

SECOND QUARTER / 2018

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HOME IMPROVEMENT QUARTERLY

**ONE
CLICK AWAY**

See how some retailers are
reaching out in a fun way

**SMALL,
BUT MIGHTY**

These stores have small
footprints, but they
don't worry about filling
anyone else's shoes

**WHAT'S
IN A NAME?**

One independent chooses
to make his own brand

FEATURE STORY

**LOSING SIGHT OF THE
BIG PICTURE**

Retail is in a time of change. But dealers may be getting too caught up in online terms and trends and losing sight of the big picture: retail is about experiences.





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SIGRID FORBERG, EDITOR

WHAT IF THE PROBLEM IS REALLY AN OPPORTUNITY?

Bricks-and-mortar retailers—independents especially—have been wary of e-commerce and its influence on the market. But does it actually pose a threat to your bottom line?



Mobile responsiveness, social media traction, BOPIS, SEO. Are you fretting over any of this online lingo? As a retailer in 2018, these e-commerce and online engagement and measurement terms should be a common part of your vocabulary. Your customers now expect you to have a website with your store's basic information available—it is a prerequisite of being in business these days.

But online sales still only account for a fraction of the home improvement industry's sales. So where is the right


means learning social media or investing in a better website.

I keep reflecting on a story Dan Tratensek of the North American Retail Hardware Association told about independent retailers at our annual Hardlines Conference last fall. A big box executive was speaking at the National Hardware Show and he said, "Independent retailers trying to change their operations to compete against big boxes is like rearranging deck chairs on the Titanic."

But Tratensek, years later, says the story has a different ending than that executive

And once you know what the problem is, independent retailers are well-positioned to change course on a dime. As Patrick Morin GM Daniel Lampron says, "The advantage is that I can say to my directors, 'Let's turn right', and we'll turn right immediately. And communication goes right to the bottom immediately." Read more about how regional retailers Patrick Morin and Peavey Industries stay strong in competitive markets on page 32.

We're wired to be wary of change, but sometimes it's just the thing you need to reinvigorate your business. Our End Cap on page 50 features Josh Beusekom, who runs Next Home and Garden in Fort Macleod, Alta. Beusekom recently struck out on his own as a complete independent and his success has surprised even him.

At the end of the day, retail is still about connections. Social media and e-commerce are simply ways to continue the conversation with your customers after they've left the parking lot. 

“Check in with your loyal customer base. Find out what they want, and more importantly, need from you.”

balance between keeping up with the digital revolution and sticking to your traditional methods of retail?

Ask your customers.

E-commerce is just another way of making shopping with you easier for your loyal customers. Don't get lost in technical terms and jargon and get distracted from your real purpose. Check in with your loyal customer base. Find out what they want, and more importantly, need from you. Work towards delivering that, even if it

predicted: "He no longer has a job in this industry and independent retailers still control 50 percent of the market."

That connection independent dealers have with their communities, that direct line to their customers means if you listen closely, all the secrets to successful retailing are at your fingertips. One Outstanding Retailer Award winner from 2017 says he gets all the best (and honest) feedback he needs from chatting up his customers in the parking lot.


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WHAT'S TRENDING IN HOME IMPROVEMENT

ONE CLICK AWAY FROM YOUR COMMUNITY

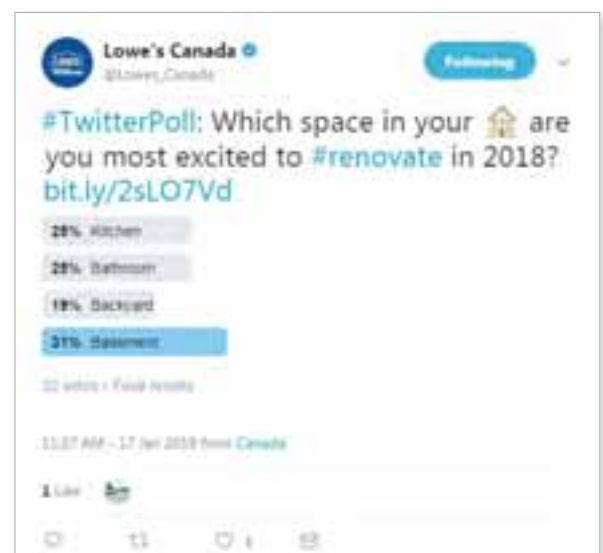
In this new department, we're highlighting a few fun and innovative ways dealers across the country are using social media to engage their communities. The best posts combine selling products with humorous and informative content.



Westrum Lumber has got you covered when it comes to salt and service. [#helpful](#)

St. Andrew's Hardware knows what brings all the customers to the yard. [#treats](#)

Twitter is a great way to conduct market research, as **Lowe's Canada** does here.

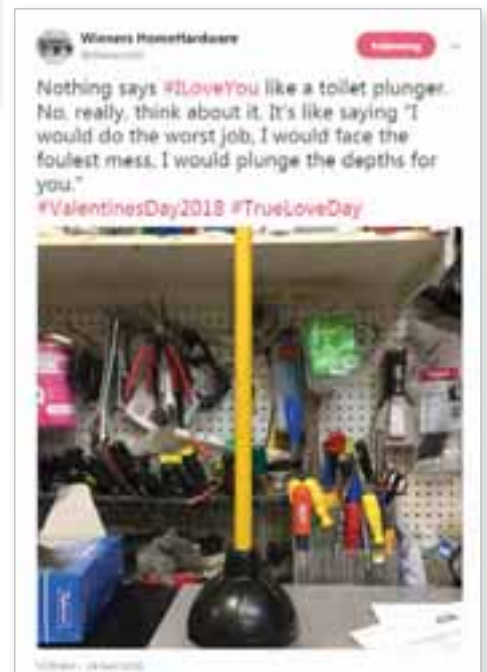




Wieners Home Hardware dared followers to buy a toilet plunger for their valentine. #risky #lol

Turkstra Lumber found the key to getting a laugh from their followers. #dadjokes

Lutes TIMBER MART used their platform to remind their community members to drop off their bottles. #giveback



BUYING GROUPS AND EXPERTS AGREE: EXPECT A STRONG FINISH TO THE YEAR

Business conditions look favourable for most dealers in the country. The good news is that Canada's economic growth should be spread more evenly across the provinces than in the past.

In talking to our members, we're looking forward to a good year. There's lots of work out there, and we'll work hard to get our share," says Bob Holmes, general manager of the TORBSA buying group. The economy is forecast to grow and most LBM buying groups are anticipating that home renovation and construction will benefit significantly from that growth.

In Winnipeg, Steve Buckle shares Holmes's confidence. Buckle is president of the Sexton Group. It has 375 members located in every province and territory, but well over half of them are in Alberta, Saskatchewan, and British Columbia. Sexton's purchase volumes were up about 15 percent in 2017, he says, thanks in part to the addition of 18 new members.

For Pascal Houle, president of Groupe BMR, whose 300 dealers are located primarily in Quebec, conditions in that province have been favourable, improving through 2017. "Be it construction starts, homeownership, renovation spending, or consumer confidence, all the indicators are good, which bodes well for our dealers," he says. "Already, over the course of last year, we saw our dealers' results improve and our growth increase."

He adds that both DIY and contractor business looks strong. "Yes, I'd say that both client segments are doing equally well. Quebec's housing stock is aging, so renovation prospects are good. In recent years, we observed a slowdown in the construction of single-family houses in favour of renovation. Our BMR dealers maintain very good relations with the contractors, and now that we are foreseeing an upturn



The economy is forecast to grow and most LBM buying groups are anticipating that home renovation and construction will benefit significantly from that growth.

in construction starts, it's all looking up from here."

Bernie Owens, president of TIMBER MART, says the mood is "very positive" nationally. "I see no big red flags for the economy." He's especially positive about his dealers in British Columbia. There, he says, they should do as well as in 2017, "and last year was a really good year."

For Buckle, the recovery in Alberta remains fragile, however. "We are predicting business to be flat." Nor does he expect Manitoba to repeat its strong growth performance in 2018. Owens agrees. Even though the economy on the Prairies is seeing an uptick as the oil industry recovers, that prosperity will take a while to trickle down to the dealers.

Peter Norman, VP and chief economist at Altus Group, a Toronto-based real estate consultancy, is optimistic about the year ahead. He says markets such as Calgary, Saskatoon, and Winnipeg are enjoying "gentle momentum" as Canada's housing

market continues to run hot in primary markets like Toronto and Vancouver.

Markets closest to Toronto are strong, "due to shortage of supply," he notes. The Greater Toronto Area (GTA) is pressured by rising prices and increased demand, not only for houses, but for condos, as well.

However, he sees good growth occurring on a more widespread basis. One of the things driving the market now, he adds, "is that 2017 was the strongest year for economic growth in almost a generation." That growth was helped by a low jobless rate and a three percent rise in GDP—double the rise in 2016. "New jobs create more housing demand. It's certainly where we're going with housing growth over the next few years."

That means dealers can expect economic growth to be shared across the country. "Every region saw positive GDP growth last year and the rates of growth are converging. It's not just B.C. and Ontario carrying the load anymore."



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TIMBER MART GETS BACK TO BASICS WITH A “TRUE BUYING SHOW”



TIMBER MART's president, Bernie Owens, credits the success of the group's eighth annual national buying show to the deals on offer as well as the appeal of the location.

TIMBER MART dealers gathered in Montreal in mid-February for the group's eighth annual national buying show. All told, more than 1,100 dealers and vendors showed up for the two-day event, a figure President Bernie Owens credits to the deals on offer as well as the appeal of the location.

“Having the venue in Montreal is loved by the dealers nationally,” he says. Western dealers in particular “love coming to Montreal,” he adds, but “we also get a healthy response from the Atlantic, from all regions.” With several provinces observing Family Day at the weekend's close, many dealers seized the opportunity to parlay the long weekend into a family vacation.

In addition to the prime location, there are simply fewer buying events nationwide to compete for the independent dealer's time. “Over the years there are fewer shows,” says Owens, “Quebec doesn't really have a show for independents, Ontario doesn't, B.C. no longer does.” That makes it even easier for dealers to say “yes” to what TIMBER MART's show offers.

“The focus of the show is on bringing the members together,” Owens explains. “The vendors are investing the time to be here; we're rewarding them with business. It's a win-win.” Exclusive buys, including a Top 10-plus list of hot orders, “help members with the cost of the show and thank them for coming.”

“The success of the show is all about the independent,” he says. “They're all local entrepreneurs: their strength is their customer service. They can adapt to local circumstances. Our framework is back to being a true buying group. It's how we can provide value to our dealers and at the same time reward our suppliers with business. It's about buying.”

Last year, as a trial, the show was held back-to-back with Orgill's Spring Dealer Market. That pilot wasn't repeated this year, but many dealers still took advantage of the timing of the two events. “The member survey at the end of the day [after last year's show] said it was best to keep them separate,” Owens explains, “but it's still that time of year, and many of our members [went] on to Orlando.”



Is your store doing something that you think is newsworthy?

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GOODFELLOW CELEBRATES ITS 120th ANNIVERSARY

Goodfellow, the building materials manufacturer and distributor, had humble beginnings in 1898 when it was founded by George C. Goodfellow. Keeping abreast of new trends and technologies of the time, Goodfellow began supplying the automobile industry with wood used in car frames and running boards.

The company was originally a manufacturer specializing in hardwoods and timbers. Over time, it became a processor and distributor of exotic woods, Douglas fir, construction timber, cedar, pine, and hardwoods, branding itself as “The Wood Specialist”.

Charles Goodfellow took over the reins of the company in the late 1940s, then his brother George C. Goodfellow took over in 1970. In the late '80s, Charles's

son Richard took the helm until his retirement in 2014.

As the company has grown over the years, it has evolved into a broad-line distributor of building materials and allied products with sales of more than \$500 million. This is the company Patrick Goodfellow, Richard's son, inherited when he took over as president and CEO of Goodfellow in January 2017.

“The industry has changed,” admits Mary Lohmus, EVP of Goodfellow for Ontario and Western Canada. “We're proud to say we're 120 years old and doing well in the business and have been able to diversify.”

Goodfellow has evolved into a broad-line distributor of building materials and allied products with sales of more than \$500 million.



BRIEFLY

END OF AN ERA FOR SEARS CANADA

Sears Canada shuttered its last remaining stores on January 14. The retailer had been in Canada since 1953. By the time it announced at the end of 2017 that it would close for good, it had 190 department stores. Canadian Press named the closing of Sears the business news story of 2017.

DIRECTBUY TARGETS FORMER SEARS CUSTOMERS

DirectBuy, a members-only shopping club selling home products, announced a new warranty membership for Sears Canada extended warranty customers who have been left without coverage for their appliances. All Sears customers who join DirectBuy will continue to be covered at no additional cost. DirectBuy has six stores, in Vancouver, Central Alberta, Calgary, Toronto, and Ottawa.

B.C. ASSOCIATION WILL CELEBRATE 80TH YEAR WITH HOT SPRINGS BASH

The Building Supply Industry Association of B.C. (BSIA) is celebrating 80 years in existence and will cap off the milestone with an anniversary event at Harrison Hot Springs Resort on July 5 and 6, 2018. According to Thomas Foreman, president of the BSIA, the purpose of the event is to bring the province's building supply industry together in an environment that enables association members and supporters to network, relax, and get inspired. The event will also have a trade show aspect featuring new products.

Don Ryan, marketing manager for FCL's Home and Building Solutions division, says the refresh of the Co-op Home Centres includes standardizing layouts in the stores, while creating more traction for contractors.



NEW LOOK CO-OP STORES CATER TO DIY CONVENIENCE AND NEEDS OF CONTRACTORS

Federated Co-operatives Ltd. has been investing in big changes to the look of its home centres. The Greystone Co-op Home Centre in Saskatoon offers the freshest example of this new direction. The 35,000-square-foot store replaces a smaller outlet that was about five minutes down the road.

The store is operated by Saskatoon Co-op.

Don Ryan, marketing manager for FCL's Home and Building Solutions division, says the refresh for its stores has been under way for the past three years. Part of the process includes standardizing layouts, while creating more traction for contractors. "We have 20 stores that have changed so far," he says. "Ongoing, it's been successful."

Walking through the Greystone store, Ryan points out how the increased size of the store lends itself to some big box touches. A power aisle through the centre

of the retail area showcases key seasonal and promotional items. The high ceilings accommodate large, full-colour product images in signage above the racks.

He further stresses the importance of a "show-and-tell" approach for increasing sales, exemplified by the presence of numerous vignettes in the kitchen and bath department. "In the past, we could talk about selling sinks, but people

“In the past, we could talk about selling sinks, but people couldn't see what they looked like.”

couldn't see what they looked like." The vignettes include a range of countertops, and in the bath area vignettes feature coloured tubs.

Overall, this store has more building materials on the floor than its predeces-

sors. That includes a bigger range of doors and mouldings than in the past. "We're trying to get them out of the back and let customers see them," Ryan says. He credits one supplier, Alexandria Moulding, which worked closely with store design and merchandising company BMF. "They've been good partners for us," he notes. This merchandising philosophy applies to all the Co-op home centres, he added.

FCL is sourcing higher quality lumber on behalf of the Co-ops as wood is becoming more popular as an interior finish. And, thanks to the indoor drive-through, the Greystone store is also attracting more contractors.

CASTLE ADDS FOUR MEMBERS IN FIRST QUARTER OF THE YEAR

Castle Building Centres Group hit the road running this year, with four new members added within the first few months of 2018. The first is a dealer in Sherbrooke, Que. Murexpair Inc. has been serving the local community there for 17 years.

Murexpair owner Jonathan Sirois specializes in roofing and siding to contractors and local consumers. When he and his current partner Bruno Langlois began to consider a buying group, they were looking for an opportunity to grow their business by adding new products, while maintaining their store's identity and branding. Through Castle, Murexpair expects to offer a wider range of steel roofing, siding, decking products, and commercial steel siding.

Also new to the group is Timber Spirit Supply in Spiritwood, Sask. Matt St. Onge founded the business in 2015 as a full-service lumber, building materials, and hardware destination for local contractors, home builders, and consumers.

"Our team is dedicated to accommodating our customers' every need and ensuring the best possible fit and solution. We needed the same custom fit for our growing business and Castle was the only buying group that could offer this kind of flexibility," said St. Onge. A grand opening celebration as Castle Building Centres is planned for the spring, once the store has gone through a complete rebranding.

The next member to join was in Saskatoon. LKQ Building Supply is a specialty supply operation owned by Ken Spetz. The business provides building materials for restoration and finishing, along with a range of specialty building products for local contractors.

"When we decided to expand into retail, we saw the best opportunity for success with Castle," said Spetz. That store will also hold a grand opening in the spring.

Most recently, Reiner Concrete and Building Supplies in Rosseau River, Man., has joined the group. It's owned by Matthew and Perla Reimer.

New to Castle Building Centres Group is Timber Spirit Supply in Spiritwood, Sask.



BRIEFLY

CANWEL LOGGING INTENTIONS DRAW FIRE OF PARK ADVOCATES

CanWel Building Supplies is taking heat for its efforts to get government approval for permits to begin logging in land adjacent to Seven Sisters Provincial Park. CanWel owns the timber-cutting rights to the land. Advocates for the park, a 39,000-hectare wilderness tract between Smithers and Terrace, B.C., claim some of the CanWel lands that are right beside the park could have a negative impact on wildlife, nearby watersheds, and mushroom-picking areas.

HOME HARDWARE RENEWS AEROPLAN RELATIONSHIP

Aimia Inc., the company that owns Aeroplan, has renewed its strategic partnership with Home Hardware Stores Ltd. Aeroplan claims to have five million active members, who can earn Aeroplan Miles for purchases at Home Hardware's 1,000-plus stores across Canada. Since joining the program in 2007, Home Hardware says it's seen increased value in total spending by Aeroplan members, as well as increased basket size and shopping frequency.

CANAC ACQUIRES NEW LOCATION

Canac has acquired its 28th location on a portion of the site of the former Rio Tinto Alcan factory in Shawinigan, Que. Groupe Laberge, which owns the banner, revealed the details of the planned opening, which amounts to an \$8 million investment, including \$6 million for construction. The city of Shawinigan purchased the site from aluminum giant Rio Tinto Alcan in 2016 for the nominal sum of \$1 with the goal of attracting new businesses. The store is due to open in November with some 90 employees.

CONVERSION OF MARCIL STORES INCREASES PRESENCE OF RONA BRAND IN QUEBEC

Lowe's Canada has switched all its Marcil stores to the RONA banner. The stores, known for catering to a mix of DIY and contractor customers, will fit into RONA's format for its small-to medium-sized building centres, known internally as "proximity stores".

With the changeover, the product selection at the Marcil stores will double, from about 20,000 SKUs to more than 40,000. The expanded assortments will include home appliances and a bigger seasonal department. The greater range of products will be available both in-store and online at www.rona.ca.

"RONA and Marcil operate in the same market segment, have complementary locations, and both serve a large client base of contractors and pros. It was therefore natural to combine the strengths of both



banners," said Serge Éthier, EVP of RONA Proximity. "This decision will allow us to maximize our products and services offering to Marcil retail and professional customers, while simplifying our operations."

Lowe's has been managing a family of banners since it took over RONA in 2016. Those stores comprise a network of 630-plus stores, of which 435 carry the RONA banner either as corporate stores or affiliate dealers.

PEAVEY COMPLETES BUYOUT OF TSC STORES ONE YEAR AHEAD OF SCHEDULE

Peavey Industries, which operates Peavey Mart and MainStreet Hardware, has completed its acquisition of TSC Stores, based in London, Ont., one year sooner than originally anticipated.

TSC had been in the hands of a Toronto equity company, Birch Hill Equity Partners since 2005. With the finalization of the acquisition, Peavey has purchased all remaining shares of TSC that had been held by Birch Hill.

"In the last 18 months there has been a lot of energy, commitment, and grit demonstrated by both companies," said Peavey CEO Doug Anderson. "Our strong financial and operational results from both opera-

tions in 2017 allowed us to accelerate the acquisition and continue the path of working together more closely."

Anderson said it's clear that the two companies serve the same customer, but in different markets, creating "countless opportunities to learn from each other—allowing us to ultimately serve our customers better."

The company has already announced a second Peavey Mart location in Winnipeg and a new location in Sherwood Park, Alta., for 2018. Completion of the two new locations will boost the total number of stores from all three brands to 91 locations in five Canadian provinces.

BRIEFLY

CERTAINTEED PLANT HONOURED BY PARENT COMPANY

The CertainTeed insulation plant in Ottawa is the latest to be inducted into the Saint-Gobain's "Millionaires Club", a program designed by the parent company to reward plants that have operated at least one million work hours without a lost-time accident. According to the company, the Ottawa plant is only the 12th out of 66 Saint-Gobain insulation facilities worldwide to be awarded this honour. The plant operates 24 hours a day, with employees working 12-hour shifts.

ACCEO PURCHASED FOR \$250 MILLION

Retail support and POS provider Acceo Solutions Inc. has been acquired by Constellation Software Inc., through its wholly-owned subsidiary N. Harris Computer Corp. Harris has agreed to purchase all the assets and shares of Acceo for \$250 million. Acceo provides management, accounting and payments, consulting, and support for e-business to small and medium businesses, specializing in hardware and home improvement centres, retail, public sector, daycare centres, and tour operators. Sales last year totalled about \$116 million.

AMAZON OPENS CASHIER-LESS GROCERY STORE

Amazon opened the doors of its fully automated grocery store to the public in January, after a year-long pilot catering exclusively to its employees. At Amazon Go, there are no carts, cashiers, or checkout lines. Instead, customers check in with an app when they enter, charge items to their electronic account by removing them from the shelves (placing an item back on the shelf deletes the charge), and then "Just Walk Out".

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◀ Miele's first bagless vacuum

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CANADIAN TIRE'S MIKE MAGENNIS OUTLINES COMPANY'S CUSTOMER-FOCUSED EVOLUTION

Canadian Tire's latest strategy focuses on the end customer, forcing each division to work together in new ways. Called "one company, one customer", the initiative forces the company to look for ways to present itself as a solution for a customer whose needs extend into different fields, not just automotive or hardware.

Explaining Canadian Tire's strategy to vendors was one of Mike Magennis's goals when he spoke at a breakfast seminar hosted by the Canadian Hardware and Housewares Manufacturers Association (CHHMA) in January. Magennis has taken on a new role as vice president, business development and operations. A 26-year veteran of the company on the merchandising side, he reports directly to Greg Hicks, president of Canadian Tire Retail. The new position focuses Magennis on integrating elements of two other Canadian Tire businesses, FGL Sports Ltd. and clothing retailer Marks, into the Canadian Tire stores.

Talking to the CHHMA vendor members, Magennis outlined how Canadian Tire's new customer-facing strategy requires each division to shift its focus beyond operations and logistics internally toward the customer and their expectations. That has meant integrating its online presence with its physical stores. The company's various retail banners generate huge traffic online, but that traffic, he noted, is not always transactional.

As Canadian Tire gets its bricks and mortar approach aligned with its online initiatives, the company can now act effectively on its "one company, one customer" strategy. Those other divisions share some common elements and product lines. Working closer with them could mean a greater emphasis on sporting goods and bigger ranges of workwear at Canadian Tire stores. For example, Magennis explains how the Mark's clothing banner division does business with industrial and commercial customers. That's something, he says, that other stores could tap into.

“Now, when you search hockey on canadiantire.ca, you'll see a much broader assortment than you've ever seen before.”

“We believe there's a huge opportunity to unlock that channel.” But he admitted the company has been slow to embrace online sales as effectively as some of its competitors, and that this is one of the reasons why Canadian Tire has been “a little bit behind.”

The stakes are higher than ever and 400 stores now have their inventory online. That means customers can shop for the product,

Mike Magennis, vice president of business development and operations at Canadian Tire, speaks to CHHMA vendor members.



identify its availability at a nearby store, reserve the product, then pick it up in-store. However, that process is not always as quick or convenient as it should be. “Our stores were not designed for this,” he explained.

A pilot home delivery program is being tested in the Ottawa region. It began in November 2017, with the capability to ship small packages. At the end of January, it started shipping large packages, as well, using third-party couriers. The test has been going well, Magennis said, increasing customer interactions, “and it's provided us with some great learnings and it's actually exceeded our targets.” When the pricing and operational issues are worked out, the program will be rolled out eventually to all Canadian Tire stores.

Magennis also notes the evolution of Pro Hockey Life, a sporting goods chain bought by Canadian Tire in 2013. That brand is now the lightning rod for any hockey equipment needs by a Canadian Tire customer.

The PHL website combines all the related sporting goods available in any of Canadian Tire's banners on one online destination. In addition, PHL assortments are now being installed in some Canadian Tire stores.

The store-within-a-store approach mirrors what Canadian Tire has done in the past with fishing and hunting at some of its locations. The product mix will get fairly sophisticated, he promises. “Now, when you search hockey on canadiantire.ca, you'll see a much broader assortment than you've ever seen before.”

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BY SIGRID FORBERG

LOSING SIGHT OF THE BIG PICTURE

Retail is in a time of change.
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and trends and losing
sight of the big picture:
retail is about experiences.
The best in the field are the
ones that listen to their
customers and deliver
more than just
the products
they need.

There are few innovations that have changed retail as radically as the invention of the internet. The digital revolution, the shift from analog to electronic technology, was intended to create a “better tomorrow”.

But who is benefitting from these changes?

Last fall’s Hardlines Conference, which focused on the theme of Bricks and Clicks, invited speakers to weigh in on the way bricks-and-mortar and online retail both compete with and complement each other. Retail leaders and trend analyzers shared their research and first-hand experiences of the evolving retail landscape.

Robert Howard, from retail consultancy group Kurt Salmon, says that while many see the digital revolution as a challenge, it’s also a tremendous opportunity for retailers to engage customers in new places and in new ways.

But he doesn’t underestimate the difficulty of taking your interactions outside of your “home turf”. “The number of digital touchpoints and the ways we can engage customers is moving at an exponential growth rate,” says Howard. “And it’s getting more and more complicated to understand and manage all these digital touchpoints.”

In the days when department stores were king, retailers controlled the marketplace. They were the only places people could go to get a wide assortment of products and some level of customer service. With all the information available online, retailers have less control over how they interact with their customers, complicating the whole process.

“I would say, conservatively, that less than 25 percent of the customer experience actually happens in a retail store anymore,” says Howard. “It could even be much lower than that.”

With so much information available to them online, the shopping experience now begins well before a customer sets foot in a store. But Howard says that’s a tremendous opportunity for creative retailers.

DISRUPTING THE STATUS QUO

What’s changed with online shopping, and the proliferation of access to smartphones and mobile technology, isn’t just the ways people shop, but what they’re looking for when they make a purchase. As John Williams, a senior partner at J.C. Williams Group, puts it, “it’s the most disruptive time to be in business, ever.”

In addition to the simple distribution changes the online marketplace has brought to the traditional bricks-and-mortar model, customers now rate experiences as high on the list of what they want—it’s sometimes even more important than the product itself. Williams adds the things people have been saying about the millennial demographic are true—they’re putting off buying homes, cars, and working their way “up the ladder” to prioritize travel, self-care, and experiences. And they don’t care about conforming to gender stereotypes: men get manicures at the spa, and women do the grunt

work of renovations. It’s crucial to understand these generational differences if you want to market to these up-and-comers.

“This has dramatic implications for your brand strategy and your product architecture,” says Williams. “You can’t serve this market with one product. There are huge gaps and shifts going on in the marketplace.”

Home Hardware saw that shift and, in response, turned its marketing strategy completely on its head. Rick McNabb, VP of marketing and sales for Home Hardware Stores Ltd., says when he was hired for the position, he looked at the strategy Home had been using for a long time and felt some aspects of it were too clinical.

Hoping to appeal to a younger demographic, Home Hardware parted ways with its 40-year agency of record, Morris Saffer, for a hipper downtown Toronto firm, John St. The new marketing campaign, Here’s How, shifts the focus from Home’s traditional product-centred commercials to projects big and small.

“We think it’s relevant to all targets, and particularly millennials, where they need help,” says McNabb. “Projects can be inherently personal; they can be emotional. They provide a sense of accomplishment. We really felt our sweet spot with Home Hardware is that we’re where expertise meets humanity.”

McNabb says Home Hardware is backing up the new marketing approach with an updated website, to be launched this spring. “We’ve made a significant investment there. We’re really excited to get that rolled out.” At this point, the company has a ship-to-store capability that has been working very well, but Home Hardware is also looking into being able to ship to home by the end of the year.

CURATING THE EXPERIENCE

For retailers just beginning to enter the realm of e-commerce—especially in the hardware and home improvement industry—Howard says having ship-to-store options should be their highest priority—even more so than ship-to-home. Many consumers still want that in-store interaction with their home improvement retailers to make sure they’re getting the right tools and products for their project.

He refers to the paradox of choice, a term that emerged from a study done several years ago that proved consumers become overwhelmed with too many options, which results in them making fewer purchases. Researchers compared the purchases from a grocery store on a day when they created a wide assortment of jams to another where they simply offered a “trusted curation”. While more options invited more browsing of the jam section, there were simply too many choices for shoppers to decide.

“I think this speaks to some of the challenges we’re having in the retail industry,” says Howard. “What’s happening today is this new internet marketplace concept is giving consumers too many choices and therefore they can’t make a decision.”



EMIL CERMAK
FedEx Canada



ROBERT HOWARD
Kurt Salmon



RICK McNABB
Home Hardware



SYLVAIN PRUD'HOMME
Lowe's Canada



JOHN WILLIAMS
J.C. Williams Group

The way retailers can capitalize on that is to remind themselves that having good products isn't enough anymore—they must think about selling more than just goods. Howard suggests shifting your entire retail perspective: “Don't sell shoes, make happy feet. Don't sell tools, make a love nest.”

“We need to reinvent the customer experience,” says Howard. “It's no longer about the transaction. How do your customers love what you are and how do you make them loyal to you?”

Sylvain Prud'homme, president and CEO of Lowe's Canada, adds that customers have access to much more information nowadays and retailers need to remember that when they're developing their marketing strategies.

“It's no longer an era where we can tell the customer what they're going to buy,” says Prud'homme. “That's not the way it works anymore. Customers have very high expectations to have full transparency. They have a global view in terms of assortment and they understand the prices they should pay.”

What about Amazon? Well, Howard says it's important for retailers to understand that the online juggernaut isn't exactly a retailer, it's a marketplace.

And more importantly, it's not even in the top five of online home improvement sellers. All five of the top online sellers are companies that have a bricks-and-mortar presence, as well.

CONTINUING THE CONVERSATION

Retailers should also remember that their interactions with customers are now ongoing, which presents the challenge of being constantly available, but is also an opportunity because your customers are also always accessible. Emil Cermak, regional marketing manager for FedEx Canada, says FedEx conducts a yearly Online Shopping Information survey where it reaches out to approximately 1,500 randomly sampled Canadians to collect data on their intentions in the world of e-commerce leading up to the Christmas season.

Last year, the survey found that two-thirds of Canadians were planning to do their holiday shopping online. The reasons they listed for choosing that channel was that they felt they could find better overall selection and value online compared to in-store.

According to Cermak, that last mile of the e-commerce process—delivery—needs to be just as strategically planned

as all the other decisions a company makes. If they're smart, Cermak says, retailers will realize that online shopping offers them an opportunity to continue the conversation with customers even after they pay for their products—something you don't get from the bricks-and-mortar model after they check out and walk out the door.

“It is crucially important and a very large opportunity for e-commerce retailers and retailers moving into e-commerce to continue the conversation with their customers,” says Cermak. “Tracking is a very important component of this.”

What do consumers want? Time and again, Cermak says, online shoppers have identified free two-day shipping as a huge incentive for buying online. Shipping is simply too important of a detail in the entire e-commerce process to be an afterthought in the development of your policies. Retailers need to remember that how quickly and safely their items are delivered is a direct reflection of your brand, whether you deliver the items personally or not.

Other important factors to consider: returns and packaging. Cermak says retailers sometimes consider these as afterthoughts, but for anyone who has purchased an item and struggled to return it, that impression is what they'll remember most about the transaction. And with the popularity of “unboxing” videos online, how a package is presented can help a retailer make a memorable impression on consumers and even foster brand loyalty.

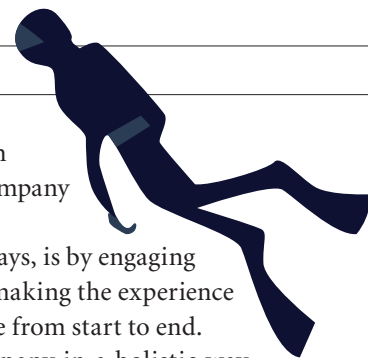
“It's all part of your strategy,” says Cermak. “It should not be left open to random choice.”

It might seem overwhelming to have so many more details to worry about, but if you plan from the start, Cermak says, you'll save yourself a lot of headaches down the line if anything goes wrong.

CATCHING UP TO ON-GOING INNOVATIONS

When it comes to innovation, Lowe's has been steadily integrating e-commerce and high-tech solutions into its business model over the last few years. Sylvain Prud'homme at Lowe's Canada says his company has been working hard to identify all the different kinds of customers in the home improvement industry in Canada and is strategizing how best to serve them.

“Different customer segments in different markets prefer to choose how they interact with us,” he says. “When you start looking



at the segmentation of the Canadian home improvement customer, they have a lot of different expectations.”

A few years ago, Lowe’s acquired the Innovation Lab on the West Coast. The Canadian Lowe’s team has been working closely with the lab to understand how innovation is driving the industry. They developed the Holoroom, which offers customers virtual reality how-to instructions on home improvement projects like tiling a bathroom. The company also has a robot (LoweBot) that helps direct customers to the items they’re looking for on the floor, while also digitally taking note of inventory levels.

Prud’homme added that Canadian Lowe’s customers are eager for these technological innovations.

“We’re now in a position where we can say that Canadians are the heaviest users for digital for both media and commerce,” says Prud’homme. “And the number is quite impressive—for digital media, the average daily time spent in digital is about four hours and 20 minutes, outgrowing the time spent on television and radio.”

The key here, he says, is understanding how consumers are using media and how it’s influencing what they want from their retailers.

“As an industry, we still have some catching up to do on these customer expectations,” says Prud’homme. “E-commerce sales in Canada are growing faster than traditional retail channels. I believe the customer is still just learning how to interact with the different channels and that’s why it’s so important to stay close to these customers to understand their needs.”

THE HUMANITY BEHIND RETAIL

At the end of the day, what the best retailers understand is that the industry is essentially about emotions. McNabb at Home Hardware says the one thing that hasn’t changed since digital technology took the world by storm is that we’re still human.

“We still have the same basic emotions: we laugh, we cry, we want to hang around people we like; we get frustrated, we get angry,” says McNabb. “At the end of the day, customer care matters more than ever. It doesn’t matter between bricks and clicks and any other channel. Technology just drives it more. It’s how we’re wired and how we think.”

McNabb’s advice to retailers: while planning is crucial, don’t get caught up in the weeds when you’re working on your new business plan.

“Early on in my career, a very smart person said, ‘Get the strategy about 80 percent right, don’t bugger around with other 20. Just get it so you feel good about it and then execute like hell,’” says McNabb. “Keep it simple. Get back to delivering on a customer experience. If something is getting in the way, get out of it.”

Prud’homme says his company’s whole purpose is to help people love where they live. This principle backs up Howard’s stance that retailers need to think of retail as an experience and a way to have customers associate you with the good feelings of creating a space

they feel safe and comfortable in—which will lead to them feeling loyal to your company and brand.

The best way to accomplish that, he says, is by engaging them where they feel comfortable and making the experience as consistent and pleasurable as possible from start to end.

It’s important to think of your company in a holistic way—the bricks and mortar and online channels should be working together and supporting each other, not operating as separate entities. The retailers of the future will be the ones who successfully integrate their businesses in a way that ensures they remain profitable, while making it as easy as possible for customers to move between those channels.

“Integration is the new black,” says Howard. “With all these digital touch points and all these ways you can engage customers, if you don’t make it seamless, if you don’t make it easy to transition from one touch point to the next, then the consumer experience breaks down. If it breaks down, you lose control, and if you lose control, the consumer may go someplace else.”

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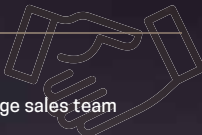
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TEAM AWARD – SUPPLIERS

Recognizing exemplary sales and/or customer service
Groupe Crête, Prize Sponsor

Recipient: Canwel, sales team

Finalists: BMR Group, sales team – Entrepreneurs and LePage sales team



ON THE RISE – MERCHANTS

Recognizing the ascending career of an employee, who has held the position for less than three years and has been given increasing responsibilities
Dural, Prize Sponsor

Recipient: Karine Landry, Manager at Centre du bricoleur Lachine (RONA)

Finalists: Steve Laszczewski, Manager and Associate at Breton & Thibault (Home Hardware) Rouyn-Noranda
Maria-Victoria Diodati, Manager reception-inventory at RONA Pierrefonds



EXPANSION AWARD – SUPPLIERS

Honouring a company that is growing through acquisitions, marketing strategies or export activities
Taiga Building Products, Prize Sponsor

Recipient: Ben-Mor Cables

Finalists: Duchesne & Fils, Imperial Manufacturing Group and Resisto, division of Soprema



EXPANSION AWARD – MERCHANTS

Honouring a company that is growing through acquisitions, marketing strategies or export activities
BP Canada, Prize Sponsor

Recipient: BMR Ostiguy & Frères, Chambly

Finalist: Distribution Rioux (ACE) in Saint-Louis-du-Ha!-Ha!



LEGACY AWARD – MERCHANTS

Honouring a family that has been in business for at least two generations where the next generation is actively involved
Metrie, Prize Sponsor

Recipient: Audet Family, Matériaux Audet (RONA) in Saint-Marc-des-Carrières

Finalists: Quincaillerie Théorêt (Home Hardware), Breton & Thibault (Home Hardware) and Quincaillerie Guy Parent (Timber Mart)

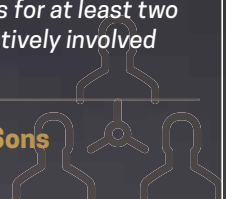


LEGACY AWARD – SUPPLIERS

Honouring a family that has been in business for at least two generations where the next generation is actively involved
MAAX, Prize Sponsor

Recipient: Millette Family, Millette & Sons

Finalists: Bailey Metal Products and IKO Industries



OUTLOOK AWARD – SUPPLIERS

Honouring outstanding marketing that sets the company apart from the competition
Derby Building Products, Prize Sponsor

Recipient: LePage

Finalists: Martel & Martel Commercial and Group Insurance and Polarmade



OUTLOOK AWARD – MERCHANTS

Honouring outstanding marketing that sets the company apart from the competition
Isofoam Group, Prize Sponsor

Recipient: Potvin & Bouchard (BMR) Saguenay

Finalists: BBQ Québec and RONA Rivière-du-Loup



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COMMUNITY AWARD – SUPPLIERS

Honouring ecological, social or humanitarian commitment that is recognized and valued by customers, suppliers or the community
Techniseal, Prize Sponsor

Recipient: SamaN, Victoriaville

Finalist: CertainTeed Canada



COMMUNITY AWARD – MERCHANTS

Honouring ecological, social or humanitarian commitment that is recognized and valued by customers, suppliers or the community
Bélanger-UPT, Prize Sponsor

Recipient: Centre du bricoleur Lachine (RONA)

Finalist: Matériaux récupérés de Portneuf, Saint-Casimir



LOYALTY AWARD – SUPPLIERS

Recognizing the years of service of an employee, who has held the position for at least ten years and has helped to increase customer loyalty or build team spirit
Resisto, division of Soprema, Prize Sponsor

Recipient: Stéphane Rousseau of Isofoam Group

Finalist: Paul Faulkner of Dural



LOYALTY AWARD – MERCHANTS

Recognizing the years of service of an employee, who has held the position for at least ten years and has helped to increase customer loyalty or build team spirit
Jeld-Wen, Prize Sponsor

Recipient: Julie Bilodeau, Sales Manager at Émile Bilodeau & Fils (Timber Mart) in Saint-Bernard

Finalists: Pierre Poirier, Senior Materials Clerk at RONA Cowansville, Jeanne-Eva Tremblay, Paint Clerk at Rénovations J.M.B.R. (BMR) Les Escoumins



MANAGER AWARD – SUPPLIERS

Recognizing the qualities of an executive successfully working for the satisfaction and productivity of the company's personnel
Royal Building Solutions, Prize Sponsor

Recipient: Martin Lecomte, Vice-President Retail at BMR Group

Finalist: Anne Martel, Co-president at Martel & Martel Commercial and Group Insurance



MANAGER AWARD – MERCHANTS

Recognizing the qualities of an executive successfully working for the satisfaction and productivity of the company's personnel
Duchesne & Fils, Prize Sponsor

Recipient: Marc-André Gagné, General Manager at RONA Sorel

Finalist: Michel Dulac, Manager at Hallé et Mailloux (CASTLE) Lévis



SPECIALTY AWARD – MERCHANTS

Honouring a niche store that is making an impact
Colonial Elegance, Prize Sponsor

Recipient: Matériaux Luc Doucet (RONA), Normandin

Finalists: Quincaillerie Rousseau (BMR) and Quincaillerie Saint-Hyacinthe (Home Hardware)



INNOVATION AWARD – SUPPLIERS

Honouring an invention or procedure that adds value for product or service users
King Marketing, Prize Sponsor

Recipient: All-In-One Ensemble, BBQ Québec

Finalists: Polarmade, Permacon, Outils A. Richard and Soleno



BY FRANK CONDRON

IN A DAVID-VERSUS-GOLIATH WORLD, YOU JUST NEED THE RIGHT TOOLS

Big boxes might have the advantage of size, but small stores have come up with several ways to make the most of their square footage. From customer service to clever merchandising, size is secondary to how retailers use their space.

People of a certain age might remember a short-lived science fiction television program called “Land of the Giants”. The series followed a group of intrepid space travellers struggling to survive on a distant planet where everything was 12 times larger than on Earth. In the era of the big box, small hardware and home improvement retailers might be forgiven for feeling like they’re living in an episode of that show at times.

Still, big boxes have been a part of the home improvement retail landscape for a long time now, and small format dealers—generally those under 10,000 square feet—continue to thrive, especially in small town and urban markets. While small format stores may not have the space to “stack it high and watch it fly”, a combination of smart store merchandising and playing on their strengths can allow them to make the

most of every square foot they do have.

These days, a more sophisticated customer has led to a more sophisticated approach to small store merchandising. “No matter what kind of market a retailer is in, customer needs and expectations have evolved, and stores have had to evolve with them,” says Bill Morrison, divisional vice president of Ace Canada. “The key is the store has to remain relevant to its local market or it won’t survive.”

IT'S ALL ABOUT THE PRODUCTS

Surviving starts with getting the core product selection right, says Morrison. Aside from being relevant to the local customer base, the core product selection should only include items the retailer can realistically stock given their space limitations. “Stocking lots of big barbecues in an urban market store where most local customers

live in condos or apartments probably isn’t a good idea,” he says.

The store’s core product selection also must be based on hard sales data collected over time. If the retailer wants to maximize sales per square foot, says Morrison, vital space can’t be taken up by merchandise that moves too slowly or is out of season. At the same time, retailers need to regularly augment their core product selection with interesting new products to keep the customer experience fresh. “Small can’t mean boring,” he adds.

Another function of choosing the right core products is demonstrating to customers that the store is “in that business”, says Laurie Wittie, store design manager for Home Hardware Stores Ltd., whether that be tools, plumbing, electrical, or kitchen and bath. If customers come into a smaller store looking for a certain product, they don’t expect to see multiple brands and

lines of the same product several tiers deep like they would in a big box store.

“As long as the store has a couple of options to choose from—good, better, best, if possible—the customer knows they can fill their need for that particular product at that store,” Wittie says. “If they’re looking for more options, at least the retailer can start a conversation and perhaps get what the customer wants on special order.”

That’s an approach to merchandising that Yves Lebel utilizes in his 2,500-square-foot BMR hardware store in the small town of Saint-Anne-de-Madawaska, N.B. With a much bigger RONA dealer about 15 minutes away in Edmundston and a Kent building supply store the same distance away in Grand Falls, it’s essential that Lebel display as many different products as possible.

“Big stores have way more space than we do, but it’s just lots and lots of the same stuff,” says Lebel. “Instead of 10 of an item on the shelf, we might have two or three and store the overstock in the warehouse. We can’t take up space in the store with too much inventory; it’s more important that our customers know we have all the products they might need.”

Rather than taking up valuable display space with rows and rows of the same item, Wittie says the better option for small retailers is to display associated items adjacent to one another. The key is to think in terms of the kinds of projects customers in that market commonly take on, like painting, installing shelving, gardening, or basic plumbing and electrical.

“It’s not necessary for the small store to have every possible brand and style of a certain product, but they have to have everything the customer needs to complete the project,” says Wittie. “And if the dealer knows what project the customer is doing, they can easily point them to the associated items.”

MAKE IT EASY FOR YOUR CUSTOMER

Another common merchandising mistake that small format dealers make is using key store space to display everyday items.

“Smaller dealers sometimes feel they’re not displaying enough depth in their core items, so they use their end caps and power aisle to store overstock; that’s the worst thing they can do,” Wittie explains. “End caps and the power aisle should be used to focus on sale items, seasonal items, and project-focused products. And these should rotate regularly to generate interest and inspire impulse buys.”

Mat Brunt, assistant sales manager for Coast Distributors, a distribution company that supplies hardware and home improvement stores in British Columbia and Alberta, agrees that small stores can’t afford to bury seasonal items amongst the permanent stock. “Whether it’s a rake in the fall, a shovel in the winter, or gardening gloves in the spring, those products have to be front and centre early in the season to get customers thinking about what they’re going to need,” Brunt says. “If the customer sees that item at another store first, they might just purchase it there.”

When it comes to store layout and fixtures, Wittie stresses that retailers need to avoid trying to cram too much into a small store footprint. That makes for narrow aisles, clutter, and a less-than-optimal shopping experience. Says Wittie: “We try to come up with

ways to plan the layout so that you can add promotional products and build sale and seasonal displays, without impacting movement through the store; by using hanging shelf strips for add-on products, building shelving up, using sliding panels to display samples, etc. Cramped is not good.”

FIND YOUR SPECIALTY

An even bigger merchandising challenge for small format retailers is competing in the business of larger projects, like kitchen and bath renovations, doors and windows, and jobs that require lumber and building materials. While being in the business of large projects can be a challenge for smaller stores, it’s certainly achievable. Instead of having multiple kitchen and bath vignettes to display décor products, it might be possible to incorporate just one or two that make smart use of samples.

“If someone is doing a kitchen or a bathroom renovation, that’s something they usually take time to plan; it’s not like they expect to walk out with everything they need that day,” Lebel explains. “When they come in to the store, they can shop from our samples to choose colours and materials, and we have a computer in the store where we can go on the BMR website and show



At the Groupe BMR show last fall, the group set up merchandising displays by the month to help dealers make the most of their space.

them all the products we can order for them on the spot.”

Doors and windows are the same, adds Morrison. “A small retailer can have three or four window and door samples in the store, maybe hanging on the wall or on a carousel display, but these items are usually always special order products anyway.”

As for lumber and building materials, Morrison says carrying those items depends on the market and the available space in and around the store. Items like trim and moulding can be displayed on tall racks inside if there is a demand for those things from customers doing touch-up DIY projects, but contractors doing large renovations will always go to lumberyards where they know they can get everything they need right away. “Small retailers have to merchandise their store for the customers they can get,” Morrison says.

James and Patricia Hindle of Hindle’s Clarksburg Hardware in Clarksburg, Ont., learned that lesson a long time ago. The couple has been running their 2,000-square-foot small town hardware store for 46 years, and all without the benefit of kitchen and bath displays, doors and windows, or lumber and building materials.

“Lots of other stores carry those kinds of things, so we don’t think it makes any sense to fill the store up with products we can’t compete on,” says Hindle. “Instead we focus on specializing in items those other stores don’t have.”

The Hindles’ store stocks all the items you would expect to find in a typical small hardware store—like basic plumbing and electrical supplies, housewares, hand tools, some paint, and seasonal items—but large sections of the store are devoted to products essential in their specific market. The town of Clarksburg is in a rural area of central Ontario where orchards are common, and Hindle’s Hardware has carved out a niche as the go-to supplier for specialized tree pruning and horticulture tools.

“We have been importing specialized horticulture tools since the 1970s—from the



This small Toronto Home Hardware caters to its local shoppers’ needs with items such as pet food.

U.S., France, Switzerland, and even Japan,” Hindle says. “Plus, we service and sharpen that equipment and carry the parts. We’ve sold equipment to orchards as far away as Nova Scotia and to forestry businesses in Quebec.”


Hindle’s also stocks a wide assortment of work gloves, clothing, and boots specifically for seasonal workers who come to the area to work at the local orchards. In addition, the store stocks a huge assortment of fasteners that are commonly found on agricultural vehicles and equipment, as well as a wide assortment of chains. Says Hindle: “Lots of our customers are farmers, and they know they can come here and get exactly what they need.”

The personal connection that many small store operators create with their customers is an advantage that can’t be overstated, says Brunt. “Customers can’t get lost in a smaller store the way they can in a big box, so staff have the opportunity to interact personally with everyone who comes in,” he says. “That means employees can make sure the customer doesn’t walk out before they find



Ace stores, like this location in Port Daniel-Gaspé, have to make the most of their smaller footprints and avoid being “boring” to compete.

out what they need and see if the store has it in stock; and if they don’t have it in stock, if they can order it.”

Morrison says good communication can make up a lot for the lack of actual display space in smaller stores. Even if customers don’t see a particular product, brand, style, or colour on the shelves, they can find out what’s available through knowledgeable staff, good indoor and outdoor signage, and via the web, either at home or on an in-store computer terminal. “There are ways to merchandise products without actually having them in the store,” he says. “But customers have to know: ‘if you don’t see it, we can get it.’” 

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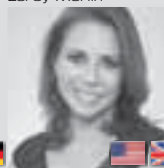
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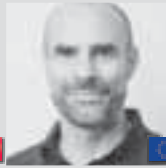
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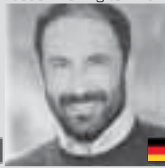
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BY SIGRID FORBERG

IN A SEA OF OPTIONS, INDEPENDENTS STAY AFLOAT

On the face of it, Peavey Industries and Patrick Morin may not appear to have much in common, as they cater to different customers on opposite sides of the country. But these two retail chains have both found success in their respective markets by consistently delivering on what their customers want.

Canada's geography has always resulted in a fractured marketplace. Each region has its own diverse needs and demographics. The most successful retailers are the ones who understand those needs and tailor their strategies based on that knowledge.

Both Peavey Industries and Patrick Morin have taken the approach of controlled, conservative growth as opportunities present themselves, rather than taking an aggressive expansion course. And so far, it has helped them both to develop a strong foothold in their regional markets.

STAYING TRUE TO HUMBLE ORIGINS

Patrick Morin founded his company in 1960 in Saint-Marcellin, Que. Now in his 90s, the founder has passed along the 21-store chain to his seven children to run. With sales of about \$300 million, Patrick Morin is one of Quebec's leading home improvement retailers. Stores range in size from 15,000 to 40,000 square feet of selling space and employ a total of 1,400 people. The stores stretch from Valleyfield to Trois-Rivieres, mainly on the North Shore, and centred mainly in larger communities.

Patrick Morin's general manager, Daniel Lampron, spoke at the Hardlines Conference last fall about how the company has managed to grow, not just get bigger, and of its plans to continue that growth. Lampron, who has been with the company since 2012, is the only non-family member on the board. He credits the company's



Patrick Morin's general manager, Daniel Lampron, spoke about how the company has managed to grow, not just get bigger, and of its plans to continue that growth.

success to the family's confidence in its employees. They rely on that strength in Quebec's competitive marketplace. All 21 of Patrick Morin's stores are in Quebec and competing with the national chains can be challenging.

"The Quebec market is pretty complex," says Lampron. "There are different things you can focus on: everyday best price, rebates, promotions, strong advertising. But at the end, the most important thing is to stay focused on your philosophy."

That philosophy—starting with educating employees and having them share your values—is also a priority for Peavey Industries CEO Doug Anderson. His company has been recognized for its treatment



of employees, ranking as one of Canada's Top 10 most-admired corporate cultures. Anderson also told his story at the most recent Hardlines Conference.

Peavey Industries, which began as part of the American chain, National Farmway Stores, in 1967, was renamed Peavey Mart in 1975. In 1984, Anderson, along with three other managers, bought out the company

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and reinvented it as 100 percent Canadian owned. The farm store chain was focused solely on its large footprint format.

But when Anderson took over the company in 2012, he was looking for a way to grow in the increasingly tight Western real estate market. MainStreet Hardware, a smaller store format that wouldn't risk cannibalizing their market in rural communities, was developed. And then in 2016, Peavey acquired TSC Stores.

TSC, based in London, Ont., was Peavey's Eastern equivalent. At the time, *HHIQ* reported the purchase as "a match made in farm hardware heaven." TSC and Peavey have taken strikingly similar paths. Brought to Canada by Tractor Supply Company in 1966, TSC's customer base was essentially the same as Peavey's. They even shared the same distributor. As Anderson describes their customer demographic: "They're the rural homeowner, but they like that down-to-earth lifestyle, whether they're on the farm, an acreage, or their urban homestead."

GROWING FROM A SOLID FOUNDATION

For both Patrick Morin and Peavey Industries, their employees are what help them compete with larger companies and the threat of online retailers. "When I think of bricks versus clicks, I think of the bricks as more about people," says Anderson. "It's about people and the relationships our employees have with the customer. I believe really strongly in that."

Peavey Industries CEO Doug Anderson believes it's about people and the relationships employees have with the customer.

In 2016, Peavey restructured to introduce employee ownership. The goal was that as the company continued to grow its footprint, this would be a way to help maintain its corporate culture. "We recognize that our employees are very connected—especially in smaller centres—within their communities," says Anderson. "We just felt that gave us a lot more depth within the communities that we operate in. And we're very much a community-focused operation."


At Patrick Morin, although it's a family business, being a member of the Morin family doesn't guarantee you a leadership position. Lampron explained that not only do they each go through the same application and interview process as any other candidate, but they must have worked elsewhere for at least two years. And from there, they are expected to work their way up the chain through merit. With 1,400 people on staff, it's difficult to transmit your culture uniformly. But showing your employees that you live your values is an excellent foundation.

"The one factor that will help us compete against the national chain order as an independent company is our values," says Lampron. "For us, it's not a question of money, product, price, promotion—it all starts with our employees. They need to understand our values."



An important strategy to keeping your employees engaged in the corporate culture for both Peavey and Patrick Morin is controlled growth. Anderson describes Peavey's growth strategy as "opportunistic." Before finalizing the TSC acquisition, he made sure to pause and reflect on whether it was the right direction for the company.

"You can grow, or you can get bigger," says Lampron. "There's a difference between growing and getting bigger. You can get bigger easily—just buy stores. Growing, it's going one at a time and controlling what you're doing to be sure your message will go from the top to the bottom."

Lampron adds that if management loses track of what sets Patrick Morin apart from other retailers in the name of getting bigger, losing customers is inevitable. "If you spend all your energy trying to follow your competitors, you'll lose your mind," he says. "But in the end, if you don't believe in what you're doing, it's not going to work." 

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CLOSING IN ON 100 STORES, ACE CANADA'S BILL MORRISON TALKS ABOUT GROWTH

Bill Morrison took time out of his hectic schedule to chat with *HHIQ* about Ace Canada and the changes it has gone through in the few short years since RONA licensed the name in Canada. And his plans for the brand's future are nothing short of ambitious.

BY MICHAEL McLARNEY

Bill Morrison is one busy guy. As head of the Ace Canada program for Lowe's Canada, he's constantly travelling back and forth between the Mississauga, Ont., customer support centre that is the head office both for Lowe's big box business and for Ace Canada, and Lowe's head office and distribution centre in Boucherville, Que.

Morrison, formerly president of TruServ Canada in Winnipeg, joined RONA after it acquired TruServ in 2010. In 2014, RONA signed a license agreement with Ace Hardware International to own the Ace name in Canada. With Lowe's acquisition of RONA two years later, Ace became part of the Lowe's family.

Morrison has remained in place through all these changes, to keep the banner on track—a testament to his ability to understand and drive growth among independents. In those early days, he claimed that Ace could have 500 dealers here in five years. While that was an ambitious target, expansion is indeed going apace. “In just three years, things are pretty darned good, says Morrison. “We’ve gone from just about nothing to close in on 100 stores.”

Ace provides an important alternative for new or smaller dealers, and Morrison notes that a lot of the additions to the banner are either conversions from buying groups looking for more support or new investors who turn to the credibility of the Ace banner to invest in.

Of the stores now flying the distinctive red and white Ace colours, 40 percent are conversions from the former TRU banner (and True Value before that). Most of the balance represents new dealers brought over from other banners. The latest additions are both from the Gaspé Peninsula in Quebec—Quincaillerie B.L. in Mont-Louis and Centre de Rénovation de la Baie in Port-Daniel. Today, Ace is strongest in Ontario, followed by Quebec and British Columbia.

The banner is also attracting startups. Those could be individuals already working in the hardware and home improvement arena who are looking for their own gig. But new investors are being drawn to open Ace stores in markets in which they already live or wish to relocate to.

“We’re expecting net new growth to happen in a positive way,” Morrison says. But new dealers have to adopt more than just a name and a source of supply. Ace represents an entire package of a



According to Bill Morrison, head of the Ace Canada program for Lowe's Canada, a big part of Ace's success among independent dealers is its intense commitment to training.

“Ace Canada benefits from the partnership with Lowe's—more than benefits from it. It's been tremendous.”

customer-focused way of doing business—and that, he says, “needs new dealers to understand and embrace the culture.”

And this is where Ace today differs from the banner's previously attempted forays into Canada, a legacy that dates back to the mid-1980s.

According to Morrison, a big part of Ace's success among independent dealers is its intense commitment to training. Lowe's, he says, has a tremendous commitment to training, as well. “Ace Canada benefits from the partnership with Lowe's—more than benefits from it. It's been tremendous.”

That commitment reportedly goes right to the top of the Lowe's Canada organization.

Morrison says CEO Sylvain Prud'homme has “done a deep dive” into what Ace is and what it stands for.

Morrison says Prud'homme has expressed from the outset how important having the independent is to Lowe's and has invested heavily into that part of the business. The aim of the Ace program is simple, Morrison says. “It's about making independents great retailers.”

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BY SIGRID FORBERG

THE OPPORTUNITY OF CHANGE

Threats to independent retail have always existed. But why does e-commerce seem like the biggest we've ever seen? The NRHA's Dan Tratensek explains that while the state of independents might seem dire, it's not as threatening as it appears.

How do you solve a problem like e-commerce? Dan Tratensek, executive vice president and publisher at the North American Retail Hardware Association (NRHA), fundamentally disagrees with the question. He says demonizing online retailers like Amazon is simply tilting at windmills.

"Everybody is finding their way. That's the great thing about the marketplace," says Tratensek. "Everybody presents something and the good providers make everybody get better; they make everybody sharpen their pencils."

He sees e-commerce as an opportunity, which he thinks independent retailers are well-positioned to take advantage of to maintain—and even grow—their market share.

THE TRUTH ABOUT INDEPENDENTS

Tratensek spoke at last fall's 22nd Annual Hardlines Conference, where he presented research on independent retailers in the North American home improvement industry and their relationship with e-commerce.

“There's no doubt that we're going through a sea change in the world of retail. But there isn't this big, ugly, scary thing we all need to be cowering from.”

A Chicago Cubs fan, Tratensek likened retail to baseball, noting that his team was long considered a “loveable loser.” But if

Dan Tratensek, executive vice president and publisher at the NRHA, says demonizing online retailers like Amazon is simply tilting at windmills.

you follow the sport, he says you'll know that the Cubs have been doing quite well in the last few years. Independent retailers sometimes get that same reputation of “loveable loser”, but Tratensek would also challenge that idea.

“The truth about independents is that they still count,” says Tratensek. “When you're talking about the overall home improvement sales in North America, they still count for about half of the overall market. This is a big, powerful group of retailers.”

Tratensek says there have always been external threats to the independent “mom-and-pop” businesses. He recalls several years back when a big box executive spoke at the National Hardware Show. That individual said independents changing their operations to compete with big boxes were merely “rearranging deck chairs on the

Titanic”. That executive no longer has a job in this industry and independent retailers still control 50 percent of the market.



“There's no doubt that we're going through a sea change in the world of retail,” says Tratensek. “But there isn't this big, ugly, scary thing we all need to be cowering from. Everybody just needs to figure out how their business model fits into this new way of doing business.”

WHAT ARE THE STATISTICS?

According to the Cleveland Research Group, online home improvement sales for North America are projected to hit 29 percent of the market. But Tratensek cites another survey that indicates 80 percent of consumers say they plan to shop in physical stores as much this year as they did the year before. And 65 percent of consumers said that they would prefer to go to a nearby store to get what they need, given the choice between online and in-store shopping.



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One advantage he points out that home improvement stores have over other types of retailers is that many of the products cater to needs rather than wants. If your toilet is overflowing, Tratensek says, you're not going to want to wait for two-day delivery on a plunger.

But that doesn't mean you should completely disregard e-commerce. In fact, your customers may have a higher expectation of what your online presence should be than you think.

WHAT DO RETAILERS NEED TO KNOW?

According to Tratensek, 96 percent of the retailers his survey polled said they currently have a customer-facing website. But when he asked both consumers and retailers what they thought was the most important content to have on their site, they both had different priorities. On the retailer side, they listed basic information as the number-one important need.

"But basic information is low on the consumer side of what they want from an independent retailer's website," says Tratensek. "Consumers just expect if they go to your

website that it's going to have your store location and hours; they don't see that as a point of differentiation. The point to make about this is that it's simply the cost of entry."

And when retailers tell Tratensek that their customer service is how they compete with online sellers, he reminds them

“It’s great to see that 96 percent of independent retailers have established a web presence, but like when you plant a garden, you can’t just plant the garden and walk away.”

that Amazon knows the customer better than local retailers do. The site remembers everything he's ever purchased, recommends similar items, and anticipates what he's likely to order.

"Amazon has changed retail, period," says Tratensek. "The things Amazon are doing online are having reverberations at the bricks-and-mortar level. Bricks-and-mortar stores are reacting to the things customers are saying they want when shopping online."

WHAT DO CONSUMERS REALLY WANT?

The home improvement retailers surveyed say their customers are asking for ways to complete their transactions online. While ship-to-home is something many retailers are working towards offering, Tratensek

says offering a "buy online, pick up in store option" is still important.

Consumers have also expressed that they would like online access to real-time information on product availability in the store. They still want to visit the store, where they can get feedback and advice on their projects, but they don't want to waste a trip if what they're looking for isn't in stock. And the other features they're looking for are more complete product information and reviews.

Tratensek says your web presence doesn't have to be the most cutting edge. In fact, some consumers appreciate that their local retailer isn't as slick or high-tech as the bigger chains or corporate stores. But dealers still need to make that effort to listen to what their customers are looking for and do their best to deliver on that. It's just part of how customer service has evolved with the internet; the retail experience now begins before customers even walk into the store.

"It's great to see that 96 percent of independent retailers have established a web presence, but like when you plant a garden, you can't just plant the garden and walk away," says Tratensek. "You have to nurture it and cultivate it if you want it to continue to yield for you."

WHAT IS THE NRHA?

The North American Retail Hardware Association (NRHA) was founded in 1901, with the mission of helping independent hardware stores, home centres, and lumberyards become better and more profitable retailers. The association focuses on educating members through training, advocating on their behalf through research and events, and bringing members together through roundtables and conferences.

The NRHA's product knowledge training programs for employees are designed to give store associates the information they need to be productive right from the start. Training programs are available in core hardware and building materials categories such as customer service, selling skills, increasing transaction size, and decreasing employee turnover. These programs are free to all NRHA members.

For more information on the NRHA and how it can help you be a better retailer, visit www.nrha.org or www.hardlines.ca/nrha.



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INCREASING YOUR PRODUCT CAPACITY CAN BUILD YOUR ENTIRE BUSINESS

BY ROB WILBRINK

How do you get the most out of your square footage? It's not as hard as you might think. Here, our resident merchandising expert Rob Wilbrink lays out a few simple ways for you to maximize your selling space—even with limited room to work.

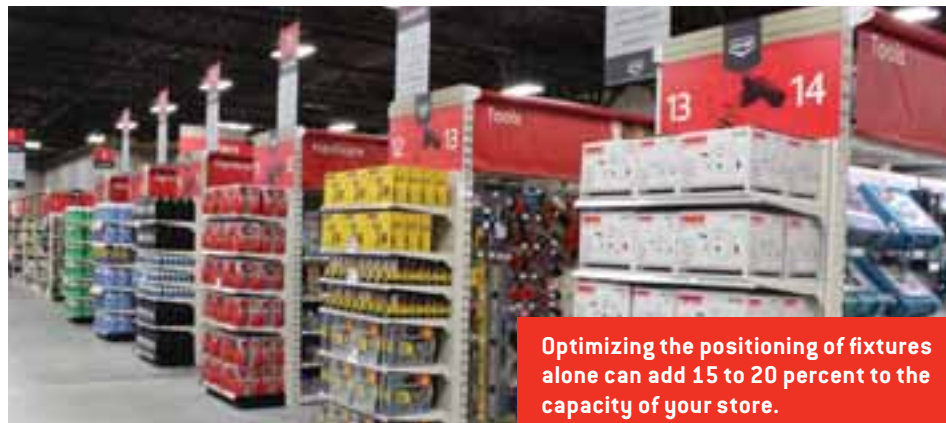
One of the most common challenges an independent dealer faces is having the capacity to stock enough product to compete with the box stores, and now online sellers, too. Tackling this problem starts with deciding what to sell (as described in last issue's installment). The next step is to expand the facility, or at least the selling area of the store.

The least expensive way to expand your selling area is often to convert warehouse space into store space. Making some building materials directly accessible to customers almost certainly increases sales of those products. Another excellent way to increase floor space and improve efficiency is to eliminate back stock rooms.

Once your floorspace has been maximized, the next step is to lay out fixture runs to increase the linear footage of product available. Be sure to maintain acceptable aisle widths (four-foot minimum for most stores), customer space, and bulk-out requirements. Optimizing the positioning of fixtures alone can add 15 to 20 percent to the capacity of your store.

Shelf depth is another key consideration. Most stores with smaller footprints are best served with 16-inch-deep shelves. Going deeper reduces the number of runs that will fit, which reduces the linear footage available for merchandising. Shelves that are the right depth also avoid stocking more inventory to make them look full.

Sight lines—keeping inventory below eye level—has long been a contentious issue. This debate should have been settled 20 years ago when most retailers moved to higher shelving to compete with category-killer stores, and consumers got used to it.



Optimizing the positioning of fixtures alone can add 15 to 20 percent to the capacity of your store.

The reality is that anything over five feet is above eye level for most consumers. Once you've gone above eye level, why not take advantage of extra merchandising space? The difference in product capacity between five feet and seven feet after adjusting for base depth is a whopping 44 percent.

Once merchandising height has been set at seven feet, there's another way to significantly add capacity to your new layout. Adding overhead storage reduces the number of facings you need of faster moving products. This can add another 20 percent to product capacity—not counting the stock rooms you might be able to convert to retail. It also allows you to optimize and maintain the merchandising set. Once the product is properly positioned and bin-labelled, there's no reason to change it to accommodate incoming product. If it doesn't fit, it goes overhead. I can visit stores that are still using this method several years after they've been renovated and they look as good as the day the project was completed.

The final piece of the puzzle is the effective use of merchandising accessories. Specialized accessories are designed for

specific products. They hold more product than standard hooks and shelves and present them more attractively to customers. Accessories can also significantly improve the capacity and presentation of building material departments, an area often overlooked when remerchandising a store. Standard accessories such as shelf dividers and paint can dividers keep products nicely lined up to eliminate wasted space. Clip strips and profit panels further add to product capacity and add-on sales.

We regularly see stores that follow this approach increase their sales by 40 percent. That's not just sales of hardware. It's growth of their entire business, especially when combined with the right decisions about what to sell.

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.

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BY JOHN CAULFIELD

PRO DEALERS STILL TAKING BABY STEPS TOWARD SOCIAL MEDIA

Home improvement stores are still struggling with content management on social media, and pro customers aren't seeing the benefits of online engagement just yet.

Many pro dealers are still trying to figure out how to fit social media into their customer engagement strategies. They readily admit their companies aren't optimizing platforms like Facebook, Twitter, and Instagram. But some dealers wonder whether social media—which creates “communities” that validate a dealer's brand and reputation—are the best links to connect with contractor customers who are interested primarily in products and pricing, and aren't in any hurry to enter into digital discourse.

Social media is not something dealers can ignore. In 2017, there were 22.7 million users in Canada, according to Statista DMO. That number is projected to rise to 24.1 million by 2020. Facebook alone has 85 percent market

penetration with social media users. And 83 percent of Canadian businesses claim they engage in some kind of social media marketing or brand building.

“It's not going away, that's for sure,” says Paul Mutter, purchasing manager for Merkley Building Supply in Ottawa, Ont., which has a presence on Facebook, Twitter, Instagram, and Houzz. Merkley specializes in stone and masonry products and uses social media to drive traffic to its website and showroom.

Dauphin, Man.-based McMunn & Yates Building Supplies, with 19 locations in three provinces, appears to be among the more active dealers on social media. As of March 6, it had 4,057 Facebook followers, and posts to that platform every other day.

It also tweets or retweets every weekday to its 625 Twitter followers. (McMunn & Yates did not return phone calls requesting further comment about its social media program.)

“Social media is a touch point for us,” says Mike Doyle, owner of The Home Improvement Warehouse in Calgary, Alta. “Millennials don't shop the same way [as other customers], so how do we talk to them?” He adds that his company's social media platforms—Facebook, Twitter, Pinterest, Instagram, LinkedIn, and Houzz—are useful for connecting with architects and designers who are often avid followers.

For nearly two years, Home Improvement Warehouse has had a full-time digital



manager, whom it hired out of Alberta College of Art and Design. Every week, that manager meets with Doyle and two other managers to discuss marketing tactics and strategies.

Every Tuesday on Facebook, Doyle says his company posts something about what it's doing in the community, which he refers to as "our hug." Its posts on Fridays have been "harder sells" that might include price discounts on overstocked inventory.

Doyle has learned, though, that the hard sell and social media rarely mix. Customers who wanted those discounts needed to come into the store and say they heard about them on social media. "We've never sold anything because of a social media promotion."

Soo Mill & Lumber in Sault Ste. Marie, Ont., also avoids pushing products on social media, preferring instead to use those platforms to announce its community involvement, like charity barbecues, says its marketing manager Dave Rankin.

WHO'S MINDING THE SITES?

Rankin manages Soo Mill's content on Facebook. His goal is to post something two or three times a week, but he admits "we don't always reach that." And this year, as the dealer expands its presence on Twitter and Instagram, Rankin wants "more consistency" in those messages and their delivery schedules. "We see it as an opportunity."

Content management is key to successful social media, but has been an inhibiting factor for dealers that want more bang for their marketing buck.

Consolidated Gypsum in Edmonton connects with customers via Facebook, Twitter, LinkedIn, Google Plus, and YouTube. Marina Beaton, its marketing manager, says social media are "vital" for her company's search-engine optimization.

But Beaton acknowledges that Consolidated can only do "the bare minimum" on these platforms because of cutbacks in its marketing department, which have reduced its staff from two full-time people to only Beaton, who works four days a week.

She'd like to post to at least some of these platforms once a week, but Consolidated typically only posts once a month. "To get customers to engage, you really need to send out posts on a regular basis. We're just not doing that right now," says Beaton.

Payzant Home Hardware Building Centre, with five locations in Nova Scotia, tries to share something on Facebook—

“To get customers to engage, you really need to send out posts on a regular basis. We're just not doing that right now.”

like announcements of upcoming events, or long-time employees' anniversaries—at least once a week. A part-time employee manages that account, "and the challenge is controlling and organizing the content coming from our stores, and keeping it timely," says Matthew Payzant, the company's marketing manager.

CONVENTIONAL OUTREACHES STILL EFFECTIVE

Given that smartphones are indispensable tools for many contractors to run their businesses, and that the majority of Canadians who engage social media do so through their phones, it seems logical that social media could be a good way for dealers to reach customers and attract new ones.

But most pro dealers—and especially those whose companies do little marketing or advertising outside of their existing contractor bases—say they haven't seen much evidence that pros want to interact via social media platforms.

"It's going to take a while for pros to see the benefits of social media," says Beaton of Consolidated Gypsum.

Emard Lumber in Cornwall, Ont., has a Facebook account, where visitors can read customer reviews and news of company events. Chris Emard, its president, admits his company has yet to take full advantage

of social media. But he also questions how often contractors need or want to connect with the company.


Emard Lumber prefers instead to update the 150 or so contractors in its database with monthly emails and phone calls about new products and price discounts.

Social media accounts for only three to four percent of Home Improvement

Warehouse's online clicks, says Doyle. He believes a better way to reach the 3,000 pros in his company's database is through its Customer Relationship Management system that allows this dealer to customize its marketing. That includes sending out 420,000 16-page full-colour flyers every four or five weeks.

Like other pro dealers, Home Improvement Warehouse is moving toward providing customers with the latest product info online. Doyle says that between 70 and 80 percent of his store's inventory is "live" on his website, meaning that customers can see in real time what's available and at what price.

Home Improvement Warehouse isn't giving up on reaching customers through social media, though. This spring it's planning to run some contests, like an "ugliest deck" competition, on social media to engender more rapport between the company and its community, says Doyle.

Last year, Payzant Home Hardware Building Centre didn't engage customers via social media anywhere near where it wanted to. So its goal in 2018, says Matthew Payzant, is to post at least once a week. He sees opportunities in linking the dealer's social media to that of its pro customers' to enhance their ability to reach homeowners and, possibly, to prospect for new business. 

BY BILL WILSON, RETAIL ADVISOR, NRHA CANADA

WHAT IT TAKES TO BE A WINNER

In this second installment, NRHA advisor Bill Wilson reflects on the qualities that make the 2017 Outstanding Retailer Award winners successful retailers and members of their communities.



The 2017 Outstanding Retailer Award Winners focus on community involvement, customer service, employee training, and basic business principles to support their customers and employees.

FOCUS YOUR EFFORTS

RONA Penticton in Penticton, B.C., was last year's winner for the category of Contractor Specialist. Store manager Chad Mielke says his store has been successful because his family has followed four basic business principles:

Competence: They work to consistently deliver focused expectations and exceptional results. Mielke says he expects staff to understand the store, be educated, and be willing to assist customers with amazing customer service.

Reliability: For the Mielkes, this is quite simply about walking the talk. Whether it's providing products and services their customers ask for when they require it or providing staff with the tools and support they need, the challenge is always to deliver.

Openness: This has always been an essential part of the store's business philosophy. Management are very honest and transparent

with customers. They also believe that the more open they are with employees, the more those employees will buy into the greater vision and take more ownership.

Compassion: A caring attitude is the most important element for the Mielkes. An elderly customer looking for a bathroom grab bar can represent a \$34 sale. But more importantly, it is a meaningful opportunity to help a person live a few more years at home. Compassion in managing staff by encouraging, rewarding, and protecting them creates loyal and passionate team members who support each other.

The store prioritizes community engagement and support. Management recently launched a senior care program that offers seniors regular household maintenance assistance for a reasonable rate, and from a company they know they can trust. Last year, they donated \$30,000 to community groups, because they want to be part of a solution to help educate, clothe, feed, or empower those less fortunate in their community.

These four principles have helped them build a winning culture at RONA Penticton, and the foundation for continued success in the local retail and contractor market.

KNOW YOUR CUSTOMER

The 2017 Best Building Supply/Home Centre (over 15,000 square feet) winner is Discovery Co-op in North Battleford, Sask. The store prides itself on being community minded and ensuring all profits stay in the community it serves.

Discovery Co-op participates in many local sponsorships/partnerships led by management and their team, with two percent of their profits going directly back to the community. Participating in and hosting neighbourhood events are an important part of how the store connects with its community.

The Co-op positioning line, "You're at home here" is their commitment to the principle that every customer they serve be treated like family. Like RONA Penticton, their customer experience is enhanced through employee training. A week-long orientation and safety training program is a requirement for all new hires. They also use North American Retail Hardware Association training programs, such as the Selling Skills Program, to enhance their employees' skills. For employees wishing to progress on to management, they're offered advanced training opportunities.

With a store expansion, they took into consideration what their customers needed most, and began offering new categories. The new store also has a kitchen centre with an on-site design specialist and a garden centre with landscaping products. They also offer a home and cottage design service and power tool rentals. For contractor customers, their trouble-shooting team will do job site visits. All this is focused on giving outstanding customer service to make Discovery Co-op the leader in its community.

DON'T BE AFRAID OF CHANGE

Alex Yakovyshenko from Haney Builders Supplies in Maple Ridge, B.C., was the 2017 Young Retailer award winner. When he was hired on as manager at Haney's, the business was in trouble. He worked with staff to make customers' shopping experiences easier and to increase the store's role as a community leader. For the employees, the changes meant expanded training programs, better communication, and management recognition of their need for work/life balance.

Haney's is active in the community. In the past year, the store has raised and donated more than \$16,000 to community activities, the local food bank, charitable golf tournament, kid's sports, and the Cancer Society. They are also involved with Ridge Meadows Hospital Foundation—Haney's has helped raise more than \$150,000 for their needs.

Alex says his team takes pride in being able to help their customers. Many of the employees on staff have experience in construction, building, or as handymen. They like helping their customers solve their problems. One customer was given a quote on a plumbing job, but couldn't afford to pay because she's on a fixed income. Haney's was able to put together a plumbing fix for a fraction of the cost and showed her how to fix it herself.

Haney's now also offers installed sales, with superior customer service for



Discovery Co-op
North Battleford, Sask.



Haney Builders Supplies
Maple Ridge, B.C.




RONA Penticton
Penticton, B.C.

kitchens, countertops, doors and windows, and engineered wood. Employees are involved from the beginning of the project with planning and they are there right to completion with customers.

WHAT CAN WE LEARN FROM THESE WINNERS?

Make customer experience key to your business. Get your team together and debate how you can do better. Get customer feedback. Develop an action plan of things you need to improve and identify who is responsible. Follow up monthly, check accomplishments on the action plan, make a list of things to do for the next month. A strong customer experience and differentiation can help in competing with online retailers.

Differentiation for these businesses was gained by getting personally involved in their communities, supplying amazing customer service, and training employees. Supported with good product selection and competitive pricing, they set themselves apart from the competition and solidified their place as winners of the 2017 Outstanding Retailer Awards. 



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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IN THE
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Canada's Top 20: The home improvement retailers dominating the industry

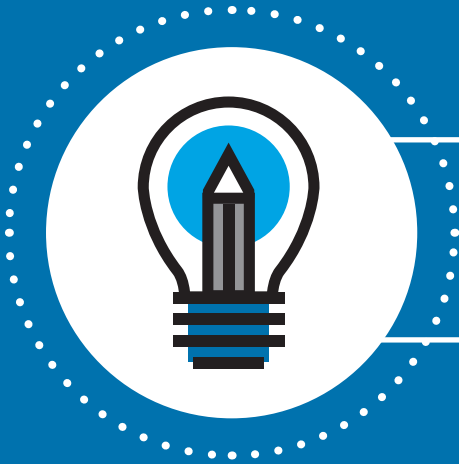
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David Dishke | Grand River Home Hardware

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A ROSE BY ANY OTHER NAME

BY GEOFFREY McLARNEY

Previously operating under the TRU Hardware banner, Josh Beusekom's store went its own way and is now building a customer base with its own brand. While he says branding is important, it encompasses way more than what his business is named.

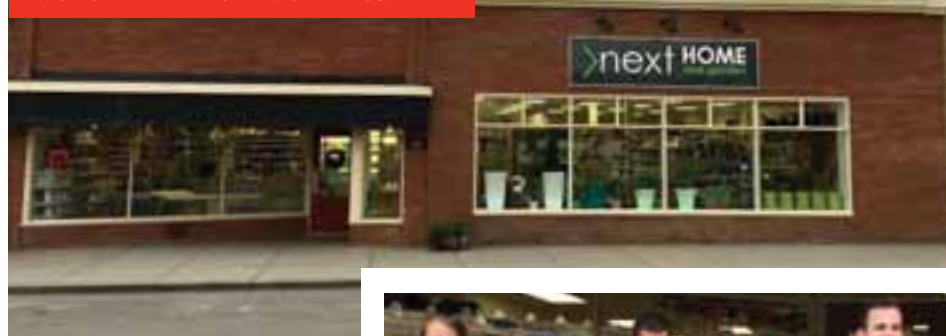
Josh Beusekom was just 21 when he and his partners opened TRU Hardware Fort Macleod. With Beusekom as store manager, he set out to breathe new life into the 3,000-strong Alberta community's main thoroughfare. But after a few years in business under the TRU banner, during which time TruServ became part of RONA, and then Lowe's Canada, Beusekom opted to go independent.

"We shifted focus to increase our margins and make ourselves a bit more profitable," Beusekom explains. "We had started seeing the writing on the wall with TruServ, so we were very prepared when they made the announcement," he adds, referring to Lowe's Canada's elimination of the TRU Hardware banner. That foresight allowed the store to maintain continuity through its transition, with 98 percent of inventory being rolled over in the months preceding the banner change. "We weren't closed a single day," Beusekom notes.

Beusekom chose the name Next Home and Garden for the store, and Orgill as his supplier. Most existing banners didn't appeal to him, in part because of the word "hardware" in their names. That was too limiting for Beusekom, whose store does its strongest business outside core hardware categories. "Hardware in our market implies things like plumbing, heating, electrical," he says. "That's something that we have, but not our driving force." Instead, categories like paint and lawn and garden supplies drive traffic at Next.

Beusekom realized that his store's name wasn't his brand. "We identified the fact that nobody cares what we're going to be called," he says. "If you're in a bigger centre, possibly, but not in a small town." Account holders,

Josh Beusekom chose the name Next Home and Garden for the store, and Orgill as his supplier. Most existing banners didn't appeal to him, in part because of the word "hardware" in their names.



for example, constantly misspelled the store's name when it was under the TruServ and TRU Hardware banners. Many locals simply knew the place as "Josh's store". Beusekom believes that when it comes to branding, naming takes a back seat to "knowing who you are, being who you are in the best possible way."

As it happens, Next Home and Garden is the name of British housewares banner. But he admits that was merely a coincidence and by the time he learned of the British chain's existence, he'd gone too far to turn back. With the distance between Alberta and the U.K., he's confident the potential for confusion is minimal.

Beusekom believes the experiential factor is what can set a small retailer apart. To that end, he has initiated a series of creative workshops to teach DIY projects. At these events, drinks and appetizers are served, and a specific project is tackled. At the first session, participants learned how to make a wreath out of pool noodles sold in the



store. Another focused on wiring a switch to build a hanging mason jar lamp. The next event scheduled will focus on gardening. The nominal fee charged for admission might not even cover the costs of the evening, but Beusekom says it puts Next in attendees' minds for the next time they need a related product. It also ends up being a form of training for the staff.

So far, the approach is working. In its first year as Next, margins increased by seven percent. And the workshops have drawn in returning customers, looking to repeat projects they've learned at the events. Meanwhile, Beusekom is staying on the lookout for what's next in improving his customers' experience.

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