

HARDLINES

H1Q

HOME IMPROVEMENT QUARTERLY

THIRD QUARTER / 2020

FEATURE STORY

# CANADA'S TOP HOME IMPROVEMENT RETAILERS

Our definitive report on the top players in the Canadian home improvement and hardware industry.

ALSO INSIDE

## CORONAVIRUS CRISIS

Dealers raise the bar dealing with pandemic

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**DIABLO**

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SIGRID FORBERG, EDITOR

# EVEN IN ISOLATION, WE'RE IN THIS TOGETHER

The impact of the pandemic may change how retail is done, but it hasn't impacted the spirit of this industry.



A previous editor of mine used to tell me I wasn't allowed to use the term unique in my writing. He felt (probably correctly) that the term was overused. It should be reserved to describe people, situations or programs that are truly the only of their kind or unlike anything that has come before. In reality, that's a rare occurrence.

That being said, retail has faced some unique challenges this year.

Heading into 2020, we didn't anticipate this global pandemic that may leave a permanent mark on both our industry and society in general. But like all the challenges you've faced before, home improvement retailers stepped up and worked tirelessly to support their communities and ensure residents had the supplies they need to get through. We highlight some of your stories and a few of the best practices that have emerged on page 34.

Of course, one of the weirdest things of living through a pandemic is that regular life goes on despite how much the world has changed. Retailers—like everyone else—may be in survival mode, but they must be prepared to hit the ground running once “normal life” begins to resume. Our cover feature on Canada's top retailers on page 22 highlights the major themes and trends that influenced business in 2019.

Executive changes to our major retail banners figured large in the trends that have influenced the industry over the last 18 months. And, as it turns out, the changes to its leadership team have helped distribution giant Orgill prepare for the challenges of the pandemic. Our President Michael

standard when it comes to giving back to the community. Retailers don't think twice about helping when it's in their power to do so. And we've seen that spirit endure through this crisis, and we know that it will remain a constant long after the threat from the novel coronavirus has passed.

“Home improvement retailers stepped up and worked tirelessly to support their communities and ensure residents had the supplies they need to get through.”

McLarney spoke with two executives from the Memphis-based company and you can read more about how they're focusing on their Canadian business now on page 32.

Even before we were struck with a pandemic, stories of helping, generosity and community have been widespread in this industry. Our Endcap on page 50 features one such story. This year, for International Women's Day, 20 women from the Lowe's Canada network participated in a Habitat for Humanity build in Montreal. One of the employees interviewed about her experience says she didn't think twice about signing up.

For the 25 years this company has been reporting on the industry, that's been the

On behalf of the HHIQ team, we hope you and your loved ones are staying safe and well through this crisis. We look forward to resuming business as usual when this eventually passes, and returning to reporting on all the stories of connection and caring that unite not just your communities, but the industry as a whole. 🏠

*S Forberg*  
sigrid@hardlines.ca

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## WHAT'S TRENDING IN HOME IMPROVEMENT


# ONE CLICK AWAY FROM YOUR COMMUNITY

In this 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.

**Castle Building Centres Group**  
@CastleBldgGroup

Supporting the Castle Family. The Jack and Alexander Blair Trust was established to offer the children of the late Jamie and Greg Blair access to funds that will assist in giving them a brighter future.

To learn more and contribute visit [castle.ca/jack-and-alexander](http://castle.ca/jack-and-alexander)...



2:09 PM · May 5, 2020 · Hootsuite Inc.

**Home Depot Canada**  
@HomeDepotCanada

We're here to help and our stores remain open for urgent or emergency needs at this time. Find more information about the latest COVID-19 related changes including curbside pick-up here: [bit.ly/2UJBf4E](http://bit.ly/2UJBf4E)

**COVID-19 UPDATE:**

- Curbside pickup now available
- Vehicle & large equipment rentals paused
- Plexiglass screens installed at checkout



10:18 AM · Mar 27, 2020 · Twitter Web App

**Canadian Tire**  
@CanadianTire

For Canadians with loved ones on the frontline, it can be unsettling to think about the potential consequences if PPE were not available to them. This is especially true for Canadian Tire Associate Dealer, Craig Knapp, whose daughter is a ICU nurse at Mount Sinai Hospital..

3:35 PM · May 6, 2020 · Twitter Web App

1 Retweet 25 Likes

Canadian Tire · @CanadianTire · 22h

Replying to @CanadianTire

...in Toronto, ON. Inspired by the dedication he sees from his daughter, Knapp stepped in to provide much-needed relief for the hospital by donating 40,000 surgical masks to staff. Big thanks to Craig for his donation & to all frontline healthcare workers for your dedication. 🇨🇦



1 13

**Steve**  
@TheEuroSteve

A Big thank you from Lowe's store 3230 to our frontline and essential workers. @Lowe's\_Canada #Lowe's #thankyouessentialworkers #thankyoufirstresponders #BuildThanks



8:09 PM · Apr 6, 2020 from Alberta, Canada · Twitter for Android

Castle and the industry rally for a family in grief. [#novascotiastrong](#)

One Canadian Tire dealer couldn't mask his concern. [#careduringcovid](#)

Lowe's shows essential workers some love. [#attitudeofgratitude](#)

**Copp's Buildall**  
@Copp'sBuildall

Thank you to our customers and staff for their continued support during this unprecedented time. While we remain open please be assured we are taking the necessary precautions to keep everyone safe. [#shoplocal](#) [#copp'sbuildall](#) [#idnont](#)



9:00 AM · Mar 28, 2020 · SOCI - Simplifying Social Media



Westrum Lumber is being cheeky, but we think they've uncovered a pandemic niche. #everythingisfine

Spring Valley Building Centre shows some kindness with their DIY kits. #buildsomegood

The Swedish Chef would be proud, IKEA. #Børk!Børk!Børk!





Give mom the perfect gift this #MothersDay—a card you can color together. Download The Home Depot coloring pages now. [thd.co/2YAVs9l](http://thd.co/2YAVs9l)



8:00 PM · May 5, 2020 · Salesforce · Social Studio



Staying close to home is a good thing right now. To ensure you can still get the products you need, we are offering free shipping with no minimum order. More details: [bit.ly/2VOVAyn](http://bit.ly/2VOVAyn)



Happy DIY Day! 🛠️ While spending all this extra time in your home, I bet there are a couple DIY projects you can take on today.

Find inspiration on our DIY Pinterest board [bit.ly/2xvjyH1](http://bit.ly/2xvjyH1) #projectsforthehome #paintprojects



9:01 AM · Apr 4, 2020 · HeyOrca



@Lowe's helped bring some Mother's Day love to all of our beautiful Maplewood ladies.

Thank you so much for your support, thoughtfulness, and incredible generosity!



8:35 AM · May 7, 2020 · Hootsuite Inc.

After two months of homeschooling, mothers deserved some special shout-outs! #contactfreelove

Need a reason to get out of bed? How about one filled with soil? #powerofplants

RONA Halifax knows that the only thing better than shop local is eat local. #freshfishforever



👋 To support local businesses and staff, we got Fries & Co. fish and chips for lunch today. Thankful for great service and tasty food! 🐟🍟

#Rona #Lowe's #Halifax #NorthEnd #ShopLocal #Fish #FishnChips #DIY #Construction



Rona Halifax and 7 others



It was our pleasure. Happy Mother's Day!

Townhouse Center for Rehab and Nursing @RehabNusing · 6h  
#thankyou #happymothersday @Lowe's #community



8:58 AM · May 7, 2020 · Twitter Web App



There's something calming and rewarding when it comes to growing your own food. We have a feeling this is going to be one of the most popular trends this spring. 🌱

Here's how you can get started on building your raised garden bed: [bit.ly/2SgruTX](http://bit.ly/2SgruTX) #shoplocal



Our GrandErie Garden Centre is opening this Monday, May 4 🌸 Stay tuned for shopping details coming very soon 🌱



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—Gary Fletcher, General Manager, Trail Building Supplies



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## ORGILL MOVES FALL DEALER MARKET TO VIRTUAL

**O**rgill, Inc. has retooled its Fall Dealer Market, which was scheduled for August 27 to 29 in Las Vegas.

“There were a number of factors that led to this decision, including an abundance of caution as it relates to the safety of our employees, customers and vendors, as well as consideration for how a market would function in an atmosphere where strict social distancing would likely still be required,” Boyden Moore, Orgill’s president and CEO, said in a statement.

According to Moore, Orgill will be holding a fall online buying event that will allow the distributor’s retail customers to still take advantage of the buying opportunities and special deals typically found at the Dealer Market.

Now dubbed the e-Volution Fall Online Buying Event, the event will take place over two weeks, from August 24 to September 4. During that time, retailers will be able to access the event through [Orgill.ca](http://Orgill.ca) (or [Orgill.com](http://Orgill.com) in the U.S.) to browse buying opportunities like they would at a live event. These include warehouse items and pallet specials, Door Buster Booking, drop-ship event specials from Orgill vendors and a Fall Spotlight area.

Orgill will use its field sales team of more than 400 sales representatives to help ensure that retailers are prepared to get the most out of the event.

During this preparation period, Orgill’s sales representatives will be able to help customers identify buying specials, set appoint-



**Orgill’s Fall Dealer Market will now be a virtual event accessible through the company’s website, [Orgill.ca](http://Orgill.ca), from August 24 to September 4.**

ments with vendors and prepare their plans for when the buying window opens.

## HARDLINES CANCELS CONFERENCE AND ORAS FOR 2020 IN WAKE OF COVID-19 CRISIS

**The 25th Annual Hardlines Conference was to take place in the third week of October. Some of the top retail leaders in Canada—and the world—had agreed to present as part of our birthday bash.** We also looked forward to hosting leading dealers, retail head offices and industry suppliers, as we do every year, as delegates at the conference.

But in just a matter of months, the world changed dramatically. Dealers were suddenly forced to figure out how to do business in a world of no-contact purchases and curbside pickup.

And we’ve all had to adjust to the reality that the gatherings, events and shows that

bring the industry together and have always been an important part of doing business are no longer safe for the time being.

And that’s why we’ve made the hard decision to cancel the Hardlines Conference and ORA Gala this year. The impact of the COVID-19 crisis has been too great, and that impact may persist for months to come. Even if it doesn’t (and we hope that’s the case!), the retail home improvement industry will be busy catching up and taking care of its customers and workers as we get used to a new kind of “normal.”

Through the rest of the year, we will stay focused on covering the industry. And we’ll



find stories about how dealers are coping around the country, while staying close to industry leaders for their input and insights.

The ORAs will resume for 2021 and we look forward to next year’s Gala, where we’ll hopefully celebrate not just the winners’ outstanding achievements, but the opportunity to gather again with family, friends and peers.

# B.C. ASSOCIATION PRESENTS ORION AWARDS, DONATES TO FRONT-LINE WORKERS



Employees from In the Bean Time deliver food to Lodge on 4th, with support from the Ladysmith Home Hardware in Ladysmith, B.C.

**T**he Building Supply Industry Association of British Columbia (BSIABC) presented its annual Orion Awards this spring in its first-ever virtual awards ceremony. The online event was hosted by BSIABC Chairman Ron Tu of Cedarline Industries.

“We wanted to create an online experience that was professional and allowed the winners to be recognized by their peers and customers, and also took into account the highest scores of our B.C. Mystery Shopper program,” explains Thomas Foreman, president of the BSIABC.

Awards were presented in the retail categories of Urban Hardware & Rural Lumber Yards, Building Centre (Contract Yard), Building Supply Centre or Home & Garden (Mini-Box) and Finishing & Specialty Products. Supplier awards were given for Supplier Company of the Year, Most Outstanding Salesperson of the Year and Customer Service Representative of the Year.

The association also used the ceremony to dedicate a fund to the province’s health care workers. Called “Power to the People,”

the program reflects the efforts of BSIABC members to raise money and donate meals to the individuals on the front line fighting the pandemic.

“When COVID-19 first began, Ross Power at PowerHouse Building Solutions donated \$2,500 to the Building Supply Industry Association of B.C. and the fund affectionately became known as the ‘Power to the People’ program,” says Foreman. PowerHouse is a building materials distributor serving mainly commercial yards in the Lower Mainland.

Additional donations came in from Cedarline, Southridge Hardware, North Shore Door and the BSIABC, until the total exceeded \$6,500.

Foreman says the association then approached the other Orion winners, along with a few award finalists and they each partnered with a restaurant in their region to supply a local hospital or eldercare facility.

“I’m touched to think of all the people who are impacted; this is truly a win/win/win for these uncertain times.”

## BRIEFLY

### KENT RAISES FUNDS FOR NOVA SCOTIA

Kent Building Supplies, Irving Shipbuilding Inc. and the team at parent company J.D. Irving donated \$250,000 to the Canadian Red Cross “Stronger Together Nova Scotia” Fund. The fund was set up by the province of Nova Scotia on behalf of families and communities affected by the tragic mass shooting in April. In a release, the company said, “Our hearts go out to the families, friends and communities who have been affected by these senseless acts of violence.”

### UFA INVESTS IN TECHNOLOGY

United Farmers of Alberta Co-operative Ltd. (UFA) partnered with Zone Startups Calgary (ZSC) to collaborate with and support early-stage agriculture technology companies with technical and commercial validation through UFA and ZSC’s program offerings. Zone Startups Calgary is an accelerator for pilot-ready technology start-ups. It’s operated by Ryerson Futures Inc., a Toronto-based global accelerator program. In addition to Calgary, Zone Startups programs are present on a global stage with operations in Toronto, India and Vietnam.

### FCL NURTURES LEADERS

Over the past year, Federated Co-operatives has developed a program to nurture strong, forward-thinking leadership within the organization. “Inspire: The Co-op Leadership Experience,” is a self-directed opportunity for team members to develop and refine their leadership abilities. The Personal Leadership Stream offers development opportunities for all team members, while three other streams offer development opportunities for those already in leadership roles.

# CANAC PLANS MORE OPENINGS, PREPARES TO START WORK ON ITS FIRST ONTARIO SITE

**T**he independent retail chain Canac recently held the grand opening of its 30th store. It's located in Prévost, Que.

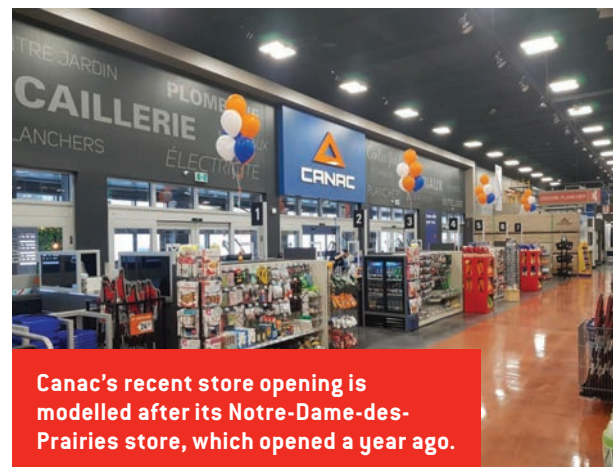
According to Jean Laberge, president of Canac, this latest store is modelled after its Notre-Dame-des-Prairies store, which opened a year ago. That location represented an investment of \$8 million and employs 90 people. It was also Canac's first store in the Lanaudière region of Quebec.

The main structure of the Notre-Dame-des-Prairies store is 42,000 square feet in size, with 28,000 square feet of selling space. Another building, which serves as the warehouse and is unheated, is 31,500 square feet in size. Laberge notes that the latest store, following the mould of its predecessors, represents no major changes in concept or merchandising.

However, that retail formula has proven to be a winning one. The company has been expanding aggressively in recent years, adding about one store per year, and Laberge expects this kind of growth to continue. Construction is slated to begin on a new location on Montreal's south shore in La Prairie, Que., he says. That store will be at the corner of Autoroute 30 and Route 104, between Candiac and Brossard.

Last fall, Canac acquired a one-million-square-foot property adjacent to its Drummondville distribution centre. According to Laberge, construction will begin there this fall on a large warehouse to handle distribution of the company's building materials, including plywood, foam and all wood products.

The expansion of Canac's back-end support keeps in step with the company's



expansion of its retail footprint. The chain has even made overtures to entering the Ontario market. In October 2018, Canac secured property in the eastern Ontario town of Hawkesbury. Laberge expects construction there to begin in 2021.

## FEDERATED CO-OP SURVIVES A TOUGH 2019 WITH INNOVATIONS IN TECH AND MERCH

**Weathering the downturn that persisted throughout much of the Prairies last year, Federated Co-operatives Ltd. reported a drop in sales to \$325 million in 2019 from \$359 million the year before.**

According to the company's annual report, challenges facing the co-op included poor weather that impacted the ag side of the business, economic conditions that pressured the home and building sector and stiff competition within the food sector.

However, despite this adversity, the Ag and Consumer Business Unit, of which the Home and Building Solutions Department (HABS) is a part, made improvements internally to minimize the economic impacts. The increased use of technology was one of them.

"Overall, 2019 was a challenging year, with a soft economy and lumber depreciation having a significant impact in the Prairie provinces," says Cody Smith, director of HABS. "Specific to the Home and Building Solutions business, FCL and the Co-operative Retailing System have not been immune to these headwinds and it had an impact on our sales, reducing them to \$325 million from \$359 million.

"We continue to remain excited about our Home and Building Solutions' long-term vision, investing in several key areas that make our business viable well into the future," Smith says. "The first area was a new POS platform, from Mi9, that is currently being rolled out to local Co-op stores and is expected to be completed in 2021."

The initiative is expected to make procurement easier and more secure through handheld mobile devices. "This transition is vital to us gathering more information and better utilizing our data for business decisions."

Over the past year, the Home and Building Solutions business was restructured to increase its focus on lumber, Smith notes. "We continue to build value for the Co-op retailing system by adding lumber personnel to centrally procure lumber on behalf of the stores."

That focus on building materials is also being reflected in the stores with new merchandising. "Another area of investment in 2019 was new LBM selling centres that fit an eight-foot bay, showcasing core building material categories that are typically difficult to display," Smith adds.

# NEW DEALER-MEMBERS REFLECT CASTLE'S HEALTHY YEAR-TO-DATE GROWTH

**W**ith their combined offer of autonomy and purchasing power, buying groups can be the best of both worlds for independent retailers. One group that has seen its membership swell over the past months is Castle Building Centres.

Since the end of last year, Castle has added dealers across all regions, including as far east as Newfoundland. There, Randy and Phyllis Randell chose to continue a family tradition by affiliating with the buying group last fall. NRO, their store in Roddickton on the island's Great Northern Peninsula, is their third business.

"We grew up watching family members proudly serve the community as a Castle Building Centre," the Randells said. "When the opportunity for us to open a hardware and building centre presented itself, we knew it had to be Castle."

In Moosonee, Ont., Mushkegowuk Development Corp. (MDC), which is owned by members of seven nearby First Nations bands, purchased MDC Supply GP. That business operates as Great North Builder's Supplies. It had served the area's First Nations communities for almost 40 years when it closed upon the retirement of founder and long-time Castle member Jack Hood in 2018. When MDC reopened the store a year later, General Manager Albalina Metatawabin explained that Great Northern chose to affiliate once again with Castle, "not only for the 35-year history in Moosonee, but because of the outstanding experience and recommendations from the previous owner."

Farther south, the addition of Niagara Building Centres in Fonthill, Ont., was

announced in late March. Partners Chris Baxter and Kevin and Gary Bolibruck are looking forward to a grand opening for the retail store and sprawling lumberyard in the fall.

In Quebec, Lac-St-Jean's Quincaillerie Tremblay Laroche joined Castle at the end of last year. Marc Tremblay and Dominique Laroche have grown the small LBM store they bought in the late 1980s into a full-service home improvement destination.

Castle's ongoing commitment to the Quebec market can be seen in the expansion of its recruitment efforts in the province. Richard Hamel, previously of Roland Boulanger & Cie, was named dealer development manager for eastern Quebec and northern New Brunswick. He works with Robert Legault, who has overseen the region as Castle's manager of business development in Quebec for more than a decade.

Along with its growth in Eastern Canada, Castle has been active in the West. In January, the group announced it was welcoming Ruhr Valley Lumber in the Edmonton-area community of Thorsby, Alta. Matthew Ruhr grew up nearby, learning carpentry in his teens from his grandfather.

Calgary's Remuda Building has also joined the group. Remuda was founded in 2006 by owner and CEO Steve Schouten. "Our goal has always been to create a sustainable business that will be around for years to come, and one that our local community can trust," he said. "Castle was the buying group that best shared our vision of growth and longevity."

## BRIEFLY

### CANADIAN TIRE NAMES NEW CEO

At Canadian Tire Corp. (CTC), Greg Hicks has been named president, CEO and member of the board of directors. Hicks most recently served as president of the company's largest division, Canadian Tire Retail (CTR). His predecessor, Stephen Wetmore, has stepped down from both the CEO position and the board of directors. He will remain on in an advisory capacity through the end of this year as honorary director to support Hicks during the transition. TJ Flood has been appointed president of CTR in Hicks's place. Flood was most recently president of CTC's FGL Sports division.

### E-COMMERCE BUOYS CANADA TIRE'S SALES IN PANDEMIC

While Canadian Tire Corp. saw its first-quarter sales drop by 2.7 percent overall, sales through its Canadian Tire stores were up 2.2 percent. CTR's comp sales for the period were up 0.7 percent, in spite of the impact of the COVID-19 crisis. In fact, an upside of the current situation was a spike of almost 80 percent in online sales for Canadian Tire dealers. Despite being up against a very strong quarter last year, comp sales trended well for the company right up until March 11. After that, consumer spending patterns changed dramatically, with a focus on essential items, such as household consumables and cleaning solutions, exercise and sports equipment and accessories and laundry solutions, while categories such as backyard living, tools and automotive saw declines.

## LOCAL COMMUNITY GROUPS PLANT SEEDS OF GOOD, WITH HELP FROM RONA

**A** coalition of garden organizations in Kingston, Ont., led by Loving Spoonful, an organization that supports local and community gardens, has launched “Garden for Good.”

The campaign is modelled after the Victory Garden campaigns of the two world wars. Thanks to a donation by the local RONA Home & Garden store, the program is able to provide seeds free of charge.

The campaign encourages people to take control of their food supply with their own vegetables and herbs. Every year, Loving Spoonful runs their Grow a Row project, where local producers, backyard gardeners and workplace gardens plant a row for themselves, and an extra row for Loving Spoonful. The produce is then distributed across the community with the help of many dedicated volunteers to more than 40 meal programs, pantries and shelters.

With the COVID-19 crisis exposing the vulnerabilities and inequities of the industrial food system, the campaign is



**The local RONA Home & Garden's donation allowed Loving Spoonful to provide seeds free of charge in Kingston, Ont.**

encouraging locals to grow more food—on windowsills, balconies, backyards, front yards and in community gardens.

### BRIEFLY

#### CANAC RECOGNIZED FOR YOUTH EMPLOYMENT

A youth employment organization has honoured a local Canac store in Saint-Georges, Que., for its commitment to hiring young students. Carrefour jeunesse-emploi de Beauce-Sud awarded the store a prize for its commitment to educational success as part of the organization's School Retention Days. It cited the store's proactive involvement with youth in granting the award.

#### LONG-TIME HOME HARDWARE EXEC RETIRES

Duncan Wilson, senior director of business development for Home Hardware Stores Ltd., has retired. A veteran of the retail home improvement industry, he got his start at Morgans in Ottawa in 1969, before joining F.W. Woolworth in 1970. After working for Ace Hardware for a decade, he joined Groupe BMR in 2002, where he led the dealer development team. In 2008, he moved over to Home Hardware Stores Ltd. Wilson was put in charge of creating a dealer development team there, which resulted in solid growth within the company's ranks. In 2019, he was given the Lifetime Achievement Award by the Atlantic Building Supply Dealers Association.

## CASTLE PULLS TOGETHER FOR DEALER'S FAMILY



**Castle Building Centres Group has launched a fund to support the family of one of its dealers.**

Kurt and Tina Gratto of Masstown Hardware Castle Building Supplies lost their daughter Jamie Blair and her husband Greg Blair in the tragic mass shooting in Nova Scotia in April. The Blairs' two sons, Jack and Alexander, managed to escape unharmed and are now in the care of their stepbrother. Witnessing the outpouring of industry support—and hoping to offer the children a legacy of hope—Castle has established The Jack and Alexander Blair Trust. Contributions will go towards meeting their future needs for cost of living, education, health, as well as extra-curricular activities such as sports and hobbies. More information and a link to the online fundraiser can be found at [castle.ca](http://castle.ca).





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# ProductSPOTLIGHT

BY GEOFFREY McLARNEY

## Weiser Halo WiFi-enabled smart lock ▶

Weiser's Halo WiFi-enabled smart lock is an uncomplicated way to get smart lock security and smart home convenience using a home's existing WiFi router. Operate, manage and monitor the lock with a smartphone using the Weiser app from anywhere with an internet connection. No smart home hub is required, only a WiFi router and a smartphone.

[www.weiserlock.com](http://www.weiserlock.com)



## ◀ Irwin Command Lock Tape Measure

Irwin's Command Lock Tape Measures are built with a tough, impact-resistant case to withstand repeated drops and impacts. The case features a fast-action, touch-button finger brake for control. All Command Lock Tapes feature a reach of 14 feet with a high-contrast white blade for visibility, plus a Mylar blade coating. The tapes also boast a multi-catch hook and magnetic hook options for working with metal studs, EMT conduit, black oxide pipe and other ferrous metals.

[www.irwin.com](http://www.irwin.com)

## Sashco's Big Stretch acrylic caulk ▶

Sashco's Big Stretch is a 100 percent acrylic caulk that twists, bends, compresses and stretches instead of cracking or slumping. Low in odour and easy to clean with water, it's available clear or in a range of colours. Big Stretch will adhere to a variety of building materials, including vinyl siding and windows. It has high-UV resistance to seal out the effects of weather.

[www.sashco.com](http://www.sashco.com)



## ◀ DuraFit telescoping automatic door

DuraFit is Stanley Black & Decker's latest telescoping automatic door. Tested for years at extreme temperatures, it caters to the requirements for high-traffic access at places like hospitals, retail stores and hotels. Featuring new iQ Controller and durable parts, the bi-part, six-panel telescopic DuraFit provides a seamless slide. It's easy to install even in compact spaces. Tested to the highest level of security standards, DuraFit incorporates full-height security hooks that make the door resistant to crowbar attacks.

[www.stanleyaccess.com](http://www.stanleyaccess.com)



### ◀ Shurtape HVAC tape

Shurtape AF 099 is an aluminum-foil HVAC tape for joining and sealing joints, connections and seams on rigid fiberglass ductboard and flexible air duct. It can also be used in place of mechanical fasteners on rigid ductboard. UL 181A-P/B-FX Listed and printed, AF 099 delivers full system closure—a system free of air leaks—by forming airtight bonds on joints and seams in temperatures ranging from -28 C to 126 C and in humid conditions. Other applications for Shurtape's AF 099 foil HVAC tape include repairing metal or sheet metal and temporary fixes for outdoor electrical boxes.

[www.shurtape.com](http://www.shurtape.com)

### Rockwool Cavityrock Black dual-density insulation board ▶

Rockwool's Cavityrock Black is a dual-density insulation board designed to mask the insulation layer with a bonded fleece facing to create a crisp, dark aesthetic in open-joint facades. With the same thermal performance, fire resistance and moisture control of Cavityrock insulation, Cavityrock Black eliminates the need for a separate masking layer while achieving the same look. The fleece material is designed for exposure to the elements while maintaining fire performance.

The adhesive is bonded to the insulation during manufacturing.

[www.rockwool.com](http://www.rockwool.com)

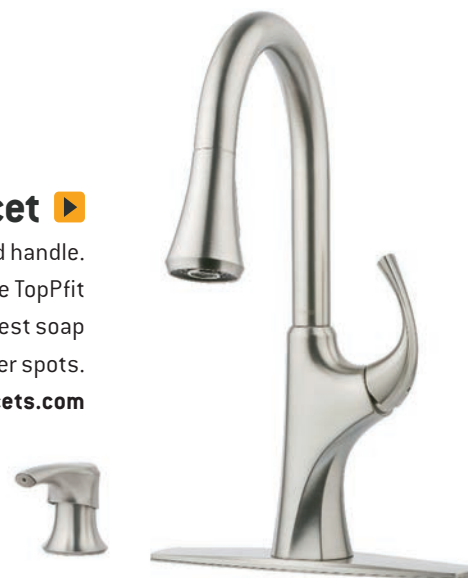


### Pfister's Miri stainless steel pull-down kitchen faucet ▶

Pfister's Miri is a stainless steel, pull-down kitchen faucet with a tall arcing spout and a high-positioned handle.

Its TopPfit Technology allows the user to install Miri from above the counter in minutes. Simply twist the TopPfit tool to raise the below-sink swivel bracket for a quick and secure fit. Miri also features SoloTilt, Pfister's newest soap dispenser activated with a flick of the thumb, and Spot Defense for protection against fingerprints and water spots.

[www.pfisterfaucets.com](http://www.pfisterfaucets.com)



### ◀ Bosch 18-volt Flexiclick Chameleon 5-in-1 Drill/Driver System

The Bosch 18-volt Flexiclick Chameleon 5-in-1 Drill/Driver System can produce up to 535 inch-pounds of torque. The tool has a quarter-inch hex bit holder with quick release and the system includes three pro-grade attachments: a right-angle, an offset-angle and a half-inch keyless metal chuck attachment. The kit includes a compact battery with next-gen lithium-ion 21700 cell technology and an 18-volt charger. The drill features Bluetooth connectivity, which uses an optional Bosch Connected Tool Module to connect the tool to the free Bosch Toolbox app to customize settings and provide detailed feedback. The drill has KickBack Control, a precision clutch and an efficient EC Brushless motor.

[www.boschtools.com/ca](http://www.boschtools.com/ca)

# PEAVEY MAKES MOVES TO ENSURE SMOOTH ACE TRANSITION

Following the acquisition of the licence for Ace Hardware in Canada, Peavey Industries has, with one fell swoop, added 100 stores to its network. Now, Peavey is ramping up to serve these new dealers.

**W**ith the sale of the Ace banner, Lowe's Canada has transferred its agreements with 104 independent Canadian Ace Hardware stores to Peavey.

Before the Ace acquisition, Peavey Industries already had almost 100 of its own stores, but the difference is that those are all corporately owned, while the Ace stores represent independent dealers in every part of Canada.

But Peavey CEO Doug Anderson says he's ready. Part of what he bought when he took over the licence to Ace in Canada was a number of key people from the Ace team. They have joined the Peavey team in Red Deer, Alta., to ramp up services for the Ace dealers.

"We have a lot of skilled people with the right experience," Anderson says.

The Peavey distribution centres in Red Deer and London, Ont., already supply stores under the Peavey Mart, TSC and MainStreet Hardware banners. In addition, TSC had experience as a distributor supplying builder and pro accounts. Derek Smith, who was overseeing the MainStreet Hardware banner, was previously a RONA dealer and a buyer at the banner's head office. He is now vice president of the Ace Canada division.

Peavey has also managed to secure Ace's dealer support team. Guy Lichter, formerly director of dealer conversion for Ace at Lowe's Canada, has moved over to Peavey as national sales director for Ace. He brings with him a team of eight territory support managers. However, says Anderson, "our focus for the next six months to a year is the standardization of the existing Ace network."



Peavey CEO Doug Anderson brought on a number of key people from the Ace Canada team to help ease the transition.

Bill Morrison, who ran Ace Hardware out of Winnipeg and then led the Ace licensing initiative when it became part of RONA and Lowe's Canada, is Anderson's lead consultant to oversee the transition.

"We've retained a lot of knowledge so there's a lot of depth to what we're doing," Anderson adds.

The onset of the COVID-19 pandemic was an unexpected wrinkle in the planned transition process. Nevertheless, Anderson says the shift to supply Ace dealers from Peavey's distribution centres remains on track.

"We're starting the conversion process now, with only moderate delays because of COVID," Anderson says.


While the transfer will take place through August, the buying function for Ace has already been moved to Peavey's head offices in Red Deer, says Anderson. Peavey has put product specialists in place who are focused on the Ace lines, but general category management remains unchanged, he adds. Anderson expects to see some line changes as supply shifts from



Lowe's Canada's DCs to Peavey's and his team gets more commitments for orders from Ace dealers in coming months.

Product will be supplied to dealers through either the Red Deer or London distribution centre. London is also the former head office of TSC Stores, which Peavey acquired outright at the end of 2017.

One thing many Ace dealers will need that Peavey doesn't have yet is lumber and building materials. Anderson says Lowe's Canada will continue to supply those lines over the first 24 to 36 months. "We need systems and agreements in place, so this gives us time to build out those systems and agreements to support the dealers. It gives us some breathing room."

He adds that Peavey is now closely aligned with Ace International and will leverage Ace's know-how and systems. 

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# CANADA'S TOP HOME IMPROVEMENT RETAILERS

*Our definitive report on the top players in the Canadian home improvement and hardware industry is your authoritative information source on the trends influencing retail strategies in this industry.*



BY SIGRID FORBERG

# STRIVING FOR SUCCESS

Home improvement retail continues to adapt and evolve to changing consumer needs. Here, we identify some of the major trends that guided the strategies and big moves of Canada's top retailers in 2019.

**H**alfway through 2020, it may be hard now to even remember what happened in 2019. With the number of changes we've seen in retail in just a short period of time, it would be understandable to have lost track of what happened last year and how it has impacted the industry today.

Here, we reflect on some of the major moves taken by the country's leading retailers over the last year and a half that have prepared them well for the unexpected challenges 2020 has brought.

## MERGERS & ACQUISITIONS

On the building materials side of the industry, consolidation has been hastened by a handful of major U.S. players. One, GMS, acquired WSB Titan in 2018 for \$800 million. That deal effectively saw the country's largest gypsum supply dealer, which includes Slegg Lumber and BC Ceilings, fall under U.S. ownership.

The biggest acquisition news, however, came early this year when Peavey Industries acquired the license and distribution rights for the Ace Canada business. Peavey, which finalized its acquisition of London, Ontario-based farm supplier TSC Stores in early 2019, immediately doubled its store count with the addition of 104 independent Ace Canada stores to its business.

Lowe's Canada, which inherited the Ace brand when it bought out RONA in 2016, has been streamlining its business since the deal was finalized. In fact, Tony Cioffi, executive vice-president, finance, affiliate

dealers, Dick's and real estate for Lowe's Canada, believes that the Ace stores will make a better fit with Peavey.

"The sale will also help the company focus more directly on the RONA-affiliated dealer base," Cioffi added. "This transaction is in line with our plan that was announced last November to simplify our multiple store banners in order to drive efficiency and reduce operational complexity."

And outside of the traditional home improvement market, Canadian Tire's acquisition of Party City, with 65 retail locations across the country, marked a key turning point for the growth of the company's Triangle Rewards program. When former CEO Stephen Wetmore introduced the rewards program, he referred to it as "the most strategic thing" the company had done under his leadership.

While many took the program to be simply a rebranding exercise at the time, it's become clear that the strategy was in fact to create an umbrella brand under which Canadian Tire's multiple banners and consumer brands could maintain their corporate identities in a digital shopping environment. But it will also appeal to, and encourage increased spending from, new demographics that are of interest to Canadian Tire for growth.

"Party City customers skew younger and spend 60 percent more at Canadian Tire than our average Triangle Rewards member each year," says Canadian Tire EVP Allan MacDonald. "Party City is going

to make Triangle Rewards more attractive to customer segments that are, frankly, very interesting to us, like young families and millennials."

## CHANGES AT THE TOP

Canada's top four retailers all experienced major changes to their executive team over the last year.

Home Hardware got 2019 off to a strong start with the hiring of Marianne Thompson, in the role of vice president, merchandise LBM. The company had made a strategic reorganization of its merchandise department back in 2015, which resulted in the creation of two new dedicated merchandise teams responsible for all product sourcing. With Thompson's appointment, Joel Marks was freed up to focus on the hardware side as vice president, merchandise hardlines, with Thompson in the lead role on the LBM side.

Under Marks and Thompson, Home continued with a wholesale overhaul of the company's buying teams, with new faces on board and existing buyers taking on new portfolios.

Lowe's head office also saw a number of changes to its leadership team in the last year. The most significant came last October when President and CEO Sylvain Prud'homme announced his retirement. With no immediate successor in the wings, Tony Cioffi, executive vice-president, real estate and dealers stepped in as interim president.

Just three days after Prud'homme left, EVP of Operations Guy Beaumier was let go.

Prud'homme's replacement, Tony Hurst, assumed the role early this year. Hurst had joined Lowe's Cos. a year before as division president for the West region. Then, in November 2019, he was appointed senior vice president of enterprise and strategy transformation. Once Hurst was in that role, the Canadian division began reporting to him.

Then, in December last year, the top IT and e-commerce executive, Tanbir Grover, left the company. Grover had been with Lowe's Canada for seven years and oversaw the launch of the lowes.ca business, as well as the sites for RONA and Reno-Depot.

In February, it was revealed that Igor Halencek, who'd been with the company for seven years and its EVP merchandising and senior marketing for the last year, had also left the company.

And at Canadian Tire, Greg Hicks, president of the company's largest division, Canadian Tire Retail, was promoted to president and CEO of the corporation in March.

## MORE LEADERSHIP CHANGES

Among the companies whose executive rosters are expected to change in the next year, TORBSA will be searching for a new general manager. Bob Holmes, the current head of the buying group, announced early this year his intention to retire by the end of 2020, after which he's agreed to stay on in a consulting role.

Having been with TORBSA since 1994, Holmes has a healthy perspective on the banner's growth over the years. Although TORBSA saw some significant defections last year, he takes pride in the fact that these dealers were successful enough within the group that they were suitable candidates for takeover—a succession strategy that many dealers would welcome.

WSB Titan, which was acquired by GMS Building Supplies in 2018, also saw a significant change in leadership at the end of 2019. Doug Skrepnek, president of WSB

## COMBINED TOP 20 GROUPS (\$MILLIONS)

Rank	Company	2018	2019	Change
1	Home Depot Canada	\$8,473	\$8,845	4.4%
2	Lowe's Canada	\$7,400	\$7,085	-4.3%
3	Home Hardware Stores	\$6,644	\$6,590	-0.8%
4	Canadian Tire Retail <sup>1</sup>	\$6,082	\$6,220	2.3%
5	ILDC	\$4,019	\$4,200	4.5%
6	TIMBER MART	\$3,174	\$3,050	-3.9%
7	Sexton Group	\$2,375	\$2,190	-7.8%
8	Castle Building Centres	\$2,248	\$2,134	-5.1%
9	BMR Group*	\$1,300	\$1,300	0%
10	Kent Building Materials*	\$932	\$945	1.4%
11	Delroc	\$784	\$765	-2.4%
12	GMS/WSB Titan	\$720	\$762	5.8%
13	Canac	\$658	\$701	6.5%
14	Federated Co-operatives*	\$560	\$516	-7.9%
15	TORBSA	\$525	\$576	9.7%
16	Peavey Industries/TSC	\$424	\$433	2.1%
17	UFA Ltd.**	\$371	\$351	-5.4%
18	FBM/Winroc	\$345	\$325	-5.8%
19	Patrick Morin*	\$297	\$313	5.4%
20	Windsor Plywood***	\$255	\$262	2.7%
<b>TOTAL</b>		<b>\$43,871</b>	<b>\$43,743</b>	<b>-0.3%</b>

<sup>1</sup> Excludes automotive, sporting goods, and other non-related products

\*BMR, Kent, FCL, and Patrick Morin are included with ILDC, so their sales have been backed out of the total to avoid double-counting.

\*\*UFA is included with Sexton, so its sales have been backed out of the total to avoid double-counting.

\*\*\*Windsor Plywood is included with Delroc, so its sales have been backed out of total to avoid double-counting.

Titan, who had been actively building the company's presence in Canada, announced he was stepping back from his role. Taking over for him was Travis Hendron, formerly EVP of Watson. Skrepnek's son Evan has stepped in as VP of Watson.

Sexton Group, celebrating its 35th anniversary this year, also shuffled its executive roster following the passing of founder Ken Sexton in July 2019. Sexton, who had been serving as chairman of the parent company, was replaced by Brian Kusisto. Stepping

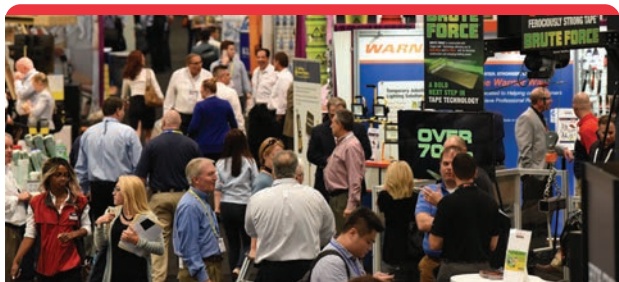
into the CEO role for the Sexton parent company was Steve Buckle, who had been president of the Sexton Group since 2014. Eric Palmer then became the vice president and general manager of the Sexton Group, reporting to Buckle.

Under Buckle's leadership, the company had focused on three areas: obtaining the best pricing for members, working on their behalf to sort out issues with vendors and ensuring that rebates and payments back to members occur in a timely fashion.



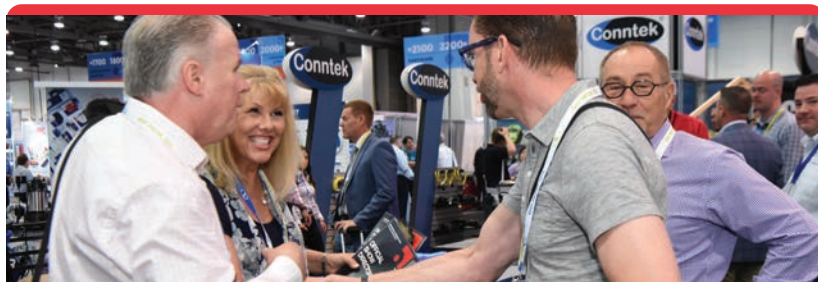
NHS Connects is a year-round digital platform designed specifically for the hardware & home improvement community to be the dedicated place to source industry content, connections and products. Use NHS Connects to stay up-to-date on leading industry topics and education, connect and set up direct appointments with leading suppliers and source new, trending products to get on your store shelves while expanding your current product offerings.

Visit [nationalhardwareshow.com/NHS-Connects](http://nationalhardwareshow.com/NHS-Connects) to access all of the NHS Connects resources!



### PPE MARKET

PPE Market, a part of NHS Connects, is a newly launched dedicated matchmaking program to connect retailers and distributors in need of PPE (Personal Protective Equipment) with manufacturers that are part of the NHS community and are currently supplying PPE products.



### CONNECT & NETWORK

Utilizing a NEW technology called Jublia, NHS is helping to facilitate direct and virtual appointment setting for buyers and retailers with NHS suppliers and manufacturers to ensure that business continues to be done between now and the Show in September. To use this tool, you must either be registered to attend the 2020 National Hardware Show or be an exhibiting company as profiles will be created for you based off of that information.



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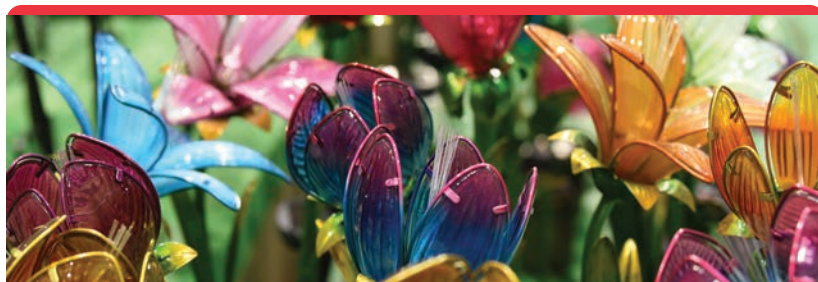
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NHS worked diligently alongside our partners to establish a comprehensive resource that aggregates upcoming COVID-19 virtual events, webinars & podcasts to prepare you for the challenges of the current climate. Be sure to check the schedule of upcoming events and the archive of pre-recorded resources!



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This section offers industry-sourced education & articles to help you navigate the marketing, business and administrative challenges you may be facing due to the pandemic.



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With those fundamentals in place, Buckle says the group went to market with “a solid business proposition” for dealers—and leaves a solid legacy for Palmer to step into.

In the West, Federated Co-operatives Limited (FCL) has been working over the last year to prepare the company for when those changes will inevitably take place. FCL has developed a program called “Inspire: The Co-op Leadership Experience” to nurture strong, forward-thinking leadership within the organization. The Personal Leadership Stream offers development opportunities for all team members, while three other streams offer development opportunities for those already in leadership roles.

## ONLINE EFFORTS EVOLVE

Building up a competitive online presence continued to be an important investment for Canadian retailers in 2019. However, the focus has now shifted to omnichannel.

In a presentation to vendors last summer, Pam O'Rourke, VP merchandising at Home Depot Canada, explained that the company is working out how best to meet its customers' omnichannel needs.

“We know that more than 77 percent of our in-store customers start their purchase journey at home. With 43 percent of online purchases bought online and picked up in stores in the first quarter of this year alone, we know that there cannot be a gap between the physical and digital experience,” says O'Rourke.

Home Depot has been planning for this since 2017, when it launched its One Home Depot strategy. The plan has focused on streamlining the shopping experience across the banner's store network and online channel by investing in store enhancements, new e-commerce capabilities and improved delivery options.

And Canadian Tire is banking on delivery from store to home as a way to cost-effectively get big items that last mile. According to Canadian Tire's MacDonald, e-commerce sales exceeded \$500 million in 2019—up more than 20 percent in the

fourth quarter alone. And a lot of that has had to do with the buy-in of Canadian Tire's associate dealers.

CEO Greg Hicks notes that dealers are “very, very supportive” of the cross-channel initiatives, which have put a lot of emphasis on buy online, pick-up in-store strategies—whatever works best, he says, for the customer. “The dealer sees the benefit of providing the customer choice.” That BOPIS option is, he adds, “always the fastest and the cheapest option.”

To encourage that delivery option further, Hicks says the company will roll out lockers for online orders to hundreds of stores this year, after testing them through 2019. While bringing customers into the store for order pickup saves the retailer money, it also increases “dwell time” for customers. Once in the store, they are more inclined to buy other products as well.

## IN-STORE EXPERIENCE

Home Depot Canada invested in the rollout of a new signage package last year. The concept, which was developed with two U.S. agencies and its American parent company, is called Clean, Simple, Intuitive (CSI). The initiative aims to improve the customer experience by making navigating the store easier, while creating a consistent look and feel. The CSI signage uses icons to assist customers in their wayfinding and have the added benefit of being helpful for customers who don't speak English.

The company has been testing this signage since 2016, when it was installed at stores in the Hamilton, Ont., area. Last year saw the addition of a store in the North York region of Toronto. Home Depot Canada plans to eventually bring the program to all 182 of its stores. According to a company spokesperson, about 35 percent of the banner's stores are now converted.

Also focusing on the appearance of its aisles, Lowe's Canada brought its store detailing services in-house with the development of a new team, the Merchandising Service Team. The program originated with

Lowe's Canada's U.S. parent, which introduced MST there at the beginning of 2019.

MST teams are composed of between five and seven store associates whose role is exclusively focused on merchandising tasks at the company's Lowe's-bannered stores. They're responsible for executing resets, but they're also expected to “snake through the store” to carry out bay servicing. That includes ensuring planograms are properly executed and that labels are all accurate.

According to Anne-Sophie Konrad, senior director, field merchandising for Lowe's Canada, the goal is “to ensure a steady pace in maintaining merchandising programs in our stores so that they are ‘grand-opening-ready’ at all times and that customer experience is always at its best.”

And in the merchandising field, BMR Group also announced a new program to optimize marketing, sales and store traffic. The IMAGINE program, developed by Laval-based merchandising and detailing company RDTs, was rolled out early this year in the hardware, plumbing, electrical and paint departments, with plans to expand to other departments next year.

On the tech side of things, East-Coast chain Kent signed an agreement late last year with Fairstone Financial Inc. to provide point-of-sale financing for all retail purchases at all Kent Building Supplies stores. Fairstone is a Canadian non-bank lender for near-prime borrowers.

As part of its retail POS financing offering, Fairstone is also providing Kent with an automated, mobile and digital financing platform designed to shrink customer financing approval times to a matter of minutes.

## EXPLORING NEW TERRITORIES

Castle has been experiencing growth in areas that don't traditionally fall under the home improvement retailer umbrella. The group has managed to secure a number of smaller dealers, effectively providing a supported program for home improvement retail in many smaller, rural centres.

And the addition of non-traditional dealers has in fact helped grow the size of the market, as these dealers would not necessarily have been included in the industry's size prior to joining Castle.

For its part, Home Hardware has made no secret of its strategy in the last few years to expand its presence in Quebec. As one of Canada's most populous provinces—which accounts for 25 percent of the home improvement industry—Quebec is home to just 130 Home Hardware locations, compared to 400-plus in Ontario.

But the banner has been seeing growth in recent years, capitalizing on its Canadian roots to appeal to new markets. Early this year, it signed three new members, in Quebec City, Baie-Comeau and St-Etienne-de-Lauzon.

"We consider the province of Quebec a very, very strong growth potential for us," Duncan Wilson, former senior director of sales for Home Hardware, said at the time.

Conversely, in Quebec, Canac, the Quebec City-based independent chain, continued to look for growth beyond its hometown. To help drive that expansion, the company opened a distribution centre in 2016 in Drummondville, which is located mid-way between Quebec City and Montreal. The DC gives Canac the ability to supply stores in the Montreal area.

Canac has also been steadily building up its presence outside of its traditional marketplace. And it's now looking to Ontario for further growth. The eastern Ontario town of Hawkesbury will be the site of the first Ontario store for the retailer, with plans to open by next year.

Another Quebec retailer, BMR Group, has also been looking to Ontario for potential growth. Last spring saw the banner open its first store under its BMR Pro banner in Griffith, Ont. "We are very happy, and especially very proud, to open the first BMR Pro store in Ontario," Pierre Nolet, BMR's VP of business development, said at the time, calling the new dealer "an important ally in Ontario."

Throughout 2019, BMR signed two other new dealers in Ontario: Richmond Building Centre in Ottawa and Feldman Lumber in Timmins.

## STREAMLINING SERVICES AND STORES

Lowe's Canada has been focused on becoming a leaner, meaner competitor in Canada. Its efforts began with the closure towards the end of 2019 of 30-plus stores that weren't performing as well as the company would like.

Most of the closings were effective January 31, 2020, with some taking place mid-February. The move follows what the company called in a release "a detailed strategic review of its operations to improve performance and better position itself for the future."

The sale of Ace Canada also fits into this strategy. Despite the number of stores involved in the deal, the Ace business represents less than 10 percent of the total sales volume of Lowe's Canada's affiliated dealer division and its stores tend to be smaller, with a different product mix than RONA stores.

**“It's about building a business with our supplier partners. That means adding programs rather than just products, while relying on vendors that goes beyond just dollars.”**

For its part, Home Hardware, which for decades has cultivated a folksy and warm corporate persona, made a move early this year that surprised the industry. Under the leadership of CEO Kevin Macnab, the company has been adopting more stringent rules for its vendors. Last fall, Macnab confirmed that vendors now face fines for incomplete orders. Home is also looking to rationalize overlapping or duplicate SKUs, especially among suppliers who do less than \$50,000 with the company or are listed in fewer than 50 stores. This, Macnab admits, may mean fewer vendors

and fewer products for Home Hardware over time.

"It's about building a business with our supplier partners," Macnab explained at the time. "That means adding programs rather than just products, while relying on vendors that goes beyond just dollars. Which vendors want to lean in with us?"

This new stance has in fact been building at Home for a while now. Under former CEO Terry Davis, the banner had been cracking down on stores that didn't conform to head office regulations and directives. Non-compliers were given the choice to get in line or leave the banner, with the goal of strengthening the collective through raising the bar for each individual dealer.

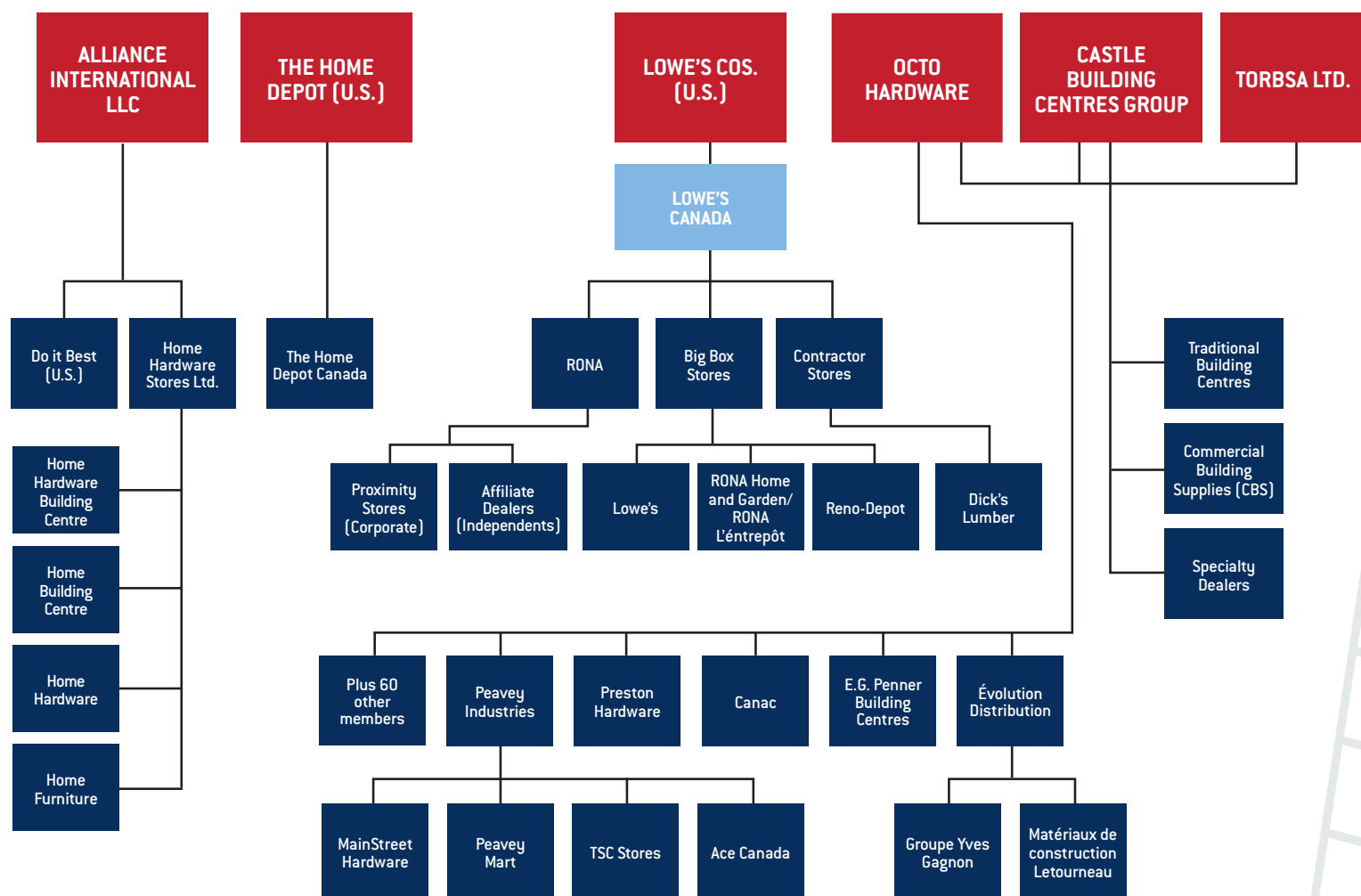
## LOOKING AHEAD

Facing a recession and a challenging recovery from the social and economic impacts of the pandemic, the next year is certain to be one of the most challenging dealers have faced in decades.

The year ahead is certain to see a continued deepening of investment in building up e-commerce capabilities. And while smaller

and independent dealers contemplate navigating through recovery, unexpected issues such as staffing and sales are certain to weigh heavy through 2020 and 2021.

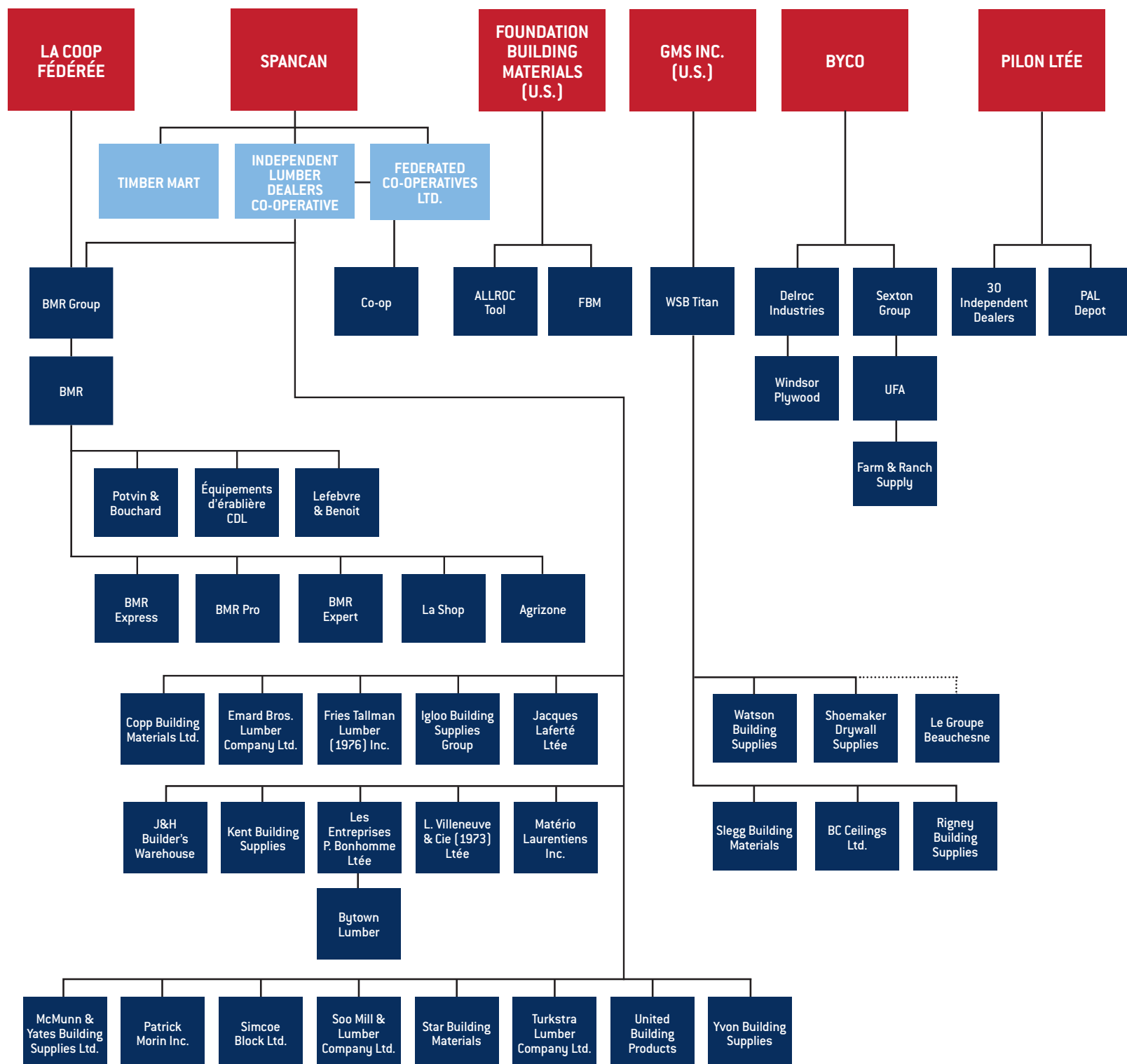
One thing all the trends have reflected is that Canada's top home improvement retailers continue to adapt to respond to and meet the needs of their customers and communities. Whether through curating their in-store experience, beefing up their online presence or shaking up their leadership teams—these retailers positioned themselves well in 2019 to handle what the next few years have in store for the industry.



# HARDLINES 2020 BANNER MAP

As part of our annual coverage of the Canadian home improvement industry, here we break down the major banners and how they're connected. From the smallest independent to the biggest corporation, this map will help you sort out where everyone fits in.





# SURVEY SHOWS DEALERS NOT AT ALL OPTIMISTIC ABOUT BUSINESS IN 2020

Earlier this spring, Hardlines conducted its annual survey of dealers to gain insight into the opportunities and challenges they experienced in 2019, as well as their projections for the year ahead. Here, we share some of the results of that survey.

**W**hile most provinces, save for Quebec and Newfoundland, saw modest to moderate growth last year, the first quarter of 2020 delivered two significant setbacks—the rail blockades and the spread of COVID-19.

Of course, the global pandemic's impact has now far outlasted the shortages dealers experienced in the weeks of Wet'suwet'en protestors blocking rail tracks in an effort to halt construction on a B.C. pipeline. By the spring, as dealers prepared for some provinces to start reopening their economies, many finally had the opportunity to look ahead to how the crisis will affect their businesses longer term.

In mid-March, dealers in British Columbia, Manitoba and Saskatchewan reported seeing an upswing in sales as consumers stocked up on supplies to get them through quarantine or isolation. But looking ahead, collectively, they didn't have high hopes for the rest of the year. In fact, as the year has progressed, they are feeling nothing but uncertainty.

Alberta's stores have been hit hard as the impact of the COVID-19 crisis on retailers only added to the already weak conditions there. The pandemic's downward pressure on oil prices has gutted the already ailing resource sector that drives the provincial economy.

On the East Coast, which also experienced weak growth in 2019, retailers reported being significantly impacted by a downturn in business in the wake of the pandemic. Newfoundland's dealers especially expressed that they were preparing for the worst.

Ontario and Quebec, in contrast, both experienced solid growth last year, making the anticipated sales drops even more jarring. And while conditions—and outlooks—varied somewhat from province to province, the overall direction for the industry will be for negative growth for 2020. The impact of the COVID-19 crisis has already begun to flatten the expectations of most dealers for any positive growth for the remainder of the year.

## BIGGEST CONCERNS ON THE RADAR

When dealers were asked to rate their biggest concerns for the year ahead, the long-lasting impacts of COVID-19, staffing and availability of products rated highest. And a number of dealers who listed staffing and product availability as their top concern cited the pandemic as the root of that issue.



Dealers rated the long-lasting impacts of COVID-19, staffing and availability of products their biggest concerns in Hardlines' annual survey.

At the time of the survey, most provinces still had restrictions on even essential businesses. With hardware stores and building centres forced to move their business to online/over-the-phone orders and curbside pickup, many dealers reported learning the ropes of the new system and e-commerce in general as their top concern.

In what should have been a strong quarter for growth, dealers could suddenly only serve a few customers at a time, with staff running back and forth grabbing each of their items. On top of that, many immunocompromised employees have had to face a tough choice between working and prioritizing their health. And dealers are struggling with balancing supporting their employees and keeping the business running.

Naturally, finances rated high on the list of concerns as well. Flyer programs were also scaled back as home improvement retailers were discouraged from advertising non-essential items and consumers were encouraged to limit their shopping excursions—leading to significant missed revenue.

One dealer reported that in the midst of the pandemic, collecting on receivables has become even more difficult. Instead of being able to do what they do best—sell materials—they were forced to spend their valuable time chasing down funds owed to them.

However, despite the challenges they admitted to facing, some dealers made a point to offer up that their top priority remained keeping their staff safe and their communities supported throughout the pandemic. And some are keeping their ears to ground, intent on learning new best practices and taking away something positive from the crisis.



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Whatever it takes.

BY MICHAEL McLARNEY

# ORGILL'S FOCUS ON CANADA SHARPENED BY THE COVID-19 CRISIS

**Executive changes at Orgill helped ready the Memphis-based hardware wholesaler for the challenge of the spread of the COVID-19 pandemic and its impact on the industry. In the midst of the North American lockdown, HHIQ spoke with two senior Orgill executives.**

**W**hen Orgill, Inc. made changes to its executive team early this year, it further solidified the succession strategy of the privately held hardware distributor. After having been appointed president one year earlier, Boyden Moore took over the CEO role from incumbent Ron Beal, who remains as chairman.

Several other appointments were made at the same time, including the promotion of Randy Williams to the role of executive VP, distribution. Williams, a company veteran of nearly 30 years, was previously Orgill's general manager and senior VP of distribution. John Sieggreen was named EVP, retail in addition to his current role as president for Central Network Retail Group (CNRG). CNRG oversees retail services for all of Orgill's dealers.

Moore says Orgill is using the CNRG expertise "as a laboratory more fully in how we design and roll out our retail services to our dealers. We have a real way to test those to make sure what we recommend to our dealers has been proven and works."

The face of Orgill to its Canadian customers remained largely unchanged through the executive shuffle. Brett Hammers continues in his role as EVP, sales and purchasing, while Eric Divelbiss remains in post as EVP and CFO.

"It was a very well-planned transition over several years," says Moore.

Those changes turned out to be very timely, readying the company for the challenges that were awaiting it—and the world—just a few months later.

The worldwide pandemic was soon to put the communications capacity of companies



**Boyden Moore, left, and Greg Stine say Orgill's executive realignment has helped the U.S. distributor better prepare for the challenges this year has brought.**

and individuals everywhere to the test. The promotion of Greg Stine to EVP, marketing and communications was to prove pivotal. Before the move, Stine had headed up the marketing team for Tyndale Advisors, a division of Orgill that tests and develops services for the company's retail customers. His expanded duties include being in charge of all the marketing and communications teams, including customer communications, the Orgill website and the company's dealer market—which is, Moore points out, "a key part of how we communicate with our customers as well."

## MORE AGILE THAN EVER

Stine notes that the changes the company went through as it reorganized its executive ranks back in January helped position

Orgill to face the ongoing COVID-19 pandemic. Finance, operations and communications have all become more streamlined within the company, which has further helped Orgill stay close to its customers.

"It's been an interesting transition because the world changed in March," Stine says. The company quickly became more integrated across various departments.

"Then, when this current crisis came, we as an organization decided we want to be really, really clear and transparent, because what our customers need now is information. So, whether it's purchasing, financials or best practices, we've been able to pull that for our dealers and help them make their own decisions about their business," he adds. "It's been a little different than we expected. We're battle-tested a little quicker than we thought."

Moore agrees. “That change really allowed us to get up to speed. It’s given us a lot of agility as we’ve moved into these crazy days.”

## CANADIAN BUSINESS REMAINS STRONG

Moore points out that year-to-date sales growth in Canada had been positive even after the pandemic hit. Even with restrictions in various parts of North America, the Canadian market continues to be serviced out of two distribution centres. The Orgill Canada headquarters and distribution centre in London, Ont., serves Central and Eastern Canada. A DC in Post Falls, Idaho, which sits across the border from the Kootenay region of southeastern British Columbia, ships to most of Orgill’s Canadian dealers in the West.

Both facilities remain fully operational and continue to supply Canadian dealers. During the peak of the outbreak in mid-April, Moore says there were no cases of COVID-19 at either distribution centre or within the sales team in Canada.

He notes that challenges did emerge within the supply chain, having a direct impact on both suppliers and customers. At one point in April, 45 vendors from various countries were shut down, while about 200 customers had closed their doors due to the pandemic, especially among international customers (Orgill ships to dealers in more than 60 countries).

The company has been working to maintain relations with dealers that reflect the conditions of each region they serve. “We’ve seen the same kinds of patterns in Canada and in the U.S., but we’ve seen that some restrictions are greater in Canada, especially in Quebec.” That province has experienced the highest reported rate of infection in the country.

While Orgill’s contractor-oriented dealers experienced some slowdowns, hardware stores saw increases. “Each community responds to the crisis in different ways to

match the needs of their communities,” Moore says. “There’s really no one-size-fits-all strategy for how to deal with this.”

## GETTING BACK ON TRACK

Moore does see some positive signs. “Our factories in China are 99 percent back to full capacity. That’s good news. And we’re seeing lead times shrink on product coming from China.”

Amidst the worst of the crisis, the demand for COVID-19 related products continued, making fulfilment of those products difficult. “There’ve been just extraordinary spikes in demand.”

“We do it with our Canadian audience in mind because some of the things we create are universal for North America, while other stuff is Canada-specific or U.S.-specific.”

Crossing the border to Canada did not prove a big challenge either. Moore says stores in Canada and the U.S. faced similar challenges. “Canada has been a little stricter on the retailers, especially in Quebec, so we’re sensitive to that and working with our customers there.

“But we’ve seen a real bifurcation of experience. Our pro-focused dealers are slowing a little more. Our hardware dealers are seeing increases.” As dealers in each of their respective communities adapt to local conditions, Orgill worked to be flexible in supporting those dealers’ needs.

## COMMUNICATION, TRANSPARENCY AMIDST CRISIS

According to Stine, Orgill’s communication strategy became more important than ever amidst the rapidly changing circumstances of the COVID-19 pandemic. That included getting information to Canadian customers in both languages, “so we’ve worked out how to shorten the cycles to get news

to Quebec,” says Stine. “We do it with our Canadian audience in mind because some of the things we create are universal for North America, while other stuff is Canada-specific or U.S.-specific.

“The other element we’ve worked on for serving Quebec is to produce it in French. In a normal mode, we would have taken a few days or a week to get the translation.” To keep customers informed in a timely fashion, translation times were shortened to a 24-hour turnaround. Dealers could find regular updates on the supply chain and the status of their own suppliers on Orgill’s website.

During the spring, store conversions remained on pause. Orgill had 150 projects ready to go, including many in Canada, that remained on hold during lockdowns worldwide. Nevertheless, says Moore, any dealer keen to get going on a project could continue to receive plans and direction from Orgill, including virtual support via video conferencing.

Throughout, Orgill has managed to keep strengthening its business in Canada. Moore says he’s excited about the opportunities he’s seen emerging from this crisis, along with many of the changes currently taking place in the Canadian marketplace.

“We continue to grow our business in Canada. We’re right on track with where we want to go. We’re excited about some of the projects that we see, some of the opportunities that we see. Some of the changes in the market seem to give us the opportunity to do a little more business in Canada.”

BY SIGRID FORBERG

# GLOBAL PANDEMIC DRAWS CANADIAN COMMUNITIES CLOSER

The novel coronavirus changed everything about Canada's retail home improvement landscape overnight—but it also inspired Canadian retailers to step up and care for their customers, employees and communities.



**R**etailers from across Atlantic Canada gathered for their annual regional buying show in Halifax in early March. While business was swift, the major topic of conversation on the show floor was the shadow the novel coronavirus seemed to be casting over the rest of the year.

And then in the middle of the show, the World Health Organization (WHO) officially declared the novel coronavirus outbreak a pandemic.

Just a few days after the show wrapped, it was announced that Home Hardware was cancelling its Spring Market—the first time the company had ever cancelled a market in its 56-year history—and that the National Hardware Show was postponing its show, which had been set for early May in Las Vegas.

The measures might have seemed conservatively cautious at the time. But as weeks went on, it became increasingly obvious

that Canada wasn't going to escape the pandemic untouched. By mid-March, people were encouraged to work from home and stores started limiting their hours. Canada's rate of infection grew daily.

Facing uncertainty and fears from employees and customers alike, home improvement retailers across the country rose to the occasion, changing their store hours and laying off vulnerable employees who were safer collecting EI at home. They came up with innovative ways to maintain service standards while providing a contactless shopping experience.

## DEALERS TOOK PRECAUTIONS EARLY ON

In the early days of the pandemic, Carla Jorgens, manager of Osoyoos Home Hardware in Osoyoos, B.C., lay down tape on the floors to mark out six-foot distances

for customers and cordoned off the aisles down the side of the store. Customers could come in and stand in the main aisle, "then our staff members go and grab the products for them," according to Jorgens.

The hardest part of the new system was adjusting to the limitations it placed on the staff's standards. "It's awful because we can't deliver the kind of customer service we'd like," she said at the time.

Osoyoos Home Hardware usually benefits from increased business during spring break, but that didn't materialize this year. "I've been looking at our sales and it's not even worth it for us to stay open," Jorgens admitted. "But we're remaining open as a service to the community."

Severn TIMBER MART in Coldwater, Ont., took even more extreme steps. Heather Mallard Houle, co-owner, closed the retail area of her store to walk-in

customers well before the provincial government mandated it. A telephone was set up in front of the store, along with a payment terminal, sanitizer, wipes and latex gloves. Customers were instructed to give their orders by phone or text and then to drive around to the back of the store, where their order would be loaded into their vehicle for them.

Like Jorgens in Osoyoos, Debbie Monson at Dwight Lumber, a Sexton dealer in Dwight, Ont., put tape on the floors and set up barriers between the cashiers and customers. Staff were offered the chance to stay home if they felt it was safer, and while hours remained the same, those who chose to stay on were given shorter work weeks.

## BUSINESS AS UNUSUAL

While retailers in other industries saw a major drop-off in business once the pandemic hit, many in the home improvement channel saw a surge in business as people, stuck at home, decided to take up projects around the house.

Dwight Lumber does most of its business with contractors. Monson says her pro customers continued to place orders, with sales of lumber staying strong. In the store, most of her sales early on were for cleaning products and disinfectants.

The biggest challenge in the early days was getting supplies, as customers frantically shopped for all the necessities. “But,” said Monson, “we’re not the only ones. The whole country is dealing with that.”

At Matériaux Lavoie in Gatineau, Que., General Manager Chantal St-Pierre saw a hike of about 25 percent in paint sales in the first few weeks of the crisis. Customers were steered around the store by staff at a safe distance, using gloves to handle merchandise and expedite their visit as much as possible.

The term “Isolate and Renovate” even started to catch on. “We’ve never sold so much paint,” said Sylvie Robert, who manages a RONA store in Montreal’s Villeray district. Patrick Dussault, assistant manager



of a Patrick Morin store in the city’s east end, observed the same trend, along with a push for garden supplies.

Castle dealer Ivan Cotteau, of E&J Millworks in Yarmouth, N.S., says customers were “anticipating being stuck at home during the summer” and turning to DIY projects. Right before the pandemic hit, Cotteau had purchased a third delivery truck. He was initially worried it would become an expensive mistake, but it proved useful in helping keep up with demand in the early days of the crisis.

In Princeton, B.C., Susan Robinson, owner of Fletcher Home Building Centre, says her store saw “a lot of repair stuff. People are just fixing things.” She noted that lumber remained her top seller, with paint, hot water heaters and plumbing all strong. “We’ve never sold so many toilets.”

Robinson added that another category that went through the roof was seeds. “We’ve moved more seeds in the last month than we would over a whole season.”

## STAFF ARE TOP OF MIND

Early on, Amanda Fancy, co-owner of Gow’s Home Hardware and Furniture in Bridgewater, N.S., wrestled with the impact the pandemic was having on her employees, many of whom opted to stay home and collect Employment Insurance. “We’re struggling to find staff,” she said at the time. “I’ve always had an appreciation for our staff,

but that appreciation level has gone up 150 percent for those who have stayed on.”

For Osoyoos Home Hardware co-owner Frances Sologuk, the toughest thing has been providing support for her employees. “The stress on my staff is probably one of the hardest things to witness,” she notes.

Sologuk adds that her employees were working beyond the norm, servicing customers in new and innovative ways. “We have taken all precautions, like free delivery with no minimums. We have the aisles cordoned off and we are doing the shopping,” to prevent customers wandering around the store.

She also quickly ordered and installed wireless terminals from Moneris, “which we should have probably had a long time ago, especially for customers with disabilities,” says Sologuk. “This way we can hand customers the terminal or bring it to their car—kind of like in restaurants.” The new system made curbside pickups easier.

Fancy at Gow’s started personally working the checkout, even as she worried about the larger issues of financing the business through the downturn in sales, which had already tumbled by 25 percent. Last year, she moved her business into a larger, 60,000-square-foot store with furniture and appliances. And large-ticket items like those aren’t on the top of most people’s lists right now.

“Certainly, this will change the way we do business. We’ll be leaner and meaner,” she



An employee at Severn TIMBER MART demonstrates the contact-free pay station the store set up.

says. “And we’ll pay it forward to the customers and staff who got us through this. But we’ll prepare a long-term plan as well.”

In his conversations with his group’s member-dealers, Pascal Houle, CEO of BMR Group, says their number-one concern has unwaveringly been the safety and wellness of their staff and communities.

“They are committed to continuing to serve customers, who need them, but in a way that is safe for everyone,” says Houle. “And I must say that I am very impressed with their dedication and creativity in achieving that.”

## DETERMINING WHAT’S ESSENTIAL

By the end of March, Canada’s two most populous provinces decided to shutter non-essential businesses to the public. While Ontario initially classified hardware and home improvement stores in its list of essential businesses, in April, they were mandated to stick to curbside pickup only.

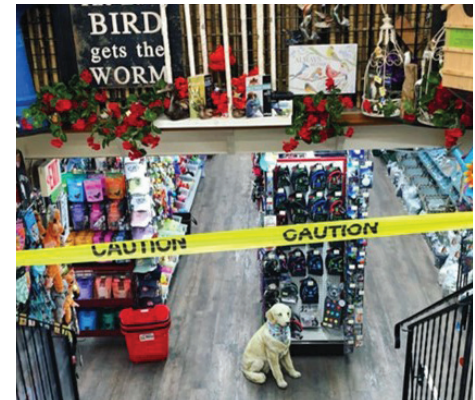
In Quebec, only big boxes were initially approved for operation, but lobbying on behalf of independents and smaller stores to the province prevailed and the definition of essential was widened to include those retailers as well. And while Ontario extended a blanket exemption to construction trades, in Quebec, builders were limited to certain urgent works.

Building supply was included in the Government of Saskatchewan’s action plan as an essential service as well. Mark Westrum, a TIMBER MART dealer from Roleau, Sask., and a past chair of the Western Retail Lumber Association, noted that a letter was drafted by the WRLA to express the importance of building supply to assist customers during disaster relief and crisis situations like COVID-19. “I sent out my letter to every MLA and MP in the ridings we have operations in,” he said. “Looks like it may have had an effect.”

Meanwhile, regional associations continued to advocate on behalf of their members. “The building supply industry is part of the fabric of Canada,” says WRLA President Liz Kovach. “Our members play a vital role in their communities, from providing jobs to over 262,000 Canadians to producing and supplying materials that are a necessity to the construction sector and essential to all Canadians.”

## QUESTIONING WHAT IS REALLY ESSENTIAL

As it got later into the spring season, despite efforts with physical distancing, Canada’s rate of infection only seemed to climb. Retailers were forced to continue to adopt new practices or adapt old ones to safely do business.




The use of promotions for what was deemed non-essential left retail workers dealing with larger volumes of customer traffic, putting them at greater risk.

Home Depot Canada decided in mid-March to cancel all its major spring promotions and put flyers on hold. And a notice online reinforced the importance of not just shopping online, but of shopping for products needed to get through the current crisis. Around the same time, Canac also pulled its popular promotional circulars.

Lowe’s Canada also eliminated all flyers until early May. Canadian Tire, whose weekly specials are a Canadian tradition, also decided to “pause” the program in Ontario.

But Fancy questions how what’s considered “essential” should be qualified. At Gow’s, people will go in to buy a candle. And though it may not be considered “essential,” she says those things are becoming, in their own way, essential to helping people get through the anxiety and isolation of the pandemic. “We just need to be kind to people,” she says.

It’s a difficult balance to strike, but one that home improvement retailers are clearly putting considerable effort into trying to achieve. As the provincial and federal governments ease up restrictions and plan for the other side of the pandemic, kindness and compassion continue to guide the best responses to this crisis—demonstrating that, while retail may have changed for the time being, the qualities that make a great retailer haven’t wavered. 



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BY JOHN CAULFIELD

# WILL “SINGLE-FAMILY HOUSE FOR RENT” BECOME A MORE COMMON SIGN ON CANADA’S FRONT LAWNS?

This trend, which has gained ground in the U.S., is finding Canada a tougher market to penetrate.

**O**n April 30, there were 912 single-family homes available for rent in Toronto, 918 in Montreal, 73 in Edmonton, 61 in Vancouver and 32 in Halifax, according to listings posted on Point2Homes.com.

Across North America, more people are renting by choice or out of need. This has been particularly true among younger adults who often don’t have the credit histories or savings for down payments that mortgage lenders require to purchase a house.

Some renters, especially those with families, are looking for more room than a condo, garden apartment or even townhouse might offer, and are choosing to rent detached single-family houses instead.

This rental phenomenon dates back to the last recession, when the avalanche of foreclosures in the United States was reclaimed by investors and banks and those houses re-entered the market as rental properties. More recently, production and custom builders, at least in the U.S., have dipped their toes into the single-family build-to-rent (SFB2R) waters.

Last year, 38,000 SFB2R units were started in the U.S., according to estimates by the National Association of Home Builders, representing about four percent of total starts. Taylor Morrison, *BUILDER* magazine’s 2020 Builder of the Year, recently struck a strategic alliance with Arizona-based Christopher Todd Communities to build and market



Despite the potential barriers, many Canadians would still prefer to own their homes than rent indefinitely.

single-family rental communities in several states. Toll Brothers, America’s largest semi-custom production builder, last year entered into a joint venture with BB Living Luxury Rental Communities to build and operate SFB2R homes in Phoenix, Las Vegas, Dallas, Denver, Jacksonville, Florida, and Boise, Idaho.

There are also production builders that specialize exclusively in rentals, most prominently Arizona-based NexMetro Communities, whose Avilla Homes brand expects to start 1,200 SFB2R homes in 2020 and deliver 500 units.

“Capital is starting to understand this [SFB2R] business,” said Stuart Miller,

executive chairman of Lennar, America’s second-largest production builder, which last year “daylighted” a program to build and sell single-family rental homes in bulk on land owned by third parties.

## CANADA LEANS TOWARD MULTI-FAMILY BUILDING

Canadian home improvement dealers whose customer bases tilt toward contractors might want to keep an eye on whether this trend emerges in their markets.

Canada will definitely be a harder market for SFB2R to crack. Sixty-nine percent of Canadian households are owners, and four out of five millennials say they want to buy a



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house eventually, according to the Canadian Home Builders Association. There are myriad companies offering programs that encourage home buying, such as Rent-to-Own a home, Rent to Own Canada, Clover Properties and HOS Financial. And there is also government support, through the First-Time Home Buyer Incentive, which offers Canadians a loan of five or 10 percent of the purchase price of their home, to be paid back when they sell or within a 25-year window, as well as a tax credit for first-time home buyers and rebates on the land transfer fees.

Far more so than in the U.S., new construction in Canada leans toward multi-family: in March, multi-family accounted for 64 percent of the seasonally adjusted annualized rate of 195,164 housing starts, according to the Canadian Mortgage and Housing Corporation. Multi-family's percentage of total starts is significantly higher in Quebec and British Columbia. And a big chunk of what gets built is being rented, notes Alex Carrick, chief economist with ConstructConnect.

which was down seven percent in March, according to CMHC. History has demonstrated that renting is a more attractive or necessary option for people when financial circumstances get turned on their heads.

In addition, statistics continue to show that sizeable cohorts of millennials and ageing baby boomers, who are seeking mobility or maintenance-free lifestyles, actually prefer renting to owning.

### WILL THE RECESSION TURN OWNERS TOWARD RENTING?

Canada's availability of rental housing, especially that which is affordable, is almost always in short supply. Last January, the *Globe & Mail* ran an editorial with the headline "Canada needs a lot more rental housing." That editorial cited data that showed rental vacancy rates in the greater metros of Vancouver and Toronto at a measly 1.1 percent and 1.5 percent, respectively.

More recently, Altus Group predicted optimistically that housing starts in

Do these dynamics leave the door open for homebuilders and contractors—and their suppliers of building products and hardlines—to jump into this rental market niche? It's hard to say at the moment, as most builders pushed the pause button on construction during the pandemic.

Mattamy Homes, Canada's largest builder, has been researching SFB2R as a potential fit for some of its larger Florida-based master-planned communities. But the builder has no such notions in the works for its Canadian business, says Brent Carey, vice president of communications.

Still, some history is in order here. Between the years 2011 and 2016, there were, on average, 28,000 to 29,000 single family homes for rent in Canada, which was a bit higher than the roughly 28,000 condos for rent during that same period.

In more recent years, multi-family construction has dominated. But these data show that there have been market precedents for single-family rental demand that could resurface, according to John Clinkard, an economist and consultant with the *Daily Commercial News/Journal of Commerce* and a Research Fellow at the Centre for Urban Research and Land Development at Ryerson University.

Certainly, current economic conditions that include rising unemployment make owning a home, and the mortgage and maintenance responsibilities attendant to that ownership, precarious. Clinkard also points out that, even before the pandemic, Canada's household debt-service ratio was at a 10- to 12-year high, which has led to more personal bankruptcies.

But Canada never experienced the foreclosure rate that helped stimulate the single-family rental market in the U.S. And while Clinkard says that it's possible a recession now might trigger more construction of single-family homes for rent, he also believes this market niche will remain a sliver of housing starts for the foreseeable future.

“Statistics continue to show that sizeable cohorts of millennials and ageing baby boomers, who are seeking mobility or maintenance-free lifestyles, actually prefer renting to owning.”

Conversely, in the first quarter of 2020, 208 single-family rental homes were started in Canada, the vast majority (173) in British Columbia, followed by 25 started in Nova Scotia, according to CMHC. Those SFB2R starts represented only around two percent of the 8,474 total housing starts across the country in the first quarter.

But these are uncertain times, thanks to the novel coronavirus that has jeopardized the economic stability in many industry sectors. That includes homebuilding,

general this year would be, at best, flat compared to 2019's construction, driven by market strengths in Ontario, Alberta and Saskatchewan.

Interestingly, single-family units, while still fetching the highest rents among all dwelling types, experienced the greatest annual decrease in average rent between March 2019 and March 2020, dropping by six percent to \$2,496 per month, according to the website Rentals.ca's April 2020 Rent Report.

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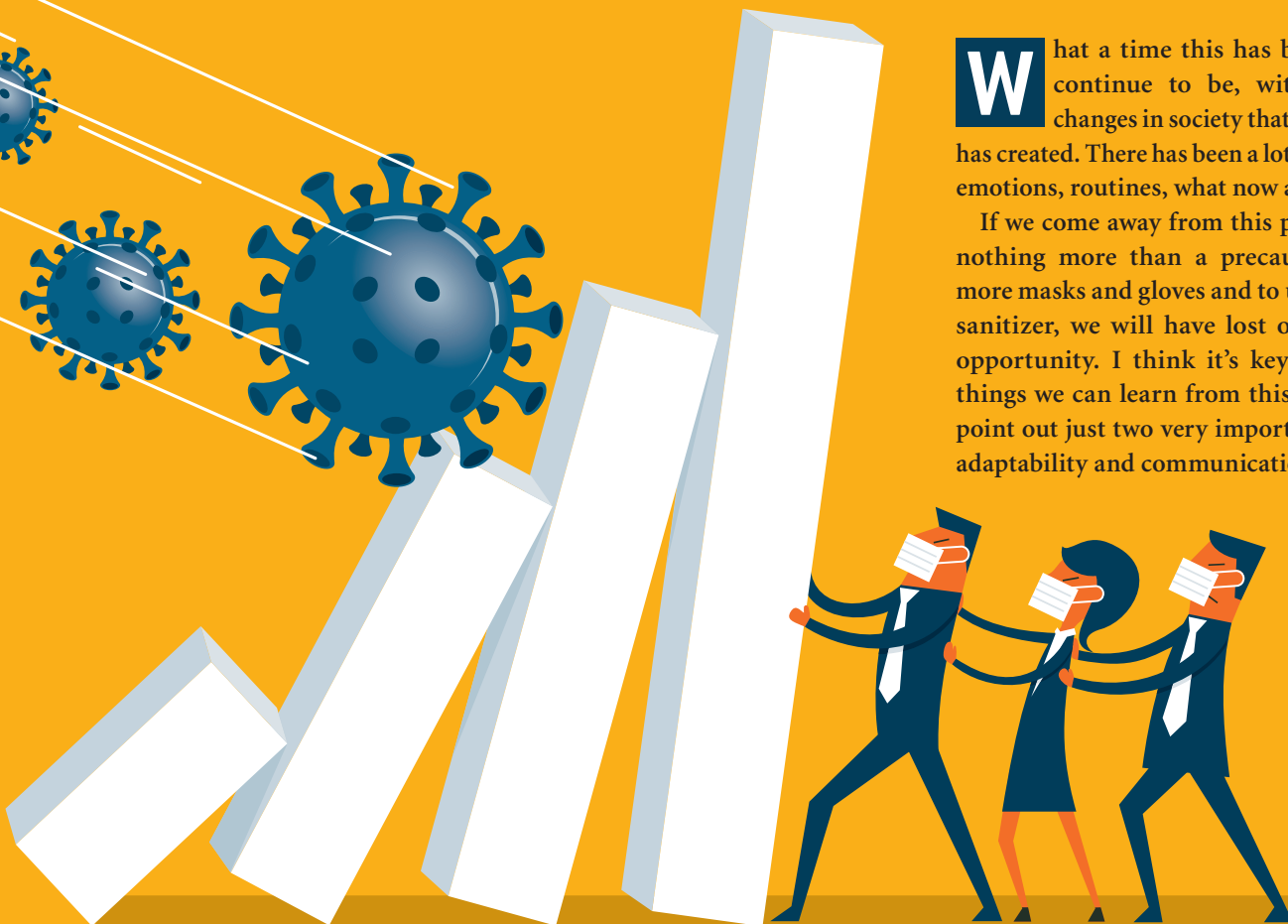
BY LYNDON MADDEN

# ADAPTABILITY AND COMMUNICATION IN A TIME OF CRISIS

Nothing forces us to look inward like a crisis. While we wait for the world to return to a sense of normalcy, don't overlook the lessons we can learn from this time.

**W**hat a time this has been, and will continue to be, with the recent changes in society that this pandemic has created. There has been a lot of upheaval in emotions, routines, what now and what next.

If we come away from this pandemic with nothing more than a precaution to wear more masks and gloves and to use more hand sanitizer, we will have lost out on a great opportunity. I think it's key that we find things we can learn from this. I'm going to point out just two very important learnings: adaptability and communication.



First and foremost, adaptability happened. In the beginning, we all had doubts if this was really a big deal. As the numbers rose and facts rolled in, we realized this was nothing to doubt. During that initial period, confusion reigned as people came to grasp the enormity of the situation. Many were impacted in income, social habits and general freedoms we all took for granted.

It wasn't until many of us got to the second stage, when we accepted that things needed to be different, that we adapted our approach. People changed the way they work, the way they consume and how they interact socially. None of this felt great, but as Canadians, we started to adapt. As the pace of change increased, even after we had bought in on adapting, we adapted further and, dare I say, progressively faster.

The important point here is that we adapted once we felt we needed to.

This can be brought squarely back to our collective business world. It can teach us something about how we do our jobs—and a bit about ourselves personally. We don't change our actions until we clearly understand that we need to adapt. At that point, we will commit to it and generally get the job done. I'm sure many of you have seen this sequence before, where teams are not aligned on a goal or a change in direction and the result is a lack of success. Buy-in is essential and then our ability to adapt to change quickly will kick in.

## HONING OUR COMMUNICATION SKILLS

How do we get our teams to buy in? Well, that brings me to key learning number two: communication. In this changing time, we all learned to communicate in new ways. We adapted our communications to video conferences; stores adapted to floor and posted signage. Have you ever seen something as basic as tape on the sales floor have such a clear impact on consumer shopping behaviour? We also found out what didn't work, and this is the part I loved.

From a marketing perspective, I see communication all over the place that is just not fully thought through. Like going to a doctor's office and seeing a wall with 16 different 8.5 x 11-inch signs all printed on different coloured paper and fonts, all with different messages. "Wash hands", "No cellphones", "Telehealth", "Ask about this drug." I laugh when I see that. It's a wall of intent with no impact. It just ends up being seen as a wall of junk.

“A change in routine like this allows us to refocus and adapt to the important stuff and worry less about the small stuff.”

In the end, we learned how to communicate as we normally would at work to negotiate our way through various problems, scenarios and day-to-day tasks. We got to the same ends, but through different means. We learned more about what was effective and what was ineffective. Signage in retail spaces needed to be clear and more consistent so people would get the message. Out went the wall of well-intended papers, and in came communication with more clarity.

I would say communication is a skill one can work on for a lifetime and still never perfect. And as society changes, people find they need to be communicated with differently. How we communicate must evolve to adapt to the time, audience and situation.

## OUR FOCUS CHANGED


One other key to communication in this period that we can learn from is how the

change in environment, routines and processes has really distilled our focus down to essential matters. In a way, this can allow you to quiet some of the normal "busy-work" we can all get wrapped up in to instead focus on the big blocks.

We all know we have 101 things to do and we try to do them all. A change in routine like this allows us to refocus and adapt to the important stuff and worry less about the small stuff. It changes how we communicate and articulate what needs to be done. This is a perfect mix of adapting and communicating better. We have all, perhaps unconsciously, become better at this.

In my company, during the recent months, the global leadership did a great job to set an inspiring tone, rather than duck and cover. Collectively, we also found very good ways to keep in touch and try to adapt to a rapidly changing marketplace in response to daily change. It comes back to adaptability and communication that made it all work.

I think we have all been challenged with this change in our lives. The lessons we can take from it are plentiful. Our ability to adapt and communicate in alternative and situationally effective manners has been a strong point. We should now be able to use this freshly enhanced skillset to align better on our goals, adapt further to new opportunities and then communicate those goals outward so we can all align on making it happen.

Be sure to notice the difference in behaviours between when people see change and when they become committed to adapting. That is where we will all see future success from these lessons. 



*Lyndon Madden is a consumer goods marketing executive who has worked with many small and large brands throughout his career. He is passionate about thoughtful business strategies building long-term brand success.*

BY ROB WILBRINK

# INDEPENDENTS HAVE A COMPETITIVE EDGE THEY MAY NOT RECOGNIZE

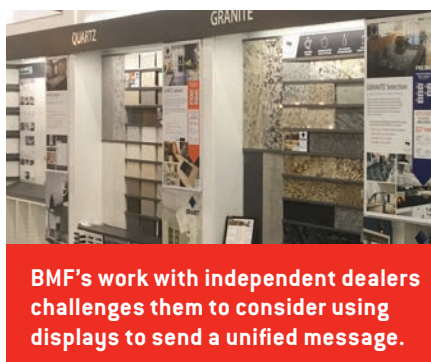
When it comes to planning your store renovation, new build or expansion, our merchandising expert has two-and-a-half decades' worth of lessons to consider before you get started.

**O**ver the last 25 years, I've run corporate stores and worked with independent dealers across many geographies. In that time, I've witnessed and experienced both successes and failures in store renovations, new builds and expansions. Here are some of the lessons I've learned along the way.

**Independent dealers generally outperform their corporate competitors.** In the last couple of years, we've seen numerous corporate store closures. Local dealers tend to understand their markets better than the new corporate store that comes to town. They make business decisions based on knowing their customers' preferences, the type and age of housing, the styles and colours that sell best and the product lines they are personally passionate about. By contrast, corporate stores are typically built to a consistent size and product mix to support branding and supply chain efficiency. They are therefore designed to a generic average as opposed to being optimized for each market they serve.

Relative to corporate chains, independent dealers are prone to being more cautious. They're spending their own money or have personal guarantees on the money they borrow. They have major advantages such as history and loyalty in their communities. They have experienced staff who are part of the fabric of their local markets and they have a better understanding of local customer needs. As entrepreneurs, they're driven to make the right decisions for growth and have a longer-term view of their financial well-being and legacy.

**Bigger isn't always better.** Stores that are too big for a market can suffer a painful



BMF's work with independent dealers challenges them to consider using displays to send a unified message.



demise as fixed costs such as rent (or interest), utilities and property taxes force cuts in variable costs. These are primarily wages and inventory. This sets off a vicious circle of sales losses and further cuts that can't be sustained. Corporate stores are more likely to suffer this fate.

**Dealers don't ride two horses well.** If a new dealer is a builder who decides to open a store to buy better, the wisest move is to find an outstanding manager to mind the store. Retail is detail and requires full-time commitment to build confidence with customers.

**Half-hearted efforts seldom pay off.** When dealers approach a renovation with the mindset of minimizing costs, as opposed to maximizing return on investment, the result is normally a short-term bump in sales followed by a long-term decline as competitors leapfrog the improvements. Simply rearranging existing

shelving and products and adding a few signs doesn't create a sustainable competitive advantage. It may save money in the short run, but in the end, the money is often wasted and better left in the bank.

Similarly, retail fundamentals can't be ignored just because the store looks good. A lack of interest in front-end operations after a renovation can undermine the benefits of the renovation. The right fixturing systems can create the impact needed to build a sustainable competitive advantage, make it easier to maintain high merchandising standards and manage inventory.

**Build where the houses are, not where the cars are.** Like anything in real estate, location is still a dominant factor in consumer decisions about where to shop for home improvement products. This assumes, of course, the dealer has the right products and the customer has the confidence that

they do. In the late '90s, Lansing Buildall, a chain of eight Toronto stores, had cashiers collect customer postal codes. Based on more than 100,000 transactions, they determined that consumers who lived within a mile of a store were 34 times more likely to shop there than if they lived between four and five miles away.

When Revy Home Centres first entered the Toronto market, they were mesmerized by the traffic in a heavily retailed area north of Toronto. Management was thrilled they would be sharing a parking lot with a Costco store. The Revy parking lot was always full, but they were Costco customers who seldom ventured into the Revy store. Costco was doing 10 times the sales of the Revy store, which never made money and eventually closed.


The lesson was that while both home centres and Costco are destination stores, there are far fewer Costcos than home centres, building centres and hardware stores. So, while shoppers are prepared to fight traffic to get to a Costco, they prefer a more con-

venient option for their hardware and building materials.

**Dealers who take a strong interest in their front end get better results.** The investment of their time and effort pays huge dividends for dealers who choose to get directly involved in the design and product selection rather than delegating this responsibility to an outside company. Inventory vendors have a mandate to sell products—that's why they're in business. The good ones will take a long-term view and focus on making sure products fit the market and generate healthy turns. However, others will load in product and SKUs hoping they'll sell-through. I've seen many examples of dealers clearing or throwing out products that haven't moved at all, three and four years later. The 12-month dating which enticed them to bring in this stock in the first place hadn't done them much good.

**The most successful dealers treat their front end as an extension and manifestation of their back end.** They use imagery and displays to send a unified message

about what the business is all about. This helps de-commoditize the business by driving sales of higher-margin building materials as well as the hardware that supports them. The reason for doing a renovation shouldn't be to sell more hardware; it should be to build the entire business.

Not all renovations and new builds are successful. The reasons are most often contained in the lessons above. Fortunately, most independent dealers who follow a thorough planning process see significant boosts in sales and profitability, which continue to grow over time. The value of their business increases significantly, paying back their investment many times over. 

*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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- ☐ Home Furnishing Retailer
- ☐ Lumber & Building Supply Wholesaler
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BY GEOFFREY McLARNEY

# WOMEN OF LOWE'S CANADA RAISE THE ROOF FOR FAMILIES IN NEED

For the second consecutive year, Lowe's Canada and Habitat for Humanity teamed up to mark International Women's Day by bringing women from the Lowe's store network together to make a concrete difference for lower-income women and families.

**W**hen Gaëtane Lamarre got an email from her manager at L'entrepôt RONA Laval looking for volunteers for the International Women Build Week, she didn't think twice.

"I said yes right away," she says. "I hoped I'd be chosen to participate."

The event, a partnership between Lowe's Cos. and Habitat for Humanity, has been taking place during the week leading up to March 8, International Women's Day, since 2008. It sees women from across the globe come together to build affordable homes for Habitat for Humanity. For the 2020 edition, Lowe's Canada and Habitat for Humanity Quebec teamed up to renovate a five-plex building in Montreal's South-West borough.

Twenty women from the Lowe's Canada network got involved. This year, Lamarre was the lone participant from the RONA banner, joining women from Réno-Dépôt stores and the Boucherville head office.

Tania Ricciardi of Réno-Dépôt Marché Central was a returning participant this year. At the inaugural event in 2019, she was joined by one fellow associate from her store. "We enjoyed it and passed word of mouth around the store," she recalls.

This year, she was joined by about half a dozen colleagues.

Jean-Sébastien Lamoureux, senior VP of public affairs, asset protection and sustainable development at Lowe's Canada, says the company's involvement with the Women Build Week is a natural development. When Lowe's brought the event to Canada last year, Habitat for Humanity already had "a



Twenty participants from the Lowe's Canada network participated in a Habitat for Humanity build on International Women's Day.

significant partnership with the U.S. business, but here in Canada, we were also very supportive," he explains. "So this Women Build Week is something we decided to partner with across all our geography."

For Lamarre and Ricciardi, the event allowed them to see firsthand the difference their team was helping to make in a neighbourhood where one-third of households spend more than 30 percent of their income on housing.

"In the beginning of the day when we started, we got to see one of the Habitat families who were introduced," Ricciardi recalls. "Just to hear their story was very moving."

Ricciardi says the impact of the experience lingers back at work.

"At the store itself we're in different departments," she explains. "I myself work in the office. I don't get to see a lot of my

colleagues who work on the floor, so just to get to work with them and get to know them a little better was a highlight."

Lamarre calls the experience "an excellent day with many strong moments," especially "being all together to form a human chain to remove the waste" from the build.

According to Lamoureux, motivation to participate in the build is strong.

"I think to bring our women together, but also to support safe and affordable housing for women, is something that resonated in our organization," he says. "So that's why it was very easy to recruit people within Montreal to go spend the day renovating."

Lamarre concurs. Her verdict on the event is emphatically positive: "Very well organized, very serious and conscientious. I hope to be able to do it again next year."





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