



BUSINESS OPPORTUNITIES

A Selective Solution

Exclusivity helps a natural haircare system grow

CARTER CAREFULLY CHOOSES HER BUSINESS RELATIONSHIPS.

JANE CARTER HAS SPENT MORE than 20 years styling hair as a salon owner and instructor. But over the course of her tenure, the beauty industry veteran says she faced career uncertainty following a severe allergic reaction. "I developed asthma and dermatitis, and I had to literally go back and clear out everything we were using in the salon," she recalls. "So, I went from product line to product line and discovered harmful ingredients and perfumes."

After studying how to create healthier products, she ramped up efforts to penetrate the haircare landscape (with her basement as a laboratory and her two children as test subjects). Today, the East Orange, New Jersey-based company, the Jane Carter Solution (www.janecartersolution.com; 877-424-7227) offers a full line of shampoos, conditioners, serums, and sprays made of natural herbs, butters, and certified organic essential oils. The company's revenues have grown steadily since its 2006 launch; \$1.2 million in 2007, \$1.5 million in 2008, and for 2009, sales for the 10-full-time person company surpassed \$2 million. Besides using quality

ingredients, Carter credits her company's success to a growth strategy that involves being a bit choosy.

Sold through a network of independent distributors and retailers including Whole Foods Market and the Vitamin Shoppe, Carter's products are carried by select retailers. Thinking it would dilute the brand to sell to beauty supply chains and discount stores—even though many women frequent those—Carter preferred to sell through health-oriented stores and beauty boutiques that emphasize consumer education. When done smartly, exclusivity can add value and build business.

James Shein, a professor of management and strategy at the Kellogg School of Management at Northwestern University, says limiting distribution can save a lot of time, trouble, and sales costs, but the strategy only works if customers believe the product is special. He adds that cultivating that perception and building customer demand requires clever marketing and merchant education. "The key is to shoot for higher pricing and higher margins," Shein says.

"If you are going to stay smaller, you have to be ruthless about cutting out costs and in particular cutting down on overhead.

Beauty boutiques like Urbanbella in Atlanta help Jane Carter Solution reach customers who are willing to pay a premium. "I had a chance to sit down with Jane and talk through the [product] line in detail," says CEO Keneesha Hudson. "When you're small you have a direct connection to the customers and greater flexibility to accommodate their needs. That's the beauty of having a niche business." Carter pairs her exclusivity efforts with an online and in-person marketing strategy that includes e-newsletters, video tutorials, blogging, podcasting, sponsoring events, and monthly teleseminars offering advice and giving callers coupons following their participation.

Of course, no strategy is foolproof; but so far Carter's choices continue to pay off. An increase in revenues for year-end 2010 is anticipated because of expansion into new geographic regions such as Southern California, Arizona, and New Mexico. — Maya Payne Smart



For business advice from Jane Carter about helping consumers to go green, visit www.blackenterprise.com.