



Adam Smith Awards

*Highly Commended - Best Transaction Management Solution*

# L'Oréal's B2B Marketplace SalonCentric Simplifies Shopping for Beauty Professionals

J.P.Morgan

SalonCentric, one of the largest B2B ecommerce marketplaces in the professional beauty industry, makes online purchasing easier for professionals while supporting L'Oréal's business growth goals.

## About SalonCentric

L'Oréal is a multi-billion dollar personal care company headquartered in Hauts-de-Seine, France with [operations in 150 countries worldwide](#). As the world's largest cosmetics company, the business has produced numerous products in hair care, skin care, makeup, perfume, and more. L'Oréal's brands include Redken, Kiehl's, Maybelline, and NYX. L'Oréal Professional Product Division's product line is used by [over 1.5 million partner hairdressers worldwide](#).

To help make purchasing professional beauty supplies easier across both first-party sales and resale, L'Oréal set out to launch SalonCentric Marketplace as an expansion of 580 existing physical SalonCentric stores. The ecommerce marketplace looked to build on the long-term partnership established between salon professionals and L'Oréal, providing convenient access to a wider selection of products and services, such as salon equipment, supplies, appliances, business software and more. Users are able to purchase professional supplies from partner retailers, as well as list and buy secondhand supplies like salon equipment. The SalonCentric Marketplace also aimed to support L'Oréal in expanding its business growth opportunities within the United States.

## The challenge

Because money transmission is highly regulated at both the federal and state level in the United States, SalonCentric had to be kept out of fund flows for third-party seller settlements on the company's ecommerce platform. Additionally, SalonCentric had a complex backend structure that included [Salesforce Commerce Cloud](#) for order capture, [SAP](#) for inventory management and invoice management, and [Mirakl](#) for third-party catalogue, pricing and order management.

Stakeholders from across L'Oréal and SalonCentric came together to overcome the challenges of setting up this new marketplace. The marketplace team was tasked with implementing, supporting, and managing the platform, while the legal team and third-party sellers were onboarded simultaneously. J.P. Morgan was selected to work with teams across both business groups to create a solution that processed transactions via sponsored account.

# The solution

The innovative firm-wide solution provides full end-to-end functionality for the new SalonCentric Marketplace. The ecommerce site uses J.P. Morgan's [Merchant Services](#) platform to process transactions with the Card Networks and receive funds. Following purchase, funds are settled into a sponsored account that keeps SalonCentric out of the fund flow.

The SalonCentric Marketplace is able to store third-party seller's bank account information with J.P. Morgan, dramatically reducing information security risk, as well as providing validation services for the bank accounts, thus increasing the accuracy of the third-party payment settlements at due date. Third-party fund settlement information is sent to the bank via state-of-the-art APIs. Once settlement instructions are received, J.P. Morgan settles the indicated amount from the sponsored account to third-party's bank account via an automated clearing house (ACH). Payouts are completed using [J.P. Morgan Concourse](#).

The success of the initiative rests largely on the teams' commitment to communicate across stakeholders. Teams operated in multiple tandem work streams to avoid delay and meet the project timeline. The five internal stakeholder groups at L'Oréal - treasury, the marketplace team, accounting, legal, and IT - built the marketplace from scratch, enabling them to fine tune it to the needs of the business. In concert with the legal team and the third-party sellers being onboarded on the marketplace. Treasury acted as facilitators, working with J.P. Morgan to ensure a seamless launch in today's fast-evolving payments environment.

# The results

With this new marketplace, SalonCentric can provide a wider variety of products to their salon clients. This allows the company to be a greater value-added partner and contribute to L'Oréal's growth without taking on the challenge of adding to its own product inventory.

Establishing the marketplace while staying out of the funds flow allowed the project to move forward efficiently. The use of sponsored accounts meant that SalonCentric would not have to secure money transmission licenses in each state where they operated. This meant the team could focus on building the marketplace with the funds settlement taken care of. SalonCentric Marketplace is now one of the largest business to business ecommerce platforms in the professional beauty industry, and earned a commendation at the [2022 Adam Smith Awards for Best Transaction Management Solution](#).



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