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## SPOTLIGHT



### Software simplifies tasks

Technological advances in computing are helping retailers become more efficient at selling, scheduling and installing.

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## Executive Forecast



## SIGNS POINT TO MORE FAVORABLE CONDITIONS IN 2017

**T**he coming year marks a new era in Washington and perhaps the beginning of a more sustained period of growth for the flooring industry after several years of tepid growth. With several leading economic indicators trending positively, the industry's top flooring executives are generally hopeful that business is getting better and 2017 could be the start of an extended period of at least modest growth and brisker market activity.

FCNews' annual executive forecast is divided into individual flooring categories. Coverage begins on page 8.

## Voting open for Award of Excellence contest

**V**oting for FCNews' Award of Excellence contest is now open. Now in its 21<sup>st</sup> year, the Award of Excellence has become the premier manufacturer recognition program in the floor covering industry. Why? Because they are voted on

by customers whose only motivation is to recognize those who perform flawlessly in every aspect of their business.

Last year a record number of ballots were counted—nearly 2,000—which almost tripled the previous high.

As the years have evolved, so too has the Award of Excellence. New this year is the Commercial Carpet category to recognize those manufacturers that either focus on the contract side of the business or provide flooring retailers with solid Main Street solutions.

Cosponsored by the Informa, the owners of The International Surface Event, the Award of Excellence is a way for manufacturers' customers to honor the

## NeoCon East

## New innovations, sustainability define the agenda

By Sarah Bousquet

PHILADELPHIA—In keeping with its Midwest counterpart, NeoCon East—which took place here recently at the Pennsylvania Convention Center for the second year in a row—drew thousands of influential design professionals from the Northeast corridor. The two-day conference and exhibition also provided a platform for roughly 200 exhibitors to showcase their latest products, services and commercial flooring solutions.

“NeoCon East delivered on many fronts, but most importantly it connected the key players in our industry interested in expanding their knowledge and business opportunities,” said Julie Kohl, vice president of exhibitor sales for NeoCon Shows. “With thousands of new products on display, it is in these connections that

business happens and market share is won. These relationships are vital to our industry dynamic, and for this reason NeoCon East will continue to gain momentum.”



**Ralph Grogan, president and CEO of Bentley Mills, was pleased with the expanded attendee reach Philadelphia offers.**

Exhibitors and attendees alike agreed that relationship building and knowledge sharing continue to be the linchpins of regional shows such as this.

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agement responsiveness, customer service, handling of claims, B2B and ease of doing business. In other words, which manufacturers they believe best help them in running successful, profitable business operations.

“The manufacturers covet these awards,” said Steven Feldman, publisher and editorial director of FCNews. “So much so that last year some actually campaigned and developed strong ground games. We encourage all dealers to vote because the more ballots cast, the more significant these awards become. And that makes all manufacturers strive to improve the value they provide.”

On page 28 is the official ballot, but voting—which goes through March 31, 2017—can also be done by visiting our website (fcnews.net), Facebook page (Floor Covering News), Twitter (@fcnewsnet) and Instagram (fcnewsmagazine). Ballots can also be cast at our Surfaces 2017 booth, 837.

## RESILIENT

## LVT/WPC expected to continue its strong surge

By Ken Ryan

The double-digit growth that has catapulted the LVT category in recent years is expected to continue in 2017, buttressed by the rise of rigid core products (also known as WPC). The lone caveat may be the very success of LVT, which is ushering in a new wave of players looking to grab a piece of this ever-expanding market.



**Larry Browder**

CEO

Karndean Designflooring



**Kurt Denman**

CMO/Executive VP, Sales

Congoleum



**Piet Dossche**

CEO

USFloors



**Paul Murfin**

CEO

IVC US

### What is your projection for category growth next year?

All indications show the category will again grow around 15%.

Overall I believe the category will continue to see modest growth in the range of 3-4%.

I expect for the LVT/WPC category to continue its high double-digit growth.

We do the resilient category a disservice when we put all products in one bucket. You are going to see double-digit growth for LVT. However, on the sheet vinyl side, we show negative growth for felt. All together we see high single digits for resilient.

### What segments and/or products will fuel this growth?

Commercial and retail will continue to be strong. Glue down or dryback products will see success in all categories while floating floors will drive the largest growth. Premium products within the rigid WPC segment will drive significant growth and create good margin opportunities.

Rigid core products will lead the category growth, particularly as variations intended to address specific price points and segments are introduced. We plan to introduce additional variations in construction and design options that are worlds apart from anything out there.

Opening price point, dryback, glue-down LVT and WPC will be the main catalyst for this growth. The solid click LVT segment will see its growth stagnate as the more stable composite core construction of the WPC will eventually become the click, floating LVT floor of choice.

LVT enjoyed a superb year in 2016. I don't see anything to prevent that growth from continuing. It is still the fastest growing product segment in the industry, and when I talk about LVT I include these rigid-type products (WPC), which are driving a good portion of that growth as well.

### What is the predicted growth of your company in 2017?

Karndean has enjoyed significant growth year after year due to our Designflooring strategy and customer-partnership philosophy. We fully expect that to continue in 2017 and beyond.

The past couple of years we have enjoyed steady growth and are planning to outpace category growth. Our plans are for growth in excess of 5%.

We are again expecting to strongly outpace the industry's category growth in 2017, just like we have done in the last three years. Our COREtec product collections are still showing strong upward momentum, with several new collections being launched during Surfaces and early 2017.

My goal and expectations would be to do better than [the overall] market growth.

### What is the "X factor" that will impact business next year?

The recent U.S. Presidential election and the [carry over] effect over the next four years remains to be seen.

This shouldn't be a surprise but the Presidential campaign has been such a distraction. Policies of the new administration and consumer confidence will determine the strength of the overall economy and ultimately industry performance.

Clarity on trade agreements and Chinese currency policy will take some of the angst away on the LVT being imported from China. Overall political stability and clear direction will stimulate the consumer to build, renovate and buy new flooring.

While people are talking of LVT growing rapidly it is also the most crowded category in the industry. This growth rate is not necessarily something you can take for granted. Companies will have to continue to focus on differentiation and value relative to other product categories.

### Where do you see opportunities for next year? Challenges?

In 2016, Karndean made significant investments to increase our inventory, production, service and sample capabilities with the expansion of our U.S. headquarters outside Pittsburgh. This will allow us to meet the challenges of increased competition.

We have seen meaningful growth in the builder and multi-family segments. ArmorCore, our limestone-based sheet product, was specifically created to meet the needs of these segments and has done a tremendous job in helping us take market share.

The acquisition of USFloors by Shaw Industries will provide us with tremendous opportunities to streamline and fine-tune our business. The strength of Shaw's operational excellence and distribution will be a strong addition to our speed to market and creative DNA.

There is opportunity for Mohawk resilient to leverage our LVT factory, which is now established and starting to make product in a fairly healthy manner. We are looking forward to taking advantage of that capacity, which we have not had at our disposal before.

### What are some of your biggest initiatives for 2017?

The new product launches we have scheduled will expand our product selection beyond dryback and loose lay floors to include Karndean Korlok, a premium, rigid-core format that will provide superior retail, commercial and consumer benefits.

First is innovation. We've seen through the rise and popularity of rigid core products that to drive growth we must continue to focus on finding new and exciting ways to solve old problems. That's true in product construction and design.

USFloors' start-up of the first WPC manufacturing plant in the U.S. will be by far the biggest initiative we will be undertaking in 2017.

We have a variety of product plans across all of our distribution channels. New products and initiatives for IVC include refreshing our Flexitec sheet vinyl line and transitioning our LVT from Belgium production to U.S. manufacturing.