

*“Here’s how you can start your own
cosmetic or personal care line...”*

How To Launch Your own Beauty Products

A practical 8-step approach that shows
you exactly what to do to turn your
ideas into products

Element 44, Inc.

Introduction

So You Want to start your own cosmetic brand?

If you work in the cosmetic industry or even just use cosmetics and personal care products frequently, you'll begin to develop ideas about what kind of products you think the world needs. Unfortunately, if you are like most people, you are not in the position at your company to get your ideas moved forward. In fact, the only way to assure that a formula or product gets made the way you want it is to create the product yourself.

In this guide we outline the 8 vital steps you must follow to create a new beauty or personal care product or line. It is our sincere hope that you will use this information, take action and actually launch your first product. If you've ever had an idea for a product but didn't know what to do next, this report will help you.

Let's get started...

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The 8 basic steps

As you may have discovered, coming up with an idea for a new beauty product line is relatively easy. Since you are reading this report, you probably have your own already. And you have no doubt also discovered how difficult it is to go from the idea stage to the finished product stage.

If you are having a problem turning your idea into an actual product, then this report is what you need. In it, we go through the 8 key steps you have to follow to launch your first product. In short, the 8 basics steps include

1. Starting a company
2. Developing a brand
3. Defining your customer
4. Writing your business model
5. Creating your product
6. Producing your product
7. Marketing your product
8. Selling your product

If you follow the steps inside, you WILL be able to get past the idea stage and hold your finished product in your hand. But to actually get to this point, you must take action! This report will tell you exactly how you can launch your own product line but we can't do it for you. The steps are easy but it will take work and an investment by you. This is not a get-rich-quick scheme. It gives you a practical guide to turning your idea into a salable product.

Please read through the report with an open mind, take actions, and turn your product dreams into reality.

Chapter 1: Starting a Business

Introduction

If you have decided you want to create your own personal care or cosmetic brand, then you have also decided to start your own business. Starting your own business can be an incredibly rewarding endeavor. While all great things in life require a lot of hard work, you know that with your own business, your hard work goes to benefit you, not another company. Entrepreneurship gives many people around the world financial independence, schedule flexibility, and a lasting legacy.

In this section, we will briefly discuss the different types of businesses that can be formed, financing, and hiring specialized professionals such as attorneys and accountants. Please note, the following section is meant to serve as a brief tutorial of the topics and should not be misconstrued as financial or legal advice. For final decisions you should always consult a professional in that area.

Sole Proprietorship

The most basic type of business is called a sole proprietorship. This is a type of business entity that is owned and operated by one individual. In this case, there is no legal distinction between the individual and the business. This means the individual owns all assets, collects all profits, and is personally responsible for all debts and liabilities. This differs greatly from a corporation, which we will discuss in the next session.

Sole Proprietorships are relatively inexpensive to start and easy to discontinue. Since they are owned and operated by one person, they can be much more nimble than corporations. The person can also use a registered brand name or trade mark to represent the business, instead of using their personal name. This is known as a DBA (“doing business as”), and can be filed at your local municipality.

Partnership

A partnership is very similar to a sole proprietorship, except that two or more individuals make up the business. As is the case with sole proprietors, the individuals are personally responsible for all debts and liabilities. A partnership agreement is also necessary in this case, so that ownership percentages, roles and responsibilities, and the division of profits and losses can be defined. Partners can also be classified as general partners or limited partners. General partners are involved with the day to day operations and share the personal liability of the company whereas limited partners typically contribute capital (so as to partake in company profits) but do not participate in day to day activities or share in the legal risk, liabilities, and debts. Limited partners are sometimes colloquially referred to as “silent partners”.

Incorporation

Incorporating a business is the act of creating a separate legal entity having its own privileges and liabilities separate from those of its members within the laws of a state. Corporations can be made up of either public or private shareholders - individuals who legally own shares of stock of the company, but not the corporation itself. These shareholders have the right to vote on directors nominated by the board (a centralized management body) and other key business decisions, and have the right to dividends if they are declared. Corporations that do not have shareholders are called non-stock corporations. Instead they have members who have the right to vote on its operations.

A corporation has several advantages over sole proprietorships and partnerships. The first and most obvious advantage of a corporation is that of limited liability. Limited liability is the principle that a shareholder's loss due to a corporation's debts and obligations cannot exceed the amount in which they contributed through payment for shares. This differs greatly in regards to sole proprietorships and partnerships, where a person's personal assets could be sought after to settle debts. Like liabilities, assets are also assigned to the corporation, not its shareholders. This is advantageous in that it allows for the accumulation of capital, since they are not tied to the lifetime of its shareholders.

However, there are some disadvantages that corporations have as compared to sole proprietorships and partnerships. Corporations typically have higher costs because of overhead, legal fees, and taxes. They are typically much more difficult to dissolve and risk sluggish management because of inherent bureaucracy.

Limited Liability Company (LLC)

LLCs are a kind of hybrid type of business that combines characteristics of both sole proprietorships/partnerships and corporations. It uses the limited liability principle from corporations but also allows for a pass through taxation option. The income from an LLC can either be declared on its individual member's personal tax return or treated like a corporation by filing as a C or S corporation. Because of this flexibility, LLCs are a great option for individuals or partnerships who want to start a company.

Financing

Let's face it, starting a company takes money, and starting your own brand is no different. Getting financing for your endeavor will be a key factor in determining whether your dream can get off the ground. The route in which you take to acquire financing will greatly depend on the type of business you start, as we discussed above.

Sole Proprietorships often have to use their own savings to fund the start of their business. Or, they can put their personal assets up as collateral for a loan. In this sense, sole proprietors have the advantage over corporations since most new corporations don't have any assets to use as collateral. Partnerships have these same options, but also have the option of taking in private investors as limited partners. Of course, corporations have the advantage when attracting investors since they can sell stock in the company, which brings with it lower risk and more regulatory protection.

Whether you try to get lending or attract investors, both will require a presentation of your business plan. This will be discussed in more detail in later

sections, but be prepared to sell your idea numerous times before finally getting the capital you will need.

Hiring specialized professionals

All start-ups will be limited by the expertise of its members. It is crucial to get trusted business advice from individuals with the education and experience you may not have. Such examples include, but are not limited to, attorneys, accountants, financial planners, chemists, packaging engineers, chemical engineers, manufacturing, advertising, public relations, and sales professionals. It is important to find these professionals for your business so that you have the ability to retain them throughout the lifespan of your company.

Searching and selecting these specialized professionals will vary depending on the type individual you are seeking. In all cases, you should interview at least 3 people or firms. Before this interview, you must have a good sense of what your business needs are so you can mutually decide if you are a good fit for one another. You should also ask the professional for their background, representative examples of their work, and check out some references. Inquiring about their service fees is an obviously important step, but don't let it be the deciding factor. As with most things in life, you typically get what you pay for. Remember, the reputation of your company is as stake - it doesn't always pay to be cheap.

Summary

The first step to starting your own cosmetic or personal care line is to set up your business. There are a few different options including Sole Proprietorship, Partnership, LLC, and S Corporation. Which one you choose will depend on the amount of up-front investment you want to make and how much liability you are comfortable with.

Recommended Reading

[*StartupNation : America's Leading Entrepreneurial Experts Reveal the Secrets to Building a Blockbuster Business](#)

*Small Time Operator

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[Learn more about starting a line](#)

Chapter 2: Creating a Brand

Introduction

In the last section we reviewed what it takes to start a company. While starting a company is an important first step; relatively speaking, it is a simple thing to do. Really, anyone can do it once they have decided on the type and are willing to pay the registration and legal fees.

In this section we are going to discuss quite another topic - creating a brand. Creating a brand is not nearly as straightforward as starting a company. Brands take on a personality and represent something bigger, emotionally, than the product or service they represent. There are many brands that you interact with in your daily life, Coke, Apple, McDonalds, etc. However, only a select few are impactful enough for you to remember and identify with.

We will discuss a few key elements in the process of creating a brand. We will review what it means to create a brand personality. We will also look at other brands as examples to digest why they are so impactful. We will also spend some time on your brand's point of differentiation and discuss the legal topics of brand trademarks and registrations.

Defining your brand personality

As we set up in the introduction, a brand is the personality of your company. It is what you use to represent what you stand for and to allow your consumers to identify with you. Your brand should elicit a higher emotion when the general public sees it.

It is very important to put a lot of thought into this before launching your product line. The truly impactful brands that we see are successful because they are very clear about what they stand for, all the while being very consistent with their communication. It is very difficult to get a second chance at a first impression and the same is true for a brand. If you don't know what you are and what you stand for, why would someone else want to make your brand a part of their life?

Your brand name, logo, and slogan are important visual elements that make up your brand personality. Many choose to just focus on these executional elements when creating a brand. We encourage you to think deeper than this. Think about any and all types of communication your brand will have. The sum of these in addition to your name and logo is what truly makes up your brand personality. Think about how these communications will look and feel. Think about the attitude you want to portray. Think about the higher order values that you want to be associated with.

It may also be useful to look to other iconic brands to analyze what makes them successful. We encourage you to look outside your category for this type of inspiration (technology, automotive, food, clothing, etc.). The following are a few questions that you can ask yourself to help bring the subconscious feelings you have to conscious thought that you can make use of:

- What do you think about the name? The best names stand the test of time, can have double meanings or deeper emotional connections to the product or service, and typically are very easily remembered.
- What does the logo look like? Is it simple or complex? What kind of font does it use and why do you think it was chosen. What are the role of colors and shapes? The best logos can be recognized even without a name.
- What values do you think the brand stands for? How does this relate to the product or service?
- What executional elements of this brand's communication do you admire? Is it the language they use? Or the imagery? What kind of attitude do they portray? Do they inspire you to do or be something greater?
- Most importantly, how did you become a part of this brand? Said another way, what was it that made you invest your money in its product or service? What is it that makes you proud to be associated with the ownership of the product or the use of the service?

If you still don't think you have your brand aptly defined, not to worry. In our next section, we'll talk about point of differentiation can also help you focus your thoughts.

Point of differentiation

Imagine there is a brand with a great name, logo, and excellent definition of personality and attitude. Now imagine there was another brand whose personality was not as strong, but was still able to offer the exact same product or service. Do you think the first brand can still be successful? Chances are they will enjoy a moderate amount of success, but the truly great brands also have a very clear point of differentiation.

A point of differentiation is a reason to believe or a reason to buy (RTB). Said another way, this is what truly makes you unique in the marketplace. It is what you have that no one else does. There are many big companies out there that struggle with this point. They have a well recognized brand name but they can't truly define what makes them different from their competitors.

A point of differentiation is especially important for a new brand entering a market with a great amount of competition from other companies bigger than itself. It is the David vs. Goliath mentality. However, many of the greatest brands in the world started as the David only to beat the Goliaths because they had a very clear and distinct point of differentiation.

So think to yourself, what makes you different? Why are your products superior to your competitive set? There are many ways to approach this. The most often used is a differentiating technology. Many companies invest heavily in research and development so that they can provide a new benefit or a current market benefit in a completely new way. Perhaps your product eliminates some sort of trade off, or has the ability to combine or simplify your consumer's life. Again, there are many ways to become different, the important thing is that you are different and there is a compelling reason why.

Trademarks and registration

A final important aspect that we want to cover in this section is the use of trademarks and registrations. There is a clear difference between the two and many times are used incorrectly. The first thing to note is that trademarks are a fundamental part of corporate law. They exist to make the marketplace more efficient. If a consumer can recognize a brand they have used before, they are sure they are able to buy the same thing again. This provides a benefit to the market, so the law provides for certain intellectual property protections on these types of business tools.

A trademark can be a name of a product or service, a logo, a slogan, packaging, or even sounds and smells. Essentially, a trademark can be anything that can help identify a particular product or service in the marketplace. The ™ symbol is typically used for a product and is usually placed to the right of the name/logo/slogan, etc. A service mark symbol (SM) is also available for a service, but is much less often used.

The ™ symbol can be used at anytime, assuming no one else has already claimed the rights to the mark or something very similar (something that could be easily confused in the marketplace). Essentially, you are claiming the rights to the mark at the first point in time you chose to use it. It is important to document the date in which you first used the mark in case there is another company who wants to use it. The company that can prove they were the first to use the mark typically obtains the rights in a legal dispute. The ™ symbol can also be used if the trademark has a pending registration application. The ® symbol is used for trademarks that are federally registered through the United States Patent and Trade Mark Office (USPTO), and should only be used once the registration is received.

Summary

The second step to starting your own cosmetic or personal care line is to create your brand. The brand should be a reflection of the business and have a defined personality and most importantly, a point of differentiation. You need to stand out among a crowded field.

Recommended Reading

*[The Purple Cow](#) - Seth Godin

Chapter 3: Defining your target consumer

Introduction

In the previous sections, we discussed the idea of starting a business and creating a brand. In this section, we have decided to focus on defining your target consumer. You may ask yourself why we have devoted a whole section to this; you want to sell my product to as many people as possible. We will discuss that defining your target consumer does not mean excluding people; rather it means that it will focus your limited resources so that your investments have a better return. One way small businesses can effectively compete with much larger competitors is their ability to target a niche market. We will also discuss the elements of target consumer definition.

Benefits of definition

As we touched upon in the introduction, defining your target consumer does not mean exclusion. In no way are we trying to say that certain types of people can buy your product and other people cannot. The simple fact is that you cannot afford to target everyone. However, you can maximize your investment by focusing your efforts on a particular type of person. Anyone else who comes along for the ride is icing on the cake.

There are many benefits to target consumer definition. First, it can help you define your brand personality. We discussed this in some detail in the last section. One can further articulate their brand persona when thinking through the lens of the target consumer. When you do this, it can become apparent that certain attitudes and tactics may not be appropriate. You may also get creatively inspired if you truly take the time to understand who your target consumer really is.

Second, it can help you define your business model. We will talk about the elements of a business model in the next section; but for now, we can say that a good business model defines what your product is, how and where you will sell it,

and for how much. All the aspects of a business model should have your target consumer in mind. For example, if you decide that you will sell 100% of your products online, but your target consumer has limited access to the internet, you may have a fundamental flaw in your business model.

Lastly, consumer definition can also help you maximize your advertising investment. By this we mean how you will communicate and where. Without a thorough understanding of who you are trying to target and why, you may make ill-informed decisions on the limited amount of dollars you can spend on advertising. Targeted advertising has been proven time and time again to have a higher return on investment than untargeted advertising.

Elements of definition

Target consumer definition can be broken up into two general elements: demographics and psychographics. Demographics are basic information about your target consumer such as age, gender, geographic location, income level, education level, marital or family status, occupation, and ethnic background. Psychographic elements go much deeper in understanding. Examples include personality, attitudes, values, interests and hobbies, lifestyles, and behaviors.

There are many ways to help you define these elements. The first is to go back and look at the brands from other categories that inspire you (from the last section). Perhaps their target consumer could match yours. Ask yourself what their target is and why. What types of things are they doing to target them? The next way to help define these elements is to take a look at your competition. Again, ask yourself who they are targeting and why. Going after the same target is typically not advisable, especially if there is a niche market that they may be overlooking. Lastly, understand what your capabilities are what type of person you can especially appeal to.

It is also advisable to test your definitions. You may find that when you finish your exercise that your target market is too small and wouldn't yield a sustainable business. You may also find out that you don't understand your target as well as you thought, which will require further work. Lastly, you will need to understand if your target market needs your product, can afford it, and can be effectively reached through your communication efforts.

Examples of target consumers

Here are just some examples of possible target consumers for your products.

1. People with curly hair
2. People who are allergic to Gluten
3. People who want all-natural products

Summary

When you are first starting out you want to follow a niche strategy so you don't compete directly with the big companies. The key is to find a group of people who are underserved by the big companies and to start selling products to them. This requires you to find out their problems and solve them. Then selling products is a simple matter of finding your target costumers and advertising to them.

Recommended Reading

*[Blue Ocean Strategy](#) - Kim & Mauborgne

Chapter 4 - Writing your business model

Introduction

We have mentioned writing a business model in the previous sections, and we will be talking about it more in the upcoming sections. So, Section 4 we will devote more detail about what a business model is and why you need one. Simply stated, a business model is a high level view of how your company plans to make money.

A business model is a very important strategic document that will be used in many different parts of your company. It will define the products that are to be developed in the product development phase. It will also describe how, where, and at what price your products will be sold. It will estimate the relative scale of your enterprise and expected profit. It will articulate how you plan to market and sell your products and how you plan to grow your business over time. Most importantly, it is a guiding strategy for you and your partners, the professionals you hire, and the investors you hope to attract.

In this Section, we will discuss the 4P model, proposed by prominent marketer E. Jerome McCarthy, in 1960 to help describe the essential elements of a business model. The 4Ps stand for Product, Price, Place, and Promotion. It is important to note that when you write your business model, you should not think through the 4 Ps in strict order. Rather, all four should be thought about at the same time since they are so interdependent on each other.

Product

The first P stands for Product, and is the most essential part of your business - it's what you want to sell! At this point you should have a clear picture of how many different types of products you want to sell and the specifications of each. Based on your brand's point of differentiation with your competitive set and your target consumer's end needs and wants, your product should have a very precise role, reasoning, and purpose.

So how do you make money selling products, anyway? This may seem like a silly question to ask, but many times we assume we know the answers to very simple questions even when we haven't really stopped to give them much thought. You make money selling a product with a two step approach: the first purchase and the repeat purchase. The first purchase drives a trial of your product from new users of your brand. The repeat purchase is described as current users of your brand who go back and buy your product again and again. While the first purchase expands your base size of your business, the repeat purchase makes your business sustainable over the long term. You need repeat buyers to have a real beauty product business.

Different aspects of your product affect the first purchase and the repeat purchase differently. The benefit your product promises and the way you communicate this benefit will drive new users to trial. If you don't satisfy an unmet need or fail to articulate what your product can do for your target consumer in a meaningful way, you cannot expect to drive trial and grow your business. On the other hand, the way in which your target consumer perceives the way in which your product performs is what affects the repeat purchase. If you cannot fulfill the promises you made to a new user, you cannot expect to acquire a repeat user which is what will sustain your business well into the future. We will talk more about first purchase and repeat purchase when we discuss the fourth P - promotion.

Price

The second P is for Price. At a very basic level, it is what you plan to sell your product for. However, many factors go into setting the price. The first is what the costs of your product are to you. Obviously, to make money, you must sell your product at a higher price than what it costs you to make and distribute. However, how much higher (the profit margin) is completely dependent on your specific case. It depends on your target consumer and how much they are willing to spend. It also depends on how you plan to distribute your product. If you are going to rely on another party to sell your product to your target consumer, then there needs to be two prices set to allow each of you to make a profit.

Often small businesses don't take advantage of higher price points even when they have the opportunity. Sometimes, you can make as much money (or more) even though you sell fewer products. More sales doesn't always mean more profits. For example, a bottle of product may cost you \$1 to make and distribute. You could sell 1,000 bottles for a retail price of \$2 or you could sell 150 bottles for a retail price of \$11. You may think that selling 1,000 bottles is better, but you could actually make more money by only selling 150 bottles at a higher price (\$1,500 profit instead of \$1,000). The sweet spot for setting a retail price maximizes profit, unit sales, and asking price simultaneously.

Place

The third P is for place or where you are going to sell your product. The last section of this report goes into more detail around selling, but you need to know upfront what your planned distribution channels will be. There are many options regarding the place you want to sell your product, but the first thing you need to understand is if the product will be sold directly through you or through another party. Of course there is no rule that says you can't do both, but the ultimate decision will affect your price point.

There are many places where you can sell your product direct. Examples include a retail environment that you own (a spa, salon, boutique, etc.), online through your website, or via telephone. Typically, any distribution method where the product gets sold directly through you will yield a higher profit margin. However, these methods typically yield a lower overall reach to your consumer as compared to selling through another party. Examples of selling through a third party include other retail outlets (another owner's spa, salon, boutique), food/drug/mass (Kroger, Walgreens, Target, etc.), online (Drugstore.com, Amazon.com, etc.), and television (QVC, HSN). All of these previously mentioned distribution channels will require an additional price point where profits can be obtained for both parties. Typically this will mean a lower profit margin for you, but that is counterbalanced with a bigger reach and higher unit sales.

The ultimate deciding factor on where your place should be should depend on how best to reach your target consumer. A truly effective distribution strategy will include all outlets where your target consumer is very likely to purchase your product. Managing competing interests in a multi-channel

distribution strategy can be challenging, and will be something that we devote more time to in the last section.

For start-up beauty brands, the best place to start selling your products is online via a website.

Promotion

Finally, the last P stands for promotion or how you plan to market your product. The second to last section of this report will go into more detail around marketing your product, but like the third P (place), you need to have some idea upfront around your advertising strategy. Creating awareness of your new product line will most likely be the most challenging aspect of your new endeavor. The beauty and personal care markets are flooded with products, and without a differentiated story that is tailored to your target consumer, your products are destined to be overlooked. Putting a great deal of thought into your promotion strategy before you even begin your product development process will ensure a higher rate of success. You do not have to have every detail flushed out (we will explore more in the marketing and selling sections), but you should have a clear idea of what your eventual strategy will be.

As we mentioned when we were discussing the first P (product), a good promotion strategy should have tools that focus on first purchase and repeat purchase. Different tools will affect each differently, but a holistic strategy is needed to ensure a business that can be expanded and sustained.

We will begin with first purchase. In order for a new consumer to commit to trial of your brand, you have to lower the barrier of entry. There are many tools for this:

- Guarantee (“If I don’t like it, I can get my money back”)
- Free Samples (“I can try it before I even have to buy it”)
- Trial Size (“I can spend less money in order to try it”)
- Recommendation (“If my friend/authority figure trusts it, I should too”)
- BOGO/BAGB (“If I buy one I get another one free, or if I buy one product I get this other product free”)

You will see that it is much more difficult to attract new consumers than it is to retain the consumers you already have. That is why it is so important to have strategies that keep consumers within your franchise. You must think about how

you will stay in touch with your consumer so she keeps you in her life. Of course the performance of your product will go a long way, but other tools are available to keep your brand on her mind. Any advertising you do for trial will have a halo effect. In addition, regular communication through email lists, social media, or conventional advertising will go a long way when it is targeted to current users. Don't you ever get mad when your cable company offers deals to new customers? You think to yourself 'I am a current customer and I don't get that deal'. Remember to take care of the consumers that have already invested in your brand to keep them loyal.

The method of your communication and the media that you choose is also something that needs to be considered. Again, your decision should be based on what appeals to your target consumer. What kind of attitude will your communication have? What will it look like? How will it sound? The key thing with promotion is to be consistent. If a consumer sees your brand multiple times and she gets the same feeling every time, she will grow to trust you even though she hasn't tried your products yet. Many media options exist, such as television, print, radio, internet, and email advertising. Newer advertising options are emerging and can offer exciting alternatives to start-ups, such as social media (facebook, twitter, youtube, etc.), brand ambassadors, and multi-media event co-associations. Lastly, don't underestimate the advertising power of your product themselves at their place of distribution. Displays, demonstrations, and pack copy are all billboards for your brand at the most important place of all - the point of purchase!

Summary

Creating a business plan is a key activity for any new business. Even if you are not looking for funding it is helpful to have a blueprint for the business you want to follow. Consider how you will address the four P's, product, price, place and promotion.

Recommended Reading

[*StartupNation : America's Leading Entrepreneurial Experts Reveal the Secrets to Building a Blockbuster Business](#)

Chapter 5 - Product development phase

Introduction

Up until now, the steps we have outlined to start your own beauty product line have been largely thought based and inexpensive. However, from now on, a sizeable jump in investment and commitment level is going to occur. In this section, we will discuss the steps required in the product development phase.

There are various paths you can choose that have a varying amount of investment levels, but all will require formulation development, package selection, and due diligence testing. We will approach this assuming the most complicated approach. This entails custom formulation, new packaging development, and all due diligence testing completed before approaching any contract manufacturing partners (also known as “co-packers”, manufacturing companies that produce products for other companies to sell, for a certain fee per unit) with the project idea. We will explore in more detail what is entailed in each of these steps, and then discuss the production phase in the next section.

It should be noted that there are less time consuming and less expensive options available. The first is called “private labeling”. Private labeling entails partnering with a co-packer who already has dozens if not hundreds of “stock” formulas available. You pick out which one you like, and the manufacturer produces the product with your name on the bottle. These manufacturers keep their relationships strictly confidential, so the general public would never know who is manufacturing your product.

There are many advantages that come with private labeling. The first is minimal to no research and development (R&D) expense. Typically these formulas have been completely commercialized for other customers in the past and have all of their due diligence testing complete. There is also an opportunity for some customization like fragrance, color, extracts and packaging. Typically, warehousing is not needed because these manufacturers can turn around purchase orders very quickly since they keep an inventory of all the components that are necessary. Of course private labeling also means that your product formulation and packaging are not completely unique (since these manufacturers retain the right to sell these formulas to other customers), but that is not always

completely necessary in all business models. Remember, your brand name will be on the bottles, and most ordinary consumers would never encounter or even know if another product they used was the same thing.

Another option would be to conduct the research and development phase at a co-pack manufacturer. Many private label manufacturers also have R&D capability in house. They can conduct the formulation development, help you with package selection and labeling, and all the due diligence testing. Often times, this could be less expensive than doing this entire phase on your own. There may even be cases where the R&D fees could be free if your minimums are high enough. “Minimums” are the minimum number of units that are to be produced per production run (typically the minimum is what defines the cost per unit to manufacture (lower minimums are higher cost per unit, higher minimums are lower cost per unit)).

One of the drawbacks to this approach is that you are exposing your idea to another company earlier than you may want to. Of course non-disclosure agreements (NDAs) should be in place, but it is still a risk to consider. Also, once you partner with a co-packer so early in the process, it may be difficult or impossible to shop around other co-packers to get a lower manufacturing price per unit. In essence, you will lock yourself in with a manufacturing partner often times before your product development phase is completed.

The product development path that you choose entirely depends on your specific case and business model. There are advantages and disadvantages in each scenario, so you will have to weigh your options carefully. With that, we will spend the rest of our time discussing the most complicated and expensive path - completing the product development phase before approaching an external manufacturing partner. This path, however, does guarantee that your unique ideas remain within the confines of your company for as long as possible and does give you the option for bidding out multiple co-packers for a more competitive manufacturing price before full production begins.

Formulation development

Developing prototype formulations of your eventual products will be one of the most exciting steps in your endeavor. However, it can also be very expensive

and troublesome. Poor management of this phase can easily derail your efforts. In this section, we aim to give you some helpful tips in managing the formulation development process.

The first step is selecting a cosmetic chemist. (If you already are a cosmetic chemist and have experience with product development, then feel free to skip to the next section. For everyone else, stay put!)

Finding a cosmetic chemist can be challenging. First of all, there really aren't that many out there. Very few colleges and universities teach cosmetic chemistry, so most of the knowledge is gained through years of on the job experience. Another thing to consider is only a select number of cosmetic chemists actually have experience in custom formulation, especially in your unique area. Many projects that cosmetic chemists work on are simply copying a formula that another chemist developed years earlier. The last complication you should consider is that most of the talented cosmetic chemists are already working for beauty companies. They typically sign a legal agreement at the beginning of their employment which prevents them from doing work for others. However, don't let this discourage you; there are freelance cosmetic chemists out there that are looking for work!

When looking to hire a cosmetic chemist, it is advisable to interview a few before making your final decision. Ask for their resume and specifically ask what products they have worked on in the past. The best chemists should have actual examples sitting on the shelf at the local supermarket. Be sure to ask what their role was in developing the products they have referenced. Did they develop the product from scratch or did they simply put a different fragrance and change the color of a formula that was already developed in the company beforehand? Your best option would be to find a chemist with custom formulation experience in the exact category you are looking at entering. This ensures that they will be able to give you a working prototype within a limited number of trials. If you can't exactly find a match, not to worry, the best cosmetic chemists are quick learners and can deftly adapt their skills to a new product category.

After you find a cosmetic chemist, you may wonder how you might work with him or her to translate your ideas into prototypes. It helps if you have the type of product decided and the primary benefit identified. It also helps if you know how you want the product to look like (color, appearance, viscosity) and how you

want the product to perform on your consumer. Feel free to reference other commercial products for certain characteristics that you like. For instance, you could say “I like the way this one foams but I like the way this one spreads”. This can accelerate the prototyping process. The fragrance may be an important element of your formula as well. Keep in mind that most cosmetic chemists will not develop the fragrance, and the two of you will have to partner with a fragrance house for the oil you will use. Be prepared for this to be a lengthy process. Typical formulation development takes many weeks to many months to complete. Depending on the chemist you choose, they will either charge you by the hour, by the prototype, or by the project.

The cosmetic chemist will reach out to various chemical companies that sell raw materials for cosmetic products. This person will then experiment with different recipes that use these various ingredients to give you the final formulation you desire. It is important to be very involved in the selection of ingredients because they will make up what your product is. It is important to know how the ingredients are made and sourced and what their impacts will be to your consumer and the environment. Also, there are certain regulations that should be considered with the use of many cosmetic ingredients. Your chemist should be able to provide this information or you may also have to consult with a regulatory professional.

Package selection

Before you can begin your due diligence testing, you must decide on your package. While early prototyping can use ordinary stock bottles and closures, you need to have final decisions on your package so you can test how they interact with your product before you begin full production. The type of packaging you choose largely depends on the category you are in, but the following are some examples of components you may need to consider:

- Container (bottle, tottle, tube, tub, jar, etc. - the component that will receive the formulation on the manufacturing filling line)
- Closure (pump, sprayer, actuator, cap, top, etc. - the component that will seal the product in the container, may also actuate the formula to

the consumer)

- Secondary Packaging (any packaging that will surround your container and closure - typical examples are cartons, trays, or boxes that will be visible to the consumer at point of purchase)
- Corrugate (the box that is used to ship multiple units of finished product - typically designed to fit an appropriate amount based on your sales and protect the finished goods through shipping and warehousing)
- Labeling - either a separate component (label, shrink sleeve, etc.) or directly printed on the packaging components

There are many companies that produce packaging components for cosmetic and personal care products. Typically, large beauty companies hire packaging engineers to help with this part of the process. They know a great deal about packaging companies and the process of sourcing, qualifying, and labeling. Packaging companies themselves have this expertise, but typically only offer to help when they know the potential volumes and have some assurance that you will use their components when your project moves to the production phase.

Like with many other phases of the development process, you have a couple of choices when choosing your packaging components. The first option, which is faster and less expensive, is the use of “stock” components. Using stock components means that the packaging company owns the “mold” that makes the component (the mold is typically made of metal, and is where liquid plastic or glass is injected and then allowed to cool to take the shape of the component). When the packaging company owns the mold they are free to sell the components to other companies. This means the component isn’t entirely unique to your brand; however, different color and appearance options are usually available. If your business model dictates that your packaging must be unique, then you will have to go through the extra step of developing a new mold. Most packaging companies have the resources to do this development, but again, you will have to choose your partner carefully. This will require an added investment, but the mold will now be your property and will be used by the packaging company only to make your components.

Due diligence testing

After you have a lead prototype and have selected the packaging components, due diligence testing must be completed before moving into the production phase. There are various tests that can be conducted; and while some of them are optional, many of them should be conducted to mitigate future risks that could be encountered during the production and launch phases of your project.

Stability Testing

Your formula should be tested to ensure it will remain stable over the lifetime of its usage. Typically manufacturers guarantee products for 1-3 years. The stability of your product includes, but is not limited to, its ability to maintain a consumer acceptable pH, viscosity, color, odor, appearance, and functionality. To predict stability over these long periods of time, cosmetic chemists typically expose their products to extreme environments to accelerate the aging process. Some examples include high heat (120°F), freezing and thawing, high humidity, and high intensity light exposure. When products are exposed to these extreme conditions, a cosmetic chemist can predict long term stability after only a few weeks to a couple of months, which accelerates your product development timelines. The product should be tested in a control package (glass jars for example) and the package you plan to launch with. If for any reason the product doesn't pass stability testing, you will have to re-enter the formulation development phase. Your cosmetic chemist will either have the capability to do this testing themselves or work with a third party lab to direct the execution of the testing.

Package Functionality

In addition to testing whether your formula is stable in your package, you should also test to make sure your package performs its designed function over the life of your intended product. Such tests include, but are not limited to, closure clog testing, actuation testing, leak testing, and drop testing. If for any reason these tests fail, you will have to go back to the package selection and/or formulation development phase.

Microbiological Testing

Most cosmetic products are water based and require preservatives to ensure they do not become contaminated by yeast, mold, or bacteria. Even products that are not water based or do not contain preservatives should be tested. Many third party laboratories can conduct this testing for a fee per sample.

Safety Testing

All cosmetic and personal care products touch the consumer's body in some way and should be tested for any negative safety reactions. While the FDA does not require this testing, it is required that you do not sell products that are unsafe so it is advisable to conduct the testing to ensure that our industry stays self-regulated; but more importantly, so you can avoid any future liability when marketing the product. Contrary to what some may believe, testing on animals is not required for this step. There are many in-vitro methods that can be conducted without animals and in-vivo methods that use human subjects. Many third party laboratories can conduct this testing for a fee per sample.

Consumer Testing

While this test is not required, it is a good idea to test your products with your target consumer before launching your product line. Most likely you have tested the product on yourself, but we encourage you to expand your testing to more people, especially your target consumer. Even testing with a small amount of people can give you great insight on how your product performs, and may inspire further formulation and/or packaging refinement. Remember, you only get one chance at a first impression, so make sure your product is as good as you think it should be before you launch it! The amount of consumer testing you may conduct largely depends on the size of your initiative. The bigger your investment, the more testing you may want to conduct to minimize risk. There are a variety of consumer testing facilities that can offer a variety of services to meet your needs.

Claims Testing

This is another test that is not required, but may be a good idea, depending on your communication strategy. The amount of testing you should conduct largely depends on the types of claims you are making and the relative size of your product launch. More provocative claims and bigger launches will attract more attention, and thus should have more testing. Testing will also depend on the type of advertising you do. To get a commercial on national networks requires a lot more substantiation than a claim you make on your package. It is also important that your claims do not mislead the consumer in any way. Depending on your business model, it may be advisable to consult with a regulatory professional.

If you want to communicate any quantitative claims (% or X more, etc.), instrumental claims testing will need to be conducted. There are many laboratories that can provide this sort of testing. While many qualitative claims (adjectives that describe product performance) are made in market with no support, it is advisable to have some amount of validation. Moreover, any communication that uses “clinically tested, dermatologist test, ophthalmologist tested, etc.” will have to have testing to substantiate those claims. Again, a variety of laboratories have experience with these types of tests. Finally, technical rationales should be developed for any claims that cannot be substantiated through instrumental or consumer panel testing. Examples include “concentrated, paraben-free, milder, etc.”

Scale-up Testing

This is also optional in the product development phase, but it also doesn't hurt to do this step early. Scale-up testing entails any activities that help translate bench formulation and package filling to the production scale. We will discuss this in more detail in the next session. The reason we also mention this now is that there is a possibility that scale-up testing will show that certain formulations or packaging components are not feasible at a production scale. In that case, you may have to go back to the formulation development or packaging selection phase.

Other due diligence activities

It is important to keep in mind that there are a variety of other tasks one should consider before moving into the production phase. Examples include, but are not limited to, intellectual property searches (patents, copyrights, trademarks), raw material regulatory status reviews, formulation regulatory review, claims review, labeling review, and voluntary regulatory product registrations.

Summary

The product development phase can be the most complicated and resource intensive phase. This will separate the people who are serious about starting their own product lines and the mere curious. We have gone through all of the factors to consider including formulation, package selection, and product testing.

Recommended Reading

*[Harry's Cosmeticology](#) - Rieger

Chapter 6 - The production phase

Introduction

After your product development phase is complete, it then becomes time to start producing your product. In this phase, a great deal of additional work, not to mention investment, is required. We will describe this process in some length in this section.

In order to produce your product, you will need to first understand what your “minimums” are. We touched on this in the last section; but essentially, this determines what type of contract manufacturer you will work with, what suppliers you will work with, how many components you will need to buy, and how many units you will produce per run. Your minimum literally means what is the smallest number of units you should make on each production run. It is derived from estimates on your annual sales volume.

If you estimate that you will sell 10,000 units of one of your products in one year, than your minimum will be 10,000 units if you conducted one production run per year. However, most companies find one production run per year is impractical. First of all, warehousing all those units for an entire year can be expensive. Secondly, you may not want your product to sit around for eleven months before selling it to your consumer. Rather, it is usually more practical to break up your production to multiple runs per year. For instance, if you want to produce your product once per quarter (every three months), than your minimum now becomes 2,500 units.

It is also important to note our assumption that you will use a contract manufacturer. Most start-ups will find that the amount of investment required to build their own manufacturing capabilities is much too daunting (on the order of millions of dollars). On top of that, you will have the added liability of extra employees that you must staff. While contract manufacturers charge a premium per unit to produce your product, this expense usually pales in comparison to the investment required to do production in house. Of course, as your enterprise

expands, there may be a point where you reconsider the cost-benefit analysis of using a production partner or producing yourself.

Selecting your supply & manufacturing partners

Your supply partners are any company that provides components to your products. This includes chemical suppliers, packaging suppliers, and any intermediary companies that are involved in your supply chain. Choosing these partners is very important on determining the long term health of your company. You are only as strong as your weakest supplier.

Choosing a supplier will depend on the type of product they can provide, their ability to meet your demand, and their price point. A great deal of thought and collaboration between you and your suppliers should have already occurred in the product development phase. However, during the production phase, you will have to firm up your relationships with specifications, contracts, and purchase orders. It may also be wise to have multiple suppliers qualified for certain critical components. You never want to be in a position where you run out of a component and the supplier cannot provide it within the time you need. Having multiple suppliers in place can help mitigate this risk.

Specifications are a detailed list of quantitative and qualitative aspects about the products you are purchasing from the supplier. They should be mutually agreed upon, and should accurately describe the product you are buying. They facilitate in the quality approval of the product when it arrives. If you do not have good specifications, you do not have any recourse to reject (and then get a refund) of components that you purchase from your supplier. The net result could be a low quality final product that you may not want to sell to your consumer. Your cosmetic chemist and packaging engineer should be able to help in setting these specifications.

You will also need contracts in place that detail the relationship between you and the supplier. Typically, contracts include price points, estimated volumes, purchase order requirements, shipping, and payment terms. Again, a good contract is required to assure a smooth operation during your production phase. You want to have every detail worked out ahead of time, because you will not want to deal with problems when you are in the middle of production.

Careful consideration should be made before placing a purchase order. You must ensure that you leave enough time for the component to arrive. Most suppliers have “lead times” on components that can vary from 2-12 weeks. A lead time is the amount of time it takes for the supplier to process your order, make the components, and ship it to your destination. Another consideration is the amount of components to order. This obviously depends on your minimums, but you should also order a certain amount extra to make up for waste at production and to have a certain amount extra on hand in inventory between scheduled production runs, just in case. This entire process can get very complicated considering your enterprise could have hundreds of components across dozens of suppliers.

It is also important to note that better component pricing is usually indirectly proportional to order quantities. That is, the more components you buy, the lower the price will be per unit. Often times, the contract manufacturer may use the same component for other customers. In those cases, they could negotiate a lower price for the components and you would be better off to have them purchase the components for you. It is also important to note that start-ups that are smaller in size may require the use of “distributors”. These are companies that represent multiple chemical or packaging suppliers and act as an intermediary between you and the supplier. Often times, suppliers do not have enough resources to service all the small customers that may want their product, so they use distributors (who get a cut of the profit) to help them manage this type of business.

Choosing your manufacturing partner largely depends on the path you took during product development. If you chose private labeling or to have the product development phase done by a contract manufacturer, then the decision making point has already passed. Hopefully, you considered a few options first and got the appropriate capabilities and cost that fit your business needs.

In the case of the most complicated and expensive option that we have been describing, it is now time for you to approach multiple contract manufacturers with your business idea. The contract manufacturers will need to know your formulations, your package, and your minimums in order to decide if they can take your business and quote a price. As was the case with your component suppliers, you will need to generate quality specifications that describe your final

product, as well as contracts and purchase orders. Also, depending on the size of your business, you may want to qualify more than one contract manufacturer to ensure you have no supply interruptions. You may also work with several manufacturers, each supplying different products that make up your entire line.

Scale-up & production

Once your product development phase is complete, and you have chosen your suppliers and manufacturing partner(s), it is now time for scale up and production. We talked briefly about scale up in the last section, but we must focus more on it now before we begin actual production.

Scale up is the act of translating small scale formulation and filling into large scale production. The first thing that must occur is the process of making your formula must be converted to handle a much bigger batch size. Aspects such as the ingredient order of addition, addition rates, mixing speeds, and temperature must be very carefully specified to ensure that your final product meets your quality specifications. Typically, cosmetic chemists and process engineers (professionals with chemical engineering backgrounds) work together to accomplish this translation. Most contract manufacturing companies have process engineers on site who understand their equipment capabilities, so it would be advisable to have your cosmetic chemist collaborate with this individual.

The next scale-up activity involves the filling line. Typically, this is a different area on the production floor and involves specialized equipment and manual labor that fills the container with product, places the closure on, and palletizes your corrugate. It will be important that your contract manufacturer has the appropriate “change parts” for your particular package. These are interchangeable pieces of equipment on the filling line that help automate the filling process unique to your specific package. If the manufacturer has filled similar packaging in the past, you may not need to invest in these change parts. If not, you may have another investment to make.

Typically, trials are conducted of both the batching and filling processes to test all of your current assumptions. These trials can be very valuable at refining the manufacturing process, equipment, and human resources needed to efficiently and appropriately produce your product. While these trials can be

expensive, they are usually less expensive than your first production failing and not meeting demand. It also can be possible to use the product from the trial for sellable goods, but it is not advisable to plan your forecast around it just in case the trial results in failure.

You will also want to test some (or all) processes within your supply chain. For instance, if you purchase bottles from one supplier, but then they need to be shipped to another supplier for labeling, you will want to do a trial of this process to make sure there are no problems that could cause delay in production. For instance, assumptions around lead times, shipping time and expense, and labor costs could be incorrect, which will affect your eventual production. The more you understand your supply chain, the more accurately you can estimate your costs per good, which will affect your profit margin and selling price.

When it comes time for first production, all of your previous work and due diligence will be put to the test. The first thing to check is that all of your components have arrived and have met your quality specifications. The second action item is to ensure your product has been scheduled in the manufacturer's production plan. Then comes the act of batching and filling. Even if you have conducted a trial, it is important to attend the first production to ensure the formula and finished goods meet your quality inspections. After the last of the product is made, it is time to decide where the product should be shipped for warehousing and distribution for sale.

Summary

Getting your product produced can be challenging if you have to buy all the equipment and raw materials yourself. It is best to work with a contract manufacturer who can create, fill, test and ship your product. In this step, the most important thing is to go through a find suppliers and contract manufacturers who you trust and can work with.

Recommended Reading

[*Logistics and Manufacturing Outsourcing: Harness Your Core Competencies - Tompkins & Simonson](#)

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[Learn more about starting a line](#)

Chapter 7 - Marketing

Introduction

Successful completion of your production phase is a monumental achievement. However, receiving reward from all the time and investment you have put in depends on your ability to sell the product. And the only way to sell product is if your target consumer is aware that it exists. It is now time to get the word out about your new product. Marketing your product is of critical importance to your success, and to which we will devote the next section discussing.

Advertising & PR

Promotion comes in all shapes and sizes, and the exact method that you use will entirely depend on your specific circumstances. However, all new brands will need support from advertising and public relations. Advertising is typically defined as any communication strategy that actively promotes your products directly to your consumer. Public Relations (PR) on the other hand, generally relies on relationships with another third party in order to communicate to your target consumer. While there is a clear difference between the two, having a strong, holistic strategy that incorporates aspects of both will give you a better chance of success.

There are many ways in which to advertise to your target consumer. The classic examples are television and print campaigns; and while these methods are the most developed, they can prove to be out of reach financially for a typical start up. Not to worry however, the market has shown there are several emerging methods that are less expensive and many times can even be more effective. We will explore these methods further in the next session when we discuss the internet, email, and social media.

The important thing to remember when advertising your product is what will be the most effective for your target consumer. This includes where and how you

should advertise. You will want to invest your advertising dollars in places your target consumer is most likely going to see them. Understanding the dynamics of her life will help you with your decision. For instance, if you invest in a subway print campaign, then you should be assured that a good majority of your target lives in an urban environment and takes public transportation regularly. How you advertise your product is equally important. This includes the type of information you use and the manner at which you communicate this information. Again, it is crucial to understand what appeals to your target consumer the most. Does presenting a great deal of technical information from an expert make sense, or would it make more sense to keep the content more fun presented by a peer? Again, your exact methods will depend on your unique situation. Most large beauty companies conduct testing to help make their decision. Often times, they will have a variety of advertising executions presented a group of target consumers in order to get their opinion before a bigger investment is made.

As we said earlier, public relations uses a slightly different tactic to communicate to a consumer. This usually involves a third party media source to help you relay your message. These sources typically involve magazines, television, and radio shows. This is typically a mutually beneficial relationship because you provide content for the media source, and they in turn help advertise your product. You see this all the time on the morning news and talk shows. Typically, hosts will invite guests to talk about a particular subject, and in exchange, you will almost always see a reference to a website, book, or product. This is why late night talk shows were invented; so that Hollywood could advertise the new movies they had just created.

Again, many of the same considerations that were made in advertising should be utilized. Factors such as where and how you communicate are just as important. Any good PR strategy will have a list of publications, talk shows, and other media outlets that appeal to your target consumer. In addition, your strategy must also include exciting new content that you can offer to these target media outlets. You have a much better chance of getting exposure if your content can help them get higher ratings. At the same time, you should tailor this content to what your target consumer finds engaging.

Sponsorships are another strategy that is utilized by many companies to sell products, and can combine elements of both advertising and public relations.

Take the example of an energy drink sponsoring an extreme sporting event. This sponsorship makes a lot of sense for the company because it gives them a great amount of exposure to their target consumer, and can incorporate multiple opportunities for advertising and PR campaigns. In the end, options for promoting your product will far exceed the budget you have. What is most important is making informed choices and then tracking the return on investment (ROI). The best promotion strategies have the ability to be both dynamic and consistent.

Internet, email, and social media

We felt we needed to devote an entire section to the plethora of new promotional tools that have become available within the last few years. These new tools are invaluable to start-ups because they can be incredibly effective and relatively inexpensive. As time goes on, these methods will be more entrenched in consumers' lives, and will become the promotional norm rather than the afterthought. The more you embrace these methods now, the healthier your brand will be in the future.

Creating a website for your product is essentially mandatory in this day in age. It is becoming second nature for consumers to type in the name of something new they see in their internet browser to find out more about it. Creating a website is very inexpensive comparative to the other investments you will have to make, and can be an online heat sync of information about your brand. Your website is one of the few places where you can completely control the content. So take advantage of it, and create a quality website. You will be surprised at what kind of impression a consumer will have about your brand just based on your website.

Once you have a consumer to your website, encourage them to sign up (and give consent) for your email list. Having a list of emails to your target consumers can be an invaluable asset. Regular and informative emails directly to your consumers' email inbox can drive an incredible amount of traffic to your website, but more importantly to your point of sale.

Cell phones and tablets are fast becoming this decade's personal computer. Creating an application (app) is another great and inexpensive way for you to

inform your target consumer as to what your brand is all about. They can be as simple as showing where your consumer can buy your product through the GPS feature, or as complex as interactive content tailored to the user.

In addition to online content that you create, it is important to have a broad presence across the internet. For instance, if someone “googled” your brand name, would your website be the first search result? In addition, is your brand present on other company’s websites that your target consumer typically visits? Online advertising can be a very economical way to expand your internet reach.

Lastly, social media may be the next great frontier in brand promotion. It has the ability to reach millions of people at essentially no cost, without giving the consumer the feeling she is being “advertised” at. You would be crazy to not take advantage of social media. If social media can launch today’s pop superstars; it can do wonders for a new beauty brand. Obvious examples include Facebook, Twitter, and YouTube. There, you can customize messages daily (hourly if you wanted to) to your consumer base on all aspects of your product line (education, new products, promotions, etc.). Social media is sure to evolve, but if you evolve with it, you will be sure to have a competitive advantage.

Summary

After finishing the tough product development phase, you are ready for the fun part of developing your own line, marketing. Marketing is all about getting your target customer to be aware of your product. With the awareness comes a desire to buy and ultimately, that is your goal when making your own product line. Using the Internet including your own website and social networking sites is a key activity to a successful beauty brand.

Recommended Reading

*[Permission Marketing : Turning Strangers Into Friends And Friends Into Customers](#)
- Godin

Chapter 8 - Selling

Introduction

We are now at the last and most important step of the process to starting your own brand - selling your product. The point of sale brings all of the time and investment to a pay off. With enough sales, your brand will be profitable, from which you and your investment partners can reap the rewards.

It is also important to realize that your work is not done at this point, far from it. Simply putting your product on a shelf and sitting back and waiting will not yield strong results. A considerable amount of options for further work and investment are available, which is why we will wrap up this report discussing sales strategy.

Multi-channel distribution

Your distribution strategy should already be well defined, based on your business model. Therefore, you should not be thinking about where you will be selling your product; but rather the dynamics of your distribution strategy. As we discussed, the best distribution strategies take into account the target consumer. Specifically where she is most likely to see and purchase your product. Whether your point of sale is directly from you or through a third party retailer, most distribution strategies include more than one option.

Having more than one point of sale increases your chances that you will reach your consumer for a purchase. However, you may encounter conflicts when offering your product at more than one outlet. For instance, if you are starting your own hair care line and offer your products online and at your salon, you may find that increasing your online sales actually decreases your salon services business. There are many more examples one could give; what is important is to anticipate such conflicts in your specific case. You must create a distribution strategy that collectively doesn't compete with each other, while still offering incentives over each other.

Let us expand upon that last thought. In order to gain a retail partner in selling your product, you must demonstrate a unique incentive. For instance, offering to sell your products to increase traffic to the retailer's other products or services may be a good start. It is important to understand their business model and what kinds of incentives will appeal to them. Moreover, this partner will take the time to understand your business model and will realize that there are other distribution points where your products can be bought. You must come prepared as to why consumers will come to them in addition to the other outlets. For instance, you could offer exclusive products, sizes, or pricing. In the end, multiple distribution channels will be a balancing act, but one that can be achieved with smart business strategy.

Promotional programs

After you have developed a well-defined multi-distribution strategy, you can now concentrate on promotional programs for specific outlets. These programs are really only limited by imagination, but there are few we will give as examples. One example is BOGO/BAGB programs. BOGO stands for "buy one, get one" and BAGB stands for "buy 'A', get 'B'". Both are aimed at offering a perceived added value to the consumer, which drives additional foot traffic to your point of purchase. In the case of BOGO, your consumer will think that she is getting her favorite product for free, and thus encourages purchase. BAGBs are great ways to introduce new products. Often times, manufacturers will offer a trial size of a new product free with the purchase of a top seller. The hope is that this consumer will then come back another time and purchase this second product.

Trial sizes are another great promotional program for new products. They lower the cost of entry into the brand and lower the perceived commitment. She will think, "it's only a couple of bucks and if I don't like it, I am only throwing away a little bit instead of a big bottle". Again, the idea is that this consumer will come back and purchase the product at regular size.

Free samples and coupons are another great promotional tool. You see many manufacturers work with their retail partners on this sort of execution. Often times, retailers will have contact lists of their consumers through rewards

programs and such. If you partner with these retailers, they can send samples and coupons to a target group of consumers that are likely to purchase your product.

Displays and kiosks are another great promotional tool to consider. They help show differentiation of your products when they are shelved with your competitors. Often times, these programs are a premium to your other programs and can only be offered for a short time, but can create a lot of buzz for your product. The assumption is “if this gets so much space, it must be important”.

Offering free gifts is another classic example of a promotional program. You would want to consider what type of product (outside your category) that your target consumer would be interested in. Another take on this could be promotional kits with multiple products, especially popular around the holidays.

Only time will tell as to which program works the best. What is important is to experiment and see what works for your specific case. As before, you want to consider offering differentiated programs to your different retail partners. In this case, sharing which promotional programs work with other outlets can actually entice other retailers to adopt the program since you have proven its success. In the end, promotional tools are designed to create excitement and added traffic at the most important step of the process - the point of sale.

Summary

The final step of launching your own brand is to define your selling channels of distribution and set up a system for order fulfillment. Ideally, you will set up systems that are automatic and will not require constant attention by you. After product development your primary focus should be on marketing efforts.

Recommended Reading

[*Selling 101: What Every Successful Sales Professional Needs to Know](#) - Ziglar

Final Thoughts

Starting your own product line will be one of the greatest adventures of your professional life. While the beauty and personal care markets are extremely saturated and competitive, there still exists an enormous amount of opportunity for fresh, exciting new brands. As long as a brand can offer something meaningful and differentiated, there will always be the prospect for a successful, profitable business. There are innumerable different types of customer groups. You just need to find the one that is not being adequately served by any other brand.

We hope this report offered a comprehensive overview of the eight vital steps necessary in creating a new product line. If you are interested in knowing more detail for each step, we strongly encourage you to sign up for our eight week education program. For more information, please visit our [website](#).

We wish you the best of luck in your future endeavors, and hope that we can help you along the way. Thank you for reading.

While this document is packed with information, written by industry-insiders, the format limits our ability to truly reach the depth needed. If you want more help in launching your cosmetic line, try our proven 8-week online training program. In this course, we will get into more detail with each subject, offer question and answer sessions, and much more all from the comfort of your own home. See our web page for more information.

[Cosmetic Launch Coach Training Program](#)

Thanks again and I look forward to working with you.

Perry Romanowski
Element 44, Inc.