



**WORLD FLOOR COVERING
ASSOCIATION**

Simplify Your Success

Members Market Trend Survey 2016 / Quarter 1 – Results








June 6, 2016
Confidential Report

Tile Consumer Competition
Knowledge Marketing
Dealers Products
Service LVT
Custom Work
Installation
Better Quality
Retail Ability
Training Industry
Cash and Carry Moisture
Sales Opportunity










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

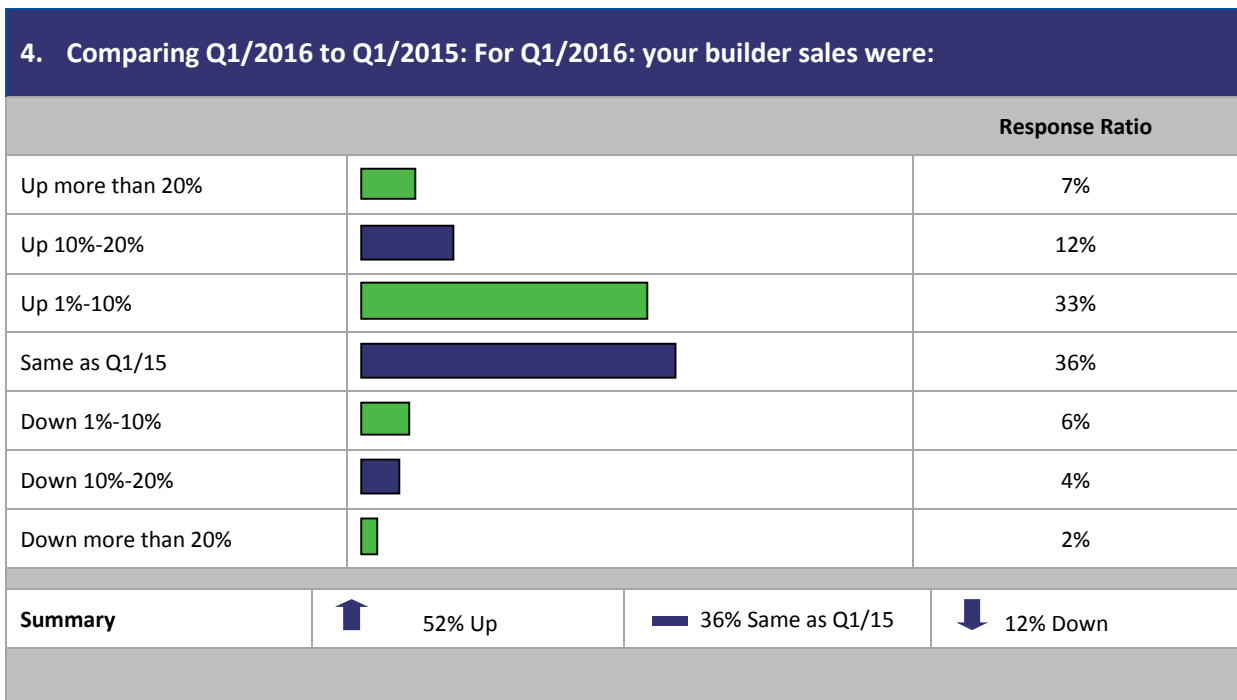
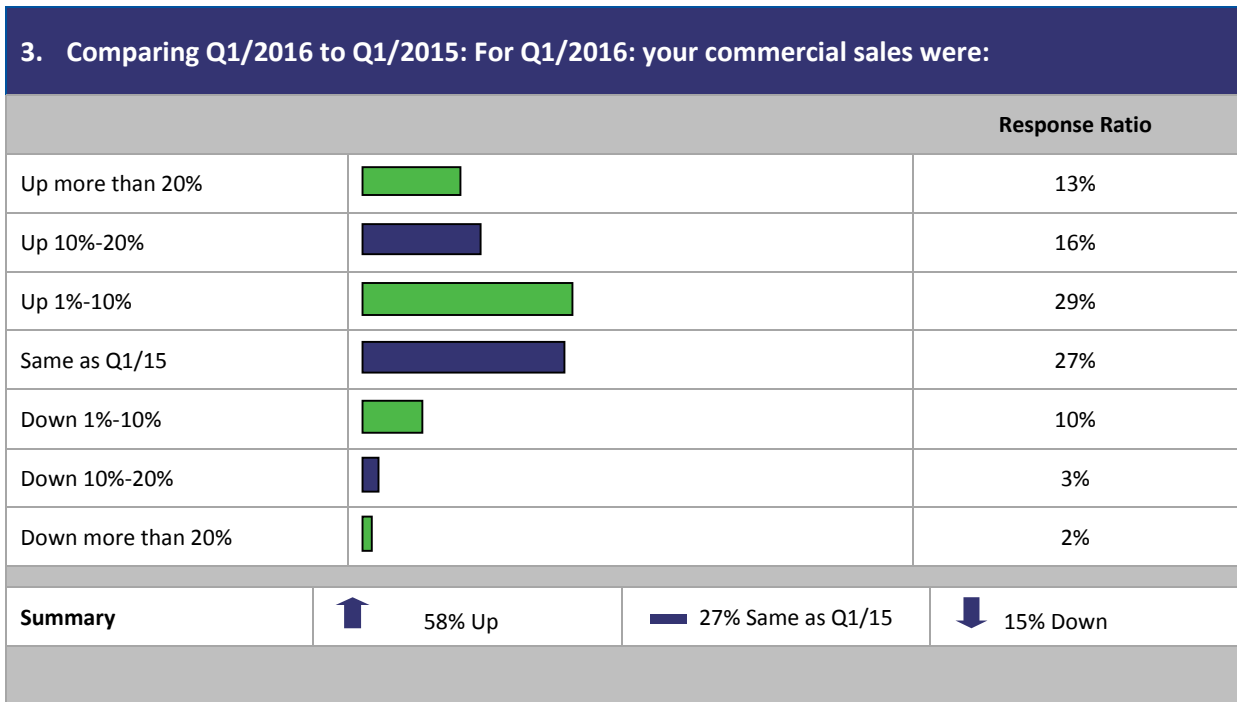
Survey information was compiled on June 6, 2016 from the responses of 114 panelists. Respondents were asked to base all answers on activity during the First quarter (JAN, FEB, MAR) of 2016.







Geographic Location

1. What primary geographic region is your company in?		
		Response Ratio
Canada – All Regions		9%
US – Northeast		17%
US – Mid Atlantic		5%
US – Southeast		19%
US – Midwest		27%
US – Southwest		7%
US – West		16%








Sales Questions







2. Comparing Q1/2016 to Q1/2015: For Q1/2016: your residential sales were:			
			Response Ratio
Up more than 20%			17%
Up 10%-20%			23%
Up 1%-10%			29%
Same as Q1/15			14%
Down 1%-10%			13%
Down 10%-20%			4%
Down more than 20%			0%
Summary	 69% Up	 14% Same as Q1/15	 17% Down










5. Which product category produced the GREATEST sales volume GROWTH in Q1/2016		
		Response Ratio
Carpet		11%
Hardwood		28%
Laminate		1%
Luxury Vinyl Tile		52%
Resilient		1%
Tile/Stone		7%
Other		0%
Open Ended Responses		
1	Coretec!!!	
2	Hardwood is 99% of our business	
3	Installation issues	
4	Inspection business	

6. Which product category produced the WEAKEST sales volume GROWTH in Q1/2016

		Response Ratio
Carpet		12%
Hardwood		6%
Laminate		38%
Luxury Vinyl Tile		5%
Resilient		23%
Tile/Stone		13%
Other		3%
Open Ended Responses		
1	Sheet Vinyl	
2	Inspection Business	

7. Which product segment produced the HIGHEST profit margin in Q1/2016		
		Response Ratio
Carpet		55%
Hardwood		15%
Laminate		0%
Luxury Vinyl Tile		14%
Resilient		5%
Tile/Stone		8%
Other		3%
Open Ended Responses		
1	Sheet Vinyl	
2	Rugs	



8. Which product segment produced the LOWEST profit margin in Q1/2016?







		Response Ratio
Carpet		13%
Hardwood		28%
Laminate		17%
Luxury Vinyl Tile		4%
Resilient		11%
Tile/Stone		25%
Other		2%



9. How have your sales by product category changed in Q1/2016 compared to Q1/2015?

	Sales Increased	No Change	Sales Decreased
Carpet	48%	30%	22%
Hardwood	64%	25%	11%
Laminate	11%	32%	57%
Luxury Vinyl Tile	82%	12%	6%
Resilient	18%	41%	41%
Tile/Stone	32%	49%	19%
Other	23%	75%	2%






General Questions

10. Does your company actively promote flooring products made in the United States or Canada?		
		Response Ratio
Yes		82%
No		18%




11. Approximately what percentage of your customers ask for products made in the United States or Canada?		
		Response Ratio
0%		2%
10% or less		43%
20%		16%
30%		18%
50%		12%
75% or More		9%

12. Generally speaking, are your customers willing to pay a premium for products made in the United States or Canada?		
		Response Ratio
Yes		49%
No		51%




13. Approximately what percentage of your customers are willing to pay a premium for products made in the United States or Canada?

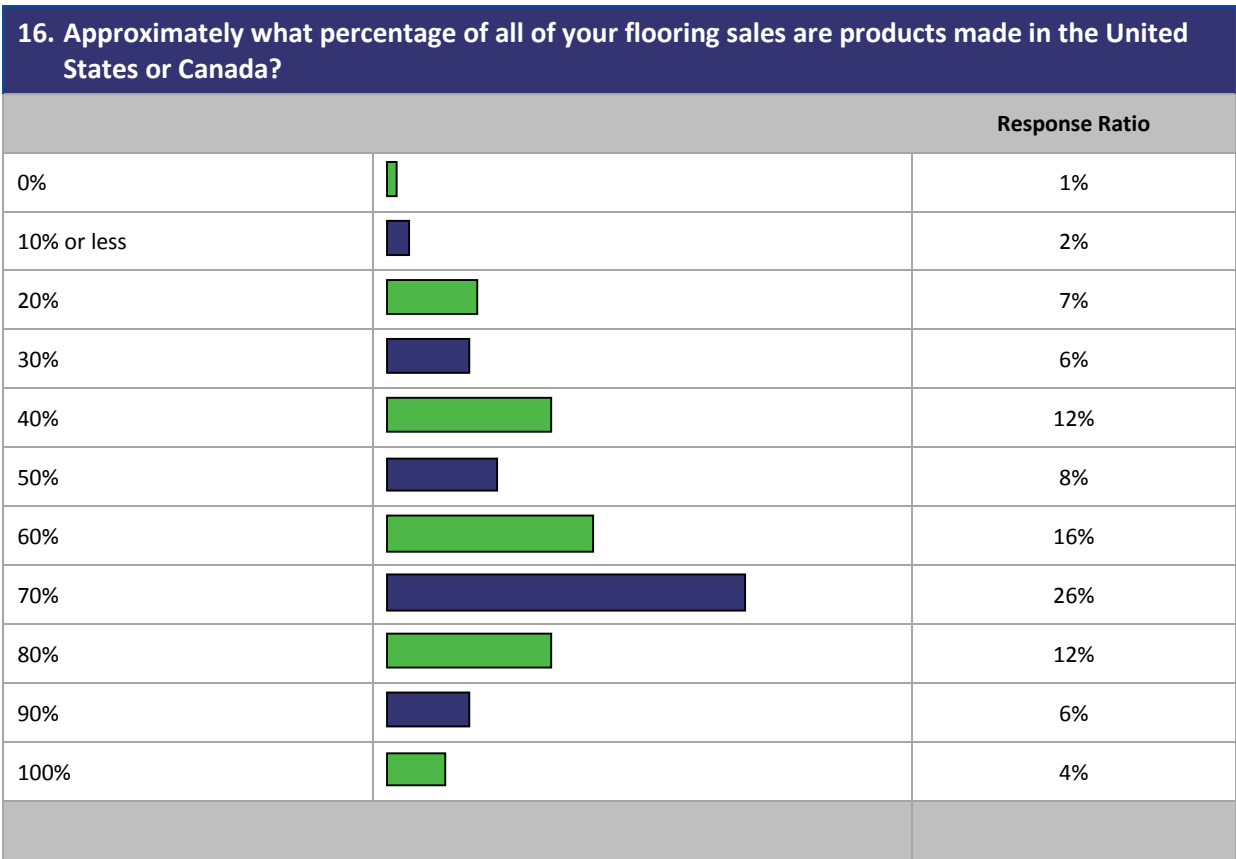
		Response Ratio
0%		0%
5% or less		13%
10%		31%
20%		22%
30%		19%
50% or More		15%

14. 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		79%
Worse		3%
Same		18%




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 Europe.





		Response Ratio
Better		36%
Worse		8%
Same		56%









17. What forms of social media/online marketing do you use for your store?		
		Response Ratio
Angie's List		36%
Facebook		84%
Google		68%
Houzz		42%
LinkedIn		47%
Instagram		20%
Twitter		31%
Pinterest		26%
YouTube		22%

18. In 2016, do you have plans to expand or update your showroom, or at least one of your showrooms?		
		Response Ratio
Yes		64%
No		36%

19. In 2016, do you plan on expanding or eliminating a store location?		
		Response Ratio
Yes, add a location		11%
Yes, eliminate a location		1%
No		88%

20. In 2016, do you plan on increasing your training programs?		
		Response Ratio
Yes, sales team training		75%
Yes, leadership training		31%
Yes, installer training		64%
No		9%

21. In 2016, do you plan on making any of the listed capital expenditures?		
		Response Ratio
Software/hardware for fcB2B		40%
New location		25%
New warehouse		19%
Increased inventory		33%
New vehicles		59%
New machinery		40%

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

Open Ended Responses

1	Custom work
2	Provide greater personal service and installation and clients have been responsive with referrals and repeat business.
3	Providing better products for consumers who now are spending more freely with their home budgets.
4	Availability of on-line marketing
5	Service and declining competitors
6	Moisture mitigation, subfloor preparation
7	LVT or LVP is a great growing opportunity for our area.
8	Retail replacement category
9	Commercial work
10	Service based business
11	Window covering sales
12	Own force installations.
13	Installation
14	Tile and Stone and the installation of those products. Custom work (showers and backsplashes) seem to be an area of growth. Providing quality installation on all products seems to be our greatest opportunity to get ahead of the competition.
15	Better quality products,
16	Tile
17	Tile and LVT
18	Commercial and main street
19	Focusing on high quality premium installations for all job types: retail, commercial and builder including the multifamily for commercial
20	Online marketing
21	Residential Remodeling. From the Do-it-Yourselfers to the Folks that hire contractors. All different income levels are wanting to improve their homes.
22	Providing quality installation beyond that of our competition.
23	To become more full service. People want us to do more.

24	Search engine optimization yields better results for less expenditure
25	Employing our installers.
26	LVT
27	The shift away from carpet to more hard surface floors, selling more, better quality, longer lasting floors.
28	RECYCLING
29	WPC
30	Installation training
31	Higher end and knowledge base
32	Installer training for professionalism
33	Digital marketing
34	The main goal of this industry should always be to help people and educate them.
35	Increase profit to pay installer more.
36	LVT has offered the ability to provide quality products at good prices and good profit margins.
37	Social media
38	Simplify, diversity, promote
39	Need for qualified installers
40	Less retail stores to compete with
41	The LVP category seems to be providing the most opportunity for growth compared to the other categories.
42	Intricate pattern work
43	Hardwood
44	Product knowledge - no one really cares about helping the consumer make the best choice - most are just trying to move the highest margin product
45	Cash and Carry!
46	LVT or LVP
47	LVP
48	For me becoming a FCITS certified inspector and moisture certified. 40 yrs retail to for something new
49	Sales
50	Retail growth

51	Providing installation that exceed industry standards.
52	LVT
53	Training and setting customers' expectations about certification and training over licensing.
54	Training for installing
55	Better installation team!
56	The ability to expand locations
57	Retail with increased advertising
58	Separating ourselves from the big boxes
59	Less competition
60	Pent up consumer demand
61	Consolidation of dealers
62	Installation and market/margin pressure from cash and carry/DIY stores. Also manufactures finding a way to help specialty dealers with installation training/standards
63	Retail
65	Concrete topical treatments and resurfacing
66	Training
67	LVT
68	My installation skills are at a real premium right now. I can name my price and choose the best jobs.
69	New product driven sales.
70	Trained professional installers

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








Open Ended Responses

1	Our customers, new challenging generations.
2	Less carpet more wood tile
3	Social media has made everyone informed as well as accountable.
4	Devaluation of flooring products caused by the big box retailers and their no margin way of doing business
5	Luxury Vinyl Tile/Plank
6	The category of "Waterproof" flooring
7	Good installers are hard to come by
8	From soft to hard
9	Slimmer margins
10	Technology with vinyl and tile in High def reproduction
11	Lack of qualified installers
12	Laminate phasing out and LVT in
13	Dwindling installation force.
14	The number of choices that are available to today's consumer. In both categories and within each category, the choices are vast.
15	Product quality and benefits
16	Consolidation
17	LVP sales and better education changing HOW we sell hardwood here in my cold dry climate
18	I'm a CFI Master installer, Retired and a flooring inspector. What I see in the industry today is the lack of trained. or skilled people out there doing the installs. Sad state of affairs.
19	Younger people shy away from this type of work. They don't understand why it take 3-5 yrs to start earning good money. Patience has been lost
20	Getting away from cheap laminate
21	Hard surface numbers continually increasing over soft surface
22	Carpet is going out of style and everyone is wanting wood or engineered. Different reasons; health, looks, maintenance.
23	Increase in LVT sales.
24	Lack of qualified installers

25	Internet sales increasing taking from the showroom and working on. No new installers coming up the track.
26	Less reliance on traditional advertising
27	Fewer young men entering the flooring installation trade
28	Hard surface in more demand than carpet
29	The consumer that is buying carpet has been spending more for their carpet purchase. Generally buying higher end products.
30	LUXURY VINYL TILES AND PLANKS
31	Shift away from soft surface to hard surface
32	More WPC being copied it's like Pergo was 15 years ago!
33	Certification... every company wants to offer it \$\$\$
34	Loss of installers
35	Digital marketing
36	The way customer's shop.
37	Increase profit to pay installer more
38	So much direct selling
39	In home sales
40	Hard surfaces have ruled!
41	The switch from soft surface to hard surface each year.
42	The evolution of ecommerce.
43	Decrease in carpet % of business
44	Internet usage continues to grow and the time of the buying process seems to have increased.
45	More DIY products
46	Hardwood
47	Hiring unqualified, apathetic employees because of high associated employee costs
48	The way people buy
49	Cash and Carry!
50	More LVT/LVP, less carpet and ceramic
51	WPC products

52	Moisture proof LVT. Pet proof carpet
53	Carpet warranty
54	As usual installers
55	LVT
56	Lower average sales
57	Diminishing quality of installation & product knowledge from sales people in the industry.
58	Higher quality goods
59	Quality has gone down both product and Installation in a race to be the least expensive, in multiple categories.
60	Lack of qualified installers
61	Consolidation.
62	Lack of installation crews
63	Going from laminate to LVT
64	Loss of installation
65	Less competition
66	emergence of the big box stores
67	Quality and quantity of installers. This is an even bigger struggle for small to medium dealers
68	Internet training the customer to be more informed before a purchase therefore lessening the "worth" of a specialty store.
69	Understanding on Asian products
70	customers are more picky and more difficult and there is more competition with unlicensed handymen
71	Lack of new people
72	Internet
73	Lack of qualified installation professionals has increased my repair business, which leads to sales.
74	Carpet to hard surface.
75	A movement back to American made goods.

24. 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		15%
Hiring/using qualified installers		58%
Product Quality		3%
Product knowledge of manufacturer sales forces		3%
Reliability of manufacturer sales forces		8%
Competing with Big Box stores		10%
Lack of customers overall		2%
Open Ended Responses		
1	Qualified installers would be our second challenge however we are succeeding in training in this area.	
2	A good rep today must be a combination of customer service, technical rep, and transportation coordinator. Most manufactures and their reps don't see it that way.	
3	Keeping prices fair for customers, yet providing good pay and benefits to my employees. Big Box stores use contract labor; we have employees to help control our work quality. We also provide insurance and benefits to our employees, which everything adds up quickly overhead wise.	
4	Changing Government rules effecting required employee benefits	
5	Top 2 of list	
6	The industry needs to pay the installer more or we will have no installers	
7	Attracting young people for sales positions	