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IN THIS ISSUE

CFI conference extols professionalism
PAGE 3

Mohawk enters countertop market
PAGE 5

Women in Flooring: Flavia Baggio
PAGE 16

SPOTLIGHT



Ceramic styling

Global design trends are increasingly cutting across geographical borders as ever-changing consumer tastes impact product development.

PAGE 14



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Resilient: State of the industry



The latest innovation in LVT—waterproof cores—is driving interest among retailers and consumers alike. Pictured is Adura from Mannington.

SUPPLIERS TOUT VISUAL ATTRIBUTES, FUNCTIONALITY

By K.J. Quinn

After a good start to kick off the year, many resilient flooring suppliers say they are cautiously optimistic about the category sustaining its current growth rate through the end of the year. Industry observers and manufacturing executives point to a variety of factors, including leading economic indicators, new product development trends and consumer buy-

Continued on page 10

Carpet One Floor & Home

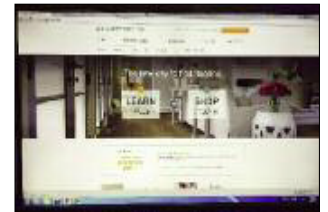
Relaunched site seeks to engage flooring consumers

By Steven Feldman

GRAPEVINE, TEXAS—Carpet One continues to seek out ways to differentiate its members from the competition, and the recent summer convention only served to illustrate that objective. A revamped carpetone.com, designed to engage consumers at every step of the purchase process, took center stage, with more enhancements to the One Stop Digital (OSD) marketing initiative playing a supporting role.

The Carpet One website relaunch is in response to changing consumer shopping and buying habits. “The way they consume media has changed,” said Janice Jacobs, vice president of marketing. “Eighty percent of purchase decisions are made online.” In fact, she said customers today are making 12-plus online visits

over the course of many weeks and generally four websites but on average are only visiting 2.4 stores (where most sales occur). “But the impact of digital is what’s driving



Carpet One relaunched its website in response to changing consumer shopping and buying habits.

customer expectations to new levels. They expect a seamless experience between an online visit and the physical store. It is so important today to have the best customer experience online. We have to provide education. It is more

Continued on page 8

Retail groups ramp up marketing objectives

FLOORS AND MORE LOOKS TO LEVERAGE SOCIAL MEDIA TOOLS, PROGRAMS

By Ken Ryan

MINNEAPOLIS—Vinnie Virga, group president of Floors and More, which encompasses Big Bob’s Flooring and Floor to

Ceiling, has big plans for the organization. During the group’s inaugural meeting recently, he expressed his goal to be among the top three buying groups in the country over the medium to long term.

“This is just the beginning,” said Virga, citing the group’s growth trends. Big Bob’s has 17 members who own 39 showrooms; Floor to Ceiling has 60 members, each with a single showroom. While Big Bob’s is still more so a cash and carry dealer, over 50% of its members offer installation today. Floor to Ceiling, meanwhile, goes to market as a full-service retailer

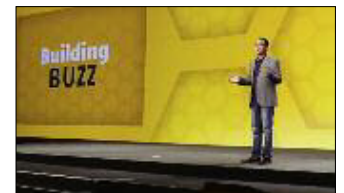
Continued on page 19

DIGITAL INITIATIVES DOMINATE FLOORING AMERICA AGENDA

By Ken Ryan

GRAPEVINE, TEXAS—If you didn’t know better you may have thought you were attending a technology summit rather than Flooring America’s summer conference with its heavy emphasis on all things digital.

There is a reason for that, according to Keith Spano, president of Flooring America/Flooring Canada, International Design Guild and The Floor Trader Group. “This is how we communicate today and we need to embrace this,” he told attendees during the confer-



Keith Spano, president of Flooring America, addresses members.

ence, whose driving theme was “Building Buzz.”

Indeed, there were plenty of data points offered that suggests the digital evolution is transforming the retail flooring market. For example, research shows the average person now

Continued on page 20

State of the industry

Continued from page 1

ing habits—all of which are pointing in the right direction.

In particular, observers cite the success of two game-changing products that are driving interest and demand for resilient not seen since the late 1980s.

“LVT has seen a tremendous resurgence,” said Scott Rozmus, president of Romeoville, Ill.-based Florstar Sales, a top 20 flooring distributor. “The variety of installation methodologies and ever-increasing design enhancements really have invigorated this segment, affording retailers a wide range of options.”

Following more than a decade of volatile sales and overshadowed by the emergence of ceramic tile, hardwood and laminates, resilient suddenly has recaptured center stage. The reinvention of LVT and the new WPC/composites/rigid-core products are providing dealers with plenty of flooring choices to capitalize on the shift in consumer preferences from soft to hard surfaces. “End users are now open to installing LVT in various areas of the home,

meaning it is no longer limited to spaces like kitchens, bathrooms and laundry rooms,” said Jamey Block, vice president product management, resilient, Armstrong Flooring.

The proof is in the pudding as total resilient sales grew nearly 14% last year and are up a staggering \$1 billion over the last five years, accounting for nearly 13.3% share of total flooring sales and 16.8% of volume, according to *FCNews* research. Leading the charge is LVT, whose sales skyrocketed by almost 39%, representing nearly 57% of residential resilient sales. “The residential resilient flooring category continues to grow at a pace greater than the total residential market,” reports Jeff Krejsa, senior vice president, marketing, Tarkett. “This growth has come through a continued transition from soft surface to hard surface materials within the home as well as conversion of laminate share to resilient share.”

Resilient flooring’s (particularly LVT’s) encroachment on other hard surface categories is well documented. “With the tremendous detail in design and performance attributes we are able to incorporate into LVT, it has become a strong competitor for all hard surface options,”



Shaw's Floorte enhanced vinyl planks are durable, waterproof and install easily over existing substrates.

said Jonathan Train, president and CEO of EarthWerks. “The ease of installation, durability and overall styling has lifted this category to find a home in all sectors.”

Indeed, LVT’s meteoric growth is gobbling up share from all corners of the market, including other resilient prod-

ucts, industry members say. Which raises the question of how much category sales are increasing organically and how high is the LVT ceiling. By comparison, sales of sheet goods—the sub-segment that remains the leading resilient flooring option in both sales and volume—were either flat or slightly up over last year, *FCNews* statistics show.

“While residential sheet remains valid and viable, projects or opportunities that leaned towards higher-end residential sheet years ago today tend to gravitate towards LVT,” Rozmus said.

Other types of resilient floors, including linoleum and DIY vinyl tile, continue to retain a small niche within different parts of the home. “We see nice growth in all [linoleum] categories; however, the modular product is seeing exceptional growth and the floating click flooring product is currently surging in sales,” reports Denis Darragh, vice president North America, Forbo Flooring N.A.

Market sector movement

Industry watchers believe the future growth for resilient flooring in the residential arena will hinge largely on the strength of the new housing market and extent of residential remodeling investments. Observers say market conditions were spotty through July and opinions are divided on how well they will fare the remainder of the year. “The economy is still not as strong as we would like,” said Dan Natkin, senior director, residential products, Mannington. “Consumer demand started well this year but has lagged somewhat coming into the summer.”

There is good news from the home front. New home construction, a sector that represents about one-third of total flooring sales, saw housing starts rise nearly 5% to a seasonally adjusted rate of 1.19 million units in June, according to the U.S. Commerce Department. Meanwhile, housing starts for the multi-family segment increased 5.4% and are on pace to reach approximately 411,000 units.

“On balance, the North American residential remodel segment is performing modestly, showing strength in key metropolitan areas but softer sales

in less populated areas,” said Kurt Denman, chief marketing officer, executive vice president, sales, Congoleum. “The builder/multi-family market continues to be the shining star by delivering strong sales in both sheet and LVT.”

Forecasting residential remodeling is a trickier proposition as purchasing habits can change on a dime, depending largely on consumer confidence levels. Among the many factors impacting confidence, expert say, are: the broader economy, the job market/employment levels and election year uncertainty. The July Consumer Confidence Index, conducted for the Conference Board by Nielsen, remained unchanged from the prior month at 97.3% as consumers were slightly more positive about current business and labor market conditions, suggesting the economy will expand at a moderate pace, economists say.

“We are seeing all channels participating in this category,” said Eric Erickson, vice president of marketing, Beauflor. “That is part of what has contributed to its success, all the channels see the benefits of the various resilient products, even luxury condos with million-plus price points.”

Activity is not just brisk on the residential front. Resilient flooring—and LVT in particular—continues to make headway on commercial applications—whether it’s full-scale contract installations or Main Street market projects. As a case in point, John Wu, president of Novalis, cited the acceptance of its AVA line of commercial LVT products at Surfaces earlier this year. “Our distributors are very excited about the product,” Wu said, noting the focus on these specific formats reflects the company’s confidence in the Main Street commercial sectors. “This is one of the strongest click products on the market.”

While Wu stresses the fact that Novalis spends significant resources on researching design trends to develop what the company predicts will be the hot colors and patterns, it’s not taking all the credit for the inspiration behind the new 2016 offerings. “Every year we invest a lot of money into developing new designs, but we also couple that with feedback from our distributor partners as well,” he explained.

Emphasis on innovation

Many manufacturers are ramping up their marketing efforts to

Continued on page 12

State of the industry

Continued from page 10

not only drive interest in the resilient category but also to position themselves to capitalize on pent-up demand. A big part of this strategy hinges on continued investment in R&D to develop new products and technologies that genuinely excite consumers.

One such innovation in COREtec, the leading WPC product created by USFloors. Featuring a waterproof core “sandwiched” between a top layer of LVT and cork underlayment, the product has ushered in a whole new level of performance and durability. “The success of this newly emerged floor is phenomenal, even surpassing the speed by which laminate flooring got accepted by retailers and consumers nearly 30 years ago,” said Piet Dossche, CEO of USFloors. “The product is beautiful, performs and resolves problems associated with regular, solid LVT flooring products.”

Another innovator in this field is Shaw, which prefers to call its “WPC-style” product an “enhanced vinyl plank.” Dubbed Floorte, it requires virtually no

acclimation prior to installation; can be easily installed over imperfect subfloors without conforming; and features strikingly realistic visuals that replicate hardwood, stone or other natural materials.

The stream of innovations and new product developments don't end there. They also extend to increased realism in resilient visuals. “Continued improvements in film printing technologies combined with in-register embossing are blurring the line between LVT products and the natural materials they replicate, such as hardwood and stone,” observed Gary Keeble, director of marketing, Metroflor.

In their attempts to continually raise the bar on innovation, suppliers are concentrating their efforts on the new WPC subcategory. These products made a big splash at Surfaces as resilient suppliers introduced lines that received rave reviews from flooring dealers. For exam-

ple, Congoleum's new Triversa LVT collection is a 100% waterproof product featuring a rigid core with SmartLock Clic installation, 20 mil urethane wear



Manufacturers are applying technology to render realistic visuals while improving overall performance. Shown is the Pure Collection from Beauflor.

layer and cork backing. “Orders for retail displays and field collateral have been incredible and driving significant order volume,” Denman said.

Then there's Mannington's version of WPC, Adura Max, a rigid core LVT featuring 6 x 48-inch planks and based on technology that boasts exceptional water and noise resistance. Not to be outdone, Armstrong reports “tremendous interest”

in its new enhanced flooring—Vivero with Diamond 10 Technology, a Best of Surfaces winner—citing the product's durability, stain and spill resistance and aesthetics. “Our best-selling Luxe Plank product is garnering additional attention as well with its new Rigid Core technology,” Block said.

The Pure Collection from Beauflor is another line that's generating excitement at retail. “The technical and visual advancements in the resilient category, including cushion vinyl and LVT, along with the value compared to other products is what is really helping drive demand,” Erickson said. “The durability, the various applications and aggressive price points bring a lot of value to this category.”

Focus on installation

While R&D remains a key driver for resilient, a longtime industry bugaboo threatens to compromise customer satisfaction. The

lack of qualified installers is an ongoing concern, considering not all hard surfaces are created equal and installation methods vary. “Everyone connected with the hard surface market is challenged with finding, training and establishing a meaningful relationship with existing and potential installation professionals,” Denman explained. “Natural attrition and the Great Recession delivered a one-two punch from which the industry is still struggling to fully recover.”

Suppliers say they are committed to working with trade partners and associations to attract and train the next generation of installation professionals. “Our firm has worked with our key vendor partner, Armstrong, for many years to sponsor residential sheet installation schools across our 10-state geography,” Florstar's Rozmus said. “The training and authorization we provide in these schools has helped our retailers continue to field qualified installers within the category.” Florstar is also working with local unions to provide installation training and materials for use in these programs.

At the same time, manufac-