

# MARKETPLACE

THE WALL STREET JOURNAL



◀ A YouTube for  
business video  
from Cisco.  
Business  
Technology  
Page B6

All Rights Reserved.

TUESDAY, SEPTEMBER 26, 2006 B1

## Turning a Fad Product Into a Brand of Apparel

### Johnny Cupcakes Extends And Expands Product Line To Keep Customers Coming

#### HOW WILL JOHNNY CUPCAKES avoid getting stale?

Johnny Earle, a 24-year-old entrepreneur from Nantasket Beach, Mass., has turned his nickname into a respectable T-shirt business with projected sales of \$1.2 million this year. Much as British designer Paul Frank tucks a monkey into his cartoon designs, Mr. Earle substitutes a cupcake featured in unlikely places. His frosting empire includes shirts bearing a Statue of Liberty holding a cupcake, "Make Cupcakes Not War," and one with a cupcake and crossbones.

Mr. Earle has gone from selling his T-shirts out of the back of his car to boutique sales, his own Web site, and two retail stores, including one on Newbury Street, one of Boston's upscale shopping strips.

#### Keeping the Concept Fresh

But will Johnny Cupcakes be able to survive as a Johnny one-note? The trick for Mr. Earle, as it is for many entrepreneurs who strike big with a single idea—especially in areas such as fashion—is figuring out how to keep a faddish concept fresh with customers and continue to build the business.

David Reibstein, a professor of marketing at the University of Pennsylvania's Wharton School, warns that the longer Mr. Earle "stays narrowly associated with just his singular product, the more difficult it's going to be for him to go beyond that."

#### From Gimmick to Brand

Mr. Earle is aware of the danger, and central to his strategy for survival and growth is to extend and expand his product line, while maintaining his cupcake theme—in effect, turning what began as a joke T-shirt into his Johnny Cupcakes brand of apparel and other items that will be sought out by customers.

Offering variety in his T-shirt line won't be a problem. Mr. Earle says he has years of designs backlogged for silk screening, including collaborations with other artists.

Next month he plans to launch a collection of shirts he calls "really creepy," inspired by his love of Halloween. Among the limited-edition releases, there is a zombie having his arm ripped off while lifting cupcake weights. The shirts will be sealed in plastic, sprinkled with flour and packaged in a box designed like cake mix.

At first blush, Mr. Earle sounds like a "one-trick pony," says Kevin L. Keller, a professor of marketing at Dartmouth's Tuck School of Business. But further review reveals a lot of room for creative expansions, with the cupcake serving as a back-drop or inspiration more than a focal point.

"I can see this being a solid niche," Dr. Keller says.

Indeed, although T-shirts continue to dominate his product line, Mr. Earle has started to add belts, underwear and jewelry. He has some sneakers in the works, as well as a special hollowed-out rolling pin for limited-edition packaging.

The business has been six years in the making. In 2000, after he dropped out of college and started working at a comic-book store, a friend began playfully pairing Mr. Earle's first name with anything that sounded funny. Johnny Crumblecake didn't stick, but Johnny Cupcakes did.



Johnny Cupcakes T-shirt design

He quit his comic-book store job to go on tour with his band, but he was also experimenting with other sidelines at the time, including designing his cupcake T-shirts and selling them while on the road.

After he launched a Web site, [www.johnnycupcakes.com](http://www.johnnycupcakes.com), in 2003, sales took off. What started as a "completely random" joke, he says, quickly grew into a revenue-generating business. "I used to be excited at a check for \$300," says Mr. Earle. "Then it turned out to be \$3,000."

His mother, Lorraine, helped out, filling orders from a makeshift storeroom in the family's attic. In July 2004, at her urging, Mr. Earle took up the business full time (he kept his mom on as his bookkeeper). After his first trade show in Las Vegas, where he handed out his newly designed pocket-size catalog, orders started coming in from overseas, including Japan, Italy and Australia.

#### Limited Editions

But Mr. Earle turned away from the international orders and decided that, in part, his strategy would be to offer some products that had the appeal of exclusivity, including limited-edition designs complete with numbering on the sleeve or back, that would sell for upward of \$70.

"People like what no one else has," he says.

Mr. Earle also became picky about the stores in which he wanted to carry his merchandise, seeking out boutiques like Barracuda on Los Angeles's Melrose Avenue or Anomaly in Jacksonville, Fla.

"They have a cult following here," says Emily Moody, owner of Anomaly. Even the guys, she says, like "rockin' T-shirts with cupcakes on them." Mr. Earle recently made a deal with Metropark, clothing stores based in California that feature DJs and artists along with clothing.

As he was building the business, orders from boutiques and Internet popularity boosted sales considerably. Revenue jumped to \$53,500 in 2004 from \$570 in 2003.

By March 2005, Mr. Earle applied for financing to open a combination store and warehouse, and in May of this year he opened a second store, on Boston's Newbury Street, about 25 miles from Nantasket Beach.

#### Dough Mixer, Oven Racks

To make the Boston store stand out, and maintain his signature theme, he scoured the Web for vintage baking equipment to give the shop a bakery feel. A 1,000-pound 1930s dough mixer fills the front window. T-shirts are displayed on oven racks and in industrial refrigerators. In place of bags, customers walk away with doughnut boxes. Vanilla candles emit the scent of baking, and big signs that look like a nutrition table display the sizes.

Last year's sales, before the Boston store opened, rose to more than \$300,000, while expenses hovered around \$305,000. The Johnny Cupcakes brand finally moved into the black last month, with sales until Aug. 15, of \$447,000 and expenses of \$413,000. With the Web site, boutiques, and the operation of both retail stores, sales for all of 2006 are projected to reach \$1.2 million.

Despite the growth, one customer at the Newbury Street store, Michel Morrisette from Montreal, wondered about the future of Mr. Earle's business, simply saying, "You can't live off the glory of cupcakes forever."

But Mr. Earle sees that future in a different way. Mr. Morrisette paid \$35 for a Red Sox-inspired cupcake shirt on a recent trip to the store, saying he likes the simplicity and creativity of Johnny Cupcakes.

And Mr. Earle sees no need, and has no intention, of straying from what has become a brand as well as a theme. "Every day, everything I look at I'll see cupcakes," he says. "It's like I'm looking in cupcake vision."

Indeed, "Johnny Cupcakes is more than a brand," he says. "It's my name."

**Online Today:** To see previous Small Business columns, please go to [StartupJournal.com](http://StartupJournal.com).

### Small Talk

Kelly Spors answers questions from readers about entrepreneurship



**Q:** We own a dance-wear Internet store and are completely confused about search-engine optimizers. Are they of value to a smaller company, like us? One optimizer quoted us \$40,000 to enhance our Web site and improve our ranking.

—David Darkoch, Cleveland

**A:** Here's the risk: You shell out \$40,000 hiring a search-engine optimizer to revamp your Web site in hopes of improving your search rankings, only to end up still buried in page four of Google search results for your products.

Online businesses trying to maximize the use of natural search-engine results should aim to land in the top 10 results, ideally the top five, because most online shoppers won't dig through multiple pages to find you. So it's usually not worth spending wads of money on consultants that can't somehow guarantee you'll appear at or near the top of rankings.

Another quandary for small businesses is that search-engine consultants' prices vary so widely—often anywhere from \$1,000 to \$50,000—sometimes for the same types of consulting services, that businesses don't always feel confident they're getting their money's worth.

Jim Kitchen, president of Spring Break Travel, a Chapel Hill, N.C., student-travel-tour operator spent four years and hired a few different consulting firms to try and propel his Web site's ranking from "basically nonexistent" to the top three for results on popular search terms for his industry including "spring break trips" and "spring break." He's achieved his goal, but not without some frustration and lackluster results along the way. "You really have to be careful about who you hire," Mr. Kitchen says. "They don't all do the same quality of work."

Small businesses should try improving their search rankings in-house before hiring professional help, says Ryan Allis, chief executive of Virante Inc., a search-engine marketing firm in Durham, N.C., one of the firms Mr. Kitchen consulted. Simply knowing what so-called spiders, programs that search engines use to harvest information from Web sites and produce results, look for can help you tailor your Web site in a way to boost results.

The most beneficial steps, Mr. Allis says, include figuring out the

most prevalent keywords people use when searching for your products online and placing them frequently and relevantly on your Web site, getting related Web sites to link to your site, and adding extra content.

Helpful online tools such as Yahoo's Keyword Selector, available at [searchmarketing.yahoo.com/rc/srch](http://searchmarketing.yahoo.com/rc/srch), show how often certain words or phrases were searched in the previous month. The phrase "dance wear," for instance, was searched 36,053 times in August, while "dance clothes" was searched only 4,198 times, Yahoo's tool shows. The goal: focus on the-most commonly searched keywords that describe your products with the least amount of competition from other Web sites.

This may take some research and you'll want to pick at least a handful of different words or phrases. You might also pick phrases so local customers can find you, such as "Cleveland dance wear." You'll want to sprinkle the content of your home page and site with the chosen keywords and include at least one in the blue bar at the top of the Web browser. Don't make the mistake of trying to fool the spiders by hiding keywords in invisible text. Spiders have become sophisticated enough to sniff out sites blatantly manipulating the system and can penalize them.

Another factor in search-engine rankings is how many other Web sites link to yours, especially well-ranked ones. You might, for instance, ask dance schools to post a link to your Web site in exchange for you posting a link to theirs.

Generating extra content—say a primer on finding a leotard that fits—that's related to your Web site's products will also help.

If you're unsatisfied with your own attempts to improve search rankings, then think about hiring outside help. But take bids from several firms, and get a list of previous clients to interview and see how much their search rankings improved.

Remember, you can always resort to paid search results using programs such as Google's pay-per-click AdWords program instead of spending thousands on natural rankings.

Send your small-business questions to [smalltalk@wsj.com](mailto:smalltalk@wsj.com). For an archive of past Small Talk columns, visit [StartupJournal.com/smalltalk](http://StartupJournal.com/smalltalk).

### What's New on StartupJournal.com

**Flash in the Pan?** There has been explosive growth in the number of meal-preparation businesses in the past five years, with more than 20 companies now selling franchises across the U.S. But will places like Dinner by Design and Dream Dinners catch on with the busy parents they are targeting? Read more about the obstacles faced by these new businesses in [StartupJournal.com](http://StartupJournal.com).

**Extra Bucks:** Despite getting panned by one of their business-school professors, three entrepreneurs stuck with

their idea to create a company that offers practice tests for potential police officers, and it has grown into a full-time job.

Read more about 25 top-performing franchises and how you can evaluate a franchise before taking the plunge on [StartupJournal.com](http://StartupJournal.com).

Writing a business plan? Review examples from several types of businesses and industries, and create a mini business plan free online at [WSJ.miniplan.com](http://WSJ.miniplan.com).