

# Hybrid Vehicle

**SAM'S FURNITURE & APPLIANCE DEVELOPED A NICHE SERVING RENT-TO-OWN AND RETAIL CUSTOMERS UNDER THE SAME ROOF**

■ By Powell Slaughter





All merchandise is tagged with options for outright sale, or rent-to-own.

**I**n a furniture retail environment peopled with national chains and regional powerhouses, the single-store retailer needs to have “something different.” Sam’s Furniture & Appliance in Fort Worth, Texas, has staked out its own claim through retail-savvy approach to rent-to-own, a staff that hones in on the right program for each customer, and aggressive use of new promotional media.

With 75 percent of business in rent-to-own and the rest traditional retail, Sam’s has hit a sweet spot off the top of the RTO market and customers who want to buy outright, but might not have the credit history to do so, go elsewhere.

The store traces its roots to 1946, when Sam Weisblatt and his wife, Florence, parents of current owner and president Herb Weisblatt, opened Sam’s Stop and Shop grocery with \$500 they’d saved and a \$500 loan. In the late ‘40s, the store started selling a few stoves and refrigerators, and then televisions, when those began appearing.

Herb and his older brother, Paul, had begun working at the store, and as they grew, Sam’s shifted out of grocery

into appliances and televisions, and added furniture. Texas, with defense contracts and the cattle and petrochemical industries, was booming in the 1950s, and in 1959, the Weisblatts bought out Frank Carrie Furniture to open a second Sam’s location.

Sam Weisblatt died in 1976, but Florence continues to work in the business to this day. In the early ‘80s, Herb opened three rent-to-own stores to complement the two retail stores while Paul started opening Sam’s Video Stores.

#### **Necessity: Mother of Invention**

In 1986, though, Texas went through a bust in both oil and real estate, and Sam’s volume fell 40 percent. Herb sold all but the retail stores to raise cash to fund the business and buy his brother out. He also closed the original retail store.

Herb’s experience in the rent-to-own arena had given him an idea for a new niche.

“My Dad created a vision of a hybrid store,” said Seth Weisblatt, who joined the company in 2003. “He felt there should be one storefront to handle both a retail customer and an RTO cus- ▶

### **SAM’S FURNITURE & APPLIANCE AT A GLANCE**

**Rent-to-own/retail hybrid with 45,000-square-foot showroom/warehouse in Ft. Worth, Texas**

**40 employees**

**In business for 65 years, 75 percent RTO, 25 percent retail sales**

**Key Furniture Vendors: Ashley, Coaster**

**Key Mattress Vendors: Serta, Corsicana**

**Web site: SamsFurniture.com**

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“What our people do is more difficult than just renting or just selling, and it takes a disciplined individual to focus on those customers and serve them.”

**HERB WEISBLATT**

tomers in the same location.”

The idea was to avoid losing customers who lacked the cash or credit to buy goods to rental stores. He also leased goods on a monthly basis, and reported customer payments to the credit bureau so they could improve their credit history.

“Our marketing approach is similar to retail,” Seth said. “We have a retail price on every item as well as a payment plan option on every sales ticket.”

The retail part of Sam’s business targets what Seth called an “in-between customer.”

“According to our research, one-third of people in country are not credit-worthy in the traditional sense,” he said. “We have our RTO customer, and we have our retail customer who wants a second chance but whom no other store will take a chance on.”

Sam’s works with GE Money for retail financing, but handles the lease segment of the business itself.

“Our merchandise mix is much more geared toward the



Any product Sam’s advertises is available in stock for immediate pick-up or next-day delivery.



The merchandising focus is on bigger ticket items, what Seth Weisblatt called “the steak, not the sizzle.”

bigger ticket items,” Seth said. “We focus on the steak, not the sizzle. ... We take a retail approach and attract that fringe customer who’s not credit-worthy but doesn’t want to go to an RTO store.”

Sam’s now operates out of a 45,000-square-foot building that’s a showroom and warehouse all under one roof, three blocks from where the store’s former location was for 55 years. Sam’s purchased the location about the same time Seth joined the company eight years ago.

“Our store now is wonderfully efficient,” Seth said. “Most of what we have on the floor is in stock for immediate pick up or next-day delivery.”

#### A Special Type of Person

Herb Weisblatt said a “wonderful, long-term staff” is an essential part of Sam’s RTO/retail formula for success.

“What our people do is more difficult than just renting or just selling, and it takes a disciplined individual to focus on those customers and serve them.”

He noted that while sales staff and management in a rental store are all about average-per-unit and balance-on-rent metrics, straight retailers focus on turns and margins.

“We focus on the common denominator—the customer,” Herb said. In other words: Determine whether ▶

#### KEY MANAGEMENT

**Herb Weisblatt, president**

**Seth Weisblatt, vice president**

**Jeff London, chief financial officer**

**Leigh Gilliland, lease manager**

**Ken Smith, store manager**

**Also, Florence Weisblatt, Herb’s mother and Seth’s grandmother, still works six days a week in the store. A self-sufficient 90, she lives on her own and drives the 15 minutes to Sam’s herself. She has signed every check the store has written for the past 65 years.**

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Fort Worth has had a Sam's storefront since 1946.

rental or retail is the way to go in a particular situation, and don't sell the customer what they don't need.

"If there's a barrier to entry (to what we do) it's that most people aren't willing to be that flexible," Herb said.

It's no coincidence that the average tenure of staff who've been at Sam's over a year is 15 years.

"We're definitely in it for the long haul," Herb said. "We have several non-conventional ideas—we don't pay commissions."

## Presenting A Case

How does Sam's Furniture & Appliance translate its hybrid vision through its marketing efforts, and communication vehicles such as the Web site itself and social media?

"We try not to advertise anything we don't have in stock, and anything we do advertise is in our warehouse for immediate pick-up," Seth said.

# Working the Web

## Sam's Furniture & Appliance Finds Big ROI Using the Web

Sam's Furniture & Appliance in Fort Worth, Texas, has found success leveraging the Internet as an inexpensive, high-ROI method to promote its products and track results.

"I have more than 7,000 products on the Web site, each individually priced and with availability," said Vice President Seth Weisblatt.

Working with FurnitureDealer.net, Sam's has integrated its entire inventory into its [samsfurniture.com](http://samsfurniture.com) Web site.

"We have price and availability," Weisblatt noted. "Andy (Bernstein) and his team have done a phenomenal job keeping catalogs up-to-date."

Some retailers worry about pricing their goods online, but at Sam's, where the business is split 25/75 between retail and rent-to-own, the practice has made life easier in some ways.

"When we started pricing online, discounts given were far less because customers know the price when they come into the store," Weisblatt noted. (25% of Sam's business is non-RTO)

Sam's success with Google Ad pages has altered the store's media-buying habits—the Internet accounts for more than half its advertising spending.

"We no longer advertise on television, and we've cut way back on print," Weisblatt said. "Television's too expensive in our market for the return on investment, especially compared with Google. Our cost per click is right under a dollar."

An in-house designer manages all Sam's promotions online—which product is hot, what promotions are running.

"We have seven or eight promotions up on our site that we regularly change out," Weisblatt said. "We find e-blasts very popular. The most popular ones are themed around holiday events."

He also has advice for retailers regarding Google Places.

"Go to your site on Google Places and claim the listing if you're the owner," Weisblatt said. "It will move you higher on the (results) page. Google aggregates all this information from different sources, and you can edit it, update photos."

"You can check activity on things like driving-directions requests and click-throughs to your Web site. Google Places also provides the search terms people used to find your page; and this is key: where people who requested driving directions come from by ZIP code."

On the social media front, Sam's had 300 Facebook fans as of the end of January.

"To grow that, pick up to five people a day from your customer base, and invite them to become fans," Weisblatt said.

Sam's success in utilizing Google tools hasn't gone unnoticed—the first week of February, Weisblatt went to Atlanta to get Google's certification as a Certified Small Business Trainer.



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**SETH WEISBLATT**

Sam’s also uses its Internet presence—7,000 items priced and tagged for availability online—to help hone its operational and merchandising efficiency. More than half the store’s promotional budget represents online advertising (see sidebar: “Working the Web”).

“By utilizing Google I can target specific portions of the business, day-by-day or even hour-by-hour,” Seth said. “We might promote living rooms one day, mattresses the next.

“We also can see from the Web site what people are putting in their shopping carts. We can find out what we need to order, and adjust the floor based on what people are turning to online.”

Sam’s Furniture & Appliance works with FurnitureDealer.net to integrate inventory on its Web site for real time availability, and

provides a constantly changing series of promotions all produced in-house.

**Down The Road**

Seth Weisblatt said Texas hasn’t been as affected by the Recession as many parts of the country, and that the junk bond crisis some years back had made the region a bit warier of some of the crazier loans that lead to the nationwide housing bubble.

Still, like all Americans, Texans could use a more positive news cycle to help create more upbeat moods among consumers. Sam’s isn’t waiting patiently, though. Seth said the store wants to grow its leased-business customer base by 20 percent this year, and that “retail will pretty much go hand-in-hand with our lease business.”

To do that, Sam’s plans to mine its current customer base and come up with better ways to follow up leads coming to the store.

“The Web site’s generated leads left and right, and we want to do a better job closing on those leads,” he said.

The most critical thing for retailers in the next 12 months?

“Finding an identity,” Seth said. “What scares me is how reli-

ant in general retail stores are on deep discount promotions. It sends the wrong message that retail furniture shops are overcharging.”

For Sam’s part, where hybrid seems to be working, he’s not too worried about an identity, though. **HFB**

**FREE TIME**

**Herb Weisblatt describes himself as a “gentleman rancher.”**

**Seth Weisblatt enjoys spending time with family (a 2-year-old son “keeps me very active”), and playing golf. Technology also is his passion, and his success implementing Google tools in the business has led to his certification as a Google Certified Small Business Trainer (see sidebar: “Working the Web”).**

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