



High Performance Retailing

Winter 2019 V1 ■ H1

Zero Regrets

Boosting Kitchen Renovation Sales

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Sales Focus

Outside Sales Teams

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Brought to You by *Hardware Retailing* and The Farnsworth Group

Paths to Purchase

Find the Marketing Resonating Across Consumer Generations

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Right on Target

Home improvement retailers have more options than ever to reach customers. But which methods are most effective, and how do different generations respond to your marketing? Business analyst Mark Harris offers suggestions to help reach customers of every generation effectively.



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An Outside Perspective

Builders is a chain of seven building materials centers. One force driving its forward momentum is its powerful outside sales team. Dave Hoglund, vice president of purchasing at Builders, highlights how the team delivers new leads and ensures high performance.



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Generational Milestones

Mark Harris, founder of the Harris Development Group, explains the social and historic milestones that characterize each of the three most active generations in home improvement retail. Learn what makes your different customers tick at HPRmag.com/generations.

TAX

67%

of surveyed retailers believe tariffs on foreign products entering the U.S. will have a negative effect.

Source: North American Retail Hardware Association



High Performance Retailing is a collaboration between the North American Retail Hardware Association and The Farnsworth Group. Both organizations are committed to helping the home improvement industry prosper with relevant, informative and timely data.

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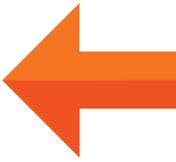
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Wisdom of the Ages

Communicating With Confidence



It is our job as marketers and business owners to let our prospective customers know we can meet their needs and solve their problems.

I'm not really sure when it happened. But I guess that's what everyone says when they realize they have moved from being on the forward edge of pop culture and trends to being firmly planted at the back end of the curve.

When it comes to my decided lack of understanding of most things current, I get daily reminders of how far behind this curve I actually am. Sometimes I will read comments online and not understand half the references people are making. Don't even get me started about how badly I do when the "Pop Music" category comes up in Jeopardy! I mean, that used to be my sweet spot.

Honestly, there are times when I feel like the younger generations are just speaking an entirely different language than I am. But hey, that's not *their* fault. It's not really *my* fault either. It just is a part of the evolution of our culture—good, bad or somewhere in the middle. As times change, so do the ways people communicate and how they expect to be reached by the people and businesses they trust.

So where does this slow shift leave us if we are marketers, advertisers or business owners trying to appeal to consumers who range in age from 18 to 80? How can we best promote our businesses and create authentic, long-lasting connections with customers?

In this issue of *High Performance Retailing*, we take a look at some of these communication challenges thanks to some recent research from our friends at The Farnsworth Group. Discover how you can best tailor your marketing to ensure you're hitting the bull's-eye with customers of any age.

In light of what the research says, I think it is important to remember that no matter the differences in how we may communicate or the pop culture references we may use, we all have common wants and needs that can be appealed to.

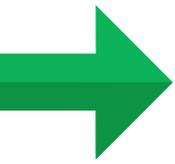
It is our job as marketers and business owners to let our prospective customers know we can meet their needs and solve their problems.

I hope you enjoy reading about this research, and I hope it gives you a little bit of insight into how you can best communicate with any audience you may be trying to reach. So for now I'll leave you with: #TTYL. (See, I can be hip!) ■

Dan M. Tratensek

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Let Sales Simmer

Helping Customers Overcome Kitchen Remodel Regrets

As the chief of insights for the Research Institute for Cooking and Kitchen Intelligence (RICKI), Erin Gallagher says understanding the path to purchase for customers undertaking kitchen renovations is critical. Discover the data RICKI has compiled to help streamline kitchen renovations hurdles and boost your transaction size.

High Performance Retailing (HPR): Can you tell our readers about RICKI's mission and some of the research it does?

Erin Gallagher (EG): RICKI has conducted more than 100 studies on home kitchens since 2006. The *Remodelers 360* study gauges homeowners' sentiments about the kitchen remodeling experience. We also track the regret factor, which asks people whether they would spend more, less or the same amount if they had a do-over. It's striking that close to half would spend more money if they were doing the same project today. That's a sign retailers are leaving money on the table.

HPR: From your research, how can home improvement retailers capture more sales from customers undertaking a kitchen remodel?

EG: I think home improvement retailers should market ways to overcome the regret factor to their customers. Whether you have someone sitting on the fence about splurging on a few items or debating whether to increase a room's footprint, close to half of all customers will regret not going for what they really wanted when they first had the chance.



Erin Gallagher

studies the ways homeowners draw inspiration for their renovation projects, pain points they encounter during renovations and how satisfied they are with their project once it's completed. Discover more of RICKI's insights into kitchen construction and renovation by visiting them online at kitchenintelligence.org.



HPR: What does RICKI's research reveal about how customers are getting inspiration for their kitchen remodels?

EG: We ask respondents where they got ideas for their kitchen projects, and the No. 1 response for three survey periods running is “big-box retail stores.” Followed by that come magazines and TV as sources of inspiration. But drawing inspiration from TV can be problematic.

A lot of homeowners and the design professionals we interviewed about the regret factor mentioned “the magic pixie dust” of networks like HGTV. Homeowners feel frustrated that renovation TV shows fail them by not revealing accurate pricing on products and labor as well as showing unrealistic timelines. Homeowners believe their remodels will be done a lot faster than what is feasible. This discrepancy negatively impacts the retailers they buy from and the design pros they hire.

I think it's important to help customers manage their expectations but still get the kitchen they want. Ask customers what their dream kitchen looks like. It may take a bit more time, but the regret factor reflects the importance of the kitchen in the minds of consumers. It's the heart of the home.

HPR: How can independent retailers help reduce the regret factor?

EG: One of the questions we asked homeowners recently was what stressed them out the most during the kitchen renovation process. Staying on budget and making decisions were two of the biggest concerns, so anything a retailer can do to help streamline decision-making and suggest ways to stay on budget is helpful. They need to uncover ways to reduce stress from homeowners. ■

Know Your Customers

Use this data to overcome common consumer obstacles.

44%

say they wish they had spent more money when doing a kitchen remodel in 2018.

Managing the Stress Factor

RICKI's research reveals trends about common kitchen renovation stressors. Use the challenges below to understand the objectives of homeowners undertaking a renovation and how you can help them stay on budget and stress-free.



Staying on Budget

Prioritize the most important parts of their dream kitchen.



Making Decisions on Products

Build trust by sharing your own product knowledge with customers.

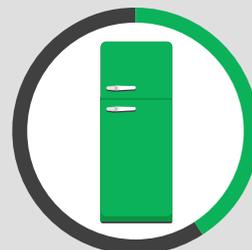


Daily Routine Being Disrupted

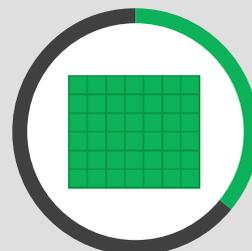
Provide a reliable timeline for project completion.

What Shoppers Wish They Spent More On

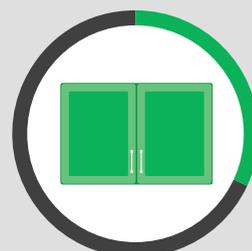
Respondents were allowed to choose more than one option.



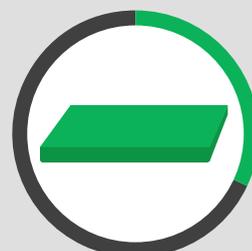
Refrigerator
41%



Flooring
36%



Storage and Organization
32%



Countertops
32%

Source: Research Institute for Cooking and Kitchen Intelligence





Get on Message

Reaching Diverse Customers
Via Targeted Marketing

Advertising your home improvement business is critical. Whether you rely on print, radio, TV, digital or some combination therein, every home improvement retailer must decide on a message and a medium to let potential customers know about their business.

But how can you be sure you're maximizing your advertising reach and ensuring as many customers as possible respond to your messaging? Experimenting with different advertising formulas can be a slow and costly process. While you search for the winning combination, you may be siphoning off customers to competitors.

To answer that question, market research firm The Farnsworth Group recently surveyed 1,200 consumers from three different age groups. Their incisive data reveals how millennials, Generation X and baby boomers digest different types of marketing and which marketing messages resonate with them most strongly.

Advertising isn't an exact science, but it also shouldn't be a gamble for your business. Discover what kinds of information different generations seek and how you can best meet their needs with clear and compelling marketing outreach.

Generational Import

Mark Harris is the founder of The Harris Development Group, an organization that works with businesses from an array of industries to help teams strengthen communication, augment diversity and collaborate more effectively.

Through his 25 years of experience, Harris says he has seen younger generations place a greater emphasis on digital communications, and that is something retailers should notice.

Harris says each generation has different cultural, economic and personal touch points that define their views on every aspect of life, including retail.

"If you can truly reach out to customers and understand what's important to them, the messages they respond to and the communication vehicles that interest them, you're going to drive more sales," he says.

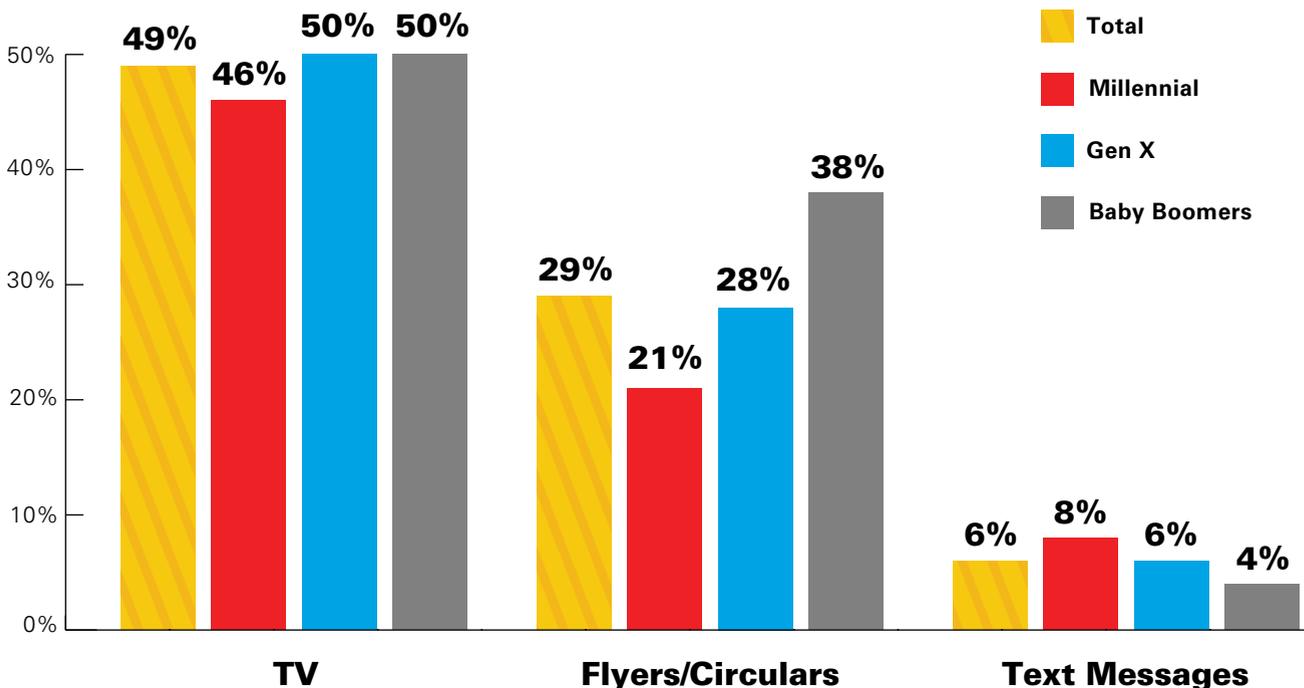
The Playing Field

It's important to understand that while The Farnsworth Group data reveals different generations use different forms of media to get home improvement marketing, separate generations are still searching for the same kinds of information.

When shopping for home improvement products, data reveals television is the most frequently used method of communication at 49 percent for all generations. Text messages were the least frequently sought method of communication when shopping for home improvement products at just 6 percent for all age groups.

The communication method with the greatest variance between age groups proved to be flyers and circulars included with newspapers. Just 21 percent of millennials reported using this type of messaging for their home improvement shopping, while 38 percent of baby boomers relied on them.

Most Frequently Sought Advertising By Generation



Source: The Farnsworth Group

Harris says being able to convey the same message, whether it's about sales prices, in-store events or new products, across multiple forms of communication is critical and only growing more important as younger generations show a preference for digital marketing.

"The data shows different generations look for the same kinds of information, using that to guide your marketing is critical," he says.

Methodology

The Farnsworth Group surveyed 400 millennials (ages 22-38), 400 generation Xers (ages 39-53) and 400 baby boomers (ages 54-72) via a questionnaire in 2019 to understand how consumers use media and integrate technology into their home improvement product shopping. All respondents were active hardware and home improvement shoppers.

What Customers Want

By knowing where your customers look for home improvement information, you can fortify your marketing reach by including the specific information customers seek.

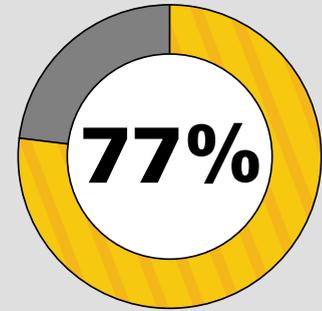
When asked what information they look for in home improvement advertising, sales prices were the clear driver. At 78 percent for all age groups and 84 percent for baby boomers, information about sales proved persuasive across generations and was strongly desired by all age groups.

It may be surprising to some retailers that project information was the least frequently sought element of home improvement communications at just 29 percent for all respondents and 23 percent for baby boomers specifically.

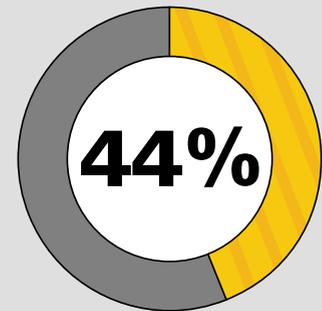
"It's clear that younger customers still seek information on new products and sales, but there's also an indication they need project how-to videos and other resources," Harris says.

Top 3 Reasons Consumers Research Online

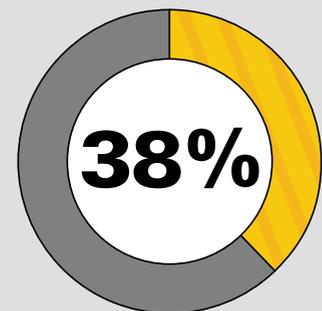
Retailers should take note of the reasons customers research home improvement products online.



**Price Check/
Price Shop**

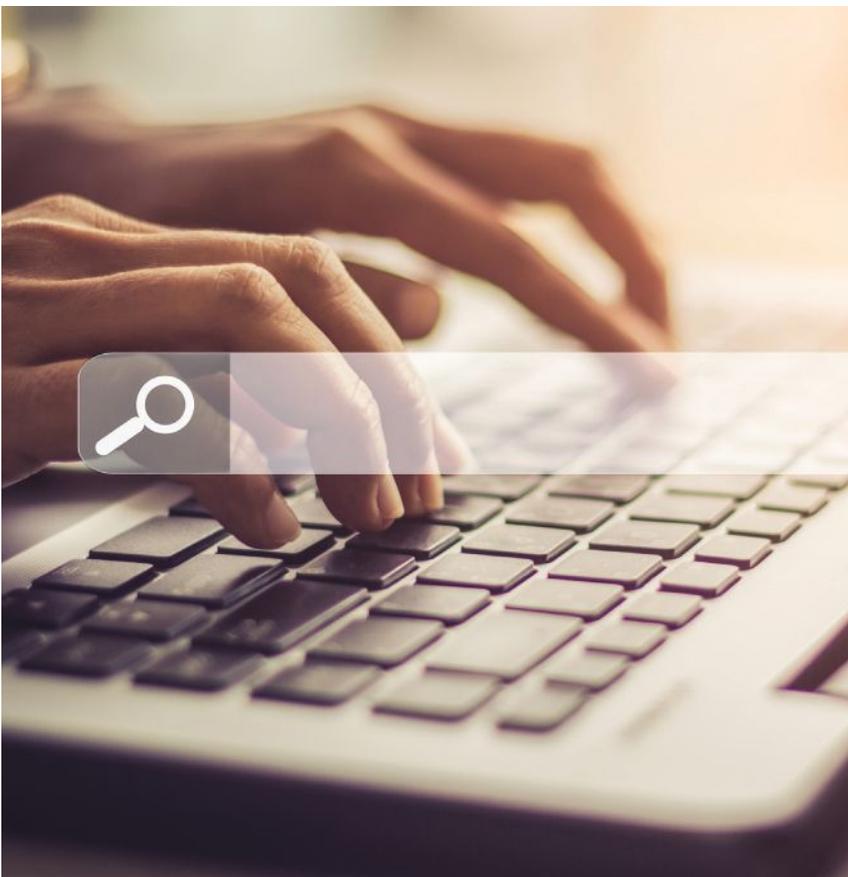


**Read Product
Reviews**



**Check Availability
and Stock**

Source: The Farnsworth Group



More than one-quarter of millennials are researching products and visiting brick-and-mortar locations to get in-store advice, according to the data. Preparing resources to guide young customers and incorporating those into your marketing are critical.

One of the main reasons customers shop or research in-store is to check prices, but touching and seeing products are also driving in-store visits. Promoting live product demonstrations could be a persuasive way to bring more customers through your doors.

The Social Side

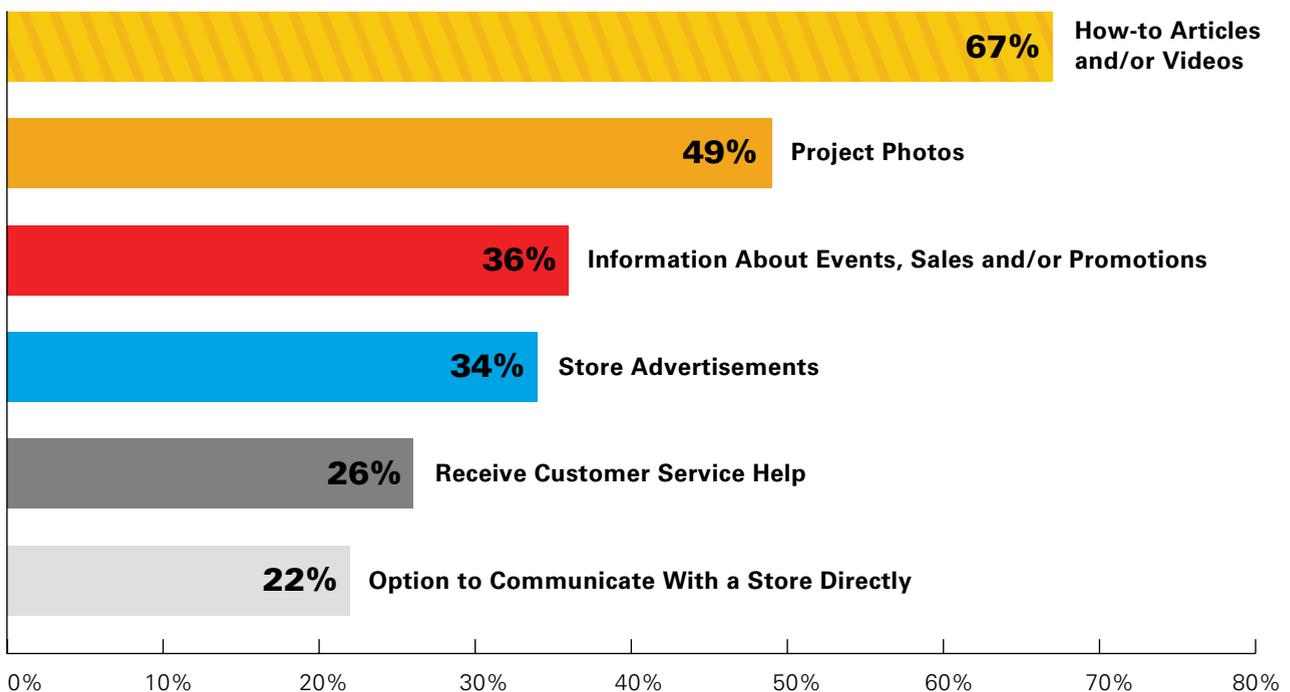
Social media plays a large role in modern home improvement communications. Roughly 88 percent of all home improvement customers have a social media account, so Harris says developing your social media outreach is critical.

“As millennials and Generation Z grow, having a social media presence and using that to drive foot traffic and sales will become even more important,” he says.



What Information Generations Seek on Social Media

Across All Generations



Source: The Farnsworth Group

Smart home and home automation devices were the most popular products researched online or online and in stores for all consumer segments.

When asked how often they use social media for information on home improvement products, 36 percent of millennials report always or frequently using it, compared to 29 percent of Generation X and just 8 percent of baby boomers. Interestingly, 42 percent of baby boomers report never using social media for product information.

Facebook, YouTube and Pinterest were the three most popular social networks across all generations.

The Search Continues

As online engagement and e-commerce become more important, understanding the products that drive online searches can benefit retailers. By recognizing the products most commonly researched online or online and in store, retailers can refine their ads for greatest impact.

Smart home and home automation devices were the most popular products researched online or online and in stores for all consumer segments. Major appliances followed at 70 percent. Kitchen and bath remodeling products were the third most common drivers at 65 percent.

Conversely, of the products consumers had purchased in the last year, live goods were the least popular at 21 percent. Basic hardware was the next at 23 percent.

“Retailers should take note and be sure they’re using the information they know customers need in their advertising,” Harris says.

Taking Action

The Farnsworth Group’s data is clear: Consumers’ media use is changing rapidly, but all customers are seeking the same type of information from home improvement marketing. A truly compelling ad works for all generations, but customers often access them through different media.

Establishing a digital presence for your business is critical, particularly among younger generations who research home improvement products before buying at least half of the time.

Millennials have grown up with technology and expect to use it in all aspects of their lives. The research shows this mentality applies to home improvement purchases and instructions, too. Find ways to incorporate how-to resources in your marketing or on your website to establish a closer bond with young customers as they start their own families and manage their homes. ■ —Todd Taber

Product Categories With High Online Shopping or Research

	Total	Millennials	Gen X	Baby Boomers
Smart Home and Home Automation Devices	79%	83%	76%	72%
Major Appliances	70%	75%	71%	62%
Kitchen and Bath Remodeling Products	65%	64%	67%	61%

Product Categories With Lower Online Shopping or Research

Cleaning Supplies	24%	35%	28%	15%
Hardware (Such as nuts, bolts and screws)	23%	29%	27%	15%
Live Goods (Such as flowers, shrubs and trees)	21%	31%	22%	14%

Source: The Farnsworth Group



Seeking New Sales

Builders' Outside Sales Team Delivers 3 Decades of High Sales

Across the western U.S., the Builders chain of home improvement stores offers a complete selection of building materials and design services. One central element of the company's decades-long success is its outside sales team, a group of 21 salespeople who constantly seek new sales opportunities for the company.

Dave Høglund, vice president of purchasing at Builders, says the outside sales team is core to the operation's success. Read on to learn some of his tips for starting and managing an outside sales team.

Early outside sales were critical.

Builders has been in operation since 1977, and Høglund says the internal promotion of the first outside salesperson in 1984 was key in driving sales and momentum in those early days. More importantly, he says its effects are still being felt three decades later.

"We were in a growth mode and made a point to visit other businesses that were using outside sales teams," Høglund says. "We wanted to capture more sales from contractors and we knew having an outside sales team could help us do that."

Høglund says Builders didn't enter into managing its outside sales team with a set outline of how to grow the team and find new sales. Instead, promoting team members from within helped unite the goals of the outside sales staff with Builders' existing management.

After more than 35 years of operation, Høglund says the outside sales team is now responsible for a significant portion of the company's overall sales.

"Without our outside sales team, our volume would be about 10 percent of what it is today," he says.

Sales can come from anywhere.

Hoglund says only one of the company's 21 salespeople is focused on a specific geographic region to find new sales. The rest of the team operates throughout seven states surrounding their core operations in Nebraska and Colorado.

"Our core market is Nebraska and Colorado as well as several surrounding states, but we'll go anywhere the customer goes," Hoglund says. "We'll figure out how to deliver materials anywhere in the U.S."

Earlier this year, the Builders team provided materials for a hotel in Rhode Island and is currently readying a shipment to Idaho.

The right personality succeeds.

"You need an outgoing person who can communicate properly with a diverse audience, one-on-one and in a group. If we can find that person, we can teach them everything they need to know about the products we sell," Hoglund says.

Another component of Builders' outside sales force is providing the team with administrative support.

"We have a support staff to write the orders and mind the nuts and bolts," he says. "It's best to have the sales team out on the ground, building relationships and knowing what's going on in the market to understand who the next players will be."

Don't underestimate training.

The tenure of the average outside sales team member at Builders is more than 10 years, and part of that longevity is the emphasis Builders places on training.

Hoglund says the company has promoted from within whenever possible, but has also hired fresh faces. In either case, creating a results-focused training program is crucial.

Internal promotions usually come from inside sales coordinators who provide support to the outside sales team. Hoglund says that linked experience has been a good indicator of success in the role.

"Once someone is identified as a potential outside sales team member, they work with a local branch manager and other salespeople to learn best practices," he says.

For retailers who may consider adding an outside sales team, Hoglund says patience is a virtue.

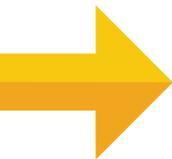
"There's no perfect way to begin," he says. "Success doesn't happen overnight. Don't be so rigid that you're unwilling to adjust your plan; that's the best way to move forward." ■ —Todd Taber



It's best to have the sales team out on the ground, building relationships and knowing what's going on in the market to understand who the next players will be.

—Dave Hoglund, Builders





Raise Your Voice

3 Ways to Optimize Your Website for Voice Search

Your company's SEO strategy is a moving target. With each year come new tech advances requiring retailers to shift their tactics and find new ways to rank as highly as possible for maximum exposure on customers' search engine results pages.

Responding to voice searches made on tablets, mobile phones or personal assistants is a new piece of the puzzle. You can ensure your website is one of Siri, Cortana or Alexa's top choices. Learn three ways you can cut through the chatter and promote your business using voice search. ■

Answer their questions.

Create a special page of your website answering common questions about your business. Designate each question as an H2 and respond with original text. This tactic feeds personal assistants like Siri information and creates a connection between new customers and your business.



By 2020, 30 percent of all browsing sessions will include voice searches.

Source: Gartner

Confirm your information.

Studies show people using voice searches are looking for immediate, local results. Ensure your business fits the bill by updating your Google My Business listing. Make sure your hours of operation, phone number and website link are all up to date. This will give voice assistants reliable information to relay to customers.



Improve your mobile site.

Voice searches are usually made on mobile devices, meaning users are more likely to visit your website's mobile listing. SEO rankings are in part decided by site speed, so ensure your mobile website loads quickly by reducing image sizes and deleting unnecessary plug-ins to get your site lightning fast.





Tense Trade

National Retail Federation CEO Says Retailers Must Diversify

Writing for the National Retail Federation (NRF)'s blog, president and CEO Matthew Shay reflected on the effects recent tariff escalations between the U.S. and China have taken on retail supply chains. Review some of his takeaways here.

Retailers can't move everything from China.

In response to tariffs, many retailers have sought supply chains outside China. Shay writes that alone won't be enough to overcome supply chain disruption.

"There simply isn't another nation that duplicates what is available in China," he says. He credits Chinese infrastructure, workers' product knowledge and quality control as factors that place China as one of the world's leading manufacturing nations.

It takes more than time to rebuild a supply chain.

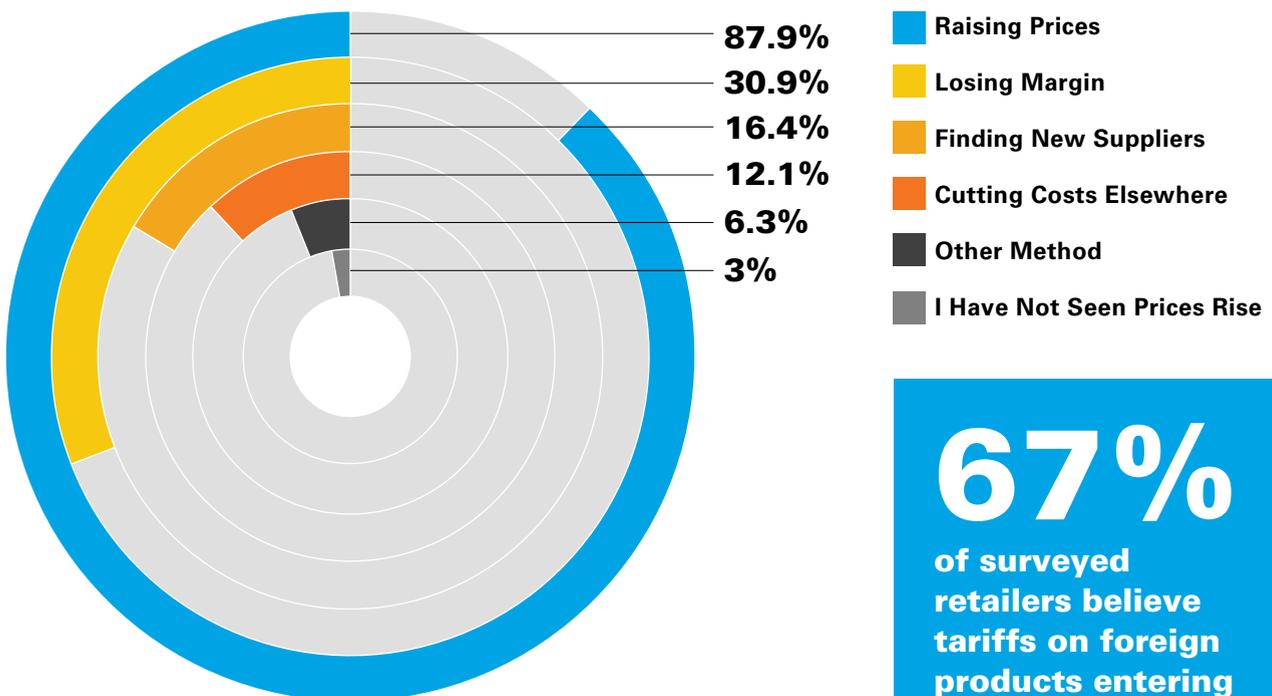
Shay says even if businesses wanted to use supply chains outside China, establishing them would take years and present major logistical hurdles. Beyond the time commitment,

Shay says placing trust in shipping reliability and product quality in a new supply chain would be a tall order for many vendors.

The U.S. and China need to resolve the issues.

Shay says the NRF supports the U.S.'s stance on the lack of intellectual property protections and other issues, but "the overwhelming sentiment is that tariffs are not the right approach." Shay believes the U.S. cannot afford to walk away from a valuable trade partner like China. ■

How are you responding to price increases due to tariffs?



67%
of surveyed retailers believe tariffs on foreign products entering the U.S. will have a negative effect.

The North American Retail Hardware Association recently surveyed retailers to gather perspectives on tariffs. Learn more at HPRmag.com/tariffs.

Source: North American Retail Hardware Association



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