

Mattress firms grow

Anatomic Global, E.S. Kluff find success in niche segments

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On the heels of a sharp downturn that affected mattress manufacturers large and small, two local companies are showing the better part of an industry-wide rebound.

Anatomic Global, which transitioned in recent years from medical foam supplies to the much broader (and more lucrative) memory foam mattress market, and luxury mattress manufacturer E.S. Kluff & Co. have both seen a major jump in their respective sales over the past several quarters - enough to warrant significant expansions.

Following a reported 86 percent sales jump in their newest line of plant-based memory foam mattresses over the past seven months, Anatomic will be increasing its Corona plant space this year.

According to CEO David Farley, Anatomic will be taking over space vacated by other businesses that either closed down or moved out of state. "So we're bringing those jobs back to Corona" - the company's home for the last 20 years, and a "good geographic location for sourcing materials," he says.

They will add 30 new production jobs during the first phase (increasing the total workforce to 130), and another 50-75 jobs by the end of the year, and expand from 450 to 700 retailers' stores over the next three months, says Farley.

At E.S. Kluff & Co., where sales have reportedly jumped nearly 50 percent in the first quarter over the previous year, the current expansion is replenishing cutbacks forced by the recession.

"During the economic crisis we slimmed the workforce probably by 20 percent," says CEO and president Earl Kluff, adding, "and now we've probably put them back."

He estimates more than half of his current 80 to 85 employees are artisans with more than 15 years of experience, explaining, "we held on to the core of experienced people during the downturn and just let them do some of the more menial tasks until we rebounded."

Kluff says the Rancho Cucamonga manufacturer recently added some export business, and will look to open an east coast or midwest factory once "things are really stable."

Niche markets

Farley notes a shift in preference away from traditional air spring to "specialized sleep products" like his over the last several years, which he says helps explain why that market segment has fared better than the overall industry average through the recession.

Anatomic's feature product line, EcoMemoryFoam also falls into a small but growing trend in the industry toward ecologically sound products.

Ryan Trainer, president of the International Sleep Products Association, notes that, historically, consumers would be interested in "green" products - but not willing to pay more money for them.

Now, he says, "we're starting to see people moving away from that 'all things being equal' mindset and there is a small but growing segment willing to pay a modest premium for greener products."



Farley suggests a combination of "green" appeal and modest pricing has helped sales, while both Trainer and Farley note increased affordability as sustainable products become more available.

Meanwhile, E.S. Kluff's mattresses - which generally retail anywhere from \$2,000 to more than \$30,000 - are also flourishing.

"We're getting more real estate in our business," says Kluff, noting that Bloomingdale's and Macy's both recently expanded the Kluff lines they carry, and the company has

added a few new big customers. "We're also adding a cadre of small dealers and continuing to solicit the right players."

A rebound in the premium market, says Trainer, is the result of work the industry has been doing over the last decade or so, including "designing better products and making consumers aware that sleep is so critical to living a good life."

According to data from ISPA, mattress and foundation sales in 1Q10 were up by 12.5 percent and wholesale dollars up 10.3 percent compared to 2009.

"The overall market is certainly improving for mattresses," says Trainer. "The last two years have been very hard, but we're off to very good start in 2010; through March the market has popped very nicely."

He says the association ties sales to three major economic factors: the housing industry, disposable income and general wealth - all three of which took a hit and contributed to a dramatic fall in sales over the last two years.