



Industry Insiders Offer Suggestions to Increase Business

As *OTC Beauty Magazine* has mentioned throughout the year, catering to the ethnic health and beauty care (HBC) industry has gone mainstream. Mass chains are finally realizing the potential that this market holds and are slowly trying to steal a piece of the pie. Are you maximizing your profit potential while, at the same time, ensuring that you are offering your customers what they need to keep coming back to you? These industry professionals think there is room for improvement.

Stores need to become more organized and tidy

A common comment that I hear is that beauty supply shops are messy and unorganized. I think the industry is maturing much like many other retail areas have, and future merchants in the field will have to step up their presentations to compete. Existing merchants who don't reevaluate their merchandising, product mix and store presentation could fall by the wayside.

Jeff Grant,
President, TRIO Display

Establish yourself as a "Beauty Destination"

One of the most important ways that a beauty supply store can become a beauty destination and set itself apart from its competition is to carry patented hair accessories with name recognition. In a woman's quest to be the most beautiful woman she can be, she is always seeking uniqueness so she can stand out from the competition (i.e., all the other women out there). She'll do whatever it takes, even if that means driving an hour out of her way to get it. Plus, price elasticity does not apply to patented products at all, meaning there's a huge profit potential for retailers with these items.

Mia Minelli,
Founder/CEO, The Tonytail Company, Inc.

OTCs shouldn't call themselves OTC stores. They should call themselves beauty stores because that's the business that they're in. Our research tells us consumers go to an OTC instead of Walgreen's or Target to find the newest, coolest products because it's a beauty store. These consumers are heavily involved in the whole idea of beauty and the fun of shopping for beauty.

I wish my friends in the OTC trade would present themselves as more of a destination for beauty with the three major categories—hair

and hair care supplies, skin care and color cosmetics—rather than as a discount store for hair care products, and each area should be distinctly separated, sectioned and signed. Stop merchandising by price point, and set a goal to be the store of choice for the beauty-involved consumer. The market for developing a more sophisticated, upscale beauty supply presentation for ethnic consumers is there for the taking.

John Jones,

National Sales Manager, Black Opal

Work closely with manufacturers

In the OTC beauty supply channel, one size does not fit all. The stores have various merchandising formats and sets, which can make it challenging to develop merchandising and promotional materials that work for the entire channel. Therefore, customization is needed, which can require more time, resources and funding.

Sherry Thompson,

Product Director, AMBI

One of the biggest changes I saw in the beauty industry in 2007 was the appearance of more and more major salon lines in retail stores such as drug stores, grocery stores and pharmacies. Even major retail chains are selling salon lines now. Diversion is a huge issue facing the industry, and we need to be cracking down more in 2008, and beyond, on manufacturers who are willing to sell their products to retailers. It affects the integrity of the brand's image, and while it hasn't affected my overall sales, those brands that have recently been appearing in retail outlets are not selling as strongly as they used to.

David Arnold,

Owner, C and C Beauty and Barber, Inc.

Customers need to be educated on products and services you offer

As a business owner, one of the most important issues I'm faced with is more product education with clients, which is an across-the-board concern. It's important that clients are educated on the benefits of keeping their hair healthy between services with salon products. Maintenance of the hair with the recommended products helps the stylist to maintain the client's look and keep the hair looking beautiful all of the time.

Barry King,

Owner/Stylist/Barber, Visions Multicultural Hair Design

Slow and steady will win the race

The near future doesn't look that bright for OTCs. There are a lot more beauty supply stores open, and the pie's getting smaller and smaller. Also, people in the African American community are being more conservative with spending. The hair price went up quite a bit, and a lot of our customers complain about it being too high.

Business is still steady, but we've got to ride the economy. The OTCs in the city are being affected more than those in the suburbs. If I look at the total of my six stores, they're performing about the same as last year, which is not too bad compared to a lot of the horror stories I hear from other beauty supply store owners.

Peter Chi,

Owner, C & C Beauty & Beyond