

After a good first half of 2008, distributors are bracing themselves for a difficult time from early in 2009. Mary Murrell reports.



The warehouse at Havwoods showing recently delivered new forklift trucks

SAYS Paul Cohen, Lewis Abbott: 'Until mid-September of this year we wouldn't have known there is a recession, but since then it has been very different.'

Simon Taplin, STS Bodigian, confirms that his company's contract business is thriving.

'Being part of STS has opened up many more avenues in contract as we now have access to more suppliers like Altro and Polyflor, but trade with customers who work in the new homes market is much quieter.'

'Everything government funded is still good,' says **Steve Lloyd, Castle Wood Floors,** 'but that means everybody is chasing those contracts. Of course, because people now compare prices on the Internet, we don't know what business we may be losing.'

Throughout the year, the strong Euro and US dollar caused some distributors more problems than the high fuel prices. 'Over nine months we have taken a 20% hit,' says Steve Lloyd.

Havwood Flooring is buying more goods from Canada due to the strong Euro.

However, **Ian Cartledge, Kent Flooring** has turned to eastern Europe for a new wood range. 'There is a slight premium on our new range but the quality is better than some Chinese goods at a comparable price,' he explains.

Generally customers have accepted price increases resulting from high fuel prices, but have balked at paying more due to currency variations.

Nearly every company has tightened its credit control management systems. 'We have a reputation for tight credit control,' says **Trevor Wells, Lecaflor Trademark.**

'Any request for increased credit has to be approved by me, those over the limit have to pay COD, and we always check the credit background of new customers.'

Wally Woods, Ashmount Flooring, would like to see a credit checking organisation which all distributors could use.

'Distributors won't share credit

All set for the slump

information because they are worried someone will pinch their business.

'Around 50% of them take a chance on cash customers allowing them to set up accounts. That's very dangerous, especially when trading is difficult. We need a neutral credit information source,' he says.

Distributors have not noticed any particular changes in the industry nor any product trends. Demand for engineered wood flooring seems to be growing at the expense of solid wood.

'That's partly due to the moisture problem in the UK,' says **Ian Cartledge.** Beige still dominated the carpet section at the Harrogate fair, according to **Simon Taplin.** 'No-one is taking a gamble. I feel colours should come back into the market,' he says.

Despite the uncertainty in the market place, investment in new products and services is continuing.

Ashmount Flooring has brought in Mosaic from Polyflor, and is expanding its carpet trade by ensuring that cut lengths ordered from manufacturers the day before arrive early in the morning, enabling fitters to collect and fit the same day.

FM Birch has launched Birch Interior Solutions, a barrier step-up entrance matting tile for domestic use, and a bespoke Axminster system named Fastrack with a 16 shade

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colourbank in four qualities for a minimum 100sq m.

Havwood Flooring is offering Bamrock strand woven bamboo in solid plank in eight colours, believed to be harder than steel, and Silencioso Distinct!, a thin veneer green product impregnated with acrylic resin hardeners to eliminate indentation from the heels of shoes.

Kent Flooring, as well as its new wood range from eastern Europe has launched two British made carpet ranges.

Lecaflor Salesmark is promoting a new laminate product called Balterio.

Lewis Abbott has introduced three new ranges in modern colours in its Country Classics collection, and a 50/50 wool/polypropylene ActionBac 4 and 5m wide cloth which is two thirds of the price of its established quality in 100% wool.

'We must continue to invest in good products, so that we are ready when the market picks up,' states **Gordon Hershaw, FM Birch.**

'We are investing in more staff to make direct and telephone contact,' comments **Peter Hayes, Havwood Flooring.**

Most distributors are satisfied with the way the industry operates, but Trevor Wells is not.

'The industry lacks innovation and professionalism across the

board, with retailers being particularly bad at the latter. They don't learn their trade,' he says.

'We send out a monthly newsletter to keep retailers informed about products, but from the questions they ask it is obvious they don't bother to read it. Many started as carpet fitters and don't have an understanding of business.'

'Many manufacturers' and distributors' sales reps seem to think the day finishes at 4.00pm. We all need to be out there, poking into corners, routing out every bit of business.'

'I recently spent two days in Germany and found people to be very professional indeed.'

Looking into the future, Steve Lloyd warns that while it may be sensible to reduce stock during difficult times, cutting back too far can result in missing out on orders.

Gordon Hershaw says, 'We predicted a recession in the building trade two years ago, because house prices were so high 90% of the population could not afford to buy.'

The current situation has been self-inflicted by banks. I am concerned that in order to finance major projects like the Olympics the government may reduce or delay funding for schools and hospitals. That would have a major impact on our industry.'

Recycling seems to be well managed with some distributors also taking advantage of manufacturers' schemes.

Although the recession only began to impact on distributors in October, and is not yet having the same effect in all parts of the country, most companies seem ready for it, confident they will survive the coming storm. **CFJ**

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