



**WORLD FLOOR COVERING  
ASSOCIATION**

*Simplify Your Success*

## Members Market Trend Survey 2016 / Quarter 3 – Results

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November 11, 2016  
Confidential Report

WPC Competitors Quality  
Money LVT Hard Surface  
Service Flooring  
Products Business  
Installers LVP  
Customers Media  
Carpet Ability  
Commercial Economy








*\*18 Most Common Words and Phrases in Survey  
Results*

*Prepared by*













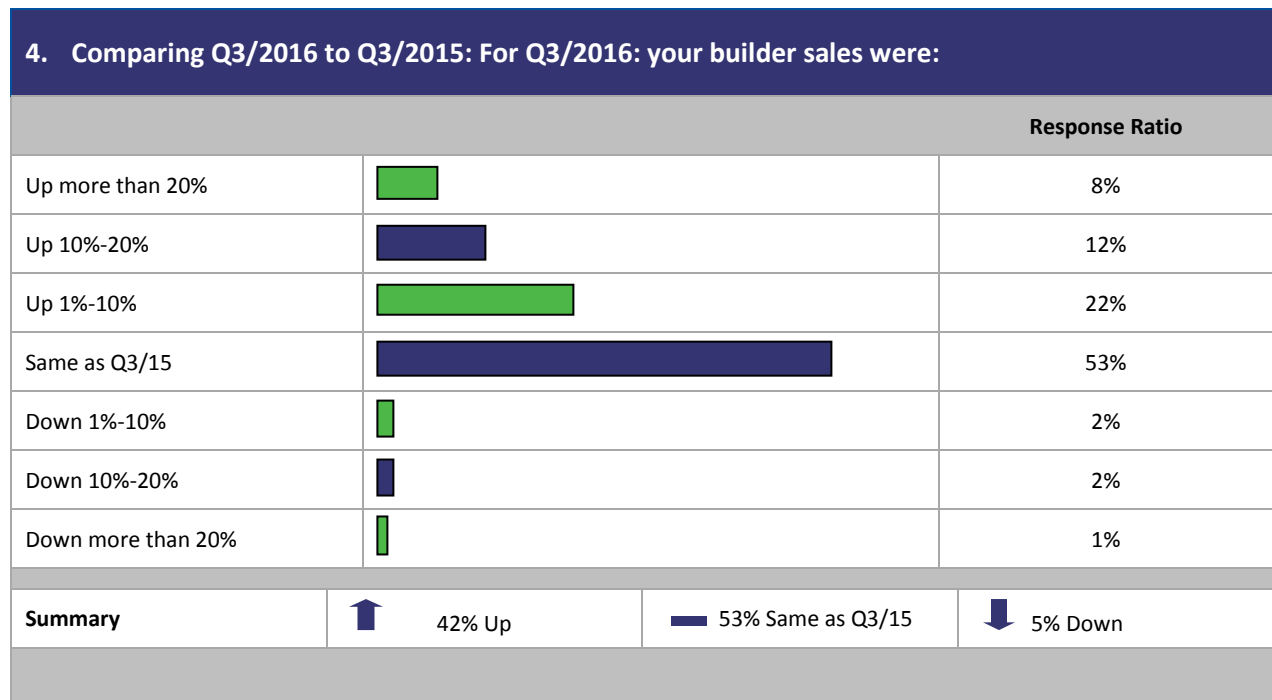
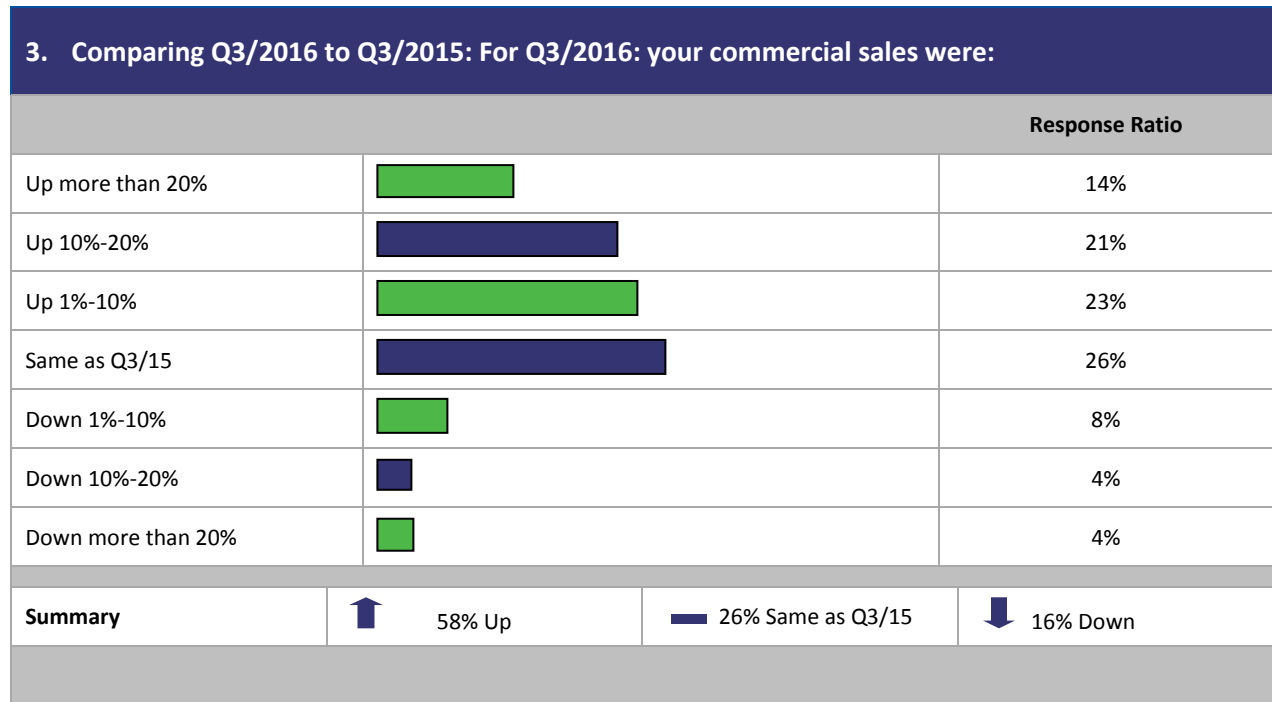
Survey information was compiled on November 11, 2016 from the responses of 132 panelists. Respondents were asked to base all answers on activity during the third quarter (JUL, AUG, SEP) of 2016.

### Geographic Location










1. What primary geographic region is your company in?		
		Response Ratio
Canada – All Regions		5%
US – Northeast		16%
US – Mid Atlantic		8%
US – Southeast		15%
US – Midwest		31%
US – Southwest		7%
US – West		18%

### Sales Questions










2. Comparing Q3/2016 to Q3/2015: For Q3/2016: your residential sales were:		
		Response Ratio
Up more than 20%		9%
Up 10%-20%		22%
Up 1%-10%		29%
Same as Q3/15		22%
Down 1%-10%		12%
Down 10%-20%		5%
Down more than 20%		1%
<b>Summary</b>	 60% Up  22% Same as Q3/15  18% Down	












## 5. Which product category produced the GREATEST sales volume GROWTH in Q3/2016

		Response Ratio
Carpet		9%
Carpet Tile		2%
Engineered		3%
Hardwood		12%
Laminate		3%
Luxury Vinyl Tile		63%
Resilient		2%
Tile/Stone		4%
Other		2%
<b>Open Ended Responses</b>		
1	Water Proof Core Products (4)	
2	LVP	
3	CoreTec floating vinyl wood plank is amazingly good	










### 6. Which product category produced the WEAKEST sales volume GROWTH in Q3/2016

		Response Ratio
Carpet		13%
Carpet Tile		3%
Engineered		3%
Hardwood		7%
Laminate		37%
Luxury Vinyl Tile		3%
Resilient		19%
Tile/Stone		9%
Other		6%
<b>Open Ended Responses</b>		
1	Rugs (2)	
2	Sheet Vinyl (3)	
3	Laminate self destructed by self degrading	

### 7. Which product segment produced the HIGHEST profit margin in Q3/2016

		Response Ratio
Carpet		48%
Carpet Tile		5%
Engineered		3%
Hardwood		10%
Laminate		3%
Luxury Vinyl Tile		17%
Resilient		2%
Tile/Stone		10%
Other		2%
<b>Open Ended Responses</b>		
1	Rugs (2)	
2	We capture higher margins on out pad	
3	Artificial turf and concrete resurfacing	
4	Carpet continues a staple especially with better fibers and qualities	
5	We sell a lot of high end carpet	






### 8. Which product segment produced the LOWEST profit margin in Q3/2016?










		Response Ratio
Carpet		10%
Carpet Tile		2%
Engineered		4%
Hardwood		28%
Laminate		23%
Luxury Vinyl Tile		5%
Resilient		8%
Tile/Stone		19%
Other		1%

### 9. How have your sales by product category changed in Q3/2016 compared to Q3/2015?

	Sales Increased	No Change	Sales Decreased
Carpet	44%	29%	27%
Carpet Tile	41%	47%	12%
Engineered	41%	48%	11%
Hardwood	45%	40%	15%
Laminate	16%	31%	53%
Luxury Vinyl Tile	84%	13%	3%
Resilient	13%	54%	33%
Tile/Stone	42%	40%	18%
Other	26%	66%	8%



### 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.		2%
I strongly prefer to do business with suppliers that can handle transactions electronically.		37%
It makes no difference whether I do business electronically or manually.		51%
I don't currently do business electronically with suppliers, but would like to start.		2%
I don't currently do business electronically with suppliers.		8%






11. What forms of social media/online marketing do you use for your store?		Response Ratio
Angie's List		19%
Facebook		76%
Google		52%
Houzz		37%
Instagram		18%
LinkedIn		40%
Pinterest		21%
Twitter		22%
YouTube		14%
Company Website		89%




### 12. Has your company received a negative review on social media?




		Response Ratio
Yes		35%
No		65%



### 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%		37%
\$500		13%
\$1000		10%
\$5000		19%
\$10,000 or more		21%




### 14. Is your company actively attempting to satisfy the negative review(s) to improve your online reputation?

		Response Ratio
Yes		91%
No		9%




15. How would you describe the overall quality of installation performed by your company today vs. 5 years ago?		
		Response Ratio
Better		63%
Worse		27%
Same		10%

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		78%
No		22%




17. Is your company running crews on Saturday or Sunday in an effort to keep up with demand?		
		Response Ratio
Yes		60%
No		40%

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		5%
A lack of good installers		54%
Both are just about equally responsible		41%




### 19. What type of installers is the industry lacking today?



		Response Ratio
Master Mechanics		18%
Entry Level		2%
Both are just about equally concerning		80%



### 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		38%
Commercial		8%
Both are just about equally affected		54%


### 21. Is your company primarily a Residential Retailer or a Commercial Flooring Dealer?

		Response Ratio
Retailer		61%
Dealer		13%
My Company is about equally both		26%




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		57%
No		43%

23. Is your company generally charging customers more for labor than its primary competitors?		
		Response Ratio
Yes		68%
No		32%






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		79%
No		21%

25. Is the shortage of qualified installers affecting your business negatively?		
		Response Ratio
Yes		54%
No		46%





**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%		61%
10%		26%
15% or greater		13%




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





		Response Ratio
5%		13%
10%		33%
20%		37%
30%		14%
50% or greater		3%

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







		Response Ratio
2%		23%
5%		27%
10%		34%
20% or more		16%

29. In 2016, do you have plans to expand or update your showroom, or at least one of your showrooms?		
		Response Ratio
Yes		60%
No		40%

30. In 2016, do you plan on expanding or eliminating a store location?		
		Response Ratio
Yes, add a location		6%
Yes, eliminate a location		2%
No		92%

31. In 2016, do you plan on training you and/or your people?		
		Response Ratio
Yes, sales team training		70%
Yes, leadership training		30%
Yes, installer training		61%
No		9%

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

		Response Ratio
Software/hardware for fcB2B		32%
New location		24%
New warehouse		22%
Increased Inventory		32%
New vehicles		58%
New machinery		32%

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

#### Open Ended Responses

1	Because of the box stores and their lack of knowledge in selling the proper products and quality installation. I promote this daily.
2	Certified installers
3	Performing quality Installation
4	Better trained salespeople and installers
5	Luxury Vinyl Plank
6	New construction
7	WPC, figuring out millennials/employees
8	I see no great opportunity, after 30 years of owning and running a retail flooring business I have concluded that I can only make a good profit when the economy is strong.
9	Quality outweighs price
10	Building a better work force
11	Difficult installation jobs
12	Attracting more customers
13	Cabinets wood refinishing

14	Certified installation training.
15	Qualified installers
16	Carpet tile and porcelain gauged panels
17	To deliver service better than our competitors.
18	installation
19	Service
20	To us the greatest opportunity is to show that the more you learn and the better you train your installers the better a job is completed
21	Installation. You can go far if you know what you really doing business-wise.
22	Find and train master mechanics
23	improved economy
24	Servicing our customer better than the rest
25	Grow
26	Lack of good installer of competitors
27	LVP and LVT
28	Main street commercial LVP & LVT products
29	Artificial Turf and Concrete resurfacing, epoxy and stains
30	LVP
31	Social Media
32	YES
33	Relating to the Millennials, finding ways to make it easier for them to shop, compare, and purchase
34	Curbless shower installs. Remodel bathrooms for the aging market.
35	Media marketing
36	Increase in patterned nylon carpets
37	Capitalizing on the new innovations in both carpet and hard surface offerings making sure to have both the knowledge of the products and having confidence in the ability to install the correctly
38	WE DO NOT HAVE A PROBLEM WITH INSTALLERS AS WE PAY A HIGHER AMOUNT AND THAT ALLOWS US TO HAVE GREAT RESULTS WITH OUR INSTALLATION. I DO NOT SEND A BIL TO A CUSTOMER UNTIL I PERSONALLY CALL AFTER THE JOB IS DONE.
39	Refurbishing 5-50yr old houses.
40	Customer Service



41	Premium Installation
42	Not sure
43	Connecting with the customers
44	Cash and Carry
45	BEING FLOORING EXPERTS
46	Good service
47	LVT
48	Coretec
49	Attracting younger tech savvy employees at all levels of our industry. The turn rate of flooring.
50	Qualified installers
51	Still easy to be the best
52	Being different and good at what we do
53	Workload
54	Commercial Hardwood
55	Upscale products and installation as well as greater design presentation in showroom design
56	Outside referrals lead sources
57	Like the fact that we are back to nylon carpets
58	I am worried because of lack of quality installers who speak English. Our customers tell us that they do not want non-English speaking worker in their homes.
59	Installing capacity and quality
60	Those who control the installers will control the business
61	More emphasis on service.
62	My greatest opportunity has been the development of our hospitality installation team
63	Taking market share
65	LONGEVITY IN BUSINESS IN OUR AREA
66	Renegotiating leases and being able to get tenant improvement money when opening a new location.
67	Installed sales are where we shine. If we don't install then our product is perceived as a commodity and we find it hard to compete on product and price alone.
68	New Product Opportunities

69	WPC sales
70	Option upgrades with home builders
71	To make more money with less competition!
72	Commercial
73	service to our clients keeps the repeat business
74	Capitalizing on hardsurface sales; hardwood, lvt and laminate.
75	lvt / wpc products
76	WPC and the technology that has made carpet so much better, unfortunately no one want carpet due to the negative advertising by other product categories.
77	Having well trained installers that can cross over from one category to another.
78	Specifying Better Products
79	In our area there are now only 2 capable commercial companies.
80	Pent up demand
81	Hard surface cleaning
82	Repairs
83	With the small # of qualified installers, keeping GREAT installers has given us tremendous growth opportunity
84	The ability to provide opportunity for consumers to buy locally and feel good about it.
85	Commercial
86	Consolidation

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

#### Open Ended Responses








1	Installation crises
2	the amount of unskilled installers
3	lack of qualified installers, the big mills forgetting about the ma and pa stores
4	Hard to tell

5	Hard Surface taking a larger Market Share
6	New construction
7	Styling, employee work ethic/expectations, wpc
8	The internet especially hard surface products found online by my customers is Killing my margins. My customers shop my store and then in 5 minutes have a much lower price than my 38% margin that I need to operate my brick and mortar store
9	LVP and lack of installers
10	How customers shop
11	Box stores
12	Smaller retailers closing their doors
13	The advances in technology and programs/software available.
14	Different quality in floors
15	Push toward qualified sales and installation
16	Carpet prices dropping due to different "yarn". Also the lack of quality labor.
17	Materials shift from soft to hard surface including the growth of LVF
18	Big Box continuing to be a go to
19	Online sales from manufacturers.
20	Less sheet vinyl
21	Shift to hard surface
22	LVP and LVT
23	Quality
24	Most products are not permanently glued or nailed to underlayment/subfoors.
25	The number and diversity of products available.
26	A strong dislike for carpet has increased year to year.
27	LESS and LESS people want sheet vinyl and laminate which used to be the staples
28	Waterproof flooring technology
29	More informed shoppers
30	Rare to find qualified installers as employees or subs
31	YES

32	The decrease in DIY and remnant shopping
33	Product improvements in all tile areas. But requires education and hands on schooling.
34	More hard surface flooring
35	Area rugs are sold everywhere. Difficult to compete
36	lvt and wpc
37	MORE OF OUR COMPETITION HAS GONE AWAY AND WE HAVE BIG BOX STORES THAT HAVE A HARD TIME INSTALLING. THIS IS A GREAT OPORTUNTIY FOR US
38	From soft to hard surfaces in most housing
39	n/a
40	Higher volume
41	Good installers
42	Advanced products
43	White installers leaving with more Hispanic installers taking their place
44	Internet shopping, more hard surface and people shopping price over quaility
45	Cash & Carry
46	On line marketing & social media
47	Changes in new products
48	Lack of installers
49	Increase in hard surface
50	Installers and internet sales
51	Adhesive issues
52	LVT LVP
53	The move back to higher end, designer products
54	Middle price points all categories diminishing now appears high or low.
55	Ease of installatioin of the new products
56	The reduction of carpet sales and the increase in hard surface
57	Advancement of product offerings
58	Change from carpet to hard surface

59	Hard surface vs soft surface trend.
60	Greatest change is lack of qualified installers is driving our installation prices up
61	Shortage of quality employees in all areas
62	PEOPLE
63	Consolidation
64	Technology helping us to become more efficient.
65	INSTALLERS and hiring good help in the store. People who truly want to work.
66	The revolving door at the manufacture level. Constantly changing the reps for our territory. Having to establish new relationships.
67	Shortage of new installers
68	Large wood looking tile
69	Hard surface has taken over Carpet.
70	Tile to LVT
71	Manpower
72	Weak carpet sales, increase in hard surface sales, more pressure on gross margins
73	Decline in use of carpet vs. hard surface
74	Hard surfaces are approximately 70% of our total square footage sales now. We will not be replacing these floors at the same rate as carpet, so I am concerned about how we are to make the same profits when the cycle will decrease but the margins are still very low?
75	Moisture mitigation systems and advanced adhesive technology
76	WPC (Water Proof Products replacing Laminate More Mgr. of LVT
77	Shortage of capable people.
78	Emergence of l.v.t. and growth of hard surface over carpet
79	Huge growth in multifamily new construction
80	Experience
81	More and more hard surface
82	The internet and availability of most products to be dropped ship to homes other than broadloom.
83	Installer shortage and WPC
84	Shift from China
85	Expectations of clients is higher and installation quality lower

86	How the customer shops in general
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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		43%
Product Quality		4%
Product knowledge of manufacturer sales forces		4%
Reliability of manufacturer sales forces		4%
Competing with Big Box stores		10%
Lack of customers overall		10%
<b>Open Ended Responses</b>		
1	General economy status	
2	Insurance rates and labor regulation	
3	It would be great if we could get technical schools to teach flooring installations	
4	All of the above	
5	I'm moving my focus to consultations and inspections as a consumer advocate	