

How to win in the “do-it-for-me” (DIFM) marketplace in North America

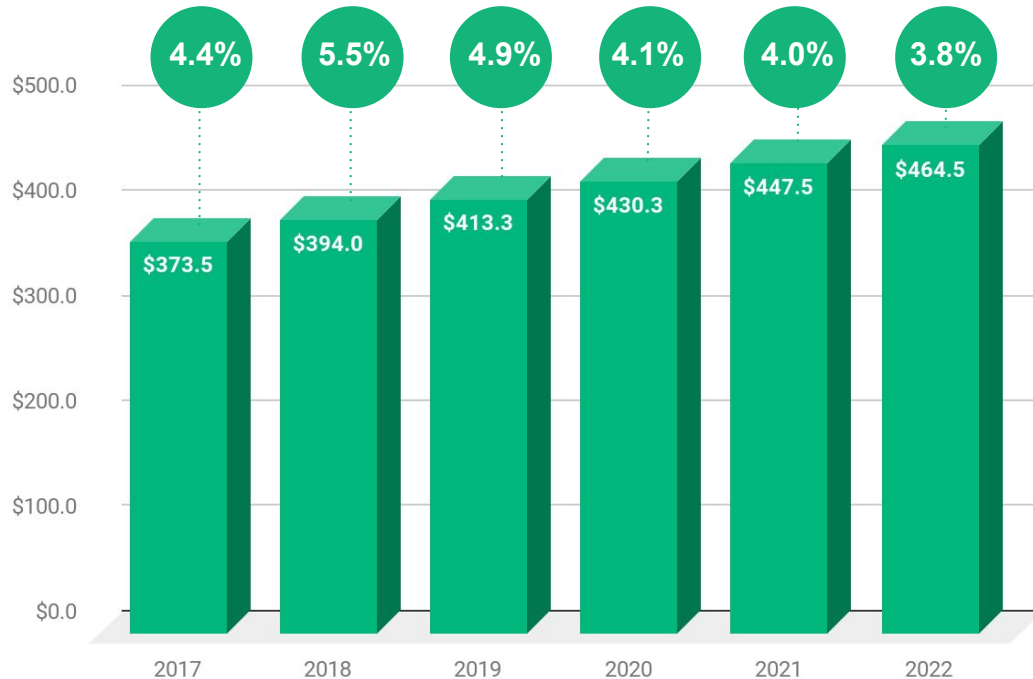
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Presented by Financeit

Setting the stage:

U.S. Home Improvement sales statistics.

U.S. Home Improvement Sales

(in billions)



(Source: Market Measure, [Hardware Retailing](#)/NRHA, December 2018)

Source: Home Improvement Research Institute: Market Still Growing in 2019, HIRI, April 2019)

4.5%

Compound annual growth from 2017 - 2022

\$220B

Approximate U.S. home improvement sales for DIFM (2017)

6%

estimated growth of industry sales YoY for DIFM in 2019

10%

U.S. retail DIFM market share

Home Improvement market **before**
the digital transformation.

BEFORE

CURRENT

FUTURE

Consumers

- Did not trust contractors
- Poor customer experiences stemmed from contractors that were often a hit or miss
- Drove homeowners to big-box retailers



Retailers

- Targeted DIY homeowners
- Realized that not all homeowners were capable of - or wanted to - DIY
- Big box retailers took the opportunity to expand into home services

The current market offers consumers
a **wide variety** of choices.

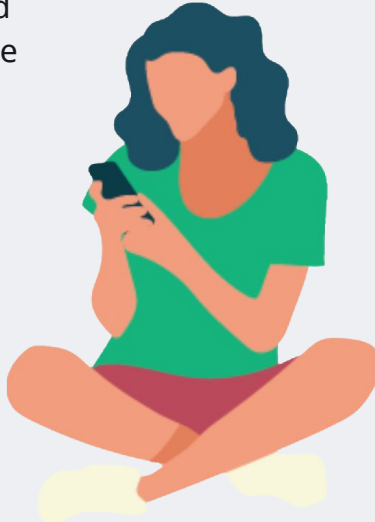
BEFORE

CURRENT

FUTURE

Consumers

- Omnichannel
- Research online prior to purchase
- Seek convenience and on-demand services, resulting in the rise of the **DIFM** (do-it-for-me) market.



Retailers

- Disruption by the increase in online shopping
- Compete with online retailers such as Amazon.
- Need to improve online brand awareness.
- Must go to the customer instead of waiting.

BEFORE

CURRENT

FUTURE

Consumer Trends Based on Demographics:



Baby Boomers

55-74 years old

- DIFM demand increases as they age and can no longer DIY.
- **89% are likely to hire DIFM.**
- Biggest spender on home services (52%).
- **58% used the Internet** to research project, but many still purchase at big-box retailers.



Generation X

40-54 years old

- Second largest spender on home services (31%).
- **86% are likely to hire DIFM.**
- **70% used the Internet** to research project costs.



Millennials / Generation Y

25-39 years old

- Increasingly becoming homeowners.
- **82% are likely to hire DIFM.**
- **77% used the Internet** to research project costs.

BEFORE

CURRENT

FUTURE

“While the Do-It-Yourself trend had its time to shine, it is now fading away. Replacing it is the Do-It-For-Me (DIFM) movement.”

Source:
Business.com
June 2018

33%

increase in home improvement **online sales** in 2018, outpacing brick-and-mortar growth by 6:1.

Source: 3 reasons why Home Improvement brands must put the hammer down on eCommerce, [Profitero](#), February 2019

87%

average **DIFM hires** for completed home renovations over the past 3 years.

Source: Overview of U.S. Renovation in 2018 and 2019, [Houzz](#), 2019

The future state sees educated consumers who **demand instant gratification**, and are lacking in DIY skills.

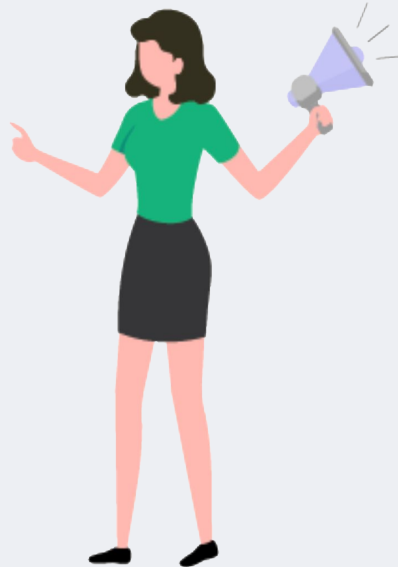
BEFORE

CURRENT

FUTURE

Consumers

- Want instant gratification via DIFM
- Educated and empowered
- Time-constrained
- Demands more transparency
- Puts more purchases on credit



Retailers

- Obstacles in obtaining DIFM market share
- Must leverage and protect established brand
- Outsourcing has become a more popular option

BEFORE

CURRENT

FUTURE

“The DIY movement for home improvements is declining because it’s just too easy to hire a pro these days. Pros are easy to find, vetted by customers and agencies, and available right away thanks to various on-demand services.

So the question becomes: **How do traditional brick-and-mortar retailers participate in this new economy?”**

Source: [CEPro.com](https://www.cepro.com)

October 2017

Stages in Creating Value for the Customer



What is the Cost of Trust?

- Unqualified installers
- Missed deadlines
- Product substitutions
- Budget creep
- Warranty problems

✘ Late & Over-budget

- On-site product substitution
- Wrong and rush orders
- Mismatched production
- Brand risk
- Limited market access

✘ Lower Margins/Revenue



Manufacturers



Homeowners



Retailers



Contractors

- On-site SKU substitutions
- Brand risk
- Customer Escalations
- Workforce capacity constraints
- Margin compression

✘ Lower/Lost Margins

- Missed and unqualified opportunities
- Mismatched skills
- Scheduling conflicts
- Poor capacity utilization

✘ Lost Projects & Lower Margins

Solving Trust Through Collaboration and Transparency

- ☆ On-time
- ☆ As advertised
- ☆ Within budget
- ☆ Satisfied



- Expanded channels
- Production optimization
- Demand visibility
- Qualified installer availability
- Improved homeowner experience

- Qualified installer base
- Supply chain management
- Project management
- Reporting and data analytics
- Customer retention
- Brand retention

- Qualified opportunities
- Higher capacity utilization
- Mobile workflow
- Order management
- Payments and invoicing

What are our **key takeaways** from this market ?

Key Takeaways

1 **DIFM market** is on the rise and represents a **\$220B** opportunity

2 **Consumers trust Retailers/OEMs**
Use and build upon **existing brand credibility**

3 **Digital transformation:**
Deliver the product to the **customer's front door** by creating a new online retail HI distribution channel

4 **US market** is already establishing a strong DIFM retail presence

5 Improve the **customer experience** through **collaboration, communication, and transparency** among homeowners, retailers, manufacturers, and contractors.
Create a **zero friction end-to-end experience**

Create an **"invisible" store** with an online platform business model



Build **more trust**
Sell **more product**
Protect your **brand**

Thank You

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