

# The power of the creator with Chira Schaad, L'Oreal

## Pierre-Loic Assayag:

Chira, welcome to The Fast Traack. This season is all about unpacking conversions of influencers and commerce. Before we dive in, let's lay some ground rules and define what social commerce means at L'Oreal. What's the official definition that you guys go by?

## Chira Schaad:

Sure, and thanks for having me. We had to literally take a little bit of a step back in the past year and say, "What is social commerce at L'Oreal?" The way that we define this now is two-fold. It's either a sale of a product by an influencer or an advocate with something like an affiliate network or platform solution for commission. We're seeing this with solutions like RewardStyle, Magic Links, Shop Style from Rakuten, Replica, which is a community-based selling solution, or the sell of a product by a brand on a social or DTC or live streaming channel like Instagram, Facebook TikTok live scale. We gave this session because we realized that we're actually playing in all of these places and needed to figure out, "Okay. Well, what is the right way, and where should we be?"

## Pierre-Loic Assayag:

Got it. In terms of the importance of the practice at L'Oreal, I'm assuming, but maybe I'm projecting that the 18 months really shed some light on the topic as we've seen it with some of our other customers. Could you explain to us how eCommerce and social commerce have gone center stage at L'Oreal assuming it has? If it hasn't, please dissent with my statement.

## Chira Schaad:

Of course. I would say that eCommerce has been really accelerating, even before the pandemic and within the last 18 months. Actually, the trend that we saw emerging during COVID was the increased power of the influencer, and just when we thought we had reached a peak with them, these creators now became the catalyst between content and commerce.

In the last 18 months, we were seeing eCommerce already spreading in China, at 10 times the size compared to the US. We also saw a lot of heavy investment happening from the platforms, from Facebook and Instagram, which had already been building shopping capabilities with this idea of what they were seeing in the eastern world of, "Let's build some of the stuff where the consumer already is and not have them build a one size fits all kind of solution."



But what's changed is back then we saw this as a nice-to-have in the US. It was like, "Okay. We're going to be testing, and learning and seeing how we can probably have a presence on those platforms like Instagram and Facebook shopping." But what was a nice-to-have in a test and learn format 18 months ago, became a must-have for our brands. For us, we needed to figure out what actually works in the US- what are the platforms? what are those solutions? Again, that's why we started with a definition of what do we think social commerce means to us at L'Oreal, so that we can then partner with the right solutions and grow those, scale them, figure out what brands actually worked for which one of these platforms.

Pierre-Loic Assayag:

That makes sense. One interesting thing that you mentioned in your definition is, of course, the role of affiliates. You mentioned, as well, the importance of influencers in this context, which from our experience at Traackr, influence was often considered more of a top-of-the-funnel activity. What I think the last 18 months have shown us is that it's really a full-funnel practice. How do you see these things integrate both today and tomorrow in terms of affiliation and influence? Are we talking about the same thing? Are we talking about a handshake between two different programs? What's your vision on where it's headed and where's it at today?

Chira Schaad:

I like how you are saying a handshake. The reason, and I think we all know this, that people trust influencers is because they are authentic. They're real. They're honest. They can really relate and connect in very meaningful ways to their followers. Especially with the pandemic, they were able to take this and become sellers for us. And not every one of them can sell, by the way. Not all influencers are really used to that kind of interaction and messaging or communication with their followers. A lot of them are about broadcasting what they like and not necessarily sharing the "whole education" or going really deeply into the root and the reason as to why they believe in a certain product. Because not everyone can do the same thing.

People in various ways love the products and have a connection with the products and the brands that they love. There is going to be a job for some that is just continuing to grow that love. Sometimes they may be celebrities, sometimes they're not. Sometimes there are people like my mother, for example, who loves certain skincare products that I've introduced her to, and now is a complete advocate in her own community. Now that doesn't mean that my mother is ever going to sell any of those products on her social channels.

Going back to the handshake that you were talking about between what we call advocacy and then these influencers that can sell for us, we need to figure out that mix - who are they? who's



doing the job for us? So that we're not trying to make all of our influencers sellers and vice versa.

Pierre-Loic Assayag:

Understood. I think it's a very important distinction to acknowledge the different archetypes of influencers, and there's no such thing as a one-size-fits-all. We can turn everybody into a salesperson on behalf of a brand.

One additional question as it pertains to this topic of influence and advocacy going into social commerce. Usually, when companies go from topics that are experimental or peripheral to a core business to the topics becoming mainstream, as it seems to be the case with social commerce and influence at L'Oreal, you're presented with scalability issues and the expectations at the same time tend to grow tenfold on outcomes. How have you managed the whole wrestling of fast-tracking in effect with platforms that are themselves still experimenting this whole topic of social commerce and influence, and where do you see things work and where do you see things that still have to be figured out?

Chira Schaad:

One of the things that we at L'Oreal have, and we're lucky with this but it's a little bit of a double-edged sword, is 35 plus brands. Having that many brands in our portfolio allow us to test and learn in various places, so we're able to do it a lot faster. The way that we did it, even with this was, again, taking a little bit of a step back and realizing that the idea of selling, one to many types of selling, is not new to the US. We invented it on QVC and with even the BA in store. It's not that, it's the platform itself. How can we understand where are our consumers already? Where are they engaging? For example, should a brand like Armani, which we do have Armani Beauty, should a brand like Armani Beauty be on Instagram, selling on Instagram with influencers? Should they be more on YouTube? Should they be more in a community-style or one-to-one selling opportunities?

We look at the platforms. We look at where our consumers are engaging and where they are already. We test and learn there because to your point, sometimes the difficult part is that it feels like Christmas morning where everyone wants the same shiny bike. We have 35 brands who say, "We all want this," but at the same time, the data that we are now able to get from the social platforms and even from platforms like yours helps our strategy. The reason that we work with Traackr and with other tools is to identify where are the conversations happening, who is speaking for us, and what are those brands and categories they care about, so that we can best inform our strategy about what to test and learn, and then fast track.



Pierre-Loic Assayag:

The whole topic of experimentation and leveraging your position of leadership is really music to my ears. It's so important for a large company, like L'Oreal that has such a wealth of brands and markets to operate in, to be able to quickly communicate across the various experiments and campaigns that you run and where the best practices are. In effect, with 35 brands, technically you should be going 35 times faster than the competition if they only have one point of reference.

Chira Schaad:

Right.

Pierre-Loic Assayag:

On this topic, these types of exchanges and learnings on "what's suitable for all," and should be applied to everybody versus "what's very specific to a brand." You use the example, "does our money belong on Instagram or not?" Do you also have these exchanges across geographies? Do you compare yourself or exchange with markets like China or the various markets in Europe, and can you enrich your own experience in doing so?

Chira Schaad:

Absolutely, I think that's another one of the benefits of being a part of such a large global network like L'Oreal. As I mentioned before, we know that, for example, social commerce has been a big deal already in China. We have a lot to learn from them. When it comes to the western world, we're probably a little bit more advanced and mature in this topic than some of the other western markets.

We're constantly learning from each other. If there is a new topic or something that we see accelerating, we make a point to create specific, either task forces or groups to discuss the topics, to share learnings and best practices. We usually look at the leaders in those categories. In this case, we absolutely look at China to say, "What can you teach us? What can you even teach us about TikTok, for example?" Because TikTok, before you even had any shopping or selling capabilities, we saw the fact that the creator, which by the way, YouTube started calling them creators years and years ago.

But it's almost like we forgot, we started calling them influencers for a while and then TikTok came back and started calling them creators. It was as if it was a new thing, but we went to China to learn actually what creators are doing there. Even though it's a completely different platform, Douyin in China versus TikTok in the United States, I feel like we've been able to



advance on the platform in beauty because of so much that we've learned from our eastern world partners. That's the way that we test and learn also. That's why it's never one size fits all and why, before we go big on anything, we make decisions on, "Okay. Who are we going to go with first? What's the brand that we believe is going to learn the most and be able to have the most learnings from either a solution or a test?" Then, take the learnings from there in our own market.

Pierre-Loic Assayag:

Excellent. In my years of collaborating with L'Oreal, the thing that has constantly impressed me the most is the restlessness that exists across the organization on continuing to challenge oneself, even if you're in a position of leadership. You could assume that you could just stand still and be happy to own a quarter of the market or the beauty market worldwide, but what I've observed is that there's this constant experimentation that keeps taking place to try to fine-tune, improve, test out that is really remarkable on the part of such a leading group.

On this note, you mentioned that the social platforms, themselves, have been launching a new product, experimenting, et cetera. You just completed, if I'm not mistaken, a pilot with Pinterest, and I find it fascinating because Pinterest historically is not a huge social platform when it comes to beauty. But still, you roll the sleeves and you go test out something new with them. I'd love for you to talk a little bit about what you've done there, and what you've learned.

Chira Schaad:

Pinterest is very close and dear to me as a platform, and I'm not even going to call them a social platform because that's been an internal debate for us of whether they're a social platform or a search platform. Again, I'm a huge user of the platform. I've planned my wedding, my house, my baby, my parties, my dinners, my hair, you name it, I find it on Pinterest first. Pinterest is where consumers engage in visual personal searches. They don't usually broadcast information which is what we are used to on other social channels.

Consumers and creators themselves, especially with the pandemic, started to lean in more on Pinterest because big places were closing down. But then even when they started to plan again due to reopenings, we saw huge surges in searches on Pinterest. People were starting to plan their lives visually again.

The other thing that Pinterest itself was doing, just like how I mentioned about Facebook and Instagram, is building new formats and tools. When we learned about one of their new formats, we're like, "Okay. This is the first time that we can actually create content with creators where you can actually see what it is that they are using, and the products that they're living just like they do on other platforms. But now, they're also one step away from seeing this in a very



visual way." We want to be first in beauty because beauty is so key on the platform. Again, we lean into solutions and we try to scale solutions that make sense for us.

Some of our brands, especially in makeup, already have huge followings. We have a ton of content there, and it works really well. It wouldn't make sense for everyone, but we do have 35 brands, so we said, "which ones have the most presence there, which ones have the biggest followings and interests on the platform already, and do we have some creators, influencers, celebrity, people that already are leaning into the platform that make sense?" It was a very interesting test for us, and one that we were happy we were able to do as a first in beauty with them this past summer.

Pierre-Loic Assayag:

That's awesome. Thank you for sharing. Shall we expect from L'Oreal more news coming from Pinterest and more activity there?

Chira Schaad:

We had a hypothesis which I think now is validated. We believe that creators who excel on Pinterest in this new ideas pin format, which is the new format that we used for this test, will be those who offer strong educational content. Just the same way that people go to Pinterest to plan things visually, the creators who are there to go in deeper to provide that education, the product benefits, the ingredients, the tutorials that the consumer is actively looking for, where they're looking for it actually from Derm's, from Derm-fluencers, from makeup artists, those people I think will succeed there.

For that, I do believe that we'll see more creator content, but again, I don't think in the near future that it's for everyone. We do think that it's more of these educational content, specialists, and people that go deeply into a story, a product, and brand that will work.

Pierre-Loic Assayag:

Got it. I see hints into some brands on your portfolio that might actually lean in and others may be less so, at least in the immediate term.

We talked about social platforms. We talked about L'Oreal and the brands. Let's discuss a little bit the creators, and the place that they occupy when it comes to social selling. You touched on this at the beginning of our conversation, but maybe we can push this a little bit more. What does it take for a creator to be successful with social selling, and how can you as a brand partner help?



Chira Schaad:

The reason that people trust these creators when they make their content is because they are so closely related or they connect in some meaningful way to their actual followers. That's why you follow them. Sometimes brands go for the brightest, shiniest object. If there is an influencer out there or a creator that is doing really well and has millions of followers, everyone is going to jump after him or her. I think brands can really help creators also stay authentic by being authentic and real themselves, don't go after the bright, shiny object. Make sure that you're partnering with people that make sense for you, your brand and your own consumers, and really allow them to sell for you in their own way.

Because again, when it becomes forced, that's when things fall apart. I don't think that you can force authenticity. You can't force or buy relevance and connection. It's thinking about how we can give that flexibility and really allow creators to continue to grow those existing relationships that they have with their followers, and just give them the tools. Our role is to create the best products and to make sure that our influencers, creators, and the people we give them to understand, to the best of our ability, everything there is to know about these products. How the creators can speak to their followers and sell in their own voice, and not fake it, is really going to be key for the brands that partner with them.

Pierre-Loic Assayag:

Makes sense. Makes a ton of sense. Let's try to project out into the future, which is where you live because you're always pushing the boundaries, but let's go a little further than what we've discussed even. How do you think we will all be buying beauty products 10 years from now and what's going to drive this?

Chira Schaad:

Great question. I think that 10 years from now, stores will be showrooms for newness and innovation. Everyone, including my mother, will have a way to influence and sell their favorite things. And it will all be one click away regardless of the platform you're on. In one way or another, I think we'll all have the power to influence a sale and that most of what we purchase is going to be from our mobile phones.

Pierre-Loic Assayag:

That's very interesting. What I'm hearing and what you're saying is that the future and the way to pave it in many ways is to remove obstacles into the process. Whether it's people



connecting with people or having to go to a brand to perform tasks, like paying for a product that is not really required, which is the physical experience and the connection and maybe... I don't know if platform agnostic is a little bit too much, but just to disentangle the platform itself from the purchase. This is very, very interesting because what I'm seeing in what you're saying is that the future is there with us today. It's just that there are lots of hurdles that slow us down.

Chira Schaad:

That's correct. There are a lot of hurdles. People believe people which is why we obviously purchase in a store. Especially in beauty, this is why the beauty assistant has always been so integral in the shopping experience. Now that beauty assistant can wear many different hats and be many different people. They don't necessarily need to only have this as their job because, at the end of the day, we all consume and use some sort of beauty product. Whether it's skincare, makeup, haircare, hair styling, there is some form that everyone uses. How we will remove those barriers from people getting to the products that they're going to use and love, will be what I see the next 10 years of work ahead for us.

Pierre-Loic Assayag:

Amazing. There's a lot of work ahead of all of us trying to sort this out. To conclude this show, there are three questions that I like to ask all of my guests, if you so obliged. The first one is, where do you, yourself, look for marketing inspiration? Who would be a person that you look up to? The person or brand for that matter.

Chira Schaad:

Well, a brand, I'm going to say is Nike, always has, always will be. I worked with Nike on the agency side, and I am at L'Oreal today because I was so close to Nike on the agency side. I wanted to be able to get as close to a brand and impact the way that I was able to reach a consumer and really connect with them in a meaningful way, the way that Nike does. I feel that I can do that with beauty.

Nike has always inspired me. I always feel like they're a few years ahead of where most brands are in terms of community and even how they've always worked. Someone asked me a couple of years ago, actually, Nike doesn't have influencers, and I laughed because they have all the athletes in the world. That's why I've always looked up to them as a brand that I constantly went from.





Pierre-Loic Assayag:

Amazing. How about a person? Does anyone come to mind that you look up to and seek advice from on a regular basis?

Chira Schaad:

Bozoma Saint John, the CMO of Netflix, I worked with her for many years ago when she was at Pepsi and I was also on the agency side. She's been an amazing force in the marketing world as a woman and as a leader. She's someone that I've looked up to and constantly am inspired by and connect with as well.

Pierre-Loic Assayag:

What's one source of news that you keep going back to for marketing insights and information?

Chira Schaad:

I have to admit, I do love Behind The Numbers, eMarketer's daily podcast. I do listen to it just about every day and if I don't listen to it every day, I catch up on them.

Pierre-Loic Assayag:

Lastly, what is the next trend or platform that you'll be investing time in?

Chira Schaad:

I'm going to say time. I don't know yet about money and all of that stuff, but we're definitely very interested in Reddit. I already touched on this around our conversation earlier around the creator, but I think advocacy itself is another area that we're going to further define and create a strategy for L'Oreal US.

Pierre-Loic Assayag:

Very exciting. Well Chira, listen, it's been a pleasure having you. I'm hoping that our listeners have learned as much as I did today. I appreciate your time and your insights and your candor. Until my next time in New York for us to meet in person.

Chira Schaad:

Thank you. Thanks for this, and I look forward to it. Pleasure working with you guys.

Pierre-Loic Assayag:

Thanks for listening to this episode of The Fast Traack. Tell us what you thought of this episode by emailing us at [ft@traackr.com](mailto:ft@traackr.com). That is [ft@T-R-A-A-C-K-R.com](mailto:ft@T-R-A-A-C-K-R.com). If you enjoy this episode, please share with a friend and leave a review on Apple podcast, Spotify, or wherever you're listening from today. Thanks again, and see you next time.

