In Action: Luxury Beauty and the Multicultural Consumer

Daya Fields, MBA ‘07, made a big transition from her pre-graduate career in engineering to luxury beauty marketing at Estee Lauder

Michelle: Okay today we’re here with members of the Estee Lauder companies and one of the students in our Retail and Consumer Goods club and we’re here to talk about marketing and corporate diversity. So welcome to the studio today. And ladies, we maybe can just go around and introduce yourselves and give a little bit about what you do at the company or with the club?

Daya: Well my name is Daya Fields. I’m actually a class of 2007 MIT Sloan alum. And I currently work for Estee Lauder companies and a rotational program, a post MBA marketing rotational program. So I have three different experiences that the whole program lasts about a year and a half and each experience, whether you’re working in a corporate office, which that’s where I’m working in now or on a brand is about approximately six months long. And then after that you get placed full time in a marketing manager position.

Susan: My name is Susan Akkad. I’m the senior vice president of corporate diversity marketing at the Estee Lauder companies. I’ve been with Estee Lauder for about ten years, but my position is new, less than a year old. And I spend my time helping all of our 29 brands attract and retain more diverse consumers.

Nga: My name is Nga Phan. I’m the second year of the MBA program here at MIT Sloan. I am one of the co-presidents of the club. The goal of the club is to provide networking opportunities for students at MIT Sloan and also to educate the students about the different functions within the retail and CPG space. And our goal is to bring in executive level speakers to educate our community on this topic.

Michelle: And was the club responsible for bringing Susan and Daya here today for the presentation that they gave.

Nga: Yes, so the retail and consumer goods club was the lead organizer of this event. The event was also sponsored by the marketing club and the minority business club. And actually Daya has been tremendous help in making this event possible.

Michelle: Can you maybe talk a little bit about the event and things that you talked about with the students and kind of what you were looking for on your side of the
Susan: Well sure. I came to day because I was very excited to really talk with students about luxury beauty. I know that it’s not necessarily the primary industry that speaks here at MIT Sloan, but I’ve had the fortune of working with two MIT Sloan alums, both Daya Fields who’s working with me now and also Yanina Silva who was also the class of 2005 who came from MIT Sloan. So for me it was a great opportunity to really interact with the students and talk with them and answer some of their questions about marketing in the multicultural space. And what I hope that I provided to them was an overview of the beauty industry, the luxury beauty industry and some of what I have observed on the challenges and opportunities of the multicultural market within luxury beauty.

Michelle: And for you Daya, you know coming back here, was there a specific message that you wanted to impart to students as a Sloan alum?

Daya: Absolutely. I think just to kind of build off of Susan’s point to introduce MIT students to a different feel that they don’t hear about every day. And that, you know, these type of companies may not come and recruit on campus just to let students know that there are other options than just, you know, investment banking and consulting. And when I was at school, we didn’t have speaker come and talk about this so I kind of felt very passionate about, you know, making sure as a recent alum to be able to provide these type of opportunities for people who are really interested in going into this field.

Michelle: So marketing in the luxury beauty area, is that different than say if you’ve done marketing in other areas, are there particular challenges?

Susan: Well there are particular challenges of the channel of prestige that might be different from the channel of mass where some of the other consumer goods companies might play. I don’t necessarily think that the attitudes and views and tastes and preferences of the multicultural consumer is any different in the luxury space than in the mass space, but there are very particular things about luxury beauty. For example, that it’s the service that we provide as opposed to mass where it’s a self select. And what that means about how a brand reaches out to a consumer because our point of contact with the consumer is really the people behind our counters in say department stores, especially stores. That’s a different experience from say, you know, picking your make up off of the peg in like a Walmart or a Target. So it brings with it various challenges. We also have a very intricate relationship with our retail partners. And our retail partners have been a help for us in reaching the multicultural consumer. So it’s just particular dynamics of the channel as well as the industry itself.

Michelle: Have you found, do you utilize places like say like a Sephora, where you can go in and it’s another avenue for folks to be aware and maybe place the in-store expert or artist in there?

Susan: Absolutely, we have a really robust business with Sephora and it’s considered
the luxury channel as well. The Estee Lauder companies have chosen to define themselves as luxury versus prestige because it might cross channel. And what might be luxury in the United States might be different from what might be luxury in France. So for us it’s really about the luxury positioning and that’s sort of the DNA of our portfolio of brands. But Sephora is fantastic, has done a tremendous job, it’s very much an entertainment experience and I think that’s one of the reasons why it’s been so successful. And we have a nice business with them.

**Michelle:** Did you find the presentation today, did you learn anything about it that you hadn’t expected too?

**Nga:** Sure, definitely, couple of things. One was the realizing that the prestige market was almost half of all of the beauty market and so that’s a significant size. And then the other interesting thing that I learned was the differences and break down of the different segments. So for example, mass skin care is really big, but then in prestige beauty makeup is really big. And the reason for that is that makeup requires a lot more services and luxury and prestige provide just that. And the third thing that I thought was really interesting is the change in the demographics of this country. How the Hispanic population is growing really fast and it will, you know, be close to thirty percent in 2050. And the fact that, you know, an average Latina consumer spend a lot more on these products, the health care, skin care, makeup products, than an average woman in the country. So I thought all of those things were very informative and interesting.

**Michelle:** Now have you noticed since you’re a second year that in the time that you’ve been here is there more student interest in this area in the membership in the retail and consumer goods club?

**Nga:** Definitely, and one of the reasons for that is because of the help of recent alums like Daya, who have been very keen on helping us find opportunities to be more in touch with the industry. For example, we’re doing, the Estee Lauder companies are doing market lab with the marketing club. And last year we had a trek to New York City to visit Estee Lauder in its headquarters in Manhattan. And because of all of these activities, the club was more successful at advertising itself and its activities to the current student. And in turn the students are more interested in the space and also have more opportunities to learn about this industry. And so I think, you know, over the year definitely I’ve seen a growth in interest among the students.

**Michelle:** So now Daya as being part of what’s helping to raise the awareness of the industry and your company, when you came to MIT Sloan, were you always on this particular path or did you have an experience similar to what’s happening with these students where someone from the industry came and kind of mentored you and took you along?

**Daya:** Well when I was at Sloan it was a bit of kind of hitting the street, hitting the pavement, really kind of utilizing my networks and really being almost like an entrepreneur in terms of finding what’s out there. Because like I said again, you know, MIT does have a lot of the banking companies that come to campus and consulting companies,
but I think still and now you can correct me if I’m wrong, if you’re interested in this type of industry, in this type of field, you really have to do a lot of work on your own and with yourself and network with the people that are in Sloan that are interested in those same types of career pursuits.

**Michelle:** Now for the marketing and specifically, kind of multicultural marketing, have you found that say, you know, some of these ventures into online and, you know, when someone might go and say I want to do an online thing of, you know, my skin type or makeup. Are those, are those type different kind of avenues more successful in the multicultural sector?

**Susan:** Well I think the multicultural sector has been targeted in different ways by different companies. You know, to be quite honest I think that the mass market probably did a better job in their early days. And then I think that prestige companies are really improving their relevancy and a lot of their marketing techniques to the multicultural consumer. So we’re seeing successes in lot of different measures. We’re seeing some successes in traditional applied marketing, working through our retail partners or outreach events, both in a store or outside of a store but driving traffic to a traditional brick an motor retail location. But absolutely online is important because, you know, if a third of the population in the U.S. right now are people of color, if you go younger, we’re almost at the majority minority state right now. Younger people have been more actively engaged in both online commerce as well as social networking. So for us to reach sort of the next generation of consumer influencers, online is absolutely a high priority because that’s almost like a level playing field. It is what the overall population is going to be in 2042.

**Michelle:** So now you’ve been out in the work force and you’re in your rotation here. Was there anything from your MIT Sloan education, like you said kind of being a bit of an entrepreneur, that you’ve been able to apply to your job with Estee Lauder companies?

**Daya:** Absolutely, like I have not been quiet about the fact that I am a career switcher. You know I was, had an undergraduate major in engineering and to go into marketing, MIT allowed me to completely reinvent myself. So I used the market lab vehicle and I actually did a market lab with Polo Ralph Lauren and that really helped give me access to the luxury retail industry. I also participated in the exchange program to Spain and I thought, think that Estee Lauder felt that was particularly attractive because they see Spain as one of the emerging beauty capitals in Europe. And I also really took a lot of the marketing and strategy classes and learned a great deal from some of the professors there. Particularly the lifetime value of a customer class that I took was really insightful and I took a global strategy class that really is, kind of mirrors what I’m doing right now and this rotation is really working on strategic projects, not day to day, but in this particular rotation with Susan I’m doing a lot more strategic thinking.

**Michelle:** Now you said that Estee Lauder is going to come back and do some market lab stuff. Can you talk about any of those projects or are those confidential?
Susan: Sure I can. I can talk about them in broad terms. We were actually really happy that the two projects that we submitted were chosen by the students. And one of them I think was a particularly big hit. One of them is working with one of our designer fragrance brands, looking at a new category of business for that franchise and also a new channel. And the second project is working with one of our brands that’s the number one makeup in the U.S. in prestige. And looking at ethnic shade range and foundations, and looking at what some of the barriers to purchase are. So we’re really excited. So I was able to actually tell my colleagues on the marketing teams on those two brands two days ago and they were, you know, absolutely thrilled. So I think the kickoffs are well on their way for next week and we’re really quite excited. I was also able to meet a number of the students that were working on both of the projects today while I was here in Cambridge.

Michelle: And is that something that maybe once the projects are over, maybe, you know, kind of give us a little bit of a follow up, not anything confidential but maybe just how those worked out and maybe if any future projects come off of that?

Nga: Definitely, that’s our goal is to communicate how successful and how interesting and how helpful the program has been to, for the students for the companies involved as well. So by the end of December that’s when the projects end and we would love to communicate more of the results.

Michelle: It’s, I mean it seems just like such a gratifying and beneficial relationship to both sides because, you know, bringing this and awareness of this is like you said, we’re used to talking to folks that are consulting companies and engineering and banking and so this is just opening our eyes to a totally different industry. And I imagine more students being aware of it too, can maybe get a reputation in marketing overall as well.

Daya: Yeah, I mean the last time I checked Estee Lauder companies wasn’t saying no to free labor.

Michelle: Well I mean one of my super important questions of course is do you all get samples and makeup things as part of?

Nga: Well in fact, I can speak to this, last year we went on the trek, visited the company in New York and each of us got a gift bag. And there was amazing products included and I was introduced to these products for the first time. A lot of the very, very nice brands like Joe Malone fragrances and now I am a loyal user.

Michelle: Excellent. Now I know that and, you know you hear that, oh the Estee Lauder companies and you said you had, is it 29 different, are there some that, you know, could you let us know maybe what some of those are that we might not know?

Susan: Sure we have a lot of the core brands that were actually created by the family,
which would be the Estee Lauder brand, Clinique, Aramis, Origins, Prescriptives were original brands. And then there was a bit of a buying spree and we acquired MAC, Aveda, Bobbi Brown, Bumble & Bumble, amongst others. And then we got back into the brand creation business and we have a whole division called Beauty Bank, which creates brands for alternative distribution. So we have a license with Coach, with Daisy Fuentes couple brands in Kohl’s, a new partnership with home shopping network. So you get to 29 because fragrances are considered a brand. So of course we have the Michael Kors fragrance, we have the Donna Karan fragrance, so each of those are brands and have teams that support them.

**Daya:** Well I mean, you know, I love cosmetics and love Sephora, but I had no idea that some of these fell under, you know, these areas so.

**Michelle:** Now do you find that in the multicultural areas, I’ve noticed that there’s a lot of, you know, this is going green and sustainability concerns and things like that. Is that also an issue that you hit on in that marketing?

**Susan:** Absolutely, and we touch it from a corporate level. We actually have, you know, a corporate environmental officer and, you know, some of our plants are converted into wind power and we use a lot of recycled materials et cetera and that might be throughout all of the brands. So we have corporate initiatives that the customer may and may not see because it might not be sort of the brand DNA for that to be the position or the reason for purchase, but it’s behind the scenes. And then we have a couple of our brands where that’s very much the position, in the case of Aveda, that’s all about, you know plant and plant extracts, and the power of plant oils. That’s extremely active and very much an advocate in the environmental space. And then the Origins brand that has a whole franchise that’s I think the only USDA certified organic products in prestige.

**Michelle:** That’s good to know. Well, I mean, I could talk to you all day about this because it’s actually something I understand as opposed to some of the stuff that. But I don’t want to take up too much of your time, but is there anything else that you wanted to let us know about say what you maybe have going on with the students, or with Estee Lauder companies that we should know about or follow up on?

**Susan:** I was just thrilled to be invited today because I’m really passionate about this topic and I think, I love the idea of being able to expose the beauty industry in general to MIT Sloan students, but also this particular consumer base, which, you know, has such an incredible spending power and huge potential that people should be thinking about, whether they’re in luxury beauty or other kinds of consumer package goods because it’s so much a wave of the future. And I think as much as we can have that kind of dialogue. And it was great for me to also learn from student’s experiences during a lunch that we had because that’s very much a lot of how I learn. It’s not just reading the data, it’s talking to people.
**Daya:** For me it was just good to be back. I’m originally from Massachusetts so this is another excuse to come back. And it was good to be on campus and, you know, meet a lot of new people, the new class 2010, and meet some ’09ers that I actually knew before through various types of interactions. And, you know, it’s just good to talk to students to see what they’re interested in and to see how you can be helpful as a recent alum and to try to give them advice on how to get into the same thing you’re currently in now.

**Nga:** So for me as a student and also as a co-president of the retail and consumer goods club, my interaction with Estee Lauder and Daya has shown me the impact that alumni could have on the school itself and on the students. And I, you know, I really appreciate those connections. And I really see that MIT Sloan is a place where the community gets together, stay in touch, continue to help one another, and I would hope that there are more alumni out there who would come back and help us even more to market lab or whatever means.