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FCNEWS' ANNUAL TOP 20 FLOORING DISTRIBUTORS

Exceptionally strong growth in the residential LVT sector helped the majority of top 20 flooring distributors achieve healthy increases in 2016, with an even better 2017 forecast for those well steeped in WPC-related offerings. The generally favorable results came despite a continuing labor shortage affecting installation in addition to a slow-growth economy.

FCNews' annual top 20 distributors' listing not only looks at the industry's leaders but also reveals the 10 highest-volume wholesalers in the resilient and hardwood categories. In most cases, the information was obtained from the respective high-level executives. Coverage begins on page 10.

Galleher, Quad-C seal the deal on ownership stake

By Ken Ryan

SANTA FE SPRINGS, CALIF.—Galleher, the No. 5 ranked flooring wholesaler among FCNews' top 20 distributors with 2017 sales projected at \$198 million, has closed an investment with Quad-C Management, whereby the private equity firm will take a majority stake in Galleher. Financial terms of the transaction were not disclosed.

The Quad-C deal marks the second major transaction Galleher has pulled off in the last 10 years. In 2007, Galleher sold its business to Itochu, a Japanese company, before purchasing it back in 2010. "We've done it again," Jeff Hamar, president and CEO of Galleher, told FCNews. Jeff, his brother Todd, and Rick Coates, both senior vice presidents, were the three principals involved in selling the majority stake to Quad-C. Jeff Hamar called the process "long and thorough," but in the end he

said he couldn't be more excited. "It gives us a partial exit and a lot of capital for acquisitions and growth."



Jeff Hamar, Galleher president and CEO

Hamar said he would remain as president and CEO and is looking forward to staying for a long time. "We continue to own a substantial part of the compa-

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Retail roundup

Despite challenges, dealers remain hopeful

By Reginald Tucker

At Enhance Floors & More in Marietta, Ga., hard surface sales—especially wood—are driving the business, noted Elisabeth Stubbs, owner. A little farther south at Taylor Carpet One in

Fort Myers, Fla., residents' seasonal migration patterns are expected to boost business. "Our northern winter residents returning should continue to keep the momentum going for a strong end to the year," said John Taylor, owner. In the Midwest, dealers like Sam Presnell, owner of The Rug Gallery in Cincinnati, feel 2017 will end up better than projected—"just a gut feeling," he said.

Anecdotes such as these are echoing across the floor covering and home furnishings landscape as retailers continue to express optimism that the year will end on a high note. This is due, in large measure, to rising



Positive economic indicators reflect a rise in consumer confidence, which bodes well for the flooring industry.

consumer confidence, a generally bullish stock market and economic patterns that support purchases of big-ticket items.

"Traffic has been up, and better quality sales have led the way," Presnell told FCNews. "I am very pleased at this point and

see a bright future for us going into next year." Stubbs echoed that sentiment, adding: "My outlook is optimistic. We are selling and installing a lot of bathroom makeovers."

The good vibes many floor covering dealers and home furnishings retailers feel are reflected in the numbers. According to a newly released report from the U.S. Census Bureau, sales at furniture and home furnishings stores in July, August and September were up over the corresponding periods last year. (Through the first nine months of 2017, sales in this sector grew 3.8% over the corresponding period in 2016).

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By Ken Ryan

Former NFL Hall of Fame football coach Bill Parcells used to say, “You are what your record says you are.” If that logic was applied to the flooring industry’s top 20 distributors, that record would be fairly exemplary as the group posted gains averaging 4% in 2016. By way of comparison, the gross domestic product—the monetary measure of the market value of all final goods and services produced in the U.S.—grew 2.9% for all of 2016.

Flooring distributors once again showed that even in a slow-growth economy, in which obstacles like an ongoing labor shortage delayed or extended projects, wholesalers were able to rise above it.

With regard to the lack of skilled labor impacting all construction trades, including flooring installation, there is no short-term fix to this issue, observers say. While many aspects of the housing market are improving—housing starts are up and prices have increased—the lack of qualified installers remains. This problem began surfacing in 2012 as construction activity picked up and the unemployment rate dropped; it has worsened in the years since.

Jerry Howard, CEO of the National Association of Home Builders (NAHB), said the cause for the shortage was workers leaving the industry after jobs dried up during the recession. Many workers fled to other industries or other countries, and many haven’t come back. Some took jobs in the manufacturing and auto industries, while others found work in the energy sector.

“Simply put, they were getting any work they could and had to go into other sectors to find ways to put food on the table,” Howard said. “We are now at the point that there is a serious shortage of workers. It’s a real problem that ripples throughout the home-building process that ultimately costs the consumer.”

Distribution executives said that while labor shortage is a concern, there are other

Wholesalers overcome labor shortages,

Company	Projected 2017 sales	2016 sales	Top brands
1. Haines Glen Burnie, Md. jjhaines.com	\$490	\$490	Adore, American Olean, Ardex, Armstrong, Bostik, Bruce, Chesapeake Flooring, Columbia, Congoleum, DriTac, Earthwerks, Flexco, FloorMuffler, Future Foam, IndusParquet, Interceramic, IVC, LM Flooring, Lamett, Leggett & Platt, Mapei, Marazzi, Mirage, Mohawk, Mullican, Pennwood, QEP, Quick-Step, Schlüter, ShawMark, Stanton, Tarkett, TEC, Triangulo, Walk-On
2. BPI Memphis, Tenn. bpidecosurf.com	\$230*	\$220*	American Olean, Ardex, Armstrong, Arko Ceramic, Azrock, Bostik Bruce Hardwood/Laminate, Cathedral Collection, Columbia, Crossville, IndusParquet, Johnsonite, Laticrete, Mannington, Marazzi USA, Metroflor, Prestige (hardwood, ceramic, LVT), Qu-Cork, Quick-Step, Schlüter, Tarkett Commercial
3. Belknap White Group Mansfield, Mass. belknapwhite.com	\$210	\$200	American Olean, Appalachian, Ardex, Armstrong, Atlas Concorde, Bella Cera, Bruce, Crossville, Flexco, GCP Applied Technologies, Graf, Hill Wood, HomerWood, IndusParquet, Kährs, Milliken, Mirage, Oak Crest, Schlüter, ShawMark, Ten Oaks, Villa Bella
4. All Tile Elk Grove Village, Ill. alltile.com	\$200	\$189	Bamboo Hardwoods, Casabella (BBoss, China Floors, HF Design, Raskin, Wego), Carpenter, Congoleum, EarthWerks, Floor Dot, Future Foam, IndusParquet, InterCeramic, IVC, Kährs, Mapei, MD Pro, Mirage, Lotte, Counter Tops, Roberts, ShawMark, Wicanders, Roppe, Traxx, USG, XL Brands
5. Galleher Santa Fe Springs, Calif. galleher.com	\$198	\$185	Balteria, Bona, Bostik, IVC, Johnonite, Lauzon, Monarch, Mullican, Reward, Sequoia, Somerset
6. Tri-West Santa Fe Springs, Calif. trivestltd.com	\$168	\$160	Armstrong, Gemwoods, LM, Metroflor, Mirage, Pardigm, Provenza, Quick-Step Sika, VPI
7. NRF Distributors Augusta, Maine nrfdist.com	\$159.5	\$155	American Berber, American Olean, Amorim, Ark, Beaulieu, BSI, Carpenter, Domfoam, Dura, EarthWerks, Harris Wood, Johnsonite, Kraus, KWS, Lexmark, Marazzi USA, Mohawk, Mono Serra, Moosewood, Nafco, No-Muv, Patcraft, Phenix, Quick-Step, ShawMark, Somerset, Tandus, Tarkett, Trillium
8. William M. Bird Charleston, S.C. wmbird.com	\$157	\$152	Armstrong, Azalea Lane, Azrock, Bostic, Bruce, Carpenter, DriTac, East Bay Supplies, HomerWood, Johnsonite, Leggett & Platt, Metroflor, MP Global, Palmetto Road, Protect-All, Roberts, Roppe, Schönnox, Somerset, Stauf, Tarkett, Ultimate RB
9. Apollo Dist. Co. Fairfield, N.J. apolldist.com	\$156*	\$152	Armstrong, Aqualok, Balterio, Bella Cera, FP Bois, Inhaus, IVC, Metroflor, Milliken, Mirage, Panaget, Penetron, Quick-Step

issues such as land availability, affordability issues and modest activity that have held the market back from reaching its fullest potential. “There has been no real momentum in the discretionary replacement of existing floors without any other construction or remodeling activity,” said Jeff Hamar, CEO of Galleher, a top 10 distributor based in Santa Fe Springs, Calif. “I think this is due to the fact it has been roughly 20 years since the first introductions of natural looking vinyl products, second-generation laminate and urethane-coated, wider-width wood flooring. Products installed after 1998 haven’t ‘uglied out’ and don’t need to be replaced.”

Despite some challenges, there have been positive signs that have fueled growth, namely an improved job market, favorable stock market, and—at least statistically—higher consumer confidence. According to the Conference Board, consumer confidence in October 2017 increased to its highest level in almost 17 years, boosted by the prospect of improving business conditions. However, not everyone is seeing this confidence translate into higher flooring sales. In fact, some say a lack of confidence continues to keep shoppers on the sidelines, thus impeding growth and contributing to less than normal existing home sales.

The inventory shortage that has plagued the housing market for over two years has lessened the pace of sales. The 1.7% decline seen this past August was the fourth in five months and brought the annual rate to the lowest level in 12 months.

Private label growth

In the past decade, the industry has witnessed a large increase in imported products, many of which are well suited for private labeling because they allow the distributor to tailor the offerings to specific markets, picking and choosing patterns, constructions and designs that fill voids in their current lineups or comple-

ment other flooring options. The ability to customize the program to suit specific market needs is a strong attribute of private labeling and is one reason why it continued to rise.

Several distributors cited private-label lines as their best performers in 2016. For example, Denver Hardwood’s top selling line was Neptune, a private-label rigid core waterproof offering. Overall, the company’s private-label program was cited as a major factor in Denver’s success.

As opposed to brand name national programs that oftentimes are not market specific, distributors can design private-label programs for their specific markets. In so doing, they