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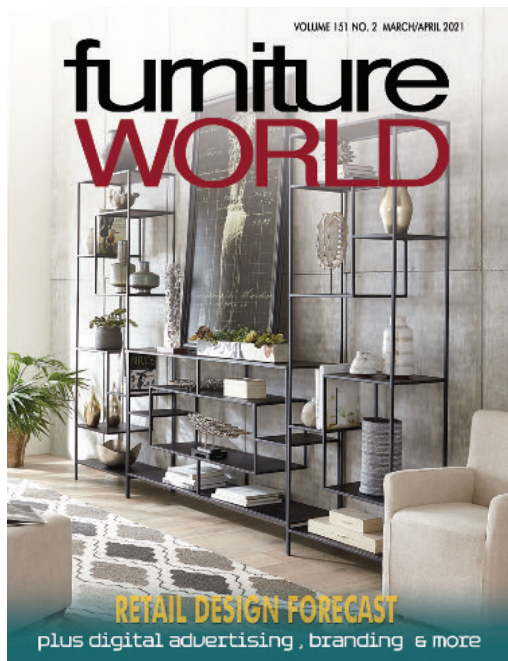
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COVER: Pictured are Home Trends & Design's Parsons bookshelf and console, inspired by the architecture of the Parsons School of Design in New York. The Parsons collection features sleek, black iron bars that connect to form spacious, minimalist display pieces. For more information on Home Trends & Design see pages 6-7 in this issue or visit www.htddirect.com.

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Don't Trip On The Dismount

Nobody in our industry can deny that the past months have been grueling. It reminds me of an elite gymnastics competition. Retailers who were in excellent condition and pushed through with well-coordinated and innovative efforts to take advantage of lead traffic are doing well. Sure, some experienced a wobble here and there, but better than expected consumer demand has helped. Metaphorically speaking, it seems like it's time to stick the dismount and return to more normal business. However, that does not seem likely anytime soon.

As consumers start to travel and spend more time and money outside their homes, we may experience lower demand for home furnishings. In Furniture World's January/February issue, David McMahon advised FW readers to keep a close focus on inventory pipeline metrics. If you missed it, his article can be found at <https://www.furninfo.com/Authors/DavidMcMahon/6>. Not attending to these metrics may result, McMahon warns, in serious cash flow issues. Using customer deposits for cash flow will be an issue for some retailers.

Huge demand for home furnishings and other products necessary for pandemic life has clogged ports and disrupted shipping. We all know the result: backlogs, unhappy customers, cancellations and soaring freight rates. The most recent stimulus package may further increase demand, which will be good news for sales, but put further stress on supply. When conditions start to improve, perhaps by late this summer, retailers of all stripes may be stepping over each other to build inventories and prepare for the holiday buying season.

In this Furniture World issue, Jaye Anna Mize of Fashion Snoops says that consumers who decluttered their homes in recent months, are likely to make fewer but higher-quality home furnishings purchases going forward. Personalization, customization and DIY marketing content will become more important. A desire to live more sustainable lifestyles and do business with companies that authentically and transparently share their values will be big factors for successful retailers. Check out her interview on page 16.

I hope you enjoy this issue of Furniture World and wish you, your families and employees patience and focus in the coming months.

Russell Bienenstock
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CUSTOMER EXPERIENCE MANAGEMENT

by David McMahon

Here is a tool that will help you to grow your furniture business and outperform competitors large and small.

One of the biggest opportunities for home furnishing businesses is developing Customer eXperience Management (CXM). To help you understand what piqued my interest in CXM, let's start with a story. It begins with the COVID shutdown in the U.S. when almost every state shuttered so-called non-essential retail, a category that included most furniture stores.

Operations approached this closure in different ways. Some businesses decided to completely close. Others decided to shut the front doors of their physical stores. Many completely ceased operations—laid off employees and even posted website messages that they were not open at this time.

Many of the retailers who decided to shut their “physical front doors” while keeping distribution operations open, produced significant revenue from non-physical customer leads. These businesses found a new front door—the virtual door!

This virtual lead door existed before the pandemic but, in general, retailers almost exclusively focused on in-person traffic.

This was a light-bulb moment for me. New and past customers almost always start their buying

journey before they physically visit a showroom. If they like what they see about your store on the internet, hear about you from their connections, from their direct experience with your store, or your marketing outreach, they may decide to reach out via your website, social media, telephone, chat, text or email. Only then is it possible that they will take the next step and visit in-person.

This is why it is important for home furnishings retailers to be equally as good at handling non-physical leads as in-store leads.

“Lead Managers working in formal business development centers or BDCs provide salespeople with a steady stream of warmed up and qualified customers.”

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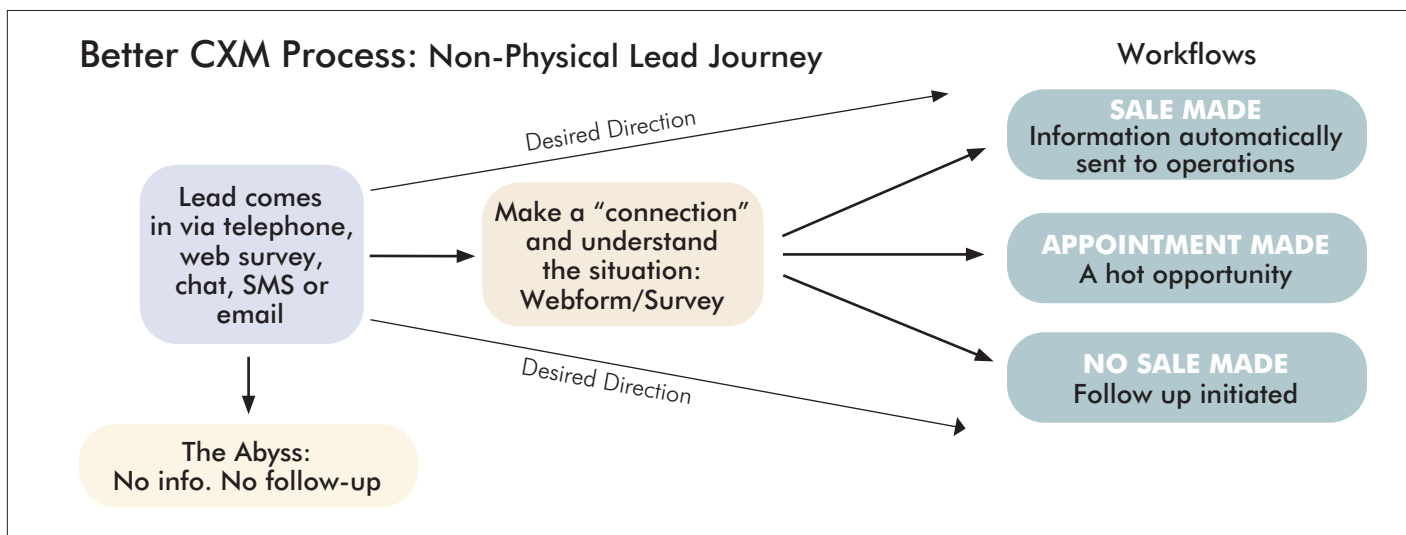


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What Happens Post-COVID?

More consumers were brought into the market for home furnishings because of COVID. It has been the best promotion ever for our industry. Operations now find themselves short of resources—namely people and inventory. But unbelievably, overall, retailers are more reactionary than ever—drifting back to their old ways of doing things—focusing mostly on physical store traffic. There is enough customer traffic, so why change anything, right? My response: Businesses need to improve now because this uplift in business will come to an end.

Some Say They are Crazy

That said, there are retailers who are refining their systems and processes and are getting even better results. Some stores have decided not to re-open their physical front doors for public walk ins in the old way, even though they are allowed to do so. Many would say, this is crazy! Well maybe – maybe not. I know of cases where similar or better results are being produced from

appointment only operations. How can this be? It's because appointment customers' close rates are much higher than the approximate 25 percent the furniture industry was stuck at for many years. Now, there are stores getting double that number. At the same time average sale for appointment business is also much higher. The silver lining is that fewer salespeople are needed because they are more effective with their traffic.

An appointment-only strategy is not for everyone. However, by developing Customer eXperience Management (CXM) and professionally handling leads, retailers can get better sales due to higher close rates and higher average sale. The main goal here is to handle leads in a proper fashion to produce appointments. With this system, Lead Managers working in formal business development centers or BDC's provide salespeople with a steady stream of warmed up and qualified customers.

Why CXM is Important

So, what is CXM and why is it

important? It's a customer-focused process that delivers effective and efficient business communications to customers. To be effective, communications must "say" the right things and get the right results at the right times. To be efficient, communications need to be simple and often automatic, not holding the organization back in terms of workload.

CXM should span the customer's entire journey and beyond: from the time of initial contact with a prospect, to making a written sale, then through the often several months it

"To be efficient, communications need to be simple and often an automatic process that does not hold the organization back in terms of workload."



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"If CXM was easy

to implement, everybody would be doing it equally well. Let's explore the challenges and the ways home furnishings retailers can get past them."

takes to get the sale delivered, and finally, inspiring a next purchase. Keeping in touch with customers at the right times with the right messages is at the core of good CXM. It keeps your customer close by providing exceptional value throughout their experience with you. Done right, it makes you better than your competition and sets you apart in your marketplace.

CXM done well makes retail owners, managers and salespeople more productive. It does the same for your customers. In fact, the main purpose of CXM is to build more customers, for life!

CXM Challenges

If CXM was easy to implement, everybody would be doing it equally well. Let's explore the challenges and the ways home furnishings retailers can get past them. As was mentioned, furniture retailers do a good

job of handling physical, in-store traffic. Non-physical leads, however, are generally non systematized. For example, if a telephone call from a prospect comes in, whomever answers it will likely handle it quickly and fail to ask them for information /qualify them. The result is that the retailer can't track if that caller subsequently visits the store, let alone buys. This is a missed opportunity that results in wasted lead traffic and underperforming sales.

A big challenge for many retailers is that shoppers communicate in a whole bunch of different ways. They use chat, telephone, text, email, Facebook... you name it! And, retailers don't have a good system that ties all this incoming information together. Another problem for many furniture retailers is that they fail to take a proactive approach that leads every customer towards the best solution, which is buying the right furniture, mattresses, accessories and protection plans!

Managing Better

Improving processes, systems and how they work together equals better outcomes. Retailers have achieved 100 percent increases in close rate, and 100 percent increases in average sale, by capturing incremental business with CXM. Another big benefit is that the improved service experience leads to happier customers. This in turn generates better word-of-mouth messaging—the best advertising in the world. When you become more remarkable through better CXM (at least better than your competition) you will get more free advertising in your community.

The Big Picture

The solution to lots of the problems furniture retailers have is complete customer experience management. Complete means that it is all-encompassing. CXM is an integrated set of all customer related communication systems and processes, including ERPs, and tools like Podium and DispatchTrack. Also, text, email, chat, service ticketing and telephone calls. All this should be integrated in one common area which allows for transparency across an organization and elevates the customer experience. It's similar to CRM (Customer Relationship Management). I call it



CXM because the eXperience and the customer journey encompasses more than traditional CRM.

Problem Solving

CXM helps solve common issues such as open sales follow up. With

lead times extending well beyond the pre-pandemic norm, retailers' open sales files have ballooned. Follow-up has been a challenge to say the least. Who are the people that have to do the most follow up? The best salespeople, of course! And, they are the ones with the least amount of time. CXM should be

geared toward helping salespeople focus on the most important tasks—to keep their customers happy and help them buy more often. This can be done through process and workflows that are predefined and automated to some degree. Here is one example of better CXM processes (in the second part of this article

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more examples of better CXM will be presented).

Non-Physical Lead Journey

When leads come in via a telephone call, webchat, survey, SMS, email, or other non-physical way, retailers need to channel the conversation in a desired direction. First, a connection needs to be made with the customer by gaining an understanding of their reason for calling. As with in-store traffic, a series of questions should be asked, such as: "What room are you working on? What do you like about your room? What don't you like about your room? Who is using the room?" Let's say a customer makes contact through phone, mail or chat, to inquire if you have recliners in stock. It's easy to see that the worst result

will come from responding with some version of, "Yes, please come on in and make sure to ask for me, my name is Joe." Then hang up. Unfortunately, that is often the standard reply, especially for busy employees. Instead, CXM systems can be geared towards making a real connection. Once that happens there are three possible outcomes:

- A sale.
- An appointment is made.
- Some agreed upon follow up results.

Systems define outcomes! Each of these three outcomes, when handled with CXM systems, can trigger automatic workflows making it much more likely that the person who called, emailed, or used a website chat feature will have a positive experience and make a purchase.

examples of better CXM and present ideas for effective implementation strategies. To sum things up for now, CXM helps the customer move more effectively and efficiently through their retail journey. It helps organizations improve processes, which always leads to better outcomes for retailers and their customers.

About David McMahon: David McMahon is founder of PerformNOW Inc. PerformNOW has three main products that help home furnishings businesses improve and innovate: Performance Groups (Owners, Sales managers, Operations), PerformNOW CXM (Customer eXperience Management systems and processes), Furniture business consulting. You can reach David at david@performnow.com.

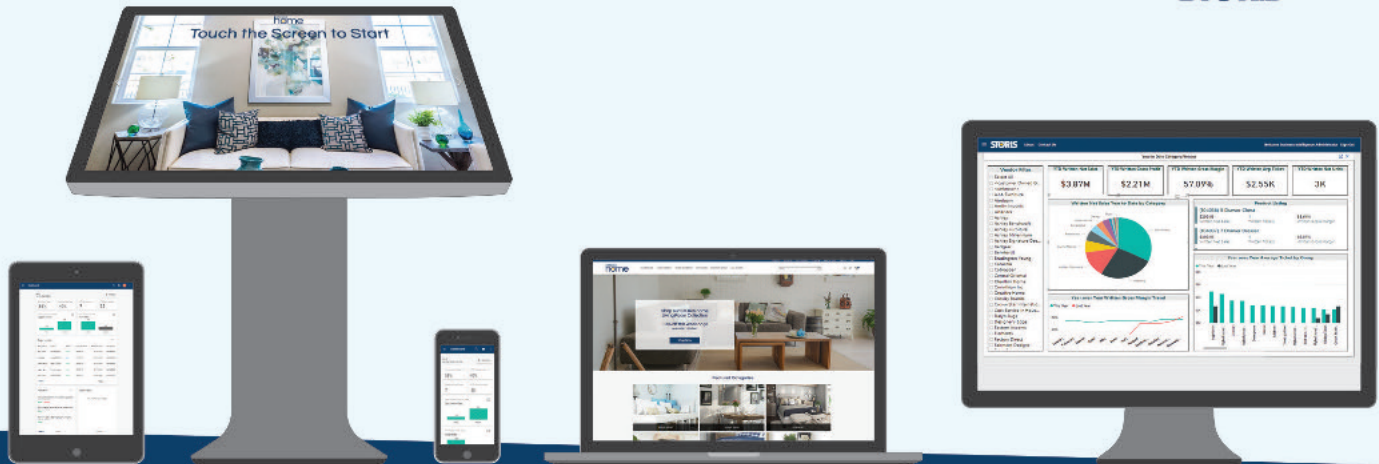
Next Issue

Part two of this article, will examine the lead management process in more detail. It will also provide more

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Furnishings Trends

INTERVIEW WITH FASHION SNOOPS' JAYE ANNA MIZE

Fashion Snoops expert trend forecaster Jay Anna Mize

looks at what's now and what's next in style and consumer buying behaviors as we exit the pandemic.

It's been over a year since Furniture World last spoke with Jaye Anna Mize about consumer behaviors, culture, lifestyles and home furnishings trends. Mize is VP of Creative Home Interiors and Design at the trend forecasting think-tank Fashion Snoops. We asked her to update her expectations for the furniture business going forward.

"The focus on the home has obviously boomed due to COVID," she observed. "Consumers are working on their homes which is a beautiful thing. However, there are a lot of sourcing issues including backorders, manufacturing and shipping delays."

Potential Problems Ahead

"Just about everyone in our industry knows that importing from Asia right now is literally like the wild, wild West. It's been impossible for brands to know what can be made and when it will be delivered. Lots of factories are working short-staffed and at different intervals so retailers, importers and consumers have had to adjust expectations.

"There's a huge demand-supply mismatch that we as an industry desperately need to work out. At the same time, we are seeing that younger consumers want fewer, bet-

ter things. This is a trend I shared with Furniture World in late 2019. It's a trend that's accelerating as older generations want to declutter and buy more quality-driven items as well."

Mize says that supply issues coupled with declining demand will result in problems for the home furnishings industry. "At Fashion Snoops we are concerned that importers and retailers will accidentally overbuy, thinking that the unusually high demand during COVID will continue. We forecast that a lot of people are going to spend less on home furnishings post-pandemic.

"Early in the pandemic when many people started working from home

"We are seeing that younger consumers want fewer, better things.

This is a trend I shared with Furniture World in late 2019. It's accelerating."

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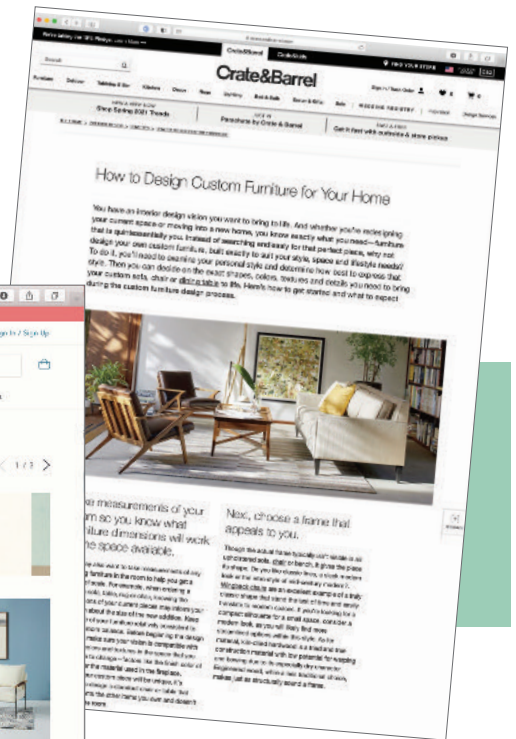
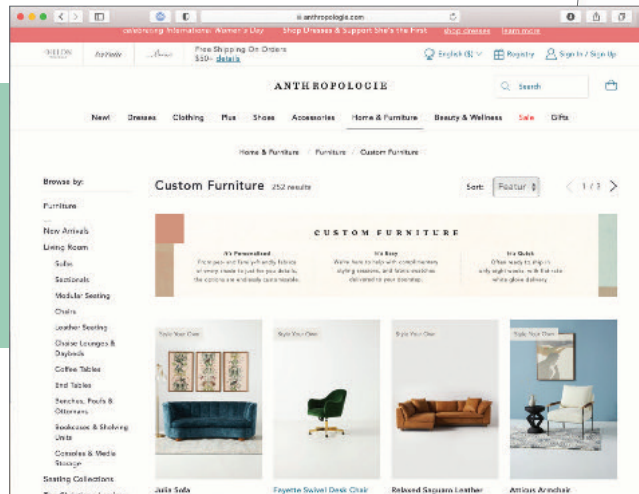
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Trend: Individualized & Custom

"To be successful, brands will need to stand for something in their customer's minds and find a niche and that will either fit a particular consumer or not." Pictured at right is information on custom options available at retailers Anthropologie and Crate and Barrel.



they purchased a quick-fix desk. Now they are focused on replacing it with something better. People will put more emphasis on purchasing quality-crafted, locally-made products, and the trend toward buying more expensive furnishings online will continue. The pandemic has made consumers comfortable with buying higher priced items online without seeing them in person first."

Fashion Snoops does a huge amount of research when compiling yearly projections. They scan the internet and peruse tons of periodicals. In normal years they travel relentlessly to collect information on all aspects of design, consumer behavior, culture and lifestyles. "This year," noted Mize, "there has been an unusually slow progression of new home furnishings designs due to COVID."

"Overall, the structure and sentiment of recent design trends hasn't changed much. We see a slow evolution as opposed to revolutionary

change."

Personalization

"Individualization and customization in the home has become more important. From a trend perspective, the industry is gravitating away from the idea of bucketed trends such as shabby chic, farmhouse, maximalism, minimalism and lux modern."

"I don't think that we will see a color boom, a printing pattern boom or a shape boom any time soon. Instead, there will be more design individuality. To be successful, brands will need to stand for something in their customers' minds and find niches and that will either fit a particular consumer or not."

"Target has stayed ahead of this trend by starting to segment their home brands. Each one has a different voice," she noted. "They're not trying to offer the widest selection and be all things to all customers. I think it's a really smart move."

Self Reliance

"Consumers have come around to the realization that they should be more self-reliant. The pandemic reminded them that they have forgotten how to do things that are basic

"It's not good enough anymore for a company to not use child labor or stop supporting toxic working environments. It's becoming a deeper and more difficult conversation about materials and practices."



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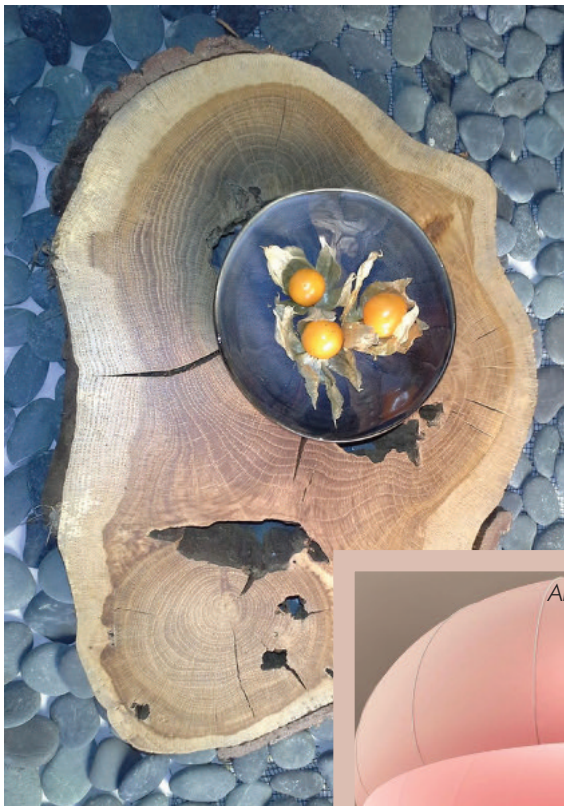


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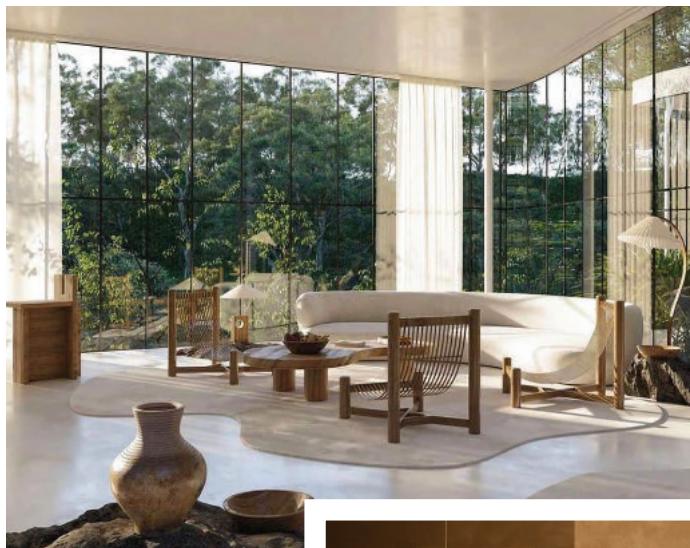
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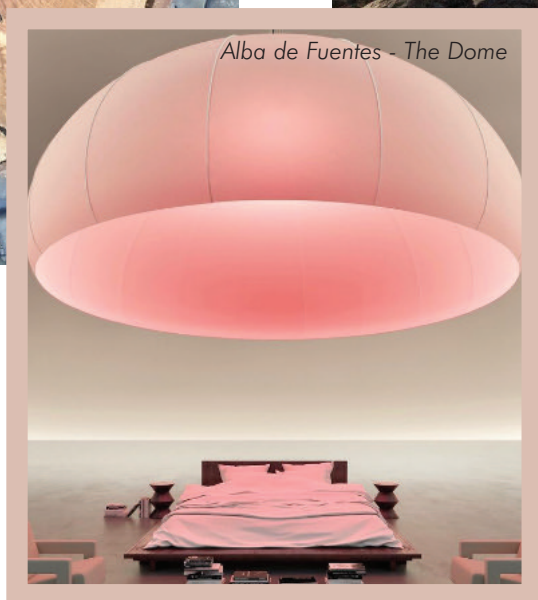


"People want to slow down, refocus on wellness practices, purchase products that aren't toxic and become more sustainable," said Mize. Photos compliments of Fashion Snoops.

Casa Atibaia



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Dinesen Collection



Trend: Wellness & Natural Materials

to sustaining life such as gardening and cooking. So, one of the biggest things Fashion Snoops is forecasting post-pandemic is a push towards self-sustainable hands-on lifestyles. Buckets of consumer-driven buying behaviors will arise. Gardening is going to be one of these big buckets. More companies will start injecting garden indoor-outdoor living essentials into product lines. Another bucket will be items for the kitchen. Brands will be looking at, and developing products to address where people are spending most of their time."

Mize said that this will be an

opportunity for furniture retailers. "There will be a lot of opportunities for furniture makers and retailers to get more hands-on with consumers. This will take the form of engaging consumers with D2C marketing to create a more emotional connection."

She's not suggesting that there will be a desire in the marketplace to undertake huge projects like buying unfinished furniture. Instead, giving consumers practical interior design ideas with a DIY component and customization options promises to be a successful strategy.

"There is also an opportunity for

furniture stores to become a liaison between smaller and custom furniture makers. The idea is to offer customers the experience of choosing individualized custom options and personify the process. It's a bit like The Container Store's approach to offering custom closets," she pointed out.

Politics & Design

FURNITURE WORLD asked Mize if recent political and social movements have affected home furnishings style trends. "That's an interesting question for this recent

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OW Lee Relocates Operations to Comfort, TX

OW Lee, a manufacturer of high-end outdoor furniture, fire pits, and accessories located in Ontario, Calif., has acquired a 412,000 sq. ft. manufacturing facility in Comfort, Texas and plans to relocate its California operation to Texas in the Spring of 2021.

The move will result in 255,000 more usable square footage than the Ontario facility, providing over 2.5 times more space to use and grow into. Comfort is approximately 45 minutes Northwest of San Antonio, TX, and conveniently located next to interstate 10. Ownership of OW Lee will remain with the Lee family, and they plan to continue their commitment of producing high-quality American-made outdoor furniture.

"We chose to relocate to Texas due to the states favorable business incentives and policies, and for the central location for shipping," said Terri Lee Rogers, President and VP of Sales. "The San Antonio area can meet our need for high quality metalworkers and welders, and we feel we can provide a good wage and be a positive business member in this community."



OW Lee has spent the last 6 months installing a new state-of-the-art paint line and performing other various upgrades on the building and plan to move operations to the new facility starting in March. They strive to be fully operational in the new facility by late Spring 2021 and are working to minimize interruptions in productivity.

OW Lee was founded in 1947 in Pasadena, California. They are the premier manufacturer of fine wrought iron and wrought aluminum outdoor furniture and fire pits. OW Lee manufactures heirloom quality products in Ontario, California and they are one of the few remaining companies in the outdoor furniture industry that still manufacture in the USA.



"We chose to relocate to Texas due to the states favorable business incentives and policies, and for the central location for shipping."





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DESIGN TRENDS

cycle,” she replied. “Usually in an election year, consumers gravitate more towards traditional furnishings because they feel more patriotic. Forecasters notice traditional furniture purchases start to up-tip before an election, a trend that typically follows through for perhaps the next year and a half. For example, Joanna Gaines’ career took off about the same time that Obama was elected president. Consumers really felt the pull towards a new Americana with the 2012 election and Gaines’ design aesthetic fit in well with that need. However, as we’ve moved into 2021, we see a lot less traditional, patriotic and

industrial feeling home furnishings. Instead of red, white and blue, people are looking for design that’s more primal, tied into their ancestry and roots.”

Sustainable Design

“Fashion Snoops recently partnered with Julia Watson, who created a style known as ‘radical indigenism.’ Her designs study indigenous communities and how their primal habitats work in reciprocity with nature. Conversations about concepts like this will be key for home furnishings marketing materials going forward. More people want to know how furniture brands and retailers are working with the Earth to preserve it. That is a big shift for consumers, especially younger ones who are pushing this agenda forward. Our industry has observed and discussed this idea before, but never on such a fundamental level.

“That’s why the sooner home furnishings companies address working

“Instead of red, white and blue, people are looking for design that’s more primal, tied into their ancestry and roots.”

with nature—using circular design philosophies and principles—the easier it will be for their supply chains to adapt over the next 20 to 30 years. An end-game strategy is needed because more people have become hyper-aware, nervous, and super concerned that consumer lifestyles are killing the planet. It’s not good enough anymore for a company to not use child labor or stop supporting toxic working environments. It’s becoming a deeper and more difficult conversation about materials and practices.”

Mize says that our customers are

Roberto Sosa



MaliArts



IKEA



Trend: Self-Sustainable

Post-pandemic, Fashion Snoops predicts a rise in self-sustainable hands-on lifestyles. These include items that support working in the kitchen, healing, wellness, gardening and outdoor living. Mize says, “giving consumers practical interior design ideas with a DIY component and customization options promises to be a successful strategy.”



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Jaye Anna Mize



becoming super skeptical as well. "Going forward," she explained, "companies must document their progress and offer proof. That's because consumers are seeing more value in retailers and brands that embrace transparent business

and sourcing practices."

We spoke about CITY Furniture's social responsibility report (highlighted in this edition of Furniture World). This retailer is adapting clean technologies such as natural gas delivery trucks, electric vehicles and solar power. With regard to sourcing, however, they say that they are really just getting started.

Mize suggested that retailers like CITY Furniture should start by reviewing their corporate mission. "We love the initiative and hope they keep up with their due diligence because at the end of the day, it's our responsibility as members of this industry to not ruin this planet.

"We are seeing consumers making more sustainable choices

as they become available in bedding, rugs and furniture. Truthfully though, there aren't a lot of satisfying eco-friendly furniture choices out there."

Wellness Trend

"A broad consumer interest in sanctuary and wellness-driven living has developed. There has been a huge uptick in people building wellness spaces within their homes—meditation spaces, places to do yoga and home workouts."

Mize says that people feel like they've been on an insane roller-coaster without much work-life balance. "That's been part of the

Trend: Primitive Forms

After an election year, people tend to look for more traditional furnishings. This year, Fashion Snoops says, they are looking for more primal designs, tied into their ancestry and roots.



Radical Indigenism -Julia Watson

Atelier Jaspers



Elena Krafft



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Trend: Joyland

Mize says that 'Joyland' is all about being happy. It features bright, bold colors and nostalgic throwbacks.



COVID experience for sure. It's all part of a trend that goes hand-in-hand with people wanting to slow down, refocus on wellness practices, purchase products that aren't toxic and become more sustainable."

With regard to companies that are doing a good job of addressing sustainable trends, she observed that, "the ones nailing it right now are primarily smaller maker-driven furniture manufacturers adding upcycled and recycled content which will be more important from a marketing perspective going forward.

"During COVID, protection has become more important. People who are redoing their homes are emphasizing automated appliances, installing air filter systems and purifying fabrications to protect home

environments. IKEA recently started selling a line of purifying curtains by GUNRID made from recycled PET bottles. When activated by daylight they reduce home pollutants. We will see more cooling and purifying finishes, especially in the bedding category. Also, look for more recycled materials, vegan leathers, stoneware and unusual, renewable natural materials."

Be Happy

Fashion Snoops has identified a new trend they call 'Joyland.' "It is all about being happy, said Mize. These furnishings have bright, bold colors and nostalgic throwbacks embraced by younger consumers as they step up to buy homes. There is a lot more happiness coming through in home furnishings design that includes fun interpretations of checks, geos, flex living scenarios and athletic influences.

"This trend is different from maximalism. Absent are the ornate prints thrown up all over rooms. Instead, it includes highly color blocking highlighted by fun, thoughtful statement pieces. It's way more playful."



Elle Australia



Defhouse John Pentassuglia

Emphasis on Materials

"I feel that materials will be in the forefront of home furnishings for the next two to five years. People will be less focused on a theme or a trend. Instead, they will be more concerned with material applications and how those materials are being sourced."

"There is a lot more happiness coming through in home furnishings design."



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CITY Furniture

CORPORATE SOCIAL RESPONSIBILITY DONE RIGHT

Andrew Koenig explains how home furnishings retailers can conceive and implement a CSR program that helps employees, customers and the communities they serve feel good about what they do.

Andrew Koenig, president of CITY Furniture with 34 stores and 2,400 employees, wants the business he leads to improve people's lives and make the world a better place. He admits it's a more aspirational goal than many home furnishings retailers take on for themselves.

Early in life Koenig dreamed of being a professional golfer. "Some things just don't work out the way we plan," he mused. "It turned out that those guys were way too good for me, so I joined CITY Furniture right out of college, starting in the receiving department. I worked all the jobs in our warehouse and operations, then continued to work my way up through the organization." It was in many ways a typical path for a family member in a family-owned business. However, CITY Furniture is no typical company.

Furniture World asked Koenig about the company's focus on corporate responsibility as outlined in its recently released Corporate Social Responsibility report (CSR).

"It doesn't matter if a company is selling potatoes or furniture," he replied, "it needs to know its mission on this earth. Our focus on corporate social responsibility came together several years ago as a

branding project. We polled many of our associates and family members to collect their thoughts. What we discovered was that the people who work here have an interest in enriching people's lives and making the world a better place. When they go to work they want it to be about more than just selling a sofa. They want something to aspire to and feel good about.

"To make this a reality, our business has to be well run and profitable. Only then will we have funds available to take care of our associates, our community and the environment. This was the purpose we stumbled upon—and for me as an older millennial, it still feels right."

Corporate Social Responsibility

CITY Furniture's commitment to publishing an annual CSR report is more than just a way to hold their feet to the fire, so to speak, regarding progress in achieving their mission. "The CSR report," observed Koenig, "is helpful in many areas of our business. Especially our younger customers and employees want to know what we are doing for our community, our customers, the environment and for them. A CSR

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Pictured above is one of CITY Furniture's newest and largest LEED Certified showrooms, located in Millenia, Florida. The company is committed to giving a minimum of five percent of its annual profits through CITY's 5% Giving Pledge. Pictured at left is a delivery of produce for a food drive.



report is a best-in-class method for any company to explain in an easy to understand way who they are as a business.

"We give the report to new hires when they join the company. It opens

"Especially our younger customers and employees want to know what CITY Furniture is doing for our community, our customers, the environment and for them."

up their world a bit. Our founder and current CEO Keith Koenig always emphasizes the importance of transparency. We might be sharing some of the secrets of our corporate culture in this report but, on the whole, transparency makes us much better.

"It's also a way for every person who works at CITY Furniture to hold the company's management accountable for making progress in so many areas including diversity, inclusion, green efforts and giving back."

A Green Promise

In 2020, CITY Furniture made major progress toward its promise to make all of its operations carbon neutral by 2040. Some high points included:

- Ran 100 percent of its delivery fleet on natural gas, reducing greenhouse emissions by 45 percent. Five Tesla all-electric trucks are on order.
- Broke records for the U.S. furni-

ture industry's most eco-friendly retail space, now operating eight LEED-certified "green" showrooms totaling 460,000 square feet, with two more showrooms on the way.

- Adopted strategies to save over 7.2 million kilowatt hours of electricity per year, which prevented 11.2 million pounds of CO2 from being released.
- Recycled 99 percent of cardboard and plastic operational waste at its own recycling center.

Expense or ROI?

Is making good on CITY Furniture's 2040 Green Promise an expensive proposition?

"There are definitely big upfront costs," says Koenig, "but like any good retail investment it pays for itself over the longer-term. CITY Furniture was the first retailer in the furniture industry to use compressed natural gas delivery trucks on a massive scale." CITY Furniture's CSR report notes that 100 percent of their delivery trucks utilize CNG

CORPORATE SOCIAL RESPONSIBILITY

or Renewable Natural Gas (RNG).

"Our head of fleet, Dave Clevenger, has been working on this project now for seven years and is the leading authority on using compressed natural gas for delivery trucks." These trucks were not off-the-shelf purchases. For retailers who may want to upgrade to this technology, Koenig advised, "there's a capital investment plus a lot of hard work involved to make this newer, greener technology work out in the field.

"We had to find a factory to make the truck, complete with natural gas tanks, then work with them to make the technology continue to improve over time. There were small issues here and there. When you're on the cutting edge of technology there are

always problems. There are benefits as well. Our compressed natural gas cost, known as a gas gallon equivalent, makes us approximately 50 percent more efficient than anyone else out there and operates one of the most efficient delivery fleets in the United States.

"We are now in the process of doing something similar with electric semis from Tesla. I believe we are also the first retailer in the Southeast United States to develop an electric yard spotter truck to move containers.

"I'll tell you this, our associates love hearing that we're going down this road, that we're paving the way. It's a challenge for them to figure out something that's never been done before. It's true that

CITY Furniture is ideally suited to do this kind of development work, but every retailer has to start somewhere. There are innovative green methodologies appropriate for any furniture operation, large or small. Every furniture retailer can save energy in the corporate office, on the showroom floor or with delivery. There's an opportunity—with a little upfront investment—to do what's right while investing in a longer-term ROI strategy."

CITY Furniture's 2040 Green Promise doesn't include product sourcing information as of yet. "Over

"It doesn't matter if a company is selling potatoes or furniture, It needs to know its mission on this earth."

- Andrew Koenig





“There are innovative green methodologies appropriate for any furniture operation, large or small.”

the past couple of years we've established green product partnerships with sustainable suppliers of sheets, pillows, pads, furniture and upholstery. Going after our complete supply chain is a step we will need to address in order to further our green strategies and report those metrics. It will require the collection of huge amounts of data from suppliers as we pursue a sustainable supplier strategy. I believe that, long-term, customers will want to see us move incrementally in that direction over the next 10 to 20 years.

“Our goal is to be carbon neutral by 2040 and we measure our performance towards achieving that goal. Some retail organizations aren't going to make it to carbon neutrality, but there's a benefit for any retailer to highlight that they're trying, if only because customers and associates—especially millennials—expect that.

“The same is true of documenting how retailers give back to the communities they serve. This includes providing jobs, paying people fairly, encouraging diversity, inclusion, and treating people right. Also, progress in advancing women to leadership positions and equality in gender compensation. We highlight our goals in the CSR report and ask for feedback from our associates, community, business leaders, and suppliers.”

Transparency

Moving on to corporate transparency, Andrew Koenig explained his approach.

“CITY Furniture values and benefits from transparency with its employees, vendors, and the community. We've had competitors visit our corporate offices and warehouse,” says Koenig. “We have an

In 2020, CITY Furniture ran 100 percent of its delivery fleet on natural gas, reducing greenhouse emissions by 45 percent. Five Tesla all-electric trucks are on order, and the company has developed electric yard spotter trucks pictured above.

annual vendor conference to build relationships with our suppliers and confidence in our brand. Vendors come away knowing that we are doing great things and getting better year after year.

“The company is also transparent with its associates, something that's become more important, especially in hiring and retention. We share information about employee salary ranges by title within each department. So, if an associate working in receiving wants to move up to a developer position, she can easily get salary range information for developers at CITY Furniture. This information is made public.

“We've gotten rid of our old



At Alderman, we design and build things: brands, images, studio sets, websites, customer experiences, strategies, displays, printed materials, media content, and graphics.

We work closely with clients to take marketing projects from concept through design and production and on to final media with in-house resources that encompass every area of the marketing process. Two questions guide much of what we do. When customers think about your brand, what image comes to mind? When they research your product, what do the images they see communicate? At Alderman, we help you answer those questions. Simply said, we are all about your image.

"We share information about employee salary ranges by title within each department."

review systems, replacing them with quarterly individual development plan meetings," said Koenig. "Every quarter we meet with our associates. If they're doing a good job in their current role, we'll work to develop them into the next role they want to have at CITY Furniture. We help them get instructional materials or whatever else they need to help them further their career path. Our learning and development department is responsible for helping people to transition up the ladder, transfer into other departmental roles or become better at performing their present duties."

Koenig explained that the development plan meetings have helped to advance people to leadership positions. The CSR report documents that women currently hold

41 percent of leadership roles. The goal is 50 percent.

Diversity & Inclusiveness

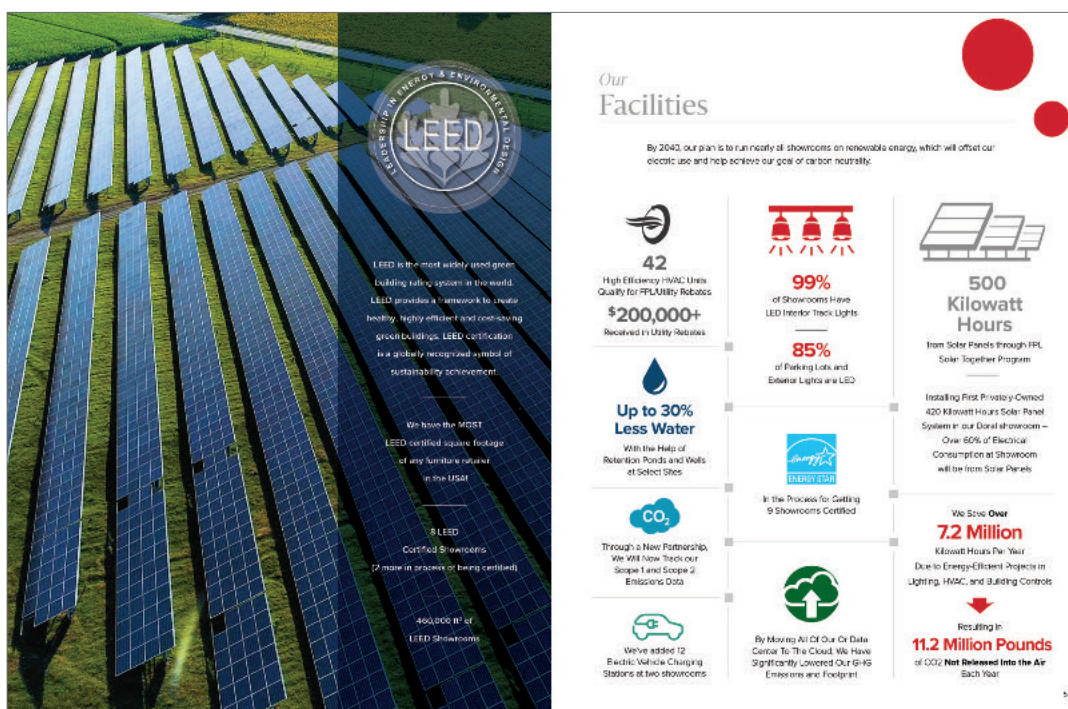
After the events following the death of George Floyd, management at CITY Furniture felt strongly that a town-hall meeting with associates was the best approach. "It was a way for us to get direct response, and for them to share their feelings and perspectives," explained Koenig. "It was a chance to find out how the people who work at CITY Furniture felt about our business and the events of last summer—heart and soul.

"Diversity and inclusiveness strategies start at recruiting and hiring. We have a strong code of ethics

that's presented in our associate handbook. It's been vetted with outside legal experts in the diversity space, but even with those in place, it's important to realize that there's a lot of systemic racism out there that those policies don't address."

CITY Furniture's 66-page 2020 CSR report states: "We firmly believe that all Associates should feel welcomed, respected, appreciated, valued, safe and are given opportunities to grow."

"These principles," Koenig said, "are more important today than ever before. We are all made better by the diversity that exists within our organization, and we are stronger when all voices are heard and respected." Company employees are currently 33 percent women,



By 2040, CITY Furniture's plan is to run nearly all showrooms on renewable energy to offset electric use and help achieve the goal of carbon neutrality. The Corporate Social Responsibility report pages at left relate CITY's use of high efficiency HVAC units, Energy Star certification progress, lowering of GHG emissions and footprint, use of LED lighting and solar panel installations. So far, the report says, these efforts have resulted in a yearly reduction of 11.2 million pounds of CO₂ per year.

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"We've gotten rid of

our old review systems, replacing them with quarterly individual development plan meetings."

35 percent Black/African-American, 37 percent Hispanic/Latino and 24 percent white.

"CITY Furniture has increased the number of women in leadership roles, and the diverse population in leadership roles metrics. So, we're

Pictured below are 2020 Kevin Koenig Leadership Award winners, Keri Malone and Katie Gottlieb, with Keith and Andrew Koenig. Also a photo of women who have leadership roles at CITY Furniture.

making progress, but have work to do like pretty much every company in America."

Still on the topic of diversity, Andrew gives Keith Koenig a lot of credit. "He's always been focused on diversity, but right now a more strategic approach is needed to take it to the next level, to get it over the goal line.

"We plan to require diversity training as an annual re-certification. I think so far what we've been doing

in this area has been effective, but realize it is just one of those things that has to be done all year. There are a lot of strategies that need to be adopted in order to be able to someday declare victory."

Not a Top-Down Strategy

"We are firm believers that the c-suite executives at CITY Furniture don't know everything. To become a truly diverse, equitable, and inclu-

DIVERSITY, EQUITY & INCLUSION

BUILDING A DIVERSE WORKFORCE

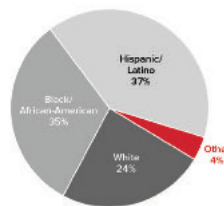
We believe that together, we can create a better future for all — one that is equitable and inclusive. We recognize that people from different backgrounds bring different perspectives and ideas which drives innovation and problem-solving, thus making it possible for everyone to succeed.

We firmly believe that all Associates should feel welcomed, respected, appreciated, valued, safe and are given opportunities to grow. These principles are more important today than ever before. We are all made better by the diversity that exists within our organization, and we are stronger when all voices are heard and respected.

CITY has made a strong commitment to drive progress in racial equity and economic opportunity in our commitment to using our voice and our partnership to make meaningful, bold change in 2020 and beyond.

OUR WORKFORCE MUST REPRESENT THE COMMUNITIES WE SERVE

We believe sharing our workforce diversity metrics helps our leadership team understand and ensures we are delivering on our commitment to increase representation. By disclosing our workforce data, we demonstrate the progress we are making. And by maintaining this focus, we believe our company will be well-positioned to attract and retain diverse talent, better serve our customers and communities, and build meaningful connections among our Associates.



33%
Females



67%
Males



"Company employees are currently 33 percent women, 35 percent Black/African-American, 37 percent Hispanic/Latino and 24 percent white."



"Going after our complete supply chain is a step we will need to address to further our green strategies and report those metrics."

sive organization takes input from everyone in the company. We all need to work together and see issues from our different lenses.

"CITY Furniture is getting good feedback from associates who are encouraged to contribute ideas to make our company better. We've done a number of town hall meetings and plan to do a lot more in 2021. We also have our ERG groups (Employee Resource Groups) that assist with the process of advancing diversity and inclusiveness."

Advice for Other Retailers

"No matter how busy you are as a retail leader, it's important to reserve time to reflect on the progress your company is making to become a great business—a good corporate citizen.

"For those organizations that are just getting started, I don't think that comprehensive reporting is possible to achieve overnight. Every

business, small, medium or large, has to pace itself. Corporate social responsibility reporting evolves and improves over time. An annual corporate social responsibility report helps everyone who interacts with your company to see where you've made strong efforts, as well as identify areas that need to be prioritized going forward.

"If you choose to make social responsibility a part of the vision for your company, doing this type of reporting is almost a requirement. The benefits will be many. It will be a great hiring and retention tool and raise your company profile as a good corporate citizen.

"It might sound corny, but it fills my heart to know that here at CITY Furniture we do more than just sell furniture. We're engaging to do good in the world for our associates, for our community and the environment. It makes us more productive and caring because doing good in the world beats out purely

transactional business every time."

Parting Thoughts

"I'll leave you with this story: Recently one of our associates came up to me. He said, 'Andrew, I would like to help support the American Heart Association as part of CITY Furniture's effort. But am sorry that I just don't have the money right now.' I replied, 'Dude, The fact that you care about what we are doing is the nicest thing. But,' I said, 'don't worry about it. You work hard for this company every day. If you and I do a good job, and there are profits at the end of the year, CITY Furniture will give it back to the community, invest in green technology, invest in our people and donate to the American Heart Association and other charities. So, don't you worry, don't stress your pocketbook. You and I are already making a difference in this world by just doing our best work every day.'"

Furniture Fair Finds The Secret To Bringing Back Unsold Customers

"How Trax helped me bring my sales systems up to speed and hold salespeople accountable for results." -Lance Popkin

North Carolina-based Furniture Fair operates 10 stores in eastern North Carolina selling appliances, electronics and furniture at moderate price points. Lance Popkin joined the family business back when there were only two stores. "We sell a number of major lines including Sealy and Ashley. We're open on Sundays and never closed down during the pandemic because we sell appliances. Furniture Fair has bedding centers in our stores and if customers buy something by two o'clock any day, they get delivery the next day, six days a week.

"We had been using the basic Trax system for a long time to count traffic and handle our staffing effectiveness.

"Recently, we decided to focus on the Trax Upboard CRM and found

that we had room for improvement regarding administering the program to take advantage of all the benefits."

Holding Salespeople Accountable

"Just about every car dealership does a great job collecting the names and contact information of people who shop for a car. Then they follow up until individuals either purchase a car from them or tell them they purchased somewhere else. Furniture Fair stores are located in growth areas, so we still see growth in walk-in traffic. Based on the traffic numbers, Furniture Fair should have been doing 30 to 40 percent more business. The shortfall is something our salespeople need to be held accountable for, and can be, now that we are

using the full Trax system."

Getting up to Speed with Trax

Popkin oversees the hiring of managers, buys for the chain and also directs advertising, which leaves little time for implementing the Trax system. So when Dave Mink flew in to do initial training with salespeople and managers, he helped Popkin hire Mary Armeni who was hired to help get sales associates up to speed. She works with Dave and Furniture Fair's showroom managers. "I coordinate the integration of Trax's CRM software into Furniture Fair's daily routine," said Armeni. "The Trax system includes a traffic counter which provides a time-stamped photo of every customer. It keeps the UpBoard accurate and allows salespeople to assign a photo image to each sales opportunity. It's a great tracking system, providing reports for staffing, minutes spent with customers and a host of other useful metrics.

"The system is very easy to use. I perform Zoom training sessions with salespeople as needed to reinforce features of the Trax software, such as how to use the UpBoard, access the salesperson database, text, add photos, etc. This reinforces the training modules Trax includes with the Trax program."

Working with Salespeople

"One challenge with implementing new technology is the age of our salespeople. We have digital natives who are under 40 and digital immigrants—the rest of us. I find



Pictured (far right) is Lance Popkin, president of the 10-store Furniture Fair operation, and Mary Armeni who is responsible for getting managers and sales associates up to speed with the Trax system.

that most savvy salespeople will change their behaviors if given data that supports the new program. We now have 20-year veterans who are populating their salesperson database with an iPad and text me when they encounter an issue. During the pandemic our store managers have faced unique obstacles. Even so, they've embraced my intrusion into their daily routines of staffing, deliveries and maintaining a safe environment. This had made my job painless and fluid."

Better Customer Relationships

"Our store managers," continued Armeni, "understand the importance of being relevant and that is what the Trax CRM software does."

"Trax has a multitude of reports that are automatically generated for salespeople and management. It also has an UpBoard rotation system. A key feature of Trax is its database of 'Be-Backs,' which salespeople can use to communicate and inform customers of special sales and promotions or product availability, or send thank you's, or

"A key feature of Trax is its database of 'Be-Backs,' which salespeople can use to communicate and inform customers of special sales and promotions or product availability, or send thank you's, or invite them to private sales using a text."

invite them to private sales using a text.

"The value of an unsold customer who will make a purchase when contacted is 30 percent more than a first time opportunity. For a returning customer, sales success jumps to 54 percent. As a brick and mortar retail business, Furniture Fair realizes the importance of establishing these relationships that online buying cannot offer. We give people a personalized buying experience and are having excellent results."

"In December 2020, only one team member on our Wilmington store had sent out a text. In January, there were over 150—and in February over 1,100 and I'm not counting anymore. How does this translate? It's early in the game to quote statistics, but as sales from texting to unsold customers rise, we are seeing the value of this marketing tool. I recently noticed a \$1,400 sale documented in the Trax messaging history report. It took just six minutes from sending the first text to closing the sale!"

"Right now we are in the midst of a cell phone number retrieval contest, and are experiencing great results. Not only does it give us important data to populate the database, it hones the interpersonal skills and strategies of sales staff, helping them to gain their customers' trust."

Conclusion

And what to say about Dave Mink and Trax Sales? Lance Popkin has the utmost trust and respect for Dave and Trax's relationship management program. "He is only a text or call away, to answer a question, tweak or customize a software issue. I am grateful for his patience and support. Sales are way up!"

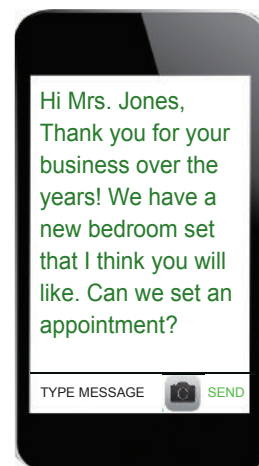
About Trax: For more information on Trax contact Dave Mink at 713-466-7177 or email sales@traxsales.com

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Digital Advertising

A RETAILER'S GUIDE

by Russell Bienenstock

Here's what's going on in retail with IP targeting, OTT, mobile ID targeting, programmatic, targeted Facebook and much more.

Furniture World spoke with Phil Callighan, senior account executive at Traverse City, Michigan-based Knorr Marketing, and Chris Hunt, Knorr's director of digital sales. The agency was established in 1986 by Doug Knorr and its first client was a retail furniture store. Today Knorr is a full-service advertising agency primarily serving independent furniture store clients throughout the U.S. and some internationally.

We asked Callighan and Hunt to explain some of the strategies that retailers should be considering as we get through this pandemic and come out on the other side.

"Many of our clients have shifted towards digital strategies," said Callighan.

"They are employing a variety of digital techniques to find potential shoppers and encourage them to visit their retail websites and stores. These strategies include IP targeting, OTT, TrueView Videos, social media like Facebook and other mediums to engage customers."

"Retailers have also shifted to an omnichannel approach," added Hunt. "The digital paradigm has flipped to focus on technologies that 'search' for people in real-

time who are actively shopping for furniture and engaging in furniture shopping behaviors. Although Google AdWords still has its place, retailers are finding they don't need to rely as heavily on it. Knorr's clients use patented technologies that allow them to do what's called a match back. Using sales data from the same run dates as a campaign—whether it's IP or Facebook or targeted email—they can match back to a customer's physical address to prove that John Smith at 123 Main Street, who was served 'X' number of ads, made a purchase. The omnichannel approach we use has lots of layers—like an artichoke. For example, a direct mail piece sent to a specific geographic location can be reinforced with targeted Facebook ads and IP targeting."

Digital Strategies Defined

IP TARGETING: "IP targeting, explained Callighan, "matches snail mail addresses with the internet protocol (IP) address in people's homes. It's a way to serve primarily digital display ads in various formats to devices such as mobile



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"Unlike programmatic advertising,

IP targeting doesn't rely on cookies. People don't have to visit a retailer's website, and marketers don't need to use geolocation services to target content."

phones, laptops and tablets.

"Wherever people are trying to access content on search engines such as Bing or Google, when they visit ESPN or FOX News, the websites of local newspapers and broadcast stations or other sites that permit third-party advertising, targeted display ads can be served."

He elaborated, "Here's how IP targeting works for identifying new movers. Households that have recently moved are identified through organizations such as the U.S. Post Office, Census Bureau, or mortgage companies. Within 24 hours of a new mover turning on their modem, retailers can capture the IP address that's attached to

the new mover's physical address. Then retailers can start serving ads to devices within that household and get 'first crack' if you will, to get their message in front of these potential new customers before they are inundated with all kinds of advertising, including competitors' ads. Unlike programmatic advertising, IP targeting doesn't rely on cookies. People don't have to visit a retailer's website, and marketers don't need to use geolocation services to target content. A potential problem with geo-fencing is that it targets a radius of about a half-acre around a home, which may result in serving ads to neighbors, guests or the paperboy."

Programmatic Advertising: "Our view," said Phil Callighan, "is that programmatic advertising is a somewhat archaic form of digital advertising. It relies on cookies/pixels to retarget anyone who lands on a retailer's website by serving them display ads on other third party websites. Or, it relies on a geo-fence and location services to target display ads to any mobile device that shows up in a specified radius. The latter has no way to identify if that consumer/mobile device is actually a potential customer, or someone just walking by."

Mobile ID Targeting: "With mobile ID targeting," Chris Hunt explained,

New Mover Banners

Banner ads used by Kloss Furniture (not to scale) that illustrate IP Targeting of "New Movers." These ads were produced in multiple sizes to fit available space on third-party websites. Each banner is linked to either a "Shop All Furniture" page on the Kloss website or a custom form-fill landing page for lead generation. Images provided by Knorr Advertising with permission from Kloss Furniture.



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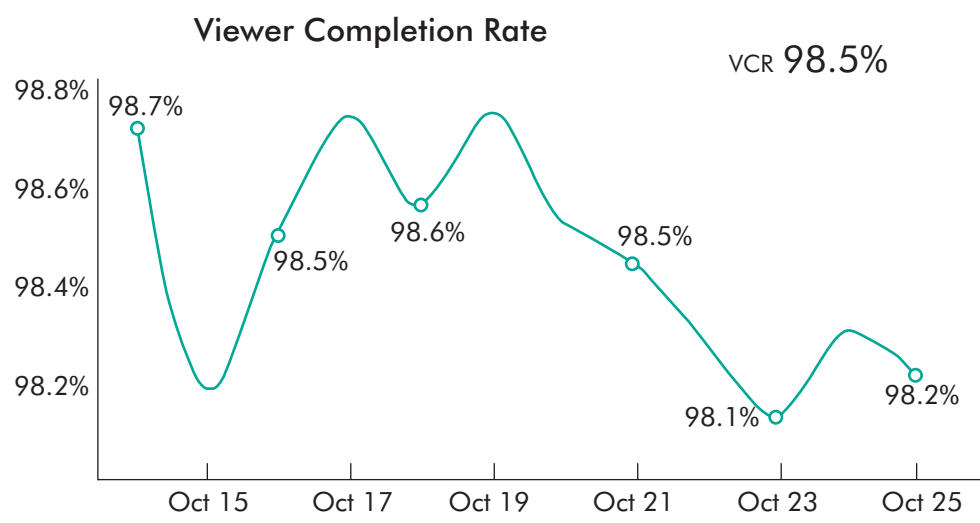


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Viewer Completion Rate report (left) comes from a Dashboard showing the viewer completion rate (VCR) for an OTT commercial. VCRs of 95 percent or greater are common if OTT is purchased strategically. Data provided by Knorr Advertising.

“retailers can capture the mobile cellphone IDs of people who are out shopping for furniture in competitors’ stores, in real-time. Retailers can target an exact store perimeter that doesn’t include parking lots or anyone using a mobile device in an adjacent store or roadway. This polygonal modeling technique allows our retail clients to immediately start serving ads to people as soon as they walk into a competitive retailer’s showroom.”

“Using this technology, it’s also possible to determine the last retailer a shopper visited. For example, if a consumer visited competitor A and then went to our client’s location, there’s a pretty good probability that person purchased from our client. It’s possible to reinforce that assertion by matching back the

captured mobile ID to that person’s physical address. The flip side is if a person visited our client’s store first, and then later shops at a competitor’s location, it’s possible to justify that a purchase was made from the competitor.”

Targeted Facebook: “Any retailer can do targeted Facebook boosts that are limited to specifying demographics, zip codes, that kind of thing,” Hunt observed. “But it is also possible to add layers of targeting to reach Facebook users who are interested in home accents, home furnishings and specific categories of furniture. This is accomplished by tracking the IP addresses of people who are searching furniture store websites or are engaging with home furnishings related content on social

media platforms. Once a person is identified as a furniture intender, ads can be served within their Facebook profile.”

Targeted Email: “Lastly,” Hunt explained, “targeted email can be sent to people who have double opted-in to receive promotional material about home furnishings and home furnishings sales-related topics. These potential customers,

“Using OTT at a rate of \$50 or \$100 per thousand might seem expensive, but when compared to paying the effective rate for linear TV, it’s actually a bargain.”

Unique Reach & Frequency

18,324



Unique Reach

4.08



Frequency

Example provided by Knorr Advertising

Unique Reach & Frequency report taken from the same dashboard as the view completion report above, shows unique HHs reached by the OTT commercial and the average frequency of viewership for each household over the buy period. Both examples feature data validated by a third-party.



who may never have opted-in to our retail client's email lists, can be identified by their IP addresses through data-mining techniques. Once harvested, the retailer can send them targeted emails. Postal files for these people can also be obtained to send direct mail pieces to physical addresses. This is not spam because retailers do not receive a list of emails that they add to their existing database. Once the person's email is acquired, they are sent a second email that asks them to confirm their email address and to agree to receive 'promotional' emails. They are also asked what kind of promotional material they are interested in receiving. The list is scrubbed every 30 days to give consumers ample time to unsubscribe. Inactive emails are polled to see if recipients still want to continue to receive emails."

"All of the above techniques can be used to create a robust digital database. The collected data can also be leveraged through direct mail pieces. So, a retailer

can send someone who has been identified as looking for furniture an email for a Fourth of July sale. Then, a couple of days later, a direct mail piece can be sent to that same person to remind her about the event and provide an incentive such as discount to drive traffic."

OTT Advertising: Phil Callighan, who joined the agency in 1993, started out specifying traditional media such as direct mail, newspaper inserts, radio, billboards and linear television. However he now encourages many clients to run video commercials using OTT, also known as "Over The Top," advertising to augment or replace linear TV advertising. OTT refers to the delivery of commercials via streaming video content directly over the Internet to an Internet-enabled device like a SmartTV, laptop, tablet, or phone.

"OTT," explained Callighan, "is very much like regular TV but it enables many of the same targeting and delivery metrics as digital

"Potential customers, who may never have opted-in to a retail client's email lists, can be identified by their IP addresses. Once harvested, our clients can send them targeted emails."

media. In many respects OTT represents the blending of what's best with TV commercials and digital delivery methods."

According to Nielsen's latest "Total Audience Report" published in August 2020, "streaming increased from 19 percent in the fourth quarter of 2019 to 25 percent in the second quarter of 2020. Streaming accounted for one-fourth of total television usage among streaming capable homes—which was up about 16 percent from the year prior."

"OTT is overcoming

traditional/linear TV as a go-to resource for entertainment and episodic programming. The COVID-19 pandemic accelerated this shift."

And, in February 2021 eMarketer reported that they "previously estimated that the number of TV viewers ages 18 and older would increase by about 10 million throughout the year. Instead, cord-cutting unexpectedly accelerated, viewership declined by roughly 10 million, and 2020 ended up with 20 million fewer adults watching (traditional / linear) TV than we thought (landing at 204.2 million). As always, digital video is the leading culprit, rather than any structural pivot away from watching TV-style content in general."

"Streaming services like Netflix, Amazon Prime Video and Disney

Plus," continued Callighan, "are subscription-based streaming services that are not ad-supported. The streaming pie, so to speak, that does accept advertising accounts for roughly 25 percent of the overall marketplace. And, the amount of time that viewers spend watching these ad-supported content streaming services increased more than 57 percent year-over-year last year.

"When someone purchases a Roku Player or a Fire Stick, they can already access a number of streaming services without having to pay anything more. The use of services like Hulu and Sling are growing fast. The average

adult American consumer now watches more than two hours of digital video daily. That figure, of course, accounts for all digital video whether they're watching it on their smartphone, television, laptop, whatever.

"OTT has grown dramatically. FOX owns Tubi, a popular ad-supported streaming service. Comcast owns the XUMO platform, Viacom CBS owns Pluto Streaming, and Dish Satellite Network owns Sling TV. Major media companies have seen that OTT is overcoming traditional/linear TV as a go-to resource for entertainment and episodic programming. The COVID-19 pandemic accelerated



Pictured is a screenshot of an organic post on Smith Home Furnishings' Facebook page. Also, a frame from a 30-second OTT commercial produced for Smith Home Furnishings' "Presidents' Day Sale" campaign. Images were provided by Knorr Advertising with permission from Smith Home Furnishings.

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this shift.”

“More people are unplugging or cord-cutting cable,” added Hunt. “Today advertisers are at the mercy of when and where people are consuming information. There are lots of choices. All the major networks have streaming services. NBC has Peacock. Discovery has Discovery Plus, which also includes A&E, Food Network and the DIY Network.”

“OTT is very similar to other digital products,” noted Callighan, “in that specific zip codes can be targeted. Stores can get in front of people when they’re consuming information on Sling and Pluto, but also via traditional networks like NBC, FOX, CBS, Discovery and A&E. A real difference between OTT or CTV and traditional Broadcast over-the-air TV, is that people who are streaming TV content are less apt to turn a channel when a commercial comes on. That’s because they are invested

in the content they are watching and want to get to the next segment of the program.”

Callighan added that one of the great benefits of OTT is that video commercials served with OTT are non-skippable. Viewers can’t fast forward or disable them. This is quite different from online YouTube TrueView videos where a viewer can often skip a commercial after a few seconds. To add to what Chris said about OTT—these videos can be targeted by zip code and to households within that zip code that fit a customer profile.

“Traditional, linear TV requires

that retailers buy an entire DMA (Designated Market Area) with program rankings provided by Nielsen surveys. OTT allows retailers to place commercials in specific zip codes within a DMA with greater targeting efficiency. So, for example, a retailer whose store is miles away from a major metro market that may dominate the DMA, can use OTT to target specific zip codes and household profiles that more closely define their local market. Rather than buying the entire DMA, they might target just 20 zip codes in their local area to avoid wasted viewership and expense.

“OTT targeting options include not only age, gender and race, but also annual household income, lifestyle and behavioral characteristics.”



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DIGITAL ADVERTISING

"OTT targeting options include not only age, gender and race, but also annual household income, lifestyle and behavioral characteristics. Retailers can target furniture buyers, but also parents of pre-teens, single-family homeowners, fine diners, or NASCAR fans. There are hundreds of behavioral characteristics that can be targeted with OTT.

"The providers of OTT know a lot about who is watching. When people sign up for either a streaming enabled device such as a SmartTV or ROKU, or a content provider like HULU or SLING, they usually provide a credit card. As is widely known, credit card purchases gen-

erate lots of financial and transactional household data available to marketers.

"Another key point to remember about OTT is that when people watch content on a streaming platform, that information is archived, contributing to an ongoing profile that can be targeted by furniture retailers.

"When retailers purchase advertising directly from a cable company or network broadcaster, they specify a day, daypart, channel or program within a DMA. Traditional linear TV advertisers look at targeted gross rating points extrapolated from Nielsen surveys. They select the programs that provide the highest gross rating points among what they consider to be their target audience.

"Unfortunately, linear TV targeting is limited. Age, gender, and race are the limits of targeting you can do with linear TV. A retailer who wants to target women between the ages of 25 and 54 with linear TV will favor programs that surveys say are watched by much of this audience on a specific day, in a specific daypart. The shortcoming is that the surveys can't tell you where within a DMA all those females 25 to 54 are located. Retailers find that it is more important to reach a much more targeted audience where and whenever they're watching—whether it's TV during prime-time or three o'clock in the morning. This has contributed to the decline of linear

TV viewership.

"Let's compare the efficiency of OTT vs. linear TV for a hypothetical retail furniture store. If a retailer pays \$20 per thousand for linear TV inventory in their quest to target moms in households with annual incomes of \$100,000 or more, perhaps 10 percent of the households viewing a linear TV program will fit that profile. The retailer is, therefore, paying an effective rate of \$200 per thousand to reach those moms and homes with annual household incomes of \$100,000 plus. Using OTT at a rate of \$50 or \$100 per thousand might seem expensive, but since OTT can identify those \$100,000+ annual income households with moms within specific zip codes, when compared to paying the effective rate for linear TV, it's actually a bargain.

"Today, a large retailer might invest 60 to 70 percent of their TV advertising budget on network TV and 20 to 30 percent on OTT to reach those people who no longer watch network linear TV. OTT skews a little bit younger, so more boomers are watching the news on linear TV, but we see both boomers and younger generations watching news and certainly entertainment programs on OTT. Smaller retailers who can't afford to buy an entire DMA or retailers that simply prefer the enhanced targeting available with OTT may invest 100 percent of their broadcast advertising budget

"Do traditional radio and television for very broad stroke messages.

When looking for people who are shopping for a mattress specifically, that's where mobile and IP targeting might come into play."

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“Unless a retailer has an astronomical advertising budget and always wants to deliver content on Hulu, Sling and Peacock, it makes sense to use a blended approach.”



in OTT.”

“With regard to OTT price,” interjected Hunt, “just like with Google AdWords, there is price competition on third-party exchanges for delivering advertising via OTT content. Retailers bid on the commercial or the device that they want to serve an ad to. In the space of a nano-second, the highest bidder gets to serve a commercial. That’s why it’s important to use a blended approach to not only make sure that retailers are getting advertisers on premium networks but are also able to maximize their budgets.”

“Unless a retailer has an astronomical advertising budget and always wants to deliver content on Hulu, Sling and Peacock, it makes sense to use a blended approach.”

Advertising Messages

Pivoting to the importance of effective messaging, Chris Hunt noted that, “With targeted digital, there’s so much data available that everything can be monitored, including which creative materials

are doing the best job of engaging people to click-through and visit retail websites, what content people are consuming, and where they are consuming it to provide the most engagement. This allows advertisers or ad agencies to pivot in real-time when things aren’t working as well as planned.

Advertising Blowtorches

Hunt continued. “There are mediums like direct mail, broadcast television and broadcast radio that best serve as virtual blowtorches. They can deliver massive reach for a branding message, promote a grand opening or a blowout sale in a very short time frame. I would encourage Furniture World readers to do traditional radio and television for very broad stroke messages. When looking for people who are shopping for a mattress specifically, that’s where mobile and IP targeting might come into play because it can identify people who are actively searching and shopping for mattresses or showing behaviors

of interest in mattresses, effectively allowing retailers to serve ads to that population in real-time.”

Advice for Retailers

“We find that furniture retailers in general could do a better job at leveraging all the data that’s available to them for making advertising decisions,” concludes Hunt. “Independent furniture retailers who find themselves throwing a bunch of stuff at the wall to see what sticks and what doesn’t can benefit from developing some expertise in-house or hiring an outside marketing firm that can map out a customized strategy, craft a message, do the creative, have a robust approach to using data and use targeting to get desired, quantified results!”

“Today, Omnichannel marketing is what’s most important. It allows smart retailers to squeeze every penny they can out of an advertising budget by using available data to provide better targeting, more useful analytics and maximum effectiveness.”

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BADCOCK HOME FURNITURE &more

by Russell Bienenstock

Here's how this 380+ store retailer created a new branding campaign just right for reaching out to customers, non-customers and lapsed customers.

Furniture World recently spoke with Barb Scherer, Vice President of Marketing at W.S. Badcock Corp and its retail store brand Badcock Home Furniture &more. Before joining Badcock almost three years ago, she was on the ad agency side for over 25 years and served as Sr. Vice President of Regional Marketing at Fifth Third Bank, a Fortune 500 company.

380 Stores & Growing

"W.S. Badcock Corp is in its 117th year," she said. The company was founded in Mulberry, Florida by Henry Stanhope Badcock. We have 380 stores in eight south-eastern states and are continuing to grow. Badcock is a dealer network company, so we have both corporate-owned stores as well as dealer-owned stores. Beyond furniture and mattresses, Badcock sells appliances, electronics, computers, lawn and garden, and several other categories of merchandise, including generators."

Carrying "essential" products in the early days of the pandemic allowed many Badcock Home

Furniture &more stores to stay open when other furniture stores were shuttered. "At the height of shut down orders," Scherer explained, "at most, only 20 to 30 percent of our stores were closed at a given time and they weren't closed for long."

Like many furniture retailers, Badcock experienced robust sales in categories associated with customers working and studying from home. "We definitely saw an increase in website traffic during that time as well as online ordering."

Consumer Insight Research

Over these months of uncertainty, Badcock was also undergoing an

"We started with qualitative consumer insight research, doing multiple in-person focus groups."

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Just Right

Barb Scherer, vice president of Marketing at W.S. Badcock Corp and its retail store brand Badcock Home Furniture & more.

ambitious rebranding initiative. By the time Scherer joined the company it had been a number of years since they had done substantial consumer insight research.

"The management team including senior executives and Badcock's owners," she said, "decided it was a good time to speak to customers and non-customers to better understand their perceptions about our stores and get a deeper understanding of the level of brand awareness versus our competitors throughout our footprint.

"In December 2019 we hired &Barr, a full-service advertis-

ing agency based in Orlando as Badcock's agency of record."

&Barr provides ongoing support for the brand's marketing initiatives. Badcock partnered with them to do research, creative, testing, production, media planning and buying promotional ads and digital banners.

"To prepare," noted Barb Scherer, "the agency spoke with a number of our store managers, associates and dealer-owned stores. These initial conversations helped them discover what Badcock's people were interested in and eager to see in terms of a new advertising direction."

Focus Groups

"We started with qualitative consumer insight research, doing multiple in-person focus groups in three areas representative of the markets in which Badcock operates. Customers, non-customers and lapsed customers were included. Our goal was to understand their feelings and perceptions about Badcock. For those who still shopped with us, we wanted to know why they were loyal. For those who had never shopped with us or hadn't shopped with us for four to five years, we wanted to understand how to better engage





Pictured above are a screen shot and still photos from the 30 second "Just Right" production shoot. The voice over audio for the "Peace" TV spot found at <https://bit.ly/3dR4W7W> says: "We all know when something feels just right. Like when you found the one. Or maybe 'the one.' It's the smallest victory, or simply a moment of peace. It's what feels good and what feels like home. It's different for everyone. But when you find it, you'll know. Because when something's just right, it's more than just a good fit. It's what fits our lives. Badcock Home Furniture &more. Just Right."

Brand Tracking Study

"In late March and early April, when a lot of people were at home, we started doing quantitative research. A brand-tracking study was emailed out to measure brand awareness, perceptions, preferences and establish benchmarks to set the stage to track improvements over time. The response to this survey was great. What normally would have taken us a few weeks to complete, was wrapped up in about 10 days. Participation rates were high."

Information Treasure Trove

"Once the research stage was completed, we worked with &Barr to collect insights and formulate a new brand strategy. The research yielded

a treasure trove of information."

Scherer explained that customers told stories about how Badcock fit into their lives. They shared anecdotes about shopping with their

"A brand-tracking study was emailed out to measure brand awareness, perceptions, preferences and establish benchmarks."

or reengage with them.

"We wrapped up our in-person focus groups a week or two before stay-at-home mandates went into effect. We are thankful that we were able to meet with people and speak with them one-on-one before all of that happened."

"The 'Just Right' campaign's

purpose is to update our communications to do a better job of connecting emotionally with current customers, lapsed customers and those who shop elsewhere."

parents when they needed furniture for first apartments, for newborns, school-age children, teens and grown children. These were multi-generational stories.

"We heard stories about how Badcock's financing options helped them to be able to make a furniture purchase. And why, when they would sometimes go to smaller, local furniture stores or larger big-box ones first, they would end up at Badcock.

"Our customers literally wrote the brand positioning and ad campaign for us. They told us how we fit into their lives and why we are just right

for them.

"They said that when they walked into a Badcock Home Furniture & more store, the feeling was friendly. Also, that they felt at home, were served by neighborhood people who knew them by name and, that the prices, styles and financing options fit them just right."

"Badcock finances in-house with our revolving credit, equal payment/no interest and no credit refused programs. We offer Snap as an additional option for our credit-challenged customers. This allows us to provide a financing solution that fits 'just right' for any individual's or

family's needs."

'Just Right' Tagline

'Just Right' became the tagline for the campaign. "We called it the Goldilocks effect," Scherer recalled. "People shop here, they shop there, but they end up buying at Badcock because it is just right for them."

Before switching over to the new branding, Badcock had a more price-item-financing approach to advertising.

"We've done a great job over the past several years using strong,

You know
the feeling.



Snuggling on the couch... The perfect sunset... Knowing you've found the one... Your first home... Good moments always feel just right, and if any place deserves to feel that way - it's home. We're honored to be your go-to place for

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monthly promotional campaigns, rotating several discount offers and specific-themed sales,” Scherer explained. “We don’t plan to abandon that. The purpose of the 'Just Right' campaign is to update our communications to do a better job of connecting emotionally with current customers, lapsed customers and those who shop elsewhere.

“During COVID many people realized just the importance of their homes and family. Badcock’s new advertising plays into this and reflects what the research told us. We will tell this story on video and TV spots going forward.”

Creative Development

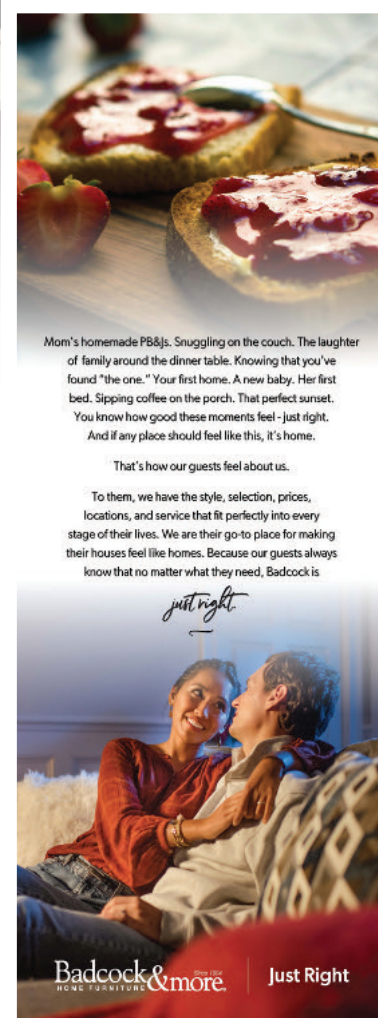
“Throughout the process, the Badcock team worked closely with the agency. It was a partnership

Pictured at right is an internal “Just Right” poster in the Badcock office and distribution center that reads in part, “...we have the style selection, prices, locations, and service that fit perfectly into every stage of their lives. We are their go-to place for making their houses feel like homes. Because our guests always know that no matter what they need, Badcock is just right.”

that resulted in the agency developing several creative concepts based on the consumer research analysis we did together. Late in the summer of 2020, these concepts were tested with consumers. 'Just Right' was the concept direction they most responded to.”

Brand Essence Video

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"We've added

streaming OTT and CTV to our traditional broadcast and cable."



rials, we decided to produce an illustrated brand essence video. It was shared throughout the organization with employees, owner-dealers and store associates so that they would understand the brand positioning that we were aiming to accomplish. We didn't plan to go public with the video, but it turned out to be such a good story that we posted it online and to our social media channels, so

it is out there for consumers to see and understand our brand, as well."

30-Second Spots

The messaging from the brand essence video was then encapsulated in a shorter-form video, basically 30-second TV spots. But instead of using the animation

format, actors were used to relate the message.

"We did a four-day production shoot in Tampa to create the first two TV spots for our winter 2021 campaign. There were mask and social distancing requirements. Our production company had a chief COVID officer to oversee the process. We didn't hire normal craft services for the crew or

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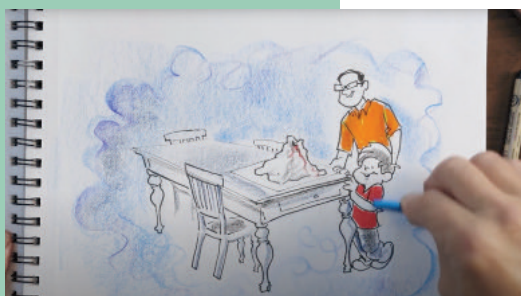
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Pictured below are partial screenshots of the roughly 3.5 minute animated brand essence video which can be found on YouTube at <https://bit.ly/2NOt4NP>. The narrator begins by saying "This is a story about a family. And, the feeling of 'just right.' And how Badcock Home Furniture &more fit perfectly into my life."



BADCOCK HOME FURNITURE &more

talent. Instead, we catered individual boxed meals that were served outdoors.

"We cast real families, couples and families with children, keeping safety in mind. Then Hurricane Eta came through and we had to close down production early the first day so that we could make sure all the crew and talent were safe. We made up for lost time over the next three days."

Media Selection

"Now that creative materials have been developed, Scherer said that Badcock Home Furniture &more's media placements are evolving.

"Before COVID hit, we already started moving further into the digital advertising realm. During COVID we've continued to ramp up the use of digital channels in our media planning and buying.

"A few years ago, our primary media buys were broadcast and cable TV, plus print media. We've added streaming OTT and CTV to our traditional broadcast and cable. We're also out there using digital programmatic advertising across all devices, advertising on social media channels, and search engine marketing. Now we are exposed across the whole spectrum of available digital."

Badcock Home Furniture &more is also doing some digital radio, employing the same kind of targeting as used with streaming television services like Hulu. "We are in 38 DMAs," Scherer noted. "So, we're doing some streaming radio

in all of these DMAs, geotargeted around our store's trade areas."

Conclusion

Barb Scherer concluded by telling Furniture World that "Here at Badcock Home Furniture &more we try to live our purpose, which is that everything we do is about helping our customers live better lives.

"This whole campaign—how it looks and feels was developed to connect with them using their input and insights. We believe that the messaging will connect positively with current customers, lapsed customers and consumers who haven't found us yet to help the Badcock Home Furniture &more brand, now 117-years old, to continue to flourish."

"We decided to produce an animated brand essence video. It was shared throughout the organization with employees, owner-dealers and store associates so that they would understand the brand positioning that we were aiming to accomplish."

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Accent on DESIGN



Moe's

The Ventana contemporary counter stool has a woven paper fiber seat and convenient wrap-around footrest. Fitted for counter-height table designs, it is made of solid Elm wood in either a black or natural semi-gloss finish. Available in various heights and shapes.

Contact information on page 88.



Muniz

Best-selling Twister Sculpture features new raspberry and violet colors intertwined.

Contact information on page 88.

Klaussner

This new slipcover collection includes twelve pieces. Two of the groups include slipcover swivel chairs. All are generous in scale and available with special order options.

Contact information on page 88.





Omnia

Create a home theater environment of any size with six console options. There's a choice of straight or wedge-shaped console both with concealed storage, cup holders and power switches with USB ports. Featured is the best-selling Venus Loveseat with a small straight console. Made in America.

Contact information on page 88.



Whittier Wood

The McKenzie Home Office Collection easily integrates with modern technologies. The four-drawer desk provides plenty of storage with lots of functionality. The Hawthorne Office Chair offers both comfort with durability. The Bookcase Collection coordinates to create an ideal workspace for home or office.

Contact information on page 88.

Simply Amish

The Montgomery Collection is inspired by nature and a love of board and batten. This collection adapts to any lifestyle and is right at home anywhere from the mountains of Colorado to the open range or the crisp blue ocean.

Contact information on page 88.



Accent on DESIGN



Arason

The Kingston Creden-ZzZ queen size cabinet bed features natural wicker inlays on the drawer and front panel. It is finished in warm amber and honey tones. A roomy storage drawer holds pillows and bedding. 64"W x 23"D x 42"H. Opens to 81 inches.

Contact information on page 88.



Kaleen Rugs

This rug from Kaleen's Helena Collection features simple floral shapes and patterns mixed with vibrant colors. It is hand-tufted, hand serged and finished from hand-dyed 100% imported wool spun into a premium textured yarn.

Contact information on page 88.

Elran

The Renee collection has a key-hole arm with optional nail heads and lounge seating. Features include a two-motor design for power recliners and power-assisted headrests. Additional power lumbar support is available. Also available are manual recliners with an inside pull handle and five-position ratchet headrest. Over 500 leathers and fabrics are available with a multitude of sectional options and seat sizes.

Contact information on page 88.



OW Lee

The Monterra collection features unique details such as hammered rivets at key intersections and embossed flat bars that envelope the chair's cushioning, creating a beautiful and distinctly comfortable deep seating experience.

Contact information on page 88.



Horizon Home

The Cheyenne Bedroom is made of solid wood with a metal mesh application on the headboard and mirror. Drawer fronts include lattice wood detail and come with full extension glides. Bronze-plated contemporary drawer pulls round out this transitional group.

Contact information on page 88.

Legends

Rustic and Retro were made for each other. Montrose is the love child of these two iconic styles with clean lines and subtle, almost elusive curves. Scaled hardware on a Greige finish add finishing touches.

Contact information on page 88.



Accent on DESIGN



Chromcraft

Fresno is a four-motor recliner featuring infinite recline, power headrest, zero-gravity plus®, yoga flex massage®, and Lift. Shown in exclusive Ultrafabrics Reef Pro® fabric Octopus.

Contact information on page 88.



Adesso Home

Gilmour Nesting Tables are made of walnut finished Oak Veneer on MDF.

Contact information on page 88.



Country View Woodworking

Expressions is part of the Elite Dining Series shown in two-tone Brown Maple. The table is available in 12 sizes. "Relaxer" chairs, with top quality fabric, have movable backs. The Series includes eight different sets that feature many design, seating and finish options.

Contact information on page 88.

Nourison

The rich and vivid gold and beige tones of the Prismatic area rug is made from a blend of wool and silk-like Luxcelle fibers. With a hand-tufted, layered cut pile that appears to jump from its neutral grey background, this ultra-modern abstract design coordinates well with contemporary, artistic and eclectic decor.

Contact information on page 88.



Home Trends & Design

The Organic Forge 72" Raw Walnut Gathering Table incorporates rustic wood and hand-forged iron to give the table a sleek and durable design.

Contact information on page 88.



Furniture of America

Princeville, a modern farmhouse design, features diagonal planks that come together at the midsection to create a dynamic herringbone pattern. Variations in texture and finish bring a rough-sawn, reclaimed aesthetic.

Contact information on page 88.





Looking Forward

Mark Schumacher, CEO, Home Furnishings Association



Miskelly Furniture ensures succession success— challenges the next generation to create its own path.

With so much of our industry made up of family-founded businesses, concerns about succession and carrying on tradition are not new. They've always been a struggle for companies, no matter their size. Will the next generation want to continue the business? Will they take on the responsibility?

Many furniture store owners I speak to have no succession plan. That doesn't mean they don't have large families. It means that their kids, nieces and nephews haven't as yet shown an interest in entering the family business. If you find yourself in this situation, how can you interest them in becoming part of the company? Just because they grew up in and around your store doesn't mean that they're going to want to be involved for the rest of their lives.

There are some incredible examples out there of the next generation stepping into family furniture businesses. Nowhere can you find a more interesting approach than Miskelly Furniture, operating with four locations in Mississippi. Oscar

Miskelly and his brother Tommy currently run the business, but they have set themselves up for the Miskelly name and Miskelly Furniture to carry on for a long, long time. While Tommy has a daughter working at Miskelly, Oscar has three kids who are vital parts of the business. Daughter Elizabeth Ann, 30, leads Miskelly's visual merchandising efforts. In fact, there is a boutique inside Miskelly stores that bears her name. The Elizabeth Ann collection focuses on the tastes of younger customers. Son Caleb, 28, is director of sales, while youngest daughter Anna Katherine (AK) is part of the visual team.

How did Oscar do it?

How did Oscar manage to get not one but three of his kids interested in working as part of the family business? His first step was to point them away from Miskelly's, insisting they do something else for three to five years.

"I let them go out; I encouraged them to experience life and professions they wanted to try," Oscar told me. He wanted them to find their passion and do something they enjoyed, not feel obligated to work in the family business. Elizabeth Ann was a schoolteacher before coming to work at Miskelly. Caleb gravitated toward home furnishings, but he took sales jobs with other retailers to see what life was like outside Miskelly. AK was pulled toward fashion.

Coming around to Miskelly was not something they each naturally

"How did he manage to get not one but three of his kids interested in working as part of the family business?"



Pictured left to right: Caleb, Elizabeth Ann, Anna Katherine and Oscar Miskelly.

gravitated towards. "I saw the business as made up of old guys and that the furniture industry was stale," was Elizabeth's initial outlook. For Caleb, "I was used to doing my own thing and didn't know what to expect." AK had concerns coming home to the family business. "I had a fear of not being successful, knowing that dad would set a high standard."

To ease those concerns, Oscar had another idea up his sleeve. Each one of the kids was challenged to carve their path at Miskelly. He wanted them to play to their strengths, not plug into any job.

"We have our areas, and we don't step on each other," Elizabeth Ann told me.

Listening to his three children talk about the business he started 43 years ago does a father's heart good. "There is nothing that brings more pride to a dad than seeing your children succeed." And their involvement in the business is also good for the soul. "They have rejuvenated me. There is new energy, a

new vision. I thought I would have to sell the business," Oscar said.

Not anymore. Elizabeth Ann, Caleb, and AK are looking ahead, way ahead. "We want it to be our kids and us. We want to be a 100-year-old company," Elizabeth Ann says matter of factly. That is precisely why the root of the word "succession" is success.

For more information on what HFA is doing to empower furniture retailers for continued success, join the community at myhfa.org.

"I saw the business as made up of old guys and that the furniture industry was stale,' was Elizabeth's initial outlook."

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Tax implications of PPP loans for furniture retailers.

- by Chris Anderssen, Government Relations Liason, HFA

The 100 percent forgivable Paycheck Protection Program (PPP) loans established by Congress in the CARES Act back in March 2020 have received high fanfare and subscription rates among furniture retailers. These PPP funds have been life-saving for many furniture retailers and other businesses across the country. In addition to loan/grant programs, Congress has enacted several tax policy changes that could benefit furniture retailers.

Employee Retention & Rehiring Tax Credit

The tax implications for the Employee Retention and Rehiring Tax Credit could have the most potential for furniture retailers. Originally created by the CARES Act, the Employee Retention Tax Credit (renamed in December 2020) was attractive but put businesses in a position to choose between either the tax credit or a PPP loan. Most

borrowers chose the PPP given the forgivable component.

Revisions to the credit in December 2020 made it even more flexible and promising while also allowing businesses to take BOTH a PPP loan and this tax credit. The credit has been extended through June 30, 2021. To qualify for it, your business must have fewer than 500 employees (it was 100 in 2020). You also must have been forced to at least partially suspend business operations due to COVID-19 or had a 20 percent revenue decline in any quarter compared with the same quarter of 2019. The business closure requirement is likely more difficult to meet in 2021, but the revenue decline test is more 'generous' as the threshold in 2020 was a 50 percent revenue decline compared to the similar quarter in 2019. If you meet the criteria above, you are entitled to a tax credit equal to 70 percent of each employee's wages, including health insurance, up to \$10,000 per quar-

ter (total value of the credit per employee through June 30, 2021, would be \$14,000).

While you are eligible to receive the credit and a PPP loan, the credit does not apply to any wages covered by PPP loan proceeds (no double-dipping). We suggest speaking with your accountant or tax spe-

"The revisions to the credit in December 2020 make it even more flexible and promising while also allowing businesses to take BOTH a PPP loan and this tax credit."



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March 10, 2021

Dear Furniture Buyer,

I am Andy, owner of Lancaster County Showcase. I want to personally invite you to our Grand Re-Opening.

The Showcase started in a chicken house 16 years ago, designed to help family run shops market their furniture. These families built high quality furniture, but being located on small country roads creates a challenge for the buyer. The solution was a central showroom, thus "Lancaster County Showcase" was born.

We have since outgrown the "Chicken House" and recently relocated to a high class, modern facility that is a better match to the furniture that we display.

We are celebrating the relocation by hosting a **Two Day Show, on April 7th and 8th. Come enjoy the Free Food! Chicken BBQ grilled on site, homemade soft pretzels and home made soft ice cream all prepared to order as you watch. The vendors will be here in their booth on those dates to assist you with purchases. Many of them will offer discounts.**

In addition, any buyer that pre-registers will receive a door prize, and be entered into a drawing for a **big prize**. We will have 8 drawings spaced out over the two days. The largest prizes range in value from \$990 to \$3000. Maybe you will win the Bedroom Suite sponsored by Sunrise Cabinet!

Please come and enjoy our Re-Opening Show. Be sure you pre-register. You can do so by going to our website www.lancastercountyshowcase.com or call us directly at (717) 687-8150. If it is your first visit, please bring along a copy of your sales tax license.

Sincerely,

Andy Stoltzfus (owner)
& The Showcase Team

P.S. To receive a **FREE Night stay** at Comfort Inn April 7, 2021 call us with the promo code: FURNITURE WORLD. Promo only applies to the first 10 people to respond so don't waste any time, call us today!

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"Employers who elected

this provision will need to repay those taxes in two installments—half due by December 31, 2021, the other half due by December 31, 2022.

cialist about these changes because this has become another viable tax credit for furniture retailers as we recover from COVID-19.

Coronavirus Response Act

The Families First Coronavirus Response Act required employers with less than 500 employees to pay employees forced to miss work due to COVID-19. Joined with the requirement was a refundable tax credit from the federal government to offset the cost. While the requirement expired on December 31, 2020, Congress did extend the refundable tax credit for those employers still paying employees not working due to COVID-19. This credit was extended through March

31, 2021.

Employee Payroll Tax Deferral

There was a robust debate throughout the pandemic on the merits of a payroll tax deferral for the employee portion of Social Security taxes—something pushed by President Trump but not embraced in Congress. Ultimately, an Executive Order allowed employers to withhold this tax with a window in early 2021 to pay back into that withholding. While the broader payroll tax deferral policies have not been extended, Congress did extend the period for the withholding to be paid back from April 30, 2021, to December 31, 2021.

The employer side of the payroll

tax deferral, granted by Congress in the CARES Act, was not extended. Employers who elected to take advantage of this provision will need to repay those taxes in two installments—half due by December 31, 2021, the other half due by December 31, 2022.

HFA will continue to advocate for reliable and flexible funding options for furniture retailers as we confront the ongoing challenges from COVID-19.

About Chris Anderssen: *Chris Anderssen, Sr. VP, Dutko GR, is the Home Furnishings Association's Government Relations Liaison. For more information on what HFA is doing to empower furniture retailers for continued success, join the community at myhfa.org.*

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Looking Forward

*David Gunn, president/owner of Knight Furniture
President, Home Furnishings Association*



One to HFA's retailer benefits... Texas style

In Texas, we like our colorful sayings. It is probably one reason much of the country thinks we Texans couldn't pour water out of a boot with a hole in the toe and the directions on the heel. Just don't treat us like we're dumb, because nothing puts a burr in a cowboy's saddle faster than some all-hat-and-no-cattle stranger putting us down. See what I mean about colorful sayings?

Anyway, it's no hill for a stepper to recognize that the benefits of being a member of HFA are as thick as fleas on a farm dog. What's that you say? You belong to a buying group or a performance

group and don't see the need for another membership? Well, friend, that smells like the breeze from an outhouse to me.

You see, like many other HFA members, I also belong to a buying group and a performance group. The buying group helps me secure the best possible net price for the goods that I sell. The performance group allows me to dive deep into my company's details with other

"The benefits of being a member of HFA are as thick as fleas on a farm dog."

retailers to find operational gains. If either of these concepts has you as confused as a loose-boweled goat on AstroTurf, send me an email. I'll tell you how each has been essential to my businesses and help you make connections.

HFA has similar benefits to those groups but then goes well beyond. The leadership, education, and government relations programs HFA created during the pandemic highlight the value of membership. I like having folks around me with plenty of notches on their gun, and HFA provides that. Big chains, small locals, manufacturer reps (an enormous oft-overlooked resource), vendor execs, other industry organizations, and service providers of all types are there—each a phone call or email away. As the central hub, indeed our industry's voice, HFA has all these key players in their hen house.

How do you take advantage of this benefit? Call HFA at 800.422.3778. Tell them your question or need. They will connect you with others who might be able to help. It is slick as a whistle and faster than small-town gossip.

Take it from this Texan, membership in HFA is better than a poke in the eye with a sharp stick. Check it out. You will be happy as a hog in mud that you did!



Retail Performance Tip #5

From David McMahon at PerformNOW

"A top measure of an in-store salesperson's effectiveness is written sales per guest by salesperson. This metric rates how well salespeople service their customers and develop productive relationships. Depending on the type of merchandise and services provided by the operation, performing sales per guest numbers can be anywhere from \$500 to \$1000+. Develop systems and processes to measure and consistently improve this metric."

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Sumthin' For Nuthin'

by Gordon Hecht

Free delivery and give-a-ways like free pillows and protectors do more harm than just eroding margins. It lessens the perceived value of your retail brand.

Maybe it's because we've got the winter blues, or maybe it's because we've been shut in our house for a year. Over the last few weeks my everlovin' bride and I are in a purging mood. For those who have not Marie Kondo'd their condo, that means moving out, throwing out, or donating anything in your home that doesn't bring you joy or isn't being used (aka is useless).

We sorted things into three groups—items that are worn out and destined for the trash heap, others that have some cash value if we can sell them, and things that have no value to us, but could be donated to find a good home elsewhere. We learned quickly that for the last category, it's just too hard to donate things these days. While it's a noble endeavor to give to the less fortunate, most agencies aren't taking in used clothing, housewares or furniture.

We wanted to get the word out about our excess merchandise. You probably do the same thing and call it advertising. Knowing that digital marketing is the way to go, we forwent the traditional process of a newspaper classified ad and hand-written signs on lampposts. Instead, we posted the flotsam and jetsam on Craigslist and our own neighborhood Nextdoor website. I cre-

ated several postings with photos, descriptions, measurements. Prices and free items were marked as well. This is where it became interesting!

We started with about a half-dozen things priced \$10-\$100 and a half-dozen FREE items. People who responded to the "for sale" items asked one or two questions, set a time to pick up, showed up on time and paid with cash. I found it strange that most of them did not have the exact amount even though prices were all in multiples of five. They had bigger bills and expected me to make change. The buyer of our vintage Atari deck wanted to pay me electronically but also brought cash.

The people wanting the FREE merchandise were more cavalier about getting their new treasures.

"Explain the value of each item in your store. Make sure your team knows why delivery service costs \$49-\$99 or more."

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"It is said that FREE

is the most powerful word in advertising, but giving away gizmos or services may be a misstep on the ladder of success."

They asked more questions such as if we had a non-smoking house, how many volumes were in our encyclopedia set, and if we could deliver those free goods. Almost all broke their pickup appointments, and others texted us nastygrams when we told them the items had been claimed by someone else (Why didn't you hold it for us?).

I'm not a sociologist and I don't play one on TV. But it occurred to me that when you assign a value to something... it becomes valuable! Contrast that with zero cost items and free services that can be perceived as having no worth. They become worthless. People who paid for stuff—new or used—were more respectful of my time and what they were getting. Freebie people couldn't care less.

It is said that FREE is the most

powerful word in advertising. And since the job of advertising is to bring shoppers' footsteps to your door, and eyeballs to your website, you probably still want to use that word to drive door swings. But the job of the sales team is to convert those shoppers into customers and then raving fans. Giving away free gizmos or services may be a misstep on the ladder of success.

A profitability rule of retail is that when someone gets something for nothing, then someone else gets nothing for something. Whether it's delivery, removal of customer's old items, accessories like pillows or protectors, each those has a cost to your business and a value to your shoppers. They only lose their value, to your customer AND your sales team, when you give them FREE!

It's understood that first time closing of sales is more important today than ever. Please don't misunderstand me, I'm not against using bonus merchandise incentives to gain that sale. Those bonuses can still have value when your sales team properly frame the inducement.

Which phrase do you think has more impact?

- *I'll throw in delivery for free if you buy now.*
- *I can save you time and money by including our full-service delivery, normally \$99, for no extra*

charge on an order placed today.

High Cost of Discounting

Every time your sales team discounts an item or gives merchandise away for free, they shred your profit margin. Retailers that work on a 50 percent margin (100 percent markup) gain a gross profit of \$50 for every \$100 they sell at retail. A 10 percent discount comes right off the top and reduces the gross profit from \$50 to \$40 or a 40 margin. A 20 percent discount takes margin down to 30.

Free merchandise giveaways have a similar effect. Think in terms of 10 to one. It takes about 10 retail dollars to make up the loss of one free merchandise dollar. Tossing in a pillow with a \$20 dealer cost means that you'll have to create another sale for \$200 to earn back the lost NET profit dollars.

Free Yourself From FREE!

I'll never say never, but giving stuff for free is a disservice to your business and merchandise. Everything in your store has a value and giving it for free makes it worthless and reduces the value of your brand.

Build value by building packages of services and products that make sense to your shoppers and lessen

"Build value by building packages of services and products that make sense to your shoppers and lessen confusion in the selling process."



confusion in the selling process. Think of McDonald's Happy Meals and Taco Bell Combos: The toys or the cinnamon crisps aren't free, they are value-added inclusions.

Explain the value of each item in

"It takes about 10 retail dollars to make up the loss of one free merchandise dollar."

your store. Make sure your team knows why delivery service costs \$49-\$99 or more. Know the value of each accessory item and quote the full price first.

There's never a real need to give sumthin' for nuthin'...but if you know someone who needs 83 VHS tapes, a maroon leisure suit, or a Veg-O-Matic, I might be able to help.

About Gordon Hecht: Gordon Hecht is a Senior Manager for Serta Simmons Bedding's Strategic Retail Group comprising over

400 locally owned and operated bedding stores across the country selling Serta Simmons branded and America's Mattress branded mattresses. He has been a store manager, multi-unit Manager and National Director of Sales and has been recognized for outstanding achievement with Ashley Furniture HomeStores, Drexel-Heritage, RB Furniture, Reliable Stores, and Sofa Express. See all of Gordon's articles at www.furninfo.com/Authors/List. Questions and comments can be directed to Gordon Hecht at ghecht@serta.com.

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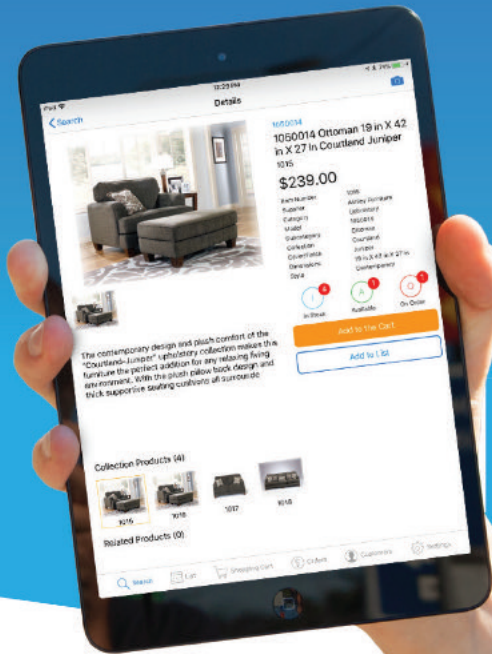
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Arason Enterprises	443-249-3105	jarason@comcast.net	13	Legends Furniture	623-931-6500	cs@buylegends.info	71
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