



Parquet for one and all

Why try to sell
"Lamborghini"
when the market
is crying
for "Panda"?
That's what
Dennis McGlynn
from Canadian
South Bruce
Flooring says

Giovanni Carlini

South Bruce Flooring in Ontario, Canada, works in parquet-/hardwood floors in the

strictest sense of the word, and is capable of "working" the raw material (tree trunks) all the way to the finished product.

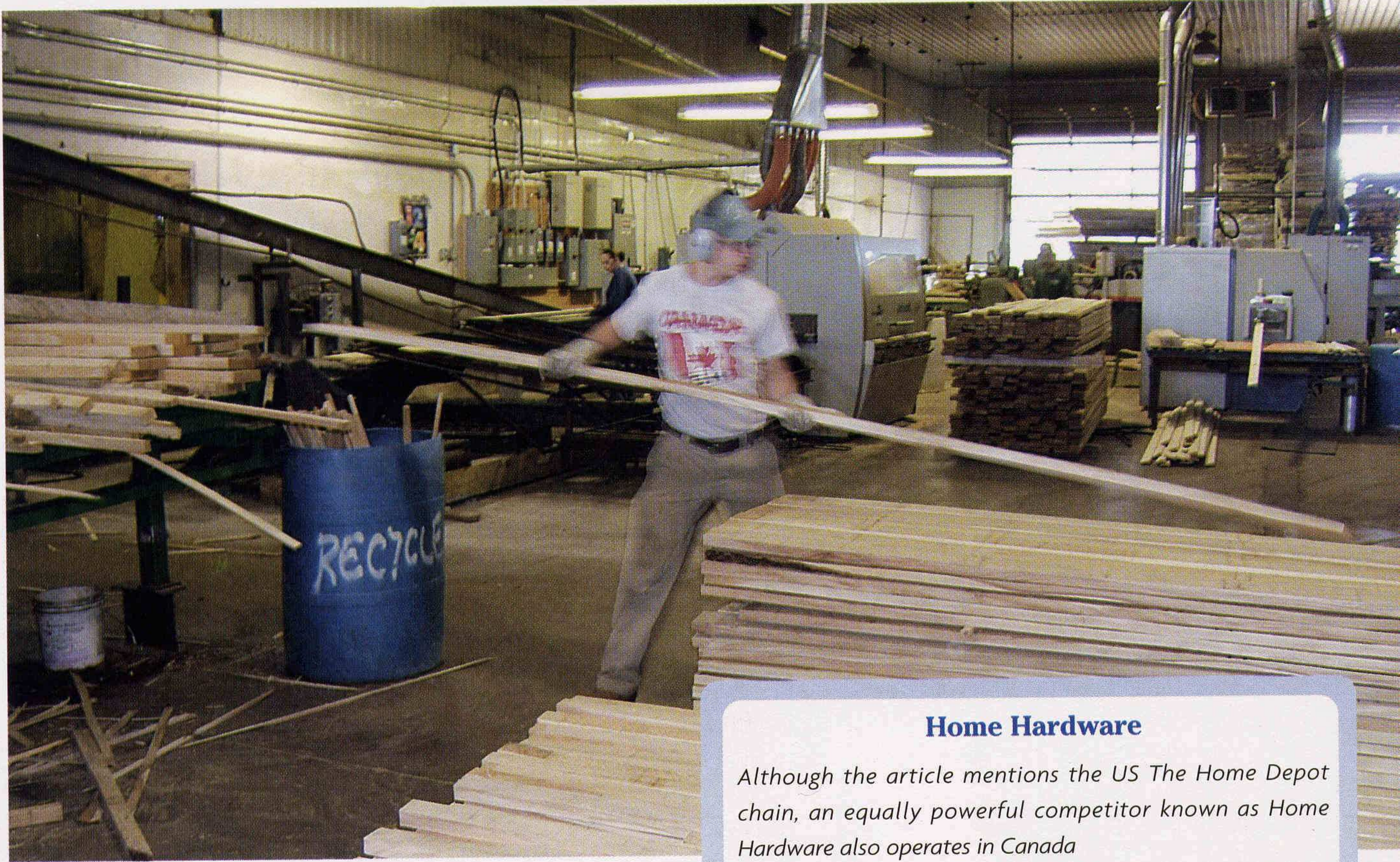
The company's strength is precisely this: its complete control of the entire production and commercialization chain

through its factory outlet that is also open to the public.

With 35 employees and a production of 800,000 square feet per year (it takes around 3 feet to make a meter and 9 square feet to make one square meter), South Bruce makes sales for 2 million Canadian Dollars and covers 10% of the local market's needs (in the Bruce Peninsula 200 km north of Toronto).

So who handles the remaining 90% of the market in this relatively small Canadian province that amounts to an annual 20 million Canadian Dollars? Well, there are other Canadian companies, especially from Toronto, but also Chinese companies that sell through The Home Depot (a US chain store operating in North America for the past 5 years with 128 big stores with 32,000 sq m display area each and sales that grow by 16% every year). Although the Chinese product is very often humble and unfinished, it succeeds in meeting the needs of the market. Positioning your product at the high end of the market, or in other words, in this overcrowded and exclusive club means limiting oneself to working in restricted contexts and doing without the support of the market at large. That's the opinion of Dennis McGlynn, own-





er of South Bruce Flooring, a man who's been working in the sector for the past 40 years, 16 of which with his current company.

"High quality today is no longer the only prerogative to cling to - Dennis McGlynn points out - in the sense that high quality alone is simply not enough to stay in the market; the price is also important. Selling your floors at 7-9 US Dollars to the final consumer means being uncompetitive. A reasonable price for me as a dealer is around 4-5 US Dollars, which is what the Finns do. I know that what I've just said might sound crazy to many European producers, but it makes the difference between working in this

business and merely watching it from outside". Let's investigate this South Bruce Flooring philosophy in greater detail.

An active market

Do you have relations with people abroad?

Dennis McGlynn: We import 1% of the wood we sell from Finland (2 meter slabs for country-style chalets and cottages) and export 40% of what we produce every year, half-meter blocks in semi-finished wood, to Switzerland, Italy, Austria, Germany, and Finland again.

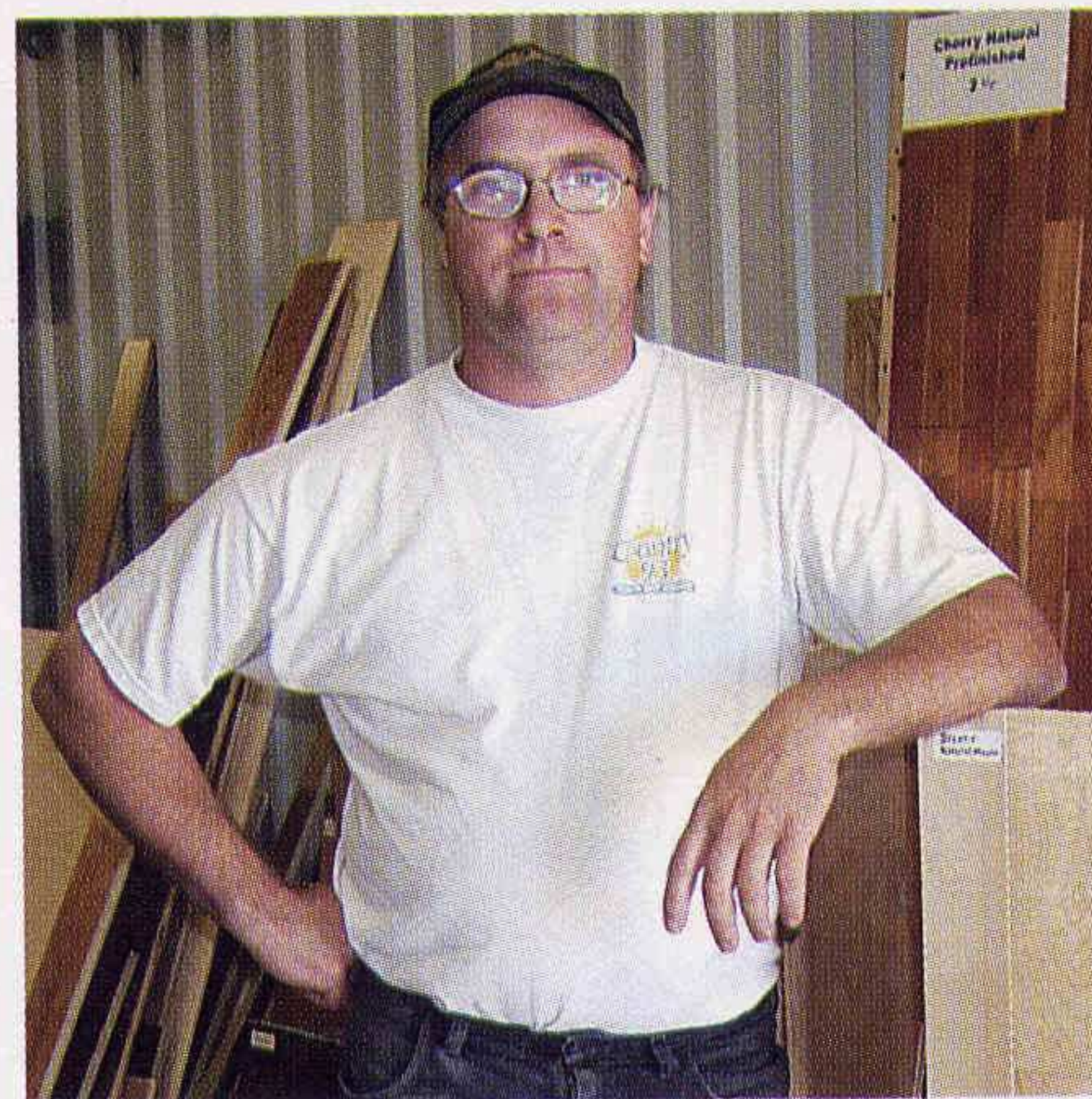
How has business been going over the past few years?

Dennis McGlynn: We're

Home Hardware

Although the article mentions the US The Home Depot chain, an equally powerful competitor known as Home Hardware also operates in Canada

Both are comparable to department stores and sell D.I.Y. construction products like paints, tiles, door and window frames, rugs, garden plants, and lawnmowers, etc. The real difference lies in sales outlet size and the extent of the distribution network. If The Home Depot stores usually cover 32,000 square meters plus parking area and garden center, Home Hardware sales outlets are much smaller and occupy only 3,000 to 5,000 sq m, rarely reaching 10,000 sq m area. Compared to the 128 US stores, the Canadian competitor has been working for 40 years with over 1000 stores from coast to coast. Becoming a Home Hardware supplier means being able to count on a truly widespread distribution network of unprecedented dimensions for the European wood floor industry.



Dennis McGlynn, owner of South Bruce Flooring.

constant in our performance; we've been growing at around 3% each year.

Don't you think that the contribution of new ideas and products to expand your presence in the domestic market is necessary?

Dennis McGlynn: Although this is an aspect that has never been taken into consideration, our potential partners

could be the Finns and the Germans.

Why?

Dennis McGlynn: We like the Finns for the quality of the product and their advantageous price; we like the Germans because we use many woodworking machines made in Germany and appreciate their approach and technology. One of our machines is actually Italian, come to think of it...

What do you produce and what are your sales prices to the public?

Dennis McGlynn: All our products have a double price that differentiate the unfinished (we say "basement") versions from the quality ("select") versions. We offer 4 high-end parquet/hardwood floors in both versions: "select" quality Ash goes for 5.25 Canadian Dollars; unfinished "basement" Ash goes for for 4.50\$; quality "select" Maple sells for 6.50\$, while unfinished "basement" Maple sells for 5.00\$; "select" quality Cherry is 7.75\$, while unfinished "basement" Cherry - like unfinished Pine - is priced at the moment. "Select" quality Pine goes for 3.5\$. In terms of percentage of total sales, Maple accounts for 55%; then comes Ash at 30%, Pine at 8%, and Cherry at 7%".

What's the difference in price between your products and the Chinese products sold in chain stores?

Dennis McGlynn: There's not much of difference in price. Chinese prices are in the range of 4-6 Canadian Dollars, but in terms of quality and therefore reliability and duration the two products can often not even be compared. What's more, we offer a range of services that The Home Depot - apart from home delivery and assembly assistance - simply cannot provide.

What range of services do you offer?

Dennis McGlynn: We offer presence, listening, and post-sale assistance. Although the chain stores offer lower prices, after your floor has been assembled and paid for, your relationship with your supplier comes to an end, even if he does usually provide a warranty. We guarantee our customers with constant support in order to "age together", following his or her growth, the new dimensions of the home with the birth of children, for example, or even renovation and demolition of certain parts. Only people with local knowledge of the territory can offer this kind of service, especially if they work with a complete and continuous production cycle like we do



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