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In new business model, Gerstein styles move of Nexxus to mass market

By JACK NEFF

MARKETING AROUND consumer wants has become almost a cult in package-goods, and Richard Gerstein may be the high priest.

Until last summer, Mr. Gerstein ran a beauty products company, Reflect.com, that didn't make anything until consumers designed it, from the functional attributes to the label. As CEO of Reflect.com, the package-goods' industry's first full-scale experiment in mass customization, Mr. Gerstein put into practice like no one else has the "Consumer is boss" mantra of Procter & Gamble Co. Chairman-CEO A.G. Lafley.

Nevertheless, P&G pulled the plug last year on Reflect, a standalone company it had largely bankrolled since 1999. Mr. Gerstein, 40, took what he learned to a P&G rival, Alberto-Culver Co., as chief marketing officer.

He's now in charge of a consumer empowerment project of a different sort, steering Alberto-Culver's biggest new-product launch ever in the \$100 million rollout of Nexxus hair-care products from salons to mass.

Some who were close to Reflect say it did become profitable but was never going to grow into the kind of billion-dollar brand P&G wants. At least not without a major push into opening conventional retail stores, which Mr. Gerstein said P&G wasn't willing to risk because of the conflict with its current retail customers.

It was Mr. Lafley, as president-beauty care at P&G, who approached Mr. Gerstein, then general manager-skin care, about joining Reflect as its chief marketing officer in 1999. The idea immediately appealed to the entrepreneurial streak of an executive who went to Hungary as a brand manager in 1992 to get P&G's business started there. Two of Mr. Gerstein's three sons were born in Eastern Europe before he returned to the U.S. in 1998.

He started as VP-marketing for the start-up of Reflect, rising to CEO within three years after original CEO Ginger Kent retired.

"Richard is a very creative marketing guy," Ms. Kent said. "He really contributed a lot of ideas at Reflect. He's also a really good roll-up-your-sleeves manager."

Mr. Gerstein said he understands the decision to shutter Reflect. For most women today, he said, "Beauty is still a touch-feel-smell business."

For some companies, Reflect would have been big enough to keep, Mr. Gerstein said. "But for a \$70 billion company like P&G, there was no chance we were going to be big enough to meet their strategic goals, which I respect. You have to make choices."

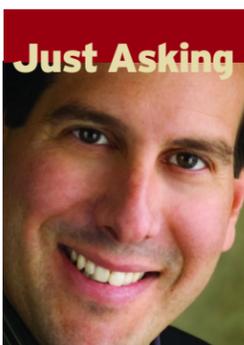
Reflect did produce plenty of learning about what women want in beauty care that he believes P&G will tap for new products.

TRANSITION

As for Mr. Gerstein, he's now with another beauty marketer in the midst of a transition away from retail operations. Alberto-Culver earlier this year agreed to spin off its Sally Beauty and other distribution systems to Regis in a deal that helps Regis fight the increasingly rampant diversion of professional brands—and allows Alberto-Culver to move Nexxus into mass stores without worrying so much about offending salons.

"We believe there's a new business model out there where consumers are looking for professional brands [at mass]," Mr. Gerstein said, adding that the decline of the Big 3 automakers shows what happens when you don't follow where consumers lead.

"Toyota only thrived because the U.S. car manufacturers were not listening," Mr. Gerstein said. "The minute you're not listening to consumers and trying to protect what you thought was your business model, you're going to get in trouble."



Just Asking

Richard Gerstein

Alberto-Culver

Alberto-Culver invented the 30-second spot. Is it dead now? I don't think so.

Whenever you have an emerging trend, there are those who stand like deer in the headlights and the other group that goes way overboard to the other side. Eventually, everyone settles in the middle.

Explain your CMO role.

It's a hybrid where I've got global marketing responsibilities but then [line management] responsibility for the U.S. business.

OFF Hours

BY PATRICIA RIEDMAN

Danger, beauty lurk beneath sea for lensman

JASON HELLER was diving 100 feet underwater near Phuket, Thailand, when the December 2004 tsunami raced by. But to the 31-year-old managing director at Horizon Interactive, New York, the horrific wave took the form of a strong current, not enough to distract him from his task: photographing the marine life teeming around him.

To get better shots in the conditions, he ducked behind a boulder where he became preoccupied with a rare, harlequin ghost pipefish. "It was a pregnant one, which makes it even cooler," he said.

It was only as Mr. Heller surfaced that he noticed things were askew, and as the scuba touring ship he and his wife, Wendy, were vacationing on tried to return to port in Phuket, the grim reality hit them as luggage, refrigerators and sections from buildings floated past.

"We were told the death toll in Thailand was 200 at the time," said Mr. Heller. "A week later it was updated to 5,000 in Thailand alone."

"My wife and I wanted to stay and help if we could," he said.

Mr. Heller put his photography skills to work and shot spreads for *Asian Geographic* magazine, Associated Press and others.

And while the experience still weighs heavily, it hasn't soured Mr. Heller on his quest to capture the marine world in photographs.

"I have a desire to share with the world, all of this beautiful, life-sustaining life that everyone ignores," Mr. Heller said. "Seventy percent of the world's surface is ocean yet we still call it Earth."

It didn't take much for Mr. Heller to fall in love with underwater photography. He cites a trip to Aruba in 2000 for inspiring him to start diving. About a year later, he finished his diving certification in Puerto Rico, where he said the conditions were less than ideal.



Jason Heller

Managing director, Horizon Interactive

Five of his favorite dives:

- Galapagos Islands
- Raja Empat, Indonesia
- Similan Islands, Thailand
- St. Vincent
- Bali, Indonesia

The irony of it was that all that was there was "sand, a few pieces of coral and one fish, and I was so hooked."

Then the photography part kicked in. After several scuba photo trips to Key Largo, Mr. Heller said he kept upgrading "till 2003 I was using professional equipment and diving in some of the best places in the world."

Indeed, Mr. Heller has been lugging around equipment, which includes "a strobe light as big as my head," to capture seals, eels, turtles, sharks and countless other sea creatures from all corners of Indonesia to the Caribbean and the Galapagos Islands. He's even been known to visit tribal chiefs to barter permission to dive their village reefs for the best shots or swim among large schools of sharks.

Mr. Heller said the creatures have gotten a bad rap and rarely attack divers. "A lot of it is mistaken identity" with shiny jewelry or the white of hand being confused for a fish. "You scare them more than they scare you," he said. "I have to understand the behavior of the creatures I shoot so they don't eat me."

Luckily, Mr. Heller's wife shares his love of scuba diving. When he

met her she "barely knew how to swim," he said. Yet, he said, they were both drawn to the ocean, and after a three-month gym membership, "she now swims with sharks." He even proposed to her underwater with a ring attached to cherrystone clam shell, shooting frame by frame of the moment.

Today, when Mr. Heller isn't working he's staying up into the wee hours manning the Web site he runs with his wife called DivePhotoGuide.com, an international directory of dive operators for scuba divers and photographers. He also runs a stock photography site underwaterphotos.net, when he's not planning his next scuba trip. "Phuket is on our short list of places we want to move someday," he said. "We plan going back next year. The diving is extraordinary."

Off Hours turns the spotlight of Advertising Age's People & Players page onto the varied activities of marketer, media and agency people outside their office lives. Devoted to a worthy cause? Have a secret fishing hideaway? Rabid about participatory sports? Ad Age is looking for interesting Off Hours stories from marketer world executives. If you have a fascinating Off Hours activity, describe your passion in an e-mail to Mike Ryan at mryan@crain.com.