

## Case Studies



### Mary Kay Ash

**M**ary Kay Ash was a big believer in positive thinking. She liked to tell people, “If you think you can, you can. And if you think you can’t, you can’t.” With a sales force of 850,000 and sales in the billions, the founder of Mary Kay Cosmetics Incorporated had ample time to spread her positive message, and plenty of people who want to listen, but that was not always the case.

#### Another Career

For many years, Mary Kay Ash, a divorced mother with three children, worked hard selling home care products door-to-door. She found that she was good at it and eventually acquired a better paying job with a home accessories firm in Dallas, Texas. In 1963, after 25 years in the workforce, Ash—who by that time had remarried—decided to retire. But she says, “I wasn’t very good at retirement.” Soon she and her husband were making plans to use their \$5,000 life savings to form their own company selling beauty care products. Ash chose skin care products because she knew of one such product made locally that she liked herself. “To start a direct sales company,” she said, “first of all you need a product that people like so much that they will come back to you for it. That’s important because, when you’re trying to sell a product, people can tell if you’re not really sold on it, yourself.”

Almost a month before the new company was scheduled to open, Ash’s husband died of a heart attack. Without her husband, said Ash, “I only had half a company. I knew nothing about the administrative side of business, all I knew was sales and marketing.” But Ash’s direct sales experience, combined with her 20-year-old son Richard’s two years’ worth of college marketing classes, got the fledgling company off the ground.

Ash believed she had a better direct sales strategy than others peddling cosmetics door-to-door. Instead of talking to prospective customers on their doorsteps, Mary Kay consultants offered to conduct skin care classes in customers’ homes. She reasoned that although many women hesitated to try on lipstick or eye shadow at a department store counter, they would welcome the chance to sample makeup and get advice on skin care in the privacy of their own homes. The company’s expanding sales and profits proved her right.



*Mary Kay Ash founded Mary Kay Cosmetics, the second largest direct seller of beauty products in the United States, and remained committed to the goal of providing financial and career opportunities for women.*

#### Key to Motivation

Ash’s direct sales experience also taught her the value of motivating her largely female sales force. She rewarded top sellers with what she calls “Cinderella gifts,” items they would not be likely to buy for themselves, such as jewelry or luxury cars. The highest achievers received Mary Kay’s signature prize, a pink Cadillac fondly referred to as the “trophy on wheels.”

After three years in business, the Mary Kay cosmetic line was going strong. Today, with the addition of fragrances and men’s skin care products, the company is the second largest direct seller of beauty products in the United States; only Avon sells more. Mary Kay Cosmetics has continued to expand globally since 1971, when it began operations in Australia. As of 2001, it boasted operations in 37 countries, including Russia, Mexico, Japan, China, and Hong Kong.

Throughout her career Ash remained committed to the goal of providing financial and career opportunities for women. “I always knew,” she said, “that women could be very successful if they were given the opportunity.” Her own skills as a marketer, a motivator, and a manager made it easier for that idea to gain acceptance.

Mary Kay Cosmetics Sales, 1992–2002

(in millions)										
1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
\$613	\$737	\$850	\$950	\$1,000	\$1,050	\$1,000	\$1,000	\$1,200	\$1,300	\$1,560

Source: Hoover’s Company Profiles

This table reports sales for Mary Kay Cosmetics, Inc. for the years 1992–2002.

**Thinking About the Case Study**

1. How was the Mary Kay approach to dealing with customers different from that of other companies selling cosmetics door-to-door?

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2. **Drawing Inferences** What cultural differences might Mary Kay Cosmetics have to consider when starting operations in foreign countries?

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3. **Analyzing Information** What was the approximate percentage increase in sales between 1992 and 1993? Was the percentage increase in sales greater between 1992 and 1993 or between 1995 and 1996?

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4. **Synthesizing Information** How long did it take for sales of Mary Kay products to double?

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**Free Enterprise Activity**

Today, many types of direct-sales businesses exist, from toys, gift wrap, encyclopedias, and kitchenware to jewelry and lingerie. Identify a product that you think could be sold successfully through direct sales. Write a memo explaining how the product would be sold, who would sell it, how they would be recruited, and why you think this product lends itself to direct sales.