

Netflix for beauty: Interview with Nidhima Kohli, CEO Beauty Matching Engine

Beauty Matching Engine uses AI to help businesses show their customers exactly what they should buy next. Building on expertise developed through her first (B2C) business, My Beauty Matches, Nidhima Kohli founded it to improve customer journey and increase conversion in the beauty industry.

Maddyness spoke to Nidhima about shifting between B2B and B2C businesses, pioneering beauty personalisation, and buying beautiful in the time of COVID-19.

[Maddyness] Can you explain what Beauty Matching Engine does in your own words, and tell us a bit about how it started?

[Nidhima] Beauty Matching Engine is a beauty shopping personalisation

software. The best way to explain it is as a kind of Netflix for beauty – or the algorithm that runs behind Netflix, or behind Amazon. So, you know when you click on a product, they show you a personalised recommendation or, when you're watching Netflix, they show you what to watch next.

All this personalisation is done by an algorithm that runs in the back of that, and we have essentially built that for the beauty industry. It's B2B, and combines artificial intelligence with beauty intelligence. By combining both, it works better than a general personalisation algorithm.

In terms of how I got into it, I'm actually a second-time founder. I've been in the tech space for six or seven years now; my background is looking at data in investment banking, and then I qualified as a beautician as a hobby at the London School of Beauty. So I learnt about makeup and skincare there, and then I launched my first beauty tech business called My Beauty Matches. It's a price comparison site; we match you to certain beauty products.

Off the back of that, I started advising private equity companies in beauty, and I was asked to speak at lots of innovation conferences for beauty. Then I started my own private beauty tech dinners, which were invite-only for CEOs and CMOs. And I basically learnt that these beauty companies were struggling a lot on the technology.

There are more and more new beauty brands launching every day. It's becoming harder to increase conversion rates; everything is ruled by Google and how much money you pay on social media and Google AdWords. It was becoming harder to convert customers. So, I basically took my experience in tech and in beauty already, and it gave me the idea of launching Beauty Matching Engine.

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How come you decided to build it B2B?

With my first company, you can sign in and answer lots of questions and then we match you to the right products. So I essentially started the personalisation trend in beauty.

With Beauty Matching Engine, my second company, we do a whole other thing. We personalise the menu [of a beauty brand, e.g. By Terry], so for example if I've been clicking skincare all the time, that will come up first on the menu when I see it. It's seamless – the customer doesn't realise. We personalise the headings, and also what's underneath. We literally personalise every shopping touchpoint – and it's all real-time and specifically for the beauty industry.

The first client we worked with was a French pharmacy, because we wanted to make sure our recommendations were so accurate that they'd match what a pharmacy would recommend.

And then on top of all that, we've built the world's first AI-driven virtual beauty assistant. We show what product is recommended to you, what percentage match it is, why it's recommended to you, how sustainable it is.

Beauty companies are not tech companies – so that's what we offer them. We offer them the experience of tech, and we help them improve their customer journey.

You say beauty personalisation was your idea. How did you come up with it?

When I worked in banking and was travelling internationally, I was spending a lot of money on beauty products but nothing was helping. And each time I went to a beauty brand they'd just tell me to buy their products. So that's how I came up with the idea of My Beauty Matches.

And then, lots of companies were trying to replicate what I'd done, but were struggling. So Boots, for example, launched Beautiful You. They spent a lot of money launching it and then the website collapsed – it didn't work. Time Inc. launched Powder. There were lots of companies trying to launch beauty quizzes, but they were all static, and not very forward-thinking.

From talking to the most senior people in the industry, I realised they didn't really have the knowhow. They didn't know how to collect the data; if they did have the data, it's not scaleable because there are too many permutations.

I figured they needed a solution they could easily plug in, where the tech team had 6-12 months of work to do. Basically, it kind of just came to me as a request.

What do you think the impact of AI will be on the beauty market? Are there any similar startups to BME that you admire?

The global beauty market is worth around \$500B. It's continuously increasing because it's one of the only industries that is driven so much by the YouTube and Instagram generation. Even Harrod's increased their beauty shop floor by four, whereas other sections pre-COVID were shutting down. And even during

COVID, beauty is one of those things that people still want to use. You still need to look good for a Zoom. We can't go on holiday so buy ourselves lovely candles or bath oils or whatever.

AI is becoming more important in every industry. This is especially the case for beauty; given COVID, for example, there's nowhere you can go to experience the products. You either have to go or the touchscreen in store or you need someone to consult you online.

In terms of startups pioneering the future of beauty, I really like Function of Beauty. It's a haircare brand driven by AI, which also has over a billion permutations. They basically allow you to buy and create your own personalised shampoo. So, you get the ingredients you need and the fragrance and colour you want. It's all about the customer.

Another company I love is Beauty Pie. The founder Marcia Kilgore has done lots of beauty brands before, but she's been really good at stripping away the middle man. They strip back on marketing, packaging, distribution and so on, and you can get the same quality products for very little if you become a member.

Do you have any problems with the way the beauty industry works at the moment? Are there other issues you'd like to solve?

I think the beauty industry has problems from two different pain points – you have the brands and retailers, and then you have the consumers. From the brands' point of view, the biggest issue is that the cost of consumer acquisition is starting to exceed customer lifetime value.

So let's say I'm the CEO of Space NK. You can buy our products online on

Amazon, and in the airport, or you might buy them in Boots. There's nothing that really keeps you coming back to our website or our store. So if I spend all this money on social media or Google, and you land on my page to buy something, but then you don't come back because the experience isn't really that much better, it's a lot of money going out the window and not much money coming back in.

From a customer point of view, there's very little transparency still in the beauty industry. If you have dry hair, and I said what's the right shampoo for your dry hair, you wouldn't know. And if on top of that you wanted to make sure it's vegan and environmentally-friendly, there's a lot that goes into it. I think the market is too fragmented.

And beauty is the most personalised category because we put on our skin, face, hair. There needs to be more honesty and transparency around that.

You've got to help the customer find the right product for them. If you help the customer, they'll come back.

We've started asking everyone we interview about their daily routine. Is there anything special about yours? Maybe you could talk a bit about your beauty routine.

I'm very big on meditation and mental health, so I wake up and the first thing I do is make myself something cleansing and natural. Then I read a page of Positivity Everyday, and do my affirmations – I'm very big on affirmations and visualisation. Then I do my meditation. I usually don't have breakfast in the morning and I just start straight at work after that.

My beauty routine is more at night. I use handcream throughout the day, but at night I do my facewash and use my antioxidant face serum, face cream, eye

cream, lip balm, cuticle balm, hand cream... And before I do all that I'll body brush. So that's what I do. And then I do my manifestation at night as well!

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