
Competing With Mainstream

Tuesday, July 1, 2008

Alison Marshall



Adult products have graced the shelves of big-name mainstream stores such as Macy's for years — in disguise. Often labeled "massagers," vibrators and other sex toys have been an open secret for years in the nonadult marketplace.

Not anymore.

A few years ago, Internet e-tailers realized there was money to be made in adult. Stores like Drugstore.com and Amazon.com launched sexual well-being sections — boutique areas of their websites that allow consumers to purchase vibrators and lubes in the privacy of their own homes. Neighborhood retail chains including CVS and Target also have followed suit: Their shelves stock "disposable vibrating rings," and "personal lubricants." But when people buy these products for premium prices from conservative outlets such as these, we must ask the question: Will adult stores fall to the wayside?

"There is probably only one percent of the population that has the nerve to walk into an adult store," Tantus CEO Michael Smith says. "So if you think about how many people walk into a CVS, you are able to reach so many more consumers because they are willing to shop there."

Smith says that since putting Tantus' products on Drugstore.com five years ago, the company has seen a huge increase in sales. He attributes this jump to the company building a bridge to the mainstream market by selling "sexual health products" rather than adult novelties and toys.

This puts the company in an ideal selling position for mainstream stores like Walgreens, which sells its adult product lines in the "sexual wellness" areas of their websites.

Smith says this kind of brand association and recognition is essential for mainstream success.

"You have to have extreme brand recognition, which is very rare," he says. "Once you are labeled a certain thing in the market, it is hard to get out unless you rebrand your company."

That's exactly what Screaming O Vice President Keith Caggiano did for his company when he launched a whole new line of products geared for convenience stores. After being courted by Drugstore.com and Amazon.com two years ago, Caggiano found a new mainstream market in smaller, independent convenience stores. When Sensual O debuted in November at the National Association of Convenience Stores tradeshow, people were lining up at his booth.

"Everyone was clamoring 10 deep at our booth willing to trade anything for our vibrating cockrings," Caging says. "One girl even came up with a can of gas and a snow wiper to get one."

He calls these items "sampler treats," small consumables like disposable rings or mini bullet massagers packaged in neutral designs, aimed to be female-and mainstream-friendly. Sensual O product boxes simply feature the silhouette of a woman, and the line is packaged in larger boxes with foldable door-like flaps that conceal their contents. Caggiano says the line is designed this way to attract new consumers, while still bringing business back to the adult retail industry.

"Once someone uses something like the ring once, they'll have to go out and buy another one," he said. "Or they'll decide that it is something terrific in their love life and go to an adult store to upgrade."

Screaming O has been lauded by many mainstream voices, having won a Women's Health magazine Sex Award two years in a row. Caggiano says he is constantly blown away by how excited new customers get when they are introduced to his products.

"In the past, the adult market was constantly fighting over a small percentage of the population," he says. "By crossing into the mainstream, we are increasing the pool of consumers that everyone will benefit from."

However, Stephanie Kienzle, director of sales and marketing at Vibratex, says that even being featured on an infamous episode of HBO's "Sex and the City" didn't spike company sales. The episode featured the conservative Charlotte developing an obsession with her new rabbit-style vibrator — a product Vibratex is known for making — eventually locking herself in her apartment with it for days until the other three characters stage a friendly intervention to get her out of the house.

"After the show aired, we expected to see a straight arrow in sales, but there was no dramatic increase," she says.

Vibratex resisted putting its products up for sale on the web, Kienzle said, until recently. Since being available on Amazon.com and Drugstore.com, she encounters frequent battles to make sure the company's products aren't priced too low.

"I just got an email this morning telling me that someone saw our product on Drugstore.com selling for the wholesale cost," she says. "That is very damaging for us. When I enter into the direct-pricing competition, I become extremely dismayed."

Kienzle says she is worried about adult companies like Vibratex who manufacture products using high-quality instruments and materials, which makes a set price imperative for companies whose spending margins aren't easy to bend.

"I am very leery of e-commerce — it undercuts everybody. We don't have those kind of margins to play with," she says. "The lowest denominator in price is not the most important item about an instrument that you are putting in your body."

National adult retail chains, such as the couples-friendly boutique Babeland, have seen more competition in the marketplace since adult retail went mainstream. In particular, customers compare discount store prices of name-brand toys with prices marked by adult stores, says Anne Semans, Babeland's director of marketing. While this is an ongoing concern for small chains like Babeland, she says the Internet can't compete with the services her stores and other adult retail outlets provide.

"Having the Internet to price compare and order anonymously really helps companies sell more adult toys," she says. "But if you come buy it at Babeland, we are going to acknowledge what you are doing with the toy, speak with you honestly about it, and provide extensive education."

Being able to handle the toy, turn it on, and read hundreds of customer testimonials are the retail qualities that Babeland prides itself on: According to a recent Babeland customer survey, those qualities are more important to consumers than simply getting something on sale.

For 90 percent of Babeland's shoppers, quality was named the biggest factor for purchasing a sex toy. Price ranked sixth on the list.

Semans hopes Internet shopping does not diminish this concern for quality products.

"We research and test toys every day," Semans says. "Most huge companies like CVS and Drugstore.com do not apply that quality control to what they are selling."

Pioneer novelty manufacturer Doc Johnson went mainstream 20 years ago when it put its lubes and vibrators on the shelves of Spencer Gifts. Now the company sells its wares on Drugstore.com and Amazon.com.

For Chad Braverman, the company's director of product developing and licensing, going mainstream is a necessary element of business.

"Going mainstream increases competition for adult retail, but that's the cost of doing business — it's worth it for the industry," he says. "We have this last wave of people who aren't willing to change, and stores like Target are the last barrier."

Braverman says that more competition will push adult companies to the next level of commerce.

"Companies will have to think harder and spend more time on figuring out what the next big development will be," he says.

Some worry that pushing business to the next level could lead to the closure of local and national adult retail stores, but Castle Megastores CEO Mark Franks say we shouldn't lose any sleep over it yet.

"I am not predicting the demise of adult retail stores — people like coming in because the stores [allow customers to] test and handle the products," he says. "Those things are all part of the retail experience that you don't get on the Internet."

[\[-\] close window](#)