



NEWS RELEASE

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Klaussner® Home Furnishings addresses strategic shift in operations

ASHEBORO, N.C. — Heading into High Point Market, Klaussner® Home Furnishings continues to move forward with the rollout of an extensive strategic shift in operations, which includes everything from a new branding strategy to an overhaul of many of its dealer services.

As the top-five, Asheboro, N.C.-based furniture manufacturer approaches the formal unveiling of the new brand during High Point Market, Klaussner executives recently discussed how their new strategic direction would solidify the company as the industry's premier one-stop shop for retailers' home furnishings needs.

Streamlining dealer services

Customer service has been the hallmark of Klaussner since its founding, and Senior Vice President of Marketing and Business Development Jeff Davis said the first step in the company's new strategy is to build the Klaussner brand as the single source for retailer programs that make doing business efficient, profitable and customer friendly.

Davis said one of the most important elements of Klaussner's new strategic initiative is a fundamental philosophical and operational shift in its logistics, transportation and fulfillment practices. Klaussner recently announced that Salem Logistics, Inc. would exclusively handle all of its transportation needs beginning in October.

"We built this business on shipping truckloads of product to some of the nation's largest retailers," Davis said. "A lot of those retailers don't exist anymore, so while we'll continue to support full truckload shipping fulfillment, we're transforming our business to provide the best in transportation and logistics services and solutions to smaller retailers, as well as those that realize the need to do business in a different way."

Klaussner's new partnership with Salem Logistics allows the company to offer several new quick ship services to its retail partners. "Our new relationship with Salem Logistics demonstrates our commitment to bringing our dealers the most efficient logistics solutions in the business," Davis said. "This alone stands to impact our business and the retail business of our dealers more immediately and more positively than any other single strategy that we have undertaken."

Another key element in Klaussner's new strategic initiative is the enhancement of ServiceNet, the company's online dealer portal. ServiceNet is being updated to incorporate the company's price lists into a fully searchable catalog. The new search option allows dealers to quickly find the product that fits their needs and provides convenient access to complementary Klaussner products, such as accents and accessories. Another new feature is an online customizable Ad Builder that allows dealers the ability to easily create and customize advertising materials for their own stores.

Simplification is the key word for Klaussner's new merchandising strategy. The company has significantly reduced the number of SKUs in its catalog, which now features a core product lineup of upholstery items and complementary pieces from its latest occasional, accent and accessory collections. The core upholstery products will be shown alongside related items from various other product categories during market, allowing dealers to quickly find coordinating pieces in the same lifestyle group or price point. "We're streamlining our catalog and cleaning up our price lists to make the buying process much less cumbersome and less confusing for the retailer with the intent that this ease of buying will trickle down to the consumer," said Senior Vice President of Merchandising Jay Foscue.

"Klaussner offers the best products, the best values and the only comprehensive custom upholstery solution in the industry at low to mid-tier price points," Davis added. "We realize the need to do business in a different way. It's time that we ensure our dealers that our level of service matches the level of quality in our products. We now have the tools in place to do that."

Branding to the consumer

Klaussner has also begun the rollout of an extensive branding campaign that will further support its dealer outreach initiatives with consumer-targeted communications. Davis said Klaussner is opening the doors to its brand for the consumer to experience an assurance that they can and should expect unlimited choices and design possibilities as well as custom/special order options at any price point. "And to have that special order delivered faster than anyone in the industry," he quickly added.

With the intent to venture the Klaussner brand outside of the home furnishings trade and into the minds of consumers, the company is completely revamping its corporate Web site, klaussner.com. This site is being redesigned to reflect the new look of the Klaussner brand and transformed into a more user-friendly online destination.

Klaussner also recently launched a consumer Web site, klaussnerhome.com, in support of its new chain of Klaussnerhome™ licensed retail stores. Visitors to the site will get a first hand view of what they can expect to find at a brick and mortar Klaussnerhome store.

The new stores, the centerpiece of Klaussner's branding strategy, feature the company's complete collection of

bedroom, dining room, motion and occasional furniture, as well as accents and accessories, making them a one-stop shop for consumers. The stores also showcase a range of lifestyles and offer more than 90 fabric options hand-selected by Genevieve Gorder, whose long resume of experience in helping consumers find their own unique style on hit television series like Trading Spaces will help make customers' buying experience even more convenient — and filled with even more possibilities.

Genevieve is the new spokesperson and face of Klaussner, and her participation in Klaussner's new branding initiative is key to the company's goals in reaching its target audience. "In today's cluttered retail marketplace, it helps to designate a public face to associate with the brand — someone with whom the target audience identifies, who reflects the character of the brand and reinforces its style message for consumers at the retail level," Davis explained. "Genevieve offers the perfect style comparison for the Klaussner brand."

A home furnishings diva whose star is quickly on the rise, Genevieve has already established a well-defined personality as a sassy, playful and real home stylist on several popular television series. "With a wit and charm that audiences find bold, adventurous and refreshing, Genevieve is the perfect personae to partner with the Klaussner brand," Davis added.

Longtime Klaussner partner and NASCAR driver Michael Waltrip also plays a key role in the company's branding efforts with a Klaussner Home Furnishings decal adorning the entire rear deck lid of Waltrip's Toyota Camry in the Nextel Cup Series.

Klaussner has initiated the rollout of the new retail format by converting several licensed Sofa Express and More! stores to the Klaussnerhome model, where it will showcase front and center Klaussner branded products.

"This brand rests on our confident belief that no other manufacturer can offer the selection, service and unparalleled value that Klaussner can," Davis said. "We're giving the consumer what they want, how they want it and at the value price points they want."

"Similarly, retailers see the world in simple terms: give me the products and programs that allow me to be profitable; give me price points that make my store competitive; and drive customers to my store through loyalty to your brand," Davis concluded. "Well, they'll get exactly that with Klaussner Home Furnishings."

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