



STRATEGIC VISION ALLIANCE

Taking Advantage of Trends to Start a Biz

Jumping on a hot trend can be a great way to launch your biz. Find out how to tell a biz-boosting trend from a passing fad!

from **Entrepreneur.com**

By Chris Penttila

Three years ago, Rebecca Cutler and Jennifer Krane saw big changes happening in the athletic wear and maternity industries. Women were wearing athletic clothes for going out, not just working out. Obstetricians were encouraging pregnant women to keep up a modified exercise regimen to stay fit, whether it be yoga, walking or another favorite sport. Designers were creating fashionable clothing lines for pregnant women, and celebrities were making pregnancy look hip, beautiful, fashionable, even athletic. Cutler and Krane did some research and learned that 4 million babies are born every year in the United States, and American women spend an estimated \$1.2 billion annually on maternity wear.

There was a pregnant pause, however, when they compared what they saw to what was on the racks at sporting and maternity stores—especially when it came to tennis, a sport Cutler and Krane both love. "[Pregnant women] were buying extra-large nonmaternity tennis skirts—pulling them on, feeling awful and not really fitting into them," says Cutler, a mother of two. They thought a box set of fashionable maternity athletic clothes that included a mix-and-match reversible tennis skirt, a few V-neck shirts, and shorts that could transition from the tennis court to a night on the town just might sell.

Fast forward to 2004: Cutler, 36, and Krane, 38, are co-founders of [Raising a Racquet](#), a 2-year-old Darien, Connecticut, company that makes athletic wear for pregnant women. Their multipiece box sets retail from \$108 to \$158 and are sold at stores like A Pea in the Pod, Bloomingdale's, Copeland Sports, Mimi Maternity and Pickles & Ice Cream. The company has expanded into three clothing lines for tennis, golf and yoga. Gross sales in the first year were \$250,000 and are projected to reach close to \$1 million in 2004.

Jumping on trends early helped Cutler and Krane develop a loyal customer base, especially among stores with limited buying resources. "[They might] pick up fewer pieces of Nike running pants and hold that money back for the Raising a Racquet yoga kit," Cutler says. It's also making the company a contender. Adidas, Nike and Reebok have come out with maternity lines since Cutler and Krane started the company, and Raising a Racquet has been mentioned in stories alongside these industry behemoths. "That was thrilling," Krane says. "I think we hit [the trend] just right."

Early trend spotting can set up young companies for long-term success. But how can entrepreneurs discern whether what they're seeing is a long-lasting trend or a fad that will die out in six months? Mistaking the two can put entrepreneurs out of business faster than they can say "fad." So what is the difference between a trend and a fad? Ask 30 people, and you'll probably get 30 different, yet similar, answers. A fad is a statement, a one-hit wonder, something eye-catching that comes and then goes just

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as quickly. (Think Pet Rock.) A trend has roots and staying power; it strikes a deeper chord and is connected to a larger change in society. The real debate starts when you ask people whether a popular product or service is a fad or a trend. Take the Atkins diet, for example. Some experts say it's a trend because it's become part of a lifestyle and ties into larger trends like the quest for health. Others argue Atkins is a fad that's riding a larger, long-term trend: a fundamental shift in consumer behavior.

A trend is "nothing more than a manifestation of an individual's values," says Vickie Abrahamson, co-founder of Minneapolis trend analysis firm [Iconoculture](#), who points to the late 1990s craze for clear products such as clear beer, clear soap and even clear Pepsi as a fad that didn't connect with consumers. Even *Saturday Night Live* parodied the fad in a humorous commercial for clear gravy. Clear products didn't succeed because the inventors didn't factor into the design process the value people put on their senses of sight and smell. In the end, clear beer just couldn't tap into the importance consumers place on the total beer experience, and the genre went flat. As Abrahamson puts it: "[Clear beer] was fun until people actually tasted it."

Let's Go Trend-Spotting

A trend spans more than one industry and touches more than one market and generation, says Louis Patler, chairman of consulting and market research firm [Near Bridge Inc.](#) in Mill Valley, California, and author of *TrendSmart: The Power of Knowing What's Coming...and...What's Here to Stay*. "Trends do not exist in isolation," Patler says. "The entrepreneur who wins is the one who sees how three or four of them dovetail together." Consider the iPod, which draws on multiple trends, ranging from our desire for more mobility, instant gratification and customization to our craving for all things fashionable.

It's too late to catch a trend if you're reading about it or seeing it at a trade show, says James Chung, president of [Reach Advisors](#), a marketing strategy firm in Belmont, Massachusetts. Start following lead indicators in similar industries for what's bubbling up. "You have an advantage if you can train yourself to look at adjacent industries," Chung says, noting it wasn't until recently the ski industry realized its trends follow those happening in surfing and skateboarding. "That's why California ski resorts are a lot more ahead of the trends than others," he says. "They've had a chance to view the adjacent industries driving the trends within theirs."

And don't forget your potential customer. Cutler and Krane conducted focus groups early and built momentum based on what they learned. "Keeping the momentum going after you spot a trend is important," says Cutler, "because, if it's something with staying power, chances are good there's someone else out there who's thinking about it."

Distinguishing between trends and fads requires quantitative and qualitative analysis with a bit of gut instinct thrown in for good measure. Janet Lee, 31, is founder of [Petote](#), a 3-year-old Chicago company that makes upscale pet carriers that look more like fashionable purses. Company sales have increased from \$120,000 in 2002 to projections of more than \$1 million in 2004. Petote's five designs—which retail from \$100 to \$600—are sold at more than 400 stores in the United States, including Hallmark, Henri

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Bendel, Marshall Field's and Petco. Lee also touts a roster of celebrity clients like Halle Berry, Jewel, Jessica Simpson and Justin Timberlake.

But back in 2000, Lee—whose family owns a carrying-case manufacturing business—was itching to create her own product line. An animal lover, she spent a few months researching the pet-carrier industry, visiting pet stores and Web sites for pet- and travel-related gear to figure out what was on the market. She also found statistics showing the market for small pets was growing fast.

Lee had a gut instinct that there was a need for a stylish, zippered pet carrier with a rigid, plastic lining inside to protect a small pet. Her hunch was backed up by research. "There was just a very plain, soft-sided bag that you could put your pet in," Lee says. "I decided it would be great to develop a pet carrier that's not only cute and functional, but [that] people could use for a very long time."

She created some prototype bags and made sales calls to 20 pet stores. Lee feels she hit the pet trend at the right time: Since she started the company, Kate Spade has come out with a pet-carrier line, and shoemaker Donald J. Pliner is marketing its own upscale line of dog collars and leashes. The 25 employees at Petote are staying a step ahead of the competition by extending the company's product line into matching duffle and tote bags for people and their pets' accessories. The company is also developing a line of dog clothes and recently moved into a 30,000-square-foot facility. "Having a little dog and carrying it around in a pet tote is the trendiest thing now," Lee says. Her advice: Research every channel out there. That includes vetting competitors as well as big and very small retail stores. "Know everything about the product you're making," she says, "what's out there, what's not available and what fits into your creation."

Where's the Countertrend?

Every trend has a matching countertrend, a phenomenon Carey Earle, partner in New York City marketing and design firm [Harvest Communications LLC](#), refers to as "cultural schizophrenia." Countertrends are everywhere. Just look at the growing obsession with organic food and yoga at the same time that obesity is a growing crisis. Technology is becoming more pervasive, while people are spending more money to go where they can't be reached by BlackBerry. Flashy and bombastic Christina Aguilera shares the top of the pop charts with understated and soothing Norah Jones.

"Countertrending" is used all the time in the fashion industry. Designers Betsey Johnson and Marc Jacobs are hot because they always seem to find the countertrend that makes their clothes different and edgy. "You need to think of the countertrend because, a lot of times, the big guy is already riding the trend," Earle says. There's a lot of room for entrepreneurs who can use countertrending in new and clever ways—for example, the entrepreneur who can take advantage of countertrends to lure the coffee lover who is turned off by Starbucks. Get out of the office, and visit the fringe where new things are happening. Ask the people there what they're craving in products and services, and put away that inner cynic. "Lock him in the supply closet, and let the ideas come out," Earle says.

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Some trends and countertrends have a short shelf life, though, so check clearance racks for hints about what's not working or selling anymore. In a clothing store, for instance, "You can stand 40 feet away from the clearance rack and see a whole color palette that's on sale because no one's buying it," Patler says. Use store salespeople as a part of early focus groups. Why do they think the items on the clearance rack still aren't selling even on markdown? What feedback do they get from customers? Their answers, trendy insights not found in surveys, will offer a closer look at what's not working. "Ideas created in the boardroom are usually the worst ones," Earle says.

Telling the difference between a fad and a trend is a constant balancing act for entrepreneurs navigating fad-driven industries. "Companies in our industry can bring in trendy services that have no merit," says Bruce Schoenberg, 50, co-founder of [Oasis Day Spa](#), which has New York City locations on Park Avenue, in Union Square, and in the JetBlue Airways terminal at John F. Kennedy International Airport. He points to the recent craze for pure oxygen and caviar-enriched facials, which were hailed as trends but proved to be nothing more than fads.

So how do Schoenberg and wife/co-founder, Marti, 41, ferret out the trends from the fads? For starters, they go to at least one to two networking events every week populated by hip twentysomethings, and they survey customers once a month to stay on top of emerging services and products. "Spa-to-go" services—where the pedicurist or the massage therapist comes to the customer—is a trend they feel holds a lot of potential. But they'll dip their toes in slowly to make sure it's not a fad. "Before we roll out any new product or service, we use it for several weeks until we see it works. If it's something we feel has legs, we do it," Bruce says. "We want to see a proven value first." The strategy is working

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Trump's Trend-Spotting Tips

No one knows how to ride the crest of a trend wave better than real estate tycoon Donald Trump. Tsunami is more like it: Trump capitalized on the reality-TV trend by becoming the star of NBC's *The Apprentice*, a solid-gold branding opportunity he has committed to for two more years.

Trump has built his business on trends, but he knows how to cash in on fads, too—at press time, he had moved to trademark his signature catchphrase "You're fired," which will be emblazoned on a line of T-shirts. He shares his advice for entrepreneurs eager to capitalize on the next big thing:

- **Do your research for a big-money payoff.** Read and study magazines in great detail, and pay attention to pop culture for signs of the next product craze or innovation in product development. "If you are able to hit a trend or a fad early," says Trump, "you'll make much more money than you would from a more normal business."

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- **Try a variation on an already viable trend.** "Always extend a trend," he says, describing how, for example, the principles of the Atkins diet may be used to help children—or even pets—shed unwanted pounds.
- **Consider a contrarian approach.** "One of the things I do, and often successfully, is to go opposite the trend," Trump says. If the hottest buildings in Manhattan are smaller units—studios and one- or two-bedrooms—he'll start building very large ones. "By the time you plan the building and get it built, which is a number of years, there'll end up being a glut of small apartments and not enough big ones."
- **Fine-tune production.** Since no one can predict how long a trend or fad will last, make sure, if you're a manufacturer, that you aren't stuck with overages. "You can't create or build so much product that, if the trend or the fad doesn't last, you're going to be stuck with it," Trump says. You need flexibility and the ability to stop quickly when it ends.
- **Jump in before anyone else.** Being too cautious will cost you dearly. "If it's already on the shelf," says Trump, "you can, generally speaking, forget the idea."
- **Go with your gut.** "You're going to do well if you're lucky to be blessed with gut instinct," Trump says, adding not to worry about the naysayers who don't understand your vision built on an idea that hasn't yet become a household name. "You're the one taking the risk, they're not. And by the way, when it turns out to be good, family and friends will be right behind you."

Finger on the Pulse...

Want to keep up with the latest trends, but not sure where to start? These 10 online resources will help you stay in the know.

- **DailyCandy** is a free daily e-mail service spilling the beans on fashion, food and all things hip.
- **Trendcentral** is a free daily e-mail newsletter covering lifestyle, technology, style and entertainment, particularly for Gens Y and X.
- **Daypop** offers a Top 40 list of the hottest blog topics including links, archives and performance indicators from previous updates.
- **BlogPulse** allows visitors to search, analyze, chart blog content and includes ready-to-go trend analysis such as "yoga vs. Pilates."
- **Google Zeitgeist** charts the most popular searched items on Google on a monthly basis, plus offers access to archived Zeitgeist lists.
- **Yahoo! Buzz Index** is a daily ranking of searched terms through Yahoo! based on total searches and percentage of change from the previous day. A free weekly e-mail buzz report is also available.
- **Small Business Trends** is a business trend-tracking blog for entrepreneurs and small and mid-sized businesses that's updated even on the weekends.
- **Emerging Trend Advisor** by Find/SVP is a monthly e-mail newsletter written by industry experts covering business trends. The newsletter is free to all Find/SVP clients, but non-clients can sign up for the latest newsletter online.
- **PollingReport.com** is an independent, non-partisan Web site revealing American trends through regularly updated polls. PollingReport.com also offers a bimonthly subscription-based newsletter.



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- **Trendwatching.com** offers a free monthly e-mail newsletter covering consumer trends and related business ideas. The Web site also offers a preview of the current newsletter in case of commitment

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