

Michael Knell's

HomeGoodsOnline.ca

HGO merchandiser

SPRING 2021

Volume Ten, Issue 1



RETAILERS SHARE THEIR *pandemic lessons*



EXPLAINING THE RACE TO THE BOTTOM

Because you
Love it ™



**Mattress
Protectors**



**Furniture
Service Plans**



We care for what you love!

They buy it because they **LOVE** it.
We help you with what happens after.
A **NEW** way of presenting complementary sales.

Contact us at 1.800.661.7313 ext. 3



**High Efficiency
Detergents**



**Appliance
Service Plans**





8



ON OUR COVER: It's become a cliché but the pandemic has really become a life altering experience, as well as greater teacher. The retailers gracing our cover all took the time to share with you how those 12 months changed them as both human beings and businesspeople. Our thanks go to (from top left): Eric Bennett, Lori Fecho, Jim Fee and Randall McKay; (from top right): Scott Reid, Jim Rice, Darryl Sherman and Andrew Tepperman.



14

6 EDITOR'S LETTER DEFLATION AND PANDEMICS

In many ways, this may be the most educational issue of the *Merchandiser* we have published. First off, we ask a small group of retailers from across the country to share with you what they've learned from the pandemic, particularly how it has made each of them a better human being as well as a better businessperson. Then, we examine the race to the bottom and its impact on this country's furniture, mattress and appliance retailers.

8 BY THE NUMBERS THE DEFLATION DILEMMA

There really has been a 'race to the bottom' when it comes to the retail pricing of furniture, mattresses and appliances. But the reasons aren't quite as clear cut as most believe. An analysis of the Consumer Price Index coupled with conversations with some of the best minds in our industry has helped to shed some light on this complex question.

12 ON RETAIL GO FROM INFORMED TO COMMITTED

For any business there's power to be found when the boss elevates the team he or she leads from informed to committed. Donald Cooper, our resident guru on all things retail explains why this is and how to get it done.

14 RETAIL LESSONS FROM THE PANDEMIC

COVID-19 has been a life altering event. This is now old news but almost everyone agrees it has contained a multitude of teachable moments. So, HGO approached eight influential independent furniture, mattress and appliance retailers from across the country and asked them to share what they've learned. They all seem to agree that either

despite or because of it, this tragedy has made each of them better human beings and better businesspeople.

19 INDUSTRY CALENDAR

A list of furniture, mattress and appliance industry events to be held across North America over the coming few months. Many are presented in a digital format.

ADVERTISERS' INDEX

Pages 2-3

Phoenix AMD International
41 Butler Court
Bowmanville, ON
L1C 4P8
T: 800.661.7313
phoenixamd.com

Page 5

Zucora
552 Clarke Road
London, ON N5V 3K5
T: 800.388.2640
zucora.com

Page 7

Las Vegas Market
475 S. Grand
Central Pkwy.
Las Vegas, NV 89106
T: 702.599.9621
lasvegasmarket.com

Page 11

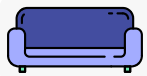
Tempur Sealy Canada
145 Milner Avenue
Scarborough, ON
M1S 3R1
T: 800.268.4414
stearnsandfoster.ca
tempurpedic.ca

Page 20

Home Goods Online
P.O. Box 3023
Brighton, ON K0K
1H0
T: 613.475.4704
homegoodsonline.ca



We Have The Solutions!



Furniture



Bedding



Appliances



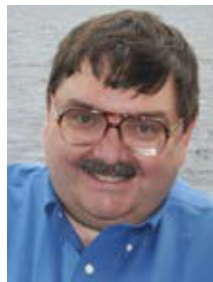
With a legacy rooted in an industry-wide reputation for creating exceptional customer experiences, we've become Canada's top provider of home furnishing protection programs that deliver financial success for furniture, bedding and appliance retailers.

- ✓ Recommended
- ✓ Experienced
- ✓ Nationwide

Let us help you!

Plans from Canada's most trusted provider!

DEFLATION & PANDEMICS



MICHAEL J. KNELL

In many ways, this may be the most educational issue of the Merchandiser we have published. After examining the race to the bottom, we ask a group of independent retailers to share with our readers the lessons learned from the pandemic.

FOR AS LONG AS I HAVE BEEN WRITING ABOUT THE FURNITURE, mattress and appliance industry, everyone from store owners to manufacturers have complained about the 'race to the bottom' when it comes to pricing. In some ways, the issue has always been treated like urban myth – everyone thinks it's true but there really wasn't a lot of evidence to support the contention.

One popular observation was the key retail price point for a three-seat stationary fabric covered sofa hadn't moved in 30 years while the price of the typical family car had at the very least quadrupled over that time.

A few weeks ago, I took a closer look at the annual *Consumer Price Index* published by Statistics Canada and discovered prices for upholstery, case goods, mattresses, refrigerators and laundry equipment have been declining over the past couple of decades.

After consulting with a few really smart people, from both inside and outside the industry, we discovered there are reasons to explain this phenomenon, reasons we explore later in this issue. And some of those reasons will be somewhat surprising. For example, although most of us see the housing market as 'hot' at this precise moment, when looked at over the past 20 years some say it peaked in 2004 and has been declining slowly since then. Others note this industry is remarkably stable, particularly at retail which means competition has been increasingly price oriented as the merchant's fear of losing market share became greater than his desire to improve margins.

In this issue we also asked a small group in independent retailers from across the country to answer two apparently straightforward questions about their experiences over the past year or so. We asked them: what have you learned from the pandemic, both as a businessperson and as a human person; and how has it changed your business, your approach to business and how you see its future?

The answers they gave are worth reading. In many cases, they are downright inspirational. They also reminded me that this industry is populated with many fine human beings. I hope you enjoy reading this issue as much as I enjoyed writing it.

Michael J. Knell
Publisher & Editor
mknell@homegoodsonline.ca



HomeGoodsOnline.ca

HGO merchandiser

SPRING 2021 • VOLUME TEN, ISSUE 1
ISSN 2291-4765

www.HomeGoodsOnline.ca

PUBLISHER & EDITOR

Michael J. Knell

mknell@homegoodsonline.ca

MARKETING DIRECTOR

Corrie-Ann Knell

marketing@homegoodsonline.ca

CONTRIBUTING EDITOR

Ashley Newport

ashley@homegoodsonline.ca

CONTRIBUTORS

Donald Cooper

ART DIRECTOR

Samantha Edwards

Sam I Am Creative

samiamcreative@gmail.com

IT DIRECTOR

Jayne Cousins

In House Logic

websmith@inhouselogic.com

PUBLISHED BY

Windsor Bay Communications Inc.

P.O. Box 1566, 120 Ontario Street

Brighton, Ontario K0K 1H0

T: 613.475.4704

F: 613.475.0829

Michael J. Knell, Managing Partner

PUBLISHERS OF

HGO This Week

Home Goods Online.ca

© 2021

Windsor Bay Communications Inc.

All rights reserved.

Windsor Bay Communications does not accept responsibility or liability for any mistakes or misprints herein, regardless of whether such errors are the result of negligence, accident or any other cause whatsoever. Reproduction, in whole or in part, of this magazine is strictly forbidden without the prior written permission of the publisher.

AFFILIATE MEMBER





EMBRACE THE POSSIBILITIES

Get back to business at Las Vegas Market.

We make sourcing simple by giving you access to more than 4,300 Furniture, Gift & Home Décor resources onsite and online.



LAS VEGAS
MARKET™

April 11 – 15, 2021 | August 22 – 26, 2021

LasVegasMarket.com | [@lasvegasmarket](https://www.instagram.com/lasvegasmarket)




Go to **TogetherSafely.com** to learn more about the health & safety protocols we've implemented in our buildings.

FEATURED LINES: Four Hands, Jamie Young Company, Peking Handicraft
©2021 International Market Centers, LLC

THE DEFLATION DILEMMA

There really has been a ‘race to the bottom’ when it comes to retail pricing of furniture, mattresses and appliances. But the reasons aren’t quite as clear cut as most believe. An analysis of the Consumer Price Index and conversations with some bright minds has helped to shed some light on this complex question.



A MATTRESS RETAILING IN CANADA for \$1,000 in 2002 sold for \$821 in 2020. Similarly, a piece of upholstery also selling for \$1,000 in 2002 sported a price tag of \$938 last year. An analysis of the *Consumer Price Index* (CPI) from Statistics Canada shows every major category of furniture and major appliances suffered significant price erosion over that time. But almost everything else bought by the Canadian consumer cost a lot more last year than it did 19 years previously – and sometimes by a significant amount.

A good example is the family grocery bill, which Statistics Canada says was just under \$154 in 2020 for every \$100 spent in 2002. Another is what the CPI refers to as the ‘all items’ basket (basically every product the consumer buys on a regular basis) which went from 100 in 2002 to 134 in 2020.

As the chart accompanying this report shows, major appliances haven’t been immune from this downtrend trend in pricing. For example, a washing machine or dishwasher priced at \$1,000 in 2002 was tagged at \$844 last year. A similarly priced refrigerator sold for \$865 last year. Many experts, both inside and outside the white goods industry, have cited improvements in technology and greater efficiencies in manufacturing – not to mention tougher competitive pressures – as the primary drivers for the deflation when it comes to both the core group of major appliances and most categories of consumer electronics, especially televisions and audio-visual equipment such as DVD players.

But when it comes to furniture and mattresses industry veterans as well as outside observers note there are other factors in play, particularly when the inflationary pressures on many of their components are considered.

For example, foam used for upholstery seating and mattresses as well fabric for both seat covers and ticking have seen prices increase at a relatively alarming rate, particularly in recent years.

Anna Feng, an economist at the Conference Board of Canada – a private think tank based in Ottawa – notes the overall inflation rate in Canada has averaged 2.0% annually over the past two decades, prompting her to believe “this deflation in furniture price was caused by muted consumer demand for furniture and an increase in options available – challenging pricing power.”

Ed Strapagiel, the Toronto-based retail consultant and analyst, said demographics has also played a role, pointing out “population growth has slowed down and so has the rate of new household formation which, in turn, means less robust aggregate demand for furniture and appliances.”

For Edward Leon, chief executive officer of the Toronto-based Leon’s Furniture Limited (LFL) – parent of both Leon’s and The Brick as well as this country’s largest full-line furniture, mattress and appliance (FMA) retailer – the drivers are closer to home.

“The fact that our industry’s pricing hasn’t kept up with the increase in CPI is due to a couple main reasons,” he believes, “First, the incredibly competitive nature of our industry (at both wholesale and retail) and secondly, the fact a large portion of our goods are sourced internationally and often come from countries and marketplaces that do not necessarily follow the economics of our domestic market.”

Kim Yost, president and CEO of Mega Group, the member-owned buying group based in Saskatoon, concurs with these sentiments and ▶

BY
MICHAEL J.
KNELL

expands on them noting an examination of the CPI says quite a lot about the state of FMA retailing in Canada.

“First of all, we have lost share of wallet – that is, of disposable income – over that period,” he told *Home Goods Online* in an interview. “There are also new categories of goods which didn’t exist 20 years ago that are now competing for those same dollars – think cell phones and digital subscription services.”

He also notes the life cycle of many products sold by FMA retailers have shortened over the past couple of decades. “Consumers expect to change their furniture, appliances and mattresses more frequently,” Yost pointed out. “Appliances were once expected to last 20 years, but the industry says that’s down to about 12. Mattresses used to have a 20-year warranty, now the average replacement cycle is less than 10 years. Furniture has become more fashion oriented, and expectations are it will be changed sooner. It’s also reflected in the re-sale value of secondhand furniture which is next to nothing as well as the abundance of cheaper quality, lifestyle furniture.”

The Conference Board’s Anna Feng also observes one of the main factors determining FMA prices on retail floors is simple economics – the law of supply and demand. “People tend to buy more furniture after they purchase a new home,” she observed, adding the demand for FMA correlated directly to the Canadian housing market.

Although the Canadian housing market – both in terms of starts and resales – has set historic highs over the past five or years, Feng said a slightly different picture emerges when looking at the past two decades. This view suggests the market has been in something of decline.

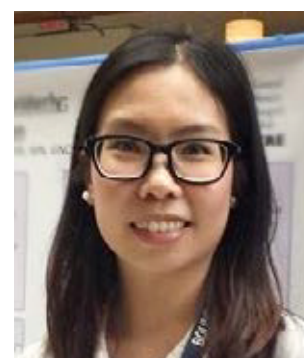
“Housing starts peaked in 2004 and have seen only modest growth since,” said Feng, a member of the board’s economic forecasting group and responsible for publishing its monthly *Index of Consumer Confidence*. “Because of that, retail sales of furniture stores slowed significantly to an average annual growth rate of 1.7% between 2008 and 2018, much slower than the 9.9% growth rate recorded in 2002. As such, the muted growth of furniture sales weighed heavily on Canada’s furniture prices in recent years.”

Combined with this muted demand has been the different type of competitor being faced by the typical brick-and-mortar FMA retailers. “We’ve seen many more online retail players come to the industry,” Feng observed, “particularly in the mattress segment with the mattress-in-a-box phenomena, which are much cheaper than those bought in standard mattress stores. Naturally, prices weakened as supply rose and demand remained muted.”

Another key factor in this downward spiral has been the emergence of imports. For example, in upholstery alone, imports now account for 80% of the Canadian market – a far cry from the share they had at the turn of this century.

“Global sourcing is more efficient,” Yost said. “The products are cheaper. This is an economic for many categories, not just furniture – look at clothing, computers and televisions, for example.”

Ed Leon of the publicly held LFL also notes there has been little change in the FMA retail segment’s traditional competitive environment over the past decade or so. “Our industry has had very little consolidation or reduction in worldwide players who are most anxious to continue competing for the business.” ▶



Anna Feng is an economist with the Conference Board of Canada. A member of its economics forecasting group, she authors its monthly *Index of Consumer Confidence*.



Ed Strapagiel is a seasoned retail consultant and analyst based in Toronto.

CONSUMER PRICE INDEX Annual Average (not seasonally adjusted)

2011 to 2020 2002 = 100

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
All-items	119.9	121.7	122.8	125.2	126.6	128.4	130.4	133.4	136.0	137.0
Food	127.7	130.8	132.4	135.5	140.5	142.6	142.7	145.3	150.2	153.7
Upholstered furniture	90.7	90.4	91.8	91.9	95.5	95.8	93.4	93.1	94.0	93.8
Wooden furniture	95.8	94.7	95.1	94.9	96.8	98.3	96.1	93.5	94.7	96.1
Other furniture (mainly mattresses)	90.9	86.8	88.9	85.4	87.1	89.4	89.6	87.2	83.6	82.1
Cooking appliances	83.1	84.8	83	82.5	86.3	89.1	87.5	86.1	85.7	82.1
Refrigerators and freezers	82.1	83.3	80.8	80.8	85.3	90.0	86.3	86.4	87.1	86.5
Laundry and dishwashing appliances	89.0	90.0	86.1	85.0	89.9	93.5	90.4	89.1	87.6	84.4

Source: Statistics Canada Table 18-10-0005-01 (formerly CANSIM 326-0021)



Kim Yost is president and chief executive officer of Mega Group, the member-owned buying group based in Saskatoon that operates the BrandSource Canada banner.



Ed Leon is the chief executive officer of the LFL Group, the publicly held and Toronto-based parent company of Leon's, The Brick and Appliance Canada.

Indeed, it could be argued that last major shake-up in Canadian FMA retailing came in 2013 when Leon's acquired The Brick to create LFL. In fact, the only major player to exit the sector over the past two decades was Sears Canada in 2018 even though there has been a real decline in the number of independent stores.

THE RELUCTANCE TO RAISE PRICES

These experts also tend to agree these factors have also provided retailers with a reluctance to increase their prices over the past two decades.

"It's been challenging for companies to increase their prices, given the competition and subdued consumer demand for furniture," Anna Feng said. "Higher furniture prices would further drive consumers away from purchasing furniture, which would reduce profits for furniture stores. In particular, the mattress segment has seen a complete change in the way the industry works – to where consumers seek the mattress-in-a-box option more and more. That means the composition of what people buy today is different than what they did in 2002, and this has trended towards cheaper options."

Ed Leon has a more direct view of this. "I don't believe we have been reluctant to raise prices as much as we're fearful of losing our share of the pie."

Mega Group's Kim Yost doesn't necessarily disagree. "While there has been increased competition, we also fear loss of market share," he said, although there are other factors at play. For example, the opening price points in almost every category of furniture, mattress and appliances offer the consumer little in the way of added value, but they are disproportionately featured in almost all retail advertising.

"This has led to the consumer perception that furniture can be bought at lower prices," Yost remarked.

Ed Strapagiel believes "it's not that the industry has been reluctant to raise prices. It's that the industry is not able to raise prices to the above factors."

BREAKING THE CYCLE

While most observers seem to agree on what have been the primary causes of this deflationary trend in FMA prices, not all are confident the cycle can be broken. While considered to be big ticket items, furniture and appliances haven't been able to demand higher prices the way automobiles have, for example. This is because the contributing factors that influence pricing aren't likely to see that influence diminish, at least in the short term.

Anna Feng of the Conference Board notes

the recent 'working from home' trend seen over the course of the COVID-19 pandemic will help grow demand for furniture, particularly since it has also spurred a move towards the purchase of larger homes by many Canadian consumers.

Despite this, she remains of the view that "going forward, the outlook for furniture prices will be mixed. On one hand, the recent rapid growth in housing starts is not deemed to be sustainable and we forecast they will decline gradually over the next years."

She also thinks the pandemic has done two things that could give FMA retailers more pricing power. "The pandemic has led to people staying at home more," Feng observed. "This might increase household taste for higher priced furniture – and increase the demand for it – as they spend more time at home."

"The pandemic also led to a significant increase in savings," she continued, "which could eventually be spent on furniture. If demand reaches a high enough level, pricing power will return to furniture retailers."

While admitting the process will be neither simple nor painless, Kim Yost believes the deflationary spiral can be broken.

"We need to add more quality and recognizable value to the products we sell," he maintained, adding that this is already being done in a number of categories such as adjustable bases for mattresses; powered motion furniture; and full featured refrigerators and laundry pairs.

He also believes manufacturers should take firmer control of their MSRP (manufacturer's suggested retail price) while providing greater support for minimum advertised prices and holding retailers accountable for adhering to them.

"Furniture manufacturers also need to increase their consumer brand," Yost said while encouraging them to develop fully featured private labels for retailers to feature on their sales floor. "Retailers must also be less reluctant to show and promote trade-up price points. Independent retailers have always had greater success in getting consumer to trade up compared to the big box stores."

However, Ed Leon is somewhat more pessimistic on this issue. "I do not see a change in this cycle as long as we maintain trade relations with the rest of world," he said. "Further to this, without a contraction in the number of players at both the wholesale and retail level, the economics of an open and competitive marketplace will prevail." **HGO**

MICHAEL J. KNELL is the publisher and editor of Home Goods Online and all three of its platforms.

Sealy



proud
supporter of **hockey**

Sealy® Canada is the official mattress of Canada's National Women's Team and Proud Partner of the 2021 IIHF Women's World Championship.



2021
ICE HOCKEY
WOMEN'S WORLD
CHAMPIONSHIP
CANADA
Halifax • Truro



Go from INFORMED to COMMITTED

For any business there's power to be found when the boss elevates the team he or she leads from informed to committed. Our resident guru on all things retail explains why this is and how to get it done.



BY DONALD
COOPER

ARE YOUR STAFF IN THE DARK, engaged or fully committed? In many businesses one of biggest employee complaints is about the lack of communication. "Nobody tells us what's going on around here!" is a line I hear it all the time. We all talk about the importance of communication. Some of us even brag about how good we are at it. But, shouldn't we go beyond communication to create true employee engagement and commitment?

Sadly, in many businesses communication is a one-way street. It's the process of telling employees what management has decided to do and then asking, or telling, the team to 'get with the program.' On the other hand, engagement and commitment start with involving your team in creating clarity about five things:

- 1** The extraordinary value and customer experience you commit to deliver and how you'll communicate them in everything you do, in a way that clearly differentiates you from your competitors.
- 2** What you, as a business, commit to become (your Vision).
- 3** How you'll get to that extraordinary future (your Mission).
- 4** The healthy bottom line you commit to generate. If there's no bottom line, there's no business. Sadly, many of your employees think making a profit is a bad thing. They

need to be disabused of this foolish notion that they probably picked up in our socialist school system. Don't get me started on that one! If there's no profit, there's no business and no jobs – including theirs.

5 How you commit to behave along the way. Your values, ethics and standards.

Involve your team in these important conversations. They know stuff and hate it when you don't ask. When you don't ask for their ideas, they assume you don't care – and if you don't care, why should they? By asking and listening you'll get more and better ideas, you'll honour them, reduce turnover, improve commitment and find out who 'gets it' and, therefore, who might be promotable.

For over 20 years, I flew 100 times a year speaking at various conferences and holding business coaching sessions around the world. Whenever I saw an airline doing something customer unfriendly or just plain stupid, I would always ask the front-line staff, "Why do you do that? It doesn't make sense." The reply was always the same. "We know it's wrong and we keep telling them (head office) but they won't listen!" In that kind of environment, the best people leave in frustration and the mediocre people stay and take what I call '*I don't give a damn pills*.' How many people are taking '*I don't give a damn pills*' just to survive in your business?

Here's something to think about: according to the international polling firm Gallup ►



Research, in North America only 31% of employees are fully engaged while 52% are not engaged and 17% are actively disengaged.

In Europe, the numbers are much worse with 90% of employees being categorized as either not engaged or actively disengaged. By the way, actively disengaged refers to unhappy employees who act out in various ways to undermine the organization and the performance of others. Get rid of them! Do it legally but get rid of them.

ALWAYS EXPLAIN WHY

The simplest way to move your team from blind compliance to engagement, commitment and creativity is to always explain why. Whenever you're assigning a project, discussing a policy, coaching team members on a particular process or trying to improve some part of the business, always tell them why it's being done. Explain the desired outcome you're looking for and why it's important. It might take a little longer, but the results will be significant better.

When you communicate to your people by just telling them to 'do it' they're informed and the best you can hope for is blind compliance. But, when you truly involve them, listen to them

and respect them, they're much more engaged and committed! And here's the magic, a few of your brighter folks will say something wonderful like, "Oh, if that's the outcome we're looking for, I have a few thoughts on how we might do it even better." Now we have engagement, passion and creative input!

So, will you have better informed employees. Or will you commit to creating more engaged, more committed and more creative team? It really is your choice. **HGO**



A regular contributor to Home Goods Online, DONALD COOPER has been both a world-class manufacturer and an award-winning retailer. Now a Toronto-based business speaker and coach, he helps business owners and managers rethink, refocus and re-energise their business to create compelling customer value, clarity of purpose and long-term profitability. For more information, or to subscribe to his free, monthly management e-newsletter, go to www.donaldcooper.com

LESSONS FROM THE PANDEMIC

COVID-19 has been a life altering event. This is now old news but almost everyone agrees it has contained a multitude of teachable moments. So, HGO approached eight influential independent furniture, mattress and appliance retailers and asked them to share what they've learned. They all seem to agree that either despite or because of it, this tragedy has made them better human beings and better businesspeople. **BY MICHAEL J. KNELL**

THE COVID-19 PANDEMIC has been the lead story on every television newscast and on the front page of every major newspaper in this country for the past year. At press time, almost 900,000 Canadian had contracted the disease, just over 22,000 had succumbed and the roll-out of the vaccines was in its early stages.

During the year since the pandemic was declared in March 2020, the containment measures imposed by federal and provincial health authorities caused the majority of furniture, mattress and appliance (FMA) stores to be closed to in-store traffic for as long as 16 weeks. Making matters worse, in many larger markets, these merchants were forced to close over Boxing Week, the most critical seven-day period on the annual retail calendar. The total number of weeks enforced closure varied depending on where each brick-and-mortar store was located.

There is no question this has been a life altering event. Everyone has been affected. It has changed perceptions, minds and attitudes. The way we work and interact with others has been radically changed. In many ways, the pandemic has been the accelerant of change – speeding the arrival of long anticipated change. The best example being a quicker and broader acceptance and adoption of e-commerce by most FMA retailers.

Recently, *Home Goods Online* reached out to a number of leading independent FMA retailers from across the country and asked them two questions:

What have you learned from the pandemic, both as a businessperson and as a human being?

How has it changed your business, your approach to business and how you see its future?

I want to thank each of these energetic and thoughtful industry leaders for taking the time to consider the questions and respond fully. Aside from some minor editing to ensure clarity, their answers are presented as submitted.

ERIC BENNETT

*President/Owner
Bennett's Furniture & Mattresses
Peterborough, Ontario*

What have you learned from the pandemic, both as a businessperson and as a human being?

We need to increase investments in having vaccines ready for the next pandemic. I read it is now possible to pre-prepare for almost any pandemic with ready-to-go vaccines. Just more money for research and it will happen. Friction must end between competing interests including the advice of scientists and the business community. The federal government

should form a committee to prepare for the next pandemic as soon as this one is over. Explain to the press and public that while “science is super important but ultimately politicians have to make the final decisions.”

How has it changed your business, your approach to business and how you see its future?

The biggest change has been the move towards more digital and having your store featured online has become more urgent. Time will tell how much this pandemic changes our society. If a lot more people work from home, that will be good for smaller cities in Canada as people will leave the large urban cities. The other thing is the pandemic certainly proves the home furnishings industry is in competition with non-furniture businesses – look at how busy we are when people cannot spend on travel and restaurants.

LORI FECHO

*Vice President
Mattress Mattress
Calgary, Alberta*

What have you learned from the pandemic, both as a businessperson and as a human being?

As a businessperson, and a human being, I've learned that who we surround ourselves with will ►



ERIC BENNETT



LORI FECHO



JIM FEE



RANDALL MCKAY

determine our threshold for crisis. Those who are okay with stepping outside of their comfort zone and adapting to change are going to pull through the strangest of times. I've always felt sales is not for the faint of heart and this strange year has proven that more times than not. I'm so proud of the associates who work for Mattress Mattress and how they have remained focused and motivated during such a stressful and unique time. Every single thing that has been introduced or changed was embraced and taken in stride. I'm grateful for this type of teamwork.

How has it changed your business, your approach to business and how you see its future?

This is interesting. We've made some changes during COVID to better handle the restrictions that will probably stick with us. We've learned that scheduling two or three associates together for less hours provides a better retail experience than staggering their shifts and remaining open longer hours. We learned taking a stand and stepping up to various guidelines provides greater customer certainty when they need it most. We learned we sell products people still want to test before buying online, so we're less distracted by the online mattress sellers these days. Yes, it's a thing and we offer online sales too but there is

still a need for brick-and-mortar, so we need to continue providing a value-added experience in store.

JIM FEE

*President
Stoney Creek Furniture
Stoney Creek, Ontario*

What have you learned from the pandemic, both as a businessperson and as a human being?

Cashflow, cashflow, cashflow.... the original lockdown came after a soft back end to 2019 and after shipping the bulk of our backlog through November and December. With January and February typically being soft for both written and shipped sales, cash on hand and backlog of sold goods were stretched thin. During lockdown money mostly went out, with little coming in. It was a challenging situation for any business. While you can't control the timing of a pandemic and closure, the situation certainly sharpened the focus on preserving cash.

I learned the value of having associations, buying groups and friends to network with. When you are in the middle of it, trying to educate yourself on how to operate your business and how to protect your employees, it was amazing the amount of information that was provided by the North American Home

Furnishings Association (HFA), Mega Group, AVB BrandSource, the Retail Council of Canada, and the Canadian Federation of Independent Business (CFIB) and others. It was plentiful and invaluable. Getting on phone calls, zoom meetings and webinars became a daily routine. Talking to fellow retailers throughout those months was also a great help – we were sharing insights and understanding of rules. The way Mega stood up to assist their membership was commendable and extremely helpful. All of the things I've listed showed the support available and that we were not alone.

Something I always knew, but was reinforced by this pandemic, is just what a great team I have here with me. They were there to assist and support me as we all worked our way through this. That core group did whatever was needed to keep our business going, even in a limited fashion, and to keep communicating with our customers. I'm very thankful to them.

Personally, this situation tested me. It was very stressful. All the what-if's and worst-case scenarios ran through my mind. Sleep was limited. What I found surprising though, was after I had done all I could do, still staying engaged and learning, I came to the realization that, at least for a while, it was beyond my control. And from that I found an inner calm and started sleeping well. Strange, considering the challenges at that time. ►



SCOTT REID



JIM RICE



DARRYL SHERMAN



ANDREW TEPPERMAN

How has it changed your business, your approach to business and how you see its future?

As for Stoney Creek Furniture, our web site, chat service and digital advertising became of much greater importance. That will continue. Inventory, that was in stock, also became the most important thing to promote. With the supply chain still in disarray, having available inventory will be key for some time. We brought in items that hadn't been part of our regular line-up before, even new vendors, based on what inventory was available. Consumers are very much focused on their homes right now and we all have to do our best to fill those needs. Hopefully, that renewed appreciation for the home will continue for some time.

RANDALL MCKAY

Owner
Daley's BrandSource Home
Furnishings
Fredericton, New Brunswick

What have you learned from the pandemic, both as a businessperson and as a human being?

The one thing that stands out to me is we needed an interruption in our lives so we could refocus on the important things in life – family and our fellow human beings.

This year in Fredericton there has

been a lot more focus on helping the homeless. I found people have been more aware of the plight they face every day. One day, I stopped to give coffee to a lady my wife and I have been made aware of. As I prepared the coffee cup and bag with the cream and sugar (just a few seconds at most) there were two other people bringing her warm clothing, money and food.

Before the pandemic, we all were so busy we didn't take the time for self and others. In that way, it was good to cause us to change.

How has it changed your business, your approach to business and how you see its future?

On the business side we are open fewer hours and doing more business. I have learned to be bolder as I go after my goals. People want to support local, as we have done in our purchasing for many years. The support and patience shown to us as we all struggle to find enough inventory to fill orders, has been amazing. We live in a great city.

SCOTT REID

President/Owner
Reid's Furniture
Thunder Bay, Ontario

What have you learned from the pandemic, both as a businessperson and as a human being?

I have learned just how fragile things can be. One minute you are cruising at 30,000 feet feeling you can do no wrong, and the next you're sitting alone behind a locked door watching customers line-up and being told you cannot let them in. Very frustrating!

I have learned the world is not fair! The big boxes can be open, the internet keeps shipping, and we are closed. Also, very frustrating!

I am, however, thankful I ended up in the furniture business. I listen to friends with hair salons and restaurants talking about this being potentially career ending as I sit here 'inconvenienced' while I enjoy one of the most profitable years I can remember. I keep telling myself there is a light at the end of the crazy tunnel. We just happen to be at a bend and can't see it.

On a personal level, I have learned to really appreciate the quieter pace to life. With two young boys at home, we are not running from rink to rink, we are not eating on the go to get to our next appointment, we are simply doing what we are told, which is to 'stay home'. With that, we are enjoying movie nights, games nights, long dog walks, and early bedtimes. All things considered I don't hate being home. In fact, we are renovating, cleaning and redecorating – just like our customers that are at home doing the same thing. ►

How has it changed your business, your approach to business and how you see its future?

I have spent my entire working life 'controlling my inventory' – always giving preference to suppliers that can ship quickly. During this pandemic, quick ship is anything but. Like most of my retail friends we have been loading up. The pipe is full, the product is coming.

The warehouse is ready to burst with incoming freight. The lock down is hampering our ability to get things out, so we are managing the cash and looking for any 'spare' space to store things. With price increases coming every day and lead times getting longer, the math tells me I need to order more, but the death stares from my warehouse manager tell me I shouldn't.

What is the lesser of two evils? Am I better off being closed with too much inventory or open with nothing to sell? I don't know the right answer but can't help think if retailers would just quit hoarding inventory, the factories wouldn't be buried and things would operate like normal.

I have spent my entire working life growing. I measured growth by our sales and did things like expand hours, increase advertising, hire more people and open more stores. The pandemic forced me to cut advertising significantly, streamline the staff, reduce hours and focus on different things. Interestingly, profit went way up. If you treat every customer like she is your last, we have found more of them buy. When they buy, they are buying more stuff and more expensive stuff. We no longer have the dreaded night shift where we don't see an 'up' – so now we are at home with our families enjoying a much better quality of life. The question I am asking myself is, "What do I have to do to make this the new normal?"

I only wish I knew what the future holds. If you talk to some, the world is coming to an end. If you talk to others, they are telling you we will continue to 'drink from a fire hose' and now is the time to expand. My gut tells me we should enjoy the ride, invest in inventory, hold onto cash and wait to see what the future brings. I fear we

have only begun the 'open and close' yo-yo pattern of business.

What I do know is this pandemic has been hard on everyone for different reasons. Be kind, phone a friend, be a good person and help out where you can.

JIM RICE

Owner

*Ameublement BrandSource Rice
Edmundston, New Brunswick*

What have you learned from the pandemic, both as a businessperson and as a human being?

Our little once-unaffected-COVID-free area exploded recently. It was quite impactful. We were living in our little haven, hidden from any danger then suddenly kaboom! Lockdown!

The writing was on the wall but regardless having to close once again was not something we were looking forward to. The last 12 months have been quite the eye opener. We went through a rollercoaster of emotions and reactions to the constantly evolving situation around us.

Initially (back last March), we had no idea what was ahead of us. We went from thinking 'that's it, *fnito*' to 'holy crap', we can't get product! Everybody's buying everything!

We had to adapt continuously, spending most of our time sourcing product and managing customer expectations. Forecasting is close to impossible, since you can't really rely on sources to supply the goods.

How has it changed your business, your approach to business and how you see its future?

Nonetheless, there have been more ups than downs to this whole thing. Our company had the best year ever with the best margins ever. We managed to transition our delivery service to a local contractor. We had sufficient cash flow to move forward with several renovation and infrastructure improvements that were previously on hold. We realized we needed to get our web business sharpened up – and that's what we're doing right now.

So overall this pandemic has been a 'good' thing for me as a furniture retailer. My biggest concern now is finding a crystal ball that will tell me what lies ahead.

DARRYL SHERMAN

President

*Wilson Furniture
Oshawa, Ontario*

What have you learned from the pandemic, both as a businessperson and as a human being?

Personally, the transition from an active life of work, travel and social activity to one of self-isolation, a changing work environment with a different schedule and an end to social activity has occurred with mixed reactions.

Surprisingly, adjusting to changing work schedules and no travel have been easier than limiting social activity and contact. Cancelling major holiday get-togethers and family milestones has been more difficult for me. Lessons learned include increased need for shared communication using old and new technologies. I love to write letters and have continued to do so, although e-mails and messaging apps are much faster. Of course, Zoom and other new tools are useful for personal and business communications. However, I long for the personal contact. This includes family and business. Personal meetings with factory representatives and attending trade shows are part of my DNA and are definitely missed. We all used to complain about too many trade shows. Not anymore.

I am also grateful for family and friends. I am so lucky to have a good relationship with my wife Louise. Working with my brother and partner Jory, we have weathered the COVID-19 challenges with a united front and are confident our business will emerge strong and viable.

Finally, I am learning to pace myself. I have always worked six or seven days, then after a few months take a travel break. Not having that option, I am now working five days ▶

We are optimistic that once we are past this pandemic, our customers will continue to make home furnishing a priority for the next several years.

and taking two off. Also, our store has reduced hours, so my work-life balance has improved.

How has it changed your business, your approach to business and how you see its future?

During the first closure (back in March 2020), we analyzed all our expenses and made changes where possible to reduce them. We do this on an ongoing basis, but that closure expedited our need to conserve where possible. We also looked for opportunities to utilize available government grants and loans.

We also communicated often and clearly with our staff. As a small business this is essential. We tailored our staffing plan to meet their differing and changing needs. I am also aware long-term social isolation has an impact on everyone's mental health and well-being. Continued attention to staff well-being is foremost on my mind.

When we re-opened in May 2020, we reduced our store hours (10am to 5pm) and closed two days a week (Tuesday and Wednesday). Private appointments were encouraged. Our staff accommodates customers by opening the store for them when we were closed or after hours. This has worked very well. Everyone has adjusted to this schedule, which we reactivated when we re-opened last month (February 2021).

In December 2019, I began a web site update which was initially completed in February 2020. As technology is changing quickly, we completely revamped our web site again in December 2020 and have spent the time and resources needed to make this site robust and user friendly. We are beginning to offer e-commerce options, online appointment booking, virtual tours and updated product in store. The future of marketing dollars will likely

trend away from print and radio to social media and web marketing.

The shift from custom orders to in-stock items will be our biggest challenge as over 60% of our sales have been 'special' orders. We don't import containers and with order times extending to six months, we are concerned our customers will opt for 'in-stock' items. So, we are continually revisiting categories to determine inventory levels. This will be our biggest challenge in 2021.

We believe the success of our business will rest on personal interactions with customers and providing a positive in-store shopping experience. With growing residential movement to our area, and the current home décor boom, we are anticipating strong sales as we recover sales decreases in 2019 (due to shutting of the local General Motors factory) and 2020 (thanks to the two-month closure this past spring and the closure after Christmas). We are already behind for 2021 due to the store closure and have our work ahead of us. We are optimistic that once we are past this pandemic, our customers will continue to make home furnishing a priority for the next several years.

ANDREW TEPPERMAN

President

*Tepperman's Furniture
Windsor, Ontario*

What have you learned from the pandemic, both as a businessperson and as a human being?

No matter who you are or what you do, the pandemic caused all of us to make changes...personal, spiritual and in business. The way we processed what was happening, and how we responded was very different between the first and second waves. Back in March (2020), we were ignorant and full of fear and confusion. We've

learned a lot since then. I learned the importance of leadership during a crisis and saw what happened to countries when there was a leadership void or unwillingness to accept the need to lead differently. For those of us who lost family, friends and colleagues, I believe we all learned how fragile life is. I also learned your ability to manoeuvre through a crisis is predicated on the foundation you built within your operations. In a crisis, people are looking for stability and trust both in their employer and in the companies they do business with. This is when you need to leverage your reputation and operational excellence.

How has it changed your business, your approach to business and how you see its future?

We have a 10-year plan with goals. How we get there is always changing, regardless of a pandemic or technology and competitive disruption. That's the norm. That's the reality. It hasn't changed the fundamentals of the business or strategies. It hasn't changed our culture or structure. Out of necessity we adopted the tools required, most of those tools being technology based. Another change has been how we look at goals and how we vision and communicate the future. We found it more effective to create mini goals throughout the year, focusing on winning each quarter and less concerned about a year-end goal. We also delayed many projects. This has not been the right time to implement major change. There are psychological, and ultimately executional consequences if people are not in the right frame of mind to adopt and to adapt. **HGO**

Michael J. Knell is the publisher and editor of Home Goods Online and all three of its platforms.

INDUSTRY CALENDAR

A view of Showplace, one of the 180 building that comprise the twice-yearly High Point Market, the world's largest furniture trade event.



EDITOR'S NOTE: The following is a list of published dates for trade events of interest to Canadian furniture, mattress and major appliance retailers. Because of ongoing trade restrictions stemming from the COVID-19 pandemic, it is strongly urged interested travellers visit the organiser's web site before making any travel arrangements. The dates are subject to change and were accurate when this issue of the *Merchandiser* went to press.

May 10 to 13, 2021
INTERIOR DESIGN SHOW
Spring Virtual Conference
interiordesignshow.com

May 23 to 26, 2021
SHOWTIME
International Textile
Marketing Assn.
High Point, NC
showtime-market.com

June 5 to 9, 2021
HIGH POINT MARKET
High Point, NC
highpointmarket.org

July 25 to 29, 2021
LAS VEGAS MARKET
World Market Center
Las Vegas, NV
lasvegasmarket.com

August 15 to 18, 2021
NATIONWIDE PRIMETIME
Gaylord Opryland Resort &
Convention Center
Nashville, TN
nationwideprimetime.com

September 21 to 24, 2021
CASUAL MARKET CHICAGO
International Casual
Furnishings Assn.
The Mart
Chicago
casualmarket.com

January 30 to February 3, 2022
TORONTO GIFT & HOME FAIR
Canadian Gift Assn.
Toronto Congress Centre
Mississauga, ON
cangift.org

March 8 to 10, 2022
ISPA EXPO
International Sleep Products
Assn.
Orlando, FL
sleepproducts.org

HomeGoodsOnline.ca

HGO THIS WEEK

THE ONLY *Market intelligence for Canada's home goods retailers and their partners*

Are you in the know?
Are you a member of
the HGO community?
If not...
Sign up to receive
our **FREE** newsletter
HGO this week



"Like" us
on Facebook



Connect with HGO Editor
Michael Knell on LinkedIn

FURNITURE • BEDDING • APPLIANCES • CONSUMER ELECTRONICS • ACCESSORIES
LAMPS & LIGHTING • FLOOR COVERING • RETAIL SERVICES