

HerCut takes hold of hair care innovation

Bob Salem is president of Blue Space Brands and the creator of HerCut, the first hair care line that is based on the type of hair cut vs the traditional hair type and style. Several months ago, we published the story of the launch of HerCut. This month, *Beauty Industry Report* (BIR) checks in with Bob for an update. **BIR: Bob, please tell BIR's readers what is happening with HerCut.**

Bob Salem (BS): HerCut is hot! Our success begins with Sephora, where we are now in full distribution in all North American stores. And similar to our rapid ascension to leadership in Fred Segal, we are experiencing tremendous and immediate consumer business results. We were on QVC in early February and again, thrilled with the results and looking forward to a continuing presence in direct response TV. The demand for HerCut in Europe has been immediate and overwhelming at the same time. We will soon announce powerful new international business alliances to rapidly evolve HerCut to a global, paradigm-shifting business, building on its fast acceptance here on our home turf.

BIR: To what do you attribute that success?

BS: It is based on successfully executing our category creation strategy, and having a team that has the freedom to operate without answering to institutional financial ownership. It has all come together, category-creating brand, dynamic and accomplished business team, products that deliver, the patent pending intellectual property to protect our first seller advantage and the drive to succeed by all.

BIR: Wouldn't you say it begins with the brand?

BS: For sure. Most brands focus on improving the benefits that are established in existing categories. For instance "more volume," "shinier hair," etc. At Blue Space, we focus exclusively on creating new categories and introducing functionality that dramatically improves the beauty result.

BIR: I visited hercutnation.com. Can you tell us about the interactive marketing innovation you have brought to the Sephora relationship?

BS: We are very excited about the cooperatively branded microsite that represents another category first. From the

beginning, we have been committed to providing Sephora with digital media marketing innovation. At hercutnation.com, consumers experience a unique information and shopping experience that is co-branded to both Sephora and HerCut. We have brought together the best of both Sephora's and HerCut's experiential and branding attributes. The site accomplishes three important objectives. First, we have been able to provide consumers with the first "haircare for your haircut" content destination. Second, we have brought key Sephora shopping experience incentives to the site with special offers for Sephora Beauty Insiders and familiar shopping cart features for the Sephora customer. Third, we have created a unique prestige hair marketing experience that brings authority to Sephora's rapidly evolving position within the hair category.

BIR: Another important part of your strategy has been the role of Emmy Award winning Kyan Douglas as your brand ambassador.

BS: Right. Kyan is the voice of HerCut to the consumer, and he has brought authority and instant credibility to HerCut, while expressing the brand vision with great clarity. Kyan is an engine for delivering the message and creating awareness. He is going all over the country working with Sephora with on-location store events that are drawing tremendous media coverage. His appearance on QVC generated millions of high impact impressions and immediate business results. He has been a great resource for the beauty and fashion editorial community and has connected with hundreds of the leading bloggers.

BIR: Can you describe the product in the context of why HerCut has been so successful?

BS: Our reason for being is the product, period. And our product engineer is Maria Laguardia, who founded the company with me. There is a deliberate, strategic and competitive approach we take when developing a product. Deliberate because we follow the same process. For instance, with HerCut, we created "Haircare for your haircut" and supported that vision with a promise to "keep first day haircut performance every day." And strategic because at Blue Space, we build products that support

our promises to consumers. We believe the only way to accomplish that is to define the technical attributes of a haircut and build a scientific platform that sends, in this case, our innovative macromolecules into each type of haircut to produce a unique activity and style it according to its defining characteristics. Finally, competitive because we patent that formula, leaving the rest to shift around ingredients that already exist in an attempt to use what "is" to copy what is "new." That won't work.

BIR: I noticed something new in your description of the product—"First day haircut every day." What's that all about?

BS: Great promises express the inner emotional heartbeat of their brands. When women love their hair, it's the cut they love, and they love it most on that first day. Everything we do is sharply focused on keeping that emotional connection to the haircut alive, and thus the campaign we are about to unfold where our world is expressed through their emotion—we call it "Feel Good."

BIR: What do you see on the competitive horizon for HerCut?

BS: It will be intense. The industry is desperate for new vision, and when the consumer responds like she is to HerCut, the competition will follow. But, imitation is the best form of flattery, and in our case, we anticipated it from the beginning. Great brands create original territory. They are the architects of new horizons that consumers aspire to be involved with. We define that through innovation in branding, product performance and marketing. We built patent-pending breakthrough technology and forever place a barrier around the magical product activity that is uniquely defined by HerCut. Without the technology, followers will simply take what's already out there and try to make it conform to the new functionality we introduced. The consumer always sees through it. We will lead and others will be preempted from aligning science to our proprietary positioning.

BIR: How do you view the prestige industry now that you have this Sephora experience?

BS: At Blue Space, our innovation does not end with our category-creating branding

mission. It only starts there. We believe that we can bring overdue innovation to how the prestige and professional channels interact with each other. That will be founded on building new bridges between channels where they better understand the synergy that exists to serve their mutual business objectives. It all begins with following the path that leads to diversion, repurposing the relationships from the beginning and building them around cooperating rather than competing. That will be measured by producing more aggregate revenue for each retail constituent.

BIR: So, are you saying that diversion is misunderstood?

BS: I can only comment on my belief that new relationships need to be developed. I am less concerned with the predictable outcome of what drives professional industry retailing right now, which in a nutshell is embodied in the famous retail supply agreement. There is both consumer and mass retailer demand for the brands created through professional endorsement. Then, there are restrictions placed on the professional retail institutions that limit access to the brand, both at point of sale and online, thus, a formula for diversion that won't change under the confines of these agreements. Blue Space Brands is approaching this differently. Frankly, we don't care about these conventions. Rather, we are focused on building futuristic new kinds of relationships that protect the integrity of our brands, at the same time dynamically altering the competitive framework to forge these new alliances.

BIR: What do you mean by new alliances that will form in the future?

BS: We will replace retail supply agreements with global marketing agreements. The entire financial and operational conventions that currently define the product supply paradigm need to be overhauled, and we fully intend to be the company behind that evolution. So, rather than focusing on anti-diversion efforts and strategies, we are defining cross-channel cooperation as a major business opportunity that we believe will forever change the economics of the industry. That will benefit consumers, who will have broadened access to Blue Space Brands; professionals, who will be rewarded systematically for this expanded access; and our retail partners, who will reap

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the benefits of the tremendous authority that comes from the professional endorsement.

BIR: I'd like to focus a bit more on your professional beauty strategy.

BS: The time is fast approaching for a completely new business model. The industry has been left behind by the digital age in every way. In fact, this is the rare industry where the major topic is still “consolidation.” While other industries are rapidly redefining their business models, the beauty industry is still mired in consolidating archaic distribution systems and repurposing them into direct selling brand promotion organizations. I believe sweeping change needs to occur that actually reorganizes the industry through a systematic overhaul of the product supply chain.

BIR: Are you suggesting we change how business is currently being done?

BS: We have to ask different questions and turn the answers over to the entrepreneurs

who are usually behind fundamental evolution in the first place. The established institutions have too many vested interests.

BIR: I'm really curious about how the economy has affected your company.

BS: First, it has been instrumental in building Blue Space. I was determined from the outset to retain financial control of the company and avoid the onerous management consequences, financial imperatives and loss of control of coming to market with institutional backing. That was achieved in part due to the resources that were freed up by an economy in crisis. I also believe the crisis will intensify the value beauty professionals place on financial performance. And that performance will be measured in all new ways. The ability of a brand partner to provide working capital solutions, service marketing resource and new revenue streams, to name a few. Those opportunities will not be developed within the framework of the current product supply paradigm. I really believe the industry will use the economic crisis as a reality check to ensure that their future partnerships are positioning them for an increasingly demanding service and retail business environment.

BIR: Can you tell us more about the economy specific to your business strategy?

BS: We will intensify our efforts on innovation and invest heavily in proprietary product technology. As the economy turns, we will be in a position to deploy several tremendous new brands that all fit our category creation model. Another major effort is going against staffing. This is an environment where the best, brightest and most accomplished professionals are ready to move from the big institutional structures to more nimble consumer marketing and entrepreneurial driven companies.

BIR: You keep referring to the role of the entrepreneur in today's economy. I thought it was harder to get financing?

BS: Financing is turning from institutional toward strategic alliances. The best way to keep the wolves away is to find the partners that are most vested in your success.

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