The changing dynamics in home improvements

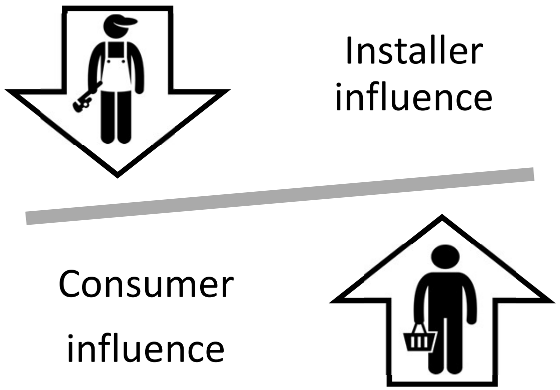
Autumn 2019 consumer focused report

Contents

Big changes in the home improvement category

Over the past few years, the traditional 'responsibility boundaries' have been changing rapidly in home improvement projects – challenging some long-standing assumptions about the category and purchasing decisions

The homeowner is playing an increasingly important role in the selection and purchase of home improvement materials and products. Confidence is particularly rising in aspects relating to the bathroom and kitchen.



Traditionally trade-focused retailers are increasingly having to think about their B2B *and* B2C proposition. 'Merchants' such as Screwfix are 'Consumer Friendly' and invest in mainstream above-the-line advertising

With uncertainty in the wider economy, many households are increasingly opting to "improve, don't move", providing an attractive market for home improvement brands to target. The rise of the 'Keen DIYer' is supported by television programmes, YouTube self-help tutorials, podcasts and in-store and POS signposting.

Even for homeowners who still want someone to Do It For Me' (DiFM), the market is becoming more sophisticated. Online propositions and services are beginning to enter the market and disrupt the traditional way of finding a tradesman

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Eureka! tracking data

What we've been doing …

Over the past few years, we have been monitoring consumer purchase intent in the bathroom and kitchen sector, regularly asking homeowners how likely they might be to purchase key products themselves rather than asking a professional do this on their behalf. In itself, this regular poll provides an indicative marker on the changing landscape

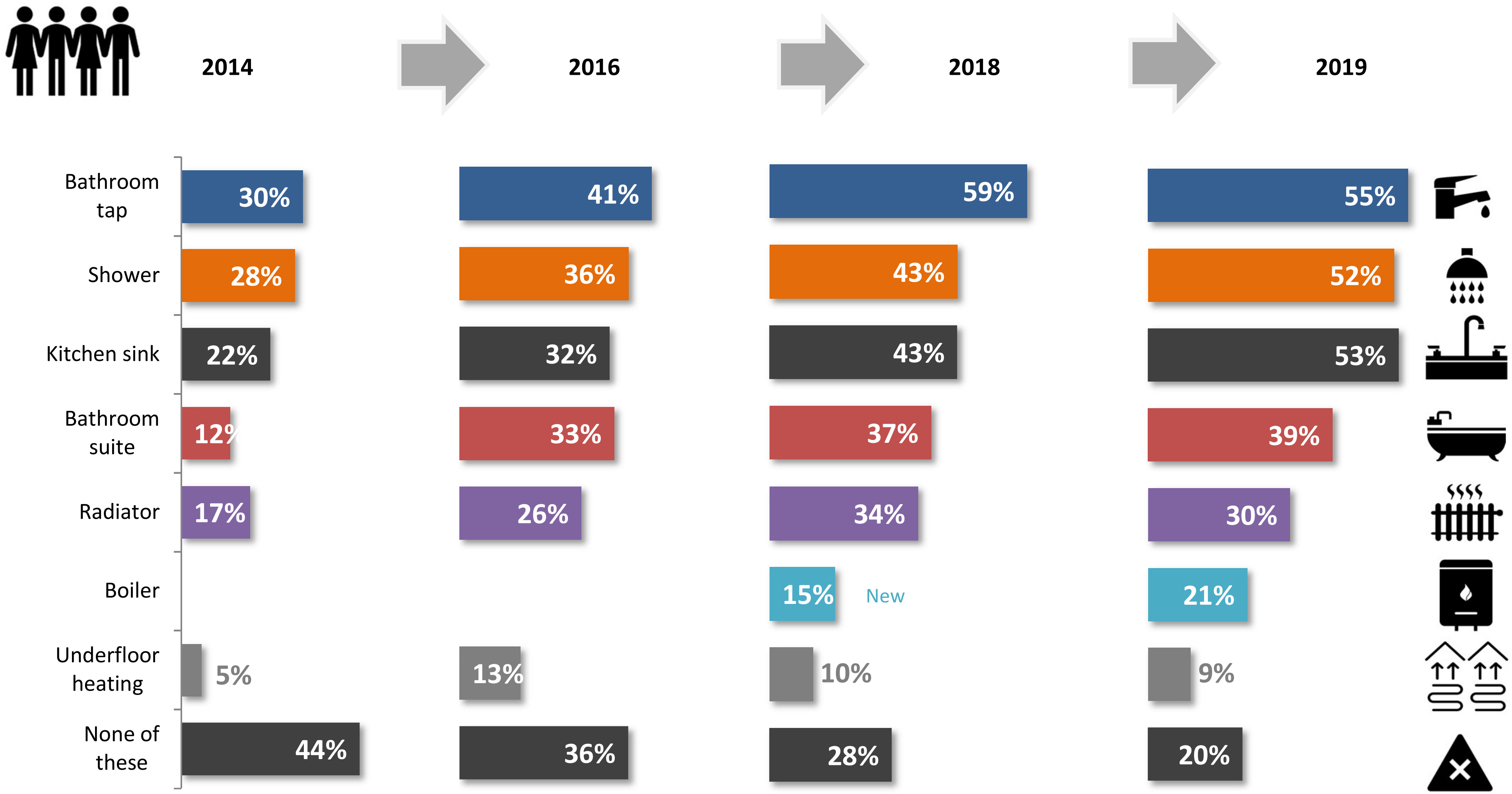
Household interviews carried out online across the United Kingdom.

The samples are broadly representative of UK homeowners (we exclude renters as they are more likely to leave renovations to a landlord).

Data covers period 2014 – 2019. Recent data collected by Eureka! and more historical data provided by partner clients.

The unique Eureka! **Basket of Goods** currently contains key products related primarily to the bathroom, kitchen and heating sector. This will be regularly reviewed going forward and can be adapted as trends evolve.

Consumer intent over time



Question asked …. *"Which of the following items for your home would you potentially purchase yourself rather than asking a tradesperson to do it on your behalf?"*

Bases: 2014 1354 consumers; 2016 2817 consumers; 2018 250 home owners, 2019 202 home owners

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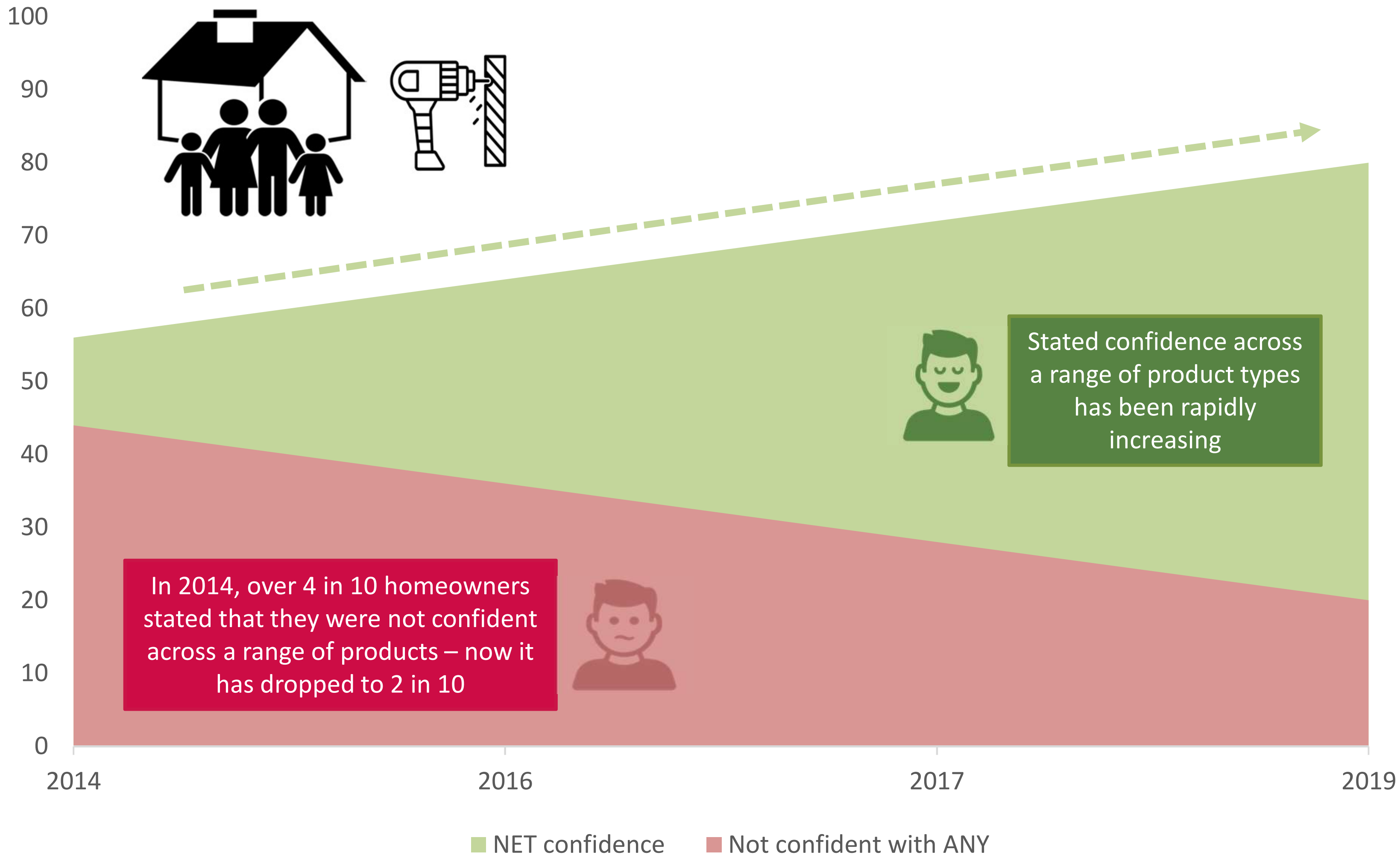
Consumer intent over time (summary)



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So what are the implications?

There is already clear evidence that some home improvement brands and retailers are upping their game and developing complex strategies to target multiple consumer types (from the trade to homeowners), but there are many that are being left behind, stuck in their traditional silos and failing to recognise this growing trend.

As well as the massive impact of homeowners taking control and purchasing (and in many cases completing the project entirely themselves), there is of course the additional challenge of competing with online purchasing, where many are still not putting into place sufficiently strong strategies to ensure they can compete in the future. It’s not just the traditional retailers going online, there are the significant disrupters of Amazon and Ebay that are both massively challenging the home improvement market.

Following up on our tracking data, we have developed a unique framework for measuring this shift in consumer behaviour towards a more ‘consumer-centric’ market.

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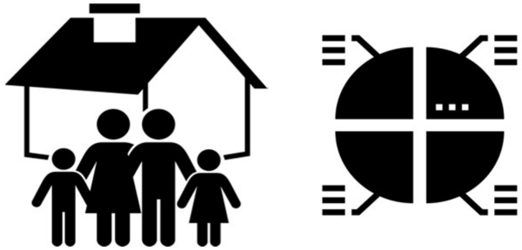
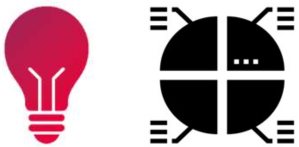


Eureka! Consumer Model
“The 4 Cs”


4. Courage to install
1. Confidence to explore
4.
Courage
1.
Confidence
3.
Conviction
2.
Consideration
3. Conviction to purchase
2. Considering the options

Consumer Model



We can measure and track the number of homeowners at each stage of the framework

This is likely to differ according to the room of the house or nature of the project

Our model works on the starting point that a homeowner must have some degree of initial confidence in themselves to begin to explore the options available to them for their specific project **(1)**. If the consumers is not sufficiently confident, the project/task could be handed over to a professional (DiFM) and they would leave the model at this stage.

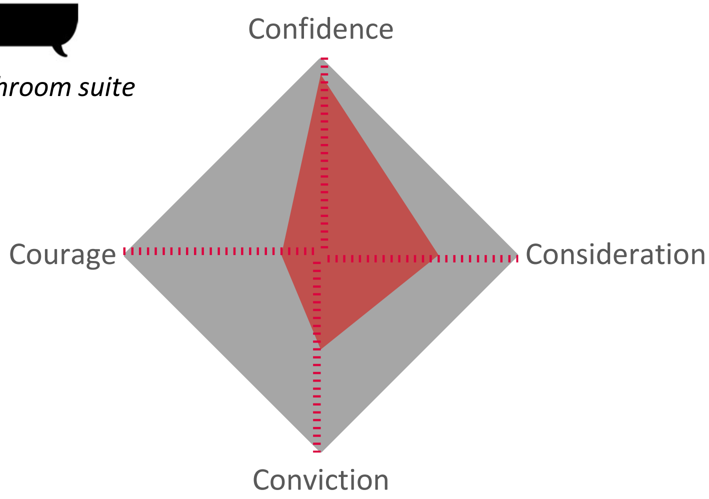
Next, a consumer would potentially enter the consideration stage where products and specifications are explored in more detail **(2)**, again, they could leave the model here, or progress to **(3)** the purchasing stage.

Step **4** is the installation itself, where there will be a mix of homeowners and professionals undertaking the task.

What makes this such a fascinating area is that retailers, brands and the trade professional can still play a key role in influencing all stages of this journey.

Consumer Model

E.g. Bathroom suite



At which stages do we retain or lose most retail consumers? Why? What are the pain points?

Does having a strong brand name help alleviate some of the barriers and convert more consumers around the model?

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Stage 1

- What proportion of homeowners are confident enough to explore, or are they immediately handing over to a professional?
- What type of projects or tasks are undertaken and what type are passed on?
- What is preventing them from exploring?
- Is it a demographic issue (e.g. age, income?)
- Where is the initial exploration and discovery taking place?
- How can brand owners give homeowners the confidence to complete stage 1?

Stage 2

- What proportion make it to stage 2 and even continue to stage 3?
- What types of projects are they undertaking?
- Who or what is influencing the consideration stage?
- What is the offline online split?
- How strong is online and social?
- Which brands are cutting through and on the consideration list?
- Who has second thoughts and reverts to the professional?

Stage 4

- Who is completing the full circle and undertaking the install?
- What brand assistance are they using?
- What online resources or video do they use to support the task?
- Is the retailer providing support too?
- What challenges does the homeowner encounter where more support would be useful?
- Are some brands seen as easier to install or maintain?

Stage 3

- Who has the conviction to actually purchase?
- Which channel do they favour?
- What influences the specific channel they select?
- What brands are on their list?
- Are they impacted by promotions and discounting?
- What type influence them?
- Do they talk with a professional regarding where to purchase?
- Has a professional asked them to purchase to stay below the VAT threshold?

It’s clearly a challenging time for supplier brands and retailers, particularly for those who have perhaps been slow off the mark in identifying the rise of consumer confidence, or have preferred to invest in own label brands/product to date.

We believe the **Eureka! model** can be applied to all product types across the home improvement space. Clearly some sub categories are more ‘mature’ and commonly accepted as consumer-led purchases. We can delve into a particular product area, to understand the consumer journey and put it into context against the rest of the category.

Garden	Painting	Kitchen	Plumbing	Bathroom	Heating	Electrical & lighting	Smart Tech

What makes a brand credible to consumers across this spectrum?
Do some brands have the attributes to cut across more than one sub category, or are consumers looking for ‘expertise’ in one particular domain?
Does a strong ‘consumer friendly’ brand make it more likely for all 4C’s of the framework to be fulfilled?

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Deeper dive into consumer intent data 2019

Deeper dive into 2019's data

Over the past few years, we have been monitoring consumer purchase intent in the bathroom sector, regularly asking homeowners how likely they might be to purchase bathroom products themselves rather than asking a professional do this on their behalf. In itself, this regular poll provides an indicative marker on the changing landscape

202 online households interviews carried out across the United Kingdom during summer 2019.

The sample was broadly representative of homeowners in the UK.

Our exclusive 'mini poll' of **homeowners** in the UK as such:

- Younger homeowners (21%)
- Middle aged (39%)
- Mature homeowners (40%)
- 45% male, 55% female

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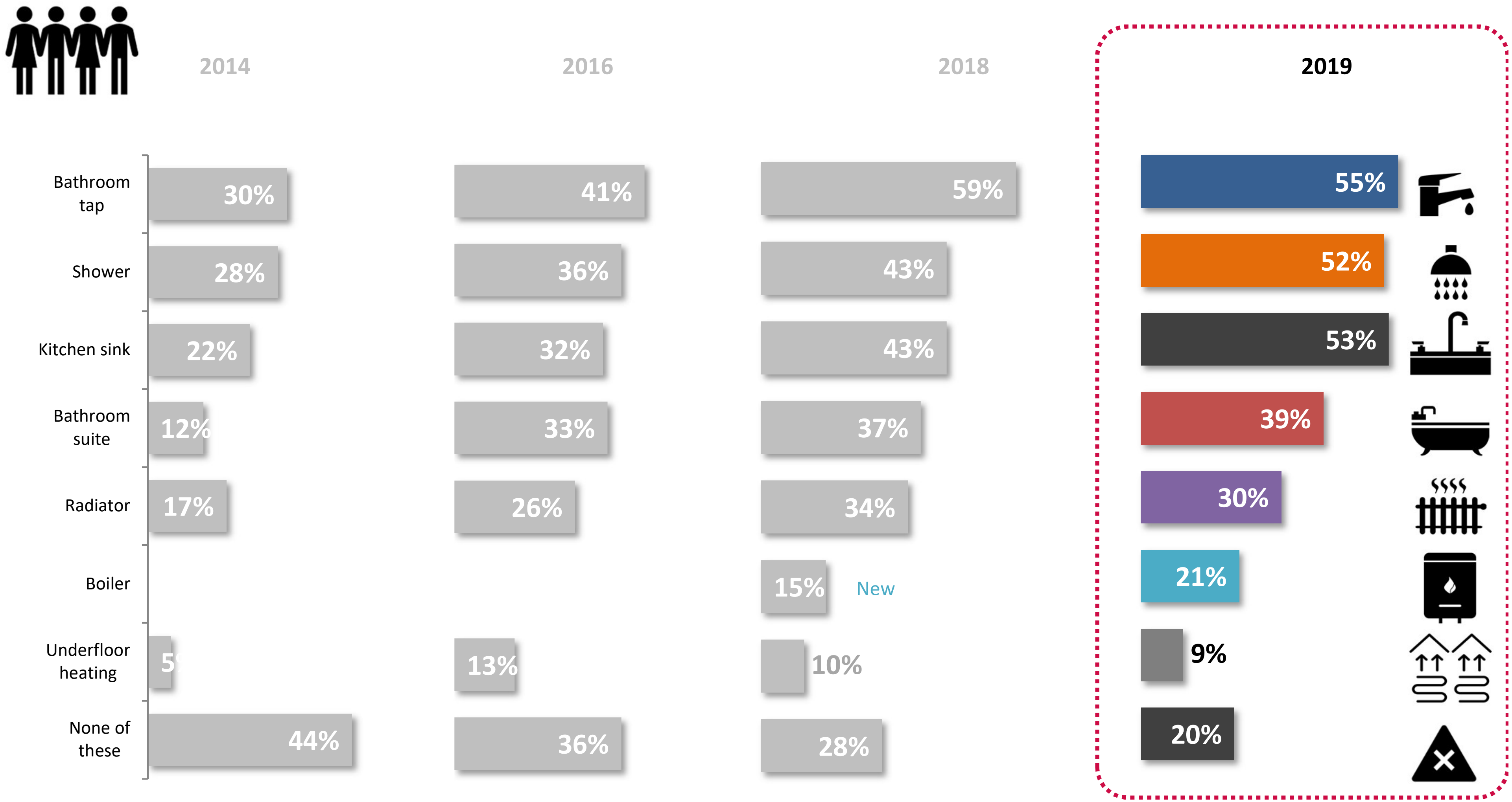
Consumer intent over time



Question asked …. *“Which of the following items for your home would you potentially purchase yourself rather than asking a tradesperson to do it on your behalf?”*

Bases: 2014 1354 consumers; 2016 2817 consumers; 2018 250 home owners, 2019 202 home owners

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Product areas most confident with

	Men	Women	Under 35s	35-54 yrs	55s +
Bathroom tap	47%	62%	40%	58%	60%
Kitchen sink	51%	56%	50%	52%	57%
Shower	55%	50%	62%	54%	46%
Bathroom suite	35%	41%	31%	38%	43%
Radiator	33%	27%	29%	34%	26%
Boiler	19%	23%	26%	27%	12%
UFH	8%	10%	14%	10%	5%
Base:	*91*	*111*	*42*	*79*	*81*

Whilst more mature homeowners claim confidence with items such as tap or sink, confidence is higher amongst younger homeowners for a shower and boiler

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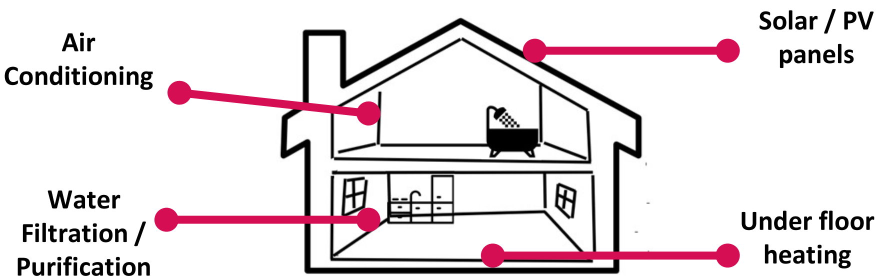
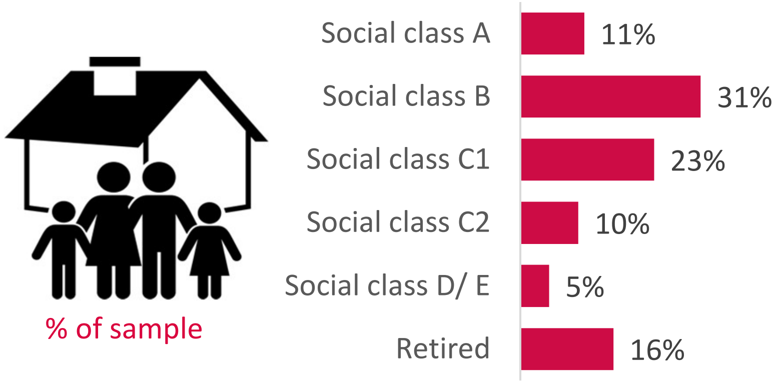
Q. Which of the following items for your home would you potentially purchase yourself rather than asking a tradesperson to do it on your behalf?
Source: Consumer online poll August 2019 (Base: 202 homeowners)

What type of households are likely to lead the way?



37% of our sample have more 'advanced' product installed in their household. These households are more likely to be confident themselves, esp with showering and UFH

	More 'advanced' product in home	Standard products in home
Bathroom tap	58%	55%
Kitchen sink	58%	51%
Shower	59%	48%
Bathroom suite	42%	37%
Radiator	31%	29%
Boiler	20%	21%
UFH	18%	3%
Base:	*76*	*126*



	ABC1	C2DE
Bathroom tap	55%	57%
Kitchen sink	51%	58%
Shower	56%	46%
Bathroom suite	39%	38%
Radiator	29%	32%
Boiler	20%	23%
UFH	9%	9%
Base:	*133*	*69*

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Source: Consumer online poll August 2019 (Base: 202 homeowners)

Retailer and channel behaviour (projected)

Knowing how consumers generally shop for other home maintenance products already, gives us some 'clues' as to their likely purchasing behaviour should they move on to obtain the product themselves

		Bathroom Tap	Kitchen sink	Shower	Bathroom suite	Rads
VictoriaPlum.com	Online supplier	54%	51%	59%	59%	57%
B&Q	DIY store	46%	47%	45%	49%	55%
b&m wilko	Homeware	40%	43%	46%	44%	40%
SCREWFIX	Screwfix or Toolstation	29%	28%	28%	33%	43%
PLUMB CENTER	National merchant	26%	29%	31%	33%	35%
CITY PLUMBING SUPPLIES	Specialist Independent	26%	23%	29%	30%	32%
	Base:	*112*	*108*	*106*	*78*	*60*

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Key reflections

Key reflections

Implications for the market – are we 'consumer friendly' enough?

- Retailers, both Big Box sheds and more independent specialists, need to ask themselves: are we doing enough to maximise this trend? Are we doing enough to Activate consumers who are now showing interest in my part of the category? Am I doing my part to demystify some of the 'trade only' clouds that might still hang over product lines?
- Building on some of these macro trends, Eureka! has developed a unique basket of goods and framework for measuring the paradigm switch towards a more 'consumer-centric' market.
- Our data indicate that even in more 'technical' areas, such as heating, that consumer confidence is also starting to grow.
- New services such as Boxt represent a potential new online disrupter to the market, allowing consumers to select a new boiler themselves and arrange a convenient installation.
- Potentially any supplier that sees themselves as 'trade only' could start to lose market share if they don't evolve.
- If you are interested in seeing how your brand would fit into the **Eureka! Consumer framework** and obtaining deeper insight into your customer journey, just drop us a line and arrange a chat!

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Eureka! Track Record

About Eureka!

Launched in 2016

Seeking to make a difference and stand apart from the typical 'beige' market research agencies

Specialist

We are one of the few market research agencies who specialise in working with the building and plumbing/heating merchant sector

Fluid and adaptable

We're adaptable too, if we need to change direction, we'll discuss this with you and get your buy-in in advance

Team capacity

With a trusted team of four associates who we use to expand our capacity and delivery

Innovation not products

We do not sell products, we design studies to solve your business challenges, working in partnership and evolving the scope to exceed your expectations

Quality underpinned

MRS™ Awards 2018
Finalist
Breakthrough Business of the Year

Our approach was publicly endorsed by the Market Research Society (MRS) and strictly follow their Code of Conduct – giving our clients peace of mind should they ever need it

We have worked with …

Brands/ suppliers — Industry influencers — Merchants/ outlets

Brands/ suppliers

- BRISTAN TAPS & SHOWERS
- VADO
- Polypipe
- SUPERTOUCH HAND PROTECTION & WORKWEAR
- FRANKE
- HERITAGE BATHROOMS

Industry influencers

- Insightdiy
- CIPHE
- Installer
- PHAM News — The Technical Magazine for the Plumbing, Heating & Air Movement Industry

Merchants/ outlets

- selco BUILDERS WAREHOUSE
- BUILT/
- PLUMBASE

About Eureka!

Richard & Dave (Directors and founders of **Eureka! Research**) have focused on the Home Improvement sector for many years and struggle to believe there are others with more rounded sector experience.

We've worked with sanitaryware brands, those focused on brassware, kitchen door suppliers, shower suppliers, plus heavyweight merchants, providing us with an enviable knowledge base.

Whether its commercial or residential, architects, M&E's, plumbers, merchants or consumers we've recruited, moderated, interviewed, shopped and drawn valuable insight from all of them.

Follow us on Twitter for more **Eureka! Moments** and **Sector Reports** relevant to your industry. Or please drop us a line if you want more information about a specific trade topic.

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www.eurekaresearch.co.uk

0121 679 5465/ 07501 519155

richard@eurekaresearch.co.uk

dave@eurekaresearch.co.uk

Twitter @eurekaMR

Press enquiries:
hello@eurekaresearch.co.uk

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Market research into
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