



Rajan:
focus on India

Sleeping partner

Mattress manufacturing major Dubai Furniture Manufacturing Company is firming up its position in India

While the stress level has been increasing in daily life, sleep disorders are a common phenomenon. Adequate sleep is a key part of a healthy lifestyle. But many of us are ignorant of the fact that a mattress can impact a person's sleep. So it is important to choose the right mattress. A mattress that reduces the pressure points on the body should give a good night's sleep. There has been significant change in mattress making in the world in the last two decades. Dubai Furniture Manufacturing Company (DFMC), a premium mattress producer is in the forefront of this change that offers sleep solutions with innovative technology.

"You spend about one-third of your life in bed. So the quality of your mattress is of prime importance as it ultimately influences your health. The best mattress will provide adequate support in order to alleviate and prevent back and joint pain and give you good sleep," say, S. Sundar Rajan, CEO, DFMC.

DFMC is part of the \$2 billion ARENA group of Dubai. A.A. Al Moosa, a close associate of the ruler of Dubai, is the founder and chairman. The group has diversified business verticals like real estate, hospitality, architecture, car rental and manufacturing. DFMC is part of the manufacturing business of the group.

The company started its journey in 1993 by manufacturing and marketing premium mattress brand 'King Koil' under licence from King Koil USA. However, the business was moving at a snail's pace. "When I joined the company in 1999, I realised that dealers dictate the market and switch loyalty and the outstanding from them accumulated to AED12 million. This was hitting the company's bottomline. So I decided to change the strategy," says Rajan. He changed the game of the business by stopping 90 days credit to the dealers and introduced 'cash and carry' system against the wishes of his sales team. He even opened the first showroom in 2000. But the management always showed

faith in his decisions. "They were very tough decisions. In the bargain, we lost many dealers but those who understood our strategy, stayed back. Our showroom made a breakeven within six months and we started gaining market," recalls Rajan. King Koil today is the largest brand in the Middle East. DFMC is registered as a furniture company but from day one it produces mattresses.

To drive growth, the company also acquired the licence to manufacture and market the products of Chicago-based Serta Inc, a spring mattress company in 2001. It has 27 manufacturing facilities in the US and 35 other locations worldwide. Serta has strengthened DFMC's leadership position in the premium segments. The product is 30-35 per cent costlier than King Koil.

DFMC takes pride in its manufacturing facility in Dubai Industrial Park close to Abu Dhabi. The 2 lakh sq ft sprawling plant, completely automated with minimal manual handling, can produce 1,000 spring mattresses per day in 6 lines.

Mattress technology

Foam is a vital element in all spring mattresses. The company uses an eco-friendly 'Megafoam Technology' from Germany to manufacture special foam. The technology eliminates the use of any harmful chemicals and does not generate heat. It gives proper air circulation. Finest quality raw materials like fabric, pine wood, different types of springs and wires are imported from across the world to produce these mattresses.

Each piece goes through a stringent quality check to meet standards. The 250 skilled workforce manufacture mattresses, pillows, bed bases, head boards, side tables, etc. Posture Spiral Spring Technology is a patented technology for the Serta mattress. This king size mattress is made from continuous wire that runs from head to toe and provides as much as 86 per cent more support than the single-coil designs. It transfers the change in weight distribution down the length of the bed to minimise the impact of disturbance caused by the partner

movement. "Technology plays a major role in product improvement and we make continuous upgradation over time," says Sudarshan Rai, marketing manager. The company spends 3 per cent of its turnover on R&D.

Today with 60 per cent market share of the \$85 million premium market, the \$51 million DFMC is the market leader in the Middle East. Silentnight and Simmons Bedding from the USA are the distant competitors. "We are the number one domestic player in the hospitality segment," says Rai. Major hotel chains like Hilton, Hyatt, Marriott and many others buy DFMC mattresses and sleep accessories.

The company owns 20 showrooms in UAE and has about 150 dealers across the Middle East. Each showroom displays mattresses of a different price range. Serta's Ergo bed with remote control massage mattress is priced at \$6,000 and its anti-snoring pillow is a hot favourite among customers. "We insist all our customers lie down for 10 minutes on the mattress and feel the difference," says Rai. Once the customer decides on a particular product, the order is placed at the factory and the same is delivered to the customer's premises in two days. All our products are custom-made so there is no inventory pile-up at the dealers' point," Rai adds.

From 20 mattresses in 1993 the company today manufactures 1,000 mattresses a day. DFMC has been growing at 30 per cent for the last 5 years as against the industry growth of 15 per cent in the Middle East. The company has four wholly-owned subsidiaries in Qatar, Bahrain, Oman and India. It is now planning to set up 250 per day Serta mattress manufacturing facilities in Saudi Arabia with an investment of \$10 million and 19 showrooms to strengthen its market position.

After consolidating its position in the Middle East, DFMC entered the Indian market for Serta in 2012 through Emirates Sleep Systems Private Limited (ESPL) a subsidiary. It has a production facility near Pune to produce 200 Serta mattresses a day. The marketing expertise and the technological know-how



Rai: changed the outlook of the market

of DFMC come in handy to produce premium mattresses customised for India. "Indian market is different. It is price sensitive. Only 10 per cent of the population uses spring mattress in India whereas it is the reverse in Europe and Middle East. Our target buyers are affluent people who want to possess international brands," says Rajan who is also the executive director of ESPL. Some of the major hotel chains are customers of Serta brand in India. "Serta is one of our preferred vendors. It is a popular brand and we use it globally. Their quality, backed by top-end technology and multiple product range meets our requirements," says Senthil Kumar, director, designs and projects, Hilton group India and subcontinent.

The mattress industry in India is dominated by the unorganised sector and people prefer mattresses made of cotton, coir and inferior quality of

foam. There are hardly a few manufacturers of spring mattresses. "Indians generally choose a mattress from the dealers by judging its looks, touch and feel. We as a company encourage them to spend more time on it to choose the right mattress. Things are changing slowly," adds Rajan. The total guesstimated mattress market in India is ₹1,000 crore of which only 10 per cent are in the premium category. Rajan finds the opportunity is unlimited for Serta. The brand has over 18 retail showrooms across the metros. The price range for this premium brand starts from ₹40,000-2 lakh. We have no competition from any Indian brands. If maintained properly our mattress will last for a minimum of 10-15 years," says, Hariprasad, sales head, ESPL.

Indian expansion

Even in India, the company followed the cash and carry strategy. It was a shocking marketing policy for dealers. The company took 6 months to appoint the first franchise. "My showroom is only for display and I do not need to maintain any separate godown to keep the company's stock. It is a customised product, once the order is placed the company takes care of everything including delivery to the customers. The dealers are substantially rewarded," says Ankit Goyal a franchise-holder in Hyderabad. Serta is an international brand based on technology and innovation. However it is important to create brand awareness he adds. Goyal has politicians, film actors and eminent corporates on his client list.

As part of the major expansion plans, ESPL will soon open outlets in Kolkata, Jaipur, Ludhiana, Indore, Lucknow and Chennai. It is now exploring a second plant in south India. Serta will hit the market with TV commercials at the beginning of this festive season.

Bullish on the market, Rajan sets a target of ₹100 crore turnover for India to be achieved in the next 5 years.

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Plant in Dubai: technology plays a key role