

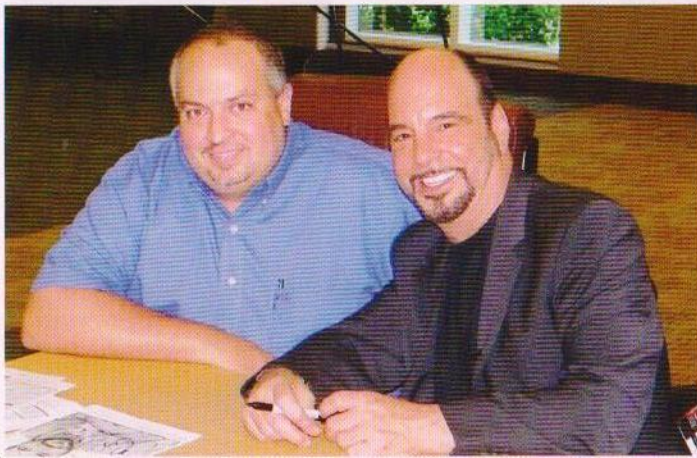
HOME WORLD®

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OFFICE FURNITURE REPORT 2010

Office Superstores Report Rising Furniture Sales



Lee Pell (left) from Office Depot with designer Christopher Lowell, who has debuted an updated office furniture line exclusive to the retailer.

BY GREG SLETER
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NEW YORK— Following two difficult years in which the nation's recession dampened the mood for consumers and also led to small businesses cutting back on purchases, there appears to be a warming trend in sales at the nation's three office superstores, each of which today are hoping the positive trend will continue for the foreseeable future.

"We are starting to notice a rise in sales during the fourth quarter and the furniture

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Office Depot recently introduced its new Christopher Lowell collection, designed to meet home office needs, according to the company.



Office Superstore Execs Report Sales Rebound

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category is now comping positive," said Lee Pell, vp/merchandising with Office Depot.

Mark Mettler, senior vp/merchandising for furniture at Staples, concurred, noting that his chain has seen some sales growth as well. "The trend has been improving," he said.

Within furniture, the overall rebound in sales has been slower than other product categories in each of the office superstores, but office seating has seen solid sales growth in recent quarters. However, the

slow uptick in furniture has not diminished the efforts of Office Depot, OfficeMax and Staples from moving forward with new programs in furniture that have either already hit stores in the case of Office Depot and OfficeMax, or with Staples are set to hit stores in the coming weeks.

Recently, Office Depot launched three new collections in its proprietary Christopher Lowell Collection (see story page 22) and OfficeMax earlier this year unveiled its proprietary Brenton Studio collection, a

contemporary line of metal and glass home office furniture.

At Staples, the office superstore's furniture assortment has not seen any significant changes over the past year but a new merchandising team led by Mettler is moving forward on implementing some significant changes in the retailer's furniture assortment, Mettler told HOMEWORLD BUSINESS®.

"In the next few months, you will see less commercial-grade furniture and less larger collections in our assortment," he explained. "This is being done

in favor of smaller-sized desk that are sold with matching bookcases." Specifics on Staples revamped furniture assortment will be forthcoming in the weeks ahead.

The national recession that put a squeeze on retailers in the office superstore channel over the past two years has also significantly altered the shopping habits of those who frequent this channel of distribution. Darren Peacock, dmm/furniture with Office Depot, said the continued growth of forward

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Work-At-Home Trend Drives Office Superstore Furniture Designs

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thinking companies looking to right-size costs and expand telecommuting opportunities for their employees is altering not only the types of furniture sold by the office superstores, but

how the chains deliver those products to the homes of corporate employees.

“Telecommuting and high unemployment has opened up new opportunities and led us to bring in a number of products

that are more aligned with consumers,” Peacock said. “They are also looking for products that are much more modular rather than having the traditional large executive desk.”

To get the products to work-at-

home customers across the country, Pell noted that these shoppers are more reliant on services such as delivery and assembly. “We have expanded our delivery services and we are also working to package the products in a way



"We are starting to notice a rise in sales... and the furniture category is now comping positive."

*—Lee Pell
Office Depot*



"You will see less commercial-grade furniture...in our assortment."

*—Mark Mettler
Staples*



"Telecommuting... has led us to bring in products that are more aligned with consumers."

*—Darren Peacock
Office Depot*

that will reduce damages during shipping," he added.

The shift toward the consumer side of the business is also seen in the Brenton Studio collection now being carried by OfficeMax. Launched in the first quarter of this year, the collection offers several contemporary designs in metal and glass, which allows the user to design an office solution to meet his/her specific needs.

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Seating Continues To See Strong Growth At Office Superstores

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Despite the challenges still being faced with furniture sales at the nation's three office superstores, the office-seating segment has shown strong gains since the fourth quarter of 2009, which continues today, according to retail officials.

At Office Depot, Peacock said recent research completed by the Boca Raton, FL-based retailer showed that consumers have a willingness to pay between \$100 and \$200 for an office chair as they are seeking comfortable products that are durable.

"A majority of our customers tell us they are sitting in their chairs between five and eight hours a day," Peacock said. "As a result, they are making a conscious decision to look for products in the better and best segments of our assortment, and they are doing that with the idea the product will pay dividends this year and in the future."

And soon, Office Depot will be unveiling a modified strategy in its office seating collection with the debut of a new assortment that carries the La-Z-Boy brand with products made with solid wood materials and priced

upwards of \$299. In recent years, the retailer has utilized its proprietary Real Space and RS To Go brands in office seating.

"As the economy gets better, we wanted to enhance the presence of brands on our floor," Peacock said. "We wanted to bring in exclusive product with national brands, but will also continue to carry products with our Real Space brand. That is a brand we feel stands for great value." Further details on the

La-Z-Boy product line, expected in Office Depot stores in the coming weeks, were not available at press time.

At Staples, Mettler has also seen some improvement in office seating sales as consumers and small business customers are now focused on replacing office chairs that are either in disrepair or have not been replaced for some time. "I think the desk doesn't take a beating like an office chair

does," he explained.

And this month, the office superstore is also expected to present an updated office chair assortment that Mettler called a new perspective on seating. "We will be bringing in chairs that are more modern looking with more mesh," he explained. "We will also be offering new high-back chairs that also offer updated looks as well."

Looking ahead, officials with the nation's office superstores

are hopeful that the modest uptick sales will continue and perhaps even accelerate into 2011. But they also realize they are dealing with a different customer base. "The recession has driven many people out of corporate life and into small businesses," Mettler said. "I think we will be outfitting offices for business with one to four workers. This will have an impact on not only our retail business but delivery as well." 

The new Christopher Lowell collection at Office Depot focuses on compact space configurations and technology needs, according to the company.

