

## **Retailer – Manufacturer Partnerships** **by Gerry Morris**

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“You don’t need any mattresses today do you?” has been replaced by “Let’s take a look at your GMROI and then plan out our next six months of promotions.”

WOW! That’s professionalism, and it is just part of a relationship that can be found between many bedding manufacturers and their retailer partners.

It’s no secret that the home furnishings business is tough and getting tougher. Competition is fierce, and there may be no more competitive environment than in bedding. Retailers that take advantage of the support offered by their vendors can capture a larger share of the \$10 billion dollars of annual US mattress sales. The profitability of the square footage makes this category a prize worth pursuing.

Customers don’t particularly like to buy mattresses. Unlike other categories of home furnishings where emotion plays a major role, consumers shop using intellect and logic to discern value. People “want” a new sofa: they “need” a new mattress. This difference is what sets bedding apart.

In spite of ongoing innovations, the limited parameters of bedding will never allow a manufacturer or retailer to get a competitive leg up with product alone. Success will come from intelligent marketing and superior service.

It is these factors that have created what can be arguably the strongest, most interdependent relationships in the industry. It is not uncommon for bedding vendors and their reps to be involved in most every phase of a retailer’s business, including advertising, customer service, accounting, sales training, warehouse and delivery matters, and even direct contact with customers on the sales floor. More and more reps are working sales events, holidays and weekends. Support at every level

The shopping process for a new mattress usually starts with advertising. Mattress manufacturers offer a tremendous service in this area with everything from brand awareness campaigns to direct mailers and inserts to local ROP (newspaper ads), TV and radio ads. Creative promotions can drive customers into stores.

Getting customers in is just the first step. Smart merchandising is crucial to making the sale. There is probably no better support available from any other product category than bedding. Reps and sales managers working with their retailers can create a setting to entice consumers to buy from them.

Vendor-supplied point-of-purchase materials – including outdoor banners, neon logos, demonstration units, layer samples, end of bed signage with specifications and more – make for an appealing presentation and display. Special signage coordinated with advertising themes can contribute to a more profitable bedding department.

Product selection may be the most challenging aspect to a strong bedding business. With the understanding that consumers really shop and compare mattresses, putting together a viable lineup requires both effort and expertise. It is a difficult task to have enough choices and a price range to satisfy the vast realm of personal preference without causing confusion for the customer or the sales staff. Bedding vendors’ sales managers and reps armed with competitive information, merchandising skills and analysis can help keep a lineup evolving and productive.

Today’s sophisticated manufacturing equipment and computerized production allow for a much greater range of choices than ever before. More and more retailers are able to have a “custom” tailored rather than “off the rack” product line. The efficiency of today’s manufacturers also allows for quicker shipments and the ability to get products to customers on a timely basis, which can really improve the percentage of sale closings. (Once a customer decides to buy a mattress, they usually want it quickly.)

### **Working Together**

The sharing of information is a key component to real manufacturer-retailer partnerships. When both parties work together they can significantly improve GMROI – gross margin return on investment, a

measuring stock based on inventory levels, turns and profit. Through analysis, companies can streamline their inventories by establishing a rate of sale and determine what mix and quantities to keep on hand. They can better monitor returns and most importantly calculate the effectiveness of their advertising and promotions.

The number of people involved in bringing a finished product to the customer is incalculable when you trace each element of a mattress set back to its source. Factor in all the people and resources involved in bringing a customer into the store and this simple product takes on a vast and complex dimension.

All of this effort comes down to a conversation between