

HARDLINES

# H1Q

HOME IMPROVEMENT QUARTERLY

SECOND QUARTER / 2014

**LOWE'S GOES  
AFTER PROS**

Lowe's latest Canadian stores sport a new look to woo pros—and women

**GLOBAL  
PRODUCT  
SEARCH**

From Paris to Shanghai in search of the latest in new products

**PLUS:**

- TIM-BR MART takes lead on décor
- Hire—and keep—the best
- RONA reinvents itself
- Award winner shares service tips
- Dealers end year on high note

## MADE IN CANADA

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SECOND QUARTER / 2014

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- Electrical & plumbing retailers
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# THE CANADIAN INDUSTRY NEEDS TO BAND TOGETHER

Wouldn't everyone be stronger if we could share a more unified national perspective?

MICHAEL McLARNEY, EDITOR

“Our industry needs a common meeting ground, one that transcends banners and buying groups and self-interests.”

**T**he Canadian Hardware Show died a few years ago, just shy of its 100th birthday. More recently we've witnessed the demise of the Canadian Home Centre Show, which, despite its name, was a buying show largely for Ontario dealers. Nevertheless, the lack of support the show received from those dealers has resulted in one less opportunity to get together with your fellow dealers—and share with them your concerns and experiences and insights.

Admittedly, there are too many shows in this industry. Yet despite that fact, hundreds of dealers, buyers, and vendors flock to the National Hardware Show in Las Vegas each year in May. Why? Because our industry needs a common meeting ground, one that transcends banners, buying groups, and regional distinctions. And NHS does a great job showcasing new products and business opportunities for dealers and vendors alike. But it's a long way from home.


There's no question that the rise of the buying groups has had a profound impact on the dealer associations—and the association shows. But the buying group and co-op shows, as streamlined as they may be to suit their members' needs, do not give dealers

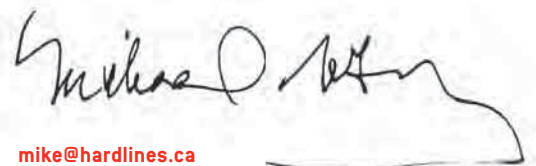
the chance to share a wider perspective with fellow dealers from other banners.

We applaud the groups for their support of the regional shows, both in terms of direct sponsorship dollars and their initiatives to get their dealers out. These shows play an important role in their respective markets.

But the only way this industry will remain viable against the onslaught of competitors, whether from other retail sectors that vie for consumer dollars, or the threat of online sales, is to be strong from the inside. A strong national event could help override regional and corporate self-interests. And it shouldn't have to be in Las Vegas.

For this industry to be truly innovative, it needs strong ideas, ideas that come from reaching outside of our own local markets, outside of our own buying group or banner—and outside of our comfort zone.

What do you think? Send me your thoughts at [mike@hardlines.ca](mailto:mike@hardlines.ca). 

  
[mike@hardlines.ca](mailto:mike@hardlines.ca)

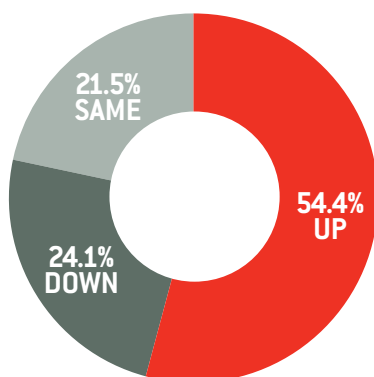
## QUARTERLY BUSINESS CONDITIONS

# YEAR-END 2013

2013 ends on a high note with a positive outlook for the year ahead

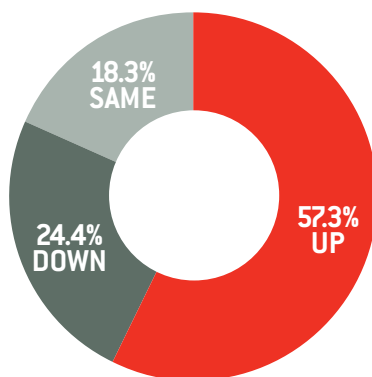
**L**ooking back, 2013 showed variable growth throughout the year. With a cold spring, the first two quarters were weaker than expected, but business picked up and, by the end of the second quarter, dealers in most regions were experiencing steady growth. Many vendors and retailers reported moderate growth throughout the whole year, ending on a high note with high sales for the fourth quarter. On the whole, both vendors and retailers have expectations for continued, although not huge, growth throughout 2014.

**RETAILERS:** In 2013, how did your business compare with 2012?



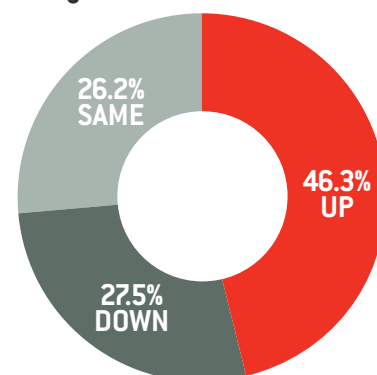
Last year, 57.8 percent of dealers said their business was up, compared to 24.1 percent who said it was down and 18.1 percent who reported business in 2012 was flat.

**VENDORS:** In 2013, how did your business compare with 2012?



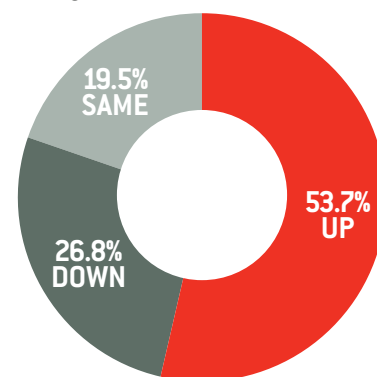
For year-end 2012, 61.2 percent of vendors said their business had increased from the previous year, while 22.4 percent reported business was down.

**RETAILERS:** How did your business compare with the same quarter last year?



Year-over-year, the answers are consistent with last year within two or three percent.

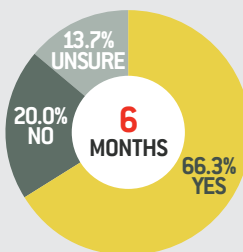
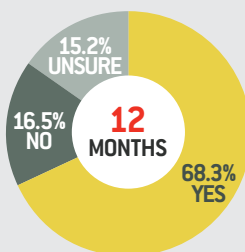
**VENDORS:** How did your business compare with the same quarter last year?



Year-over-year, the answers are consistent with last year within a margin of three or four percent.

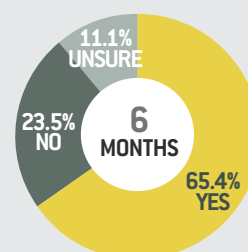
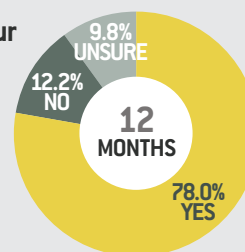
**RETAILERS:**  
Do you expect your sales to increase over the next...

Retailers are optimistic about 2014, predicting increased sales over the next six months as well as for the entire year.



**VENDORS:**  
Do you expect your sales to increase over the next...

The outlook for 2014 is positive, with high expectations for the coming year.

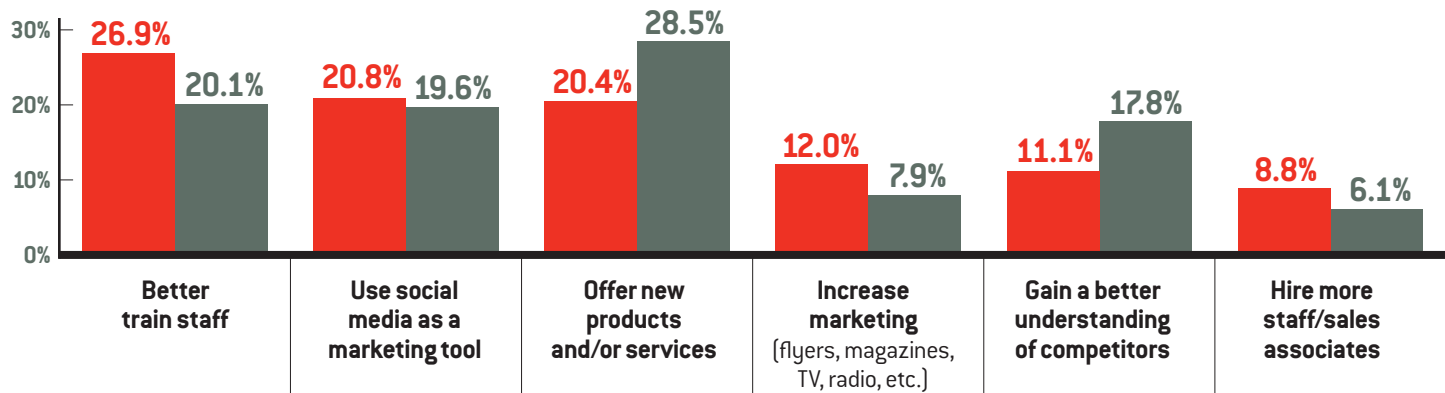




What does your company plan to do to help your business grow in 2014?

■ RETAILERS

■ VENDORS



#### VENDORS: Top issues in fourth quarter

1. Higher raw material/shipping costs
2. Increased retailer demands
3. Falling consumer confidence
4. Housing market

#### RETAILERS: Top issues in fourth quarter

1. Customer retention
2. Staffing
3. Training
4. Increased competition
5. Expanding products
6. Adding new services
7. Succession

#### VENDORS: Top concerns in fourth quarter

1. Parity with U.S. dollar
2. Keeping pace with technology
3. Rising mortgage interest rates
4. Rise of online retailing
5. Increased presence of U.S. retailers

#### RETAILERS: Top concerns in fourth quarter

1. Decreasing margins
2. Use of online retailing
3. Parity with U.S. dollar
4. Keeping pace with technology
5. Rising mortgage interest rates
6. Increased presence of U.S. retailers

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## RONA LAUNCHES NEW CONCEPT RÉNO-DÉPÔT STORE

**R**ONA inc. has unveiled the new positioning of its Réno-Dépôt banner at its store in Saint-Hubert, Que. This major repositioning has been central to RONA's overall recovery strategy, as outlined by president and CEO Robert Sawyer.

The new concept store is seen as a return to the banner's value-driven, contractor-oriented big box roots. That means an emphasis on national brands that appeal to the renovation needs of both contractors and serious DIYers. RONA has also made drastic changes to Réno-Dépôt's procurement policy, eliminating 25 percent of its SKUs, offset by a greater depth of merchandise to reduce out-of-stocks.

RONA says the in-store shopping experience at the new-look Réno-Dépôt has been given a complete overhaul to make it easier for customers to find products, with more user-friendly signage, more staff on the floor—and faster service.

"The Réno-Dépôt repositioning marks a pivotal point in the RONA relaunch," said Sawyer. "We have revised our entire marketing strategy to better meet the needs of our customers, which includes professionals and contractors, as well as expert and novice home renovators."

RONA is letting Réno-Dépôt function more as a separate business unit, and even separated the Réno-Dépôt buying team from the rest of the RONA merchants. This reflects a larger move by RONA's executive team to identify the different businesses within the



Réno-Dépôt gets an overhaul: l-r: Luc Nantel, vice president-merchandising, Réno-Dépôt; David Giguère, executive director-marketing, Réno-Dépôt; and Mario St-Louis, vice president-operations, Réno-Dépôt.

company and decentralize their operation. Those other businesses include its big boxes, the commercial and pro outlets, and its function as a wholesaler to independent dealers.

"We have spared no effort in redesigning the branding and marketing strategy," said Mario St-Louis, vice president-operations for Réno-Dépôt.

All 16 Réno-Dépôt stores are to be converted before year's end.



# FEDERATED CO-OPERATIVES ENJOYS STRONG YEAR

**R**ecord bumper crops in Western Canada helped to drive year-end results up a healthy 7.4 percent for Federated Co-operatives Limited. And performance by FCL's home and building supplies department was in line with those results, according to the new director of that business.

"We achieved our top-line goals for the year," says Tony Steier. He took over at the end of 2013, replacing Rod Baergen, who retired after heading the division for a decade.

"It was a very big growth year for us, on behalf of our co-ops and independents across all sectors—hardware, building materials, and seasonal categories," Steier continues.

FCL's hardware and home improvement sales are in the area of half a billion dollars per year, making it one of the top 10 retail groups in this industry. Efforts in the past year and a half to update its hardware and building supply-focused



As the new head of FCL's home and building supplies division, Tony Steier has his eye on steady growth for his dealers in 2014.

Coop stores have also had a positive effect on results. "A number of stores have been completed and our sales teams are working on renovating a number of the stores, both interior and exterior, for 2014."

The net result has been, says Steier, steady growth that has persisted for a number of years. He notes that "both top- and bottom-line goals were achieved."

## TIM-BR MART INTRODUCES "PAINT ESSENTIALS" AT LATEST SHOW

**"Hot buys" and new retail support services were the focus of TIM-BR MART's fourth annual National Buying Show at the Toronto Congress Centre in February.**

The show, filling over 100,000 square feet of space, featured more than 200 vendors offering lumber and building materials, as well as core hardware categories. The event also featured marketing programs and value-added services available to the estimated 400 TIM-BR MART dealers and managers in attendance.

Also prominent at the show was the buying group's hardware wholesale business, Chalifour Canada.

A new "Paint Essentials" program featured 1,400 square feet of new merchandising and planograms for paint and paint sundries. It offers dealers a comprehensive strategy for merchandising, marketing, and selling paint. "The program affirms that we are a one-stop shop for paint," said Andrew Pantelides, procurement and merchandising manager, Chalifour Canada.

### BRIEFLY

#### ILDC ADDS MEMBER

Fries Tallman Lumber is the newest member of Independent Lumber Dealers Co-operative (ILDC). This building supply dealer has two stores, one in Regina and the other in Fort Qu'Appelle, 70 kilometres away. ILDC is one of the country's largest buying groups, representing some of Canada's largest independent chains. Fries Tallman Lumber is the first new ILDC member since the departure of Sexton Group and Delroc Industries in June 2012.

#### NEW MEMBERS AT CASTLE

Castle Building Centres has new members in Alberta: Wood Buffalo Building Supplies, at the south end of Fort McMurray, and Woodland Lumber and Building Supplies in Evansburg. Got Wood Building Supplies in Geraldton, Ont., has also joined Castle. Robert Lockwood, owner of Lockwood Castle Building Centre in Renfrew, near Ottawa, has also signed with the group.

In Saskatchewan, Yorkton Building Supplies has also moved to Castle. This new 25,000-square-foot store atop six acres is the second location for the Onion Lake First Nation.

#### CHALIFOUR MOVES WEST COAST DC

Chalifour Canada's Surrey, B.C., distribution centre will be relocated to a new facility in Surrey by the end of May 2014. Originally the hardware and building materials warehouse for IRLY Distributors, before it was bought by TIM-BR MART Group in January 2012, the new facility was originally to focus on warehousing building materials. Now, the company has expanded its West Coast distribution centre's function to include hardware, as well.



## SEXTON SHUFFLE MOVES BUCKLE INTO PRESIDENT'S ROLE



**S**teve Buckle has been promoted to the role of president of the Sexton Group Ltd. He replaces Brian Kusisto, who assumes the role of CEO; founder Ken Sexton becomes the chairman.

Buckle joined the Sexton Group in 2006 as vice president, and became VP and general manager in 2008. Before joining Sexton, he spent more than 20 years in the lumber and building materials industry. That included working from 2001 to 2005 as Eastern Canadian Division general manager for Weyerhaeuser Residential Wood Products.

**Changes at the top: Brian Kusisto (l), has moved into the CEO role at Sexton Group, making way for Steve Buckle to take the reins as president.**

Asked if the new executive lineup will presage further changes in the group, Buckle said, "It's business as usual. We're happy with the direction we're headed in now and we're just going to do more of that." That includes continued growth and the addition of new members.

## HOME DEPOT TO OFFER SAME-DAY DELIVERY

**Home Depot intends to open fulfillment centres in California, Atlanta, and Ohio over the next two years in an effort to build its same-day delivery capability.**

Home Depot also plans to begin filling online orders within its stores rather than at

a warehouse or distribution centre, to enable delivery of 90 percent of orders within two days. Currently, it takes from two to seven days for customers to get most orders.

In 2012, online sales represented 2.4 percent of the company's \$74.8 billion in net sales.

## RONA RENEWS SUPPORT FOR INDEPENDENTS

**Recognizing its function as a wholesale distributor to its independent (franchise and affiliate) RONA dealers, the company has established that business under a separate business team.**

After a year of transition that found RONA answering to the demands and expectations of investors, the company is acknowledging it needs to pay close attention to its base of independent dealers—the base upon which RONA was built. The creation of a separate team to focus on the needs of independent dealers is a key aspect of this renewed focus.

"We consolidated an existing team that was part of the merchandising group, but is now focused on the independents," says Luc Rodier, RONA's executive vice president, retail.

That team operates under Philippe Element, who is senior director of wholesale. Responsible for the entire dealer team across the country, he has been mandated to develop a product mix, different from RONA's big box stores, that really focuses on the needs of independents and proximity stores. He reports to Lucie Guimond, vice president of merchandising strategy.

RONA continues to offer products and programs for smaller independents who still want wholesale support, but not necessarily with a banner. TruServ Canada, owned by RONA and based in Winnipeg, offers a pure wholesale function for dealers who need a source of supply for their hardware needs. Those dealers also have the choice of adopting the TRU banner if they wish.

"We have a lot of dealers," adds Alain Brisebois, executive vice president and chief commercial officer. "We want them to succeed. We want them to re-invest in their business and we want them to grow."

# CHALIFOUR LAUNCHES ELECTRONIC CATALOGUE

**D**ealers who order through hardware wholesaler Chalifour Canada can now place orders online with the launch of Chalifour's new electronic catalogue (ECAT).

Customers of the hardware and LBM distributor, which is part of the TIM-BR MART Group, got access to the new system when it launched on January 13, 2014. The new ECAT will be an industry-leading tool, claims the company, with improved navigation and searchability, and a complete redesign to improve customer experience.

The site's new features include: the ability to review pending orders, with the option to view details of each order; a tool to calculate the total value of the order and confirm the purchase; and printer-friendly invoices and orders.



Chalifour's new online catalogue aims to streamline the ordering process for independent dealers.

Advanced order management enables customers to download order details that automatically populate an Excel spreadsheet. In addition, the new ECAT is completely mobile-enabled, allowing customers to order from their smartphones and tablets.

## COOP FÉDÉRÉE TO CLOSE HARDLINES DC

**La Coop fédérée is closing its hardware and building materials distribution centre in Trois-Rivières, Que.** The company expects that the closure will be completed by the spring of 2015. It's part of the consolidation of the resources of BMR, which La Coop took a 20 percent interest in late last year. Much of the activities of this DC are expected to be taken over by BMR's infrastructure.

The first impact on La Coop employees will be felt this spring and will affect administration personnel, followed by warehouse employees in the summer and fall. The process will affect 236 staff. "Our organization will ensure a fair and equitable transition for all our employees, as has always been the case," said La Coop's CEO, Claude Lafleur.

Faced with increased consolidation within the retail hardware and home improvement industry, La Coop had to seek ways to remain competitive, says Lafleur. "The status quo was not a responsible decision."

### BRIEFLY

#### CUTS CONTINUE AT SEARS CANADA

Sears Canada Inc. is eliminating mid-tier level people within its full-line stores, resulting in an average reduction of five associates per store. There will also be an alignment of the regional and head offices. The move will result in the loss of 624 jobs. It follows on the heels of the elimination of 283 warehouse jobs while at the same announcing the outsourcing of its 1,345 call centre positions to the Philippines.

#### MILLWORK MAKER RENOVATES BRAND

Moulding & Millwork is re-branding its business. The new name, Metrie, strives to position the company's range of moulding and door products as design elements rather than building materials, with products assembled into five "Finishing Collections." The new name and logo are being rolled out this spring.

#### TIM-BR MART GAINS ONTARIO DEALER

TIM-BR MART Group welcomes its newest member, Prout's Building Centre of Forest, Ont. Prout's offers a range of services and building material products for home, farm, and cottage, and has three owner-operators, Frank Rizzo, Mike Warren, and Rick Lean.

#### ACE ROLLS OUT PAINT PROGRAM

Ace Hardware is in the process of remodeling and re-equipping the paint departments at over 3,000 Ace stores across the U.S. This includes new Ace Paint and Valspar product assortments, colour merchandising palettes, updated tinting machines, signage, and décor. The company expects to have over 3,000 stores completed by the time of the grand reopening of the paint business in May 2014.

## WRLA PRAIRIE SHOWCASE HOSTS LUNCH FOR YOUNGER GENERATION

**A** new addition to the latest Prairie Showcase, in Saskatoon in January, was an event aimed specifically at young people in the home improvement industry.

The “NexGen” lunch was held onsite at the buying show. The event comes out of a mandate by the Western Retail Lumber Association, which owns and operates the show, to develop more initiatives for the next generation of industry members. The event was open to both retailers and supplier members of WRLA. The young participants also had the opportunity to meet and network with some veteran members of Canada’s retail home improvement industry. The aim was to generate some exchange between the younger dealers and vendors, and more seasoned members of the industry.

Krista Scherpenzeel, WRLA admin and co-ordinator of the WRLA NexGen, says “The goal of this group is to connect, educate, and offer influence to the next generation of building supply professionals.”



Krista Scherpenzeel (shown right), is co-ordinating NexGen, a program by the Western Retail Lumber Association to involve young dealers and suppliers in networking and mentoring opportunities.



## ORGILL COMPLETES MEETINGS WITH CANADIAN VENDORS

**More than 55 Canadian vendors, all interested in working with U.S. hardware wholesaler Orgill Inc., gathered recently in Toronto to meet with senior members of Orgill’s merchandising team and discuss collaborative distribution opportunities.**

In Canada, where Orgill has seen marked growth, the Open-to-Buy day was open specifically to Canadian manufacturers that might fit into both Orgill’s Canadian and world-wide distribution offerings.

In attendance from Orgill were Brett Hammers, senior vice president of merchandising and marketing; Myron Boswell, vice president of dealer sales-central & Canada; Jeff Curler, vice president of advertising and dealer promotions; Mike Ferrell, vice president of LBM; and Phillip Walker, vice president of marketing. Following the event, Orgill executives took the vendor information back to their merchandising team.

Orgill is a full-line hardware wholesaler

based in Memphis, Tenn., with annual sales of more than US\$1.6 billion. It quietly began shipping to select dealers in this country six years ago. It then formed a strategic alliance with Castle Building Centres as a preferred hardlines supplier for the LBM buying group.

“The Open-to-Buy event sets the stage for expanding our collaboration with manufacturers who are looking to grow their distribution network throughout the U.S. and Canada,” says Curler.



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Energy Efficient



MADE IN  
U.S.A.

# ProductSPOTLIGHT

BY GEOFFREY McLARNEY

## Nuheat Wi-Fi Thermostat ▶

Nuheat Industries has introduced North America's first WiFi-enabled floor heating thermostat. With the Nuheat Signature, the building community can now offer clients the ability to control their thermostats from an app on their iOS or Android smartphones. In addition to having full access to all thermostat settings, homeowners can change the floor's temperature and view energy usage at their fingertips. The ability to control any floor heating system remotely offers the end user additional energy savings benefits.

[nuheat.com](http://nuheat.com)



## ◀ Super Remover Paint Stripping Pads

Ideal for all types of stripping projects, these pads are made of abrasive synthetic fibres, which allows for thorough cleaning without damaging surfaces. They will not rust, discolour, or disintegrate and they are washable and reusable. They are available in different degrees of coarseness, making them suitable for a variety of applications such as rubbing and polishing, and removing rust on wood and metal. The pads complement Super Remover's industrial gloves, which provide double protection by combining natural rubber with a neoprene layer.

[superremover.com](http://superremover.com)



## Pure Genius Hardwood Flooring ▶

Lauzon Distinctive Hardwood Flooring is a Canadian company which offers green-conscious homeowners its Pure Genius air-purifying flooring. Pure Genius is a light-activated air-purifying agent made of titanium dioxide, integrated into Lauzon's Titanium floor finish. Activated by natural and artificial light, it breaks down toxic contaminants on contact and transforms them into harmless molecules.

[lauzonflooring.com](http://lauzonflooring.com)



## ◀ PlyGem Comfort Sliders

PlyGem gives builders the option of a traditional sliding window, without compromising energy efficiency, with its new Comfort Series sliders. Builders and homeowners can choose from multiple grille types in an array of designer colours, sizes, and patterns to create a custom design. Specifically designed to support triple-glazing and ideal for colder climates, the Comfort Series window features an oversized frame that easily accommodates full-sized sashes and sealed units. Equipped with a steel reinforced interlock system for frame stability, water resistance, and wind load.

[plygem.ca](http://plygem.ca)





## ◀ Shnier Flooring

Shnier presents FLOORED, an exclusive line of products sourced specifically with the needs of the lumber and building material channel in mind. It encompasses a total of five collections: Ceramic, Luxury Vinyl, Glass, Cork, and Hardwood, for a total of 52 distinctive flooring products.

[shnier.ca](http://shnier.ca)



## Evo One-Coat Paint ▶

Billed as “the first and only one-coat paint”, EVOpaint promises to cut out the need for a primer with its “Self-Build Technology,” which enables the application of a single-coat application, even on bare drywall. As a result, users can expect to cut labour and material costs by as much as two-thirds. By reducing the amount of material used, these VOC-compliant paints help to make “going green” a household reality.

[evopaints.com](http://evopaints.com)



## ◀ Pro-DF Moulded Mailbox

From Pro-DF comes the P57000 series, a seamlessly moulded home mailbox with rust-proof textured finish that is available in a range of colours. The compact size saves on space while the integrated street address plaque ensures that numbers won't peel off or fade away. Any of Pro-DF's newspaper scrolls, available separately, completes the unit.

[prodf.ca](http://prodf.ca)



# A NEW WAY IN

The new Greenwich Handleset features a transitional style by combining modern and traditional design elements into a clean, contemporary, yet graceful form. Match it to your inside door hardware for an in sync look.

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# THE CALL FOR ENTRIES TO THE Outstanding Retailer Awards IS EFFECTIVE IMMEDIATELY.



## The ORAs will be presented at the Annual Hardlines Conference, October 22-23 in Toronto.

### Who can enter

All Canadian home improvement retailers/dealers that have operated under the current ownership for at least two years are eligible. Dealers may submit entries directly, or chain/buying group head offices may select their best dealer(s) and prepare the entries for them.

### Categories to enter

1. **Best Hardware Store** (any size)
2. **Best Building Supply/Home Centre** (under 25,000 square feet)
3. **Best Building Supply/Home Centre** (over 25,000 square feet)
4. **Young Retailer Award** (a store manager 35 or under; entrants may be owners or chain employees)
5. **Marc Robichaud Community Leader.** This award is open to all stores. Its purpose is to celebrate the outstanding contributions/events, charitable donations, etc., made by a store's staff/managers/owners to the community they serve.
6. **Best Large Surface Retailer** (over 65,000 square feet)

### Judging

Judges will be looking for a variety of things, including excellence in customer service, overall store appearance, merchandising, marketing, employee management, community involvement and sales growth.

### Winners will receive

A trip to Toronto, including one night's accommodation at the Sheraton Toronto Airport Hotel and Conference Centre, and admission to Day One of the Hardlines Conference; an inscribed plaque; a marketing package that includes a write-up in Hardlines Home Improvement Quarterly Magazine; a customized video; and press releases and images ready to be sent to local media. The awards will be presented at a special ORA Gala Dinner, held October 22nd, at the Sheraton Toronto Airport Hotel and Conference Centre.

### How to enter

1. Visit [www.oras.ca](http://www.oras.ca)
2. Complete the questionnaire on your business and submit images of your store by mail or online.

## Deadline for entries is July 28<sup>th</sup>!

# MADE IN CANADA

A SPECIAL REPORT

Support for Canadian-made products in Canada appears to be at an all time high. But while there's lots of talk about "support local," are Canadians actually putting their money where their mouths are? In this special report, we take a critical look at what extent Canadians will go to to invest in home-grown products as well as the innovative companies and people behind those products.

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## STEEL-CRAFT PRESENTS THE CARRIAGECRAFT SERIES.

A garage is more than just a garage; it protects the biggest opening in your house. That's why a Steel-Craft door is built to stand up to whatever life throws at it. With embossed wood grain panels built from Canadian steel, a patented WeatherLock system and elegant hardware, the CarriageCraft series is proof that all garage doors are not created equal.



### WEATHERLOCK

Our patented system overlaps the interior and exterior skins, keeping moisture out and extending the life of your door.



### CLIMACORE

We have the highest quality insulation between the panels which provides higher R-Value, better strength and consistent protection from the elements.



### DURAWARE

Every Steel-Craft component is made by Steel-Craft. Track, hinges, and rollers are made to handle our weather.

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**100% CANADIAN**





BY JOHN CAULFIELD

# CUE THE NATIONAL ANTHEM

Can “Made in Canada” actually translate into sales?



**L**ast August, the Business Development Bank of Canada (BDC) and Deloitte conducted a survey of more than 1,000 Canadians to learn what drives their purchasing decisions. About two-thirds of respondents said they had recently made the effort to buy a product that was made in Canada. This inclination to favour locally made items was strongest among shoppers in Quebec and Atlantic Canada.

Waves of imports that have penetrated virtually every product category apparently haven't undermined the iconic status of “Made in Canada” in the minds of many consumers. That status, though, is demonstrably mythic, as far fewer shoppers are actually putting their money where their mouths are when it comes to paying more for a product simply because its packaging bears a maple leaf.

“People vote with their pocketbooks,” observes David Webb, president of Quest Brands, which makes barricade tape, garden fencing, and meshes at its plant in London, Ont., but also brings in imports to balance its product mix and price-point offerings.

price points. “This is an emotional subject,” says Gray Tool’s marketing director Frank Dominguez about customers’ buying preferences. “We believe there is value in ‘Made in Canada,’ and we endeavour to communicate that whenever we can. But

At best, “Made in Canada” labelling is a piece in a larger marketing puzzle that positions products and services in ways that give customers reasons to buy. In many cases, customers now place their confidence more in brands—be it Stanley or RONA—that define and differentiate, tangibly or intangibly, one product, service, or store from another. Price is just a point of differentiation, and usually the one that is most vulnerable to competition.

In a global economy, the integrity and reputation of a brand play bigger roles than a product’s country of origin in determining who buys what. Branding also places the onus for quality assurance (in customers’ minds at least) on suppliers and dealers, regardless of where that product is made.

Still, domestic manufacturers believe that a “Made in Canada” stamp can help to cement that trust with a certain number of customers, especially after recent well-publicized callbacks of defective imports. Indeed, several suppliers are expanding

**“We believe there is value in ‘Made in Canada,’ and we endeavour to communicate that whenever we can. But the real question is whether it resonates when customers open their wallets.”**

In an international market like Canada, with access to products from around the world, price trumps national pride as often as not. This is true even on the professional side, where quality usually dictates sales.

Ask Gray Tools, the century-old supplier of pro-grade hand tools, which in 2009, brought on a premium imported line under the Dynamic brand to hit certain

the real question is whether it resonates when customers open their wallets.”

Home-improvement retailers of hardlines and building products, while not abandoning domestic suppliers, have continued to shift their inventories toward imports their stores can sell at higher margins and still accommodate the public’s demand for quality and low prices.

## 10 INNOVATIVE CANADIAN PRODUCTS

AQMAT, the association for the Quebec home improvement industry, has identified 10 hardware and home improvement products that took centre stage at this year’s Pavillon Innovations.

The products that were awarded had to be “Canadian Products,” i.e., products having undergone the last significant transformation in this country, with at least 98 percent direct production or manufacturing costs conducted in Canada; or products “Made in Canada,”

which had the last significant transformation in Canada and at least 51 percent of the production or manufacturing costs from within Canada.

### **BIOLUB: ENVIRONMENTALLY-FRIENDLY DEGREASER**

The eco-friendly BLC-446 degreaser is derived from 92 percent renewable resources. It contains no petroleum distillates. Microorganisms in the product enable it to be completely biodegradable within 21 days. [biolubcanada.com](http://biolubcanada.com)

### **BP CANADA: R-4 THERMAL EXTERIOR SHEATHING**

Insulated R-4 HP siding (HP for “high performance”) is made with wood fibres and type 2 extruded polystyrene. It features superior soundproofing, as well as high resistance to condensation. [bpcan.com](http://bpcan.com)

### **DURAL: GLUE THAT COMBATS HUMIDITY**

PVA AW0020 adhesive liquid is ready-to-use, deploying a superior drying strength with excellent water resistance.

Suitable for areas exposed to the weather and for interior work with high humidity. [adhesifsdurapro.com](http://adhesifsdurapro.com)

### **FERTILEC: ALL-IN-ONE LAWN CARE**

Ferti-Pro/Total Performance replaces the products usually needed to care for a lawn. A single 40-pound bag equals at least 20 bags of soil, moss, and manure, meaning the user has less plastic packaging to deal with. [fertilec.com](http://fertilec.com)

*Continued on next page*

# Cutting-edge just got sharper.

## Sharper Name

After 38 years' of pioneering exchangeable power tool accessories, Exchange-A-Blade now has a new name: the **EAB Tool Company**, or simply, **EAB**.

Our new name builds on our "blade" roots, but better reflects our entire and diverse product line – abrasives, drill and SDS bits, diamond saws, hole saws, oscillating tools, recipes, screwdriver and impact bits – to name just a few.

## Sharper Look

A new name needs a new look, so you'll soon be seeing new logos for our exchangeable EAB products and non-exchangeable StaySharp line.



Along with bold, bright, merchandising-friendly packaging and POP that stands out against competitors, our new look will make it easier for your customers to choose the right EAB product.

## Sharper Value

Our tried-and-true **Exchange System** is what makes us unique, but we believe there's always room for improvement.

New EAB exchangeable products will only display the Credit Value – more efficient for you and your employees, easier for your customers to understand and use. By clearly seeing the value of buying exchangeable, you've got a ready-made loyalty program that keeps customers coming back.



## Lots new – same great quality, service and commitment to sustainability.

For more information please talk to your EAB Sales Representative or visit us at  
**EABTool.com**



## SPOTLIGHT ON CANADIAN MANUFACTURERS

## Techniseal

Techniseal provides products to protect and enhance pavers, concrete, asphalt, and roofing. Techniseal's signature product, the first-ever polymeric sand, stabilizes pavers while preventing erosion, inhibiting weed growth, and resisting ants and other insects. It was even used in the jointing of the large granite slabs that form part of the Ground Zero memorial at the World Trade Centre in New York.

This Candiatic, Que.-based manufacturer's legacy includes the introduction in 1988 of the industry's first water-based asphalt sealants. With two in-house testing labs—which include a tornado machine to measure erosion—Techniseal has always strived to develop environmentally responsible products that often exceed government standards. “We have been acrylic-based for almost 20 years,” says Alain Dorais, president of Techniseal. “We maintain the highest possible quality and we respect the environment.”

their production and distribution capacities in anticipation of future demand both in Canada and the United States.

### “EQUAL” FOOTING IS ELUSIVE

Those plant expansions, though, would be exceptions to the rule. Despite

recent modest upswings, manufacturing in Canada has been shrinking for years. Quoting Statistics Canada data, Bloomberg reported that manufacturing in Ontario alone had decreased by 30 percent between November 2003 and November 2013, bring it down to 771,300 jobs. Domestic production of hardlines and building materials has not been immune from this trend.

“There is considerably less manufactured in Canada today than, say, 20 years ago, and the value of ‘Made in Canada’ has slipped as well,” laments Vaughn Crofford, president of the Canadian Hardware & Housewares Manufacturers Association. “My members say that the premium people will pay for domestic-manufactured goods is as low as five percent. It’s kind of like the question about what will people pay extra for an energy efficient product or one that’s manufactured in a country that has higher

## 10 INNOVATIVE CANADIAN PRODUCTS *continued...*

### GARANT: SHOVELS WITH ENGINEERED RESIN HANDLES

Built with glass fibre core encapsulated engineered resin handles, Garant's Pro Series Shovels claim to be 50 percent more durable than traditional wood-handled shovels. They feature a one-piece handle and two-rivet construction.

[garant.com](http://garant.com)

### INSULFLOOR: SOUND-PROOFED ENGINEERED SUB-FLOORING

An alternative to poured cement, Sonodeck allows contractors to offer housing units with 3/4-inch hardwood floors at a

lower cost. The product supports most floor coverings.

[insulfloor.com](http://insulfloor.com)

### ISOLOFOAM: FLEXIBLE, INTER-LOCKING INSULATING PANELS

Iflexfoam features the Isoclick locking system, which ensures uniform insulation on concrete slabs thanks to its flexibility. The interlocking panels don't move once they are fixed in place.

[isolofoam.com](http://isolofoam.com)

### KING: HIGH-PERFORMANCE PRE-MIXED CONCRETE

PSI 6000 has an apt name

due to its “air-entrainer.”

The premixed concrete will stand up to freeze/thaw cycles and flaking due to de-icing salt.

[kpmindustries.com](http://kpmindustries.com)

### MATÉRIAUX SPÉCIALISÉS LOUISEVILLE: SOUND-PROOFING PANELS

SONOpn2 is an eco-friendly sound-proofing panel made with recycled and recyclable wood fibres that is available in a variety of dimensions and profiles. The panel absorbs the widest range of frequencies and vibrations,

making it suitable for use in multi-housing units.

[mslfibre.com](http://mslfibre.com)

### TGV1A: ROT-PROOF FIBREGLASS BALCONY

Looking just like any other fiberglass balcony where the center is usually made with plywood, the Hybride model has a rot-proof one. The wood used, a naval construction type, absorbs zero percent water, giving it a long life—and it's 100 percent guaranteed.

[tgv1.ca](http://tgv1.ca)

## SPOTLIGHT ON CANADIAN MANUFACTURERS

### EAB Tool Company

While this Vancouver-based blade and bit recycler and supplier has been around for 38 years, its name is brand new. After almost four decades supplying resharpened tool accessories, Exchange-A-Blade has rebranded to reflect a modern updated message, one that entails more than just saw blades (and includes EAB's non-recyclable product line, StaySharp). Now, says Eric Willson, marketing manager for EAB Tool, the company offers screwdriver bits, impact bits, recip and jig saws, diamond blades, and oscillating tools.

What sets the company apart is its exchange program,

which lets users buy resharpened products at a lower cost than buying new. When a user brings in a blade or bit for resharpening, EAB uses state-of-the-art machinery to retip and regrind them. "They are cleaned, sandblasted, and teeth repaired and replaced—then they are subjected to full quality control," says Willson. "We resharpen the blades to new, or actually better-than-new, standards." Another aspect of the program is that it is guaranteed to bring the user back into the store to exchange their blades. "The advantage for the dealers, of course, is that it's a real loyalty builder," Willson adds.

employment standards? Unfortunately, the answer is 'not as much as one would think.' "

Nevertheless, domestic manufacturers see value in pointing out that they still produce in Canada. "We try to get that message out as often as we can," says Webb of Quest Brands. He says that message is generally "well-received" by dealers and their customers "when all things are equal."

But there's the rub.

It's next to impossible for domestic manufacturers in certain categories to compete with products made offshore in low-wage factories. Consequently, a "Made in Canada" pitch, Webb says, is "usually the very last thing that might tip the balance" for what dealers buy, even when a supplier like Quest throws in POP displays and inventory management support.

Dealers have long defended their purchasing strategies by insisting that they would prefer to buy from domestic suppliers, but must also reconcile those purchases with their companies' profit objectives and customers' price expectations.

"We seek opportunities to buy local, where possible," says Joel Marks, director of hardlines merchandise for "100 per cent Canadian owned and operated" Home Hardware Stores Ltd. "When we do, 'Made in Canada' labelling is a great way to show our consumers that we are supporting domestically made items."

Marks goes on to say that several of Home's private-label and proprietary brands are made locally, including CIL Golfgreen fertilizer and Beauti-Tone paint. Home Hardware does "everything we can to ensure our Canadian manufacturers and entrepreneurs get face time with our product managers," says Marks.

## THE EXPERT

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## U.S. NATIONALISM STRONGER

Several domestic manufacturers tell a different story, though, about dealers' avidity for local fare. "Made in...' comes up more in the U.S. than in Canada," says Larry Lucyshyn, president and COO of Toronto-based The Mibro Group, which sources all of the tools, rope, and chain products it sells from factories in China and India. "It's not Canadian Tire's driver. And while Home Depot likes to do business with Canadian companies, it doesn't make a big deal about the products."

Lucyshyn points out that most major retailers and buying groups have purchasing offices in Asia, and are monitoring factories in countries there for quality control and compliance with labour laws. So Mibro's reason for being, he says, is to provide dealers with a liaison to those factories and to provide accountability for those dealers if problems do arise.

Lucyshyn isn't the only Canadian-based supply-chain executive who has found that U.S. dealers and consumers seem to pay more than lip service to country of origin labelling and marketing. For example, at last year's International Builders Show, the U.S. pro dealer 84 Lumber launched a "We

Build American" initiative with 180 other suppliers to encourage home builders to use more American-made products in their construction. The roofing supplier GAF Materials Corp. has been at the forefront of this movement, and regularly emphasizes in its marketing that it operates 26 plants in the U.S. and has been around since 1886.

The world's biggest retailer, Walmart,

made a public relations splash last year when it committed to purchasing an additional \$50 billion in U.S. products over the next decade. American manufacturers were buoyed, but that commitment looks less grand when one considers that Walmart's cost of goods sold for its U.S. stores alone exceeds \$200 billion annually.

### SPOTLIGHT ON CANADIAN MANUFACTURERS

## Steel-Craft

Since its inception in 1963 (yes, last year it celebrated 50 years), Steel-Craft has prided itself on being a 100 percent Canadian company. "Our products are 100 percent made in Canada with 100 percent made-in-Canada components," says Travis Reynolds, national marketing manager for the door manufacturer. It's very much core to the culture of Steel-Craft," he explains. Products are made with Canada in mind, he adds. "Our overhead garage doors, for example, can withstand the extremes of this unique climate."

Headquartered in Edmonton, Steel-Craft has remained Canadian despite opportunities through the years to source cheaper materials from overseas. Instead, the company took a long-term view. "People have come to see the value of something made domestically versus offshore product—or something that's built solely with profits in mind."

### SPOTLIGHT ON CANADIAN MANUFACTURERS

## Auto-Stak Systems

For more than two decades, Auto-Stak Systems in Burlington, Ont., has been making lumber yards safer, more efficient, and more cost-effective. The company's proprietary end-loading rack system uses an electric end-loading platform that attaches to any standard forklift. Its bins hold more material in the same space compared to conventional manually loaded rack systems.

"In our 20-plus years of selling Auto-Stak and traditional lumber and building materials storage equipment, we have installed hundreds of projects across Canada," says Paul Tagarelli, Auto-Stak's director of operations. "We are proud to be a Canadian company that is making a real difference to the LBM industry, and helping our clients' bottom lines in the process."

## WHAT ADVANTAGE TO DOMESTIC PRODUCTION?

Jayne Seagrave, marketing director for Vancouver Tool in British Columbia, which makes kitchen and bath caulking tools, remains convinced that Canadians want to buy Canadian-made products. She's less sure about retailers. "The bane of my life has been [retail] buyers," she complains. Seagrave claims that Vancouver Tool "lost" the Canadian market because it refused to go offshore to make cheaper products.

This supplier currently generates 90 percent of its business from private labelling agreements with leading suppliers and distributors in a dozen countries. It manufactures tools in its plant in Vancouver for all but one of those partners. (Because its



products are plastic, they can be shipped quickly and relatively cheaply.) The supplier has a licensing agreement with Hyde Tool in the U.S., which allows Hyde to sell offshore-made tools under Vancouver Tool's various brands to the likes of Home Depot.

Seagrave chuckles when she recounts how Hyde's offshore source initially wasn't able to fill Home Depot's order on time, so Hyde ended up turning to Vancouver Tool—and paying a significant premium—to purchase product from Vancouver Tool's factory to meet that order.

The moral of this anecdote, which isn't lost on domestic manufacturers, is that being a product source close to the retailer

## SPOTLIGHT ON CANADIAN MANUFACTURERS

### Task Tool

It may be one of the largest suppliers of hand tools to some of Canada's country's top buying groups, but Task Tools is still a privately held family company. Founded in 1968, Task supplies products in three key categories: power tools accessories, abrasives, and hand tools. It sources products from Tier One factories in 19 countries worldwide, and its head office in Delta, B.C., has a full packaging facility.

Task produces products under three brands: Task, its premium Task Signature brand, and Tuff-E-Nuf, its value-priced line. The company has also developed private label products for some of the world's leading power tool manufacturers, supporting those brands with packaging and promotion created by Task's own award-winning design team.

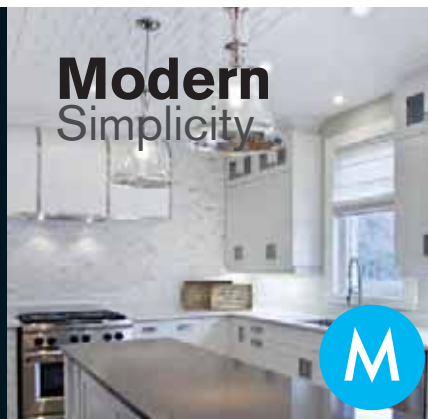
## MOULDING BY DESIGN

*by Alexandria*

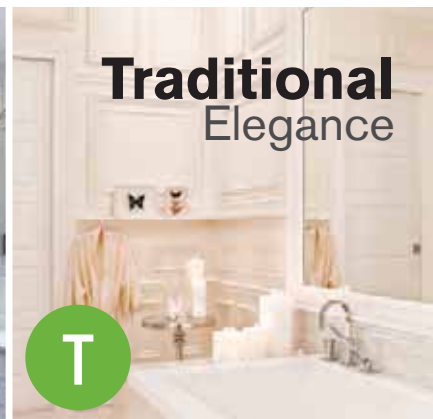
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or end user can be the ticket to securing that business. “Made in Canada” may not have the marketing clout it once did, but it still signifies supply-chain proximity, which the abovementioned BDC survey found is a salient factor in Canadians’ buying decisions.

Take Techniseal, which supplies polymeric sand and cleaners for pavers. Its marketing director, Danielle Lamarre, mostly dismisses the marketing cachet of “Made in Canada” to motivate dealers or consumers to buy her company’s products. More important, she says, is the fact that Techniseal’s manufacturing plant is in Montreal, its R&D facility is in Candiac, Que., and it has 13 sand-bagging facilities across North America. Techniseal, she adds, has also developed a reputation for

## SPOTLIGHT ON CANADIAN MANUFACTURERS

## Alexandria Moulding

This moulding and millwork manufacturer and distributor was born and raised in Canada. It was founded in 1943 by Rolland Cholette, the grandfather of current president André Cholette. Today, Alexandria Moulding distributes throughout North America with over 10,000 items, supported by five domestic “Mega Centres” that look after its manufacturing and distribution requirements—two in Ontario and three in the US.

The company is committed to supporting dealers and growing their sales of moulding products. “We achieve this by having the right quality product on time at a competitive price with the tools in store and online to support selling our products and boost demand,” says Marianne Thompson, vice president of sales and marketing for Alexandria Moulding. “We continue to innovate moulding profiles to meet consumer demand.”

## DEALERS USING QUEBEC INVENTOR’S PLANNING SOFTWARE



A former estimator and general contractor has developed a proprietary project planning software that’s garnering the attention of some of the country’s largest independent dealers.

The software, called [constructeurvirtuel.com](http://constructeurvirtuel.com) (the English version, [thevirtualconstructor.com](http://thevirtualconstructor.com), went live this spring) is the creation of François Lepage, who spent 19 years at Canac, the giant Quebec home improvement chain, before venturing out on his own. He recognized a need for easy-to-use Canadian software that could update project specs with the click of a mouse. “In Quebec alone, more than half of all hardware and building supply stores do not offer estimates, quotes, planning, or budgets for customers.”

The software is being tested by a couple of major Quebec dealers, who license the software on a monthly basis, while customers can use it online at any time. Lepage notes that a person can access their project on their computer or even on their mobile device and make changes or updates on the spot. With every change made, the plan is redrawn, the list of materials recalculated, and the budget readjusted automatically.

His website has been live since last June, and during that time, it has helped users complete more than 20,000 projects.

# The Ground Zero Memorial



# Techniseal



## PERFECT FOR YOUR CUSTOMER PROJECTS

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- Offers tailored to your needs – multiple palletizing formats
- Comprehensive assistance, from product selection to after-sales service





innovation and customer service that has kept import competition at bay.

Tree Island Steel in Richmond, B.C., makes wire and wire products in factories in British Columbia and California, and operates three distribution centres in Canada. “We are leveraging our physical manufacturing presences to support and service customers in Canada,” says Remy Stachowiak, Tree Island’s vice president of sales and marketing. “That alone is a value added.”

This company, which is 44 percent owned by Vancouver-based Futura Corporation, further emphasizes its proximity by its willingness to handle smaller order quantities, to ship them quickly, and to customize its products for dealers and customers.

### PLAYING TO THEIR STRENGTHS

“A lot of people still don’t realize we’re a local company,” admits Gen  vieve Labont  , vice president of strategy and innovation for Sainte-Marie, Que.-based Isofoam, which makes rigid insulation panels. She’s trying to change those impressions by “making a bigger deal” in

the company’s print ads and on its website that Isofoam is a domestic manufacturer.

Isofoam worries less about offshore competition, but it does face off with large competitors such as Dow and Owens

“We are leveraging our physical manufacturing presences to support and service customers in Canada. That alone is a value added.”

Corning, which have a significant presence in Canada. Like Tree Island, Isofoam’s willingness to customize, along with its efficient production, keeps it in the game, Labont   says.

Customization is one of the niches that suppliers say are key to selling products at retail these days. Since 1976, EAB Tool Company (formerly Exchange-A-Blade) in Delta, B.C., has built a name for itself by remanufacturing tens of thousands of circular saw blades annually. The company

also recycles metal (63 tonnes worth in 2013) into products like rebar, which it ships to countries such as Korea.

Some of that metal arrives from offshore sources. EAB’s president, Robert Forbes,

doesn’t think Canadians are overly concerned about the country of origin for either materials or finished products. Nevertheless, Forbes points out that his company has contracted to purchase three new pieces of equipment to expand its manufacturing capacity.

### RAMPING UP DOMESTIC PRODUCTION

Isofoam and Quest are revving up their domestic manufacturing, too. As is Super Remover, the Granby, Que.-based supplier of paint removal products, which in January was in the process of moving into a new plant that, according to its president S  bastien Plourde, is six times larger than its existing production facility.

Last year, Super Remover’s sales rose by 17 percent, a gain that Plourde attributes primarily to the strength of his brand versus U.S.- and international-based competitors. However, it didn’t hurt Super Remover’s performance that it rarely passes up the opportunity, on its packaging and in its TV ads, to mention that its products are made in Canada and, more specifically, Quebec.

And as Super Remover prepares to expand into the U.S. market this year, Plourde says it’s likely that it would eventually open a manufacturing plant there, not only for the tax breaks, but also to be able to stamp “Made in U.S.A.” on its products.

#### SPOTLIGHT ON CANADIAN MANUFACTURERS

### Richelieu Hardware

With \$600 million in sales and 60 distribution centres, including locations in most major Canadian cities, Montreal-based Richelieu is a deeply rooted Canadian company. Yet its branches have grown far and wide. With multiple acquisitions in both Canada and the U.S. over the past several years, the company is firmly entrenched in both retail and industrial sales.

Richelieu’s product lines range from fasteners and cabinet hardware to wine cellar components. “We have 90,000 SKUs,” says Alain Di Vincenzo, marketing manager for Richelieu Hardware, “and that just keeps growing. The challenge,” Di Vincenzo emphasizes, “is to do that while we continue to serve our domestic customers.” With a combination of in-house sales force for the industrial side and agencies that represent Richelieu on the retail end, the company has a network that lets it keep in touch with the needs of customers of all sizes.

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# A TRUE CANADIAN SUCCESS STORY

BY SIGRID FORBERG

**When Richard Lord joined Richelieu Hardware as the CEO in 1988, he saw great potential in the fledgling, Montreal-based company. Over the next 25 years, Richelieu would make 48 acquisitions, successfully expanding south of the border and becoming the largest supplier of functional hardware in Canada.**

**R**ichard Lord says as president of Richelieu Hardware he's always tried to help his company stand apart from the crowd. At the same time, he adds he's never sacrificed the relationships Richelieu has with both its client base and employees in order to be successful.

Speaking at last October's Hardlines Conference, Lord shared the story of his company's incredible growth. In the quarter-century he's been at the helm, Lord insists that the relationships his company maintains with its customers continue to fuel the passion of his team.

"As a supplier, we are only successful if our customers are successful," says Lord.

The other key to their success, he explains, is patience. When other companies were abandoning the Canadian market for the U.S. because of the favourable exchange rate, Richelieu instead focused on building a strong foundation right here at home. And so when the dollar reached parity, those companies faced a shock, while Richelieu was still going strong.

After solidly establishing itself in the

**“Our challenge is to continue to look for products and small manufacturers that haven't emerged yet.”**

Canadian market, the company expanded into the U.S. beginning in 1999. It was important to Lord to grow one step at a time, while being respectful of the culture and traditions of the markets they were entering.

"We've built in this market with a lot of patience, because we have to respect the various cultures," says Lord. "We're not the type of people that make an acquisition and



Richard Lord, CEO of Richelieu Hardware, says it was important to grow one step at a time.

then immediately everyone has to be speaking our language."

Lord says they learn something new from their customers every day. In fact, when asked what customers want, Lord says finding out is simple—just ask them.

And time and again, that answer has been innovation.

With a wide selection of décor products, Lord says the company is poised to help

keep up new urban trends, like the current gravitation towards smaller spaces.

He admits that ideas come from far afield, including European manufacturers. "You cannot be into innovation in this industry without dealing with Europe," says Lord. "They're developing fantastic products and they have the best brand names out there that are recognizable across the world."

"Our challenge is to continue to look for products and small manufacturers that haven't emerged yet that are doing something to improve and develop new ideas," says Lord. Whether providing quality products from around the world or developing an aggressive web initiative, it's all about meeting customers' needs as efficiently as possible, he continues, pointing to the fact that 35 percent of Richelieu's manufacturer sales in Canada are made online.

When asked what his hopes and plans are for the next quarter-century, Lord says that he plans to stay on with Richelieu until his health no longer permits it. But he knows that the investments the company has made in its employees mean the company is more than capable of carrying on, should he ever choose to leave.

In the meantime, he will continue to point his company towards new levels of innovation. "We do not wait for demand, we create it," he says.

PHOTO: LIZ SZYNKOWSKI



"Joining Home opened  
our doors to more  
products, more customers  
and more sales."



"With Home Hardware's annual catalogue and website, it's easy for our customers to find what they're looking for and then buy it in-store. As a result, we're selling more products that we'd never sold before to a whole new clientele, as well as to our loyal patrons. They're not the only ones who're happy that we made the switch."

**Frédéric and Nicolas Fleury**  
Quincaillerie Fleury  
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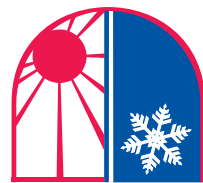
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# ON SCENE AT THE CHINA INTERNATIONAL HARDWARE SHOW

**With five halls representing more than one million square feet, the China International Hardware Show drew 38,000 visitors and 2,500 exhibiting companies from November 26-28, and HARDLINES was there to check it out.**

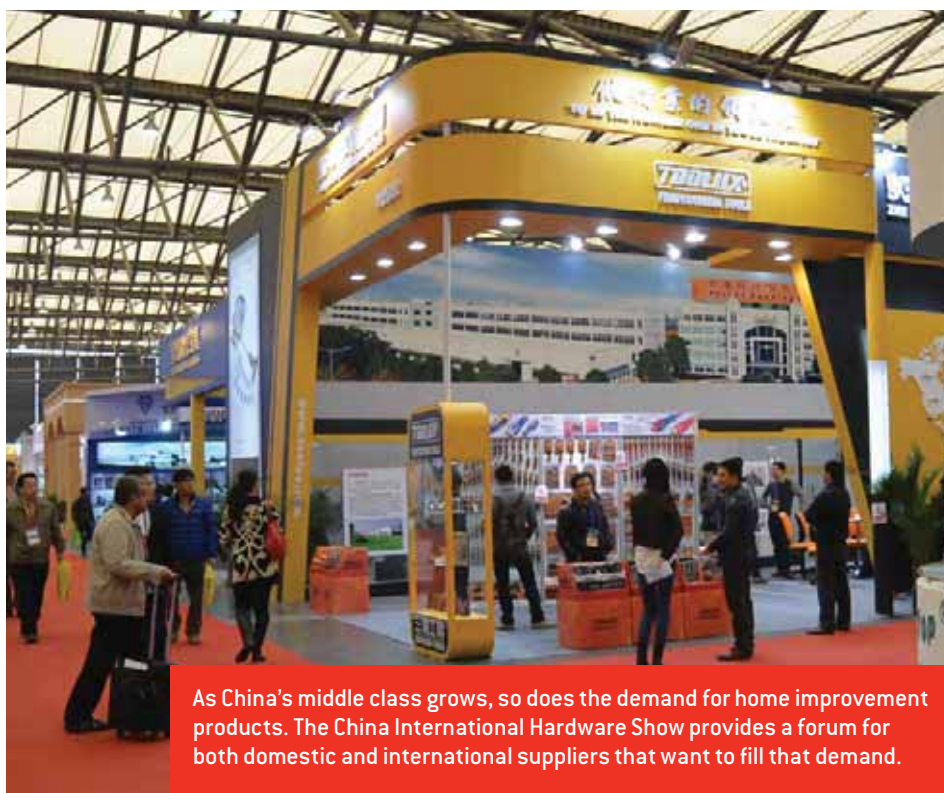
**T**he rise of the middle class in the Middle Kingdom has given rise to a new generation of companies that want to sell into China—and not just source product there. The China International Hardware Show, held annually in Shanghai, is likewise growing to meet that demand.

It was no surprise that the stands by Chinese manufacturers were enormous and elaborate. Jimmy, a salesperson for Juba Weld, explained his company's strategy: it sells welding equipment to developing countries that are trying to build their manufacturing facilities. Brazil and Southeast Asia are among its best markets, although he says the company is also selling well in Europe.

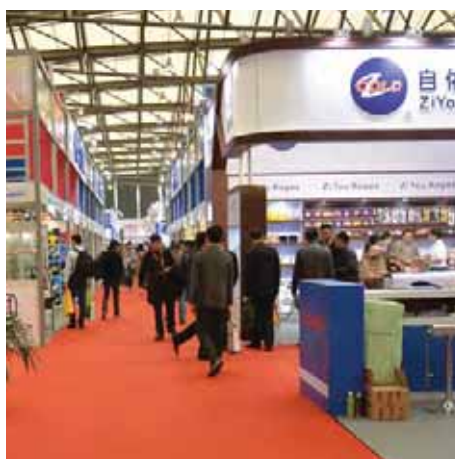
North American suppliers were rare here, but one familiar brand was Werner Ladder. Kelvin, a Werner sales associate from Hong Kong, pointed out that smaller, thinner ladders are more prevalent in Asia due to the difference in the size of people here. He said Werner was exhibiting among the Chinese companies to promote their Chinese ladders, rather than the ladders produced in North America.

European retailers were represented, often with several buyers from each company. BricoAlliance, OBI, Globus, and Kingfisher were all there, while Home Depot and Lowe's buyers were rumoured to be on the show floor. One of the show organizers noted that Canadian Tire's Asian team usually comes, as well.

The next show will take place from September 18 to 20, 2014.



As China's middle class grows, so does the demand for home improvement products. The China International Hardware Show provides a forum for both domestic and international suppliers that want to fill that demand.





# IDEAS FOR CONSTRUCTION AT FRENCH BUILDING MATERIALS SHOW

Batimat is a trade show for building and construction materials, held every two years in Paris. This trade show for builders and architects has a lot of appeal for dealers and wholesalers in home improvement retail. **HARDLINES** followed a group of Canucks who attended the latest show.

BY MICHAEL MCLARNEY

A delegation of Canadians attended the latest instalment of Batimat—all of them from Quebec—and most of them as part of a delegation organized by the Quebec building materials association, AQMAT. In addition, the association was exhibiting with a stand of its own, representing 10 Quebec manufacturers, called the “Pavilion of Innovation.”

Some familiar companies were exhibiting at the show outside of the AQMAT pavilion, including Kaycan (under its European division) and Owens Corning. The Canucks were in good company: the show was a great place to find new products and product ideas. And while many of those products reflected the differences in building practices and climate between Europe and North America, the vastness of the show ensured there was something for everybody—and the consensus among Canadian attendees was that, in many areas, especially energy savings and green practices, the European market is several years ahead of Canada’s.



**1 INNOVATION:** Batimat is France’s premier trade show for building materials and home improvement products.

**2 FREE FLOW:** This tub faucet from France is fully nine inches wide.

**3 EASY ENTRY:** This tub/shower combo features floor-level entry for elderly or infirm users.

**4 FAMILIAR NAME:** A familiar name in Canada, Denmark-based Velux offered the latest in windows.



**5 CANUCKS ABROAD:** A Quebec exhibit organized by AQMAT, the Quebec building materials association, featured innovative products from back home, and garnered a lot of interest from European delegates.

**6 FASHION STATEMENT:** European doors with both style and colour.

**7 HOT PROPERTY:** They may look like works of art, but they are in fact wall radiators that can be painted or decorated to suit any taste.



**8 CANADIAN CONTENT:** Kaycan was one of a handful of Canadian companies that exhibited at Batimat. 🇨🇦



# CASTING A WIDER NET

BY SIGRID FORBERG

The future of online shopping and the threat it poses to traditional retailers was a theme addressed by three of the speakers at the 19th Annual Hardlines Conference. Here are some excerpts of the insights these retail leaders shared.

**T**he future is promising for those willing to put it all on the line by going online.

“When I think about the future, I’m incredibly excited for retailers,” says Rafe Petkovic, the head of industry for Google Canada. “It’s a fantastic time to be a curious retailer.”

Petkovic asserts that technology is a force for good; the challenge retailers face is that it evolves exponentially. And he understands how daunting it may seem to try to keep up with those changes.

“It’s easy to imagine walking 30 steps,” says Petkovic. “But then you think about taking 30 exponential steps, and you’d walk around the Earth 26 times.”

But Ibrahim Ibrahim, the managing director from Portland Design, based in London, England, reassures retailers that the transformation the industry has been going through doesn’t have to be a bad thing. “The internet will not kill retail, the internet will liberate retail,” says Ibrahim.

The sooner the idea that e-retailing is the enemy of retailers is dispelled, the better for everyone. Web-savvy members of the younger generation are looking for more than a place to shop. They’ve come to expect that their retail experiences will be tailored to their wants and desires.

“We need to reinvent the notion of a shop,” says Ibrahim. He cites the example of retailers like Nike that realized early on that they’re not just selling apparel. There’s a lifestyle and ecosystem component as well—which he sees as the future of successful brands.

## SHOPPING STILL TACTILE

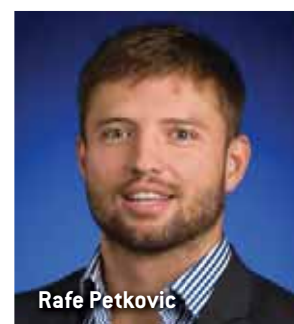
For Anthony Stokan, from Anthony Russell, Inc., there’s a great mythology that surrounds



Anthony Stokan



Ibrahim Ibrahim



Rafe Petkovic

the use of technology. “Technology, as much as we fear it, is about changing the way we do things,” says Stokan.

But that doesn’t mean people are shopping exclusively online, insists Stokan. Despite the avalanche of change, the vast majority of products in Canada are still sold in retail stores.

Stokan adds retailers shouldn’t panic, assuming that the ways of old are outmoded. There’s definitely still interest and demand from shoppers for physical stores. In fact, he says, Canada even outperforms the United States per square foot in retail space—demonstrating that Canadian shoppers still want that kind of retail experience.

It’s just how those connections are formed and maintained that has changed.

And those people still supporting bricks and mortar are doing it because they want to see, touch, and ask questions about the products they’re interested in. But most importantly of all, even in this modern world, customers are still seeking out those old-fashioned connections.

## MEANINGFUL CONNECTIONS

According to Petkovic, a recent study has shown that, on average, people now check their phones upwards of 150 times a day.

And more people in the world have access to mobile phones than access to electricity. Retailers need to learn how to use these facts and tap into that technology to succeed in the long term.

“Imagine what’s possible in terms of retail with 200 times faster access to information,” says Petkovic. “And for retail, those statistics mean there are 150 opportunities for your brand to be in front of your consumers.”

According to Ibrahim, customers now want to be connected, collaborate, and co-create when it comes to shaping the services their retailers provide. Whether or not the change is connected to an increase in access to information and the proliferation of smartphones, customers now expect something more when they’re shopping.

“Stores have become less about the products on the shelves and more about the experience,” says Ibrahim.

The key though, Stokan adds, is authenticity. While it’s important to promote your network, customers are sensitive and keenly aware when they’re being manipulated or when the message they’re hearing isn’t sincere.

“If your differentiation is only price, you won’t be around in three years’ time,” says Ibrahim. “People don’t just buy the logo; they go and experience the ritual.”



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l-r: The winners of the Outstanding Retailer Award in the category of Best Building Supply/Home Centre under 25,000 square feet: Mary Ann and Jim Peyre of POPS Home Hardware; Peter Thompson of Taymor Industries, sponsor of the award; and Ron and Trina Shunter of POPS Home Hardware.

# POPS HOME HARDWARE BUILDING CENTRE

**BEST BUILDING SUPPLY/HOME CENTRE  
UNDER 25,000 SQUARE FEET**

## HISTORY

POPS Home Hardware is truly a story of how a community can come together to revitalize and sustain itself.

POPS is located in the town of High Prairie, Alta. This small town, with a population of around 2,800 residents, is 115 km from Slave Lake and 370 km from Edmonton. High Prairie has seen very little growth in recent years and was hit hard by the 2008 recession.

When the local Tolko OSB mill closed in 2006, an economic catastrophe ensued in High Prairie that the town has had trouble recovering from. Hundreds of workers lost their

PHOTO: LIZ SZYNKOWSKI

jobs, resulting in an exodus of hundreds of families as for sale signs littered the streets. Many businesses closed their doors—including the local building centre.

However, there was a strong desire to revitalize the community. In 2006, Lorne and Jim Peyre invited Harold Oliver to a meeting to discuss the fact that Pioneer Home Hardware was in receivership. Would he be interested in partnering with them to buy the store? Harold said “yes.”

The new partners spent the next six months putting together a business plan that Home Hardware head office would accept, and in September 2006, they took the store out of receivership.

## COMPETITION

Despite its size, High Prairie still has a lot of competition, including three other small hardware stores in the area. There is a locally owned hardware and building centre located two km from POPS, and a True Value and a RONA are both only three km away.

Although there are no big boxes nearby, the team at POPS still feel the pressure from pricing at large-surface stores in Edmonton, where many of its seasonal customers shop. To retain more customers and grow the business, POPS has a policy of matching its competitors’ pricing. It strives to embody its mission statement of “ensuring competitive pricing to enhance customer satisfaction, needs and business profitability.”

## GROWTH

During the first three years that POPS was open, both sales and community confidence grew. In 2009, POPS brought on Ron Shunter as general business manager. He successfully capitalized on the displaced talent from the mill closure and hired many employees with vast knowledge and skills.

In 2010, with flat-lining sales and some categories even declining, the team realized that the days of standing behind the counter waiting for a customer to enter the store were gone. They developed an aggressive strategic plan to move the business forward. They installed a 100-foot Pacific Automation dual gantry truss manufacturing system to expand manufacturing capacity.


Then, in late 2011, the owners partnered with local developers and introduced the Beaver Home and Cottage Spec program. Through this program, they use local contractors to build the homes, cottages and garages. This ensures that the local contractors are kept busy as well as keeping the work local. Through community support and hard work, POPS has been able to continue expanding its offerings.

## EXPANSION

Not only has the store been expanding the services offered, but in late 2011, the team at POPS Home Hardware recognized that

to build hardlines sales, a new, larger, and more modern retail facility was required. By the following spring, POPS had started building a new store with 16,000 square feet, doubling the size of the original location.

In August 2013, the new store had its grand opening and the owners are already planning more expansions for the wood centre. The old store is still in use across the street, housing drywall and concrete.

A positive mindset and the pursuit of something greater for the community has driven the success of POPS Home Hardware. The owners’ perseverance through difficult economic conditions and their creativity in revitalizing their store made POPS Home Hardware the 2013 Outstanding Retailer Award winner for Best Building Supply/Home Centre under 25,000 square feet. 

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# LATEST LOWE'S STORES FEATURE FEMALE-FRIENDLY ADJACENCIES

BY MICHAEL McLARNEY

Lower sight-lines and a big power aisle are just two ways this big box retailer has tweaked its formula.



**L**owe's Canada has opened two more stores, one in Burlington, west of Toronto, and the other a little farther west in Cambridge, Ont. The stores are being touted as “a new concept store experience” by Lowe's Canada president Sylvain Prud'homme.

Prud'homme joined Lowe's Canada in the spring of 2013. He brought with him a background that includes working for Walmart in Quebec, Sobeys in its Edmonton offices, and most recently Loblaw in Toronto. The goal of these new stores, he says, is to make them as responsive as possible to customers' needs.

Based on customer feedback, Lowe's developed these two new stores with improved adjacencies and new signage. Those needs came as much from him talking to customers directly as anything else. (He says he spends at least one day a week walking his stores.) On a tour of the



Lowe's Canada president Sylvain Prud'homme points out some of the changes and enhancements at the new concept store in Burlington, Ont.

Burlington store just a few days before its grand opening, he points out some of these changes and enhancements.



First and foremost was the need to distinguish two customer profiles: contractors and builders on one hand and DIYers,

especially female shoppers, on the other. On first entering the store, allowances made for feminine tastes are evident: lower sight lines, strong end caps, and vignettes and displays that bring products such as sinks and counters to floor level—well within reach of customers. “When you walk the store you’ll see that you can touch and feel the products,” Prud’homme says.

Products are arranged in a way to suit the needs of shoppers. Faucets are merchandized by finish, rather than by brand. “I want to partner with the vendors, but it’s really about the customer.” Other changes include larger granite samples for countertops, and lower lighting clouds.

For the contractor, he notes that “speed is everything.” Research showed that the pro customers wanted to get in and out quickly. With that in mind, the right side of the store has been designed specifically for contractors. Aisles are higher and products used to construct a house are merchandised to better suit the shopping patterns of a customer as they would visit the store over the course of a project.


For example, says Prud’homme, the customer desk has been simplified and anything not related to getting the contractor in and out quickly has been eliminated. Dimensional lumber is not merchandised sequentially by size, but rather by project. Untreated wood is followed by cedar, and then green treated wood. Across the aisle is newer “MicroPro” brown treated wood.

“The reason for the change is not that we have any problem with the existing stores,” he says. “It’s that we have to keep changing. Retail is very aggressive these days and we have to stay up on the changing needs of our customers.”

The changes being tested here will be applied to Lowe’s existing outlets on a case-by-case basis.

Other details of the new stores sound more typical of existing Lowe’s outlets: an

investment of more than \$20 million for Burlington, which is 117,000 square feet plus a 32,000-square-foot garden centre; the Cambridge store is 94,000 square feet

with an additional 26,000 square feet for the garden centre. These latest openings now bring the number of Lowe’s stores in Canada to 37. 



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## HIRING AND KEEPING THE BEST EMPLOYEES

BY BILL WILSON, RETAIL ADVISOR, NRHA CANADA

**Your most important asset as a dealer or manager is your employees. They make your operation tick and they're the direct link between your customers and your business. Make sure you hire right.**

**W**ith each employee you hire, the interview process is crucial. I've always found it helpful to have another person interview the candidate, especially with strong candidates that are back for a repeat interview, so you can compare notes before making a decision. If you're hiring managers, you'll find it helpful to use some kind of personality profile to identify their strengths and weaknesses. For example, the North American Retail Hardware Association (NRHA) offers the Forte Interpersonal Study as part of its membership.

Here's a checklist to consider during your hiring processes:

1. Check all references.
2. Put your offer in writing. Include the salary, work hours, job duties, benefits (including vacation days), probationary period, and start date. The new employee should sign the offer and you should retain a copy in the company file.
3. Once hired, you must get your employee's social insurance number and have the employee complete form TD1 Personal Tax Credits Return.
4. Hire for attitude; train for skill.

## REGIONAL HIRING CHALLENGES

In Western Canada, where employers must compete with the lure of the resources sector, dealers face high turnovers and a chronic shortage of employees. In that environment, you'll need to try to attract people away from their current employers, as well as draw on workers from Eastern Canada.

A good benefit package is a good start. For those already employed in your area, the opportunities for training and advancement are key drivers. Profit sharing and/or performance incentives are also great motivators for changing jobs. To attract unemployed Easterners to come out West, you need to offer such things as moving, travel, and housing incentives. As well, you need to respect their ties to their home province by being flexible with vacation schedules.

In Eastern Canada, unemployment remains high in many regions. In that environment, it's not difficult to attract people, but your focus here should be on quality workers. You can draw both from the unemployment pool and from among those already working. Wages don't need to be high, but they need to be at least a little better than the competition. Again, a good benefit package is important. If you offer training, profit sharing and/or performance incentives, you'll be able to choose the best qualified candidates.

Don't forget about your website. Employers everywhere need to realize that with today's technology, their business reputation is on display through their website. Potential applicants can access social media and the internet and decide if they like what they see.

## MANDATORY TRAINING

- **Occupational Health & Safety Training.** Workplaces under the jurisdiction are governed and administered by your provincial legislation. The legislation places duties on owners, employers and



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workers, to establish and maintain safe and healthy working conditions. Your officials are responsible for monitoring compliance. The employer is responsible for providing employees with safe and healthy working conditions. This includes a duty to protect employees from violence, discrimination and harassment. Employees must cooperate with the employer in making the workplace safe and healthy.

- **WHMIS 2009 Training.** Modules are designed for personnel who work with or in proximity to “Hazardous Materials” as defined under the Hazardous Products Act.
- **Lift Truck Operator Safety Training.** This training is mandatory if the employee is required to drive a lift truck.

(BSIA, WRLA, LBMAO, AQMAT, and ABSDA) offer a range of training programs both in class and online.

### DEVELOPING A SUPERIOR CUSTOMER SERVICE CULTURE


Teaching your new staff member the superior customer service culture that’s required in your retail environment starts at the top. It must be a reflection of the leadership. Many large retailers make it a practice to have all management and head office personnel spend time serving customers.

Everyone in the company must support the vision of superior customer service. Managers should be reinforcing this at staff meetings and compliment staff when they see exceptional customer service. Retailers

written notices of the issues surrounding their performance? Be sure and document those issues. Two letters are recommended before taking action. If you sit down with the employee to discuss your concerns, you’ll sometimes see a turnaround in the employee. If not, it’s time to terminate them.

In certain cases, you may be faced with an employee who’s guilty of willful misconduct, disobedience, or neglect of duty. The employee may not be entitled to notice of termination or termination pay under the Employment Standards Act (ESA). However, termination without notice is sometimes hard to defend.

When an employee is terminated, written notice is required under the ESA. Settlement terms are determined by the length of time they’ve been employed. See your provincial ESA for exact amounts. The rules under the ESA about termination and severance of employment are minimum requirements. At times, you may be better off to err on the high side for settlement, after taking into consideration personal values, management, and length of employment. Employers and employees may wish to obtain legal advice concerning their rights.

Hiring people is important for your company. Keeping the best can be difficult, especially as other companies are looking to acquire them. Make sure you pay attention to them, find ways to motivate them, and give them opportunities to advance. Most of all, make your store a great place to work and think about succession in your business. Good people will make your business grow. 

“Remember, each employee in a LBM outlet should average \$300,000 in sales.”

- **Violence & Harassment in the Workplace.** This is outlined in Bill 168.
- **Fall Protection.** This course is considered essential to all workers working at heights of three metres or more in the workplace.
- **Accessibility for Ontarians with Disabilities Act.** Learn what you must do to comply with the Ontario Accessible Customer Service Standard.
- **Boom Truck Operator Training.** For those businesses that operate boom trucks, you need to make yourself aware of the requirements. Ensure that your operators are competent and that you do your due diligence to ensure that employees are trained to operate the mobile lifting devices in a safe manner.

Check your Provincial legislation for specifications on all of the above training. In addition, your regional LBM associations

today use a mentoring program with the top performers helping new employees learn the culture. Keeping staff aware of your vision for the future, where you see the business going, and how it’s performing will keep staff involved, enthusiastic, and working to grow the business.

If employees aren’t participating, it’s time to have a discussion with them. Your team cannot afford non-performers.

### TERMINATING AN EMPLOYEE

Hiring and training a new employee is costly, but sometimes the employee doesn’t perform as desired.

If you’re unhappy with an employee, termination is one route, but sometimes you have to think about what’s causing this issue and determine if it can be corrected. Have you provided the employee with



*Bill Wilson is Retail Advisor for the North American Retail Hardware Association Canada. He has a background of more than 40 years of experience in hardware and home improvement retailing and distribution and is committed to training for independents.*



# LEADING EDGE



After more than 40 years as a global innovator in retail technology, Toshiba understands the importance of staying ahead of the game when it comes to embracing new technologies and business models. Currently, that means tackling the complex interplay of online, mobile and in-store interaction and ensuring that retailers can deliver a consistent and rewarding customer experience across channels. Our powerful new TCxGravity™ software platform is designed to do just that. Discover the 10 key ingredients that will help you deliver the omni-channel dream. Download our e-book today at [togethercommerce.com/edge](http://togethercommerce.com/edge)

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# IT TAKES A VILLAGE

BY SIGRID FORBERG

**Being an independent retailer doesn't mean you have to be completely isolated from your peers in the industry. In fact, any hope for the future of independents lies in building meaningful connections.**

**T**he one thing independent retailers can count on from Canadian shoppers is that they no longer count on their independent retailers.

"The reality is, customers don't trust us," says Bill Morrison, the president of TruServ Canada and vice president of wholesale for RONA Inc. "Canadians believe they're not getting a fair deal."

Unlike their parents' generation, Generation Y and the Millennials are slow to part with their money.

Whereas the Baby Boomers were eager to lock themselves into mortgages or car leases and take exotic holidays, Bill says today's younger generation is characterized by cynicism and frugality. And they spend more like their grandparents—who came of age during the Second World War and the Great Depression.

From cost-sharing initiatives to purchasing online and second-hand, Canada's young people may hold the capital, but they're committed to stretching it as far as they can.

It's no longer an option to have a web presence. According to Bill, e-shopping is the only way to grow. Over the last year,

Bill Morrison, the president of TruServ Canada and vice president of wholesale for RONA Inc., exhorted suppliers to support the individuality of independent dealers.



But he adds that the harsh reality is that, for the time being, living in the real world means accepting that the market is going to continue to be flat for a while.

"The reality is you have to compete with the chains," says Bill. "The boom times are

sees a place for helping one another and working together—otherwise, hollowing out of the industry will be the harsh new reality.

"When you're serving independents, your message can't be one-size-fits-all or generic. You can't make independents fit into your box."

But by putting in that extra effort to tailor your store's personality and promotions to your customer's needs and wants, you're going to end up with something much more meaningful than an exchange of currency for goods.

"At the core of it, a store is a village of people," Bill says. "You need to tell your stories and have a dialogue with your customers so that they feel a part of something."

**“You can't make independents fit into your box.”**

sales from mobile devices have gone up a staggering 172.9 percent, while traditional retailers have been closing their doors.

"You have to make sure you're asking the right questions and following the right advice. We need to live in the real world or we're not going to see the industry thrive."

over. To grow, you'd have to take someone else's business."

That being said, he sees independents as incredibly important. During these rough times, retailers need to go out and actively pursue business rather than waiting for customers to come to them. And he also

PHOTO: LIZ SZYNKOWSKI





Now, Orgill Gives All Dealers A Choice.

# PROVIDING SOLUTIONS

## Orgill Provides More than Just Products, It Provides Support for Your Success

**"Orgill is just a good company to deal with. Because of the large assortment of SKUs it carries, we are finding unique and different products that we just couldn't get from domestic sources."**

**Kim Emmerson**  
Emmerson Lumber Ltd.  
Haliburton, Ontario

### Emmerson Lumber Ltd.

Since 1957, Emmerson Lumber has been serving the people of Haliburton, Ontario. The business grew out of a veneer mill first opened in Haliburton in 1945 by W.O. Bailey. In 1953, Bailey's daughter Lois married William Emmerson. Four years later Emmerson Lumber was born.

Today, Emmerson Lumber provides a full range of products and services to its customers with an eye toward service. With products ranging from a full selection of windows, doors and building materials to tools and power equipment, Emmerson has a long history of meeting its customers' needs.



### Reliable Delivery

"Since we started working with Orgill, our order fulfillment has been excellent. Our delivery comes when it is supposed to with what we ordered—exactly as promised."

### Operational Support

"We wanted to be able to communicate with our supplier as effectively as possible, so that meant communicating electronically. We were able to get that set up with Orgill. Now the communications are running smoothly."

### The Products We Need

"Orgill has a large selection of products, which allows us to offer more than we could in the past from any of our other suppliers."

### A Safe Bet

"Orgill has been great to work with. I would definitely recommend them as a supplier."

**"Orgill is a good company to deal with. I get follow-up calls and sales rep visits. Orgill doesn't forget about you once you start doing business with them."**

**—Kim Emmerson**



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