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Press Release

H&E Do-It-Yourself Centers in Southern California Achieves Success with Hanging Chairs from San Diego-based Outback Chair Company

If at First You Don't Succeed... Merchandise!

SAN DIEGO – March 21, 2007 – With locations in Barstow, Hesperia, Lancaster, Palmdale and Victorville, Calif., H&E Do-It-Yourself has served several generations of customers in its Southern California communities since 1952. That is when brothers Herb and Ed Stein opened their first hardware store. Today, Philip Stein is the company's president and chief executive officer. He contends with challenges that his dad and uncle never imagined back in the 1950s. To compete with the big-box home centers, he must offer H&E's customers distinctive products that provide exceptional value at affordable prices. For casual furniture, Stein has found this winning combination with hanging chairs from San Diego-based Outback Chair Company, Inc. Suspended from the ceiling of a porch or swaying gently from a frame out back on a patio, by the pool or in the garden, Outback's hanging furniture – including chairs, loungers, recliners and hammocks – offers lofty comfort that raises relaxation to serene heights.

But H&E did not achieve immediate success with Outback Chair's furniture. And H&E's experience offers a valuable lesson to independent retailers who sell outdoor furniture in competition with mass merchandisers.

"To not just survive but thrive, we give our customers high-quality, personalized service and sell unique items that they cannot find at a huge home center or big discount store," said Stein. "Patio furniture accounts for 20 percent of our total sales. That number has been steadily growing, so I look for new and different casual furniture lines for our five stores."

Stein first met Jack Bass, president of Outback Chair Company, at the National Hardware Show in 2003. "I was impressed with the styles and craftsmanship of Outback Chair's products, but I was uncertain whether hanging chairs would be right for H&E," recalled Stein. Even though H&E did not place a purchase order with Outback Chair, Stein and Bass stayed in touch and struck up a friendship. Stein brought Outback Chair products into his stores in 2005. But they did not sell. "People have to try them to buy them," Stein explained. "Hanging chairs don't sell themselves if you stake them up in boxes on the shelf, but that's exactly what we did."

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Bass offered to come out to the H&E stores and install Outback Chair's custom merchandising system which creates a wooden framework on which its hanging chairs can be displayed. "Jack was committed to helping us be successful," said Stein. "Merchandising the products so that our customers could try them and experience their exceptional comfort made a huge difference."

Indeed, in 2006, H&E's sales of hanging furniture from Outback Chair far exceeded expectations. "To fulfill customer demand, we re-ordered three times," said DeeDee Neilson, merchandising manager, H&E Do-It-Yourself. Today, H&E offers a total of 18 different SKUs from Outback Chair, including the Air Chair, Outback Recliner and Outback Single Lounger. They are adding the new Outback Double Lounger for the 2007 season.

According to Stein and Neilson, hanging chairs and hammocks complement the other lines of patio furniture they sell. H&E features a high-end line of garden furniture constructed from bamboo in the Philippines. Outback's furniture offers a distinctly different style at a more affordable price point and therefore appeals to a broader range of customers. In addition, hanging chairs are strong sellers even in the fourth and first quarters of the year, which are the slowest times for H&E. "We keep many Outback hanging chairs on display all year round in our larger stores, rather than discounting them to move them out at the end of the summer season before rotating in our Christmas merchandise," said Stein.

How does Stein summarize H&E's overall experience doing business with Outback Chair Company? "Outback is a great company that's committed to the success of independent retailers," he said. "I can't say enough about Jack's willingness to go above and beyond to make Outback Chair's hanging furniture a winner for us."

And the lesson of H&E's experience for other independents selling casual furniture in competition with big-box stores? "Find unique, high-quality products from manufacturers who stake their success on yours – and then merchandise them right," Stein concluded.

About Outback Chair Company, Inc.

When selecting casual furniture, discerning consumers seek exceptional value: imaginatively designed, well-made furniture that provides genuine comfort at a sensible price. For these consumers, and the retailers who serve them, Outback Chair Company manufactures and distributes the most complete line of remarkably relaxing hanging furniture. Suspended from the ceiling of a porch or swaying gently from a frame out back on a patio, by the pool or in the garden, Outback's hanging furniture – including chairs, loungers, recliners and hammocks – offers lofty comfort that raises relaxation to serene heights. Founded in 1997, Outback Chair Company (www.outbackchair.com) is headquartered in San Diego, Calif.

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Note: Outback Chair Company is exhibiting its hanging furniture at the National Hardware Show and Lawn & Garden World, May 8-10, Booth W1765, Orange County Convention Center, Orlando, Fla.