

Remodeling

hanley wood

REMODELING Magazine Market Perceptions Study

January 2008

Purpose

The primary purpose of this study was to ascertain information on remodelers' business and their buying practices within the remodeling industry.

The study covers the following areas related to remodeling companies and their buying practices:

- Years in the remodeling business
- Total revenue in 2007
- Jobs completed in 2007
- Business volume of company in 2007
- Future forecast of business volume
- Projected growth of remodeling business
- Value of materials and building products purchased by company
- Changes in materials and building products manufacturers used
- Purchasing objectives of building products

Method

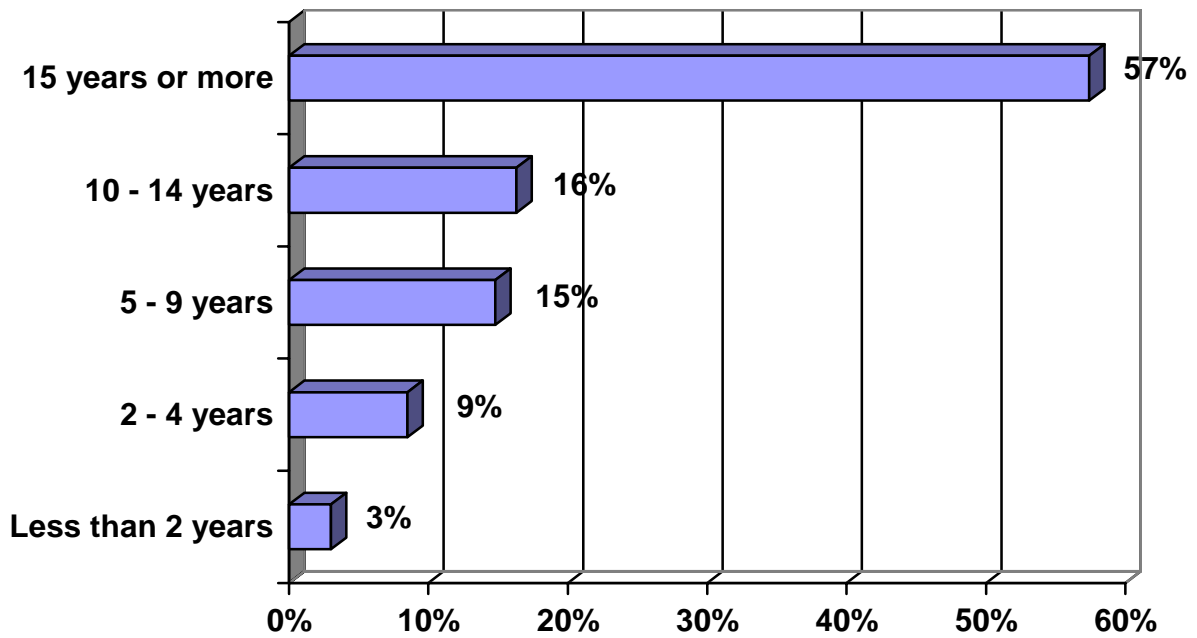
This study was conducted via an Internet survey. A random Nth sample of 9,183 individual email addresses were drawn from the circulation of REMODELING magazine. A total of 330 (3.6%) completed surveys were returned.

The following pages report on the findings of this study. A copy of the survey questionnaire is included at the end of the report.

Results

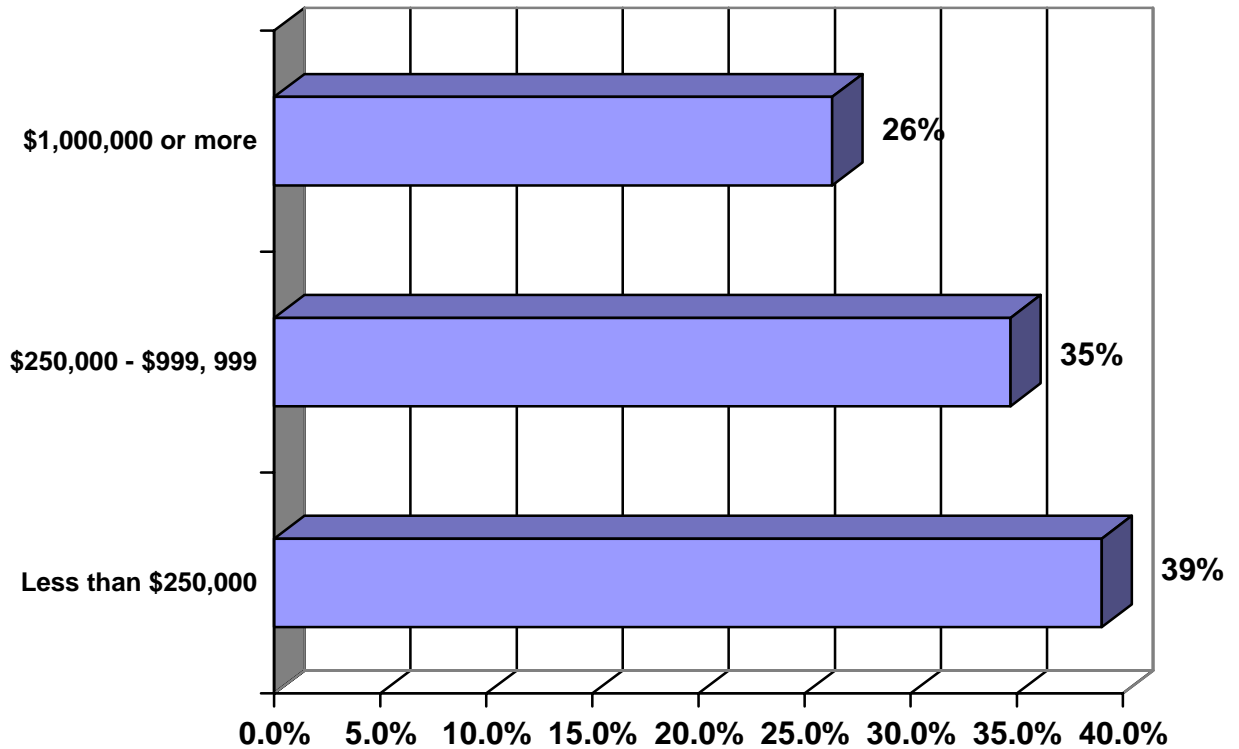
1. How long have you been in the remodeling business?

Fifty-seven percent (57%) of the remodelers surveyed have been in the remodeling business for 15 years or more, followed by 10 – 14 years (16%) and 5 – 9 years (15%).



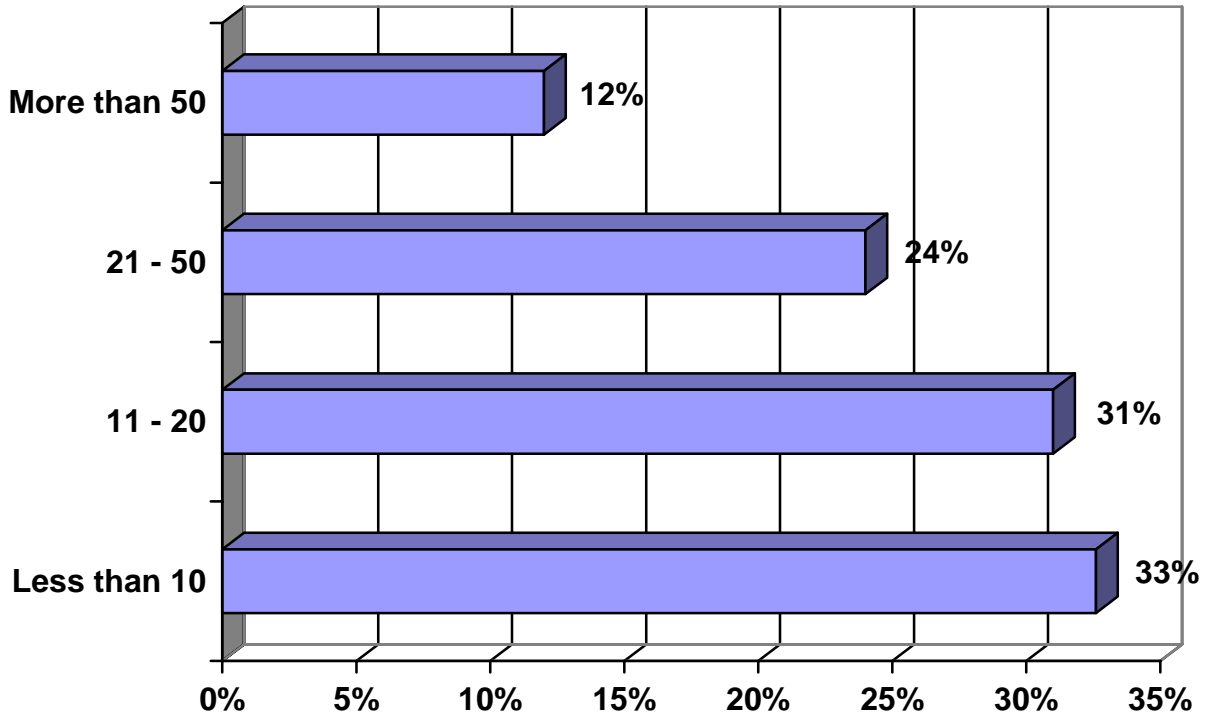
2. What was your company's approximate total revenue in 2007 (including labor and materials)?

Twenty-six percent (26%) of the remodelers surveyed had approximate total revenues of \$1,000,000 or more, thirty-five percent (35%) had revenues of \$250,000 - \$999,999 and thirty-nine percent (39%) had revenues of less than \$250,000.



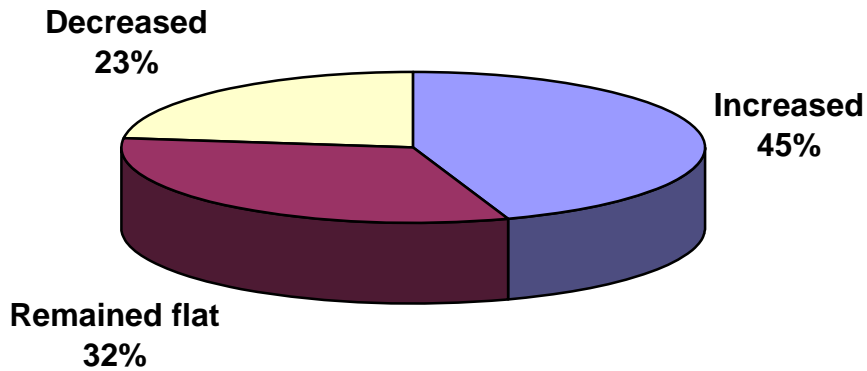
3. How many jobs did your company complete in 2007?

Twelve percent (12%) of the remodelers surveyed completed more than 50 jobs in 2007, followed by less than 10 (33%) and 11-20 (31%).



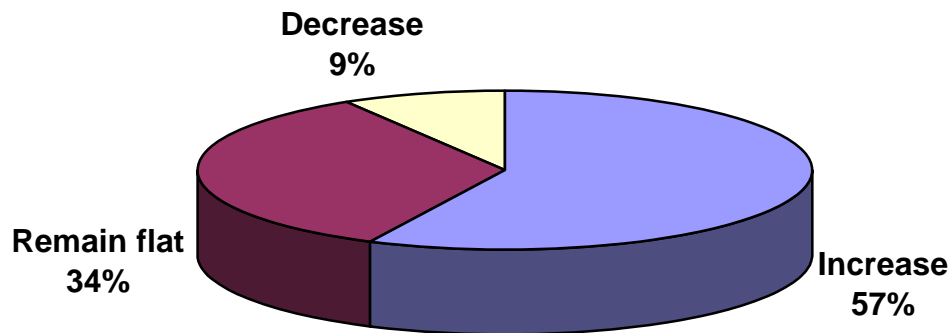
4. In 2007, has your overall business volume increased, remained the same or decreased?

Seventy-seven percent (77%) of the remodelers surveyed said their business volume increased or remained flat in 2007.



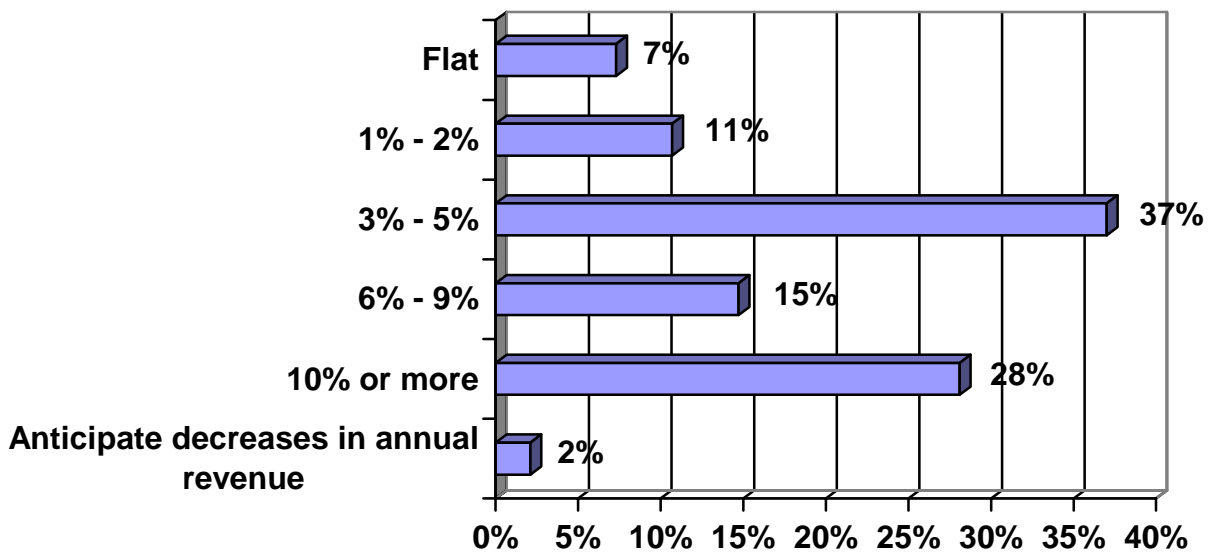
5. Compared to 2007, do you anticipate your business volume in 2008 will...

Ninety-one percent (91%) of the remodelers surveyed said they expect their business volume to increase or remain flat in 2008.



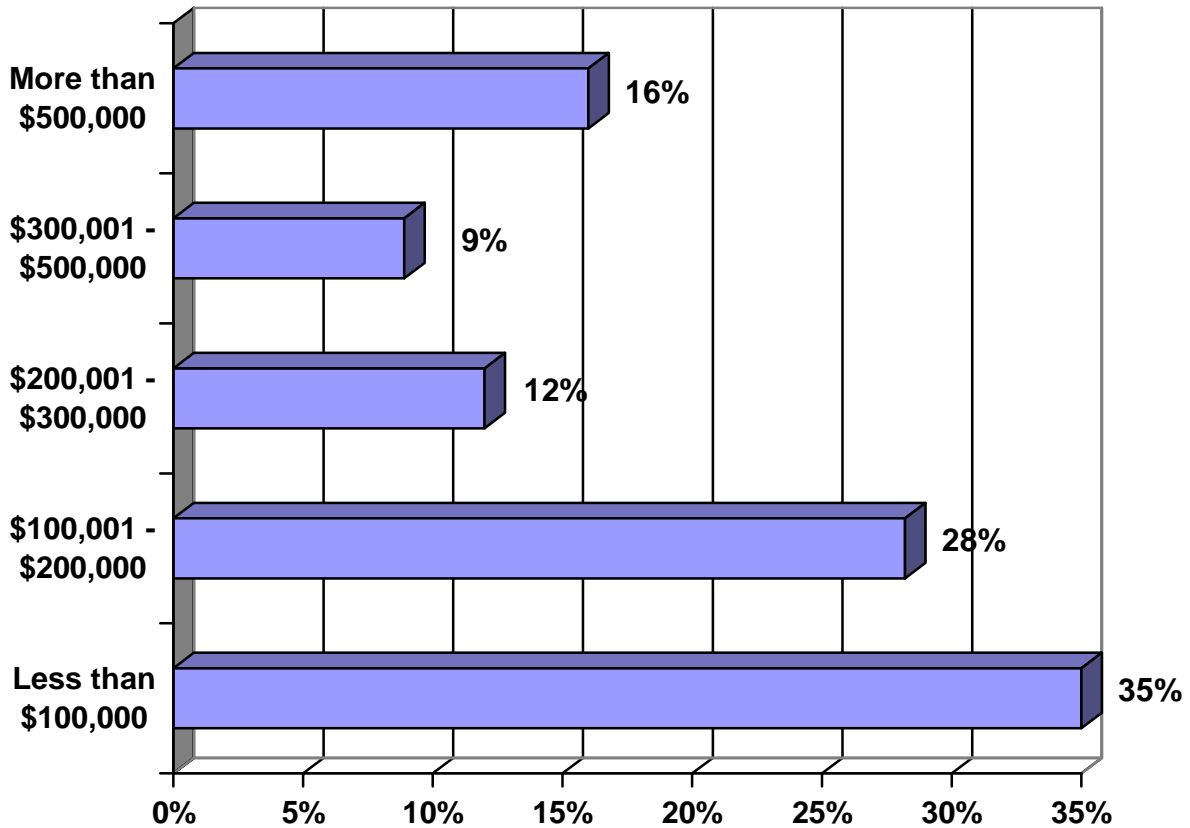
6. Looking at the next 5 years, what is your best estimation for ANNUAL growth that you project for your remodeling business?

Remodelers estimate their business will grow an estimated 3% - 5% (37%) in each of the next five years, with twenty-eight percent (28%) anticipating 10% or more annual growth. Only two percent (2%) of the firms surveyed anticipate a decrease in annual revenues.



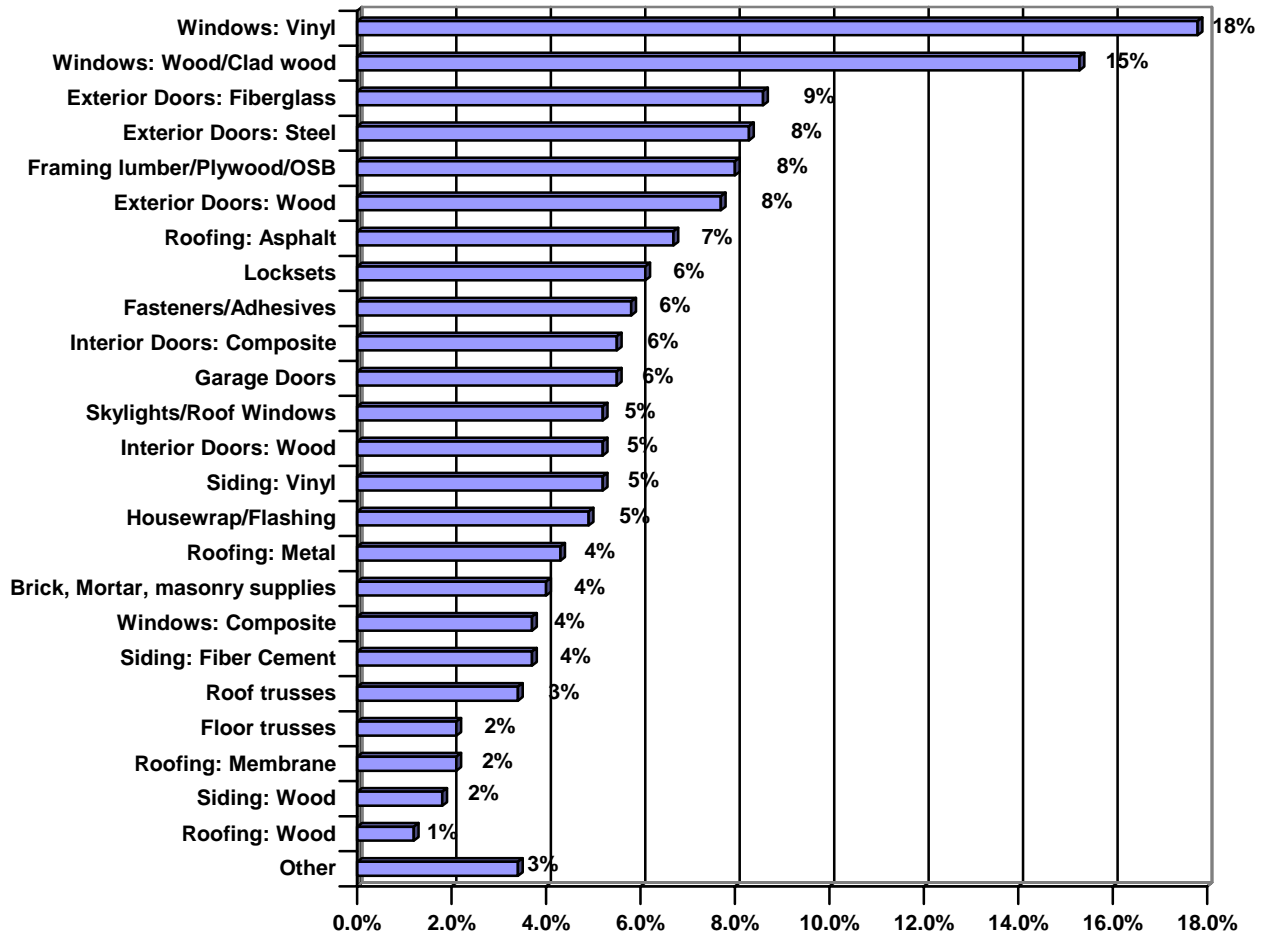
7. What is the approximate dollar value of all materials and building products your company purchases annually from all sources?

Sixteen percent (16%) of the remodelers surveyed said the approximate dollar value of all materials and building products their companies purchase annually is more than \$500,000, followed by \$100,001 - \$200,000 (28%) and less than \$100,000 (35%).



8. In which product categories, if any, are you planning to change manufacturer?

While most remodeling firms are brand loyal, a fair percentage looks to change manufacturers in any given year. These changes vary by product categories as seen in the chart below.

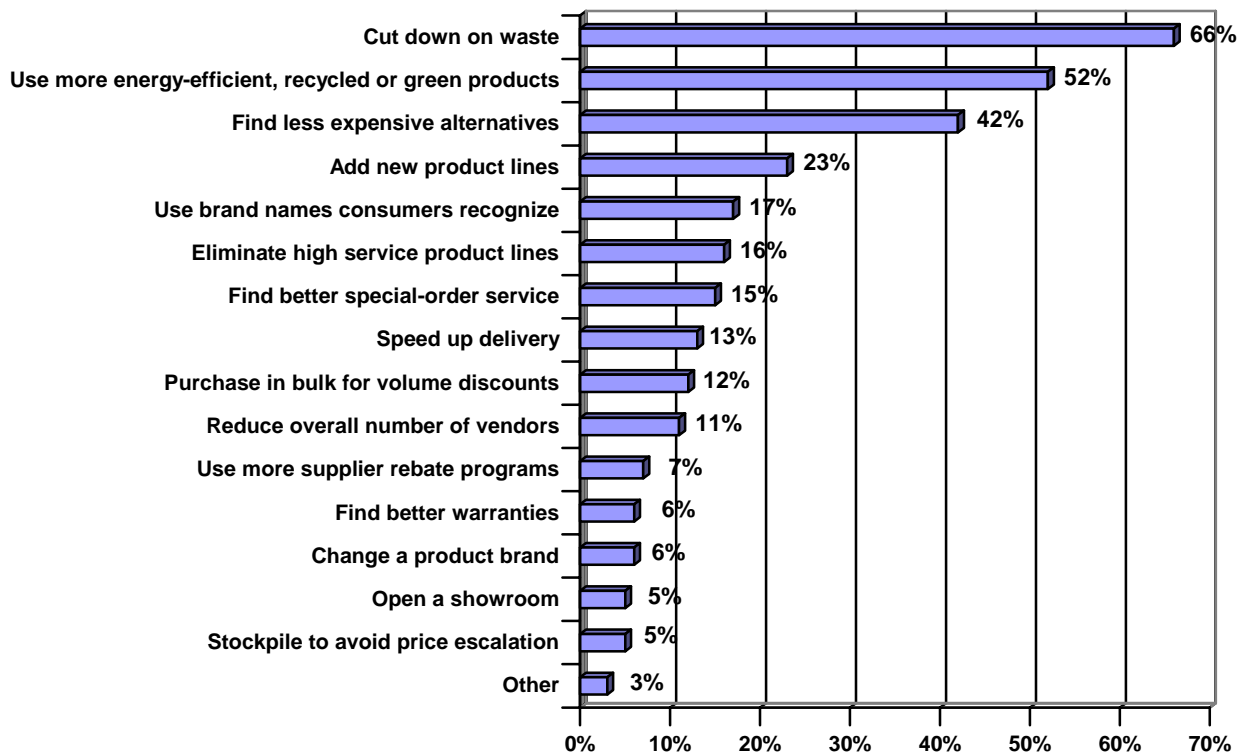


Other:

- All of these. It depends what is specified.
- Always looking for new products
- Cabinets, Plumbing fixtures
- Cordless power tools
- Decking
- Paint & other finish products
- Plumbing

9. With regard to building products, what are your three main purchasing objectives for the coming year?

Cut down on waste (66%), use more energy-efficient, recycled or green products (52%) and find less expensive alternatives (42%) are the top three main purchasing objectives for remodelers this year.



10. If you selected “other” in question 9, please specify:

- Bid my jobs closer
- Need storage
- Negotiate better prices
- Residential designer...do not purchase materials
- Set up more dealer accounts for products we use frequently
- Shop More for "Value" Materials (maintain quality but less expensive)
- Solar products

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1. Untitled Page

Dear REMODELING reader:

We need your opinion. We are asking select readers 10 short questions about your business and buying practices in the remodeling industry.

Because you are part of a select, representative sample of readers being surveyed, your reply is especially important. Please take a few minutes to complete the questionnaire. Please submit your responses by Friday, January 18, 2008.

The results of this survey will greatly assist in our efforts to better serve you, our valued reader. Thank you in advance for your response.

Sincerely,

Rick Strachan
Group Publisher

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2. Untitled Page

* 1. How long have you been in the remodeling business?

jn Less than 2 years

jn 2 - 4 years

jn 5 - 9 years

jn 10 - 14 years

jn 15 years or more

* 2. What was your company's approximate total revenue in 2007 (including labor and materials)?

jn Less than \$250,000

jn \$250,000 - \$499,999

jn \$500,000 - \$999,999

jn \$1,000,000 - \$1,999,999

jn \$2,000,000 - \$2,999,999

jn \$3,000,000 or more

* 3. How many jobs did your company complete in 2007?

jn Less than 10

jn 11 - 15

jn 16 - 20

jn 21 - 30

jn 31 - 40

jn 41 - 50

jn More than 50

jn If you completed more than 50 jobs in 2007, please specify how many:

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3. Untitled Page

* 4. In 2007, has your overall business volume increased, remained the same or decreased?

Increased

Remained flat

Decreased

* 5. Compared to 2007, do you anticipate your business volume in 2008 will...

Increase

Remain flat

Decrease

* 6. Looking at the next 5 years, what is your best estimation for ANNUAL growth that you project for your remodeling business?

Flat

1 - 2%

3 - 5%

6 - 9%

10% or more

Anticipate decreases in annual revenue

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4. Untitled Page

* 7. What is the approximate dollar value of all materials and building products your company purchases annually from all sources?

- Less than \$100,000
- \$100,001 - \$200,000
- \$200,001 - \$300,000
- \$301,001 - \$500,000
- \$500,001 - \$750,000
- \$750,001 - \$1 Million
- More than \$1 Million

* 8. In which product categories, if any, are you planning to change manufacturers?

- Brick, mortar, masonry supplies
- Framing lumber/Plywood/OSB
- Floor trusses
- Roof trusses
- Fasteners/Adhesives
- Windows: Wood/Clad wood
- Windows: Vinyl
- Windows: Composite
- Skylights/Roof Windows
- Exterior Doors: Wood
- Exterior Doors: Steel
- Exterior Doors: Fiberglass
- Interior Doors: Wood
- Interior Doors: Composite
- Garage Doors
- Locksets
- Siding: Vinyl
- Siding: Wood
- Siding: Fiber-Cement
- Housewrap/Flashing
- Roofing: Asphalt
- Roofing: Wood
- Roofing: Metal
- Roofing: Membrane
- Not planning to change any product manufacturers
- Other (please specify)

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5. Untitled Page

* 9. With regard to building products, what are your three main purchasing objectives for the coming year?

	1	2	3
Cut down on waste	jn	jn	jn
Find less expensive alternatives	jn	jn	jn
Purchase in bulk for volume discounts	jn	jn	jn
Stockpile to avoid price escalation	jn	jn	jn
Find better warranties	jn	jn	jn
Reduce overall number of vendors	jn	jn	jn
Use brand names consumers recognize	jn	jn	jn
Find better special-order service	jn	jn	jn
Use more energy-efficient, recycled or green products	jn	jn	jn
Open a showroom	jn	jn	jn
Use more supplier rebate programs	jn	jn	jn
Eliminate high service product lines	jn	jn	jn
Speed up delivery	jn	jn	jn
Add new product lines	jn	jn	jn
Change a product brand	jn	jn	jn
Other	jn	jn	jn

10. If you selected "other" in question 9, please specify: