 places available.
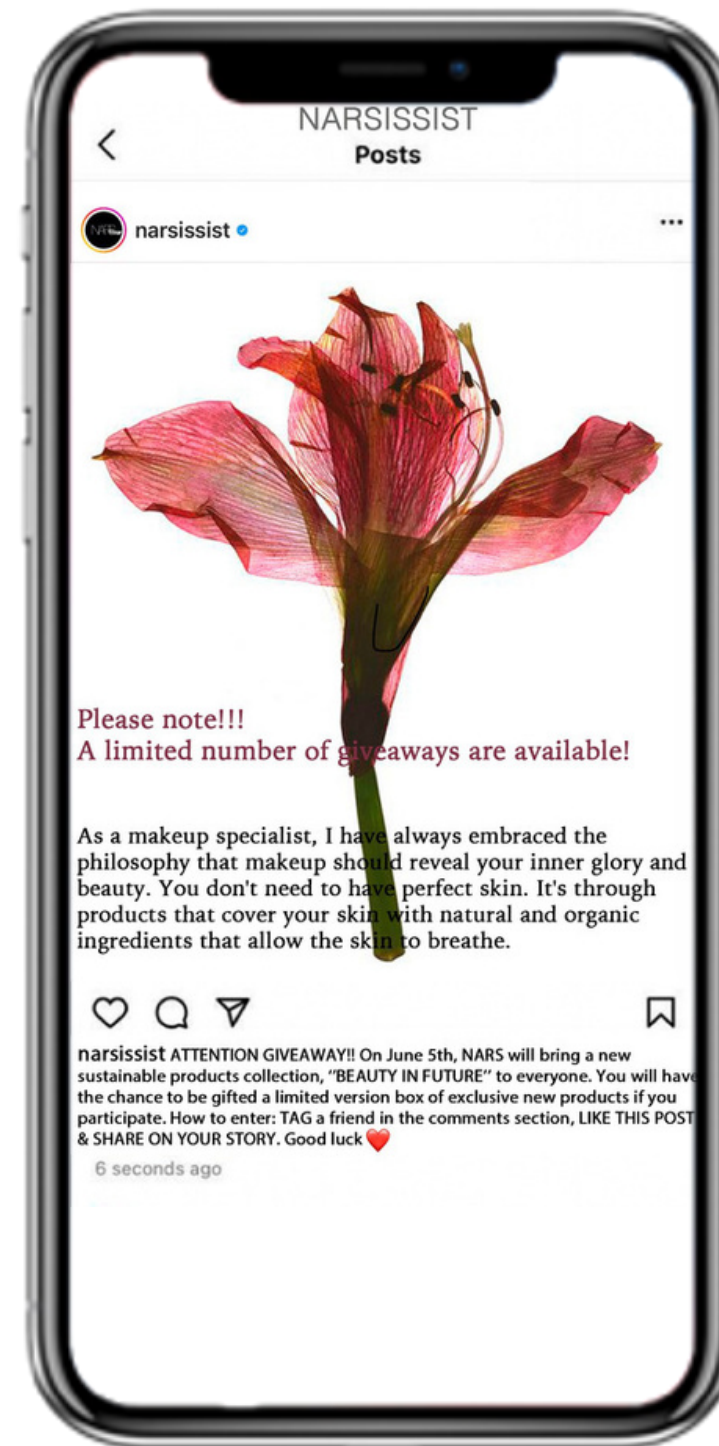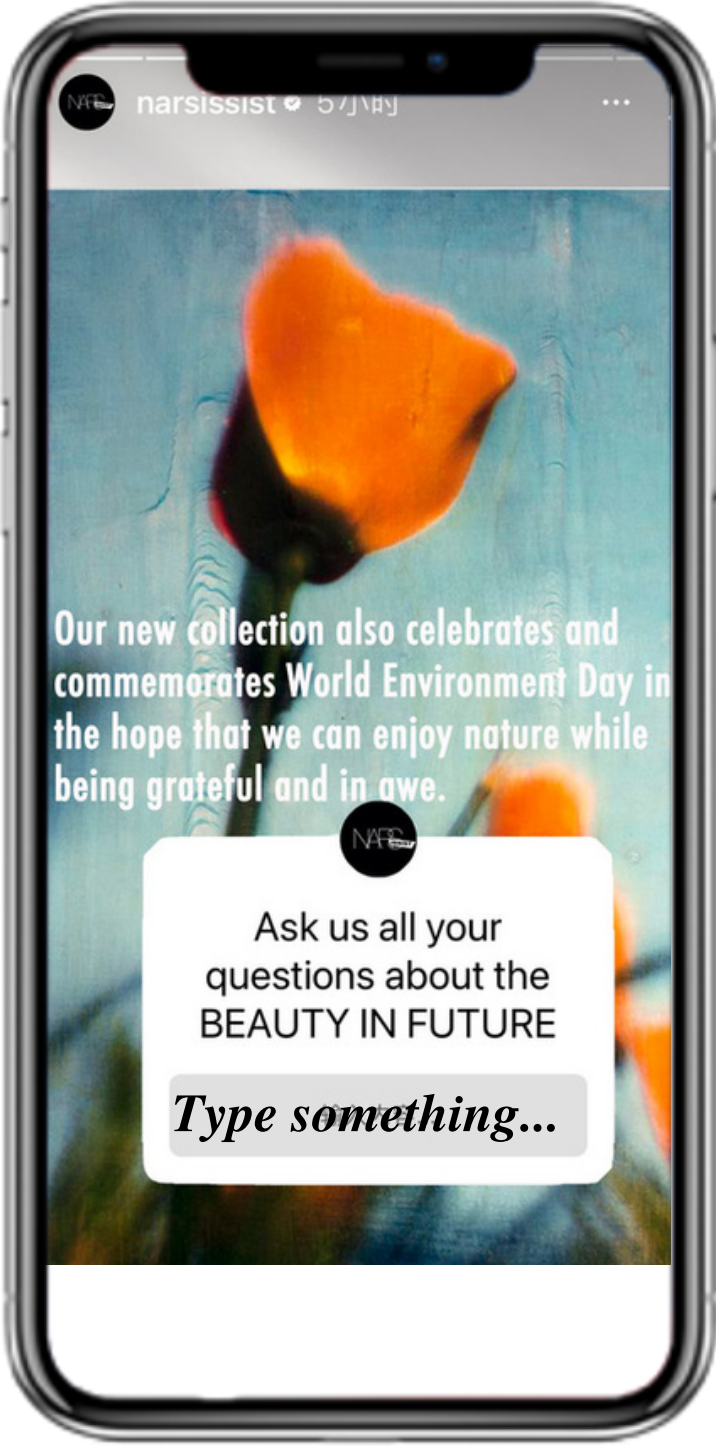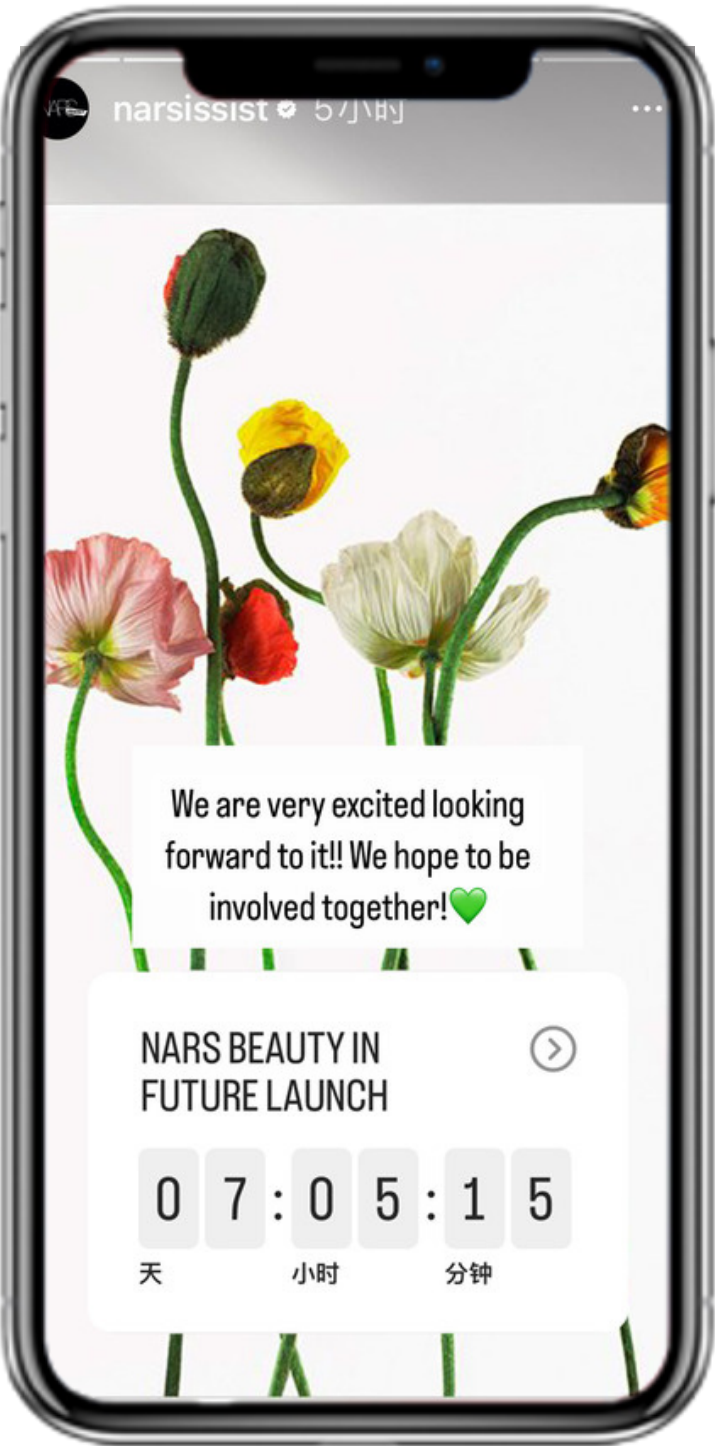
Instagram

Instagram Countdown & Questions

days   hours   minutes
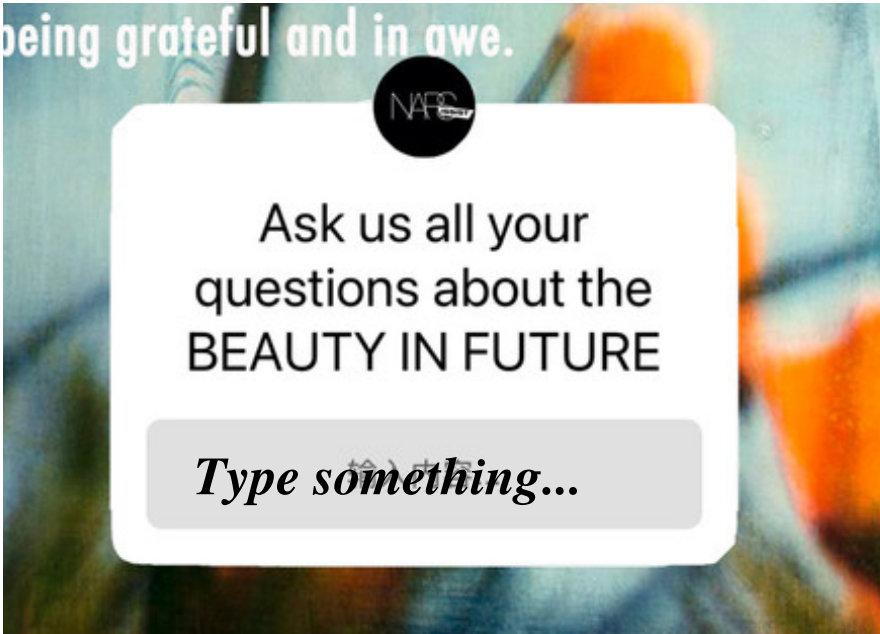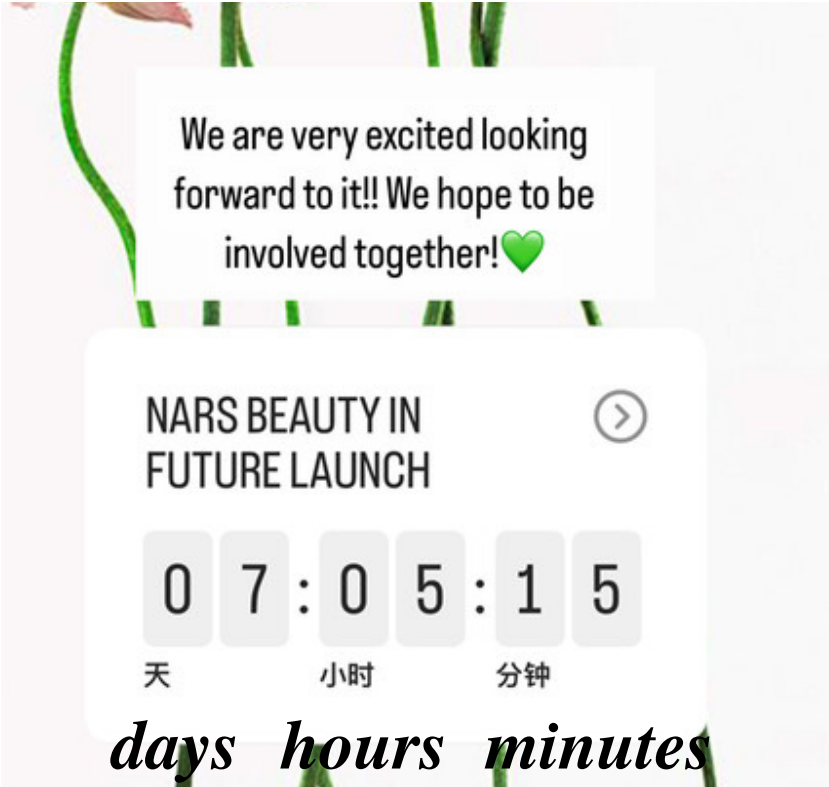
Instagram Hashtag

#narsbeautyinfuture/
#NARSBEAUTYINFUTURE

Instagram
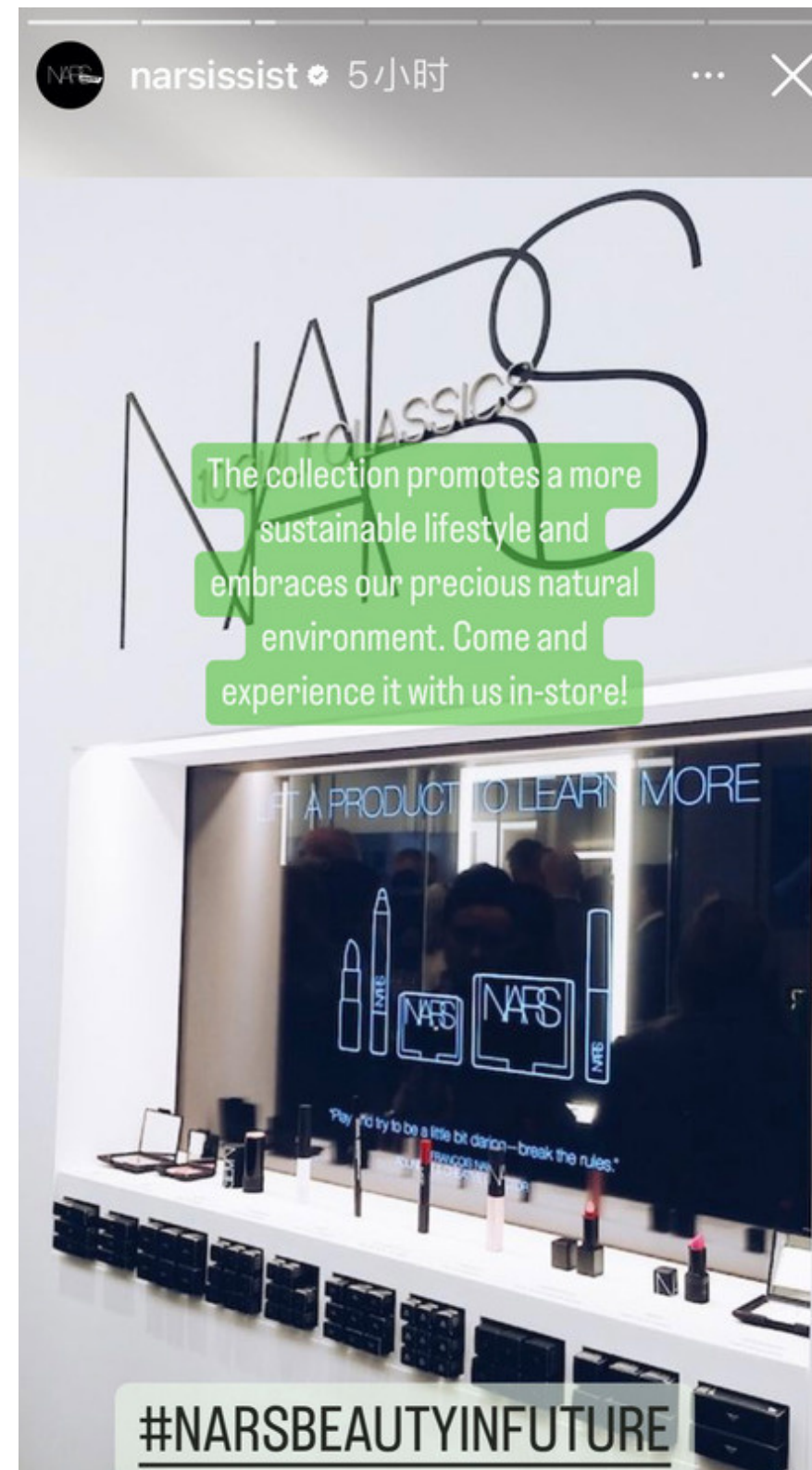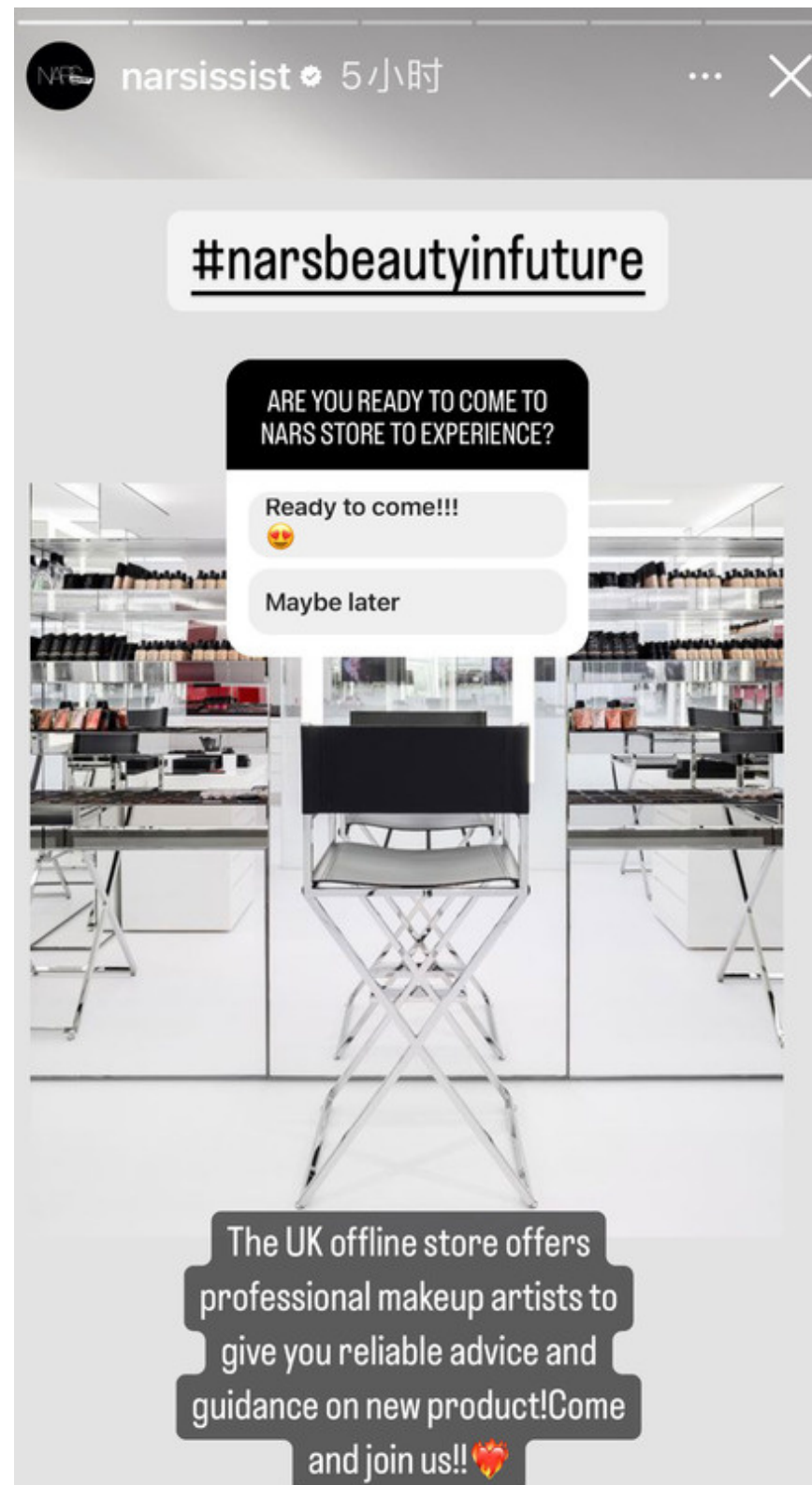
Launch Campaign Images

These are examples of promotional images from the NARS campaign in progress, such as teaser photos of the store campaign, official store campaign photos, and PR box unboxing images for celebrities/KOLs.
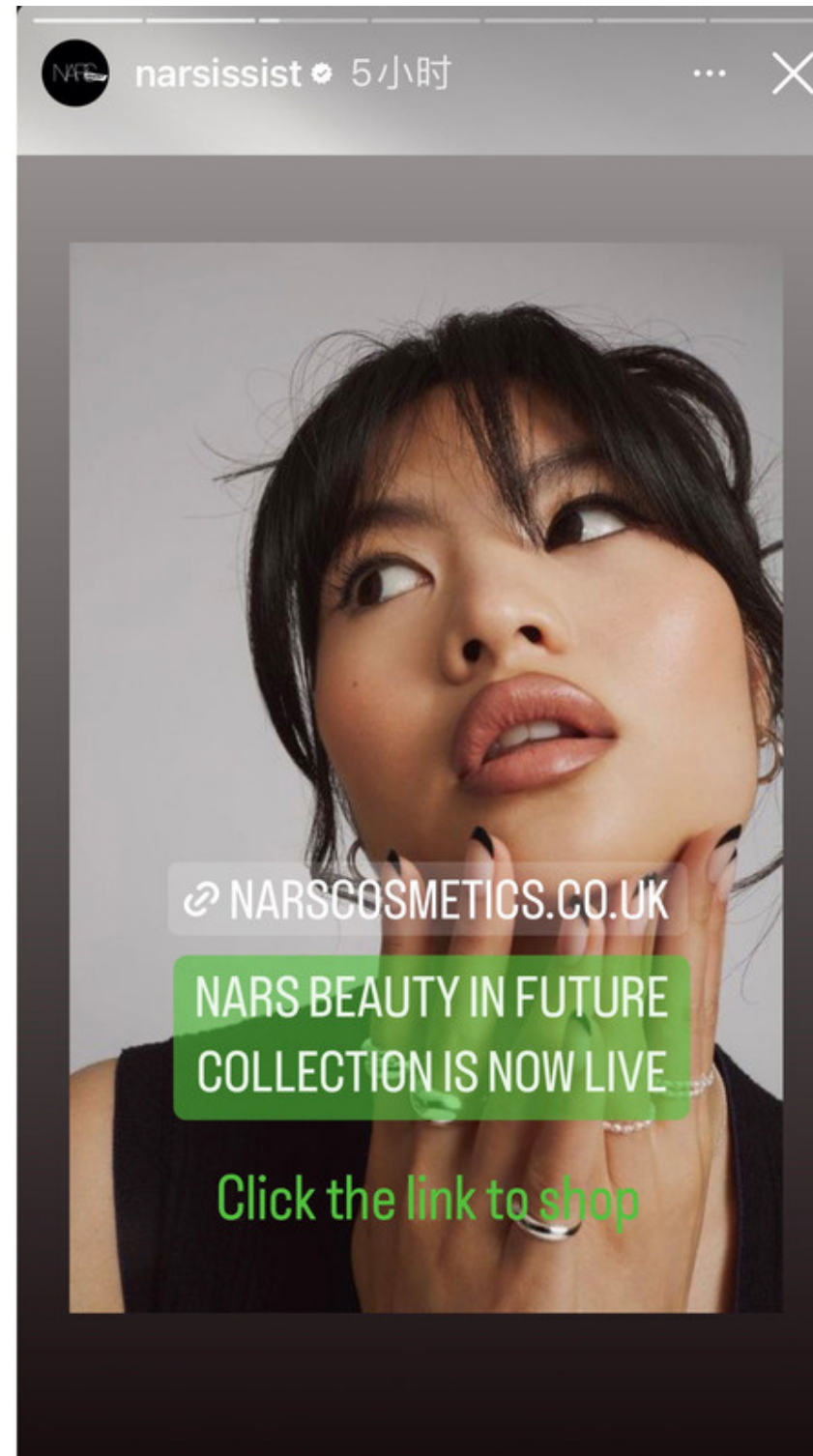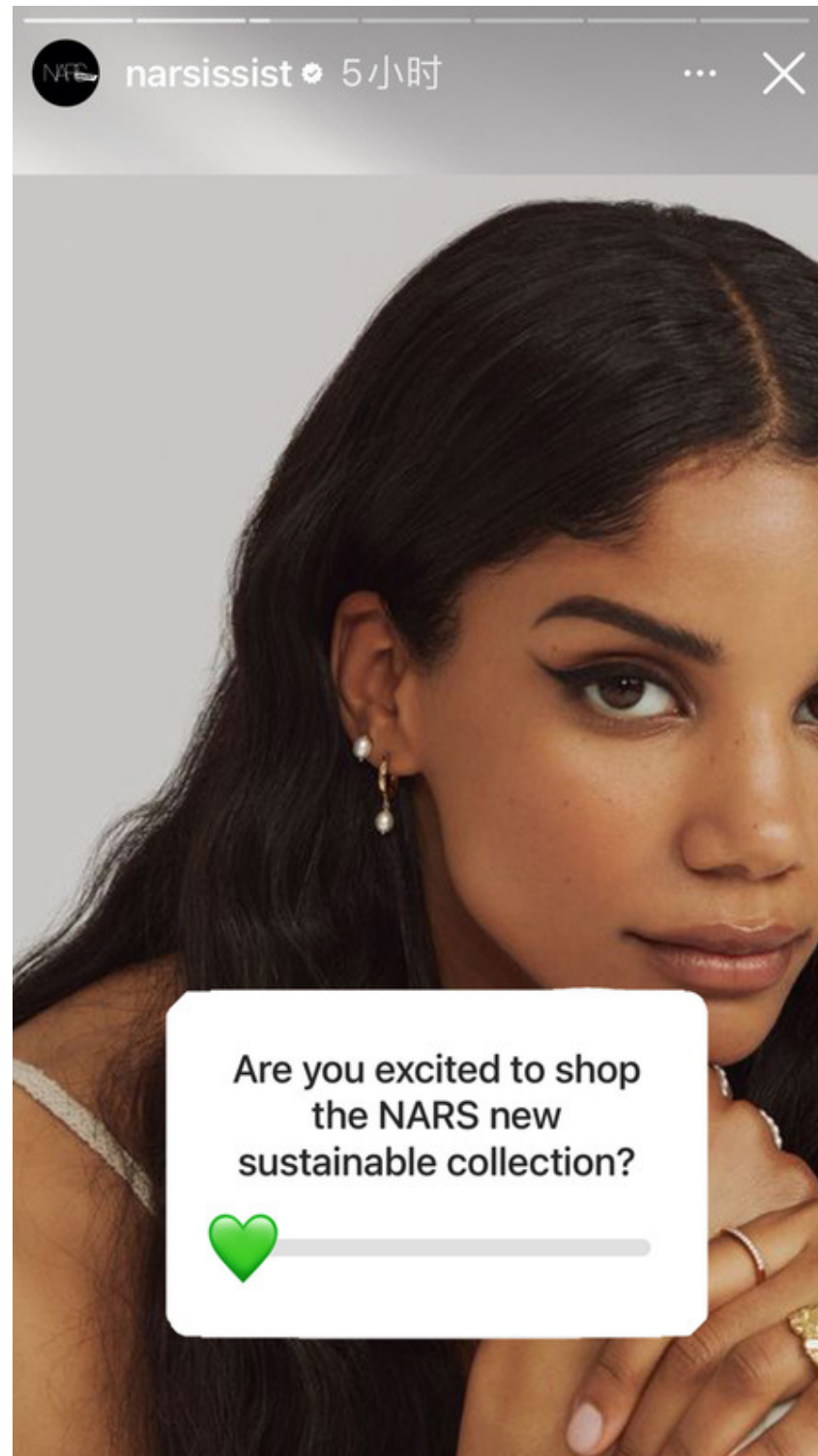
Instagram

Shop the Collection Posts

Influencer Marketing
Instagram

Influencer marketing is becoming a major marketing strategy. The campaign will work with relevant UK-based influencers (KOLs and KOCs) who can generate more buzz on social media and will be given an entire gift box of products from the new NARS collection to share on their social media accounts. For the "BEAUTY IN FUTURE" campaign, NARS will collaborate with influential beauty bloggers/artists who have a large fan base (macro-influencers and mid-tier influencers) and will be paid for their collaboration. There will also be collaborations with micro-influencers, which will be unpaid. Many influencers with huge followers and micro-influencers ensure the campaign reaches the most significant number of consumers. Statistically, micro-influencers are 60% more engaged compared to macro-influencers (Ehlers, 2021).
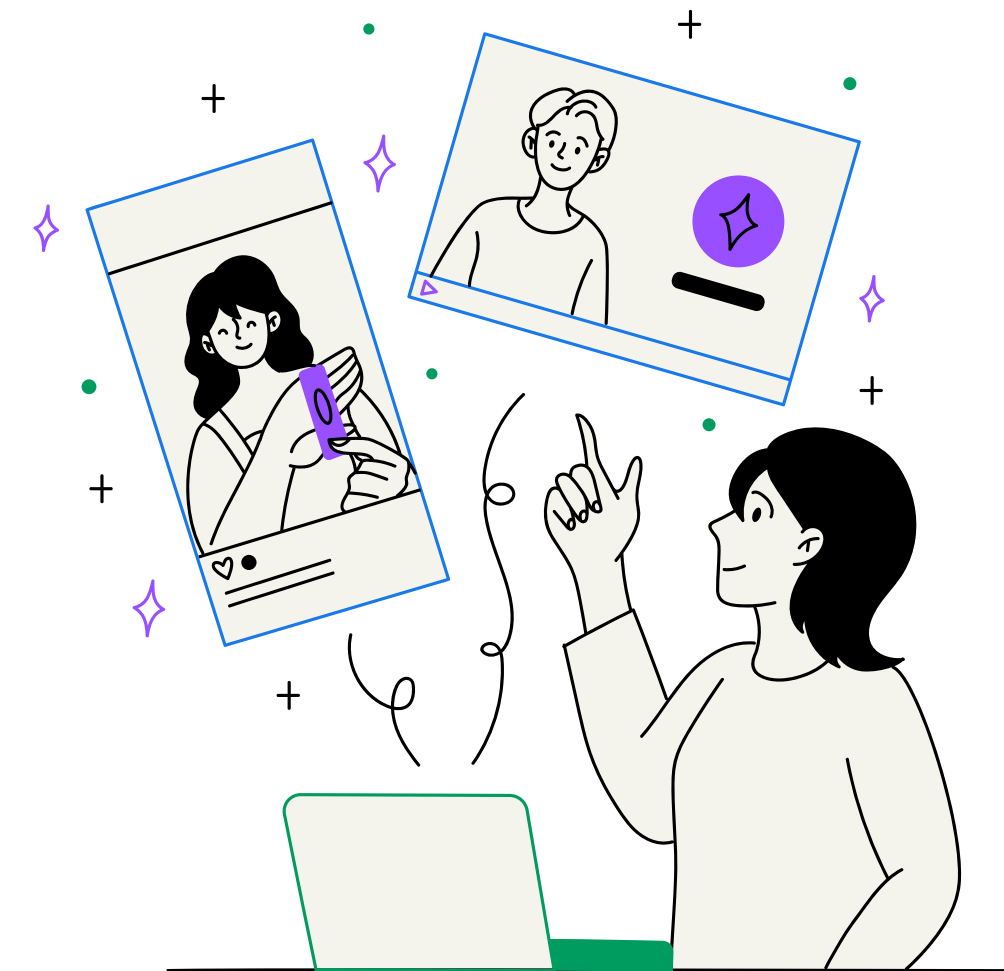
Makeup artists/bloggers/content creator influencers
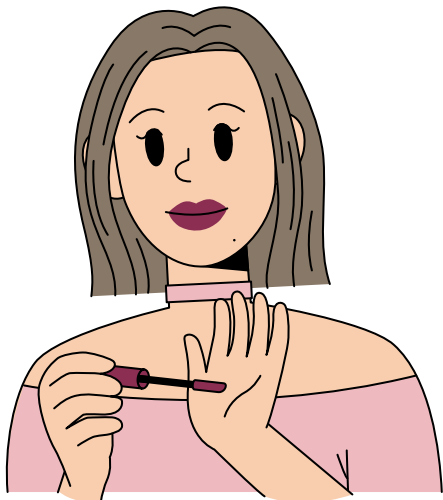
Those who paid to work with NARS on Ins had a higher engagement rate, allowing the brand to reach a broader target audience and increase its exposure on the platform.

Paid

1. Sophie Hannah @sophiehannah (1.6M)
2. Jamie Genevieve @jamiegenevieve (1.4M)
3. Charlotte Dawson @charlottedawsy (1.4M)
4. Talia Mar @taliamar (1.3M)
5. Demi Jones @demijones1 (1.2M)
6. Mollie King @mollieking (1M)
7. Emma Beadle-McVey @emma_jane1392 (0.9M)
8. Anum Falak @anamfalak (779k)

Unpaid

1. Farhana Oberson @farhana_oberson (191k)
2. James Kaliardos @jameskaliardos (73k)
3. Tonya Brewer @thetonyabrewer (180k)
4. Katey Denno @kateydenno (136k)
5. Rohima @rohiimaaa (84k)
6. Lydia Fowler @lydiafowler (210k)
7. Anjeni @anjenikhusul (119k)
8. Cassie @official_kassie__ (287k)

Instagram

Launch Campaign Images

Influencers

Here she needs to tag the official NARS brand account @narsissist.

Influencers can use #narsbeautyinfuture/ #NARSBEAUTYINFUTURE to share promotional images. 61% of consumers trust the product recommendations they get from influencers (Shepherd, 2023).

As a paid influencer, she is required to publicly display the NARS gift box and present a promotional description of the product.

Username: NARS Cosmetics
Views: 31,299,562
Videos Posted: 334

Show Off Star Behavior with Behave Backstage Cheek Set | NARS

NARS Cosmetics
9.01万位订阅者

订阅

69　分享　下载

YouTube Launch Campaign Video

As shown in the example, promotional concept videos for the new collection, store events, a documentary on sustainable makeup, and an instructional video on product QR code tracing will all be released on the NARS YouTube account.
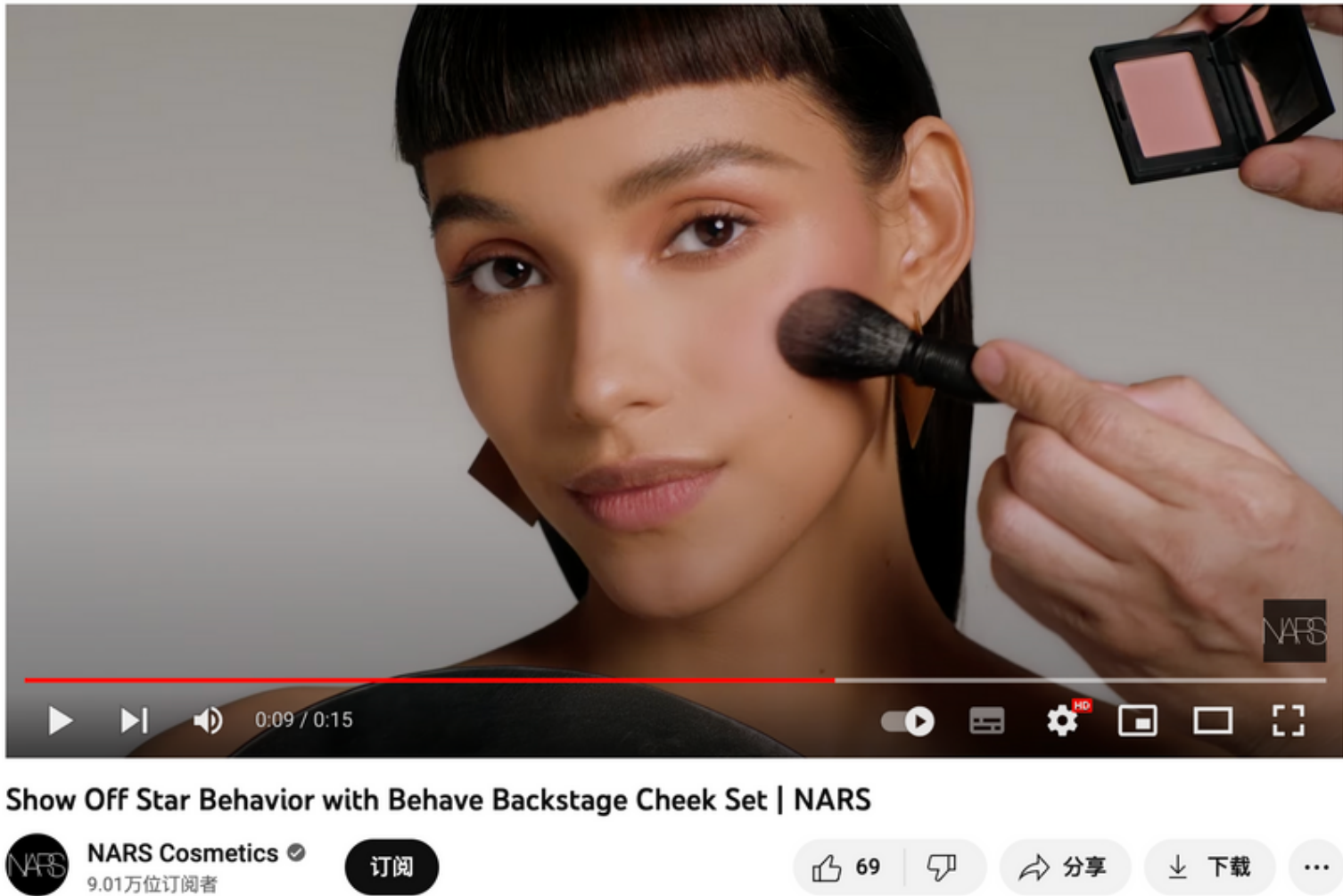
TikTok Sponsored Ad

Username: @narscosmetics
Followers: 199.7K
Likes: 1.3M
Videos Posted: 357

Around 66% of TikTok users are under 30, with 41% being between the ages of 16 and 24. TikTok advertising are ideally suited for brands looking to engage with youngsters (Anderson, 2022). Gen Z is also a key consumer group for this collection, and TikTok is also a social app they will use regularly.
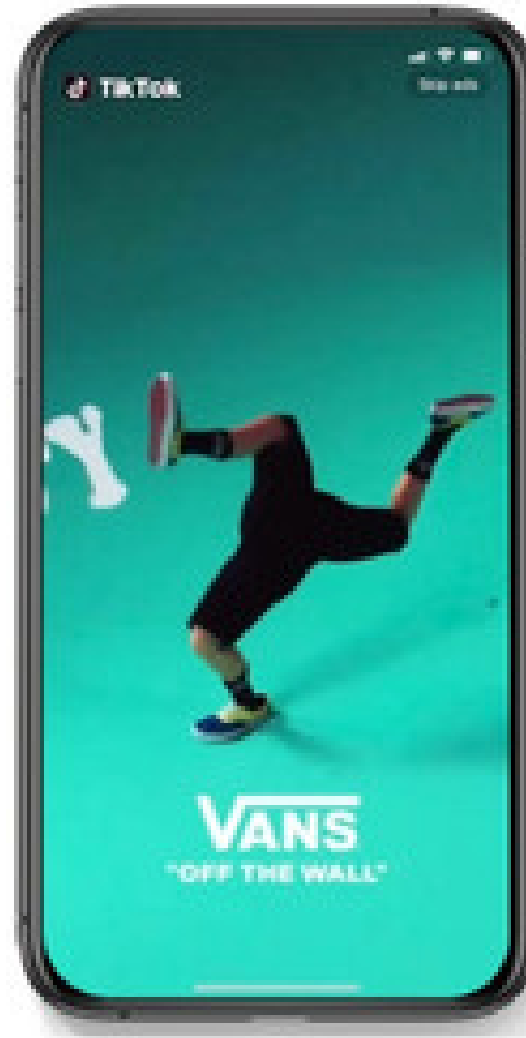
Figure 71: NARS brand takeover example

NARS can purchase a brand takeover for product promotion, which immediately captures the user's attention with a full-screen static or dynamic display, creating a strong visual impact for your brand. Typically created as a 3-5 second video (or 3-second image), users can only see one brand takeover per day, meaning less competition for ad space but a bit pricey. Current pricing for this ad type is £32,700 per day, with a guaranteed minimum of 6 million impressions (Rodideal, 2020).

Other Campaign Mock-ups

Website Adjustments

Email Marketing

Fashion Magazine

Media coverage
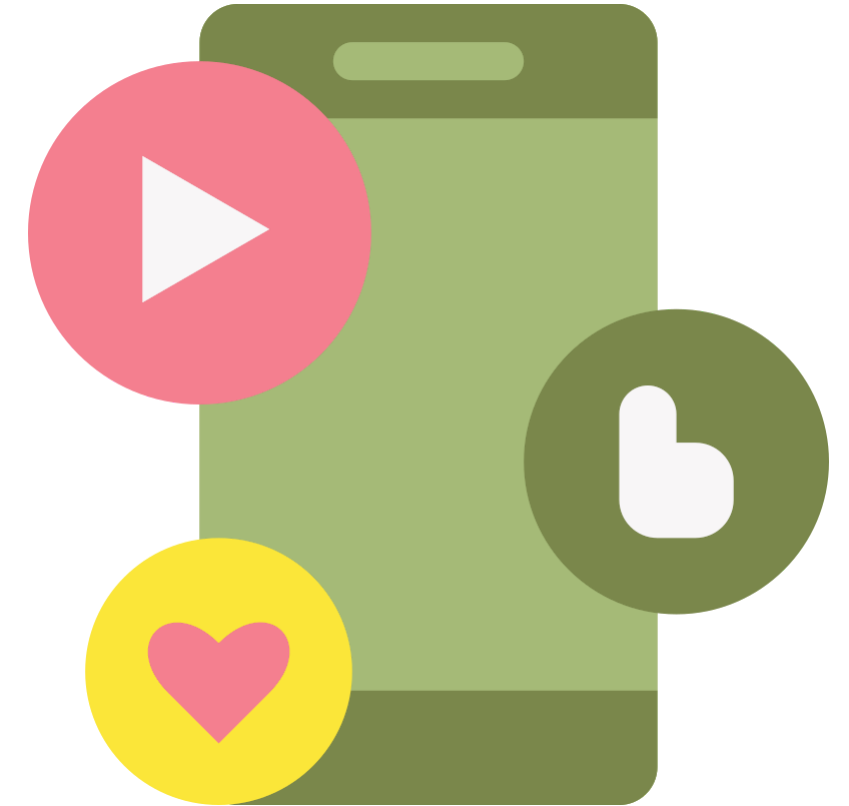
Website Adjustments

The previous article mentioned adjusting and updating the visual design and contents on the NARS website regarding the new products and changing the layout of the product detail pages for the new products (see pages 32 and 33). NARS can add main promotional images of new products and a dynamic countdown on the scrolling homepage of the website.
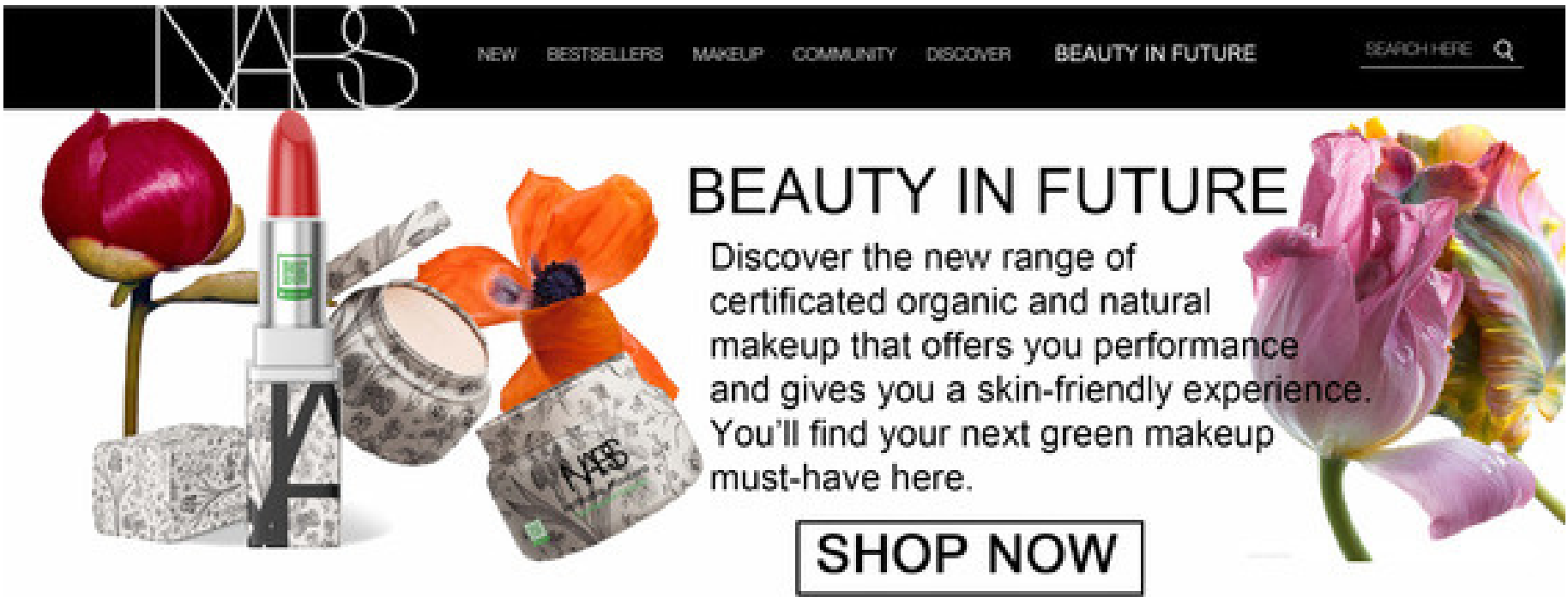
Main promotional image
of NARS official website
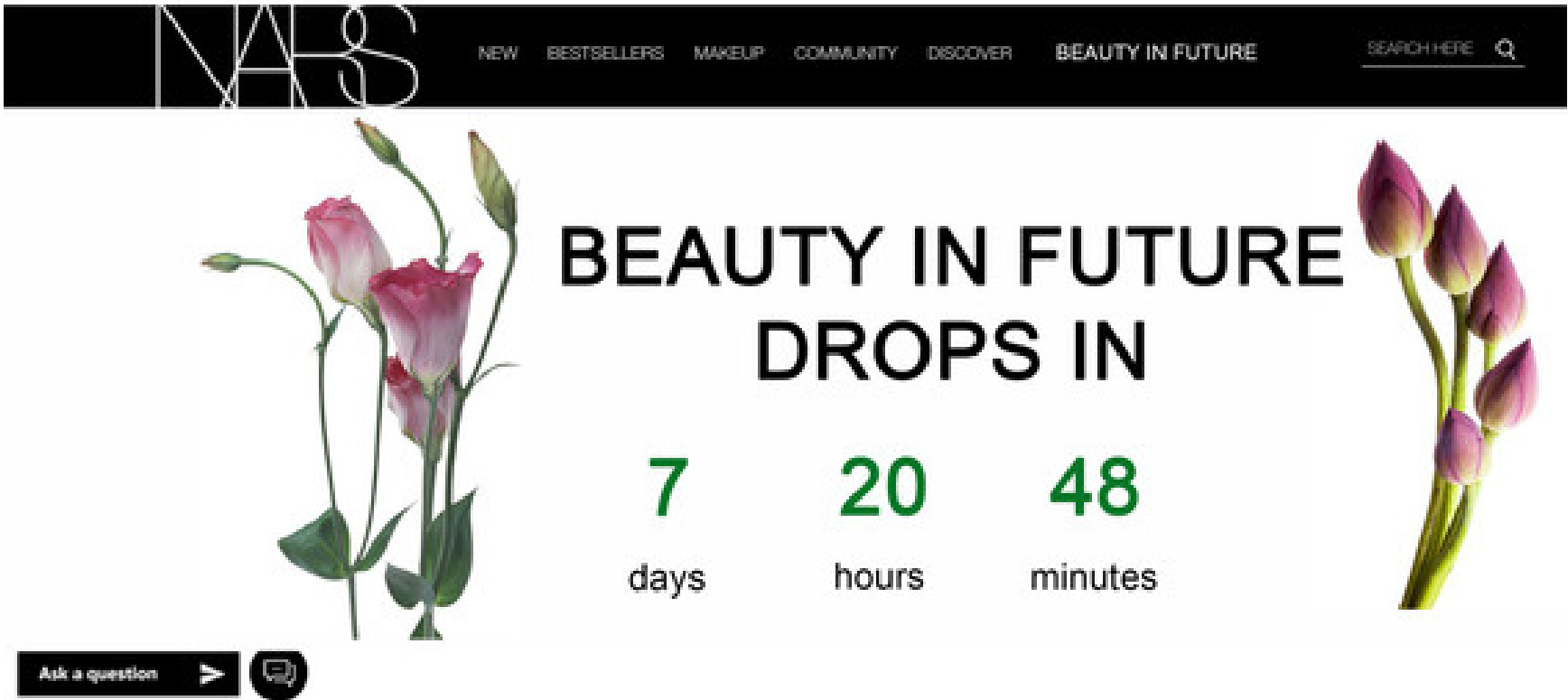
Dynamic countdown on the
scrolling homepage of website

Subscribe to our newsletter for 15% off the NARS first order.

First Name

Last Name

Email

🇬🇧 ▾ Phone Number

By signing up via text, you agree to receive occasional marketing messages, including exclusive offers and launches. Reply STOP to unsubscribe. Msg & data rates may apply. View our Privacy Policy and Terms of Service.

Date of Birth (so we can send you a little treat)

YYYY-MM-DD

JOIN THE CLUB

HI, WELCOME TO NARS

Thanks for signing up. Your discount code has now been sent over to your email. We hope you love out latest collection.

15% OFF

Sign-ups to the NARS newsletter
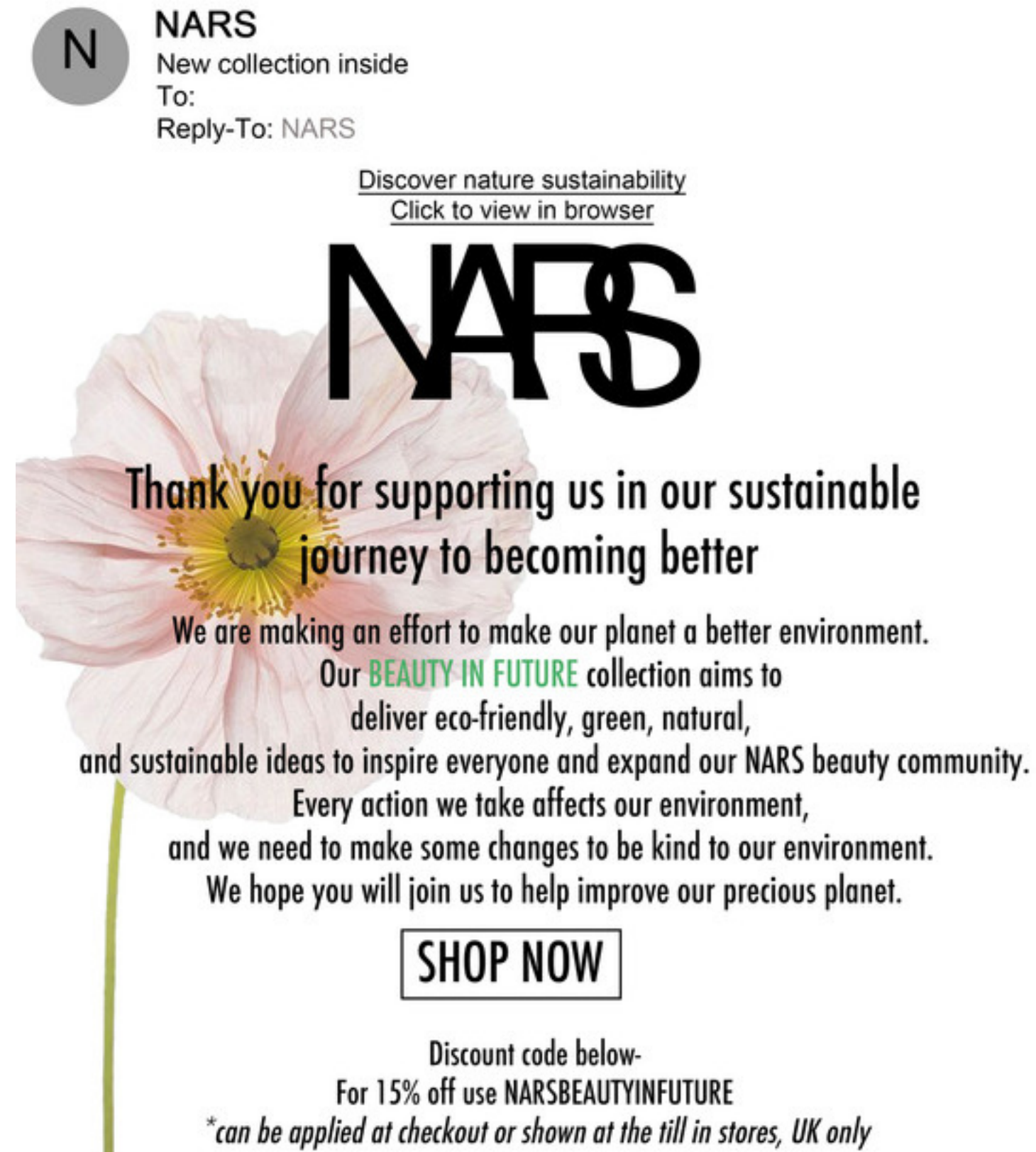
NARS uses email marketing to deliver personalised contents for the campaign (website offers/product highlights/ retailing events/store recycling rewards) to new consumers who subscribe to the weekly newsletter. It is also easy to collect feedback on the use of the products and monitor the sales of new users to adjust the marketing campaign in time to increase sales.

NARS use the discount strategy by offering a promo code for the new product range, which increases loyalty with existing consumers and attracts them to purchase. It can also increase long repeat business and sales (Why is customer retention important?, 2021).

VOGUE

The influence of British Vogue is well-established, with its online audience composition of 33.48% male and 66.52% female (Vogue.com Traffic Analytics & Market Share, 2023). NARS can gain significant exposure and increase the brand's global reach by placing new ads in the magazine.

Figure 72: NARS new ad reference on the inside of VOGUE

Cosmopolitan is the UK's most prominent young women's magazine media brand, owned by a quarter of millennials and a fifth of Gen Z. It is distributed bi-monthly, covering specialised topics, and is full of the latest fashion trends and beauty advice. Compared to newspapers, magazine advertising is a more budget-friendly way to engage audiences based on their interests. Placing ad inserts helps to increase NARS awareness and target audience segments, providing high impact. The magazine reaches an average of 4.3 million adults in the UK each month, and its readership is mainly women aged 18-34 (Watson, 2022).

Figure 73: NARS new ad reference on the inside of COSMOPOLITAN

VOGUE

Media Coverage

The collection aims to gain positive online media coverage and increase the brand's online presence.
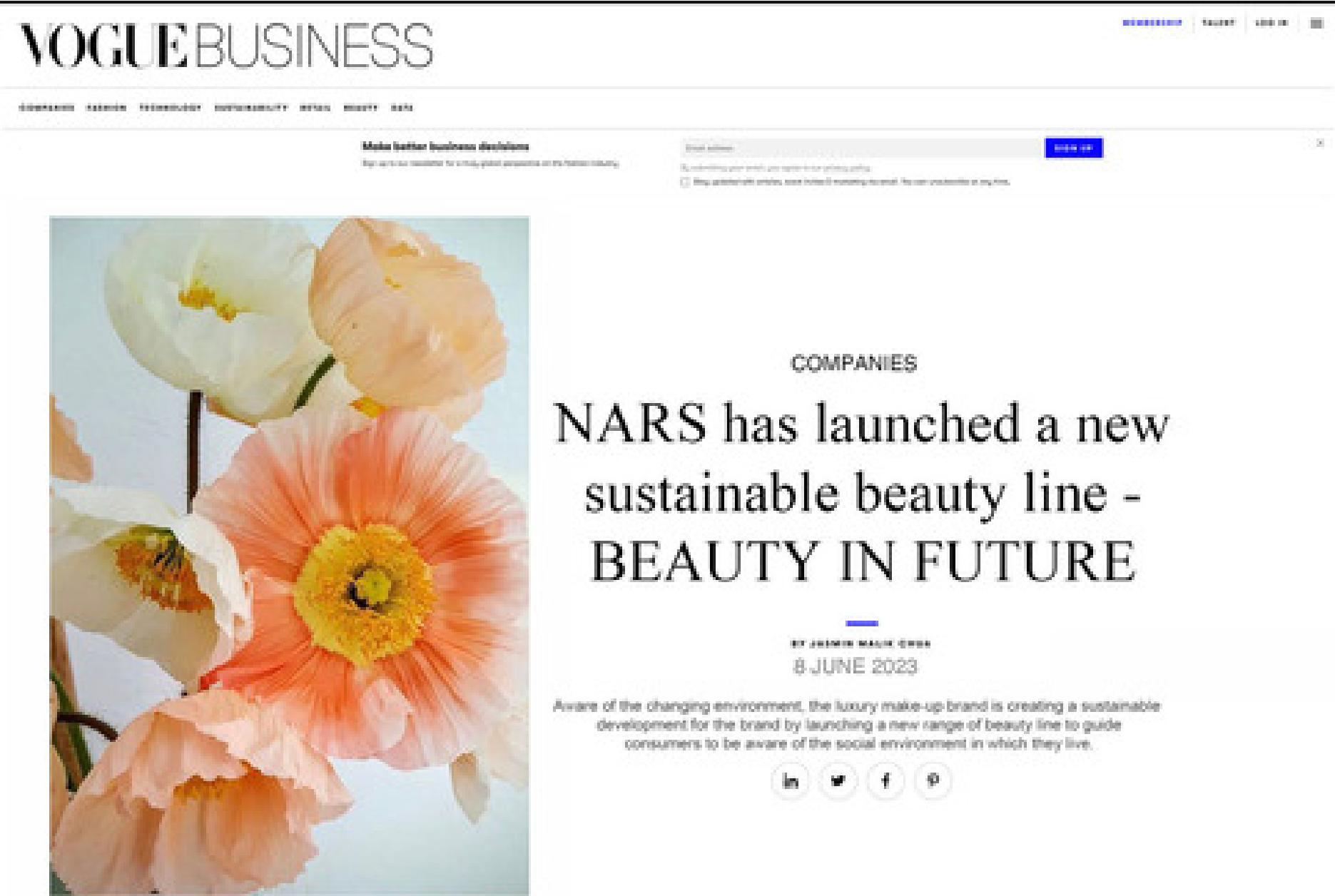
Future Growth

For future growth, NARS should strive to maintain a solid foundation of authenticity, transparency, and a sense of community.

The campaign will last over three months and NARS will evaluate the success of the campaign and expand internationally where beneficial and adjust any aspects that are not popular with consumers. NARS should conduct up-to-date consumer research in international markets before the official campaign launch to ensure that the needs of local consumers in different regions are met and that the campaign is relevant to the local market. This can help NARS bring a more positive international presence and stand out in the global cosmetics market, bringing more profits to the Shiseido Group.

Section 1 Key Points

1

The NARS BEAUTY IN FUTURE collection will be refreshed with new ingredients and replaced with sustainable packaging. The main selling point of its products is the traceability of its sustainable products. It will also reduce its original retailer participation, opening up only the official online website and offline retail channels. Pricing of the original products will be increased, the brand's retail and marketing strategy will be strengthened, and a D2C business model will be established. To better oversee the brand's sustainability, NARS will hire a CSO to manage the brand's environmental impact.

2

The campaign is mainly integrated throughout NARS own Instagram account, where influencers will also promote products. TikTok and YouTube are other platforms to promote the collection.

3

Other promotional activities included a NARS web campaign, email marketing, paid advertising in fashion magazines, and media coverage. The campaign aims to gain positive online coverage of the brand.

Figure 74: NARS advertisement

NARS

Financials

Section 2

Shiseido Financials

Figure 75: Shiseido logo

Shiseido is a leading Japanese beauty and cosmetics group with several well-known brands, including Shiseido, Clé de Peau Beauté, IPSA, and NARS in the premium cosmetics and fragrance range, popular cosmetics such as ANESSA and ELIXIR, personal toiletries and professional hairdressing salon ranges. It is committed to creating a unique and focused portfolio of brands and creating social value (Shiseido Co., 2023).

(Millions of pound)
(Millions of yen)

	Net Sales	Core Operating Profit	Operating Profit	Profit before Tax	Profit Attributable to Owners of Parent	EBITDA
Fiscal Year Ended December 31, 2022	**(6406)** 1,067,355	**(308.15)** 51,340	**(279.53)** 46,572	**(302.68)** 50,428	**(205.29)** 34,202	**(614.45)** 102,371
Fiscal Year Ended December 31, 2021	**(6062.01)** 1,009,966	**(255.41)** 42,553	**(603.65)** 100,571	**(594.88)** 99,111	**(281.56)** 46,909	**(567.3)** 94,516
Year-on-Year Increase (Decrease)	5.7%	20.6%	(53.7)%	(49.1)%	(27.1)%	8.3%
FX-Neutral	(3.9)%					
Like-for-Like	0.9%					

Notes:
1. Core operating profit is calculated by excluding profit and loss caused by non-recurrent items such as structural reform expenses and impairment losses, etc. from operating profit.
2. EBITDA is calculated as core operating profit plus depreciation and amortization (excluding amortization of right-of-use assets).
3. Like-for-like increase (decrease) in net sales excludes the impacts of foreign exchange translation and all business transfers in the consolidated fiscal years 2022 and 2021, as well as the impact of all related transfer agreements ("business transfer impacts").

Figure 76: Summary of Shiseido Consolidated Financial Results for the Fiscal Year Ended December 31, 2022
*amounts translated from Japanese Yen to GBP

In 2022, the global economy experienced economic normalization in line with easing restrictions related to epidemic prevention and control. ***The Group is actively promoting innovations to address environmental and social problems***, with a long-term strategy focused on restructuring the business portfolio to improve profitability and cash flow. It will also aim to promote the development of global brands and accelerate digital transformation.

With the recovery in economic activity, strong growth in regions such as ***Europe*** was driven by core color cosmetics brands ***NARS*** and Shiseido, the skin and beauty brand, in travel retail (Shiseido Co., 2022).

(Millions of pound)
(Millions of yen)

Classification	Fiscal Year Ended December 31, 2022	% of Total	Fiscal Year Ended December 31, 2021	% of Total	Year-on-Year Increase (Decrease)			
					Amount	Percentage	FX-Neutral	Like-for-Like
Japan Business	237,565	22.3%	258,837	25.6%	(21,271)	(8.2)%	(8.2)%	0.3%
China Business	258,226	24.2%	274,721	27.2%	(16,495)	(6.0)%	(18.3)%	(9.8)%
Asia Pacific Business	68,017	6.4%	63,597	6.3%	4,420	7.0%	(3.7)%	13.0%
Americas Business	137,916	12.9%	121,369	12.0%	16,547	13.6%	(4.7)%	8.8%
EMEA Business	128,440 (770.92)	12.0%	117,016 (702.35)	11.6%	11,423 (68.56)	9.8%	3.3%	4.0%
Travel Retail Business	163,650	15.3%	120,562	12.0%	43,087	35.7%	15.3%	14.2%
Professional Business	9,337	0.9%	15,282	1.5%	(5,945)	(38.9)%	(43.1)%	—
Other	64,200	6.0%	38,579	3.8%	25,621	66.4%	64.5%	(3.4)%
Total	1,067,355	100.0%	1,009,966	100.0%	57,388	5.7%	(3.9)%	0.9%

Net Sales

Classification	Total sales including intersegment sales and internal transfers between segments	
	Fiscal Year Ended December 31, 2022	Fiscal Year Ended December 31, 2021
Japan Business	244,271	283,596
China Business	259,870	275,830
Asia Pacific Business	71,136	65,705
Americas Business	141,434	129,146
EMEA Business	137,901	127,455
Travel Retail Business	163,789	120,717
Professional Business	(827.71) 9,688	(765.01) 15,890
Other	301,554	269,103
Subtotal	1,329,646	1,287,445
Adjustments	(262,291)	(277,478)
Total	1,067,355	1,009,966

Net Sales

Figure 77 &78: Shiseido Group Consolidated Performance net sales by region in 2022

Within the EMEA business, NARS achieved brand growth and share gains as the relaxation of Covid-19 restrictions and the return to normalised economic interactions saw the Group hold promotions and consumption trend back up. Core operating profit increased by £25 million year-on-year to £41 million, mainly due to higher margins from increased sales and lower fixed costs due to structural changes (Shiseido

Earnings Forecast for Next Fiscal Year

The business environment is expected to remain uncertain in the next financial year, but the company remains bullish on the prospects for recovery in the cosmetics market in 2023, with strategic investments planned in areas such as the skin and beauty category and digitalisation. Core operating profit is expected to reach £360 million (Shiseido Co., 2022).

Cosmetic brands becoming cruelty-free and sustainable is a trend that has been growing for years and will not stop. Many consumers want to ensure that the companies they support also support the environment (Edwards, 2021). The group has a stable level of funding to help implement the NARS campaign and achieve future revenue growth for the line.

Campaign Costings	Quantity	Evidence	Total Cost
Collection Production Costs			
Collection Production(formulation, packaging, filling, labelling, microbial testing, stability testing, safety testing)	-	(Zippa, 2023) (Make it British, 2021)	£15547
Labour	-		£5,000
Shipping	-		£5,000
Packaging	-		£2,000
Staff Costs			
Chief Sustainability Officer Yearly Salary	1	(Glass door, 2023)	£52,881
Website Design Costs			
Website Update	-	(Barraclough, 2023)	£250
Social Media Marketing Costs			
Sponsored Instagram Posts	3	(Shopify,2022)	£3,000
Sophie Hannah Paid Instagram Post	1		£8034
Jamie Genevieve Paid Instagram Post	1		£8034
Charlotte Dawson Paid Instagram Post	1		£8034
Talia Mar Paid Instagram Post	1		£8034
Demi Jones Paid Instagram Post	1		£8034
Mollie King Paid Instagram Post	1		£8034
Emma Beadle-McVey Paid Instagram Post	1		£4017
Anum Falak Paid Instagram Post	1		£4017
TikTok Brand Takeover Ad	1		£32,700
Fashion Magazine Costs			
Vogue Half Page (Print Rate)	1	(Vogue British Media Kit, 2022)	£14950
Cosmopolitan Loose Inserts	1	(Cosmopolitan media pack, 2016)	£33 per thousand words
Campaign Total Cost			**£187,599**

Figure 79: NARS Beauty In Future campaign costing

Campaign Costings

NARS has a supply chain (Nars official website, no date), but it can be costly due to the need to develop ingredients for new beauty lines, re-upgrading sustainable packaging, and testing product safety and stability. So the new range will be priced slightly higher than the previous products to cover the costs incurred, and consumers will also be able to take advantage of the 15% membership discount while NARS still makes a profit.

Profits VS Costs

Although the campaign is costly, the campaign could bring positive brand impact and higher sales growth for NARS. The profits from the campaign will easily cover the costs, and as the campaign is planned for over three months, the revenue is expected to be at least over £562,797. If sales perform well in the UK market, consider launching the collection in other regions, bringing higher profits to the brand while giving it a higher global reach.

Section 2 Key Points

1

NARS' parent company, Shiseido, operates a multi-brand business that offers extensive cosmetics and skincare services and can provide substantial financial resources to support the NARS brand's campaign in the UK market.

2

The NARS Beauty In Future campaign will cost a total of £187,599.

3

NARS BEAUTY IN FUTURE campaign will help the brand increase sales and give it global reach and visibility in sustainability, bringing a positive brand image.

NARS

Risk Analysis

Section 3
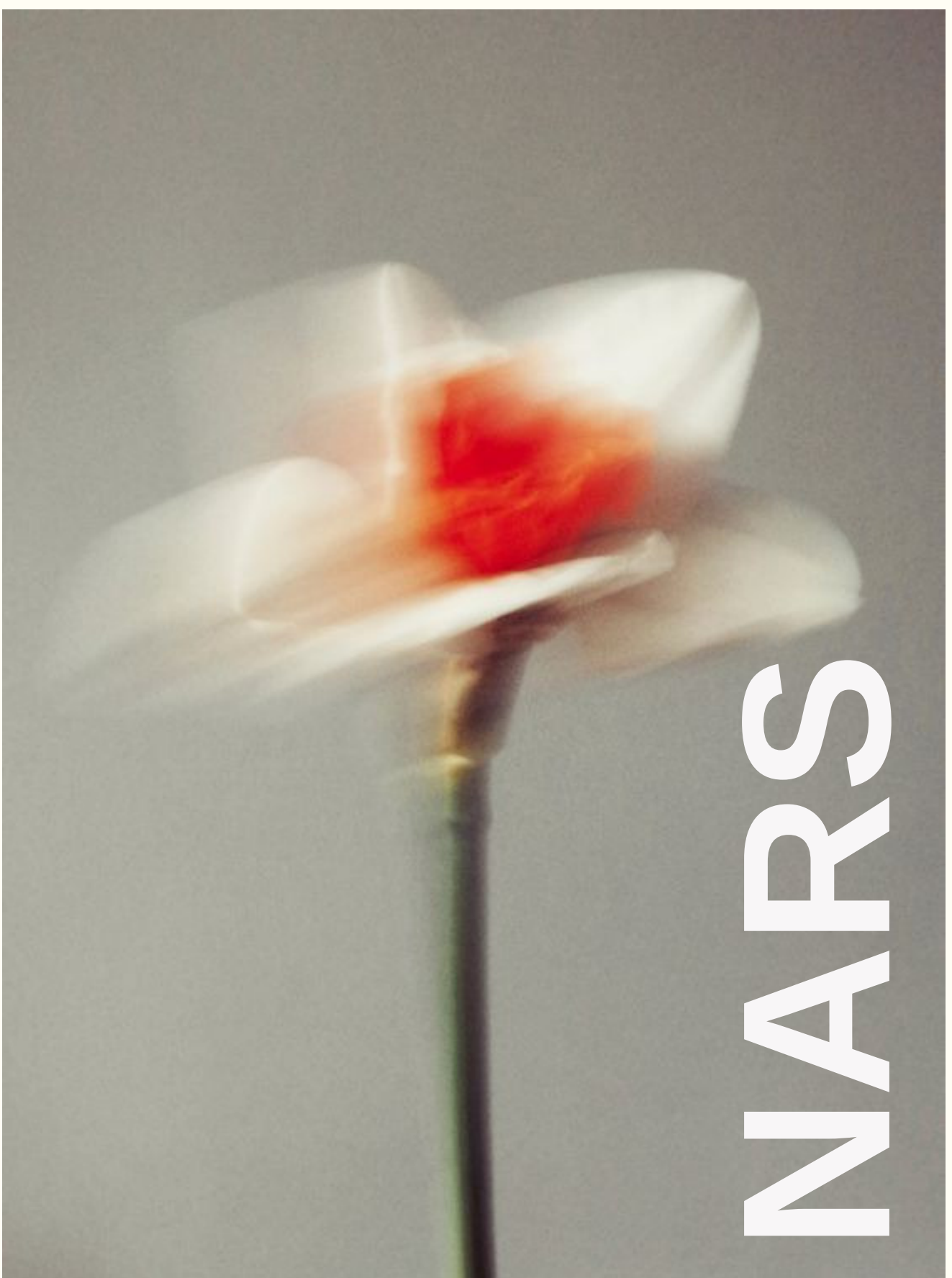
Risk Appetite

Shiseido, the parent company of NARS, has a risk management department at its global headquarters that reports to and is managed by the Chief Legal Officer and Risk Management Officer, where risks and countermeasures are regularly discussed. In addition, "risk owners" have been identified for each risk to clarify responsibility for countermeasures. The three risk categories identified by the company are "consumer and socially relevant risks," "operational and fundamental risks," and "other risks" (Shiseido Co., no date). It can support NARS to have a high-risk capacity.

Main Risks & Threats

Expensive-

The campaign will be costly, and the production costs of the new NARS products are relatively small as NARS has its supply chain for production. The brand's social media promotion costs will account for the most significant proportion. The whole campaign will be expensive to implement.

Greenwashing-

The beauty industry has increased the 'greenwashing' of many misleading claims about regulatory loopholes, making it difficult for consumers to easily distinguish between brands whose products are committed to environmental and social responsibility and those being marketed through clever marketing than actual action (Oltmanns, 2023), which can often feel like a PR campaign rather than a genuine appeal to brand values.

NARS marketers and strategists must consider the appropriate ways to communicate the personal and social benefits of 'sustainability,' and they need to address the operational risks that are addressed during the development and implementation of marketing plans. But at the same time, sustainability as a benefit, appealing to consumers' logical and emotional aspects, offers the potential for more significant development opportunities.

Brands also have a corporate image risk. Marketing activities related to sustainability can have a higher level or negative impact on corporate image and are a highly visible corporate activity. It must be able to assume real motivation and effective execution. Otherwise, poor execution can cause irreversible damage (Business Risks of Sustainability Marketing, no date).

Scenario Planning

Scenario 1-

The consumer response to the campaign is very positive, they are interested in the new NARS products, and the campaign content is viral on social media. Consumers also actively reshare the campaign images using the official hashtag, achieving high engagement. This creates an exclusive brand campaign discussion topic, which promotes discussion and attention to sustainability in makeup and gains customers content that brands can repost on Instagram.

Outcome:

The growth achieved in sales of the sustainable beauty line promote ROI growth. Consumers' interest in the campaign can also increase new awareness of the NARS brand. New customer segments are acquired, expanding market share.

Scenario 2-

Consumers respond well to the social media campaign with a high level of engagement and a good response to NARS, focusing on sustainability. They repost the campaign images, but consumers are not interested in buying.

Outcome:

It brings a slight increase in brand revenue and ROI for the brand. The brand's influence in terms of sustainability within the industry has increased.

Scenario 3-

Consumer response to the campaign is average, with consumers appreciating the brand's attempts regarding sustainability but with limited interest in the collection. Few consumers engaged with social platforms.

Outcome:

The overall profit situation is average or even down, but the brand creates a more positive image for the public.

Opposing Risks

As we can see from the scenario planning, even in the worst-case scenario, the campaign still benefits NARS. It will help NARS to build a positive and sustainable brand image while at the same time motivating consumers to become a part of contributing to society and the environment. The risk of consumer non-participation in the campaign is low, as the results from primary and secondary research show that there is currently a high demand for sustainable makeup among the target consumer base (Gen Z and millennials), and there is also a market gap for luxury beauty in terms of sustainability.

The success of the campaign and consumer feedback will be evaluated through Instagram backend data analysis to ensure positive results. Shiseido could recruit a business intelligence specialist for NARS to retrieve, organise and analyse data to determine customer needs, thus minimising risk.

Instagram Control Metrics

Likes
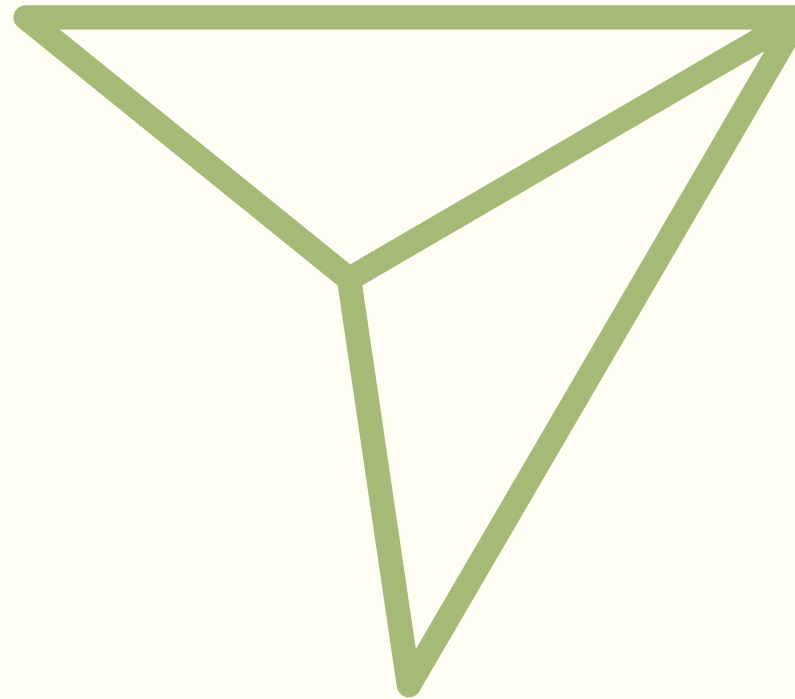
Shares

Comments

NARS can track the campaign's success by using Instagram metrics factors to monitor consumer engagement with Beauty In Future posts. The number of likes, comments, shares, etc., will show the level of customer engagement and the impact of this campaign. Likes, questions, and disagreements in comments are more sought-after consumer engagement for marketers and brands. This indicates that participants contribute to online conversations on social content, which means more people are building a valued identity with the brand.

Section 3 Key Points

1   NARS is financially sound with the support of its parent company, Shiseido, and therefore has a high-risk tolerance.

2   The main risks are the high implementation costs for NARS Beauty In the Future and the "greenwashing" claims.

3   All possible scenario outcomes provide positive results for NARS. Using a reactive business strategy, listening, and responding to consumer feedback and needs, all potential risks involved in a campaign can be controlled and minimised.

Figure 80: NARS advertisement

Section 4

Conclusion

There is a great demand for sustainable luxury makeup from GenZ and Millennials as the target consumer segment. They are also the two most eco-conscious generations of consumers, where sustainability and environmental factors play a significant factor in their purchasing decisions. They have a high level of loyalty to brands. And there is a gap in the luxury makeup market in the sustainable sector.

NARS can therefore stand out from this gap by developing a sustainable makeup line that uses organic and non-harmful improved ingredients, extending the product's life as much as possible from the updated packaging and minimising the environmental impact.

The campaign will reach new consumer groups such as environmentalists, clean beauty, and vegan beauty enthusiasts. The campaign will be developed through close monitoring of social media (tracking user engagement), a reactive business strategy allowing NARS to adapt its marketing campaigns and respond quickly to consumer needs and feedback, ensuring consumer engagement and thus driving the campaign's success. The brand could seize opportunities and grow rapidly in the marketplace. Transparent and open product data (ingredients, environmental impact, tracking of products from production to delivery) and the new CSO's strict monitoring of the environment will help avoid the problem of "greenwashing". Timely data monitoring on the social media platform will also help prevent potential campaign risks.

NARS Beauty In Future will bring many benefits to NARS, not only in meeting the requirements of a large number of demanding consumers but also in reducing the negative impact on the environment and becoming a socially responsible company through the influence of the campaign. This competitive advantage could help NARS gain market share in the fierce luxury makeup market. It also means that this will drive the sustainability process in the luxury makeup industry.

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Appendix 1

Nars best sellers

Blush
(beauty award-winner in 2022)
Orgasm
4.8g
£29

Light reflecting advanced
skincare foundation
(winner cosmopolitan summer
beauty awards UK 2022)
30ml
£39

Natural radiant
longwear foundation
30ml
£39

Climax mascara
6g
£25

Lipstick
3.5g
£24

Radiant creamy
concealer
6ml
£26

Soft matte complete
concealer
6.2g
£25

Source: Nars Cosmetics UK website