

FIRST QUARTER / 2016

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REFLECTING ON 2015

The stories and events
that shaped the year

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to installation services
as they once were

2015

The **Winners!**

The 2015 Outstanding Retail Award
winners and the qualities that are
helping them win the retail war

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- Hardlines Conference celebrates 20 years
- Merchandising: less is more
- Dealer named eBay Entrepreneur of the Year

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HOME IMPROVEMENT QUARTERLY

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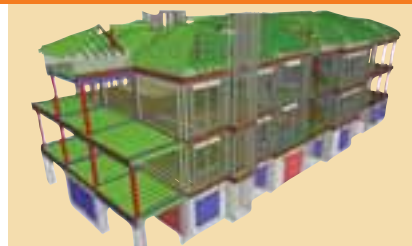
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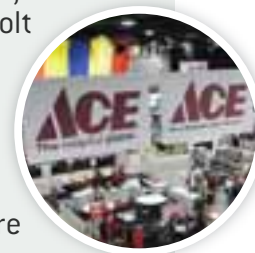
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AQMAT to launch lobbying effort for permanent reno tax credit



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BIG OR SMALL, IT'S ALL ABOUT INNOVATION

Online sales. Mobile interconnectivity. An omnichannel universe. Whatever you want to call it, it's here. So get used to it.

MICHAEL McLARNEY, EDITOR

“The smartest retailers are realizing that today's customers want to connect with your store and your products in a number of ways.”


Lowe's is Canada's fastest growing home improvement retailer. Its sales were up by 30 percent last year and it plans to add 12 more stores to its network of big boxes across the country over the next year and a half. But guess what? The company has less than three percent of the market in hardware and home improvement sales in Canada. That doesn't matter. Vendors and retailers alike are keeping their eye on this behemoth from North Carolina.

Why? Because even though it's the number-two home improvement retailer in the world, Lowe's in Canada is not leaving anything to chance. The company has made online technology a cornerstone of its growth here. It has invested heavily in ideas and technologies that are, quite literally, the stuff of science fiction—including robots to serve as greeters, holographic DIY room design, and 3D printers. It has also identified online sales as a key part of its growth in the coming years in Canada.

That's a good strategy. By taking on Canada, Lowe's is up against some of the smartest independent retailers you'll find anywhere, including ones that are leading the way in online selling. Take LumberMart, a TIM-BR MART dealer in Halifax. This traditional lumber yard won an award from eBay Canada for being its top exporter of

the year. A lumber yard in Halifax. Online manager Kimberley Wotherspoon was charged with fixing up the store's website, and she did it in spades. Read her story on page 50.

What we're seeing is a sea change in the way retailers go to business. Bricks and mortar stay vital to the shopping reality, but the smartest retailers, whether they're the number-two in the world, or a savvy independent in your town or city, are realizing that today's customers want to connect with your store and your products in a number of ways, be it in person, through their computer, or—and this is the big one—via their mobile devices.

If you're not part of the mobile revolution, make sure you've got a solid strategy to compete alongside it. Because all your customers, whether they're DIYers or contractors, want an “omnichannel” solution. Don't leave it to your competitor to give it to them. 

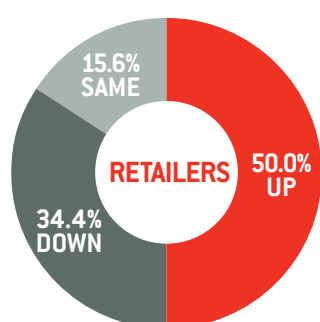

mike@hardlines.ca

THIRD QUARTER 2015

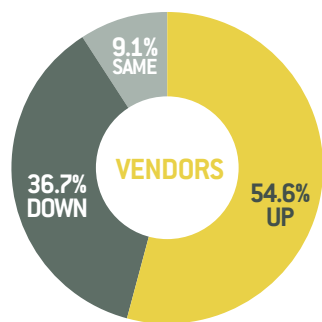
In our latest survey of dealers and suppliers, there was a prevailing uncertainty about the future. Just over half of the retailers surveyed believed that sales would be up at year-end, and 60 percent of the suppliers believed the same. However, the vast majority of suppliers—nearly 90 percent—were projecting sales would increase over the next 12 months, less than half that number of retailers were so optimistic.

These numbers are fairly consistent with what both groups reported in Q3 2014—with the exception of retailers' projections for whether sales would increase over the next 12 months. In Q3 2014, 71.4 percent were expecting an increase, whereas in Q3 2015 only 37.5 percent shared that belief.

How did your business compare with the same time last year?

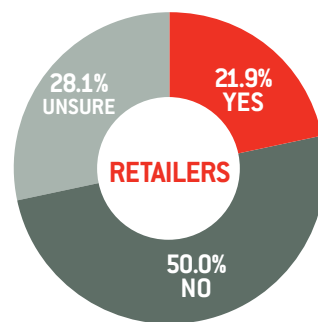


Year-over-year, the percentage of retailers experiencing better sales than last year is fairly consistent, down only slightly from 51.0 percent.

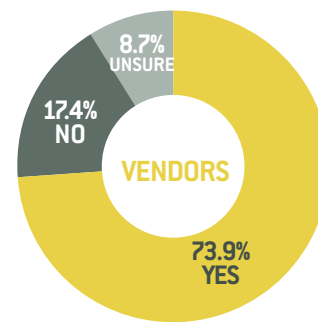


Year over year, the percentage of vendors experiencing better sales than last year was down slightly from Q3 2014, when 56.2 percent of vendors reported increased sales.

Do you expect your sales to increase over the next six months?

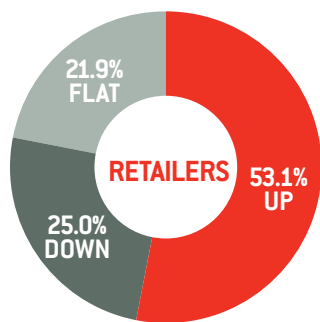


The percentage of retailers expecting sales to increase in the next six months is down significantly from 46.9 percent in Q3 2014, and the percentage of retailers that anticipate sales will not increase was up nearly 15 percentage points from 34.7 percent last year.

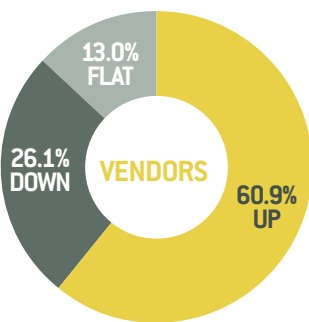


Year over year, the percentage of vendors anticipating sales increases in the next six months was down nearly six percentage points from 79.8 percent in Q3 2014.

At year-end 2015, how do you expect sales for this year to have gone?

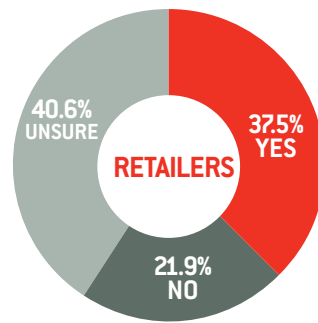


Looking ahead to the end of the year, the percentage of retailers that predict sales will go up has remained fairly steady, compared to Q3 2014, with a very slight increase—half a percentage point—in those projecting sales will be down for 2015.

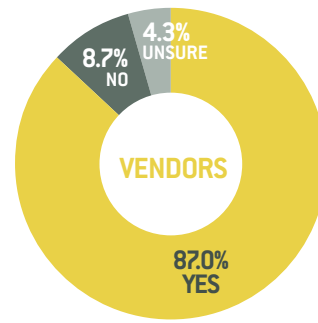


Looking ahead at the rest of the year, the percentage of retailers that predict sales will go up stayed pretty much the same from 59.1 percent in Q3 2014, but the percentage expecting sales to go down was also up five percentage points from 20.5 percent in Q3 2014.

Do you expect your sales to increase over the next 12 months?



Retailers' outlook for the year ahead is much less optimistic than in Q3 2014; the percentage of retailers expecting increased sales fell nearly 25 percentage points from a year ago, while the number of retailers unsure about whether sales would increase rose nearly 32 percentage points from 8.2 percent.



Vendors are optimistic about the coming year. Year over year, the percentage of vendors predicting increased sales is up from 79.8 percent in Q3 2014. And the number of those uncertain about the future is down from 11.2 percent in Q3 2014.

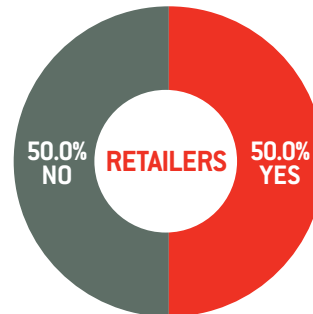
RETAILERS: Top issues in third quarter

1. Customer retention
2. Staffing
3. Increased competition
4. Decreasing margins
5. Exchange rate with U.S. dollar
6. Training
7. Adding new services
8. E-commerce challenges
9. Succession
10. Expanding products
11. Supplier consolidation
12. Cross-border shopping
13. Increased presence of U.S. retailers
14. Mortgage interest rates

VENDORS: Top issues in third quarter

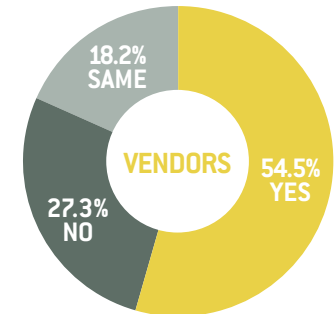
1. Exchange rate with U.S. dollar
2. Higher raw material/shipping
3. Retail consolidation
4. Housing market
5. In-store merchandising and replenishment
6. Competition from Asian sourcing
7. Choices
8. E-commerce challenges
9. The increased presence of U.S. retailers
10. Cross-border shopping

Did you offer new products/services in Q3 to better compete?



Year over year, the percentage of retailers offering new products and/or services to better compete was down from 61.0 percent in Q3 2014.

Did you receive more orders in Q3 2015 than in Q3 2014?



Year over year, the number of vendors that received more orders stayed fairly consistent, from 53.8 percent in Q3 2014.

Source: HARDLINES Quarterly Business Conditions Survey

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RETAIL HOME IMPROVEMENT SALES BY PROVINCE

A look at Canada's regions reveals distinctly different market conditions, which have resulted in varying growth patterns across the country.

The retail home improvement market in each region of the country has faced different challenges and different levels of growth, according to the latest *Hardlines Market Share Report*. Central Canada represents more than half the industry, with Ontario at almost one third by itself. And modest growth following the worldwide recession has given way to stronger increases there, with Ontario's industry sales up 5.2 percent in 2014 and further relatively strong growth expected.

Quebec is the number-two province in terms of size, with 22 percent of the market.

However, that share has slipped from almost one quarter over the past three years, as a sluggish economy and slow housing have seen *la belle province* grow at a slower rate than the rest of the country. Quebec continues to face economic challenges that made an impact on industry sales, which were down 2.5 percent in 2014 and are expected to deepen further by the end of 2015.

The *Hardlines Market Share Report* reveals some interesting differences between east and west. The Western provinces comprise 34.4 percent of the overall market, and together are slightly larger than Ontario.

After sluggish growth in 2013, With the exception of Manitoba, the West made solid gains of almost four percent in 2014. The greatest strength came from Saskatchewan in percentage terms, which was up 5.4 percent. The largest dollar growth was in British Columbia on sales that were up 4.0 percent. While Alberta was up 4.6 percent in 2014, sales for 2015 are expected to be much lower in light of the slowed oil industry there.

Atlantic Canada represents just over 10 percent of industry sales, with steady growth that was just ahead the industry overall at 2.8 percent. The largest percentage growth was in Prince Edward Island, up 8.5 percent, but the largest dollar growth was in Nova Scotia.

Dealers across the country are reporting mixed outlooks for their businesses for year-end 2015 and beyond. Their tentative feedback is being further tempered by government housing forecasts that are expected to shrink from 2015 right through to 2017.

Market share and year-over-year sales by province*

Province	2013	2014	Change	Market share 2014
B.C.	\$4,325,134,545	\$4,499,886,042	4.0%	11.8%
Alberta	\$4,774,518,910	\$4,992,702,034	4.6%	13.1%
Saskatchewan	\$1,796,773,672	\$1,893,370,477	5.4%	5.0%
Manitoba	\$1,731,302,296	\$1,726,266,880	-0.3%	4.5%
Ontario	\$11,815,739,901	\$12,432,448,704	5.2%	32.5%
Quebec	\$8,638,752,639	\$8,418,760,123	-2.5%	22.0%
New Brunswick	\$1,208,976,849	\$1,250,619,073	3.4%	3.3%
Nova Scotia	\$1,328,260,716	\$1,395,418,874	5.1%	3.7%
Newfoundland	\$1,159,460,072	\$1,145,304,916	-1.2%	3.0%
P.E.I.	\$184,261,149	\$199,873,896	8.5%	0.5%
Yukon	\$111,331,888	\$112,957,652	1.5%	0.3%
NWT	\$112,893,767	\$108,436,080	-3.9%	0.3%
Nunavut	\$23,878,644	\$33,867,524	41.8%	0.1%
U.S./St. Pierre	\$23,280,898	\$8,500,000	-63.5%	0.0%
TOTAL	\$37,234,565,944	\$38,218,412,275	2.6%	

Atlantic growth trends* (\$millions)

	2011	2012	Change
New Brunswick	\$1,209	\$1,251	3.4%
Nova Scotia	\$1,328	\$1,395	5.1%
Newfoundland	\$1,159	\$1,145	-1.2%
P.E.I.	\$184	\$200	8.5%
TOTAL	\$3,881	\$3,991	2.8%

Western growth trends* (\$millions)

	2011	2012	Change
British Columbia	\$4,325	\$4,500	4.0%
Alberta	\$4,775	\$4,993	4.6%
Saskatchewan	\$1,797	\$1,893	5.4%
Manitoba	\$1,731	\$1,726	-0.3%
TOTAL	\$12,628	\$13,112	3.8%

*Provincial sales do not include mass merchants or club stores.



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SIGN OF THE TIMES: ORGILL NAME GOES UP ON LONDON, ONT., DC

Orgill Canada's takeover of Chalifour Canada is now official, at least to look at the former Chalifour warehouse. A new sign, Orgill Canada, has appeared in front of the London, Ont., warehouse that was formerly the Chalifour facility—and the home of Sodisco-Howden and D.H. Howden before that.

Memphis-based Orgill is a full-line hardware wholesaler with five distribution centres throughout the U.S. It established a DC in Canada in 2013, in Mississauga, Ont., for products that could not move easily across the border, such as solvents and other hazardous chemicals.

Orgill is currently in the process of setting up its team and systems in Canada to work with the existing staff and operations at the London facility.



Orgill Canada has posted a new sign in front of Chalifour's former warehouse in London, Ont.

CANADIAN TIRE DIALS BACK INSTALLED SERVICES

Canadian Tire stores managed to push sales up 1.5 percent in its third quarter, with

same-store sales up 3.4 percent, reflecting strong seasonal and non-seasonal sales and a shift in sales mix, as the company's installed business was pared back to refocus on products that are sold exclusively within Canadian Tire stores.

The concept, called Canadian Tire Home Services, was piloted three years ago and originally included HVAC, roofing, painting, garage door installation, and other services for homeowners. Over time, the range of services was expanded in different regional

markets, with nine more product categories added to the installation program.

However, the company has since scaled back its range of services. While garage door installation and temporary shelter assembly are still done, roofing and large-scale HVAC installations are no longer available. Instead, smaller, convenience jobs are more prominent. These include wall mounting for flat-screen TVs, children's playground assembly, and toilet repair and replacement.



RONA BOSS IS VOTED TURNAROUND CEO OF THE YEAR

Canadian Business magazine chose RONA CEO Robert Sawyer as “turnaround CEO of the year,” based on the positive results that his company has turned out over the last couple of quarters.

Sawyer spoke to the magazine about the challenges he faced taking up the helm of the then-struggling home improvement group. Not realizing the extent of the crisis, he says, he told himself, “Oh my God, I didn’t know the baby was sick like that.” Sawyer helped reverse the effects of a poorly executed expansion plan, tightening existing cost-cutting measures, and turning around the company’s banners, with a particular push for Reno-Depot.

RONA’s strong second-quarter results helped single out Sawyer for the recogni-

tion. The company reported a 5.4 percent increase in same-store sales and profits were up 19 percent.



Robert Sawyer: RONA CEO has been named *Canadian Business* magazine’s turnaround CEO of the year

RONA COMPLETES BUYOUT OF 20 FRANCHISE STORES

RONA inc. has completed the acquisition of its 20 franchised stores. The deal, first announced in mid-July, reflects negotiations with each of the 15 franchisees. The franchise arrangement was unique to certain Quebec-based long-time RONA dealers.

RONA has made definitive purchase agreements with each of those franchisees to secure substantially all of the assets of 17 big box stores and three proximity stores operating under the RONA, RONA L’entrepôt, and RONA Home & Garden banners. Two of the stores are in Ontario and the rest are

in Quebec, and together generate more than \$500 million in retail sales annually. RONA paid \$193 million for the stores. That amount took into account \$19 million that was returned to RONA for its part ownership in some of those dealers’ stores.

“We are pleased to announce that this transaction has been finalized and we are proud to be able to count on the skills and experience of the 2,600 employees as they continue to provide our customers with excellent service,” said Robert Sawyer, president and CEO of RONA.

RONA moved to acquire the franchise stores, whose owners are mainly Quebec based, to reduce the variety of relationships it has with independents and gain more control of its store network, especially its big boxes.

BRIEFLY

TREE ISLAND INDUSTRIES TO ACQUIRE IRVING WIRE PRODUCTS

Tree Island Steel Ltd. has announced that its wholly-owned subsidiary, Tree Island Industries Ltd. has entered into an agreement to acquire substantially all of the assets of Calgary’s Irving Wire Products Corp. Under the terms of the purchase agreement, Tree Island will acquire, among other assets, the production equipment and inventories related to Irving’s mesh business and will lease Irving’s existing facility in Calgary where the company will continue to manufacture steel mesh products.

TAIGA CARRIES ALLURA FIBER CEMENT AT CANADIAN DCS

Taiga has announced that it will carry Plycem’s Allura Fiber Cement products at all 15 of its Canadian distribution centres. The building materials wholesaler has been experiencing high demand for the Allura line at its west coast centres in Canada and the U.S. since Plycem launched the brand last year.

CASTLE ADDS TWO NEW MEMBERS

Castle Building Centres Group Ltd. has added Stoney Point Hardware Ltd. in Stoney Point, Ont., as its newest member. The business has been part of the local community since 1949, when founder Rob Duquette decided that the small lakeside town in Southwestern Ontario needed a hardware store of its own.

Another new member, Burgeo Castle in Ramea, Nfld., is a retail store expansion of the company, which was founded as a general store in 1977 by Earl and Mary Walters on Northwest Island, off Newfoundland’s southern coast. Their son Craig has taken over the business.

TSC CATERS TO RURAL CUSTOMERS WITH ONLINE SALES

Farm and hardware retailer TSC Stores is looking for new ways to target its core “rural lifestyle and agriculture” customer, and online sales is an important part of the mix.

According to Darryl Jenkins, president and COO of TSC, the company launched an online sales initiative two years ago. The site is currently being enhanced with additional SKUs that are not available in its stores, while expanding core categories, such as equipment for agriculture, ranging from animal health to higher-end pet foods and supplies. Other products getting a push online include power tools and outdoor power equipment.

The site will also be able to offer “higher-spec” items, Jenkins notes, which would appeal to a more specialized user.



TSC now has an online community of 48,000 “TSC Country Members,” in addition to a loyal walk-in clientele that visits two to three times a week, Jenkins says.

Farm and hardware retailer TSC Stores is looking for new ways to target its core “rural lifestyle and agriculture” customer.

AQMAT TO LAUNCH LOBBYING EFFORT FOR PERMANENT RENO TAX CREDIT

The Quebec Hardware and Building Supply Association, AQMAT, announced it will spearhead a lobbying effort to push for a permanent renovation tax credit.

According to a poll conducted by OpinionQc, 74 percent of Quebecers agree with the following statement: “a permanent tax credit of 15 percent on home renovations, available at all times, without limiting expenses for supplies and labour, would convince me to renovate my home.”

Respondents from all sections of the population showed support for such a tax credit,

despite differences in gender, age, language, household, education, area of residence, or income. The most enthusiastic respondents, those who “strongly agreed,” were 35 to 54 years old, with a college education or higher, living as a couple and/or with children in a large urban centre, with a household income above \$60,000.

The issue of a permanent tax credit for home renovations made headlines at the beginning of the federal election campaign and has come up again with the publication of the results of the poll. “The results provide

assurance at a time when we have fittingly decided to create a fund financed by the hardware and building supply industry in order to conduct in-depth studies,” said Richard Darveau, president and CEO of AQMAT.

The fund will be used to convince the federal government of the importance of a tax credit to encourage quality home renovations.

“AQMAT, with its new defense fund, intends to arm itself with irrefutable arguments so that one day a permanent home renovation tax credit will exist,” concluded Darveau.

The new facility is 1.3 million square feet—double the company's previous DC's size.



LOWE'S OPENS NEW MILTON, ONT., DC

Lowe's celebrated the grand opening of its new Milton, Ont., distribution centre on December 1. Mayor Gordon Krantz joined Lowe's Canada executives and employees for an official board cutting and community grant pre-

sentation, followed by a 45-minute guided tour of the new facility. With 1.3 million square feet of space, 197 bay doors, and a fully automated conveyance system, the new centre was opened in time to be fully operational for the holiday rush.

TIMBER MART AWARDS HOCKEY LOVERS WORLD JUNIORS TICKETS



TIMBER MART is sending the grand-prize winners of its third annual SharpShooter photo contest to the IIHF World Junior Championships in Helsinki, Finland. Newlyweds Haley and Matthew Kinden from Lewisporte, Nfld., submitted photos of their hockey-themed wedding day, which won them round-trip airfare, accommodation, tickets to the World Juniors, and \$500 in spending money. The SharpShooter contest asked Canadians to share what hockey means to them in a photo. More than 700 photos were submitted.

BRIEFLY

TAIGA ANNOUNCES NEW MANUFACTURING PARTNER

Taiga Building Products has chosen a new manufacturing partner for engineered wood products in Canada. In Eastern Canada, the company will align with Boise Cascade, which claims to be one of North America's largest EWP manufacturers. It offers a full line of solid sawn I-Joists, manufactured in New Brunswick. In Western Canada, Taiga will continue its partnership with Pinkwood, providing a full line of I-Joists.

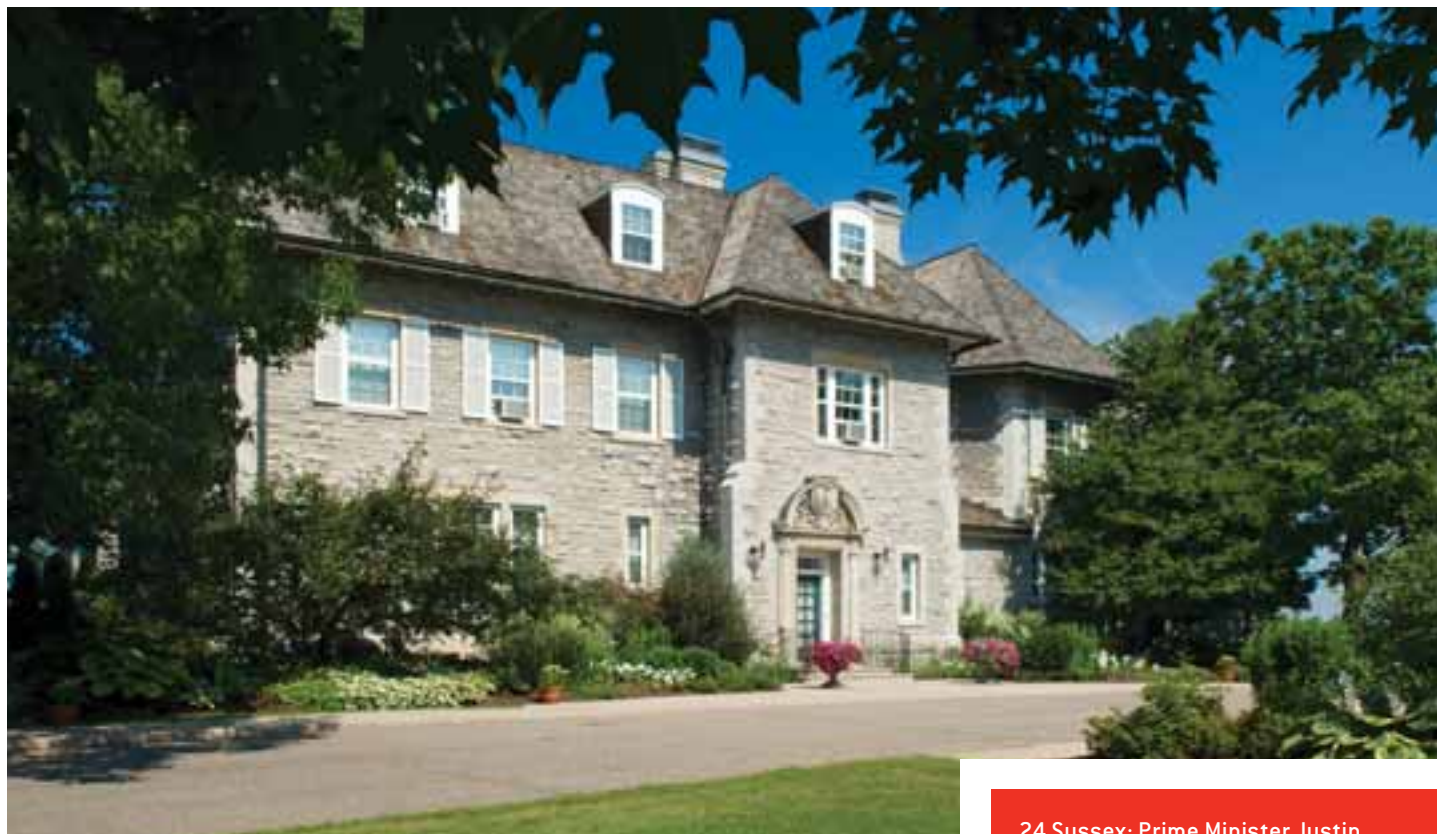
CANWEL'S Q3 REVENUES RISE

CanWel Building Materials saw third-quarter revenues rise by nine percent to \$247.4 million compared to last year, largely due to the acquisition during the quarter of California Cascade Industries. Gross margins increased by 18 percent to \$32.4 million, while EBITDA was up from \$12 million to \$12.6 million. Gross margin percentage also increased to 13.1 percent of revenues versus 12.1 percent in the previous period.

IKEA ANNOUNCES PICK-UP AND ORDER POINT LOCATION

Ikea Canada has selected Whitby, Ont., as the site of its next Pick-Up and Order Point, to open this spring. The facility will allow customers who make purchases online or in Ikea retail stores to pick them up closer to home. The pick-up points are part of an international pilot program in markets without Ikea stores. Two others are currently under construction in Canada, in Quebec City and London, Ont., while another has recently been announced in St. Catharines, Ont. Ikea Canada has 12 stores in five provinces.

PM'S AGING HOUSE COULD BECOME CANADA'S HIGHEST PROFILE RENO



Mike Holmes and Bryan Baeumler are among the contractors making known their interest in fixing up the prime minister's dilapidated official residence. Holmes announced his eagerness to take on the job on his Facebook page, while Baeumler has said he would "jump at the chance," in response to media inquiries.

Prime Minister Justin Trudeau has delayed moving his family into the lodgings at 24 Sussex Drive. The residence, which was built in 1868, is in need of more than \$15 million in long-delayed repairs. It's also the home the young Trudeau grew up in during his father Pierre's premiership. In the interim, Trudeau and his family have


moved into Rideau Cottage, which is on the property of the governor general's residence, Rideau Hall.

Although built just a year after Confederation, it didn't host a prime minister until Louis Saint-Laurent moved in in 1951. A major overhaul that year stripped the house down to its studs, and the chandeliers are among the few original furnishings remaining intact.

The Globe & Mail surveyed several architects about their visions for the historic property. Paul Dowsett is principal architect at Sustainable.TO, which specializes in restoring historic buildings with an eye to sustainability. He suggests insulation from

24 Sussex: Prime Minister Justin Trudeau has delayed moving his family into the lodgings at 24 Sussex Drive due to the extensive renovations the residence needs.

Roxul could help to address the residence's energy woes. Roxul's Milton, Ont., plant produces mineral fibre insulation.

Canada's highest-profile reno is coming at a time when renovations are increasingly crucial to the industry. CMHC is expecting housing starts to slow in 2016 and 2017. A Scotiabank report released in late October values home renovations in Canada at \$53 billion and states these will drive investment in residential construction in coming years. 

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ProductSPOTLIGHT

BY GEOFFREY McLARNEY

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◀ Johns Manville

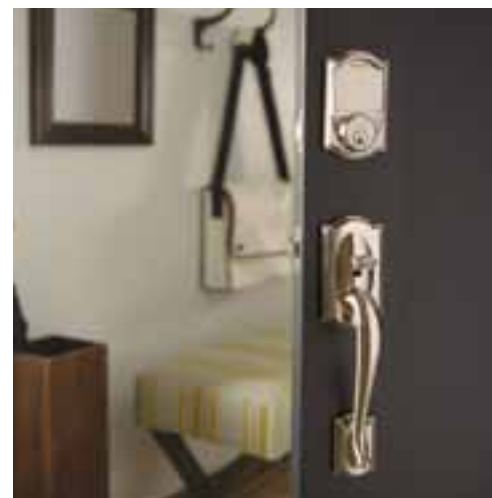
Johns Manville's formaldehyde-free thermal and acoustical insulation is made of long, resilient glass fibres bonded with JM's signature bio-based binder. A wide range of thermal resistance R-values is available to provide thermal control for both vertical and horizontal applications. Insulation is available unfaced or with a variety of facings, including kraft or foil vapour retarder. Suitable for residential and commercial settings, interior and exterior walls, as well as floors and ceilings, JM insulation cuts with an ordinary utility knife, and unfaced or tableless versions install by simply pressing in place between studs or joists in standard framing. Standard facings have stapling tabs for attachment to framing if additional securement is required.

www.jm.com

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The Bluetooth-enabled Schlage Sense Smart Deadbolt turns your iPhone, iPad, or iPod Touch into a key, allowing homeowners to easily talk to unlock their door using Siri. For added convenience, the deadbolt works with HomeKit, Apple's new technology, putting users in control of the rest of their home and giving them the power to set scenes for things like lights, doors, and thermostats. Users with Apple TV can also perform these tasks remotely.

www.schlage.com



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TRUSERV PUTS ACE BRAND FRONT AND CENTRE

BY MICHAEL McLARNEY

TruServ Canada, the Winnipeg distribution business owned by RONA, is looking for ways to maximize its dealers' access to a new range of products through RONA's partnership with Ace International.

RONA secured the Canadian license for Ace a year and a half ago. The 30-year agreement, which has been further solidified by RONA's acquisition of shares in Ace International, opens the doors for the conversion of existing TRU dealers to Ace, as well as recruitment of independents from other banners.

TruServ Canada was purchased by RONA in 2010, giving the Quebec-based company both a distribution centre in Western Canada and a foothold with a wider range of independents than it had before. Under RONA, TruServ dropped its affiliation—and costly licensing fees—with True Value Company in the U.S.

At the last TruServ Canada dealer market in Winnipeg, the Ace brand was front and centre. That included an expanded assortment of private-label Ace-branded items. During the show, which featured more than 300 vendors, hundreds of Ace products were on display, offering price points—and a product guarantee—that dealers on hand said they found appealing.

Besides products, Ace was also promoting its culture, one that is focused on the customer and driving profits. Art Freedman, an Ace dealer from Folsom, Calif., and now a spokesperson for Ace in the U.S., was part of an afternoon series of Ace introductory sessions held the day before the show.

Freedman talked to a room full of dealers about the importance of customer service—and the necessity of driving profits. He added that Ace offers programs to help dealers deliver on both fronts, programs



At the recent TruServ Canada dealer market in Winnipeg, the Ace brand was front and centre.



that TruServ is keen to make part of the overall Ace offering.

Bill Morrison, president of TruServ Canada, says the arrangement is a win for independents. “Our goal is to source the products with the best quality to meet the expectations of our customers.”

Canadian dealers will have access to products from Ace in three ways: from Canadian vendors that have supply arrangements with Ace and ship right into TruServ’s warehouse, from U.S. vendors through Ace, and Ace-branded product through Ace International’s Shanghai distribution facility. “It allows our buyers to make really strong decisions for the right product at the right price,” says Morrison.

He says that the Winnipeg warehouse remains committed to national brands—especially from Canadian vendors—while



Canadian dealers will have access to products from Ace as well as a full range of national brands.

adding Ace products. “Canadians have accepted and fully expect to see a national brand and a private brand on the shelf. They get it.”

Morrison also notes that the Ace arrangement will provide opportunities for Canadian

vendors to get into U.S. markets through Ace. “That’s a benefit today that we’re anticipating will benefit Canadian vendors, especially given the value of the Canadian dollar. Doors are opening and I think the vendors are feeling good about that.”

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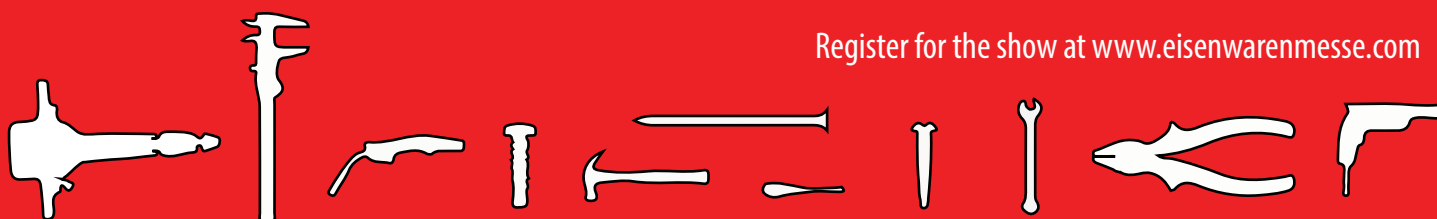


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PHOTOS: CALLUM PINKNEY



The winners of the 2015 Outstanding Retailer Awards pose together at the Awards Ceremony and Gala Dinner at the 20th annual Hardlines Conference.

Winning THE RETAIL WAR



Here, we take a look at the 2015 Outstanding Retail Award winners and the qualities that are helping them win the retail war.

Launched in 1992, the Outstanding Retailer Awards (ORAs) are the industry's only independent awards program dedicated to celebrating the achievements of hardware, home improvement, and building supply dealers in Canada. In its 23-year history, the program has honoured more than 140 retailers.

The winners for 2015 represent a variety of sizes, store formats, and banners within the industry, and hail from all across the country. These are some of the best retailers in the country and we're proud to celebrate them.

For more information on the ORAs, or how you can apply for next year's awards, visit www.hardlines.ca/events/oras.

2015 OUTSTANDING RETAILER AWARDS

RONA GOLDEN MILE

Best Large Surface Retailer

RONA Golden Mile in Scarborough, Ont., is the top-performing RONA big box store in Ontario. It also holds the largest volume of products, while remaining the most profitable. Padam Dugal, the store manager, joined the team in 2008 while the country was facing a recession. Since then, RONA Golden Mile has achieved great sales growth with increases rarely heard of in retail.

It's able to achieve such success because of the store's loyal and committed team. Employees are empowered to think out of the box and make timely decisions, which help them go the extra mile and results in world-class customer service.

RONA Golden Mile is located at a busy intersection near an affluent part of Scarborough. Customers benefit from five entrances and exits, close to 500 parking spots, and the only drive-through lumberyard in the area. The competition is steep with five Home Depots nearby and a Lowe's right in its backyard, but sales have actually gone up since the Lowe's was opened.

Part of that jump is due to the focus the store has put into its Contractor Desk, providing prompt customer service and treating all account holders like family. The desk has a dedicated team of five professional sales associates who can organize full-blown house packages in co-ordination with the estimate and house plan team at RONA headquarters. The desk generates 43 percent of total sales.

In 2010, the store added a centralized service desk to sell project packages customers can build themselves or have installed. The packages include a plan and all the materials required for projects like building a garden shed or a deck. Since the desk opened, installed sales have more



1. Padam Dugal (centre back), the manager of RONA Golden Mile, poses with staff outside the store. 2. (l-r) Sarah Clarkson, Storesupport, which sponsors the award; Paul Sharpe, RONA; Padam Dugal and Tassos Tsiris, RONA.

than doubled. RONA Golden Mile also offers free estimates for house plans that customers bring in and the staff's quick and professional service translates into lots of repeat business.

Through word of mouth, RONA Golden Mile has gained the loyalty of more than 3,500 RONA trade cardholders. The store's philosophy is to make the contractor feel special and to never say no. Weekly breakfasts, regular appreciation barbecues, and events for contractors in collaboration with key vendors all reflect that philosophy.

RONA Golden Mile takes part in many charitable events and supports various school initiatives. Every year, it opens its doors to local co-op students and trains, on average, 15 to 20 students, including special needs individuals. The store also supports the SickKids Foundation, RONA's



main charity in the province, by collecting in-store donations and holding a barbecue. Employees organize various games for kids during the SickKids events and dress like clowns to raise money. In 2014, the store raised more than \$4,500.

A philosophy that RONA Golden Mile is the community's store and the staff's commitment to making it happen for their customers are some of the qualities that make RONA Golden Mile the 2015 Outstanding Retailer Award winner for Best Large Surface Retailer.

2015 OUTSTANDING RETAILER AWARDS

LES ENTREPRISES NOVA CENTRE DE RÉNOVATION HOME HARDWARE

Best Building Supply/Home Centre under 15,000 square feet

Les Entreprises Nova Centre de Rénovation in Rawdon, Que., is owned by Pierre Lane. When the store was opened in 1961, Pierre's father was one of the five co-owners. Originally an independent store, and then a RONA, the store joined Home Hardware 16 years ago. Pierre bought the store outright from his father in 2012.

The store is a true family business. Pierre works hand-in-hand with his wife Johanne, while his son, Marco, is vice president of operations. His younger son, Benjamin, will join the store full time next year when he finishes his degree in business administration. But Pierre adds the true heart of the store is his daughter, Emmanuelle, who has Down's Syndrome. Emmanuelle has worked at the store for six years in various roles and has a real knack for connecting with customers, often saying the right thing at just the right moment.

The store underwent a major renovation in 2007. To minimize the impact on the customers, it stayed open the whole time. But only three years later, Pierre received a call from the store's alarm company to notify him that a window had been broken. He was shocked to arrive at the scene and find the building ablaze. Firefighters worked all night, but an electrical fire ultimately decimated the store. All that was left was the shell of the back half of the store.

The store was closed for eight months for construction. During the rebuild, Pierre made sure the design kept customers' needs in mind. He prides himself on providing customers with everything to get them through their project, including outside recommendations. "I got a guy" is a phrase he utters



(l-r) Michael McLarney, editor of Hardlines, which hosts the awards; Emmanuelle Lane; Marco Lane; Johanne Lane; Pierre Lane; Sébastien Plourde of Super Remover, which sponsors the award.

multiple times a day. In fact, it's his policy never to tell a customer they don't have an item, rather that they can get it for them and to follow through on that.

All the store's contractor customers have Pierre's mobile number and can call him directly whenever they need something special. Since he only lives two minutes away, he's on hand to open the store whenever his customers need it. He's even opened the store on Sunday nights in a pinch.

Staff training is important to Pierre—he says it's important for his employees to be well-versed in product knowledge so they can pass that knowledge on to customers. He arranges for supplier reps to come in and provide training for all kinds of product. And taking care of his staff is important. Even if it makes scheduling difficult, he insists that they put family or schooling first. He's also provided them with a new gym in the building's administration area, which they can access 24/7.

Pierre's commitment to the community extends beyond typical customer service. A long-time customer recently had a fire in his

house, but because he doesn't have insurance, he and his family are forced to continue living there through the renovations. Along with donating the roofing materials, Pierre has rallied the community's contractors to give a day here and there to help get the project done.

The store is also very active in supporting community events. Whether they're sport, cultural, or fundraising based, Nova Centre is sure to be involved. Pierre himself coaches Emmanuelle's indoor hockey team and supports the Annual Police Association Golf Tournament, which fundraises for Down's Syndrome.

The store has been awarded the Home Hardware Gold Award for being a top performer for the last five years in a row. But Pierre says his greatest reward is the relationship he's developed with the community. This focus on providing his community with the best possible service is why Les Entreprises Nova Centre de Rénovation was chosen as the 2015 Outstanding Retailer Award winner for Best Building Supply/Home Centre under 15,000 square feet.

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WINNER PROFILE

2015 OUTSTANDING RETAILER AWARDS

W. FILSINGER & SONS RONA

Best Building Supply/Home Centre over 15,000 square feet

W. Filsinger & Sons was established in 1995 by Wayne Filsinger on an eight-acre site in Guelph, Ont. For a long time, the store focused mostly on the renovator and home builder markets, with retail in a distant third. The relatively small area dedicated to retail sales in the store was a disadvantage because it could only carry the basics and was unable to display products properly. In 2011, the store underwent an ambitious expansion, more than tripling the retail space.

With the renovation, a building project centre was established. The centre shows exterior sidings, windows, interior and exterior doors, and a large indoor decking display. Within the store, the rough-in products were separated from the fashion décor products to create the largest bath design showroom in the store's market. The centre also allows the store to supply all the products a consumer needs to renovate or build a bathroom. This comprehensive, one-stop-shop offer is at the heart of why retail

customers and contractors alike are drawn to W. Filsinger and Sons' boutique approach within a building centre experience.

Since the renovation, the store doubled its cash sale percentage and seen a marked increase in female shoppers. In its retail expansion, the store's contractor base hasn't been forgotten. There's a separate entrance for contractors to help them get their shopping done efficiently. And the store hosts several special events, like barbecues and golf tournaments, throughout the year to thank them for their loyalty.

The majority of the full-time staff have been with the store for five to 15 years, with a low turnover. Their extensive on-the-job knowledge is supplemented by in-house training, with vendor assistance as well as seminars conducted by RONA and the Lumber and Building Materials Association of Ontario.

The staff pride themselves on providing top-notch customer service, including walking customers through the store to find product. They offer separate areas

for consultations, load yard orders themselves, and keep specialists from an assortment of departments on-hand to provide product knowledge.

W. Filsinger and Sons is also involved in numerous community activities, including a Christmas neighbourhood dinner, sponsoring soccer, hockey, and baseball teams, and offering fundraising golf tournament prizes throughout the year. They also host seminars in conjunction with Habitat for Humanity.

Despite the proximity of four other hardware and building supply stores within a two-kilometre distance, the store has maintained steady sales increases over the years. By focusing on top-notch customer service and giving back to its loyal customers and community, W. Filsinger and Sons has earned the 2015 Outstanding Retailer Award winner for Best Building Supply/Home Centre over 15,000 square feet.



1. (l-r) Brian Salo; James Scott; Garrett Wands; David Filsinger; Mary Lou Filsinger; Wayne Filsinger; and Beverly Allen, publisher of Hardlines, which hosts the awards. **2.** In 2011, W. Filsinger & Sons RONA underwent an ambitious expansion, more than tripling its retail space.



2015 OUTSTANDING RETAILER AWARDS

HARRIS HOME HARDWARE

Best Hardware Store

Harris Home Hardware is owned by Ron and Tracey Harris. The store, in London, Ont., is itself more than 60 years old. One of the original plaza tenants, it became a Home Hardware store in 1969 and the Harrises took it over in 2010.

With more than 30 years at Home Hardware, it was just over five years ago when Ron, a regional manager at the time, made an off-hand comment that changed his and Tracey's lives. Discussing a store that was underperforming, Ron quipped to then-president Paul Strauss that he should just buy it himself. Ron and Tracey haven't looked back since.

With a lot of hard work and dedication, Ron and Tracey have turned that struggling store into a tremendous success.

Harris Home Hardware has 8,500 square feet of retail and 2,500 square feet for storage, receiving, and offices. But even with 2,500 square feet outside for lawn and garden goods in the summer, space is at a premium. Ron and Tracey are sticklers for faced merchandise and uncluttered tidiness; in fact, they have regular "Hole Patrols" where department managers document any empty spaces.

Harris Home Hardware goes out of its way to support its long-time customer base, transient customers, and students from the University of Western Ontario, which is just up the road.

And while the Home Depot down the street is their biggest competition, Ron says the two stores have a great rapport. When they don't have something, he's always happy to send a customer down to the "orange boys," as they call them.

That's just one part of the Harrises' focus on customer service. With 10 full-time and



1. Ron and Tracey Harris took over the London, Ont., hardware store in 2010. **2.** (l-r) Dirk Drieberg, of Schlage, which sponsors the award; Tracey and Ron Harris; Michael McLarney, editor of Hardlines.

eight part-time employees, there's anywhere between 11 and 13 staff, including the owners, on the floor at any given time. And training is crucial. Staff are required to watch Home Hardware's monthly training and information videos and staff knowledge comes in handy at the training centres set up for customers in the plumbing and electrical aisles that demonstrate how plumbing and electrical wiring work. While the boards are self-explanatory, staff are always on-hand to demonstrate and teach.

From going the extra mile to help an elderly customer with a project to supporting local sports teams, Harris Home Hardware has a passion for improving its community. The Harrises' are also active with Tree Canada and Reforest London. Each year, they plant upwards of 150 trees



in and around the community, providing the muscle as well as the tools, gloves, and refreshments.

In the five years since the Harrises took over the store, Harris Home Hardware has won "Store of the Year" in its area three times. And *London Free Press* readers have voted the store the best hardware store in London for the last four years. These are just some of the qualities that make Harris Home Hardware the 2015 Outstanding Retailer Award winner for Best Hardware Store.

2015 OUTSTANDING RETAILER AWARDS

JOSH BEUSEKOM, TRU HARDWARE FORT MACLEOD

Young Retailer of the Year Award

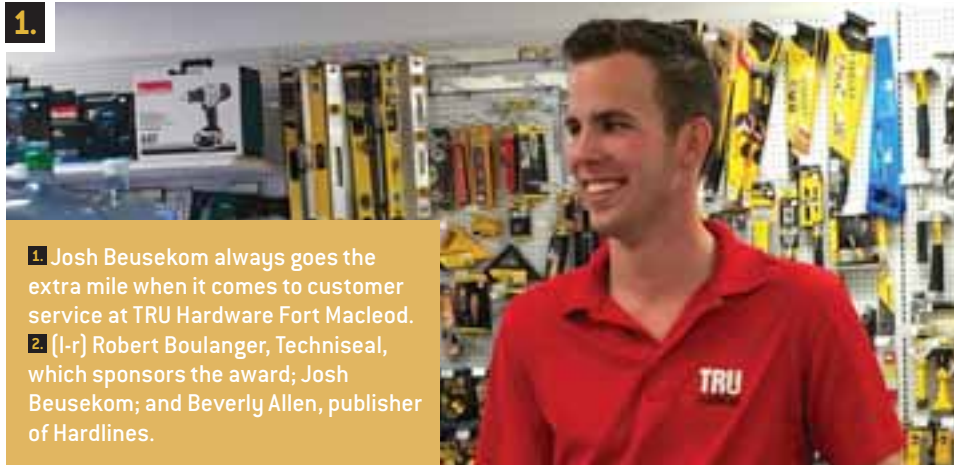
At just 21 years old, Josh Beusekom and his two business partners decided to open a hardware store in Fort Macleod, Alta. When the store opened two years ago, it received great support from the community. And the support is mutual—staff value what each customer says. They sincerely care about how their customers' projects turn out and work hard to ensure those customers simply have an enjoyable shopping experience.

The store's approach to marketing is unique to their area. Although they use traditional vehicles such as flyers and newspaper ads, they also use social media to connect with the community, promoting product information and project tips. The approach isn't so much about selling products over social media, but keeping their customers in the know.

The partners are also very involved in building relationships with the community. Josh is a member of the local chamber of commerce. The store has also adopted respectful competitive practices, with the belief that together, all the local retailers can survive and provide their mutual customers with the products they need. They're not shy to refer customers to other local stores, which helps strengthen the business community and ensures customers stay in town to shop.

Training is also very important at TRU Hardware Fort Macleod. Josh trains all the staff himself, with support from vendors on specific product training. Having the right products and great customer service are key to his business. Employees make sure to ask questions when processing purchases so that customers walk out with the right fit, not just the most expensive product. Josh always goes

1.



1. Josh Beusekom always goes the extra mile when it comes to customer service at TRU Hardware Fort Macleod.
2. (l-r) Robert Boulanger, Techniseal, which sponsors the award; Josh Beusekom; and Beverly Allen, publisher of Hardlines.

the extra mile when it comes to customer service. He has previously dropped off products and shown customers how to use them, and once not only delivered a Christmas tree to an elderly customer, but even put it up for her.

Josh's involvement with the chamber of commerce also keeps the store visible and helps prevent shoppers from traveling to nearby Lethbridge, which is only 30 minutes away, which has all kinds of retail, including big box stores. While he'd love to be able to add some more floor space, there currently aren't any feasible options for that. So instead, he focuses on strategic merchandising. He's often heard people say you have to walk slowly to take it all in.

TRU Hardware Fort Macleod feels strongly about social stewardship. For the last three years, the store has had an ongoing partnership with Chinook Financial and the Heart and Stroke Foundation to bring the Big Bike ride to town. They also work closely with

2.



the local Allied Arts Council and Empress Theatre to help support the arts community. And through the chamber of commerce, they're involved in supporting and promoting various local business events.

Josh firmly believes that Fort Macleod is both his home and his market. By supporting community organizations and local events, he can make the town a better place to work, live, and grow.

His cheerful and helpful attitude, and his commitment to improving his town as a whole, make Josh Beusekom the 2015 Outstanding Retailer Award winner for the Young Retailer Award.

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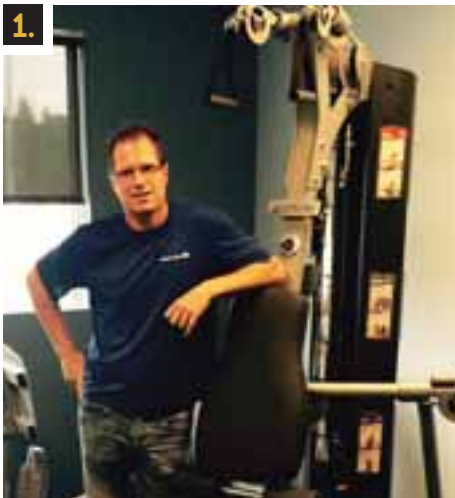
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2015 OUTSTANDING RETAILER AWARDS

L.B.H. BUILDING SUPPLIES

Marc Robichaud Community Leader



1. Doug Lemieux poses in L.B.H. Building Supplies' staff gym; 2. (l-r) David Mobley and Kristyl Lawson, Orgill Canada, the award sponsor; Merv Reinhart and Doug Lemieux; and Eric Schlaud, Orgill Canada.



L.B.H. Building Supplies was founded in 1973 when Doug Lemieux's father and his brothers purchased land in St. Albert, Alta., which came with a lot and a building. Two years later, the brothers purchased another building on the other side of the property. Doug's parents bought out their partners in 1995, and he has since bought out their shares as well.

Doug has spent the last 21 years growing his business in both physical size and revenue. His resolve to focus on and grow the company has only increased since being diagnosed with Parkinson's seven years ago at age 36. Even in the face of big boxes continually popping up, the store has continued to gain market share year after year. In addition to investing in the tools, equipment, buildings, and training necessary to be successful, the store also supports numerous charities and sports teams in the community.

Clients are extremely loyal to L.B.H. Building Supplies because they know that when they walk into the store they'll be greeted by name, listened to carefully, and never hear the word "no" from staff.

The store takes good care of its employees, providing them with a generous benefits package after they pass their three-month probation period, including medication coverage and a sum for massage, acupuncture, and chiropractor. Bonuses are an incentive for employees to increase both company profitability and personal performance. The staff room is also equipped with a gym, massage chair, and satellite television. It's no wonder the store has no issue with employee retention—many employees have been with L.B.H. Building Supplies for more than eight, and up to 25 years.

L.B.H. Building Supplies is also always looking for an opportunity to give back to the community of St. Albert as well as increase its visibility. The store regularly supports numerous silent auctions and golf tournaments for causes ranging from Multiple Sclerosis and Parkinson's, ALS and cancer, to the St. Albert's Stop Abuse in Families and the Ronald McDonald House.

It also makes an annual donation to the local food bank at Christmas.

The company is also very involved in local sports, from sponsoring hockey and soccer teams, to donating the supplies to rebuild the bleachers for four of the local baseball diamonds.

Recently, the store teamed up with the City of St. Albert to sell rain barrels to promote water conservation. They ordered 350 barrels with the city and L.B.H.'s logos on the lids. When the one-day sale arrived, the store had a line-up about 100 people long an hour before the store opened. They sold out of the barrels in 42 minutes.

Doug won the Young Retailer Outstanding Retailer Award in 2008. The store has also won Best Booth prizes in Home and Garden shows. In the past, the company has also won a B2B award through the local chamber of commerce.

L.B.H. Building Supplies embodies the philosophy that business, family, and community are intertwined. This dedication to their customers and community as a whole makes L.B.H. Building Supplies the 2015 Outstanding Retailer Award winner for the Marc Robichaud Community Leader.

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ROCK the SHOW



Schedule of Events

Wednesday, January 20

Opening Night
7:00PM - 11:00PM
Hyatt Regency

Thursday, January 21

Show: 8:00AM - 4:30PM
AGM: 12:00PM - 1:00PM
Awards Banquet: 7:00PM - 10:30PM
Hyatt Regency
Featuring: Day Tripper (Beatles tribute band)

Friday, January 22

Show: 8:00AM - 3:30PM
Speaker Breakfast: 7:00AM - 8:15AM
Closing Night: 7:00PM - 11:00PM
Hall D, BMO Centre
Featuring: White Buffalo & Trooper

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WINNER PROFILE

2015 OUTSTANDING RETAILER AWARDS

CONTRACTOR FIRST BY RONA

Best Contractor Specialist Store

Contractor First is a RONA store managed by Justin Erdahl in Calgary, Alta. Originally owned by Revelstoke Lumber Company, the store was purchased by RONA in 2001. In 2012, the store expanded when it joined forces with a contract yard in Calgary and welcomed 22 new staff members. Staff experience, knowledge, and know-how, as well as the equipment that came from the contractor location, allowed the new store to combine the best practices of both businesses.

The merger ended up adding approximately \$12 million in contractor sales business, making this location an even stronger player in the building supply market. And in June 2013, the store's name was changed to Contractor First to encapsulate its market focus and the exceptional service it delivers to contractors.

As a leader in the building materials sector in a city of 1.5 million, Contractor First takes pride in serving each and every one of its customers with the level of professional service they expect. The store's customers range from retail "walk-in" customers to large and small contractors and many of the largest home builders in Calgary.

The 2009 recession had a huge impact on the local economy. But through it all, Contractor First became more efficient and more diversified. Most importantly, employees took it as a challenge to do better in all aspects of business.

Because contractors are generally knowledgeable about the products and tools the store sells, employees need to be able to talk "as equals" with them. Staff must get the information and products the pros need on time to avoid delays in a project. By maintaining a professional image at all times and clearly understanding the business needs of

home builders, the sales team has created solid and long-term business relationships.

The management team has also always been a hands-on group. They understand how hard employees work on a daily basis and recognize that staff appreciation is essential to maintaining productivity. The store has no trouble retaining staff—there are several employees who've been with the store for 10 to 15 years, and even a few with up to 30 years of service.

The store also takes pride in being involved in the community. Each year, two staff members attend a charity golf tournament to help raise funds to send sick kids to camp. Staff members also attend an annual charity function to support the local women's shelter. The store also donates discontinued products and materials to Habitat for Humanity.

This year, the store hosted a kick-off party for the Calgary Stampede. The

function was held right in the lumberyard, complete with country-style fencing and bales, country music, multiple food trucks, remote race car track, and country-style dress for the staff. During the four-hour event, staff welcomed approximately 300 guests, who all had a chance to win gifts, which were in great supply.

Contractor First provides exceptional knowledge and customer service to everyone who enters the store. These traits are part of what makes RONA Contractor First the 2015 Outstanding Retailer Award winner for Best Contractor Specialist Store.



1.



2.

1. The yard at Contractor First by RONA. 2. (l-r) Michelle Wood, Johns Manville, which sponsors the award; RONA's Justin Erdahl; and Beverly Allen, publisher of Hardlines.

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HARDLINES CONFERENCE REPORT

Mobile sales, leadership, and a deeper understanding of trends in retail and consumer behaviour were all themes of the 20th annual Hardlines Conference, held in Toronto last fall.

Understanding where the home improvement market is headed was the focus of the latest Hardlines Conference. The event featured 17 expert speakers, six networking events, two breakfasts, two lunches, and a gala dinner. Close to 200 industry leaders gathered to network and learn.

UNDERSTANDING ONLINE

One of the best online sellers in home improvement is Canadian Tire, but it still falls short. Liz Drayton of Google Canada explained how retailers are using apps to literally hijack customers from competitors' stores with time-limited offers that have them running through the shopping mall for a deal. She also pointed out that their metrics gauge Canadian Tire as one of the best online sites and fastest upload speeds in this industry, yet it still falls short compared with other sectors. There are lots of ways companies can improve their speed, and Google can help, she added.

Another home improvement retailer making the most of current technology is Home Depot, which has an app for consumers that is voice and QR code searchable. A user can simply take a picture of a broken part or tool and the app will search for it automatically.

Drayton was followed by Joseph Thompson of BuildDirect, an online seller of building materials based in Vancouver. He estimated only one percent of building materials purchases worldwide are completed online. But, he added, this category is poised to grow exponentially, the way music and books already have. "We predict that home will be the next big thing in online selling," Thompson said.

BuildDirect currently has 7,500 SKUs available, but expects that to double within three months, then double again in another three months.



1. Martha Konantz of North American Lumber and Bernie Owens of TIM-BR MART Group were among the nearly 200 people who gathered at the 20th annual Hardlines Conference; **2.** Jeff Lelond, from Rocky Mountain House Co-op, received a standing ovation for his moving presentation; **3.** Hugo Girard, a Quebec strongman, told the crowd about what it takes to be the best.

LEADERSHIP AT ITS BEST

The conference also provided a forum for HARDLINES' "Profiles in Leadership" series, which showcases first-person accounts of personal and professional achievement.

This year, attendees heard from Joe Scarlett and Hugo Girard. Scarlett held leadership roles at Tractor Supply Company from 1979 until his retirement in 2007. He played a key role in the initiative to return the company to profitability through improved customer service and focused product selection. Scarlett

also led the successful 1994 effort to take the company public and during his 10-plus years as CEO, the company's revenues quadrupled and the price of its stock increased tenfold. Today, as a founder of The Leadership Institute, he's passionately committed to improving business leadership skills—with a strong emphasis on ethical behaviour.

Girard is a Canadian strongman. Although beloved as a folk hero in his native Quebec, his achievements are international. They include a Strongman Super Series world champion, winner of North America's Strongest Man, a four-time World Muscle Power champion, and he was Canada's Strongest Man for six years in a row. He shared a story of humble,

PHOTOS: CALLUM PINKNEY

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6.



7.



working class beginnings and a passion to become the strongest man in the world that drove him from an early age. Today, along with his work as an expert in health and fitness, he spends time with aboriginal children in Northern communities. He is also the spokesperson for Quebec-based retailer BMR.

One speaker, invited to present a case study of his store's performance, turned out to be a surprise addition to the leadership aspect of the conference. Jeff Lelond

4. Over the two-day conference, participants heard from 17 expert speakers on a wide range of topics from leadership to retail trends; 5. Ken Jenkins, president of Castle Building Centres, explained that the ability of independent dealers to provide exceptional customer service gives them a competitive edge; 6. Lora Deighton, of Tru Serv Canada, helps Beverly cut our Editor's tie off, to better conform with the casual dress code established by the Hardlines Conference 20 years ago; 7. Liz Drayton, from Google Canada, detailed how some retailers use apps to literally hijack customers from competitors.

is the manager of Rocky Mountain House Co-op in Rocky Mountain House, Alta. His store won an Outstanding Retailer Award a year earlier. His passion for his store and his enthusiasm over winning the award got him an invitation to return to the latest conference to share his story. His presentation was filled with emotion, tears, and humour—and earned him a standing ovation.

RETAIL LEADERS SHARE THEIR INSIGHTS

Anybody who still wonders why so much of this industry remains in the hands of independents needed only to listen to the presentation by Ken Jenkins, president of Castle Building Centres Group Ltd. In an era when other sectors have consolidated so heavily, said Jenkins, independent hardware and building materials dealers can stay ahead of larger businesses that get

5.




bogged down by layers of red tape, endless meetings, and processes that prevent fast decision making. "The most dynamic, the most effective, the most profitable people in this industry are the independents," he said.

Part of the success of the independent is their resilience and how they're able to weather the ups and downs of their local economy. The ability to deliver "exceptional customer service will set a successful independent apart. It's always built on great customer service. We see this as the great differentiation."

Another advocate of the independent was Bernie Owens, president of TIM-BR MART Group. He outlined some of the tough decisions he has made on behalf of the giant buying group since taking the helm in 2013, including the sales of TIM-BR MART's hardware distribution business, Chalifour Canada. But the need to pare the group back to its buying group roots was absolutely crucial, he said. "No company can be everything to everyone."

Today, he's confident TIM-BR MART dealers can get a full range of hardlines through the group's membership in the Spancan buying group. In addition, the group can better focus on LBM purchases, including being more attuned to local and regional needs of members. "TIM-BR MART buys right for the independent dealer," he noted, "with the highest volume of drywall purchases of any buying group in Canada and that's a fact."

He also hinted that the changes aren't done yet. "Stay tuned," he told the audience, in what could well represent the entire thrust of the conference. "This is an exciting time for the industry in Canada." 

REFLECTING ON 2015

From the economy to social media, 2015 brought many changes. Here, we look at some of the stories and events that shaped the year.

BY SIGRID FORBERG

This past year saw the retreat of large companies such as PrimeSource, Guardian, and Target. When Target's ambitious Canadian plan failed to take off, the industry followed with interest as the company struggled to offload 26 leases of its 133 stores and its 1.3-million-square-foot Milton, Ont., distribution centre. Lowe's Canada eventually took over 12 of those leases and the distribution centre, while Canadian Tire acquired another 12.

Lowe's officially reopened that DC in December, more than doubling the space of its previous facility, which will help the company meet the needs of its goal of 70 stores in Canada by 2017.

QUALITY OVER QUANTITY

Home Hardware and RONA took the time this past year to look more critically at their own dealers. Both companies have said they're now being more selective about the dealers they welcome into the fold. For RONA, president and CEO Robert Sawyer noted that affiliate dealers make a strong addition to the RONA network, calling them "our best investment," adding, "We want to recruit quality merchants that fit into our program."

RONA also continued to revamp and roll out its Reno-Depot chain in several locations within and outside of Quebec. The "back-to-basics" big box concept has proven successful



and widely profitable for the company. "We spent half of 2014 in the revamping of all our existing Réno-Dépôt stores and are proud to be moving on to the next step, opening new outlets and exploring new markets where we feel confident the Réno-Dépôt concept will be well received," said Chantal Glenisson, senior vice president and general manager of Réno-Dépôt at the time.

For Home Hardware's part, CEO Terry Davis told HARDLINES that the company was ensuring dealers across the country were adhering to company-wide corporate standards. "Our corporate strategy is to get all of our stores up to a level that all

1. When Target's ambitious Canadian plan failed to take off, the industry followed with interest as the company struggled to offload its retail leases. **2.** Canadian Tire's new Edmonton showcase store gives customers access to more than 100 digital screens throughout the store. **3.** Reno-Depot, RONA's "back-to-basics" big box concept, has proven successful and widely profitable for the company. **4.** Early in 2015, La coop fédérée finalized its takeover of BMR; Pascal Houle was named CEO of the newly merged company in March. **5.** Home Hardware CEO Terry Davis says that the company is ensuring dealers across the country are adhering strictly to company-wide corporate standards.

Canadian customers expect our brand to stand for," said Davis. "Once, dealers could pick and choose. Not anymore. There are a lot more mandatory business practices—and it's my job to enforce these."

MERGERS AND ACQUISITIONS

Early in the year, La Coop fédérée finalized its takeover of BMR. The deal, which made BMR a wholly owned subsidiary of La Coop, was the conclusion of a union that began more than a year before, when La Coop bought up 20 percent of the closely held buying group and wholesaler. Since then, hardware supply to the giant co-op company's

home improvement dealers, under the Unimat banner, has been transferred to BMR's operations in Boucherville, Que.

Pascal Houle was named CEO of the newly merged company in March. In an exclusive interview with HARDLINES, he explained that his focus would be "to merge Unimat and BMR, and for the next 18 months we will work to that."

And in August, TIM-BR MART Group announced the sale of the hardlines assets of its distribution arm, Chalifour Canada, to Memphis-based hardware wholesaler Orgill. At the time, Bernie Owens, president of TIM-BR MART Group, told HARDLINES that the strategic alliance resulting from the sale will offer his company's membership and Canadian independents at large a competitive foothold against big box stores in Canada.

TECHNOLOGY

Lowe's this past year worked on increasing its involvement in smart home technology

with a couple of new partnerships that help homeowners manage their environments through their mobile devices.

Lowe's also introduced a "holoroom" in a Toronto-area store early last year that lets customers visualize how they could use tools and materials sold at Lowe's.

Taking a cue from the success of its Chalifour Canada virtual tradeshow, "Virtuo," held in fall 2014, TIM-BR MART introduced a virtual show book and an online ordering site last winter, enabling TIM-BR MART members and store managers at the show to place their orders online. "The virtual show book and order site are mobile friendly—making ordering easy and convenient for our members," said Randy Martin, TIM-BR MART's vice president of business development.

In the spring, Canadian Tire opened the doors to its newest retail concept, a "Showcase" store in Edmonton that is also the retailer's biggest to date, with 140,000 square

feet of retail space. To support purchases made online, the store has 50,000 square feet of warehouse space to house inventory for online orders. Customers have access to more than 100 digital screens, a large exterior high resolution LED screen, digital flyers, and product selectors throughout the store.

Canadian Tire also launched a mobile payments app called Canadian Tire Pay & Play. It's an exclusive for holders of Canadian Tire's Options MasterCard that allows users to make payments and track their banking information and e-Canadian Tire "money" rewards. It also has gaming features, special offers, and rewards.

With all the challenges these changes brought in 2015, retailers who understand their markets are still finding success, whether it be through "back-to-basics" chains or the most innovative digital technology. As the market continues to get more competitive, keeping a finger on the pulse grows ever more important for retailers. 

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RETAIL TRENDS REPORT

Here, we look at some of the trends influencing retail these days.

Ease of experience seems to be what shoppers are now looking for from their retail shops. Whether that's in store, online, or across the different categories of customer, retailers need to keep up with these expectations in order to stay relevant.

MARKETING TO MILLENNIALS

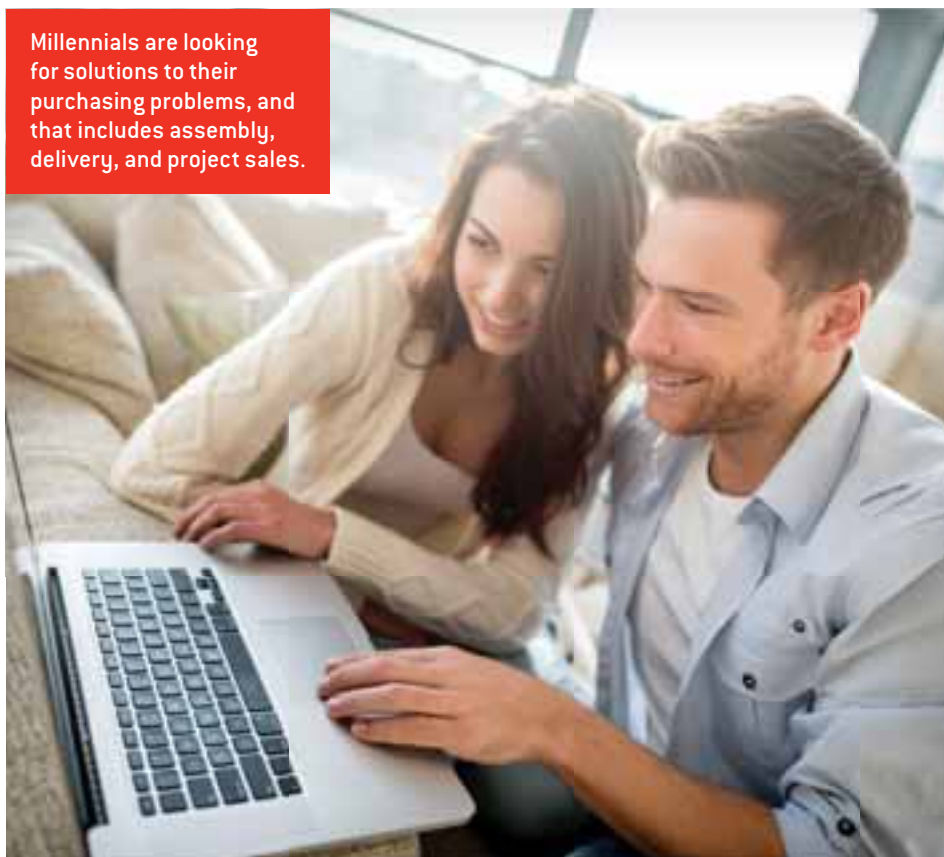
A truism of today's Millennial or Generation Y demographic is a disinclination to being "handy." They're looking for solutions to their purchasing problems, and that includes assembly, delivery, and project sales.

And given that the Millennial demographic (typically defined as young people born between 1980-2000) will be bigger than the Baby Boom generation—they account for 25 percent of Canada's population and one-third of the global population—dealers are wise to look for ways to accommodate this customer group.

Some Home Hardware stores are adding designer showrooms, which serve as show-cases for homeowners and their contractors to visit for ideas. And Canadian Tire also opened its first stand-alone design centre in the summer of 2014 in Toronto's east end; a 20,000-square-foot showroom that also features a drive-through pick up.

Further proof of the growing inclination towards "DIFM" is the healthy growth of Home Hardware's installed services business—an average ticket is \$10,000. And for contractors and builders, many building centres are becoming more vertically integrated, offering truss shop, pre-hung doors, and even modular building. More and more pre-fab and RTA builders are joining buying groups such as Sexton Group.

Millennials are looking for solutions to their purchasing problems, and that includes assembly, delivery, and project sales.



SHIFT TO ONLINE

As the large footprint of the big box format loses some appeal among aging Boomer customers and "in a hurry" Millennials, online has become a key to their transformation. Home Depot enterprise-wide expects e-commerce to account for five percent of its overall sales by the end of 2015. The company offers 500,000-plus SKUs online, compared to the typical 35,000 in its stores.

Retailers are developing systems in-store to provide customers with real-time price comparisons and speedy online ordering for products that aren't in stock in stores.

Companies like Home Depot offer free wifi in-store and kiosks where customers and staff can look up cost and availability of products.

Buy online, pay in-store (BOPIS) is also a new trend, allowing for retailers to focus on their bricks-and-mortar networks to serve as delivery points for products sold online. Home Depot Canada has replaced the office space behind its customer service counters with storage for products that have been purchased online. Now, when a customer comes in for pickup, they're not expected to wait while the products are found elsewhere in store.

Canadian Tire has been working on a similar approach. Its initial attempts at BOPIS still left customers waiting in line at the customer service desk, stuck behind returns and customer complaints. However, the company's newest "Showcase" store in Edmonton, besides being its largest store to date, has been thoroughly customized to integrate a customer's in-store experience—showroom, product knowledge, hands-on interaction—with the full experience of online, including screens and kiosks for looking up prices, searching in-store for specific products, and getting product knowledge on the spot.

FOCUS ON CONTRACTORS

Home Depot and Lowe's are targeting the contractor customer in Canada. HARDLINES estimates that the percentage of pro business these two retailers are experiencing north of the border falls short of company-wide norms. Therefore, both see strong growth potential here.

A reformatting of Lowe's Canada stores includes a deeper focus on core categories such as lighting and flooring, while reducing its offering of consumables and cleaning products. That growth is being sought


Home Depot and Lowe's are targeting the contractor customer in Canada. HARDLINES estimates that the percentage of pro business these two retailers are experiencing north of the border falls short of company-wide norms.



its roots as a discount retailer with scaled back assortments of nationally branded products available in case quantities and job lots—all aimed squarely at contractors and heavy DIYers. This format has proved so successful in the Quebec market that RONA is re-opening other big boxes that it had formerly closed, under the Reno-Depot banner and format.

customers' expectations; and helps the head office to work with existing dealers to grow their businesses through new stores or acquisitions.

RONA, Home Hardware, TIM-BR MART, and Castle have all been reporting growth recently that reflects this local acquisition model. Roberval Home Hardware in Quebec, Groupe Couture (TIM-BR MART) in Quebec, Groupe Godin (Castle), and RONA Fraser Valley all represent greater integration between head office and dealer expansion.

This kind of expansion at the dealer level also provides a growth and succession opportunity for the next generation of dealers, who can step into larger roles as their family business expands. In addition, with a job market that continues to be tight for many young Canadians, more and more of them are taking a second look at their parents' retail operations. These young people account for a whole new generation of home improvement managers and owners. This solves succession and growth issues for the dealers, while keeping stores that are being sold from leaving the ranks of the groups themselves. 

“With a job market that continues to be tight for many young Canadians, more and more of them are taking a second look at their parents' retail operations.”

through a combination of added services, enhanced delivery to job sites, and product categories that are being tuned to the pro customer.

RONA continues to target contractors and heavy DIYers through its contractor business—which includes the pro dealer Dick's Lumber in British Columbia. A team has been created at head office to focus on this segment.

In addition, RONA's Reno-Depot big box banner in Quebec returns the chain to

LOCAL CONSOLIDATION AND SUCCESSION

As a way to enhance their existing dealer base, some groups are strengthening their relationships with members. This does three things: it brings the dealers more solidly into the corporate fold and increases dealer fidelity; it guides the dealer to a more cohesive, or “cookie-cutter” approach to store merchandising and assortment, which better meets

WHEN IT COMES TO SELECTION, LESS IS OFTEN MORE

Too much choice can actually result in lost sales. Merchandising expert Rob Wilbrink explains why culling your customer's choices can make your offerings more competitive.

BY ROB WILBRINK

Dealers often find themselves wondering if they should increase selection to appeal to a wider audience and increase the average ticket or increase depth of stock to avoid disappointing customers needing larger quantities of more popular items.

Here are some reasons why increasing depth of inventory might be the better place to start.

Too many choices often lead to buyer confusion and indecision. The result is lost sales. Consider what might be going through the buyer's mind standing in front of a busy section: "What's the difference between all these products? What's the best value? What if I make the wrong choice? This looks like a flea market! I don't have time for this. I finally picked one and there's not enough stock. I'll come back another time."

Too much selection can have other negative side effects. Buying power is watered down by ordering bits and pieces from multiple vendors. It can lower turns and increase inventory costs, and leave you vulnerable to stock outs. It's more expensive to administer all these SKUs. Staff training is more difficult.

Smart retailers know that simplifying the purchase decision is a way to add value. In 2014, Costco averaged US\$146 million per store while offering fewer than 4,000 SKUs.

Studies have demonstrated the perils of too much choice. One of the most notable was a simple test where consumers were given a coupon to buy jam in a supermarket section stocked with 24 different types of


jam. Four percent of those shoppers bought jam. The test was repeated with just six varieties of jam in the same space and those who purchased jam shot up to 31 percent.

How many of us have surfed through 300 channels on our satellite TV only to end up watching nothing?

Part of what drives retailers to offer too many choices is fear of losing a customer who isn't satisfied with what's offered. Yet in most categories, customers will adapt to what's available as long as it's in stock and meets their requirements. By offering a simpler lineup of quality products, the retailer can actually increase trust and customer loyalty.

Rationalizing SKUs should be tackled strategically. Cuts are most beneficial in

convenience categories. Products that are one-off purchases (such as hand tools) or have low turns are prime targets for reducing duplication. But be careful not to eliminate products that are slow moving yet critical to a project (say, for example, inside corners for eavestrough). A dominant category strategy warrants broader selection while still avoiding unnecessary duplication. In competitive categories it's important to consider your own competitors and the breadth of their offering before cutting too deep.

Culling slow moving and duplicated SKUs should be an annual exercise. Use some of the savings to increase depth of the fastest moving SKUs in dominant and competitive categories. Use the rest to strengthen the merchandising presentation and to strengthen the bottom line. 

Rob Wilbrink is the president and CEO of Burlington Merchandising and Fixtures (BMF). BMF provides a full range of services for independent dealers, including category strategy development, store layout and design, assortment planning, project management, design, supply and installation of store fixturing and signage, carpentry, and merchandising.

Too much choice can be a bad thing. How often do we surf through 300 satellite TV channels only to end up watching nothing?



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REGIONAL ROUNDUP OF BUSINESS CONDITIONS

We've invited the heads of each regional dealer association to share the business conditions and challenges facing their members.

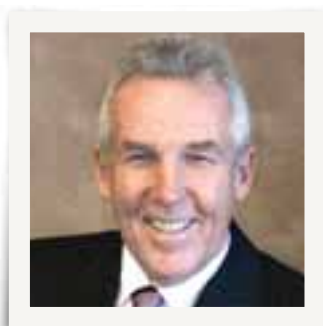


THOMAS FOREMAN
President, Building Supply Industry
Association of B.C.

Brad McCluskie, our chairperson, and I had the pleasure of attending the Hardlines Conference last October. We really appreciated the opportunity to learn from our industry leaders and in particular the access we have to meet these folks. For Brad, it was an opportunity to meet the banner leaders in a more casual setting. We're very fortunate to work in our industry and to have leaders that are still very approachable.

One of the meetings we attended while in town was with Beverly and Michael about a partnership agreement we've formed with HARDLINES in conjunction with our Westcoast Building and Hardware Show in March 2016. Our show is shaping up to be unique as we open our doors to our members and also to architects, designers, and contractors during a specific time during the show. Our show committee has come up with a great plan that's filled with opportunities to sell product, inform, and hold demonstrations for key industry people, as well as lots of time to network and have some fun. Saturday afternoon and Sunday will be open to consumers just as we did many years ago at the PNE in Vancouver. HARDLINES will add a national perspective and assist us with our very popular Breakfast Speakers programs.

I'd also like to share something we're very thankful for and that's our association's support and partnerships with BC Teen Challenge (BCTC) and Habitat for Humanity (HFH). BCTC is a charitable organization that assists adults out of addiction. It's a wonderful thing to see the transformation in these lives, which we play a small role in. Our members have hired some students to work in their stores and when they needed an extra set of hands. With HFH, our members support through donating obsolete products that are resold in Habitat's Restore retail outlets. Plan to join us in March.



GARY HAMILTON
President, Western Retail Lumber Association

Before we said goodbye to 2015, the WRLA hosted our annual Industry Symposium on December 9, attended by more than 25 visionary leaders from the buying groups, retail, manufacturing, and distribution channels. Strategic partners included the Retail Council of Canada, NRHA Canada, and members of our own NexGEN community. Discussions included industry and trade show trends, demographic shifts, changing business models, and opportunities in areas of education and technology. This meeting will serve as the groundwork for our upcoming strategic planning process.

We'll welcome the New Year with our annual Buying Show in Calgary from January 20 to 22. More than 400 dealers

and 265 exhibitors will converge on the BMO Stampede Park to take advantage of show specials, pallet promotions, and new products while networking with peers to share best practices.

The devalued dollar and plummeting oil prices dominated 2015. The dollar has put an end to cross-border shopping and increased tourism from the U.S.

Low oil prices continue to have both a physical and psychological impact on business, with estimates of it continuing for another two to three years. Job losses and employment insecurity combined with people relocating to find work are having a negative impact on new home construction and will continue to deflate home values. On the plus side, this will stimulate the renovation business.

In summary, 2015 was a solid year and prospects for 2016 range from guarded optimism to strong performance. But all will be manageable as we have been there before.



DAVE CAMPBELL
President, Lumber and Building
Materials Association of Ontario

It will be interesting to see over the next couple of years the direction our new government will take us, in particular towards fiscal management. As the five associations, we had communicated to all the leaders of the main parties prior to the election our support and endorsement of the Home Renovation Tax credit that

was part of the Conservative platform. We suggested that as a stimulus it was extremely efficient and should be considered by all parties.

However, the fall season has been robust for renovation projects and new home construction. Statistics Canada reported a 59.9 percent year-over-year increase in building permits in August in Ontario, which would indicate a strong residential construction season this winter. Also, the weather has been fairly temperate and retailers are reporting strong sales and project quoting.

The low dollar hasn't had the impact on stimulating manufacturing to the extent that everyone would have thought and that could be explained by the fact that much of the traditional manufacturing base has moved to lower-cost jurisdictions. Even though the overall business taxes both federally and provincially are reasonably competitive, operational costs such as electricity, municipal taxes, and labour are having an underlying effect on the bottom lines of many businesses.

Overall, we can say that Ontario is holding its own as far as the home improvement industry is concerned and other than really rotten weather, we should be enjoying a busy and profitable winter season!



RICHARD DARVEAU

President & CEO, Quebec Hardware and Building Materials Association

At the end of 2015, the Quebec Association revealed to its members its business plan for 2016-2018. Almost everything we've done so far as far as activities and publications will change starting this year.

Why a revolution? Because we're living

in a faster-paced society and in a fragile economy. Insecurity, austerity, mobility, and infidelity now define the reality of commerce and our relationship with it.

It's the end of the famous magazine *Quart de Rond* after 60 years of loyal service. The weekly newsletter *Xpress* won't continue this year either. The same holds true for the traditional golf tournament and oyster parties. Say goodbye to its social *raison d'être* and welcome to services that all converge on so-called business intelligence values.

That means that AQMAT is from now on committed only to the defense of the interests of its 1,000 members, which includes a new training program for employees at the retail level. Information activities will reach a new level, too. Managers need not more, but better, information. They're expecting more agility from their suppliers, including from their association.

The set of five values that will guide the re-orientation of AQMAT are engaging: democracy, equity, lucidity, avant-gardism, and courage.

AQMAT's three focal points of action deeply reflect that sentiment:

1. stimulating the economic activity in our sector;
2. elevating the client experience in stores, which have to include an employee experience as well;
3. and improving the level of information for decision-makers.



DENIS MELANSON

President, Atlantic Building Supply Dealers Association

ABSDA Members are reporting that they have experienced reasonably

steady activity throughout the summer season and into the fall of 2015. Many are working hard to make up for poor sales performance in the first quarter of this year.

Our most recent Business Conditions Survey reflected close to 70 percent reporting an increase in sales year-over-year during the spring/summer period, which is in contrast to the 69 percent of members reporting a drop in sales volume for the first three months of 2015. Increases reported on average fall into the five percent range thus far.

In the area of commodities, spruce plywood seems to be holding its own with slow but steady gains over the last couple of years. OSB is starting to recover after a significant drop in 2014, but still has a long way to go. Dimensional lumber has more or less maintained the levels of the last couple of years.

Housing starts in Atlantic Canada for the third quarter of 2015 are off by 5.1 percent over the same period in 2014. The good news is that starts overall are up 6.1 percent year to date over last year.

Real estate sales reported in Atlantic Canada reflected 6,085 sold units as of the end of June this year compared to 6,043 during the same period in 2014. Gains were experienced in Prince Edward Island and New Brunswick, with sales volume decreases in Newfoundland and Nova Scotia.

Our 2016 Building Supply Expo is in full recruitment mode. Our rebranding exercise, along with the addition of a Young Emerging Leaders initiative and Contractors Afternoon, means the excitement and enthusiasm for our Expo has never been higher! If you're looking to participate as a vendor, we encourage you to contact us immediately as space is filling up rapidly.

Looking forward to seeing our participants at the Expo on March 2 and 3, 2016. For more info, visit our website at www.absda.ca.





BY JOHN CAULFIELD

MAKE INSTALL SALES WORK FOR YOU

Dealers say trades aren't objecting to installation services as they once were

When Invermere Home Hardware Building Centre in Invermere, B.C., started offering installation services in the late 1990s, it had on-staff installers for interior products. Some of its pro customers saw this service as a competitive threat. So Invermere changed its policy, and now uses six local independent contractors for its “Home Installs” program.

To avoid the appearance of competition, many pro dealers don't offer installation, preferring instead to refer homeowners to their pro customers. Some dealers also prefer not to enter the pricing rat race that installation has become for certain building products.

But home-improvement dealers that don't install leave money on the table for other dealers to pick up. Home Depot reported

US\$3.8 billion in chain-wide service revenue in 2014; Lowe's generated eight percent of its US\$56.2 billion in chain-wide revenue last year from installation services; and Kent Building Supplies' 42 stores offer a wide menu of products available for installation.

If they choose to walk the installed sales tightrope, independent dealers agree there are some best practices to managing a successful program without alienating their contractor base:

Be fair. Moffatt & Powell employs installers for decks, fencing, and kitchens. It also handled about 600 drywall jobs in 2015, most of them done by one contractor with eight crews “who might as well be on the payroll,” says Jason Sims, who manages the chain's London, Ont., store and the Installed Sales program for all six

locations. But this dealer doesn't play favourites when it comes to pricing, and doesn't offer discounts to pro customers that install for its stores.

Dauphin, Man.-based McMunn & Yates encourages homeowners who are considering its installation services to ask for references, get quotes from other contractors, and check out its installers' previous work, says Gary Fasano, a window and door specialist at McMunn & Yates' Winnipeg-Unicity location.

Be selective. Lowe's seems to have the fullest menu of products for which it offers installation. Moffatt & Powell eventually wants to install "the whole house," says Sims. But most dealers pick their spots when it comes to what they'll install for homeowners.

Except for windows, Invermere Home Hardware doesn't offer installation for a house's "envelope," such as siding, roofing, and insulation, says owner Al Miller.

Home Depot doesn't list siding, insulation, or HVAC. Kent Installation Services doesn't include roofing or insulation on its website. Canadian Tire recently discontinued offering installation for whole-house HVAC systems, kitchens and baths, windows and doors, and roofing, and now confines its Home Services to products its stores carry, like appliances and paint.

RONA scaled back the number of installers it uses to around 1,000, from 1,200 18 months ago, and is reducing the projects it will install. "We can do a good job installing such things as water heaters, roofing, and windows and doors," says Luc Rodier, RONA's executive vice president, retail. "But for projects like landscaping or full renovations, it's better to turn that work over to independent contractors."

McMunn & Yates focuses on windows, doors, and kitchens. It also contracts out garage installation, and installs pole barns through a supplier called Miracle Shed, which the dealer owns. Fasano says his



Moffatt & Powell in London, Ont., employs installers for decks, fencing, and kitchens.

company stays away from installing lower-margin jobs like roofing or bathrooms because the competition is cutthroat.

Be accountable. Every dealer does background checks on installers. But who they use is based as much on the quality of their past work. Over the years, Invermere Home Hardware has stopped using installers that don't do follow up. "If we can't get that from them, it's a problem," says Miller.

Invermere is one of 122 dealer-members that participate in Home Hardware's "Home Installs" program. Martin Pitts, who manages the program for the buying group, says having a key employee in charge of a dealer's install program is critical to managing the service and installers.

"We're not just a 1-800 number," asserts Rodier of RONA, which continues to manage installation services internally. McMunn & Yates and Moffatt & Powell have installed sales managers on staff, and expect their installers to act as if they represent the dealers' stores.

"It's all about customer service," says Fasano at McMunn & Yates. He notes that many homeowners choose to order installation through a dealer "because of accountability." His store recently replaced a door it installed for a homeowner because she didn't like how it was finished at the top, even though that's how the manufacturer made it.

Be known. There are reasons why pros gravitate toward these partnerships. Dealers can generate far more installation leads than any single contractor could muster on its own. "We offer things that most of [the contractors] cannot, such as nice showrooms with extended hours, and professional sales teams," says Pitts.

Leads and referrals are often the result of dealers' marketing across multiple media. And then there's financing, which many contractors can't afford to provide customers. Dealers typically offer homeowners project financing via their stores' credit cards. In RONA's case, the interest rate on these transactions can be as low as six percent, says Rodier.



RONA manages its installation services internally.

COMPETING IN EVERY CATEGORY

BY BILL WILSON, RETAIL ADVISOR, NRHA CANADA



Over the last eight years, many business owners have had to cut costs to improve or maintain profitability in their business. But you can only cut costs so far before you start affecting the core principle of your business, which is customer service. To win the retail war, you have to attack and get growth.

The economy during the past eight years in our industry has had minimal growth of 1.5 to 2.5 percent. With the decline of the Canadian dollar and price increases, the last two years should have been higher.

Competition is tight. Independents currently represent more than half of the home

“Know and work with your best customers, the ones that give you all of their business, not the cherry pickers. You and all of your staff should know them by name and their specialty.”

improvement market, while big box stores hold 21 percent.

The more aggressive have grown, while some have built new stores and added new categories. Groups have been aggressive with new marketing programs. We've also seen the use of online selling with distributor support, the use of web marketing for flyers, special buys, and customer how-to information. But online sellers, the new competition, appear not to have been entirely embraced in the hardlines industry, due to the touch and feel and knowledge required when dealing with building products.

So how are you going to grow your business? You should ask yourself a few questions: Do you have a plan and budget in place for 2016? Did you commit to grow your business by a minimum five percent for 2016? For an average \$5 million business, that is an increase of \$250,000. Write a plan with your management team as to how you will get the sales growth.

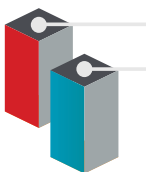
What have you done new in your business in the last two years? Getting through tough times takes planning and innovation.

IDEAS FOR GROWING YOUR BUSINESS



- Focus your business on selling, not buying—most LBM retailers are members of a buying group and deal with approved suppliers. You can buy from outside suppliers, but how much do you save and how much extra time does that take away from concentrating on selling? Profit dollars come from

sales. If you're not growing five percent or more, you're going backwards.



- Know and work with your best customers, the ones that give you all of their business, not the cherry pickers. You and all of your staff should know them by name and their specialty. Do you have special priority delivery for these customers if they need something in a hurry? Do you make sure they get priority on service when in the store? Have you asked them what they require to continue growing their business? Ask them: what more can you do for them?



- At the recent Hardlines Conference, Mark Scherer, COO of Scherer Brothers Lumber Co., talked about “firing” customers. As one of the owners of Scherer Brothers Lumber Co., Mark understands home improvement retail. He helped negotiate his company—successfully—through the worldwide recession that cut his company's business in half almost overnight. His team analyzed their customer accounts, identifying accounts that were cherry picking, costing more to service, and were generally unprofitable. They then had a discussion with those customers. If there was no change, Scherer cancelled their accounts, giving staff time to focus on profitable accounts.




- What differentiates your business from your competition? Do you have

installed sales? What about a rental department? Are you the best in class in specific categories in your business area? Some distributors have resources available to allow dealers to engage in business-to-business sales in their towns and cities. How have you made your business stand out to your customer? Differentiation can help grow your sales and profitability.



- Is your website up to date with proper information? Today's customer expects product information, inventory on hand, and how-to information. More and more of your contractor accounts want to be able to order online from their mobile and pick-up in store within the hour.

Of course, winning the retail war takes more than ideas. You must be prepared to implement a plan that focuses on profitable growth. Customer experience is a must, combining all touch points a customer has with your store and brand: face-to-face, tangible, visual, read, consumed, and experienced. Many companies are very good at segments of the customer experience, but fall short of a comprehensive approach. Accomplishing this goes a long way to winning the retail war. 



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.

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LUMBERMART EMPLOYEE RECOGNIZED BY EBAY

BY GEOFFREY McLARNEY

With e-retail now *de rigueur* and even large bricks-and-mortar stores struggling to compete with the likes of Amazon, it's easy for smaller operations to get lost in the shuffle. One family business recognized the need to get in on the act, and it's paid off.

LumberMart is a Halifax TIMBER MART dealer that had a minimal online presence when owner Jason O'Hearn hired Kimberley Wotherspoon to shore it up. O'Hearn's original objective was modest: he wanted Wotherspoon to handle upgrading the store's site. She set her sights higher and instead established a store for LumberMart on eBay.

Wotherspoon has been recognized by eBay as Exporter of the Year for turning around the store's online operations and gaining an international customer base. The award, now in its 11th year, is contingent on a 98 percent satisfaction rating from eBay customers, as well as at least 10 listings and \$1,000 in sales every month. Those shortlisted also take part in a half-hour telephone interview. For Wotherspoon, it's "a pat on the back for all the hard work that goes into" setting up the online store, which she calls a "labour of love."

The ordering function on the store's old website allowed for only minimal sales. "They tried online sales and just hadn't found the right medium," says Wotherspoon. Previous efforts had been built into the store's own website, meaning the audience was limited to those who had already heard of LumberMart and were looking to buy there. On eBay, LumberMart can reach anyone who's searching the site for a given product and point them to the store. The result has been a 1,100 percent increase in e-retail sales for LumberMart.

Today, Wotherspoon says, about 48 percent of online orders come from the United States, with around 20 percent from other countries. The approximately 1,600 items available through the eBay store still represent only a fraction of LumberMart's inventory. According to Wotherspoon, these are largely products like small hardware, which are easy to ship. Most are in stock or stocked in a warehouse, so that they can be shipped as necessary without taking up store space. At the same time, Wotherspoon has added some new SKUs to the inventory specifically because they sell well online.

How does Wotherspoon explain her success? "I've been working in this area for the last eight years," she says, "and I've found a niche for what people are looking for. She puts a high emphasis on customer service, an area where a giant like Amazon can't maintain an advantage. Each of LumberMart's eBay customers receives a personal note from Wotherspoon thanking them for their order.



Kimberley Wotherspoon has been recognized by eBay as Exporter of the Year for turning around LumberMart's online operations and gaining an international customer base.

Maintaining the store's online presence has been critical to LumberMart's success, says Wotherspoon. Located near an industrial park, the store has some 15 competitors in the immediate vicinity. With the eBay store, "we're able to compete with the big box stores and stay in business."

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.



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"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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