



6.13.18

eLuxury.com Competitive Advantages

Competitive Advantages

- ▶ **Mattress Pads**
 - ▶ Manufactured by eLuxury.com in Evansville, IN
- ▶ **E-Tail model, footprint, and know-how**
 - ▶ Amazon, Branded Websites, Wayfair/Overstock, other MKT PLCs
- ▶ **Operations, distribution, and customer service**
 - ▶ Direct to Consumer relationship management model
- ▶ **Amazon scale, access, experience, and expertise**
 - ▶ As Amazon enters B2B, hospitality, and government markets

Combined Strategic Opportunities

- ▶ Marry eLuxury's competitive advantages with CULP's category experience, resources (ex. capital and human capital), systems, leadership, and relationships
 - ▶ $1+1 >/= 3$
- ▶ eLuxury's access to Culp's sourcing/supply chain efficiencies and purchasing power
- ▶ eLuxury facilitate CULP's direct-to-consumer and e-business opportunities
 - ▶ Example - Comfort Supply
- ▶ Manage, monetize, and scale CULP's existing digital assets
 - ▶ Example - www.culpcontract.com
- ▶ Expand and improve eLuxury's manufacturing operations
- ▶ Add eLuxury's product lines to CULP sales channels & hospitality initiatives
 - ▶ Access and management assistance with household licenses/brands
- ▶ Expedite mutual and continued growth - on and offline

eLuxuryTimeline

- ▶ 2012 - Founded by Paul Saunders as ExceptionalSheets.com in garage w/ \$500 website
- ▶ 2014 - Purchased largest supplier - mattress pad manufacturer (Martin, TN) and moved into current 65K sq/ft office and plant
- ▶ 2015 - Rebranded from ExceptionalSheets.com to eLuxurySupply.com
- ▶ Q1 2016 - Relocated mattress pad manufacturing facility to Evansville HQ
- ▶ Q3 2016 - Named the fastest growing private e-tail company in the United States by INC Magazine
- ▶ Q1 2017 - Acquired eLuxury.com (previously owned by Louis Vuitton)



eLuxury.com Profile

- ▶ 2625 Kotter Ave, Evansville, IN, 47715 - 800.977.7433
- ▶ Employees - 59
 - ▶ E-Comm / IT - 13
 - ▶ Customer Service - 6
 - ▶ Manufacturing - 20
 - ▶ Office - 6
 - ▶ Warehouse/distribution - 14
- ▶ 65K SQFT of manufacturing, warehouse, and distribution space.
- ▶ Current revenue rate = \$22MM in 2018

Paul Saunders - Resume

- ▶ eLuxury.com- Founder 04/12-Present
- ▶ ChannelAdvisor Customer Advisory Council 05/16-Present
 - ▶ Other members: Crocs, COTY, KitchenAid, Overstock
- ▶ FEDEX E-Commerce Executive Board of Directors 02/16-4/18
 - ▶ Other members: Abercrombie & Fitch, Amway, Groupon, Bed Bath & Beyond, Nieman Marcus, Walgreens, Dillard's
- ▶ Mead Johnson Nutrition Sourcing Manager 10/10-4/12
 - ▶ \$146MM in annual spend responsibility. \$23.4MM contract negotiated net cost savings
- ▶ Whirlpool Corp Procurement Manager 02/08-10/09
 - ▶ \$104MM in annual spend responsibility. Ranked in top 5% both annual assessments
- ▶ Marine Corps Officer Operations Officer 05/01-2/08
- ▶ Education
 - ▶ Vanderbilt University - Executive MBA 2014
 - ▶ United States Naval Academy - Economics 2001

Manufactured Mattress Pads & Products

eLuxury Mattress Pad - Amazon's Choice



The screenshot shows an Amazon product listing for a "Bamboo Mattress Pad with Fitted Skirt - Extra Plush Cooling Topper - Made in the USA, Queen" by ExceptionalSheets. The product is marked as "Amazon's Choice" and has a 4.5-star rating from 4,012 reviews. The price is \$114.99, with a Prime delivery date of Friday, April 28. The listing also mentions "FREE Shipping on eligible orders" and "More Buying Choices" for \$105.46. A "Product Features" section is partially visible, stating "Each pad is filled with Revoloft, a ... any type of mattress including ...".

"Amazon's Choice is a way to simplify shopping for customers by highlighting highly rated, well-priced products ready to ship immediately for the most popular searches on Amazon...it allows customers to make fast and easy decisions on what to buy."

- <https://www.cnet.com/news/do-humans-choose-what-products-get-amazons-choice/>

***Note: Amazon reviews are being used by hospitality groups and B2B customers when considering purchasing decisions

Mattress Pad - Manufacturing Details

- ▶ Relocated from Martin, TN to Evansville in Jan
- ▶ Two identical lines and 6 cut and sew stations
 - ▶ Primary Components are Fiber Balers, Cluster line/feeds, quilters
- ▶ Choke Point Run Rates
 - ▶ Quilter - produces 3.2 pads/line per minute
 - ▶ Sew Stations - 1 pad/table per 2.75 minutes
- ▶ Competitive Advantages
 - ▶ “Clustering” fiber adds fill volume and down feel
 - ▶ Laying fiber (vs rolled mat or blown fiber) allows for more symmetric and substantial comfort layer

Product Sales - Breakdown

	2018 (MM's)
Mattress Pads	\$11.2
Bedding Other	\$8.4
All Other	\$2.4
	\$22.0

- ▶ High concentration on Pads due to margin and supply chain control
- ▶ Other categories have room and potential to grow with the appropriate resources

E-Tail Model, Footprint, & Know-How

eCommerce is Just Commerce...on the Web

- % - \$ - Repeat

1. # - Attract shoppers to our storefronts
2. % - Convert shoppers into customers
3. \$ - Maximize Average Order Values (AOV)
4. Repeat

Only focus on 1 KPI at a time. 6-10 week sprints

eLuxury e-Com/e-Tail Methodology

Cultivate relationship directly w/ the customer before, during, and after their transaction

- ▶ Before the transaction
 - ▶ Build online footprint - scale and scope
 - ▶ Maintain excellent online reputation - service, product, and value
 - ▶ Generate significant demand/traffic
- ▶ During the transaction
 - ▶ Optimized digital assets for maximum conversion and order value
 - ▶ Concierge services via phone, chat, e-mail, and text
- ▶ After the transaction
 - ▶ Maximize customer value, repeat purchase rates, while minimizing returns
 - ▶ Delivering a superior product that exceeds customer expectations
 - ▶ Operational excellence - manufacturing - warehousing - distribution - logistics
 - ▶ Unrivaled customer service and support

Importance of Amazon Presence

Top 10 US Companies*, Ranked by Retail Ecommerce Sales Share, 2016 & 2017

% of total retail ecommerce sales

	2016	2017
1. Amazon	38.1%	43.5%
2. eBay	7.8%	6.8%
3. Walmart	2.8%	3.6%
4. Apple	3.2%	3.6%
5. The Home Depot	1.4%	1.5%
6. Best Buy	1.2%	1.4%
7. Macy's	1.2%	1.2%
8. Wayfair	0.8%	0.9%
9. Costco	0.9%	0.9%
10. QVC	0.8%	0.7%
Total	58.2%	64.0%

*Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; excludes travel and event tickets;
*excludes non-publicly traded companies
Source: eMarketer, Oct 2017*

Branded Website

The screenshot shows the ELUXURY website homepage. At the top left is the logo 'e|LUXURY™' with the tagline 'bring luxury home'. To the right of the logo is a navigation menu with links: 'Bedding ▶', 'Bath ▶', 'Mattresses', 'Bed Frames', 'Kids Items ▶', 'Home ▶', 'Pet Items ▶', and 'Clearance'. Below the navigation is a search bar with the placeholder text 'search' and a magnifying glass icon. The main content area features a large banner for 'extra plush & bamboo MATTRESS PADS' with the subtext 'SHOP OUR BEST SELLING PADS' and a prominent orange 'BUY NOW' button. The background of the banner is a photograph of a bed with a white quilted mattress pad. At the bottom of the page, there is a white bar with three pieces of information: 'FREE SHIPPING ON ORDERS \$50 OR MORE TO THE US', 'VETERAN OWNED & OPERATED', and 'ELUXURY IN THE PRESS'.

e|LUXURY™
bring luxury home

Bedding ▶ Bath ▶ Mattresses Bed Frames Kids Items ▶ Home ▶ Pet Items ▶ Clearance

search

extra plush & bamboo
MATTRESS PADS
SHOP OUR BEST SELLING PADS

BUY NOW

FREE SHIPPING ON ORDERS \$50 OR MORE TO THE US | VETERAN OWNED & OPERATED | ELUXURY IN THE PRESS

Search Engine Marketing and Optimization

Cost effective Marketing and Advertising

- ▶ Search Engine Optimization (SEO) - Organic Traffic
 - ▶ Search Engine Marketing
 - ▶ Pay-Per-Click
 - ▶ Pay-Per-Impression
 - ▶ Remarketing
 - ▶ Affiliate Marketing
 - ▶ Online “Influencers”
-
- ▶ Every Dollar Spent = 3.2x Return on Ad Spend (ROAS)
 - ▶ 30 day last click attribution model
 - ▶ ~15% Average Cost of Sale

Operations, Distribution, and Customer Service

Outstanding Operational Execution

Late Shipment Rate

Target: under 4%

0.21%

3 of 1,443 orders
30 days

Pre-fulfillment Cancel Rate

Target: under 2.5%

0%

0 of 1,443 orders
30 days

Valid Tracking Rate

Target: over 95%

98.36%

1,561 of 1,587 orders
30 days

Order Defect Rate

Target: under 1%

0.14%

5 of 3,682 orders
60 days

Order Defect Rate consists of three different metrics:

- Negative feedback 0.08%
3 of 3,682 orders

- A-to-z Guarantee claims 0.05%
2 of 3,682 orders

- Chargeback claims 0%
0 of 3,682 orders

Customer Service Excellence

Seller Feedback

- ▶ Google Trusted - 4.8 / 5.0 Stars
- ▶ BizRate Reviews - 9.3 / 10.0 Stars
- ▶ Amazon Feedback - 98%

What a relief to wake up in the morning without a back ache after just the first night of sleeping on this mattress pad! If you want to make a difference in your bed...this is the way to go!
-June 2, 2018

Great seller who shipped item out super fast. Will definitely buy again from this seller
-June 9, 2018

Best mattress pad I have ever had. It actually gives you some cushion
-June 12, 2018

***Daily Feedback Report sent to every employee every day including the good, bad, & ugly

Distribution Metrics & Warehouse Tour

- ▶ 94% of orders ship same day. 98.5% within 24 hours
- ▶ Product return rate <4%. <0.5% for quality or service issues
 - ▶ 60%+ of returns are “new in box” and return to inventory
- ▶ Order Defect Rate 0.9%
 - ▶ Includes defective product, out of stock, order not received, & miss-ships