



Members Market Trend Survey 2015 / Quarter 1 – Results

June 8, 2015
Confidential Report

Hard Surfaces

Manufacturers **Labor** Educated

Dealing Selling

Sales CHINA

Installation Big

Box **Products**

Consolidation **LVT**

Technology **Internet**

Industry **Vinyl** Service **Box**








Stores

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













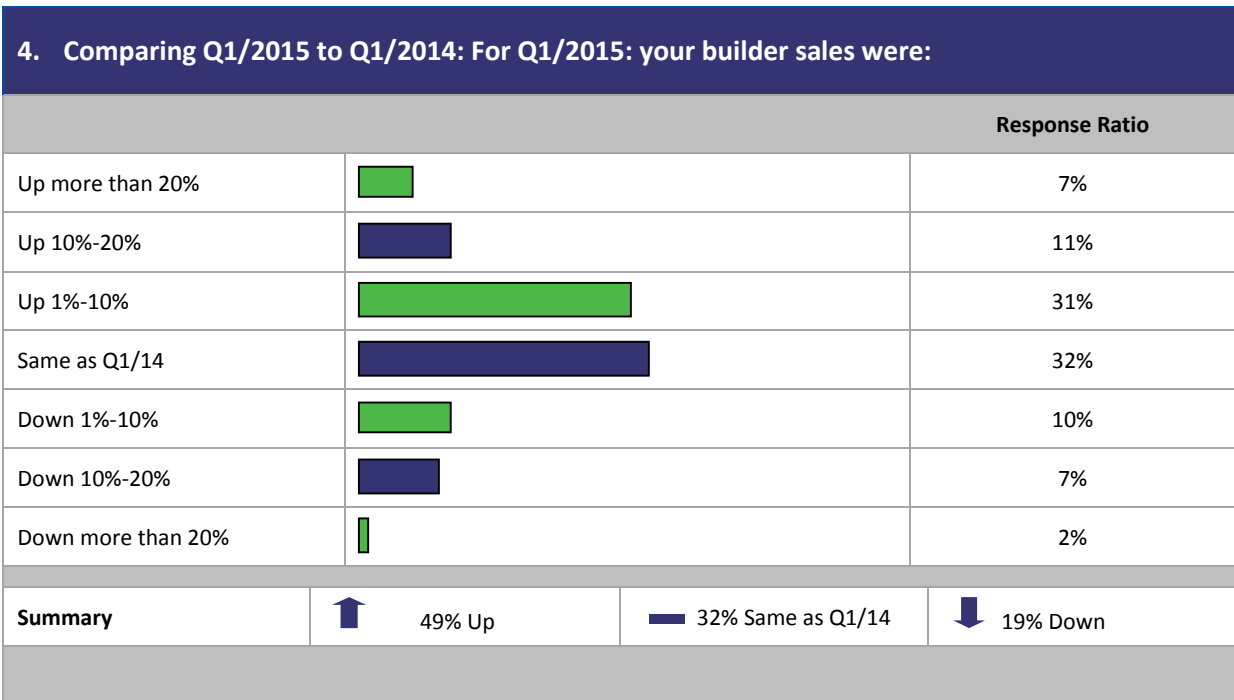
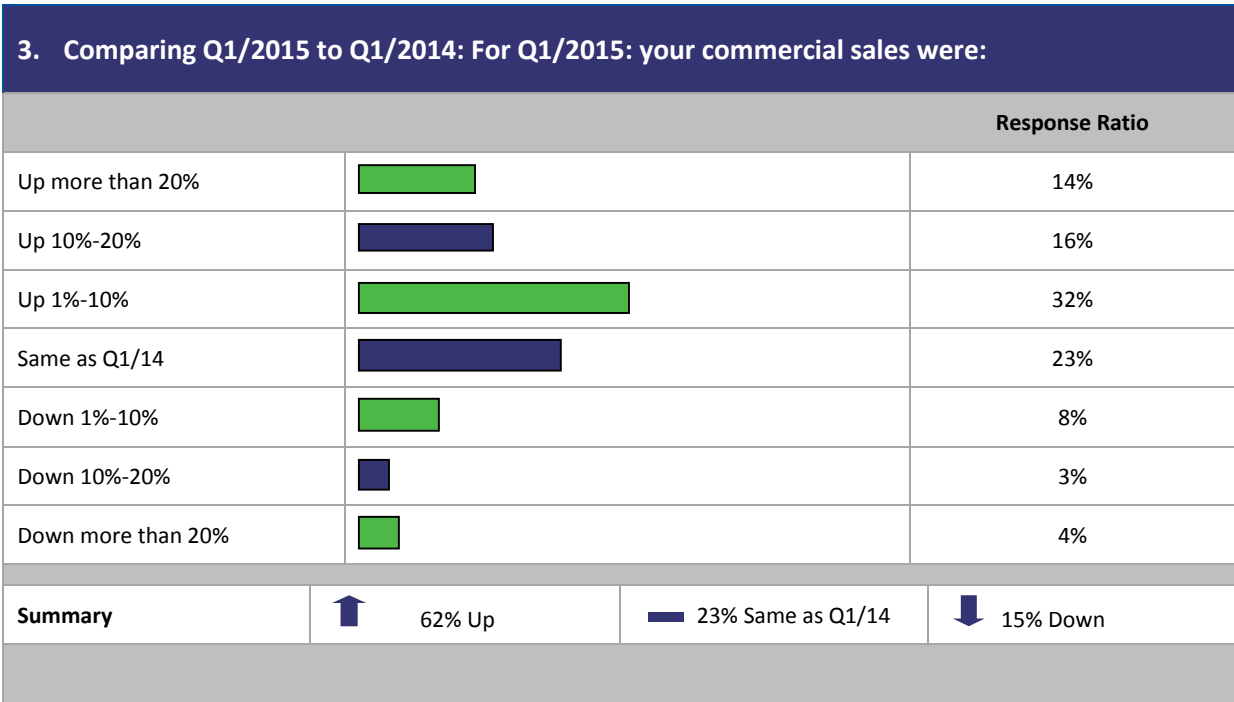
Survey information was compiled on June 8, 2015 from the responses of 129 panelists. Respondents were asked to base all answers on activity during the First quarter (JAN, FEB, MAR) of 2015.








Geographic Location








1. What primary geographic region is your company in?		
		Response Ratio
Canada – All Regions		8%
US – Northeast		14%
US – Mid Atlantic		6%
US – Southeast		25%
US – Midwest		25%
US – Southwest		7%
US – West		15%








Sales Questions

2. Comparing Q1/2015 to Q1/2014: For Q1/2015: your residential sales were:			
			Response Ratio
Up more than 20%			18%
Up 10%-20%			20%
Up 1%-10%			31%
Same as Q1/14			11%
Down 1%-10%			10%
Down 10%-20%			5%
Down more than 20%			5%
Summary	 69% Up	 11% Same as Q1/14	 20% Down










5. Which product category produced the GREATEST sales volume GROWTH in Q1/2015		
		Response Ratio
Carpet		14%
Hardwood		21%
Laminate		3%
Luxury Vinyl Tile		41%
Resilient		2%
Tile/Stone		9%
Other		10%
Open Ended Responses		
1	Cabinets	
2	EVA foam and TPE foam	
3	Internet Marketing Sales	
4	WPC Products	
5	Rugs	
6	All inspections up	
7	All were down	
8	Cork	

6. Which product category produced the SLOWEST sales volume GROWTH in Q1/2015		
		Response Ratio
Carpet		14%
Hardwood		10%
Laminate		40%
Luxury Vinyl Tile		2%
Resilient		12%
Tile/Stone		14%
Other		8%
Open Ended Responses		
1	Lino	

7. Which product segment produced the HIGHEST profit margin in Q1/2015		
		Response Ratio
Carpet		48%
Hardwood		17%
Laminate		6%
Luxury Vinyl Tile		12%
Resilient		4%
Tile/Stone		9%
Other		4%
Open Ended Responses		
1	Rugs	
2	Cork	
3	Equal	



8. Which product segment produced the LOWEST profit margin in Q1/2015 due to competition/price erosion and/or increased product costs?



		Response Ratio
Carpet		13%
Hardwood		40%
Laminate		19%
Luxury Vinyl Tile		5%
Resilient		8%
Tile/Stone		10%
Other		5%






9. How have your sales by product category changed in Q1/2015 compared to Q1/2014?



	Sales Increased	No Change	Sales Decreased
Carpet	56%	25%	19%
Hardwood	52%	27%	21%
Laminate	25%	30%	45%
Luxury Vinyl Tile	73%	20%	7%
Resilient	27%	49%	24%
Tile/Stone	34%	51%	15%
Other	32%	62%	6%






General Questions




10. Does your company actively promote flooring products made in the United States or Canada?		
		Response Ratio
Yes		75%
No		25%




11. Do any of your customers ask for flooring products made in the United States or Canada?		
		Response Ratio
Yes		70%
No		30%











12. You answered yes to the previous question. Approximately what percentage of your customers ask for products made in the United States or Canada?		
		Response Ratio
10%		39%
20%		23%
30%		18%
50%		8%
75% or More		12%









13. Generally speaking, are your customers willing to pay a premium for products made in the United States or Canada?		
		Response Ratio
Yes		42%
No		58%



14. You answered yes to the previous question. Approximately what percentage of your customers are willing to pay a premium for flooring made in the United States or Canada?		
		Response Ratio
5% or less		24%
10%		31%
20%		25%
30%		4%
50% or More		16%




15. Looking at all of the flooring your company sells, how would you generally rate the quality of the products made in the United States or Canada versus flooring made in Asia?		
		Response Ratio
Better		88%
Worse		1%
Same		11%




16. Looking at all of the flooring your company sells, how would you generally rate the quality of the products made in the United States or Canada versus flooring made in Europe.		
		Response Ratio
Better		33%
Worse		7%
Same		60%







17. Approximately what percentage of all of your flooring sales are products made in the United States or Canada?		
		Response Ratio
10% or less		5%
20%		8%
30%		3%
40%		5%
50%		5%
60%		13%
70%		22%
80%		24%
90%		11%
100%		4%

18. What forms of social media/online marketing do you use for your store?		
		Response Ratio
Angie's List		26%
Facebook		84%
Google		68%
Houzz		35%
LinkedIn		52%
Twitter		37%
Pinterest		29%
YouTube		33%

19. In 2015, do you have plans to expand or update your showroom, or at least one of your showrooms?		
		Response Ratio
Yes		54%
No		46%

20. In 2015, do you plan on expanding or eliminating a store location?		
		Response Ratio
Yes, add a location		11%
Yes, eliminate a location		3%
No		86%

21. In 2015, do you plan on increasing your training programs?		
		Response Ratio
Yes, sales team training		70%
Yes, installer training		54%
No		19%

22. In 2015, do you plan on making any of the listed capital expenditures?		
		Response Ratio
Software/hardware for fcB2B		44%
New location		13%
New warehouse		20%
Increased inventory		40%
New vehicles		38%
New machinery		30%

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

Open Ended Responses

1	Green products
2	This year, Builder sales.
3	Better training being made available
4	Shop at home service
5	More installers.
6	LVT
7	Getting business back from the box stores; they've had their cycle and this time around consumers will not put up with poor installations.
8	Margins on soft products
9	Educating consumers upgrade products
10	Decorative concrete
11	LVT
12	Not sure
13	Toxic-free and environmental friendly products
14	TRAINING INSTALLERS AND SALES TEAMS
15	Pushing US made products. Luxury Vinyl Products. Importing hardwood flooring from Canada direct to retailers
16	Online marketing
17	Product knowledge
18	Online sales
19	LVP Sales
20	New products and services.
21	I feel that improved knowledge and training of all staff and contractors involved in the provision of product to the consumer will result in increased consumer interest and confidence in the purchase of new flooring.
22	LVT is very strong and replacing traditional wood and ceramic
23	Installation (broken record?)
24	Increase installation capacity

25	Taking Surveys
26	MADE IN THE USA
27	Advance in tufting equipment. Design. Overall selection
28	Healthcare
29	The 2x4 carpet tiles
30	Superior customer service.
31	LVT
32	To connect with our customers in a manner that makes them and their family and friends clients for life.
33	To make our industry like so many other that have a chain of selling. We need to stop the direct selling or the retailer will not have a place in the flooring industries.
34	We are limited only by ourselves. opportunity is endless
35	High quality, fashionable products
36	More construction with a value placed on quality.
37	With sales/workload being up we can raise our prices for higher profits
38	Digital b2b marketing
39	Consumer confidence has brought prospects into our showroom! It's now up to us to do what it takes to get the order!
40	Retail replacement of flooring in our market
41	LVT
42	Have to know who you are in the marketplace
43	Social media advertising
44	Recapturing business from the box stores
45	Exceptional Service will drive profitable business.
46	Customers want good quality at low price
47	The commercial sector and the truly green products
48	Training and educating the customers to understand the correct applications of flooring for their project
49	Provide great service
50	To add products and services
51	New products

52	If you can find installers there is alot of work
53	Internet
54	The builder segment has com back strong but so has commercial only more measured.
55	To capitalize on new home starts
56	Finding qualified labor
57	Improve customer service as a whole, better product manufacturing, more manufacturer accountability to quality
58	Taking business from companies that don't service their customers and have poor installation.
59	Raise margins, times are good
60	Custom Home Builder work
61	Demand
62	There is a pent up demand for our products. Dealers should be focused on making better margins and not giving away product.
63	Remodeling
65	Finding a stable supply of quality Installation
66	LVT and LVP
67	residential remodel
68	Back to relationship selling
69	pent up demand creating sales
70	Baby boomers
71	Remodel.
72	Commercial carpet and flooring
73	New work
74	Training installers and upgrading sales training and people.
75	Explaining value and promoting quality over volume
76	Training








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

Open Ended Responses

1	Big box advantage
2	Consumers educating themselves on the internet, prior to shopping.
3	less skilled installers
4	Internet sales
5	Internet
6	Not sure
7	The Lumber Liquidators fiasco is opening eyes.
8	People are harder to service
9	Made in the USA
10	Internet search by consumer
11	LVT and its issues in the marketplace.
12	TOO MUCH FLOORING FROM CHINA
13	new technologies with Luxury Vinyl Products and lack of qualified installers
14	Not much
15	Quality in products decreasing
16	online sales
17	Internet has changed how customers shop. They are far more educated than in the past.
18	Box stores
19	More direct and fewer channels in between mills and end users.
20	Learning to provide the quality of sales, service and installation that the more informed consumer of today is demanding.
21	Too much stuff coming from China
22	LVT
23	Big box stores
24	Impact of the internet

25	Dealing with ObamaCare
26	Hard surfaces
27	Commercial Sales
28	The sharp movement from carpet to hard floor products. Our carpet purchases were only 10.24% Q1 2015 vs 21% Q1 2014.
29	Manufacturers/distributors selling direct to the end consumer.
30	Change seems to be endless. Keeping up with it is our Challenge.
31	Continuing move to hard surfaces
32	Dealing with moisture issues in the concrete.
33	Technology
34	Never slowing consolidation is the norm.
35	Vinyl
36	Upper Middle Class nervousness
37	Hardwood sales increasing in our area
38	Technology and social media
39	Educated consumers.
40	LVT
41	Floating products moving to waterproof construction
42	training sales associates and mechanics to the proper flooring and installation for a longer term investment
43	Misleading advertisement
44	consolidation at all levels
45	new products and more color, more style
46	Manufacturers trying to sell direct
47	Fashion
48	Installation materials and techniques becoming more refined and innovative. Newer, thinner porcelain slab-like materials will become more popular.
49	The use of polyester and soft yarns in carpet. Upgrade in wood due to styling and pricing. Unlimited selection of tile and stone shortage of qualified installers.
50	Customers doing research of their potential product purchase online
51	Dealing with Government regulations

52	Consumer desire for low price without understanding quality differences, disparity between inflation and installation labor (not keeping up with inflation due to "race to bottom" on bids).
53	Customer wants value priced products.
54	to many nit wits still in our industry
55	As the economy has improved....with corresponding improvement in sales. We now have a significant labor shortage particularly in tile.
56	manufacturing returning to US
57	We do not have enough good installers to handle the business we are writing. Many of them departed the industry and haven't returned. Need to find ways to increase installer pool.
58	LVT
59	LVT
60	Finding a stable supply of quality installation
61	quality of product
62	LVT
63	A lot more distributors are direct selling to customers
64	Solution Dyed products
65	Natural products to substitutes. i.e.: stone to ceramic, natural wood to LVT
66	carpet prices high allowing higher profits in LVT and Laminate
67	Water Resistant Click Vinyl Tile and Plank
68	Labor
69	Overall attitude and outlook and profit margin improvements in all product categories. We need greater manufacturer/importer participation in FCB2B to continue growth in profitability at retail.
70	Chinese products
71	Modularization.

25. What is the primary challenge to your company as it relates to our industry?		
		Response Ratio
Training and retaining an adequate sales force for your company		22%
Hiring/using qualified installers		43%
Product Quality		8%
Product knowledge of manufacturer sales forces		4%
Reliability of manufacturer sales forces		3%
Competing with Big Box stores		12%
Lack of customers overall		9%
Open Ended Responses		
1	Consumers don't understand the difference between high-quality materials and Lumber Liquidators/ box-store DIY garbage	
2	Internet	
3	Margin pressure	
4	On time product delivery from manufacturers and distribution	
5	The expense of having employee installers vs. subcontract is roadblock to training installers. IRS does not allow businesses to train a subcontractor lest they be deemed an employee even though they can and will work for anyone.	
6	This industry needs mandates instead of guidelines	
7	Hiring retail, sales people	
8	Value in products-quality	
9	Need to check two boxes, hiring qualified installers	
10	We control our own destiny	
11	I do not see new homes in our area like in "2007" so I have gone after commercial work all over the state of Montana. The problem is the profit is not there but I am hoping that we can make it through these slow times	
12	Advertising	
13	Training and information on the new product lines an categories	
14	Too much growth too quickly	