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Established in 1983, Lorenzo International is an integrated lifestyle furniture group involved in the design, manufacture, assembly, wholesale and retail of conceptualised lifestyle furniture. As one of the participating retailers of Get Singapore, a joint initiative of SPRING Singapore and the retail industry aimed at raising awareness of high quality Singapore brands, James Goh, Executive Chairman and Group Managing Director of Lorenzo International speaks with the e-Marketer this issue on what builds strong customers' association with the positive attributes of a company and its products.

Lorenzo International has been able to establish a good retail and export network internationally. How has this network strengthened the company financially?

As a branded retailer, Lorenzo International recognises the importance in building a world-class brand in the furniture industry and ultimately delivering sustainable returns to our shareholders. This network helped the company gain market share by selling products through 38 wholly owned stores and 22 Licensed Retailing Systems (LRS) stores, exporting to more than 50 countries globally. The increase in Lorenzo's retail and LRS business segment have seen an increase in revenue by S\$6.6 million or 7.4% from S\$88.2 million in FY2007 to S\$94.8 million in FY2008. Despite the downturn and an apparent property slump in 1HY2009, the Group believes that its extensive network of retail, export and LRS stores will help the Group in weathering the tough environment.

The Group's 38 retail stores for instance, remained as the key revenue driver despite poor markets, weakened export sales and decrease in sales in LRS stores (28.3% declined from S\$2.9 million to S\$2.1 million comparing HY2008 to HY2009). The retail segment recorded a rise of 7.8% from S\$25.5 million to S\$27.5 million in HY2009 as compared to HY2008.

How does Lorenzo differentiate itself from other furniture companies?

Lorenzo differentiates itself by several competitive strengths that include an established brand name which dates back to 1989, award-winning design capabilities, an experienced management team, competitive costs of Lorenzo's products, extensive retail sales and distribution network as well as the comprehensive and integrated in-house capabilities. Lorenzo has consistently remained vigilant of market trends and transformed its image to suit the times.

Most of the Group's products are sold under its "Lorenzo" brand and categorised into two primary collections, Dante – the classic leather collection, and Enzo – the wood-based collection. These products are sold through 38 wholly owned stores and 22 LRS stores in seven countries including Singapore, Taiwan, Malaysia, PRC, Brunei, Myanmar and Morocco.

In addition to retailing its own products, the Group also exports its "Lorenzo" branded products to more than 50 countries around the world. Its products are supplied by its manufacturing facilities – two leather

sofa manufacturing facilities in Malaysia and Kunshan, PRC, and a wood-based furniture manufacturing facility in Kunshan, PRC.

The Group also acts as an original design manufacturer (ODM) to design and manufacture leather sofas under its customers' own brands, and as an original equipment manufacturer (OEM) to manufacture furniture based on customers' designs.

What are the recent trends in furniture design and marketing?

Recent trends reported from the prestigious Milan Furniture Fair in April 2009 highlighted that furniture design and marketing are deviating from the conventional method of cost-effective production and moving towards high-quality and original designs, even if they were manufactured at a premium.

In keeping with this trend, Lorenzo's sofas are wholly manufactured at Lorenzo's own factories, meeting the highest quality and standards while being aligned to the Group's tagline of "Living Starts Here".

Tell us about your product categories and your primary target markets.

Lorenzo has two product categories, namely Dante, Enzo and the complementary Occasional furniture.

Dante is the classic range of leather-based upholsteries / sofa, which embodies everlasting, enduring and steadfast quality. Dante speaks of the classic luxurious Lorenzo collection much like Dante Alighieri, Italy's greatest poet – his works of poetry are created to withstand the test of time and never run out of style.

Enzo is the contemporary wood-based line of furniture pieces derived from the name of Lorenzo; meaning crowned with laurels, Enzo is stylish, graceful, simple and elegant. The range embraces the philosophy of Zen, a quiet, uncomplicated lifestyle perfect for the minimalist consumer.

Occasional is Lorenzo's complementary wooden furniture range, which uses quality wood, known for its durability, natural resistance and easy maintenance. Manufactured at Lorenzo's own factories to meet highest quality control from choosing the best materials to finished goods, the range is highly durable.

Lorenzo's primary target markets are Singapore, Malaysia and Taiwan with Malaysia as the main target for the retail segment. The Group intends to ramp up

advertising in the medium term to target consumers in the 25-45 age group.

Lorenzo International has gone through a rigorous and consistent brand-building process. Please tell us how it began and how the furniture brand has benefited from this.

The Group began its rigorous brand-building since 1999 and has started to participate in brand awards, design competitions and promotional activities in the countries where we have our presence. Through these activities, the Group constantly seeks improvement in its branding, product offering and design as it interacts with the market and industry.

Lorenzo has never believed in lowering their prices hence the Group's products are value for money without compromising on quality. Instead, the Group's strategise at satisfying customers through other means. One of these strategies would be the training of staff under the SPRING Singapore initiative and the Singapore Furniture Industries Council to increase employees' product knowledge and customer handling skills. The Group also focuses on research and development (R&D) to come up with innovative product concepts and ranges to proactively meet consumers' needs in the market. Lorenzo has always remained vigilant to changes in consumer and market demands, for instance, signing up for the recent GET Singapore campaign which aims to market Lorenzo's merchandise both here and abroad while showing consumers that Singapore can produce well-designed, branded goods.

Through the above-mentioned branding exercises throughout the years, the Group has built up its brand, reputation and transformed its image to suit the times. Each time these exercises are carried out, consumers' awareness of the Lorenzo brand is enhanced. The Group will continue to build its brand and strengthen its market presence via this brand-building process.

As the architect of a successful brand, what in your opinion builds strong customers' association with the positive attributes of a company and its products?

There are four key elements which build strong customers' association with the positive attributes of a company and its products:

- *Communication with consumers, target audience and investors/ shareholders;*
- Communicating with consumers, target audience and investors and/or shareholders regularly on management initiatives, financial results, investment projects, future

plans and growth strategies are crucial in sharing the inside story, vision, values and justifying returns to shareholders. Such communication will contribute to consolidating investor confidence in the Group's management hence cementing customers' association with the positive attributes of a company and its products.

- *After-sales care and client service*

At Lorenzo, we believe in sharing with the customers the secret of caring for and maintaining the Lorenzo furniture pieces such that it continues to provide customers with extraordinary comfort year after year. Our staff are trained and updated on product knowledge as well as in offering a holistic client service experience aligned with the premium quality and brand image of Lorenzo.

- *Quality assurance*

From carefully selected hides to the best fabrics and woods, Lorenzo ensures the finest materials and stringent quality control in the creation of its furniture pieces.

- *Offering true value*

Lorenzo values its guiding philosophy to always provide the customers with the best in value, savings, service and price. From service, product knowledge, customisation, quality assurance to after-sales care, the Group strives to ensure that the customer's total experience at Lorenzo achieves optimum satisfaction and comfort year after year.

In his recent National Day Rally speech, PM Lee spoke about the local furniture industry as an example of an industry that has flourished in the international market beyond expectations. As a local brand that is out there, how useful really is the Singapore brand and what is the international market's general perception of it?

At present, the international market's general perception of a Singapore's brand coincides with the country's reputation for good quality and authentic products that reflect the cosmopolitan, multi-cultural sophistication of Singapore retail brands and merchandise. However, some local retailers did not want to be known as a Singaporean brand for fear of appearing not 'sexy' to the consumer who may think less of the Singaporean brand.

This is exactly the kind of issue Lorenzo is trying to address in signing up to the Get Singapore Brands initiative wherein Lorenzo is one of 37 retailers participating in the Spring Singapore initiative. The aim of the initiative is to market retailers' merchandise both here and abroad, to promote Singapore as a place known for good design and innovative retail ideas while assisting participating retailers such as Lorenzo to

exchange ideas and expertise.

How important is the role of staff training and retraining in the organisation?

The role of staff training and retraining in the organisation is crucial as the management believes that good results come not only through support and patronage of our clients, co-operation of our business associates but also through the exceptional work of the people in Lorenzo. This realisation can be seen from the Group's dedication to the programme organised by the Spring Singapore initiative and Singapore Furniture Industries Council to train staff in customer service, client handling skills and increasing product knowledge.

It is through our service people at the frontline where customers form impressions of the total Lorenzo experience, as our staff is the first point of contact. As such, they are an essential component of the Lorenzo brand and must be considered in the Group's consistent brand-building process.

In the face of the economy's recovery, what are your plans and strategies for the company?

Lorenzo is poised to benefit from the economy's recovery as the Group leverages upon its key strengths of manufacturing and marketing its lifestyle furniture in key markets such as Singapore, Malaysia and Taiwan. The Group also sees the need to restructure its LRS operations in China.

The group is currently working on the following strategic initiations:

- Creating new demand with new furniture suites by strengthening the product offering with new innovative products;
- Further restructuring the production structure to meet the increased customer need for shorter delivery times and to reduce inventory; and
- To seek out non-organic growth opportunities and to seize value enhancing opportunities.

What is your management philosophy and how would you describe your leadership style?

My management philosophy is to practice impartiality; every staff is an asset to the Company. I also adopt an 'open door' policy in the workplace where any staff is free to approach their superior for assistance and the management will readily adopt a suggestion that is beneficial to both the company and staff's interest.