

# 'Don't complain about the internet...



# ...adapt!'

Too many high street independents are still moaning about the internet when they should be embracing it, claims Chris Perry, joint managing director of major online retailer Tapcentre.com. Tim Wallace went to meet him...



**T**here's been a lot of talk in these pages lately about online retailers, little of it positive. They undercut you, they lure away your customers, they create a discounting war on the high street, they ruin the market-place... The list goes on.

In response, we thought we'd get the other side of the story this month and confront a major internet dealer with some of your concerns. Tapcentre.com claims to be Britain's biggest online retailer of bathroom and kitchen taps selling 6,000 units a month. Joint managing director Chris Perry was not only happy to defend his position, but give the independent stores a few home truths into the bargain.

Although he's as critical of fly-by-night web dealers as you are, he has no sympathy for the kind of high-street showroom that's stuck in the Dark Ages and resistant to change. Embrace what the internet can offer you is his message. Explore its potential and it might help turn around your fortunes. If you don't want to go as far as having your own online shop, at least get yourself a decent website. And most important of all, stop complaining and start adapting.

We caught up with him at the company's Hertford base to hear more...

**Q: Why did you get into the KBB industry?**

**A:** It looked like it was ready to be taken online and modernised a bit, it's very old fashioned. Lots of the offline showrooms seemed to be run by older people and there didn't seem to be any younger ones coming in and shaking things up. We thought we'd jump on board and take the opportunity.

**Q: What made you confident it could work?**

**A:** We already had all our infrastructure in place to roll out another e-commerce site and we went from there. We get involved across a number of different sectors, all in the home and leisure industry. We started off with swimming pools and sports equipment and the opportunity came around in early 2008 to start selling taps and showers. As an industry, it's being going downhill since we got involved, but luckily we've been going on an upward curve. Online retail is growing and offline retail is slowing down.

**Q: High-street retailers often see the online shops as a threat. How do you react to that?**

**A:** Tapcentre.com tends not to undercut them and our prices are held well above where lots of our other online competition is. We can provide better quality of service and a wide range of products. We invest heavily in marketing and our brand and get consumer trust. That's what people are looking for online, it's not just about price and if their argument is over price then they're just staying in the Dark Ages. These are things the offline showrooms can be throwing in

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**Chris Perry**



instead of moaning about the online retailers. They should be putting more effort into drawing customers into their own offline showrooms.

**Q: A lot of showroom retailers complain people come in their stores for information then buy online because it's so much cheaper...**

**A:** I think the price gap is closing between online and offline. Manufacturers are trying to give offline retailers a better discount but it's a very difficult thing to do. You can't tell them what to sell it for, but lots of brands are making it difficult for people with online set-ups to even open accounts, which is good because sometimes the pricing can get a little bit silly. That's just the way of the industry. If your margins are going down you need to adjust your costs to deal with that.

**Q: So you don't have any sympathy for the independent showrooms?**

**A:** I would only feel bad for them if they were trying to

do something about it and weren't able to, but most of them are sitting back and expecting things to stay the same and not doing anything about it. If they start building new revenue streams and changing the way they work I would have more respect for them.

**Q: So how should your typical independent be using the internet?**

**A:** Even if they just want to maintain their offline presence, they can use it to draw footfall into their premises. You can still create websites. They shouldn't be complaining, they should be adapting. All these accusations and threats that we're ruining the market-place. It's just how things evolve and move on. See it as part of your business mix and run with it or you'll get left behind.

**Q: But a lot of independents are set in their ways, some don't have a website...**

**A:** That's terrible, everyone needs one. It doesn't matter if you're not necessarily selling off it. If you just want

footfall there are ways to promote it. There are articles you can create to get people to link in to lots of local directories. You can increase local awareness rather than just relying on Yellow Pages. The internet is a powerful place to be and even if people are looking for a local showroom, most will search online.

**Q: Would you recommend an online shop to run alongside a showroom?**

**A:** Yes, but it's got to be run as well as your offline store. Some people don't maintain it, they just put products on there and expect them to sell and they don't. The information needs to be good and presented in a very clear way, and consumers need to have a massive amount of trust.

**Q: Is there a risk that they'll end up competing with themselves?**

**A:** One option is to have an e-commerce store with prices either in line with their showroom or discounted due to less administration for online purchasing. If they don't want to run an e-commerce store - although they probably should - they should at least use the site for lead or footfall generation.

The website could just be a showcase of the products available in the showroom - without including pricing if they want to attract visitors to their store by showing ranges etc.

Consistency is key for consumer trust and the online presence must tie in and represent their offline store.

**Q: Many stores might argue that you have the technical knowledge to make it work.**

**A:** It shouldn't make any difference. They're just giving up on business. You can always employ people to do it for you. The initial capital set up is probably a lot less than setting up an offline store. Typically you could buy off the shelf e-commerce packages for £600.

**Q: How would you approach marketing?**

**A:** The easy one is Google pay-per-click - places like Amazon and eBay. It depends what you want to be. eBay is a cut-throat jumble sale but some people do very well. If you want to have a more reputable online store you can advertise on and offline. We took out adverts in lots of the lifestyle magazines. We were promoting an online store in offline magazines, that's something a bit different.

**Q: What's your turnover?**

**A:** Year one for Tapcentre was £350,000 and year two was £1.2 million, so in terms of percentage growth it's quite significant. In year three, we're on target for £2.8m, so it's been pretty fast growth. We look for an average margin of 38%.

**Q: What would you put your success down to?**

**A:** Being well presented and getting ourselves to the top spot. We spent a lot of time getting ourselves there and staying there. How we do that is our in-house secret. Our number one asset is knowing how to get to the top of a Google search. There are a lot of algorithms

and coding changes that Google and other search engines make and it's a case of staying on top of it. We still do the pay-per-click advertising, but there are so many people that are in that market that it's not very cost-effective.

**Q: Do showrooms need a bigger margin than the online shops?**

**A:** I don't see why they're different from us. We have an office and warehouse, and possibly higher costs than a typical showroom. In terms of staffing and space, we could operate from a showroom for far less money than it costs us to operate from here. But we need the warehouse and we pride ourselves on customer service.

**Q: What's your pricing strategy?**

**A:** That very much depends on the brand. There are a few that have let themselves get shot to pieces. They've gone out to all the wrong online retailers and when you've gone out too far it's very difficult to pull back. Specialist brands like Kohler, KWC, even Blanco, have been very tight as to where to get their product online, but the monster brands have let their pricing get crushed right down. There's no money in it anymore.

**Q: How have they let that happen?**

**A:** They've just put themselves in too many places. There's no way of stopping people buying it and selling it on. There are people out here that are happy to sell a product on Amazon and make themselves £2 on a £200 product and that's the problem they've got. The people who benefit are the ones who are late into supplying online. They've learnt the lessons of how not to upset people. They go in and create a better structure for buying online.

**Q: Like you?**

**A:** Yes, we supply a handful of reputable people. We try to form partnerships. We've got sole UK rights to Paini, Europe's largest tap manufacturer. They're trying to push into the UK market and approached us to handle the online side because we weren't heavily discounting.

**Q: So you avoid the biggest brands?**

**A:** We have them available because some people specifically want it, but we don't put them in the top pages. We drop them off to the back of the list; there isn't a Franke product in the first 24 pages.

**Q: Who are your main suppliers?**

**A:** We have about 12 to 15. We sell quite a lot of Paini's Latitude brand, and Butler taps. We also sell a fair bit of Abode, KWC and New Form. But it's not about how many brands. If the right product is there at the right price, we'll take it on.

Margin is the key thing. If we can choose a product that appeals to a mass audience and maintains a pretty good margin, it will jump up to the top of the list. Brands that give the best margin are the ones that are either not heavily discounted online or better controlled. As soon as we see a brand go to one of the dodgy online shops, we know it's only a matter of time before the price is crushed right down.

**Q: What's your main focus?**

Kitchens. But we're only just looking at going into sinks. We did some research and found one in three tap sales is paired with a sink, so we're just going to slowly break into that market. Bathroom taps have been slow, but we've done a bit of work in the past few months and it's starting to rise now.

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Joint managing director Nick Timms