

Regaining Its Foothold

Dearfoams embarks on new **branding initiatives** to drive slipper sales

BY JANET GROEBER

Mention Dearfoams to most consumers, and images of holiday shopping for grandma and mom immediately spring to mind. The R.G. Barry Corp. introduced "Angel Treads," the first foam-cushioned, soft, washable slipper, in 1947. Today, the Pickerington, Ohio-based company sells more than 28 million pairs of slippers annually, making it one of the leading comfort footwear vendors for men, women and kids.

Dearfoams and its myriad sister lines are sold worldwide through department, discount, supermarket and drug store chains, as well as warehouse clubs and specialty catalogs.

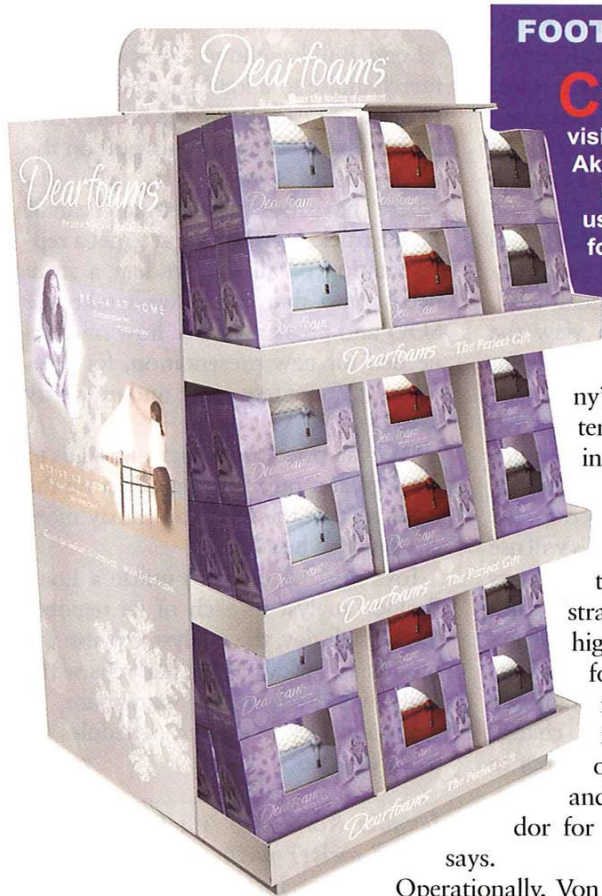
Not so long ago, however, the sales trends resembled fallen arches. Even with 40 percent market share, the company faced mounting losses resulting from private-label brand competition at department stores, "pedestrian" packaging and product design and costly manufacturing overhead. Thanks

of the company's Hong Kong-based quality and sourcing team, as well as the relocation of manufacturing from Mexico to Asia to reduce



costs. He also sought to raise brand awareness with a new showroom in New York City and an advertising campaign designed to reinforce the Dearfoams brand with both retailers and consumers.

But the product and its in-store presentation also needed to be ad-



FOOTNOTE

Company co-founder Florence Zacks Melton first encountered foam latex while visiting the Firestone Tire & Rubber Co. in Akron, Ohio, in 1947.

Upon returning home to Columbus, Melton used the material to fashion the world's first foam-soled, soft, washable slipper. The rest, as they say, is herstory.

to a turnaround expert hired to reverse the company's fortunes, R.G. Barry registered net sales of \$104.4 million in 2004.

Thomas Von Lehman, hired-gun-turned-CEO, embarked on a number of initiatives, including a growth strategy focused on providing higher levels of customer service for the company's retail channels. "Some of our current efforts include improving our order fulfillment processes and becoming a hassle-free vendor for our retailer customers," he

says.

Operationally, Von Lehman directed expansion

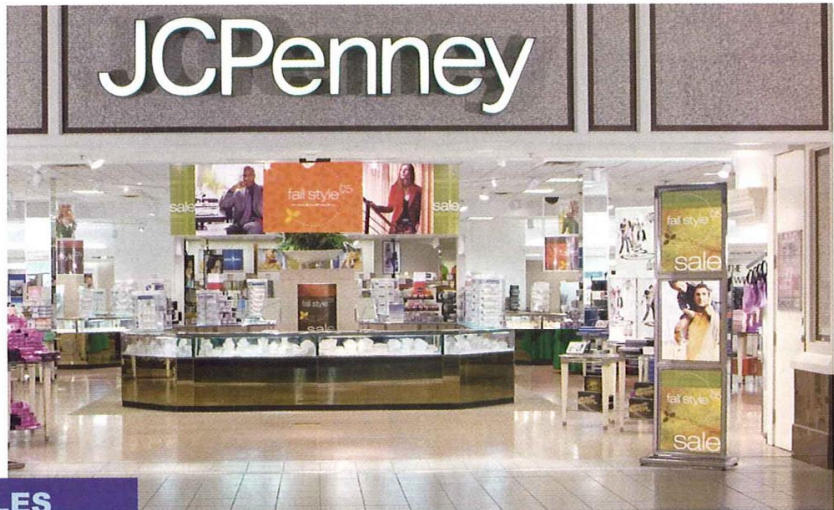
ressed. Von Lehman commissioned Greensboro, N.C.-based Agility Consulting to develop customer research, brand positioning and marketing initiatives that yielded insights into consumer attitudes, usage behavior and shopping preferences. From there, they teamed to create Dearfoams' new "lifestyle at home" brand positioning.

The company was surprised to learn of the strong emotional connection consumers have with their slippers. It also learned that customers wear slippers year-round, and not only for down time at home: they want slippers that can be worn indoors and outdoors. That led Von Lehman to investigate new features and technologies to stimulate sales throughout the year, not just during its

traditional holiday selling season.

Research findings also supported Von Lehman's hope to attract new, younger customers while still retaining its existing core. "We've reinvented some tried-and-true classics that will give our core users the slipper they desire, updated for today's lifestyle and looks," he says.

The updated look begins with packaging. This past summer, customers saw a softer Dearfoams logo and contemporary, color-coded packaging for easy identification with new lifestyle photography — all designed to differentiate the brand at the point of sale.



Making strides at retail

Jennifer Toso, ladies accessories buyer for Reading, Pa.-based Boscov's, a privately-held department store group with 40 stores in five states, is a Dearfoams fan. "They definitely have become more fashion-forward," she says. "For fall, they have slippers with a lot of fur and that look is really important."

Toso is pleased with Dearfoams' new-found functionality, fashion and its offerings for committed core consumers. "Slippers that can be worn both indoors and outdoors are very important," she says. "But they still have the basics my 85-year-old customers rely on."

For the upcoming holiday season, Toso will outpost the knock-down corrugated merchandisers Dearfoams provides. This year the temporary fixture for hanging and boxed goods will be light silver. "I think they're going to look a little more classy than the red ones they used to have," Toso explains, "and we're going to outpost them not only in ladies' accessories, but in lingerie and throughout the store."

Each Boscov's store will position six units from Thanksgiving to mid-January; each unit holds about 180 pairs, depending on size and style. Some styles are boxed for gift-giving; others are hung on "I" beams.

OF SOLES AND SALES

While Dearfoams slippers are sold by numerous national and regional chains, Wal-Mart (30 percent) and JCPenney (10 percent) account for the lion's share of sales.

Chainwide, Boscov's sold 22,000 units at \$9.97 from August 2004 through mid-January 2005.

Dearfoams also markets Liz Claiborne slippers, which Boscov's presents on vendor-supplied fixtures. Boscov's handles Dearfoams'

newer Terrasoles line, an indoor/outdoor footwear hybrid positioned to attract a Birkenstock sandals customer. At \$20, the footwear — sturdy enough to go outside — competes favorably with the pricier German-made product. And Boscov's customers are taking notice.

"Terrasoles is such a fashion brand and customers are definitely reacting to it," Toso says. "Last year I noticed there were fewer returns, and the sell-through has been much greater than the prior year."

Dearfoams is a staple that JCPenney customers have counted on for more than 30 years. A wide product range is also available through its catalog and online store. Tom Colver, buyer of men's wallets, belts and gifts for Penney, says the Dearfoams brand "resonates well with our customers and I think the package redesign will help sell the product better." Because packaging now carries more features and benefits, "it's a great way to inform customers about specific performance features of the product."

Due to the variable size of its stores, larger units may carry more styles, Colver says, "but every store in our company does carry Dearfoams."

Like Boscov's, JCPenney will also outpost the temporary vendor-supplied merchandisers during the upcoming holiday selling season. "We utilize the knockdown fixtures in all of our stores because they are a great way to present the product," Colver says. Look for units on the floor in men's accessories, "close to our cold weather product."

STORES

Janet Groeber is a Cincinnati-based business writer.

