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ENTERPRISE | AUGUST 26, 2010

'Custom' Is Customary

Entrepreneurs See Rise in Demand for Made-to-Order Goods

BySARAH E. NEEDLEMAN

When David Galloway goes to bed at night, he rests on a mattress he designed himself, including its inner springs, a layer of latex, memory foam and label that unabashedly reads: "Where the Magic Happens."



Create-a-mattress.com's Evan Saks, shown in a Massachusetts factory, creates custom mattresses. The 27-year-old New Yorker paid around \$1,250 for his custom cushion from Createa-mattress.com, a Needham, Mass., start-up founded by former Dial-A-Mattress executive Evan Saks. Mr. Galloway is evidence of what some business-trend experts say is increasing consumer and entrepreneurial interest in customized goods, ranging from specially made toilet paper to one-of-a-kind pet food.

The economy may be a factor. While such items may cost more than their mass-produced counterparts, they're still generally less expensive than luxury goods, according to Jeremy Gutsche, founder of TrendHunter.com, an online magazine that covers a range of emerging trends. Cash-strapped consumers may be seeking feel-good alternatives to items they can no longer afford, he says.

More entrepreneurs may also be entering the space because of the minimal start-up costs, says Rob Adler, an adjunct professor at Babson College. In most cases, custom businesses

can operate exclusively online, he says, eschewing costs associated with leasing or buying a brick-and-mortar store.

Another advantage to starting a custom business: "We don't have to make anything in advance," says Nick LaCava, co-founder of Chocomize.com, one of at least two recently launched design-your-own-chocolate-bar businesses. (Chocri, a two-year-old Berlin-based start-up, added a U.S. branch in January.)

Michael Charley, 23, ordered a blend of dark chocolate, edamame, beef jerky, cayenne pepper, oregano and Junior Mints from Chocomize last month. "I wanted something I can't find in a store," says the Philadelphia resident, who paid \$8.65 for a 3.5-ounce bar. "It's surprisingly good, like a taste-bud safari."

Dace Ventures, an early-stage venture capital firm in Waltham, Mass., has seen an increase in entrepreneurs seeking financing for custom businesses, according to Jon Chait, a partner. "We used to get a proposal from one new venture focused on customization out of thousands a year," he says of Dace, which is currently investing in Panraven Inc., a three-year-old custom photo-scrapbooking business in Cambridge, Mass. "Now we see several per month. That's a major shift."

CustomMade.com, an online directory of custom home-furnishings businesses, currently has more than 1,000 listings, up from just 300 in 2009, says Seth Rosen, co-owner of the site. He projects that the businesses listed on CustomMade will earn a combined \$20 million in revenues this year from consumers who find them on it, up from the \$8 million they reported to have earned this way in 2009.

Customized goods appeal in particular to younger customers who have grown up with personalized ring tones, avatars and the like, businesses say. "It's almost a base expectation that a product should be tailored to one's personality," says Avery Pack, founder of RepublicBike.com, a custom bicycle manufacturer in Dania Beach, Fla. The two-year-old company's bikes, which cost between \$400 and \$500, come in three styles and up to 10 colors for parts such as tires, grips and saddles. "Nothing needs to match," says Mr. Pack. "Your front rim can be baby blue and your rear rim a crazy green."

Designing a product online from scratch is a highly interactive experience, something young consumers are used to, says Joshua Kace, co-founder of SlantShackJerky.com, a custom beef jerky business in Jersey City, N.J., that launched last month. Customers can choose from two types of beef, two marinades, four rubs and two glazes to create up to 60 combinations costing a minimum of \$12.50 for a quarter pound. "We wanted to take something pretty simple and boring and add a level of excitement to it," says Mr. Kace, who has seven business partners.

Other companies have added custom products to their existing catalogs of mass-produced goods. HeroBuilders.com in Oxford, Conn., initially sold its hand-made action figures only in the form of celebrities and politicians when it launched nine years ago. But customers later began requesting dolls made to look like themselves, family and friends, says Emil Vicale, founder of the nine-person business. "It was consumer-driven," he says, adding that single orders of custom dolls, which cost around \$375, now average 500 a year.

Of course, consumers aren't always happy with the end result, and returns, though rare, generally go to waste. "We've had customers misspell their own child's name," says Mark Sarpa, co-founder of Frecklebox, a two-year-old maker of custom kids' products in Santa Clara, Calif. Its storybooks, for example, can feature a child's name on the cover and throughout the story line.

Custom goods also tend to be more time-consuming and expensive to put together than ready-made items. "You're working on each individual order separately," says Adrian Salamunovic, co-founder of DNA11.com, a five-year-old business that creates artistic portraits of consumers' DNA, fingerprints and lips, starting at \$200 each. Pets' DNA portraits are also for sale. "You can't just click a button and create 10,000 orders."

But Mr. Salamunovic says the extra effort is worthwhile; his 16-employee business generates more than \$2 million in annual revenue. "People want to stand out in a world that's increasingly cookie cutter," he says. "And there's nothing more personal than your DNA."

Write to Sarah E. Needleman at sarah.needleman@wsj.com

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Customized gifts, from food to shoes, are popular this year

By Jayne O'Donnell, USA TODAY

What says you care more than, say, a mattress with a love note on the label, beef jerky in your favorite flavor combination or Oxfords or loafers in your college team's

Given the growth in custom products, now being touted as the perfect gifts for the holidays, it appears nothing can quite compare. Shirts, shoes, beds and baubles that are truly "you" are more popular than ever, thanks to all the social-media emphasis on our tastes and traits.

"People are looking to find a way to express their individuality, their uniqueness, to the

world," says John Long, a retail strategist at consulting firm Kurt

Salmon Associates. "Everybody is looking at a greater level of personalization."

PHOTO GALLERY: Retailers offer custom gift options

Kennith Coffee works on customizing a T-shirt based on designs provided by Nike at a Finish Line store in the

Retailers and manufacturers are more than happy to comply.

Monogrammed clothes, towels and totes may have been around for decades. But now you can really design almost any type of apparel, food or shoe on a growing number of websites.

Prefer garlic, brown-sugar glaze and grass-fed beef in your jerky? Check out SlantShack Jerky. Know that your wife wants a purse that couldn't pass for anyone else's? Laudi Vidni ("individual" spelled backward) lets you design her (or your own) handbag. Want her to know you care enough to pick the placement of the stones on her ring? Trv Gemvara.

More custom offerings:

A shoe-in

Indianapolis area.

High-end shoe-seller Allen Edmonds lets you customize your shoe down to the soles, color, style and type of leather. A pair of green and red oxfords is decorating the windows of Allen Edmonds stores, but the shoes can be mainstream or as wild as blue and white for your alma mater. The company has been customizing for so long, it has built many of its customers' preferences into their in-stock offerings, but it finds people still like to special order or buy gift cards for custom shoes for the holidays. Custom shoes range from \$375 to \$450.

Create your own magic

Evan Saks, right, a former 1-800-Mattress executive, started Create-A-Mattress this year because he decided people weren't getting what they really wanted from mainstream sellers. Or they were paying too much for it. He says getting a pillow-top mattress with isolation coils, a special fabric print and — as one client did recently — the Lord's Prayer on the label, is all possible for up to 60% less than at other retailers. Custom mattresses range from \$369 to \$6.718.

Saks acknowledges "the whole idea of aesthetics on a mattress is a little of an oxymoron," but he finds people do like to personalize them with special fabrics, trim or messages. After all, "However often you change your sheets, you see that little message."

That includes the bachelor who gave himself the gift of a mattress with a label that read, "Where the magic happens."

> Create-A-Mattress founder Evan Saks shows off a custom mattress with a personalized label in a Boston-area bedroom.

Tailored for your wallet

You don't need to go to Italy — or spend a fortune — for a custom tailor. J. Hilburn, based in Dallas, will send one of its 650 "style advisers" to your home to custom fit men in shirts, pants, sweaters and coats, for far less than many luxury department stores charge. The company's custom products range from \$79 for a dress shirt to \$185 for "made to measure Italian wool trousers."

"People are finally coming to the point where they want something a little more unique, a little more special, and we're helping them find themselves," says co-founder Veeral Rathod.

Chocolate heaven

Fear the candy world has shunned your taste buds? Design your own chocolates through Chocomize, which will combine five of 90 different ingredients with your favorite chocolate and let you choose which charity will get a potion of the purchase price. Bars range from \$4 to \$6 and top out at \$13 for "24-carat gold flakes."

Say it with a T-shirt

Athletic wear retailer Finish Line is adding T-shirt customization stations to its stores in partnership with Nike, which helped popularize custom sneakers. Now in Orlando, Indianapolis and Staten Island, N.Y., the stations let customers select from dozens of Nike T-shirt designs and personalize them with names, sports numbers or favorite sayings. The shirts, made in the Finish Line store while customers wait, average about \$30.

Finish Line President Sam Sato says teens, especially, like to customize items for friends, sometimes with a nickname, shared joke or team name that "bonds them together with their friends."

"It's instant gratification and the cool factor of giving a one-of-a-kind gift," says Sato.

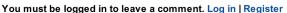


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Main Street on Obama's jobs act: Nice. Blech. Huh?

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By Catherine Clifford September 9, 2011: 4:15 PM ET



-a-Mattress.com owner Evan Saks said the proposed payroll tax credit is a "drop in the bucket" compared to plunging consumer demand.

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NEW YORK (CNNMoney) -- Some were optimistic. More were highly skeptical. And others were left scratching their heads. That's how some small business owners felt about President Obama's jobs package, which was unveiled Thursday.

Obama's \$447 billion stimulus plan is a combination of tax credits and spending initiatives aimed at boosting the stalled economy and creating

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So small businesses, which have generated about two-thirds of the nation's new jobs in the last 15 years, were particularly interested on how the proposal would work for them.

If the bill, called The American Jobs Act, were passed, it would cut the payroll tax businesses pay in half -to 3.1% -- on the first \$5 million in wages. Also, if a business hires a

new worker or gives an existing worker a raise, all payroll taxes will be waived. The act would also extend a tax benefit allowing businesses to write off their expenses more quickly.

Dear Mr. President...

And while the president made a nod toward reducing the regulatory burden on small businesses to help them obtain capital, there weren't many specifics for business owners to whoop and holler about.

Main Street: Miffed and skeptical: Tax credits are nice -- for businesses that are already hiring or expanding -- but they aren't going to motivate small business owners who don't need more employees to hire.





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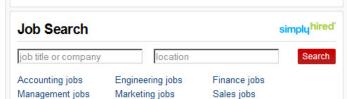


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Small business owners in Babylon, New York say that the slow economy forces them to cut costs and lay off workers. Play

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"Jobs are created when businesses have access to consistent cash needed to make payroll," said Chris Zane, the owner and founder of a bike shop in Branford, Conn. "I would have liked to hear about a plan that would provide incentives to the banks that open up their vaults to creditworthy small businesses."

David Levine, the president of Wireless Environment, needs access to capital, too, to be able to ramp up his payroll. "We — and many other small businesses — could create many more jobs around our innovations if the banks went back to lending money," he said.

Many small businesses also want more consumers to start opening up their wallets again.



Obama's jobs speech in 2 minutes

"Small businesses like mine are in a daily struggle for survival -- we need immediate relief!" said Evan Saks the founder of Create-a-Mattress.com, a custom mattress online retailer with three employees. "Payroll tax incentives are a drop in the bucket against the backdrop of historic industry wide sales declines," he said.

Consumer spending is also a top concern for Marc Rothenberg, the president of Intercept Silver & Jewelry Care Company. Payroll taxes don't impress him. "If consumer demand does not increase, owners will not need to hire and they will just 'pocket' the extra savings," he said.

Then there was doubt that Congress would actually pass the proposed law.

"The tone was forceful, and I agree with most of the initiatives in principle," said Saks. "But we've seen all these ideas before, and the political reality is expecting cooperation from this Congress is wishing for dancing fairies riding unicorns on rainbows. They can't agree that grass is green."

Main Street: Encouraged and hopeful: "I felt the recognition of small business as what drives this country's economy was tremendous," said Anton Semprivivo, the general manager and vice president of the Honda dealership in Toms River, N. J.

Semprivivo said that he liked the proposals to cut payroll taxes, give businesses tax credits for hiring the long-term unemployed, and the effort to reduce burdensome regulations.

Hiring: Yes. No. Maybe so.

Zalmi Duchman, the owner and CEO of TheFreshDiet.com, said he also liked the proposal to cut his payroll taxes. With 300 employees, a payroll tax credit could really add up.

"Although I was hoping to hear him say he wants to cut it completely, I was not expecting him to say it at all," said Duchman. "Cutting our payroll taxes in half for 2012 can be a big boost for us, and I am sure other small businesses."

Duchman was curious to hear the president indicate he will be working to decrease regulation. Although, barring much in the way of specifics, Duchman was cautious: "How exactly will he accomplish this? To me, it seems impossible."

And, despite his critiques, Zane was generally impressed with the President's resolve. "I was impressed! Not necessarily by any one specific point, but by the fact that the president's jobs act seemed to be balanced and reasonable."

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INNOVATION ECONOMY

The Boston Globe

Mattress showroom goes online

By Scott Kirsner

Globe Correspondent / August 16, 2010

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Highlights from Scott Kirsner's Innovation Economy blog.



Last year, Evan Saks was working for a Stoughton mattress company that was in a precarious spot: It was the New England franchisee for Dial-A-Mattress, which had just been through bankruptcy proceedings. As soon as Dial-A-Mattress was bought by a new owner, the

Stoughton company's franchise agreement was revoked, and it went out of business last fall.

But Saks, who comes from a long line of mattress merchants, had an idea for a start-up: What if you could design your own mattress online, and have it delivered to your home within two weeks?

With funding in "the low six figures" from of a group of angel investors, and a collaboration with the Boston Web development shop MaintainNet, Saks launched Needham-based Create-A-Mattress Memorial Day weekend. Several of his employees used to work with him at the Dial-A-Mattress franchise.

Customers can select the size of their mattress; the type of support (like traditional coils or pocket coils, supposedly better at isolating movement); the mattress thickness; an optional Craftmatic-type adjustable base; and mattress covers made out of bamboo fibers or organic cotton. There are about 1,000 possible combinations of features. Special feature sets, like the "bad back package," include things like memory foam, quadruple layers of thick latex, and "upgraded zoned coil systems."

A label on the lower-right edge of the mattress can also be customized; one recent shopper had it imprinted with the phrase "Where the magic happens."

The site says prices for its finished mattresses, which start at \$370, are at least 20 percent lower than retail.

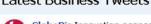
Unlike Dial-A-Mattress, which relied on heavy radio advertising to attract customers, Saks has been focusing his marketing efforts on search engine advertising, and a YouTube channel he plans to expand. He's also experimenting with Facebook advertising. (Saks concedes that he did test some radio spots in July, when airtime is especially cheap.)

"We're trying to attract folks who might have some idea of what they want, and say, look, you can get exactly what you need to fit your budget, but take the confusion and the deception out of the showroom environment, where you get overwhelmed by choices," Saks says. "For most people, it's impossible to tell the difference between the \$500 and the \$1,500 mattress." (And you can just guess which one the typical salesperson would rather sell you.)

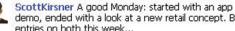
Create-A-Mattress products are made in the Boston area by a "major brand manufacturer" in the mattress industry. That means Sealy, Simmons, Serta, or Stearns & Foster, though Saks says he can't disclose which one.











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