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# GROWTH STRATEGIES

## He proposed with a ring in a bath bomb, and she swam with the idea

[Mary Teresa Bitti](#) | March 16, 2017 | Last Updated: Mar 16 10:25 AM ET



CBC *The Dragons try out various bath bombs in goldfish bowls.*

*Each week, Financial Post contributor Mary Teresa Bitti revisits CBC's previous week's episode of Dragons' Den. We capture what the cameras didn't and in the process, provide a case study for readers, zeroing in on what pitchers and dragons were thinking and what the challenges for the deal are going forward.*

The pitch When her boyfriend proposed with a ring hidden inside a handmade bath bomb, Tessa Medlock had both an amazing marriage proposal (she said yes) and a romantic engagement story to share with friends and family. She quickly learned how much interest there was in bath bombs, especially with a gift inside.

The media studies graduate from Western University researched how to make bath bombs and after a month of experimenting in her condo, just before Christmas 2015 she launched Pearl Bath Bomb as an ecommerce business. Her only advertising was a video she **filmed and posted to her company's Facebook account showing how the product worked.** "It went viral the first day," said Medlock. The video has since been viewed more than 10 million times.

**That video, filmed on her iPhone, proved demand. "I got hundreds of orders." More important, she was able to garner awareness for a product that had not existed. The video shows the bath bomb fizzing and swirling once placed in the bath, revealing a hidden "pearl" containing a ring. "No one had seen that before," says Medlock. "People shared the video. It's the perfect gift."**

Each handmade, all natural Pearl Bath Bomb comes with a ring valued between \$10 and \$30 and a redemption code, which gives **you a chance to win a \$100, \$1,000 or \$5,000 ring. Even if you don't win the more exclusive ring, every redemption code awards Pearl Points that can be used purchase the rings or bath products. It's a Kinder Surprise for adults plus a lottery plus a rewards program.** Prices start at about \$15 for a single bath bomb.

When she entered the Den last May, Pearl Bath Bombs had generated revenues of \$1.7 million and profits of \$800,000 in about five and half months. It had also garnered a lot of social media love, with 300,000 likes on Facebook and 25,000 Instagram followers.

The deal Medlock asked for \$150,000 in exchange for a 10% equity stake, valuing the business at \$1.5 million. The money was targeted to increase inventory, build a manufacturing facility and expand the product **line to include soaps and candles. But what she really wanted was the Dragons' expertise to grow the company into a household name.** She fielded three offers and accepted an on air deal from Michele Romanow, who was willing to accept an 8% equity stake. That deal closed quickly and, in short order, Pearl Bath Bomb expanded into an 8,000-sq.-ft. factory and began diversifying its product offering. Medlock launched a line of coconut wax candles and gemstone soaps and Pokemon bath bombs with collectible **characters inside. "Michelle Romanow has been great with product development and online marketing," says Medlock. " We've reached 500,000 followers on Facebook. This year our focus is on shipping globally to the U.K., Australia and Europe." Currently, sales, which have almost doubled to \$3 million, are predominantly in the U.S. (70%) and Canada.**

**A dragon's point of view** Michele Romanow was impressed with the entrepreneur's quick success, understanding of social media and readiness to scale. "This might be my most successful investment on the Den. We should max out what she is able to do online because the channel is working well. The next goal for her is to get on The Shopping Channel. When people can see the video they immediately love it. It's a great gift idea and we're working on bridal showers and groups that buy in bulk. She's had incredible growth with a single SKU. It's hard to know how big this can get."

**An expert's opinion** Brad Cherniak, partner at Toronto-based business advisory firm Sapient Capital Partners, also wonders how big a market there is for what he describes as a play on psychology. "The organizing concept is sweet, being proposed to via bath bomb and recreating that in a repeatable way. I also think it is hanging them up. The bath bomb should be the dog and the ring/lottery should be the tail, but I think it's the reverse. What's the distinguishing feature of this business? It's not the bath bomb, which is an established market. This is an embedded lottery item. Is there a repeat market for this, especially as they grow? And what's the obligation to have a \$5,000 ring in there? As a consumer, how many people have actually gotten one of these rings? As they get bigger, it will be more of an issue. It's a troubling value proposition in my mind, but stranger things have worked."