

PUSHING BACK ON PRICE PRESSURE

With the sought after roller blinds category often cited as an exemplar of wildly differing price point / quality propositions in the market, smart retailers are finding ways to maximise their margins without succumbing to the temptation to compete on price. WFA touched base with key wholesalers for their perspective on how they and their dealers are winning out over the competition across a range of products.

Viewscape

National Sales and Marketing Manager Andrew Rundle believes retailers with a proactive, sophisticated approach to selling are winning out in the current climate. "These operators take a more consultative approach to selling in which they actively engage with consumers to find out what demand looks like and where it lies; they're then able to ensure that their product offering is more precisely aligned with consumer demand. This in turn creates greater confidence in the consumer, particularly over the longer term, and enables the retailer to pull their product out of the race to the bottom." Rundle says the roller blind category is a clear example of the downward price pressures wrought by imported products. "However as much as imported offerings are growing in terms of the options available, it's still possible to argue that there are more options available in custom made. This is the case both from a function and design point of view, and needs to be

leveraged."

He adds that retailers with a strong sales process typically have good relationships with manufacturers that enable them to feed information back to manufacturers in terms of where demand is heading. "It's not necessarily just the big retailers that have strong processes in place," he adds. "Many of the independents we deal with at Viewscape have outstanding sales strategies."

Retailers tend to adopt two main approaches to consultative selling, he confirms.

"Some are very adept at using sales tools and aids. These can be as basic as hardcopy marketing collateral such as a well-executed brochure, all the way through to augmented reality (AR) apps that enable end users to visualise products in their homes."

"Retailers are also using smart pricing strategies. They'll have an offer they can present at a certain price point, and they'll be able to upgrade certain elements of that product, by offering a fabric upgrade for example, at the same price or only slightly higher than the standard price. And because they're able to explain the benefits of the upgrade convincingly, they can capture that extra margin."

"Much of what the cleverer retailers are doing is managing consumer expectations to ensure buy-in to the selling process, and then ensuring they can consistently meet customers' needs."

"The market is still divided and there will always be a price driven element there. However the race

to the bottom is characterised by the constant compression of margins, so those retailers that can avoid that dynamic will perform better over the longer term."

Blinds by Peter Meyer

Managing Director Simon Meyer believes taking winning product categories and strongly differentiating them is a strategy that serves his company's customers well.

"Blinds by Peter Meyer is a wholesale manufacturer but our main customer base is Australian retailers so we have a close connection with the retail market via our growing dealer network."

"They certainly see a lot of competition in the roller blind market these days. Unfortunately this market is becoming commoditised. We have combatted this by bringing out our own exclusive range of fabric in our Signature Collection V3.0, in time for the summer season. It has a massive range of 21 fabric collection sourced from all over the world and with an eye on future colour and texture trends. This gives our customers something unique to offer their customers and something that can't be shopped around on. There also needs to be focus on quality Australian made manufacturing with a strong warranty, backup and service. This is where a lot of our customers are succeeding. Meyer notes that roller blinds are viewed as a "go to" product for most retailers, covering about 90% of windows.

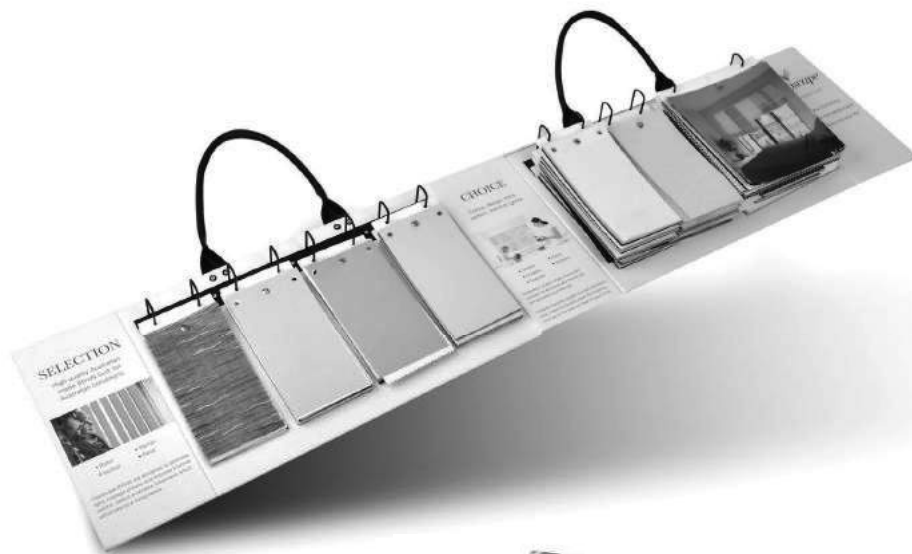
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Simon Meyer
Blinds by Peter Meyer

as they drive the price down. Quality also suffers and customers' frustrations are evident when we get enquiries from end consumers wanting to replace poor quality products with better quality locally made blinds. Our clients leverage off our five year warranty and are up selling a more premium option like motorisation.”

“There have been a lot of developments in the motorisation field and with Somfy being our key motorisation supplier, we see the latest developments first hand and the horizon looks exceptional. New remote and new control systems allow for easy iPhone/iPad/android integration, enhancing end-consumers' experience. The other great thing is that the cost is really no longer prohibitive. In-home control systems can easily be implemented for under \$1000 retail.”

“We have seen a number of our dealers also jump on board with more technical interior products like our Simply Cell and Simply Pleat product that recently hit the market. This is a unique and

innovative 20mm Honeycomb and Pleated blind product that is perfect for normal free hang windows as well as the trickier windows that most retailers shy away from such as skylight blinds and shaped blinds. Our Simply Cell and Pleat range is a superior German quality system that offers dealers alternative options to roller blinds and allows them to sell a higher value item whilst still being able to reply on the quality. The books landed recently and are really making an impression already.”

Meanwhile Meyer says more forward thinking dealers are expanding into outdoor products. “They certainly have maximised and leveraged off the German brand Weinor, which is represented in Australia and New Zealand by Blinds by Peter Meyer. Dealers throughout Australia are benefitting from the strength of the brand, system and comprehensive offer that we now bring to the market. We have even just launched price sensitive cassette awnings with all the bells and whistles, which really have hit the ground running. Getting involved with

a quality outdoor product is certainly a way to set yourself apart, there are too many people selling cheap awnings with no design and terrible quality, even offering readymade products from China.”

Australian Window Furnishings

Mark Futeran, National Sales and Operations Manager, Australian Window Furnishings, says the company has noted a diverse array of approaches to overcome increasing pressures and market saturation.

“For many in the industry this means decreasing prices and in some cases sacrificing quality where price matters more than anything else. Usually product is imported to these retailers and while the cost to the reseller is low, the margins are driven down by the competition, meaning retailers find themselves locked in a competitive struggle that ultimately is not sustainable.”

“Other retailers are adopting a contrasting approach by offering differentiated product and even more importantly a great consumer experience that sets them apart. This allows them to

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Mark Futeran
**Australian Window
Furnishings**

sell a broader range of product at a more desirable price, which provides an opportunity to improve profit maximisation. Securing higher sales per window and per house means higher overall margins can be achieved.” He agrees that roller blinds continue to maintain their dominant position in the market, but is adamant that there’s more to the success of such products than meets the eye. “Roller blinds are by far the biggest and most popular product on the market and even within this category prices vary enormously. At Australian Window Furnishings, we encourage our dealers not to fall into the trap of allowing consumers to simply tell them what they want, but instead to take the time to establish what their real need is and recommend what is suitable for each individual circumstance, whether that is a full blackout fabric for sleeping areas or a more decorative fabric such as the new

Luxaflex Designer Fabrics range for living areas. Our dealers are extensively trained to offer a wide range of solutions which can meet the customers’ needs and possibly up-sell a product in the process.” In Futeran’s view, the most successful retailers are those that focus on providing unique service offerings that create solutions to suit the homeowner’s individual needs. “Dealers who also encourage consumers to visit the showrooms tend to reap the rewards where they are able to showcase our innovative and state-of-the-art products. We help retailers to establish and maintain really beautiful showrooms where they can truly show off the full Luxaflex Window Fashions range and make sure that the consumers see some of our more unique products, such as Luxaflex Pirouette Shadings or Luxaflex Luminette Privacy Sheers - products that consumers simply won’t see elsewhere and may not be familiar with.” “Likewise, the introduction of PowerView Motorisation last year has allowed our dealers to be the first to offer this technological advancement. Customers aren’t always aware that they can have access to exciting products such as these at an affordable price. Our wholesale process is geared towards showing the consumer something new. Of course we still offer roller blinds and the like, but we also aim to impress the customer and show them something new that also fits their needs. This type of sales process relies on having the right people on the ground who have been trained well.” Futeran adds that customer service remains a key issue for the industry, noting that research shows consumers are generally unhappy with service “not just in our industry but in retail more broadly.” “It is therefore vital for our dealers to establish a great

consumer experience from the start and to maintain this throughout the whole process, to not only ensure a sale is secured but to provide a platform where a relationship can be developed to retain a ‘customer for life’.” In terms of how wholesalers and others in the supply chain could do more for retailers, he comments: “Australian Window Furnishings believes that the best way wholesalers can aid retailers is to invest time and effort into programs that can develop and bring out the best in retailers. We continually run leading training and conference sessions, including our recent Alliance Conferences in WA, where some 200 dealers and their staff attended. This conference examined best selling, marketing, and service practise to increase overall success. This has seen our dealers grow their businesses year on year since we started, an achievement we are extremely proud of.”

Wilson Fabrics

Chief Operations Officer Chris Sencek says committing products with a point of difference in the market is the only sure-fire way to demand a higher price. “Wilson Fabrics’ point of difference is our Australian made story, not just because of Australian jobs, but Australian made means much more than this to the retailer and retailers who are able to communicate the value of Wilson Fabrics’ products are protecting themselves more against substitution and competitors’ quotes.” “To a retailer quality product means less time and money spent on quality complaints, replacement and time handling complaints. Wilson Fabrics has total control over the quality of the product due to the fact that weaving right through to coating and finishing is all done under one roof. Because of this, Wilson

has enormous customer support as it saves the manufacturers and retailers in real dollar terms. It’s the big picture approach. Wilson Fabrics’ most loyal customers embrace the fact that this enables their businesses to survive if not thrive in this current retail climate.” He adds that co-ordinated stories are an invaluable way of commanding sales. “From a functionality perspective, the more functional a fabric is, the higher the price you can demand. Being able to offer co-ordinated ranges across a home is a huge selling feature for Wilson Fabrics. Having a translucent blind in the kitchen, a blackout blind in the TV room and blackout drapery in the bedrooms, all in the one fabric design such as Wilson Fabrics’ Boston II, Broome II fabrics or Tuscany II can be a great solution for the consumer who likes to co-ordinate their rooms without having a one-size-fits-all approach. Functionality is key, but the style of the room also needs to be considered and co-ordinated ranges can cater to both. This is something unique to Wilson Fabrics and can be a key to differentiating yourselves from competitors in order to win a quote.” Meanwhile, the company’s products also lend themselves well to being sold on their unique features and benefits, Sencek adds. “Wilson Fabrics has a great range of features and benefits to make the consumer warm and fuzzy. Australian Made meaning our fabrics support Australian manufacturing, the Australian economy and Australian jobs. Oeko-Tex certified means that the consumer/client is not exposing their family/clients business to harmful chemicals. The premium ingredients used in Wilson Fabrics trademarked PitchBlack coatings means it will not yellow over time, unlike

some imported products. And communicating the energy saving attributes of PitchBlack Blockout fabrics in the home can save the consumer money over the long term. Wilson Fabrics blinds also all have a unique trademarked StainProtect barrier that wards off soil stains and spills."

"Environmental sustainability and health conscious products are a hot topic in the retail sector, however in the window furnishing industry these products are perceived to be a lot more expensive due to their unique properties. Wilson Fabrics Enviro Collection is a new great story that is affordable. This screen collection consists of four unique designs in 100% polyester, Greenguard Certified, Oeko-Tex certified, FR to Commercial standards and is unlike traditional PVC products in the market. We have seen bans on the PVC products in Europe and parts of the US, switching to safer, healthier, environmentally friendlier products. As Wilson Fabrics sees PVC screens as a large market currently, however eventually we believe we will follow the trends of Europe and the US, and Wilson Fabrics Enviro Collection in an everyday price category, will be a great innovation for retailers for now and into the future."

Overall, Sencek says retailers that consistently maximise their returns typically do so by communicating the value of a product, rather than concentrating on sales volume and price.

"There is so much competition out there, and quoting is a major expense for a business. What better way to maximise profit than to maximise margin? You may have the same number of customers, same number of house calls, same systems, no additional staff or overhead costs required, use of existing premises and capacity. Selling

the concept of a long term solution, quality fabrics and the features and benefits may be a higher cost now but a money saver long term and this is where businesses will do well; differentiating their products from the competitors by means of savings and value rather than upfront cost alone."

He adds that customer satisfaction means "fantastic word of mouth marketing, the cheapest type of marketing a business can embrace." "Positive word of mouth can be a cheap marketing tool for businesses. Focus on leaving the customer with a feeling of being cared for, having their best interests at heart is what promotes great word of mouth. Effectively communicating safe product, quality product, long lasting product and service adds value to a customer that they cannot get from looking at a swatch alone."

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Wilson Fabrics

WELCOME TO THE NEW YEAR:



Many of our members have indicated that business has been very good in the last six months; the exception being those States that have been affected by the downturn in the mining sector. I believe that 2017 will be a great and very successful year for our industry.

SuperExpo 2019:

BMAA continues to receive calls from SuperExpo visitors, seeking information about the SuperExpo 2016 exhibitors and products on display.

We are now in the early stages of planning for SuperExpo 2019. The Gold Coast Convention and Exhibition Centre has been booked from Saturday 8th June to Saturday 15th June. We have added an extra day for bump-in in 2019, to accommodate the exhibitors with their first-class custom-built stands.

With the Commonwealth Games taking place on the Gold Coast in 2018, the Gold Coast has never looked better! Some of our members have been fortunate to win some of the contracts to supply products for different Commonwealth Games sites. Jupiters Hotel, which accommodates many of our SuperExpo exhibitors and visitors, will have completed their renovations, and their new six-star hotel is due for completion before the 2018 Commonwealth Games.

Training:

I have been in contact with the industry representative (Keith Phasey) on the Furnishing Industry Reference Committee to discuss the training needs for our industry. BMAA will work closely with Keith to ensure that our industry has a strong voice with the Federal Government.

It is hoped that training for Certificate III in Blinds Awnings Security Screens and Grilles will commence in the April 2017 in Victoria. The commencement date was delayed, as funding was sought from the various State Governments throughout Australia to offset the costs to the employer. We will also explore the possibility of Federal Government funding to assist companies to subsidise their training costs.

Licensing:

We are again re-visiting the issue of licensing of installers. Some States require installers to carry a carpentry licence for installation of external products. This is a grey area, with different laws applying in the different States, and with some State Authorities recently changing their requirements.

JOE TURNER
President, BMAA