

The California-based, 50-plus site chain plans to add five stores in Texas by the end of the year.

Encino, California-based PUREBEAUTY was founded by Larry Freeman early in 1999 after he sold his company, Freeman Cosmetics, to the Dial Corp. Freeman and Brett Saevitzon, who was on the Freeman management team, started with one store in Davis, California. They then acquired the Beauty Stores of San Francisco chain from John Dellar and Elana Laub. After that they proceeded to acquire more independent beauty stores in Northern and Southern California and expanded to Arizona and Nevada. In January 2000, Freeman sold his interest to the Heritage Co., a Boston-based equity fund that has



Images courtesy of PUREBEAUTY

Store Profile: PURE BEAUTY

by Mike Nave

provided the capital for PUREBEAUTY's growth. Freeman continues his involvement as chairman and sits on the board of directors. On May 21 PUREBEAUTY announced that it will open five stores in the Houston and Dallas areas this year. Recently, Beauty Store Business had the opportunity to interview Saevitzon, who is PUREBEAUTY's president and CEO.

BSB: Please tell us what's been happening with PUREBEAUTY during the past year.

BS: PUREBEAUTY has had continued expansion and sustained growth and now operates more than 50 locations.

In the past year we've ensured our profitability and long-term growth by focusing on closing under-performing stores, renovating stores that we had previously acquired to bring them more in line with the PUREBEAUTY brand and solidifying the senior management team. In addition, we've established a clear focus on the points of differentiation that PUREBEAUTY offers its customers.



BSB: How many stores do you currently have?

BS: Between closing a few units and opening new stores, we now operate 51 stores. We have four units currently under construction.

Our expansion plans call for opening more units in our existing California, Arizona and Nevada markets. We'll also be expanding into Texas this year and are investigating additional markets for 2003 and beyond.

PUREBEAUTY's three-year plan calls for modest, controlled growth for the balance of this year, with aggressive growth in 2004 and explosive growth in 2005.

BSB: Why are PUREBEAUTY sites positioned as lifestyle stores rather than beauty stores?

BS: We're at the forefront of a whole new trend in the multibillion-dollar beauty business. We're taking brand name beauty and turning it into specialty retailing. There are a few regional and national players in our category that carry a wide variety of products like we do, but in a much larger, less intimate environment. And because of the unique nature of our boutique store experience, we can offer our customers hard-to-find lines or ones that want to be associated with the upscale environment that PUREBEAUTY provides.

After doing our research on the various types of beauty stores, we set out to create a "get it all in one place" experience. We offer a wide variety of products—from the extraordinary that are available at high-end specialty retailers to the ordinary lines that customers are familiar with and are looking for. We provide expert consultation by licensed and trained professionals. We're focused on training PUREBEAUTY store teams and utilizing our licensed stylists and estheticians to actually work the floor. This helps to impart credibility and knowledge to our customers who we indulge in exceptional hair and skin salon services. Most beauty stores use their salon simply to get the products. We want to offer an intimate experience of hair services, as well as skin rooms that offer facials, waxing and more. And

PUREBEAUTY president and CEO Brett Saevitzon ensures that the company stays ahead of the trends.



PUREBEAUTY is taking brand name beauty and turning it into specialty retailing.

we set the stage for a unique overall experience. Our concept stores offer a friendly, clean, well-organized boutique environment that's altogether very different from most beauty retailers today.

BSB: Are there other reasons why your stores are popular?

BS: We set out to make PUREBEAUTY unique right from the get-go. Toward that end, our stores have morphed to include back-lit feature walls with water running down them and more intimate boutique salons.

This is a fast-moving industry with many fickle customers so we have to ensure that we stay ahead of the trends and offer unique products and services.

We've definitely seen the trend toward more high-end products explode. From hair to skin to bath and body, women are looking for more unique items that they can't find anywhere else. It's that bragging right among friends. Customers want to be able to tell someone about a fabulous new product they found and used. And that turns the friends on to the product and PUREBEAUTY—that's the supreme outcome of trend-watching.

BSB: What are the top challenges you face in growing PUREBEAUTY?

BS: Finding retail locations that fit our strict real estate/demographic profile and "psychographic" standards. We know

what types of environments our concept thrives in. We need to ensure that we obtain that real estate so every location is successful right out of the gate.

Also, our customers have become more value-driven since the economy turned downward. So we're finding that we have to offer value as an incentive for them to spend. And since retail traffic is down everywhere, we have to make the most of every transaction—that means up-selling without making our clients feel pressured.

BSB: Who are the key members of your corporate management team?

BS: I have a great team of experienced professionals, including Al Calvanico, CFO; Allen Kieffer, director of store development; Brian Pearce, vice-president of stores; Chuck Kutschko, director of real estate; Linda Erickson, vice-president of human resources; and Mike Kraus, director of marketing.

We also have three category buyers: Chris Anderson, skin care, cosmetics and fragrances; Brenda Serrano, bath and body, beauty essentials, nails, home care and brushes; and Sandra Escamilla, hair care and electricals.

BSB: What are your fastest-growing product categories?

BS: Skin care, fragrances, bath and body and cosmetics are PUREBEAUTY's hot-ticket categories.

BSB: What are some of your top-selling brands?

BS: Sebastian, TiGi and Phyto are our top-selling haircare brands. In nail care, it's OPI and Essie, and in skin care Dermologica and Murad are big sellers.

BSB: What about color cosmetics?

BS: We're taking a hard look at this category. Just as our customers demanded more unique, high-end hair- and skincare products, they're now asking for the same level of professional cosmetics. Two of our top color cosmetic brands are Linda Cantrello and Too Faced. We're in conversations with a number of those who have cosmetic lines that will move us closer to

becoming a beauty lifestyle destination in this category.

BSB: Do you currently have any private-label brands?

BS: We're still a young company and as such, we want to ensure that we attain our sales and profitability goals prior to changing the paradigm of our concept.

Private label is definitely in the works for us this year. We have a couple of categories that we'll launch as a foundation for growing that side of our business. However, at this point we're not prepared to discuss this further.

BSB: How do you source all of your new products?

BS: We go on product and trend scouting trips. This includes trips to England and Italy, plus visiting other retailers that watch color, fashion and home trends. Reading fashion magazines and keeping up with current events also play a part in our search for what's hot and what's new.

BSB: What trade shows do you attend?

BS: Our buyers and merchandise managers visit shows in a variety of product categories—including the home, beauty, gift, spa and novelty arenas—to spot new products and trends and keep our stores on the leading edge of product selection. Cosmoprof in Bologna, Italy,

and Hong Kong, BeautyWorld in Frankfurt, Germany, the EX•TRACTS shows in New York City and IBS-New York are key trade shows that we attend.

BSB: Do you work with any manufacturers reps?

BS: Yes, they're the eyes and ears of the beauty world and tend to have a hundred tentacles out there grabbing items that they're always pitching. Granted, they have a lot of products that aren't relevant to PUREBEAUTY and our customers, but every now and again you find that one diamond in the rough that is wildly successful.

BSB: What impact is the increased availability of salon-only brands on mass-market retailers' shelves having on your business?

BS: It isn't affecting our business. Because of our unique product mix coupled with our expert consultation and services, our customers continue to shop PUREBEAUTY for all their beauty needs. We all know that service rules—even over price. If you can get the expertise you're looking for in a retail experience, price isn't such an important issue.

We are, however, very concerned about diversion. We wish that the suppliers would take a firmer stance, and we would like to see the ICOSA [of which PUREBEAUTY is a member] take a

stronger stand against manufacturers that don't work to abolish diversion.

BSB: Are multicultural lines important to your product mix?

BS: We carry a variety of products for all our customers. We make sure that the lines we carry are relevant to the customers we're catering to.

BSB: Please tell us about the point-of-sale system you use.

BS: We're transitioning from Retail Pro to JDA. We're growing fast and need a system that can take us from where we are now to several hundred stores. The JDA software offers modules in dynamic merchandising planning, production per fixture, margin enhancement and inventory management and reduction.

BSB: How do you motivate your sales staff members?

BS: Our culture is such that the stores are at the top of the company in terms of the structure. Our store teams are our front lines—the only faces that our customers see. If our store teams aren't performing, then we lose customers. And we all know that losing existing customers is devastating to business.

We offer a fun place to work where we care about our store teams and offer all employees—including stylists and estheticians—full benefits. That includes medical and dental insurance, a 401(k) program and more.

We also offer a workplace that's focused on training and customer service. We have a variety of programs, including PUREINSTITUTE, our video-training series and vendor classes that are created to educate our PURECONSULTANTS and, in turn, customers. All that training really helps to reinforce the main reason many of our customers continue to shop with us. We provide them with knowledge so they can make well-informed beauty decisions.

Store teams—including those members in the salon—are encouraged to attend every training session. SPIFF and reward programs allow team members to make extra money and earn recognition.



We've created a profile of our ideal store manager, assistant manager and PURECONSULTANT so that we create a consistent experience across all our stores and offer customers an experience they can't get anywhere else. It's all about providing them with the best customer service and beauty knowledge.

BSB: Do you have a Web site?

BS: We do have one, but it's currently only information-based.

The most unique trait of our PUREBEAUTY brand is our ability to infuse knowledge into everything we do so we need to bring our Web site up to that standard prior to launching any e-commerce initiative. Additionally, it's our PURECONSULTANTS who make PUREBEAUTY what it is—and that's extremely difficult to replicate online. E-commerce remains on the front burner and is something that we will need to embark on at some point.

BSB: How do your stores draw customers in?

BS: We're employing traditional brand-building initiatives for young companies. Because we're so new in most markets that we operate in, we rely on word of mouth, PR and community relations to spread the word. We've also had great success with direct marketing. All these



PUREBEAUTY was founded on the "get it all in one place" experience. It features hair services, as well as skin rooms that offer facials, waxing and more.



initiatives allow us to tell our story, and PR really gives us that third-party endorsement that adds credibility.

We've run ads on a localized basis for specific stores, but are not at a point yet where mainstream advertising is affordable or makes sense for us.

BSB: What in-store merchandising strategies do you use?

BS: Power presentations. We need to show our customers we believe in what we're selling. By filling a feature table with products and props, we show them that we believe. We also create other feature areas so customers will move around the store.

BSB: What do you see as the top challenge facing salon stores in the next year?

BS: It's the continued growth of nonprofessional stores carrying professional products. More options for consumers mean more competition. That's why we've set out to create a unique entity

that combines a number of beauty options all under one roof.

BSB: Anything else?

BS: Our goal is to provide PUREBEAUTY customers with the best products, services and product knowledge, and we want to partner with manufacturers that feel the same way.

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