

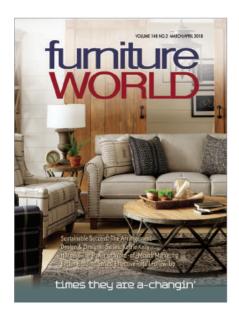
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COVER: Craftmaster Furniture continues to expand its popular Farmhouse collection with an eclectic mix of fabrics and styles. The fabrics represent a modern take on the Farmhouse look by blending textures and patterns into a monochromatic palette. The batik-inspired print and primitive patchwork design play well against the textured base cloth of this sofa, which features spaced nail head trim. See more about Craftmaster on the back cover of this issue, or visit http://www.cmfurniture.com.

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#### EDITOR'S CORNER



The Answer Is a-Trendin'

In this Furniture World issue, Ed Tashjian quotes Bob Dylan's iconic 1964 song, urging his Point/Counterpoint partner Bill Napier to notice "The Times They Are a-Changin'". Lyrics can be found on page 20 just so you can sing along!

Are we on the cusp of a 1964-type radical change or will it be incremental? As Dylan also noted, the answer to that question is "Blowin" in the Wind".

My view is that we are living with trending rather than changing, business conditions, consumer expectations, and concerns. But either way, how might retailers respond?

A quantitative focus is certainly important. The value of installing smart systems using new technology cannot be underestimated. Articles in this FW edition may illuminate. Check out advice on financial tools (by David McMahon), machine learning (by Amitesh Singha), follow-up systems (by David Benbow), managing reviews (by Pam Danziger), engaging customers online (by Scott Hill) and creating engaged employees (by René Gingrich).

At the same time, consider this observation from Bill George, a senior fellow at the Harvard Business School. "Fully rational, near-term measurement analytical tools ground out creativity. People tend to get lost in the numbers" he says, "and lost in the logic." In other words, to sustain creative insight, the wisest leaders reject a tendency toward an exclusive left-brain focus. Without a steady stream of creative ideas, the implication is, it's much harder to become the next trending retailer, inspirational leader, or brilliant branding strategist. George and others suggest a routine of stepping away from the daily grind to create space for innovation and insight. Creative right-brain approaches found in this issue feature designer Kerrie Kelly (by Melody Doering), retailer "The Arrangement" (by Janet Holt-Johnstone) and an article on pizza! (by Gordon Hecht).

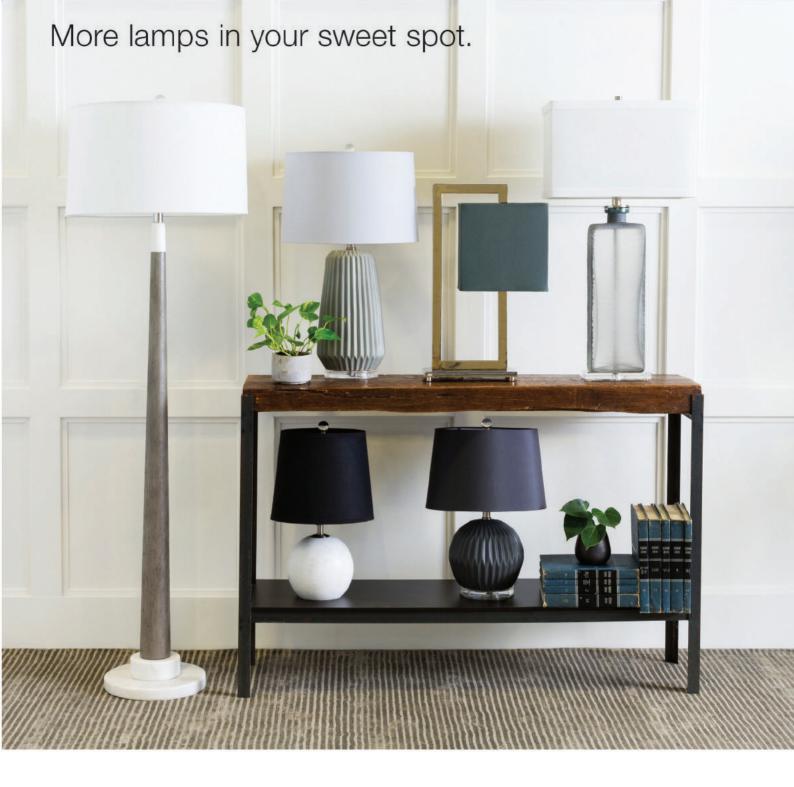
As always, your thoughts, comments and creative insights sent to russ@furninfo.com are welcome.

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# marketing POINT/COUNTERPOINT

"The Times They Are a-Changin"?

by Bill Napier & Ed Tashjian

ill says, follow the money and focus your marketing on the Baby Boom generation. Ed says "The Times They Are a-Changin"!

Editor's Note: Here's more from Furniture World's point/counterpoint duo, Bill Napier and Ed Tashjian. This is their fifth installment, having previously debated celebrity licensing, digital advertising overload, the millennial myth and whether or not furniture brands matter.

### Point: Bill Napier

Hey retailers, where is all the money? I'll "show you the money". I'll write, show you the facts, and you decide if your marketing is on or off target.

Boomers over 50 years old buy 50 percent of everything and control 70 percent of all disposable income

Recently the digital marketing industry went into a meltdown when Procter & Gamble announced they were ditching digital... because it was NOT moving the needle .. AT ALL!

In July 2017, It was reported in the Wall Street Journal (https://www. wsj.com) that Procter & Gamble cut \$100,000,000.00 out of their budget... Eliminating digital advertising.

They are the largest advertiser in North America. Got your attention

So, THE question for retailers is... who are you marketing to? Not me, and I'm one of those 70-percenters.

I'm a Boomer, as is my wife. We watch TV. We look at the messages and especially the actors who deliver those messages, not to mention the images, sounds and scripting... most of the time with disbelief. We always ask ourselves, who are they speaking to? And, more often than not, we have NO desire to engage with those brands. Here's why.

Advertisers aren't speaking to us. They aren't even trying, and most often they offend our intelligence.

I roll my eyes when brands depict men as DWEEBS defined as, "A person regarded as physically and socially awkward and having little confidence." And, sometimes they're just plain foolish.

They depict women as, lacking intelligence and independence. These women are supposedly in relationships with the Dweebs, and they roll their eyes at their ineptness



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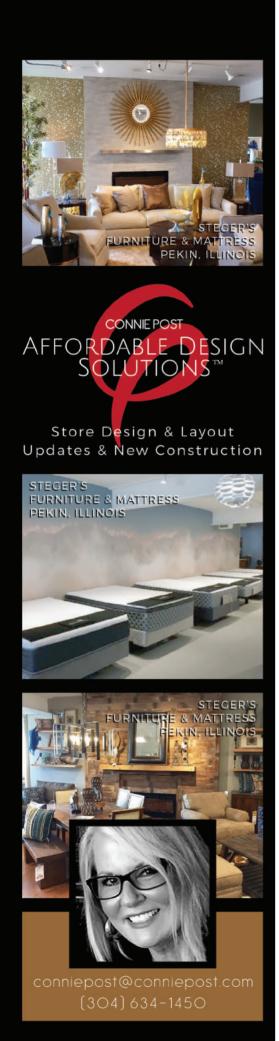




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# "I roll my eyes when brands depict men as DWEEBS and

when brands depict men as DWEEBS and women as lacking intelligence and independence." - Bill Napier

and childish behaviors, accepting that they're idiots. So, are advertisers asking their audience to believe that these men are supposed to be alluring or attractive to them?

The point is, none of these characterizations reflect who we are, our needs or aspirations. And I'm willing to bet that for Boomers like me, these characterizations are just plain insulting to both genders.

### Why Is This Happening?

My guess is that the people creating these types of marketing platforms/messaging are actually targeting themselves, their demographics, and what's funny to them, not the people with the money, BOOMERS!

If you've read past installments of this Point/Counterpoint series, you already know it drives me nuts when so called marketers don't do their due diligence.

That's MY perception and thankfully I have a DVR, stream Netflix and I don't have to watch many of these messages. So, I don't have to roll my eyes all the time, which eliminates headaches.

The problem as I see it is most Furniture World readers' messag-

ing is overly focused on marketing to Millennials. And this focus is often driven by Millennial marketers who believe that most retail marketing dollars should be directed to Millennials, as well. But, Millennials don't have much money if any at all. This was documented in March/April 2017 Furniture World, "A Millennial Myth". I get it, they are the largest demographic and you want to be sure you capture their hearts, minds, and souls for your brand/ store.... LONG TERM.

But, consider this when everyone tells you to spend all your money on them.

- The average 19 to 34 year-old Millennial has a credit score of 625, the worst credit score of any generation.
- The current savings rate for Millennials is negative 2 percent.
- 31.1 percent of all U.S. adults in the 18 to 34 year-old age bracket are currently living with their parents.
- A survey conducted earlier last year found that 47 percent of all Millennials are using at least half of their paychecks to





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### "Bill, it doesn't really matter

where the wealth is concentrated. That is a red herring. Whether you are rich or poor, old or young, everyone needs a place to sleep, a place to eat and a place to watch television." - Ed Tashijian

pay off debt.

AND... Millennials hate your digital ads!!

OK, I need to clarify about this age group. I have three Millennial kids. They are very successful and these numbers don't apply to them or to many in this generation. Yes, they are starting to buy homes, improve their financials, find better jobs, but facts are still facts.

Here's my concern for your bottom line. By listening to all the Fad Marketing Hype, you are missing out on attracting the people who have almost all the money right NOW.

### All The Money

Boomers who are 50-plus years old have most of the buying power. According to Visa, they will drive consumer spending for the next 5-10 years!



In an article published in 2016 titled, "Gray is the new black: Baby boomers still outspend Millennials", Visa (https://usa.visa. com) reported, "Consumers over 50 now account for more than half of all U.S. spending.... By 2020, there will be about 11 million more consumers over age 60. While the share of spending among younger consumers is expected to decline over the next 10 years, older boomers should gradually spend more, with those aged 60+ reaching a 33 percent share of aggregate spending by 2025."

In the first quarter, Americans 55 and older accounted for 41.6 percent of consumer spending, up from 41.2 percent late last year, and 33.5 percent in early 2007, according to government and Moody's data.

Toss in 53 and 54-year-olds and the boomer and-older set comprise about half of all consumption, according to Visa and Moody's analytics.

Women boomers influence over 80 percent of purchase decisions (Source: Media Post, "Wake Up, Marketers: Boomer Women Have Money to Spend" www.mediapost. com), yet most furniture retailers are spending less than five percent of their marketing dollars to influence them.

#### Just The Facts

- 70 percent of the disposable income in the U.S. is controlled by Baby Boomers. (Source: Nielson "Introducina Boomers: Marketina's Valuable Generation" www.nielson.
- There are 74.9 million Boomers -- ages 51 to 69 in the U.S. (Source: Pew Research Center, " Millennials overtake Baby Boomers as America's largest generation" http://www.pewresearch. ora).
- The 50+ population has \$2.4 trillion in annual income in the U.S., which makes up 42 percent of all after-tax income. (Source: Immersive Action, "50+ Facts and Fiction: Size, Wealth and Spending of 50+ Consumers" www.immersionactive.com).
- According to the U.S. Bureau of Labor Statistics, boomers account for 48 percent of consumer expenses each year, which means that if you target them, you can expect a higher ROI.
- Boomers own 80 percent of all money in savings and loan associations.

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49 percent of Baby Boomer tablet users and 40 percent of smart phone users made a purchase after conducting searches on their devices.

### Boomers are Savvy

When it comes to shopping on mobile devices, one in four people aged 55 and older do so, according to a report by BI Intelligence, a research service from Business Insider.

Further, 24 percent of online shoppers fall between the ages of 45 and 54, though that age group represents less than 20 percent of the population. Boomers generate more than 51 percent of the spending in the United States and have a total annual economic activity of roughly \$7.6 trillion, according to AARP.

Regardless of where or how that 51 percent of spending occurs, the fact is, older consumers are a sizable and potentially lucrative longterm market base for digital retail.

For instance, Boomers purchase half of the computers and twothirds of the new cars sold annually, according to Bloomberg Business Week. OMG, imagine what they could be spending in your store IF you marketed to them?

Baby Boomers are expected to inherit \$8.4 trillion by 2030, according to research by the Center for Retirement Research at Boston College. This means their spending power is likely going to escalate, and possibly in windfall ways.

### Suggestions

- I suggest you pull a demographic profile of your customers (including your best customers) and also on your operating area so you can see "where the money is".
- Do a marketing analysis in-house, or hire a marketing agency who can ask the right questions and supply you with detailed information and provide suggestions on how you can target your best prospects.

Or, keep marketing to the Snapchat Generation and see where that gets you!

### Counterpoint: Ed Tashjian

I feel compelled to remind my dear friend and colleague Bill, that in the 60's Bob Dylan penned a song, "The Times They Are a-Changin". I encourage those in the Boomer generation who thought that our parents, congressmen, and people who are now our

"Americans 55 and older accounted for 41.6 percent of consumer spending, up from 41.2 percent late last year, and 33.5 percent in early 2007, according to government and Moody's data." - Bill Napier



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### a-CHANGIN'?

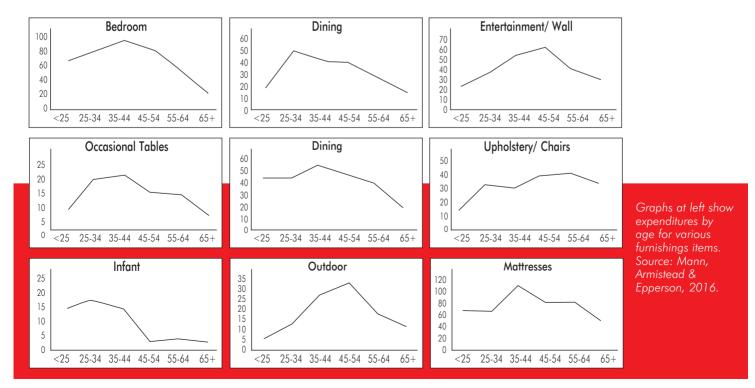
age, were out of touch dopes, to revisit Dylan's lyrics included at the end of this article.

Alas, there is more to economics than counting the money. The only proven way to predict the future is to follow the demographics, historical purchase patterns, and common sense. It doesn't really matter where the wealth is concentrated. That is a red herring. Whether you are rich or poor, old or young, everyone needs a place to sleep, a place to eat and a place to watch television. In other words, everyone needs furniture. They may have less money to pay for it, but they still need it. Let me remind you Bill, why you were so successful at Ashley. While those of us in the traditional ranks of home furnishings watched our share dwindle while we proselytized the value of the details of fine finishes and craftsmanship— Ashley pioneered the concept of buy it today, have it in your home tomorrow, and don't pay for it for several years. This appealed greatly to the 35-44 cohort, and I would argue that this is still a good strategy.

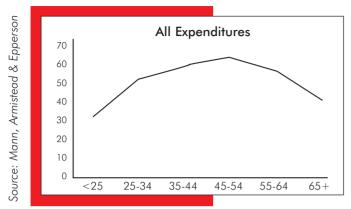
In 2016, Jerry Epperson published a set of charts chronicling expenditures by age for the various furniture categories (below). The chart on page 18 is probably the most instructive because it splits out "furniture and mattress expenditures" from "all expenditures". To make a long story short, furniture purchasing peaks in the 35 to 44 age cohort, and declines precipitously from there. With the exception of the outdoor and upholstered chairs, that trend is pretty consistent.

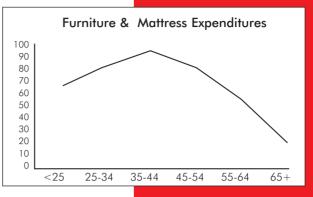
Let me remind the reader that the so-called Millennial's are now 21-37. Demographers disagree, but the date range most experts use comes from Pew Research Center, because they are most reputable. They peg Millennials as those who were born between 1981

"Furniture purchasing peaks in the 35 to 44 age cohort, and declines precipitously from there, with the exception of outdoor and upholstered chairs." - Ed Tashijan









and 1997. And, while Boomers and Millennial's are approximately equal in size now, you can see Boomers will drop precipitously in the near future.

To use a hunting analogy, if you were shooting ducks, you would need to lead them by shooting in front of them. If you shoot at them or behind them you will miss them every time.

To translate this metaphor into furniture marketing, you better be prepared to start targeting Millennials. You will get a few Boomers who think of themselves as being young at heart. If you watch enough television you will be reminded that we are a culture that celebrates youth. And, whether it is fashion or technology, the models used are always 10 years younger than the target.

Let's set aside the facts, figures and statistics for a minute and approach this question with common sense. Why do Boomers buy less and less furniture the older they get?

They don't need it. They have already bought furniture and, regrettably in some ways, the quality is excellent. It hasn't worn out, and it's not really out of style.

It falls under the category of "stuff." As people age, so do their views on the meaning of life. "Stuff" no longer represents status, but is rather an albatross that weighs you down and requires maintenance. The truth is, most boomers are trying to get rid of stuff, not acquire more. They are dumping second homes, giving away excess furniture, and de-cluttering in general. They have recently had to deal with their parents depression era hoarding mentality, and do not want to burden their children with the same exercise of disposing of their parents' belongings when they pass.

Unlike technology, there is little obsolescence for furniture. Except for changes in fabrics, sofas looks pretty much the same as they did only 15 years ago. Traditional furniture, based on 18th-century styling, is making a comeback—which says a little about how stale our industry has always been when it comes to fashion.

For simplification, let's divide boomers into two categories. Those who retire with a great deal of wealth, and those that retire without significant savings. For those who worried about subsistence and outliving their money,

furniture is the last thing on their shopping list. Those with wealth already have nice things and want to spend the money on their children and on experiences.

It's not all doom and gloom. I have great confidence in the home furnishings industry because people will always need what we have to offer. The U.S. furniture industry has grown at a CAGR of 5.6 percent for the period from 1970 to 2016, while remaining stable during economic cycles. Our sector has experienced positive year-overyear growth in 41 out of 46 years, and experienced sales declines of greater than 3 percent in only three periods. This is a very healthy industry that has not suffered disruption like other sectors. And, regardless of external factors, people need to eat, sleep, and consume media.

Now Bill, let me address your condemnation of digital advertising. I agree, that for the most part, digital advertising is ineffective. Let me remind you that the reason that Procter & Gamble, and everyone else who hopped on the bandwagon, went to digital advertising is because traditional advertising was ineffective. My conclusion is that consumer advertising is fairly ineffective. I would argue that the reason it doesn't work is because there are so few differences in





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"Let's set aside the facts, figures and statistics for a minute and approach this question with common sense." - Ed Tashijan

products worth advertising. The goal of advertising it is to communicate why your product is different and better and how it fills a real or psychological need. Most products aren't different and the needs we have today are less likely to be fulfilled by stuff.

Agree or Disagree with Bill or Ed? Have suggestions for future Point/Counterpoint installments? Email editor@furninfo.com and your comments will be posted to Furniture World's information-rich website www.furninfo.com

You and I each make our living by counseling the home furnishing industry on how to grow their businesses. While we may have different tactics, I think we agree, at the essence of success is differentiation. That can take the form of products. service, convenience or channels of distribution. Any one or combination of these deliver superior value, and it is up to marketers to communicate what that difference is and why it matters. Marketers must always reinvent themselves, for the times they are changin'.

**About Ed Tashjian:** Tashjian Marketing provides senior marketing leadership to the Home Furnishings Industry. It specializes in business analytics and in helping its clients to segment the market, define and communicate a sustainable differentiated value proposition. Get more information at www.Tashijanmarketing.com or call (828) 855-0100.

**About Bill Napier:** Bill is Managing Partner of Napier Marketing Group. He has been the chief marketing officer of several small, medium and large companies throughout his career, most notably Ashley Furniture Industries.

Bill is also a featured writer and speaker in the retail industry. His passion is to help retail brands & brick mortar retailers arow their businesses by creating, guiding and deploying successful marketing B2B/B2C solutions integrating traditional marketing with the web/ social media. He has demonstrated this with his FRFF website www. social4retail.com with hundreds of articles and "how-to" strategies for retailers and brands. Bill can be reached at: billnapier@napiermkt. com or 612-217-1297.

### The Times They Are A-Changin' by Bob Dylan

Come gather 'round people Wherever you roam And admit that the waters Around you have grown And accept it that soon You'll be drenched to the bone. If your time to you Is worth savin' Then you better start swimmin' Or you'll sink like a stone For the times they are a-changin'.

Come writers and critics Who prophesize with your pen And keep your eyes wide The chance won't come again And don't speak too soon For the wheel's still in spin And there's no tellin' who That it's namin'.

For the loser now Will be later to win For the times they are a-changin'.

Come senators, congressmen Please heed the call Don't stand in the doorway Don't block up the hall For he that gets hurt Will be he who has stalled There's a battle outside And it is ragin'. It'll soon shake your windows And rattle your walls For the times they are a-changin'.

Come mothers and fathers Throughout the land And don't criticize What you can't understand

Your sons and your daughters Are beyond your command Your old road is Rapidly agin'. Please get out of the new one If you can't lend your hand For the times they are a-changin'.

The line it is drawn The curse it is cast The slow one now Will later be fast As the present now Will later be past The order is Rapidly fadin'. And the first one now Will later be last For the times they are a-changin'.

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# Kerrie Kelly

# DESIGN & DESIGNER

by Melody Doering & Russell Bienenstock

uthor, retailer, interior and product designer Kerrie Kelly talks about consumers, design trends, customer engagement and retailing.

For this installment of Design & Designer, Furniture World spoke with award-winning designer, author and multi-media consultant, Kerrie Kelly. Kelly founded Kerrie Kelly Design Lab and 42nd Street Design, a case goods brand "for designers, by designers", located in Sacramento, California. She also collaborates with furniture, rua and accessory manufacturers on her Kerrie Kelly branded lines sold through home furnishings retailers.

Kerrie's professional associations range from being a Fellow and Board Member of the American Society of Interior Designers to being a Certified Aging-in-Place Specialist. In addition to having written two books. Home Decor: A Sunset Design Guide with Sunset Books, and My Interior Design Kit, with Pearson Professional and Career Education, Ms. Kelly is a regular columnist for Style Media Group.

### Nights and Weekends

We asked Kerrie about how she started as a designer.

"I went to Cal Poly in San Luis Obispo, for interior design, and have a Master's degree in business. But I really do feel that there were second and third educations along the way.

"I started out in retail with Ralph Lauren Home Collection, as their California buyer. I was there for five years before joining Del Webb, a home builder specializing in activeadult homes and communities. At both companies I did interior design work on the side, offering products that Ralph Lauren didn't at the time, such as lighting and paint. Working nights and weekends, I helped clients to complete their look. At Del Webb, clients wanted their houses to look like the models we had designed. Again, on nights and weekends, I sold rugs, furniture, and art work to home buyers - all things that Del Webb didn't provide."

### Moving On and Up

"When Pulte Homes acquired Del Webb Corporation, the offerings became streamlined, production homes, so I decided to turn my side business into a full-time one. I moved my office from a bedroom to a storefront: Kerrie Kelly Design Lab, in northern California.

"We have a team of seven designers who do mostly residential work. 42nd Street Design is

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"At 42nd Street Design, clients

can pick exterior and interior finish-

es, hardware, and fabric - we can

tweak their choices – all sold under

Inspirational People

"I am so grateful for my oppor-

tunity to work for Mr. Lauren in the

'90s. He helped shape my design

eye, and working for him was an

education in itself. Several years

ago, I was able to interview fam-

ily members of Charles and Ray Eames for my book, My Interior

Design Kit. I was humbled by their

drive, talent, and brains for innova-

tion. I also had the opportunity to

interview architect Michael Graves.

He told me, 'Sketch, sketch, sketch

the 42nd Street label."

like pillows, candles, and gifts.

### "We want to create

spaces that enhance our clients' lives – be places that they enjoy, have family celebrations, and support their lifestyles." - Kerrie Kelly

your ideas, no matter how good (or bad) you think you are at it! Just keep sketching.' And that is exactly what I have done with each of my product lines."

### Design Perspective

What is your perspective on furnishing homes? Does it differ from others in the furniture industry?

"Like many of Furniture World's design-oriented retail readers, we work with a variety of budgets. Our work complements a range of lifestyles and taste levels, but the reality is, we're incorporating items that come out of clients' attics, which may not be our first design choice. But that's OK. It's our mission to help people tell their style-story by adding pieces that make sense, have comfort and functionality. We want to create spaces that enhance our clients' lives - be places that they can enjoy, have family celebrations, and that support their lifestyles."

sion, people used to open up a magazine and say, 'I want my house to look like that!' And

we would respond, 'That is Will Smith's house. Why would you want vour house to look like his house? Let's have it look like your house instead."

"The details of interior design are what make spaces become special to clients and their families. It's a 'home story,' which any good designer or retailer can help create. Telling a home story can be as simple as adding nail-head trim, or contrasting welts so an upholstered piece becomes special. Retailers can also differentiate themselves and tell this kind of value story on their showroom floors.

"For retailers who carry designer-branded lines, it's helpful to add another layer of story-telling. By collaborating with manufacturers, they can create looks that tell the product designer's journey. I would encourage retailers to hold more events, perhaps inviting product designers to appear at continuing education events, or a meet and greet. It's a great way to bring in customers and increase perceived value."

### Creating a Home Story

### "Before the most recent reces-

### Telling the Stories

"When reps come to our retail store, we ask them to tell us the top three highlights of their prod-



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ucts. We take this information and incorporate it into presentations we share with clients. Visiting a factory, or knowing that a company has been in business for 45 years, or learning about an element that makes a product special, helps us craft the stories we relate.

"Ideally, the stories we tell are aspirational, as well. We're in a visual business, so whether you are communicating at your place of business, via online platforms like Instagram, Pinterest, or Houzz, in print or other media, it's important to focus on telling brand and product stories that inspire and give

potential customers insight into how you can help them to achieve a better way to live.

"We find blogging is a useful tool for us. At our blog [kerriekelly.com/ blog we present lots of aspirational content in features like 'Steal Our Style,' and 'Get the Look.' We also have a little feature that we call 'The Dressed Nest' that details how we put someone's house together, what it looked like before, and the layers that were added to arrive at the 'after' photos. Providing this kind of information can also help retailers to inspire customers. We build trust through storytelling, breaking down the process and showing how we help people get to

the final picture."

### Providing Great Design

We asked Kerrie to sketch out her process of working with a new client.

"We have an interview process with each client. Our team has decided that the first step is to understand our customer's vision, so we interview them free of charge. We want to be sure that we can help them change their living environment in a positive way, and in a way that fits their needs.

"Our tagline is, 'Everyone Deserves Great Design™. There





Retailer, 42nd Street Design, sells private label, customizable furnishings, accessories, rugs, and lighting. With an emphasis on customization, each casegood piece by 42nd Street Design is American-made and able to be personalized with paint, wood finishes, hardware, and fabric.







"There's so much white with the farmhouse look that people are finding it hard to maintain, especially with growing families. They want to add color to their space."

are a variety of ways to provide that. We can reach people through blogging, providing inspiration through social media, or via the books I've written."

### Design for Aging

"There are millions of aging baby boomers in this country right now, and we want to help them. It is a growing market. That doesn't mean that designers or furniture retailers need to get involved in selling and installing grab bars, ramps, or furnishings that overtly signal aging or physical challenges. Rather, we want to create spaces that are sleek, beautiful, and functional.

"The baby boom generation is

challenging because many don't want to admit that they are aging – it can be a hard conversation to have. Retailers, designers, and others in our industry are missing out if they don't begin to address this segment of the population.

"We look for creative ways to assist people. Our approach is to present great design, versus design for aging. We've had a lot more success this way. It is part of a larger conversation about livability. If you are an interior designer or a furniture retailer, it's important to address the versatility of pieces and their level of performance in the home.

"We want to create spaces where kids are able to play, where their parents can entertain, where grandma feels comfortable, and furniture is able to be moved around. People are enjoying their homes more than ever, and today's consumers have a need for low-maintenance furnishings with a high durability factor. We as an industry need to make that accessible."

### Multi-purpose Furnishings

"Multi-purpose and multi-function furnishings are a definite

Kerrie Kelly Design Lab has ongoing product collaborations with Feizy Rugs and Coyote Outdoor Living (image above). Also, Silestone, Go Home, Ltd., Whyte & Company & Tilebar. 42nd Street Design sells a private label casegoods furniture line as well as upholstery pieces and smaller accessory items like pillows, candles, and gifts.

product advantage trend. A dining room chair can be moved with ease into a family room when it's game night, and everything still looks great together. It's a consumer benefit to feature pieces that can be adapted and re-purposed in other settings.

"Rooms can be designed to be a bit like the W Hotel. When you enter the first floor, there's a bar and a lounge area, and it looks perfectly set at seven o'clock in the morning. But come five o'clock, someone's dragging up an ottoman, and someone's bringing up another chair, and now there is an intimate area for two or a group setting for 12. All those pieces can move around and morph into something else.

"We are also seeing an interest in products offering greater performance, allowing people to entertain, kids and pets included, with everyone being able to join in the fun without damage to furniture finishes, fabrics, and rugs."

"The baby boom generation is challenging because many don't want to admit that they are aging. Retailers and designers are missing out if they don't begin to address this segment of the population."

### Industry Collaboration

We asked Kerrie about collaboration in the industry.

"Although there is a place for celebrity designers who don't have a deep background in interior or product design, the focus of many brands has evolved to understand that if they work with the interior design industry, they need to collaborate with designers who have a client base and some expertise in working with products.

"For example, I work with Feizy Rugs, and I feel like I can contribute to the rug conversation. I can tell our story here in California with their outdoor line, and create products that are right for how we specify products for clients today.

"As designers work with clients, we discover gaps in the offerings of the brands we specify and love. There are moments, even with great brands, when we wish they would have 'this' product – or think, 'If only we could have 'that' item.' Today's designers feel more comfortable pitching design ideas to manufacturers, and more manufacturers are embracing those ideas."

### Establishing Trust

How can retailers maintain old-fashioned trust in a world of online retailing?

"It is essential for retailers to have a robust online brand presence. Although people often say, 'I have to sit in a chair before I can buy it,' the fact is that people are more comfortable with shopping for furnishings online than ever before. There is the advantage of allowing potential buyers to consider a look or an aesthetic without sales pressure. Buyers can take time to



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### "People come into our shop

use their Amazon app, take a picture, and then try to find the item elsewhere for less. They also want to tout that they shop locally, which can be an opportunity for us."

search for what they want at their specific price point.

"It may be that they just visited a store, or are only shopping online. Either way, when they do decide (perhaps at 11 o'clock that night) to buy that sofa, it's possible to capture the sale. Consumers want instant gratification, and e-commerce offers just that.

"To establish trust, sometimes getting back to basics is the answer. With all that people deal with in their lives, it is surprising and gratifying to encounter someone who does make the time to take that extra step. Whether it's a retailer who writes a thank-you note, or one who provides excellent service and follow-through, they have found the keys to building a relationship."

then try to find the item elsewhere for less. They also want to tout that they shop locally, which can be an opportunity for us.

"We find that Baby Boomers are looking for furnishings that are more sleek and simplified. They have a design aesthetic that most Millennials want, but usually can't afford. The boomers have the money, which makes them prime targets for furniture retailers.

"Some Millennials do have the means to buy quality, but often quality is not as big an interest for

### TRENDS



### Changing Consumers

We asked Kerrie if she thought that consumers have changed.

"Especially when working with the millennial market, loyalty is a different proposition. People come into our shop in midtown, use their Amazon app, take a picture, and

Marvelous Marblina: One of Kerrie's favorite trends at the last High Point Market was the use of marbling as a pattern. Artist Jill Seale handcrafted the art you see on the gallery wall (top image), paired with a rich organic olive and soft gray blues.

Velvety Vibrants: Fun textures and truly vibrant gemstone colors. Think fuchsia velvets on ottomans or multitoned boucle fabric with accent chairs, even a rich emerald green tufted couch. Intense hues can be overwhelming, so you may want to start small with a blanket throw or a single chair.

Farm House: There's so much white with the farmhouse look, that people are finding it hard to maintain. They want to add color to their





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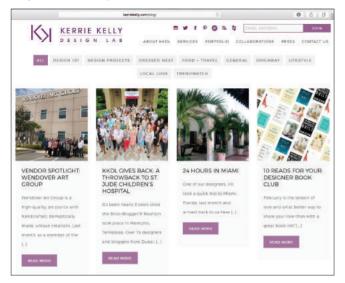
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"We present lots of aspirational content in features like 'Steal Our Style,' and 'Get the Look ' We also have a little feature we call 'The Dressed Nest' that details what it looked like before, and the layers that were added."

them as speed. We find that many don't want to wait 12 weeks for a sofa to be made. We try to convince them it's worth the wait, and we talk them through the pros and cons to find what's important for each individual."

### TRENDS: Emerging

How do you see trends emerging? And which ones do you foresee will influence the industry both as a whole and in specific areas?

"Anyone in the design end of our business can benefit from getting beyond their four walls. For me, finding inspiration always involves meeting with people and traveling. It can come from anywhere. The trends in fashion are important to watch as a forecasting tool, and going to markets, like High Point, Vegas, Dallas, is always key. A wealth of knowledge and ideas can be collected to share with clients and customers.

"International shows are important as well. Trends I see in Milan are about three years ahead, versus High Point at about six months. It's both fun and useful

to plan for those trends coming down the pipeline, and forecast how European trends will translate in North America.

"At the Milan show a few years ago, for example, we saw a huge trend of contrast: shiny and matte; black and white. Knowing that this trend would come here in perhaps three to five years, we started using navy blue because we knew that our clients could feel comfortable with a classic navy, but weren't ready for the harsh contrast of black and white. The plan became to transition our clients into those darker tones over time.

"European designers are often style leaders because they tend to be rooted in a rich history of classic design. It's proven to be a great launching point for them to bring their designs into the modern day. I am inspired by what I see in Europe and how they turn everything on its head - it's a great source of ideas for designers and retailers. There is innovation coming from the United States as well. Here in California we are showing people how to live well, especially when it comes to outdoor living and wellness."

### TRENDS: Styles and Furniture

"Chip and Joanna Gaines have had a huge influence on the market when it comes to style. While the farmhouse style continues to be popular, people are looking for something a bit different. There's so much white with the farmhouse look, that people are finding it hard to maintain, especially with growing families. They want to add color to their space.

"We are seeing dark colors like charcoal used on walls with con-

"Some Millennials do have the means to buy quality, but often quality is not as big an interest for them as speed.

We find that many don't want to wait 12 weeks for a sofa to be made."



# LAZZARO

LEATHER

Contact Laurie Cryan • lauri@lazzaroleather.com • 336.884-0184

### TRENDS



Peaceful Oceanside: Sherwin Williams' 2018 color of the year is Oceanside. This is a great color choice for any palate, and ties into the jewel tone trend. Mix metals with this color for sparkle and pop. Paint an entire living room this rich color and mix in shades of green and fuchsia. Or tone it down with cream or charcoal.

Blushing Twilight: One unique color combination seen this year was the sophisticated combination of navy blue and a soft blush pink. This pairing is easy to pull off, and surprisingly timeless.

Flouncy Florals: Florals are always on trend, but this year Kerrie noticed heavily saturated, big blossomed prints with lots of contrast. They were everywhere, but most notably, in large billowing fabrics, used in curtains, wallpapers, and of course club chairs and pillows. Colorful florals on a dark background for a couch or large art piece can make a bold statement.





"Navy blue is the color of the decade. I am seeing and using white paired with navy blue for a crisp effect. To that we're adding metallics."

trasting honey-colored furniture. There are large-format florals in both wall coverings and fabrics. Saturated jewel-tone velvets provide brilliant pops of color, while a more muted contrast of navy blue and blush remains a classic. The art of faux marbling is re-emerging in both art and fabrics.

"Oxidized elements, in tile, artwork, and wall treatments, were everywhere in the January markets. Retailers can easily incorporate this trend by featuring indoor or outdoor furniture with oxidized metal elements. Coffee tables, for example, with metal frames and metal accents can be a good addition to the sales floor. Retailers should look for metals like copper that achieve beautiful blue and green patina shades over time."

### TRENDS: Mixing It Up

"Today there is more room for being eclectic, and the line is being blurred between indoor and outdoor living. We ask clients the same questions when it comes to outdoor living as we do for indoor spaces, because there are new fabrics, materials, and design elements that perform well in both environments. From a design perspective, it allows us to pick a palette for an entire house that spills outdoors, visually and physically expanding the square footage."

### TRENDS: Color and Comfort

"I still say that navy blue is the color of the decade. I am seeina and using white paired with navy blue for a crisp effect. To that we're adding metallics. We also encourage people to consider the fifth and sixth walls of their rooms – for furniture retailers these are often neglected. Look up, and there can be statement lighting, or maybe even wallpaper on the ceiling. And then down on the floor an impactful statement can be made with indoor or outdoor rugs.

"People are more willing to add a little personality to their outdoor spaces. The Coast to Coast collection we created for Feizy has a chain link pattern and bold, bright colors that come from nature. They have a playfulness to them.

"People want their spaces to be cozy and inviting, playing into the Hygge trend. For those who choose a farmhouse look, adding texture is vital to develop personality and interest in a space. In addition, low-maintenance, durable furniture is becoming available at a wide range of price points. Innovation in areas like printing technology and

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## KERRIE KELLY

linen-like polyester fabrics means durable does not have to be dull."

#### TRENDS: California Style

"People, especially those who live in California, aspire to simplify, to live in smaller spaces as opposed to McMansions. There is energy behind the 'lock and leave' concept: low maintenance homes that are easy to lock up, allowing their owners not to worry too much about what goes on while they are away. We do a lot of bachelor pads that end up being really wonderful spaces, townhouse-type or loft concepts - perfect for people who travel frequently."

#### TRENDS: Sustainable

"Psychologically, sustainable design consciousness is trending. While feeling powerless because

of world events. clearing possessions becomes something a homeowner can do to reassert control. It rewards them with the notion that they can do something at home that won't cost money, and can even give back to the community by recycling or selling their items. Emotionally, they feel better, and visually they can see the impact in their homes.

"Retailers can take advantage of this trend by showing vignettes that are clean, simple, and organized. They can encourage a clutter-free environment that supports a shop-

"The everything-inits-place mentality fits both Millennials who like the Instagram worthy home, and Boomers, who are shaping and editing the empty nest."

per's lifestyle. This everything-inits-place mentality fits Millennials (the Instagram-worthy home) and Boomers (shaping and editing the empty nest) alike.

#### TRENDS: Wellness

"We Americans are spending more than 90 percent of our time indoors, and it's becoming evident that there's a huge disconnect between us as human beings and nature. Our bodies were created to be outside and moving, not sitting at desks for eight hours a day.

"True wellness is accomplished by improving things, like air and water quality, and by designing acoustical, mental, visual and thermal comfort. Lighting, for example, can greatly influence our health and biological functions. Light influences many different parts of our bodies and dictates our sleeping patterns. The introduction of

> circadian lighting that mimics natural lighting, is helping to ground us as human beings within our work environments.

"Retailers can be a part of this trend by offering furnishings that encourage wellness indoors and out. Sustainable fabrics and materials enhance this part of the wellness story."







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## TOP LINE PERFORMANCE

by David McMahon

oes your total Gross Margin after deducting Cost of Goods Sold give you a full performance picture?

Your long-term business success largely boils down to two critical elements; Margins and Sales Growth. Margins determine how much a business has left over to pay for operating costs and yield a profit to produce cash. Margins are key to achieving viable retail sales levels.

If a furniture or mattress retailer with total retail sales of \$10,000,000 per year is making 50 percent gross margin on its financials, is it performing well?

You may think so. But, the truth is, maybe not.

It depends if the business is leaving anything on the table. Could it be performing better in any particular area? The question we will examine in this article is: Does Total Gross Margin after all Costs of Goods Sold are deducted, give a full performance picture?

I don't believe it does. There is a better approach: Realized Gross Margin.

#### A Better Approach

Using the example of a hypothetical \$10 million company (we will call XYZ furniture), let's look first at how a lot of home furnishings retailers calculate their topline performance.

Checking the figures in Table #1 on the following page you can see that this company has \$5.05 Million after the costs of its sales to pay for all operating costs, right?

Well, maybe, but likely not. This would only be true, if all sales transactions were physical cash. A big part of sales in retail comes with extra cost such as those incurred with financing third party, long-term and customer credit

"Implementing a plan to produce top industry results translates to a greater share of every sales dollar being left over to produce profit."





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## "In this example, XYZ Furniture

added 2.6 percent additional Realized Gross Margin, an increase of \$410,000 from \$4,650,000 to \$5,060,000."

card debt. Any financing on sales comes with a direct cost to sales. Generally, the longer the term, the higher the cost to the business. These fees are not shown in Table #1. Instead, they are normally listed amongst day-to-day operating costs, and are not obvious.

This traditional way of top-line performance tracking (Table #1) lists all retail sales together. It is a correct way to do it accounting-wise. It does not, however, highlight the importance of the most profitable products that furnishings retailers often provide to their customers: Product Protection Plans. For this reason, businesses that I work with, separate protection sales and cost of sales from all other sales on their profit and loss statements. Protection sales are that important!

#### Realized Gross Margin Model

Here is how XYZ Furniture's \$10 million business you reviewed in Table #1 might be evaluated using the Realized Gross Margin Model shown in Table #2.

You might say, "The results are the same. What's the point?"

Technically you would be right. Bottom line, the results are the same. But the point is, that by tracking closely, rather than hiding critical metrics, there is an opportunity to improve bottom-line retail performance.

With the traditional method of tracking Gross Margin, XYZ's management might come to the assumption that top-line performance is excellent. Then, they might also wonder why their business is having difficulty producing

a decent bottom-line profit.

Conversely, with the Realized Gross Margin method in Table #2, it becomes clear that after deducting non-employee, associated selling costs, margins are much less than originally thought. It is also clear that product protection produces a large share of gross margin percentage-wise.

So we now know that XYZ Furniture is an example of an under-performing operation on the top line that has an opportunity to dramatically improve in the following ways.

- •The company should be getting a significantly greater percentage of sales and margin from selling protection plans.
- They could probably get a higher margin from retail sales.

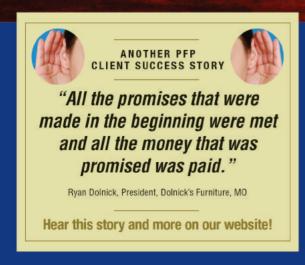
Table #1: XYZ FURNITURE	Dollars	Percent of Sales
Sales		
Sales - Retail	\$10,000,000	100%
Cost of Goods Sold		
Cost of Goods Sold	(\$5,000,000)	(50%)
Gross Margin		
Gross Margin	\$5,000,000	50%
Discounts and Fees		
Vendor Discounts Earned	\$50,000	.5%
Realized Gross Margin		
Realized Gross Margin	\$5,050,000	50.5%

"This traditional way of top line performance tracking (Table #1) lists all retail sales together."

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## TOP LINE PERFORMANCE

Table #2: XYZ FURNITURE	Dollars	Percent of Sales
Sales		
Sales - Retail	\$9,800,000	98%
Sales - Purchase Protection	200,000	2%
Sales - Total	\$10,000,000	100%
Cost of Goods Sold		
Cost of Goods Sold - Retail	(\$4,940,000)	
Cost of Goods Sold - Protection	(\$60,000)	
Cost of Goods Sold - Total	(\$5,000,000)	50% (50.41% on Retail, 30% on Protection)
Gross Margin		
Gross Margin	\$5,000,000	50% (49.59% on Retail, 70% on Protection)
Discounts and Fees		
Vendor Discounts Earned	\$50,000	.5%
Credit Card Fees	(\$1,000,000)	(1%)
Finance Company Fees	(\$400,000)	(4%)
Realized Gross Margin		
Realized Gross Margin	\$4,650,000	46.5%

Table #3: XYZ FURNITURE	Dollars	Percent of Sales
Sales		
Sales - Retail	\$9,800,000	95.2%
Sales - Purchase Protection	\$500,000	4.8%
Sales - Total	\$10,300,000	100%
Cost of Goods Sold		
Cost of Goods Sold - Retail	(\$4,700,000)	
Cost of Goods Sold - Protection	(\$100,000)	
Cost of Goods Sold - Total	(\$4,800,000)	56.6% (48% on Retail, 20% on Protection)
Gross Margin		
Gross Margin	\$5,500,000	53.4% (52% on Retail, 80% on Protection)
Discounts and Fees		
Vendor Discounts Earned	\$50,000	.5%
Credit Card Fees	(\$130,000)	(1%)
Finance Company Fees	(\$360,000)	(3.5%)
Realized Gross Margin		
Realized Gross Margin	\$5,060,000	49.1%

• Finance fees overall could likely be reduced.

Protection margin should outpace finance and credit card costs. If this were the case, Realized Gross Margin would improve, as would XYZ Furniture's cash flow. This is all doable without negatively impacting sales. The business, in fact, would probably grow sales and margins simultaneously, due to a renewed focus on sales skills training for protection plans that would positively affect furniture sales.

Although I'm not going to go into detail here, sales commissions should also be looked at with respect to margin performance, even though they are not part of the Realized Gross Margin equation. This is due to the variable component of commission expens-

#### Added Value Actions

If this tracking helped lead to the value-added actions, we would likely see results like those shown in

"Finance company fees can be reduced

using best practice merchandise and selling techniques discussed in earlier articles."



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## "Fifty-two percent

Gross Margin on all retail furniture and mattresses has been proven obtainable through a variety of best practices."

#### Table #3 including:

- Retail sales are unaffected by selling a greater percent of product protection. This result would apply to all business models: High-end, special order, value-priced, contemporary, transactional-type, traditional.
- Four percent plus of a Furniture Store's volume should be from protection. Ten percent of sales volume is possible.
- Fifty-two percent Gross Margin on all retail furniture and mattresses has been proven obtainable through a variety of best practices.
- Eighty percent Gross Margin

- on protection should be the standard, given proper pricing schedules.
- Over 53 percent Gross Margin is achieved with this model.
- Credit card fees here are held constant at one percent of total sales for the purposes of this example.
- Finance company fees can be reduced using best practice merchandise and selling techniques discussed in earlier articles.
- The spread between protection and finance and credit card fees should add to Realized Gross Margin.
- Realized Gross Margins over 49 percent should be sought by all

furniture and mattress operations. There are cases that land well over 50 percent, so there is room for improvement in XYZ Furniture's performance outlined in Table #3.

#### Conclusion

In summary, expanding the traditional Gross Margin equation and tracking Realized Gross Margin, can highlight important improvement areas. By implementing a plan based on this information it is possible to produce top industry results to grab a greater share of every sales dollar being left over to produce profit. In this case that was 2.6 percent additional Realized Gross Margin produced with a \$410,000 per year increase. Your case could be more or less than this, depending on your unique situation. Either way, I can guarantee you one thing: if you monitor Realized Gross Margin closely, you will find some untapped potential, and possible low-hanging fruit.

About David McMahon: David McMahon, CSCP, CMA, EA is VP of consulting and performance group at PROFITsystems, a HighJump Company. David directs four performance groups, the Kaizen, Visionary, Gladiator, & TopLine groups as well as multiple consulting projects. He can be reached at david.mcmahon@highjump.com.







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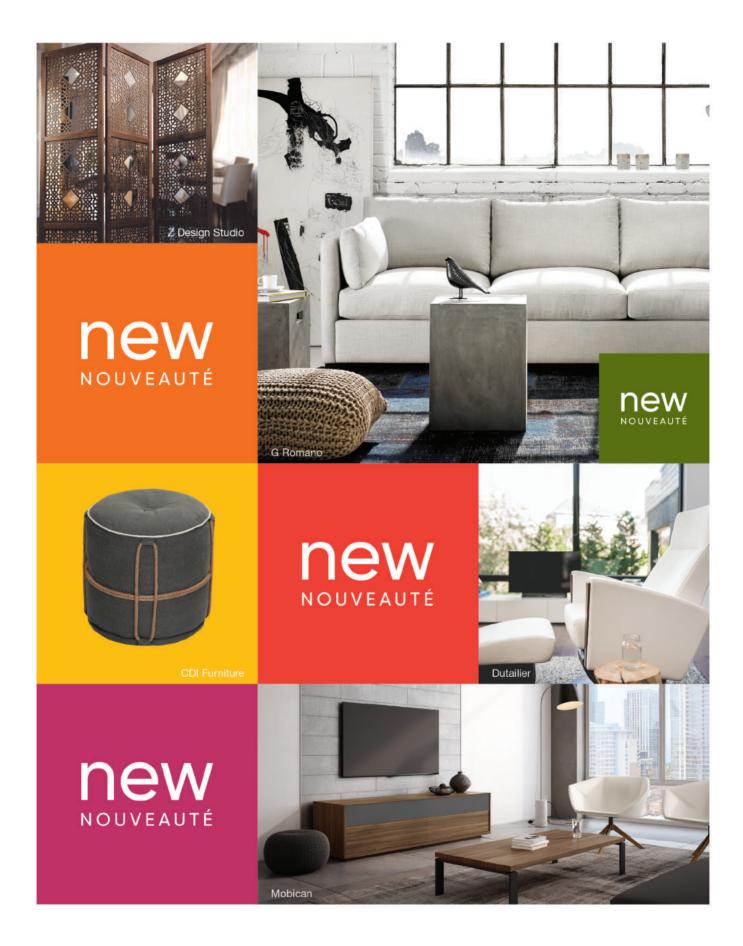
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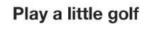
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## THE ARRANGEMENT

#### Retail at its sustainable best!

by Janet Holt-Johnstone

exas retailer provides "The Best of the New West" with an elevated design sensibility, a commitment to customer service, sustainability and conservation.

The Arrangement sprang into action more than three decades ago, led by Katherine Snedeker, founder, president and interior designer. Winner in 2016 of the National ARTS Award for Best Furniture Showroom in the United States, The Arrangement, in the fall of 2017, then achieved the Sustainable Furnishings Council's coveted #GetYourGreenOn accolade, the Sustainable Design Excellence Award.

This spring Katherine was responsible for the renovation of one of the Platinum Level clubs at the American Airlines Centre in Dallas, executed entirely with sustainable and environmentally responsible casual luxury furnishings, all designed by Snedeker and crafted from natural and reclaimed materials. The Centre itself, home base of the Dallas Mavericks and the Dallas Stars, has won many architectural and design awards.

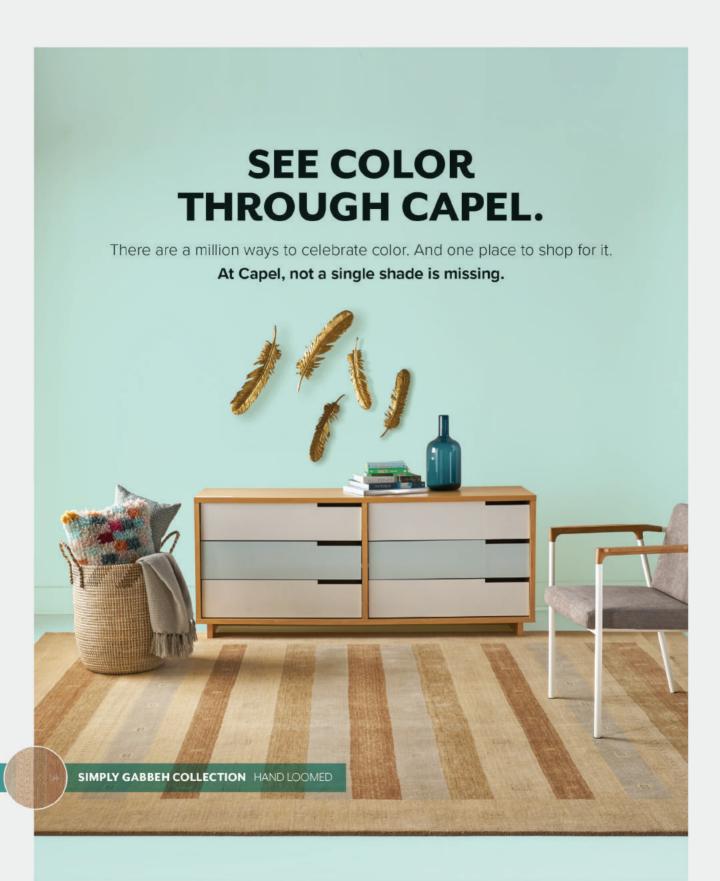
At The Arrangement's two locations, Dallas and Houston, each with 15,000 square feet of showroom space, Katherine and her Team offer her own line of the truly unique, a distillation of western heritage once "mom and pop" home furnishings elevated to exciting, bespoke highend, elegant interpretations of inte-

rior spaces and furnishings. What Arrangement calls, "The Best of the New West".

#### Inspired Sustainable Design

The link with SFC totally compliments Katherine's philosophy and commitment to recycling and responsible design. "The spirit of all the visual elements of the American West are pure inspiration and the message of The Arrangement. Modern, clean lines with fundamental rustic materials creating a noteworthy visual impact is our daily mission, we're committed to sustainability and conservation, reducing

"We call it 'Saving the Universe one beautiful, sustainable room at a time'. That's our mission and we take it seriously, but we make it funny and enjoyable."



our carbon footprint at every possible turn."

#### Funny and Enjoyable

The people of The Arrangement are "Proponents of healthier, happier, sustainable interiors. We spend a lot of money educating our clients. We invite them to lectures and classes and events so that they can learn more about the sustainable movement. We call it 'Saving the Universe one beautiful, sustainable room at a time'. That's our mission and we take it seriously, but we make it funny and enjoyable. We don't beat them over the head with it!"

Since the very beginning, Katherine has been seeking that inspiration and the superb craftsmanship of travels or is designed by Katherine regional western artisans and oth- and made to her specifications. ers from around the world. She As a member of the Sustainable works with small guilds designing Furnishings Council, Katherine top quality one-of-a-kind pieces. makes sure that she is keeping She designs and curates every item our planet green by insisting on health and well-being of the inhab-

The furniture mix includes reclaimed elements for her products." woods from England, Brazil and the American West. Recycled wood from old demolished Brazilian factories are fashioned into living, than most. More than 40 percent dining and bedroom pieces. Beams of our offerings are verified susare harvested from castles. Roots tainable. We love salvage, finding are dug up after trees have been things and turning them into furcut down. Sometimes buying salvaged materials involves rummaging through piles of debris, digging to find the best pieces! The result, furniture with stories to tell, intrinsically a part of history.

Said Cheryl Davis, Arrangement's hands-on director of marketing, "Katherine is the sole buyer. She attends markets that focus on vendors who are members of The Sustainable Furnishings Council. However, most of our extraordinary product is found through her in The Arrangement's showrooms. reclaimed wood, copper and other itants", explained Katherine. "When

Katherine continued, focused on rustic modern furniture that is bolder and more custom niture. We don't do cookie cutter. Our clients come in every couple of months to see what's new."

The 2017 SFC Award celebrated Katherine's re-purposing of a 1978 storage warehouse for residential use. She chose to feature product lines from SFC members Feizy, Classic Home, Phillips Collection, Loloi and Vanauard Furniture.

Described as "open, airy and one-of-a-kind", the site presented many unexpected challenges. Environmental soil testing and asbestos removal was necessary. as well as a customized retractable window shade system to block sunlight and to insulate in the winter.

"The upmost issue became the





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The Arrangement's message is focused on how to make every space casual, elegant, sustainable and noteworthy. Stores are located in Dallas and Houston.

we discovered asbestos on some of the building surfaces, we followed EPA hazmat standards for removal of the contaminated surfaces. The environmental footprint took on greater importance as we progressed, refining the intent of the project, and being as eco-minded as possible.

"The design aesthetics were critical, too, as open great room spaces are difficult to make intimate and welcoming. Muted colors of antique wool rugs were used as the foundation of the design. Responsibly sourced wood-and-steel live-edge tables are easily clustered together or separated depending upon the client's needs. And the 12-foot wood slab sofas are backed by recycled metal and covered in low-emission fabrics with a high cotton content."

Said Cheryl, "We have leveraged the SFC Award into a major marketing platform focused on disseminating the 'what's it made of' pledge."

Just in case you're wondering about the origin of the compa-

ny's appellation, it developed from Katherine's revelation that "the placement of pieces is what makes any room inviting and inclusive, hence the name 'The Arrangement'."

Cheryl described the Team's special response to their clients. "The Arrangement provides concierge service to each guest. They are greeted promptly, offered refreshments and given a tour of the store while sharing a brief history of The Arrangement and its owner/interior designer. Design services are executed, including taping out the client's space on the showroom floor and inserting furniture so the client can see a room as it would actually look in their home."

(The showrooms' eco-friendly status, "Since 2005, the showrooms went from incandescent to compact florescent to LEDs. At this same time, we also started using wind energy. So it's a great environment in which to interact!)

"Once a purchase is made, an appointment is scheduled for The Arrangement to oversee the completion of the in-home installation. On completion, the room/home is party-ready for any event, or for the homeowners to sit back and enjoy their luxurious new space.

"We regularly make house calls to do complete installations or resolve any customer service issues. We also bring items that customers are considering so they can visualize them in their space before making a final decision.

"Our design services and installation services are complimentary. The Arrangement's focus over the years has been to deliver products and a level of customer service that changes the game on how people shop for furniture."

This coming The year, Arrangement is focusing on "streamlining the purchasing process for customers and increasing efficiency, starting by upgrading our technology with a new POS system that will allow us to create visual selling tools and better incorporate our e-commerce platform. This will remove a lot of friction from the buying process and improve customer relations. And we have hired a consultant to assist us in the implementation process to ensure a seamless transition."

Katherine's vision encompasses giving clients the ability to order custom furnishings that tell a story for them. She is a pioneer in the

# null furniture

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8-Piece Collection - Coffee Bean Finish Beveled Solar Bronze Inset Glass - Aged Bronze Drawer Pulls Three (3) Cocktail Tables To Fit Any Room Size

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6-Piece Collection - Driftwood Finish
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"Magazine and television advertising continues to drive our sales. Our customers' appetite for visual images motivates them to routinely come into the store with the pictures on their phone or in hand."

creation of a store environment that encourages clients to participate in the entire process.

Assembling just the right people as Team members can be challenging, but Cheryl said, "The Arrangement always has room for ethical, creative, hardworking, loyal talent. Although we use standard recruiting techniques, we do rely on our reputation to pull talent into our company. The Arrangement is known for its hardworking, fun-loving, well compensated loval employees! This reputation brings excellent candidates to us, which makes the recruiting process very pleasant and effective.

"We provide exceptional benefits and bonus plans for our approximately 30 full time employees.

"Integrity and hard work are at the core of everything we do. Whatever it takes we do it together! We endeavor to go the extra mile and constantly strive to increase the scope of our influence both inside and outside of the company. We have a culture of celebration that drives a sense of belonging for anyone who chooses to join us. And we promote from within. We have had staff move from the warehouse to the sales team because they showed the desire and the natural ability. Humor is honored and encouraged each and every day. Enjoying what you do is a career, no matter what it is.

"Most of our employees have

been with us five, eight, 13 years."

"Our Design Team represents our dedication to creating a custom, seamless experience for each client. The Team attends design seminars on a monthly basis to learn new concepts, furniture and trends in the market.

"And our Stock and Repair team also attend training regularly to learn how to fix and repair merchandise in addition to learning how to set and stock the showroom floor.

Marketing for The Arrangement is broad spectrum and lively. Cheryl's expertise, "Although The Arrangement uses multiple channels for marketing such as TV. social media, periodicals, direct mailing and monthly newsletters sent via email, our most successful marketing is done by our amazing clients referring family and friends. The Arrangement has generations of clients that shop with us now and have for the past 30 years. We have clients of all ages that come to us and exclaim, 'I can finally take this off my bucket list! I've waited my whole life to have my home designed and installed by The Arrangement!'"

Some analysis. "Magazine and television advertising continues to drive our sales. Our customers' appetite for visual images motivates them to routinely come into the store with the pictures on their phone or in hand. Our message is focused on how to make every space casual, elegant, sustainable and noteworthy. We are always highlighting what is new and reasons to stop by.

"Via snail mail, our target marketing for direct mail is new homeowners in metroplex areas. With each mailer we introduce ourselves. to potential new clients and aim to cover all major categories, living, dining, bedroom and one accent statement piece from a top selling category. The response rate to our direct mailers is astounding; it has doubled our complete home sales per month. Customers have commented that they are so inspired by our mailers that they feel confident we can complete their entire project. Traffic across all channels increases dramatically once a brochure is sent.

"Each guest is greeted promptly, offered refreshments and given a tour of the store while sharing a brief history of The Arrangement and its owner/interior designer."

#### THE ARRANGEMENT





The Arrangement's marketing philosophy is to communicate their message through beautiful print, digital and social media materials that transmit the visual narrative. They offer a highly edited selection of bespoke interiors that are curated in beautifully displayed in-store vignettes.

"Our billboards. We have a taraeted billboard advertisement in the exclusive Galleria area, located at our exit on a major toll road in order to capture immediate traffic. Our viewpoint for outdoor advertising is to introduce ourselves to customers as the ideal resource for uncommon décor. The message entices drivers sitting in traffic to come experience our exclusive, beautiful handcrafted furniture. We use lifestyle interiors, humor and heartfelt community messages to engage customers in their daily commute. Our clients regularly mention our billboards when working with our sales teams. We rotate our message at minimum sixteen times per year or more frequently for special events or social media campaigns.

"We made a push into social media and email this year rolling out a new email campaign each

month with a 60 percent open rate and 24 percent click rate. We have an active and growing base of followers that we engage through visual stories on Instagram, blog posts with videos and tweets. Katherine hosted a series of educational videos designed to instruct people on how to decrease their carbon footprint, cut costs and create a healthier home environment by minimizing unhealthy materials in living spaces. The videos increased our following by 50 percent. We continually revamp our website as more customers are visiting us digitally.

"Our outreach, we work through multi-channels including hosting events.

"By co-hosting a booth at Earth Day Texas we engage consumers, educating them on cost saving opportunities that provide a health benefit in their home. Our market"Our clients regularly mention our billboards. We rotate our message at minimum sixteen times per year or more frequently for special events or social media campaigns."

ing message was 'Sinner or Saint', what is your carbon footprint and ways to improve it. Attendees at the event loved the buttons and were highly engaged in finding out their footprint!

"Our resident team mascot, Dirty Monkee, attended Market at High Point, North Carolina, this year.

## "We have leveraged

the SFC Award into a major marketing platform focused on disseminating the 'what's it made of' pledge."

Since he is very focused on deforestation, he is an official registered buyer at our showroom!"

#### Community Outreach

"The Arrangement in both Dallas and Houston is very active. From

"Our marketing message was 'Sinner or Saint', what is your carbon footprint and ways to improve it. Attendees at the event loved the buttons and were highly engaged with finding out their footprint!"

hosting events in one of our showrooms, donating items to auctions, to buying steers at the Houston Auction, The Arrangement gives back to the community and philanthropic organizations 'round. We're committed to being a responsible neighbor.

"During the devastating floods in Houston last year, Katherine called each employee to make sure they had food, shelter and water. She then reached out to clients to make sure they were secure and safe.

"Her next call was to The Houston Furniture Bank, asking when she could start sending truckloads of furniture to help those in need. She continues to send furniture, and was recently honored by The Houston Furniture Bank for her generous, ongoing donations.

"Other organizations that The Arrangement partners with include The American Heart Association, Equest, SPCA, Breast Cancer Research Foundation, Living for Zachery, American Veterans and Habitat for Humanity.

"Citizens for Animal Protection (CAPs) in Houston came to our attention via a client. They're devoted to the care and fostering of all animals. We sponsored a fund-raising meeting providing music, catering and fun. The CAPs group sold bottles of wine, their goal was 30 bottles. Not only did the event hit the target but we exceeded the goal by an additional 20. And celebrity dogs attended the event!

"We also sponsored an event for US Vets Houston, funding the meeting and donating furniture for their community space as well as an auction item that raised \$6,000 for the organization. This was inspired by our experience at the 2017 ARTS/IDS Conference. The community project included installing lighting, art and accent items for US Veterans housed at the US Vets Phoenix organization.

"And for the last 10 years, we've supported the Houston Livestock & Rodeo. Their auctions raise money to sponsor Texas youth that





Katherine Snedeker founder, president and interior designer at The Arrangement with Susan Inglis, Executive Director of the Sustainable Furnishings Council (I-r) at Earth Day. The retailer engages consumers educating them on cost saving opportunities in their home.

Plaza Suites - Ground Floor HFA Retailer Resource Center

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participate in Future Farmers of America in order to help them attend college. The participants work throughout the year to attend the auction and only 17 percent of students qualify."

"Katherine has become a certified GREENleader, taking certification training courses annually. And she has shared this training with her staff. She also speaks on several panels discussing the importance of conservation and utilizing reclaimed materials.

#### The Sustainability Pledge

We remain committed to responsible design and conservation through creating sustainable furnishings and reducing our carbon footprint. We do so by ensuring our products do not have chemical off-gases and by promoting conservation at every point in our supply

chain. We reuse salvaged elements in a re-imagined way to reduce our impact wherever possible.

Dirty Monkee (left), attended Market in

he is very focused on deforestation.

High Point, N.C. this year. He is an official

registered buyer at The Arrangement. Dirty Monkee is also their sustainability mascot as

"Our partnership with the American Airline Center is an additional marketing channel for us, an exciting opportunity as we are reaching new customer demographics. We have already received interest and orders since the soft launch.

"And we have increased our commercial design work, crafting inspiring lobbies, executive offices, athletic clubs and local banking chains. Our philosophy when designing corporate spaces is to revolutionize the commercial design concept, adding scale and creating environments that express the company's culture through the dialogue of the furniture.

"The response has been overwhelmingly positive. Commercial clients love our take on making their office space interesting, grand and expressive of who they are."

Said Katherine, "The new consumer cares. I believe Millennials are looking for a reason to purchase and for them it's about a lot more than price. At the same time, Houston was hit hard by Hurricane Harvey and our clients now are re-designing and re-thinking their homes, not just making them whole again. They are seizing the opportunity to update and change things, and I think we'll see even more focus on sustainability in 2018."

And Susan Inglis, Executive Director of the Sustainable Furnishings Council, added, "Katherine Snedeker at The Arrangement has made good use of SFC's educational programming, herself earning GREEN Accredited Professional and also providing SFC training to her sales staff and buying team.

"Katherine is making a difference in Texas and throughout her complex global supply chain. Others will profit in following her example!"



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# get more

by Larry Mullins

ou can teach your retail home furnishings business to market itself, so you can harness the magic of word-of-mouth marketing and referrals.

The other day I was at Home Depot when a special display caught my eye.

It was for a fancy titanium gardening tool. It was about time to trim my one crepe myrtle tree. But I just couldn't make up my mind whether to buy the new tool on impulse or just forget it. I read all the hype printed on the packaging ("Super Blade Technology; 32 inch Power Gear By-Pass Zapper; Two-Inch Capacity.") But I just couldn't decide. Suddenly some guy came by and said: "Get it. It is the best tool I ever bought. You'll love it." Then this stranger was gone.

Yes, I bought the titanium wonder and had no regrets. But, how is it that a total stranger influenced my purchase? That is the magic of referral and word of mouth marketing, the subject of this article.

#### A Tragic Referral Reality

According to a marketing survey of several thousand small businesses by author John Jantsch, 63.4 percent of the owners felt that over half of their business came from referrals. But of that same group,

79.9 percent admitted they had no system of any kind to generate referrals.

I found this puzzling. How is it that business owners are aware that referral marketing accounts for over half of their business and yet they do nothing to take advantage of it? Consider this explanation from one of the business people John Jantsch interviewed for his book, "The Referral Engine."

"We have trouble getting and asking for referrals from our customers. We ask and they say, 'I'll keep it in mind.' When we offer an incentive we still get nothing. Because of that, we just don't ask!

"How is it that business owners are aware that referral marketing accounts for over half of their business and yet they do nothing to take advantage of it?"

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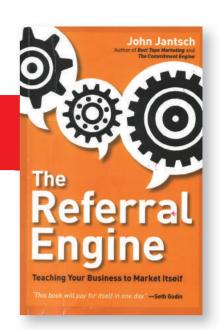
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## "How does your staff

answer the phone? If you are letting them wing it you may be missing an opportunity to make a favorable first impression. When that opportunity is gone, it's gone!"



I would think getting referrals from happy customers would be easier!"

Jantsch drilled down deeper in his survey. He heard many excuses for failing to get testimonials and referrals such as fear, they didn't think to ask, etc. But, the bedrock truth he discovered was:

"You know how powerful a referral can be, but you're not doing anything worth being talked about. Or, if you are, you lack an authentic and systematic approach to stimulating conversations, collecting leads, educating prospects, and converting those referrals into customers."

Certainly, most furniture store independents could report a similar experience. But, so what? How important are referrals in the business cycle? The late Jay Levinson (author of "Guerrilla Marketing") put it this way:

"Marketing is absolutely every bit of contact any part of your company has with any segment of the public. Guerrillas view marketing as a circle that begins with your ideas for generating revenue and continues with the goal of amassing a large number of repeat and referral customers."

This article will show you how

to start teaching your associates how to create a business that markets itself. Not by linearly adding customers, but rather by enlarging the size of each ticket, generating more repeat sales, and embracing the massive referral power of your happy customers to add new ones.

#### The "Touch Cycle"

Disney created his brand largely by providing his staff with scripts. For example, the very first opportunity you have to impress a prospect that yours is a different kind of store, may be the first time they call you. How does your staff answer the phone? Do they have a script or do you let them wing it? Here is an example of an excellent one: "Hello! It's a great day at Leather by Design! My name is Jane... how may I help you?"

If you are letting them wing it, you may be missing an opportunity to make a favorable first impression. When that opportunity is gone, it's gone! Check the Customer Touch Point exhibit in this article. The base of the triangle includes a list of business areas where scripts may help to achieve your goal of creating an automatic referral system.

#### What Makes You a Different Kind of Furniture Store?

I asked this question to a client and he quickly replied: "We are a different kind of furniture store because we are a hometown, family owned and operated business, and we obsess about customer service." That is his story. It has the potential of being buzz-worthy. This client does have a buzz-worthy Facebook presence and 44 fivestar reviews. Content is king, and when a retailer is able to provide information to prospects that will improve their lives, he or she will become a trusted source of information.

Every year, home furnishings

"A balance between online and offline is necessary. There is danger in relying solely on one or the other."

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## retail V

## REFERRALS

retailers who attend major and regional wholesale markets return home with a great deal of new information about new designs, trends, furniture designers, finishes, features and benefits. Some may share a watered down version of this information with their sales and advertising staff, but the idea of sharing this potentially valuable content with customers usually does not occur to these retailers.

Consider a blog and/or a newsletter to inform your customers about what is new in the vast and varied world of home furnishings. Adapt information published by market centers and their style spotters. Attend design seminars at shows, subscribe to design magazines. You may have to hire a skilled copywriter to take your cliff notes and convert them into compelling copy. But if you want to achieve the goal of a company that markets itself, you must touch all four hot spots of marketing, which are, according to John Jantsch, Content, Context, Connection and

"The old feature-benefit formula has given way

to a compelling content-driven feature-benefit-dream process."

Community.

The first is the relevant CONTENT you collect. A good writer must convert your cliff notes into the proper CONTEXT, so it will be relevant to the prospect. Then comes the paradox of CONNECTION. As Jantsch puts it: "The more connected we become through technology, the more we long for real connection involving live interactions."

Which leads us to the last of the Cs: COMMUNITY. "While the process of building community online has become a very commonplace practice, the opportunity for community building offline is richer than ever." A balance between online and offline is necessary. There is danger in relying solely on one or the other. Your authentic referral system serves you best when you are clear about your company's value. You are building a culture of automatic referral, and you can expect referrals that are both authentic and profitable.

#### Jay Abraham Said It Best

"If you fail to value, acknowledge, and respect the worth of what you have done, what you do, and how much more you should be doing for your clients... if you don't respect and revere that, it's shameful. If you DO respect and revere that, you have a causal purpose to do even more. And also help your clients appreciate it so they can understand the significance of what it means to their lives."

So, what more could you actually do for your clients? One idea is to consider offering House Calls. Sam Fishbein, formerly of Kacey Fine Furniture in Denver, generated 80 percent of his business from House Calls, the result of a no-obligation program we developed, in which a trained decorator called upon clients, interviewed them, made measurements, returned to the store and prepared a formal proposal. It was accepted, at least in part, nearly 100 percent of the time.

#### Your Business Model

Your sales team has been trained to reinforce your image as a different kind of home furnishings store. They have been given the tools to embellish this image by sprinkling comments throughout their conversation like: "Most furniture sales people attempt to close a sale. We are different. We try to open a relationship." "Our purpose is to strive to make your life better." "We provide educational informational content in our messages because the more you know about leather and leather care, the better it will be for you."

Jay Levinson once wrote that modern technology provides a blatantly unfair advantage to smaller independent stores. High tech has become easy tech. Being connected has never been so low in cost and yet so high in value. It has given the smaller independent access to the speed of email, the power of fresh information, the warmth of closely

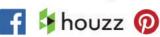


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## "Marketing is...

absolutely every bit of contact any part of your company has with any segment of the public." - Jay Levinson

connected people and the miracle of the Internet. And once you are established online, you have a multitude of choices to create a buzz offline

#### Meeting Authentic Needs

Offline, on the sales floor, genuine empathy helps you drill down to the authentic needs of prospects. The old feature-benefit formula has given way to a compelling content-driven feature-benefit-dream process. Let me explain. Traditionally, product features were used to support benefits. For example: "This mattress has 800 pocketed coils that will cradle you in comfort all night," adequately explains the feature-benefit story. But if you drill down to the customer's ultimate needs you could add: "... so you can greet the dawn pain-free, refreshed, and ready for anything." Thus the accumulation of benefits supports the deeper health rewards of a new premium mattress.

#### A Permission Marketing Strategy

We cannot escape intrusive advertising messages. They are everywhere. It's a fragmented, crowded marketplace. Seth Godin, the master of permission marketing, wrote: "In a busy marketplace, not standing out is the same as being invisible." Our purpose in examining the pros-

pect's "Touch Points" is to stand out and not be invisible. Please note that part of the process is to ask for permission to send marketing messages and information to the client. Once you have been granted this permission, everything changes. Now you are not marketing to strangers you are marketing to friends. You can move your marketing out of the area of reach and frequency into the precious realm of trust. So, what is the difference between being in the category of being intrusive and being in the realm of trust?

There are three important differences.

Your message will be anticipated. Clients will actually look forward to hearing

REFERRALS **COMMENTS** TRAINING SCRIPT CREATION Website • e-Commerce Social Media • Phone Inquiries Greeting • Qualifying • Selection Step House Calls • Closing • Non-Purchase Payment/Financing • Financing Administration Delivery Options • Delivery Scheduling Customer Pick-Up • Delivery • Service Calls Post-Service Follow-up • Service Inquiry/Scheduling Service Call • Post Sale Follow-ups

Referral Triangle

"Every touch point provides an opportunity to supply tools such as scripts and specific tactical directives to generate positive comments from satisfied customers plus referrals."



Tuff Avenue is a family owned business, whose goal is to ensure that North American households are furnished with taste, using lasting furniture, offered at a price that will make your wallet smile w!

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#### THE POWER OF RETAIL REFERRALS

from you.

Your message will be personal. It will directly relate to the client.

Your message will be relevant. You know for sure your message will address something the client is interested in.

A "Touch Map" of what you need to do in terms of training and script creation to get positive comments and referrals can be created from your list of touch points. This forms a solid basis for your new referral strategy. It opens your mind to pursue higher and better pathways and practices. Your only task is to supply the tools such as scripts and specific tactical directives for your team to follow. When doing this, be sure to keep in mind your store's achievements, value, and how these attributes are connected to the benefits you provide for your clients. Make your appeals personal and with due humility.

Most stores are dominated by tactical thinking, not strategic wisdom. During the past recession, tactical gimmicks damaged the credibility of many independents and franchises who ran "flavor of the week" tactical promotions. However, the stock market and consumer confidence are now at all-time highs. In my judgment the retail furniture industry is trembling on the very brink of prodigious exponential growth. Now is the time for independents to create a massively effective referral program.

In Part One of this referral presentation we have relied primarily on the philosophies and ideas of John Jantsch and his book "The Referral Engine". This subject is so important that in the second installment (May/June Furniture World) we will consider the perspective of bestselling author Andy Sernovitz and his book, "Word of Mouth Marketing... How Smart Companies Get People Talkina." The chances are these revolutionary thinkers will open your eyes to a completely new way of doing business, and change how you approach our advertising-saturated world.

Larry Mullins: Larry About Mullins has 30+ years of experience on the front lines of furniture marketing. Larry's mainstream executive experience, his creative work with modern promotion specialists, and his mastery of timeless advertising principles have established him as one of the foremost experts in home furnishings marketing. Larry's turnkey programs produce results for everything from cash raising events to profitable exit strategies. His newest, Internet Leverage Strategies have achieved record increases in sales and profits. Larry is founder and CEO of UltraSales. Inc. Larry can be reached directly at 904.794.9212 or email him at: Larry@LarryMullins.com.

See more articles by Larry on the Furniture World website, www. furninfo.com.









Kacey Fine Furniture, formerly of Denver, got 80 percent of their business from House Calls. Most of the warehouse was paid for and awaiting delivery. The company designed an elaborate no-obligation program in which a trained decorator called upon clients, interviewed them, made measurements, returned to the store and prepared a detailed customer profile and formal proposal. It was accepted, at least in part, nearly 95 percent of the time.









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# Best Selling DESIGN



#### Himolla

The Chester curved sofa is finished in luxurious leather, colored feet, deep cushioning, individual adjustable headrests and back support that allows the sofa to recline at the most comfortable angle.

Contact information on page 144.



#### Twin Star Home

TV Stand with ClassicFlame® Panorama Electric Fireplace in Cambridge Oak.

Contact information on page 144.

#### Craftmaster

The new Farmhouse collection has eclectic rustic charm and simple silhouettes. The smaller scale sofa is 77" long and features easy-to-live-with fabrics. Approximate retail price of the sofa is \$899. Contact information on page 144.





Surya

The Orlando table lamp has a beige sandblasted body, giving it an artisan aesthetic perfect for desert and Southwestern-inspired spaces.

Contact information on page 144.





Silver, purple, and blue tones flow in simulated brush strokes that echo an impressionist painting. This hand-tufted rug features a thick, luxurious wool-blend pile carved for added dimension and texture.

Contact information on page 144.

#### Whittier

End Table and Cocktail Table sold separately for maximum flexibility. Made from sustainable solid American Alder and Black Walnut hardwoods. Contact information on page 144.

#### CVW

From the American Modern Bedroom Collection with over 250 combinations to create personalized looks. Options include 17 beds, six drawer styles, three leg and base styles, numerous case good sizes/options, and a variety of finishes.

Contact information on page 144.



# Best Selling DESIGN



#### **Huntington House**

Perfect for adding height and modern sophistication to a room, this chair features an exposed wood frame, a silhouette of sleek curves and contemporary angles. Available in fabric or leather and multiple wood finishes or paints.

Contact information on page 144.

#### Durham Furniture

This unique Open Console Cabinet is made of Solid Wormy Maple, available in over 50 finishes. Features include one drawer, two small open shelves and two full width open shelves. Made in North America since 1899.

Contact information on page 144.

#### Borkholder

Aurora is from the new Modern Canyon collection of easy-toassemble quality solid wood occasional tables. Designed to complement the company's fully assembled furniture designs. UPS-shippable.

Contact information on page 144.

#### Cochrane

New dining collection from Cochrane is made from Solid Acacia with gray wire-brushed finish and mild physical distressing. The collection includes two chairs, two stools, and a dining table. Available in dining and hi-dining heights with server/sideboard.

Contact information on page 144.





#### Grako

Functional buffet crafted from light grey Oak veneers has a shaped front, self closing doors and LED lighting.

Contact information on page 144.

#### Klaussner

Subtly elegant the Shelby sofa group features tufting with button details, traditional rolled arms, and turned legs.

Contact information on page 144.

#### TŌV

The Gatsby Black dining set with Swell chairs.

Contact information on page 144.



#### Kas Rugs

Trendy indoors or outdoors, this rug from the Harbor collection is hand-hooked in China of UV-treated polypropylene.

Contact Information on page 144.



# Best Selling DESIGN

#### Standard Furniture

The simply elegant Nelson Grey Youth has clear square profiles, industrial accented metal straps and a well-designed foot-board storage option. Available in twin and full size bed, youth dresser, chest and nightstand. Finished in a reclaimed rustic grey.

Contact information on page 144





The Wellington is classic yet current, and amazingly comfortable. Available as a sofa, sectional or any configuration, it transforms easily to a transitional or contemporary look with cream, red or tangerine leather and chrome nail-heads.

Contact information on page 144.



#### Null

Small-scale eight-piece table collection combines Arts & Crafts and Mission influences in a rich aged and distressed Coffee Bean finish. There are three cocktail tables including a 46" rectangular. Features include beveled solar bronze inset, glass tops and aged bronze drawer pulls.

Contact information on page 144.



#### **Furniture of America**

The Beckford loft bed incorporates the functionality of an entire bedroom set into a single bunk bed. Open shelving is perfect for books or a lamp for spooky nights. Contact information on page 144.



#### Legends

Charminaly sophisticated, this cottage inspired collection parades graceful shapes and turnings with soft, dry finishes and custom antiqued hardware.

Contact information on page 144.



The Vintage Settler's table is made entirely of 100 year-old planks and beams, available in custom lengths. The legs are made of barn beams varying in size between 3 1/2" and 5" depending on the table size. By changing the wood species to Canadian Birch as is shown here, the table has a more contemporary vibe, suitable for any modern home.

Contact information on page 144

#### Fashion Bed Group

The Elsinore Bed features a Soft Gray fabric to blend well with any room design. The dark gray piping around the headboard serves as an added complement.

Contact information on page 144



#### Capel

Carnival from the Dramatic Static braid collection is reversible, made in the USA of 80% nylon, 17% wool, and 3% other fibers. Constructed of thick, heavy nylon chenille, it is easy to care for and built to last. A 5 x 8' cross-sewn rug may retail for \$599.

Contact information on page 144



# Best Selling DESIGN



#### Donco

Twin Low Loft bed in a rustic Antique Grey finish is made of solid Brazilian Pine wood with a fun tent kit also available in pink, red, camo, or zebra. Matching case pieces can be added under the loft for storage and functionality.

Contact information on page 144.



#### Dimplex

Sculpted lines provide detail to the Ethan Media Console with integrated Dimplex Electric Fireplace. Finished in High Gloss White accented by undermount LED lighting. Contact information on page 144.

#### **Orient Express**

The new Web Club chair is constructed from solid Teak wood and Austrian mountain climbing rope in Platinum grey color. Suitable for indoor or outdoor use.

Contact information on page 144.



#### Lazzaro

The Lucio contemporary collection features clean lines, wide arms, and a beautiful mixture of materials. The chunky metal legs provide the perfect foil to the rich leather cushions and frame.

Contact information on page 144



#### Tuff Avenue

This server with 'chevron' pattern in shade grey finish effortlessly brings convenience and sophistication to any dining room.

Contact information on page 144.



#### Norwalk

Sparta is a small-scale club chair with rolled arms on slightly inset vertical front panels. The bowed front rail gives its silhouette an enveloping shape.

Contact information on page 144.

#### Harris Wholesale Furniture

Farm style single sink vanity crafted from reclaimed Pine with Carrera marble top, square porcelain sink and pre-drilled holes.

Contact information on page 144.



The Bridgehampton Collection features sturdy aluminum frames covered with all-weather UV-resistant Viro® wicker.

Contact information on page 144





# TO RETAIL SUCCESS

by David Benbow

uild furniture and bedding sales by using a follow-up system to create top-of-mind awareness of you, as well as the products you sell.

Several days ago, I received a phone call from my website host. It was a follow up call. They don't follow-up very often, which is fine with me. The gentleman calling was pleasant and in quite a chatty mood; probably to break the monotony of making endless follow-up calls all day.

Anyway, he began to ask me about my website, and my book, "How to Win the Battle for Mattress Sales, the Bed Seller's Manual". He was curious. Why would I bother to write such a book? Who would buy it, or use it? And, why would anyone read such a book? I explained that my book is a trainina course and instruction manual for retail salespeople (RSAs); especially bedding salespeople. He admitted that he understood why such a book was needed; commenting that most retail sales people he had encountered did not do a very good job. Then, he told me about an outstanding experience he and his wife had last year in a furniture store. They bought a famous brand motion sofa. He was impressed with the salesman's knowledge and enthusiasm. They bought the sofa, and have been enjoying it now for about a year.

They couldn't be happier with it, he said.

I said, "I would really like to meet that salesperson. It's rare to see that level of professionalism in our business. What is his name?"

He paused for a moment and said, "Uh, ...I can't remember his name."

I asked, "Have you heard from him since you bought the sofa?"

He paused again, and said, "Mmmmm...Come to think of it, no. I haven't. You know what else? I can't even remember where we bought it."

I responded, "So, he was this great salesperson, but he has not followed up with you, and now you do not even remember his name. And, you also said you don't remember the name of the store. Let me ask you a question. How many sales do you think he has lost because he did not follow up with a happy customer?"

The website host rep agreed, "Yeah, I would have given him a lot of referrals."

"And," I replied, "You are still a good prospect to buy more furniture. Now do you see why I wrote the book? Most salespeople need

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## "You can be the greatest RSA

in the world, but, your success will always be limited to the here and now with walk-in UPS if you fail to develop a thorough follow-up system."

to know how to follow up, why they should follow up; the rewards of having a strong follow-up system, and so on. So, your man made one sale, but how many more did he miss because of his failure to follow-up? I wonder if he does that with all of his customers?"

This is a true story.

#### Why Follow Up?

The previous section should have answered that question. The brutal truth about sales is this; you can be the greatest RSA in the world, know every nook and cranny of the store, its product, inventory, etc. You can be a magician with customers and close deals like Zig Ziglar. But, your success will always be limited to the here and now with walk-in UPS if you fail

to develop a thorough follow-up system. In fact, I will even go so far as to say that an average RSA with a great follow-up system might have more long-term success than the sales whiz with a mediocre or non-existent follow-up system.

#### Types Of Follow-Up

There are actually several categories of follow up. What most people think of as "follow up" is giving customers status reports on special orders. Mattress sales are rarely special orders; "buy it today, sleep on it tonight!" But, furniture sales are often special orders, meaning that customers may wait many weeks for new furniture. If a customer has paid up front, I can tell you she is going to be restless and anxious waiting for her new furniture. A professional RSA stays on top of these orders and keeps customers up-to-date. Customers like to hear from RSAs, even if there is no change in the status of an order. That way, she knows the store has not forgotten about her.

Another category of follow up goes like this. People may come into your store looking for something your store does not carry, nor does any other store within a five hundred mile radius. But, maybe your store can find and order the item the person wants. Finding this special item may require some effort. The professional RSA who does the research can follow up once the item is found. And, professional RSAs will follow-up, even if the item hasn't been found yet, just to let the interested party know he or she is still looking.



"Just a 'Hi, how's it going, remember me?' every six weeks will quickly peg you as the creepy guy over at that mattress store."

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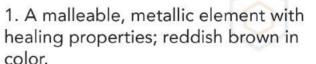








#### copper [CopPure] noun.





2. [Slang] A police officer.



3. A new, copper-infused mattress line that distributes body heat and sells like ice cream cones to kids on a hot summer day.









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## "If you think one thank-you

note will give you top-of-mind awareness forever with the customer, you may have an unrealistically exalted opinion of your presence and charisma."

#### Thank-You Notes

Now we'll talk about a category of follow up that is preached in every sales book I've ever read. It

is one that hardy any RSAs actually do. I am talking about thanking the customer for the sale: AFTER the customer has the product in their home. It's a mantra with every sales

trainer; "Send the customer a post card thanking them for the sale!"

Now, is sending thank-you notes a good idea? Yes, IF. I say "if" because if the RSA sends out one card, and does not keep following up long term, it is probably a waste of time. It is a lot of trouble and some expense to send out thank you notes to every buying customer. Post cards cost money, postage costs money, and the time spent filling out the post cards and mailing them may be the most expensive component of all. Let's do a little arithmetic. Between the card and the postage, each mailing will cost at least fifty cents. Let's say the salesperson makes five sales per day. Over a work year of 250 days, that is 1,250 sales per year. Mailing post cards for that kind of sales volume would cost \$625 per year. That really doesn't sound too bad by itself, but consider this; how long does it take to fill out, stamp, and mail 1250 post cards? Even if you spend only three minutes per post card, you have spent over 60 hours per year just mailing thankyou notes. And, that is just for ONE thank-you note for each new customer.

Please do not get the idea that I am opposed to sending out thankyou notes. I am very much in favor of them. But, if you think one thank-you note will give you topof-mind awareness forever with the customer, you may have an unre-



alistically exalted opinion of your presence and charisma.

On the positive side, how great is it to have a data base of 1250 sales prospects after only one year? Remember, OLD customers become NEW sales prospects.

#### Top-Of-Mind Awareness

That brings us to the next and possibly final category of follow-up; the long term, "become a virtual member of the family" type

US Patent # 7,574,758 B2 & 6,851,139 B2 • Canadian Patent 2,577,377

of follow up.

Long term, continuous follow up is, in my opinion, the foundation of lasting success in our business. With this type of follow-up, professional RSAs remain in steady and frequent contact with the customers. How steady and how frequent? RSAs should have some kind of communication with prospective customers at least every six weeks; for the rest of the RSAs career or the life of the customer. Only with this kind of follow up,

"You want me to follow up on a mattress sale? I did that once, and the customer said they hated the mattress and wanted a refund!"

www.fu-chest.com



## "Yes, it is important

to take care of an unhappy customer. One unhappy customer can poison your attitude and your sales."

will the RSAs name become fixed in the customer's mind as the ao-to person for new furniture. In advertising, they call this "top of mind awareness."

RSAs should include some interesting information with each follow-up. Just a "Hi, how's it going, remember me?" every six weeks will quickly peg you as "the creepy guy over at that mattress store; I need to call-block his number and spam his emails." Professional RSAs maintain files listing their customers' interests and plans. Information such as the age of mattresses and sofas, and future plans the client related during the qualifying stage should be noted. That way, when follow-up calls, emails or texts are made, exciting new information addressing possible needs can be included. Ideally, customers should be delighted to get communications from RSAs. "I got a text from Bob at Never-Forget-Us-Furniture and Mattress! They just got in these great new adjustable bed bases that I've been waiting for!" Now, how hard will it be to make that sale? This kind of easy sale, over and over again, down through the years, is only possible with a powerful follow-up system.

Smart RSAs who use this kind of follow-up can consider prospects to be clients, not just customers. The term client implies a more long term buyer relationship.

Now, the skeptical mattress RSA might whine, "You want me to follow up on a mattress sale? I did that once, and the customer said they hated the mattress and wanted a refund! I'll never do that again! Not only that, it will be eight to ten years before they need another set. You want me to follow up for ten years with no sales?" Let me answer both questions. Yes, it is especially important to take care of an unhappy customer. One unhappy customer can poison your attitude and your sales. And, don't ever think that bedding buyers will not be repeat customers. They will buy quest room beds and kid's beds and second home beds, and will refer their friends to do the same thing.

#### How To Follow Up, Efficiently

Looking back at my "post card follow up" paragraph; it's not hard to imagine that follow up has the potential to become a massive burden to the career RSA who has accumulated an impressively large clientele. It takes a lot of time to manage a client roster or database like that. Some stores have a

Customer Relations Management (CRM) department to handle that task and free up RSAs' sales time. Check out the article on machine learning later in this issue. It's an eye-opener and a potential game-changer for effective follow up. The problem with leaving follow up to the store's resources right now and for most retailers, is that it removes the direct contact between an RSA and her clientele. I think it's great if stores have a corporate follow-up system, but for many of these follow-up systems, RSAs will be well advised to maintain a personal follow-up system of their own. Without that, long-term rapport with customers can be lost.

We all know that working at retail involves a lot of slow and down time. Certain days of the week can seem endless, especially

"Obviously you need name, phone number, mailing address, e-mail address and any social media your prospect uses."





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after big sales are over and done. This down time is the perfect occasion for follow up. If you have a large database of prospects, you will need an efficient way to make use of it. You can use a card file if you like, but modern CRM software improves on that. Since most successful, professional RSAs are well-organized, efficient, time-optimizing people, they will most likely want the best type of follow-up system.

#### CRM Software

There are a lot of software applications available for busy RSAs. I will not recommend any particular product. I only mention it to make the reader aware of their existence. Just Google "sales follow-up systems" and you will see many applications... some free. There are, as well, furniture and bedding specific CRM platforms tailored to our industry you may want to investiaate.

I suggest using some downtime to research these packages to see which, if any, can help your business.

#### Principles Of Follow-Up

Let's cover some general principles of follow up. What do we want to accomplish? How much trouble are we willing to go to? How easy is our follow-up system to use? Are we going to sustain our effort, long-term; or will we grow tired of going to all the trouble? Long-term follow up may require more self-discipline than any other aspect of retail sales.

#### The Database

few are a suggestions for data items/fields RSAs should include in their databases. Obviously you need name, phone number, mailing address, email address and any social media your prospect uses. Always get the customer's permission to contact them. It shouldn't be hard if you make vour communications informative and exciting. If you read my article in the January/February issue of Furniture World, you may remember to, "Give them an opportunity to buy."

Also be sure to add the following

"People you've met,

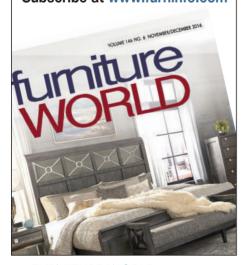
purchase."

but who have not necessarily visited your store should be tagged with a 'warmness' code to show how interested they are in a new

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"Don't ever think that bedding buyers will not be repeat customers. They will buy guest room, kid's, and second home beds, and will refer their friends."

information:

Has the prospect made any past purchases from you or your store? If so, when were these purchases made, what did they buy, and how much did they spend?

What are the prospect's wants and needs? Part of qualifying any prospective custom-

er is to find out what future needs and wants the customer is dreaming about. Is she thinking about a new bedroom group, or a mattress for an expected addition to the family, or maybe outdoor furniture for a new patio?

Assign an "urgency" rating to each customer. Your data base will include:

- Past customers
- UPS who have come into the store, but did not buy.
- Contact information for people you have met but have not necessarily visited your store. Each of these persons should have a "warmness" code to show how interested they are in a new purchase.

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### FOLLOW UP THE KEY TO RETAIL SUCCESS

Past customers are often your best prospects, but even casual contacts can become very warm, very quickly.

This "urgency" code will be a rapidly moving target if you continually maintain your data base and stay on top of your business.

Your "warmest" prospects probably should deserve most of your attention, but don't ianore vour tepid or cold files. Don't let anybody on your list forget who you are.

Keep a contact calendar on each listing in your data base. Make sure you note:

- •When you attempted to communicate.
- If you made contact.
- The results of the contact.
- •The next time you need to contact the prospect.

Each contact with your prospect should generate an update to the prospect's urgency status.

"Variety is the spice of life. It is also the spice of RSA-prospect communication."

For example, you may discover that a random acquaintance you made in the frozen foods aisle of your supermarket needs a new mattress by the weekend. That's how a contact becomes a paying customer, hopefully for the rest of vour career.

In your contact calendar, note what you told the prospect and what she told you. Vary your message. Make it informative, exciting and different each time. There is an old saying we don't seem to hear much anymore, "Variety is the spice of life." It is also the spice of RSA-prospect communication. Tell your prospects about all new store promotions, new merchandise, new finance options, etc. The list is endless.

#### Prospect Feedback

All of the above ideas depend on communication. We've already discussed post cards, telephone calls, emails and texting. There are numerous Social Media avenues for RSA-prospect communication as well. You are probably familiar with the various social media options, but if not, find out how to use them for business purposes and incorporate them into your system. I personally think that two-way communications are preferable to just posting or tweeting. Perhaps it's more time consuming, but there's the potential for dialogue and greater feedback. With post cards, and a lot of email communications, you won't get a response. Nor will you be able to know if it reached its destination, or had the desired effect. Ultimately, you must have feed-back from prospects in order to know how close they are to becoming paying customers.

#### Summarv

One of the big reasons for follow up is that, as the customers and prospects in your database get to know you better, and rely on you for their furniture needs, they will also recommend you to their friends and neighbors. This is how you build a network of long term customers.

About David Benbow: David is the author of the recently published book, "How to Win the Battle for Mattress Sales, the Bed Seller's Manual", a complete text book for mattress and bedding retail sales associates, beginner and experienced professional alike. The book can be purchased on-line at http://www.bedsellersmanual. com or www.mattressretailtraining. com. He offers hands-on training classes for retailers on a variety of subjects and on-line classes that can be downloaded from the websites mentioned above. David can be contacted via e-mail at dave@ bedsellersmanual.com or by phone at 361-648-3775.

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RETAIL

(Your co-workers & employees)

by René Johnston Gingrich

etting your employees to fully engage in your company's mission and values takes focus and effort, but it's worth it!

Employee engagement is defined as the extent to which employees feel passionate about their jobs, are committed to the organization, and put discretionary effort into their work (Source: CustomInsight. com).

As a successful retail owner or manager, you may ask why you need to be concerned with undertaking the time-consuming and multifaceted process of increasing employee engagement, when the daily operation of your store is so all-consuming. Or, you may think that employees who receive a paycheck should have sufficient incentive to engage and do their iob. Dream on!

The fact is that the biggest opportunity for growth and long-term success resides in the quality of the work your employees do. Longterm, no organization can thrive without a passionate and committed workforce.

Engagement-driven management will allow you to better understand the people who work for you, place them appropriately, and retain happy, productive employees. The success of all businesses, including furniture retailers, is largely reliant

upon employee satisfaction, team growth, and retention.

#### 5 Key Strategies

So, whether you believe your workforce is pretty good, or you suffer from high turn-over, difficult employee behaviors and poor morale, attending to these five key strategies will improve your operation and your bottom line.

#### Clarify Employee **Roles And Expectations**

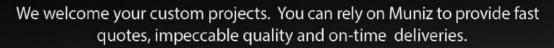
Clarification begins with the hiring process and continues throughout employment. As a manager and

"You may think that employees who receive a paycheck should have sufficient incentive to engage and do their job. Dream on!"

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## "Part of the on-boarding

process should include a review of the company's mission and philosophy. Discuss it, deliver it in writing, have them sign it, and employ multiple strategies to ensure understanding."

leader, it is your job to ensure crystal-clear understanding. Laying the foundation for successful employee engagement by setting a tone from the onset is critical to success.

Whether you are interviewing potential sales team members, managers or delivery drivers, let them know about the mission, core values and practices that define your operation and are responsible for its ongoing success. Remember to be truthful with yourself and the people you interview. Do you

want to make the world a better place... or squeeze every last sales, operations and financing dollar out of your business? Remember, especially right now in a tightening labor market, prospective hires are interviewing you as well. And, you can bet they've done their due diligence online, checked out customer reviews and more.

Evaluate each interviewee to aet a reading on his or her capacity to embrace what your organization stands for. You may ask them

directly to comment on your company mission, for example, "What do you think about our company mission?" or "Are you passionate about what we offer, and if so, why?" You can also ask indirect questions to get an idea of how they interacted with past employers, co-workers or customers. "What kind of working relationships did you have with your co-workers and supervisors at your last job?" or "What were the most important contributions you made to your most recent employer?" You can get a lot of information by asking a couple of open-ended questions.

Once hired, part of the on-boarding process should be to revisit the company's mission or philosophy. Let every new hire know that a large part of being a successful, contributing team member is to make a personal commitment to measure his or her work by your company's philosophy.

Clarifying roles and expectations are key precipitating factors for engagement. It is critical that every employee have a clear picture of what you expect. An expanded discussion revisits how their role supports the overall success of the organization. Discuss it, deliver the information in writing, have them sign it, repeat it, and employ multiple strategies to ensure understanding.

It is important for each member

#### Employee Engagement At Some Of The Best Companies

When studying the success of Fortune 500 companies or examining the list of "The Best Companies to Work For" there are many recurring themes. Some describe owing their success to innovation or a complex acquisition strategy, but most will also include the importance of building a highly functioning team of engaged employees.

**Engagement at Deloitte:** "The focus on constant improvement, learning, and development at Deloitte is why I stay at the firm. We invest in our people's individual development and wellbeing on the job, through informal and formal learning and beyond."

Engagement at Wegeman's: Employees say, "There's a lot of love and caring" at this 100-year-old family-owned grocery chain, where workers have flexible schedules, ample promotion opportunities, and "feel like family."

Engagement at Salesforce: Staffers gush about the "Ohana" culture ("family" in Hawaiian) that embraces equality, service, and innovation.

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of your operation to understand the connection between the work they do and the big picture. They must be kept in the loop regarding your store's successes and struggles. Connect individual and team performance to corporate goal achievement and celebrate it. This acknowledgment allows team members to feel appreciated and know that the work they do matters. It is also a great opportunity for employees to connect with and recognize the contributions of other departments in your retail operation. For example, much can be accomplished if your sales team members develop an appreciation for the work the warehouse team does. This should be an ongoing part of managing and coaching.

#### Get To Know The People You Manage

As a manager or coach, you want to know how each team member learns, and what motivates them. Only then can you tailor your coaching style to help them learn quicker and be more effective. It also helps you to find out more quickly if someone is a good fit and likely to succeed. The quicker you can determine this

important bit of information, the more rapidly you can move them ground or possibly out. This will prevent resentment and general unhappiness from poisoning the overall morale and culture of your organization, and in the long term it will make your job as manager much easier.

Building teams of engaged employees is a balancing act. One bad apple, as they say can spoil the barrel. Get to know each person as an individual. Listen to them, engage and ask questions. Store owners and managers who do this find it to be incredibly valuable and time well spent.

#### Where To Start

This can be more difficult than it first seems. Depending on the cultural and generational make up of your work force, there may be a wide mix of communication and motivational differences. Individuals possess varying perspectives based on culture, background, and life experiences. The more information you have, the more questions you ask, the more time you invest in listening to the answers, the better you can match their skills and aspirations with specific roles within the workplace. This will lead them to greater fulfillment and higher engagement.

Beyond one-to-one engagement and team building exercises, there are personality tests and other tools that can help you get the specifics you need to fully understand the strengths and weaknesses of team members.

#### **Provide Appropriate** Workplace Skills & Tools

Engagement driven management requires that you understand what your team members need in terms

"Depending on the cultural and generational make up of your work force, there may be a wide mix of communication and motivational differences."



# "Empowered corporate cultures have better employee retention, happier employees and more satisfied customers."

of skills, tools and resources. These are the elements that employees and teams require to perform at optimum levels and include:

- State of the art technology, such as digital room planners, tablets, delivery tracking and reporting software, traffic counting, lead generation and follow-up systems, etc.
- Physical resources and supplies such as point-of-sale materials, swatching, warehouse, delivery and repair equipment.
- Information on individual and group performance metrics, product availability, delivery, exception tracking, pricing, special orders and more.
- Open and accessible communication with supervisors/coaches, managers and store owners.

Engaged teams are also built upon a strong foundation of training and development. This gives them an opportunity to grow and improve, allowing them to access a mind-set that may be as or more

important than monetary compensation.

#### **Employee Empowerment** To Drive Improvement

Employee empowerment is a management and leadership philosophy that supports and encourgaes organizational improvement.

Team members are empowered with the skills, knowledge and authority to make certain decisions, including reasonable exceptions to printed policy in the best interests of the company. Ultimately, owners and managers still carry the same responsibility for leadership and accountability.

It is a delicate balance to design consumer-friendly policies and procedures that also protect the organization from financial and other losses. It is almost impossible to provide customers with exceptional service without empowered front-line employees who can deal with unexpected situations.

There are many engagement-related benefits to organizations that empower employees including:

- Faster, more customer-oriented service. When employees are empowered with the authority to make decisions regarding customer service situations it is usually a win-win.
- Empowered employees care more. Employees who feel that their input is valued and respected are more fully committed to organizations.
- Empowered employees are more motivated and better contributors.
- Empowerment enhances the overall culture of the organization.

Furniture stores that empower employees operate more like teams and less like dictatorships. Empowered cultures have better employee retention, happier employees and more satisfied customers. One of the greatest challenges furniture retailers currently face is finding productive, qualified employees. So, if you already

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## "With highly engaged

employees you will have to do a lot less babysitting and troubleshooting."

employ good people, it's essential that you take measures to keep them happy and engaged. The costs of not doing this can be huge.

#### Coach & Engage With **Effective Systems**

The effectiveness of coachina cannot be overstated. It provides team members with the information, feedback and reinforcement they need to continually improve. It also gives coaches a built-in opportunity to engage with team members. Ongoing coaching is much like eating healthy or exercising a little bit every day. It is a commitment to excellence, producing results and minimizing the likelihood of encountering problems. The topics on which you choose to coach will vary depending on your most pressing needs. Collect and use all the metrics at your disposal, but don't limit your attention to just the numbers.

It is critical for you to structure systems that support engagement with employees. Without structure and strategy, reaching your goals and creating a fully functioning team is much more unlikely.

One critical aspect of coaching all retail organizations should embrace, is to expressing appreciation. An appreciation or awards program is critically important. Celebrate your team's wins, and this too should be structured.

#### Conclusion

Applying the Five Key Elements of Engagement Driven Management is not for the faint of heart, but it's worth the effort. Highly engaged employees are more productive, motivated and stick around longer. That means that you as a manager or leader have to do a lot less babysitting and troubleshooting.

Few of us get to spend 40, 50 or 60 hours a week with our friends and family, but we easily spend that amount of time at work. Why wouldn't you want that time to be

the best possible experience, every day and for everyone.

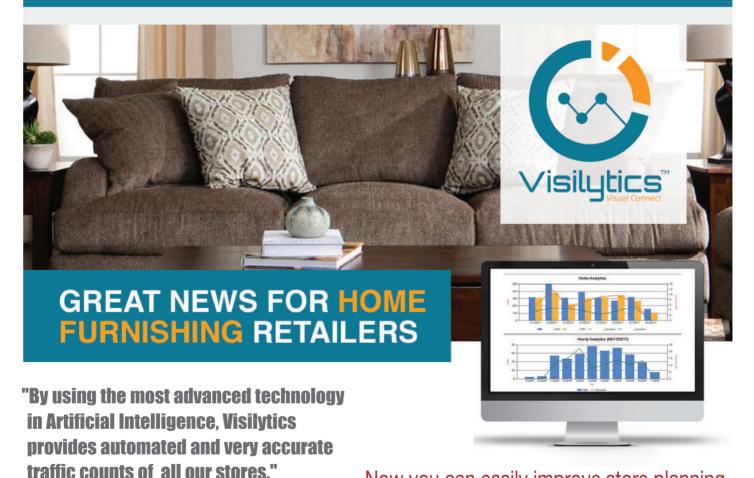
#### About René Johnston-Gingrich:

Rene 'Johnston-Gingrich is Vice President of Training Development for the Profitability Consulting Group, specializing in delivering Design Trac: Design Skills for Retail Sales People and Sales Trac III: In Home Selling. Rene' owned and operated an interior design firm for 17 years and now works with organizations to ensure they have the best possible team environment.

René served as a regular columnist for The Lewiston Tribune Business Profile and is an adjunct faculty member of Lewis-Clark State College's Business Division. She has a Bachelor of Fine Arts Degree in Interior Planning and Design and a Master's Degree in Adult Education and Human Resource Development. For more information about this article or related topics, contact René Johnston-Gingrich at reneg@ profitabilityconsulting.com.



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# what to do VHEN YOUR REVIEWS

by Pamela Danziger and Retail Rescue

urvey of online Yelp reviews identifies problem areas for home furnishings retailers, plus strategies for effective avoidance or correction.

Dealing proactively and effectively with negative reviews is an all too common problem among home furnishings retailers. This point was reinforced at the recent Contemporary Design Group Annual Conference. For those who aren't familiar with CDG, it is a networking and buying group where independent furniture retailers and manufacturers and suppliers to the contemporary home furnishings market come together to share ideas, explore opportunities and work as partners to solve challenges.

Howard Haimsohn, owner of Lawrance Furniture and founder of the CDG, says, "Our event is one of the bright spots in our industry, allowing retailers and manufacturers to work together in a non-selling environment. We are able to recognize many of the challenges that we both face. And, we are able to recognize many of the opportunities that we have, especially when we can work collaboratively."

The chief challenges CDG members face are typical of independent furniture retailers in general. These are, how to drive traffic to the store and attract the next generation of affluent customers, which requires robust Internet and social media marketing strategies. A recent presentation I gave at the CDG revolved around those issues.

Every professional speaker knows when a particular topic hits a nerve for their audience. They sit up, lean forward and take more notes. That's what happened when I got around to the subject of reviews. Everyone knows that YELP and Google reviews exert a powerful influence on drawing customers into their stores. Bad reviews, of which there seem to be all too many, kill traffic and take stores out of the running for customers who are looking for insight into the kinds of experiences they can expect when they make an in-store visit.

Negative reviews are grouped around three key problem areas:

- Poor quality furniture;
- Poor quality service on the sales

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### "Sales staff think

they are there to sell people furniture. Customers think the sales staff is there to serve them, not sell to them. This disconnect gives rise to bad reviews."

#### **Old-Fashioned Customer Service**

#### **NEVER GOES OUT OF STYLE**

"Training, like marketing, lubricates sales," says Christopher Ramey, president of The Home Trust International, a network of designers and brands that serve the luxury home market https://thehometrust. com/ and Pam Danziger's partner in Retail Rescue, serving independent retailers with strategies to drive retail sales and profits. http:// retail-rescue.net/

"Most luxury hotels train their employees every day, but my experience with furniture retailers is they train every year," Ramey says. "The disconnect is obvious."

To that point, Apple, the most modern of modern retailers, has adapted luxury hotelier Ritz-Carlton's Steps of Service guidelines for its retail store personnel, creating an acronym that appropriately spells A-P-P-L-E:

- **A.** Approach customers with a personalized warm welcome.
- Probe politely to understand customers' needs.
- Present a solution for the customer to take home today.
- Listen for and resolve any issues or concerns.
- End with a fond farewell and an invitation to return.

And Ramey notes that today, retailers need to develop a script for salespeople that is drilled repeatedly and followed religiously. "In sales we've gone from a period of 'method acting' when managers allowed improvisation to a 'Shakespeare' period where a deviation from the narrative is a firing offense. Communications are powerful and today there can be little latitude for the salesperson to be flexible with words."

#### floor:

• Long delays in furniture delivery.

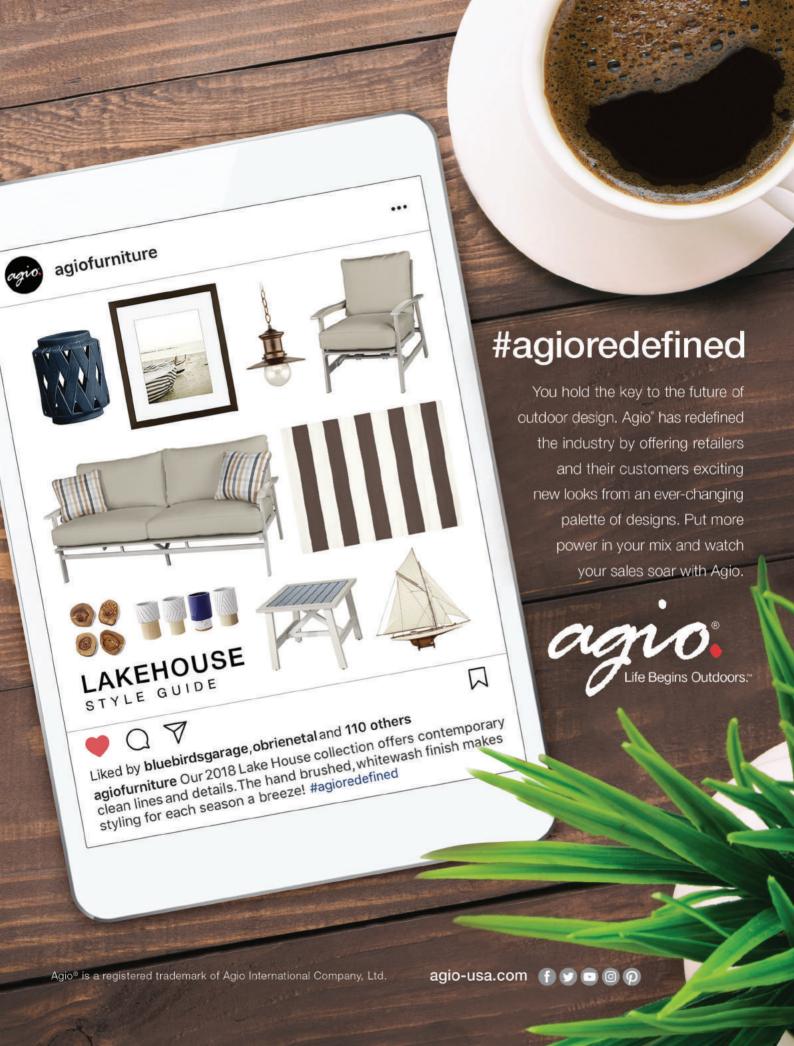
Let's take each of these customer pain points apart and look at what furniture retailers can do about them.

#### Broken Furniture Broken Relationships

Customers expect quality when they buy furniture. Even "cheapchic" IKEA knows this as they have stepped up their game to improve the quality and durability of their offerings. "Customers expect us to do more (on quality). And nowadays you can't really make products that are throwaway: when you buy a sofa table it needs to be built to last," said IKEA Group Chief Executive Peter Agnefiall in an interview with Reuters.

How much more in terms of quality do customers who shop at stores that charge premium prices for higher-end furniture expect? A lot more. My survey of reviews for higher-end CDG group members and similar furniture retailers revealed that the following YELP reviews are fairly typical.

• "I bought a house worth of furniture last year after the purchase of my home. As I



### WHEN YOUR REVIEWS SCREAM YELP!

view furniture as an investment, I was am shocked and in horror that it is all now falling apart."

- "I purchased over \$5,000 in furniture and all of it came damaged. On multiple occasions they called me to come inspect the new furniture myself [before delivery] and on both occasions the furniture they asked me to come inspect to replace my existing damaged furniture already in my home was damaged itself."
- "We were inspecting the furniture and noticed that our coffee

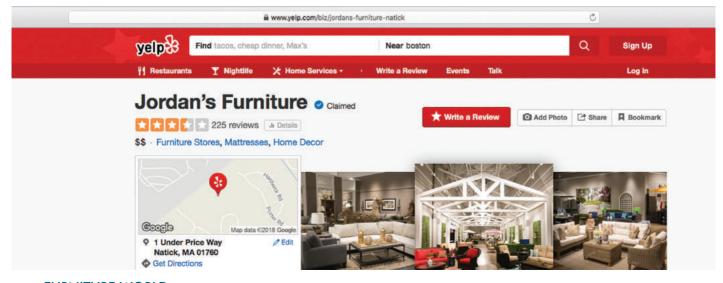
"Never respond defensively to callers or to negative reviews on YELP. Be responsive, or better yet, be empathetic."

table leg was broken, called the store the next day to tell them about it and they gave us the run around. We got this stuff in November and the lea to the coffee table is still broken and it's February! And the other day I was sitting on the couch and someone else went to sit down and the back of the couch just snapped in two! Needless to say this furniture is a piece of junk and the customer service is not very good. Pretty sure they will not be getting our business again!!!"

The issues surrounding furniture quality complaints are complex and from the point of view of furniture retailers, there are plenty of fingers to point at including manufacturing defects, poor packaging, damage in transit and unrealistic customer expectations. But at the end of the day, customers only blame the retailer and expect them to make good and make good fast when quality problems arise.

There is no excuse for retailers to carry product lines that don't live up to their customers' quality expectations. If you carry a low-end line, or even worse a high-end line that fails in the quality department, get it off the floor and out of your store! Some furniture retailers believe that it makes financial sense to live with low first time perfect delivery rates, but they rarely factor in the costs of resulting poor online reviews. Opening boxes, checking parts before delivery, and hiring/ staffing professional repair departments are expensive, but make financial sense, especially at the higher end. But if a good quality vendor delivers poor quality merchandise, careful documentation and follow up is called for to resolve the issue rather then just demanding charge-backs. In the CDG discussion groups, furniture suppliers all said they were ready, willing and able to help retailers directly with these qualitv-related issues.

No retailer gets every delivery right the first time, so when a customer calls with a service related issue, make sure your customer service people have been trained to keep the complaint from esca-





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# "As Maya Angelou said, People will forget what you said, people will forget what you did,

but people will never forget how you made them feel."

lating into the online world. Never respond defensively to callers or to negative reviews on YELP. If you are responsive, or better yet, empathetic to customers when they first call, most bad reviews will likely be avoided. Customer frustration sends them online to write a neaative review.

Are Your Front-Line Sales Staff Up For Top-Line Service?

Problems on the sales floor highlighted in online reviews center around one issue. Retail sales asso-

"Apple, the most modern of modern retailers, has adapted luxury hotelier Ritz-Carlton's Steps of Service guidelines for its retail store personnel, creating an acronym that appropriately spells A-P-P-L-E."

ciates and retail customers see their roles in sales interactions completely differently. Sales associates think they are there to sell people furniture. Customers think the sales staff is there to serve them, not sell to them. This disconnect gives rise to bad reviews.

### To Sell Or To Serve

To sell or to serve, that is the question! And in today's economy, there is only one answer: serve.

Here is what customers are writing about on YELP:

- "They're stuck in a time warp, stuck in a time when commission only or low salary and high commission sales jobs were commonplace in furniture stores."
- "The minute you walk in, someone greats you with, "Can I help you find anything?" It's too eager, bordering on somewhat desperate. Compare this experience with Room & Board, West Elm, Pottery Barn, Restoration Hardware where the sales team is there when you need them, there's no pressure tactics."
- "We were ignored by some of the seemingly 'experienced'

salespeople working the entrance. I suppose we didn't look the part to them...We saw them flock to others, and I was perplexed that they would just pass us up like that, but in hindsight, it was probably for the best. If they just did their job, they would have learned that we're new home owners, and we have over 4,000 sq. ft. that we need to fill with stuff! Some of the salespeople are either stuck in the 80's, or they just don't need the business.'

Let's just say there is no excuse for any of these reviews. But the fault doesn't lie with the sales staff. It rests squarely on management's shoulders. Some people are cut out to provide service; others are not. If you have those that are not, and all too many retailers do, then get them off it fast. Online reviews can be the 'canary in the coal mine' that warns you of toxic gas on your sales floor.

But for those service staff with a cheerful, helpful disposition who are quick with a smile and eager, truly eager, to please, avoiding negative reviews is a question of training done effectively and regularly. Customer sales and service training is never once and done. Even natural-born salespeople need to be refreshed, reinvigo-



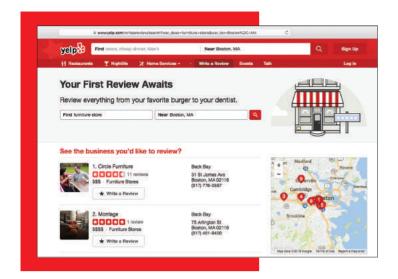


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"In sales we've gone from a period of 'method acting' when managers allowed improvisation to a 'Shakespeare' period where a deviation from the narrative is a firing offense."

rated, and retrained on a regular basis. See Christopher Ramey's comments in the side bar to this article.

And they need training not just on sales and service tactics, but they also need a boat load of product expertise as well. In the CDG discussion groups, the furniture manufacturers all said how ready, eager and willing they are to provide such training. Use it because that can also avoid quality-related issues down the line.

# Turn Delays Into Delight For Customers

Another customer pain point and driver for negative YELP reviews is extended delivery delays.

- "I ordered furniture almost three months ago and I still have not received my entire order. When I spend \$3000 on a couch I expect a lot more from the store I purchased it from."
- "I found a sofa set that I liked and decided to buy it right away because the salesperson told me I could have it within 4/5 weeks. A couple of days

after I received a phone call from the same person. She was telling me that she made a mistake and the waiting would be between 10/12 weeks. At this point I was really disappointed but I had already signed the contract. Around the 10th week. I decided to make a phone call to the store to see when was the estimated arrival of my sofas. The manager laughed at me. She told me I had to wait another 8/9 weeks. At this point I was more than disappointed. I will never go back to that store!"

• "Walked in store, checked out a desk, placed order at the end of June, was told '6-8 weeks.' July and August roll on by. In September, I email and call, and both times it takes several days for any information; I'm told that it's coming within a week or two. Then three weeks pass by, and I guess I wouldn't be so irritated if it weren't for the fact that I was the one who had to follow-up on my own orders for status."

People expect some delays in furniture delivery, especially for custom orders, but how long is too long? Reviews indicate that too long is when the delivery extends beyond the time when the delivery is promised. People will accept delays when they are given fair warning. They won't be so forgiving when delays are extended beyond the time frame promised.

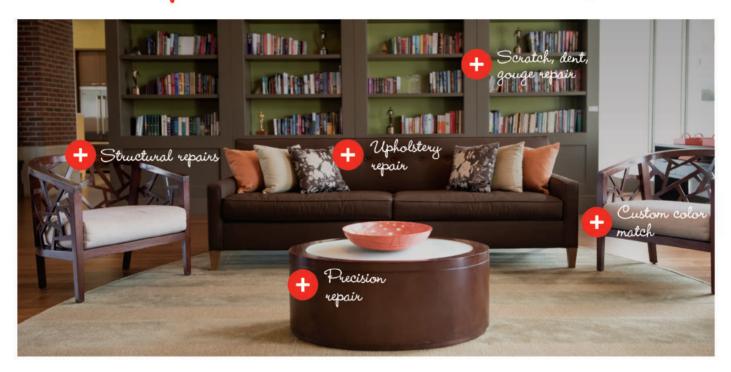
Who is at fault? One would suspect that the sales person fails to manage expectations by making close-in promised delivery dates in order to get the sale. In the CDG discussion group, the furniture vendors present said that they were more than willing to take the heat when furniture delivery delays extended beyond the promised time frame promised.

But so many of the YELP reviews indicate that retailers are simply dropping the ball by waiting for customers to call and complain rather than staying on top of delivery dates promised and missed. There is an easy fix to this that can head off negative YELP reviews at the pass: make a practice of calling every customer waiting on an order at least every week or two to touch base and show attention and concern.

I realize that retailers don't make such calls because they don't have the answers or no new information. But providing updated informa-



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# SCREAM YELP!

tion about an order is ultimately less important than showing that you care. As Maya Angelou said, "People will forget what you said, people will forget what you did, but people will never forget how you made them feel."

It's the feelings that count, not the days or weeks on the calendar, so make it standard operating procedure for every sales person to keep in regular contact with all the customers who've placed an order with them.

# Ask For Reviews At Delivery

Given the plethora of bad reviews on YELP and Google and other sites, retailers may be gun shy to ask people to give them a review. Mistake! Reviews are a numbers game. Five one-and-two star reviews can be canceled by 50 that have five-stars.

The power of good reviews to drive business today can't be underestimated. "Certainly, one of

"Customers today can smell an indifferent, unfeeling, uncaring retailer. Trust matters most in the retailercustomer relationship."

the challenges many retailers have is the ease in which an unhappy consumer can tell thousands of people about an unsatisfactory shopping experience through social media and on-line reviews," Haimsohn says. "However, many stores in our industry do a great job of providing service to their customers. It is a powerful benefit when our customers write positive things about us online. We all need to continue to work to make their shopping experience one that they want to speak positively about."

So, furniture retailers need to ask for those reviews when customers are happiest. And customers are happiest when they walk out the door with their purchases in hand or when their furniture is finally delivered to their homes. That means including a card in the customers' package asking for a YELP or Google review and including instructions and links how to go about it. And make sure your delivery personnel hands out these

In closing, you need to put your best foot forward in every customer interaction. One way you can measure success is with YELP reviews. Work to get them because YELP, Google and other review sites powerfully influence potential customers.

When bad reviews do happen, respond positively, not defensively. And rather than ask the unhappy customer to call the store, which too many furniture retailers do, track down the order, pick up the phone and call immediately.

YELP reviews give you a window into the world of your customer. Use them, learn from them and most importantly, respond to them professionally with empathy and true feeling. Customers today can smell an indifferent, unfeeling, uncaring retailer. Trust matters most in the retailer-customer relationship. Use YELP, Google and other review sites to help build that trust before customers even aet to vour door.

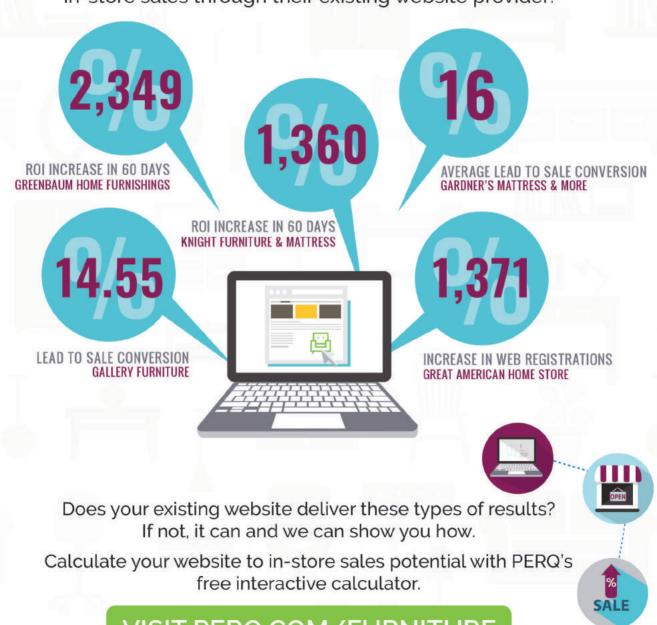
**About Pamela Danziger:** Pamela N. Danziger is an internationally recognized expert specializing in consumer insights for marketers targeting the affluent consumer segment. She is president of Unity Marketing, a boutique marketing consulting firm she founded in 1992 where she leads with research to provide brands with actionable insights into the minds of their most profitable customers.

She is also a founding partner in Retail Rescue, a firm that provides retailers with advice, mentoring and support in Marketing, Management, Merchandising, Operations, Service and Selling.

A prolific writer, she is the author of eight books including "Shops that POP! 7 Steps to Extraordinary Retail Success", written about and for independent retailers. She is a contributor to The Robin Report and Forbes.com. Pam is frequently called on to share new insights with audiences and business leaders all over the world. Contact Pam at pam@unitymarketingonline.com.



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by Scott Hill

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It's crucial to
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Like most online shoppers, Janet Dixon begins her search for new furniture by window-shopping on retail websites, doing online research on her options and current trends, and then planning a budget. The rural Indiana resident regularly posts on Facebook, communicates through Messenger and manages multiple email addresses.

No, she's not a recent college grad or thirty-something professional. At age 62, Dixon represents the largest segment of shoppers in America: the Baby-Boom generation whose kids have grown up and moved out, leaving them with more money to spend on luxuries like high-end furniture.

### Older Than You Think

Millennials replaced baby boomers as America's largest living generation in 2016, inspiring many marketing and advertising strategies to shift focus to this group of online shoppers. Sure, Millennials know technology better than any previous generation and depend on Amazon and apps for daily life,

but it's really the Baby Boomers and Empty Nesters who drive the online shopping economy.

According to the data generated from PERQ's online guided shopping solution, nearly 40 percent of more than 8,000 consumers, using the platform from March to September 2017 identified themselves as grandparents or empty nesters — nearly double the size of any other group of shoppers.

In addition to our findings, KPMG's 2017 Global Online Consumer Report further validated these statistics. Despite reasonable presumptions, Baby Boomers actually shop online just as frequently as Millennials. In the United States, Baby Boomers, on average, have around 15.1 transactions per person per year; while Millennials pull only slightly ahead with 15.6 transactions per person per year. As you can see, the difference is minimal.

# More Money To Spend

In the Point/Counterpoint article in this issue, Bill Napier notes that consumers over 50 years old now

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# "Nearly 40 percent

of more than 8,000 consumers, identified themselves as grandparents or empty nesters — nearly double the size of any other group of shoppers."

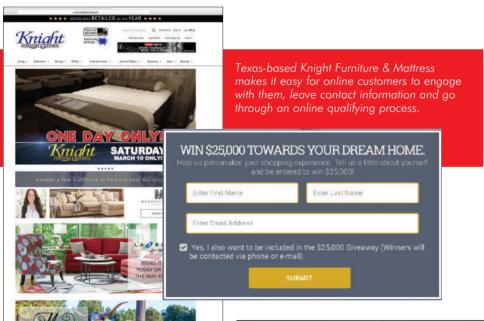
account for more than half of all U.S. spending and will continue to be a major force in consumer spending in the coming decade.

Joey Gunn, vice president of Knight Furniture & Mattress in Texas, says there's a huge overreaction to Millennials in the furniture advertising and marketing world. "At some point we'll need to pay attention to them, but not yet," says Gunn, who's just a few years older than his Millennial counterparts and runs the business with his Baby Boomer father.

"A lot of them still depend on their parents in some way, maybe not financially, but they're getting hand-me-down furniture castoffs or even living with their parents."

By contrast, Baby Boomers control 70 percent of our country's disposable income and stand to inherit \$15 trillion in the next 20 years, according to a study by The Nielsen Company & BoomAgers. Boomers often spend that extra money on furniture, especially as their kids move out and they remodel or redecorate.

Now, let's briefly come back to Janet Dixon, the rural Indiana resident we mentioned before. and her husband. Since their two dauahters moved out eight vegrs ago, Dixon and her husband purchased guest bedroom furniture, a living room sofa, recliner, and a dining set big enough to seat their kids plus all five (soon to be six!) grandchildren in their newly remodeled kitchen. "The kitchen project was one I had wanted done for years," Dixon says. "We were just too busy with the kids and activities, and it possibly didn't fit into our budget before now."



### Online Sales Funnel

Dixon says she believes more of her peers than ever before are using the internet to shop, and she's right. "Many of us have come up through the computer world, starting with big, huge computers that took up an entire room, to iPads," she says. "We are not scared of technology and enjoy the convenience."

As you can see, Millennials aren't the only ones who are enamored with the convenience Online shopper demographics data based on 8,079 consumers from March to September 2017. Online position in the buying process data based on a 2016 Luth Research Digital Purchase Path Study of 9,313 consumers from March to September 2017.

Source: PERQ

Online Shopper Demographics			
Family with Teens	19%		
Young Family	20%		
Grand Parents/ Empty Nesters	39%		
College Student	2%		
Young & Married with No Kids	9%		
Single/ Career Oriented	11%		

Online Position In The Buying	Process
Beginning the Buying Process	41%
Middle	39%
End	17%
Don't Know	3%

of technology. "There is a little Millennial in each of us," says Mark Larson, Head of Consumer and Retail, KPMG in the US, in a 2017 report. "A number of Baby Boomers are starting to understand and appreciate the technology that is out there. They're also trying to appreciate and experience the convenience of buying online."

Furniture retailers are beginning to see how advantageous technology can be to their bottom line, too. Leveraging specialized software on their website, Knight Furniture was able to identify their target website audience as older online shoppers. "A lot of people engaging with our experience were identifying themselves as retired and grandparents. It was a little surprising to know that the folks

who were engaging with us online were the same ones walking into our showrooms," Gunn says.

Dixon agrees, ease of navigation plays a big role in which sites she uses for research. "Online shopping is only enjoyable when it is easy to navigate and I can go right



to what I'm looking for without digging and searching through unrelated items," she says.

That's why technology and website tools that guide online shoppers along the sales funnel are so useful. By using interactive quizzes, promotions and calls-to-action to narrow customer searches, retailers can gather valuable data on each customer who visits their websites. Customers, in turn, can more easily find exactly what it is they're

searching for online.

# Personal Service and Quality

In addition to valuing the convenience of technology, Baby Boomers really appreciate when a company takes the time to reach out with a personalized response. "The real magic comes when you're engaging with them," Gunn says.

"People are very cautious about giving out their information," Gunn

continues. "They expect if they do give you info, you won't do any thing with it. If you turn around and surprise them with a personal email that's directed at their experience online, that takes them by surprise. The older audience appreciates that much more than Millennials; they still appreciate the personal touch."

Another thing Baby Boomers appreciate is quality furniture made in the U.S.A. Florida based furniture retailer, Hudson's Furniture targets older shoppers since they're overwhelmingly the largest demographic in the state. Company president Joshua Hudson says he's learned a lot about what they prefer, and that means selling American name brands that consumers trust, along with keeping their website simple.

"We represent higher-end home furnishings and are not the lowprice leader. The current Millennial is more attracted to disposable

"The driving force behind increasing online customer engagement is to get more people to voluntarily give up personal information in return for receiving something they desire."

# Five Ways To Cater To Empty Nesters

- Use Technology to Your Advantage: Baby Boomers shop online far more frequently than most would expect. Integrate experiences, like quizzes, chat, calculators and appointment schedulers, to increase engagement on your website that actually help consumers narrow their purchasing decisions.
- Older Online Shoppers Value Personal Service: People often expect that when they submit their information, nothing is done with it. Use the information you collect to personalize the experience for your consumers. Provide suggestions, answer questions and guide them.
- 3. Allow Them to Be Choosy: Baby Boomers prefer higher quality furniture. Give them some space, and allow them to be choosy before you go in for the hard sell.
- 4. Empty Nesters Have More Disposable Income: And now that they have disposable income, they're willing to spend it. Provide them with copious amounts of different furniture options including ones they may not have considered.
- As Technology Evolves, So Do Baby Boomers: Never assume that Baby Boomers and Gen X's are only "catching up" to Millennials. Despite preconceived notions, they're moving just as fast as technology is evolving. Make sure you're catering to these consumers every step of the way through every possible type of technological innovation possible.



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# "You want to

break visitors out of their normal pattern of browsing, then brainstorm ways to tie their interest and attention into your brand message and unique value."

furniture and not in a place yet where they value nicer furniture," Hudson says. "Where we do business, there's no shortage of Baby Boomers and Gen X shoppers, so we're fortunate we don't have to focus on [Millennials] near as much as businesses in other parts of the country."

# Practical Steps

The driving force behind increasing online customer engagement for any demographic group, including the Empty Nesters, is to get more people to voluntarily give up personal information in return for receiving something they desire. This can be facilitated by offering incentives.

There are six elements you can focus on to increase website traffic and conversion, turning website visitors into leads for your furniture sales team. Here are two of these. The remainder will be addressed in a future article.

Unique Pattern Interrupt:
This concept is simple. The
more creative your Call-To-Action
(CTA) that communicates something visitors desire, the better your
results will be.

Ideally, you want to break visitors out of their normal pattern of browsing, causing them to stop

and think, "What's this?" Then brainstorm ways to tie their interest and attention into your brand message and the unique value you offer.

CTAs: It's critical to measure the effectiveness of your Calls-to-Action. They are the catalyst that generate online inquiries and sales. A few things you should review and improve continually in order to increase consumer engagement are:

- •Traffic to Clicks Percentages on Each CTA: Track this metric to determine which CTAs are working and which are not? Adjust accordinaly.
- Dynamic Design: Don't settle for static and plain CTAs! Include animation on your banners, buttons and sidebars.
- •Language: Experiment with different ways to communicate your offers. Compare the effectiveness of each, measured by clicks and inquiries on your CTA.
- Colors: Colors have a huge impact on getting a CTA noticed. Use colors for your CTAs that fit your brand message, but also attract attention and get noticed.
- Options: Give customers

options at each level of online engagement. Your website will attract visitors at each stage of the purchasing funnel, whether that's browsing, researching or buying.

About Scott Hill: Scott Hill is the Executive Chairman and Co-Founder of PERQ, a consumer engagement company established in 2001. He's passionate about making digital communication between business and consumers much more interactive. This led to the 2016 launch of PERQ's Online Guided Shopping Solution, software designed to improve the online customer experience by making websites more personalized and interactive. PERQ's solution is used on 600+ websites to enhance engagement and conversion, while increasing sales. Scott has launched two Inc. 100 companies and is a proud alum of Harvard Business School.

About PERQ: PERQ's Guided Shopping Solution leverages consumer behavior data to create a personalized experience for consumers on your home furnishings website. The interactive software, which integrates with retailers' existing websites, increases time on site, quality leads, and in-store and online revenue. Learn more at perq. com/furniture.



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# Next big thing ACHINF I FARNING

by Amitesh K Sinha

achine learning core, all about using data in order to remain ahead of your customers<sup>1</sup> furniture buying behaviors.

Machine learning is poised to be the Next Big Thing for retail furniture stores. It promises to revolutionize our business. Whether this is an overblown promise or one that will be fulfilled, one thing is for sure – it's worth taking a look at. After all, machine learning is, at its core, all about using data in order to remain ahead of trends in customer behavior. Remaining a step ahead of one's customers is crucial for retailers who strive to always give them the products that customers want. Keeping this in mind, let's have a detailed look at how machine learning could impact your retail operations.

# What is Machine Learning?

In a nutshell, machine learning is a technology that makes it easier to take advantage of big data. Big data refers to enormous and complex data sets that cannot be dealt with using traditional data processing applications. In the past, only the largest most tech savvy companies could sort through and analyze big data in order to glean insights about trends.

However, the emergence of artificial intelligence (AI) and machine learning changed everything. Al is basically the ability of a computer to imitate human logic in order to make decisions. Machine learning refers to the way a computer can

"Machine learning enables retailers to plan offerings in a way that provides customers with what they want, before they even realize they want it."

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# MACHINE LEARNING

learn rules of human logic without being specifically programmed to carry out actions in a certain way. Through machine learning, a computer can constantly improve its understanding of those rules.

All of this may sound like information that is only relevant in a tech context, but there is so much more to it. With the internet creating more data than ever before, the implications of machine learning in retail has become significant, as we will explore below.

# Machine Learning and Retail

If there's one thing that remains a constant in retail, it's the struggle to make predictions that help increase returns and curtail spending. Traditionally, these predictions were made using methods like linear regressions that would plot sales volume against variables. However, since the human brain is obviously limited in its ability to select and analyze data, this approach can only work for a data set that is appropriately sized.

But once we add machine learning to the mix, everything changes. Machine learning is immeasurably more powerful than historical approaches. That's because machines are able to analyze much larger sets of variables in order to determine the most significant factors, and to make predictions.

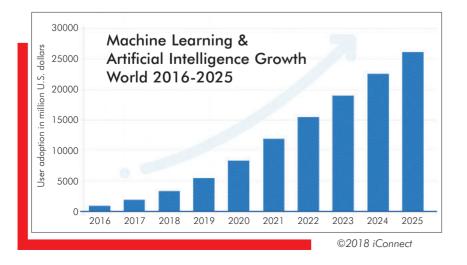
"Amazon is a pioneer that demands a large share of wallet of customers with targeted marketing, thanks in large part to its use of machine learning."

Not only can big data be analyzed using machine learning, but the accuracy of predictions improves. This is because customized models can be adapted for any specific category of business. Today, customized models made possible by machine learning, produce granular, useful information. Specifically, information that can be used to understand and predict the behaviors of target retail buyers. It isn't enough to simply rely on their past behavior, because customer behavior changes over time.

What machine learning does is discover underlying patterns behind the data. It combines market trends with customer data, providing retailers with action plans that are holistic enough to improve targeting. In doing so, they also make the data actionable by incorporating predictive analytics. Instead of just looking at customers' past purchases, machine learning enables retailers to plan offerings in a way that provides customers with what they want before they even realize they want it. The ultimate goal of machine learning for retailers is to drive revenue growth. It makes hyper-personalization and better business decision-making possible.

# Seven Ways Machine Learning Improves Retail

Recommends additional customer buys: When Amazon users buy one item, they are automatically shown additional



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products other customers tend to purchase at the same time. When it comes to machine learning at retail, Amazon is a pioneer.

Through the application of data correlation techniques on its enormous customer database, Amazon gains insights into customer preferences, reviews, product popularity and past purchases. It then uses those insights to make personalized and relevant recommendations to match users' preferences and buying history. Amazon analyzes identifying patterns and purchase behaviors on every single product page in order to identify which products tend to be bought together. This allows them to display complementary products at the right time.

Recognizes customers:
Machine Learning algorithms use Artificial Intelligence to recognize faces from a large set of face images recorded in a store; the technology is able to make decisions based on facial recognition. It can identify sales people, owners, managers and even mail carriers, distinguishing them from buyers. The technology allows furniture retailers to identify buyers by name and track them across their complete purchase life-cycle.

Boosts retailer customer retention: Most retailers invest time and effort to attract repeat customers since it's cheaper to retain customers than acquire new ones.

Advances in the technology allow

"Facial recognition technology allows furniture retailers to identify buyers by name and track them across their complete purchase life-cycle."

retailers to identify customers who seem to be about to defect from the brand, and engage with them.

A recent retail case study found that Machine Learning technology effectively used the following variables to bring repeat customers back into a retail store:

- Dates of first and last purchase over the last 5-8 years.
- Number of days between the first and last purchase.
- Total number of sales orders.
- Total number of sales orders for each customer.
- Geography of purchase, by zip when possible.
- Total lifetime spend.
- Number of items purchased.
- Warranty purchases.
- Type of payment or financing.
- Number of visits to the store.

After a few iterations to get the algorithm to predict correctly, the retailer found that 42 percent of



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A machine learning feedback loop begins with Raw Data Input including sales metrics, purchases, customer history, payment history, item history, warranty history, dates and number of store visits, customer lifetime spend, advertising, delivery execution, customer demographics, etc.

Patterns are identified such as frequent complimentary product buys, follow-up, purchase trends, likely next steps customers will take, damage & return trends, delivery issue patterns, patterns of return on advertising and promotions, etc.

Patterns, are applied, behaviors predicted, and actions suggested for personalized sales approaches, best product & follow-up strategies, granular suggestions for advertising, training, inventory, delivery, service, etc.

its customers were more than likely to fall off the grid, and that sending periodic, highly personalized offers by email from their CRM system was effective in bringing 50 percent of them back into the store once more for a productive 2017 winter. This is just one example of how predictive analysis can increase the probability of a conversion.

Increases the average customer spend: Machine learning allows even small retailers to do what once only a behemoth like Amazon could: gain insight about product purchase patterns among their own products. Basically, this means that machine learning allows them to predict a customer's next most likely move by recognizing products that tend to be purchased together or sequentially, and trigger a follow up purchase in the short term.

Through continuous analysis of customer demographic data, machine learning understands the buying trends rampant in a particular subset. Not only are similar products tracked, but retailers can

generate lists of customers who have the potential to buy locked up inside of them. They can then offer incredibly personalized product recommendations, better target their advertising, promotions, and even personalize individual online experiences based on purchasing history. In addition to boosting revenue, this provides competitive advantage by enhancing the overall customer experience.

The same retailer in the case study described above, adopted Machine Learning to provide sales people, with suggested real-time offers and product suggestions based on a customer's personalized data and what similar customers previously purchased.

Enhances cross-selling and up-selling: Through machine learning, retailers can offer the best possible prices to customers based on past purchases. It can even allow retailers to recognize when a customer might need to purchase a product again (for example a mattress or sofa) and send targeted promotions or information based on a customer's age or lifestyle. Today's buyers have high expectations for personalization from retailers. Through machine learning, it is possible to fulfill these expectations and help customers remain loyal.

Cuts back on waste: Machine learning algorithms allow retailers to predict the most relevant time to offer

"The same retailer in the case study adopted Machine Learning to provide sales people, with suggested real-time offers and product suggestions based on a customer's personalized data."

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# "Machine Learning

allows retailers to predict a customer's next most likely move by recognizing products that tend to be purchased together, and trigger a follow up purchase in the short-term."

products, instead of wasting marketing dollars when the likelihood of purchase is low. In high-volume stores, it can also help retailers decide just how much inventory to stock at a particular time when compared to the rest of the year. By reducing spoiled inventory and unnecessary marketing campaigns, machine learning allows waste to be reduced.

### Conclusion

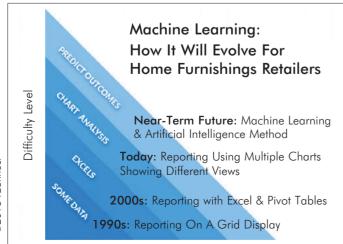
Machine learning helps retailers to understand customer behaviors, which allows them to make decisions that can grow revenue.

By understanding why customers act the way they do, behavior can be influenced. It also allows for operational efficiency that directly affects the company's bottom line.

Ultimately, machine learning at retail is meant to drive revenue growth efficiently. Using big data based on demographics, individual customers can be given more personalized care. Analyzing large data sets more accurately to inform business decisions helps retailers to constantly update their revenue potential and increase their shareof-wallet.

About Amitesh Sinha: Amitesh Sinha is a technology consultant based in North America, With over 20 years of experience developing and deploying solutions for retail, Sinha has gained a reputation for home furnishing software solutions, furniture software, POS furniture software, and re-engineering of software with extended features. His company, iConnect offers business technology solutions that integrate with most POS systems to make them more efficient and user-friend-

For more information about this article or any retail technology question, call 703-471-3964, email amitesh@iconnectgroup. com or www.iconnectgroup.com.



Technology	Retailers
Big Data Solutions for ioT Data	77%
Asset Tracking Sensors	75%
Cognitive Computing/ Machine Learning	72%
Sensors for Tracking Customer Traffic	71%
Beacons, Location-Based Marketing	70%

Above: Percentage of retailers planning to invest in Al & ioT technologies by 2021. Source: Zebra Technologies

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### Beware of Strange Checks

One Charles H. Weaver is reported to be forging checks under the name of Hollatz Brothers, manufacturers of upholstered furniture in Chicago. A printed check drawn on the First National Bank of Chicago has been passed upon the McKinley Hotel, at Columbus. Ohio, and business men are warned to be on the lookout for this fraud.

### Grand Rapids Market Opens

There have been ill-founded rumors that the Grand Rapids Market would suspend during the period of the war, but these are only rumors. The Grand Rapids Market is here to stay. Grand Rapids is today the first and greatest furniture center of the world, and will remain so, so long as artisans ply their craft, and so long as buyers and sellers of household equipment can twice a year gather at Grand Rapids for their mutual advantage.

### In Training for the Front

J. Walter Lambeth is the son of Mr. Lambeth, head of the Lambeth Furniture Co., Thomasville, N.C., one of the brave boys who is training for "over there." He graduated from Trinity College, leading his class in 1916. He took a post graduate course at Harvard in economics in 1917. He was eager to enlist and applied for officer's training camps and finally entered the service... He visited my home and the one thing I could get

him to talk about is the duty to his country and he even found fault with his father for not buying more bonds and giving more money to the Red Cross.

### "On-the-Job" Sugarman

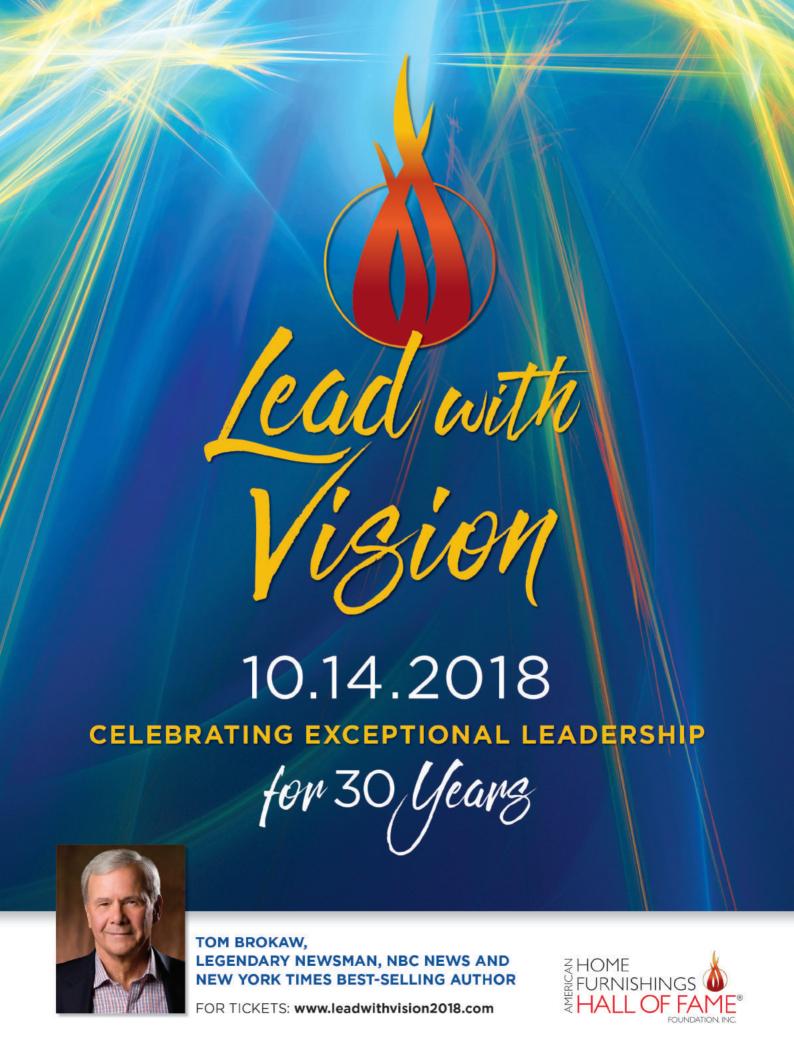
We introduce to our readers "O.T.J." Sugarman, known to many as the handsomest wholesale furniture man in the state of New Jersey. Of course, you will want to know what "O.T.J." means, but if you have done any business with this young man, and we know that almost everybody throughout the state of Jersey has done business with him, it will be easilv understood that "O.T.J." stands for "On the Job".

### A Word About the Inventory

A business run without inventory is like a ship without a rudder. Some merchants take monthly inventory, others semi-yearly or yearly... The average storekeeper will state, "No wonder the big stores can take stock in a night - look how many persons they have to help." It's not a question of "how many persons." but of systems that can be applied to any business.

### Salesmen's Union Doing Things

The Greater New York Retail Furniture Salesmen's Union IS. This Sunday night, May 20th the Union held it's fortnightly meeting at Hennington Hall. With the aid of the business agent of the Driver's Union who visits all the furniture stores on the lower East Side, the salesmen were told of the necessity for joining this union of employees, not for their betterment at the employer's expense, but for the betterment of the trade for both employees and employers.



# GETTING YOUR SLICE OF THE PIE

by Gordon Hecht

look
at our
market
like a pie. It's a
faulty metaphor.
Although a pie is
finite, retailers
can expand their
market from large
to extra-large with
pepperoni!

Parties are great and everyone loves Pizza, so a Pizza Party has to be doubly delicious! Unless you are the person planning it! If you want to treat a group of your best friends to a hot tomato pie you need to figure out if you are better off getting six, 14" mediums or three 18" extra-large pizzas. Assuming the cost for three or six is the same, you might not think that 4" more would be the better deal. However some high school geometry will tell you that three of the 18 inchers have 2.55 times as much pizza as six, 14" large pies. In essence, it's like getting an extra half of pizza FREE!

# Expanding Market Share

In retail we often look at our market like a PIE! Every new competitor wants to take one of our slices (market share), or as we often say, "There's more people to share the pie" meaning each person gets a smaller slice (share). There is a fault in the assumption that the pie is finite, that it cannot be expanded from a large to an extra-large (although too much

pizza can expand us from a large to an extra-large). And, this has implications for how we run our businesses. To grow, either we need to bash compete head-to head, or work expand our markets.

# Jitterbug Mobile Phones

Consider the marketing plan for Jitterbug Mobile Phones, sold as,

"There are shift
workers who can't be
home for Monday-Friday
9-5 delivery, buyers
for whom English is a
second language, and
buyers who may be
house bound or
un-banked."



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"Look to serve the under-served, ignored, and forgotten buyers in your market and find ways to meet their special needs."

"A simple cell phone for seniors, those that grew up with phones connected by wires." The concept appeals to people we often think of as less tech savvy than Millennials. The golden generation wants the convenience of mobile communication, but they don't always see the need for the latest iPhone 8 or 9, or even the next Samsung Flame phone. Jitterbug tells them Simple is Better, 10 big buttons beats dozens of apps. While AT&T and Verizon were fighting over get-

ting your kids' business, Jitterbug expanded an under-served market and grew the pie.

### The Mattress Pie

Here's something to ponder in our own industry. Online mattress retailers such as BedInABox.com. Casper.com, Leesa.com, and Tuft and Needle.com, have seen tremendous growth over the past few years. Currently they own about six percent of the market and are projected to grow to 10 percent in the next few years. Sure, they stole a little bit of market share from mattress stores, department stores, and other traditional retailers. But what they really did was expand the market of buyers by appealing to the world famous Millennial generation with a cool message, a no hassle buying experience, single or limited choice, and a true, no risk owning experience. Many Millennials had never bought a bed before and didn't know that you had to get in a car, shop 3.4 stores, and try 70 beds and then horse trade their way to get the best deal. In brief, many traditional retailers never bothered to appeal to this market. The Bed in a Box folks brought people into the market, expanded the pie, got a lot of the expansion and nipped a piece off of your slice too!

No matter where your stores are located, you are living in a market

that has an under-served demographic. It's the forgotten section of your community that is being ignored by you and the people selling the same products as you down the street. Look closely and you can find that market.

In August I was invited to work at three trade shows. At each show several retailers stopped by to see if we had "the cheapest" queen size bed at the show. Although we are closer to the year 2020 than 1970, those retailers still expected to show and sell a mattress set for \$199, because as they told me, their market demands it. I truly believe there are NO WINNERS in the race to ZERO, and if that market really exists, it probably is already OVER-SERVED by their competitors. Chances are good that there is an UNDER-SERVED market in those same areas. Consider the luxury buyer market. It's that crowd

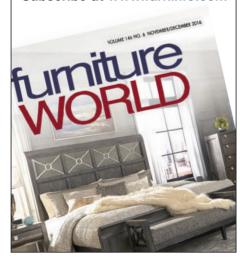
"Are you featuring more beds under \$1000 or over \$4000? Every time you shout \$199, \$399, and \$599, you turn off the Luxury Buyer and send her elsewhere."

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# "Many Millennials

had never bought a bed before and didn't know that you had to get in a car, shop 3.4 stores, and try 70 beds and then horse trade their way to get the best deal."

that demands the BEST and is willing and expecting to pay for your best bed, your best adjustable base, and your best pillows, linens and protectors. They either have the money or the credit to get it. The trouble is that too few stores invite them to shop. Think about your own marketing efforts. Are you featuring more beds under \$1000 or over \$4000? Every time you shout \$199, \$399, and \$599 you turn off the Luxury Buyer and send her elsewhere.

Yes, there are affluent people in vour market, but there are other under-served markets too! There are buyers who are shift workers

who can't be home for your normal Monday-Friday 9-5 delivery schedule, buyers for whom English is a second language, and buyers who may be house-bound, have trouble getting to any store. You may also serve buvers who are "un-banked"in other words, they don't have a checking account or credit card, but do carry cash. Other buyers are newly divorced and have an immediate need for a mattress, and others are new home buvers who don't need it for 90 days.

You can expand the pie from a 14" large to an18" extra-large and then reach and capture 100 percent of these otherwise underserved buyers just by making a couple of swift moves. Imagine promoting evening deliveries from 5:30 to 9:00 pm a few times a week and helping someone avoid losing a valuable vacation day sitting and waiting for their bed. Or promoting your store in another language online, in the press and on TV! You don't even need to learn a new language, just use a translation application on your laptop or smartphone (Jitterbug excluded). How about a Store on Wheels! You can ask the same comfort questions over the phone that you can in the store. Based on the caller's answers, send three

# "Thanks Larry for Another Fantastic Event!"



MICHAEL BRUCE

This is the second time we have worked with Larry on a retirement sale for a store we purchased, and he was great again. The concept he uses to develop a story thru the marketing and then allows us to conduct the sale with our own people is fantastic and I believe provides for the best results. We were overwhelmed with the amount of business the first week of our event and Larry was able to adjust the marketing and event schedule to continue to maximize the opportunity after we attempted to catch our breath. Thanks Larry for another fantastic event!

Michael Bruce, of Bruce Furniture: Kearney, Hastings, Holdrege, Alliance and North Platte, Nebraska

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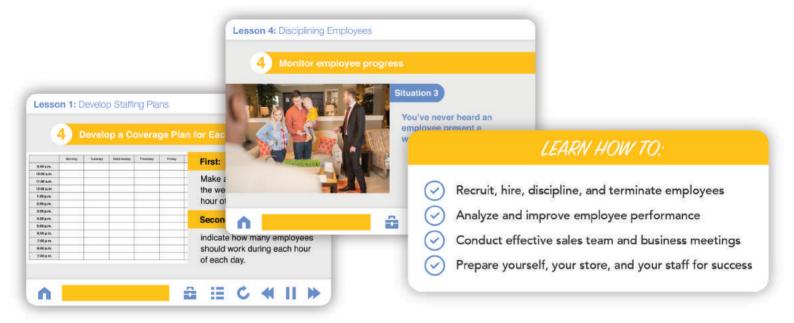
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# PIECE OF THE PIE

mattresses to their house and let them try them on the spot! You can either deliver a fresh one immediately or let them keep the sample! Just be aware of state requirements for in-home sales.

For the Un-banked, offer Cash is King Bonus to attract that market. Most shoppers don't really need a new bed the same day they buy it, but how about taking your two slowest retail days and converting them to On-the-Spot Delivery Days. If your sales hit the doldrums Wednesday and Thursday take a shot on it and you may sell a few extra beds. Or take the stress out of moving day by letting shoppers know that \$99 starts any order and you'll hold the price (not the merchandise) up to 90 days. They can get the bed selected and let you know a couple of weeks before they move in, so you can order it. Sure, you'll get a cancellation or two along the way, but you are only holding money, not any inventory.

### Conclusion

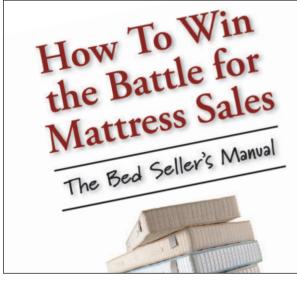
When it comes to pizza, I am a purist. I like plain cheese and most of the time I get it all to myself while everyone else fights over the Pepperoni, Meat-Lovers. and Sriracha Chicken and Peppers. Look to serve the under-served, ignored, and forgotten buyers in your market, and find ways to meet their needs - and you too will eat

About Gordon Hecht: Gordon Hecht is Senior Manager-In Store Concepts for Serta Simmons Bedding Company, introducing and expanding bedding business in conventional and non-traditional venues.

He started his 30+ years experience in the Home Furnishings industry in Las Vegas, NV as a delivery helper and driver and later served in sales, retail management and consulting roles. See all of

Gordon's articles on the furninfo. com website at www.furninfo.com/ Authors/List. Questions and comments about this article or any other topic can be directed to Gordon at ahecht@serta.com.

"Online mattress retailers such as BedInABox.com, Casper.com, Leesa.com, and Tuft and Needle.com have seen tremendous growth over the past few years. They own about six percent of the market and are projected to grow to 10 percent."



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