



## Market Trends Survey Q4 2017 Results

Dear WFCA Member,

Welcome to the 2017 Q4 WFCA Market Trends Survey results! Responses to this survey were received from 60 WFCA retail members, representing a broad spectrum of flooring dealers across the country.

The survey results show a very positive story for our industry, with the majority of retailers reporting sales increases in all three market segments - Retail, Commercial, and Builder/Multi-Family. It was clear that LVT/WPC/SPC have caught fire across the industry as the highest sales volume growth category, typically at the expense of Laminate.

Profit margins remain the highest in the Carpet segment, as has been the case for the past several years. Hardwood continues to be reported as showing the lowest profit margin segment.

The survey also showed that a majority of retailers plan on expanding or updating their showrooms in 2018, as well as investing in more sales training, installer training, and leadership training. On the open ended question that asked about the greatest problem in our industry today, the overwhelming response was about the lack of installers. It should be noted that the WFCA, along with the Floor Covering Leadership Council (FCLC), has chosen to own this issue and is actively working on quantifying the scope of the problem and identifying solutions for the industry.

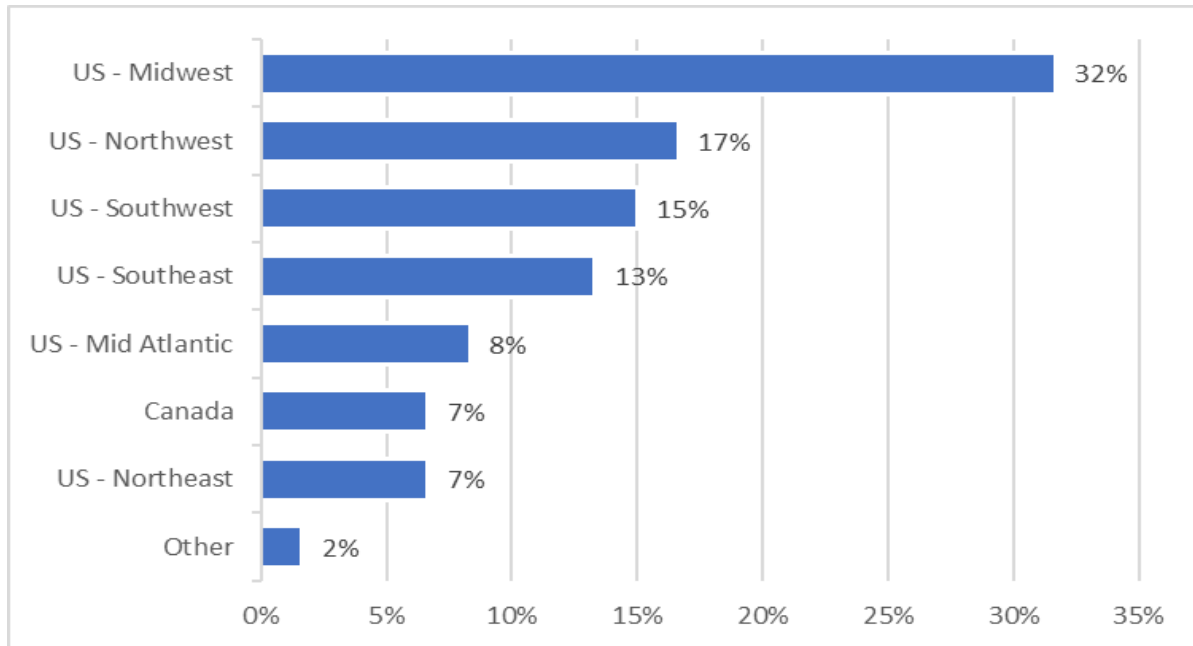
Finally, more and more retailers are using the internet and social media for online advertising and selling than ever before, and doing more of their business transactions, such as sending purchase orders to suppliers and receiving invoices from suppliers, electronically, and are planning on spending more on the software that helps make that happen.

The WFCA has the resources available to help you with the things you need to improve your business. See our website, [www.wfca.org](http://www.wfca.org) for details, sales training opportunities, technology help, and other exclusive member benefits. Call or email us with questions or suggestions, our job is to help make you successful!

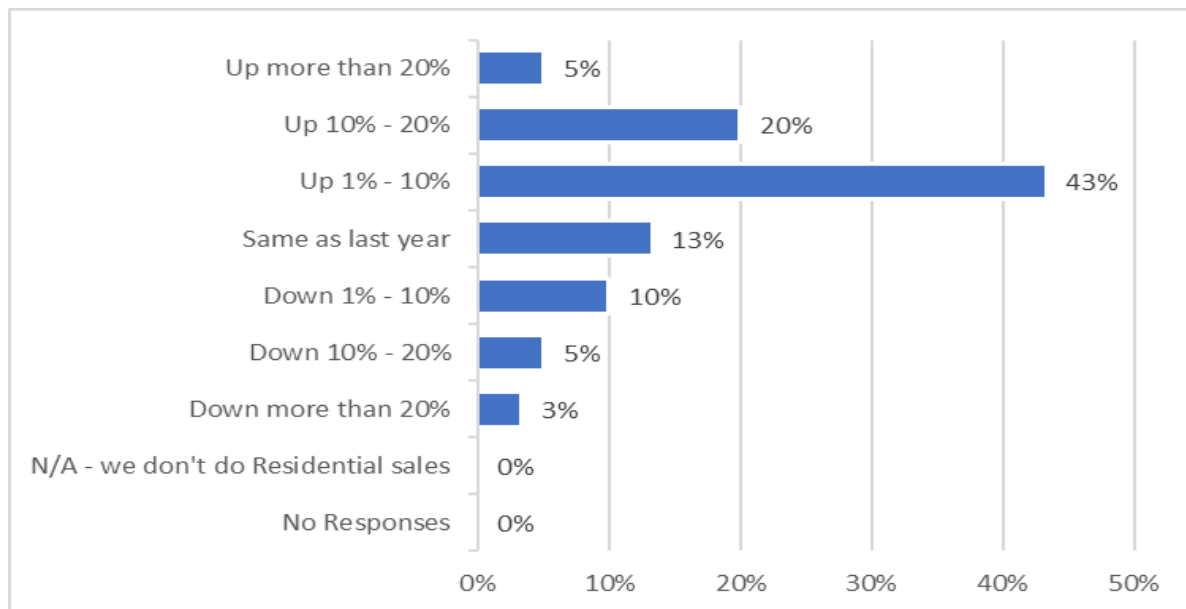
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1. What primary geographic region is your company in?

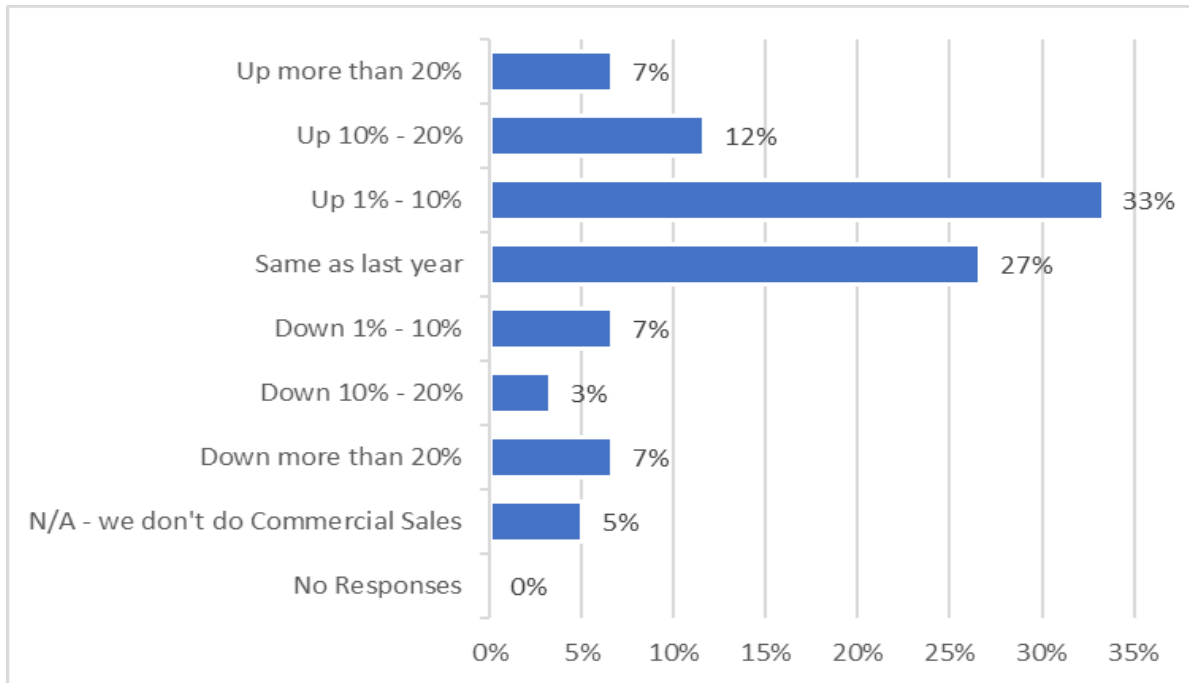


2. Comparing Q4/2017 to Q4/2016: For Q4/2017, your Residential sales were:

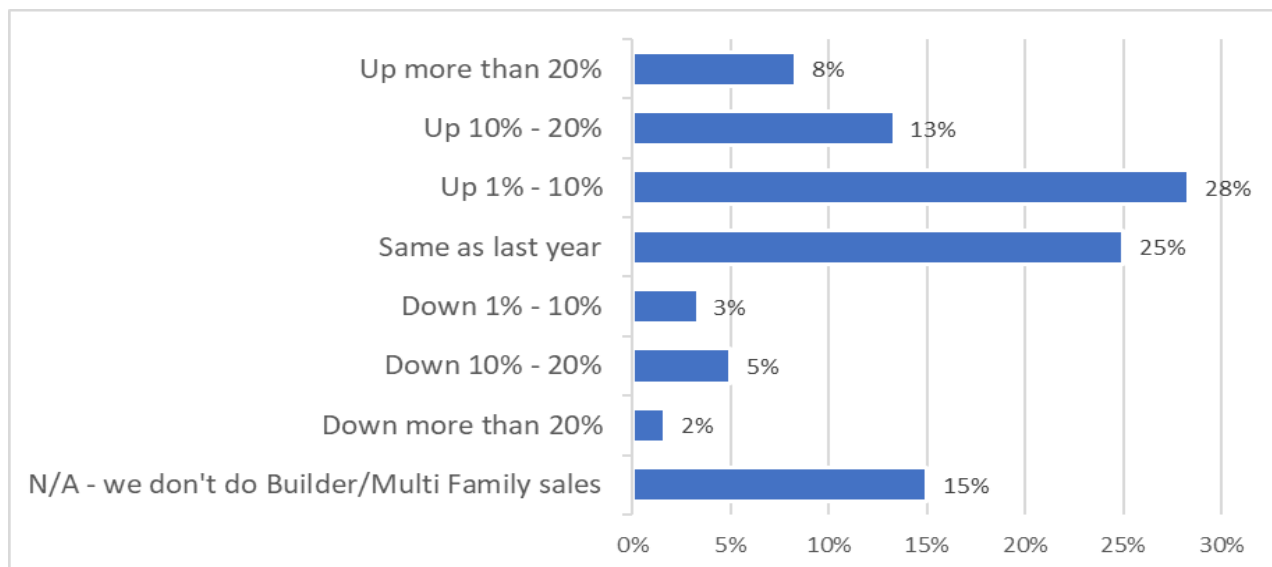




3. Comparing Q4/2017 to Q4/2016: For Q4/2017, your Commercial sales were:

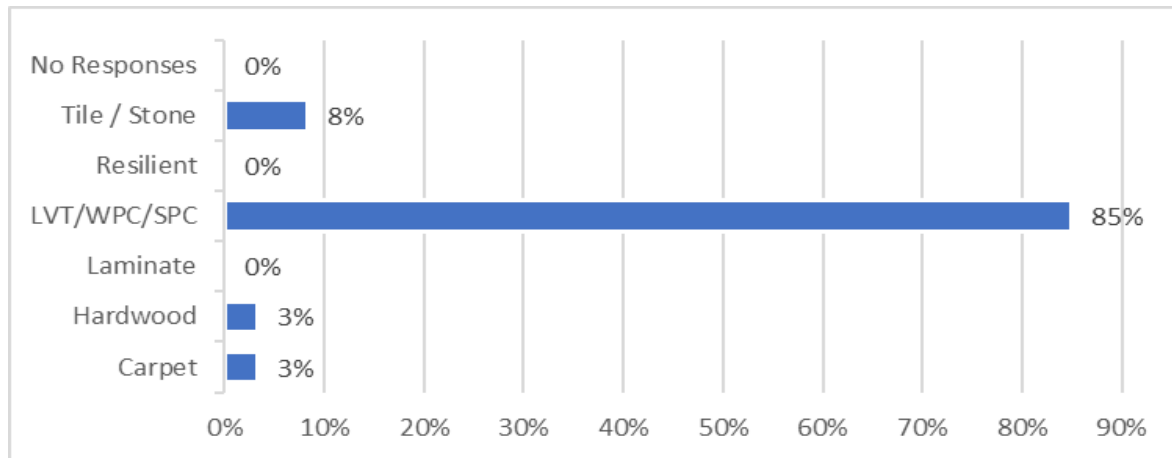


4. Comparing Q4/2017 to Q4/2016: For Q4/2017, your Builder/Multi Family sales were:

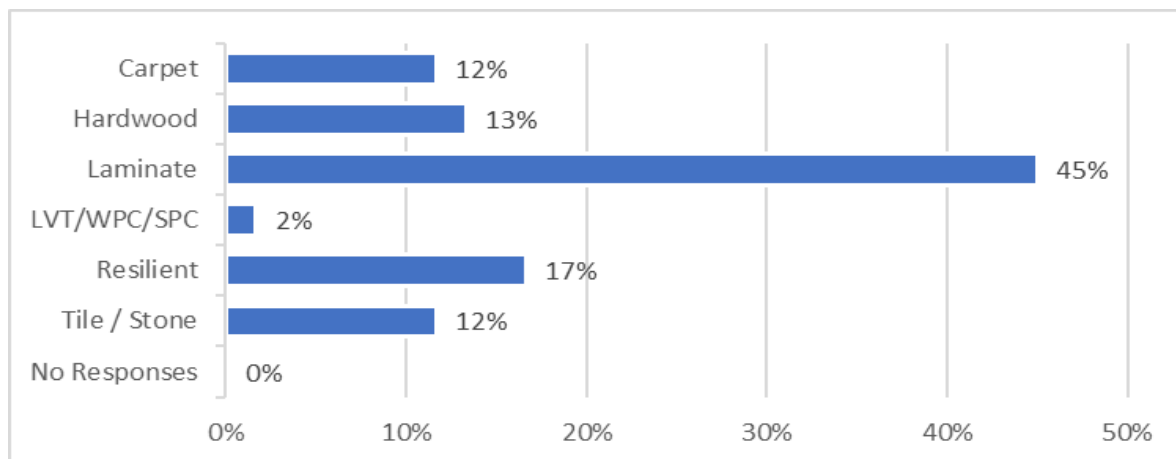




5. Which product category produced the GREATEST sales volume GROWTH in Q4/2017?

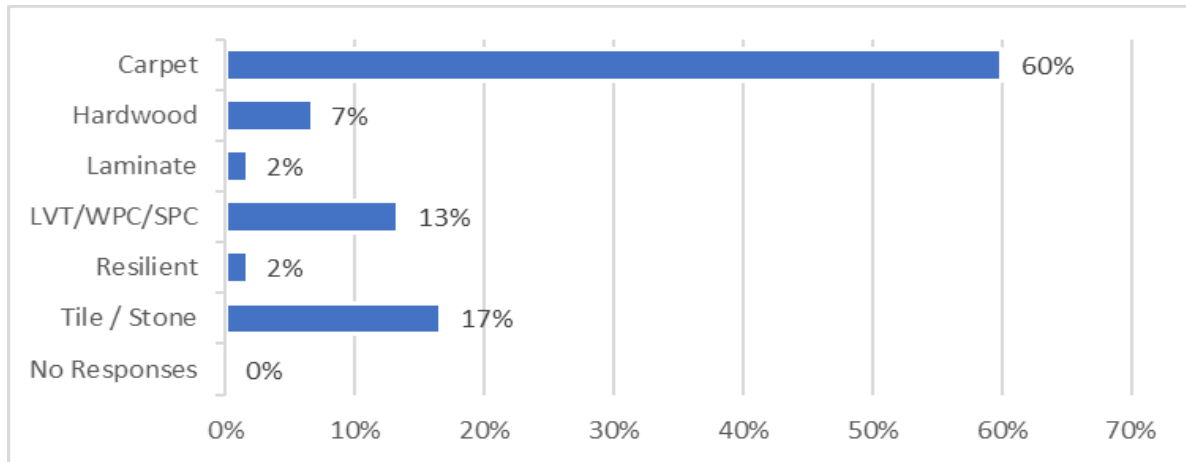


6. Which product category produced the WEAKEST sales volume change in Q4/2017?

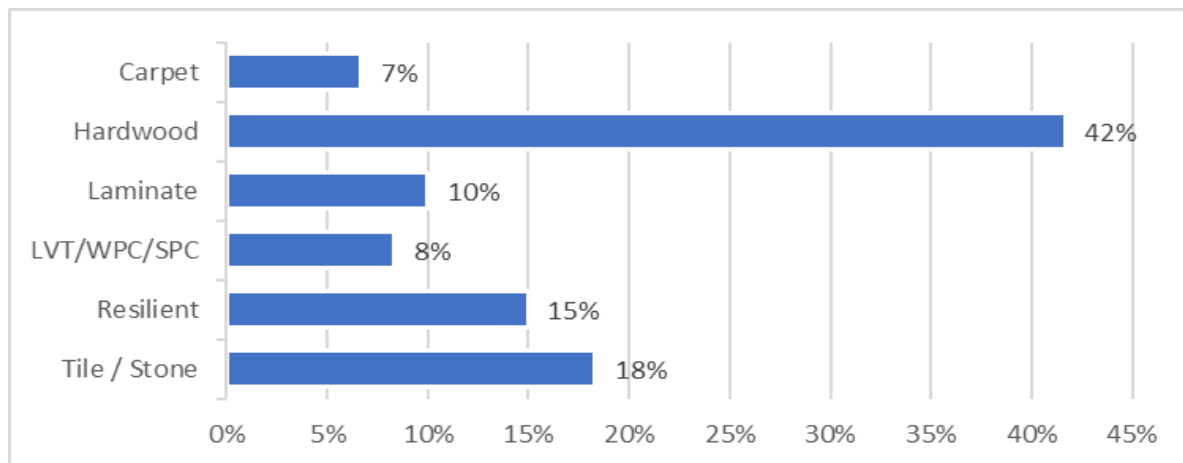




7. Which product segment produced the HIGHEST profit margin in Q4/2017?



8. Which product segment produced the LOWEST profit margin in Q4/2017?

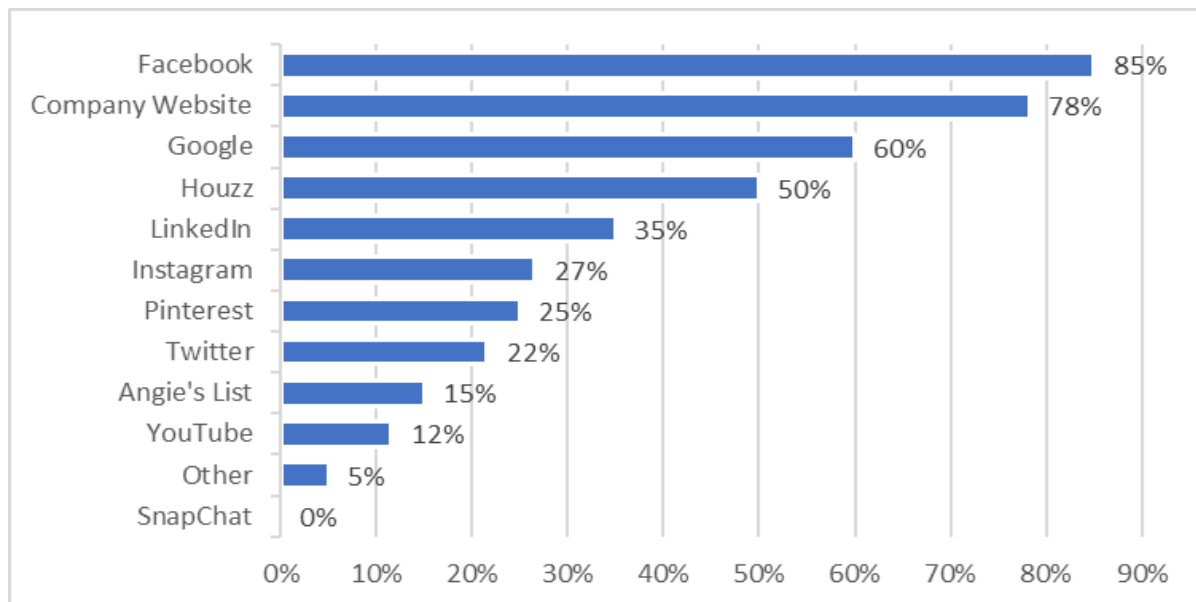




9. How have your sales by product category changed in Q4/2017 compared to Q4/2016?

	Sales Increased	No Change	Sales Decreased	N/A
Carpet	42%	35%	22%	2%
Carpet Tile	50%	38%	7%	5%
Engineered Wood	48%	30%	13%	8%
Solid Hardwood	10%	37%	37%	17%
Laminate	12%	20%	62%	7%
LVT/WPC/SPC	90%	5%	3%	2%
Resilient	15%	40%	38%	7%
Tile / Stone	35%	43%	12%	10%

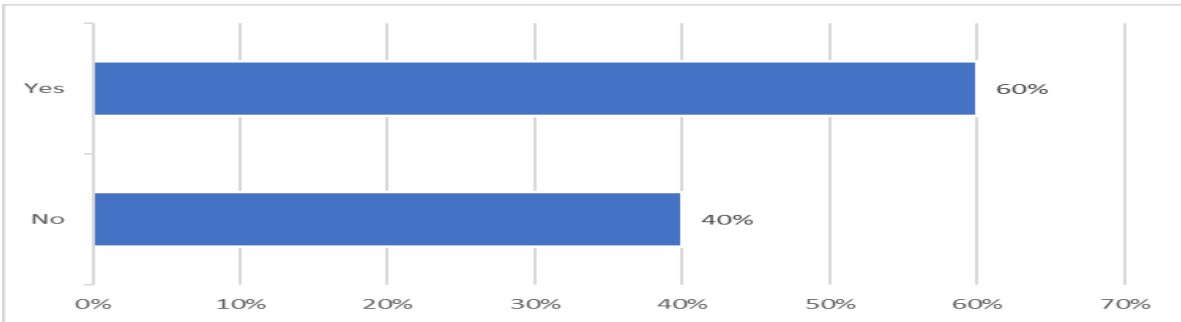
10. What forms of social media/online marketing do you use for your store?



Other: We do not use any. Always been word of mouth  
Carpet One Microsites, Shaw and Mohawk company websites for a couple of our other stores.

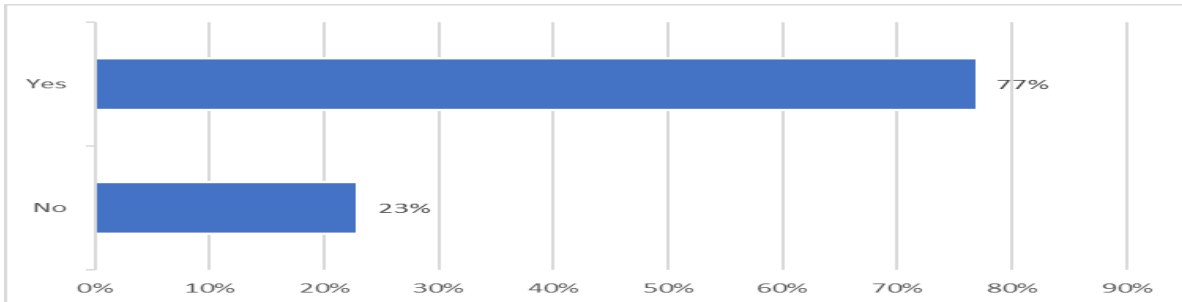


### 11. Has your company received a negative review on social media?



Comments: The reviews were from customers that did not buy from our store. They picked a store that was 2000 miles from their house. It was hell getting them to retract the review.  
From someone who didn't even buy from us A 21 year old girl who thought our prices are high  
You're not doing any business unless you get a negative review once in a while. Turning the negative review around into a positive is what we do when we get them.  
Very few...  
I was corrected

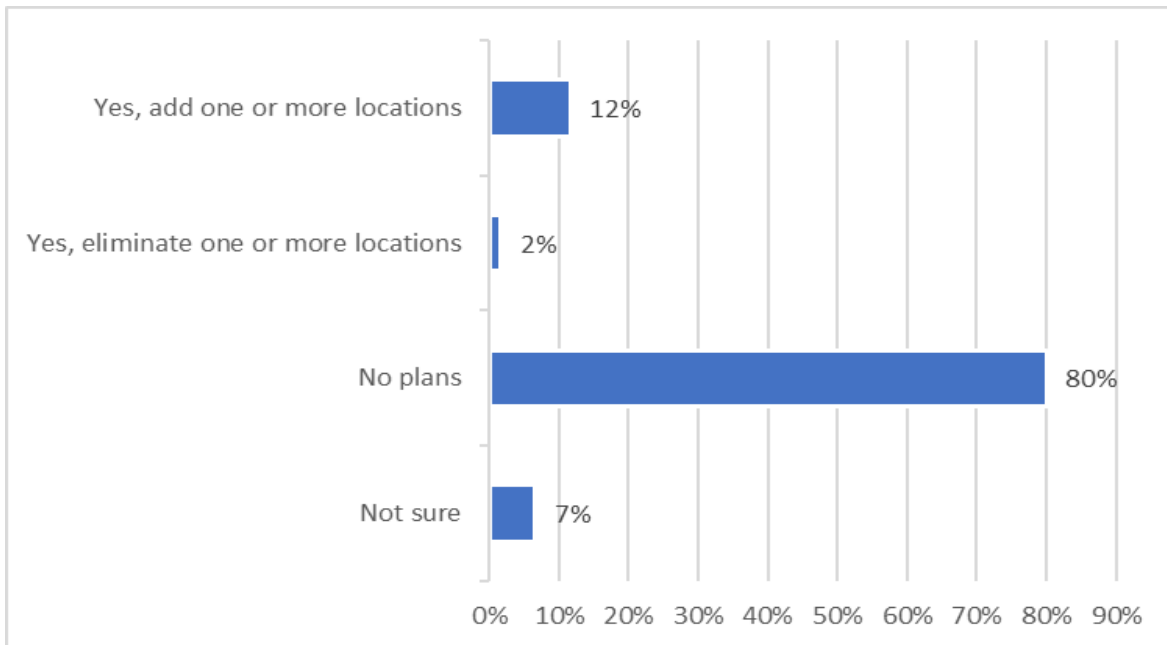
### 12. In 2018, do you have plans to expand or update your showroom, or at least one of your showrooms?



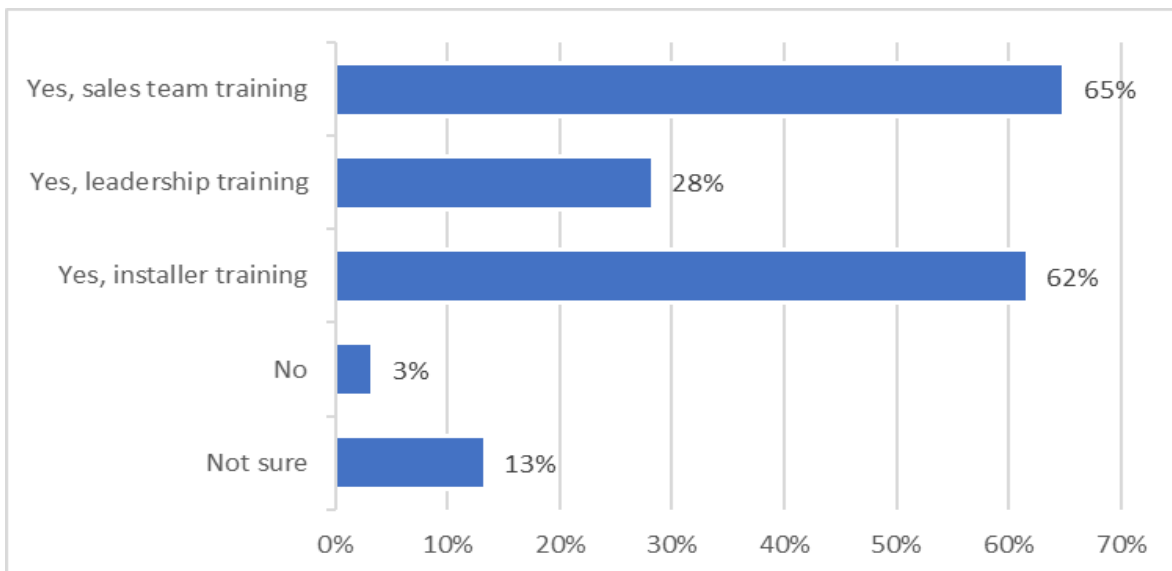
Comments: We did it this year  
Already have done one showroom makeover and will do another one before the end of Summer.  
Updated end of 2017  
update most of the showroom  
We moved last year and renovated/upgraded at that time



13. In 2018, do you plan on expanding or eliminating a store location?



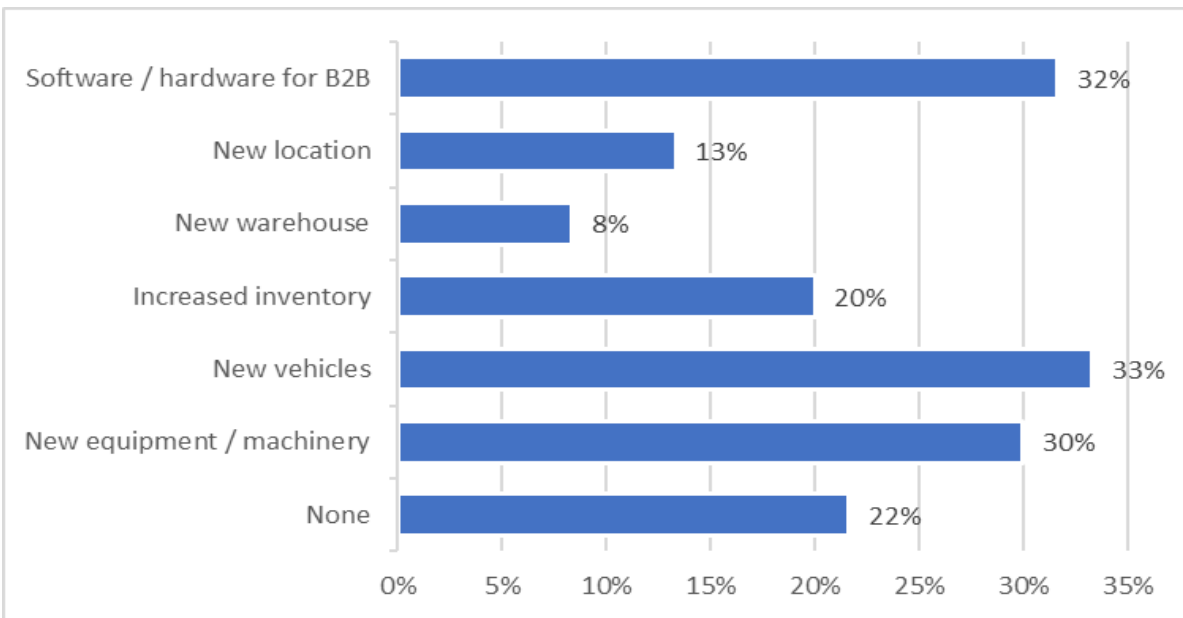
14. In 2018, do you plan on increasing your training programs?







15. In 2018, do you plan on making any of the listed capital expenditures?



16. What do you see as the greatest PROBLEM in our industry today?

**Installation and Staffing Related Responses**

- 1 Lack of qualified installers. Also lack of young sales staff that want to actually work !
- 2 Available Installers.
- 3 employees
- 4 Finding a good installer.
- 5 Finding installers that want to learn and be competent and show up every day
- 6 Finding qualified labor.
- 7 Finding quality installers
- 8 Getting young people excited to be in the industry, especially to work in retail and an installer.
- 9 having properly trained carpet installers
- 10 Install
- 11 Installation
- 12 Installation
- 13 Installation
- 14 Installation
- 15 Installation (installers)
- 16 Installation and the store owners and vendors perception of installers. They are a needed entity and a profession yet our industry makes them out to be a second class of individuals and therefore creating the scenario where they live up to expectations.
- 17 Installation training  
Box stores- the customer of today has been to a box store so much for other things it may become their go to place.



- 18 Installers
- 19 Installers
- 20 installers and lack of work in illinois
- 21  
installers are getting older and there are no young people getting involved in floor covering installation also when a new innovative product hits the market its not long before the big box stores have it and the price gets butchered and the retail stores margins go out the window to stay competitive, also we need better qualified independent inspec
- 22 Lack of installation services
- 23 lack of installers
- 24 Lack of people interested into coming into the industry from sales to installation.
- 25 Lack of qualified installation. Also a lack of marketing and communication to future generations that this is a good business to be in.
- 26 Lack of qualified installers
- 27 Lack of qualified installers
- 28  
lack of qualified installers for all aspects of installation.
- 29 Lack of qualified installers or people willing to train into the role.
- 30 Aging and less trained installation resources, downward pressure on margins, more unconvetional buying by end users (direct from domestic manufacturers, direct form Asia)
- 31 not enough quality installers
- 32 qualified installers
- 33 Qualified people for all the specific job descriptions we have.
- 34 shortage of laborers
- 35 Shortage of young people in the labor force.
- 36 skilled technicians and the willingness to work
- 37 The severe lack of organized training programs in the installation segment
- 38 Trade labor. We are not reaching the younger people.
- 39 Training.
- 40 Warehousing and Labor

**Other Responses**

- 41 1. Suppliers selling direct to property management.  
2. Out of town companies with no space/infrastructure local taking jobs at VERY low margin today and who know if they will be around in 2 years if/when there are problems.  
3. DIY shows giving customers "over"confidence. Then they are upset with retailer when they make mistakes.
- 42 Big Box store perception by customers. They ASSUME prices are lower because of a few loss leader items
- 43  
Companies like Floor and Decor that strongly promote cash and carry sales and have nice showrooms.  
  
Companies that only sell flooring. Fortunately we have a renovation company that is nearing 50% of our sales volume
- 44  
Continue to be relevant in the face of the changing retail environment. Box stores have turned the industry toward the DIY installer. Retailers need to find ways to promote their importance in the manufacture to consumer chain.
- 45 Customer expectations and not properly taking care of their investment
- 46 Government
- 47 Industry selling direct to our customers
- 48 LACK OF CARPET MANUFACTURES. SEVERAL OF OUR SUPPLIERS HAVE GONE OUT OF BUSINESS.
- 49 Lack of Product manufactured in the USA
- 50 Manufactures promoting bullet proof flooring with lifetime warranties instead promoting fashion.
- 51 Online competition
- 52 Product availability (very little stocked locally)  
Customer expectation unreasonable due to the do-it-yourself tv/videos telling them its "easy to install"
- 53  
The ease of getting into a retail business. Our suppliers make it way too easy for contractors, ex-installers to get into business on a retail level. This is very frustrating for us that have built an honest profitable business. The new guy on the block typically doesn't understand the importance of making a profit and servicing customers.
- 54 Training in the midwest



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

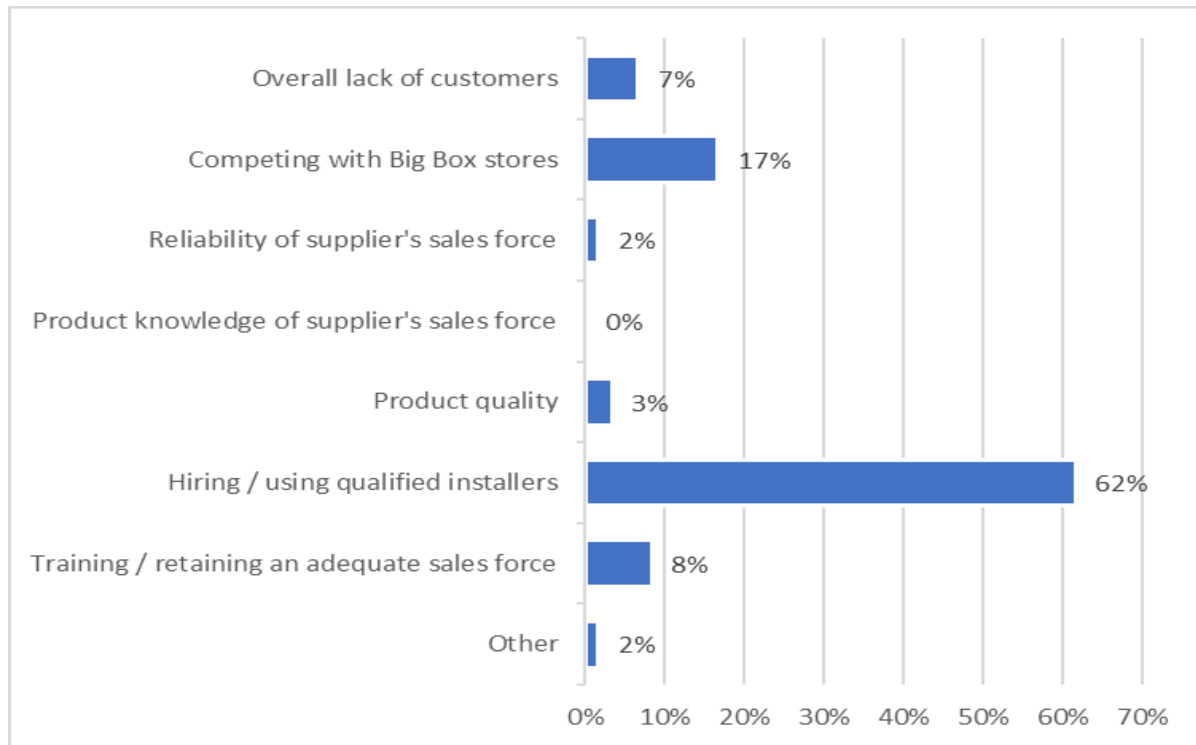
- 1 Better products
- 2 Broader selection of style and color in many products
- 3 CHANGE FROM SOFT SURFACE TO HARD SURFACE. FINDING THE BEST WAY TO REACH OUR CUSTOMERS WITH THE CHANGES IN THE WAY CUSTOMERS GET THEIR NEWS AND INFORMATION.
- 4 Consolidation of the privately owned retailer
  
- Shrinking margins
- 5 consumers are product savvy
- 6 Continued steady increase of LVT/LVP and the buyer still becoming more educated
- 7 Currently - luxury vinyl. Around the corner- magnetic technology
- 8 Customer expectations and not properly taking care of their investment
- 9 Diversity of product lines  
Customers are coming in with online research ideas
- 10 going from carpet to hard surface
- 11 Government
- 12 Growth of online sales and Manufacturing (Shaw) direct sales to end users.
- 13 Hard surface sales
- 14 High end carpet manufacture selling wood and LVT
- 15 Increase of crazy customers
- 16 Industry selling direct to our customers
- 17 Industry selling direct to our customers
- 18 Install
- 19 Installers
- 20 Internet self-education. People has pre-conceived notions from what they've read online and are not easily convinced otherwise... even when they're wrong!
- 21 LACK OF CARPET MANUFACTURES. SEVERAL OF OUR SUPPLIERS HAVE GONE OUT OF BUSINESS.
- 22 lack of margin and everybody racing to the bottom
- 23 Lack of Product manufactured in the USA
- 24 Luxury vinyl.
- 25 LVT
- 26 LVT
- 27 LVT
- 28 LVT/WPC
- 29 Manufactures promoting bullet proof flooring with lifetime warranties instead promoting fashion.
- 30 More hard surface , Less Soft
- 31 more hard surface, lower margins, higher service costs
- 32 move to LVP/LVT rigid core waterproof laminate
- 33 Number of DIY people in all types of flooring.
- 34 Online competiitiion
- 35 Popularity of polished concrete.
- 36 Product availability (very little stocked locally)  
Customer expectation unreasonable due to the do-it-yourself tv/videos telling them its "easy to install"
- 37 Product development
- 38 Products are easier to install
- 39 Quality and Variety of LVP and the like, flooring options
- 40 social media , and more do it your self products eliminating the need for installation
- 41 Switch from carpet to hard surface as a full cover product



- 42 The continued pressure the big boxes and DIY stores are putting on the independent retailers. As a whole the independent retailers are feeling a world of hurt. With more pressure coming online here from Amazon/Wayfair, etc., I think you will see lots of independent retailers going out of business.
- 43 The demise of soft and the escalation of hard.
- 44  
The ease of getting into a retail business. Our suppliers make it way too easy for contractors, ex-installers to get into business on a retail level. This is very frustrating for us that have built an honest profitable business. The new guy on the block typically doesn't understand the importance of making a profit and servicing customers.
- 45 The impact of the internet. It is a double edge sword. Not only do you compete locally but nationally. Service does not always equal value in some customer's eyes.
- 46 The lack of young people getting into the industry at all levels.
- 47 The movement to hard vs. soft flooring products. The rapid growth of the LVT, WPC products.
- 48 The new product category WPC
- 49  
The shift from soft surface to hard surface and the introduction of installer friendly products due to lack of qualified installers.
- 50 The strength of the Millennial population segment as a buying group
- 51 The way the customer shops. Online research, ratings & reviews. The customer might not physically enter your store if the online experience isn't positive.
- 52 Training in the midwest
- 53 VINYL PLANKS; People being more trustful of the Industry
- 54 Waterproof Category
- 55 Waterproof flooring
- 56 WPC keeps improving



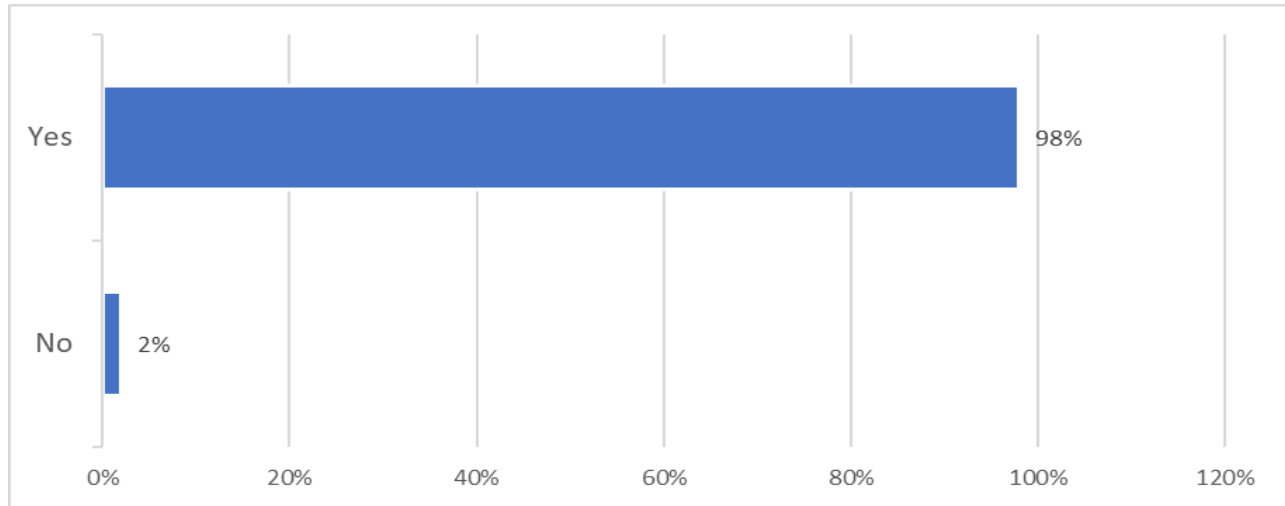
18. What is the primary challenge to your company as it relates to our industry?



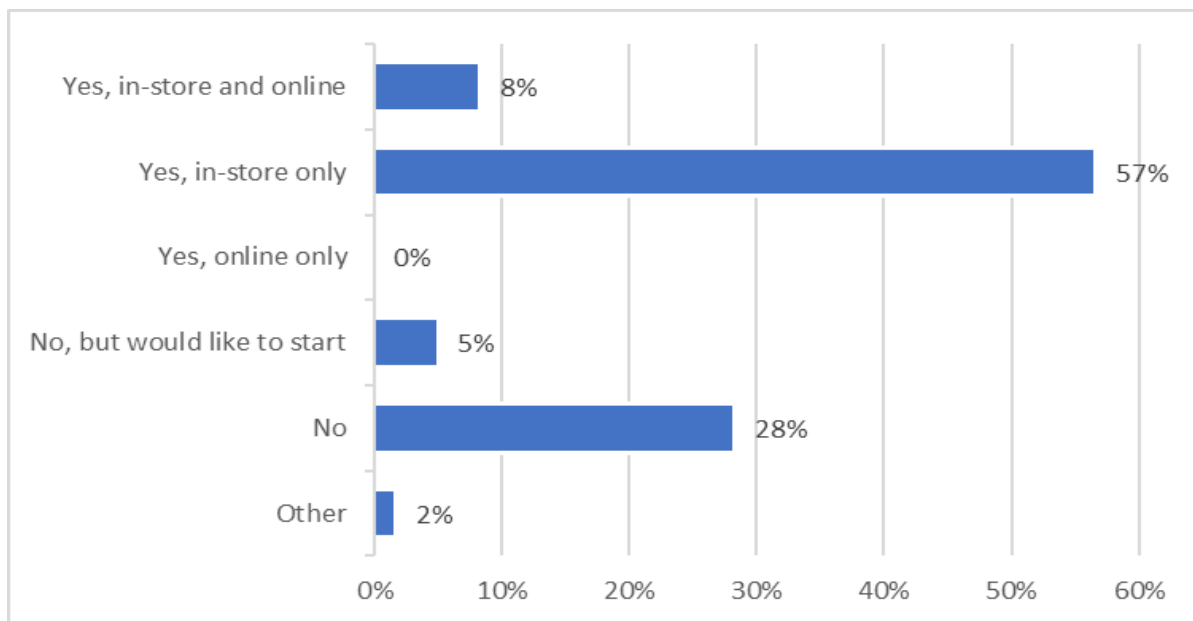
Other: AS we are growing our business again there is a shrinking number of people who want to work. Seems to be enough government subsidized programs for those that aren't working to stay un-employed.  
Product quality continues to be a big issue and the resistance certain suppliers put up in not wanting to take care of claims. Claims process seems to continue to change.  
First by a long shot is the lack of qualified installers and the aging of the quality installers.  
second is the lack of quality sales people for our industry.  
People



### 19. Does your company have its own website?



### 20. Does your company sell area rugs?



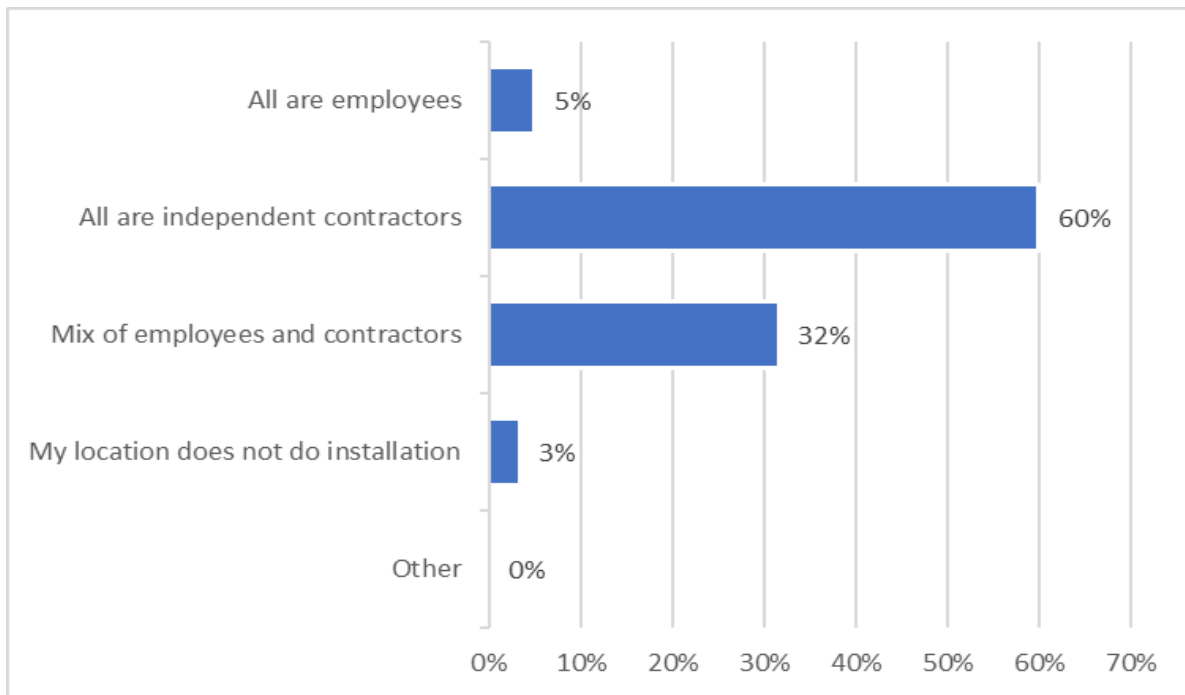
Other: Custom made rugs

We gave up the factory made area rug program about 6 years ago and now order what the customer wants off samples in our showroom, then cut and bind to their specific size.

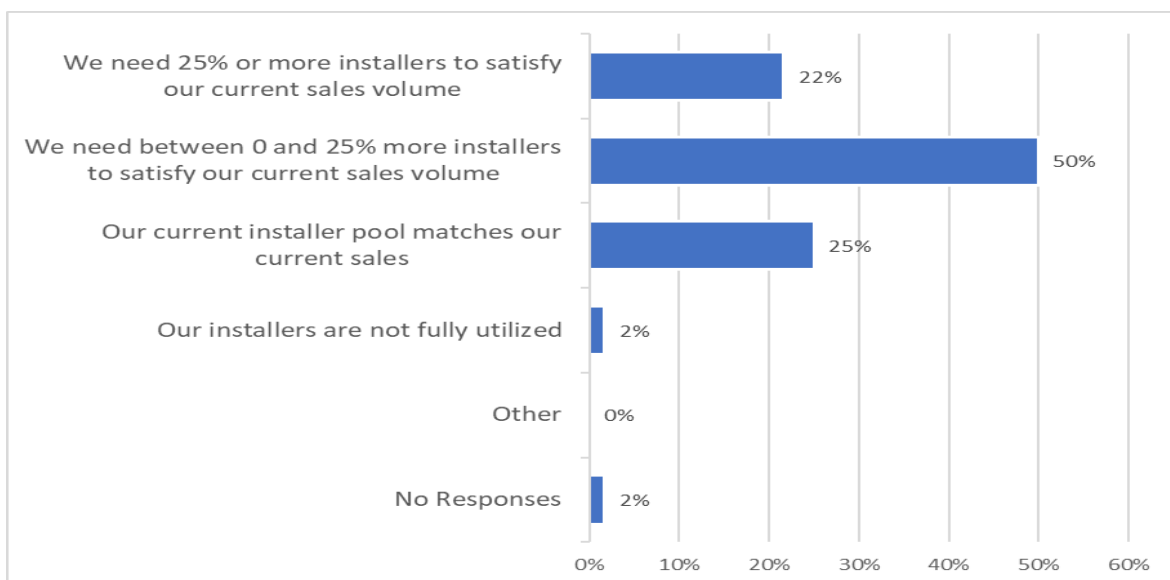
We're going to limit area rug sales or stop selling



## 21. Are your flooring installers employees or independent contractors?

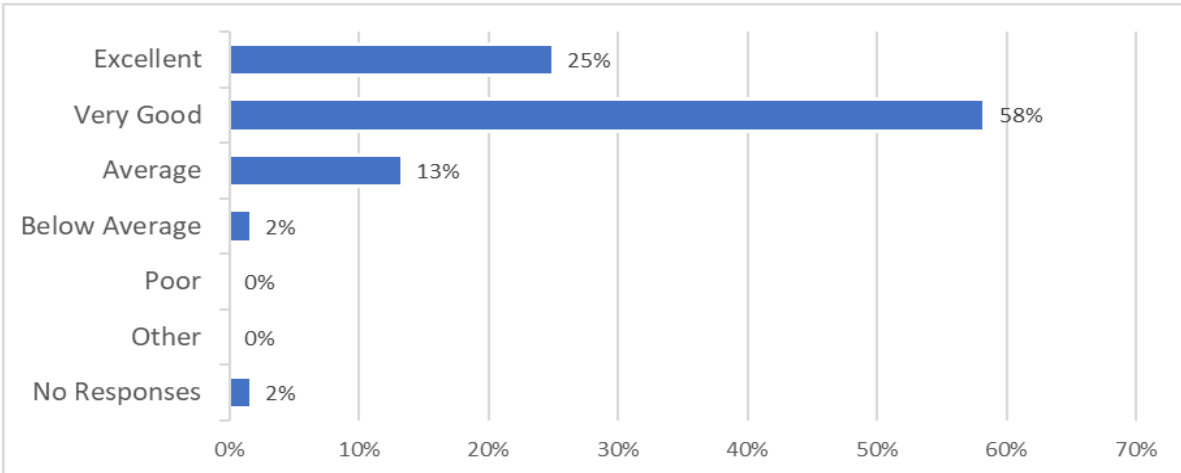


## 22. How well are your installers utilized?





23. How would you rate the overall quality of your current installers?



Comments: Our employee installers are excellent, and the independent crews are very good.

Some of them are amazing. Others are not so much but overall we typically only use the good guys when we can.