

# A unique vendor's perspective!

*Antony Brett from New Zealand company ALLOYFOLD writes about what it's like serving North American rental stores from the other side of the world...*



**New Zealand** is made up of two small islands that lie some 12,000 miles South West of the North American rental market. With a total land area less than the state of Colorado they are home to fifty million sheep, four million people, dramatic scenery, excellent trout fishing, occasionally brilliant sailors, and the no. 1 rugby team in the world.

We've been marketing and selling our products in North America for six years, specifically to the rental industry. What have we learned? What are the pitfalls? And why on earth do we keep doing it?

## A simple plan...

While navel gazing over coffee one morning in 1998 (I think you call this noble activity spit-balling) our production manager suggested that if our not-for-profit company wanted to further its work with at-risk kids in our community we might look to finance it by developing a market for our Alloyfold chair in North America.



The concept was simple enough. At that time 80% of NZ party rental stores were renting our aluminium folding chair – we were running out of new customers. Since steel folding chairs of the same style were industry standard in North America, we thought maybe we could sell to that market which was eighty times the size. A home-run you might say! But of course it wasn't so simple.

## R & D (rejection & despair!)

We'd like to think that what followed was all part of our five year plan. In fact, as with many businesses, there was a good deal of serendipity involved. Then-ARA President Keith Klarin had visited New Zealand on a fact finding mission; how do rental operators in other parts of the world do it? He saw our chair at a number of rental stores and wrote a report in his P.E.R.L. publication. We also found that a local chair maker used to source seat plastics from a company in the USA called McCourt Manufacturing.

February 2000 saw us in Anaheim at our first ARA show assisting with Alloyfold sales at McCourt's booth. There was good interest but potential customers told us further work was required to get a stack of 50 chairs from 7 feet high down to the industry-standard 5 feet.

We returned to our sheep infested islands and built new forming tools that delivered a lower and more stable chair stack. We also developed a new foot and by the time the ARA 2002 show in New Orleans came around, sold 10,000 chairs to some of the industry's "early adopters". It covered our airfares!

Anaheim in 2003 saw our chair pricing rise dramatically due to currency movements. A robust product, a growing US customer base and a lot of enquiries lost out to our inflated pricing and costly international sea freight. We retreated home



subdued but not defeated.

Soon after we began a move to produce in the USA, with a mind to stabilizing our costs, reducing freight and improving delivery performance. At the same time we worked on a new product, the Alloyfold 4, to overcome reservations about the original Alloyfold II looking too different from customer's existing inventory.

At the Rental Show in Atlanta 2004 the new chair was a success. Customers said they liked the fact it was US made, the design and the price.

And in Las Vegas in February of this year the trend continued up on sales, half of which were to existing customers.

## So, what have you taught us?

Well, you have a taste for New Zealand Sauvignon Blanc! You prefer to pay by cheque rather than by wire! And don't mention rugby. Nobody in America has a clue what you're talking about! But more seriously...

## Americans have no sense of humor

Not true! When we first began marketing into North America a group of us went to a trade seminar at which we were told that in order to successfully do business there you had to be serious and succinct at all times. You needed to avoid the humour, flippancy and informality common in New Zealand business as this was seen as unprofessional. Don't believe it! Not in this industry anyway - our customers like to laugh with us, if not at us on occasion!

## Patience

Our customers are careful business people. They tend to be risk averse as they operate in a highly litigious business environment. Therefore they adopt a wait-and-see attitude to new products. We've had to learn to be patient but persistent.

Many are family operations. We needed to be able to navigate a flat and often casual management structure, and we needed to be able to work as well with women as with men.



**Not a chair in sight! – Antony, Oreti River 2005**

Especially in the Party and Event area many of the decision makers are women.

## Marketing overload

Five years ago we began cold-calling America at 5am in the morning (our time). Cold in every sense of the word! Thirty calls a day- "He is in a meeting, at lunch, on holiday, dead, he'll call you, drop us an email." We've had people impersonate someone else to avoid speaking to us, or keep us on hold till we give up. Coming from our tiny market where people are more accessible we were not used to this... what is it with these people?

I talked to one of our US customers about it. "Step into my shoes for a moment", he said. "Consider the fact that yesterday my staff and I fielded 23 calls from telemarketers. I deleted 57 emails from suppliers all over the world touting products of no relevance to my business or my personal life. If I dealt with all of this stuff I would get nothing done!"

Lesson: We needed to respect a customer's time and know when to leave them alone. We needed a thick skin, some tenacity, a product that people would want to talk to us about, and increasingly a smart website, to make any headway in this market.

## Referrals are our life blood

Most of all we need customers. This is a referral industry. Yep, people talk! The rental community in North America is well networked both formally and informally. Our business in North America was launched not by the money we spent on media advertising but by the initial sale of several thousand chairs to two highly successful rental businesses, and the

## On a Mission

Alloyfold is a registered not-for-profit company owned by Pathway Trust which was set up in 1998 to assist low-skilled and disadvantaged people by providing jobs, life skills and mentoring.

In conjunction with the Alloyfold business there is also a second operation called Oak Tree Labor Hire, a container unloading service which employs 40 – 50 staff who are taught and developed on the job. The company employs a social worker to help employees deal with life issues. Pathway Trust also owns and operates an accommodation facility at Motukarara (about 30 mins from the city of Christchurch where Pathway Trust is based) that helps people by providing a positive environment in which to live while learning basic life skills that they might not otherwise be able to learn.

All of Pathway's operations work together to help people out of negative cycles such as drug abuse, long-term unemployment, repeat offending and poverty, towards becoming contributing and responsible members of society.

dozens of enquiries they generously took from other operators interested in their experience with our chair.

Good reference sites for our product, especially from repeat buyers, have proved to be the most compelling and cost effective sales tool available to this vendor.

## Partnership

The market has educated us. It can be disheartening and it can be expensive. But if our customers hadn't been prepared to give us constructive feedback and if we hadn't acted on it it's doubtful whether we would still be in this market today. In hindsight it's obvious to us that whether intentional or not, success with a product in this market is a collaboration between vendor and prospective customer.

## The Rental Show

For us, exhibiting at The Rental Show has been crucial - we've been at the last five. From a purely cost-of-sale perspective you could argue that for two of these years we should have stayed at home (it's expensive to attend from NZ) but that's not the way we looked at it.

Being at The Rental Show each year has given our customers confidence that we're in this market for the long haul. True, it's good for branding, you can check out the competition and look for new products, but most importantly it's enabled us to develop a face to face relationship with our customers.

Excuse the generalisation but it seems to us that rental industry people like to do business in person. And that makes sense. You can get more information about a person, their business and their product by eyeballing them for five minutes than you can extract from hours on the phone, or by fax and email.



## Be an "A" Customer

Now I'm going to turn the tables! As you know from your dealings with your own customers, the ones that get the best service out of you are those "A" clients that communicate with you in a timely and honest fashion, pay their bills, refer your service to others, try to resolve issues with you directly rather than through their lawyer and give you feedback on what you do and don't do well.

A vendor is no different in this sense - being on your vendor's "A" customer list can I would argue, strengthen your business. Yes, vendor's need to earn your custom but there are benefits from being the type of customer that a vendor values. Or to put it another way, treating your suppliers as you would have your customers treat you.

We find that Alloyfold's North American customers tend to answer our calls, reply to our emails, pay their bills, give us



**Exhibiting at the Rental Show earlier this year**

constructive feedback on our chairs, work with us to resolve issues, represent our product to other interested people and in general are a pleasure to deal with.

We've noticed over time that they also tend to run very successful rental operations. No, that doesn't imply that you have to be an Alloyfold customer to have a successful business! But, does the way a company treats its vendors tell us something about how it treats its customers and therefore how successful a business it is? Food for thought at least.

## Why do we keep doing it?

So why on earth do we keep doing this? Because we're masochists with a thirst for travel? Perhaps! Because it's hard to let go of a great idea that you've put so much work into? Probably!

But the main reason is that our Alloyfold sales into North America do today help to finance some of the work we do with disadvantaged youth in our community.

And the USA is an exciting country to visit. It's full of contrasts, contradictions and many good and generous people.

So don't forget, like many of the rental companies you see written up here, your suppliers probably all have an interesting story to tell and maybe they have goals other than selling you a lot of stuff and retiring to New Zealand!

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