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Carpets and Rugs Part 2

By Leslie Stroh

I guess we need "silent salesmen" if the carpet store salesmen are not enthusiastic about selling rugs. This series will refer to salesmen, not because we are sexist, but because men dominate the carpet store sales force, even though the customer is usually a woman.

Three years ago (March 2002-Vol. 23 No.6) *Rug News* wrote about some internal market research done by Milliken. That research evolved into a patented business process called the "Milliken Solution". The Milliken silent salesman below illustrates that solution.

According to Charlie Hoffner, National Accounts Manager Milliken Carpet and Rugs, the data from three years ago is still fundamentally correct. Quoting ourselves: "Featuring a rug in a rug slot (one side of an arm) yields a 12.5% sell through.... If you add the tag with all the other sizes and designs and information, the sell through rises to 19.5%."

"If you then add the color runner"... (and Milliken has five colors per design, all five of which are indicated on the color runner) and show the color runner "and one sample plus silent salesman tag the sell through rises to 68% according to their research."

In other words, one rug slot offers (then 9, now 12) sizes or 60 SKU's for the customer. (Shapes have been added to their designs.)

Whether it is a 30 arm rack or a 90 arm rack, most racks will reflect a range of vendors selected for suitability to the customer base of a particular retailer. Alex Peykar of Nourison says that there are circumstances where a 30 arm rack is enough, and the 90-arms that *Rug News* feels are necessary in competitive markets is not necessary. Peykar goes on to make the point that if a retailer has only \$30,000-40,000 in sample inventory, he should not be looking for \$500,000 in sales a year. \$180,000-\$200,000 off the \$30/\$40k samples is more reasonable.

To the consumer the more variety and choice per slot, the more the retailer is giving the consumer a perceived broad selection, particularly of color. Remember that the first three rules of this business are color, color, and color. So, the more you show, the more you sell.

While we are talking about silent salesmen, we have to go back a few years when Diane Carleo introduced the Minster

Collection from United Weavers with a talking salesman in the form of a box with a pre-recorded message that described the rug and gave the history of the traditional design. That line now has twenty designs with one to three colors per line.

Alex Peykar says that in their experience the biggest problem in carpet stores is that they don't approach the category seriously, and fail to take basic steps. According to Peykar, the first step is to plan the rack before the samples come in, and not just treat the rack as a hanging stock inventory, hanging new samples wherever rugs have been sold off, leaving an empty space. How many times have the new best sellers been sold off the rack, not replaced, and then the line criticized for low turn?

Someday we will get a complete list of how to organize a rack; but for starters let's suggest that it can be by price point, or by color, or by design or by type of manufacture. I am sure that there as many methods as there are retailers, but most would fall into the category of where the stock person could most easily hang a new rug. Keeping the rack organized is a commitment to the category.

Peykar is also concerned that samples are treated as stock goods, and put on the rack without the silent salesman. Clearly identifying stock as stock only, and samples with silent salesmen, the retailer removes some of the floor salesman's frustration. Close-outs and drops are available from all vendors at off prices so that a retailer can carry both.

Selling a sample off the rack creates two problems. One is that the rug sample has become stock, and two, it is not clear how long it takes for the retailer to re-order the sample. How often have we heard that they come to market to fill in their samples that they have sold? This kills turnover numbers.

On the other hand, how fast the vendor can deliver a rug sold from a sample is key to success in this market. Hoffner says that they make and ship the rug the customer orders within seven days. In fact at Milliken it is the customer care department, not customer service. The retailer calling in a consumer's order is calling to generate the vendors revenue. Whatever the service standards are for any vendor, it comes down to execution, and Milliken, like Nourison and some others have a reputation for executing well.

Hoffner says that they have found that the retailer wants first; ease of order entry, then a response that indicates the

order has been received, with a reference number for that order, an expected shipment date, shipment on or before the expected shipping date, and if late, a call before the expected shipping date explaining the delay, and giving a new shipping date. The retailer does not want to find out after the fact that the rug has not shipped.

While Milliken generates a silent salesman per design, Nourison generates a silent salesman per collection, and they have a lot of collections. As illustrated, the silent salesman contains a brief description of the product, a couple of pictures of rugs in the collection, with space for the designs and sizes in the collection, and the details of the rug as shown with room for the retailer to indicate the retail price.

But as Peykar points out, if the silent salesman is not on the rug, the number of choices for the consumer goes down, the consumer feels limited by the stock available, and the retailer is minimizing, not maximizing, the return on the number of rug arms that he already has. And empty arms mean that both the re-order system and the close-out system are not working

well. Re-orders and close-outs are a fact of life, as is tag (silent salesman) maintenance.

Different types of stores have different requirements. Key to vendor selection for any retailer is understanding what works in their environment, and then seriously managing the category. Jaunty has been looking at selling styles and marketing styles for different types of retailers and talking to them about their perceptions and needs. Next month we plan to look at what carpet stores say about vendor support.

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