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From China, With Ambition That Burns

What next?

The question dogs Mei Xu and David Wang. Four years ago, Xu and Wang began importing candles from China, just as they exploded in popularity among Americans, and from nothing, they have built a \$25 million business selling candles to corner shops and large stores. The couple's new, barely furnished offices in Rockville say it all: They have put everything into growing as fast as possible, rushing from the start to keep up with a trend.

But what happens when the flame starts to flicker? Xu and Wang don't want to be like so many entrepreneurs before them, teetering at the top of a trend, with no place to go when the craze fades.

And so they lie awake at night wondering if they can keep the momentum going when the world decides it has enough candles.

Xu and Wang started with one kind of candle to peddle, made by a contact in China, and a dream of success in the United States. By any measure, they have reached it. They've had profits from the get-go. They have 20 employees and counting. They have a new house in Potomac.

But then there is Xu, impassioned and restless, talking far more than her husband -- in part because of her nearly flawless English -- about how little they've actually done.

"Compared with an Internet company, we really are nothing," she says.

Even if you don't take this statement seriously -- and who would? -- her concern is understandable. The Internet is clearly here to stay. But exotic candles? Who knows?

So Wang and Xu came up with a shocking plan: They started their own Web site.

Giftonline.com sells candles, but mostly it will sell gifts of all kinds. Wang and Xu say they hope to offer unique gifts -- items made by small manufacturers and artisans, things you can't find at the local mall. It is a way of spreading risk beyond candles or any other single, trendy product.

Though the Web site is only minimally active now, Wang says his goal is \$300,000 in sales this holiday season and perhaps \$1 million next year.

After the success the couple have had in the candle business, it's hard to argue with these projections. But Giftonline.com is slow going, and Wang and Xu are frustrated. With candles, it was relatively quick and straightforward: Show the buyers a product, get orders, make money. Selling on the Internet requires planning, technology, design, consulting -- details they struggle to find time for.

So Wang and Xu work while chatting, opening a just-delivered package from a graphics firm of Giftonline.com logo designs, for which they paid \$2,000. It takes one minute to decide they don't like them. "Needs to be more whimsical," she says.

For a second, Xu looks downcast, overwhelmed almost, by disappointment, and maybe fear. But only for a second. She reignites quickly as her husband talks about the future.

"Giftonline is not quick money -- it's really long-term. It's preparing for the future," Wang says.

He is even and sensible. Xu, though, is driven by a potent combination of anxiety and ambition. It's not about money, she says. She and her husband still fly coach, even to China. They stay in inexpensive hotels when they travel. Their house in Potomac, she insists, is modest.

Rather, Xu says, expanding the business is about achievement, paramount in the Chinese culture. She jokes that her competitiveness comes from her tiny size, but really, she says, it is just the way Chinese children were taught to be. She calls it the legacy of Chairman Mao.

"I want to know that I'm good at what I'm doing," she said. "If you have one little success, you want to know it's not just your luck that makes it."

In fact, Wang and Xu have had some luck, at least in terms of timing.

Candles have become an increasingly hot product over the past several years. They are everywhere now -- decorative candles, colored candles, scented candles. Little shops jumped on the trend first, but soon the nation's department stores and discounters were making candle "statements" in their stores, with colors and themes that tied into table-top and household accessories.

Overworked consumers, searching for serenity with the strike of a match, began filling their homes with these decorative little fires. Ever since then, candles have been Wang and Xu's life.

But it wasn't always that way. The two met in Beijing when Xu, now 31, was in college and Wang, now 36, worked for a high-tech company. After the Tiananmen Square uprising 10 years ago, Xu felt her opportunities in China were limited, so she got a fellowship to the University of Maryland. Wang came over four months later, hardly speaking English, and took a job with a local computer company.

At first, the United States offered little of what they'd hoped. Xu took an unpaid job at a China-related nonprofit organization, then a paying job with another China-related company -- in New York. Wang stayed in Maryland.

It was during her lonely nights in Manhattan that Xu, a self-described "adventure-seeker," began to consider the potential of the many products her friends in China had been sending, hoping to tap the vast American market.

Desperate for a way out of their uninspiring work lives, Wang and Xu went to a gift show in Charlottesville in late 1994, toting an array of products -- car-seat cushions, massage pillows, musical dolls, silk flowers and glow candles, among others. What hit were the glow candles -- decorative wax balls the size of grapefruit that glow from the inside when lit. It was the beginning of the candle craze, and they got \$90,000 in orders.

Wang quit his job. To keep up with fast-growing demand, the couple brought containers of candles to a warehouse in Laurel and, for a long time, even packed and shipped the orders themselves. They named their company Pacific Trade International.

In 1995, Xu and Wang began selling candles to Europe, too, and sales approached \$1 million. But it didn't last. Sales of glow candles slowed in 1996, so Xu got to work. With books on candlemaking, she went to her basement with dyes and fragrant oils, and began making decorative, scented candles in empty food cans. She tried over and over, using soup cans as a mold, and finally got the bright, mottled finish she wanted. All she had to do was sell them.

Xu and Wang already had contacts at several department stores from their glow candles, and soon her elegantly packaged new line -- which she called Chesapeake Bay Candles -- was being made in China and sold at stores such as Nordstrom and Bloomingdale's.

Xu, of course, wanted more. The couple had shunned discount stores because of the low prices they demand, and because Xu wanted to preserve the upscale image of the candles. But she had heard through industry talk that Target was more interested in design than most discounters, and she latched onto it. She pestered Target's candle buyer for months, but heard nothing -- until the chain switched buyers. The new

employee, eager to make a mark and looking for fresh ideas, set up a meeting with Xu. In the fall of 1997, she flew to Minneapolis, and by day's end everything had changed.

Still amazed, Xu recalls the buyer's reaction: Her candles -- just months out of a food can -- were exactly what Target was looking for. Xu said she would make a brand exclusively for Target, and the buyer said she would make them the centerpiece of the chain's candle statement. Hundreds of stores. Thousands of candles. Millions of dollars.

Modern Light candles were in stores by Christmas -- and sold out in three weeks.

That, Xu concedes, is how she and her husband got their little piece of the American Dream. But now that they have tasted it, it's not as sweet, perhaps, as they expected. "I love it," she said of her job. "But there are more bad days than good."

Personally, the toll is great. Xu is exhausted and sad that she and Wang have no time to make new friends. She worries about becoming alienated from the Chinese community here -- worried that other Chinese might look down on the couple's choices.

And professionally, Xu said, though it is most satisfying to create a new product that sells, there's little time for that now, either, not with the demands of personnel, accounting, sales and marketing. It's also hard to be creative with big retailers as big customers: They are more involved, more concerned, more controlling. With Giftonline.com, she hopes she can push herself creatively, and no one will say no.

Creativity, Wang and Xu stress, is what got them this far, and is the only thing that will ensure a future for their company. Xu left last week for New York, where she will take fashion classes and look for inspiration.

"We worry that as we get bigger, we will lose that hunger," she says. "I'm worried about not being able to keep up, {because} there are so many customers looking to us for development."

There is a saying in China, Wang says, that keeps them focused.

"You are not defeated by your enemy. You are defeated by yourself."

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