



Ajay and Meenakshi Chadha, owners of Spa Concepts, are product designers, manufacturers, wholesalers and retailers, which gives them extraordinary control over their products and operations. Their story is one of creative thinking, self-reliance and perseverance—stoked by a passion to be the best. *by Mollie Neal*



When Ajay and Meenakshi Chadha first noticed consumers' skyrocketing interest in stress-relief products about 10 years ago, the couple was actively searching for a new business idea. Spotting an open cart in their local mall, they opened their first retail business, Spa At Home, selling stress relief products, mainly massage lotions, bath-and-body products and candles. A few months later, just as they were getting their specialty retail bearings, their supplier deserted them. But their passion to succeed hadn't.

Rather than searching for another supplier, the Chadhas decided to take matters into their own hands. Putting to work their degrees in chemical engineering (Ajay) and chemistry (Meenakshi), they set about mixing their own products. After much trial and error, they had their own unique line of Spa At Home personal-care products, including the item that was destined to become their best-seller: the Everlasting Jelly Candle.

The feedback they started getting after the Everlasting Jelly Candles took hold in the market was a good news/bad news type of thing: The good news was that "people loved the product," Ajay says. The bad news was, "They said they would never light them because they felt the candles were too pretty to burn."

"One-time sale" is not a welcome term in the retail world, especially when the National Candle Association estimates that two-thirds of purchasers enjoy burning candles at least once a week. What do you do when your customers love your candles so much that they don't want to burn them? Redesign them—fast.

Back at the R&D drawing board, the Chadhas quickly hit on a new approach. A re-designed candle with an easy-to-remove center glass votive was the answer to the problem. The new candles were appropriately named EZ Refillable Candles (patent pending). Customers loved the new designs—and enthusiastically burned the candles.

With more than 150 designs and nearly 40 proprietary fragrances available today, EZ Refillable Candles now account for more than 50 percent of



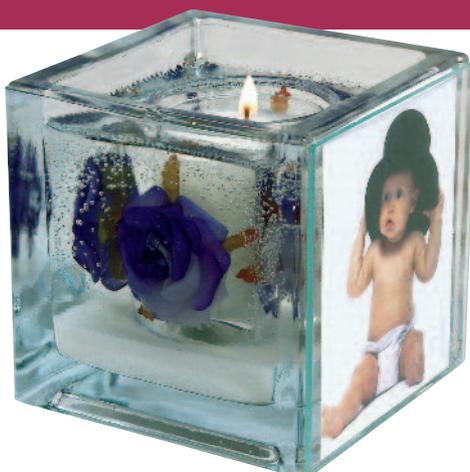
the company's sales. Fragrances—also hand-crafted by the Chadhas—run the gamut from traditional scents like vanilla, lavender and rose to unique aromas such as butterscotch brulé, orange creamsicle and jasmine hyacinth.

Unique fragrances are just one way that the Chadhas differentiate their products in a crowded market, Ajay says. "Although our fragrances and our designs are unlike any other company's, every day we look for ways to improve our products and make them stand out."

### Lets get personal

Personalization is a great way to make your products get noticed in a crowded and highly competitive marketplace, Ajay says. Shoppers get a special feeling buying and giving personalized products, and the process builds a bond between the retailer and the customer, which translates into increased customer loyalty.

The Chadhas created a patented system for candle personalization. Shoppers start by choosing their own words, such as "Mary Loves John," and pick a candle design, such as Valentine's Day candle accented with rosebuds in a rose-hued gel. Cart staff then print the message on a glass disc the size and shape of a quarter. The disc is then dropped into the gel candle, and voila, shoppers have a one-of-a-kind candle they helped create that expresses exactly



what they wanted to express (and the retailer pockets about \$3.99 for the personalization service; preprinted messages are available for immediate sale).

Spa Concepts' patent-pending Foto-Candle collection, launched last year, enables a customer to insert a treasured photo into a clear plastic sleeve in the candle holder so the photo looks like it's an integral part of the candle design. Thanks to the nearly invisible sleeve, photos can be easily changed to suit a mood, season or event such as a birthday party. Foto-Candle sales have been "phenomenal," says Ajay. The product is "quickly becoming one of our bestsellers."

When developing new products, the Chadhas get feedback from their customers and their licensees, but also consider broader economic and consumer buying trends. For example, a new Economy Line with price points of \$9.99

to \$11.99 recently launched to appeal to shoppers who are reigning in their spending in the face of economic uncertainty. Across the board, wholesale candle prices are \$1.50 to \$10, with 300 percent to 400 percent markup.

Another segment trending up is the green category. To attract eco-conscious buyers, the Chadhas introduced a line of new soy-based candles last April to coincide with Earth Day. That line has also been embraced by customers.

### Mother of invention

Sometimes the most innovative new products are born out of necessity. In 2006, when the the couple's daughter was suffering from a cold and cough, they tried various over-the-counter products that did little. Once again, they turned inward, tapping their creative skills and chemistry knowledge to create a product they hoped would be superior to anything on the market. Meenakshi mixed various natural oils—including eucalyptus, menthol, peppermint and orange—and combined them with warm water. She had her daughter breathe in the pleasant vapor and was encouraged when her symptoms diminished. Today, her formula is the cornerstone of the company's new Cold Therapy line.

The patent-pending Cold Therapy Candle uses a tea light candle in the

center cup to warm the surrounding vapogel, releasing the all-natural ingredients into the air. For travelers, the Chadhas created a Cold Therapy On-the-Go Relief pouch, and a Cold Therapy Shower Gel joined the lineup recently. There's also a Cold Therapy Vapo Relief concentrate, a water-based solution



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Year launched: 1998

Advice to retailers: "Keep changing and improving. Learn from your successes and your failures."



that's mixed with warm water to release the healing vapor. "The Cold Therapy line has been a nice diversification and has really helped us grow," says Ajay. "It has sold exceptionally well at a lot of our carts and ties in well with our current products."

The new product line also has helped the company—recently renamed Spa Concepts to reflect its broadening product lineup—break into the over-the-counter cold-and-cough market, estimated to be \$3.6 billion market in the US, according to ACNielsen, a leading research firm that tracks product sales. The timing for the Cold Therapy line is particularly opportune, since a host of OTC cold-and-cough products were pulled from shelves recently, sending millions of parents in search of alternatives—preferably, all-natural alternatives. The Chadhas have already signed up "several hundred independent pharmacies" to carry the Cold Therapy products, and more are calling every day.

Now with an 8,000 square-foot warehouse and manufacturing space (up from the 1,000 s/f they occupied just five years ago), Spa Concepts is well positioned to

handle big orders on quick turnaround, Ajay says. Lines now include EZ Refillable Candles, Cold Therapy Products, Bath Gift Sets (bath and shower gels, body lotions, hand therapy creams, bath salts, body butters, bubble baths, body splashes and scrubs), plus complementary accessories such as loofas and massagers. All products are sold through Spa Concepts' specialty retailers, and private-label gift sets are produced for numerous chain retailers, including more than 500 US Army, Air Force and Navy stores.

Spa Concepts expects to end 2008 with about 2,500 wholesale accounts in total, roughly 90 licensees with holiday carts and 25 operating year-round (the vast majority in the US, with a few in Canada and the UK). The company's start-up package for licensees, which starts at about \$4,000, includes signage, a promotional DVD that explains key product features to shoppers, a complete personalization kit, marketing materials, a training manual and ongoing phone support. The couple also helps licensees tailor their initial product selection to local demographics for maximum sales.

## Words to live by

Ten years after the launch of their first cart, the Chadhas are now grateful to their first product supplier who deserted them, causing them to tap into their own hidden skills, to create unique products that can not only compete with but outsell their competitors.

To succeed in specialty retail today, Ajay says, "You must start with a plan, an idea of how your product is going to be different and original from everyone else's in the world." From there, you take setbacks in stride and stay focused on making your business dreams come true, one goal at a time. Ajay recalls as a child reading a quote from the inspirational leader Swami Vivekananda that has stuck with him since: "Awake. Arise and stop not until the goal is achieved."

It's that belief, the Chadhas agree, that has guided Spa Concepts' evolution and growth into the specialty retail force it is today. ■

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