

# American Standard® Showrooms where wholesale pricing works for one and all



Fixtures & Faucets, wholesaler of plumbing supply products in San Mateo, California, has been selling American Standard® products, among various brands, at wholesale prices since its inception in 1977. Situated in the middle of the San Francisco Peninsula and surrounded by multi-million-dollar homes with an abundance of showrooms to serve them, general manager Salvador Alvarado has had to take measures involving the pricing of all the brands he sells in order to remain visible, and indeed solvent, in this highly competitive marketplace. And in recent years, yet another formidable opponent has entered the market to further drive prices down – the Internet, one of Fixtures & Faucets' biggest competitors.

Selling at wholesale prices is nothing new in the plumbing supply business. Most every distributor sells at the wholesale level, while their showrooms cater to the retail market. But there is a significant difference between the way Fixtures & Faucets and traditional wholesale distributors run their retail showroom outlets – Fixtures & Faucets' retail showroom customers become wholesale customers when they cross the threshold of their two showroom locations in San Mateo and Redwood City, California. The cause and effect thereof on the laws of mathematics, however, tipped the scales negatively – i.e. wholesaling in a retail environment equals less profit. So Alvarado had to devise a plan to make up for the narrowed profit margin.

To wholesale all products that Fixtures & Faucets offers, Alvarado has had to keep the sales volume high. Strategic planning in terms of selecting the right product from the right manufacturer has played a key role in achieving this goal. And key players to this end have been the American Standard, Jado® and Porcher® brands, which combined comprise a good portion of Fixtures & Faucets' inventory. Find out more about the strategy of the San Francisco Peninsula's only inventoried distributor of American Standard and how it is leveraging its marketability to keep sales numbers up.

*American Standard*  
Style That Works Better.

## Case study:

# Fixtures & Faucets Wholesale Plumbing Supply – The American Standard® Showrooms Where Everyone Gets The Deal

Fixtures & Faucets Wholesale Plumbing Supply in San Mateo, California operates in one of the most expensive regions in the nation. So one might reason that they can command higher prices. On the contrary. While Fixtures & Faucets stands behind the highest quality products and are the only showrooms in the San Francisco Peninsula that stock the American Standard®, Jado® and Porcher® brands, they keep their prices as economical as possible. But this has been the strategy since the company was established in 1977 in an area known throughout the industry for its fiercely competitive environment.

Like most plumbing supply distributors, Fixtures & Faucets sells residential and commercial fixtures at wholesale prices to contractors, designers, and architects. And like most distributors, their showrooms also feature products for, and sell to, homeowners. But that is where industry protocol stops. By conventional standards, retail customers pay retail prices. Not so at Fixtures & Faucets, where retail customers pay wholesale prices.

Excluding retail pricing in the company's business plan presented Salvador Alvarado, general manager of Fixtures & Faucets, with a perplexing challenge. He reasoned the only way he could recover the loss in profit resulting from selling all his products at wholesale prices was to increase the sales volume. And the only way this would prove possible was to have the widest inventory of the most desirable residential and commercial fixtures available in the Bay Area.



Business-savvy Alvarado laid out a plan to partner with the most high profile and well-respected plumbing manufacturers that are known for outstanding quality and style. On the short list were American Standard, Jado and Porcher, which together total approximately 40 percent of Fixtures & Faucets' inventory. The strategy has proved successful, with Alvarado continuing to make adjustments in tandem with today's ever-changing economic landscape.

## Smart fish in a friendlier pond

With competition all around, Fixtures & Faucets could have launched their business feeling like the proverbial piranha in a densely populated tank. But they chose to swim with fish of a different kind, according to Alvarado. "Had we sold product at retail prices in this environment," says Alvarado, "we would have been out of business



long ago," referring to their original 6,000 square foot showroom in San Mateo, which was supplemented with the 2003 opening of their newer 3,000 square foot facility in Redwood City.

Whereas showrooms large and small dot the landscape surrounding Fixtures & Faucets' locales, it is the virtual competitor that is spearheading the biggest feeding frenzy in the industry in Alvarado's view. "Online ordering is now one of our biggest competitors,"

Alvarado points out, citing another reason they maintain wholesale pricing in their showrooms.

Selecting American Standard to occupy the lion's share of the showroom floor space has also given Fixtures & Faucets' a competitive edge. "We've been with American Standard for many years," says Alvarado. "They're very conscientious about geographical location when setting up their accounts," he continues. "Our nearest competitor carrying American Standard is in the East Bay," he says, referring to the region consisting of Alameda and Contra Costa Counties, just east of the San Francisco Bay. But while being the only distributor in the San Francisco Peninsula of a best-selling brand the likes of American Standard, and offering wholesale pricing, gives Fixtures & Faucets an advantage over the competition, customers must still be drawn in.

To draw customers in, Fixtures & Faucets delivers the message through a focused and aggressive advertising campaign. Having done local radio spots in the past, Fixtures & Faucets now focuses its marketing efforts solely on TV ads. The ads appear on twelve cable stations, including HGTV. The ads, featuring the two Fixtures & Faucets showrooms, run locally and invite viewers to visit the showrooms and see the American and European brands they carry. Select brands, including American Standard, are highlighted in the commercial following the overall showroom feature. The ad campaign has an aggressive schedule, running every day, at least 12 times per day.

## Spread the savings

When customers – designers and architects, as well as contractors and retail customers – enter the Fixtures & Faucets showrooms, the playing field is leveled with across-the-board cost savings. It is then that Alvarado and his staff spring to action. “We have a very qualified and dedicated staff that is trained to personalize each sale,” he says, adding, “We devote the time on the floor with the customer, keeping in mind that the customer is always the architect.”

Offering wholesale prices to retail customers throughout their showrooms has given Fixtures & Faucets the ability to attract business that might otherwise go to online retailers. “Most of our customers educate themselves very well online before they shop our showrooms,” Alvarado states. “They come in asking for specific fixtures or collections. We sell a lot of American Standard products as a result, including the Tropic® Collection, which has bathroom sink faucets that are WaterSense®-certified and come with the SpeedConnect® drain. The same goes with the Copeland Collection – it offers value, and it’s very popular with our showroom customers.”

Partnering with American Standard has also been beneficial to Fixtures & Faucets on the eco-front. Being located in California, an eco-conscious state that implemented a law on January 1, 2010 that mandates all faucets



be replaced with lead-free-compliant products, gave Fixtures & Faucets a competitive advantage. They were able to offer lead-free faucets early through American Standard, which migrated to lead-free faucets in 2009. Moreover, the wide range of product from American Standard is something that Alvarado and staff use to their benefit. "American Standard has very versatile styles, designed for a wide range of needs," Alvarado points out, noting that faucet style preferences, for example, vary by geographic area in his region.

## Frugal before frugal was cool

Fixtures & Faucets was ahead of the curve in the arena of economical shopping venues. And now that a positive light has been shed on thriftiness, their customers have the reinforced sense that they had had it right all along. But Alvarado knows prospective customers will remain prospective until they are fully engaged in the shopping experience.



To engage customers, Alvarado and his team arrange the décor of their suites and vignettes to flow with the design displayed. To Alvarado, this means every fixture and every accessory has its space, as opposed to many showrooms that are overcrowded and cluttered. Moreover, Fixtures & Faucets displays varying styles from traditional to contemporary to art deco. But the displays are always dictated by the current trends. "We stay ahead of the trends," says Alvarado, "so that when customers come looking for a specific style, it's on the floor. And we refresh every three months."

To display product in the most advantageous manner, Alvarado and staff study sales flow patterns. "We create vignettes that group together products we see selling well," Alvarado states. "Often the customer will purchase

the entire package. Conversely, we isolate trends if it's more beneficial to consumer perception."

According to Alvarado, trends are greatly influenced by the European plumbing industry, noting that American Standard is widely recommended by European designers. "We couple European design influences with local

designs and then pull it together with our customers' requests," Alvarado points out. "For instance, we recently showcased a toilet, sink, and faucet in a French traditional style in a vignette to give our customers a snapshot of that trend direction."

Alvarado does all the styling in the Fixtures & Faucets showrooms. "Just changing the color on the walls can make a significant difference," he points out, adding that this will often attract attention where little attention previously existed. "A faucet that's not selling in a display against one particular wall color, for instance, will suddenly start selling when the background color is changed." Alvarado notes that nuances such as the angle of the track lighting that spotlights the product can also alter customer perception.

Customers will always clamor for the latest trends. And slight design nuances of vignettes will always make an impact ... subtly. But it is undoubtedly the wholesale purchasing power of quality products, such as those from American Standard, Jado and Porcher, and the service that comes with it, that will excite Fixtures & Faucets showroom customers most.

Best of all, customers who shop Fixtures & Faucets showrooms can take heart that wholesale savings have been, and always will be, woven through the tapestry of these American Standard showrooms.



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