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If you're buying a new mattress you want to make sure it's going to give you a good night's sleep. If you're manufacturing them, you want pretty much the same thing—to not lose sleep worrying about the cost of warehousing and distribution.

This was the scenario faced by San Francisco-based Keetsa, a three-year-old manufacturer of eco-friendly mattresses whose balance sheet is resting comfortably now thanks to its relationship with e-commerce order fulfillment company Shipwire, based in Palo Alto, Calif. As a result of that partnership, Keetsa has seen an estimated 35 percent reduction in warehousing costs, as well as the development of an ultra-efficient delivery system.

This is particularly important given the competitive nature of the mattress industry, which recent market reports have reaching an estimated \$6.6 billion in sales by 2011.

"With product coming directly from China we put a lot of thought in designing how the company was going to be run," says Keetsa general manager Joe Alexander. "It's one thing to build a green product and put out a green message, but quite another to actually have green distribution."

For a while, "it seemed that our only option was to pay for a 10,000-sq.-ft. warehouse in Oakland," he says. "But the added cost would have forced us to raise retail [prices] and to spend a lot of time managing the warehouse instead of tending to sales."

Shipwire's online store order fulfillment solution model "was a perfect fit for us," Alexander says. "There isn't a lot of software -- just a simple web-based interface that doesn't require a lot of training. You just fill in the field and they take care of the rest. It's ready to go from day one."

Saving green by going green

Keetsa's mattresses use unbleached organic cotton fabrics and bamboo blends, eliminating exposure to chemicals used in the bleaching process. In order for the

mattresses to meet federal fire compliance standards, 100 percent wool padding is used for the fire barrier. Its memory foam mattresses use a cotton fabric treated with a non-toxic fire retardant agent.

Alexander has a background in wholesale and retail “and I had sold Tempur-Pedic for years,” he says. “There was a constant problem with the smell because of chemicals used in the fire barriers” of memory-foam mattresses. Keetsa developed a product “that addressed this issue and actually made the mattress more affordable—which was unusual, since when you go green with something it’s typically more expensive.”

Knowing that less packaging can translate into a lower carbon footprint in shipping, Keetsa uses a patent-pending process to vacuum-seal mattresses, then fold and roll them into a box with a handle and wheels. The whole package, weighing between 120 and 170 pounds, fits into the back of a four-door sedan.

“Over the years we’ve watched people in San Francisco take it home with them on bicycle trailers, in cabs and even on public transportation,” Alexander says.

The company also uses 100 percent recyclable boxes printed with water-soluble ink and plastic bags that are biodegradable. Keetsa’s green credentials will aid its growth, Alexander says, “But I’ve never seen someone come into a store and say, ‘I want to buy a green mattress and I’m willing to pay twice the price for it.’ It’s not really a motivator. Maybe that will change with our kids, but the current generation is still focused on three issues -- durability, comfort and affordability. None of our products are over \$2,000 ... you can get a five-pound density foam with an 11-gauge coil and a 20-year warranty for \$599.”

Expansion plans

Alexander says the e-commerce channel, which currently accounts for less than 10 percent of sales, isn’t likely to grow substantially because “buying a mattress is still a lot like buying a car. People want to try it out before they put their money down.”

Keetsa started in 2007 with one San Francisco location; there are now three other stores in California, as well as one in Toronto and another in New York’s trendy SoHo neighborhood. Additional locations are planned in New York and along the West Coast.

Shipwire will be a major factor in Keetsa’s expansion plans. “The company already has a presence in Canada [distribution centers in Toronto and Vancouver] and will be there when we’re ready to move in,” Alexander says. “That way we don’t have to figure out duties and how to get products over the border. It’s all taken care of.” The company also has DCs in Los Angeles and Chicago.

If not for Shipwire, Alexander says, Keetsa’s distribution costs “would be huge. There’s a lot of cost involved in the traditional mattress supply chain which we don’t have. At the store level, we would have to have delivery trucks and crews, pay Workman’s Comp and insurance. Then, once you make the sale, there’s that gap in delivery when customers can change their minds.” With Shipwire, he says, that time has been cut an estimated 80 percent.

“It takes us about an hour to ship a mattress from our flagship retail store in San Francisco -- pulling the box and waiting for the shipper,” he says. Having Shipwire send product “also reduces shipping errors. If a product is lost, Shipwire’s team and tools can resolve things quickly, easily and usually in our favor.”

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