



**WORLD FLOOR COVERING
ASSOCIATION**

Simplify Your Success

Members Market Trend Survey 2016 / Quarter 2 – Results

July 29, 2016








Confidential Report

Repair Big Box LVT Market
Customer Luxury Vinyl
Tile Service Sales
Product Projects
Installers Hard
Surface Quality
Competition Flooring Media
Increase LVP










**19 Most Common Words and Phrases in Survey
Results*

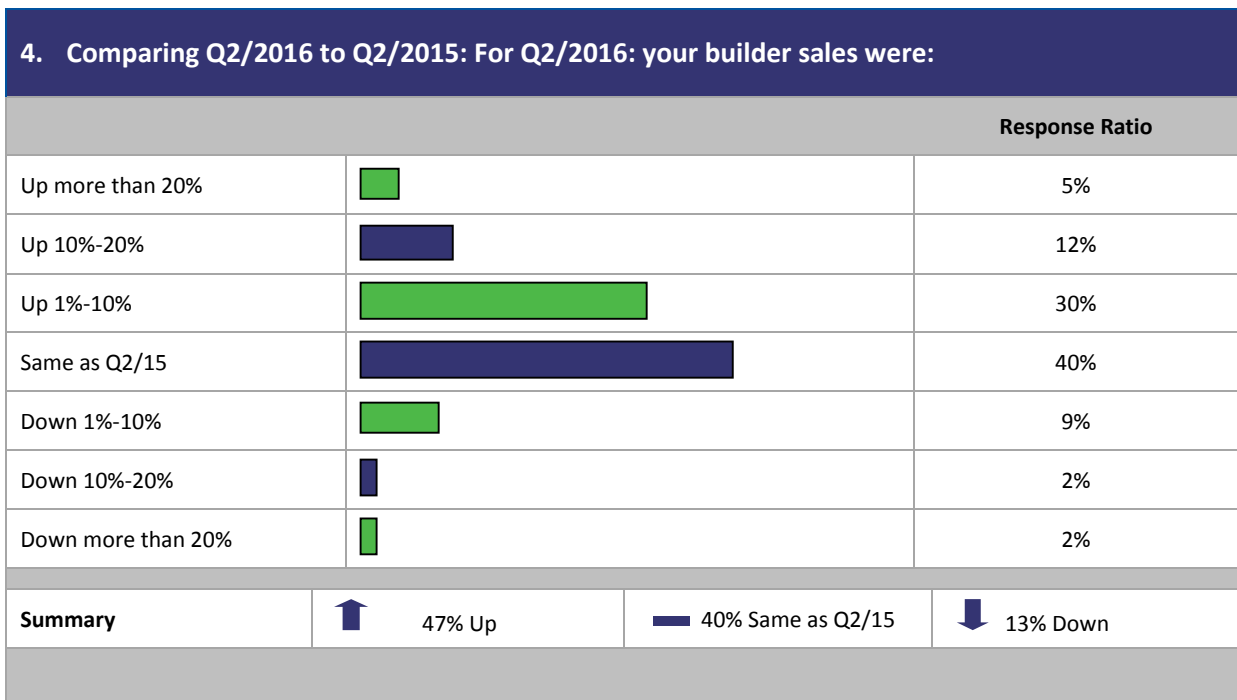
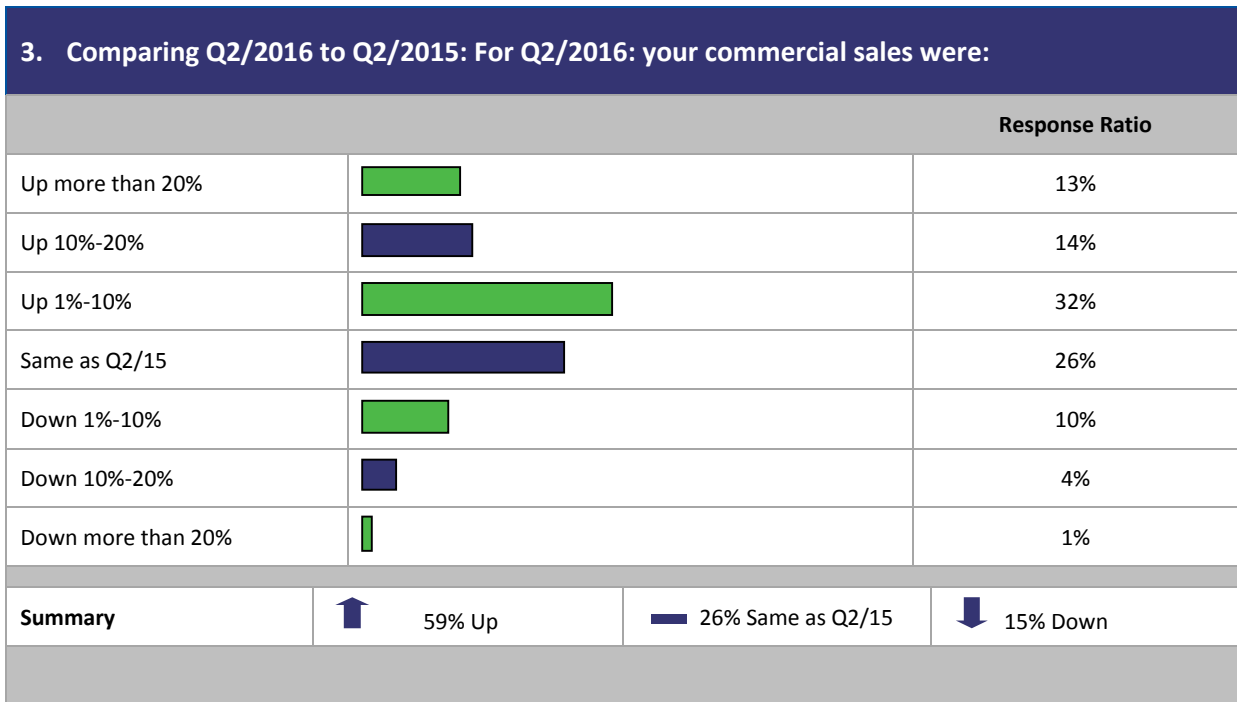
Survey information was compiled on July 29, 2016 from the responses of 117 panelists. Respondents were asked to base all answers on activity during the second quarter (APR, MAY, JUN) of 2016.

Geographic Location








1. What primary geographic region is your company in?		
		Response Ratio
Canada – All Regions		8%
US – Northeast		11%
US – Mid Atlantic		8%
US – Southeast		21%
US – Midwest		27%
US – Southwest		13%
US – West		12%

Sales Questions

2. Comparing Q2/2016 to Q2/2015: For Q2/2016: your residential sales were:			
			Response Ratio
Up more than 20%			12%
Up 10%-20%			23%
Up 1%-10%			33%
Same as Q2/15			18%
Down 1%-10%			13%
Down 10%-20%			1%
Down more than 20%			0%
Summary	 68% Up	 18% Same as Q2/15	 14% Down










5. Which product category produced the GREATEST sales volume GROWTH in Q2/2016







		Response Ratio
Carpet		11%
Hardwood		11%
Laminate		2%
Luxury Vinyl Tile		62%
Resilient		2%
Tile/Stone		10%
Other		2%

Open Ended Responses

1	WPC qualities
2	Water Proff Core
3	We do mostly refinish work

6. Which product category produced the WEAKEST sales volume GROWTH in Q2/2016		
		Response Ratio
Carpet		17%
Hardwood		8%
Laminate		40%
Luxury Vinyl Tile		2%
Resilient		18%
Tile/Stone		13%
Other		2%
Open Ended Responses		
1	I sell Lvt in place of real stone or don't sell them anything. I pulled at CT out of store	
2	Sheet Vinyl	








7. Which product segment produced the HIGHEST profit margin in Q2/2016

		Response Ratio
Carpet		50%
Hardwood		15%
Laminate		0%
Luxury Vinyl Tile		17%
Resilient		5%
Tile/Stone		9%
Other		4%

Open Ended Responses

1	Carpet tile
2	Inspections only; no sales
3	Artificial turf and concrete resurfacing






8. Which product segment produced the LOWEST profit margin in Q2/2016?











		Response Ratio
Carpet		16%
Hardwood		34%
Laminate		17%
Luxury Vinyl Tile		2%
Resilient		10%
Tile/Stone		19%
Other		2%



9. How have your sales by product category changed in Q2/2016 compared to Q2/2015?






	Sales Increased	No Change	Sales Decreased
Carpet	50%	32%	18%
Hardwood	57%	31%	12%
Laminate	21%	32%	47%
Luxury Vinyl Tile	84%	13%	3%
Resilient	24%	42%	34%
Tile/Stone	36%	44%	20%
Other	30%	63%	7%



General Questions




10. How does the ability to do business electronically with a supplier influence your decision to buy from that supplier?		Response Ratio
I only do business with suppliers that can handle transactions electronically.		1%
I strongly prefer to do business with suppliers that can handle transactions electronically.		35%
It makes no difference whether I do business electronically or manually.		50%
I don't currently do business electronically with suppliers, but would like to start.		5%
I don't currently do business electronically with suppliers.		9%



11. What forms of social media/online marketing do you use for your store?		Response Ratio
Angie's List		24%
Facebook		80%
Google		51%
Houzz		39%
Instagram		13%
LinkedIn		43%
Pinterest		25%
Twitter		25%
YouTube		15%
Company Website		87%



12. Has your company received a negative review on social media?		
		Response Ratio
Yes		44%
No		56%




13. You answered yes to the previous question. Approximately how much revenue do you believe your company's negative review(s) will ultimately cost your business?		
		Response Ratio
0%		59%
\$500		8%
\$1000		11%
\$5000		8%
\$10,000 or more		14%




14. Is your company actively attempting to satisfy the negative review(s) to improve your online reputation?		
		Response Ratio
Yes		88%
No		12%




15. How would you describe the overall quality of installation performed by your company today vs. 5 years ago?		
		Response Ratio
Better		62%
Worse		27%
Same		11%




16. Based on your previous answer, is your company considering raising installation pay to attract more qualified installers, or is it already paying more?		
		Response Ratio
Yes		81%
No		19%



17. Is your company running crews on Saturday or Sunday in an effort to keep up with demand?		
		Response Ratio
Yes		63%
No		37%



18. The industry is seeing an increase in recalls at all levels of installation. What do you believe is the primary cause of this phenomenon?		
		Response Ratio
Pushing installers to increase production		3%
A lack of good installers		45%
Both are just about equally responsible		52%



19. What type of installers is the industry lacking today?		
		Response Ratio
Master Mechanics		17%
Entry Level		8%
Both are just about equally concerning		75%

20. The flooring industry is experiencing an installation crisis due to a lack of qualified installers. Do you believe this crisis is having a more crippling effect on the Residential or Commercial market?		
		Response Ratio
Residential		42%
Commercial		10%
Both are just about equally affected		48%

21. Is your company primarily a Residential Retailer or a Commercial Flooring Dealer?		
		Response Ratio
Retailer		54%
Dealer		12%
My Company is about equally both		34%




22. You identified your company is primarily or just about equally a Residential Retailer. As a retailer, has the installation crisis driven up the price of labor in your market?		
		Response Ratio
Yes		66%
No		35%

23. Is your company generally charging customers more for labor than its primary competitors?		
		Response Ratio
Yes		71%
No		29%






24. Are customers generally willing to wait the extra time to get their jobs installed, or are they turning to other sources that can meet the desired installation time frame?		
		Response Ratio
Yes		77%
No		23%

25. Is the shortage of qualified installers affecting your business negatively?		
		Response Ratio
Yes		57%
No		43%





26. Approximately what percentage of jobs do you believe your company loses per month, because it lacks the installers to do the job?



		Response Ratio
5%		74%
10%		18%
15% or greater		8%




27. Approximately what percentage of qualified installers is your company short or would hire today if they were available?





		Response Ratio
5%		3%
10%		44%
20%		34%
30%		11%
50% or greater		8%

28. Approximately how much revenue do you believe your company is losing due to the installation crisis?







		Response Ratio
2%		17%
5%		23%
10%		35%
20% or more		25%

29. In 2016, do you have plans to expand or update your showroom, or at least one of your showrooms?		
		Response Ratio
Yes		47%
No		53%

30. In 2016, do you plan on expanding or eliminating a store location?		
		Response Ratio
Yes, add a location		11%
Yes, eliminate a location		4%
No		85%

31. In 2016, do you plan on training you and/or your people?		
		Response Ratio
Yes, sales team training		76%
Yes, leadership training		38%
Yes, installer training		67%
No		4%

32. In 2016, do you plan on making any of the listed capital expenditures?

		Response Ratio
Software/hardware for fcB2B		44%
New location		17%
New warehouse		12%
Increased Inventory		33%
New vehicles		50%
New machinery		45%

33. What do you see as the greatest OPPORTUNITY in our industry today?

Open Ended Responses

1	Luxury vinyl tile
2	Internet marketing
3	Conversion from sub-contract/independent installers to employed installers
4	To sell better floor covering
5	For my business the general trend to har surface flooring. We don't do carpet
6	Hardwood- with great installers
7	Yes
8	Customer knowledge needs to increase relative to what a quality installation is
9	Having quality installers with more knowledge in selling to compete with box and LL and others.
10	People who control the labor or who got into online sales prior to everyone else.
11	Consumers are open to doing larger projects and therefore a great opportunity for us.
12	Increase in new construction
13	lvt or lvp

14	Waterproof vinyl products
15	Quality installation
16	Full service remodeling
17	Improvement of margins and better quality goods.
18	Home building
19	Increase in factory finished wood floor varieties
20	I don't if things don't change with respect to having good installers companies will be forced to close
21	Resilient
22	Continue to educate a professional work force.
23	Training for installers
24	Cabinets decorating
25	More technically difficult products
26	Being better at customer service in the beginning than my competitor.
27	Taking market share due to less competition
28	Learning to install tile correctly has given an edge over the competitors who don't.
29	WE HAVE UNIQUELY had only 100% in-house installation craftsmen for 50 years. Because of our reputation as the finest quality, proper insurance and machinery, we are in high demand for projects - large and small. Customers are tired of the cheap and inexperienced labor.
30	LVP
31	Advances in technology used to manufacture product and more product being made in North America
32	Installation/China Imports
33	Supply the best installer
34	Improved Installation
35	Full Remolding! Can't Survive on Flooring alone
36	LVT
37	Tile
38	lvp
39	Installation
40	Specialty retail store our area still warrants this type of store

41	Providing the customer with full service selling.
42	Selling all products at the time of the sale.
43	Installer training
44	For Manufacturers to produce a quality product.
45	For me after 40 plus years of retailing / contracting I'm growing my inspection and consultation businesses. Mass is an extremely difficult area ,highest electricity cost in country, NO INSTALLERS WANT TO WORK ON PAYROLL. Downward pressure on product pricing brought on by on line shopping, especially with LVT and wood
46	More installer training programs.
47	Providing better service than the big box stores and Empire/Luna
48	Add installation capacity
49	Service
50	Obtaining better margins not being forced into projects
51	Social media if you have the money to tap into it
52	Repair specialist fixing the problems others create from lack of knowledge
53	Main street sales
54	Shift from soft to hard surface purchases
55	Online reviews
56	Higher end market
57	Commercial all categories
58	Luxury vinyl tile
59	Repair work - We fix the problems others cause.
60	Qualified and eager sales people, qualified installers, technological tools to increase efficiencies and service.
61	Advertising media
62	Staying in touch with past customers
63	Concrete resurfacing and turf
65	The ability to order Train/Truck loads of rolled goods to maintain prices low for great products in stock. Helps keep our accounts.
66	Lack of professionalism
67	Market share from big boxes
68	Repair of faulty installations by others

69	Pent up desires for home improvements now coming around to purchasing
70	Greatest opportunity for now is hard surface flooring
71	Easy to out perform competition

34. What do you see as the greatest CHANGE in the flooring industry today?








Open Ended Responses

1	Less store fronts and more big box locations
2	Hard surface being dominate
3	Increased sales in hard surface products, i.e. hardwood, lvt and ceramic tile Carpet sales are now at 49%, hard surface sales at 51%
4	The demise of carpet and the apathy of carpet manufacturers to address it.
5	Generally, I see flooring being made cheaper
6	Rise of LVT.
7	Luxury vinyl planks, Coretec.
8	On line sales
9	An influx of us qualified installers driving prices down
10	Product quality and availability. Less imports.
11	Online retailers and less labor.
12	Internet shopping.
13	The impact of the use of reviews as a basis for which business our customers shop
14	Declining labor force
15	Emergence of big box
16	The lower quality of the higher priced LVT and laminate
17	From carpet to hard surface.
18	I think the continued installation crisis is finally getting the attention it deserves. Retailers in my area are willing to pay more to have a competent, certified installer perform more of their installations.
19	Shift to resilient wood lvt stc

20	No installers
21	Fewer dealers, customer empowered to ask for discounts, customers more informed before they walk into our stores.
22	Lack of installers/helpers
23	More demand for factory finished floors.
24	Fast track construction can affect the quality.
25	WPC
26	Less carpet more hard surface
27	LVT
28	Mills are trying to get away from needing installers
29	Lack of quality installers
30	Hard surface in the larger portions of the home. greater use of carpet tiles in mainstream commercial work.
31	MORE AND MORE AND MORE SELLING DIRECT. THEN THE MANUFACTURER MAKES MORE AND CAN BLAME ALL PROBLEMS ON THE INSTALLER.
32	Customers are price shopping online more
33	Lack of qualified installers
34	Less installers and devaluation of products caused by the box retailers
35	More pressure from cash and carry box stores.
36	Lack of training for sales and installer
37	Evolution of LVT
38	Serving 5 Different Generation! communication is Tough One Once Email, one Texted One Voicemail In the working interview the First Question is How do you Like to Communicate This sets up the Customer service team for the Rest of the Job
39	Young reps
40	Vinyl
41	Awareness of downfalls/difficulties with hardwood and the benefits of LVP
42	Technology in production and designs
43	N/A
44	The internet shopper
45	Materials only outlets!

46	Reduction of the amount of installers available.
47	Deceptive advertising
48	Manufacturers continue to fail the retailer/consumer
49	On line shopping and lack of entry level installers.
50	Quality of supplier reps. has dropped noticeably.
51	Decline of carpet sales
52	Impact of digital marketing
53	The lack of qualified professional installers means more inspections.
54	Poor service
55	Obtain quality people
56	Trust and loyalty by the consumer
57	The best installers are getting paid for their knowledge and skills
58	Poorer product more claims
59	Too much complaining
60	LVT
61	Lack of installer
62	No loyalty immediate gratification
63	Substandard product. - Hard to find quality tile, engineered hardwood or carpet.
64	Customer expectations.
65	Lack of qualified mechanics.
66	Advertising media
67	Internet shoppers
68	Sheet vinyl is becoming a lost leader
69	More efficient ways to make these products consumer specific. There is literally something for everyone in every price point.
70	Less true retailers
71	Speed of delivery
72	Quality of products has gone down

73	Installers leaving the industry or retiring.
74	Change from soft surface flooring to hard surface

35. What do you see as the primary challenge to your company's success		
		Response Ratio
Training and retaining an adequate sales force for your company		25%
Hiring/using qualified installers		48%
Product Quality		6%
Product knowledge of manufacturer sales forces		2%
Reliability of manufacturer sales forces		2%
Competing with Big Box stores		11%
Lack of customers overall		6%
Open Ended Responses		
1	big boxes get new and innovative products before main street retailers do	
2	Low price competitors	
3	Online retailers like Amazon, Wayfair, etc	
4	Collecting monies after jobs are invoiced	
5	We have several very good installers, but the "B team" installers are mediocre on their best days	
6	Tied with product quality and knowledge of manf. sales forces	
7	I think you needed to change this to more than one checkmark. I would have checked all but the last one. They are all challenges	
8	I'm tired of retailing but love problem solving	
9	Nearly everything on this list	
10	Finding young sales people	