

Seen on TV. Shipped from Williston.

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WILLISTON -- Ever wonder who's behind some of the "As Seen on TV" products? The answer might lead to you to Williston -- and Hampton Direct Inc.

The company, founded in East Hampton, Conn., and named for that town, initially set out to rival to Hallmark Cards Inc. But the young company soon found the greeting card industry too difficult to crack.

Steve Heroux, Hampton Direct's founder and CEO, soon morphed the business into a mail-order catalog company that grew sales through home shopping television, two-minute infomercials and retail. Hampton Direct is now an expanding Vermont-based company that has upgraded its Williston headquarters and is expecting a healthy boost in revenue this year, despite the ailing economy.

"We're on target. We are going to double our sales this year. And that's a lot of growth, given the economy," Heroux said.

The recession, which has lingered since December 2007 and has put about 6.7 million Americans out of work, has had the unusual effect of creating a larger market for Hampton Direct.

"You have twice as many people at home. And they still spend that \$9 or \$10 dollars," said Pierre Heroux, Steve Heroux's brother, who oversees sourcing and purchasing for the company.

Americans have cut back on \$30 to \$40 purchases, but remain willing to pay for less expensive items, he said. Most of Hampton Direct's 400 products are priced from \$9.99 to \$19.99.

The company's most successful products are the Wonder Hanger, which claims to reduce closet clutter, and the Twin Draft Guard, which is designed to reduce under-door draft. Those two items are of the hundreds of products that are pitched on TV ads. Another 50 are sold on the QVC home shopping channel.

Hampton Direct is constantly adding new merchandise, about 10 to 15 products a month, and shedding items that don't sell. The lagging products are offloaded to discount store chains such as Big Lots Stores, Christmas Tree Shops and Tuesday Morning, said Pierre Heroux. The minimum manufacturing run for any item is about 5,000 pieces, Steve Heroux said.

The company's 65,000-square-foot headquarters is dotted with maps of China, where many of the goods are manufactured. The 400 products are broken down into categories: auto accessories, clothing, do-it-yourself, garden, hardware, houseware, jewelry, kitchen, safety and security, and space-savers.

Steve Heroux describes the products as "time-savers ... problem-solvers. Things that make your life easier."

The company tries to avoid "gifty" items or "things that people don't really need." They also stay away from "baby stuff" and "high-tech" gadgets, he said.

Hampton Direct's target demographic is people 40- to 60-years-old, Steve Heroux said.

Selling on TV

There are two types of infomercials, Steve Heroux said: two-minute and 28-minute versions. Hampton Direct only employs the two-minute versions. QVC is a "good testing ground for the market," Heroux said.

Not every item sells well on TV, however. Hampton Direct sold its first product, a meatball maker, on QVC in 2000. "For something to be good on TV, something has to happen. If you have a nice picture frame, nothing happens," he said.

In addition to selling on QVC and commercials, Hampton Direct sells its top-selling items through major retailers --

including Bed, Bath & Beyond, Target and Wal-Mart. Catalogs are used for other sales.

Most of the products are sold through the stores. The second top-selling venue is the two-minute ad, which prompts viewers to buy from a Web site or phone number. Third is catalog sales. And fourth is QVC, which generates about 10 percent to 15 percent of sales, Heroux said.

The 41-year-old CEO wants to build a studio inside the sprawling headquarters in the next nine months. The studio, in essence, would be a house. Each room would be used to film different parts of the short infomercials. It takes upward of six hours of footage to create a two-minute ad, he said.

Creating their own commercials "was a huge opportunity for us because we were doing the same thing on QVC," Heroux said.

About half the ideas for the products come from international trade shows. The remainder are submitted by inventors or developed by the company's four-person in-house design team.

Ideally, Heroux said he would like the company to sell about 300 products, about a 100 fewer than the current slate.

Sometimes it's hard to determine the success of a product. "There is some stuff that we really loved -- and no one wanted," he said.

The Total Pillow -- billed as "the amazing versatile pillow that cradles you in comfort!"-- and sold through a two-minute TV spot did not do well. Heroux thinks that's because people want to feel a pillow before they buy. The product would sell better in a retail store, he said.

Unusual incentives

The growing company has about 40 full-time employees, up from 30 a year ago. It expects to have roughly 50 employees next year. Heroux says he expects employment levels to rise to 75-80 employees in the near future.

"I think the growth is going to continue to happen," he said.

Heroux likes to reward his employees, sometimes in unconventional ways. Last Christmas, \$20,000 in cash was put on the company's boardroom table and employees were told to divide up the bonuses. (The group ultimately decided to split the money evenly, \$600 each, and gave \$200 to the Williston Food Shelf.)

Heroux is now offering quarterly profit-sharing, weekly company-paid lunches, and a soon-to-be equipped game room.

He offers the perks, he said, "because everyone is working really hard. It's amazing what this does."

HQ in Vt.

Heroux has big plans for the building he purchased from KBA North America Inc. for \$4.25 million. KBA, which sells sheet-fed printing presses, moved its headquarters from Vermont to Texas to be closer to emerging markets and to be near a larger airport.

Hampton Direct moved to the facility in mid-July from a smaller building in Williston.

Having the headquarters of growing Vermont businesses is something economic development officials hope to encourage. As companies grow, local business leaders have said companies sometimes consider moving from Vermont for a variety of reasons, including available work force, lower tax rates, proximity to markets, electricity costs and the regulatory environment.

Waterbury-based Green Mountain Coffee Roasters Inc., for example, has considered moving its headquarters from Vermont, a state agency said earlier this month. The concern prompted the offer of nearly \$300,000 job creation incentives from the state.

The biggest problem about being located in Vermont, Heroux said, is the work force. Some of the open positions the company is trying fill are "pretty specialized" and finding qualified applicants can be a challenge.

Hampton Direct moved to Vermont in 1997 to be closer to Canada, where it had existing business relationships and a family history in the catalog business. Heroux is originally from Montreal.

"We chose between Plattsburgh and Burlington, which is kind of a no-brainer," he said.

Contact Dan McLean at 651-4877 or dmclean@bfp.burlingtonfreepress.com. To get Free Press headlines delivered free

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COMPANY FILE: Hampton Direct Inc.

* FOUNDED: 1995; moved to Vermont from Connecticut in 1997.

* EMPLOYEES: 40

* CEO: Steve Heroux, 41

* FAMILY: Wife, Jennifer; two children (Helena, 7; Steve, 5)

* RESIDENCE: South Burlington

* EDUCATION: Columbia University '91 (major: political science)

* ON THE WEB: www.hampton-direct.com

BOX: EXPERT TIPS

Hampton Direct CEO Steve Heroux on selecting a good product to sell:

* Does it have "mass appeal"?

* How unique is it?

* Establishing a price point. "Looking at the problem or whatever we are solving, how much would people pay for that?"

HAVE AN IDEA?

Hampton Direct will consider ideas from amateur inventors and offer royalties. Contact Pierre Heroux at pheroux@hamptondirect.com.

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Abstract (Document Summary)

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