

tng worldwide focuses on 100% customer success

Larry Gaynor's comprehensive organization, **tng worldwide**, which includes **The Industry Source**, **The Pavilion** and **CTS**, is one-of-a-kind in the professional beauty industry. In addition to developing a distribution business that has provided products and services to beauty stores, nail salons and spas for more than 25 years, his Farmington Hills, MI-headquartered firm also services the hospitality and indoor tanning markets. Today, tng worldwide is one of the professional beauty industry's largest privately-held distributors. In recent years, the company has developed its own brands, including **black 15in1**, **For Pro**, **TISPRO**, **Ginger Lily Farms** and **Pinnacle**. In addition, tng worldwide exclusively markets and distributes **Kemon**, the exclusive salon Italian hair color line. Over a Garbage Salad lunch at Gibson's Restaurant, Larry, who refreshingly speaks his mind and shoots from the hip, spoke about his perspective with **Beauty Industry Report (BIR)** on his company and the industry. We're pleased to share his always interesting take with **BIR's** readers.

BIR: Larry, with a quickly evolving marketplace, how are you positioning tng worldwide to bring 100% success to its customers?

Larry Gaynor (LG): This story has two parts. Part One is how tng worldwide is partnering with family-owned distributors throughout the United States to market its products. As **Sally Beauty Holding Company (SBH)** owned **Beauty Systems Group** and **L'Oréal** owned **SalonCentric** dominate distribution, there are still a number of distributors looking for unique brands and services that they can share with their salon customers.

Part Two is how tng worldwide is partnering with manufacturers to help build their brands and distribution. There are plenty of global companies that are leaders in their respective countries and other parts of the world but haven't cracked the U.S. market yet. We provide distribution, warehousing and sales support for them, and it's been going great.

BIR: Give us a brief overview of your company's history and the major events that

have led tng worldwide to the success that it enjoys today.

LG: We started in 1985 inside a discount health and beauty aids store. Manicurists came in looking for professional goods, so we added those to our offerings. Then, the manicurists began asking us for more and more products—we brought those in, too. One day a manicurist asked for a honey tipped brush. I asked, "Why would anyone want a brush with honey on the tip?" She laughed and said it was a brand made by **Creative Nail**. So I called the company to order a dozen. I was told that we had to be a wholesale distributor to place an order. Two months later, we were, and I called for the dozen. Eventually, they opened us up and that was the beginning. Visit www.tngworldwide.com for a complete company history.

BIR: tng worldwide is not a typical salon products distributor. Rather, it is a number of business entities that operate under one banner. Please give us a brief rundown.

LG: tng worldwide is our international umbrella and includes our brands and distributor sales division. **The Industry Source** offers stores, catalog and online sales and education. **The Pavilion** markets furniture, equipment and design. Finally, **CTS** provides indoor tanning salon sales and education.

BIR: Recently, you acquired a distribution business in Texas, which provided the opportunity for tng Worldwide to add another distribution center. What fueled the decision to expand into the Texas market?

LG: We saw it as a ripe market for education. The first thing we did was build our second outpost of **The Academy** in Dallas. We had more than 70 hairdressers for our first class. We also held the first big event in Dallas history this past January and attracted more than 500 hairdressers.

We are now opening stores at a feverish rate. Those stores are modern, beautiful and stocked. New stores in 2011 include Arlington, Austin (2), Ft. Worth (2) and Plano. And we are putting together a world-class sales force to

augment our 30,000-square-foot distribution center to serve customers in Arkansas, Louisiana, New Mexico, Oklahoma and Texas.

Texas reminds me of Michigan when I decided to enter the hair market, which **Beauté Craft** and **Maly's** dominated. Fast-forward, and we put **Beauté Craft** out of business and **Maly's** sold to **L'Oréal**.

BIR: What are your other distribution centers?

LG: One in California services the west coast, and our Michigan headquarters location takes care of the rest of the United States and our international business.

BIR: You mentioned tng worldwide is partnering with family-owned distributors on the sales and marketing of your signature brands. How are you going about that?

LG: Let's face it; most of us have dealt with all the "BS" and changes in the industry over the past decade. While **SBH** and **L'Oréal** own the major market share, independent distributors still have salon relationships and want unique products not found in chain stores.

tng worldwide continues to focus on market niches that can be exploited. Being independent allows us to move quickly to meet our customers' needs.

BIR: In spite of SBH and L'Oréal continuing to dominate market share, a number of privately-owned distributors are thriving in the marketplace. How do you explain that?

LG: Their only customer is the salon. They focus on relationships, service and education.

BIR: One challenge distributors have is how to stay focused and devote enough time and attention to their own brand(s) while spending a great deal of time and money growing the brands they distribute. tng worldwide is doing that with a number of brands. What is your formula for success?

LG: It's all about people. We have the best talent, the best team, and each team is responsible for its own goals and objectives.

BIR: What's the story behind your newest product, black 15in1?



Ginger Lily Farms is a tng worldwide signature brand.

LG: Consumers are crazed with the vast selection of hair care products and crave simplicity in their lives, hence the launch of black 15in1 this past January. The first product, **Miracle Hair Treatment**, has been a huge success like I've never seen before. What makes black 15in1 so hot is that it actually delivers 15 benefits, one of them being it works instantly. To verify the claims we made, I had the product tested in an FDA-certified lab, and the results were even better than I expected. One fact that we learned is that by using black 15in1 Miracle Hair Treatment after a color service, color lasts up to 40% longer.

We are launching **Twice a Week Miracle Hair Shampoo** and **Conditioner** this month. This is a new category that is going to be huge.

We also engaged celebrity hairdresser, **Louise O'Connor**, owner of **OC61 Salon** in New York City, as a spokesperson for the brand. There is a lot of excitement going on!

BIR: Who are the distributors that are partnering with you on black 15in1, and what criteria did you use to select them?

LG: We have most of the United States and all of Canada covered. Next year, we will launch international business officially, although we have several accounts already. For a complete list of our distributors, you can visit our website, www.black15in1.com.

BIR: A few years ago, tng worldwide became the exclusive U.S. importer and master distributor for Kemon. How did that come about, and what are the challenges of being both a master distributor, as well as managing a brand with its own unique marketing and education initiatives?

LG: Kemon was born when L'Oréal cut us off. It's our No. 1 color line, and its new **NaYo** ammonia-free, PPD-free, fragrance-free color will be No. 1 worldwide. It's simply the most amazing color, and the developer is to die for.

Kemon technology has eliminated any challenges in the field. We have a one-year waiting list for distribution due to our education requirements. If there is one thing L'Oréal taught me, it was the importance of education.



black 15in1 delivers 15 benefits instantly.

“Being independent allows us to move quickly to meet our customers’ needs.”

Kemon and tng worldwide are very like companies. Kemon is family-owned for more than 50 years. They manufacture all their products in their own factory in San Giustino, Italy, and have one of the most amazing R&D labs on site. They also invest heavily in education, events and their twice-annual seasonal trend releases. They partner with several Italian fashion houses, such as Prada, Gucci and Armani, for their releases. Kemon is a world-class company.

BIR: How is tng worldwide partnering with manufacturers for distribution, warehousing and sales?

LG: The most recent example is our partnership with **Coverderm**. Based in Greece, Coverderm is the No. 1 camouflage makeup company in the world outside of the United States. tng worldwide is now its exclusive U.S. importer and distributor. We launched the line at retail and at high-end salons.

BIR: I understand tng worldwide also offers order fulfillment for manufacturers.

LG: Yes, that is another example of services we offer. We are warehousing for select manufacturers and shipping orders on their behalf to distributors. That frees them up from the arduous task of delivery and allows them to focus on what they do best.

BIR: What is your long-term vision for tng worldwide?

LG: We will continue to do what we do best and never lose focus of our mission and values. We will continue to build our brands, distribution and marketing. Most importantly, we will continue to have fun. Hey, I get to talk to **Tony Cuccio** in the morning—that's better than listening to Howard Stern!

BIR: What is your company's ecommerce initiative?

LG: We were first to market with the web in 1995 and continue to invest heavily in ecommerce. Our 2011 focus has been Facebook and Twitter. Visits have increased substantially—social media is the new frontier.

BIR: Product diversion is a major problem in the salon industry. How do you ensure your products are not being diverted?

LG: Diversion? What diversion? **Ulta** took care of that issue and is cleaning up big time. The brands we sell are mostly too small or insignificant to be diverted or sold in Ulta.

BIR: What is the salon industry's biggest challenge, and what is needed to meet it?

LG: The big boys are having a field day. For us small players, one challenge is to build incubator brands into big brands. **Moroccanoil** has done that well, but most small brands are struggling due to lack of capital, experience, marketing and education support. Ulta and other retailers continue to assault the business, and we need unemployment to go back to 7% or less to get more women into salons and spas to spend money again.

In addition, innovation needs a shot in the arm. Look at the success of **CND's Shellac**. It's salon only and the biggest nail launch we have ever seen. Kemon's NaYo is a similar story for hair color. It's surely one reason why black 15in1 took off so fast. Consumers are tired of thousands of skus that all do the same thing. They want products that are new and different.

Providing those is what we must do best. As long as we do, we will continue to be successful.

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