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L to R: Target, CSN Stores and Walmart carry an extensive line of RTA furniture on their sites.

RTA Vendors Escalate Internet Retail Efforts

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NEW YORK—With Internet sales of furniture advancing at double-digit rates for a number of RTA suppliers, vendors are stepping up their efforts to keep this still-burgeoning channel of distribution growing.

The current mix of leading Internet-based retailers includes several dotcom only e-tailers such as Overstock, CSN and NetShops along with brick-and-mortar chains such as Walmart

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and Target that have been cited by suppliers for strategically using their websites to showcase a furniture assortment that complements their respective in-store selections.

Today, the Internet accounts for less than 10% of the estimated \$3 billion of annual RTA furniture sales, according to industry insiders, as the category's largest players continue to focus most of their efforts on brick-and-mortar retailers. But for those who have expanded their focus to include the web, sales to e-tailers range from as little as 10% for some, to nearly all sales for those companies that have found success selling to mainly Internet accounts.

"If not for our dotcom business, we would probably not be here today," said Etienne Chabot, director/marketing for South Shore Industries. "The Internet accounts for about one-third of our sales today. Three years ago, we were doing no business with Internet retailers."

While e-tailers and suppliers have gone into the wilderness of Internet-based furniture sales in the past decade, there is still a learning curve on each side. For suppliers, continued enhancements in packaging have reduced returns and damaged parts and vendors have also expanded their customer service departments to handle consumer requests for replacement parts.

"In working with our retail customers, we insist on handling all customer service issues," said Pat Bahil, president of Home Styles. "We had too many situations where retail cus-

tomers service agents have ordered the wrong replacement parts from us. This creates added cost for us and greater frustration for the consumer."

Selling to Internet retail accounts has also had an impact on product design. While a product's style and price-point are obvious key factors in online retailers choosing items, the cube size of an item and the ability to ship a product via UPS or Federal Express is also of major importance.



E-tailers, like NetShops, are focusing more on quality.

"A number of the e-tailers offer either free or reduced shipping costs to consumers, so it is important for us to keep the box under UPS or FedEx shipping specs," Bahil said.

At Linon, the company's online business has grown to such a level in recent years that it recently hired Penny Francis as director/multi-channel sales, which includes responsibility for handling Internet accounts.

Suppliers noted that e-tailers in recent years have become more selective in choosing the products they showcase on their website. A few years back,

many web-based retailers would simply carry hundreds of SKUs from their suppliers. Today, e-tailers have a greater focus on carrying products that are more targeted on a certain style or more specific pricepoint range.

"There was a time when many of the Internet retailers did not care what products you gave them; they just wanted to know you could drop-ship the items to the end user," said John Michaelides, vp/sales with Linon.

"Now, most are focused on building their brand and want to work with vendors that are reliable and can handle customer service issues such as replacement parts."

As e-tailers have become more selective in choosing products, suppliers said they are also doing a better job in how they merchandise product online. Some online retailers today are requesting more product images to give shoppers a 360-degree view of the product as well as to showcase any unique product features.

"We are spending more money than ever on photography," said Bahil. "Since consumers cannot touch and feel the product, e-tailers want to give their customers as many views of the product as possible."

As e-tailers further strengthen their roots in the retail world, some are now opening discussions with key suppliers about direct importing top-selling items in an effort to achieve some cost savings. While this is still quite limited in the e-tail segment, some suppliers said the idea would have Internet-based retailers warehousing key items with suppliers warehousing accessory pieces that would be drop-shipped to consumers.