

## City Furniture increases sales with a unique interior design tool – for use online, in-store or at home.

### Overview

#### ■ Challenge

*City Furniture wanted to differentiate itself by creating a new service that permitted customers to easily and inexpensively engage an interior designer through multiple channels.*

#### ■ Why Become an

##### **On Demand Business?**

*City Furniture recognized the potential to provide a new, innovative revenue-generating design service that would be easy for customers to use and understand.*

#### ■ Solution

*IBM Global Business Services helped City Furniture develop multichannel service solutions, where customers can detail their preferences and budget, select a designer, and view design plans online.*

#### » On Demand Business defined

An enterprise whose business processes – integrated end-to-end across the company and with key partners, suppliers and customers – can respond with speed to any customer demand, market opportunity or external threat.



#### ■ Key Benefits

*The Academy of Design (AOD) pilot showed the potential to:*

- *Increase chain-wide sales by eight to ten percent (US\$30 million)*
- *Increase average sales (with AOD packages) from US\$1,500 to US\$7,600*

City Furniture is a South Florida retail home furnishing chain with 21 stores and a 900,000-square-foot distribution center. The chain distinguishes itself through noteworthy customer service, such as its pledge of same-day delivery, seven days a week, on any furniture bought by 3 PM on any given day.

*“What we got from IBM was a lot of brain power. The IBM consultants worked collaboratively with us to really make it happen. They took our vision and helped us translate it into a business process enabled by technology.”*

– Keith Koenig  
CEO and Owner, City Furniture

### On Demand Business Benefits

The Academy of Design (AOD) implementation at its flagship store demonstrated the potential to:

- Increase chain-wide sales by eight to ten percent (US\$30 million)
- Increase average sales (with AOD packages) from US\$1,500 to US\$7,600
- Create new revenue streams, such as model home interior designs
- Generate between 100 and 150 AOD package sales per week
- Generate incremental revenues by possible future licensing of the solution to other non-competing local furniture chains

*“IBM was able to come up with a solution for us that was affordable, yet accomplished all of our goals.”*

– Keith Koenig

### Focused on leading the home furnishing industry

In order to reinforce the chain's leading market position, Keith Koenig, CEO and Owner, City Furniture ([www.cityfurniture.com](http://www.cityfurniture.com)) constantly seeks ways to improve customer service and grow revenues. Listening to his customers, he realized that while many of them expressed little confidence in their ability to develop well-planned interiors, they also balked at the idea—and potential cost—of hiring an interior designer. Koenig saw the opportunity to differentiate his company by providing a first-of-its-kind service to his customers that permitted them to engage an interior designer familiar with the City Furniture portfolio of products easily and inexpensively. City Furniture turned to IBM to put this vision into action.

#### *Envisioning an opportunity*

“I would see levels of indecision amongst my customers, in terms of what they would like, or if it would fit into their design scheme at home,” explains Koenig. “It slowed down decision-making, which slowed down the sales process.”

Koenig envisioned a largely self-service kiosk and Internet-based solution that customers could use to interact with a professional interior designer. City Furniture recognized the need to provide a service that would be easy for the customer to understand and saw the potential to drive incremental furniture sales through these interior design services.

With help from IBM consultants, Koenig's initial idea developed into the Academy of Design. After registering at the kiosks within the store, customers can choose interior design packages. The services offered consist of designer time to understand the customer's preferences and budget, and the deliverables are floor plans, color palettes, design plans, design budgets, and recommended furnishings and accessories, as well as a list of contractors and suppliers.

#### *Enabling the opportunity with IT improvements*

IBM Global Business Services and the IBM Center for e-business Innovation in Atlanta helped City Furniture develop the custom business model and innovative applications for its interior design service.

The multichannel solution consists of three distinct applications. The first is an interactive touch-screen kiosk installed in stores, allowing customers to learn about Academy of Design services. The second is a Web site, where customers can add more detailed preference information and view design plans as they are developed by the interior designers. The third is a laptop-based application for use by the designers in the field. Designers can enter information and develop a customized design budget and plan that is printed in the customer's home.

IBM built a secure, scalable and robust Web application architecture that permits the integration of the in-store kiosks, laptop-based designer consultation applications, and the Web-based application with the servers and databases of the Academy of Design. And all these pieces are integrated with point-of-sale systems and systems of record. The custom application runs on scalable, flexible IBM System x servers and uses IBM WebSphere Application Server and DB2 Everyplace software.

All the data collected by the Academy of Design resides in the reliable and secure IBM DB2 Universal Database.™ IBM WebSphere Application Server was chosen to deploy the Academy of Design middleware because of its transaction management capabilities, as well as its security, performance, connectivity and scalability qualities. The Apache HTTP Server processes requests from the Web, laptops and kiosks, while the IBM Kiosk Manager provides the capability to remotely monitor the kiosk devices and send messages, such as request for service, log application data, time-stamped user tracking records, device history and software updates. Finally, Crystal Reports XI Professional Edition from IBM Business Partner Business Objects was chosen to create reports from the Web, kiosk and laptop applications.

#### *Launching the pilot program*

Koenig explains that IBM was a collaborative partner in every step of the Academy of Design launch. "IBM had graphic people to build the look and feel of the whole system, programmers who could make it all work, and business consultants who understood not only the technology but the business outcomes we were striving to achieve," says Koenig. "IBM was able to come up with a solution for us that was affordable, yet accomplished all of our goals."

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## **Key Components**

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### *Software*

- IBM WebSphere® Application Server
- IBM DB2® Everyplace® Express Edition
- IBM Kiosk Manager
- IBM NetCDS
- IBM Apache HTTP Server
- Crystal Reports XI Professional Edition

### *Hardware*

- IBM Anyplace Kiosk
- IBM System x™

### *Services*

- IBM Global Business Services
- IBM Center for e-business Innovation

### *Business Partner*

- Business Objects
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## **Why it matters**

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*City Furniture teamed with IBM to deliver a first-of-its-kind multichannel retail solution in the home furnishings industry. The hardened, stable and scalable solution helped City Furniture to ramp up traditional furniture sales, increase customer service, and open up new markets and revenue streams through marketing the solution to other chains.*

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The Academy of Design ([www.theacademyofdesign.com](http://www.theacademyofdesign.com)) is currently running on the Web and at City Furniture's flagship store in Wellington, FL. Koenig plans to implement the solution at each one of his stores within a year. "We're in the early stages, but the outlook is extremely bright, in a number of ways," Koenig says. "We're seeing good sales in our beta sites, and we've seen our average sale with the Academy of Design increase from US\$1,500 to US\$7,600, with some extraordinarily large sales in excess of US\$100,000—and those are the kinds of customers we have never gotten before."

### **Opening up new revenue streams for City Furniture**

Koenig sees the Academy of Design solution opening some doors for his chain. "We're talking to condo and home developers about using the Academy of Design to develop plans for model homes, and beyond that, to integrate furniture sales into the mortgages for new home buyers. Theoretically, you could buy a new home, choose an interior design, have it all furnished within a few days and then pay it off as part of your mortgage," he explains. "Additionally, once we roll it out to all of our stores and really prove the concept, we'll look into licensing the Academy of Design to non-competing local furniture chains in other markets. And for the licensing concept, having IBM as our technology partner immediately gives us added credibility."

### **For more information**

Please contact your IBM representative or IBM Business Partner.

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