

Belson Products



Bob Gorman

Belson Products has learned from its beauty store past and is applying it to your future.

by J. Elaine Spear

Belson Products has gone from importing and distributing top personal-care appliances to being one of the mightiest manufacturers in the beauty business. As a recognized leader in both the multicultural and general markets, this ambitious company continues to break previous sales records. Bob Gorman, vice-president of the Belson professional division, recently talked with Beauty Store Business about how his company is growing its sales through innovation and why these advances are going to increase sales for your beauty store.

BSB: Please give us a brief history of Belson Products.

BG: Mr. Belvin Friedson founded our company in 1963 after putting together a group of five investors and raising just \$45,000. I consider this nothing short of amazing since we're expected to exceed \$750 million in sales in 2003. In the early years, we provided sundry items to beauty and barber shops. Mr. Friedson wanted to become involved in styling appliances and went to the People's Republic of China in 1972 and established a relationship with Durable Electric, a company that produced personal-care appliances. Belson Products was formed that same year for the purpose of procuring, importing and distributing these electrical goods to professional beauty supply customers. Belson, by the way, represents the first three letters of "Belvin," and the last three letters of "Friedson." This eventually led to a partnership with Durable Electric in 1979 and our own manufacturing facilities in China.

During this important time in our company's history, Mr. Friedson was also involved in establishing a large chain of beauty stores called Saveway Beauty & Barber Supply, which was our original name. The first Saveway store opened in 1964 and eventually grew to 180 outlets throughout the Southwest. With our appliance business going full tilt and a desire to grow this area of our business, our company sold the entire

chain of Saveway stores to Sally Beauty in 1988 for \$23 million.

BSB: How long have you been involved with Belson Products?

BG: I joined Belson Products in 1984 as the director of marketing for the professional division. In 1986, I became vice-president of the Belson professional division, a title I still hold today. Previously I worked for Conair Products and Dubl Duck. At Belson I currently oversee sales, marketing and product development of the Belson professional brand. I'm responsible for the P&L for our division, and I also direct a lot of my energy toward our major customers like Sally Beauty, Beauty Systems Group, Jinny Beauty Supply, West Coast Beauty Supply and the JC Penney salon chain. I also devote a great deal of time to our master distributorships like Spilo Worldwide, J&D Beauty Products and Burmax. These companies are essential to Belson Products since they, in turn, sell to smaller distributorships that are currently handling our Belson lines.

BSB: What lines are being produced and distributed under the Belson brand?

BG: Belson Products has both open-line and full-service distribution. The Belson brand is sold to open-line distributorships across the country. Within this brand, we distribute several lines of styling appliances including Gold 'N Hot—the largest multicultural line of its kind in the beauty industry—and Belson Pro, our basic line of hair dryers and curling irons. Belson also produces Profiles, a line that includes hair setters, nail dryers, nailcare centers and spa merchandise; Shear Technology, a line of shears in the



opening to mid-point price range; and Comare, a line of high-quality combs and brushes.

Our full-service lines are sold only to licensed beauty professionals and their customers. They currently include Mega Hot, Salon Design, Premiere and Ultra Tech. The product selection is the same for each of these lines, but the colors, graphics and



packaging differ to give distributorships in competing marketplaces a unique product line that maintains both strong product and price integrity.

BSB: How did Applica become the name of your corporation?

BG: In May 2000, our stockholders voted to change the name of our corporation to Applica. The name is derived from the English word, "appliance" and the Latin word "plicare," meaning to fold into one united whole. Applica currently has nine operating divisions, including Belson Products and Black & Decker Household Products Group, plus a large, private-label OEM [original equipment

view from the top

manufacturer] for other large manufacturers and wholesalers.

The Durable Electric factory in China is now a wholly-owned manufacturing operation of Applica, providing Belson Products with a constant, low-cost manufacturing source for small electrical goods. This has put us in a very strong market position since other major players in our field use subcontractors. Our situation provides tremendous cost advantages in terms of pricing our products competitively for all of our many distributorships.

BSB: How has Applica helped Belson gain a bigger market share in the beauty industry?

BG: Being part of Applica has enabled us to draw from a much larger R&D engineering staff. This has helped us develop new, cutting-edge products for the beauty market. As we go forward into 2004 and 2005, for example, research gleaned from our Black & Decker brand will allow us to branch out from our current product base that primarily consists of personal-care appliances, hairbrushes and shears into new categories for the beauty and barber trade. These new products will deal with ecology, health, sterilization and other beauty-related concerns.



In our fourth-quarter 2002 promotion, for example, Beauty Systems Group gave away a \$200 mountain bike and \$50 worth of bike accessories after stylists purchased shears for \$200.

BSB: What's Belson Products' best-selling product category?

BG: Specialty ceramic irons. The majority of this category is flat irons, but crimping iron sales are also hot. I think this category has become No. 1 in sales because of what's happening with ceramic technology coupled with current hairstyles.

Hair dryers using ionic technology are running a close second. Our ionic hair dryers use an ionic generator to produce smoother, shinier, healthier hair. We're also combining ionic and ceramic technologies by including a ceramic grill and ceramic styling pick [at the end of the nozzle] on two of our newest Mega Hot ionic dryers to enhance heat distribution and results.

BSB: Why are styling tools so popular in today's market?

BG: I think the popularity is being driven by ceramic and ionic technology. Celebrities are having their hair styled with ceramic irons, for instance, and

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Applica also allows us to do effective cross-promotions that are unheard of in the beauty industry. We've taken advantage of the strong brand recognition of Black & Decker by offering the popular Arctic Twist ice cream machine, toaster ovens, coffee makers and hand mixers as gifts when stylists purchase certain Belson products. We've also given away things like mountain bikes and backpacks made in China.

platform artists are singing their praises to the professional beauty trade. The styling results are also dramatic since ceramic and ionic products produce more desirable hairstyles than we've seen in past years. These tools are easier to use and create more volume, smoothness and shine. They also reduce, and often eliminate, static electricity. Additionally, ionic dryers dry the hair faster

while using less heat, hence they cause far less damage to the hair.

We've focused our energy on innovative designs that make much older personal-care appliances obsolete as well. People are no longer content to use their old-style irons until they

has six new items and Mega Hot has four new items—including blow-dryers and curling irons. One new Mega Hot tool, by the way, includes ionic technology, as well as an LCD screen, which shows the exact variable wattage setting, whether it's 500, 900, 1,250 or 1,875.

“The growing multicultural market can benefit from both ionic and ceramic technologies.”

break since today's irons have more heat options, more comfortable hand grips and more control over the finished hairstyle. Newer irons also heat up lightning fast and maintain a constant temperature throughout the styling process. The latter is especially true of those embodying ceramic technology since it helps eliminate hot spots on the surface of curling irons.

BSB: How do you plan to expand your ceramic/ion tools category?

BG: We introduced a line with 11 new Gold 'N Hot ceramic curling irons in July at Cosmoprof North America. Previously, our company has primarily concentrated on the general market. I see this as a major mistake since the growing multicultural market can definitely benefit

from both ionic and ceramic technologies.

These tools work quite well with highly textured hair by sealing in moisture, reducing

the effects of humidity throughout the day and creating a sleek, shiny finish to the hair shaft. We're promoting this multicultural/ceramic bent with Gold 'N Hot since it's the leading styling appliance line in this swiftly growing segment of the beauty market.

BSB: What other products did you introduce at this year's Cosmoprof North America?

BG: In all, we introduced 14 new items in the Gold 'N Hot line. The Ultra Tech line

When the cool setting is activated, it also reads “cool.”

We also introduced three new brush collections—a total of 12 brushes—in our Comare line. One is a collection of four natural wood brushes that have the look and styling features of high-end brushes, yet they're more competitively priced. Another brush collection involves ceramic technology that enables the brushes to glide through hair, detangle snarled ends, control static electricity and create a shiny, smooth finish.

BSB: Have there been challenges in marketing spa-related products?

BG: We're not putting a heavy emphasis on spa-related products like footbaths, although our nail dryers, facial saunas and wax depilatory machines are producing respectable sales. One of the chief reasons we haven't been concentrating on this product category is the influx of cheap goods at the retail level. Mass-market retailers are willing to work on much smaller margins, and they carry goods that aren't as durable or as well-designed as professional appliances.

A case in point, for example, is a professional paraffin bath that sells for \$199 in a beauty store and sells for \$39 in a mass-merchandise retail outlet. Consumers aren't convinced there's that much difference between the quality of these two machines so there's sales resistance at the professional end.



view from the top

Because we still regard spa-related products as an opportunity for growth, we're currently leveraging Black & Decker technology to produce products that will leave no doubt why our machines are worth paying a higher price point. These new spa-related products will be on the market no later than 2005.

BSB: Who are some of the key people who helped make Belson successful?

BG: There are so many people that heav-

ily contribute to the success of our company, but four key people immediately come to mind. Tom Hedin is our director of sales. He handles our "A" accounts, while I handle what I call our "A+" accounts. Hedin concentrates his efforts on the West Coast, Southwest and some of our Midwest territory. Stu Weissman is our national sales manager and handles some of our "A" and "B" accounts that are based in the Midwest, Southeast and Northeast. A.J. Gallo is our merchandise manager for Comare and Shear Technology and is also responsible for inventory control, transportation of goods and works with key suppliers overseas. And finally our marketing manager, Ileana Moya, works with me on packaging, advertising and product development for our Belson brands.

BSB: Which manufacturers rep firms currently represent Belson Products?

BG: CFN Beauty Representation reps Belson in the Northeast, Southeast and Midwest. Jay Stone Sales Associates reps

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Beauty Supply—the largest multicultural distributor in the country—is a very important account for our company, as is West Coast Beauty Supply, Beauty Enterprises, Ben's Beauty Supply and Seven Dollar Beauty Supply.

BSB: What are your company's plans for the future?

BG: We're committed to finding new ways to grow our market share in the professional beauty industry. Networking with other divisions within our company will help us do this, along with our own R&D in the areas of new designs, technologies and materials. We're also strongly focused on what beauty store owners need from us in order to be successful with their own businesses. We're worlds ahead of other manufacturers in this regard since we were beauty store owners for many years. Everything we do to help our distributorships—including pricing, products and promotions—is based on firsthand knowledge of what it takes to really be successful in the beauty store business.

BSB: Which companies are your biggest accounts?

BG: Sally Beauty Co. and Beauty Systems Group [owned by Sally Beauty] service the entire professional beauty market with a wide range of Belson products, including curling and specialty irons, blow-dryers, shears, brushes and combs. We're also involved in a large, private-label program for JC Penney salons. Jinny

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