RAB Instant Background - Home Improvement/Hardware Stores

Consumer Insights

Who Buys

Profiling adults 18+ who shopped at a home improvement retailer in the past 12 months, along with those consumers whose home improvement projects were done by themselves (or some other family member) in the last year, and those who hired an outside contractor to do the work:

	Bought from home improvement retailer in last 12 months	Who did home improvement work: Yourself or other household member	Who did home improvement work: Outside contractor
Male	49.0%	49.4%	48.2%
Female	51.0%	50.6%	51.8%
18-24	9.0%	5.4%	6.1%
25-34	16.7%	18.2%	12.4%
35-44	17.2%	18.7%	14.3%
45-54	18.8%	19.7%	18.3%
55-64	18.0%	17.2%	20.4%
65+	20.4%	16.8%	28.5%
Household Income: $100K+	44.1%	44.3%	53.6%
Household Income: $75,000-$99,999	15.8%	16.5%	15.5%
Household Income: $50,000-$74,999	10.7%	11.0%	9.0%
Household Income: $30,000-$49,999	7.0%	6.9%	5.7%
Household Income: $40,000-$49,999	6.2%	6.1%	4.9%
Household Income: $30,000-$39,999	6.1%	6.0%	4.7%
Household Income: $20,000-$29,999	4.3%	4.0%	3.6%
Household Income: Under $20,000	5.9%	5.1%	2.9%
Race: White	81.3%	83.5%	82.0%
Race: Black/African American	6.7%	5.0%	8.2%
Race: Other Race/Multiple Classifications	12.1%	11.5%	9.9%
Hispanic, Latino or Spanish Origin	12.6%	11.6%	9.3%
Census Region: North East	17.6%	17.5%	18.4%
Census Region: South	37.0%	36.2%	36.2%
Census Region: Midwest	23.1%	25.0%	20.3%
Census Region: West	22.3%	21.3%	25.1%
Single	21.7%	22.0%	17.0%
Married	63.7%	65.3%	67.1%
Divorced/Separated/Widowed	14.5%	12.7%	15.9%
Total Radio Weekly Dayparts Cume: Monday - Sunday 24 Hour	87.9%	88.8%	87.0%

(Source: MRI-Simmons, 2020)

In February 2021, 41% of homeowners are looking to renovate in the next six months, compared to 35% in April 2020, which was the beginning of the COVID-19 pandemic.

(Source: CivicScience, 2021)

Recently, home improvement and hardware online dollar spend has been increasing among Baby Boomers and younger Millennials.

(Source: NPD, 2020)

Major market segmentation for home improvement stores in the U.S: professionals, 82.6%; do-it-yourself customers, 17.4%.

(Source: MEMorial, 2020)

COVID-19 DIY trends appear to be driven by younger generations (Millennials and Gen-X) and across the majority of the U.S. (with the Midwest being the exception). Older generation homeowners, however, are spending less.

(Source: Home Improvement Research Institute, 2021)

Major market segmentation for hardware stores in the U.S.: households, 61.3%; businesses, 18.7%; contractors, 12.6%; other, 4.5%; government, 2.8%.

(Source: MEMorial, 2020)

What They Buy

Home improvement stores cater to a wide variety of markets, including professional, do-it-for-me (DIFM) and do-it-yourself (DIY) customers. Moreover, these retailers offer a broad range of products aimed at improving existing structures and constructing new ones.

(Source: MEMorial, 2020)

Product and services segmentation for home improvement stores: Lumber and other building and structural materials, 32.6%; household appliances, kitchen goods and housewares, 25.6%; hardware, tools, plumbing and electrical supplies, 24.9%; lawn, garden and farm equipment supplies, 12.9%.

(Source: MEMorial, 2020)

Products and services segmentation for traditional hardware stores: Hardware, 19.7%; power tools & equipment, 19.2%; dimensional lumber, 9.2%; paint & sundries, 7.7%; plumbing fittings & supplies, 6.1%; hand tools & accessories, 5.5%; electrical supplies, 4.2%; other (household supplies, doors and molding, flooring, roofing, automotive fuels, pet food, etc.), 26.4%.

(Source: MEMorial, 2020)

Completed home improvement projects by U.S. homeowners in 2019: Landscaping, 28%; replacing/purchasing new appliances, 26%; painting interior of home, 24%.

(Source: Houzz, 2021)

The majority of the online dollar sales within the home improvement industry come from major home appliances and home décor.

(Source: NPD, 2020)

Over the last year, online spending has increased in major home appliances, as well as product segments like storage, hardware, plumbing, and air filters.

(Source: NPD, 2020)

The National Kitchen & Bath Association revealed upcoming kitchen remodeling trends after surveying designers. Among these were: Emergency power for the refrigerator, dedicated device-charging/viewing, motion-control/hands-free or touch/tap faucets, ventilation hoods and quartz surfaces.

(Source: National Kitchen & Bath Association, 2021)

As people seek more ways to promote productivity in their homes, organization and layout will be a big focus. With more working and learning being done from home, there is a major emphasis on creating spaces that are first and foremost functional – but also aesthetically pleasing.

(Source: Remodeling, 2021)

The kitchen of the future needs to be a warm and functional gathering space, too. Quarantine has necessitated a movement towards home-cooking that hasn't been seen in decades. Where just a year ago mom, dad, and kids might have gone their separate ways to enjoy meals out, families are now coming together, cooking together, and dining together – all at home.

(Source: Remodeling, 2021)

When They Buy

Monthly sales for building materials/supplies stores (3-year average, 2017-2019): January, 7.2%; February, 6.5%; March, 8.0%; April, 9.0%; May, 9.9%; June, 9.0%; July, 9.2%; August, 8.9%; September, 8.0%; October, 8.8%; November, 8.2%; December, 7.4%.

(Source: U.S. Department of Commerce, 2020)

Monthly sales for traditional hardware stores (3-year average, 2017-2019): January, 7.4%; February, 6.7%; March, 8.2%; April, 8.8%; May, 9.9%; June, 9.0%; July, 8.8%; August, 8.7%; September, 7.8%; October, 8.6%; November, 8.1%; December, 8.0%.

(Source: U.S. Department of Commerce, 2020)

May is National Home Improvement Month.

(Source: National Association of Remodeling Industry, 2020)

Where They Buy

The biggest home improvement stores in the industry: Home Depot, Lowe's, Ace Hardware, True Value and Menards. And among those five, Home Depot and Lowe's account for over 80% of the market share.

(Source: CivicScience, 2021)

Number of stores of the leading home improvement retailers in the U.S. 2019: Ace Hardware, 4,560; The Home Depot, 1,973; Lowe's Companies, 1,727; Menards, 312.

(Source: Kantar, National Retail Federation, 2021)

Leading hardware and home improvement retailers in the U.S. 2019, based on sales (in billions of $): Home Depot, 102.17; Lowe's Companies, 65.51; Ace Hardware, 18.07; Menards, 12.07.

(Source: Kantar, National Retail Federation, 2021)

Top home improvement/hardware/farm & ranch chains, according to 2019 sales (in billions of $), followed by HQ location and # of stores: 1. The Home Depot, Atlanta, GA, 110,225, 2. Lowe's, Mooresville, NC, 72,148, 1,977, 3. Wal-Mart, Bentonville, AR, 13,267, 4,070, 4. ABC Supply, Beloit, WI, 11,683, 788, 5. Menards, Eau Claire, WI, 10,990, 330, 6. Sherwin-Williams, Cleveland, OH, 10,170, 4758, 7. Tractor Supply, Brentwood, TN, 8,351, 2,024, 8. Builders FirstSource, Dallas, Tx, 7,281, 401, 9. Beacon Roofing Supply, Hamilton, NJ, 7,135, 529, 10. HD Supply, Atlanta, GA, 6,146, 310.

(Source: Hardware + Building Supply, 2020)

The Home Depot Inc., with a $2.4k market share, is the world's largest home improvement company and the sixth-largest retailer in the United States. Headquartered in Marietta, GA, and founded in 1978, the company has 2,291 locations across North America, and employs more than 415,700 people. Sales from Home Depot's 1,984 stores in the United States accounted for more than 90.0% of the company's total annual revenue. Total company revenue reached $110.2 billion in fiscal 2020 (year-end January).

(Source: National Retail Federation, 2020)

A 2020 Accenture survey revealed that 50% of consumers said that the pandemic has caused them to shop in closer neighborhood stores, with 79% of those respondents saying they plan to continue to do so long-term.

(Source: Accenture, 2020)

The majority of hardware stores are members of cooperative businesses, such as True Value Company and Do It Best Corp. Cooperatives are wholesalers that use their purchasing power to buy merchandise from manufacturers in bulk and pass on the savings to their members. The cooperative is controlled and owned by its members and generates revenue through its wholesaling business.

(Source: MEMorial, 2020)

How They Buy

A 2021 survey indicates 28% of people are anticipating spending $15,000 or more on upcoming home improvements.

(Source: CivicScience, 2021)

Of those who plan on making home renovations soon, this is who survey respondents say will be doing the work: Themselves, 36%; professional, 30%; a mix of DIY and a professional, 34%.

(Source: CivicScience, 2021)

The majority of home improvement consumers enjoy the convenience of online shopping, but many still see a lot of value in the traditional in-store do-it-yourself (DIY) shopping experience.

(Source: NPD, 2020)

Customers who shop and/or research online before making a purchase spend, on average, approximately $500 more per year on home improvement than those who do not research online. These shoppers are often more price-sensitive and are more likely to buy during a promotion or sale.

(Source: J.D. Power and Associates, 2020)

20% of consumers who buy home improvement categories like to shop both in-store and online and will make an average of 13.8 purchases across both channels.

(Source: NPD, 2020)

More than half (54%) of consumers said they are shopping more cost-consciously and are likely to continue doing so — with consumers overall far more likely to have increased purchases of mid-range and budget brands and reduced purchases of premium brands since the COVID-19 pandemic began.

(Source: Accenture, 2020)

Why They Buy

Because of COVID-19 precautions, homeowners have been at home more often and have had more free time. This is impacting their home DIY project decisions, whether that's initiating a new project or completion of an ongoing project.

(Source: Home Improvement Research Institute, 2020)

Generally, higher homeownership rates correspond with higher demand for hardware products used in construction, renovations and repairs. The homeownership rate is expected to increase in 2020, representing a potential opportunity for the industry.

(Source: MEMorial, 2020)

According to a J.D. Power 2020 U.S. Home Improvement Retailer Satisfaction Study, the single factor with the greatest influence on that retail experience beyond inventory, prices or location is friendly, knowledgeable service with a smile—and provided in two minutes or less.

(Source: J.D. Power, 2020)

As the number of new dwellings in the United States grows, demand for the products and services offered by home improvement stores is also expected to grow. Moreover, an increase in housing starts both increase the total number of households in the United States and generally correlates to higher consumer confidence, both of which also drive demand for home improvement projects.

(Source: MEMorial, 2020)

The homeownership rate represents the percentage of households that own the home in which they live. This rate usually depends on the state of the economy. Generally, higher homeownership rates correspond with higher demand for hardware products used in construction, renovations and repairs.

(Source: MEMorial, 2020)

Business Information

NAHB predicts that remodeling spending for owner-occupied single-family homes will increase by 4% in 2021, followed by a 2% increase in 2022. Remodeling spending is expected to reach $285 billion in 2021.

(Source: National Association of Home Builders, 2021)

The Leading Indicator of Remodeling Activity (LIRA) projects that home remodeling expenditures will increase by just 1.5% in 2020 compared with annual gains of 5% to 7% in recent years.

(Source: NAR Chaoes, 2020)

As of June 2020, there are 3,700 home improvement stores in the US, employing more than 673,000 people.

(Source: MEMorial, 2020)

Individuals tend to push back on large renovations or building new houses during economic downturns, while smaller home improvement projects are also postponed because they are largely discretionary.

(Source: MEMorial, 2020)

Total sales of home improvement in the United States in 2019 was $407.1 billion.

(Source: NHRA, 2020)

Despite many nonessential retailers being forced to close during the COVID-19 (coronavirus) pandemic, the Hardware Stores industry has been deemed essential, mitigating revenue declines, which is expected to fall 0.7% in 2020 alone.

(Source: MEMorial, 2020)

As a result of the coronavirus, households that hired contractors to complete home improvement projects have postponed most work indefinitely to limit as much unnecessary interaction as possible. As a result, home improvement operators are seeing a decline in demand from DIY and DIFM customers during the pandemic, leading industry revenue to decline by an estimated 7.6% in 2020 alone.

(Source: MEMorial, 2020)

Why Radio

Radio has established itself as an excellent vehicle for advertisers to deliver their messages to an increasing number of potential buyers. Each week, radio reaches 85.8% of persons ages 18+, and 57.1% on a daily basis. In all, more than 218 million Americans ages 18-and-older listen to radio every week.

(Source: Nielsen Audio, 2021)

Radio has established itself as an excellent vehicle for advertisers to deliver their messages to an increasing number of potential buyers. Each week, radio reaches 87.1% of persons ages 18+, and 59.1% of these consumers on a daily basis. In all, more than 221 million Americans ages 18-and-older listen to radio every week.

(Source: Nielsen Audio, 2021)

Every week, radio reaches 87.0% of adults 18+ who shopped a home improvement retailer in the last 12 months, along with 88.8% of individuals whose home improvement project in the past year was done either by themselves or another family member, and 87.0% of consumers who hired a contractor to do the work.

(Source: MRI-Simmons, 2020)

Radio has established itself as an excellent vehicle for advertisers to deliver their messages to an increasing number of potential buyers. Each week, radio reaches 85.8% of persons ages 18+, and 57.1% on a daily basis. In all, more than 218 million Americans ages 18-and-older listen to radio every week.

(Source: Nielsen Audio, 2021)

Miscellaneous Industry Facts or Category Trivia

Of the 30% of home improvement consumers who don't order online from home improvement stores, the majority cited wanting to see the product before purchasing as the main reason, followed by their enjoyment of in-store shopping.

(Source: NPD, 2020)

50% of survey respondents said that COVID-19-related stay-at-home orders have made them just as likely to start new home improvement projects.

(Source: CivicScience, 2021)

To set themselves apart, home improvement stores often compete on promotions, such as loyalty programs. Larger players such as Home Depot and Lowe's are able to leverage their size and scale into cost savings; these companies can then invest more of their earnings into providing customers with attractive add-on services, such as do-it-yourself workshops, to increase their relative competitiveness.

(Source: MEMorial, 2020)

Relevant Links

Home Improvement Research Institute:

www.hiri.org

Hardware + Building Supply Dealer:

www.hbdealer.com

J.D. Power and Associates:

www.jdpower.com

Hardware Retailing:

www.hardwareretailing.com

Houzz:

www.houzz.com

Remodeling Magazine:

www.remodeling.hw.net

(Source: RAB, 2021)