

Retailer Insight

Retailers, unplugged

Home accents retailers discuss their 'vendor nightmares'

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IN JULY, during the Atlanta market, several home accents retailers got together for an 'off-the-record' discussion about business. Sharon Davis, executive director of ART (Accessories Resource Team) moderated the closed-door event, there was no audience and the attendees were assured that while some of their comments might be shared in our pages, all names would be kept anonymous. What resulted was a no-holds-barred exchange of dialogue on topics ranging from employee morale to post-holiday sales to the one that got the biggest response — the vendor-retailer relationship:

Sharon Davis: Retailers, what is your worst nightmare when it comes to dealing with a vendor?

"There are some large vendors that just say, 'sorry — you have to pay with a credit card; we're not going to extend terms. We don't care how good your credit rating is or how long you've been in business.' That is not customer-friendly. We wouldn't do that to our customers. I don't know if there's a way to convince those vendors — other than to curb what you're ordering from them — to put you on, say, a net-30 basis. I'm moving money around these days and I don't want to put any more on my credit card."

"Everybody is going through a hard time. And yes a lot of these vendors are tightening up and I certainly understand they carry more inventory than we could ever dream of but at the same time there has to be an olive branch extended."

"This one vendor — the stuff is adorable, but the owner laughs and says 'we never extend terms.' It's like a slap in the face. We've been buying from them for years."

"A couple of companies give a discount when you pay with a credit card. This year I had to do a payment on a card and they charged me a fee."

"They sign the same contract we do. We aren't supposed to charge a fee when a customer uses a credit card, but we can offer a discount for cash."

"One vendor needed my card for authorization and said she would invoice me. She went ahead and ran my card anyway. Eventually it all got taken care of but it was a real problem."

"One time (credit card) use — that's where we run into problems. We have to regularly go in and cancel our credit cards and reissue them so that vendors will not have the credit card numbers. And the time involved to do that is ridiculous."

"(Our store is) starting to change our thinking on the whole credit card thing, especially in this economy. The problem is



what you were talking about — misuse of credit card authorization without notification. We absolutely will not put up with that. We're testing our own written policy this (market). We wrote it, it's very short, easy to follow. I have copies here with me. We give them to vendors that require credit cards and say, 'Sure we're happy to give you a credit card but here are our terms and conditions, please follow them.'"

"The vendors need to manage our credit card information the same as they would manage their own ... and they need to have the same expectations that we would have. I tell them not to log the credit card in their system. We work in a multiple credit card environment. Nobody has just one credit card anymore. They have to fax us a pro forma invoice or acknowledgment — an e-mail with the amount and estimated shipping will do. And then we will follow up within 24 hours with a credit card number for that shipment. Many vendors try to apply the credit card number by P.O. number and if that's how they operate then we have to cancel. It's a lot of work on our part and it's work on their part and I've had some vendors say 'well I don't know if we can do that' but the way we look at it, there are plenty of other vendors out there."

"I understand vendors' frustration — they fax the invoice, never hear from you, all they need to do is stamp on there that 'we need confirmation by X date and time or the order is canceled.'"

"When a pro forma invoice is issued on a shipment there should be some kind of clear cancellation clause on there so that you understand you've got a period of time to cancel and they understand that it's not just flopping around out there."

"There has to be mutual respect on both sides. If we can't meet, they have other retailers and we have other vendors. I can't believe how much product there is out there. That's

what our customers would do. If we didn't do things on their terms, they'd find somebody else to go do business with."

Sharon Davis: I'm going to defend the reps for a minute. Good reps might have 150 to 200 stores in their territory so it's kind of unfair to expect them to remember what everybody does and what your policy is, even if you have a personal relationship with them. I think it's a good idea to have a written policy that covers not only how you handle credit cards but how you do business with vendors in general. Maybe this could be a link or page on your Web site... a sales rep policy. It's not a bad thing to have it in writing so you're clear on it and they're clear on it too. I'm a real advocate of there being that bridge between the manufacturer and the retailer. They are dying to know what you want. That's what we learned at (ART) conference. They really want to know what you expect of them because they can't read your mind.

"Another thing — we know what lines you have, so when we want to see you we'll let you know. Don't call me every week, 'hey can I set up an appointment with you?' No you can't. Not this week, not next week. No no no."

"Reps have come in our store the day after Thanksgiving wanting to place an order. I said 'I'm on the retail floor right now. And I don't need anything.'"

"We don't let reps come by. They have to call."

"I agree with that but I think you ought to be able to say to your rep, 'you are fired and I am now going to order direct.'"

"Also, you go into some of the showrooms and they want to suck the life out of you; show you every single thing they have. It's like somebody helping you when you're shopping for clothes. I'll let you know when I need help. Everybody has the ability to filter and edit. Right now we're all editing the way we do business, our stores, our attitudes. Vendors have to understand that part of dealing with a retailer is thinking like a retailer, and I think they're missing the boat because it's all about the hard sell. I can't stand that."

Sharon Davis: What do you do when the line you absolutely love includes a sales rep you can't stand?

"You order direct! We avoid the rep and order direct."

"I think you should order direct if it's easier. It's not our responsibility to make sure they get their commission. That is negotiated between the rep, the showroom and the vendors. We should be able to fax an order direct to the vendor, put the rep's name on the order and they get their credit."

"Sometimes they don't get commission if you fax the order."

"We've told reps when they questioned us about going direct we did it because we needed a response then and there."

"I feel like if I'm busting my butt and you're making money off everything I'm doing to sell your product — if you're not doing anything but sitting there and taking an order from me why should I be jumping through a hoop to give you my business?"

"This one rep gets so angry if I place an order at market that she will call and scream at me because I 'didn't go through the right channels' and fax her the order directly. And I'm like 'that's your problem.' It's insane."

"And what if there's a market special? You have to order it during market. You spend all this money to come to market; you should be able to take advantage of it." We spend the money to come here; they can spend it as well." □