

# REPLACEMENT CONTRACTOR Magazine Market Perceptions Study

January 2008

# Purpose

The primary purpose of this study was to ascertain information on specialty contractors' businesses and their buying practices within the replacement industry.

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

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

## Method

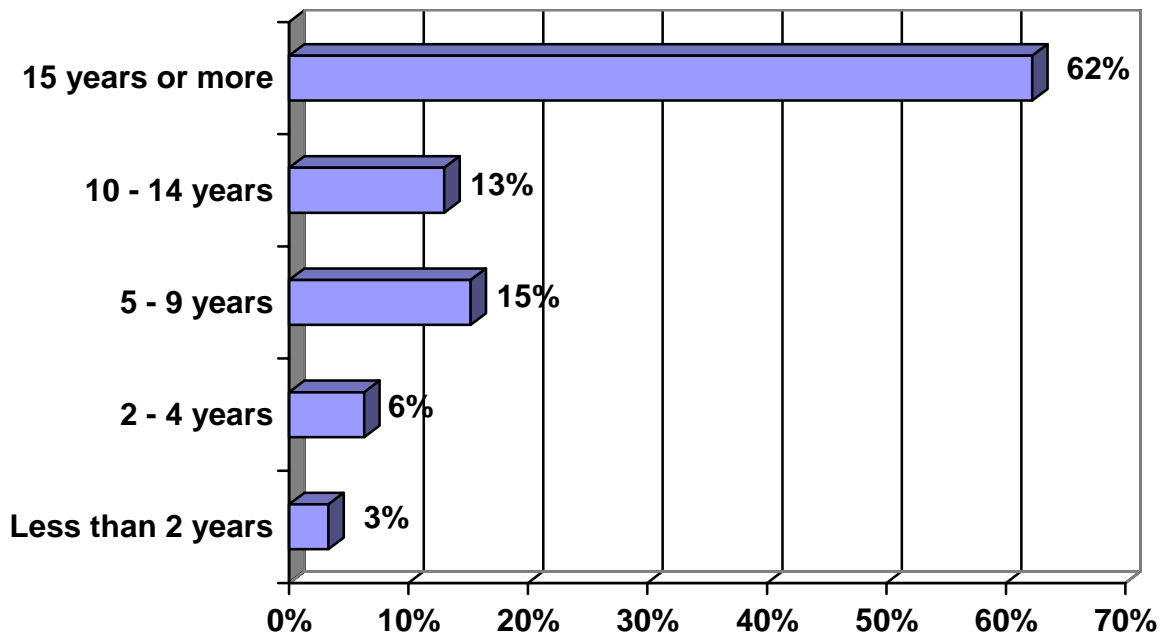
This study was conducted via an Internet survey. A random Nth sample of 11,008 individual email addresses were drawn from the circulation of REPLACEMENT CONTRACTOR magazine. A total of 368 (3%) completed surveys were returned.

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

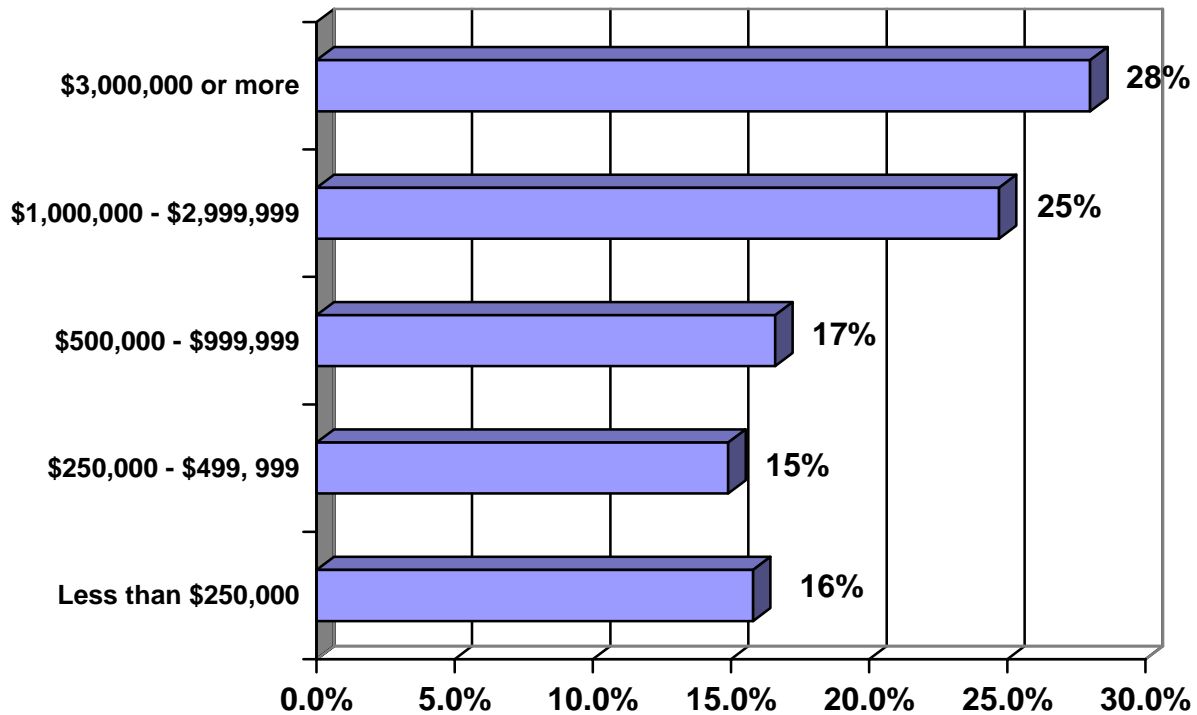
## 1. How long have you been in the specialty contractor business?

Sixty-two percent (62%) of the readers surveyed have been in the specialty contractor business for 15 years or more, followed by 5 – 9 years (15%) and 10 – 14 years (13%).



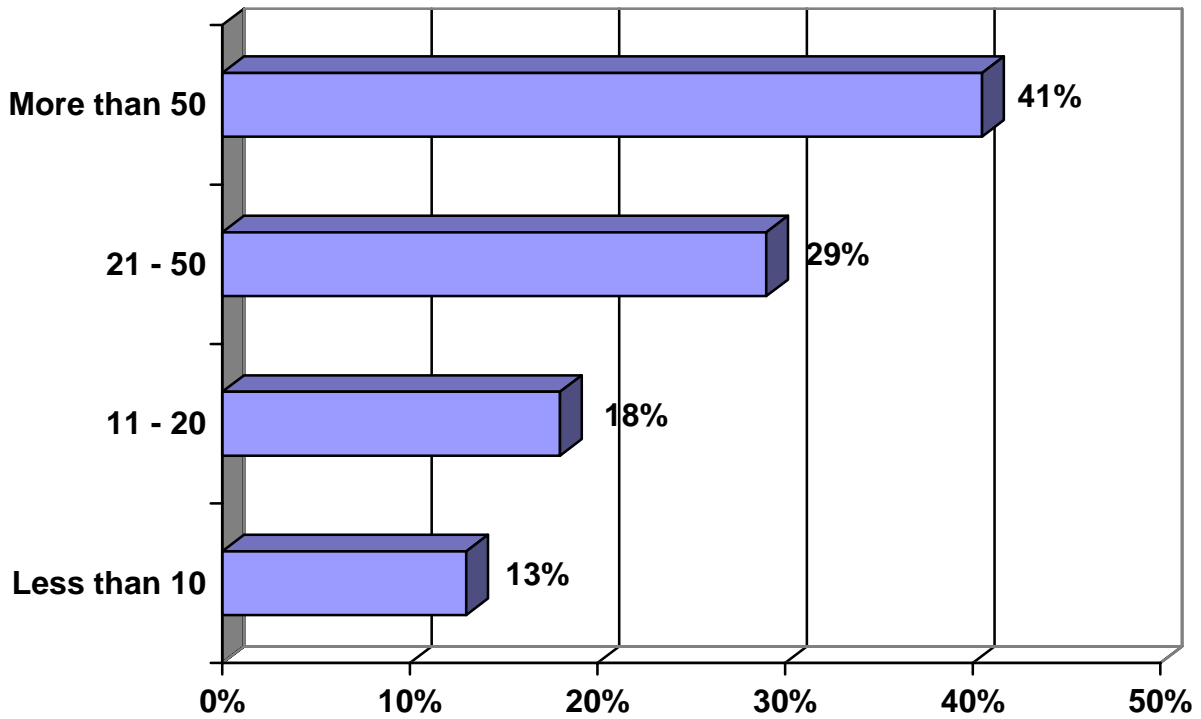
2. What was your company's approximate total revenue in 2007 (including labor and materials)?

Twenty eight percent (28%) of the specialty contractors surveyed said their approximate total revenue in 2007 was \$3,000,000 or more, followed by \$1,000,000 - \$2,999,999 (25%) and \$500,000 - \$999,999 (17%).



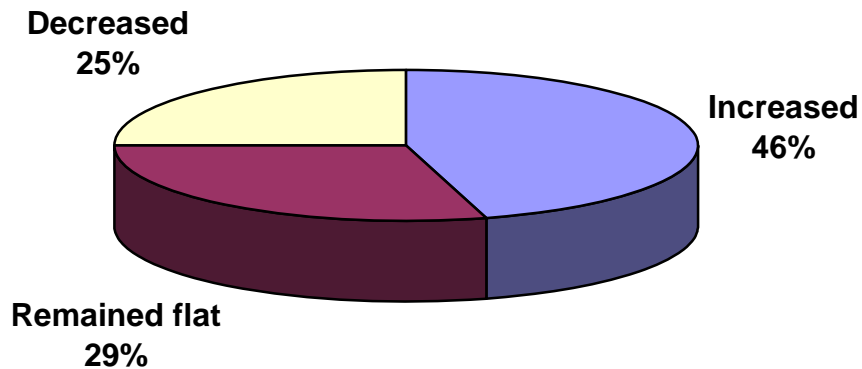
3. How many jobs did your company complete in 2007?

Forty-one percent (41%) of specialty contractors completed more than 50 jobs in 2007, followed by 21 - 50 (29%) and 11 - 20 (18%).



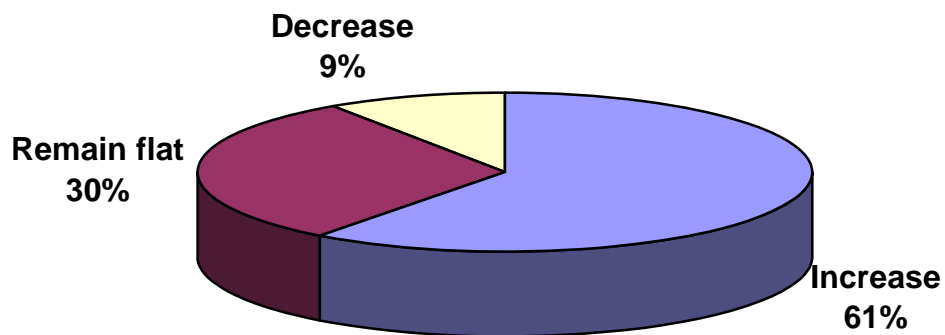
4. In 2007, has your overall business volume increased, remained the same or decreased?

Seventy-five percent (75%) of the specialty contractors surveyed said their business volume increased or remained flat in 2007.



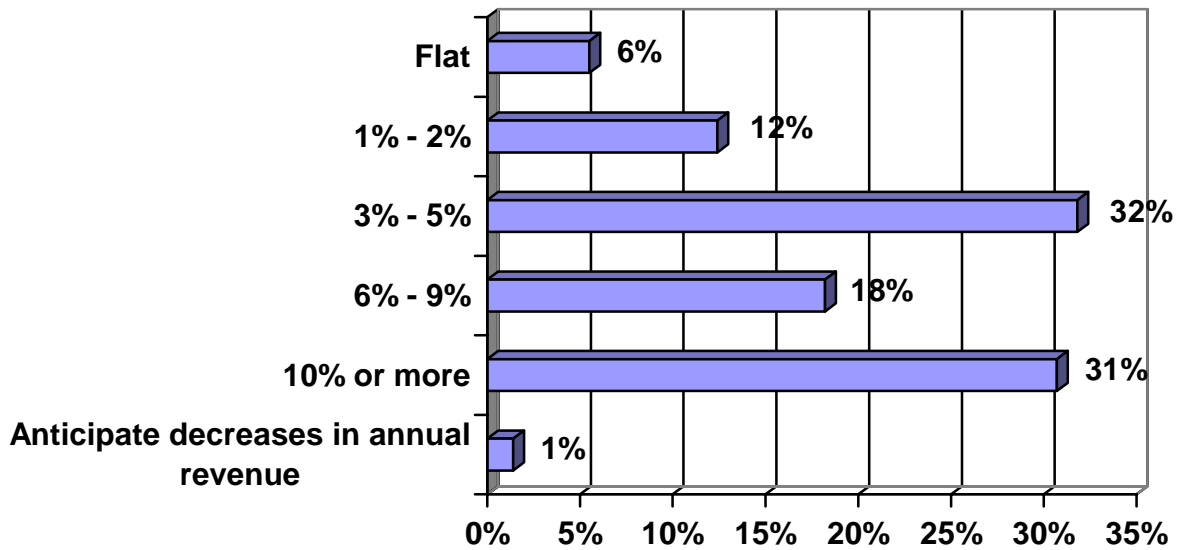
5. Compared to 2007, do you anticipate your business volume in 2008 will...

Ninety-one percent (91%) of the specialty contractors surveyed said they expect their business volume to increase or remain flat in 2007.



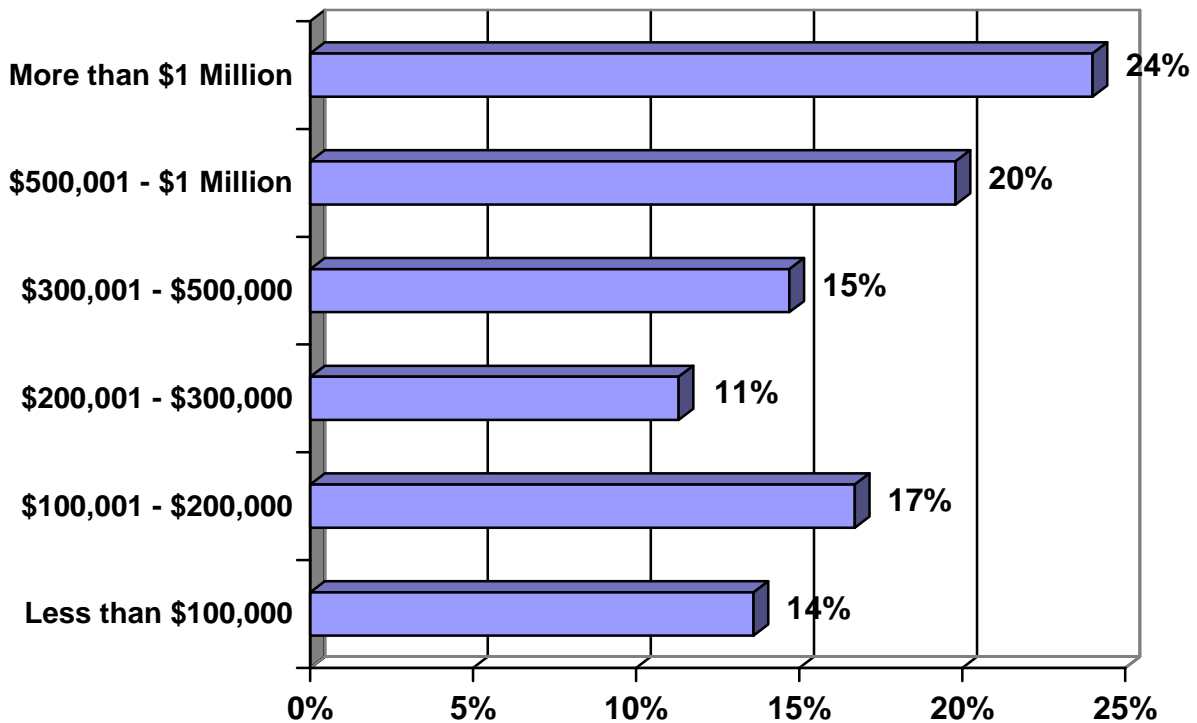
6. Looking at the next 5 years, what is your best estimation for ANNUAL growth that you project for your specialty contractor business?

Specialty contractors estimate their business will grow an estimated 3% - 5% (32%) annually in the next five years, followed by 10% or more (31%) and 6% - 9% (18%). Only 1% of firms project a decrease in business.



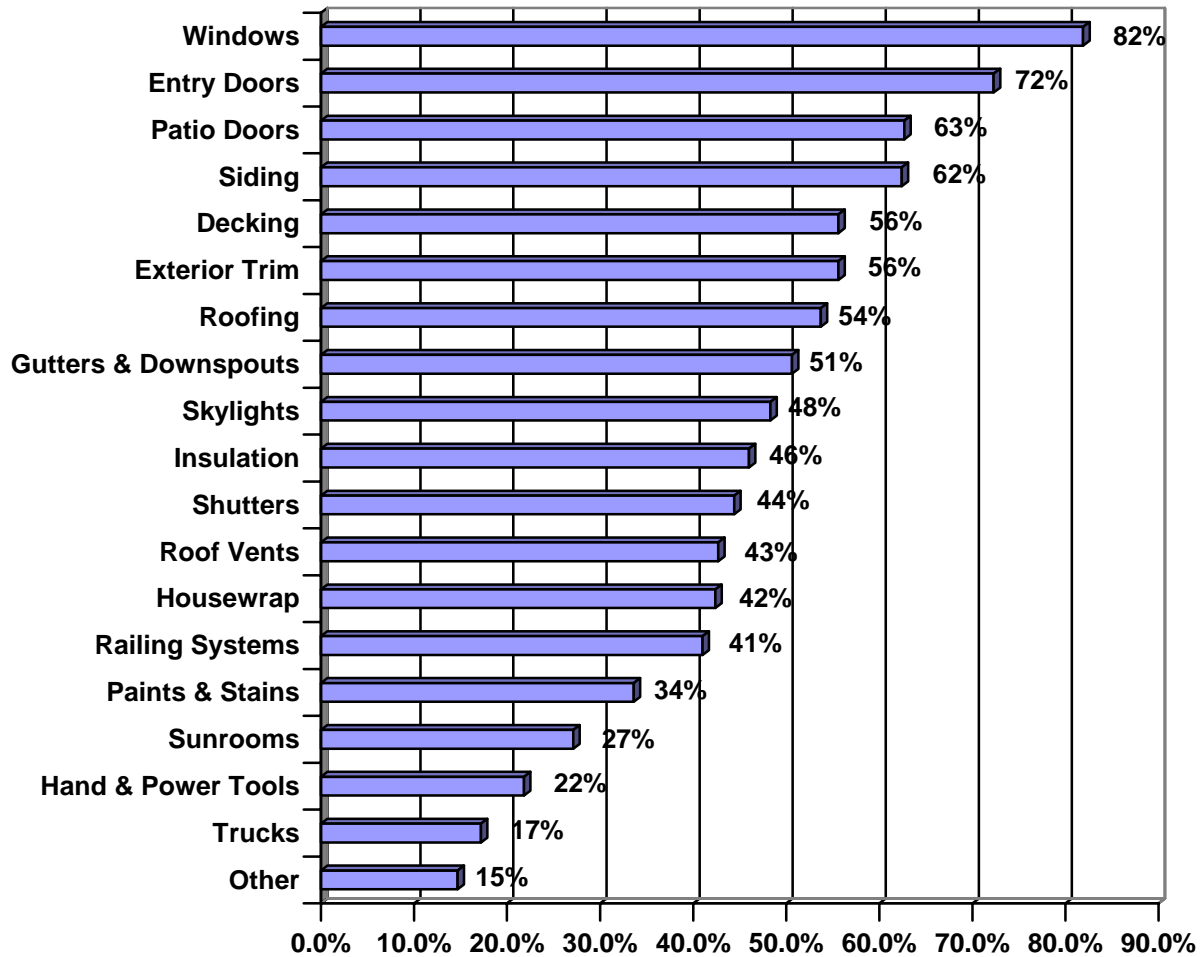
7. What is the approximate dollar value of all materials and building products your company purchases annually from all sources?

Twenty-four percent (24%) of the specialty contractors surveyed said the approximate dollar value of all materials and building products their companies purchase annually is more than \$1 Million, followed by \$500,001 - \$1 Million (20%) and \$100,001 - \$200,000 (17%).



8. What products/services does your company market and sell?

Eighty-two percent (82%) of the specialty contractors surveyed market and sell windows, followed by entry doors (72%), patio doors (63%), siding (62%), decking and exterior trim (56% each), and roofing (54%).

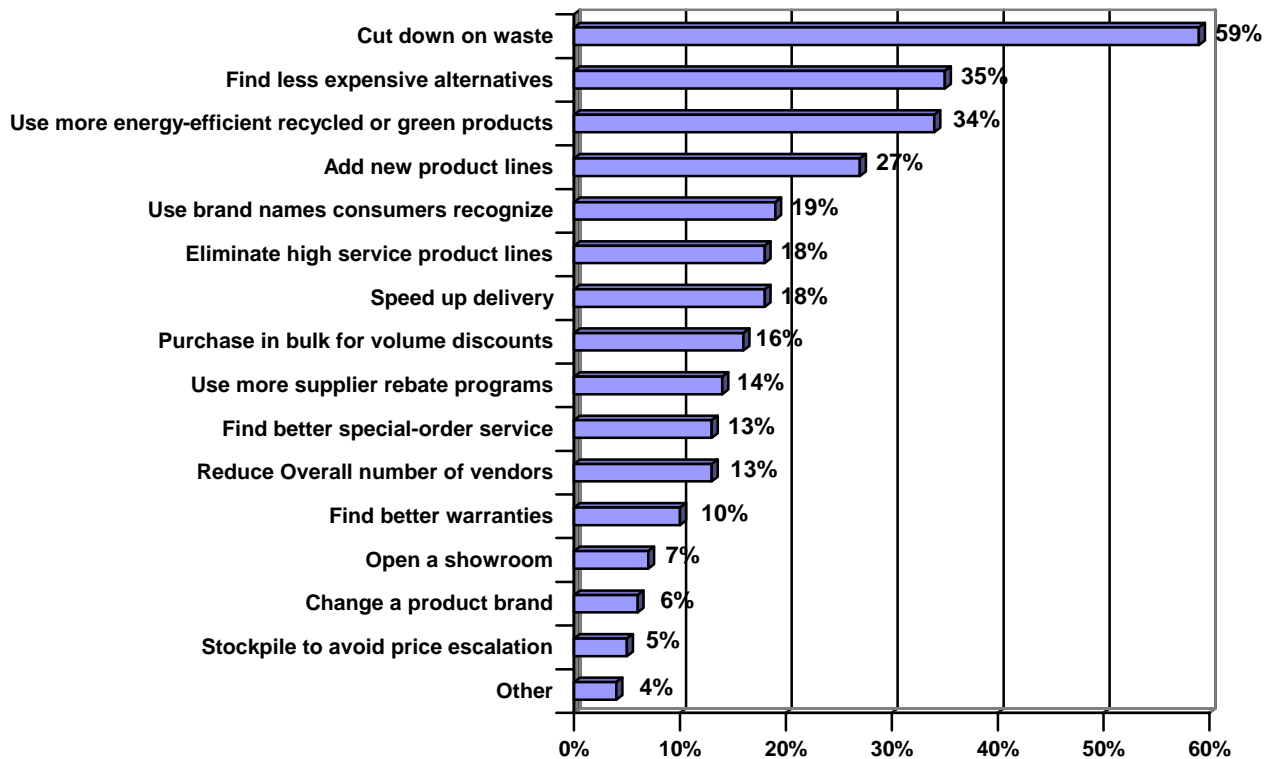


**Other:**

- Access Control Systems
- Acrylic Bath Systems
- Additions
- ADS pipe, gravel, pumps
- Anything related to remodeling that the homeowner specifies
- Approx. 1 million in revenue is from kitchen and bathroom remodeling
- Awnings, kitchens
- Basement finishing
- Basement waterproofing
- Basements
- Bath liners, garage organization, gutter protection
- Bath systems
- Cabinet refacing
- Cabinetry
- Concrete products
- Counter tops
- Decorative concrete
- Drywall finishing/plastering
- Electrical items
- Floor Coverings/ Epoxy Systems
- Garage door
- Garage storage
- Hardscape
- Industrial metal canopies
- Insurance Repair
- Interior window trim and blinds
- Kitchen & Bath
- Kitchen cabinets
- Landscaping & hot tubs
- Masonry
- Our main business is large custom homes
- Patio covers
- Patio doors
- Patios and walkways
- Rehabbed houses
- Renovation and new construction
- Shower doors, storm doors
- Shower enclosures, glass & mirrors
- Solar screens
- Tile
- Waterproofing

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

Cut down on waste (59%), find less expensive alternatives (35%) and use more energy-efficient recycled or green products (34%) are the three main purchasing objectives for specialty contractors this year.

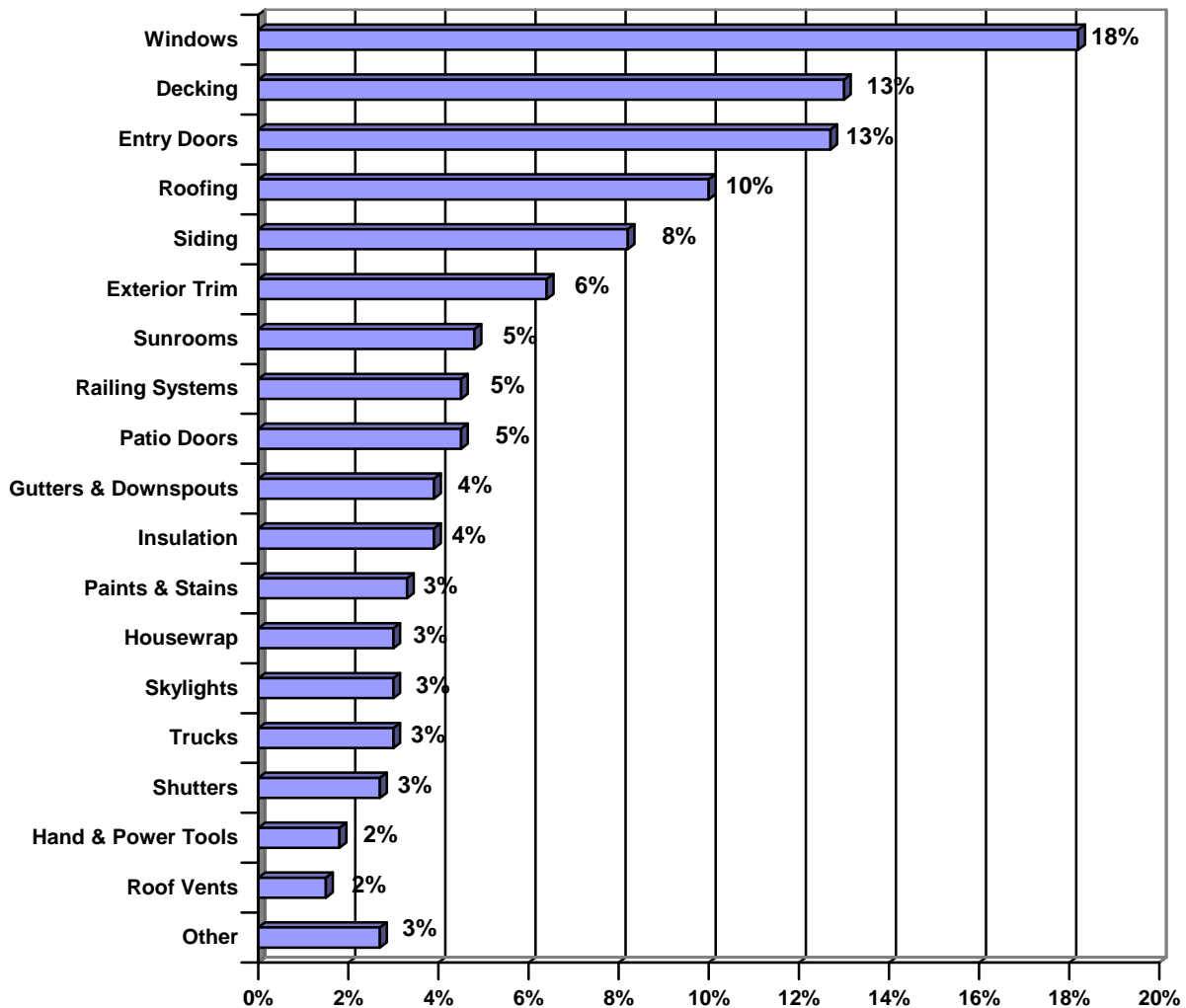


**10. If you selected “other” in question 9, please specify:**

- Continue to improve service and customer experience
- Efficiency in operations
- Financing
- I'm tied to one manufacturer--all purchases from them.
- Maintain or increase quality of goods purchased
- More "on time" purchasing of products
- More new clients
- Open 3rd showroom
- Perform installations more efficiently
- Reduce wasted labor
- Set us apart and branding
- Use more price competitive vendors
- We are ok with what we are doing now

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

The specialty contractors who are planning to change product manufacturers in the next year plan to change window manufacturers (18%), followed by decking and entry door manufacturers (13% each) and roofing manufacturers (10%).



**Other:**

- Basements
- Flooring
- HVAC Supplies
- Service
- We will see what develops as the year progresses

# 2008 Replacement Contractor Magazine Market Perceptions Study

## 1. Untitled Page

Dear REPLACEMENT CONTRACTOR reader:

We need your opinion. We are asking select readers 11 short questions about your business and buying practices in the specialty replacement market.

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

# 2008 Replacement Contractor Magazine Market Perceptions Study

## 2. Untitled Page

\* 1. How long have you been in the specialty contractor business?

Less than 2 years

2 - 4 years

5 - 9 years

10 - 14 years

15 years or more

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

Less than \$250,000

\$250,000 - \$499,999

\$500,000 - \$999,999

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

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

\$3,000,000 or more

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

Less than 10

11 - 15

16 - 20

21 - 30

31 - 40

41 - 50

More than 50

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

## 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 specialty contractor business?

Flat

1 - 2%

3 - 5%

6 - 9%

10% or more

Anticipate decreases in annual revenue

# 2008 Replacement Contractor Magazine Market Perceptions Study

## 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. What products/services does your company market and sell (check all that apply)?

- Roofing
- Siding
- Windows
- Decking
- Entry Doors
- Exterior Trim
- Gutters & Downspouts
- Hand & Power Tools
- Housewrap
- Insulation
- Paints & Stains
- Railing Systems
- Roof Vents
- Shutters
- Skylights
- Sunrooms
- Trucks
- Patio Doors
- Other (please specify)

# 2008 Replacement Contractor Magazine Market Perceptions Study

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

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

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\* 11. In which product categories, if any, are you planning to change manufacturers?

- Roofing
- Siding
- Windows
- Decking
- Entry Doors
- Exterior Trim
- Gutters & Downspouts
- Hand & Power Tools
- Housewrap
- Insulation
- Paints & Stains
- Railing Systems
- Roof Vents
- Shutters
- Skylights
- Sunrooms
- Trucks
- Patio Doors
- Not planning to change any product manufacturers
- Other (please specify)