



Ken Baur



Marc Bluestone



Steve Dodd



Randy Nipper



Jim Parrie



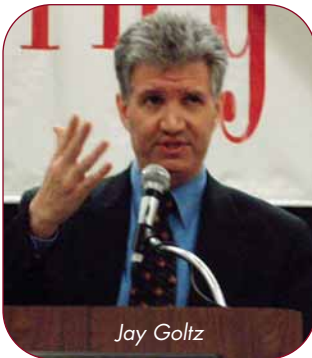
Robert Sher

# Successful Retailing: The Battle for Market Share

## Part Two: Utilizing the Custom Service Advantage

### THE QUESTION:

How can frame shops best use their ability to provide custom service to overcome big box and OEM competition?



Jay Goltz

This is the second in a series of articles transcribed from the National Conference Annual Business Breakfast Panel at the 2004 West Coast Art & Frame Show in Las Vegas. Look for additional discussions from the event in the next several issues of PFM.

#### MODERATOR

**Jay Goltz**

president and founder of Goltz Group, Inc.

#### PANELISTS:

**Ken Baur:**

president of Framing Concepts

**Marc Bluestone:**

president and owner of FrameGroup, Inc.

**Steve Dodd:**

president of Northwest Framing

**Randy Nipper:**

senior vice president of sales at Crescent

**Jim Parrie:**

owner of Millennial Technologies & Consulting International

**Robert Sher:**

president of Bentley Publishing Group

**Robert Sher:** Frame shops aren't the only ones faced with competition. Even the mid-sized OEMs are worried about the big OEMs. Mid-sized OEMs are fighting back with flexibility because the biggest OEMs have to have whole container-loads of one product that's all exactly the same. The biggest OEMs are efficient, but they're not flexible. The same thing applies all the way down the line to independent frame shops. The question is: Can you customize exactly what your clients need and give them a reasonable price for the value that they truly want? And if you and your staff are trained to understand what customers want so they can get exactly what they want quickly, you're going to do the best that you possibly can with a customer.

**Jim Parrie:** When you say framers need to customize a product based on customer needs, does that mean if a customer wants regular glass or paper-

based mats, that is exactly what you should sell them?

**Robert Sher:** If that's what they want. But the more important point is that you have to understand what they need. If they don't need UV glass because it's going into a dark hallway or is a cheap poster they won't care about in a couple of years, then give them regular glass. That doesn't mean you can't upgrade to better matting or moulding or whatever else makes the piece work for them. Or you can do the actual hanging in their homes.

**Jay Goltz:** This question about glass revolves around how customer-driven that choice should be. My argument would be, if customers want the cheapest thing for their kid's room and that is a \$3 poster, then giving them regular glass might, indeed, be servicing their needs better—because their need is to feel like they didn't spend that much money. I sell plenty of specialty glass, probably over half of what I sell. But whether we should throw out all the regular glass is a big question. I think there's an argument to be made for both points of view. This is not the same as the question of getting rid of paper mats, because the difference between regular and paper mats is about inventory. Do you want a double inventory? It's really about satisfying the needs of your customers, which is what custom framing is.

**Randy Nipper:** I think the idea of who you are as a custom framer definitely speaks to high-end quality materials, along with construction and design capabilities. You have to emphasize that strength and make it a point of differentiation. There is no argument over the selling process that starts with the higher quality and higher priced design and materials. My point is to consider that you have taken the steps necessary to get that consumer to enter your store, and that you have fixed costs you will incur regardless of how much they buy. So why not attempt to maximize the sale any way possible? Not all customers, and not all customers' desires, are created equal. So, if they've brought in a nice piece they want framed for over the sofa, they may also be in the market for a couple of inexpensive decorative pieces for the hallway or bathroom. If they don't get those lesser value items from you, they will get it from a gift store, furniture store, or mass merchant instead. Isn't there a way for the custom framer to grab some of that business too, even if it is only some of their customers, some of the time?

A recent price survey showed the difference between a high-end and low-end frame construction to be roughly double: \$162 vs \$360. For a lot of consumers that is a significant price difference and may limit them to one piece for \$360 if that were your only option. Why let them walk out the door to buy the lesser value items elsewhere? Selling a

couple of extra framing jobs would likely add nothing to your overhead, and, unless your labor is fully utilized, probably not increase that cost either. In conjunction with lower cost of materials, I believe many framers can compete for some of that business. Furthermore, there is the convenience factor for the customer. Next time, they might also bring in a poster or art for the child's room because they know they can get it done at your shop for a price they want to pay.

**Robert Sher:** The [2003] Art Publishers Association survey validates that point. People who buy custom framing also buy pre-framed art or from a big box.

**Randy Nipper:** The difference is that from a big box they will buy the pre-framed art, or get a ready-made or pre-cut mat that will be generic. What a custom framer can provide is a level of customization through mat and moulding colors, style, and design. Maybe it will be a certain mat color to pull out a certain aspect of a print or photo, or tie in to the color of the draperies in a child's room. Maybe it will have a paper mat because conservation is not that important, but you can still use your value as a custom framer, even if it is at a lower price point on the finished item.

**Jay Goltz:** Do you believe regular mats have a place in a custom frame shop?

**Randy Nipper:** For many custom framers, I do. Especially for framers who do contract work. Consider another example. You may have a bid on 100 pieces for a local nursing home. You may be competing against a small OEM that isn't using conservation materials. Some do, but most don't. You can take advantage of your fixed overhead and available labor to make a competitive bid even more so with the use of lower-priced materials. So having paper mats and regular glass will help in achieving a competitive bid on the job.

**Marc Bluestone:** I have a differing viewpoint. Conceptually, I agree with Randy that it's good to be able to have something to sell to everyone. Operationally, I think it's very difficult to identify the customer who's there for something to hang in a dark hallway and that they're not going to spend any money. That's way too subjective for me to deal with. We have made a lot of progress as an industry selling quality custom frames to people and emphasizing good design. We have a broad range of product for that. But it's a very slippery slope if we go into every sale assuming that a customer doesn't want to spend very much money or that they don't want something that looks very good. It's very difficult on a customer-by-customer basis to figure out who's going to spend the money and who's not.

I prefer to live by an assumption that if a customer walks into a quality custom framing store that's known for quality framing and materials, has a reputation in the neighborhood, and has a gang of repeat customers, then chances are they want something *custom* framed. I'm going to try to sell them beautiful, quality custom framing using the best materials and the best designs I can possibly create for them. But I'm going to do one other thing, which is that I'm going to listen carefully and adjust the sale until I can make it.

I don't think the way to answer the big boxes and the OEMs is to fill your store with less expensive stuff and sell it with wild abandon. The only thing you're going to accomplish is to sell products with less dollar value to the same number of people. And that would be very dangerous for all of us.

**Randy Nipper:** I think your premise is right on. The point is, what does a framer do that's special? It's using high quality materials and being able to customize. But even the big boxes have inexpensive pre-framed art or pre-cut mats available for walk-in customers, in addition to their other framing products. I would never recommend emphasizing the lesser expensive materials. I just feel they should be available to provide an alternative that can capture more market share and serve a different price point when that's all your customer wants.

**Steve Dodd:** An important concept is "quality baseline." If a lot of the chain stores and others are setting a baseline of conservation mat board and conservation glazing for custom framing, there's no reason framers should want to go below that. It's a different story if you're bidding on a hotel job, where you have to be very aggressive on the price point. But in your core custom framing business, where your customers are bringing in their valuable artwork and you're designing a piece specifically for them, why go below the baseline of the industry? Jay and I are never going to completely agree on the glass issue, but I really believe that you need to lead with quality and you need a standard. If someone really needs an inexpensive piece of art framed, we have ready-made frames. And sometimes you can use regular glass. But your custom products need to have the baseline. This also simplifies the selling process. When you work with a customer, you have a lot of things to cover. You need to find out their needs, their environment, the piece itself. You need to get them excited about their artwork and their choices. If you have to add the element of conservation, you're going to have to explain what that means. In custom framing, you don't need to add to all this with a discussion about conservation glass and matboard.

**Jay Goltz:** On most occasions it's appropriate to sell people acid-free [mat]board, and there are plenty of occasions where it isn't. The point is, there's no right answer to this. I'm still selling regular glass. I don't know if, in five years, regular glass will be out of the industry. It's about who your company is and who your customers are and what's right for them.

**Ken Baur:** We do have to emphasize the high-end quality materials. Start with conservation and high quality. But where does it end? If we keep going higher and higher, with more expensive moulding, do we go back to the carriage trade that picture framing was 30 and 40 years ago, where only the wealthy can patronize your shop? Where this trend has to end is different for different framers. That's the segmentation we have in the industry. But within your own market base, can you continue to drive it up and up and up? Maybe that is how we as independent framers can survive. If we go back to the carriage trade, half the people in this room won't survive.

**Robert Sher:** As I listen to this debate, the more I'm convinced there isn't any one specific answer. We're discussing things that affect a broad industry. The real battle for each retailer is in the customers in a three- to five-mile radius. And if you can't establish your position as being the top-quality, high-end product and you have a consumer base that can support that, maybe you should say that you're the specialist, when you want our kind of product, come to us. And case closed. If you can't hold that position in the minds of your customers, if that position is only in your own mind, then you've got problems. And it may be there's another position you want to hold, about being the economical framer.

Whatever it may be, you really have to look around at your competition in your immediate area and your customer base and figure out where you can be and make money.

**Jay Goltz:** We do need to be careful about making broad generalizations, because this market is all over the place. It's everywhere from a poster shop in a college town to framing expensive pictures in a wealthy community. You cannot get anyone's answer on this panel and make it your own. You have to figure out for your particular business what the smartest strategy is.



**Next Issue:** *Panelists explore competitive strategies for framers, expressed as key "words."*