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Carpets and Rugs Part 3

How Salespeople, Not Buyers and Managers, View Area Rugs

Executive Summary of both the Flooring Store Rug Departments Survey, followed by the Furniture Store Rug Department Survey.

Provided by Mac McCormick Jaunty, Inc, edited by L. Stroh, publisher, Rug News Magazine.

FLOORING STORE SALESPERSON SURVEY OVERALL OBJECTIVE

Prior to our considerations of developing an Area Rug business with Specialty Flooring Stores, an arena filled with talented competition, we needed to determine the current business climate. We had to know, with conviction, where we could make a significant contribution to the overall business development of stores whose Area Rug performance has historically not been acceptable.

We have the expertise to understand the Area Rug business profiles in a variety of different stores and thus conduct this survey within the parameters and guidelines of each store's unique business. This is where we 'stepped-out-of-the box' so to speak, to determine the attitudes and opinions of sales persons with a specific awareness and perception of Area Rugs and, specifically, the marketing and selling of the same in a Flooring Store/Carpet Store environment.

HOW THE RESEARCH WAS DONE

In October and November of 2004, telephone interviews were completed with a random sample of 85 sales persons and 42 drop-in interviews, roughly two thirds men and one third women. The telephone and drop-in interviews were conducted in the states of Florida, Colorado, Illinois, Georgia, California and Texas within 38 separate Specialty Flooring Stores.

There were 18 primary questions that were basic to the phone or drop-in interviews. The majority of the people interviewed had no idea they were being interviewed thus insuring answers to our questions that were not contrived or learned from management training seminars or influenced by buyers or store owners. We sought out sales persons with at least 3 years experience and aggressive attitudes.

Briefly, this will recap talking points or attitudes that were

repetitive, significant or unexpected. The actual survey results are 103 pages consolidated to 26 pages. The survey reflects a largely negative or lackluster attitude from sales persons. However, those sales persons with some design sense or background did respond in a more positive way. They also expressed some frustration!

1. Lack of point of sale, materials and training. — The majority of the sales persons interviewed were not enthusiastic about selling Area Rugs. Reasons most often expressed; **a.** Don't know much about the different qualities. **b.** Waste a lot of time trying to determine colors sizes and answering questions. The rugs have little real information or selling points offered on the labels or tags. **c.** The majority of the machine made rugs are not high ticket. **d.** Our prices are not competitive and the Internet or the guy down the street kills us. **e.** The service or attention we get from the reps tends to deteriorate after 3 to 5 months and the assortment gets old real fast. "We get bored with it before the customer does"! **f.** There just isn't enough activity going on once the rugs arrive and the assortment doesn't offer enough variety. "Who needs so many manufacturers with the same looks and prices"?

2. Presentation is always the same! — "We all (flooring stores) look the same with little reason for the customer to look at us as a destination store". "Fixtures are ugly and the rugs are difficult to put up and take down." "The buyers tell us how great this and that is and tend to over-sell what they bought". "So, we basically sell price not fashion or something special or unique"? "Just check out the internets with our same manufacturers."

3. Earning potential — "When busy we just don't sell rugs! We let the customer do his or her own thing. There could be an incentive; a spiff or some kind of bonus, anything to make it worth our time." "Management, at times, doesn't really seem that interested or excited either"! "This is one department in the store that could visually influence the customer perception of the store and make us different from the other Flooring stores."

4. Advertising — "In the Area Rug department we really don't advertise much. Mostly discount prices and such."

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"We know that when a hard surface is laid down the customer will realize the floor is cold, dusty and noisy. So now they need a rug."

"We really don't go after or merchandise to that customer for repeat business." "From conversations with our reps and their sales managers they are beat up so much on price and rebates there isn't enough left over for them to offer much advertising. (Same general comments from 11 different sales persons. They learn this from reps. who they have gotten to know well over a period of time)

Jaunty reports that their surveys of furniture stores and designer showrooms were not as overall negative as with flooring stores. Atmosphere and a personal sense of contribution had much to do with the negative attitudes. Motivation to sell area rugs is lacking in the majority of the stores surveyed. We also sensed a different attitude about area rugs compared to hard-surface goods. Stores with better to higher-end broadloom carpeting had a significantly different attitude about Area Rugs. However, they expressed frustration over the lack of "marketing muscle."

FURNITURE STORE RUG DEPARTMENT SALESPERSON SURVEY OBJECTIVE:

This survey was intended to round out our understanding of the needs of multiple Furniture store chains with a history of poor performance in the area rug business, a never-ending process! Again 'stepped-out-of-the box' to determine the attitudes and opinions of sales persons with a specific awareness and perception of area rugs and, specifically, the marketing and selling of the same in various Furniture store environments. In the past 5 years (of the 26 years Jaunty has been headquartered in Los Angeles), Jaunty has built a management team of retail and seasoned rug industry executives to support a field agent sales team that grew from 2 five years ago to 23 professionals covering 47 states and Canada.

Based on our understanding of the significant changes that have taken place in the area rug industry over the past 10 years Jaunty is preparing to target two specific segments of the Furniture store Rug business; 1. Building the area rug concession business in medium-better to high-end Furniture stores; 2. Supporting the area rug business in medium to better furniture stores chains.

By talking to the salespeople on the floor, and listening to them, Jaunty believes it can service its target market more effectively. *Rug News* notes that they have a target market, and they are prepared to find out what the people on the floor actually selling the product say that they need, and then, focus on delivering that which the retail salesperson needs to help them. We also observe that it is all in the execution. The survey is but a first step. *Rug News* is appreciative of Jaunty's willingness to share these executive summaries with the industry.

HOW THE RESEARCH WAS DONE

October of 2004 thru April of 2005, telephone interviews were completed with a random sample of 116 sales persons and 61 drop-in interviews. The telephone and drop-in interviews were conducted in the states of Florida, Georgia, California, Texas, Louisiana, Nevada and Ohio within 58

separate furniture stores.

There were 20 primary questions that were basic to the phone or drop-in interviews. The majority of the people interviewed had no idea they were being interviewed thus insuring answers to our questions that were not contrived or learned from management training seminars or influenced by buyers or store owners. We sought out sales persons with at least three years furniture sales experience in the same store and designers in these same stores with at least five years experience.

Briefly, this will recap talking points or attitudes that were repetitive, significant or unexpected. The actual survey results are 90 pages of notes consolidated into 16 pages of the survey results. This results of the survey allowed Jaunty the opportunity to segment the furniture stores into 4 groups, of which they decided to target two.

Like the Flooring store Survey's the lack of point of sale materials and training continues to be a serious issue with sales people & designers.

1. On the positive side ... furniture stores with well-developed sales & procedures training programs scored much higher than stores with a "sink or swim attitude" towards training and educational product seminars. Furniture stores that set goals as a 'standard of acceptable performance', in all departments, had a better than average return on investment in their area rug departments. Stores that had a dedicated area rug and/or accessory buyer had the best communication between the merchants and sales staff. Furniture stores with a dedication to the area rug business had a sales team that reflected a positive and aggressive attitude for selling rugs. However, in the best of these stores the area rug departments did not have the same marketing standards as upholstery, case goods and bedding.

There is much room for improvement in this scenario! Furniture stores with in-home design service or selling designers on the floor did much better with rugs.

On the positive side we surveyed a serious number of sales people who liked having a better quality product in the store. "A good assortment of better machine made and hand made rugs stimulates us and makes our job much more pleasant when we continue to receive good compliments from our customers". "It feels great to know some little detail about the quality or style of the rug that the customer didn't recognize." "Rugs take time to sell sometimes, but our job is easier and the customer becomes less impatient when we can find the stats on the rugs quickly." "We know we have arrived when interior designers shop us for their clientele."

2. On the negative side ... furniture stores that did not have product training seminars and had "a rug department because we need that category for floor displays to make the furniture displays look better" had serious issues with the sales people getting excited about selling rugs. "Nobody really pays attention to this department. That's why it is in the back of the store". We have about 40 to 50 rugs, mostly machine made; few of which go with our furniture. We have the department for the customers convenience". On the whole the sales people knew very little about rugs with little enthusiasm for selling rugs. With virtually no marketing skills in the store, unlike the furniture departments, rugs continued to 'die on the vine' so to speak! No attention, No assortment, No sales energy!"

All too often we heard that the buyer didn't have any background in rug buying or understanding of how to select and market rugs with furniture. Many of the sales people had little respect for the buyer or the department under these circumstances! Without a pleasant greeting and warm look on the face of the sales people, near to the rug department, (who did not recognize the survey team member(s) right off), the team knew this is a troubled category in the store.

3. Presentation: Furniture stores that are creative and visually exciting with rugs in vignettes reflected in the attitudes of the sales staff. "Rugs add a great dimension to the value of the furniture." From seven separate sales people "When we had just a few rugs for display and one little swing arm fixture in the back too often our furniture customers had to go to our competition to find the rugs they wanted. And, sometimes they didn't come back or worse yet they cancelled the furniture they were buying from us and bought there." "I still have problems identifying the rugs sometimes, and we could do better in communicating the assortment to our customers but at least we have management involved in this department now and the assortment is getting better and better". "Too much have the same quality and looks really do not support the customers needs." "Variety is the spice of life and if we had a way to special order programs or a larger selection with fast delivery I would be in pig heaven." Furniture store designers are far more positive over selling rugs, especially if the assortment is well balanced. The biggest issue they have is all too often the catalog pages do not represent the actual colors of the rugs well and there is always the issue of getting the rugs in the home to make a selection.

FROM 23 FURNITURE SALES PEOPLE AND DESIGNERS ...

"For whatever reason our upholstery buyer and rug buyer just don't work together or communicate. We receive new looks and fashion colors twice a year and then we don't have the new fashion and colors in our rugs for the customer to coordinate with. They both report to the division merchandise manager but just can't get their act together." "We will introduce a furniture collection from some famous personality but the rugs associated with that same personality aren't ordered." Why?

4. Earning potential Furniture stores that have a bonus for making a set goal or spiff program for selling high priced rugs have the most aggressive sales staff. "I can earn some real money and yes I like the attention when I get that check

during our sales meetings." "When I sell a rug with a furniture group my commission is increase by 2.0% on the whole sale. The customer is happy and I am happy."

5. Advertising "When we advertise area rugs we sell area rugs. We do best when color ads in furniture that also have the rugs we actually own in the ads. Store events produce the best results." "Our customers love the posters and color information hangtags we provide for those that just want to look. Once they find a rug they are interested in a rug it all works to makes our job easier. "P.O.S. materials work to sell fashion and better merchandise."

Management at Jaunty concluded that the furniture store and designer showrooms surveyed had a much more positive attitude from the sales people than they found in the floor covering stores. Atmosphere and a personal sense of contribution had much to do with the positive attitudes. Financial motivation to sell area rugs works well in the majority of the stores surveyed. Furniture stores are much more involved with the overall marketing and presentation of area rugs when they have a reasonable amount of floor space devoted to a rug department and the assortment is well rounded with fashion, color and a variety of price levels. Trading up becomes a more natural event when the sales people are motivated and well trained.

Rug News has heard two basic messages so far Point of Sales support, hang tags, silent salesmen, what ver, but that tool must be under used for it to come up so often. The other message we have heard formally and informally is training. It may be retail chains are going to have to move beyond making the sales rep the free trainer, and actually to organize training in rug sales as a continuing education project within the chain itself.

Rug News is hoping to talk to sales reps before the next issue has to go to press. It will be interesting to hear their side, or both sides since they are in the middle.

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