



The sweet smell of success

LUC JALBERT HAS AN AIR FRESHENER HE HOPES WILL SWEETEN TOILETS EVERYWHERE

BY ANDY HOLLOWAY

Everybody stinks. That's not a put-down, just a fact of everyday life—and we devote a lot of time and money trying to prove we don't. Canadians spent \$144 million last year on air fresheners, including sprays, plug-ins, oils and, in the case of Procter & Gamble, a disc player that doesn't spin music, but scents, among them Shania Twain's *Wishes for Spring*. Companies sugar-coat these products by using words like "disinfect" and "cleanse," but all customers really want to do is get rid of horrifying odours before someone else runs into them.

Unfortunately, most air fresheners merely mask the underlying problem—and often run out of gas before you do. You can flush, but you cannot hide. A better product would neutralize a smell before it

started fouling the air beyond. It would deliver a preemptive strike, if you will, to limit embarrassment at home, or worse, at somebody else's place or even work. Enter Luc Jalbert, a 40-year-old entrepreneur from Moncton, N.B., who believes his Prelam Enterprises Ltd. has the solution. It's a product called *Just a Drop*, the secret formula for which Jalbert stumbled onto during a 2004 trip to China. "By taking away the bad odors from the get-go," says Jalbert, "we're really going to revolutionize the way people go to the bathroom."

It's a pretty big job for any company, let alone tiny Prelam. Co-owned by Jalbert and Don Goguen, previously a restaurateur, the operation has been selling air fresheners for about three years. It's up against such multinational giants as P&G, SC Johnson & Son Inc. and Dial Corp. But *Just a Drop*—which you place in a toilet bowl

before doing your business—certainly fills an untapped niche in air care, one that has an obvious appeal to retailers. Typically, toilet paper delivers a 5% gross margin. *Just a Drop*, which retails for \$6.97 for a 15-millilitre bottle—enough for 90 days' use—can boost that margin to about 30%, the same level other air-care products provide. Wal-Mart is convinced, and started selling the product in March; the Jean Coutu drug-store chain will begin carrying it this July.

Convincing consumers to give *Just a Drop* a try is proving more difficult. Prelam has 120,000 bottles of the stuff sitting in a warehouse in Brampton, Ont., and it needs to flush them out. Jalbert says selling *Just a Drop* one-on-one is easy: give someone a sample and he'll be back for more. That gets expensive on a mass scale, so Prelam needs to find a way to appeal to a national audience without offending anyone. "Selling

ENTREPRENEURIAL CHALLENGE

an air freshener is a no-brainer as long as you have a good suggested retail price, a good quality product and innovation," says Jalbert. "But Just'a Drop? My God, how do you tell people you have to put a drop of this in before you have a bowel movement and it'll smell great?"

What we have here is a failure to mass communicate—and it's not entirely Jalbert's fault. Canadians are a little prudish when it comes to the potty. Just look at most air freshener ads: women spraying linens, living rooms and pet pads. They never show men desperately trying to eliminate any traces of a raucous evening

its biggest hurdle: deciding what to be when it grew up. Jalbert started the company in 1998 as a manufacturer of plaque laminates for preserving and displaying documents or photos that he sold to superstores in the Maritimes, including Loblaws, Sobeys and Co-op Atlantic. When sales started flattening out, though, he began looking for related products he could market in the photo industry. That led him to China, where a friend of a friend turned him onto a couple of giant trade shows in Hong Kong and Guangzhou.

Jalbert stumbled onto a company that sold air fresheners, in particular a scented-

Today, Prelam has a couple of dozen products, 59 sales representatives from five broker groups across Canada working directly for it, and two warehouses in Moncton and Brampton, Ont. Not bad for a company that has been funded by personal collateral, a line of credit, and good terms with its factories in China and Taiwan. Prelam has enjoyed enough success that Jalbert and Goguen were able to sell off their previous businesses in December 2004, an optimism fuelled in no small measure by Just'a Drop.

Although Prelam develops its products and packaging in Moncton, Jalbert makes frequent trips to Asia to scout out new products and check up on the factories Prelam outsources manufacturing to. "We're doing the same thing P&G and SC Johnson are doing," Jalbert says, "except they have 3,000 people in R&D and we're four or five." That means Jalbert does much of Prelam's market research himself, regularly walking the aisles of Shoppers Drug Mart to get a sense of what colours, names and scents women, the primary buyers of his types of products, are going for this season.

Those tactics work fine for selling typical air-care products, but Just'a Drop requires an entirely different approach. It's usually displayed with toilet paper rather than in the air freshener aisle with the rest of Prelam's products, so Jalbert can't leverage off the branding he has already built. Gravity feeders—industry speak for those low-tech dispensers often located near checkouts or aisle ends—in Wal-Mart have been somewhat successful. Jalbert also has some other in-store marketing ideas, such as a contest to win \$10,000 in bathroom renovations, bundling Just'a

Canadians now spend \$144 million a year on air fresheners. But when it comes to talking openly about toilet odours, we're still a little bit prudish

of beer and curry with the lads. Just'a Drop, however, has no sanitized ulterior motive, making it a marketing nightmare.

If Jalbert can figure out a way to successfully market Just'a Drop, he believes Prelam can quintuple its revenues to more than \$10 million over the next five years. If he fails, the product will be wiped off store shelves or, at best, have its retail price rolled back by Wal-Mart to move it. That would hurt Jalbert's wallet, not Wal-Mart's. And it would almost certainly put his company's other offerings—such as scented oils and metered sprays—in, well, fairly bad odour.

In some respects, Prelam has already cleared

oil container that attaches to a car's air vents. He brought the product home, renamed it Eclipse—and it proved such a hit in the Maritimes that Prelam went national with it. Jalbert gathered up a group of brokers, showed Eclipse off at the 2003 Grocery Innovations trade show, and convinced Wal-Mart to list the product. It was a pretty decent beginning, but even more impressive when you consider that Eclipse's primary competitor, Ambi Pur, is owned by deep-pocketed Sara Lee Corp. Ambi Pur had begun a North American marketing push that, as Jalbert puts it, allowed Prelam to "kind of ski-boot behind the bus, and we started working on getting into China and developing new products."



While Luc Jalbert tries to find a way to market his "revolutionary" bathroom air freshener, Jason Wagner is trying to get his Trackitback ID labels into foreign markets fast—or else lose the momentum he's built up in Canada (see "A golden retriever," Canadian Business, April 11–24, 2005). That's because Wagner's idea can be copied by anybody. The trick, he believes, is for Trackitback to expand

without doing everything itself. That means putting his trust in others and giving up some control, a task any entrepreneur finds difficult. We asked for your help, and you responded with several things Wagner should bear in mind when hitting up new territories.

Jason Wagner is correct to recognize that he has to hit the lucrative U.S. market immediately in order to maintain momentum with Trackitback—at this point the game is all about marketing and

service, not technology. Given Wagner's reluctance to give up control over the image and reputation of Trackitback, his best option is to determine what he is looking for in a foreign partner, such as size, marketing capabilities, distribution systems, sales staff, existing product line, etc., and then actively source that partner, rather than waiting for someone to come along.

Rarely do Internet inquiries from interested companies in another country work out to the advantage of the exporter,

although this "accidental exporting" seems to be the favoured export approach for most Canadian enterprises. By setting his standards high and identifying the right partner that can meet those standards, Wagner will have more confidence that he has made the right decision and will be able to relinquish control more easily.

I would also recommend he consult with an American attorney with experience to draft an agreement that clearly sets out expectations and sales targets—with an

Trackitback feedback

OUR READERS OFFER ADVICE TO JASON WAGNER FOR HIS ID-LABEL BUSINESS

Drop with other products, floor displays and maybe even an automatic drip system. All of which is fine and dandy if people know the product exists—which for the most part they don't. It's so dire a situation that Prelam's reps are even going to try to get samples and tent card promotions in retailer bathrooms, so at least the employees know what it is. "Word of mouth is more successful for us than actual mass media," says Jalbert. "But we're going to need to drive more traffic very soon, or the stores are not going to keep our product."

There's precious little time to stop and smell the roses. Currently, Prelam has an edge over its giant competitors who don't have a similar offering, and it also has an exclusive North American distribution deal with the Chinese manufacturer of Just'a Drop. However, it's only a matter of time before Jalbert's competitors figure out something just as good or better. He needs to strike now—but he's wondering whether Prelam can compete without spending the kind of money P&G or SC Johnson can for advertising and store listing fees.

Dave Chiavegato, a partner at Toronto ad firm Grip Ltd., whose clients include Bell Canada, Labatt and Honda, says even small companies like Prelam can compete with a little creative thinking. For example, a print ad could be centred around a humorous scratch-and-sniff concept, the joke being you don't smell anything when you scratch the paper. Better still would be to design a promo campaign that the media will pick up on, like setting up branded toilets with flowers in them at Union Station in Toronto during rush hour. "If we were talking about a new fabric softener, people

THE PRELAM FILE

THE COMPANY Moncton's Prelam Enterprises Inc. has been around since 1998, but it wasn't until 2002 that it started selling air-care products such as room deodorizers and car fresheners. Before that, Prelam sold laminated plaques to photofinishing retailers, a business it sold last December.

THE SUCCESS Despite competing with the likes of SC Johnson and Procter & Gamble, Prelam has managed to carve out shelf space at Wal-mart, and hopes for \$2 million in sales this year. The company has a variety of product lines, but is most bullish on Just'a Drop, a toilet bowl deodorizer.

THE CHALLENGE Being a tiny and new company in a well-established industry, Prelam has to compete with giant multinationals without spending millions on advertising. To succeed, it needs to become a lot less reliant on word of mouth, lest it be wiped out.

➤ **YOUR SOLUTION** Are you an entrepreneur or business person with an idea for how Prelam can market something not typically mentioned in polite company? SEND YOUR FEEDBACK TO letters@canadianbusiness.com

in the media would say, "Who cares," says Chiavegato. "But this adds that naughty element and it is quite different, so it might be considered a little bit of a chuckle piece."

As far as Chiavegato is concerned, Prelam shouldn't worry about being too

sensitive. "If you talk about things head on and add some humour, it often tempers embarrassing or tense situations," he says. But there is a fine line between offensive and inoffensive—and an even thinner one between playful and inane. Just look at some of the slogans people have tossed Jalbert's way: "Just'a Drop—Before you do a No. 2"; or, "Now that I use Just'a Drop, my poop don't stink!!!" It's hard to imagine those tag lines catching the public's attention, at least in a good way.

In the meantime, Prelam will try advertising in a Shop & Save flyer to be delivered on Aug. 20 to 1.5 million homes in Quebec and the Maritimes at a cost of roughly \$15,000. A similar promotion on a national scale would cost roughly \$70,000, or nearly half of the company's marketing budget of \$150,000. "Our competitors can launch a \$2-million promo without blinking an eye," says Jalbert. "Well, \$2 million is basically going to be our total sales this year. We can't afford to hire a big advertising agency, so we're doing everything on a smaller scale."

Even though cash flow has always been tight and the air-care entrepreneurs more often than not run on fumes, Jalbert says he has no regrets about turning his back on his staid—and profitable—photo business. "Not one bit. It's the best damn thing we ever did. We're having a ball." Of course, he and his colleagues at Prelam would have a whole lot more fun if they could end up being No. 1 in the No. 2 business. ☐

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exit strategy should the business partnership not work out.

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To secure its foothold in the market, Trackitback should consider reworking its business model to generate a self-perpetuating process that adds value to the service's other beneficiaries as well—namely, the retailer and courier.

Recognizing that its main competitive advantage is its database of tags and their owners, rather than its easily replicated product, the company should:

- Focus efforts on attracting major retail chain partnerships (in Canada and the U.S., for starters) and having partners "up-sell" every portable electronic product with one Trackitback tag—immediately registering the tag with no extra action required by the consumer.

- Only sell the product where there is an "up-selling" partnership arrangement (with the exception of the Trackitback website).

- Leverage expenditures on consumer awareness building and product branding with point-of-purchase tools at the retail level.

- Be open to alternative pricing options—including renewal

and return fees, to ensure retailers are motivated and Trackitback is profitable.

- Develop a partnership—and consider co-branding tags—with a major North American courier, such as FedEx or UPS, to protect Trackitback's profitability from the cost of returning lost items. Negotiate courier price based on the number of registered tags instead of lost item shipments.

- Only when the domestic (Canada-U.S.) business model is fine-tuned and validated, should the company begin to look to expand abroad.

Trackitback should treat early

international opportunities with caution, asking such questions as: Since our domestic business model is evolving, what can we learn about the overseas partner's model? Why does this prospective partner need Trackitback now? In one year? In five years? When, and on what basis, will Trackitback get paid? What risks will the company and brand face in this partnership? Will negotiating and supporting this deal distract us from our domestic strategy?

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