

A Thing of Beauty

After selling his first business during his 30s, Peter Nicholas saw the potential of the health and beauty sector and launched one of the country's most successful brands in this highly competitive industry.

Images by Scott Ehler

Peter Nicholas launched HiLife Health and Beauty in 2007 after a lifelong affinity for the health and beauty sector. "I had successfully sold a health and beauty company prior to this called Cat Media. I think people are born with a genetic aptitude for certain industries, and I have been obsessed with pills and potions since I was a kid.

"Part of the attraction is the various idiosyncratic elements of businesses that are suitable for the entrepreneur, so it's got to be in FMCG and it's got to empower people to make them more attractive, or lose weight, or remove their wrinkles. It's something that I had an aptitude for way before I learned how to create packaged goods. I had one fleeting successful exit at 30-something and then thought, 'I've got to keep doing this'. I

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waited out my non-compete clause and then started HiLife Health and Beauty in 2007?"

According to Peter, HiLife's business model is very reactive, data-driven, and television-driven. Key to his success is also creating quality products that customers want to continue to buy because they actually live up to their promises. He formed the company model after seeing the success other health and beauty organisations had experienced thanks to direct-response marketing. "I kept on reading something called the IMS (Infomercial Monitoring Service) and kept seeing Cuthy-Renker, who was very successful with Proactiv, and another company that has now become legendary called bareMinerals. They were struggling in retail until they made an infomercial and had a very happy ending; the female entrepreneur

sold for \$1.2 billion. Even after you pay off the private equity guys, that still equates to a big cheque.

"It was just looking at the data and having a very reactive model that we have. 'Reactive' doesn't mean that we don't behave aggressively; 'reactive' just means that we purely look at the data. If you have a hypothesis, you test—and we test in this weather all year round. I realised that it's an interesting market because Australian women in particular don't like to put tragedious facades on; they like something that's light and practical, and they want something that is quick—because they are naturally beautiful. So I thought that this was going to strike a chord with Australia."

HiLife became an instant success that capitalised on direct-response marketing and brought Peter back >



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into the health and beauty sector in a big way. “We were getting thousands of calls a day, so from a direct-response element, it was actually self-liquidating and profitable in the beginning. I have a saying ‘Sell while you brand, brand while you sell’, so you use direct response to sell and educate, self-liquidate in the beginning, and that drives retail more powerfully than normal institutional advertising. So it was pretty much a smash hit straightaway.

“Nude by Nature is now the fifth largest ‘masstige’ beauty company. It’s between us and Rimmel. It goes Revlon, L’Oreal, L’Oreal Paris, Rimmel, and then us. So it’s not a bad achievement for an Australian company that started from very humble beginnings, and there’s not a hell of a lot of seed capital either. The start-up was a little less than \$4 million.”

Peter notes the important role direct response plays in the Australian culture and how others

have also used it to launch unknown start-ups. “There were shows like *Good Morning Australia* with Bert Newton and Kerri-Anne. These people were institutions. We had a very interesting model in Australia where people got up in the morning with these Australian icons, particularly Kerri-Anne and Bert. There are companies like Rams Home Loans that were actually launched on these programs. Rams used to do fantastically well when they went on Bert. Most of the bank slayers like Rams and Aussie Home Loans are really smashing it now on TV, but before that Rams started on pure direct response, and the amount of calls they received as a result used to melt the call centres.”

Peter sees himself as a hybrid marketer who uses direct-response advertising to drive retail. “If you look at my print ads when I take out a full page ad, it’s not going to have pretty pictures in it; it’s going to be an advertorial with lots of

information and a compelling headline. It’s going to educate the customer, it’s going to talk about their dreams and aspirations, it’s going to give them powerful testimonials, and it’s going to have a very strong call to action.

“What we find is that a very strong call to action and direct response also translates into a very strong retail call to action. So the retailers are very happy, and the figures show that we’ve been able to rapidly become profitable in such a short period of time and take on the multinationals whose advertising outspends ours by 10 to one sometimes. It’s not just about the amount of advertising dollars, but it’s about the efficacy of the ad.”

While television is HiLife’s key marketing channel, the company uses various forms of media to reinforce the brand and educate consumers. “I’m very cynical of online when it’s used independently of offline, so I really believe that TV is the tide



that lifts all ships. Without television, the people who just live online are beyond salvation, so things are going to get worse and worse for them, as we found in the last dotcom boom. Having said that, when you’ve got a very strong television presence, your online works synergistically very well.

“I don’t believe the customer drives it; you have to engage in dialogue. It’s like having a real-life focus group: You’ve got to tell the customers what they like. Sometimes people don’t know what they want; they want to be reminded, they want to be cajoled, they want to try new things. And having a celebrity endorsement is even stronger. I think if you’re just waiting for customers to give you feedback, you’re not really a visionary. Tom Ford really inspires me because he is so creative and he does what he likes and people follow. It’s not that hard—you don’t have to be a genius.”

In order to produce the highest-quality products, HiLife takes a scientific approach to development. “The first question that I ask is, ‘What defects do others have?’ So I walk into iconic stores such as Sephora or Alta overseas, and I look at all the defects in other brands. Then I synthesise all the best elements. And when you synthesise, you create something unique and new. It’s not hard to make a powder that doesn’t have

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bismuth in it, that doesn’t make you itch, or that doesn’t cake on a customer’s skin.

“If you try to cut corners in manufacturing and try to get your cost of goods lower than everyone else, then you’re skimping. People buy the product because it works on their skin. If it didn’t work, it doesn’t matter how compelling the ad is, it doesn’t matter how didactic the ad is, and it doesn’t matter how seductive the ad is. At the end of the day, it begins and ends with you. So the ad drives you to the point of retail, but it has to create a positive experience.”

Peter has created a tried and tested model that has seen unparalleled success at home. HiLife hopes to expand internationally, but Peter wants this expansion to be done correctly. “I think it was Alexander the Great who said, ‘Before you become imperialistic, conquer Greece.’ And this is a big enough country with its own trials and tribulations. Australia is not small; it’s a difficult market, it’s a competitive market, and it’s a market with a very sophisticated audience. There is a graveyard of our competitors who tried to conquer overseas too soon. I think it is quite silly to actually move out in the prenatal stages of your growth.

“We tested our brand in the UK, and I knew that if you haven’t got a logistics team on the ground and a large sales force, you’re kidding yourself. Obviously, international expansion is the next step, but doing it systematically and methodically with a proper business model and the right people is important. We’re not changing anything—we’re going to use the same model. In some cases, people know mineral makeup, and in other cases or countries, we have to go back to stage one of the education process. We started off with an education process here that was a long-form infomercial. Now we can do more of a call to action and drive to retail model.

“With the evolution of the product, the type of marketing you do also changes. It doesn’t become brand-like and avant-garde like those French ads where you see beautiful women and you don’t have a clue what the actual product is. You still use elements of direct response, but you can shorten them and use more concentric types of advertising.

“If we go out to other countries, we’ve not going to make that mistake; we’re going to start with what we’ve started with—so we can hopefully mirror the success over there in a similar way.”



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“Our relationship with Hi Life has been thriving for five years. We share an entrepreneurial spirit and are uniquely placed to satisfy the requirements that Hi Life demand as a leader in their range of products for the pharmaceutical industry.” - Barry Smorgon OAM, Executive Chairman, Jalco