

IT'S CALLED SURVIVAL



As we rapidly race to 2020 – the year that many seasoned industry pros predicted as the final rhapsody of brick and mortar showrooms as we know them – it's time to embrace change.

BY MARK
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Surprise! The way showrooms have gone to market and interact with their suppliers and clients is reaching a critical point. Unfortunately, the impact of these changes we have experienced have hardly scratched the surface of change. The time to act is now; don't delay!

First, let's look back. It all began back in 2005, when there was consolidation of several companies into one group. The change was stalled when the 2008 Recession hit, and the idea of continuing consolidations was put on the back burner and replaced by survival mode.

We saw many legacy and family-built vendors, go

out of business one by one, or be absorbed by venture capital groups. This warning shot over the bow did little to alert those down channel, however, and showrooms operated the same as they had.

So, what happened? The vendors' need for growth was not being satiated by the channel that brought them to the dance. While that growth has been touted as vertical growth, in retrospect, much of it seems to have been horizontal. What's the difference?

Vertical growth can be referred to as increasing penetration into different vertical markets by taking a more significant share of the market that

the company operates in by growing sales. In the perfect world of vertical growth, we would see an increase nationally in the number of showrooms available to distribute products and vendors to fill them.

Yet, like everywhere in retail, the overall reduction of showrooms and vendors available to sell products through that channel has ushered in the horizontal growth that seems to be the unicorn in the balloon factory.

The benefit of incorporating a horizontal growth strategy is that it can reduce competition from other channels and directly impact the vendor's bottom line. This is because the work it takes to grow vertically and horizontally requires the same tools that other channels have been using to go after the same clients.

It makes clear business sense to grow horizontally to increase profits and to exist. Distribution is then required to develop, and we all must break into new markets and do business in new ways. Instead of burning the energy, time, and money needed to build a new channel, horizontal growth allows a business to take control of a channel that is already in place.

It becomes easy to see why vendors in every industry are adopting this strategy to appeal to "D2C" Direct to Consumer – and the client loves it. Vendors started to build their brands to save their bottom lines. Looking for ways to increase revenue is every sales organizations directive. Is it yours? Do you have a plan?

Vendors in every industry that distribute through a retail model will continually seek new distribution channels and sales increases. Has this tactic led to the extinction of the showroom outlet?

No, it has not, but evolution for most showrooms has been a slow – or even a non-existent – activity that will lead to their demise. Some retailers are still waiting to resume drinking from the firehose that the housing boom provided, but it will be a long wait for many parts of the country – if it returns at all.

If it is your goal to be in business and be profitable in 2020, take the reins of change NOW.

A LEVEL PLAYING FIELD

So how do we, as showrooms and vendors, combat the relentless assault of the digital demons on our bottom lines? Begin with honesty. The transparency provided by the connected world leaves little to the discounting imagination when it comes to dynamic

pricing demanding a level playing field. We can't put the pricing transparency genie back into the bottle. Without a level playing field in price and delivery, the consumer will be tenacious in their pursuit of the lowest price – and that will hurt vendors and showrooms.

Another area that begs equality is the delivery of goods. Showrooms must be able to ship items that are not stocked as fast as any of the competition. Many a sale has been lost because of an additional shipping charge.

My crystal ball is telling me that the much-touted, two-day delivery process that so many showrooms are willing to speak about will soon be replaced by next-day delivery, and all that means is that same-day delivery is not far behind. This is a wonderful opportunity for vendors and showrooms to form a team! Showrooms are the physical "last mile" in product delivery. Companies like Amazon are aggressively moving forward to be the last link in the last mile. How will you put a speed bump in front of them?

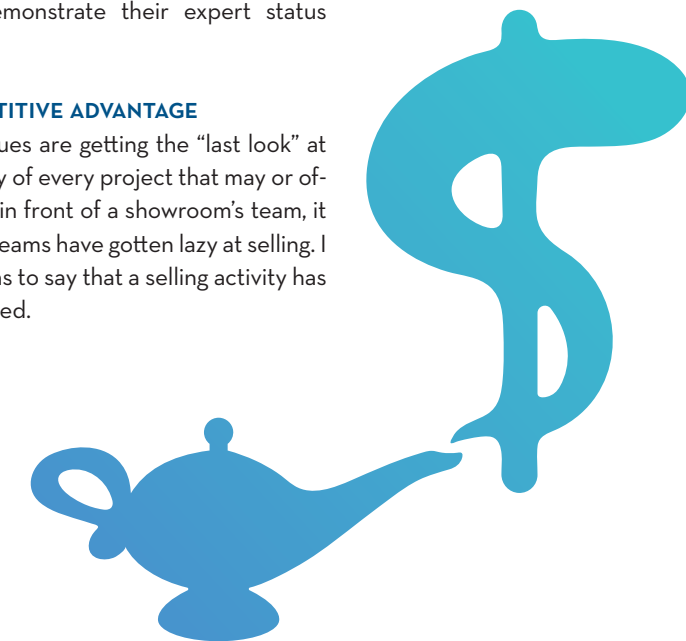
With a good vendor-showroom partnership, providing the chance to deliver from a stocking showroom to a client near the store is a great win for the shopper – plus it supports the local distribution channel.

How can this work? Vendors must assertively communicate the local option of nearby inventory. This plays well into the trial-and-test part of the client's journey and provides the opportunity for showrooms to demonstrate their expert status face-to-face.

THE NEW COMPETITIVE ADVANTAGE

When virtual avenues are getting the "last look" at pricing and delivery of every project that may or often may not come in front of a showroom's team, it is proof that sales teams have gotten lazy at selling. I will even go as far as to say that a selling activity has never ever happened.

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We know that all selling is a transfer of emotion, and humans do it best. To be successful, it is a mandatory and minimum requirement to be excited about the showroom you work in and for items you sell. Think of the emotion you feel when you share or pin an image you like. A level of excitement is there, yet it is an emotion that is self-induced. To harness the full power of emotion in sales, it takes two people. While emotion sells, it is critical to know what you need to be emotional about!

The emotion that is shared will always have something to do with the products that are presented — although in 2018 and beyond, the passion that needs to be communicated fully and emphatically is about the showroom's reputation in the community and how they serve their clients.

Remember these points about the consumer's journey:

1. **If the item is what they want, no matter where they find it, they'll buy it.**
2. **When the value presented to the client does not exceed the price asked, the client won't buy it. Value is built before you ever see the customer.**
3. **When a bond is formed with clients in the marketplace – in both the real and digital worlds – they will be familiar with and like the “brand” that is local, and therefore be more willing to buy from you.**
4. **If the client base in your area is unfamiliar with you – or if they don't like you – they won't do business with you unless it is the only alternative.**

It is my opinion that every showroom must be beating the brand-building drum harder and louder than ever before, both online and face to face. Digital competitors will remind clients that they are the “low price, fast delivery” alternative to traditional retailers – even when they are not! – and they do this consistently through email. Are you willing to step up your digital marketing efforts?



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From a brand-building standpoint, sending out 2 to 4 emails per month that focus on reiterating your showroom's brand message is a minimum. These are not image-based ads asking the client to buy or advertising a sale. This is about putting the client in the crosshairs of building a local brand reputation and linking to the local community.

IS YOUR DIGITAL DOORWAY OPEN?

Is your website active or static? For the advanced AI (aka Artificial Intelligence) to find your site, it must be up to date and have usage. How often are you posting to your website? Blogs of 1,500 to 2,500 words are essential, as are image and video posts. In fact, everything you post to social media must reside and link back to your webpage. This helps in keyword searches and other electronic ways to locate your business.

HEY SIRI & ALEXA, DO YOU HEAR AN ECHO?

While the majority of this article is about the challenges and needs of today, let's take a quick look into the not-too-distant future. With the increase in voice technology, many people are sitting back and shaking their retail heads trying to figure this one out.

If you have yet to catch on to the marketing and communication skills needed to compete online, now is the time to get caught up or be left behind.

- **The first step** is to get your digital doorway open and active.
- **Second**, make sure your website loads fast – as in *very* fast – and has an SSL certificate for each page, including your digital catalog.
- **Third**, make sure that your geographical location is clear and easily accessible to the search engines. The phrase “near me” is a popular Google suggestion and indicates people are adding it to their search queries. By no means is this a comprehensive strategy for voice search; these are just some fundamentals that you must put in place very soon.

IT'S IN MY HEART

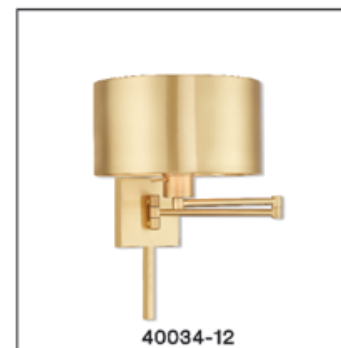
As you know, I was born into retail, and I love every part of it! To see good merchants frustrated with this landscape pains me deeply. If you are a showroom, fight hard as this storm will calm just before the next one rises.

As always, happy selling! ❖



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