

P&G core brands grow across exclusive, open channels

P&G Salon Professional's CEO **Reuben Carranza** leads P&G's pro business in the United States and Canada for the **Wella**



Reuben Carranza,
CEO

Professionals, Sebastian Professional and Nioxin brands in the exclusive channel; and the **Clairol Professional** and **Wella Color Charm** lines in the open-line business. **Beauty Industry Report (BIR)** checks in with Reuben annually to get P&G's read

on the salon industry at large and to learn more about how the beauty giant goes to market in the professional business.

A son of an Arizona hairdresser, Reuben has a deep and abiding love for the salon industry. "It's a perfect blend of art and business," he says, "and is the place where all beauty breakthroughs happen."

As the industry prepares for the last big quarter's business in 2011, Reuben talks with **BIR** about the health of the beauty business, about his newest brands and about what's new in combating diversion.

BIR: How do you think 2011 is shaping up in the beauty business?

Reuben Carranza (RC): It's been a tough year, but it's also been a good year. The good news is as P&G and many other studies show that last year, we as an industry started to grow again, at a rate around 3%. The bad news is that we're still below where we were in 2007.

The real bright spot continues to be hair color, which I think is fantastic, because it shows that the fundamentals of the salon business—services—are and continue to be strong. We've seen the results first-hand, with month-on-month increases in our Wella color business at the store level and to the salon.

BIR: What about your business? You have a mix of products and two different go-to-market models.

RC: We've been very deliberate in crafting our portfolio to offer a family of brands that enables the hairdresser to communicate her vision of beauty to a diversity of clients: proven, quality products at a variety of price

points. Our products and education always position the hair stylist as the expert to her clients, arming her with technology she can trust implicitly. It's taken us some time, but now we feel that we have the right portfolio to support the salon professional with the strength and depth she deserves.

Our fiscal year just ended June 30, and we're very happy with our performance. Our core brands continue to grow across both the exclusive and the open-line channels. Every day, we're inspiring more stylists to use their skills and their artistry to delight more clients than ever before. And we've been incredibly busy working on every brand.

BIR: Please tell BIR's readers about some of your 2011 launches.

RC: We started the year by reinventing our most iconic brand, **Miss Clairol**, to create the new **Clairol Professional Liquicolor Permanente**, which combines technological innovation with old-school performance for up to 84% better conditioning than the leading cream color. I love how we're bringing newness to the open-line channel; it's not only important to our business—offering quality results at a value price is vital to the business of many hairdressers in this economy.

You might know that **John Perry**, the longtime sales leader of the Clairol Professional business, retired at the end of August. In fact, we had a huge retirement celebration for John during **Cosmoprof**, with many tributes from past and present Clairol-ites. At the end of the evening, there wasn't a dry eye in the house. We were fortunate to have had John lead the open-line brands during a time of transition, and he has hand-trained the key people on the business to operate with excellence going forward, working with some very retail-savvy P&G sales professionals. Add that to the technological muscle P&G had brought to the

brand, and I am extremely excited about the next stage in Clairol Professional's growth.

I have to give a shout-out to our other open-line brand, **Wella Color Charm**, which has done blockbuster business this year. Permanent color in a liquid format is a critical tool in the North American hair colorist's portfolio, and we are proud to be able to offer her two such beautiful and reliable options in Wella Color Charm and Clairol Professional.

BIR: What's new in your exclusive business?

RC: We made a huge move with the launch of **Wella Hair Care and Styling** in North America. Wella is PGSP's global flagship brand, but we in North America never had the full care and styling proposition to make the most of our strength in hair color with **Koleston Perfect, Color Touch** and **Blondor**. The



P&G Salon Professional launched Wella Hair Care Brilliance to rave reviews.

launch has been phenomenal, blowing past all our expectations, with reorders within a month.

We debuted with the **Wella Hair Care Brilliance** line for color-treated hair and have been and will continue to extend the line through next year. For the most recent regimen, "**Age Restore**," we won **Prevention** magazine's award as the No. 1 age-defying shampoo. In addition to the shampoos and treatment products, Wella now also has a wide range of stylers, which were used to create the runway looks at the New York, Milan and Berlin Fashion Weeks. You'll hear more in the next few weeks.

As if we didn't have enough news, we also restaged our **Nioxin** brand to take advantage of the breakthrough technology available to us from P&G research science. This brand is already the category leader, and we have only made it more powerful. For instance, our research uncovered that three out of four adults in the United States experience thinning hair, whether in the form of excessive shedding

or breakage, but few know that they can do anything about it. That's a tremendous opportunity for the salon industry.

Finally, I can't forget our **Sebastian** brand. It's the first PGSP brand re-launched under my leadership, so it's very close to my heart!

Sebastian brought out a great new regimen called **Color Ignite**. The concept is that hair has different cleansing and conditioning needs, based on the type of color service the client has received. Sebastian has one regimen for hair that is single-tone-processed and another for multi-toned, multi-processed hair. This is a perfect expression of our mission to position the stylist as the expert; making a Color Ignite retail recommendation to a client a natural outgrowth of the service and extending the benefits of that service to the client at home.

BIR: Doesn't that new volume put pressure on your distribution and increase diversion?

RC: I simply don't accept that diversion is the price of doing business in the salon industry. What I do believe is that we have to combat diversion in a fresh way. Every manufacturer tracks products after they've appeared in unauthorized outlets, but we use high-tech methods to curb diversion before it starts. PGSP has a team of asset protection pros inside and outside the company, which flags high-risk order situations before they occur and monitors and identifies the source of distribution in unauthorized outlets. This cutting-edge approach has made us successful in pulling the plug on diversion in online retailers, as well as in brick-and-mortar outlets.

Our object is to make it difficult and expensive for unauthorized retailers to deal in PGSP products, and we're seeing results. Recently, we worked closely with the state of California to obtain a court judgment against a notorious re-distributor who was supplying some of the biggest retailers in the state.

The world has changed. Internet diversion is big and getting bigger, and it has to be fought using cutting-edge technology. Our methods have resulted in getting products removed from 80% of the websites we've uncovered. The two biggest internet retailers of professional products have delisted PGSP products completely. It's just not worth their while.

For example, we recently signed an agreement with an e-commerce merchant,

“Our ultimate goal is to make it so difficult, so costly and so painful for diverters that they avoid our products altogether.”

www.enterprise.com, which resulted in them pulling product and promotional imagery from more than 200 websites that were selling Nioxin and Sebastian. That's a big win, but—even better—they also agreed not to sell any P&G Salon Pro products in the future. We also won a six-figure cash judgment.

Our ultimate goal is to make it so difficult, so costly and so painful for diverters that they avoid our products altogether. If the price of success is eternal vigilance, we'll pay it.

BIR: What's next for P&G Salon Professional?

RC: At this stage, we have re-launched or reinvented all our core brands, and we believe that the innovation and excitement we've injected into our portfolio offers us tremendous momentum. We're taking advantage of that force to increase the focus on the salon stylist and colorist.

Last spring, we held our first **PGSP Student Stylist Competitions** at **America's Beauty Show** and **Premiere Orlando**. Students are the heart of our industry, and we have come to understand the passion, the commitment and

some of the challenges the next generation of salon professionals faces through our relationship with our P&G partner schools.

The event was a recognition for the students but also a celebration of their career choice—something that doesn't happen often enough in the lives of new hairdressers. During the program, industry icons like **Sassoon's Stephen Moody** talked about how their choice of hairdressing as a profession led them to levels of success they'd only imagined.

We offered cash prizes and educational opportunities to the winners, but I think the true reward was the opportunity for the students to demonstrate their artistry in front of an audience of licensed professionals.

Our education group, under the leadership of Creative Director **Fabio Sementilli**, has reached a new level of capability to help our salon customers grow their businesses aggressively. You'll be hearing more about the **Wella Top Stylists**, the **Nioxin Experts**, the **Sebastian Stylist Design Team** and the **Clairel Professional Artistic Team** soon.

And finally, we're coming up on what will be our most exciting event of the year, **Wella International Trend Vision** in New York October 29 and 30. This is the first time International Trend Vision has been held on this side of the Atlantic, and our entire organization is thrilled for the opportunity to host 2,000 salon professionals from all over the globe in the fashion capital of the world.

International Trend Vision is a three-tiered event: first, it's where Wella Professionals releases the next year's trends, based on extensive research into fashion, pop culture and color and style, as well as the work of Wella artists like Global Creative Directors **Eugene Soulieman** and **Josh Wood**. Second, it's a competition that allows hairdressers from more than 80 countries to show their interpretation of Wella trends. And last, it's where the world's best hairdressers meet, mingle and get inspiration from one another.

We're measuring our success by how effectively we empower the salon professional, and I can tell you that we expect the next 12 months to be our best yet.

Reach Reuben Carranza at 800-829-4422, ext. 4727, or carranza.ra@pg.com. Visit www.pg.com.