

Shiseido Co., Ltd.

Friendly beauty counseling AI app grabs the hearts of young women



Service: Enterprise Cloud

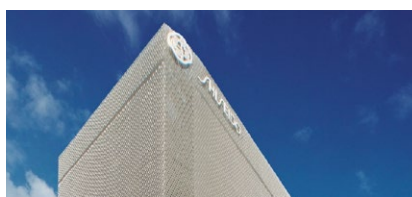


Sadayo Kobayashi (left)
Senior Manager, Future Creation Center
Shiseido Co., Ltd.

"We needed very sophisticated AI because beauty conversations vary. NTT Com took on this difficult challenge with enthusiasm."

Mayumi Nakayama (center)
Beauty Creation Department
Shiseido Co., Ltd.

Kanoko Morihara (right)
Business System Department
Shiseido Japan Co., Ltd.



Customer profile

Name: Shiseido Co., Ltd.

Revenue: JPY 777,687 million (as of 31 March 2015)

Business: Shiseido's business operations center on the production and sales of cosmetics. The company is also involved in the digital business through E-commerce and the healthcare business through beauty foods and pharmaceuticals. The global business group's sales network encompasses 120 countries around the world.

URL: www.shiseido.co.jp

- Challenges**
 - Strengthen brand strategy for youths in teens and twenties
 - Create new customer touchpoints besides in-store beauty counseling
- Solution**
 - Develop a chat app employing artificial intelligence (AI)
 - Choose Enterprise Cloud for its reliability and scalability
- Benefits**
 - Provide live chat-style beauty consultation
 - Expand the base of customers in their teens and 20s

Challenges

The search for informal beauty counseling as part of youth brand strategy

Shiseido is one of Japan's leading cosmetics sales and development companies, but it also engages in various other businesses related to passing on beautiful thoughts, manners and lifestyles to younger generations.

Shiseido cosmetics are popular among female customers of all ages. But more marketing efforts were needed in the teens and twenties market.

"Our strength is high-quality products. But that image was a bit too luxurious for young people. We needed to look more intimate and friendly," suggests Sadayo Kobayashi of Shiseido.

The company's renowned in-store beauty consultants could not give enough advice on low- to medium-priced products targeted at the younger generation because most of them are sold at drugstores and convenience stores. "It's been our longstanding challenge to promote sales without beauty consultants," adds Mayumi Nakayama of Shiseido.

Then, smartphones were brought to the discussion table. "We decided to create a smartphone app that can provide beauty counseling through AI technology. We hoped this app would become an effective communication tool with our cute character making customers feel closer to our brand," said Kobayashi.

Solution

NTT Com's enthusiasm convinced us to use sophisticated AI for natural conversation

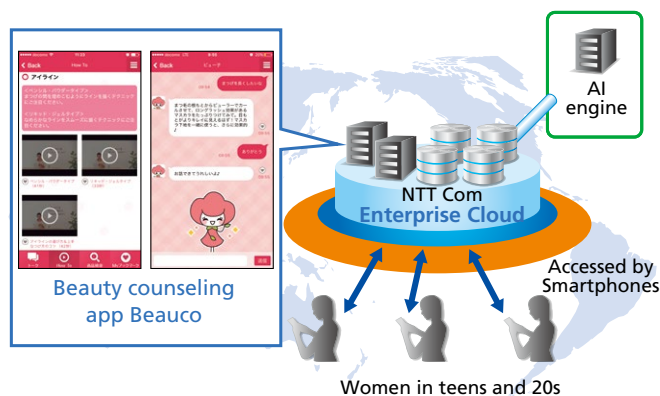
Shiseido quickly assembled a project team and began the process of selecting a partner to handle content planning and application development. In the end, NTT Communications (NTT Com) was chosen.

The essential task of the app was to "provide accurate counseling." Otherwise, it would not satisfy user needs. "NTT Com's AI engine had highly sophisticated Japanese sentence analysis technology that seemed to answer questions accurately," Ms. Kobayashi explained as the reason behind its vendor selection.

NTT group's research center for advanced technology and its deep knowledge of image processing and biometric recognition were also appealing because Shiseido planned to provide new counseling service based on diverse data, such as the diet and biorhythm of app users.

NTT Com also offered the advantages of its global Enterprise Cloud platform and abundant experience in building systems. In fact, Shiseido had been using Enterprise Cloud for its operational system platform and trusted this platform for its stability and scalability. The Shiseido team chose Enterprise Cloud with hopes of expanding business in the future.

Figure: Flow of Beauco app



When users talk to Beauco with their smartphones, she provides beauty information such as makeup order tips and engages in chit-chat as well. Thanks to sophisticated AI technology behind the app, users can enjoy natural conversation.

However, the key deciding factor was the enthusiasm of NTT Com's staff. "They took on our idea as if it were their own. They conducted research and informed us what kind of functions were necessary, when we could launch the app, and other things sometimes even before we asked them. Once we could picture the final product, we knew it would be great," emphasized Kanoko Morihara of Shiseido Japan.

Benefits

Customers enjoy not only makeup counseling but daily chatting

Shiseido and NTT Com began working on this unprecedented project to create a beauty counseling app called Beauco. The beta version was released in September 2015.

When a user asks questions about beauty treatments, mascot character Beauco answers with makeup tips and product information. Conversation scenarios were created using input from beauty consultants and FAQs. The app became popular for its accuracy and clarity.

"At first, conversations didn't flow very naturally, but NTT Com worked hard to adjust the programming and repeatedly tested it to finalize the app," said Nakayama. The number of downloads are rising to this day. This launch-and-learn approach helps polish the accuracy of chats because AI learns from conversations.

"As conversation accuracy improved, more users started chatting about topics not directly related to beauty. And that was how we wanted the app to be used. We hope Beauco becomes the best friend of women in their teens and twenties and that conversations go beyond mere everyday remarks like good morning and I'm back from school to conversations about food and relationships," Morihara explained her vision.

Shiseido will continue making conversational adjustments and releasing new functions. One plan is to analyze and relate collected data with POS data from EC sites and stores to discover the hidden needs of customers.

"Only with such an excellent partner as NTT Com could we have given birth to Beauco. We will continue to rely on its abundant knowledge and flexible response," said Kobayashi.