



The Results Are In! ASA Quarterly Market Survey: Showroom Operations - PART TWO

Welcome to the latest ASA Quarterly Market Survey. This time, we're zeroing in on showroom operations. Each ASA Quarterly Market Survey features questions posed by ASA distributor members themselves.

This is, by far, the greatest response we've had in terms of members submitting questions to the survey. ASA members operating showrooms came out of the woodwork with their interest in this survey and submitted a ton of questions.... more than 110 questions.

Hence, in appreciation of your time and schedule, we are breaking the survey up into three mini surveys.

The first one centered on [General Showroom Operations](#).

This second one centers on [Sales, Supply Chain, and Vendor-Supplier Relationships](#).

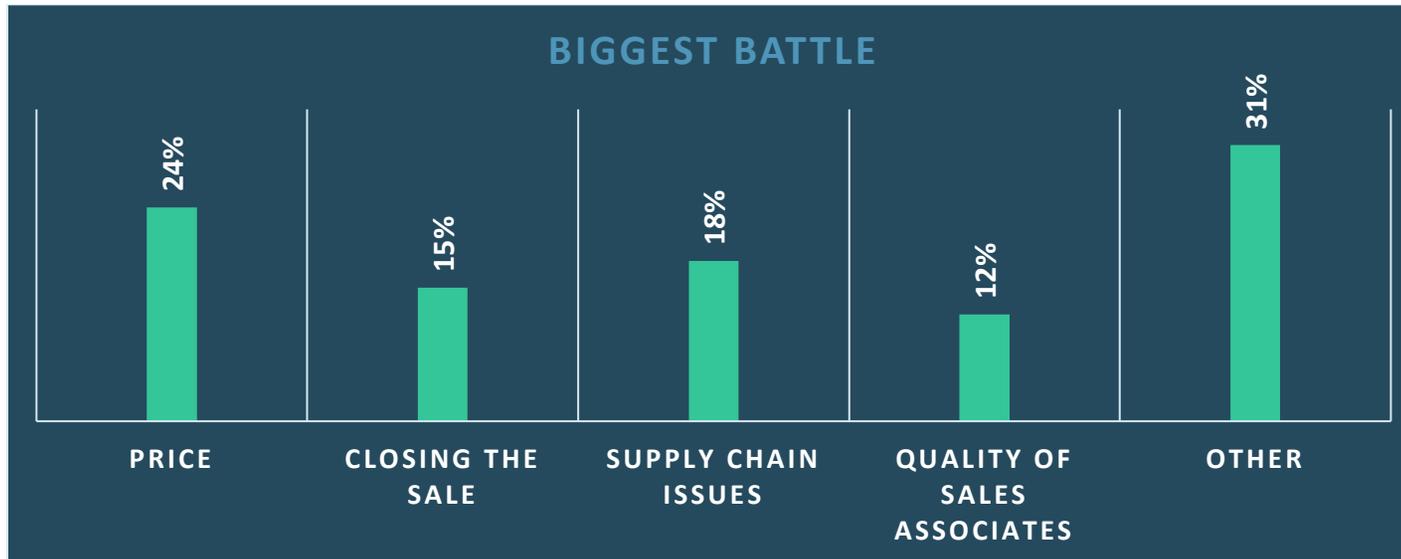
Some of the questions have been kept open-ended to allow for distributor elaboration, which enhanced the value of the report. Your responses and identity have been kept strictly confidential.

Read the results now!

SALES

What is the biggest battle you are facing in your showrooms with customer relationships?

THE DISTRIBUTOR SAYS:

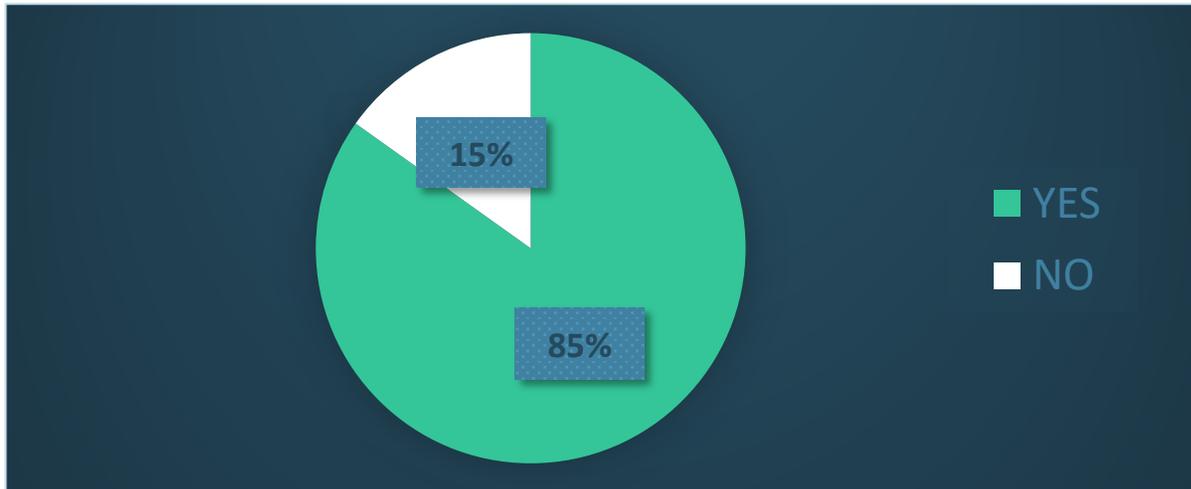


OTHER (PLEASE SPECIFY):

- Communication between the designer, homeowner, contractor, and plumber
- Managing the store hours while also allowing for individuals to be out of store to build relationships.
- Having enough time to cultivate a strong working relationship with the client.
- Vendors selling direct to homeowners.
- Build.com
- Warranty issues and associates following through after the sale.
- Online competition/pricing comparisons
- Everyone always wants the most for the least, so I don't see pricing as an issue, and with the supply chain being far better now than it was, I don't see this as an issue either. The biggest issue we face is communication or the lack thereof. Customers will hear what they want to hear, so it is more important that the sales associates over-communicate with the homeowners, and even with the builder. The products change so often that it's hard for the builder to keep up. It's our job to educate them, or at least bring to light anything that is out of the ordinary or that might need special attention.

Are you seeing more contractors allowing the homeowner to procure their own product and pay for their materials directly?

THE DISTRIBUTOR SAYS:



ELABORATE:

- Mainly on smaller jobs, remodels
- It depends on the market - still feel that the Midwest is strong in trades procuring product.
- They feel like they get better pricing, or they aren't worried about the quality of material going into the homes. They don't want to fight that battle with homeowners.
- They are more for labor
- We are seeing this in some of our market areas.
- I see it a few contractors having clients purchase
- The still seem to want control
- Yes, some contractors are doing that, most goes on contractors' accounts.
- Amazon and Build.com
- online purchases
- becoming preferred process by contractors
- We have seen this for many years so not really new for us
- We have some contractors that do this, but most just have their customers come in and chose off a budget.
- We see this most of the time. Under contract, the builder can't charge the customer for products not on site. With projects taking a long time, they don't want to be out the money, so they request the customer pay directly.

If a wholesaler company shows pricing online but doesn't allow purchasing online, how do you price your items to protect the trades?

THE DISTRIBUTOR SAYS:

- We have a difference in pricing.
- this is where the trades need to sell their service. the customer needs to know the benefits if the plumber and/or contractor supplies the material.
- We price at IMAP
- We do not sell retail.
- Our website is priced at retail.
- We have been using MSRP pricing for plumbing products on our website to protect the trades, but we feel we are losing sales to retail customers and are considering changing to IMAP for everything.
- If they have strong MAP policies, we are business as usual. Our issues come in when online pricing is either very competitive or even better than what we can offer. Then, we simply try to switch our contractors to manufacturers that care about protecting the wholesalers and contractors.
- We don't show pricing online.
- We don't sell online.
- We show list price
- We only show retail pricing online
- We allow both, but we display IMAP in the showroom. We are working on a rebate program that will give the contractor, plumber, or designer their actual discount as a credit/rebate to their account.
- Trade pricing is lower than retail pricing.
- discount to the trade to allow them margin.
- under or same as the value listed online.
- Leverage
- I believe we just show everything at list and navigate it from there.
- List used in general, but our customers log in to get their pricing.
- we do not protect trade
- There are so many ways to buy that it is sometimes impossible to protect trade prices. Focusing on products with limited distribution is the most successful way. Also, skilled staff who can explain the advantages of buying from professionals.
- We offer contractors a deeper discount than what we offer to a retail customer.
- We use special pricing so the contractor can mark up their products.
- We show list price
- We leave some margin on the price for them.
- Items are priced to the retail community at a discount off of list price. This discount most often results in a higher retail price than the wholesale price we offer contractors.

Do you “protect the trade” and if yes, how?

THE DISTRIBUTOR SAYS:



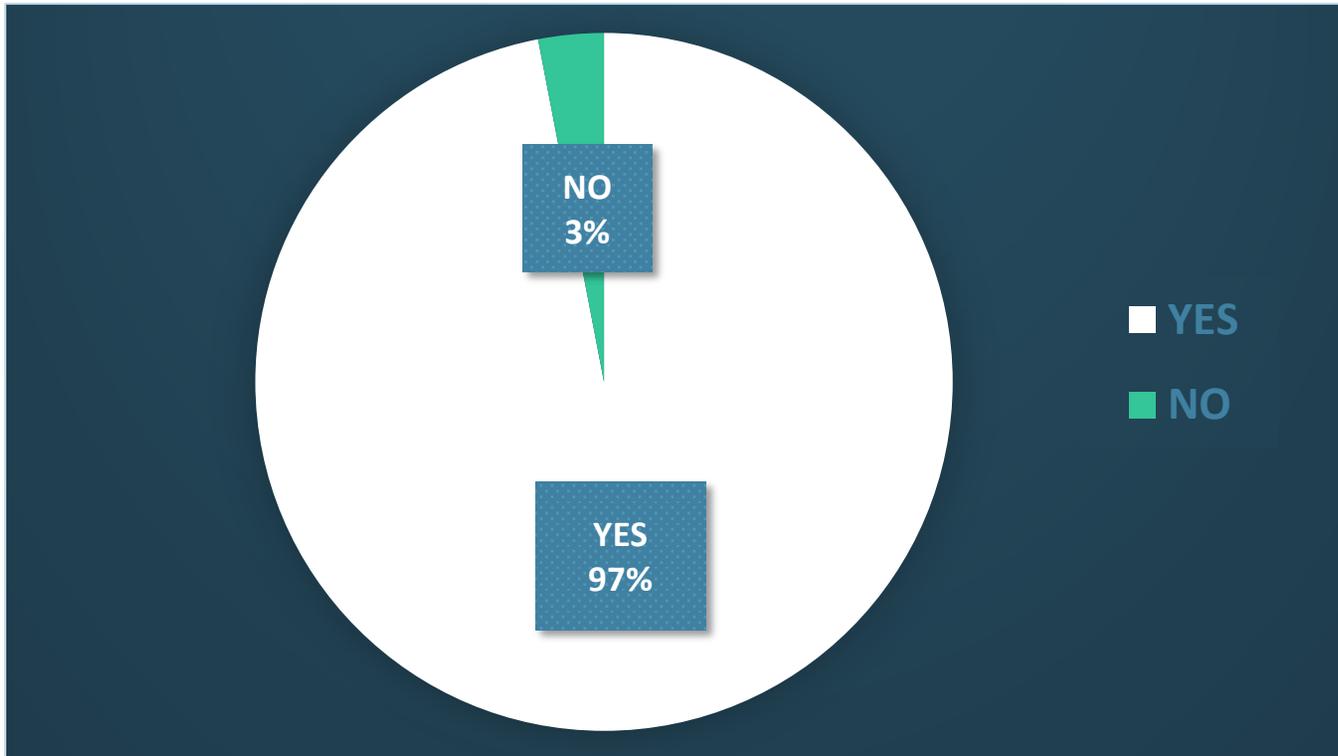
IF YES, HOW?

- Depends on the product being sold. Some items have no protection.
- We try and keep 12% - 15% in it for the trades. we have more than 1 bid
- Do our best by qualifying the customer and not reaching into further discounts to overstep trade
- Do not sell retail
- We protect a few in the trade, but it's hard now with discounted online pricing. We try to qualify the customer up front and find out who is buying the material.
- We use pricing that they approve for their customers.
- We bring in exclusive products that are unique and different and cannot be shopped online and all over the city. We offer better pricing to the trades and spend time and energy training them, giving them access to various programs and directing homeowners to work with the trades.

- Discount structure and our showroom isn't priced.
- Yes, but it's becoming more and more challenging. we try to push products that we don't need to compete with the internet for.
- We inquire as to which contractor the customer is using
- If we know that is their customer, we just give list pricing and send disc to trade
- protecting margin
- Provide a markup for the contractor
- By giving them a back-end discount beyond the public facing IMAP that we list.
- With pricing
- don't divulge their pricing unless they ask us to do so
- By displaying and promoting mostly manufacturers that only sell to wholesale
- We give larger discounts to trades
- We do what we can to protect the plumbing community. One way is by including their margins in the prices we show.
- TYPICALLY, pricing is not given to non-account customers.
- We do when we can, but a determined homeowner will always find a cheap price somewhere
- We offer contractors a deeper discount than what we offer to a retail customer.
- different quotes
- Screen CUSTOMERS AND refer to a contractor if applicable.
- We work with contractors to price the customer they send us at a price level they dictate. We then invoice them at their wholesale price.
- If the contractor purchases directly, they receive better pricing than direct to the homeowner
- Communication with the contractor first.

Do you offer your trade customers compelling reasons why their customer should buy directly from you vs buying from home center or online?

THE DISTRIBUTOR SAYS:



ELABORATE:

- We can take care of any issues
- We service the (heck) out of our customers. We think no one does it better than us. humbly I remain LOL!
- We continue to tell the story, but sometimes there is no getting through and we are viewed as competition at times.
- We protect those in the trades by not selling retail. Product is most times better quality than what's online or in store. We service the trade customers and homeowners better.
- The trade typically wants their customers to buy from us as experts rather than buy from online or home centers. It's usually the end user that creates an issue.
- We offer full-service care by helping their clients with selections, managing the ordering process and delivering to jobsites.

- We are experts at ensuring that the products all match in terms of finish and functionality. We stand behind the products we sell, we have many in stock, and we sell brands that cannot be bought online as much as possible. Our trades customers recognize that when their customers go online or to the home centers, they may have to go back multiple times to get components that the homeowner missed or to fill in gaps in which product was missing from the HOMEOWNERS' purchases.
- Our staff and the after-sale follow-up is what helps us capture the sale
- We emphasize our customer service
- we can trouble out any issue, they have a live person to speak to
- Superior knowledge and service.
- personal touch, warranty assistance
- Qualified design professionals, 100% support with issues, training, specialized sales team focused only on decorative plumbing and hardware.
- The quality of the products are quite often different (brass parts vs. plastic parts) Also, if something goes wrong with a product, you have a brick and mortar to back you.
- delivery, consultation, stock
- It's the value, education and real person experience that sets us apart.
- Quality, warranty support, etc.
- Quality, complete product(s) for install, knowledge of install, communication of TIMELINES
- contractor would prefer materials are furnished by their trusted source of supply, enabling the contractor to better service their client
- We provide services to make their work process easier and more accurate
- Our showroom associates are knowledgeable and can help the contractor's customers select the right products for their project and ensure that everything needed is purchased so that there aren't any problems during the installation. We can also warehouse the customer's order until it's time to be delivered for installation.
- Better quality products and have control for deliveries
- customer service
- Most builders, and homeowners for that matter, know the horror stories with ordering online. We don't have to talk about this very often. Also, if you focus your showroom displays on products that have a strong MAP policy, then there shouldn't be a big reason why you'd have to have this conversation. Your pricing should already be right in line with what they can get it online for.
- We are the experts; we offer more VALUE-ADDED services.
- Yes, we offer better knowledge and service level than home centers or online.
- Service and Reps handling things face to face.

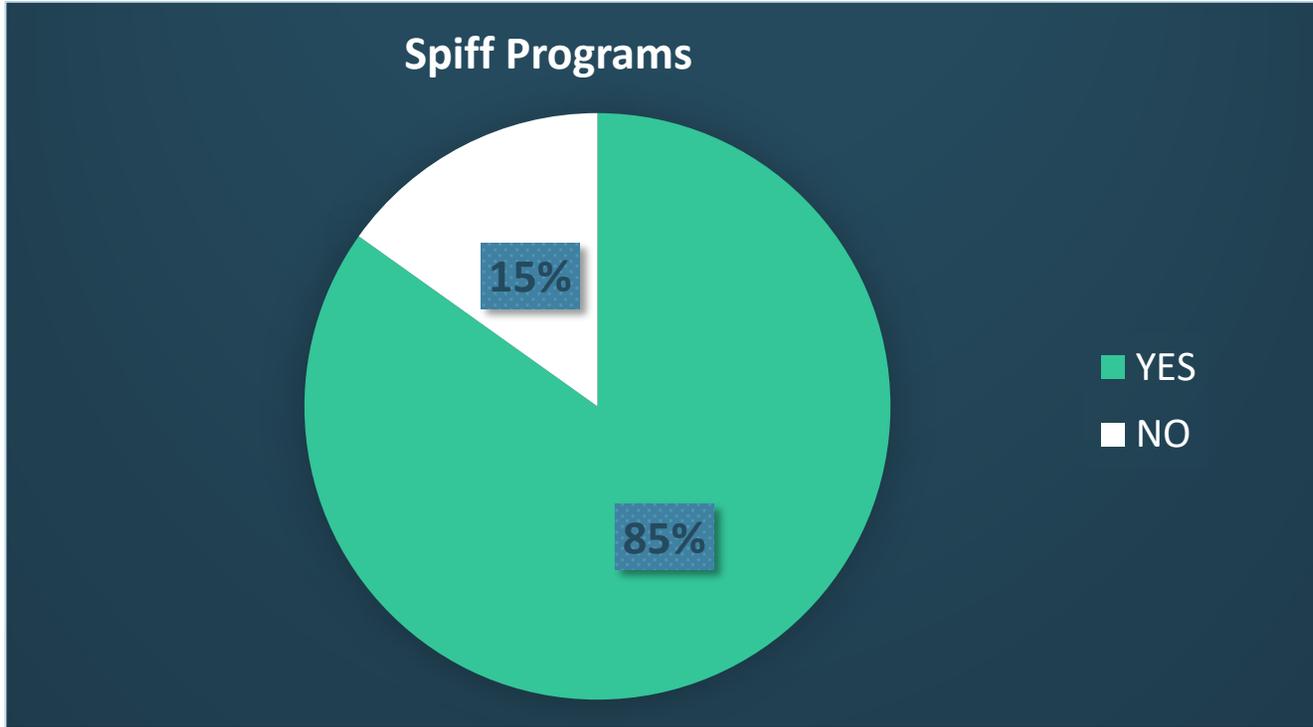
What percent of total showroom/store sales revenue is generated from the top three customers in each customer segment? (Consumer-designer-contractor)

THE DISTRIBUTOR SAYS:

- 30%, 25%, 45%
- 5% - 2% - 93%
- Top 3 builders - 6%, Top 3 plumbers - 5%, Top 3 designers - 2%, We have a very broad showroom customer base.
- 70% of our sales comes from top 3 contractor customers.
- 10%
- Contractor-60%, Designer-25%, Consumer-15%
- consumer: 25% DESIGNER: 30%, contractor: 45
- Consumer - 20% CONTRACTOR - 70% designer - 10%
- We do not have a way of figuring that out. If I were to "guess" I would say 50/25/25
- 70%
- 1.45% Consumer, 2.10% Designer (they help bring the customer in but don't usually make the purchase), 3.45% contractor
- 8%
- 40%
- 15% - 20% - 6%
- no SINGLE customer controls more than 2% of total sales.
- On larger projects all of these roles are all influencing the order. Difficult to determine an accurate percentage.
- Consumer 29%, Designer 7%, Contractor 31%, Builders/Remodelers 16%
- 30-10-60.
- 20% ,30% ,50%
- A top 3 consumer is just a one-off sale, and depending on the size of the job, you can have one home be upwards of \$100,000 for one house of plumbing. But we definitely fall into that 80% / 20% rule. 80% of our business is driven by 20% of our customers. We have a very strong and loyal customer base of designers and contractors. if you treat all your small jobs just as important as the large ones, you will find very loyal customers.
- Consumer - 10%, Designer - 15%, Contractor - 75%
- 10% - 5% - 85%

Do you utilize spiff programs?

THE DISTRIBUTOR SAYS:



In terms of spiff programs, how do you vet those and/or pay out?

THE DISTRIBUTOR SAYS:

- cash
- sales staff do their own.
- We have vendors propose spiffs to corporate teams and then roll out with approval.
- We don't offer independent spiffs to our showroom sales team.
- The manufacturer controls the spiffs, we provide reporting. We as a company do not spiff staff.
- We pretty much allow all spiffs.
- Our associates fill out their own forms for their claims. We have nothing to do with it.
- If our manufacturers offer them, we use their programs. We have some internally that are paid on a quarterly basis on specific products or lines.
- We let the brands pay out, we are not involved.
- Manufacturer pays directly to the sales associates.
- we have the vendor handle it all.
- We allow SPIFFs that align with company goals and product lines.
- Monthly bonuses
- Each showroom person submits their own.
- The salesman turns the invoices directly to the vendor.
- direct pay to salespeople from vendors
- directly from the manufacturer or sales agency
- Quarterly
- Direct from vendor
- Each associate is responsible for turning in their own to MFG. Internal spiffs vary on products or program being offered.
- we prefer vendor administer and payout directly to our sales associates. we only permit spiffs from vendors we support with displays and prioritized vendors with inventory in our warehouse.
- We would love to be rid of spiff programs. We do limit them to lines we have approved.
- Payout on manufacturer-driven is directly from the manufacturer. We don't have a good vetting process yet, but plan to work on that in the coming months. Not all spiffs will be permitted.
- Associates work directly with the vendor.
- The sales associates are responsible for their own spiffs. We allow them to take advantage of all spiff programs offered by the manufacturers. We do not pay any kind of spiff, only what the manufacture provides.
- Showroom management must approve all spiff programs. Generally, we will not support programs where we have not committed to supporting product on our show floor.
- We do not like spiff programs and would like them to stop. Currently, our showroom associate receives spiffs directly and we've asked several vendors to send spiffs to the company for payout to individuals.
- Let the manufacture pay the employees directly.

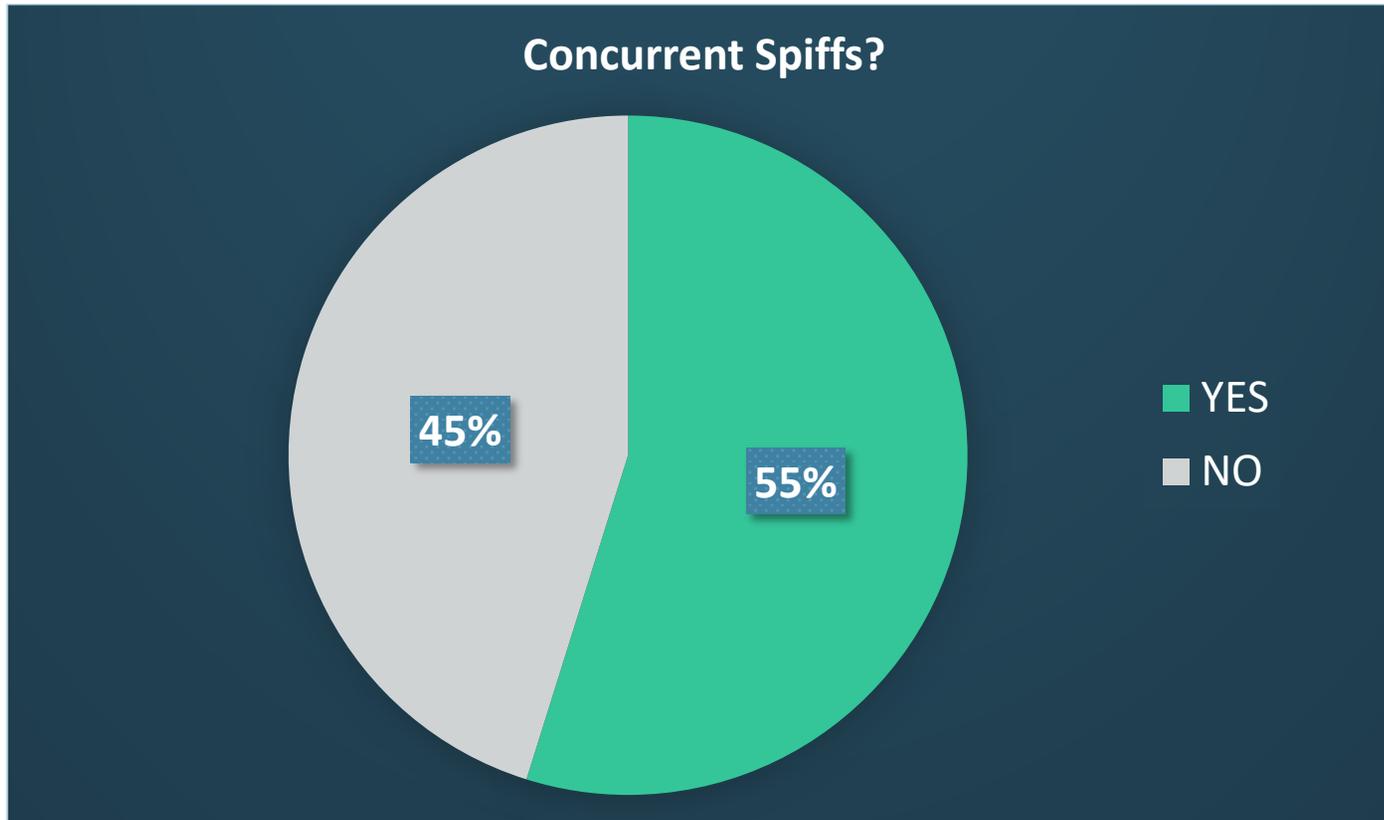
How often are spiffs offered to staff?

THE DISTRIBUTOR SAYS:

- Constant
- year round
- Monthly or Quarterly
- never.
- Most manufacturers offer year round
- always
- They are available all year depending on how each vendor's program is structured.
- A few times a year.
- no restrictions
- we always have spiffs
- depends on vendor promotions
- The vendors handle it.
- Several vendors offer them on certain items. These items are sold often. It could be every day. We also incentivize slow-moving or discontinued items.
- as selected by management
- Spiffs are offered directly to the salesperson from the manufacturer or sales agency
- Quarterly
- Anytime a vendor supports a program
- No specific timeline.
- spiffs are scheduled throughout the year and we try not to have competing vendors at the same time.
- As they are approved
- We work with manufacturers to offer 2 or 3 special spiffs per year.
- All year.
- Annually
- each manufacturer has their own terms and rules. Some are monthly while others are quarterly. Up to them.
- As presented by vendors. We will also run internal spiffs or additional commission opportunities internally.
- As mentioned, spiffs are currently paid directly to the showroom associate by the vendors.
- Often

Do you offer concurrent spiffs on competing vendor products?

THE DISTRIBUTOR SAYS:



What are some ways you combat the big-box retail centers or customers looking up competitive pricing on their phones in front of your showroom consultants?

THE DISTRIBUTOR SAYS:

-
- Our prices are competitive with big-box retail.
- Limit display products to IMAP product - talk about service and expectations working with us vs big box / online
- We let them know that online dealers don't always offer the same product. Some of the items could be knockoffs or secondhand material.
- Continue to promote our service and handling warranty if needed.
- Nothing is labeled in our showroom.
- This doesn't usually happen in our showrooms and some of our showrooms use QR codes on hang tags that directs the consumer to our website.
- Make sure we have products on display that are not sold in big box stores. Go after better pricing on the items that are commonly available online. Remove the low-margin, non-price protected brands from our business.
- We try to focus on selling items that are not sold online. But, we try to price match where we can within reason. Some items we don't budge on.
- We will price match
- we speak to them to what we can offer for support that they wouldn't get online.
- We try to only sell IMAP-protected items and will match or beat their price.
- Advise we are an IMAP/MAP showroom
- We have and sell products that have more value that will last longer in the home.
- We talk about our value and services
- By creating our own model or part number, not easy to search for online
- Not listing model #'s on products.
- our pricing is competitive with online and other retail outlets, so we welcome comparison. We have a price guarantee, so it's really a nonissue.
- Skilled salespeople who can explain to the customer the breadth of what we do. Teaching staff not to be afraid of the question
- We use imap pricing so we are competitive except in situations where e-tailers break imap. This isn't a big issue for us.
- Our customer catalogs/spec books have the capability of hiding pricing or model numbers.
- Product quality and knowledgeable sales staff.
- We share with them the value that we PROVIDE AND ask for their business.
- It is our designers' responsibility to provide additional value to the consumer. Our ability to help design and coordinate a project adds value for some consumers, not all.
- Knowledge and service level support.
- Warranty and product differences

Does your showroom(s) have a dedicated outside salesperson?

THE DISTRIBUTOR SAYS:

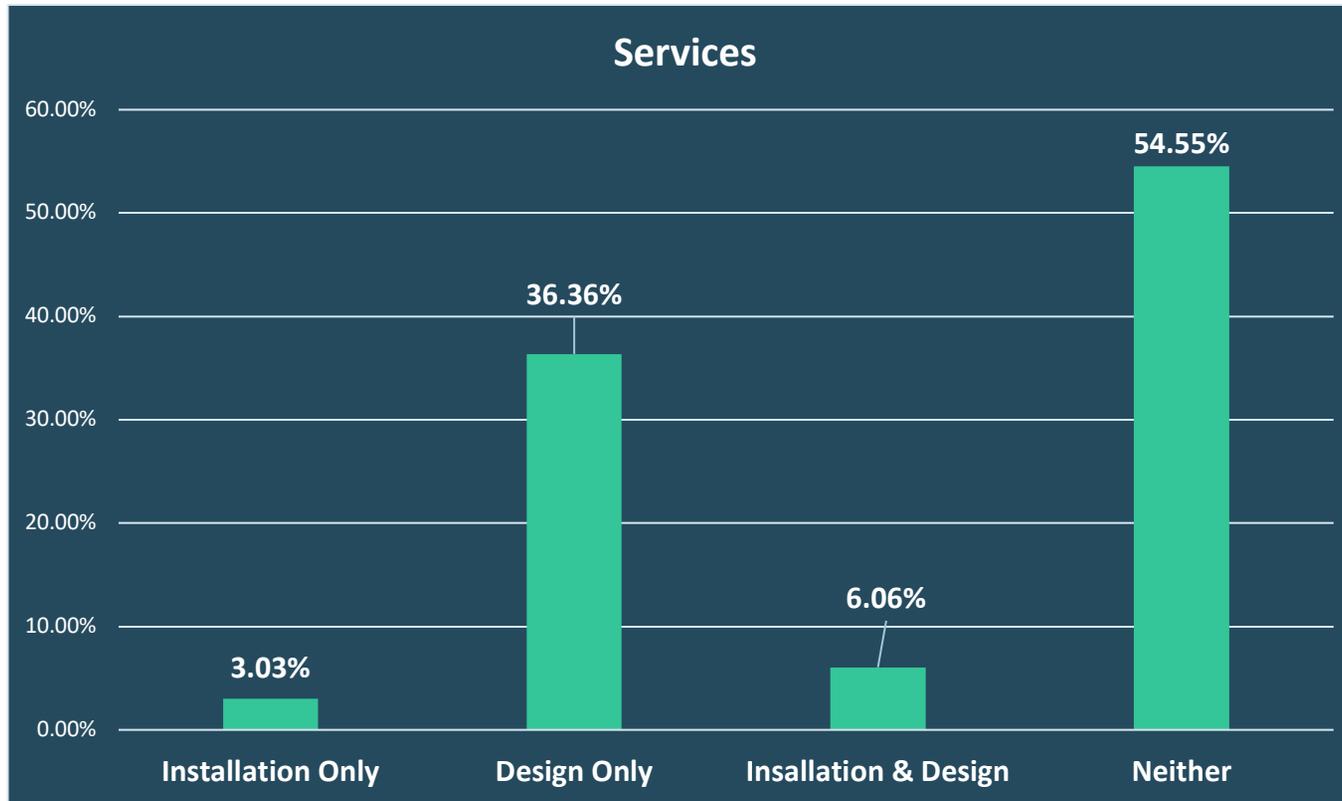


ELABORATE:

- We have outside salespeople that cover a few categories
- We have a couple of outside / inside salespeople - varies by location and market
- They are residential-based only.
- We have outside salespeople but not specific for showrooms
- We have in the past, but currently do not at any of our locations.
- We have one salesperson that does outreach but not full-time. I think we would look to adding this position in future
- Not all of them
- Only 3 internal designers that are supposed to go out and prospect but do not much.
- we allocate resources towards driving customers into our stores. While trade referrals are important, they do not warrant allocating funds for field representation.
- 1 calling on home builders
- We have one for our seven showrooms. She works with builders and designers, covering a lot of territory.
- All Sales Associates are afforded the ability and encouraged to make outside sales calls to develop new, repeat business

Do you offer installation or design services?

THE DISTRIBUTOR SAYS:



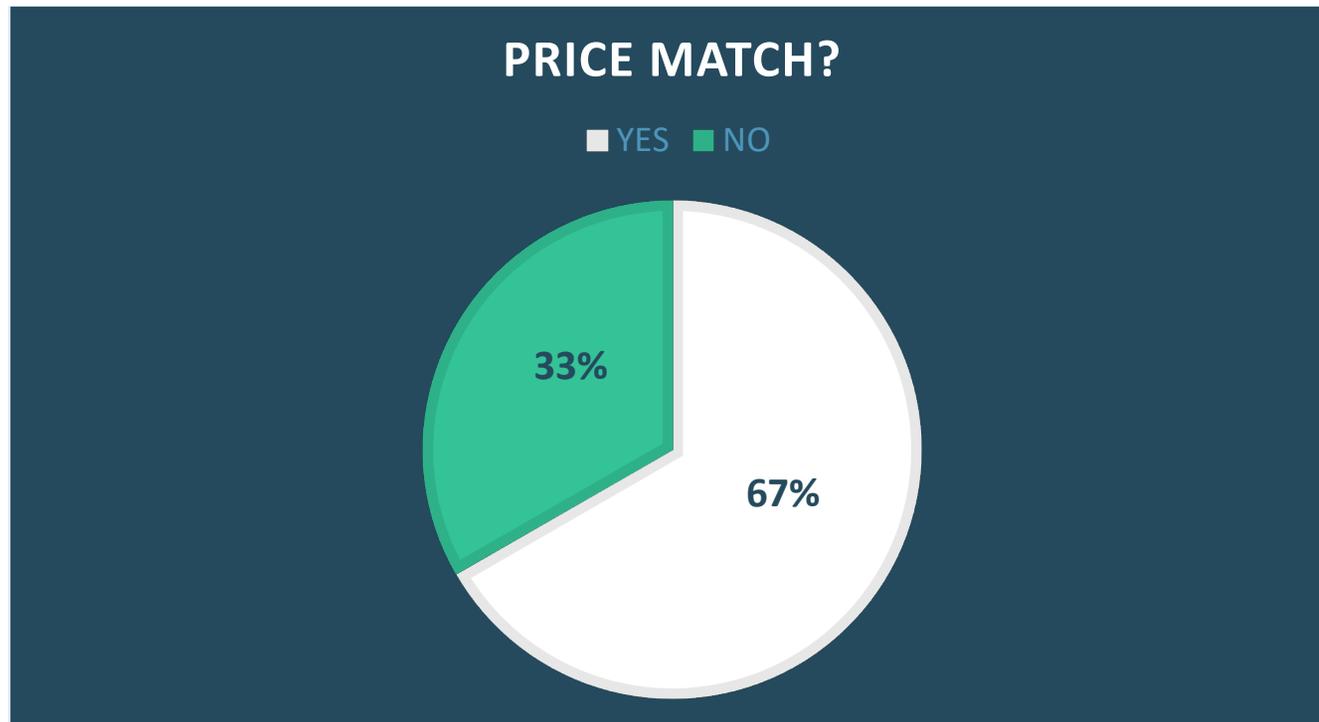
Margin percentage... How has this changed from pre-COVID?

THE DISTRIBUTOR SAYS:

- Margins are higher.
- has not changed. we are on track to be up a little this year.
- Elevated margins during covid and margins have returned to pre-pandemic levels - more competition due to product availability coming back online.
- We have worked hard the last 5 years to increase our margin %. I don't feel COVID really impacted that for us.
- Increased a little bit.
- better because we are just focusing on more luxury customers.
- As the prices went up during COVID, we tried to tack on percentage points of margin, so I think we are making a little more profit on some lines.
- The larger lines have experienced margin erosion which has forced us to private labels with much higher margins.
- Margins have gotten smaller
- Margins increased initially and now seem to be decreasing
- It has dropped a little, but during COVID people would pay anything just to get product quick
- Our margin was up a few percentage POINTS IN '21 & '22 due to our stocking position during price increases. It is not back to '19 rates
- 25-30, not much change
- It has remained consistent.
- It's lowered.
- We actively focus on increasing GM% Monthly
- increased.
- 50% dropdown 35%
- It's gone up
- Same
- Decreased slightly
- about the same
- We have maintained margins
- Our margin has improved because we focus on lines that offer us an attractive multiplier, are not over-distributed and have good imap policies.
- Down.
- declined
- No huge change. Make sure you try and support products and brands that have strong MAP policies, and you can keep your margins high enough.
- Margins have held fairly consistent for our existing showroom.
- Improved

Do you price match?

THE DISTRIBUTOR SAYS:



What kind of pricing do you display in your showrooms?

THE DISTRIBUTOR SAYS:

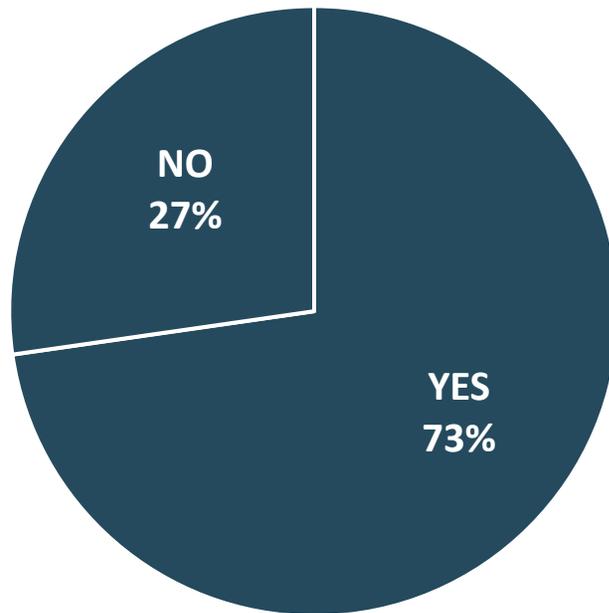


OTHER... ELABORATE:

- Nothing on the floor. When we work with clients, we quote only Retail.
- Two of our showrooms show discounted pricing and two use QR codes.
- We don't price the showroom
- No pricing displayed, only when a quote or order is written.
- We do not price our displays
- We don't display pricing.
- We don't display any pricing. All pricing is quoted as requested/needed.
- IMAP/MAP
- pricing that you would find from the manufacturer.
- None, or if asked, list price is given
- displays are labeled with list and discounted pricing, but since pricing is always in flux, we have a disclaimer that display pricing is for reference.
- We don't currently display pricing. We want to and are working on a tech-based method to do so.
- Pricing changes way too often to label products with pricing. Nothing has a price in our showroom.

Does your showroom/store offer quotes with itemized pricing and actual model numbers?

THE DISTRIBUTOR SAYS:



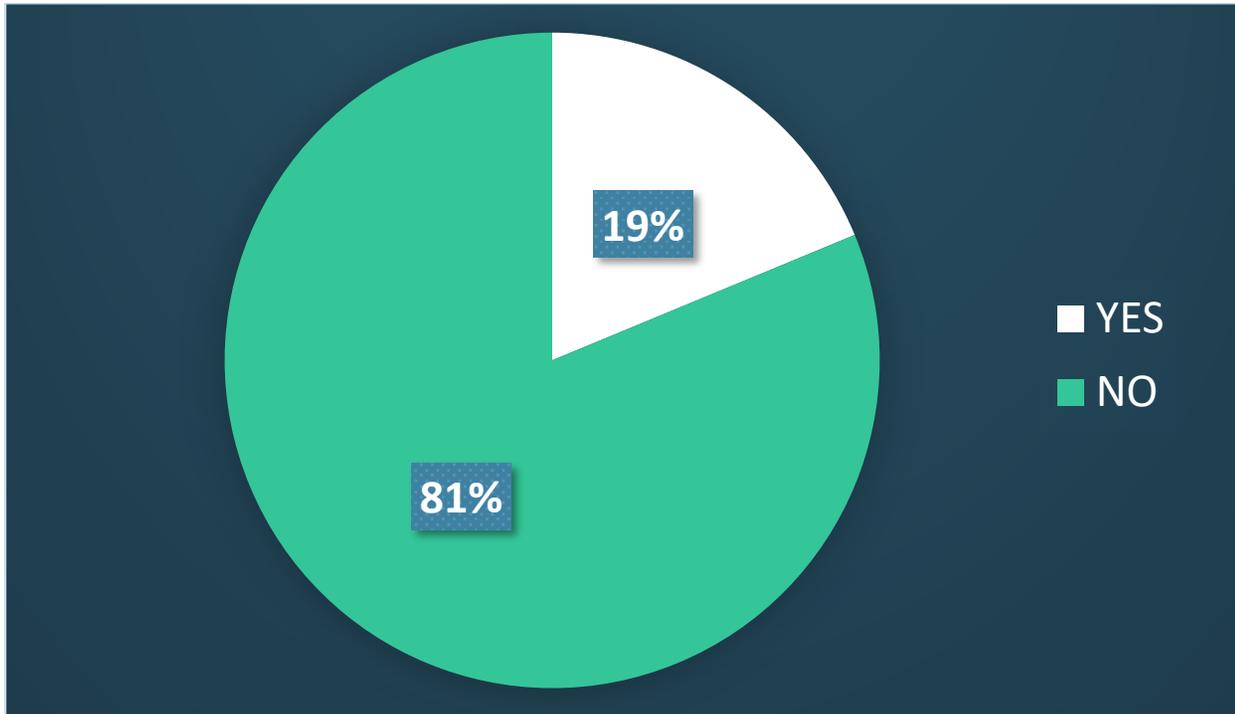
ELABORATE:

- We do itemized pricing but with no part numbers to the customer. our quotes have a second line description so the quote is built with part numbers but we can e-mail second line only with no part numbers.
- Not to homeowners.
- yes and no, depends on the customer.
- We offer itemized pricing but typically hide the model #s from homeowners.
- Depends on the customer. For walk-ins, we offer itemized pricing but we hide the model number on the quote. For established customers, they see model numbers.
- If it is a consumer then we don't give model #'s
- We don't show model numbers on quotes.
- wish we didn't have to give model numbers but can't get around it with our software
- we are transparent
- To existing customers (builders, remodelers, etc.) we do. To Retail/Cash customers, we show an alternative description.

- Yes and no actually. It depends on the customer.
- Depends on the customer
- Itemized pricing but not model numbers
- To our contractors – yes, homeowners - no
- builds trust with our customer.
- Occasionally this is an issue but not often
- Only when requested.
- no model numbers
- Absolutely. We provide pictures as well as specification sheets if needed. It's important to be as transparent as possible, and with the picture quotes, the customer doesn't have to guess at what they are buying, they can see a picture. We get a decent amount of business from customers that bring in quotes that are coded and don't have part numbers. They feel that someone is trying to hide something, and once you gain their trust, pricing is no longer the most important thing to them.
- Consumer-direct quotes are generally generic in nature. If the consumer comes to us with a specific model or plan, we will price that directly. Contractor relationships are priced and itemized.

Does the cost of a display factor into pricing decisions?

THE DISTRIBUTOR SAYS:

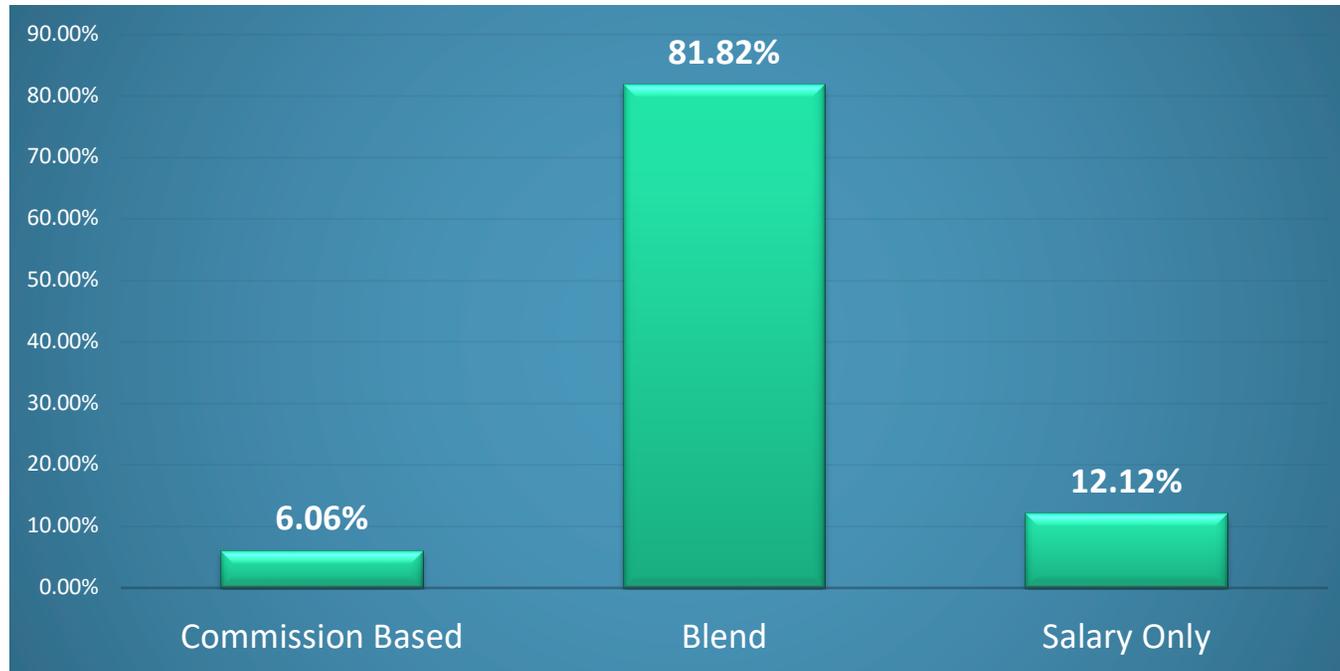


ELABORATE:

- the exclusivity of the product is the pricing factor.
- The display is necessary to sell the product. If we can't at least recoup the display cost within 12 months, we don't bring in the display.
- That's the price of doing business and a lot of displays are no charge to begin with.
- yes, but a free vendor display is not a deciding factor for showroom inclusion.
- Displays have different goals and timelines.
- Kitchen cabinet displays only
- The cost of the display doesn't have any bearing on our pricing. The motivation for displays goes back to the MAP policy. If they have a strong policy, and good, quality products as well as a great rep behind it, we'll sell it.
- Display costs are part of the budget/expenses on an annual basis.

Are your showroom consultants:

THE DISTRIBUTOR SAYS:



ELABORATE:

- Salary-Commission-Spiffs
- they have a base pay and then they get a percentage of gross profit dollars.
- Our consultants are paid an hourly wage plus spiffs.
- Base Plus a tiered commission based on profit margin
- With a guarantee
- Most are hourly, some get commission additionally
- Competitive base and higher commissions based on margin.
- PLUS, spiffs
- salary plus bonus incentive
- Salary plus a small percentage based on the associates' margins.
- Hourly, plus commission.
- Base Salty plus 30% of GP Generated

Do you have a benchmark for productivity of a sales associate (e.g., \$75K a month per associate)?

THE DISTRIBUTOR SAYS:

- \$110,000
- yes. but with that being said we have good SALESPEOPLE and HIGH performance {GREAT} salespeople.
- It varies by location - managers are goaled for their location and set goals for their respective team
- no, but that is being considered for the future.
- No
- \$40K in sales, \$12K in GP to qualify for commission
- We have a GP\$ goal for each associate as well as overall per location.
- We target a minimum of \$1.2M annually.
- we compare to prior years
- No
- depending on the showroom
- no
- We have a very new team, so those benchmarks we had are not relevant with our current team.
- We have one but it's not hit consistently.
- no
- YES, WOULD like to see double the salary in sales.
- No
- YES, but it's different for every market
- Not officially stated
- No
- our showroom sales associates average around \$36k gross profit per month.
- We have minimum requirements and we have benchmarks for assessment
- Yes. The goal varies according to experience and base pay.
- Yes.
- No
- yes
- Nothing in writing, but we do look at numbers all the time and, if needed, we will speak with the staff to make sure they have everything they need to be successful. Our showroom has sales associates with every type of personality. Some are very designer forward; others are more ruff and direct, others tend to be more patient, and don't mind taking their time to help the customers that might need a bit more handholding. It takes all types to make a truly run a successful showroom.
- We are currently leveraging 70K/month/sales associate
- Yes, \$55k per month per associate
- YES, it changes each month with seasonality and works with our overall budget

How do you deal with credit card fraud/chargebacks?

THE DISTRIBUTOR SAYS:

- Try not to have them. Not very successful if we have a chargeback.
- Share best practices with our credit and collections dept. Huddle and go over red flags we are seeing and hearing about fraud and share with the team when it happens to us.
- Regular discussions - if it is too good to be true, it probably is.
- We've been lucky that we have not had issues with that at this point in time.
- We have never received them.
- We don't seem to have any issues with this.
- We have strict credit card standards and have very few chargebacks/FRAUDS. We minimize phone sales and strive to have all of our transactions running through a secure portal with 3D secure.
- We rarely get chargebacks in the showroom. We also have a very detailed terms and conditions with estimated lead times, special order signoffs, etc., that a customer must sign before we order their items.
- We generally require prepayment before any product is delivered therefore if FRAUDULENT, we are not out the product.
- LUCKILY, we haven't had too many issues
- don't have that many but normally we eat the cost
- We have gotten very good at identifying possible fraud and preventing it upfront.
- We always fight it with the CC company. Sometimes we win, sometimes we lose. It's important that the salesman follow procedure properly.
- Try to avoid them
- absorbed by the branch.
- hard to control
- We have a credit dept
- not very often
- Our accounting department handles this most of the time. Not a huge issue as we mostly only sell to people we know.
- we have a detailed set of procedures to minimize fraud.
- Our accounting department handles this. We do have protocols in place for accepting cc payments and check processing.
- Not a big issue.
- We have a credit manager with strict policies.
- Depends on the issue
- carefully
- Ugh. This is a hard one. At this point, we no longer accept credit card payments over the phone unless the customer has already been into our showroom, and our sales associates have a relationship with them.
- As best we can. we've only been stung TWICE, but never in the showrooms.
- Has not been a large issue for us to date.
- Requirement for upfront payment / deposit prior to ordering materials.

Do you offer loyalty-rewards programs for customers?

THE DISTRIBUTOR SAYS:

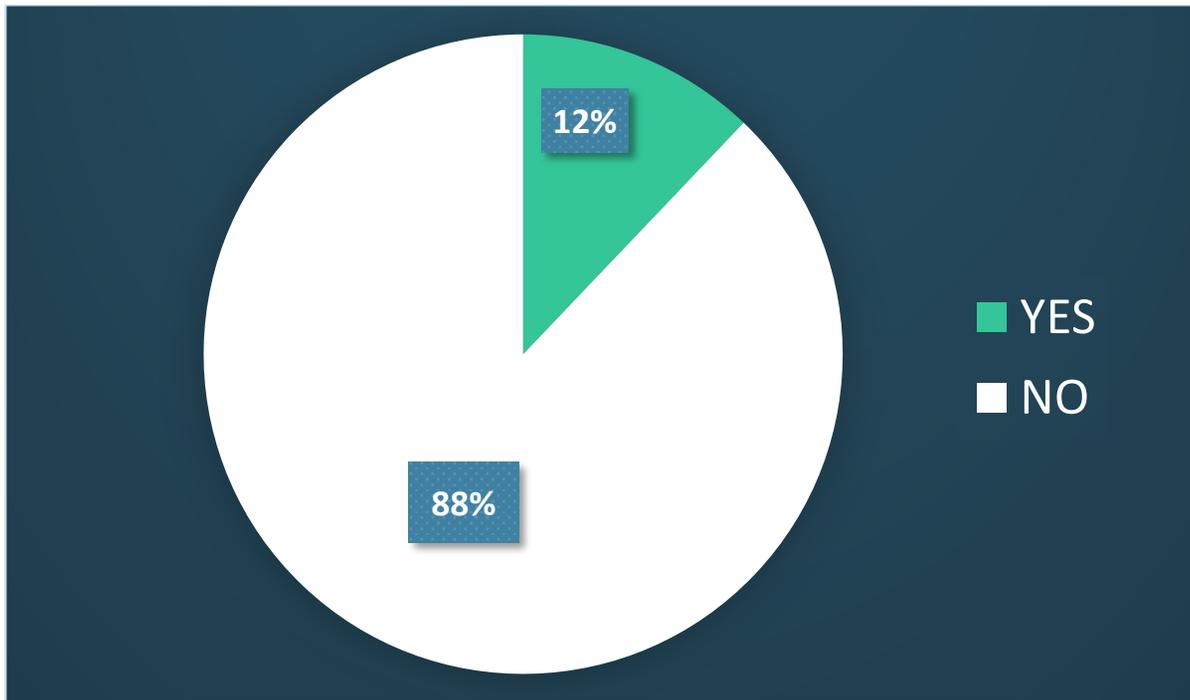


ELABORATE:

- It is individually based for each account if we do offer it.
- Our larger customers have a 1% rebate program.
- on rare and special occasions
- We are in the processing of rolling out some different programs for designers and smaller remodeling contractors.
- Designer program % from sales
- For plumbers, a trip. Working on a designer loyalty program
- To contractors, yes. Not to retail customers
- We do have incentive trips for repeat customers.
- No real rewards programs, but we do take care of our customers with sports tickets, concerts, lunches, and other stuff like that.
- WE have incentive trip travel through our distribution company. For showrooms, this would apply to general contractors and plumbing contractors that send people through our showroom but the purchase is ran through their accounts.

Do you charge any sort of storage fee for orders that are not picked up after their “must have by” date?

THE DISTRIBUTOR SAYS:



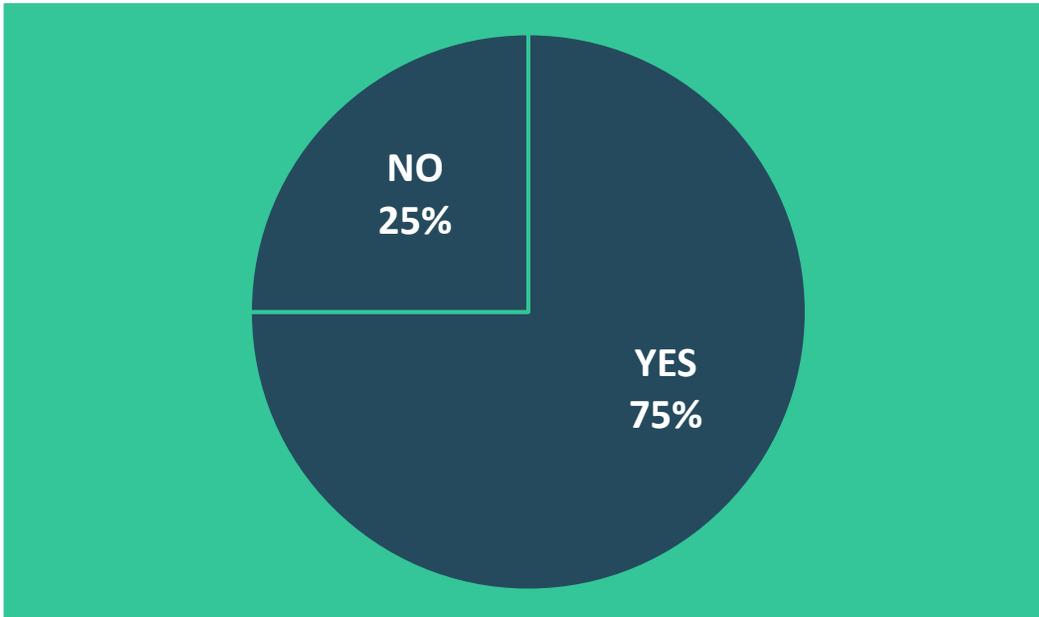
ELABORATE:

- Have the ability to in our terms, but don't typically enforce
- We are getting smarter about ordering product closer to the "must have by" date.
- We store material for 90 days following the order arriving in our warehouse in full. Orders must be paid within 30 days of full receipt in our warehouse. Our storage fee is the lesser of 1% or \$400 per month.
- Not usually but we have charged a storage fee
- We implement a storage fee of \$50 per week after an order has been sitting here for an egregious amount of time.
- We would like to but unless our competitors do as well, we could lose orders.
- not currently
- Not at this time, but we do make them pay for the product in full once their order is complete.
- Not always followed, but policy is 2%/month if not shipped on the specified dates.
- Situational basis

SUPPLY CHAIN

Are more wholesalers selling direct to designer/builder/end user rather than the trades or business still trade-driven?

THE DISTRIBUTOR SAYS:



ELABORATE:

- This is a slippery slope. these days with the transparence of all products if you let the trade control the outcome too much you can and will lose some sales. remember a lot of people in the trade are not SALESPEOPLE
- I think it is becoming more common, but depending on customer base in a market it could be a difficult transition.
- More and more every day.
- It is still trade-driven in most of our markets with the exception of lighting.
- Everyone is trying to pass off the responsibility to buy the product directly. Very rarely do plumbers prefer to buy the material themselves.
- It has happened but it's rare. I can't speak for others.

- Though still largely trade driven, we see more vendors selling online and to professional customers
- We do sell direct but ALSO, we are a trade driven. It's a blend
- I think more wholesalers are selling direct. We do not.
- the trade plays an important role for referring their clients to our stores, but most prefer to let customers pay for their selections directly with us.
- In our area this has been the case for a very long time. Many trades do not want the hassle of buying the product.
- But it is becoming more prevalent.
- We will sell to anyone. The builders and designers in our area would rather the customer be out the money instead of them financing the job for the customer. We will work with them however they'd like to work.
- High percentage of business is still trade driven, but the lines are certainly blurring.
- It is increasing but still trade driven

Are you seeing a shift in who the purchasing agent is? Are more homeowners buying direct?

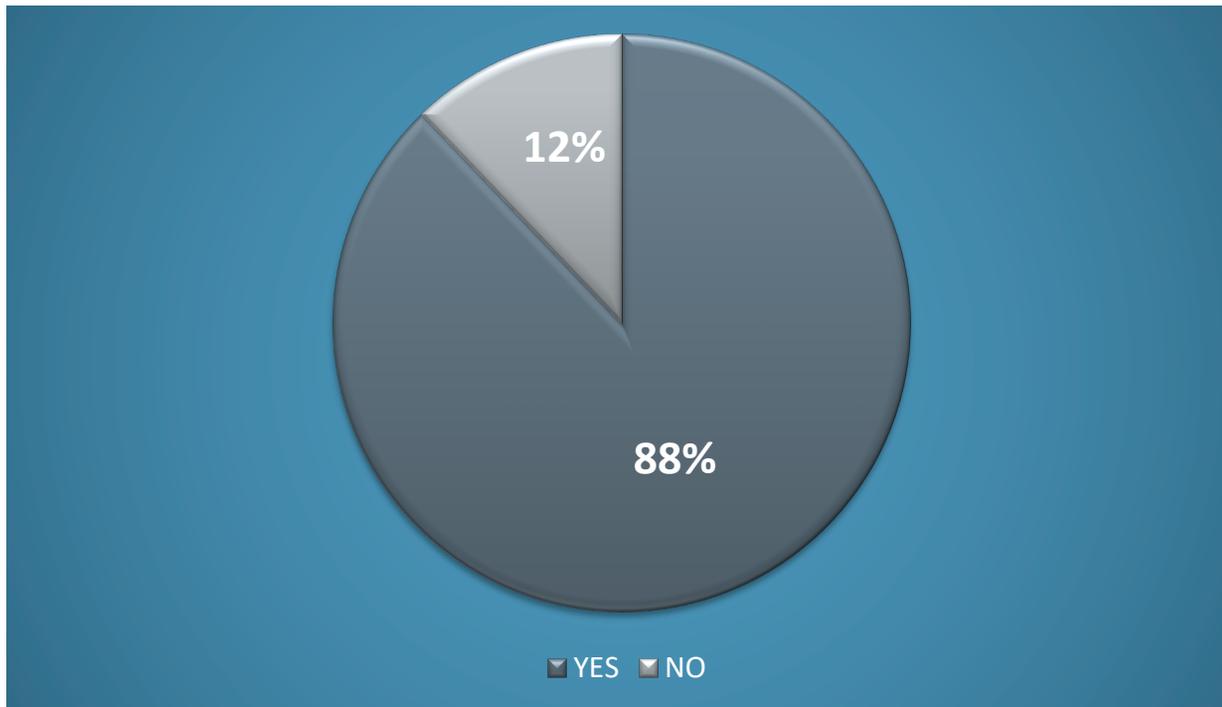
THE DISTRIBUTOR SAYS:

- On occasion. Most buy direct when our vendor has a long lead time.
- covid exposed the internet to pretty much everybody. people have learned sometimes buying on certain things is not the best way to go. if we can be competitive {NOT the CHEAPEST} and offer excellent customer service, most of the time we win a customer {ONGOING not just one TIME}
- Not more than pre-covid in our markets
- I am seeing a shift but it is more direct from the builder rather than the homeowner.
- No, if homeowners BUY, they are getting online or at big box stores.
- yes
- Some are for remodeling projects but new construction still typically goes through the contractor.
- Yes. The trades are less willing to buy the product so homeowners have to step in and buy things themselves.
- not particularly, we still see most trade doing purchasing
- Yes, more and more homeowners on their own or coming in with their contractor. The contractor would rather the customer pay.
- Yes, the purchasing agent is shifting from plumbers to builders more and more.
- With some lines not all
- yes
- It depends on the project, but yes - we are seeing more homeowners and even builders buying and the plumber is not involved and only the installer.
- More homeowners are trying to buy direct
- yes, but the designer is our competitor more than ever
- No
- We're seeing a small increase in homeowners buying direct

- No. Online shoppers make it difficult for our associates compared to 5-10 years ago with pricing and comparisons.
- Yes
- homeowners are buying direct and causing issues on jobsites
- The homeowner always drives the sales in our area.
- Homeowners are dictating the purchase, but most of our volume still runs through a contractor account.
- We're not seeing such a shift.

Does the manufacturers rep factor in your decision of which products to display?

THE DISTRIBUTOR SAYS:



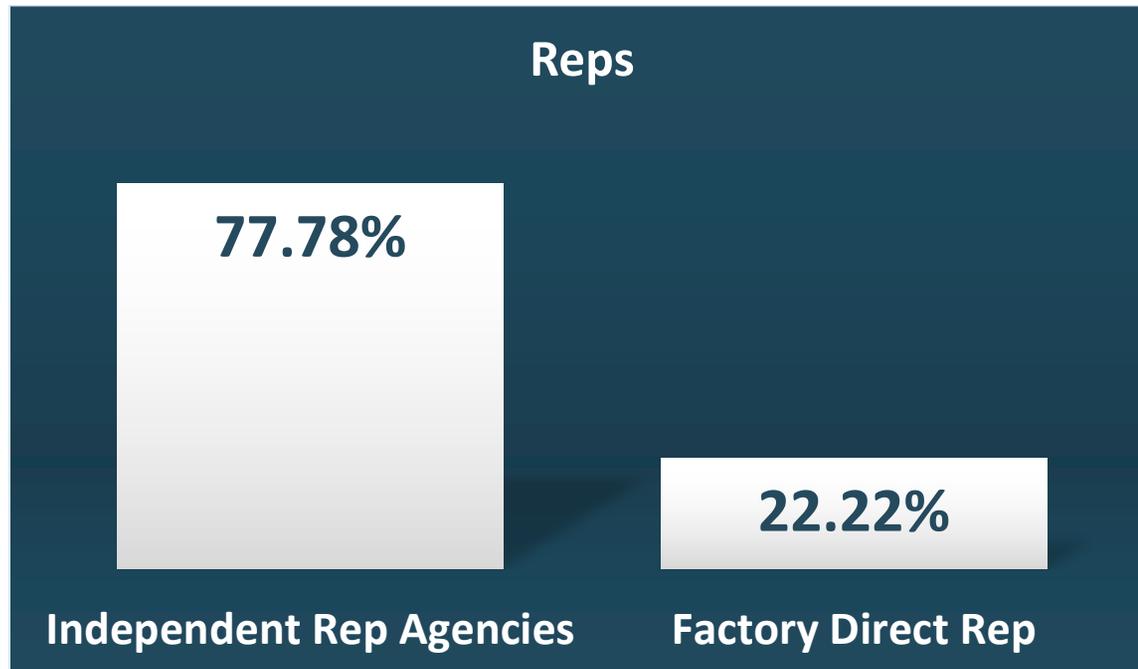
ELABORATE:

- They can make suggestions. We make the choice.
- Recommendations are welcomed
- I need to know that my rep will support me and if I don't see that, I won't push their lines.
- We do display based on their recommendations

- We try to promote product lines that have rep agencies that give adequate service.
- They help guide what should go on display.
- I want to display a product that I know I am going to have help if I need it after the purchase. ALSO, I want to make sure that I know my showroom will be as current as possible.
- We try to sell and promote the product lines that we receive the best rep support from.
- A great rep will make or break our success with their line. If we don't have good support, we won't push their products.
- This is another yes and no. It depends on the product and the rep.
- good, supportive reps make doing business easier
- I need great support from the sales rep.
- We tend to sell more of the products in which we have better relationships with
- a good rep will ensure we have the training and support we need to grow our business.
- Good rep support is required to train and engage our SALESPEOPLE. Without, we're less interested in the line.
- Sometimes.
- 100%. You can have a wonderful product, but nothing is perfect, so you need to have great representation if you are going to be on our showroom floor.
- Service to us and our clients is a reflection of the rep

Do you prefer independent rep agencies or factory direct reps?

THE DISTRIBUTOR SAYS:



ELABORATE:

- It used to be Factory reps. That has changed. Lack of knowledge?
- Independents reps allow more options to build a stronger relationship with the wholesaler rather just one line.
- They seem to work harder for their percentage of sales
- Almost all of our reps are independent. They tend to offer better service, but some are stretched quite thin.
- It really depends. Independent rep agencies can be effective for the lines they deeply care about. Sometimes they have lines and don't focus on them enough, leaving the market unfulfilled. Factory direct reps can be better as they only focus on one line, but they can also set unrealistic expectations and are more prone to expanding distribution far beyond what makes sense and cutting the pie too small for us to have any incentive or desire to keep the line.
- Independent reps give a more personal touch and are more invested in the showroom
- They only have one brand/line to push and are more experts with their products.
- Both have value but we are currently dealing with a vendor who left agencies and went direct and it's not turning out well.
- Some independent reps are great. Others seem to have an agenda. Some of the Factory reps are fabulous, but the turnover

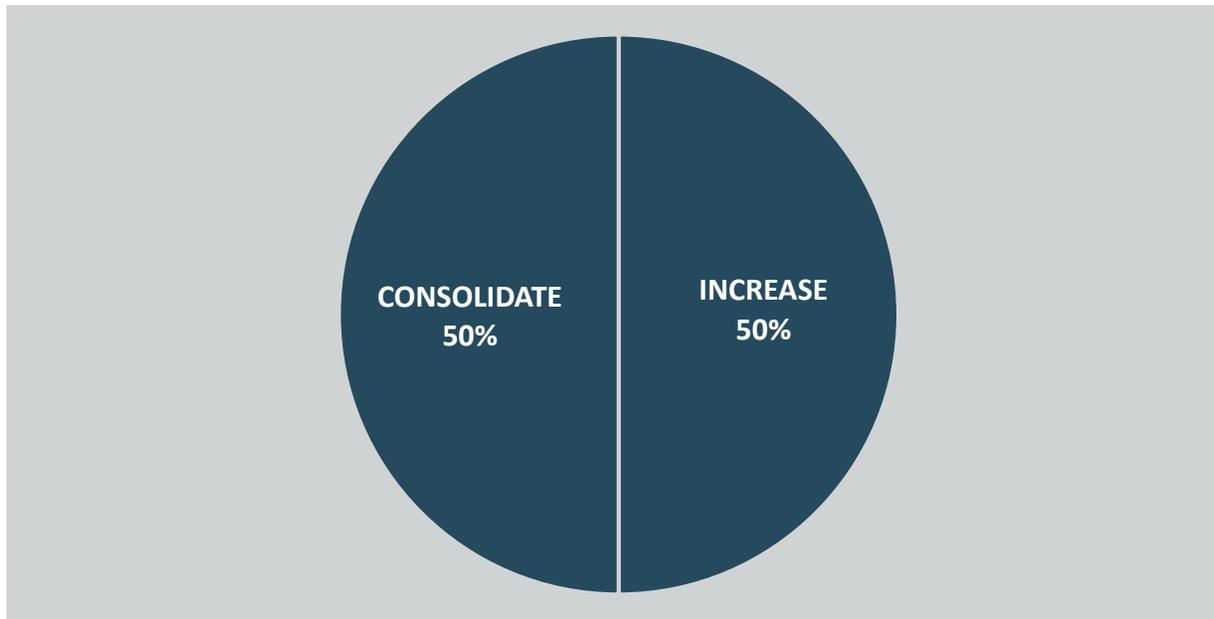
seems to be high. It is frustrating when you know you are more knowledgeable than the rep about their products.

- depends on rep.
- Not a hard and fast rule but independent reps are often more supportive of us.
- No preference.
- Factory reps have been an issue for us of late. We get more attention from the independent ones.
- Depends on the line.
- I find that the independent reps know our territory far better than the factory reps.
- Either one is fine, as long as they're committed to being a good partner with us.
- GENERALLY, more focused and knowledgeable. Can be more difficult to get in contact with.
- Independent reps tend to provide better coverage and attention than factory direct reps.

PRODUCT/VENDOR RELATIONSHIPS

Are you looking to increase or consolidate showroom vendor relationships?

THE DISTRIBUTOR SAYS:



ELABORATE:

- A curated selection that allows our focus to be maintained is our goal
- but still being very particular with what lines we show. Partnering with our buying group is particularly important to us.
- Overall to make things easier for purchasing
- We are continually asking our vendors for help with training staff members.
- We want access to as much as possible and we are always looking for good partners.
- We have been adding more brands, and by the vendor decision, we are consolidating as vendors are closing accounts that are meeting their annual minimums.
- Increase breath of product, not more of the same.
- have a formal key vendor program
- we carefully curate our offering to meet market needs.

Some decorative plumbing manufacturers are selling to homeowners, designers and contractors directly through their websites. What challenges does this create for your showroom associates in their day-to-day business?

THE DISTRIBUTOR SAYS:

- This seems to be the growing issue in this business. Loyalty seems to be out the window. We try to stay ahead of them.
- This is only going to increase. you have a lot of the big brands doing this. Back to we will be competitive make sure you have all the correct components, and help you from A-Z
- We see this often and it is a challenge to explain the wholesale business model to consumers. Consumers do not understand why we can't get something if it's available online direct. It makes us look bad if this is the case even if another distributor is fulfilling for that manufacturer.
- We see it being an issue more and more every day. We have found ourselves selling lines that are not offered directly ONLINE.
- It eliminates the showroom experience. It also cuts our company/showroom associate out from getting the sale.
- we try to limit displays and sales from manufacturers who sell direct on their website.
- Internet sales continue to be difficult competition and it doesn't help that some manufacturers are now selling directly to consumers.
- It's a massive challenge. We have to shift our focus, time, and attention away from those brands and minimize them in our showrooms. In most cases, manufacturers selling direct have cut us out and we work very hard to find alternatives, switch customers away, and prop up better partners.
- We will evaluate the lines that are selling direct and decide if we should keep them or line up with vendors that partner with a displaying showroom.
- This is a huge issue for us. With one vendor we noticed one of their products was being sold over 45% off list on their own website.
- pricing and availability information can be misleading.
- depending on showroom location - we see some of this in a few showrooms but not all
- It's a nightmare and we're trying to get other options to steer customers away from those vendors.
- It's not good for us. It dictates our margins. Manufactures should not be our competition.
- Fewer new customers in our showroom
- They can get it from the manufacturer before we can.
- We do not like this. At ALL. It creates the image we are gouging the customer when they sell DIRECT. If we add a MARKUP, it's above.
- Tough to market to them
- This creates big problems. Mainly when the price shown from the beginning is shown at a discount. Our customers think their discount should come off the discounted price shown on the website instead of list price.
- It causes us to look at similar product vendors for a change. Our associates are infuriated with this change.

- Showrooms are used for information and then people go online to buy direct.
- If a customer is buying from the manufacturer directly, then they don't often come into our showroom. If they are in our showroom, it's because something got messed up on their order. They didn't get the rough with the trim, the toilet was only the bowl and not the tank, the faucet doesn't come with a drain, etc. All of these issues come up when people don't work with a professional. This is why having a loyal contractor and designer base is so important. They understand the issues of buying online, and they will warn the customers ahead of time.
- CERTAINLY, creates price issues. Our goal is to align ourselves with more showroom specific lines and/or private labels.
- This completely circumvents our business and creates pricing challenges if manufacturers sell direct at the same or lower pricing than we charge.
- Pulls the value of what they do, and we have to show what we provide as a service that much more.

Do you have a minimum dollar of sales or gross profit you require from each of your display vendors to keep those lines?

THE DISTRIBUTOR SAYS:

- No.
- No ** margin is a showroom's life blood ** but there is more to it. example: you have a high-margin display with a (bad) rep no inside sales help, no flexibility on damage freight, etc. your sales team spends a lot of extra time trying to get things done. are you really making more MONEY? or frustrating you customers and sales staff ?
- We are working towards this -
- No.
- No
- typically, \$50K is the least we want to purchase from a showroom vendor
- No, we do not.
- Not formally. We are building out more programs to evaluate all of our vendors on an annual basis.
- No
- Not minimum dollar exactly but we do look at each line to evaluate often and change out displays often.
- no
- No, but we should.
- Display vendors are reserved for our higher-moving products. We have a few "statement pieces" for show, but in order for a vendor to get space in our showroom, we must do a decent amount of overall business with them.
- Not currently
- Yes
- On some, not all
- There are a number of criteria we use to evaluate the display performance.

- No, this hasn't really been an issue. If a line is not PERFORMING, we will remove the display, but it isn't always about the performance of a single display. Sometimes, we have a line to attract customers through the brand name but the line itself may not be a big seller (they come in looking for A and we sell them B). Or displaying the line may impact our buying program which is needed by a non-showroom part of the business.
- No
- Sales dollars make our decision.
- Nothing in writing, but it's not hard to know what is working and what is taking up space. We change our displays all the time as we see a need.
- Have not considered this
- No.
- NO

How do you evaluate a vendor's product performance in your showroom?

THE DISTRIBUTOR SAYS:

- Sales
- location in the showroom.
- Sales and Gross Profit dollars per location
- We evaluate each line and if we do not see an increase in sales each year, we dig deeper into the reasoning in lost sales. Is it poor performance from the vendor, product availability pleasing to the consumer or lack of sales from the showroom staff. Once that is determined, we decide whether or not to keep it on display.
- No, but we do look at sales of showroom for each specific vendor once a year.
- This is challenging for us because our showroom sales are not separate from the branch at most locations. We try to look at what each associate is selling and if particular display items are not moving, we sell them off and try something else.
- Revenue, profit margin, number of orders, level of competition (online and brick and mortar), quality of rep.
- SALESPERSON and customer feedback
- Generally, by the customer interest and sales volume
- History of sales
- sales and margin generated
- We don't do a very good job with this. We do run sales reports by vendor, but we could do a better job by taking into the square feet of display space they have, the dollars invested into the display, etc.
- YTD sales
- \$ of sales, margin dollars/percentage and GMROI
- If we don't sell at least one in a year's time, it gets replaced.
- Customer feedback
- We run sales reports and also get feedback from our team.
- Simply with sales reports and evaluations

- we have a detailed evaluation process that includes sales generated, supply chain, return policy, rebates, etc.
- Sales, buying programs, after sales service, rep attention, stocking opportunities.
- We don't currently have KPIs around this. We should.
- Sales and communication with the associates.
- QUALITY, defects, availability
- display
- Margin - vs - ease of doing business. If we make a great margin but have nothing but issues and spend all of our time fixing problems, this is not worth it. We run daily reports to keep an eye on what we are selling and what we are making. And having a showroom manager that keeps their finger on the pulse of the sales as well as the salesfloor, is important.
- GENERALLY, by evaluating annual sales. However, designers have a large say in what stays and what goes in a showroom. We likely need to work on how to better evaluate this.
- We keep it simple. If it sells, then we continue with the product. If not, we make a change.
- Growth and GP

Do you have a liberal/flexible return policy with vendors that reflects the higher rate of return from consumer sales?

THE DISTRIBUTOR SAYS:

