



Floor Covering Weekly
June 20 – 27, 2011

NeoCon's pulse signals shift

By Kimberly Gavin and Amy Joyce Rush

[CHICAGO] NeoCon, the world's largest commercial interiors show held at the historic Merchandise Mart, has seen traffic ebb and flow with the times. After a tough two years, exhibitors and management recognized a buzz and energy that speaks to a strong market. Traffic counts, while not yet official, are said to be up. And that's good news for everyone.

"It felt like NeoCon is back," said Brenda Knowles, vice president of marketing and product development for Shaw Contract Group. "We had a great opening day. Firms that sent three people in the past sent more people this year. It's certainly much improved from 2009 and 2010," she said. "Design firms are hiring again."

There was no official count from Merchandise Mart Properties Inc. (MMPI) at press time, but the anecdotal evidence makes it pretty clear. "We had customers calling at the 11th hour wanting rooms," said Ralph Grogan, COO, Tandus, on opening morning of the show. "We're pretty encouraged by that."

Another example: Invista scanned 3,000

visitors in its award-winning showroom on the first day and 1,200 by late afternoon on the second, according to Diane O'Sullivan, global marketing director. The scan rate last year in the company's showroom was not even close, she said.

Then there's the evidence MMPI can measure. Mark Falanga, senior vice president, MMPI, told *FCW* that the company tracks the number of people attending as well the number of companies that attend and companies appear to be sending more people to the show and staying longer. "The number of companies hasn't changed from 2007 but what did happen in 2009 and 2010, the number of people (per company) was much fewer. We are up 6 percent this year and the hotel pick up is 20 percent," he said.

What really matters, though, is not how many bodies attend the show, but how much current and future business they represent. "The level of discussions of projects is encouraging. After a drought, projects are moving forward and business is revived. This year has been a pretty good comeback," Falanga said.

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The corporate market has come back strong, but almost all of that work in renovation, not new construction, one exhibitor pointed out. The business today is coming from projects that were shelved in 2007.

"Corporate continues to stay strong," said Grogan, and the category has a good backlog of business. "High-tech and financial companies are spending money," he said.

The hospitality market is picking up and

showing signs of renewed strength. The education market promises to be tough in 2011, manufacturers said, due to the economy. Grogan said the K — 12 market is flat as the states lack funding for renovation or new school projects.

Shaw's Knowles thinks the second half of the year will be good. "The percentage might not be quite as high in comparison to last year, but I feel good about business," she said.

Jeremy Whipple, marketing manager Roppe Holding Company, said, "2011 has been moderately better. Projects that were on hold for 18 months are starting to come to fruition. [People] are looking at budgets and

life cycle costing is being discussed a lot more. It is a more conscious buyer."

Even though the market is improving, there are still pressures on prices. One change that Falanga said is evident at the show is "a lot of better design at lower price points than ever before. Design used to be a price point. If it wasn't at a certain price point, you weren't getting good design. There has been a shift."

For example, Mohawk Contract decided to add a range of products in its Bigelow line to meet the \$14 to \$18 per square yard price point for carpet tile, according to David Duncan, vice president of marketing for

Mohawk. Having said that, exhibitors have noted for the past few months that lower price points combined with higher raw materials costs is pressuring margins.

"There is a greater propensity to cost engineer at the end than ever," said one manufacturer on the condition of anonymity. "Designers are not willing to trade down but are trading off. Design rules the day."

There is enough optimism to have exhibitors signing up for next year's show already. Falanga said re-signs were very positive.

"The flooring contingent is a great barometer for the industry," Falanga said. **FCW**