

by Cinde W. Ingram

TROPITONE READIES FOR GAME-CHANGERS

'CLICK & BRICK' CAN BENEFIT CASUAL INDUSTRY

FIRE PITS AND TABLE TOP GRILL PANS MAY BE new hot products for Tropitone Furniture, but cutting-edge designs are just part of the reason retail and contract customers count on the Irvine, Calif.-based manufacturer.

Tropitone has developed an e-commerce platform to help casual furnishings dealers reach consumers.

"Most recently we have been collaborating with specialty retail partners on creating an effective approach to omnipresent marketing and sales," Tropitone President and CEO Cap Hendrix said. "During that key 'hot prospect' period when consumers begin their exploratory and complete their purchase, Tropitone and its specialty retail partners must have a presence in any relevant key information source. We

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-Cap Hendrix

must be able to connect with potential buyers early in the process and lead them through the purchase itself. We believe this 'click & brick' approach is perfect for casual furnishings."

Tropitone tracks secular and cyclical economic indicators on a periodic basis. Secular indicators for the United States,

Europe and China continue to be weak, Hendrix noted. U.S. GDP growth is expected to be no more than 2% for 2013 and probably 2014, he said. Europe continues to linger around recession and growth in China has moderated as its government pulls back from infrastructure investment.

On the other hand, cyclical indicators appear favorable, he said. Revenue per available room (RevPAR) is at a historical high. The U.S. Federal Reserve has intentionally inflated equity and housing prices and depressed interest rates. From Tropitone's perspective, these are all favorable factors for casual furnishings.

"We see two game-changers for casual furnishings over the next five to 10 years," Hendrix said. "The first is the relative influence of China manufacturing. The stated policy of the Chinese government is to de-emphasize low-wage, low-value-added export manufacturing such as casual furnishings. Following the economic crisis of 2009, the Chinese knew they could no longer rely upon export economic policies of the past 30 years to fuel their growth. China will remain an important manufacturer of casual furnishings, but the cost and complexity will continue to increase. China's relative influence on casual furnishings will decrease.

"The second game-changer is the integration of digital and traditional marketing and sales strategies," he said. "End-user customers do not compartmentalize their shopping and purchasing activities between digital and showroom. There is a natural flow. Our value chain must provide a seamless, organic flow for the purchase and ownership experience. Consumers are better informed than any previous generation. If they sense any disconnect in their purchase and ownership experience, they will search for alternatives. Casual furniture

Tropitone's Ravello cushion crescent sectional pairs with a fire pit to beckon people to linger longer in residential settings.



is perfect for the integration of the digital and showroom experience. The buyer will most likely want to experience the furniture prior to purchase — particularly with higher value products. ‘Click & brick’ will be very powerful and beneficial for the casual furnishings industry.”

Tropitone targets both the residential and commercial distribution channels of the marketplace, but recognizes those two are broken into smaller sub-segments. “Our policy is to utilize any channel of distribution for those segments that creates value for our brand with end-user customers,” Hendrix said. “We come from a perspective that end-user customers decide how and from whom they want to buy. Our responsibility is to understand those requirements and support the channels of distribution our end-user customers prefer. The one important caveat is that any channel of distribution must create value for our brand.”

Tropitone’s retail customers recently made it obvious that they recognize the value of its product design, quality, customer service and other factors by honoring Tropitone for Manufacturer Leadership in the Tubular Materials Category again for the fourth consecutive year. Tropitone won the overall Manufacturer of the Year Award in 2011, and is one of 10 category winners this year. The top honor will be awarded at the ICFA Awards Gala, set for Sept. 19 at the Field Museum in Chicago.

“Casual furnishings specialty retailers have proven over many decades that they can create real value, however all specialty retailers are not the same,” Hendrix said. “We have chosen to align ourselves only with those retailers that are capable of and committed to creating value, not simply doing sales transactions. All our marketing and sales programs



South Beach chaise lounges, dining chairs, barstools and spa chairs were such a success for commercial and residential properties, Tropitone added cushion seating, complementary ottoman and accent tables.

are geared toward helping our distribution partners grow revenues and profits with our brands and complementary brands in their stores.

“Tropitone created and launched two new brands and product portfolios to complement the core Tropitone brand,” he added. “The Tropitone MODA brand offers distinctive fashion solutions for extraordinary spaces. The brand personality is elegant, gracious and sophisticated. The Tropitone Valora brand is targeted at utilitarian spaces with tight budgets. The products in the portfolio were specifically designed and built to meet basic requirements with appealing style. The brand personality is reliable, hard-working and frugal.

“The core Tropitone brand covers the broad range of spaces where total performance is essential. Tropitone MODA covers high style and Tropitone Valora covers basic utility.”

Total performance is the best way to describe the Tropitone brand, Hendrix said.

“Since Tropitone initially focused on the commercial market segment, we had to develop product and services required to be successful in that highly-demanding market,”

he said. “To attract customers, our product offering not only had to be beautifully styled and comfortable, but also demonstrably durable, functional and easily maintained. To retain those hard-earned customers, our pre-sale and post-sales services had to create satisfaction with the purchase and ownership experience. This ‘total performance’ model was imported to the residential market and has remained unchanged to this day.”

FROM THE BEGINNING TO TODAY

Hendrix set the stage for Tropitone’s start, explained what business conditions were like then and how they changed as the manufacturer evolved. In his words, it began “back in the early 1950s, when post-war families in the USA were establishing households and becoming mobile. Veterans returning from World War II were ready to settle down and start families.

“The success of the post-war economy was creating the need for faster travel by air. Vacation and leisure time was becoming an expected part of everyday life. Hotels, motels, clubs and vacation resorts were built to take advantage of the explosion

in travel and leisure.

“All of these homes, apartments, hotels, motels, clubs and resorts needed outdoor furniture for the lawn, garden, patio and pool.

“In 1954, Burt M. Baker, a retired engineer for Lockheed Aircraft and Grand Rapids Chair Co., moved to Sarasota Fla. and bought the Sarasota Redwood Furniture Company. Drawing upon his experience, Mr. Baker switched from redwood to aluminum for the frames of his outdoor patio furniture. The Tropitone Furniture Company and the Tropitone brand were born.

“The Tropitone Furniture Company was originally established to serve the commercial market for outdoor patio furniture that included hotels, motels, clubs and resorts.

Tropitone brand outdoor patio furniture could soon be found around the lawns, gardens, patios and pools of commercial properties around the country. People who had enjoyed the outdoors with Tropitone brand outdoor patio furniture at these commercial properties began asking how they could buy such stylish and durable outdoor furniture for their own homes and apartments. Tropitone decided to fill that demand

by offering commercial-performance outdoor patio furniture at retail for residential use.

“The Tropitone brand of outdoor patio furniture changed the performance standards of an entire industry by applying the rigorous product and service requirements of the highly-demanding commercial outdoor patio furniture market to the residential market.”

In 1970, nearly 20 years after its start, Tropitone expanded by establishing operations in Orange County, Calif., to serve the ever-growing demand for outdoor patio furniture in western North America. This western base grew into a full-service manufacturing facility and eventually became Tropitone’s headquarters.

“This move gave Tropitone the bi-coastal manufacturing advantage it continues to enjoy



Tropitone’s corporate headquarters campus in Irvine, Calif.

today,” Hendrix said. “Full-service manufacturing and distribution operations in Sarasota, Fla., and Irvine, Calif., provide Tropitone the ability to quickly respond to ever-changing marketplace conditions for outdoor patio furniture by being close to the North American customers.”

Beginning in 1978, many

outdoor furniture companies decided to shutter their North American facilities and out-source manufacturing to China factories.

“Tropitone steadfastly maintained its North American bi-coastal manufacturing facilities to best meet the long-standing high performance requirements of our distribution part-

ners and customers,” Hendrix said. “In the wake of the China experience of the past 30 years, North American dealers and customers for outdoor patio furniture are demanding better products, better services and rapid response to changing trends.”

In addition, Hendrix said, “Tropitone Furniture Company’s bi-coastal presence provides the Tropitone brand with the unique ability to specialize in two key service requirements for both commercial and residential customers: 1) short order-to-ship cycle time, and 2) customized outdoor patio furniture manufactured and shipped within that cycle time. This capability allows both commercial and residential customers to get exactly what they want, when they want it.” **CL**

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