



**WORLD FLOOR COVERING  
ASSOCIATION**

*Simplify Your Success*

## Members Market Trend Survey 2016 / Quarter 4 – Results

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February 17, 2017  
Confidential Report








Carpet<sub>Tile</sub> Labor<sub>Impact</sub>  
Internet<sub>Low</sub> Sales  
LVP LVT<sub>BigBox</sub>  
Installers<sub>Business</sub>  
Waterproof Flooring  
Products<sub>Software</sub>  
Hard Surface  
Consumers Marketing  
Social Media  
Customer Expectations

*\*20 Most Common Words and Phrases in Survey  
Results*











Prepared by  **BOWE**

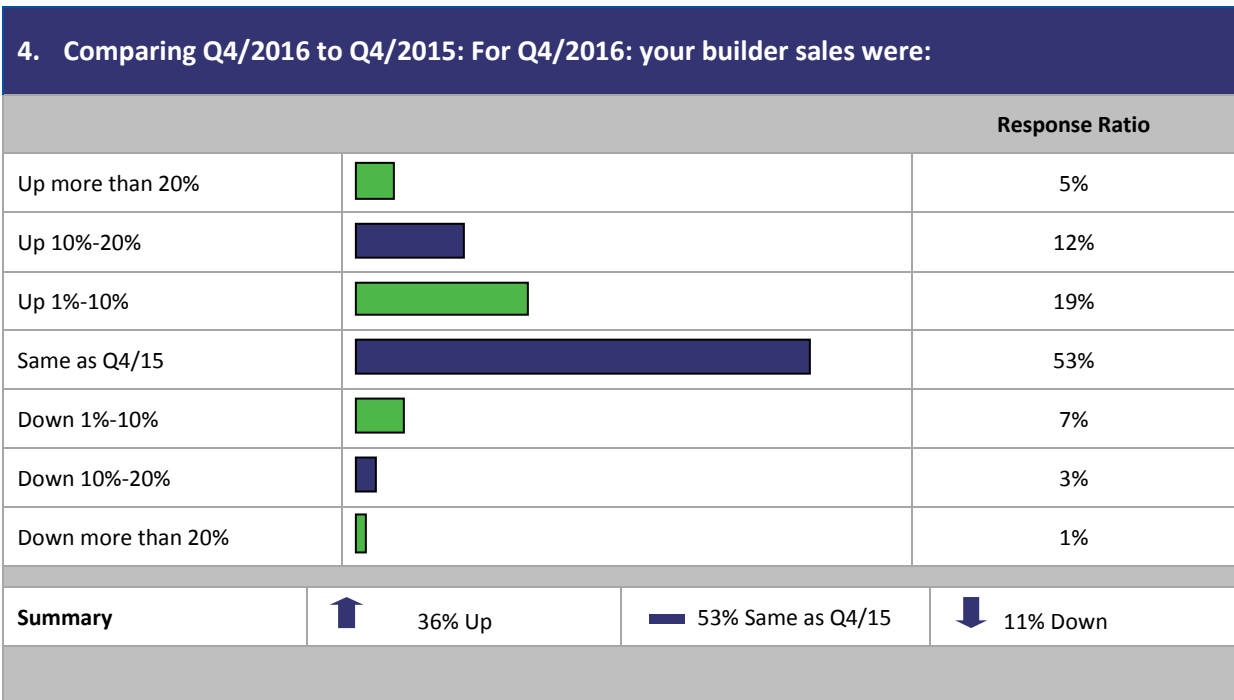
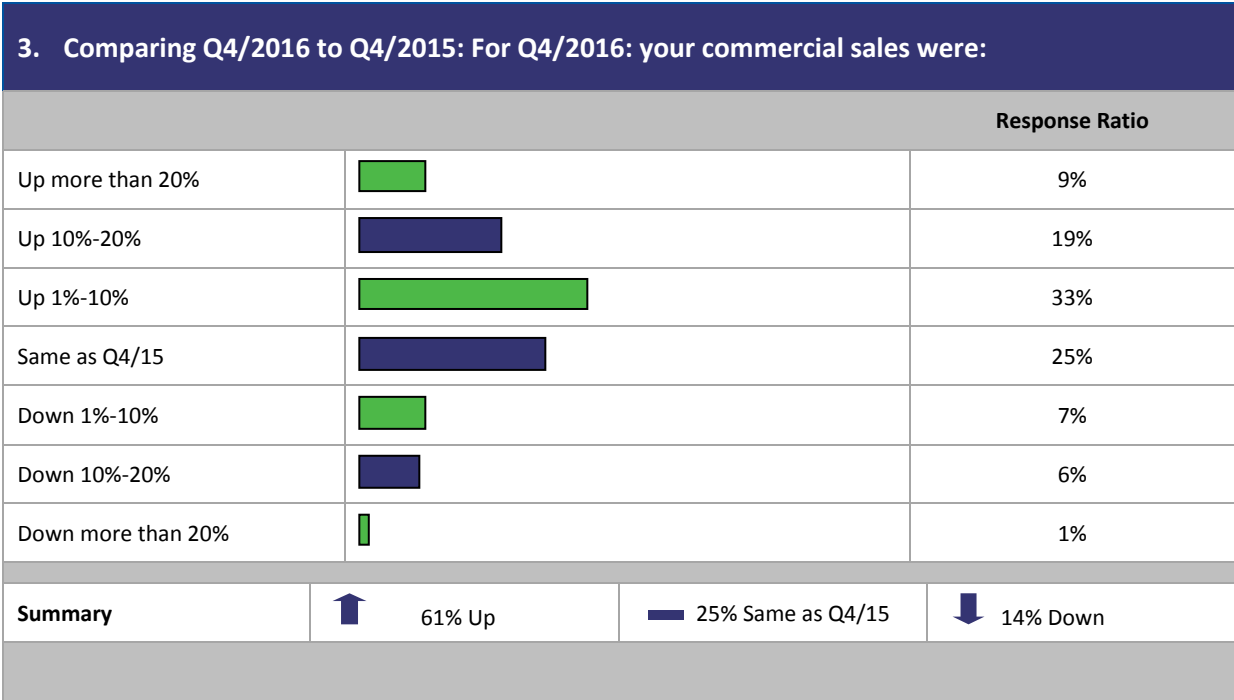
Survey information was compiled on February 16, 2017 from the responses of 120 members. Respondents were asked to base all answers on activity during the fourth quarter (OCT, NOV, DEC) of 2016.

### Geographic Location









1. What primary geographic region is your company in?		
		Response Ratio
Canada – All Regions		7%
US – Northeast		10%
US – Mid Atlantic		8%
US – Southeast		15%
US – Midwest		32%
US – Southwest		8%
US – West		20%










### Sales Questions









2. Comparing Q4/2016 to Q4/2015: For Q4/2016: your residential sales were:			
			Response Ratio
Up more than 20%			8%
Up 10%-20%			16%
Up 1%-10%			39%
Same as Q4/15			20%
Down 1%-10%			12%
Down 10%-20%			4%
Down more than 20%			1%
<b>Summary</b>	 63% Up	 20% Same as Q4/15	 17% Down












## 5. Which product category produced the WEAKEST sales volume GROWTH in Q4/2016

		Response Ratio
Carpet		20%
Carpet Tile		3%
Engineered		1%
Hardwood		6%
Laminate		34%
Luxury Vinyl Tile		0%
Resilient		24%
Tile/Stone		9%
Other		3%
<b>Open Ended Responses</b>		
1	I only do hardwood install or refinish	
2	I don't sell this, so no growth	
3	Carpet as well	

6. Which product category produced the GREATEST sales volume GROWTH in Q4/2016		
		Response Ratio
Carpet		11%
Carpet Tile		4%
Engineered		5%
Hardwood		8%
Laminate		1%
Luxury Vinyl Tile		64%
Resilient		1%
Tile/Stone		4%
Other		2%
<b>Open Ended Responses</b>		
1	Inspections	
2	Coretec	
3	Rugs	
4	Hardwood	

7. Which product segment produced the HIGHEST profit margin in Q4/2016		
		Response Ratio
Carpet		50%
Carpet Tile		5%
Engineered		2%
Hardwood		10%
Laminate		0%
Luxury Vinyl Tile		16%
Resilient		3%
Tile/Stone		11%
Other		3%
<b>Open Ended Responses</b>		
1	We buy many rolls of specials	
2	Rugs	
3	Polished concrete	





8. Which product segment produced the LOWEST profit margin in Q4/2016?		
		Response Ratio
Carpet		10%
Carpet Tile		2%
Engineered		5%
Hardwood		32%
Laminate		13%
Luxury Vinyl Tile		4%
Resilient		11%
Tile/Stone		21%
Other		2%
<b>Open Ended Responses</b>		
1	DIY Internet shoppers kill our margins even when they don't want to buy that way	
2	competition from carpenters/Handymen reduce profit margin	





## 9. How have your sales by product category changed in Q4/2016 compared to Q4/2015?











	Sales Increased	No Change	Sales Decreased
Carpet	36%	32%	32%
Carpet Tile	52%	39%	9%
Engineered	42%	48%	10%
Hardwood	37%	48%	15%
Laminate	13%	34%	53%
Luxury Vinyl Tile	89%	7%	4%
Resilient	16%	43%	41%
Tile/Stone	27%	50%	23%
Other	10%	80%	10%





### 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.		0%
I strongly prefer to do business with suppliers that can handle transactions electronically.		39%
It makes no difference whether I do business electronically or manually.		53%
I don't currently do business electronically with suppliers, but would like to start.		1%
I don't currently do business electronically with suppliers.		7%

11. How do you place orders electronically?		
		Response Ratio
Mill Website		67%
Distributor Website		47%
Internal Software		15%
fcB2B Software		21%



12. What forms of social media/online marketing do you use for your store?		
		Response Ratio
Angie's List		24%
Facebook		79%
Google		47%
Houzz		46%
Instagram		19%
LinkedIn		36%
Pinterest		22%
Twitter		25%
YouTube		17%
Company Website		83%

13. Has your company received a negative review on social media?		
		Response Ratio
Yes		48%
No		52%




**14. 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%		49%
\$500		9%
\$1000		11%
\$5000		11%
\$10,000 or more		20%



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




		Response Ratio
Yes		87%
No		13%




**16. How would you describe the overall quality of installation performed by your company today vs. 5 years ago?**




		Response Ratio
Better		52%
Worse		38%
Same		10%




17. 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		73%
No		27%



18. Is your company running crews on Saturday or Sunday in an effort to keep up with demand?		
		Response Ratio
Yes		57%
No		43%



19. 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		40%
Both are just about equally responsible		55%



20. What type of installers is the industry lacking today?		
		Response Ratio
Master Mechanics		15%
Entry Level		12%
Both are just about equally concerning		73%



21. 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		29%
Commercial		5%
Both are just about equally affected		66%




22. Is your company primarily a Residential Retailer or a Commercial Flooring Dealer?		
		Response Ratio
Retailer		57%
Dealer		8%
My Company is about equally both		35%






23. 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		55%
No		45%





24. Is your company generally charging customers more for labor than its primary competitors?		
		Response Ratio
Yes		70%
No		30%



25. 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		80%
No		20%




26. Is the shortage of qualified installers affecting your business negatively?		
		Response Ratio
Yes		56%
No		44%





27. 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%		73%
10%		20%
15% or greater		7%

28. Approximately what percentage of qualified installers is your company short or would hire today if they were available?		
		Response Ratio
5%		16%
10%		30%
20%		41%
30%		10%
50% or greater		3%

29. Approximately how much revenue do you believe your company is losing due to the installation crisis?		
		Response Ratio
2%		20%
5%		33%
10%		22%
20% or more		25%







30. In 2017, do you have plans to expand or update your showroom, or at least one of your showrooms?		
		Response Ratio
Yes		56%
No		44%

31. In 2017, do you plan on expanding or eliminating a store location?		
		Response Ratio
Yes, add a location		7%
Yes, eliminate a location		4%
No		89%

32. In 2017, do you plan on training you and/or your people?		
		Response Ratio
Yes, sales team training		81%
Yes, leadership training		44%
Yes, installer training		63%
No		7%



### 33. In 2017, do you plan on making any of the listed capital expenditures?

		Response Ratio
Software/hardware for fcB2B		31%
New location		15%
New warehouse		15%
Increased Inventory		36%
New vehicles		50%
New machinery		29%

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

#### Open Ended Responses

1	Full Service Installation
2	Increasing profitability... We lost a lot of stores during the housing crisis of 2008 and they have not been replaced
3	Selling multiple product lines (more than flooring).
4	Growing sales in Commercial and Builder.
5	Online
6	Custom installations
7	Sorry I can't think of one
8	I believe that brick and mortar independent dealers have a tremendous opportunity to differentiate themselves from buying groups, franchises and big box, if they take the opportunity to organize and train themselves.
9	Try to change the image of floor installers for them to capitalize on
10	to fill more available jobs
11	Commercial work has been on the increase. Tapping into that while maintaining our residential customers
12	Resilient products. Vinyl plank, vinyl tile

13	In our market, it has been the tremendous growth. Even if you busy you still need to be the go to company and take care of that customer
14	Training
15	Resilient
16	Service
17	Improving service
18	Yes
19	The opportunity to shift to "employed installers" due to the lack of qualified installers.
20	Ongoing consolidation of flooring stores. Less means more opportunity and better margins.
21	Vinyl as well specialty hardwood
22	Installing what you sell!!
23	New and better products
24	Retailers retiring and closing stores
25	Properly trained staff in all facets
26	Better training and education
27	Installer Quality
28	Adding other products not flooring related
29	For me after 40 years is this industry perusing my consulting and independent inspection service is my greatest opportunity.
30	Nothing
31	Reaching out to millennials
32	The products and to get them out there to the customers
33	High quality craftsmanship
34	Answering Surveys
35	Better products
36	Post-recession growth, our area was one of the last to get out of recession
37	Own force installers for future installation capacity
38	Effective use of the internet to market my company
39	Social media

40	Tile & Stone
41	Improve installation quality
42	Need for skilled labor
43	Separating ourselves from the big box stores
44	Shop at home
45	Those who control installation will have a leg up in this industry
46	Higher end retail replacement
47	Quality trained service
48	Floating lvt
49	The ability to compete with the big boxes by electronic media advertising
50	Moisture mitigation
51	Pent up demand now ready to spend on their homes
52	We are a 1 store location Abbey store we do 6 million revenue  The only opportunity I see is if the economy grows we can't keep competing against the internet when people shop our store and then buy online  Soon there will be none of us left
53	Installation
54	Special inventory purchases
55	Providing more hard surfaces
56	Waterproof flooring
57	N/A only 2 yrs in business
58	POEPL E WANT COMFORTABLE HOMES WHERE THEY WANT TO BE
59	The builder market has seen a large growth in the Southeast
60	Becoming a complete Design Center
61	Hardwood and LVT
62	Meeting increased demands from consumers
63	LVT
65	The recession drove some bad competitors out of business, and today's consumer seems to want better quality, and willing to pay for it.

66	Kitchen design
67	LVT
68	Difficulty of installation. Very few DIY
69	High end work.
70	Installation
71	Switching customer from carpet to hard surface
72	Trump getting rid of Obama care
73	As an installation professional I am uniquely qualified to address issues caused by poor craftsmanship. I do a lot of repairs and make many new contacts.
74	In the past 5 years + the industry was not proactive
75	Selling more hard surface as a % of total sales
76	Installer capacity
77	Good economy
78	Diversification

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








#### Open Ended Responses

1	Cash and Carry and online sales - material only - Customer is forced to find own installer.
2	Use of electronics - management software - floor right take-offs - site draw software... It's been a blessing...
3	Lack of Qualified Installers
4	Lack of good installers. In general, good people are tougher across the board. Has become an arms race for good people in general.
5	The use of the internet in the shopping process and the demise of our installation labor.
6	Customer expectations
7	Marketing more challenging
8	The chain of distribution has been broken. Consumers can purchase direct & in a lot of cases pay a retailer's cost or less. This is not a onetime observation it is a repeat scenario.

9	LVT
10	Older installers are lacking
11	Lack of good installers entering the business
12	LVT and WPC products
13	Requirement to have an On-line presence.
14	Shift to hard surface from carpet
15	Lack of qualified installation. The shift from carpet to hard good primarily lvt,wpc etc
16	LVT growing
17	Less carpet
18	LVT
19	LVT
20	A "march" from manufactures to provide floors for the DIY market.
21	Yes
22	Lack of Installers coming into the field
23	Increased hard surface sales; hardwood and LVT.
24	The loss of installers. Dealers refusing to improve margins. High end carpet increase along with custom area rugs. Use of carpet tile on commercial jobs.
25	Lack of new installers and interest
26	Materials only low margin outlets!!
27	New installation systems
28	Rather than answer this question. Question 25 is a bad question. It is two questions in one. Yes, to first part, no to second part.
29	Lack of product knowledge by sales people
30	Low margins non personal service
31	Impact of social media
32	Hard surface is taking market share in both Residential and Commercial
33	On-line purchases and the dissemination of WRONG INFORMATION on videos etc...
34	Nothing
35	Customer expectations and use of social media

36	The updated products ,and selling the better products and the better quality that is present today
37	LVT
38	Too much regulation
39	Increase in the amount of products
40	Lack of skilled labor, no new installers entering work force. Misleading marketing by competitors, shift to big box causes lost opportunities. Manufacturers catering to lower quality products and those who sell them.
41	Social media's impact on all commerce especially e-commerce
42	Social media
43	To greater Tile & Stone
44	Shift to LVP
45	Better software
46	Lack of interest in recruiting new installers and sales force
47	where to find customers. i.e. traditional advertising is changing greatly and quickly
48	Shift from soft goods to hard surfaces
49	Move to hard surface
50	Big Box, Big Brand are leading thepack
51	Engineered wood from china
52	LVT Flooring
53	Proprietary adhesives
54	Lack of installers
55	Internet
56	Internet and home center or corporate competition
57	Vinyl to LVT
58	Waterproof flooring
59	EASY TO CARE FOR PRODUCTS
60	More on line sales
61	Increase in LVP

62	Internet shopping
63	Higher expectations from consumers
64	Much higher quality at a very reasonable price for materials and labor compared to other items (car batteries, tires, ETC.)
65	The rise of the internet for news and information, and the social media phenomenon.
66	waterproof flooring
67	Lumber liq. killing laminate sales
68	Less distributors
69	Poor installation knowledge and practices.
70	more internet and retail discounters
71	Home Centers being more competitive on product only and installed sales.
72	Growth
73	Cheap LVT
74	Quality of products has dropped and quality of installation along with it.
75	Labor shortage
76	Advancements in performance features of most all hard and soft surfaces
77	Consolidation of business.
78	Lack of installers
79	The movement to floating LVT replacing laminate flooring
80	No installers
81	Diversification

36. 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		42%
Product Quality		6%
Product knowledge of manufacturer sales forces		6%
Reliability of manufacturer sales forces		1%
Competing with Big Box stores		10%
Lack of customers overall		10%
<b>Open Ended Responses</b>		
1	Good sales people are also hard to find...	
2	On retail i would also say the amount of business going online that we never get an opportunity to sell.	
3	Lack of availability for both sales staff and installers	
4	Lack of customers who are educated or care about quality over price	
5	Mfg are not always backing defective products	
6	Does Amazon enter the space?	
7	Large competitors and the internet	
8	Online sales have grown hundreds of percent over the past few years if this continues it will crippled anyone not engaged in online sales.	
9	Sales force also not as bad as technicians	
10	Training sales staff and hiring qualified union installers. Millennials are not that interested in the floor covering business	