

Headsets.com: Online retailer calls up huge revenue growth

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By starting a headset sales company in 1998 and leasing the domain name Headsets.com in 2000 from a competitor, Mike Faith has built a big business selling, yep, headsets. Revenue spiked from \$3 million in 2000 to \$11 million in 2003 to \$32 million in 2005, thanks to both the domain name and the 1-800-HEADSETS (1-800-432-3738) phone number.

Faith is counting on both to help Headsets.com become a far bigger business: His goal is to top \$200 million in sales by 2010.

Faith said his company has another four years on the domain name lease agreement and then expects to purchase it outright. "The web site is significant because it gives us credibility. We get a lot of type-ins who are directed right to us. Also people remember it. We have a very high retention rate."

Hiring nice people to look after customers helps. The company takes three to four weeks to hire each employee. Customer Service Representatives, arguably the toughest position to secure in the company, go through seven interviews, including with a business psychologist, a voice coach and ultimately Faith himself.

"We need a person who's emotionally equipped to deal with a concerned and geographically remote customer every five or six minutes," said Faith. "If (they) talk to someone for 20 minutes and they don't buy anything that's OK. The important thing is they had a good experience and will come back."

Faith estimates roughly 75 percent of customers return within four years to purchase an additional or upgraded headset.

Small business and independent operators are the company's core customer base.

Although Headsets.com does fill an occasional order for \$10,000 to \$20,000 or so, the overwhelming majority of customers order just one to five headsets, spending \$300 on average. The most popular type of headset these days is one of the wireless models from Plantronics -- a public Santa Cruz company which represents two-thirds of Headsets.com's total sales. The company works with four other manufacturers, including Kyung Gin in Korea, which re-brands its goods with Headsets.com's logo.

"We've been with them for eight years," said Faith. "We've never had a contract or letter of credit or any of those complex things. They send the goods and we send the money."

Stand-alone office supply stores, and larger chains like Radio Shack and Best Buy, compete with the firm as does New Hampshire's Hello Direct. Acquired by GN Netcom in 2000, Hello Direct is roughly double the size of Headsets.com -- a gap which Faith said he'll close in the next few years by delivering superior customer service.

"It's not a sexy industry and we're OK with that. We think we've got our model right," he said. "What we're going to do is exactly the same thing we've been doing, but more of it. We'll send out more catalogue mailers and more people answering the phones."

