

ROUND TABLE QUESTION 1

Q: How's business?



Geraldine O'Donoghue: We're doing extremely well, there's money in the high end. We're up 22% on last year. That's down to marketing, advertising, hard work and repeat customers – the grey pound. I've read that electrical retail sales in Ireland are down 1.6% on last year but people are investing in the higher end.

Mike Sproston: This year's been a struggle but we've had an increase in business. We have three businesses – a kitchen centre, an appliance business and a cookery school. With appliances the increase is in the upper end – Sub Zero, Gaggenau and Miele. We also display Alno and Edwin Loxley furniture but the majority of the business is based around appliances. One of the regional house builders we deal with is pushing ahead quite well. We've never really identified with e-commerce though. It would almost create a fourth business.

Product-wise, we used to sell a lot of side-by-side refrigeration, but now people want something more integrated. The external dispenser isn't always the thing

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Ben Russell,
Arlington Interiors, Leeds

to have. We also sell to men more than we used to.

Ben Russell: We've had the best year for four years. We're up 40% on last year. We don't know if it's the fact people know they can't move so they're improving and

extending. People have much better budgets this year and higher order values. In terms of kitchens we do RWK and Sheraton for more traditional tastes.

With appliances, everybody wants a wine cooler and every kitchen we're supplying has a boiling water tap. Also, like Mike said, they want full-height integrated refrigeration. American seems to be out of the game now; they want a much sleeker look. We're very happy with RWK, we get good service and it's reasonably priced. If it ain't broke, don't fix it.

Mark Shortt: Fifty per cent of Ireland is doing OK and the other 50% is broke. I used to give Siematic over £1 million a month and Gaggenau nearly £2m. We're at the elevated end and it works well, except we got very big and our market got very small. We've closed the Belfast store, closed Cork and we've finished a three-year battle to get out of the lease. We're leaving the giant showrooms and going into something boutique with about 12 displays and the only appliances we'll have are those we make a margin on.

ROUND TABLE QUESTION 2

Q: Can you still make a decent margin on appliances?



M Shortt: Even in these difficult times I've had seven or eight orders this year of between £20,000 and £30,000 just on Gaggenau appliances, it's our number one brand. I sell Siemens, Neff... but you can't compete against the big groups, the people who discount. Neff and Siemens need the turnover and sell to the sheds. The only customers I sell it to are the lazy ones who want the whole package from us. All they have to do is lift the phone and they'll get it cheaper. Your margin on appliances should be 25%, but how many of us get that? I get more from Gaggenau and Miele is protected because of the way it's marketed. But the other appliances are hardly worth selling.

GO: In Ireland manufacturers don't think about our margins. We make an effort to sell Siemens and Miele but people can go to a department store like Harvey Norman instead. The only reason customers come to us is the after-sales service. You have to work hard and you really don't get enough margin for the effort you put in.

Peter Kandalajt: Wigmore Street is a bit different. We're in the bespoke market where you have to box a bit clever. We discount the price-sensitive things like appliances, but we can make our margin up on the furniture and installation, that's the key to success. Most people come to us for design, people buy from people. Appliance companies are trying to make money the best they can and it will never change. Gaggenau are the best, but there are appliance companies that sell directly to retail clients, that's the worst thing. We all know who they are.

M Shortt: If you're in the appliance business and don't do cookery demonstrations, forget it. It's expensive but it's why we sell a lot of Gaggenau. People come in for

the lower brands and we upgrade – so much so that Siematic took me to one side recently and asked me to stop selling as much Gaggenau because it was taking away from the amount of money customers had to spend on the furniture.

“ Manufacturers should pay us to display their products, because there's not enough money in it apart from Gaggenau and Miele ”

Mark Shortt,
Houseworks, Dublin

GO: The appliance companies are making a huge mistake. These big German companies used to make very good quality products, but then they brought in cheap washing machines and just thought about price. And they should think about quality and less about electronics. V-Zug is selling well in our showroom because the quality is there, but there's too much emphasis on electronics today.

People want simple functions and good after-sales services. Products are too technical. The reason people aren't going for American fridge-freezers any more is that they have a high failure rate, whatever make they are.

Manufacturers don't care. They don't want to know about the fault, they don't want to know about the quality and, if there's a problem with a machine, customers have to go back to the retailer. We're responsible for 10 to 12 years but the manufacturer isn't. We should go to the EU and say 'this is wrong.' We have to change the law. In Ireland, the shop is responsible if you want to keep your good name.

BR: The law that covers England is six years fit for purpose, so when you've got a two-year warranty, if a machine breaks down the customer has the right to come back to the retailer and say 'it's not fit for purpose' and the manufacturer just says, 'tough, you replace it.'

M Shortt: To me this whole problem of 'no margin' could be ended quite simply by manufacturers paying us to display their products. That's where we've got to because there's not enough money in it with the exception of Gaggenau and Miele.

Q: Is that a realistic proposal?

M Shortt: They're big companies and you're speaking to faceless people. We should at least be getting it for free. I won't pay for anything that I can't make a margin on.

PK: You have to take a hit somewhere Mark. I just had a job where the customer bought his appliances from a developer who got them at a trade price. I couldn't match that so there was no point in selling them. But last week he came back to me and said he could get the stone cheaper too and I had most of my margin in that. What can you do? When it comes to price-sensitive products like appliances and worktops, that's the worst-case scenario. I put all my margins into the appliances and worktops and I lost it all.