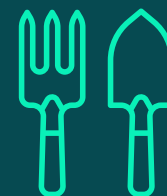




GENERAL MERCHANDISE REPORT

Home Improvement Industry Trends & Drivers

October 2021





The Home Improvement industry continues to build on a historic 2020.

2020 was a memorable year for Home Improvement retailers.

Consumers visited the channel more frequently and spent more overall as COVID re-shaped lifestyles.

Home Improvement Channel

Total Store



PURCHASE FREQUENCY

112

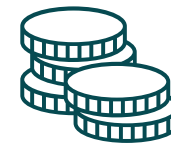
Index vs. 2019



AVERAGE HH SPEND

121

Index vs. 2019



TOTAL SALES

123



Index vs. 2019

Growth has continued throughout 2021 despite strong YA comps.

Penetration and frequency have mostly leveled off, but average household spend continues to rise.

Home Improvement Channel

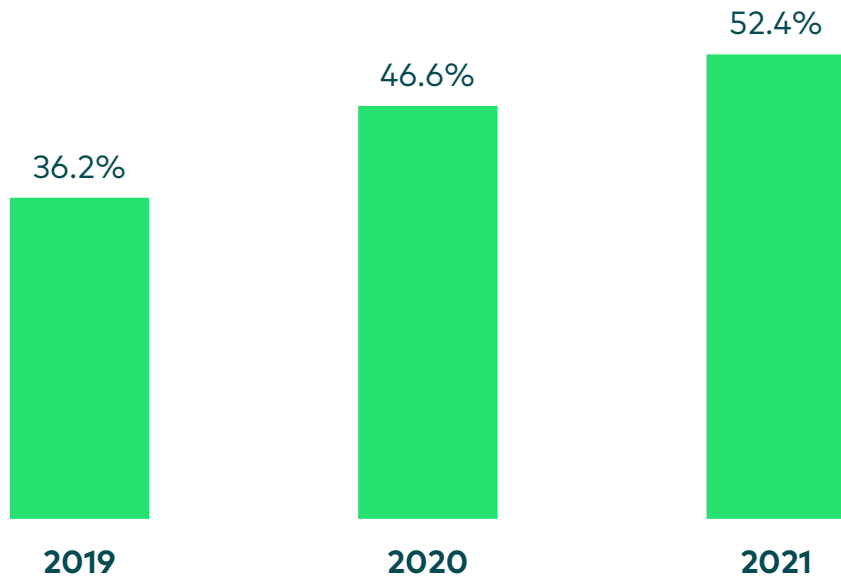
Total Store

	2021	2020	2019
 Household Penetration	89.2%	88.6%	86.3%
 Average HH Spend	\$1,109.05	\$1,037.96	\$845.56
 Purchase Frequency	16.7	16.6	14.8
 Sales Index vs YA	108	126	103

And more households than ever are purchasing Home Improvement categories online.

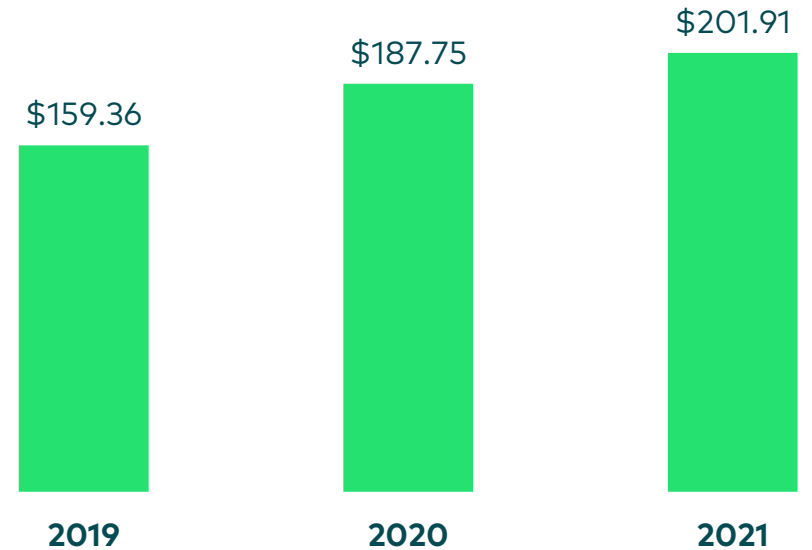
% HH Penetration

Online, Core Home Improvement Categories



Average Household Spend

Online, Core Home Improvement Categories



Source: Numerator Insights. Jan-Sep Data from 2019-2021
HI Categories include Tools & Home Improvement Sector, Outdoor Power Equipment, Flooring, and Lawncare Products

The shift towards Online buying continues to benefit Amazon.

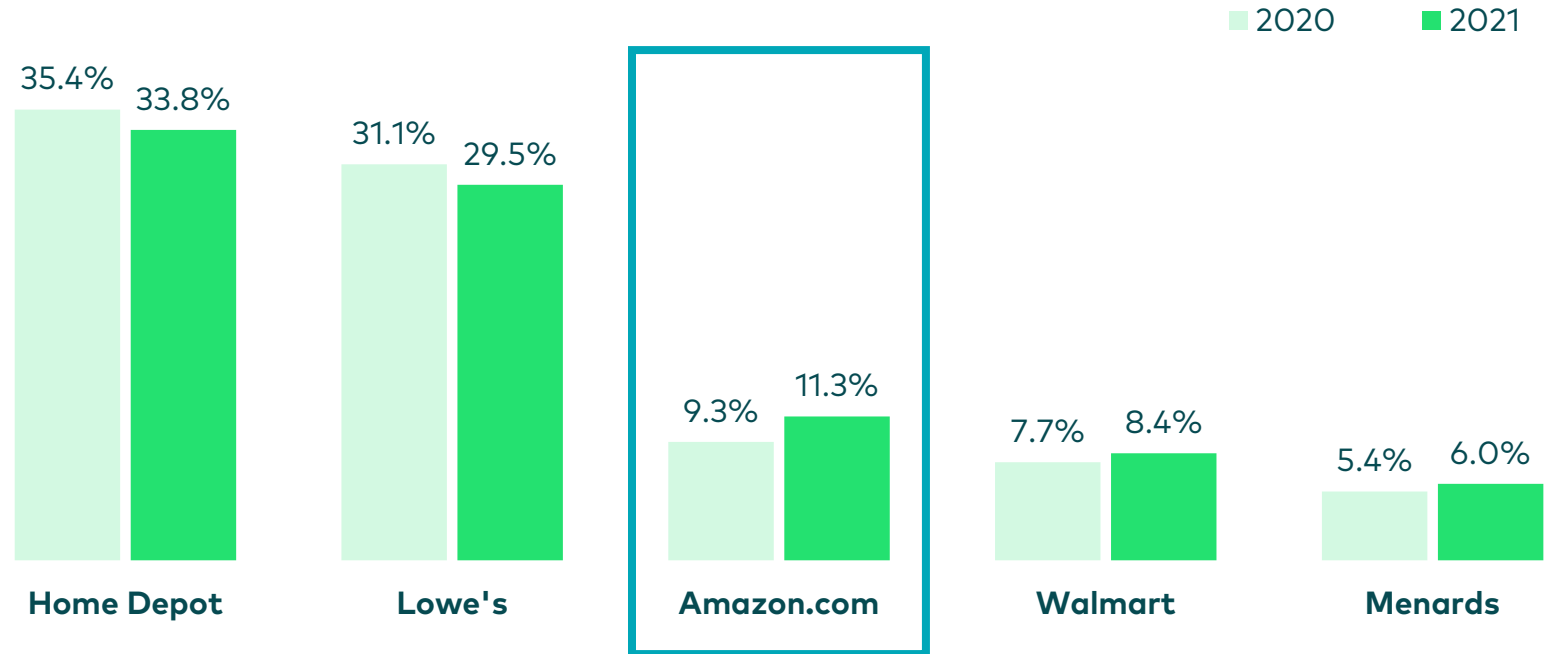
20%

of Home Improvement spend now occurs Online

+4pts vs 2020

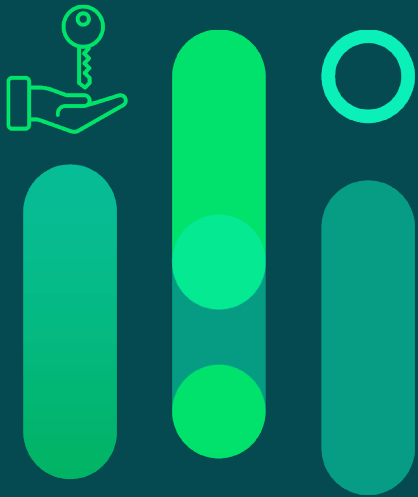
Retailer Share of Spend in Home Improvement*

Top 5 Retailers Across B&M and Online Channels



Source: Numerator Insights. YTD 2021 vs YA

*HI Categories include Numerator's Tools & Home Improvement Sector and Outdoor Power Equipment, Flooring, and Gardening & Lawn care Departments.







Homeowners continue to drive the industry forward!

Homeowners spend twice as much annually at Home Improvement retailers.

Trip frequency is nearly 2x and spend per trip is notably higher.

Home Improvement Channel Shopper Metrics

Total Store

		Homeowners	Renters	Index
	% Shoppers Buying	95.1%	79.0%	120
	Average HH Spend	\$1,337.70	\$645.75	207
	Purchase Frequency	19.6	10.9	180
	Spend per Trip	\$68.21	\$59.27	115

Homeowner categories with the largest purchasing gap vs Renters point to larger, more labor-intensive DIY projects... and yards!

Home Improvement Categories Purchased by Homeowners, compared to Renters

Brick and Mortar + Online

	Category	Homeowners, % of HHs	Renters, % of HHs	Index
1	Outdoor Power Equipment	31.9%	14.3%	223
2	Flooring	11.6%	5.8%	200
3	Caulk	20.4%	10.9%	187
4	Kitchen Fixtures	7.0%	3.8%	183
5	Building Products	49.5%	28.8%	172
6	Work Gloves	11.4%	7.8%	147
7	Painting Supplies & Wall Treatments	62.8%	44.5%	141
8	Rough Plumbing	52.2%	37.0%	141
9	Buckets	12.8%	9.4%	136
10	Gardening & Lawn Care	88.0%	70.0%	126

Source: Numerator Insights. YTD 2021. Homeowners (n=132,103) vs Renters (n=53,119)

Homeowners are most valuable during their first year of ownership, when they're likely buying for the first time and/or beginning their first projects.

Average Household Spend on Home Improvement Products

Core Home Improvement Categories



Source: Numerator Insights. Homeowners (n=132,103)



Winning Homeowners' long-term loyalty in a given category starts from the time they make their first purchase.

Numerator's Point of Entry methodology enables brands to isolate shoppers during their initial purchase, study them, and inform future strategy.

The Point of Entry Report uses a **time-aligned methodology** that aligns each household's pre- and post-period purchasing history relative to when their Point of Entry Trip occurred.

	Pre-Period Time Frame						Analysis Time Frame						Post-Period Time Frame					
	Jan-2019	Feb-2019	Mar-2019	Apr-2019	May-2019	Jun-2019	Jul-2019	Aug-2019	Sep-2019	Oct-2019	Nov-2019	Dec-2019	Jan-2020	Feb-2020	Mar-2020	Apr-2020	May-2020	Jun-2020
Panelist #1	Pre-Period	Pre-Period	Pre-Period	Pre-Period	Pre-Period	Pre-Period	Point of Entry Trip	Post-Period	Post-Period	Post-Period	Post-Period	Post-Period	Post-Period					
Panelist #2			Pre-Period	Pre-Period	Pre-Period	Pre-Period	Pre-Period	Pre-Period	Point of Entry Trip	Post-Period	Post-Period	Post-Period	Post-Period	Post-Period	Post-Period			
Panelist #3						Pre-Period	Pre-Period	Pre-Period	Pre-Period	Pre-Period	Pre-Period	Point of Entry Trip	Post-Period	Post-Period	Post-Period	Post-Period	Post-Period	Post-Period

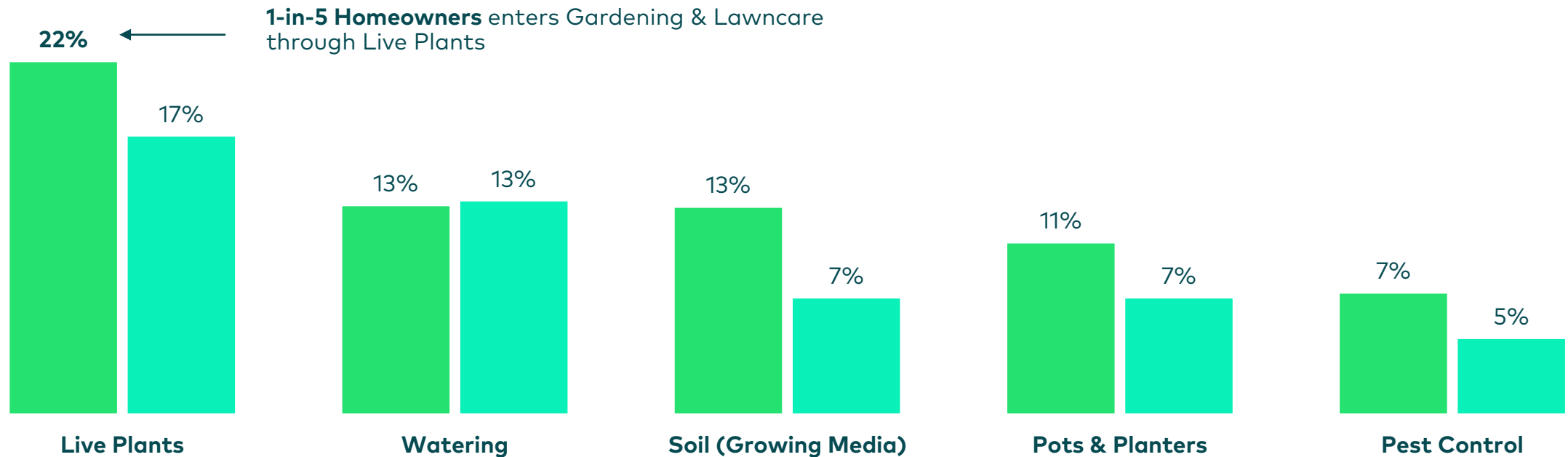
- The Point of Entry trip is defined as the first purchase that fits the "trigger" behavior defined in the analysis
 - In this case, the first qualifying purchase in Gardening & Lawn Care
- The analysis time frame is defined as 9/28/2020 – 9/26/2021
- The pre-period is defined as one year before the POE Trip for each individual panelist

In Gardening & Lawncare, Live Plants may serve as a good promotional candidate to lure in first-time category shoppers.

Point of Entry for Gardening & Lawncare

Among Homeowners

■ Point of Entry Share of HHs ■ Point of Entry Share of Spend

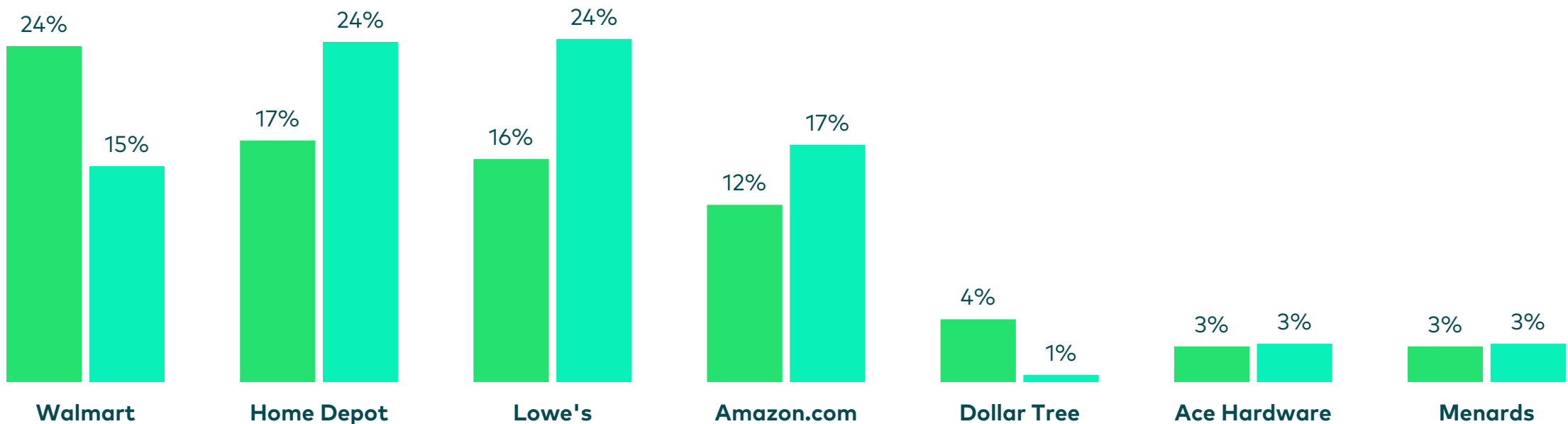


Source: Numerator Insights. 52 w/e 9/30/2021. Gardening & Lawncare Point of Entry Buyers n=19,420

Competing retailers should study why Walmart wins the largest share of entry point trips in Gardening & Lawncare...

Point of Entry for Gardening & Lawncare

■ Point of Entry Share of HHs ■ Point of Entry Share of Spend

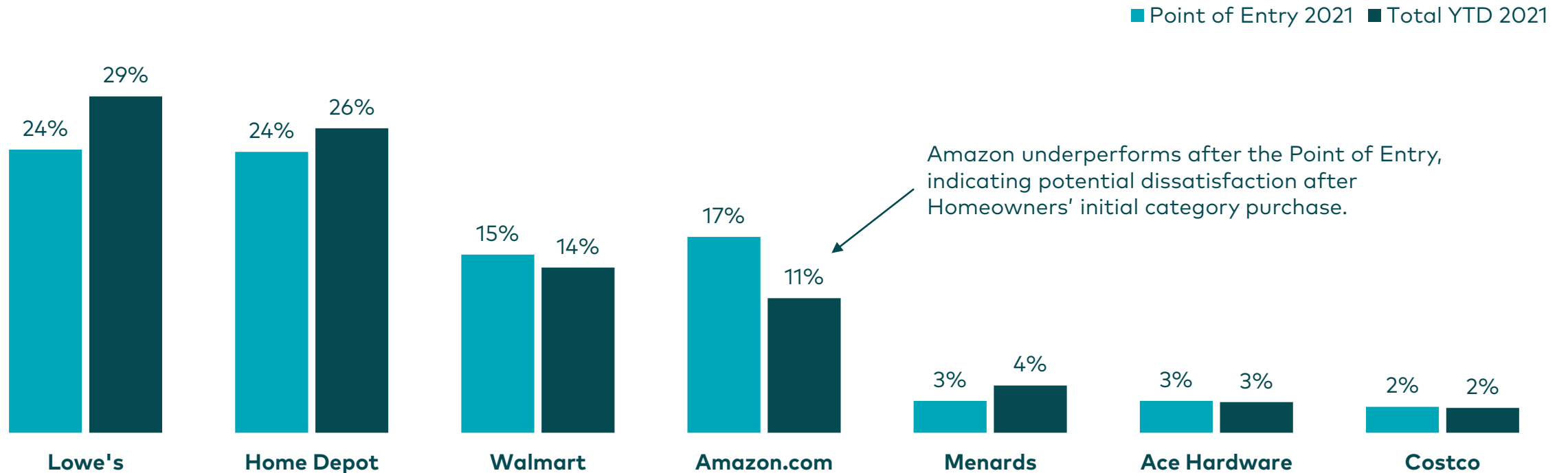


Source: Numerator Insights. 52 w/e 9/30/2021. Gardening & Lawncare Point of Entry Buyers n=19,420

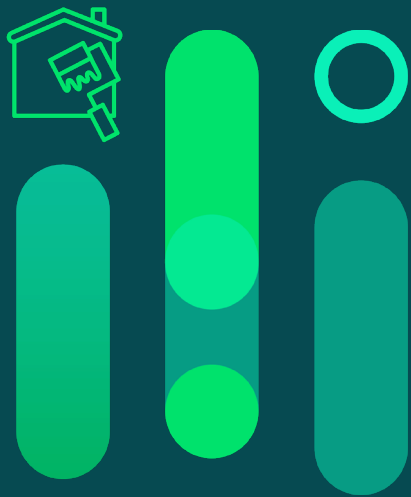
...and why the category *eventually* shifts back to Lowe's and Home Depot.

Retailer Share of Spend in Gardening & Lawncare

Among Homeowners



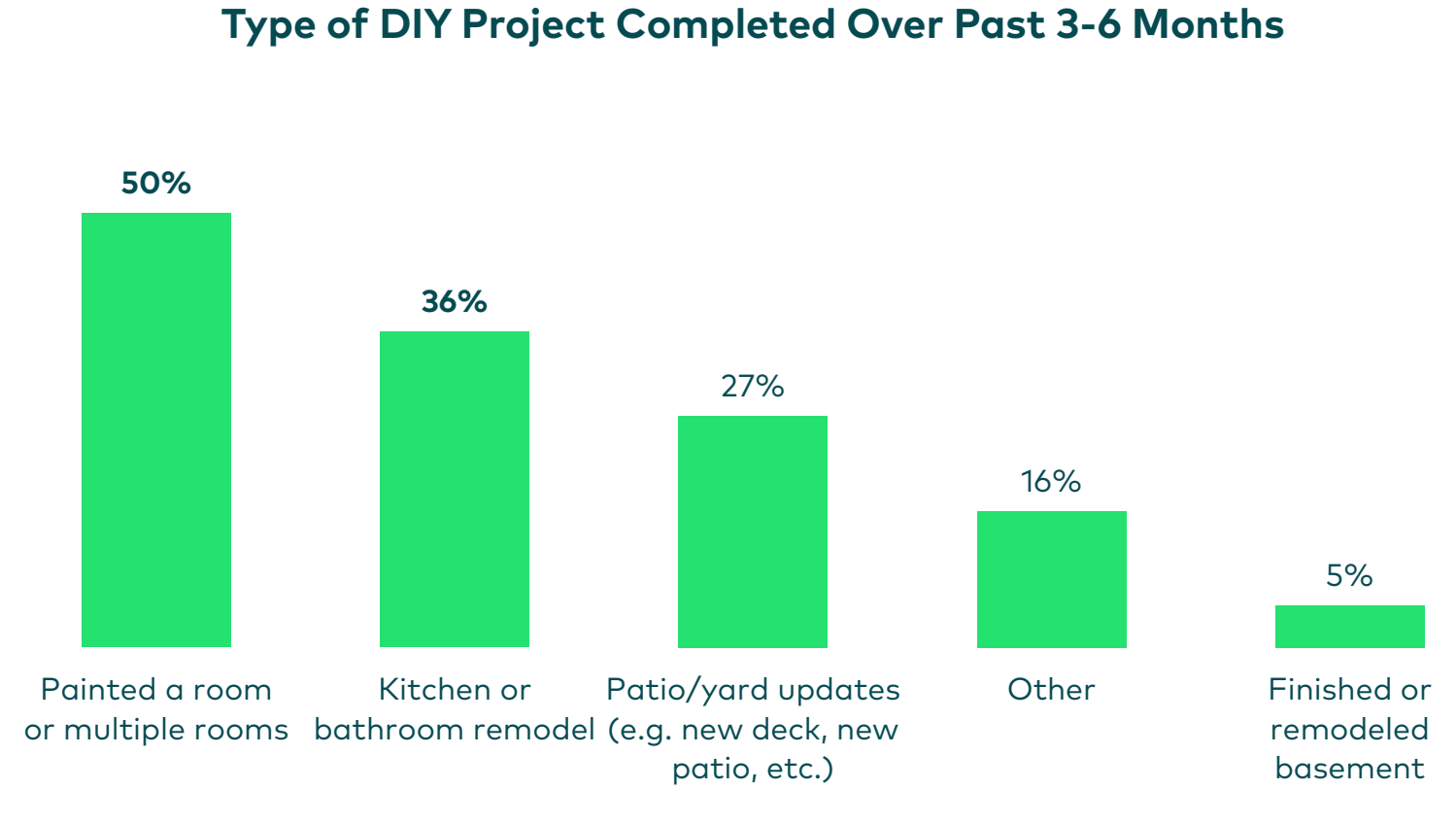
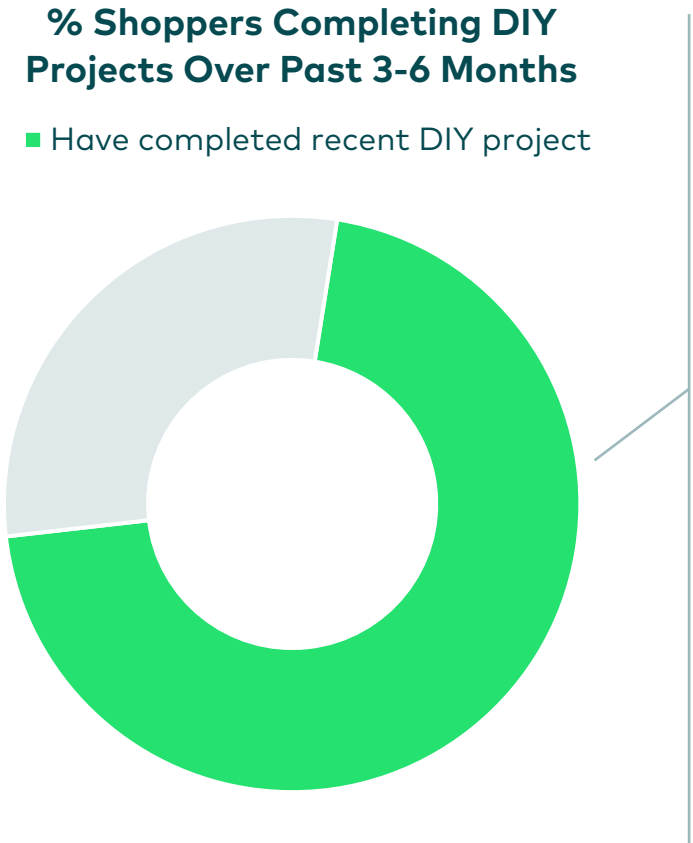
Source: Numerator Insights. POE Purchase timeframe: 52 w/e 9/30/2022.



It's been a busy Spring & Summer for homeowners, but market forces are impacting shoppers' DIY plans.

Nearly 3-in-4 households completed DIY projects over the past 3-6 months.

Painting and kitchen & bath remodels were the most popular projects tackled at home.

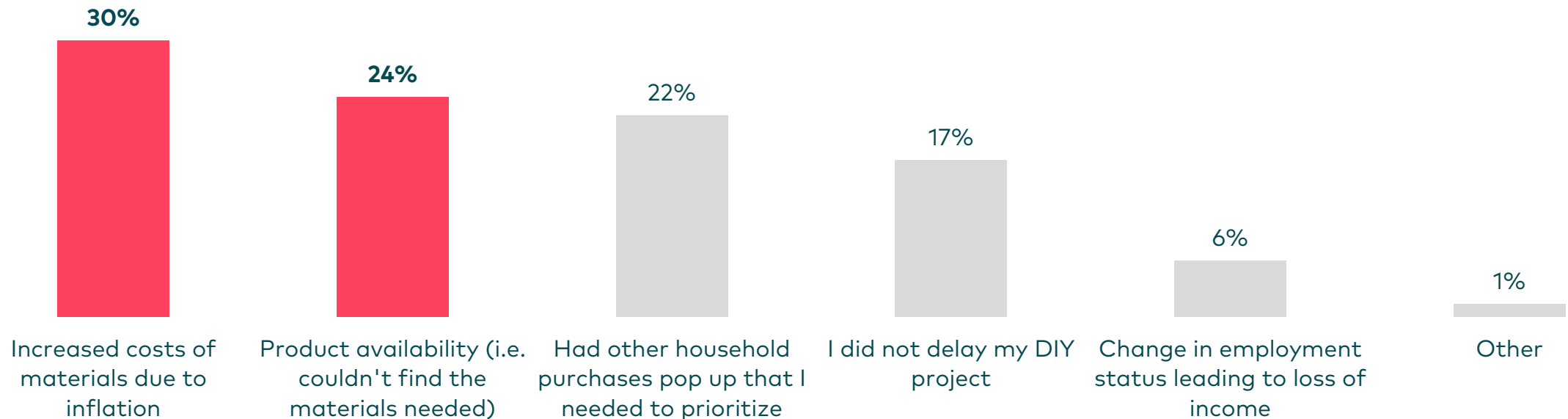


Source: Numerator Homeowners Instant Survey. Homeowners n=208 over 3-day period ending 10/17/21

But those projects likely came with a few headaches, as inflationary pressure and/or supply chain issues led to widespread delays.

Factors Leading to a Delay in Recent Project Timeline

Among Homeowners that completed a project in past 3-6 months



Source: Numerator Homeowners Instant Survey. Homeowners n=147 over 3-day period ending 10/17/21

Rising costs and product availability are on shoppers' minds and will heavily influence DIYers' future purchases...

MOST Important Factors to Retailer Choice when Purchasing Home Improvement Products

Among Homeowners

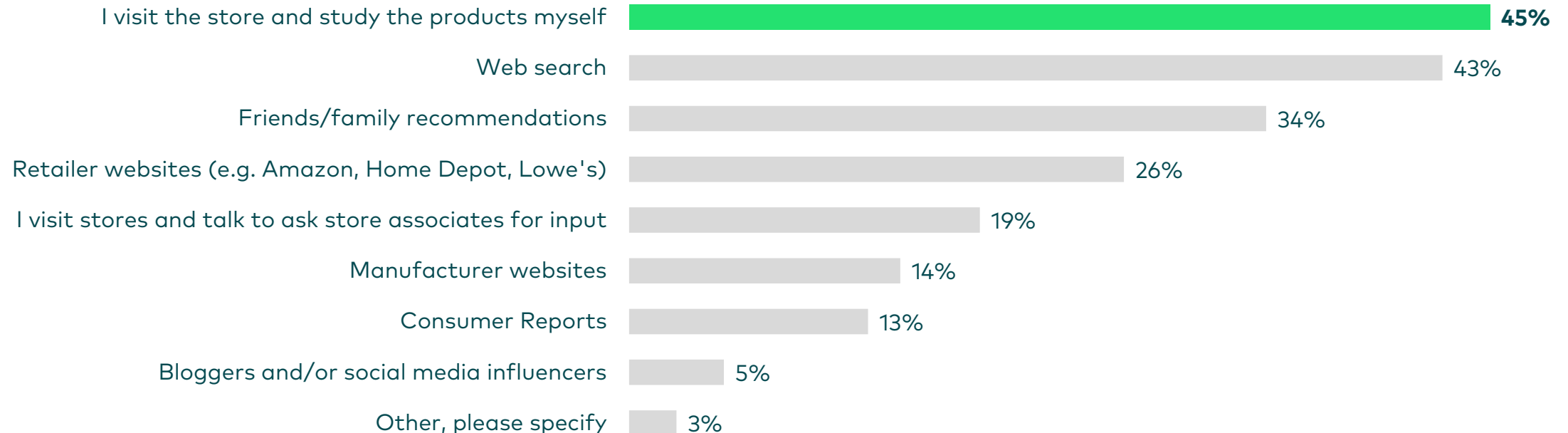


Source: Numerator Homeowners Instant Survey. Homeowners n=208 over 3-day period ending 10/17/21

...and product availability will be critical to conversion, as nearly half of Homeowners visit the store to see potential purchases for themselves.

Research Conducted Prior to Home Improvement Purchases

Among Homeowners

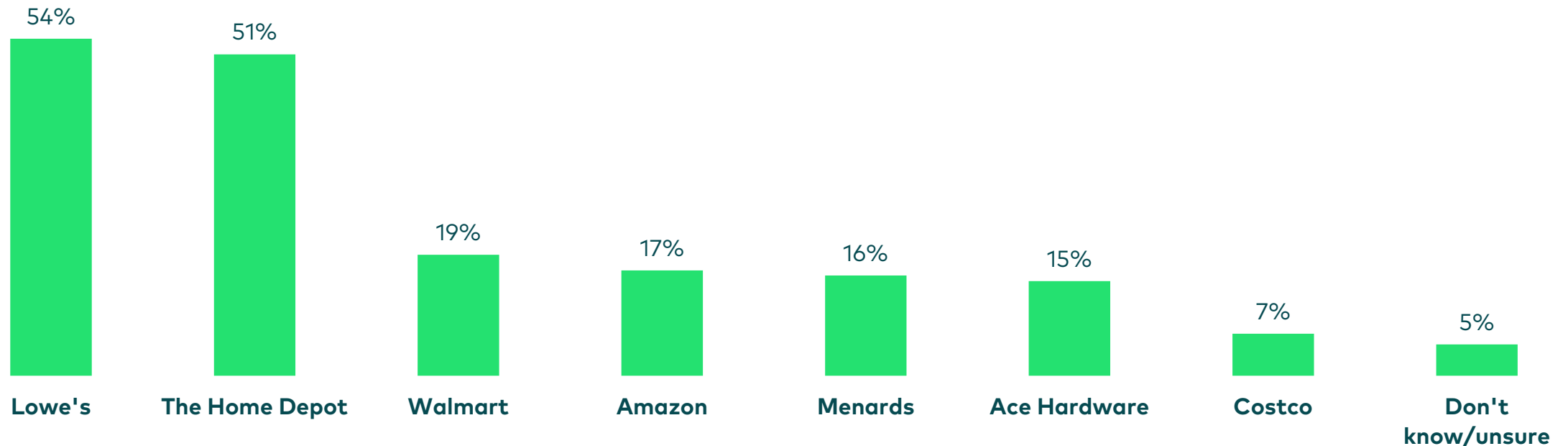


Source: Numerator Homeowners Instant Survey. Homeowners n=208 over 3-day period ending 10/17/21

National Home Improvement chains are best-positioned to secure upcoming purchases.

Top Destinations for Future DIY Purchases

Among Homeowners Expecting Future DIY Projects



Source: Numerator Homeowners Instant Survey. Homeowners n=208 over 3-day period ending 10/17/21

Takeaways

The Home Improvement industry remains strong, as **average household spend and total sales continue to grow** vs historical YA comparisons.

Despite strong sales in stores, **share of core HI categories continues to shift Online** – and Amazon is the primary benefactor.

Homeowners continue to drive the industry forward, spending 2x the amount as Renters. **Brands and retailers must engage with 1st year Homeowners before their spend declines** – and doesn't pick up for another 18 years!

Shoppers are most likely to enter the industry through Gardening & Lawn Care. By studying what drives these entry trips, brands and retailers can implement strategies to secure future trips and build long-term loyalty.

Despite the industry's momentum and strong Homeowner engagement, **inflation and supply chain issues have impacted the ¾ of Homeowners** completing recent DIY projects.






Real-time inventory tracking and knowledgeable staff equipped to offer project/product alternatives can play an important role in a positive customer experience as supply chain issues linger.

Know More. **Grow More.**

Modern market intelligence for more growth.

The Home Improvement landscape is changing with the news cycle. To keep up, you need an innovative partner that can help you know more— from path to purchase, and beyond.

Numerator can help.

-  **Numerator Insights**
Gain insight into what Home Improvement consumers buy, where they shop, how much they spend, and more.
-  **Numerator Survey**
Gather qualitative insights from verified brand or category buyers to connect the dots between the buy and why.
-  **Numerator Ad Intel**
Make impactful decisions with a single source for monitoring ad spend & creative across traditional & emerging media channel.
-  **Numerator Promotions Intel**
Quickly and effectively adjust promotional strategy to better meet shopper needs in a market that is changing by the hour.
-  **Numerator Pricing Intel**
Get hourly price and stock-supply updates with more granular detail, so you can respond to market shifts as they happen.

Learn More.

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ASK NOW

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With Numerator Instant Surveys, you have access to a survey ecosystem that answers your questions today, then seamlessly extends into panel analysis for continued relevance tomorrow.



CREATE IN MINUTES

- Set up surveys in a matter of clicks
- Leverage questions from research team or ask your own
- Select panelists via custom people groups or known behavior



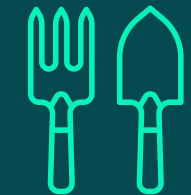
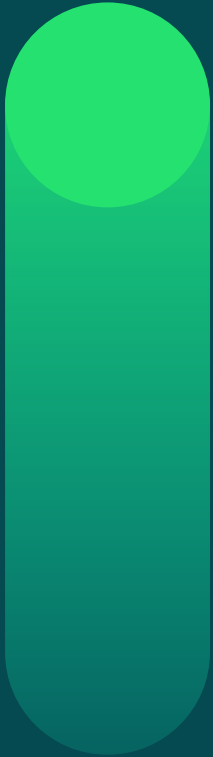
FAST RESULTS

- Receive responses in days
- Access reports directly in the UI



INTEGRATED INSIGHTS

- Dive deeper with a full, on-demand reporting suite
- Explore the 'why behind the buy' all within the Insights platform



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