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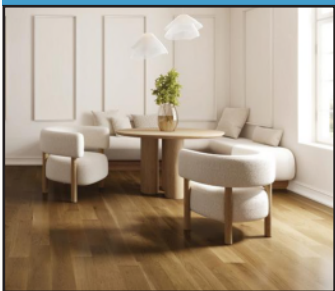
Talking shop with MSI co-CEO, Raj Shah

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Canadian wood brands carve out their niches

Canadian hardwood flooring brands have long been associated with high quality—starting with the integrity of the raw materials sources all the way through the manufacturing process.

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DIGITAL ACCESS IS INCLUDED

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fcnews.net

Resilient: State of the industry



INDUSTRY-WIDE CHALLENGES MITIGATE GROWTH

By Megan Salzano-Birch

While there are still four months left before the calendar turns, category experts agree 2023 will likely see the first sales decline for the resilient category. Price decreases, rising inflation, port delays and a slow housing market have all left their mark on the category this year.

The consensus among the major resilient flooring suppliers is that once the dust clears, 2023 will see resilient sales down mid-to-high single digits. “A lot of that is because we’ve seen pricing come down, so while square footage

Continued on page 12

Retail outlook

Flooring dealers soldier through despite obstacles

By Ken Ryan

When is flat growth considered a blessing? When it’s 2023 and flooring retailers are nearly two-thirds of the way through an obstacle course that continues to feature high inflation/interest rates, LVT slowdowns due to the UFLPA and an overall decline in retail traffic.

With Labor Day beckoning—the unofficial start of the fall selling season—dealers are generally content with how the year has fared to this point, even if it lacks the robustness of recent years.

Like last year, and the years following the COVID-19 pandemic, 2023 is not what you would describe as a “normal” year—not with 7% mortgage rates, persistently high inflation and ongoing supply issues rat-



Foulk's Flooring America's commercial business has made up for a soft retail environment.

ting retailers' cages.

By now, however, retailers know to expect the unexpected—and to adjust accordingly. “We haven’t seen anything that would be considered as a normal selling cycle since 2018; it’s

Continued on page 32

Armstrong Flooring update

Prospects looking brighter under AHF

By Reginald Tucker

MOUNTVILLE, PA.—What a difference a year makes. When AHF Products finalized its purchase of certain assets of the Armstrong Flooring brand last year (FCNews, Aug. 1/8, 2022), there

were some question marks about what the company would look like moving forward. Would the “new” Armstrong Flooring retain its storied cachet and position in the market as a stand-alone brand under the AHF Products portfolio? What would its manufacturing base look like after staff reductions and some plant closures leading up to the sale? More importantly, would the distribution community embrace and re-engage with Armstrong following several years of change and disruption?

All these questions and more were answered when FCNews met up with the AHF Products executive management team, employees and manufacturing staff during a recent visit to its headquarters here.

AHF Products has invested more than \$35 million in the Lancaster plant.



When AHF Products swooped in to purchase select Armstrong Flooring assets and intellectual property last summer, it not only saw an opportunity to expand its growing brand/product portfolio, but also to explore opportunities for improvement for the business it was acquiring.

“In Armstrong we saw the strongest distributor network in the country that was being underutilized,” Brian Carson, president and CEO of AHF Products, told FCNews. “They are among the strongest, most well-capitalized distributors. And for a

Continued on page 8

CHEERS to 65 YEARS

Congratulations to Mr. Miller for 65 Years at **ROPPE**.

ROPPE
Rubber Corp.

1955 – Incorporated as Roppe Rubber Company, the company was started by Thony Roppe with 7 employees and a production focus on rubber products.

Roppe

1972 – Thony Roppe passes away leaving the company under the leadership of Don Miller.



1958 – Current Chairman of the Board/President/CEO, Donald P. Miller, joined the company and the number of employees grew to 26.

1994 – Seneca Millwork, a locally owned wood flooring and transitions manufacturer, was acquired.

SENECA
MILLWORK



ROPPE HOLDING COMPANY



1999 – Roppe Holding Company was formed to better manage the expanding number of companies.

FLEXCO

2001 – Roppe Holding Company acquired Flexco Corporation in Tuscumbia, AL allowing for a further strengthening of the holding company presence in the flooring industry.

2015 – Six Degrees Flooring Surfaces was developed as a brand to exclusively market LVT flooring products.



2023 marks our 68th year of business!

Roppe
Holding Company

From all of the more than 700 employees of Roppe Holding Company entities, congratulations to Mr. Don Miller for 65 years of inspiring people, investing in communities and shaping the flooring industry.

We are forever grateful for your leadership, kindness, innovation and entrepreneurial spirit.

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FLEXCO
AMERICAN-MADE FLOORING

6° six degrees
flooring surfaces™

SENECA
Perfect Fit. Perfect Finish.



IN THE NEWS

Steve Sieracki, industry vet, joins CCA Global Partners

MANCHESTER, N.H.—Longtime flooring executive Steve Sieracki steps into the newly created role of senior vice president for Flooring America, Flooring Canada, International Design Guild and The Floor Trader divisions of CCA Global.

Sieracki brings more than 30 years of expertise in sales and strong team-building skills to CCA Global. He most recently served as vice president of residential sales for Shaw Industries. "Steve has a strong skill set with a stellar reputation in our industry as a high performer with powerful leadership skills," said Keith Spano, president of Flooring America, Flooring Canada, International Design Guild and The Floor Trader. "We are very excited that he is bringing his many talents to our team. Steve's experience complements our existing team and sets our membership up for long-term success."



Steve Sieracki

Lions Floor opens second Texas distribution center

EULESS, TEXAS—Lions Floor has opened its second distribution center here, located just outside Dallas. It's the company's second logistics facility in the state.

The addition of the Dallas distribution center, in conjunction with the company's existing branch in Houston, will allow the company to achieve better market saturation in the region. "We are excited about this strategic move and its direct contribution to our growth plans," said Jerry Guo, president.

With two strategically located centers, Lions Floor said it can efficiently serve its South/Central customers by ensuring enhanced coverage and improved customer service. Furthermore, the new distribution center will provide the company with expanded access to the Midwest market.

Spartan Surfaces welcomes Tiffany Davis to the team

BEL AIR, MD.—Specialty flooring supplier Spartan Surfaces, a subsidiary of Floor & Decor, recently named Tiffany Davis its new brand development manager. Davis, who brings more than 20 years of experience in marketing and branding—most recently with One Flor USA—will work closely with Spartan supplier relations vice president, Joey Lester, in overseeing product branding and market strategy from concept to introduction.

"This role will allow our team to further develop our portfolio and better maintain current supplier relationships with our valued partners," Lester said. "Tiffany brings a wealth of knowledge in the flooring industry in both commercial and residential sectors. Her strengths make her the right person to lead this initiative."



Tiffany Davis

Few spots remain for *FCNews'* Fantasy Football for a Cause

The start of the NFL season is less than two weeks away and only a few openings remain for *FCNews'* annual Fantasy Football for a Cause league. The league combines fun, competition and benevolence, with so many causes benefitting over the last five years. Among the causes that teams have played for include St. Jude, Gary Sinise Foundation, Tunnels to Towers and American Cancer Society as well as local causes such as food banks, children's shelters, high schools, religious institutions and so much more.

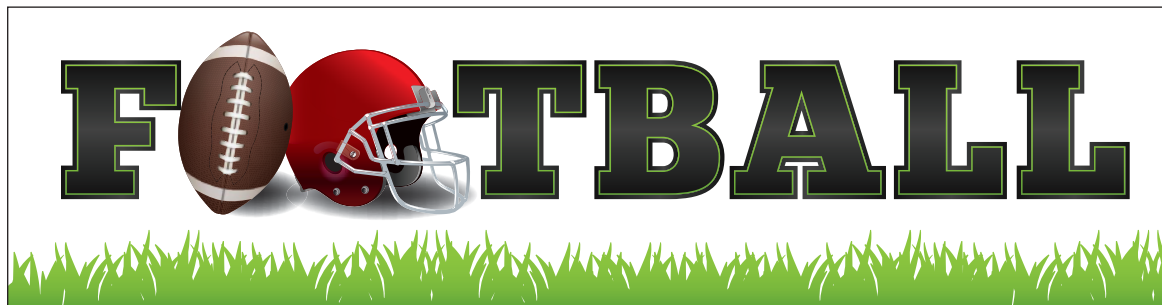
Again, only a few spots remain for individuals and companies to compete against each other for a chance to win \$15,000 for their charity or cause of choice. But don't worry if you are not familiar or adept at Fantasy Football. This year *FCNews* has arranged for a few experienced fantasy football players to step in and draft/manage any team that needs a general

manager. This removes inexperience with fantasy football as a roadblock from anyone participating. After all, it's all about giving back and having some fun.

The league will be covered in the pages of *Floor Covering News* throughout the season. As well, each charity/cause will be given coverage at the beginning of the season to highlight what the organization

or national level.

2. For each of the first 14 weeks, the highest scoring team will win \$500 for their charity while the second highest scoring team will win \$250. (In the event of a tie for first, the two teams will split the \$750 evenly.) The rest of the prize money will be split as follows assuming 12 teams participate:



does to make a difference. The idea is that this exposure may generate interest and hopefully contributions.

Here's how the charity football league works:

1. Each team will choose a charity or cause to play for. It could be at the local

If 12 teams: \$15,000 to 1st place team's charity; \$10,000 to 2nd place team's charity; \$7,500 to 3rd place team's charity; \$5,000 to 4th place team's charity; \$3,500 to 5th place team's charity; \$2,000 to the 6th place team's charity and \$1,000 to all

Continued on page 28

Tarkett Home doubles down on soft surface business

SOLON, OHIO—Tarkett Home, the residential segment of Tarkett North America, is continuing to expand its soft surface product offering with trendy designs that feature its signature Cloud 9 fiber technology.

"We're excited to officially unveil awe-inspiring, on-trend aesthetics complemented with our innovative new carpet fiber, Cloud 9," said Jason Surratt, president of Tarkett Home. "Products featuring Cloud 9 deliver the ultimate soft surface solution, providing luxurious comfort and durability at an exceptional value. We're confident this line of introductions will provide the homeowner with the options she needs to create truly custom, personalized spaces in her home."

Among the new collections are In-

Anthropology from Tarkett Home features a modern geometric design and subtle texturing.



spire, Intrigue, Influence and Impress—all casual, multi-color textures that will enhance any design style. With 12 colorways, this ensemble features on-trend neutrals from tonal to contrasting combinations. That's followed by Allure, Enamour, Hypnotize and Mesmerize, designed with a simplistic tonal palette and avail-

able in 10 colorways created to unify any interior space. Next up is Antiquity, reflecting warmth and calm in a textured loop pattern. A total of six colorways are available. Rounding out the latest offerings are Sanctuary, featuring natural striations in a loop pattern, and Anthropology, which features a modern geometric design with tonal highlights that help create a subtle texture. Both collections debut in nine colors.

Cloud 9, Tarkett Home's exclusive carpet fiber, was designed help families create stylish and comfortable sanctuaries in the spaces where they rest and relax. This launch aligns with Tarkett Home's promise to provide affordable, beautiful, luxurious flooring that stands the test of time.

SNAPSHOT

EF takes home the hardware

DALTON—*FCNews* publisher and editorial director Steven Feldman recently presented Bob Shaw, CEO of Engineered Floors, with the Award of Excellence for Best Overall Manufacturer (under \$5 billion in annual sales).

Engineered Floors took top honors in the category for its second consecutive year. Retailers weighed several metrics in their voting, including innovation, design, service, handling of claims and ease of doing business.

The Award of Excellence competition is designed to honor those manufacturers that help specialty flooring retailers become more professional and profitable.





my take

Six major marketing fails and what they teach us

I received such positive feedback on the recent column where we discussed the takeaways from the Bud Light fiasco (FCNews, July 3/10) that I decided to research some other failed marketing campaigns to see what we can learn from them—specifically, what not to do. Here goes...

1. A Kendall Jenner Pepsi ad in 2017 follows along with a marching protest and features Jenner watching and then joining it. In the end, she walks to the front of the protest line and hands a can of Pepsi to a police officer as a peace offering. He takes the Pepsi and everyone cheers. Pepsi sought to promote global unity, peace and understanding, but it achieved exactly the opposite. The ad supposedly trivialized the movement and made the protest seem like a fun party. No one finds joy from Pepsi at a protest. Pepsi pulled the ad from the airwaves and YouTube within 24 hours.

The takeaway: Never use controversial topics or social issues to promote your products, services or business. If you want to capitalize on a trending topic, do your research to make sure there is no risk for polarizing your audience and losing customers.

2. Gap’s logo redesign
In 2010, The Gap replaced its 20-year-old logo with a new one: black, bold font with a blue square in the upper right. It was Gap’s attempt to transition from classic, American design to “modern, sexy, cool,” but it was immediately rejected by consumers. Gap tried to turn this into a crowd-sourcing project, saying it was “thrilled to see passionate debates unfolding.” The backlash was so severe that the company switched back to its old logo within six days.

The takeaway: People like new things, but they also like tradition. That’s why it’s important to strike a balance. If you’re going to make a major change in your branding, lower the risk of a negative response by getting outside input, interviewing customers or testing it on a small segment of your audience. And always keep your most loyal customers at the forefront while making decisions.

3. Burger King’s Women’s Day tweet
On International Women’s Day in 2021, Burger King’s UK division published a Twitter thread where the first tweet said: “Women belong in the kitchen” and was followed by two more tweets, one that said: “If they want to, of course,” and another tweet that announced their new scholarship

program to help women get a degree in culinary arts and reduce the gender gap in the restaurant sector. Though the first tweet was intended to capture attention and the following two tweets were progressive, many Twitter users never got past the first tweet, resulting in a wave of backlash for the seemingly sexist statement.

The takeaway: Every social media platform works differently. What works on Instagram, where the user can see the big picture straight away, might not work over Twitter via a single tweet. And what looks right on desktop could look entirely different on mobile. So test everything before you hit “publish.”

4. AAirpass by American Airlines
In the early 1980s, American Airlines was looking for quick ways to raise capital. Instead of securing bank loans, the company introduced an “AAirpass,” which offered unlimited first-class air travel for a flat rate of \$250,000. Unlike today when companies place restrictions on these kinds of offers to protect themselves from financial losses, the AAirpass was truly limitless and membership was life-long. The result? American started losing millions of dollars every year due to the high volume of flights taken by AAirpass holders.

The takeaway: If you’re offering a high-value incentive to your customers, include terms and conditions to protect your business and make sure the cost of the incentive does not outweigh the benefits to your business.

5. Bloomingdales’ spiked eggnog ad
In their 2015 Christmas catalog, Bloomingdale’s published an ad showing a sharply dressed man staring at a laughing woman who has her head

turned alongside a caption that read, “Spike your best friend’s eggnog when they’re not looking.” The ad caused outrage as it seemed to encourage date rape. In response to the uproar, Bloomingdale’s tweeted an apology, calling the ad “inappropriate and in poor taste.”






The takeaway: Playful humor is a good way to engage your audience, but never take this chance with controversial and sensitive topics. Furthermore, be extra cautious with printed material. You can delete a social media post or stop running a digital ad, but it’s much harder to recall printed material.

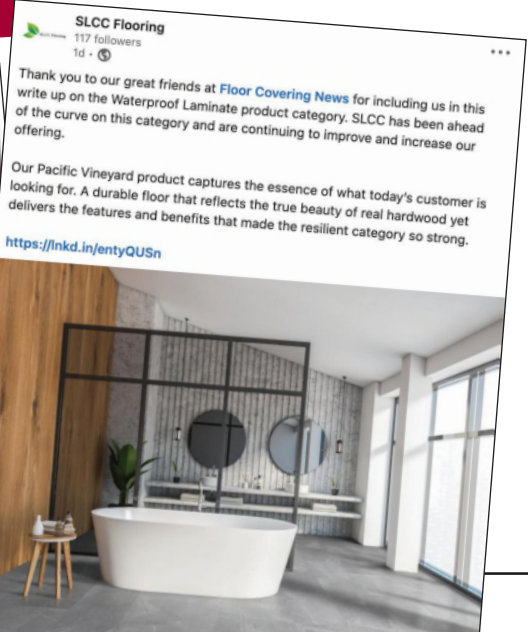

6. Coca-Cola’s ‘New Coke’ Flavor
In the 1980s, the war between Pepsi and Coca-Cola was at its peak and Pepsi was closing the gap between it and Coke. To get back in the game, Coca-Cola introduced “New Coke,” which had the smooth and sweeter taste of Diet Coke but sweetened with corn syrup. When it finally went to market, customers hated it. Coca-Cola received 400,000 phone calls and letters from angry consumers. Coke returned its original formula—Coca-Cola Classic—to the shelves.

The takeaway: Coca-Cola did more market research than Gap, but taste alone is not the only factor in your customers’ satisfaction. Coca-Cola’s brand identity has been closely tied to friendship and nostalgia, and this new recipe did not align with that. When you have a successful product, be cautious about upgrades and improvements. If it ain’t broke, don’t fix it.


Steven Feldman

GETTING SOCIAL WITH fcnews





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Floor & Decor teams up with Synchrony

Private-label credit cards aim to drive more purchasing

STAMFORD, CONN.—Synchrony, a leading consumer financing company that offers an array of solutions, will provide a financial services program to homeowners and professional customers of Floor & Decor, which has become one of the top retailers of flooring products in the country after posting sales of \$4.26 billion in 2022. The agreement builds on Floor & Decor's strategy of helping its customers purchase more flooring—in terms of dollars and volume—by offering financing.

"Floor & Decor is a high-growth retailer, and Synchrony is well positioned to help them achieve their objectives," said Curtis Howse, CEO of Home & Auto, Synchrony Financial. "Whether the company needs underwriting capabilities, seamless omnichannel experiences or a diverse suite of financial products and services, Synchrony is committed to delivering strong, targeted outcomes."

Trevor Lang, president of Floor & Decor, added, "We are expanding our footprint across the United States to offer our customers the tailored payment and financing solutions they need for big or small purchases occurring in-person or digitally. By partnering with Synchrony, we expect to continue to provide a dynamic financial ecosystem with a broad range of products and services, attractive value propositions and seamless experiences that meet our customers' needs."

Driving growth

Synchrony's partnership model is designed to drive mutually beneficial growth for both Floor & Decor and its professional customers, which include builders, contractors, architects, designers, remodelers, flooring installers and realtors.

The new Floor & Decor financing program with Synchrony features:

- A professional private-label credit card for contractors to manage project-related purchases and bulk purchases, including promotional financing for six months on purchases over \$299.
- A consumer private-label credit card, including promotional financing for six months on purchases up to \$499, 12 months on

purchases \$499 or more and 48 months at 6.99% APR on purchases over \$2,500.

- Enhanced fraud-mitigation capabilities.
- Responsible underwriting and credit line assignments.
- A prequalification process where consumers can receive a credit decision within seconds without any impact to their credit score.
- A streamlined application process, including Synchrony's dApply, which allows customers to apply for credit safely and securely via their personal devices.

Synchrony's financing program will provide Floor & Decor with multi-product payment options that enable its consumer and commercial customers to access promotional financing at any of the company's more than 200 warehouse-format stores and five design studios across 36 states.



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educating the industry

A career as an installer? Yes, it's really a thing

BY KAYE WHITENER

Speaking to a group of high school construction students two years ago provided a clear perspective on how the flooring industry is perceived in trade communities. When I asked graduating students, "How many of you have considered the flooring industry as a possible career choice?" Not a single hand went up, and then, after a few minutes, a young man raised his hand and simply asked, "Is that even a thing?"

The Floor Covering Education Foundation (FCEF) cited data from the 2018 Blackstone report detailing the labor shortage and its impact on our industry. The average age of a flooring installer is listed as 56 years old. However, we seem more inclined to

debate the existence of an installation crisis for another four decades or overlook the situation until the pain becomes unbearable. Right now, we have the opportunity to bring about change that paves the way for a new generation.

The flooring industry has a chance to "Tell Our Story" and be part of discussions when someone considers a trade career. Indeed, our story is compelling: pathways to advancement, lifelong skill sets, cost-effective training (especially compared to a four-year college degree) and the option to own a business or work in the field. Our young professional craftsmen and craftsmen, who often earn more than many master's degree professions, contribute to this narrative. Enabling creativity and skill development to drive an individual's financial success is part of our story.

While some segments of the flooring industry have supported the first foundation dedicated to building a stronger future, it's unfortunately

not nearly enough. We have a team of industry veterans dedicated to this cause, aiming to compete for quality talent in the trade communities. By sharing our story and offering scholarships for training, we can elevate this career path and attract a new generation. Quality training and certifications that uphold industry standards should be promoted and demanded to enhance this field's status.

In January 2022, the industry saw the introduction of the Basic Floor Covering Installation program through collaboration between FCEF, CFI, CTEF, NWFA and the Technical College System of Georgia. By June 2022, the program earned accreditation from Georgia Northwestern Technical College in

Dalton. This coming October will mark the second program awarding college credits to graduating students. Currently, three colleges offer the flooring program, with two more slated to start in the fall. FCEF is actively engaging with 57 additional colleges nationwide in discussions to consider implementing the Basic Floor Covering Installation program.

How does FCEF bolster the flooring industry? We create awareness campaigns to attract new talent, and we develop new programs and pathways to facilitate local training and support. Scholarships are provided for training through technical college programs or approved basic programs offered by CFI, CTEF, NWFA and AFT. The FCEF exists to ensure that, in the very near future, we won't have to worry about a young person questioning if our industry is "even a thing." We will proudly be at the forefront, attracting the finest trade talent available.

Support FCEF today by donating at fcef.org.



Kaye Whitener is director of operations for the Floor Covering Education Foundation, a non-profit organization dedicated to promoting recruitment, training and retention of floor covering installers. For more information, email kwhitener@fcef.org.

RETAILERS REACT



Retailers report a pickup in commercial flooring business this summer.

Has this summer brought any surprises?

Our summer business has been a pleasant surprise, exceeding our expectations. Our diversified approach across various market segments has proven to be a strategic advantage, helping us navigate the downswing in the builder market with resilience and success. Looking forward to the builder market picking up some steam moving into the third and fourth quarters.

—Ryan Commerce,
Indoor City of Lancaster
Lancaster, Pa.

Summer so far has been steady and definitely better than the start of the year. The only surprise is we are still having issues getting certain LVP styles due to the import regulations.

—Dan Mandel,
Sterling Carpet and Flooring
Anaheim, Calif.

Retail store traffic stayed consistent right through June. July hit and so did the summer traffic. Definitely slower since the 4th. But some decent-sized commercial projects are still moving. I hope to keep the trend of the first half of the year going, but we know we may see challenges ahead.

—Ben Case,
Carpet Collection
Lockport, N.Y.

Retail traffic is slightly down, but commercial in Chicagoland is up. I wasn't expecting the high increase in Chicagoland commercial projects, so that's a nice development.

—Kevin Rose,
Carpetland USA
Rockport, Ill.

We are ahead of our 2022 sales YTD, with June being one of our best months. Yes, we are pleasantly surprised as the industry predicted about a 25% decrease for 2023. The residential side has been steady, and we've had growth in commercial sales.

—Roy Tokuhama,
Abbey Flooring of Hawaii
Honolulu

CALENDAR

Aug. 22/Noon EST

FCICA webinar: Where Versatility Meets Sustainability
Presented by: Daniel Ortiz-Bacon, Capri Collections.
Contact: Christine Schwartzkopff, 630.672.3702; christines@cmservices.com; fcica.com/CIM to register

Sept. 1

NWFA Wood Floor Repairs
One-day, in-person course providing an introduction to advanced-level repair work.
Derr Flooring Co., Herndon, Va.
Contact: education@nwfa.org; 800.422.4556

Sept. 11-15

CFI 1-Week Hardwood/Laminate/LVP introduction
Pruitt Flooring, Wichita, Kan.
Contact: John McHale, jmchale@cfinstallers.org; 816.231.4646; cfinstallers.org

Sept. 12-14

NWFA Intermediate Installation + CP Testing (Bilingual)
Three-day course includes in-depth training on jobsite preparation, layout, understanding the science of wood.
Bona Regional Training Center, Toronto, Ontario, Canada.
Contact: education@nwfa.org; 800.422.4556

Sept. 13

21st annual Alan Greenberg Charity Golf Tournament
Fundraiser to benefit the Floor Covering Industry Foundation, Barnsley Gardens, Adairsville, Ga. To register or apply for aid, visit alangreenbergfcif.com

Sept. 20-22

CFI + FCICA
Joint convention and trade show, Rosen Shingle Creek, Orlando, Fla.
Contact: Catherine Church, FCICA executive director, 630.672.3702; catherinec@cmservices.com; fcica.com/cfi-fcica-2023-annual-convention

POINTS OF INTEREST

► **Construction spending** rose in June as companies and the government increased projects across the U.S. Spending on construction projects rose 0.5% in June to \$1.94 trillion, according to the Commerce Department. Construction spending reveals how much the government and private companies spend on projects, from housing to highways. The more the U.S. spends on construction, the higher the level of economic activity. The government revised spending on

construction in May to 1.1% from an initial read of a 0.9% increase.

► **The NFIB Small Business Optimism Index** increased in July to 91.9 with 21% of owners reporting inflation was their single-most important problem in operating their business, down three points from June. "With small business owners' views about future sales growth and business conditions dismal, owners want to hire and make money now



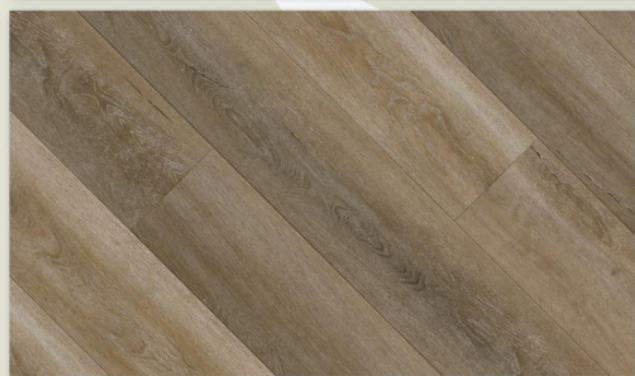
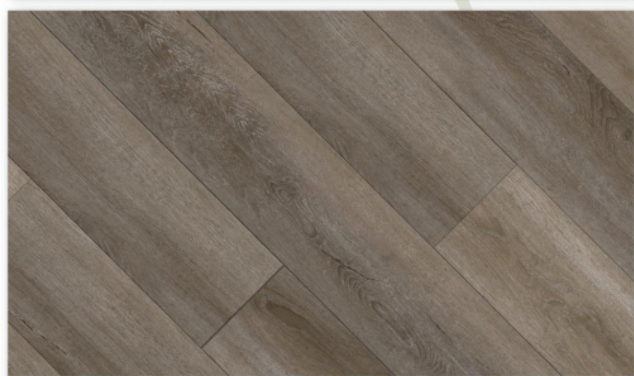
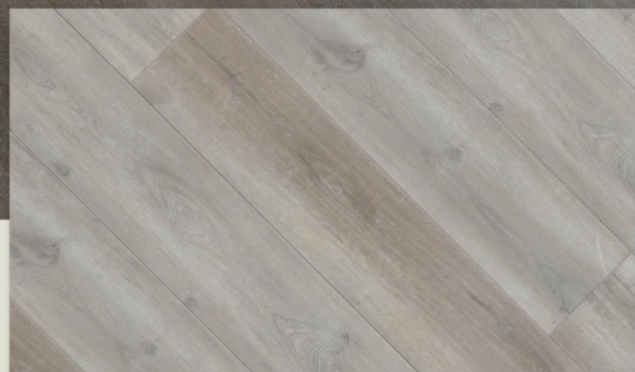
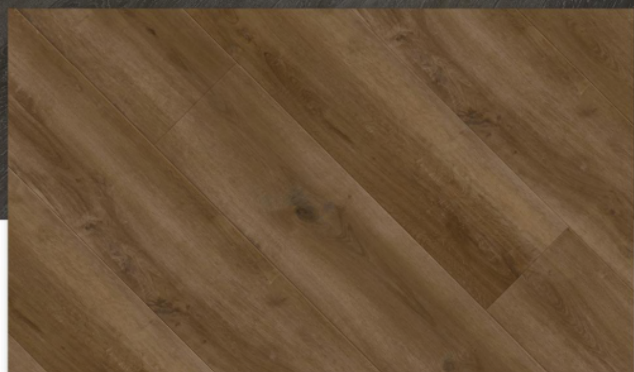
from solid consumer spending," said Bill Dunkelberg, chief economist at NFIB.

► **The Consumer Price Index** rose 0.2% in July on a seasonally adjusted basis, the same increase as in June, the U.S. Bureau of Labor Statistics reported. Over the last 12 months, the all-items index increased 3.2% before seasonal adjustment. The index for shelter was by far the largest contributor to the monthly all items increase, accounting for over 90% of the increase, with the index for motor vehicle insurance also contributing.



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FIND OUT MORE



Armstrong

Continued from page 1

whole variety of reasons, they were completely underutilized. In terms of brand recognition, with Armstrong we now have two of the three best brands in the industry; Bruce and Armstrong are at the top. America was built on these brands; we grew up on these brands. And in the residential space and in the commercial space, the Armstrong brand means a heck of a lot."

AHF Products—which ironically was spun off from Armstrong Flooring when it divested its wood business back in 2018—also saw an opportunity to leverage Armstrong's manufacturing footprint and expertise. "There was actually a lot of money invested in these factories," Carson stated, citing Armstrong's resilient plant in nearby Lancaster as well as its VCT production facility in Kankakee, Ill. "I've been in many factories around the world, and I've built a lot of factories; this is world-class equipment."

Aside from those high-tech manufacturing investments, AHF Products also recognized the "human capital," the experienced workforce that comprises its production staff. One of the first objectives for AHF right out of the gate when it acquired Armstrong was to demonstrate its appreciation for the folks who toiled day and night at the factories—even during times when the future may have looked a little uncertain.

"In the past, we had a workforce that—to be fair—probably had more than a fair amount of

losing seasons over the last six to seven years," Carson noted. "It was the same thing that we saw when [American Industrial Products] bought the wood division of Armstrong—the precursor to AHF. Prior to that purchase, the wood business had a few losing seasons as well, but there was this fire in the folks who worked there. They wanted to win. When I went into the resilient plants and had crew meetings with the folks and management before we bought Armstrong, we viewed it as a fresh start."

Of course, it didn't hurt that Carson worked in some of those same factories decades ago. That experience gave him the right perspective he needed to change the culture. "I've been out of manufacturing a long time, but I worked in the Lancaster plant 35 years ago and in the Kankakee plant 30 years ago. There are people in that plant who are still there today. They are the most experienced vinyl makers in the country. So the talent was there. The question is, could we harness the mindset, and would they approach it with a winning attitude? We knew the brands were good, we knew the machinery was good and we knew we had a workforce that was ready to put itself back on the horse. The objective for us was to tap into that energy and feed it."

For employees like Patrick Nolan, current plant manager at the Lancaster facility and himself a 20-plus-year veteran of the company, the change in ownership has been for the better. "It's like a totally different company today," he told FCNews during a

tour of the facility. "The workers are engaged, they share their ideas knowing management and ownership takes them seriously, and they have a tremendous sense of pride in the products they make day in and day out."

While AHF and its current owner, Paceline Equity Partners, sought to invest further in the business and elevate the company culture at Armstrong, it was also looking for ways to get closer to the end customer—those who distribute, sell and specify Armstrong-branded flooring. "It's safe to say that we're a much more outward-looking business," Carson stated. "At AHF, we always view the

Sometimes, too, it's just a matter of listening to the customer. "Sometimes it's as simple as going out to the customers and asking them why they buy from somebody else and not from us. Because just by virtue of asking them you're telling the customer that you care about their business. So for us it's about how we become a more important part of their business."

Part of that strategy in rebuilding the Armstrong brand entails empowering employees to make decisions that benefit the customer. It worked for AHF Products when it launched five years ago, according to Carson,

one year to use the Armstrong name, so we converted all of the Armstrong wood products to Hartco. We use our brands to segment the channels."

King, who was part of the AHF Products team during its relaunch, concurred. In much the same way that the resuscitation of the Hartco and Robbins wood brands helped distributors and retailers fill voids in the marketplace, so, too, will Armstrong Flooring-branded products help customers address their product needs. "Giving our distributors the ability to have brands in certain markets where they aren't dual or triple distribution so they have the ability to

“Our main objective is to look for ways that we can provide better solutions for our customers so they can make more money with our products.”

—Brian Carson
president and CEO
of AHF Products



market through the eyes of our customers. We don't sell directly to consumers; we sell to flooring distributors, floor covering retailers and commercial flooring contractors. So, the question is always, If they're not buying from us, why is that? We know they're buying something."

That shift in mindset to focus more intently on those core customers, according to Carson, forced the company to continue to find ways to add value for them. "As a leader, you have to look at things through the eyes of the customers and ask yourself why they make certain decisions? Our main objective is to look for ways that we can provide better solutions for our customers so they can make more money with our products. Sometimes that's a new innovation; sometimes it's a private-label program; sometimes it's better brand segmentation to protect margins across customers. Sometimes it's making significant investments—like we're doing now—to provide lower prices and better value for our customers."

and he said he's confident it will drive the Armstrong business moving forward. "At AHF, we connected the employees more to the customers. Guys like Chris King [VP of sales and marketing] and Fred Reitz [VP of commercial] spend a lot of time in the field learning about our customers' businesses; they're flooring guys who know the industry. Sometimes we come up with ideas that are grand slams, and some ideas don't work out. But I'd say we have a pretty good batting average so far."

Lessons learned

AHF Products plans to leverage lessons the company learned when it revived storied brands such as Hartco and Robbins, and then applying those lessons to the revitalization of Armstrong. "One of our strategies is to segment the channel by brand so we can add more customers—that's really what we've been doing from the beginning with AHF," said Jennifer Zimmerman, chief commercial officer. "We had wood in Bruce and we had wood in Armstrong, but we only had

make a little bit more money has created a renewed focus for us," he explained. "As a result, we've essentially doubled our distributor network from when we started five years ago."

Indeed, distributors are integral to the success of the Armstrong brand moving forward. As Reitz explained: "My grandfather built his career selling Armstrong at one of our distributors, and my father built his career managing the inventory of Armstrong products. Now I run Armstrong's commercial business, so I'm really a testament to building brands across several generations."

More importantly, it represents the continuation of a strong legacy. "If you think about how many dealers, distributors and contractors built their livelihood on the Armstrong brand—that was in danger of disappearing," Carson stated. "Thankfully, it did not disappear. We've discovered there's an affinity AHF Products and what we're doing to support retailers with brands they can build their businesses on."



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MSI sees opportunities amid emerging challenges

MS International, more commonly known as MSI, started making headlines about 15 years ago as an affordable source of ceramic tile and stone. Over the past decade, the 48-year-old company got into the SPC game in a huge way, becoming the second-largest supplier of that product in the U.S. The company continues to grow through innovation, a diverse product assortment and holding true to its core tenet: “Making Dream Surfaces Attainable.”

FCNews publisher Steven Feldman sat down with MSI co-CEO Raj Shah earlier this year to discuss the dynamics impacting the industry at large and MSI in particular.



Raj Shah

Let's look back to 2022. Did the year meet your expectations?

It exceeded our expectations. I would say it was definitely a roller coaster. The first eight or nine months were very different from the last four months, but generally exceeded our expectations. During the year many new challenges as well as opportunities were presented to us.

What were the bright spots, and where did you feel you fell short?

Overall, sales growth was a bright spot. Residential remodel was great for almost the whole year, and MSI focuses on the residential remodel customer. That's our expertise. But commercial, coming off the COVID-19 years, had a very strong year as well. There were really no down segments. Even residential new construction was strong. On the downside, the increase in interest rates has taken some bites out of the business.

2022: High single-digit growth?

For us, double digits.

Talk about 2023 now that we're seven months in. Bright spots and challenges.

2023 has been a very different year compared to the past few years. With interest rates reaching recent record highs there has been significant slowdown in numerous parts of the industry. In addition, the failures of Silicon Valley Bank and First Republic also significantly reduced overall lending activity. We have also seen a transition in spending from goods to services. A lot of vacations planned this year, which is reducing the spend on renovations. Finally, deflation in product pricing has been a big

story for the year. On the bright side, virtually all the shipping-related issues and obstacles have been removed. We have seen raw material availability significantly improve and even labor availability has started normalizing.

What about the UFLPA. How has that impacted MSI at the ports.

MSI strongly believes in human rights and does not tolerate product that may have been made with forced labor. UFLPA has affected the overall industry with thousands of LVT containers being detained. MSI has put together an industry-leading due diligence and raw materials tracing capability. In addition, we have diversified our sources of production. Overall, our customer base has seen no disruption due to UFLPA. The strongest hedge we have against this is our domestic inventory, diversified manufacturing base and industry-leading due diligence/tracing. We believe the industry will continue to see disruptions due to UFLPA, and MSI will work closely with our

customers to minimize overall supply issues.

With interest rates still high, I see a lot of builders doing some rent-to-own programs, which I actually think is interesting.

It's become quite an industry, actually. It's billions and billions of dollars behind the build-to-rent industry. If you think of numerous industries and how they've consolidated, this is just another example of that, both the technology that's available today to allow for it and the requirement to reduce overall overhead means you have to have a huge portfolio. These huge portfolios are produced by the build-to-rent segment.

Will flooring wind up in the black this year?

This will be difficult. It will definitely be higher than pre-pandemic with normalized growth added. Deflation is a challenge this year, and that is putting some pressure on dollars. The second half of the year will have easier comps than the first half,

but the industry does have a large hole to fill for 2023.

Will MSI be up double digits again this year?

Double digits will be extremely difficult with the headwinds we are facing.

Do you see SPC continuing to grow, plateau or regress a bit given a reduction in prices, deflation and the influx of cheap product that has resulted in claims?

I do think SPC will continue to grow. There's a couple of places for it to continue to take market share. Obviously, WPC is one. Second, it will take share from some glue-down products. Third, I don't think it can take too much more market share from most hard surfaces, but there is still market share to take from soft surfaces. Although carpet penetration has been reducing over the years it's still a huge industry. Every survey will show you that 80% to 90% of homeowners, given the choice and affordability, would want a hard surface floor—which the first level up is SPC. So I do think it can grow, but it won't be at the same rate as it has been the past few years.

What's changed at MSI over the last 12-18 months?

My brother and I became co-CEOs, but not much will change. MSI is a family business, and it started 48 years ago when I was born. So we all were brought up on the same set of values, and thus our view of MSI is very similar. There may be some tactical differences of how we should get things done, but from a strategic standpoint we're very aligned on what type of growth, where we want the growth to come from, how we communicate and prac-

tice our values. I don't think neither the industry nor our company, employees or families will see a difference.

Although we don't think of ourselves as young, in the grand scheme of things we are fairly young. Both of us think MSI's best days are ahead of us. Our goal is to continue to run MSI as a long-term legacy business.

How will you divide your responsibilities as co-CEOs?

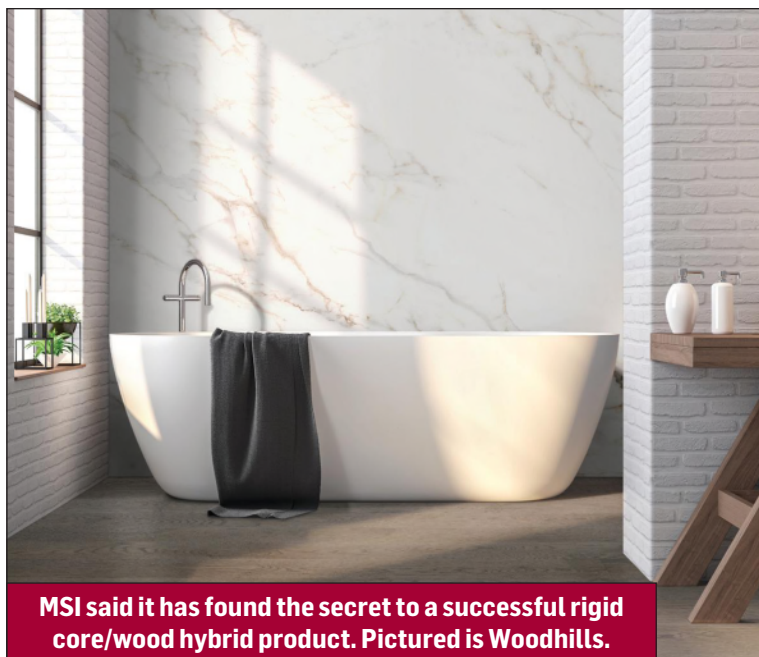
It's all over the place. We've both been cross-trained on just about everything. We've gotten to the size where we can do what we enjoy. My brother enjoys the countertop side more; I enjoy the flooring side much more. Then on the shared services, whether it's HR, accounting, finance, imports—each of us follows the operations we find interesting.

Any other recent changes?

We've added new product lines. We recently launched our engineered wood line called W. We entered the laminate business, we entered the artificial turf business. One thing we've always talked about is if things slow down a bit, increase your addressable market. Find more stuff to go after, which we did with these add-on product lines, and all of them have the potential for being \$50 million to \$100 million in the short term and much larger in the long term.

Over the last 18 months, what's gotten better? What's gotten more difficult?

Getting better lead times, supply side pricing—all of that has gotten pretty much back to pre-pandemic levels. What continues to be a challenge is labor and the wage inflation. Also, keeping employees engaged,



MSI said it has found the secret to a successful rigid core/wood hybrid product. Pictured is Woodhills.

challenged—that's becoming tougher.

On this labor issue, is there a solution for getting the young people engaged?

I don't think there's one solution. There's no silver bullet to this. It starts with your company's values having to align with theirs, and you cannot take for granted that everyone understands your values. You have to continually communicate what those values are. There's different ways of communication in today's world. It used to be you and I sit down, talk about our values, maybe have a town hall meeting. Today, whether it's social media, email, digital, blogs, they're reading it all and getting bombarded with content. So you have to find ways to integrate your messaging within that content. That's a challenge that didn't exist in the past.

What about labor? Any solution?

We all act like this is a big shock. There are fewer people in the labor pool, people are having fewer kids, and there's lower immigration. I don't think there's a single solution. I do think there's some help on the horizon, whether that being AI, robotics, etc. Our goal is to increase our overall staff while implementing many tools to help increase the overall productivity and efficiency of our staff.

And it's a profession that's aging out.

Yeah. So it should not come as a shock.

Has the slowdown of new home construction impacted MSI in any way?

I think it definitely impacts the company. Obviously, when things slow down, you have to rethink how you do things. MSI, just like everyone, got over-inventoried because we assumed sales would continue to grow. That did not happen this year so we all got over-inventoried. That said, I think most of us are getting to the point where we've worked through most of that. I also think when you've had so many go-go years, every now and then a slowdown allows you to think again, to do things the right way, to do a little bit of spring cleaning whether it's processes, procedures or systems. A lot things just got out of hand, and a little slowdown is probably a good thing.

What about the war in Ukraine? Has that forced you to pivot?

Yes. It's a really unfortunate

circumstance for the people of Ukraine, and we as a company continue to stand by them. We were buying both ceramic tile and pavers from Ukraine. The most direct impact is we can't get that product. The indirect impacts are the costs and availability of natural gas. Obviously Europe is a huge exporter of ceramic tile, and natural gas is about 15% of the cost of the ultimate product. So that has caused some obstacles. The other one is clay. For ceramic tile, a lot of clay used to come from Ukraine.

Everyone had to re-source their clay. So it has definitely caused obstacles.

Switching gears, if I'm a retailer, why do I want to do business with MSI?

It starts with our tagline, "Making Dream Surfaces Attainable." I think our products are on trend, and we're spending time inspiring the end consumer. Hopefully that pulls through for our retailers as we help inspire with all the different tools we employ from marketing to tech-

nology to social media, all of these tools that paint the dream. Value is a big piece of what we deliver to our retailer customers. Pricing is one big piece of value, but I would say there's numerous other pieces of it. We continually strive to be the easiest company to do business with, because there's cost of product and there's cost of doing business. We definitely want to minimize the cost of doing business with MSI. For example in 2022, we added 10 locations. This helps us be as close as pos-

sible to our retailer customers.

How many locations do you have now?

We're up to 46, with another five close to being finalized.

What does MSI do differently or better than your competitors to benefit the retailer?

Our No. 1 goal is to increase the size of the pie. The ways to do that are to engineer a pricing system, a set of products, and then the operational/logistics side to

Continued on page 30



The advertisement features a modern interior scene with a wooden floor, a patterned armchair, and a small table. Overlaid on the image is the Karndean Designflooring logo, which includes a large '50' and a dog silhouette, with the text 'years of Karndean Designflooring' below it. At the bottom of the image, the text 'Premium luxury vinyl IS JUST THE START.' is written in a large, elegant script. In the bottom left corner of the image, there is a small purple square followed by the text 'Canadian Urban Oak RKP8116'.

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State of the industry

Continued from page 1

may not be off for some, the dollar value's coming down—you actually got a lower number year over year," explained Adam Ward, vice president of product management, resilient, Mohawk. "Retail prices and costs have come down—we've seen deflation across the board. It's likely that they're still above 2019 levels for a lot of products but we could continue to see deflation depending on what happens with the economy."

In fact, FCNews' Statistical issue showed just how important price increases were to the flooring industry in 2022. Within the resilient category itself, *Floor Covering News* research found resilient generated \$9.522 billion in sales in 2022, a 13% increase over 2021's \$8.426 billion. In terms of volume, the category saw just a 4.7% increase to 6.156 billion square feet. The discrepancy in double-digit sales growth vs. a single-digit volume increase is attributed to the unprecedented price increases in freight and raw materials as well as inflationary pressures in 2022 due to the lingering effects of the pan-



AHF's Tmbr brand markets its Clearwater collection to Millennials.

hard surfaces or soft surfaces. It's consumer sentiment, certainly high interest rates."

However, the decline in sales is not only a pandemic-related effect but something that's been expected to occur for some time now. In fact, eight months into 2023 and suppliers agree that the much-anticipated plateau to the meteoric rise of the resil-

sales this year and will continue to push the category forward into 2024, namely the builder and commercial segments.

"It's a tale of two stories," explained Yon Hinkle, vice president – resilient products, AHF Products. "There are definitely parts of the business—independent retail and residential overall—that are down. But builder is still performing bet-

ter than expected—and while it's probably off its peak, it hasn't stepped back nearly as much as we expected it to, which is good. And the multi-family segment is still very strong. Companies that are heavy in multi-family or pretty strong in the commercial space are probably doing really well. If you're very

heavily weighted in either big box or independent retail overall, you're probably down."

Shaw's Francis agreed that certain segments of the market are poised to prosper. "The national builders are very bullish," he said. "As a matter of fact, they're saying Q4 is going to see a 10% to 15% increase over last year. We're ramping up service to supply that, which to us is a good leading indicator for the rest of the market."

Several major suppliers are even bullish on the rest of the year overall. "We all knew things would come down after [the pandemic]," Mohawk's Ward said. "This is probably

what I classify as a fairly soft landing, and we expect things to improve as we go through the second half."

Bill Blackstock, CEO of the Resilient Floor Covering Institute (RFCI) agreed, noting, "As we look at the years to come, the combination of a rebounding economy with continued share growth in residential and commercial will produce a bright future for the product category."

UFLPA creates challenges

The resilient category, while the largest and fastest growing segment in the industry, is not immune to its fair share of challenges. The most impactful—and certainly most talked about—is the one emanating from the Uyghur Forced Labor Protection Act (UFLPA),

which was passed into law by the U.S. government in 2022. UFLPA prohibits the importation of all goods that are produced in or contain any content from the Uyghur region in China—an area believed to house forced labor operations and is a major supplier of PVC and raw materials to China and the greater Asian region.

To enforce UFLPA, U.S. Customs and Border Patrol (CBP) detained—and continues to withhold—all imported LVT that could potentially contain materials subject to UFLPA restrictions, and is only releasing held shipments after clear and convincing evidence has been produced and confirmed that there is no violation of UFLPA.

The resilient category relies

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demic. This was true across the board for all categories, including ceramic, which ultimately experienced the most obvious reliance on price increases with a decline in volume and increase in sales for 2022.

Therefore, it stands to reason that price decreases would dampen overall sales and cause the category's first decrease in its history. Suppliers also point to several other conditions causing the slowdown. "What we attribute it to is really just the macroeconomic conditions that are in play," said Jeff Francis, director of category management, hard surface, Shaw. "It's not just specific to

ient category has taken hold. "We had some years where [resilient experienced] 50% year-over-year growth, which we'll never see again," Shaw's Francis said. "But we knew that slope would eventually have to correct itself. We believe that that's happened over the past two years. All this [market share] that resilient has taken from carpet, maybe that's now at an equilibrium for the next three to five years. I believe, until the next innovation comes around, resilient may be saying, 'Hey, we're going to take our share and maintain this for a couple of years.'"

There are some bright spots that have helped drive resilient

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State of the industry

Continued from page 12

heavily on imports and continues to struggle with the detentions. "It's resonating in different ways," AHF's Hinkle said. "One is just the awareness of how important understanding your supply chain is and having those details buttoned up—which is not easy to do. There's a lot of work involved but that importance can't be understated. From a company-to-company basis, some companies have been much more impacted than others.

egies for creating better transparency within their supply chains while also supporting their retail partners who are experiencing product shortages due to the detentions. "MSI not only has one of the most comprehensive UFLPA tracing documents in the industry to shield against detentions, we also offer one of the most diversified production capabilities that further shield our dealers from potential disruptions," Shah explained. "We work in conjunction with our retailers to understand their essential products and build a

dent of sales and marketing for Wellmade, noted that the company "continues to increase our production of U.S.-made HDPC/SPC vinyl planks. Wellmade's Made in USA products help our customers continue to receive products needed while eliminating the challenges associated with importing products."

Noah Fulton, vice president, business strategy, Karn-dean Designflooring, said the company has not been impacted by UFLPA and supports its overall goal. "We're proud to support the Uyghur Forced Labor Protection Act. While the UFLPA has caused disruption in the industry, our supply chain is not affected and we continue to operate without shipping delays."

Tackling shoddy SPC

The meteoric rise of SPC flooring over the years brought major gains to the flooring industry, its suppliers and its retailers and distributors. The rigid core segment in particular posted astronomical gains for years, beating out every other flooring category in terms of growth.

The flip side of this stellar growth, however, was the rapid entry of all manner of play-

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Triumph's New Standard Plus by Engineered Floors comes with a limited lifetime residential warranty.



We've heard about competitors that have had really significant port stoppages or seizures, they're just sitting there for months on end or they've even been returned."

Raj Shah, co-CEO, MSI, agreed, noting the impact it has had on suppliers. "The UFLPA has had a profound impact on the industry, with thousands of containers seized at the port, causing massive supply disruptions for the companies involved. We believe UFLPA is here to stay for the long term, and we support the spirit of what the act strives to promote: responsible sourcing and respect for human rights."

Suppliers across the board have begun to share their strat-

diversified supply chain with this in mind. Finally, we are working with our retail partners on marketing PVC-free products as well."

Dick Quinlan, vice presi-



Happy Feet's Perseverance features extra-wide planks in seven colorways.

financial

Considerations in valuing your flooring business

Running your own business requires lots of investment in terms of money, time and effort. Endless amounts of hours have been spent operating, maintaining and adjusting the business to stay competitive, profitable and valuable. After all your hard work and dedication, you might ask yourself, "How much is my business actually worth?" While most business owners could claim a ballpark value based on their income and assets, it is important to follow the correct procedures and have an independent business valuation.

Whether you're looking to buy or sell a business; planning a business succession planning; going through a divorce; taking out a business loan; or offering employee stock options, a proper valuation is vital regarding proper planning, execution and structure of any transaction. Furthermore, a business valuation is more than just a number arrived at through various methods used to calculate value. The value number arrived at is, in most cases, of secondary value to the actual methodology used in the calculation.

As an example, two shareholders enter into a buy/sell agreement (an agreement necessary for all businesses with two or more shareholders) and a shareholder looks to exit the business or passes away unexpectedly. What is the value of the business is the shareholder or the shareholder's estate owed? How do you calculate a number that is sure to be ever-changing as business value increases or decreases based on a weekly, monthly and yearly basis? The answer is the valuation methodology proposed and agreed upon by the shareholders in the executed buy/sell agreement. This contract can provide a valuation methodology that can be calculated at the time of the shareholder's exit. Having this can avoid a battle of various methodologies leading to different values more beneficial to one party over the other.

So, how can you be sure you selected the right methodology to arrive at a true value? The true value of your business will reflect the value a willing buyer



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would agree to pay in an arm's length transaction. The key to a credible valuation is the ability to obtain and substantiate the value at which the asset or stock will change hands between a willing buyer and seller. To do this properly, the business needs to hire an unbiased, qualified appraiser with experience and training in both the area of valuations and the industry in question. Along with this, the qualified appraiser must understand and employ the various valuation methods, discount and premium variables while weighting the result accordingly. Finally, the value calculation must be defended by a qualified appraiser.

The buyer should have a due diligence team that can dissect the business's internal financials to substantiate the numbers in the seller's most recent financial statements. The due diligence team can then use their valuation methodology calculation to arrive at their proscribed value. If the seller's value seems to be inflated or cannot be substantiated, a purchase price reduction may be sought, negotiation may ensue and the transaction may be jeopardized.

Any valuation methodology should not only encompass components of the business that drive value but also be able to provide a fair level of value to new shareholders while protecting the majority shareholders. The same approach applies when facing a business succession plan; the valuation methodology should be tailored to best meet the needs of the successor, whether those needs entail a tax minimization analysis, payout terms or level of value. The valuation method and transfer of assets/stock must remain valid under IRS rules about related party transfers.

Roman Basi is an attorney and CPA with the firm Basi, Basi & Associates at the Center for Financial, Legal & Tax Planning. Ian Perry, staff accountant with the firm, co-authored the article.

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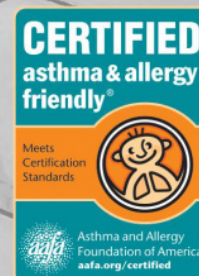
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State of the industry

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ers into the category. At the retail level, what was once hailed as a “waterproof” sensation took a hit where it hurts—its durability—as inferior product lines began to experience failures in the field.

Suppliers agree there are multiple drivers behind the failures; however, overall, it’s thinner, lower-quality SPC products that have given SPC a bad name—or at least left dealers with a bad taste in their mouths. “Really, it’s very simple, it’s physical qualities of the product,” AHF’s Hinkle explained. “You get cheaper two ways: you put less material in it—which makes it thinner—and then you put less of the more expensive ingredients in it—so you get much more brittle. Now you have a thin, brittle product. Then there’s failures and people think, ‘Well, that’s just because SPC doesn’t work.’ That’s not true. Yes, I think it’s causing customers to look at other options and ask different questions. But I think it’s important that people really understand the whys of it.”

For some, the UFLPA and the issues with lower-quality SPC entering the market are

in any consumer category; the trick is educating retailers on the value of proven brand reputations and stringent quality controls. “Retailers simply must be equipped with the knowledge to distinguish the good from the bad and deliver that message to end consumers,” said Alyssa Cole, senior content marketing manager, Novalis. “We deliver a quality product that we have 35 years of experience in manufacturing. We are among the most transparent brands in the business, bringing customers in-house on a regular basis not only to show them how we manufacture products, but also to disclose raw materials. That information travels all the way to end consumers and has increased consumer confidence in our brand and business.”

One interesting side effect of this challenge to SPC has been the growth in laminate flooring. While the small market share laminate has grabbed from resilient is more meaningful to the laminate category than it is destructive to resilient, the phenomenon is interesting. What’s more, suppliers are now focusing innovation on a new kind of laminate flooring product.

“Laminate is an interesting



Light Country Oak is a new colorway from Karndean's Van Gogh collection.

Sheets remains viable

Vinyl sheet has been on somewhat of a wild ride over the last year. Commercial sheet saw a respectable 8% increase in dollar sales to \$244 million in 2022. While suppliers don’t expect that kind of growth to continue, the sub-segment shows promise.

“It’s hanging in there,” said David Sheehan, VP, residential hard surface, Mannington Mills. “Obviously, in ’22 and ’21, you actually saw some growth in that category just because there was such high demand. In some cases, people didn’t have access to the preferred category product—LVT—so they accepted substitutions and, as a result, you saw an increase in sheet. In 2023, it’s kind of holding its own in the market, but we’re not seeing that increased post-COVID-19 demand.”

For AHF, acquiring Armstrong gave it greater resources in the sheet category and the company sees potential for the sub-segment moving forward.

“Residential sheet has experienced a slight uptick in the awareness,” Hinkle said. “Part of that because so much of it is domestic, so it didn’t have the same supply issues that other categories had—and from a value standpoint, it’s a great option. I think next year I would expect double-digit growth.”

Domestic manufacturing grows

While the resilient flooring category relies heavily on imports, several flooring suppliers have increased their investments in domestic manufacturing of products like SPC, LVT and even sheet in the U.S.

Case in point is AHF Products, which has one of the most robust domestic production operations of any supplier in the industry. The company currently has seven facilities located in Beverly, W. Va.; Somerset, Ky.; Oneida and Only, Tenn.; Warren, Ark.; West Plains, Mo.; and Titusville, Pa. With the acquisition

of Armstrong, AHF gained domestic production of sheet products, VCT products, residential tile products and LVT products. “In one fell swoop, we added a significant amount of domestic production, which is obviously very attractive,” Hinkle said. “So, the capabilities that have been added have been across the board in resilient, and AHF is always evaluating the next opportunity. AHF is a company that’s clearly on a growth trajectory—we’re looking for opportunities to continue to expand our business, and with that the potential for domestic type production is always there.”

Mohawk also has domestic production across several product categories, including resilient. “We are doing some additional investment in our Dalton plant, not just for rigid core but for sheet as well—and we’ve completed our Mexicali plant,” Ward noted. “We continue to invest in that domestic production as central to Mohawk’s core beliefs and strategy.”

Shaw has continually invested in its facility in Ringgold, Ga., which manufactures multiple vinyl constructions under one roof. “As a matter of fact, we’ve got an expansion project that’s going to hit coming in 2025,” Francis noted. “We’re going to invest in capacity; we see that as viable long term. What that gives Shaw is a chance to be faster with innovation. We also learn a lot about the overall product

MSI's Smithcliffs Hybrid Rigid Core has built-in antimicrobial protection.



two sides of the same coin, highlighting the same unfortunate flaw within the industry: quality standards and transparency. “Shoddy product quality and shoddy sourcing compliance (e.g. UFLPA) go hand in hand,” MSI’s Shah said. “Without rigorous audits, management and QC controls in place, it is easy to be burned by shoddy SPC products. In a way, UFLPA enforcement helps weed out these low-quality, low-compliance products from muddying the reputation of the industry.”

Some suppliers say there will always be shoddy products

growth story in the flooring industry,” MSI’s Shah said. “The real hero story of laminate is the next-generation technology that laminate gave birth to: hybrid rigid core. While entirely different in composition and product performance, hybrid rigid core has its fundamental basis on the principles of laminate manufacturing. The end result is a completely waterproof solution, with the best scratch resistance in the worry-proof flooring industry, with extremely durable click strength and longevity. It truly is the flooring of the future.”



BHW's Avalon collection offers high-resolution planks that simulate the look and feel of real hardwood.

Continued on page 18



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State of the industry

Continued from page 16

and platform that we can use to help our partners. We can share some of that learning as we continue to improve and add new equipment and new functionality.”

Wellmade continues to increase its production of U.S.-made HDPC/SPC vinyl at its plant in Cartersville, Ga. Wellmade’s current annual capacity is 100-120 million square feet per year. “We’re adding additional equipment to raise capacity to over 200 million square feet per year,” Quinlan said. “Currently, Wellmade is producing 48%-50% of all made-in-USA HDPC/SPC vinyl plank flooring. We are the largest U.S. producer of SPC plank flooring.”

Several other brands have invested in domestic production over the years, including Novalis, which opened its manufacturing plant in Dalton in 2020. “Our decision to open manufacturing in Dalton was reflective of the journey of our brand and our commitment to be closely connected to our customers,” Cole said. “This location enables us to better service our customers while also helping to grow and support a community rich in the history of flooring manufacturing. The production facility highlights the most advanced technologies in rigid core LVT manufacturing and houses the latest in automation.”

Nox Corporation, one of the largest global LVT manufacturers, is in the unique position of having its U.S. manufacturing facility in the center of the country—Fostoria, Ohio, to be exact. This provides it with the advantage of more easily servicing both its West and East Coast customers.

Tarkett's First Class luxury sheet features a 6 x 6 star-and-cross cement tile design.



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The Dessert Tray

I was at an upscale restaurant on a date night with my lovely and amazing wife and business partner, Jolyn. “Can I bring you a glass of wine or a cocktail while you’re looking at the menus?” the server asked. After the drinks arrived the server asked if we’d like to start with an appetizer. I wanted fried calamari and Jolyn wanted some kind of flaming cheese thing, so we got both. Part way through the meal the server asked if we’d like more drinks. I ordered a second gin and tonic.

It was a big meal and by the end we were both pushing maximum density, so an after-dinner treat was not on our radar. But then the server arrived with a big tray full of the most decadent desserts. We tried to resist for a moment but, to quote Star Trek, “resistance was futile.” We wound up splitting a crème brulee.

Now, the cost of just the main course by itself was probably around \$100. But with the drinks, appetizers and dessert the total tab was closer to \$180. That’s an 80% increase in revenue. That extra 80% didn’t happen by accident. Over the course of our meal the server upsold us four times, which she was trained to do.

“Do you want to supersize that?”

Another upsell example comes from McDonald’s. The famous:



**JIM AUGUSTUS
ARMSTRONG**

“Do you want to supersize that?” question encouraged customers to upgrade their meal. For just a few cents more they could increase the size of their fries and drinks. This seemingly small upsell had a significant impact on McDonald’s revenue, with studies suggesting that customers who accepted the upsell increased their transaction size by \$0.50 to \$0.90. When you consider the sheer volume of daily transactions at McDonald’s worldwide, this upsell strategy alone translates to millions of dollars in additional revenue each year.

One of the most effective ways to [increase revenue and profits] is with upselling.

Add onto your hotel stay

Upselling happens continuously in the travel and hospitality industry as well. You can’t book a hotel room without being offered spa packages, dinner, a romantic dinner for two or a guided city tour. These add-ons not only create a better experience for the traveler, but also provide the hotel with significant additional revenue beyond the cost of the room.

Upgrade to better seating

Airlines have an entire menu of upsells that they offer each time you buy a ticket. Some of the upsells include first-class seating, priority boarding, access to airport lounges and trip insurance. These upsells cater to customers who are willing to pay for extra comfort or additional perks. For airlines, these upsells can significantly increase their overall revenue and profitability.

Jim is the founder and president of Flooring Success Systems, a company that provides floor dealers with marketing services and coaching to help them attract quality customers, close more sales, get higher margins and work the hours they choose. For information visit FlooringSuccessSystems.com.



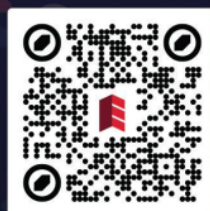
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Canadian suppliers leverage legacy of innovation

By Reginald Tucker

For decades, Canadian hardwood flooring brands have been associated with high quality—starting with the integrity of the raw materials that comprise the final product and extending throughout the fastidious approach suppliers follow during the manufacturing process. That hard-earned reputation continues today even in the face

of competition both from outside and within the hardwood flooring category.

“Certainly the raw material represents an advantage, as most of the Canadian manufacturers—including us at Wickham—source Northern Appalachian lumber versus Southern Appalachian,” Paul Rezuks, the company’s vice president of sales, U.S., told FCNews. “Another aspect that separates the Canadian suppliers is our tough

grading standards, which tend to be stricter than a lot of our competitors. That means you’re starting out with better material from the beginning.”

Others attest to the quality of the materials many Canadian firms use. “For many of the manufacturers based here in Quebec, we’re able to use better raw materials to make the product, which we believe is superior to much of what’s out there on the street,” said Wade

Bondrowski, director of sales U.S., Mercier Wood Flooring. “We’re proud to say we only pull our trees out of North America from the Pennsylvania region and farther north; it’s a slower-growing tree with fewer knots and mineral streaks and has a better coloration. In addition to that, the Northern oak tends to be a little more dense. Overall, it just mills better and is straighter and cleaner than some of the

materials sourced from other regions.”

In other words, higher quality in, better products out. As Wickham’s Rezuks explained: “We find that a lot of our retailers and distributors—once they get the product into the market—tell us their customers typically come back and say, ‘That’s such a well-made product. That’s the one I want to use.’ It goes back to the combination of raw materials, grading and quality controls—all those factors contribute to the success of Canadian wood flooring manufacturers.”

Not resting on its laurels, Wickham Hardwood is looking to raise the stakes even higher. The company recently initiated a \$14 million investment in equipment that will boost automation while still maintaining high quality controls. According to Rezuks, the investment addresses the continued struggles to identify qualified labor while at the same time supports the company’s overall plan to grow the business over the next three years. “The addition of this state-of-the-art equipment will increase our overall production by about 30% and improve our overall quality control,” Rezuks explained. “More important, the expansion will not result in any layoffs; in fact, it will allow us to transfer 14 team members to other areas in the production department.”

For other major Canadian manufacturers, being vertically integrated is the key advantage. Such is the case with Lauzon Hardwood, which owns five sawmill operations that feed its flooring operations. That translates to access to more than 2 million acres of the highest quality maple, yellow birch and red oak in Quebec, according to David Lauzon, Jr., director of sales. “We’re the only company here in Canada that has direct access to the forests,” he said, citing a long-term agreement the suppli-



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er made with the Canadian government, which owns the forest lands. “Our sawmill in Thurso alone harvests 15% of all Canadian hardwood that gets harvested in a year. But the process we employ is selective cutting; we do not do any clear cutting. We target only those trees that we are much older and probably will expire over the next 10, 15 years.”

Another factor going in Lauzon’s favor is its flexible production capabilities. For example, its sawmills are configured in such a fashion whereby the raw lumber can be optimized to maximize the widths of the boards based on the desired size (wide vs. narrow width) or end use (i.e., flooring vs. furniture applications). This capability, according to Lauzon, provides an advantage over those suppliers that purchase a greater percentage of their raw materials on the open market. And for a company that offers both solid strip and engineered boards, that makes a big difference.

“When you buy most of your lumber on the market—which is predominantly random widths—you typically get stuck with about 30% that’s 2 ¼-inch, which doesn’t sell as much,” Lauzon explained. “With our system, we only get about 8% to 10% of material that’s under 2 inches wide. That means we don’t have to dump 2 ¼ into the open market just to get rid of it. This method gives us more stability in our raw materials.”

Beyond the sheer quality of the raw material, locally sourced lumber brings with it other tangible benefits for Canadian hardwood flooring suppliers. “As a North American company that specializes in wood, we pride ourselves on creating jobs where we live and sourcing local raw materials,” explained Brad Williams, vice president of sales and marketing for St. Georges, Quebec-based Mirage Hardwood Floors. “Continued locally sourced flooring is good for society, good for the planet and gives customers peace of mind now and for generations to come. We believe we have a positive impact on the health and well-being of people and the environment by using sustainably harvested wood to produce the highest quality hardwood floors made in North America.”

Other Canadian manufacturers are also leveraging their local supply. “One of our main advantages is our engineered production,” said Julien Dufresne, vice president of sales and marketing, Preverco. “We

Continued on page 22

Mirage continues award-winning streak

ST-GEORGES, QUEBEC—Mirage, the hardwood flooring brand renowned for quality, was named Canada’s top hardwood flooring manufacturer in the 2023 Award of Excellence competition, a program sponsored by FCNews and Informa Exhibitions, which manages the Surfaces show. The award was the 14th time Mirage took home the honor,

and it marks the 44th industry distinction that Mirage has received overall.

“We are truly honored to be recognized as the No. 1 Canadian manufacturer for quality in the hardwood flooring category again this year by North America’s floor covering dealers,” said Brad Williams, vice president of sales and marketing, Mirage. “To receive

an Award of Excellence is a testament to the quality of our Mirage Floors employees, suppliers and customers. We will continue to respect our commitment to quality and to offer our customers the peace of mind they have come to recognize us for. We are grateful to the many retailers who have voted for us, and we thank them for their many

years of loyalty to our brand.”

Floor covering retailers were asked to vote on the best hardwood flooring manufacturer based on various criteria, including: product design, service, value, performance, quality, sales force professionalism, management responsiveness, customer service, handling of claims and ease of doing business.



The choice of real wood experts

mirage

Hardwood Floors

Canadian suppliers

Continued from page 21

are fully integrated with our engineered production, and we have slowly been moving away from using imports of plywood for our core and shifting to pine from Quebec and eastern Ontario. In fact, we only use 100% local resources in our product.”

Preverco also prides itself on the expertise of its manufacturing workforce. “We’ve been around since the late 1980s, and the guy who’s running our finishing plant has been here since 1990,” Dufresne noted. “In addition to that, most of our plant managers have been with us for almost 20 years. It’s a very stable environment in terms of management and top positions, which translates to a lot of know-how within the company.”

Ongoing investments

One common denominator across most Canadian suppliers FCNews interviewed for this feature is the high level of investment companies are making in their operations. Case in point is Mercier Wood Flooring—a pioneer in prefinished wood flooring—which made significant capital improvements in 2022 designed to improve efficiencies in its automation processes. These improvements, according to Bondrowski, covered several key areas of its operations ranging from milling to packaging. “The investments we made last year resulted in a 15% better production rate,” he explained. “And by the end of this year we expect to make even more investments to boost output and capacity.”

Like Wickham, the investments Mercier plans to make won’t come at the expense of



its skilled workforce. “We value our people,” Bondrowski told FCNews. “We use automation mainly to help us produce more product, but the people whose roles will transition will move into other positions that are available in the plant.”

Over the past few years, in fact, Mercier has imported labor to bolster its manufacturing workforce. Coming out of the COVID-19 pandemic, for example, the company brought people in from Madagascar—where French is predominantly spoken—to work in the plants in Drummondville, Quebec. “We’re actually going to bring in about 12 more people into the plant from Madagascar to

fill open positions at our plant,” Bondrowski said.

Lauzon is also taking a page out of the sourced labor playbook. The company hired more than 50 people—also from Madagascar—to fill its manufacturing ranks, and it’s all in support of the country’s progressive immigration directives. “At first the Canadian government imposed limits of 10% of the total sales force, but they have since opened it up to 20%,” Lauzon stated.

At the same time, Lauzon is supplementing physical labor with technological enhancements, namely automation to expedite packaging and bundling—a labor-intensive as-

pect of the business—and to improve overall operational efficiencies.

“We have a three-year, \$25M investment plan for the business,” Lauzon explained. “In addition to addressing the labor issues, which most companies are dealing with these days, it’s also about automation and using emerging technologies such as artificial intelligence. It definitely makes sense for tasks that are very labor-intensive; here we can put in a machine to do it and then train operators instead of laborers.”

Another area suppliers are devoting investments is in research and development—specifically around alternative

core materials to the popular but increasingly scarce Baltic birch. “We are currently looking outside of our normal supply channels to see how well others species test,” Mercier’s Bondrowski explained. “We’re going to make sure we do our testing; it’s a rigorous process. Each plywood product that we’re testing takes anywhere from eight to 10 weeks to get the results.”

Core improvements

The race to develop alternative core materials is also spurring other major Canadian wood flooring suppliers to ramp up their R&D efforts. In the case of Mirage Hardwood—regard-

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The quality of the final flooring product starts with high-grade raw lumber. Pictured are the latest offerings from Wickham.



ed in many circles as the standard bearer in the production of hardwood flooring—that research has resulted in an innovative core structure used in some of its engineered product offerings. Case in point is the company’s new TruBalance Lite technology, a thinner version of its predecessor, which features a unique core technology of real wood lamella measuring 3mm over a locally sourced, $\frac{3}{8}$ -inch-thick (9mm) SPF (spruce, pine, fir) core layer bonded to a 2mm wood backing veneer. According to Williams, the 3-ply construction makes TruBalance Lite boards more resistant to fluctuating humidity levels that could result in warping or cupping in solid wood boards exposed to the same conditions.

Suitable for installations where $\frac{1}{2}$ -inch-thick hardwood is specified, TruBalance Lite offers the ideal overall floor-board thickness for combining hardwood floors with tiles and other flooring materials, the company stated. Moreover, TruBalance Lite can be nailed, stapled, glued or floated over a wood or concrete subfloor, and the product is suitable for installation on, above and below grade—including over radiant heating systems.

Another quality-minded Canadian supplier that continues to innovate in the area of hardwood core technologies is Opus Floors, headquartered in the Alberta province of Calgary. While the company provides a host of various hard surface products—including cork planks, LVP and laminate, a key focus currently is its lineup of multi-ply engineered hardwood floors.

“The majority of what you see in the market today is a 3-ply construction; we do ours in a 7- or 10-ply construction,” said Vern Verkley, owner of Opus Floors. “Here in Calgary, especially out in the prairie, the climate is brutal and really hard on wood. Three-ply products in this market might expose companies to a much higher risk of failure, but a good wood product has to endure Canadian prairie winters where the temperature can get as low as minus 30 or 40 degrees up here—and that’s not including the wind chill.”

Opus Floors currently offers several different platforms in its engineered hardwood line to accommodate different budgets, applications and end-user scenarios. But even its “entry-level” products, Verkley noted, are by no means sub-standard.

“Even our lower-priced product like the Creek Series is a 7-ply, $\frac{1}{2}$ -inch-thick engineered line with a 3mm wear layer in random lengths,” he explained. “It’s a beautifully constructed product. If you want to compare it to some of the other brands, which are typically $\frac{1}{2}$ -inch, 1mm wear layer in a 5-ply construction, or $\frac{9}{16}$ with a 2mm wear layer—our entry-level is actually thicker than some of the products that others promote as premium.”

Mercier has expanded the areas where it sources its material to ensure consistent supply of raw materials.



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Room visualizers reimagined

By Dina Santorelli

Providing a highly engaging, frictionless customer experience is essential in today's floor covering market, and it's no secret that room visualization tools yield multiple benefits for retailers. They not only simplify the buying process, but they also keep shoppers on retailers' websites longer, encourage more product views, offer data-driven insights on customers' shopping habits and, ultimately, boost conversions.

Moreover, according to the companies that specialize in this technology, room visualizers are primed to get even better. "Roomvo is now more realistic than ever," noted Brandon Shidlowski, senior director of strategy, Leap Tools, the maker of Roomvo, which accounts for the greatest market share in this space. "Our room visualizer is better able to detect surfaces and different lighting conditions, which means smoother edges and lifelike detail."

Shidlowski noted that Leap



Consumers can design a room with up-close 3D views of flooring with Chameleon Power's room visualization tool.

Tools has added loads of new functionality to Roomvo, including the "Compare" feature, which allows customers to view multiple products side-by-side.

"We've also introduced virtual samples for a number of industries, which allows shoppers to zoom in on a 3D version of the product."

The benefits don't end there. Shidlowski added that Roomvo is helping clients bring technology into the showroom. "The top retailers around the country are investing in tablet computers for their RSAs and large digital displays or touchscreen terminals," he explained. "We've made it even easier for retailers to make the most of room visualization with embedded catalogs and complete, custom-designed websites."

Other major players in the room visualizer space are upping the ante. Jaime Vinette, strategic accounts executive for Hyphen Solutions, the parent company of Chameleon Power, noted the company's online room visualizer technology has been updated in recent years. Enhancements include interactive floor selection within uploaded photos, sample ordering, integrations with client shopping carts and CRM systems.

Newer features also include side-by-side product comparisons, flooring pattern and color customization—and even support detailed options like grout color, installation patterns and mosaic construction.

"After acquisition by Hyphen Solutions, we introduced Hyphen HomeSight to elevate the new home selection experience for homebuyers," Vinette explained. "It instills trust and eliminates uncertainty, allowing customers to visualize the result before making any purchase, ultimately leading to a more successful design experience and satisfied customer."

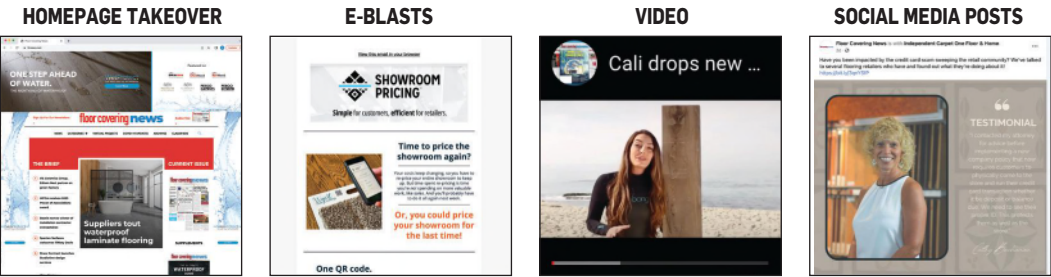
Broadlume, a pioneer in online room visualization, has produced "significant" upgrades to its product, according to Jeff Bieber, vice president of marketing. These include visualization kiosks, stair visualization, diverse light bulb options, 3D

Continued on page 28



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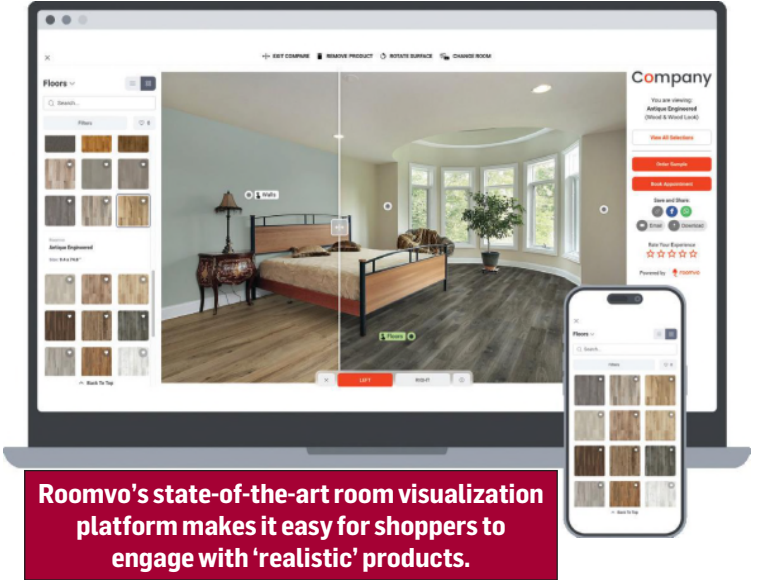
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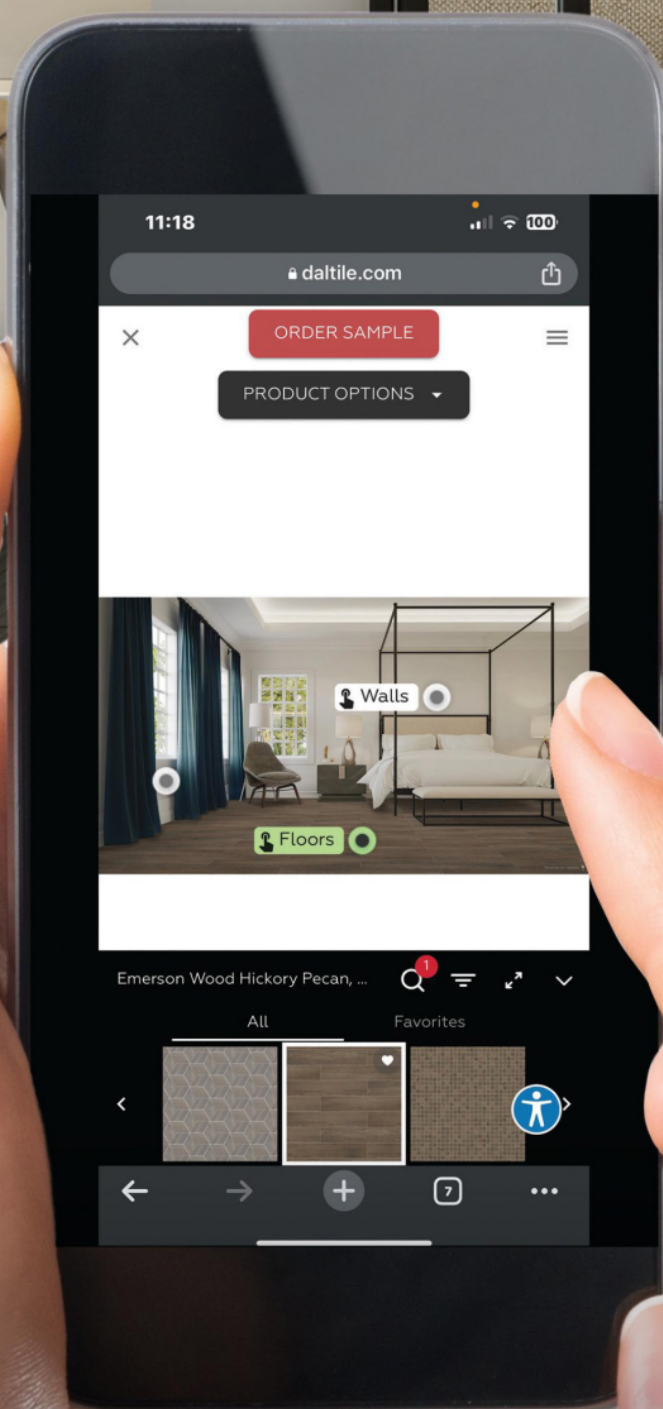


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
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Mohawk has partnered with Roomvo to power the feature-laden room visualizers embedded in the websites of each of its signature tile brands: Daltile, American Olean and Marazzi.



Dal-Tile brands put the 'style' in Stylizers

Dal-Tile has built a reputation as being one of the premier ceramic tile manufacturers in the world as opposed as opposed to a technology company, but it sure knows how to leverage new technologies—especially when it comes to room scene visualizers. This is readily evident in three of its signature brands: Daltile, American Olean and Marazzi.

Following are some highlights of each of the brand's highly functional Stylizers:

Daltile

Embedded in its website, Daltile's room visualizer, or Stylizer, aims to greatly simplify the shopping experience for customers. According to the company, Daltile's Stylizer functions in much the same way as today's

popular room visualizers, but it goes a step further by linking to a host of pre-selected, curated sets of floor, wall and mosaic tiles as well as countertops.

"The power of curated sets is they allow customers to see how all of the floor, wall, mosaic and countertop elements can combine together in one harmonious whole room visual," explained Paj Thorn-Brooks, vice president of marketing, Daltile. "Being able to visualize the curated assortments already put together taps into why resources such as Pinterest are so popular with consumers. Daltile's new Stylizer meets this consumer need. In addition, Daltile's vast offering of curated boards allows customers to shop by color, look, room and style. Shopping for tile couldn't be easier."

By providing curated assortments, Daltile's Stylizer is also a big help to retailers and contractors. "When customers can see what a final space will actually look like, they are more likely to want the entire package," Thorn-Brooks added. "If customers can see it, they will want it. This makes it much easier to upsell."

American Olean

American Olean's high-resolution Stylizer—launched earlier this year—provides design inspiration 24/7 via any cell phone, hand-held device, laptop or desktop computer. This new digital tool allows the shopper to visualize products in one of two ways: Consumers can upload an actual photo of a room in their own home and then virtually

"try out" any of the brand's tile, stone or mosaic products in their space. The Stylizer will instantly populate the desired product into their chosen application in the photo such as a floor, wall or countertop. As a second option, consumers may populate products into example room scenes provided by American Olean, such as a bedroom, kitchen, living room, mudroom, etc. An additional feature is the ability to visually install the desired product into the photo vertically, horizontally or diagonally to achieve just the right look.

Marazzi

Marazzi is a tile brand focused on style, design and total customer satisfaction. To help ensure success during the selection phase of a shopping journey, the

brand recently launched one of the industry's most effective visualizers onto its website. Similar to the Daltile and American Olean brands, Marazzi's visualizer links to several pre-selected, curated sets of floor, wall and mosaic tiles. And also like Daltile and American Olean, the Marazzi's Stylizer holds exclusive rights to the enhanced feature of linking the visualizer to curated options.

"The power of Marazzi's new Stylizer increases both the fun and efficiency of selecting the right products for a space," Thorn-Brooks stated. "As with all of our digital and marketing efforts, our goal is to ensure designers, retailers, distributors, contractors and end-consumers experience success with Marazzi products."

A close-up photograph showing a person's hands installing a wooden floor plank. The person is kneeling on the floor, and their hands are positioned to click a new plank into place. The floor is made of light-colored wood planks with a visible grain. The person is wearing blue jeans. The background is a plain, light-colored wall.

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Fantasy football

Continued from page 3

other teams’ charities. *Note: ALL charities will receive a donation through the league, not just the winners.

Each company will receive receipts showing proof of all payments made on their behalf to the respective charities in the amount they won through the season. This is so you see that the exact amount won for your cause is sent to the proper contact.

The online draft for the charity football league is tentatively scheduled for Aug. 28 at 5 p.m. EST. Those who are unable to make the draft, unable to designate someone to draft their team or do not take advantage of FCNews’ offer to draft their team can choose ESPN’s “autopick draft” option to accumulate players based on pre-draft rankings. We will again manage the league using ESPN. All you need to do is log in each week

and choose your starting players. There will also be weekly pickups, so teams can be improved throughout the season.

The league will follow the regular season schedule and end after Week 14. The top six teams will make the playoffs, which are held in weeks 15-17.

This is an excellent opportunity to support and create awareness for a meaningful cause and enjoy some friendly competition, so be sure to reserve your spot. To join, send an email to dustin@fcnews.net with the following information: your name, company name and charity or cause of your choosing. We’ll send out payment information once you have expressed interest in joining. The entry fee is \$5,000 per fantasy football team.

FCNews’ Fantasy Football for a Cause league is open to floor covering industry members of all experience levels. No fantasy experience is necessary. Every dollar of the proceeds will be donated to charity.

Room visualizers

Continued from page 24

samples and, more recently, a comparison feature between existing floors and visualized options.

Bieber added that Broadlume’s visualizer is intricately linked to a flooring retailer’s entire business: from integration with the product catalog and streamlined online sample ordering from product pages to capturing customer information (including lead notifications and product details) and data-driven insights into frequently visualized flooring products.

Other major visualizer updates from Broadlume are also in store. “Although I’m cautious about revealing confidential details, I can provide a glimpse; I am excited to share that we are on the

brink of launching a major update for our visualizer. This update encompasses an extensive range of new products, substantial visual enhancements and noteworthy speed improvements. Our update will harness the power of AI to enhance the visualization experience, elevate product image quality, expedite image processing—and there’s more AI-driven surprises in store.”

Indeed, AI—with its intuitive and dynamic tools—will continue to play a significant role in the online room visualization field. “The technology has allowed users to easily upload their own scenes and auto-detect the areas to be changed,” Hyphen Solutions’ Vinette noted, adding that Chameleon Power will focus on “leveraging the power of AI to further revolutionize the room visualization experience.”



Moisture testing engineered wood flooring

By Grete Heimerdinger

Engineered floors have become very popular given their well-known performance attributes, overall stability and their ability to be installed on, above or below grade. Furthermore, there is no visible difference between engineered and solid floors after installation, and engineered floors tend to be less expensive than some of their solid counterparts.

However, whether you deal with solid or engineered wood floors, avoiding moisture problems is one of the primary tasks. To avoid moisture problems, the moisture content of the floor planks—whether they are solid or engineered—should be within the permissible range starting from the time when they are manufactured, sold and delivered up to the point when they are installed and when the floor is in use.

A quality moisture meter is an indispensable tool needed for checking moisture conditions. However, even if you have a good moisture meter, you still need to know how to set the meter to get an accurate measurement for a specific floor. Checking the moisture content in solid wood flooring is relatively easy; the meters come with a selection of calibrations to use for different wood species. The big question is what calibration do you use to measure engineered floors?



Engineered wood planks can vary widely in their moisture content.

Looking at individual engineered floor planks, there are differences in the thicknesses of the wear layer and the composition of the core. Each floor manufacturer has their own design; therein lays the problem when determining a setting for a moisture meter. We get phone calls all the time from flooring installers and inspectors about finding the right setting for a particular manufacturer’s floor.

One solution that works well is to send samples of the floors to Lignomat, and we can determine the correct setting after acclimating the floor at a known relative humidity. Then, the floor manufacturer can recommend a meter setting and will get accurate moisture measurements for all subsequent measurements after the floor has left the manufacturing facility.

A moisture meter calibrated through acclimation to a known relative humidity produces the same results as a meter calibrated with the oven test procedure for wood. To be accurate, the moisture content found this way is referred to as the “wood moisture equivalent” or WME. For example, the WME is 8.5% for a material acclimated in an environment of 45% relative humidity at a temperature of 70°F. When an oven test is performed, a solid wood piece acclimated at 45% relative humidity has a moisture content of 8.5% (see EMC chart).

Both solid and engineered wood floors will absorb and release moisture if the humidity around them changes. Coming back to the example of 45% relative humidity and 8.3%—when that floor is exposed to a constant relative humidity of 60%, the floor will change to 11.9%. How fast that happens and how much of a dimensional change occurs depends on the floor planks.

Anybody who has access to floor pieces that are acclimated to a known relative humidity can find a calibration for a moisture meter. The acclimated floor planks could come from a climatized showroom or a stor-

age area in the manufacturing facility. Here are some examples for temperatures of 70°F:

25% stable	5.4%
35% stable	6.9%
45% stable	8.5%
55% stable	10.1%
65% stable	11.9%
75% stable	14.4%

The first step is to use the EMC chart to look up the relative humidity the floor has been acclimated in. The EMC chart lists the corresponding moisture content for every relative humidity between 5% and 95%. After determining the moisture content with the help of the EMC chart, set the pinless meter on the floor planks and change the setting upward from #50 until the measurements match the moisture content from the EMC chart.

If you have a pin meter, finding the setting of the meter is not so easy. Take the measurements and note the setting. Next, consult the meter manufacturer for the correct setting.

Flooring manufacturers, distributors and even the installers can use this method to determine how to measure engineered floors accurately. It would be most helpful if the floor manufacturers would recommend settings for moisture meters. (As mentioned above, Lignomat will test floor samples.) In the end, everybody working with that floor would get reliable, accurate and comparable moisture measurements.

Grete Heimerdinger is the technical advisor for the moisture meter division for Lignomat USA Ltd. She graduated from the Technical University in Stuttgart, Germany, with a teaching degree in Mathematics and Physics. For more information on moisture measurements and moisture problems, contact Lignomat at 800.227.2105 or email sales@lignomat.com.





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MSI
Continued from page 11

put that all together where the consumers want more of these products. I think that makes us different from just about everyone else in the industry. Most people in our industry are trying to increase their margin and reduce overall volumes.

Surfaces was big for MSI back in January. What were retailers most excited about?

This was the first time MSI was an all-encompassing hard surfacing player. We had tile, we had LVT, we had laminate, we had wood, we had decoratives, we had pavers. Never in our history have we been able to have every segment of the hard surface industry displayed. We have come a long way from being just a natural stone company.

Give me a product that's somewhat unique to MSI that provides a solution for the consumer and the dealer can make some money with.

Woodhills. That's an SPC core with the top layer being real wood. That product is not commoditized and it's probably a

little higher end. So it allows the retailer to make money.

How are you able to do that successfully? A lot of companies have tried that hybrid product and failed.

Our sourcing teams spend a lot of time on product development, testing, QC, putting all that together. Luckily, we've successfully been able to launch this product with effectively no claims.

MSI remains one of the top 15 importers in the U.S., right?

Yes.

Was that a good or a bad thing over the last few years given the supply chain challenges?

I think no matter how you look at it, it's always a good thing to have volume. It did make things challenging, but if things were easy, everyone would do it. Every time there are challenges, it produces opportunity. Our model is not just importing but we import from everywhere. So having the ability and the quickness and the relationships, all that together to move things around real time. So if China has

a problem, Vietnam. If Vietnam has a problem, then it's India. India has a problem, Turkey. Turkey, has a problem, Brazil. We were moving pieces quite a bit. It gives us that flexibility when things get challenging.

Is trucking still an issue—getting product from the port to wherever it is going?

Even that has subsided as a problem. So we're almost literally across the board back to a pre-pandemic situation.

Plans to expand domestic production?

Yes. In fact, we hope our expansion will be done shortly. We'll be adding a few lines there. We plan to continue to expand. Again, this is part of that diversity in terms of where we get product because the world continues to have its set of issues. We will also be manufacturing a high-end line of LVT at the facility. Our retail customers have been pushing us to have a higher-end LVT line and now we can provide it to them.

What keeps you up at night?

There's always the risk you didn't think of, and then you can put



MSI has grown over the years by expanding its product portfolio, which now includes artificial turf.

things like cybersecurity issues into that bucket of things you don't necessarily think about every day, but it can shut down your business. The No. 1 thing I worry about, and it's more longer term, is how do we continue to have this double-digit growth as a company? Because that's our goal, and at the same time keep the values and cultures of a small, family business.

Do you see the day when you make a big purchase?

I could never say never, but we haven't found the right opportunity. Greenfielding has worked

better for us.

The other way to grow would be to expand into other product categories, right?

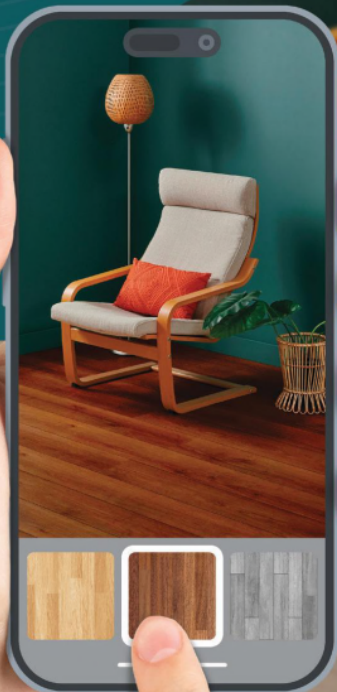
If you think about it long term, it would make sense for us. The way we look at it is what categories within building products has a fragmented vendor base or a fragmented customer base and is a growing product category that we can bring value to? It obviously helps if it goes to our current customers because our same salesperson can market and make the sale. There are many multi-billion dollar categories out there that we

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have not yet analyzed, and they're all opportunities.

What do you view as the biggest challenges for retailers right now and how can MSI help alleviate those challenges?

During the pandemic you didn't have to inspire. Consumers were naturally inspired to update their homes. Today, it's incumbent on a retailer to inspire a consumer because the economy is a little tougher. Their payments on everything are higher because of inflation. So we're competing for wallet share. To compete effectively, we have to inspire. We've built tools, but we haven't made it necessarily easy on the consumer to be inspired on what could be done with their home.

Is there a way to help them?

Yes. We have a lot of tools—whether it's our virtual reality tool, our website, Instagram, etc.—trying to inspire them.

What's worse—inflation or high interest rates?

The two are very connected, so it's hard to separate one from the other. But I think for this particular industry, high interest rates probably have a longer-term deleterious effect on the industry than inflation.

What's happening on the ceramic/stone side of the business right now?

For many years, people thought LVT was just cannibalizing tile and stone. I think we've reached the point where that's over. Ceramic tile can virtually be used anywhere—on a floor, on a countertop, on a wall, on a driveway, outdoors, indoors. There's no other product like that. Again, this is one of those challenges we need to put out to the industry. The U.S. per capita usage is amongst the lowest in the world. But again, this goes to inspiring.

How is MSI able to deliver a phenomenal-looking ceramic tile to the consumer much more affordably than others?

It ultimately comes down to volume and focus. Two things that are a little different for MSI is, one, we follow a sourcing model, which is a little different from others. We put the whole package—LVT, wood—together for volume. Remember, the No. 1 cost of tile is probably logistics because its value-to-weight ratio is very low compared to just about anything else in the world. So volume is everything with freight rates. The more you can fill up the truck, the better the amortiza-

tion of the freight.

What percentage of MSI is vinyl, ceramic and countertops?

Pretty much equal pieces.

Give me a couple of things retailers might not know about this company.

No. 1, that we exist. The number of times I've heard from retailers, "Who are you guys again?" So I'll put that on us. We like being off the radar, but when it comes to a retailer, I think we provide such great value that just

knowing we exist is something that goes a long way.

What's next?







What isn't next? My brother and I are young. We're hungry, we're driven and we're motivated. Our whole senior team is that. Our DNA is growth-minded, so we're always looking for opportunity, and the good news is within our current product lines our market share is relatively low. Geographically, there's more to be done. Product categories, there's a lot more to be done.



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Retail outlook

Continued from page 1

really been hard to know what to expect,” said Eric Mondragon, hard surface flooring buyer for RC Willey, which operates 14 locations across four western states. “Business has been on par with expectations, although we had hoped for a better Q2.”

Mondragon estimates that traffic has been down 15%-20% this year; however, RC Willey’s conversion rate is better than expected. “Customers who are coming in are definitely buyers,” he noted.

Across the landscape, flooring dealers are reporting that retail traffic is down from last year, but that average transactions are up significantly. A case in point is Barefoot Flooring in Castle Hayne, N.C. As John Bretzloff, manager, explained, “We find there are fewer customers, but we are experiencing larger tickets. Much like COVID-19, I think inflation had interrupted business for a time, but folks realize the sky is not falling and will decide to push through with their renovations or construction.”

Indeed, research shows U.S. homeowners are sitting on a mountain of equity. CoreLogic analysis through the end of 2022 showed U.S. homeowners with mortgages (roughly 63% of



Many consumers are spending their discretionary income on travel, having completed their flooring projects during the COVID-19 pandemic.

consumers to rely on home equity lines of credit to sustain spending should the need arise.

But has that translated into more flooring purchases? RC Willey’s Mondragon suggested that many consumers did their home improvement projects during COVID-19 (2020-2021). “We took a lot out of the market early; now it seems that consumers are using the equity in their homes to buy recreational vehicles and to travel,” he said. “The airports and recreational areas are extremely busy. Not

provement loan. “I do not see a great change in upward movement until interest rates begin to drop,” said Janice Clifton, owner of Napa, Calif.-based Abbey Carpets Unlimited. “In our community we have very little available in homes for sale since many homeowners are not willing to make a move to another home with the large cost of higher interest rates. Our business is mostly residential remodel, so these factors significantly affect our sales.”

Other dealers agree that, for

rates for HELOC’s (home equity lines of credit) remain detrimental, so you’re not seeing that positively affect us. We do not see the retail sector correcting for the next 12-18 months—much the same as the new construction market hit us last year. Additional impacts—including but not limited to certain mills’ decisions to eliminate discount terms—will only force us to raise prices, thus negatively impacting retail flooring sales further. That said, with new construction recovering and commercial work thriving, we’re blessed to be in an incredibly healthy position as an organization.”

Despite myriad issues impacting the retail segment Kemp’s Dalton West Flooring in Newnan, Ga., is one example of a dealer that is benefiting by strong spending. “We are ahead of last year’s sales by about 3%,” said Chris Kemp, owner. “Our net profit is also up. I see more of our customers spending more money on their existing homes than they ever have before. That’s been good for our company being that we are a flooring/design type business.”

Craig Phillips, president/owner of The Flooring Edge, with three Ohio-based flooring businesses, reported business year-over-year is flat, which he considers a “blessing” given the challenges facing the flooring industry. “The reps who call on us are all reporting much weaker results out in our marketplace. I was forecasting a slight decrease at the halfway point this year after our record 2022, but I feel fortunate to be where we are. Commercial has driven our sales performance thus far in 2023 with retail being off. Stronger than expect-

ed builder business has also helped our results to date. Our retail business has shown signs of picking up after multiple months of sluggish—at best—results. Our backlog of retail business heading into August turned upward from where it sat at the end of June.

“Overall, our backlog of business is lower than it was at the beginning of the year. Some of our builders continue to see weak sales. I look for us to come up short against a strong second half last year; time will tell. A strong fall selling season may be just what the doctor ordered, though.”

Indeed, retailers who have sloggled through the first two-thirds of 2023 look at the upcoming fall season as their opportunity to close out the year on a high note. “Now that summer vacations are winding down and kids start heading back to school, we’ll see if consumers get back into their normal routine of preparing for the holiday season that generally kicks off on Labor Day,” Mondragon said. “That will be the telltale sign that we are heading back to some normality and consistency in the fall/winter selling season. We also have a private sale scheduled that usually carries us through the rest of the year.”

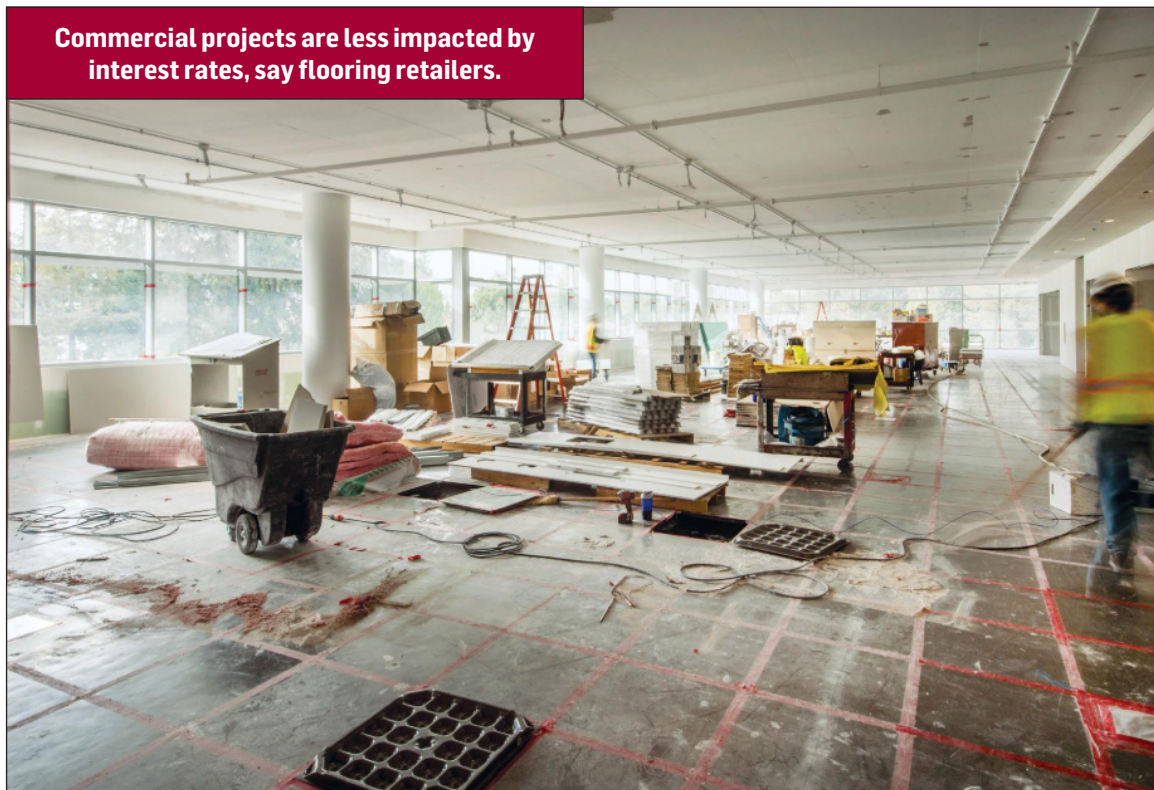
Commercial pulse

Flooring dealers with a strong presence in commercial have generally fared better than those whose business is heavily dependent on residential retail. That’s certainly been the case for Meadville, Pa.-based Foulk’s Flooring America, which reported that its business is right in line with its internal forecast. “Commercial has remained strong while retail has been soft,” said Mike Foulk, owner. “People are concerned about inflation, gas prices, etc. We expect commercial to soften some but continue to be the driving force.”

Unlike residential, the commercial sector is less impacted by interest rates. That’s good news for Abbey’s Clifton who continues to see steady sales in her commercial business. “We are down this year only about 3% from our previous year and that actually beats my expectations,” she said. “2022 was a great year for us and I’m pleasantly surprised we are only down a small amount.”

Barefoot Flooring’s Bretzloff seconded that notion, saying, “Business this year has been consistent with last year to this point, which is a bit of a surprise—and relief—given the out-of-control inflation.”

Commercial projects are less impacted by interest rates, say flooring retailers.



all properties) saw their equity increase by a total of \$1 trillion since the fourth quarter of 2021, a gain of 7.3% year over year.

What’s more, Wells Fargo data revealed that U.S. homeowners have more equity in their homes today than they did at any point in the 35 years between 1987 and 2022. This home equity bonanza means there is untapped potential for

to mention that it is difficult to find a contractor to help with these projects. If you don’t get on their schedule early in the year, your chances of finding someone are slim.”

Inflation’s impact

What’s holding some consumers back is an unwillingness to pay the high interest rate for a second home or home im-

now, higher interest rates are winning the battle over record home equity, contributing to a slowdown in store traffic. “For whatever reason, customers are just not spending like they were on home improvement projects or flooring-specific projects,” said Casey Dillabaugh, owner of Dillabaugh’s Flooring America, Boise, Idaho. “Despite high homeowner equity, interest



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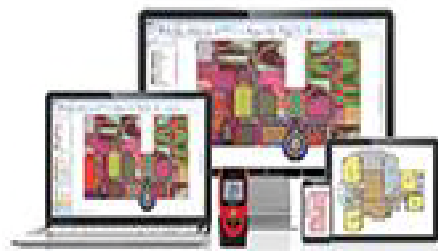
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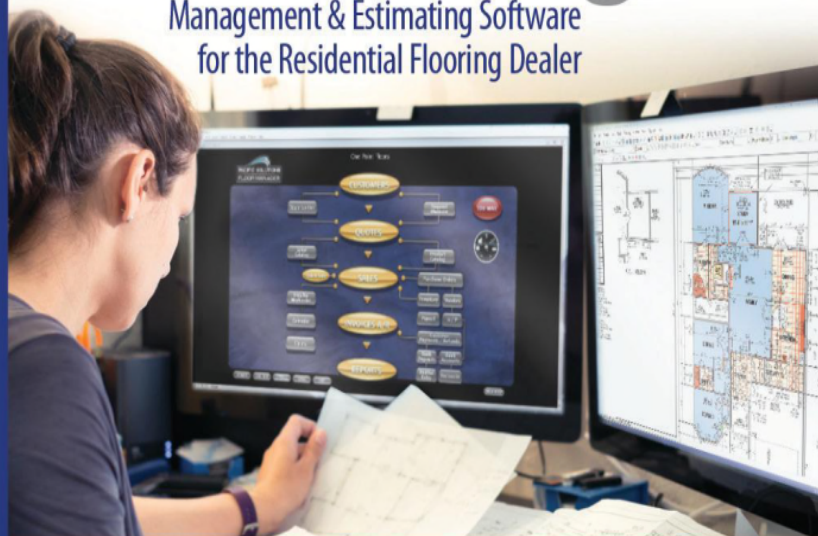


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