

What Store Owners Want from **Manufacturers**

Beauty store owners have a few suggestions for manufacturers... but are they listening?



IN MY TRAVELS AROUND THE COUNTRY I'VE had the opportunity to ask many store owners and managers about the type of support they'd like to get from their vendors. As the former owner of an OTC beauty store chain myself, I was asked similar questions two decades ago, and many of the requests I made then are still relevant. Among them:

- Minimum discounts of SRP less 50%.
- Lower minimum order amounts.
- Lower minimum prepaid order amounts.
- Co-op advertising allowances of at least 5% of an order amount, which can be used for any legitimate business-building activities, and have an easy proof-of-performance procedure for collecting monies due.
- Spoils allowances versus having to return defective goods.
- Cash discounts and/or extended terms on first orders.
- Guaranteed sales amounts, or a policy for adjusting overstocks and/or slow-moving goods.
- Regular contact by manufacturers reps.

Thriving manufacturers are inevitably those that do the best job of responding to their customers. In fact, vendor responsiveness is often an essential part of a beauty store buyer's decision to choose one line over another. That's where manufacturers reps become crucial links in the supply chain; a good rep will always communicate his customers' requests to the companies that he represents. In my experience, most service breakdowns occur at factories that are complacent, unresponsive or that simply drop the ball. Rarely is the rep to blame.

INDIVIDUAL ATTENTION

So what do stores specifically want from manufacturers? One thing's for sure: It's sometimes as much about the perks as it is about the product. Greg Cazzanigi, president of Northwest Beauty Supply, a multi-unit salon-store chain headquartered in Spokane, Washington, looks for a rebate based on percentage of sales. "The rebates should be based on annual purchasing volume," explains Cazzanigi. "For example, we might get a 5% rebate on purchases of \$50,000 or more, 10% on \$75,000 or more,

and 15% on \$100,000 or more. These numbers and percentages might vary by company, but we push hard to achieve the goals set for us in order to get the best rebate possible. It's always great getting that check at the end of the year."

Lori Silverstein, owner and president of the nine-store Peninsula Beauty chain in Northern California, is looking for better support from her vendors. Her requests include the funding of sales contests and spiffs to help drive the manufacturer's brand; the implementation of realistic prepaid-freight policies; better return-authorization systems; show deals that are only available at the show; extended dating on major promotions; and co-op programs that allow accrued monies to be carried over from one period to the next. She'd also like to see more effective shelf-talkers, smaller counter units and better education. The bottom line for Silverstein, who buys almost all of Peninsula's salon haircare lines from distributors, is that she wants to be offered the same discounts and educational opportunities

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as the national chains. "Give chains like mine a warehouse allowance and chain-discount pricing," she implores. "I should never pay salon pricing on anything, because I blow salon businesses out of the water. And with regard to product knowledge, if we don't know the how, what and why of a product, we can't sell it."

Her requests are not all directed at manufacturers, however; reps are also in her sights. "I expect sales reps to be committed to servicing our stores on a regular basis, and to follow through in all areas," she comments. "I don't want someone who just wants to write an order."

Ricky Kenig, one of the owners of Ricky's Urban Groove, an East Coast beauty store chain with 20 units, couldn't agree more on that last point. He says that there's real value in the "old school approach" of sales reps who provide individual attention. Kenig

recalls one particular rep who called on Ricky's every month like clockwork. "He would straighten his merchandise display, review his suggested reorder with our store manager, give updates on new products and promotions, and provide rebate info," says Kenig. "He also took care of damages and returns, and gave samples to the employees so that they could then recommend the product. To me that's basic Business 101, and unfortunately, as companies get bigger and more corporate, they forget what drives their products in our stores. Nothing is more effective than a rep contacting our sales personnel to enroll them in selling a product line. Building this type of partnership does not come about from a call every three or four months—it takes continuity that comes from consistent sales calls."

Another issue that has become important to beauty store operators is the ability to pay for merchandise by credit card. This can be a win-win situation. For the manufacturer, it avoids credit-risk exposure and provides a mechanism for faster

payments. For the beauty store owner, it offers the luxury of extra dating when timed right—not to mention frequent-flyer mileage points.

GOOD LISTENERS

As the main conduit between the factory and beauty store, manufacturers reps hear all types of demands from clients, from the organizationally unrealistic to the economically viable. A good rep, though, is a good listener and will communicate all of a customer's reasonable requests to the vendors he represents. Peter Mazziliano of GM & Associates in Westlake Village, California, has heard it all. His take on the relationship between OTCs and manufacturers is that retailers are most concerned with offering products that are not generally sold in the retail mass market. "Education for store owners is sorely needed but is often overlooked," he adds. "Getting DVD or

As I See It

CD training materials from manufacturers is a big plus for them.”

Harlan Kirschner of The Kirschner Group in Valencia, California, says that beauty store managers also want collateral materials such as shelf-talkers, posters and product information sheets. They want to work with manufacturers that provide everything from product knowledge to sales tips, samples and displays. “Manufacturer-sponsored giveaways and consumer trial-size samples are always welcome by store people as a method for stimulating new business,” Kirschner remarks.

you’re not a marketer of sundries with a major brand name, then guerrilla marketing initiatives must be used, relying on the manufacturers rep to find a store’s hot button and then being flexible when making deals to help create the demand,” says Freeman.

The desire for more merchandising support is a common theme, observes Ranae Breslow, principal at the Southeast’s Lady Beauty Rep. “Stores want support,” she states. “They need fun, interesting promotions, staff training, advertising, demos, store events, contests, spiffs and effective

many beauty supply outlets don’t have top sales help, the manufacturer needs to do a better job of communicating a product’s features and benefits to the consumer through point-of-purchase materials,” he says.

Another Northeastern rep, The Martin Group’s Adam Finkelstein, sees four major ways that manufacturers can help stimulate beauty store sales. “First is sampling,” he explains. “If customers have a positive experience with a trial-size product, there’s a good chance they’ll buy the full-size item. Second, shelf-talkers are a simple way to help promote your product. They provide

Finally, Joe Gebbia, a Southeast sales rep for The Kirschner Group, makes the following on-the-money observation: “Implementing a cookie-cutter approach to marketing might seem workable, but understanding the needs and wants of your clients is what brings real success. For instance, one of the major marketing aids a manufacturer can supply to OTC beauty stores that focus on multicultural products is window and wall posters.” Because these media are often used as permanent wall and window dressings, they represent a cost-effective way to obtain long-term visibility at the point of purchase. “New product introductions should always incorporate wall or window merchandising offers in their marketing plan,” he concludes. “Over time this approach can help create a situation where the image is greater than the reality—and that ain’t bad when you’re out there swimming with a lot of sharks.”

From a cost-to-benefit basis, store owners’ requests are not unreasonable for most marketers. Odds are, if manufacturers implement most of the tools beauty stores are looking for, they’ll see a direct, positive sales impact. ■

Mike Nave is president of Professional Beauty Distributors and publisher of “The Beauty Industry Report” newsletter.

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Jason Freeman, president of The Freeman Group in Long Beach, California, observes that the sundry business is no longer the driving revenue force for beauty supply stores—it’s designer lines and skin care that bring in the big bucks. As a result, sundry manufacturers need to create sell-through programs that target the end consumer, using a variety of sales and merchandising methods including sampling, shelf-talkers, consumer specials, posters, PMs (sales incentives), rebates and, of course, special deal pricing. “If

POP material. The manufacturer needs to be there from start to finish. It’s not about a sale—selling is easy—it’s about the sell-through. Beauty store owners and managers will support the manufacturer that supports their store, so they need to work together to build and maintain a relationship that is mutually rewarding and beneficial. They need to be a team.”

Alan Aronson, a rep with the Northeast territory’s Gerry Udell, adds that all too often manufacturers don’t supply stores with enough sales “ammunition.” “Because

beneficial information to the consumer and also help the product stand out. Third, use advertising opportunities to the fullest. It isn’t just about a consumer seeing ads in magazines or trade publications; manufacturers need to take advantage of their magazine ads within beauty stores, such as with laminated ‘As Seen In...’ displays. Do the same with any press you receive: Create post-cards that the beauty store can send out to its customers. Fourth, manufacturers should list on their websites the stores where consumers can buy their products locally.”