

What's Working,
and Why

Selling Paint & B MATERIALS

SELLING PAINT & BUILDING MATERIALS

RETAILING STRATEGIES



As more niches and specialty categories infiltrate retailers' salesfloors, it can be easy to lose focus on the product areas that are core to your business. However, retailers must remember that there is still room for sales and profit growth to be found in the traditional core categories.

THAT'S EXACTLY WHY *HARDWARE RETAILING* WILL be featuring a year-long series aimed at helping retailers generate more sales out of these traditional categories.

Our "How-To-Sell Sections" will focus on the areas of paint and buildings materials, plumbing and electrical, lawn and garden and outdoor living, and hand and power tools.

This series will not only provide retailers with selling tips but also update them on the latest trends, products and insights from best-in-class retailers.

We are kicking off the series with two very different categories, paint and building materials. Both categories have been affected by the recession and housing crisis; in some markets the demand for paint has increased while demand for building materials has waned. But, retailers in both categories need to be proactive about changes in their markets, good or bad.

In the paint department, retailers need to focus on employee training to make sure they can provide the most efficient and up-to-date information. While more homeowners turn to painting as an inexpensive way to update their homes, they are going to need tools to get their projects done, fast. Stocking shelves with the right paint and easy-to-use sundries will make retailers more successful in 2010.

As far as building materials, retailers must combat the down housing market and construction industry. Expanding their product selection, tightening inventory and focusing on outside sales are some of the ways top-performing building material dealers are taking their share of the market. From introducing new products to cross merchandising, check out some the innovative approaches to selling paint and building materials on the following pages. ➔

Building

Bruce Stark, owner of Beacon Paint and Hardware in New York City, holds up a book of thank you letters from a local school. Stark explains that community service is one of the best ways to increase loyalty.

Strategies to Get
the Most from a
Popular Category

Brightening the **Paint** DEPARTMENT

While other core departments had a less-than-stellar year, paint and sundries experienced less of an impact from the down economy. As a relatively cheap and easy way to upgrade their homes, homeowners added a fresh coat of paint to bedrooms, living rooms and exteriors in 2009; a trend sure to continue into the new decade.

BUT DON'T ASSUME THAT BECAUSE THE MARKET for paint products hasn't been as hard hit as others, you can sit back and expect to rake in the sales. Paint is a highly-competitive category, so retailers need to keep best practices top-of-mind and act fast if they want to beat out the competition. A good way to start off the year is with a primer on color trends, new products and technology. Check out what three best-in-class retailers are doing to spruce up their paint sales and take this category to the next level.

Know Your Stuff

D-I-Y painters want their paint projects to go seamlessly, and the only way that can happen is if they have all of the right products, tools and step-by-step instructions. This kind of instructional information starts with

employee training and product knowledge. But, keeping employees properly trained doesn't end at new-employee orientation; it needs to be an ongoing process...especially with paint and sundries.

Paint and sundries is one of the most trend-driven departments in a store, so employees should be trained or educated on new products and techniques regularly. Retailer Bruce Stark, owner of Beacon Paint and Hardware in New York City, knows this all too well. "From the most seasoned veteran workers to the folks working in the basement to the delivery person, they all need to know the products," says Stark. As new products emerge, Stark holds an off-site training seminar that all of his employees attend. "You need to know what you are selling, so I hold a seminar whenever new products come in," he adds.



Bruce Stark (left) manages **Beacon Paint and Hardware** with his sister **Ellen Stark-Gabe** and brother **Steven Stark**.

Product knowledge not only leads to better customer service, but it can also help with employee confidence. Don Herrmann, paint manager at Village True Value Hardware in Western Springs, Ill., says that having confidence is the key to successful selling. "I've used pretty much all of the products, so I know exactly how they work, which gives me confidence. Customers can tell if you are confident in the advice you are giving them," he says. As customers see that confidence and use that advice, they will be more likely to come back for their next project.

Meeting the Demands

Retailers can read up on all of the latest trends in paint and sundries, but when it comes down to it, they have to talk to their customers. Customer demands differ between markets from state to state and even from town to town. Depending on income and lifestyle, some products will be more popular than others.

In Western Springs, an affluent suburb of Chicago, mainstream products



A Win-Win Situation

Painting Seminars Help Boost Sales for Barbados Retailer

The value of holding a painting seminar goes beyond getting potential customers through the door. From building relationships with the customers to proving that the store employees are well-trained and knowledgeable, hosting a seminar can help improve many aspects of the paint department.

That is exactly what the staff at Do it Best Home Centre in Barbados focused on during their recent painting seminar. "When we conceptualized this seminar, we had the goal of increasing paint sales at a higher level than the home owner," says Abe Steinbok, director for the store. Over 70 paint-

ers, contractors and designers spent the evening learning about products featured in the store and different techniques that can be used on the job site.

"The seminar was a win-win situation for both us and the attendees. The paint seminar allowed us to showcase to a targeted audience," says Katrina Newton, retail sales manager for the store. Adrian Small and Josh Small, store managers, say that the seminar generated a lot of interest for the store. "As a result of the seminars we have picked up many of these companies as new customers and this has driven an increase both the dollar value and volume of paint sold in the department."

are high in demand, regardless of their benefits or cost. “The homeowners pretty much go for big-name paints,” explains Herrmann. “They want to name drop. If their neighbors used an expensive paint, then they will want to use it too.”

Demand for big-name paint is also prevalent in New York City, says Stark. “We’ve got the winning horse, it makes life very easy. You don’t have to explain anything to the customer, they just know they want it,” adds Stark. But, retailers should stock different price points of paint to cater to those customers, like property managers, who usually don’t want to pay for a top-of-the-line product.

Eco-friendly has also caught on in many parts of the country, but retailers need to be taking a good, hard look at demand for these products in their area before they order a whole truckload. Some parts of the country are more willing to go eco-friendly than others. Herrmann explains that low-VOC paint has been catching on, but low-VOC primers and other sundry items, like cleaners and brushes, haven’t been as popular in his market. Stark says customers will buy just about anything if it is environmentally friendly. “Eco-friendly has been tremendously popular, if you just say ‘environmentally friendly,’ they’ll buy it,” he says.

The Times are Changing

Technology is advancing every day, and it may be a little mind-numbing for retailers to read about the “latest and greatest” paint mixer or machine every time they reach for a catalog. But, they need to break through the clutter of messages to find something that will actually benefit their store.

That is exactly what Linda Johnson, owner of Village True Value Hardware, and Herrmann did when they brought in a new spray paint machine. This machine can create a spray paint out of any oil or latex paint. “It is something that is brand new and great for people who want to paint or stain their wicker furniture, for example, but don’t want to use a brush or the color they want isn’t available in a ready-made spray paint,” says Johnson. Even better, unless the



Don Herrmann, of Village True Value Hardware in Western Springs, Ill., says stocking the store with a variety of paint at different price points ensures that he’ll have something for everybody.

customer has left-over paint in the color they want, they have to purchase a quart of the paint, along with the spray paint sale ... doubling the revenue of the sale. The machine is a small investment, but has been tremendously popular with customers.

Johnson used the store’s database of paint customers’ contact information to spread the word about the new machine, and the targeted marketing efforts paid off well. “We wanted to get the word out about the new service so we used the True Value Rewards data to see who had purchased paint from us in the past. We sent out a mailing with an offer and that was a great way to expand our marketing efforts,” says Johnson.

Also, a POS database can be used to save customer purchase information like paint brand and color. This way, retailers can keep track of their best customers and make sure that they get the right paint color, every time...something big boxes can’t do.

Even the Playing Field

Instead of trying to confront them head on, retailers should tap into their

strengths as a locally owned business to beat out the big boxes with paint sales. The best way to one-up the competition? Community service.

When you think of New York City, a small, tight-knit community may not be the first thing that comes to mind. But, that is the case for the customers that live near Beacon Paint and Hardware. “Believe it or not, we have a great sense of community,” says Stark. “We care about our neighborhood; we love the neighborhood and the neighborhood loves us.”

That sort of a relationship has been built upon over the years as Stark has donated his time and products to local organizations. One of the biggest organizations Stark helps out is the local elementary school. Stark donates left-over paint to the school so teachers can repaint their classrooms, or he donates paint to the drama club for their annual school play. “We don’t ask for anything in return, we just would like a ‘thank you’ note to hang up on the wall or a mention in the program for the play,” says Stark.

This approach has been a win-win situation for Stark. “There is not a store in the country that doesn’t have 30 gallons of bad paint mixes in the basement,” he explains. “So, donating it isn’t costing any money and you can free up more space for new merchandise.” A teacher from the school said that if she ever needs anything for her classroom, she knows she can turn to Beacon. “Bruce is the best guy around. This is absolutely the best hardware store you could ever ask for,” she says.

Three or four times a year, Stark also organizes a group of volunteers to paint over graffiti on mailboxes or fire hydrants in his neighborhood. Not only are he and his employees doing good for the community, they are also getting the Beacon name out there.

But, one of the best ways that Stark has gotten more customers into his store is through Beacon’s very own celebrity, his brother’s dog, Bru. (Bruce manages the store along with his brother, Steven and his sister, Ellen.) At lunch, students from the



Store dog, Bru, is not only popular with the local students, but also the staff of **Beacon Paint and Hardware** in New York City. She has been a great mascot for the store and helps bring in new customers every day.

local school come in to say 'hi' to Bru and the younger students stop by on their way home with their parents to greet the store mascot. "The families come in to say 'Hi' to the dog, so that gets the parents into the store. If we don't know them already, we get their name and introduce ourselves," says Stark. That makes them instant new customers.

Selling paint successfully all comes down to building a relationship with the customer. Remembering their name, the last project they did and what color they chose. That is what will help every retailer stand out from the competition, says Johnson.

"It is the relationship my staff has with their customers that is really neat," she says. Providing that small-town atmosphere and personal touch is something every retailer can do, in every department. It's just a matter of taking the time. **+**

Web Exclusive:

Visit www.nrha.org to read some of the most frequently asked questions for paint and color trends for 2010. Also, don't miss the exclusive video interview with Bruce Stark.

Paint Selling Tips

1. Product Knowledge. Customers are going to want to know how a product works, and there is no better way for an employee to provide that information than to have used it themselves. During their training, and as new products come in, let them test it out for themselves. Have them paint some scrap pieces of wood so they can create preferences for certain applicators and paints. Some stores even consider employee knowledge an investment and encourage their staff to take product home and try them in their homes. This will give them more confidence to express their opinions to the consumers and help them make a better educated decision.

2. Design Ideas. Stock a wide selection of design magazines in the paint department. These magazines will help spark a customer's creative side and give them ideas for their painting project. Also, check with your paint vendor to see if they provide design cards with color chips, so customers can see different color combinations in action.



3. Lighting. While florescent lighting might be used in the rest of the store, a variety of lighting needs to be used in the paint department. Colors can change tone depending

on the lighting. Provide florescent, natural, incandescent and soft lighting in the department so customers can see their paint color in a variety of forms. This way they can ensure they didn't pick a color that is too bright or too dark for their room's lighting.

4. Comfort. Deciding on a paint color can be a stressful process for consumers, so they don't want to feel rushed. Set aside an area around the color chips so they can sit down, relax and make an educated decision. Even just a small table and chairs will make them more comfortable in your store. It will also ensure that they stay in your store longer, a perfect chance to upsell on paint and sundries.



5. Hold a Special Event. Driving traffic to the paint department is a main priority. And there is no better way to do that than through hosting a paint-themed event or seminar. Try hosting a Ladies' Night to introduce female customers to the department, or host a seminar to launch a new product in your store.

6. Some Like It Cheap. Not every customer will be willing to pay top dollar for a can of paint or a paintbrush. So, retailers need to stock products across price points. This is especially true for commercial clients like landlords or property managers, who have to repaint constantly. They may not want the top-of-the-line items, but homeowners who only paint every few years will be willing to pay more for a higher-quality product.

How the Lumberyard
is Changing and
What You Can
Do About It

A Blueprint for **Building Materials**

If you're in the business of selling sticks and stones, there's no need to sugarcoat the truth. Sure, everyone was feeling the economic pinch last year, but the lumber and building materials business seemed to take it on the chin. New home construction slowed to a crawl, margins on commodity items dropped and an overall tightening of consumer spending intensified competition in crowded markets. But it was hardly a time to pack up and go home.

THINK BACK FOR A MINUTE TO THE LAST TIME THE industry faced a crisis. Big-box merchants had just rolled into town with guns blazing, threatening independent home improvement retailers with the prospect of a discount merchant wooing away their faithful consumer customers. However, many independents took it as a challenge. They figured out what they needed to change to become stronger retailers, and they did.

Today, those tapes are replaying, only now it's not the big box that's the bad guy, it's the economy. Forward-looking retailers have been taking a careful look at their business and figuring out what they need to change.

To get an understanding of what's happening in the world of building materials, we talked with a number of lumber retailers in various markets across the country. Some were geographically isolated from the direct impact of a declining housing market, while others were in the

path of the storm. Everyone agreed that they were making changes to the way they did business.

On the following pages you can read just what those best-in-class retailers are doing to keep their competitive edge. They're not raising the white flag and giving up on LBM—for them, that's not an option. Lumber is not just another department in the store; it's what defines their business and there's not another department in the store that can pick up the slack. The key to their success lies in strengthening retail fundamentals like salesmanship, inventory management and merchandising, and they've found good reason to be optimistic about the future.

Hardware Retailing talked to the following retailers to hear what they had to say about building materials:

- **Pete Meichtry**, vice president of merchandising, purchasing and advertising at Ganahl Lumber, with eight stores and headquarters in Anaheim, Calif.



- **Ryan Moore**, vice president of sales at Supreme Building Products in McMinnville, Tenn.
- **Jonas Kelly**, vice president of J-Kay Independent Lumber Corp. in New Hartford, N.Y.
- **John Humphreys**, president of Home Lumber and Supply Co., with 15 locations throughout Kansas.
- **Bill Donaldson**, store manager of Koopman Lumber's Uxbridge, Mass.-location.

Forces Affecting Lumber Sales

Here are just a few of the trends affecting lumber sales today. Not all of them are new; some have been brewing for a while.



Educating employees on the salesfloor in good customer service and product knowledge continues to be key to growth at Jay-K Lumber in New Hartford, N.Y.

They can all help understand how and why lumberyards are revisiting the fundamentals of their businesses.

Lower Margins. Margins have been taking a dive. Ryan Moore notes that a few years ago he was keeping 20 percent on a house package, today it's closer to 15 percent. Less business to go around combined with a lot of suppliers chasing that business means price wars in some markets.

Commodities. More products are becoming commodities. For example, engineered wood used to be a specialty item where brand was important and margins were high. Now, with more manufacturers making the same types of products and everyone fighting for a share of the market, engineered wood has become a commodity as common as dimensional lumber. That's one more item in the yard with a lower margin.

The Selling Structure. The days of sitting back and writing orders are over. Maybe lumberyards have always had an outside sales force, but making the sale isn't as easy as it used to be. Good salesmanship and more time spent developing relationships with customers will be more important now than ever.

Specialty Houses. Specialty distributors—those that sell only one product—

have been around some markets for a long time. Other markets, particularly those in the southern Midwest, have only recently begun to get them. Retailers in those areas say many customers perceive these specialty houses as price leaders.

LEED and FSC. Sustainable foresting practices have been around for a long time now. But government regulations have stepped in and required any retailer that wants to help build a LEED-certified building to have an FSC chain of custody certification. Some retailers have tackled the paperwork and made the financial investment necessary to obtain this certification because they see opportunities in their markets. Currently, the only advantage to this certification is the ability to sell to builders working on a LEED-certified building. For more information, visit www.fscus.org.

What You Can Do

Here are some of the ways the retailers the editors at *Hardware Retailing* interviewed have responded to the changing lumber market. To read more about each of these ideas, please visit www.nrha.org.

Be Meticulous about Merchandising. Housekeeping is just as important in the lumberyard as it is in the store. Keep displays neat and well stocked. Remove broken or damaged products right away. "Our customers never go into the yard by themselves," says Meichtry. "We're



always there to help." Keep the yard floor well swept and pick up all trash like banding or boxes. Keep bins full, which means always having plenty of inventory.

Develop Closer Ties to Vendors.

Ryan Moore heavily promotes his key vendors and uses the high quality of their products to differentiate himself from the competition. Those close partnerships with vendors are important, but retailers need to be choosy. It's not just the cost of the product that should determine your allegiance. It's all about how well the vendor can support their product, through services like product knowledge training, special orders, return policies and technical support.

Develop Closer Ties To Customers.

As you offer a larger product selection, you can get more involved with your customer and sell more of the project. Visiting them on the jobsite, offering financing and offering delivery and other special services can tie you closer to their projects.

Develop Salesmanship. Selling in today's economy requires a more proactive approach to outside sales. While retailers still train salesmen in product knowledge, they're taking the next step to focus on selling skills. These skills focus on the total equation, from prospecting to follow-up to developing relationships with customers.

Jonas Kelly hired a consultant for his staff at Jay-K Lumber. For the past two years, two days every month, the consultant has come into the store and helped build the staff's selling skills and understanding of the entire selling process, from sales calls to merchandising.



Reinforce Product Knowledge.

Employees that don't know what they're selling likely won't sell anything. NRHA has both basic and advanced courses in building materials, from lumber to cabinets to support retailers. Also, more consumers are likely to research products before they come into the store, which means it's more imperative you know as much as they do.

Expand Product Selection. With lower margins on commodity lumber, it's not enough just to sell sticks, says Ryan Moore. He's been expanding into masonry and foundation products. Inside the store, he displays a wide array of specialty moldings, as well as a large selection of paneled woods and plywood. He presents the finished panels as an alternative to drywall, and sales have increased since he made the move to show them in the retail space of the store. Moore also recently changed to a more upscale paint line to attract more interest from consumers in an effort to sell the entire house project.

Tighten Inventory. A careful audit of the inventory can keep the cash flow positive. Cut back on redundancies and get back to standard lengths of dimensional lumber. Because he has access to a warehouse that feeds the three Koopman Lumber sites, Bill Donaldson can get any length of lumber he needs. But he's decided only to stock standard lengths in the lumberyard. He's also cut back inventory in the store to focus on the "A" and "B" items and focus less on the "C" and "D" items.

Don't Succumb to Price Wars. The high-performance retailers we talked to didn't claim to have the lowest price in town. They did claim to have the best

quality lumber, and that seemed to be more important. No one doubts that prices in today's market are more competitive than ever before, and retailers can't price themselves out of the market. But, "when a customer sees a pile of lumber that sits in a bin well, price resistance begins to fade," says John Humphreys. Customers are likely to remember the good quality of the product you sell rather than the price.

Invest in the Salesfloor. Instead of pulling back when times are slow, retailers have found a down economy is the best time to invest in a better salesfloor. Cleaning up the store can be as simple as a new coat of paint or repaving the parking lot. The retailers we talked to all were either remerchandising their store or investing in a bigger building.

Tighten Delivery Policies. Due to tightening budgets, some retailers are combining deliveries to make the truck is as full as possible when it leaves the lot. Some retailers have more customers bringing in their trucks to pick up a load. That means you'll need to pay even more attention to the cleanliness of your yard.

Focus on Smaller Projects. New-home builders may not be as busy these days, but remodelers are still finding work. As homeowners stay put for a while, they may be doing smaller projects, like room additions or kitchen remodels. Also look to property managers for some of these sales. Begin promoting these in your store so you don't miss out on a growing segment of the market. While smaller projects may not bring in high volume, they may still involve higher margin items like flooring and cabinets. ➔

Middle: Kenyon Noble establishes a presence in the specialty lumber market by displaying product samples in the store.

Above Right: Believing customers will respond to better product presentation, the staff at Ganahl Lumber has continued to invest in the store facilities. A recent expansion of its Anaheim, Ca., location, brings the space to 40,000 square feet.

Building Product Trends

"New products in building materials tend to be evolutionary, not revolutionary," says Meichtry. There are revolutionary products from time to time, such as composite decking or engineered lumber. But manufacturers then spend the next few years making them better or adding more features.

Low-maintenance products, like composite decking or PVC interior and exterior trim, have risen in popularity over a few years ago. "Ten years ago, there was no way I could sell PVC trim," says Jonas Kelly vice president of J-Kay Independent Lumber Corp. in New Hartford, N.Y. "Now, we sell it all the time."

A product that is easier to install, like exterior sheathing with house wrap pre-attached, will always catch the eye of a contractor customer.

Composite siding should continue to gain in popularity as consumers look for an alternative to vinyl. Manufacturers also have a wider array of choices to offer.

Consumers will continue to use the Internet to educate themselves on a product before they come into the store to buy it.