

Nancy's

BEAUTY CENTER

BY MIKE NAVE

Morad and Nancy Zahabian's two stores cater to the individual needs of both consumers and professionals.

PHOTOS BY DAWN W KLUGMAN



This is a tale of the two beauty stores owned by Morad and Nancy Zahabian. One is Nancy's Beauty Center, a 1,000-square-foot salon store located at the busy intersection of Florence and Pacific Avenues in Huntington Park, California, a predominantly Latino area adjacent to downtown Los Angeles. The other is Nancy's Express, a cash-and-carry professional-only store located at the 35,000-square-foot Nancy's Beauty Warehouse corporate headquarters and distribution center, also in Huntington Park. *Beauty Store Business* recently visited the two operations to speak with Morad and Nancy's Beauty Center manager Rose Ebrahimian about the balancing act required to achieve success in both the wholesale and retail sides of the industry.

BSB: Rose, how about a thumbnail history of your involvement with Nancy's Beauty Center?

RE: My daughter, Nancy, opened the store just after she and Morad were married 15 years ago. She worked here until becoming pregnant, at which point I came in to help out and ended up staying on.

BSB: What can you tell us about the operation?

RE: Our clientele is almost exclusively Latino. The average income of our customers is modest, but they do have money to regularly buy beauty supplies, and that has led to a very loyal following that has been shopping at our store for years. Our salon is full service and is operated by independent booth renters.

BSB: What are your best-selling haircare brands?

RE: John Paul Mitchell Systems, Redken, Matrix, Sebastian, KMS and Goldwell are strong sellers for us. Nexxus used to be a big brand here but has slowed down. We do a thriving haircolor business as well. Wella and L'Oréal are our leading color brands, followed by Miss Clairol. Activa, an Italian tube hair color, also sells well.

BSB: I notice that you don't stock OPI or Essie products, two of the best-selling professional nail brands. Why is that?

RE: Retail price points are very important to our customers, so we focus on brands that sell in a lower price range. Orly does great in our store.



To showcase its product selection, Nancy's uses manufacturers' displays and attractive glass fixtures.

BSB: What are your top cosmetic lines?

RE: Sormé, Palladio and Brandon Femme are leading sellers at Nancy's.

BSB: Despite limited shelf space, you have a full range of appliances. Which ones are your best-sellers?

RE: Solano is our best-selling hair dryer. In curling and flat irons, Helen of Troy's Hot Tools is the No. 1 brand. We do excellent business in clippers with Andis, Oster and Wahl. The total appliance category produces outstanding sales for us.

BSB: Morad, you have a very successful wholesale distribution business. What prompted you to open up a beauty supply store to the public?

MZ: Nancy's Beauty Center was actually opened before Nancy's Beauty Warehouse. I had spent most of my career in the professional beauty business working for a company that had a number of beauty supply stores, so it was a natural move for my wife, Nancy, and me to open up a store of our own.

BSB: How much involvement do you have in Nancy's Beauty Center?

MZ: I monitor the store's purchases and sales. Rose is responsible for the store staff, purchasing and in-store promotional activities.

BSB: What is the relationship between Nancy's Beauty Warehouse and Nancy's Beauty Center?

MZ: NBC is treated as a customer of NBW.

NBC places its orders on a regular basis, and they're then shipped out from our warehouse.

BSB: Has owning a beauty supply store given you insight into the needs of other store owners?

MZ: Yes, most definitely. We get first-hand experience in a number of areas, including which products are hot and which are slowing down. We also get a feeling for what other beauty supply stores are experiencing.

BSB: What makes your store different?

MZ: Its location. NBC is located in a section of Los Angeles that was not considered desirable, but the shopping area has evolved and our corner location has been a big plus. However, there are challenges that we deal with, including the large low-income customer base. That fact limits the price points of the products that can be successfully sold in the store.

BSB: Any other challenges you face?

MZ: The state of the economy. Plus, the growing amount of diverted salon products continues to erode our business somewhat.

BSB: What is Nancy's strategy for retaining customers?

MZ: Product availability, competitive prices and product knowledge. The hairdressers who work in the salon can assist customers with any technical questions they may have, and will make product recommendations when asked.

BSB: Looking at the distribution side of

Nancy's Beauty Center

OWNERS: Morad and Nancy Zahabian

YEARS IN BUSINESS: 15

NO. OF STORES: 1

LOCATION: Huntington Park, CA

STORE SIZE: 1,000 sq. ft.

LEADING LINES: Paul Mitchell, Redken, Matrix, Sebastian, Orly, Sormé Cosmetics, Palladio Cosmetics, Solano, Helen of Troy, Andis, Oster, Wahl

your business, what prompted you to open Nancy's Express?

MZ: We wanted to cater to hairdressers, beauty supply owners and truck jobbers who prefer the convenience of making purchases on a cash-and-carry basis. Many customers like to personally pick up their orders, which gives them the opportunity to see and touch new items and get product information from our knowledgeable sales staff. Nancy's Express lets them do that. It offers a wide selection of the beauty products that are sold through our catalog and telemarketing division. We also display and sell salon and spa equipment. Our goal is to offer professional customers the best product selection, customer service and price.

BSB: How do you let customers know about your cash-and-carry operation?

MZ: We use monthly, direct-mail flyers and telemarketing to get the message out about our convenient store division, emphasizing our competitive prices and personalized customer service.



Nancy's Beauty Center includes a full-service salon.

BSB: Tell us about the space you created for Nancy's Express.

MZ: It's 3,000 square feet in the front of our building, in an area that was originally part of the warehouse. There's a large sliding door that we open to make it easy for customers to drive up and walk in.

BSB: Why keep Nancy's Express separate from Nancy's Beauty Warehouse?

MZ: Because they have different needs. The store business is limited to those customers who make the effort to visit and shop with us; it gives our salespeople a better opportunity to present new products and promotions on a one-on-one basis. With NBW's regular business, our only contact with the customer is over the telephone; that makes selling much more of a challenge, as the customer cannot physically see the products—and we stock more than 8,000 SKUs.

BSB: What type of in-store display and merchandising strategies do you use to stimulate business at Nancy's Express?

MZ: We use manufacturer displays, temporary price reductions and end caps, and we promote items that we feature in our monthly flyers, which we send out to 13 western states. We actually publish two four-color flyers each month: a 16-pager that is mailed to salons, and a 12-pager for beauty supply stores. They serve as our primary advertising vehicles, and we back them up with one-on-one phone contact from our telemarketing department.



Despite their modest incomes, Nancy's Beauty Center patrons still regularly seek out quality beauty supplies.

BSB: Given the shrinking number of open-line beauty products, how has Nancy's Beauty Warehouse continued to expand?

MZ: We have grown for several reasons. Our telemarketing sales staff is a key success factor for our company. I believe that NBW has the most knowledgeable, most service-oriented and most helpful staff calling on salons and beauty supplies. Our very capable sales manager, Suzette Yap-Saunders, does an outstanding job of overseeing our telemarketing team. I don't know of any other telemarketing manager who gets her people to generate the same high number of sales. Another success factor for NBW is our commitment to customer service.

BSB: What is your perspective on the overall growth of the OTC beauty store market and the opportunities it presents?

MZ: I saw the explosive growth of beauty supply stores in the 1980s and '90s and felt that the market had become saturated. Now things are different. I see that the beauty store owners who run their operations efficiently are expanding and opening more units, while those who have not changed with the times are going out of business. With most manufacturers reluctantly selling and shipping items directly to small beauty outlets, NBW has the opportunity to provide better service to these companies. We can ship an order more quickly than the manufacturers, offer customers the convenience of buying multiple products from one source, and don't require that they meet manufacturers' minimum-order requirements. By working with us to reduce their inventory and get a better inventory turn, our customers can run their stores much more efficiently and add to their bottom line.

BSB: What are the fastest-growing product categories for NBW?

MZ: Appliances, specifically hair dryers and flat irons featuring ionic-ceramic technology; hair care, including the L'Oréal Nature's Therapy and Zotos International Naturelle lines; and basic beauty sundries.

BSB: Who is NBW's major competition, and what strategies do you employ to compete with them?

MZ: Off course, it's Sally Beauty and its exclusive salon-line division, Beauty Systems Group. Also, believe it or not, those manufacturers that sell direct to small beauty stores. We compete with them by emphasizing our strengths: personalized service, wider product selection and more inventory depth. We also focus on selling to salon owners rather than individual booth renters, who tend to frequent Sally stores.

BSB: What steps do you take to source out new and unusual beauty products?



Basic sundries help Nancy's maintain its loyal following.

MZ: I rely a great deal on the independent sales reps who call on us regularly. They are a great resource for finding out about what's new and hot. I also attend trade shows—including IBS New York, the International Salon and Spa Expo, and Cosmoprof North America—and make it my business to stop into other beauty stores to check out the scene.

BSB: What is your organization's greatest management challenge, and what are you doing to meet it?

MZ: Keeping our sales staff focused is a major task. Every morning Suzette Yap-Saunders meets with our salespeople to go over the numbers and discuss any challenges they might be having. Every Tuesday, we schedule one of our key manufacturers to do a product-education meeting, which we back up with sales incentives for staff members.

BSB: Anything else you want to project about your enterprise?

MZ: We know that without our loyal customers we wouldn't exist, so we offer all types of programs to assist retailers in becoming more profitable and efficient. We are the fastest-growing and the largest open-line distributor in the western United States, and we've achieved that by offering the best prices, best service and best selection. We're here to assist all customers with their special needs. ■

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