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The Home Improvement Purchase Funnel

Understanding the Purchase Process of Consumers & Professionals

Google/OTX

U.S., November 2009

Research Objective:

Demonstrate the importance of the Internet in influencing home improvement purchase decisions

- What information sources do home improvement customers rely on to research, compare, and purchase products?
- How do they use the Internet to find information?
- What is the role of Search Engines, and what insights can we use in our SEM strategies?
- How do emerging media like online video and social networking impact the decision making process?

Source: OTX study commissioned by Google, "The Home Improvement Purchase Funnel," September 2009



Research Methodology

Methodology: Online survey (Avg. time = 23 minutes)

Timing: August 28 – September 12, 2009

- 1,332 respondents, 25+ years of age who have been involved in a home improvement project in the last 12 months (US)
 - 653 consumers
 - Consumers must own a home and have no sensitive industry employment
 - 669 professionals
 - Professionals must be employed in the building industry as a contractors, sub-contractors, architects, interior designers or real estate developers
 - All respondents were involved in at least 2 of 13 specific home improvement projects. Each was randomly assigned into 2 of the categories they qualified for and answered questions specific to each.

Research Summary

Home improvement research process growing longer

Both consumers and professionals indicated that the economy has increased the amount of time they spend researching products prior to purchase.

Web is go-to source for home improvement information

To reach consumers and professionals as they research, the Web is a critical part of an integrated media strategy that also includes word-of-mouth, in-store, and traditional media campaigns.

Consumers & professionals rely on search

Both groups rely heavily on search engines to conduct home improvement research. It's the first online source they use, and they continue to use Search throughout the home improvement project.

Lower use of emerging media among consumers & professionals

Both groups have yet to fully embrace emerging types of media (video & social networking.) Those that use these formats rely on them for project ideas, how-to tips, and product comparison.

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Home Improvement Projects



Consumers Spend Almost as Much Time Researching as They Do on the Project Itself

Average Days to Complete Project:
56.0 days



Average Days Spent Researching:
39.1 days

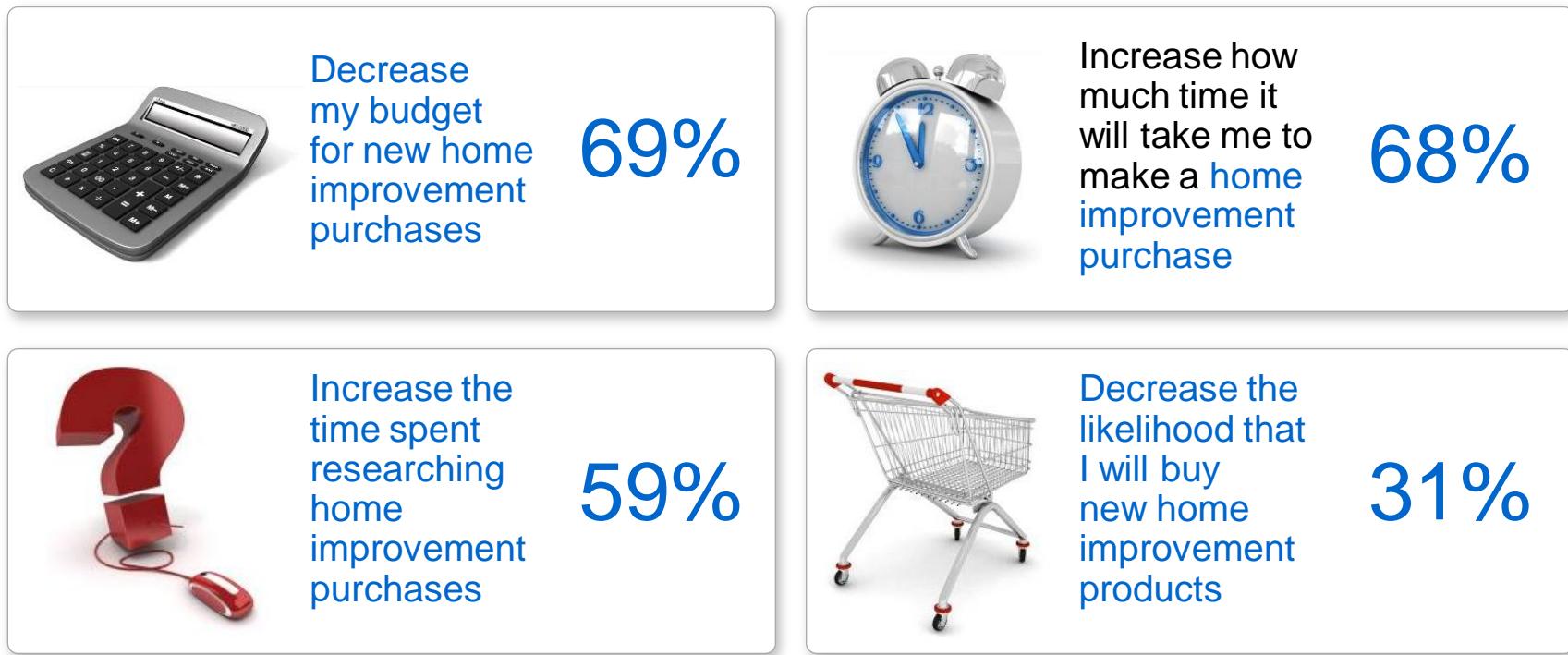
Base: Total Aggregated Consumer, n=1306

(L1a) Thinking of your home improvement project, approximately how long did you spend conducting research on "insert category" prior to beginning the actual home improvement project?

(L1b) Approximately how long did it take from the point at which you first decided to undertake the project with "insert category" until the day it was completed?

Given the Economy, Consumers Are Spending Less, Researching Even More

Effect of Economy on Home Improvement Research/Purchase Behavior
Top 2 Box (Strongly Agree / Somewhat Agree)



Base: Total Consumer, n=653

(E3) How much do you agree or disagree with the following statements when thinking of the effect of the current state of the economy on your home improvement research/purchase behavior for home improvement related projects?

Professionals Spend About Half as Much Time Researching as They Do on the Project Itself

Average Days to Complete Project:
34.2 days



Average Days Spent Researching:
13.9 days

Base: Total Aggregated B2B, n=1300

(L1a) Thinking of your home improvement project, approximately how long did you spend conducting research on "insert category" prior to beginning the actual home improvement project?

(L1b) Approximately how long did it take from the point at which you first decided to undertake the project with "insert category" until the day it was completed?

Given the Economy, Professionals are Spending Less, Researching More

Effect of Economy on Home Improvement Research/Purchase Behavior Top 2 Box (Strongly Agree / Somewhat Agree)



Base: Total B2B, n=669

(E3) How much do you agree or disagree with the following statements when thinking of the effect of the current state of the economy on your home improvement research/purchase behavior for home improvement related projects?

Majority of Consumers Research Online, Purchase Offline



69%
of Consumers
Research Home
Improvement
Products Online



25%
of Consumers
Purchase Home
Improvement
Products Online

Base: Total Aggregated Consumer, n=1306
(L3) Which of the following ways did you typically approach shopping for purchases related to your home improvement project with "insert category"?

Majority of Professionals Research Online, Purchase Offline



64%
of Professionals
Research Home
Improvement
Products Online

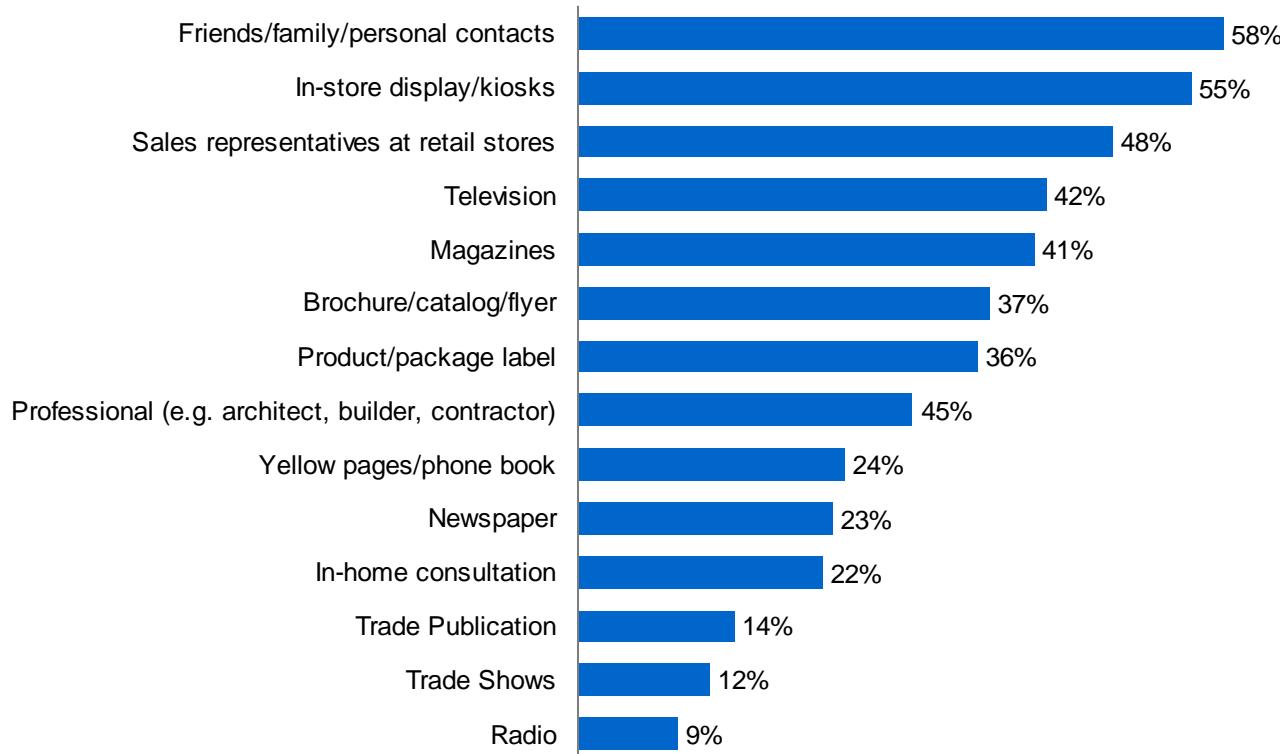


20%
of Professionals
Purchase Home
Improvement
Products Online

Base: Total Aggregated B2B, n=1300
(L3) Which of the following ways did you typically approach shopping for purchases related to your home improvement project with "insert category"?

In Addition to the Web, Consumers Rely on Personal Contacts and In-Store Resources

Sources Used For Home Improvement Related Information



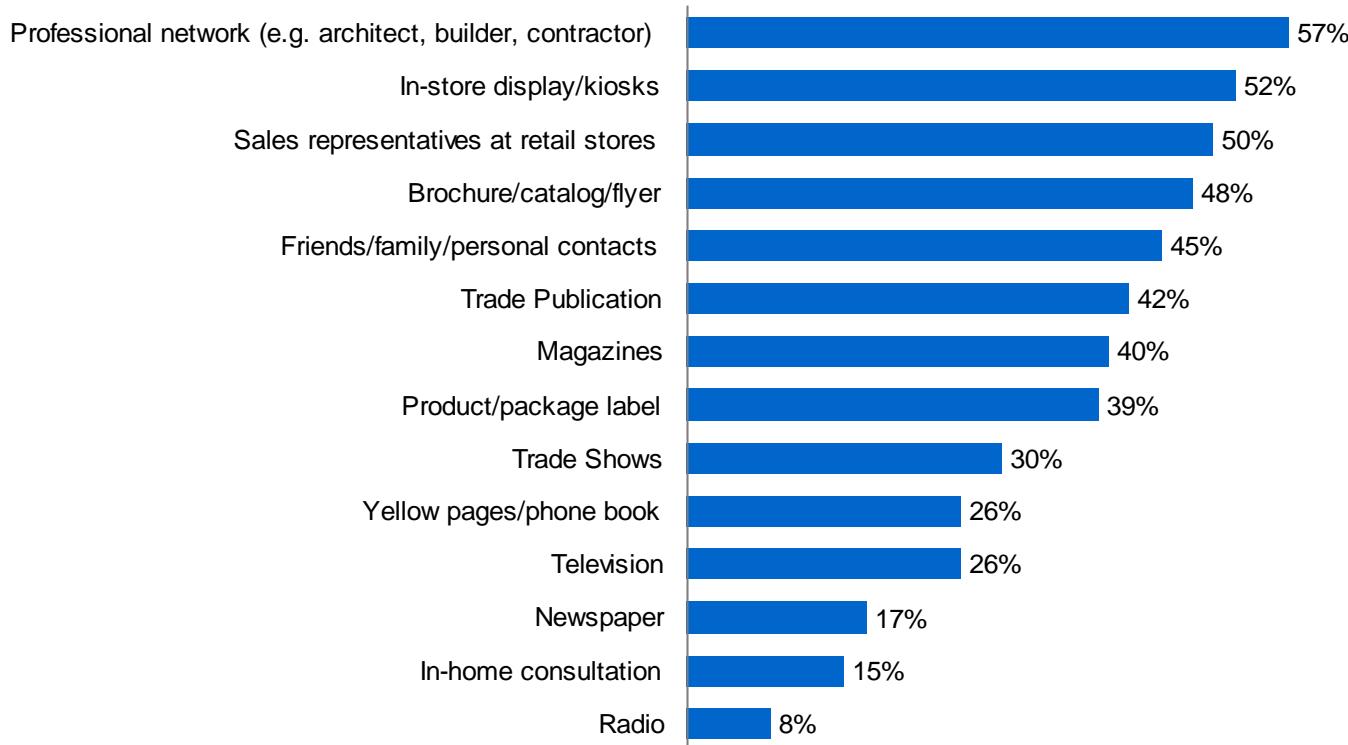
Base: Total Consumer, n=653

(S5) Which of the following sources did you use to access information about home improvement related products or services in the past 12 months?

*Respondents had to use the Internet to qualify

In Addition to the Web, Professionals Rely on Personal Contacts, In-store Resources

Sources Used For Home Improvement Related Information



Base: Total B2B, n=669

(S5) Which of the following sources did you use to access information about home improvement related products or services in the past 12 months?

*Respondents had to use the Internet to qualify

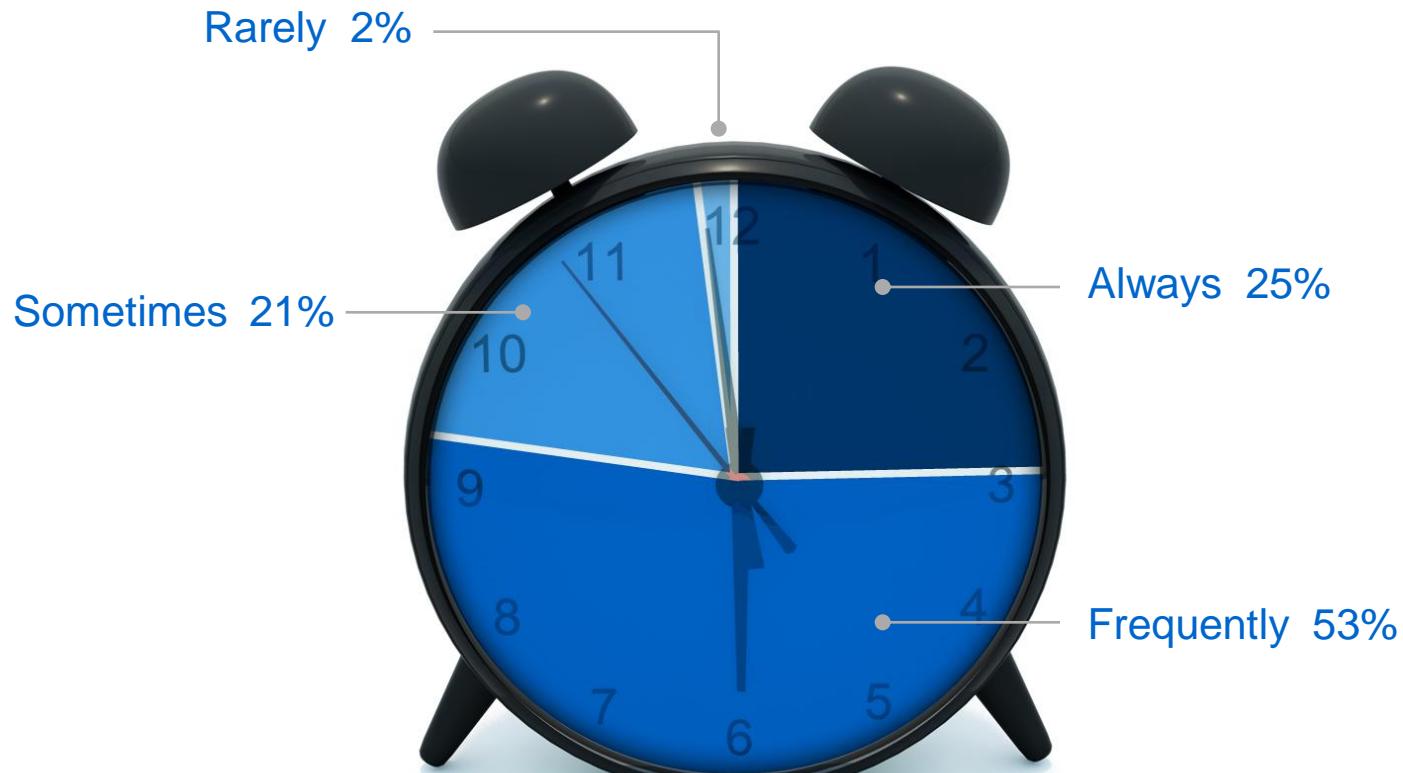


The Role of the Internet in Home Improvement Purchase Decisions



78% of Consumers Use the Web Frequently or Always

Frequency of Internet Use For Home Improvement Related Information

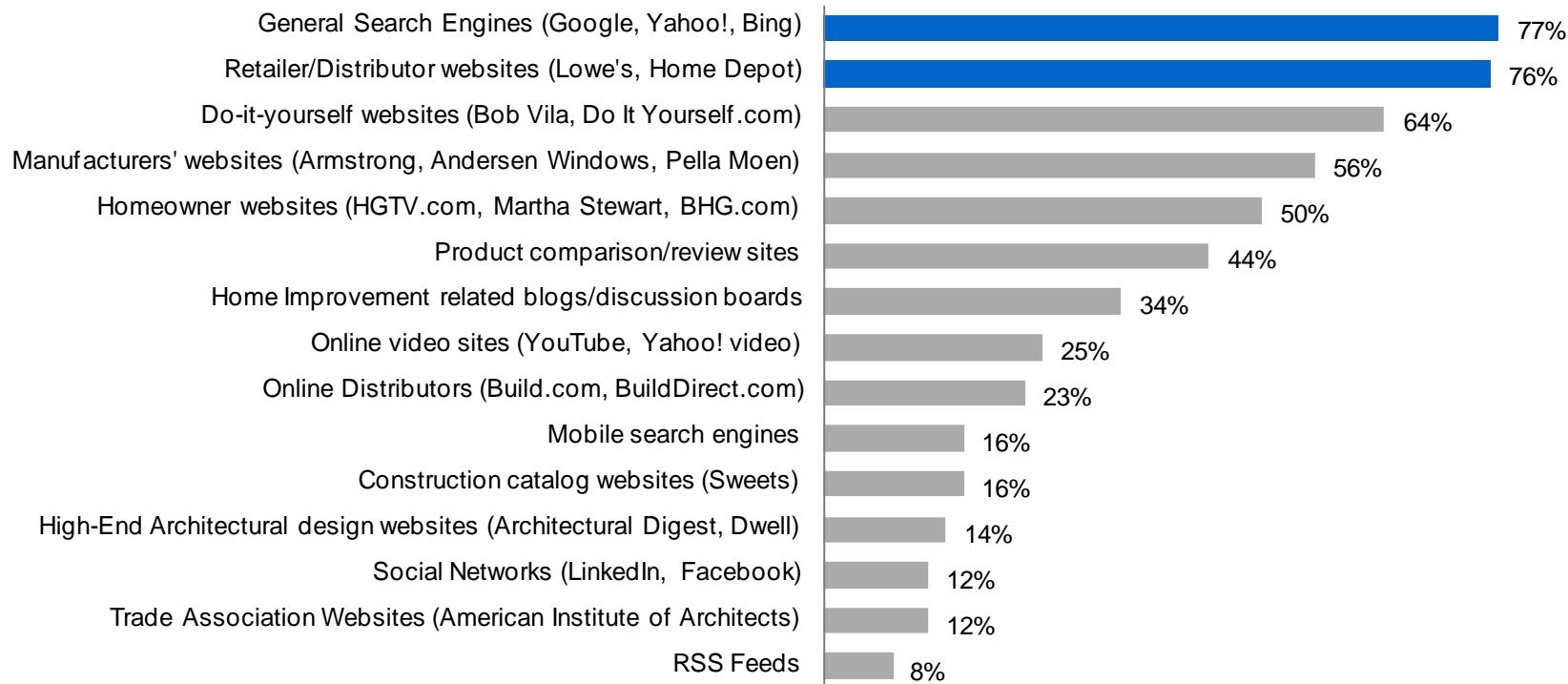


Base: Total Consumer, n=653

(S6A) How often did you use the Internet to learn about home improvement related products or services?

More than 3/4 of Consumers Rely On Search Engines, Retailer Sites to Research

All Online Sources Used to Access Information Related to General Home Improvement

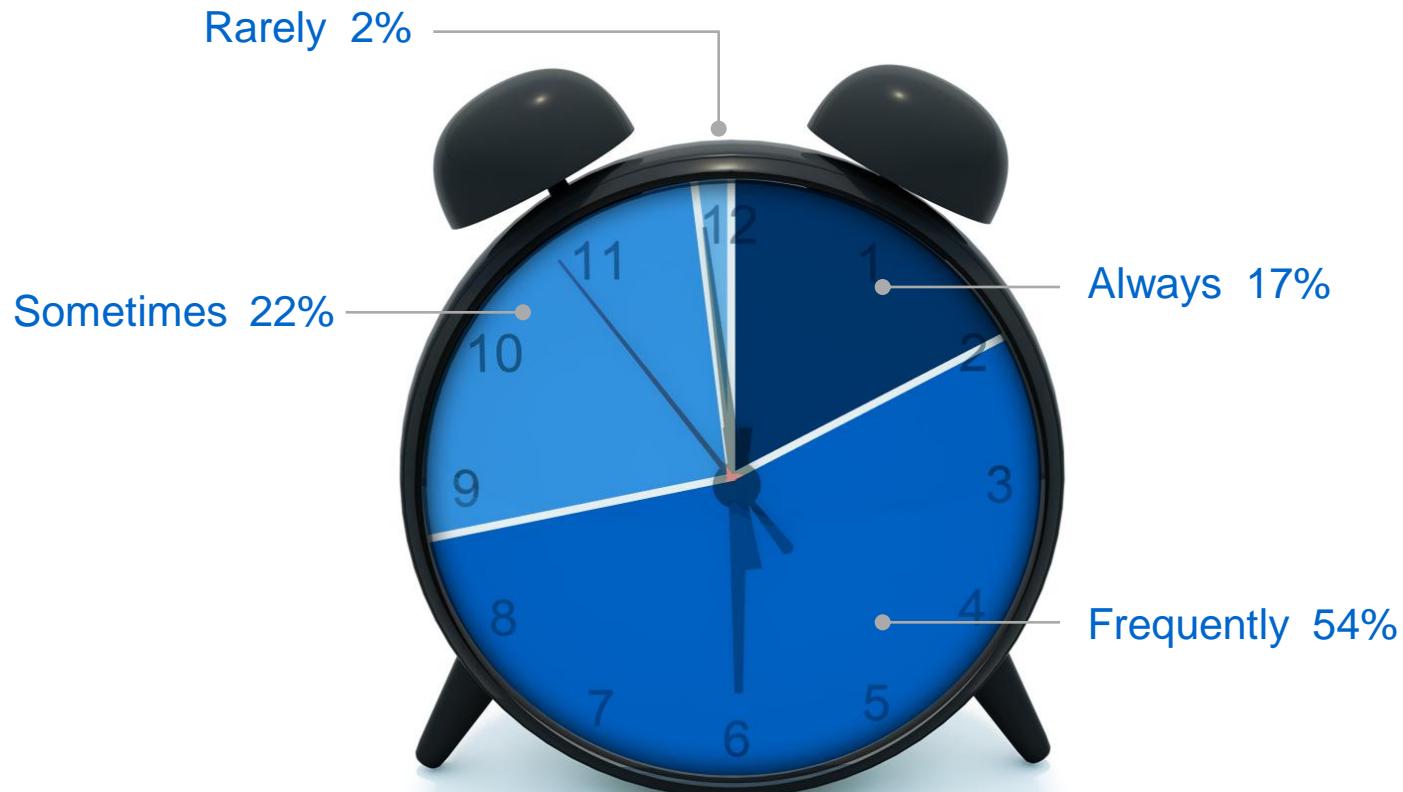


Base: Total Consumer, n=653

(Q1) Which of the following online sources do you use when looking to access information related to home improvement?

72% of Professionals Use the Internet Frequently or Always

Frequency of Internet Use For Home Improvement Related Information



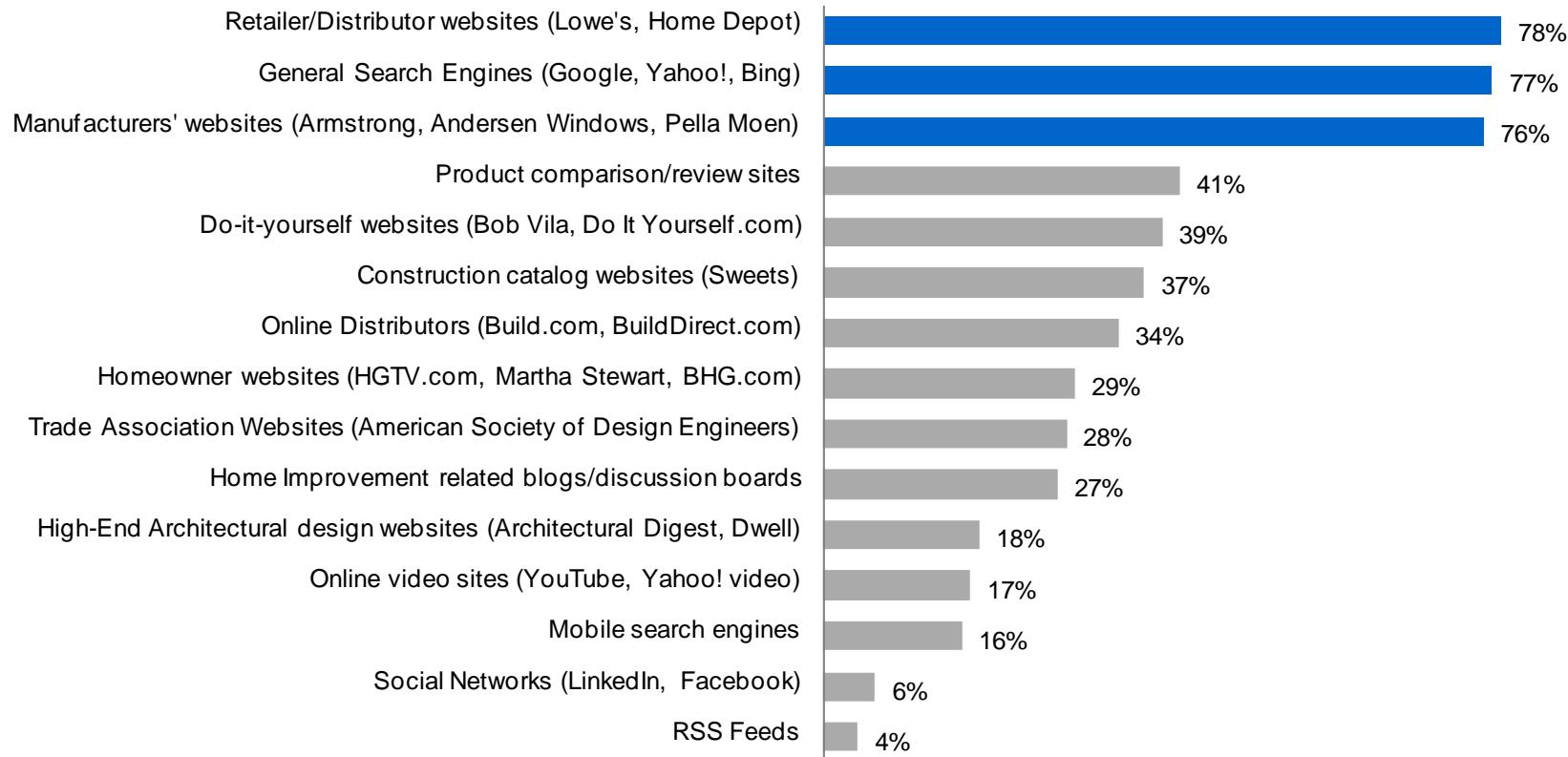
Base: Total B2B, n=669

(S6A) How often did you use the Internet to learn about home improvement related products or services?

(S6B) Which of the following home improvement related activities have you conducted online in the past 12 months?

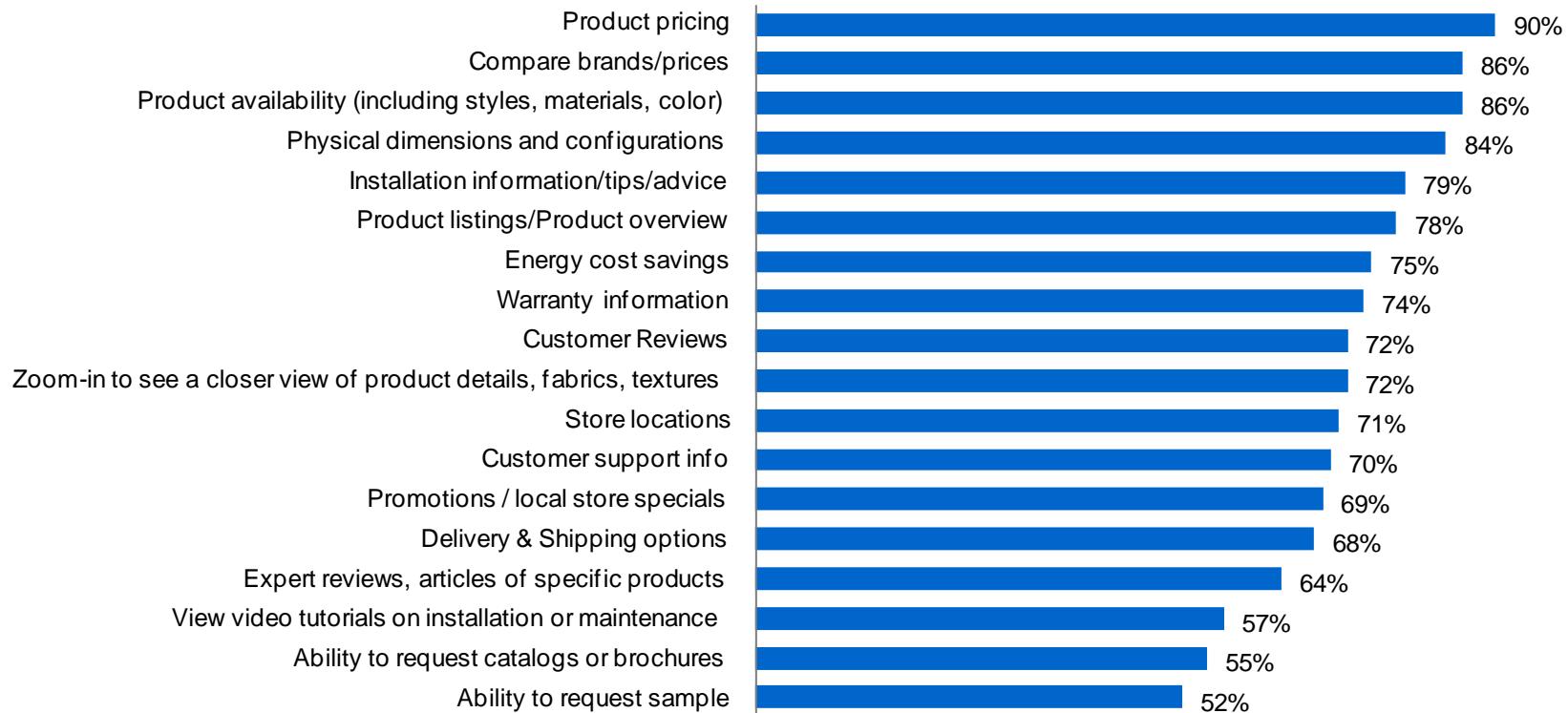
Professionals Rely Heavily on Retailer Sites, Search Engines, and Brand Sites

All Online Sources Used to Access Information Related to General Home Improvement



Pricing, Comparisons, & Availability Are Most Sought Information Online

Importance of Types of Online Information On General Home Improvement Top 2 Box (Extremely Important / Very Important)



Base: Total Consumer, n=653

(Q2) How important are the following types of online information to you when researching information related to home improvement?

Professionals Look Most For Pricing, Availability, and Specs

Importance of Types of Online Information On General Home Improvement Top 2 Box (Extremely Important / Very Important)



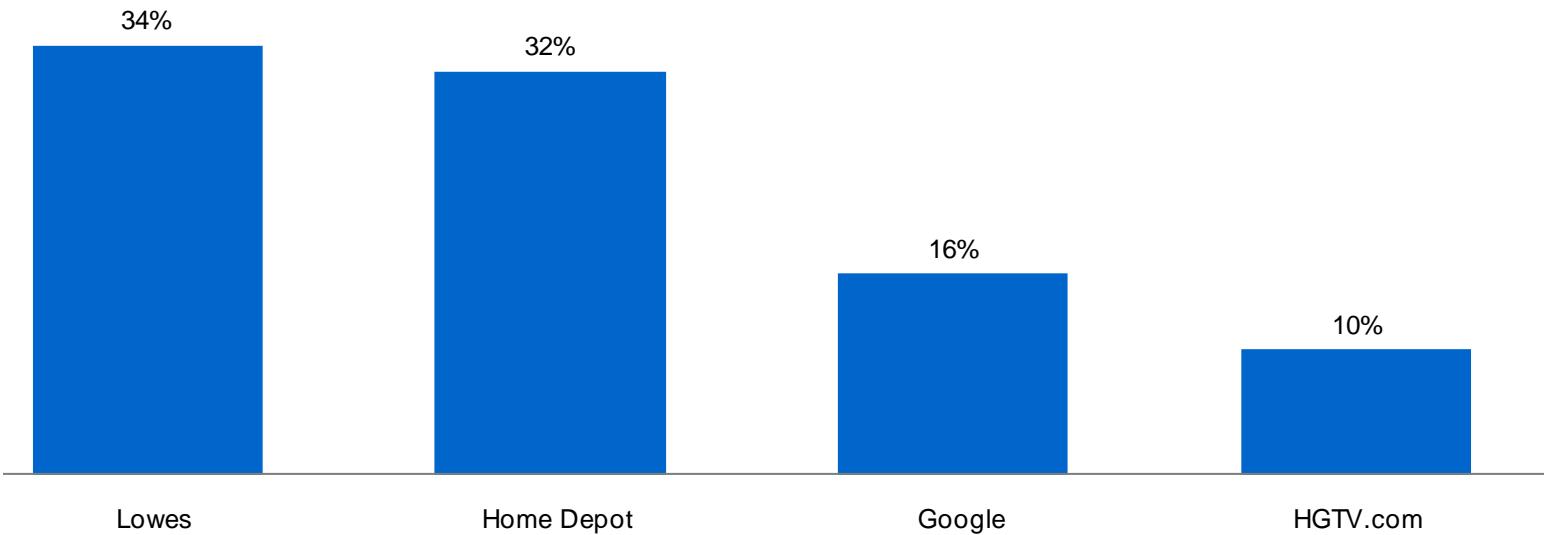
Base: Total B2B, n=669

(Q2) How important are the following types of online information to you when researching information related to home improvement?

Source: OTX study commissioned by Google, "The Home Improvement Purchase Funnel," September 2009

Retailers, Google, and HGTV Most Frequently Visited by Consumers

Websites Most Frequently Visited* for Specific Category Related Information
(open end)



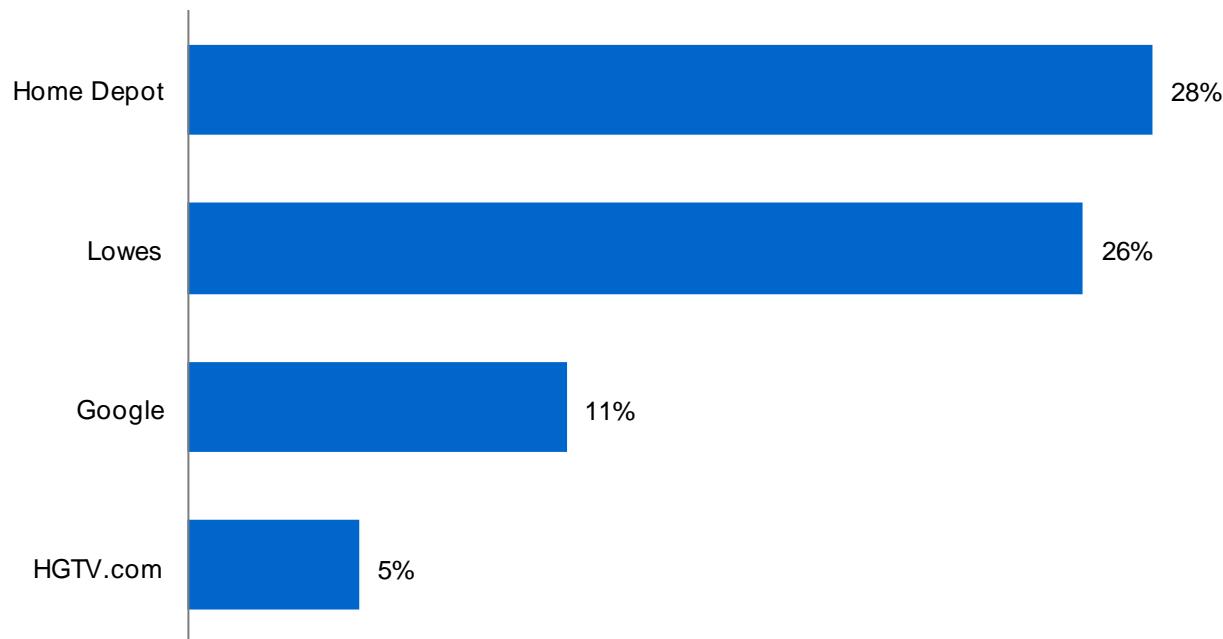
Base: Total Aggregated Consumer, n=1306

*Mentions of 5% or more

(L9) What websites did you visit regularly when you were researching "insert category" related information? (open end)

Home Depot, Lowe's, and Google Visited Most Frequently by Professionals

Websites Most Frequently Visited* for Specific Category Related Information (open end)



Base: Total Aggregated B2B, n=1300

*Mentions of 5% or more

(L9) What websites did you visit regularly when you were researching "insert category" related information? (open end)

Source: OTX study commissioned by Google, "The Home Improvement Purchase Funnel," September 2009

The Role of Search Engines in Home Improvement Purchase Decisions



77% of Consumers Seek Home Improvement Info on Search Engines



77%

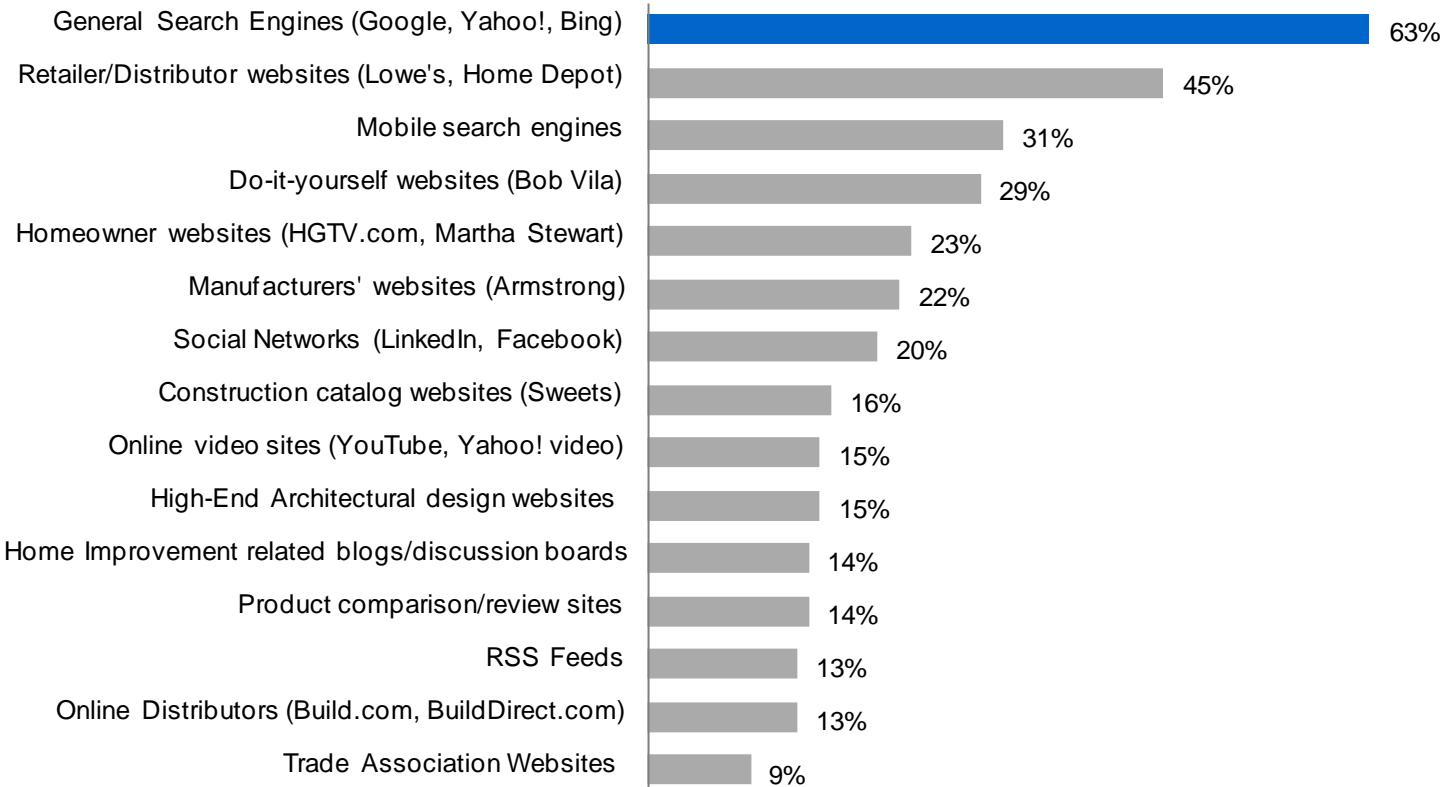
Used search engine for home improvement information

Base: Total Consumer, n=653

(Q1) Which of the following online sources do you use when looking to access information related to home improvement?

Search Engines are the First Source Consumers Turn To For Information

Online Source Used FIRST to Access Information about Specific Category Projects



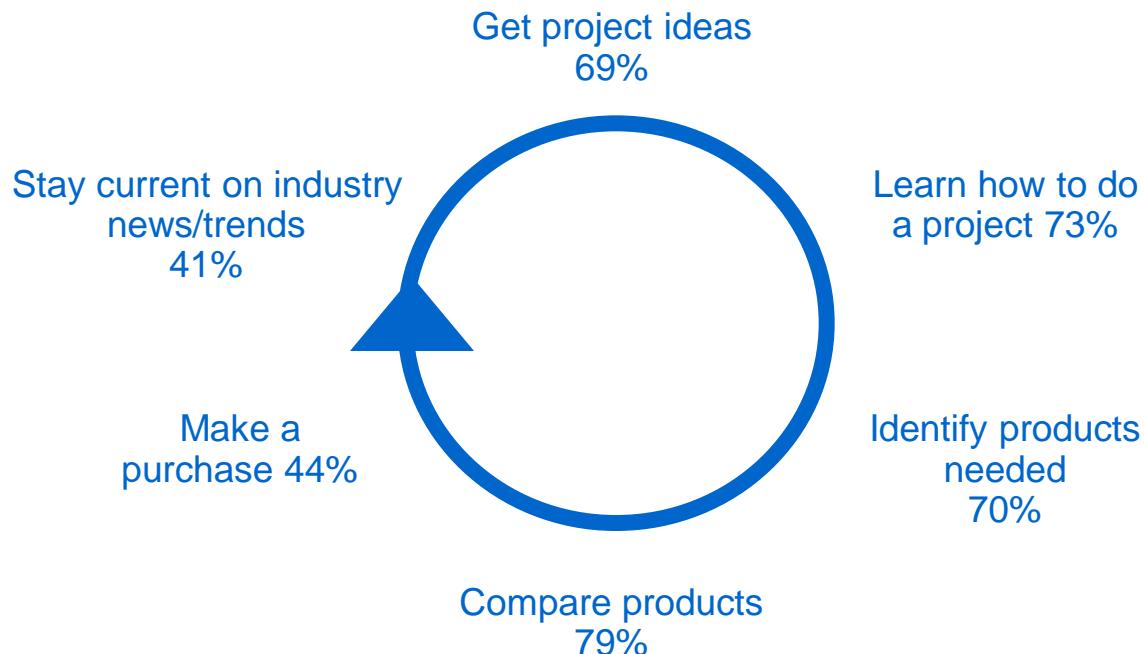
Floating Base: Used online source while looking for related information, Total Aggregated Consumer

(L7b) You indicated that you have used more than one type of online source while looking for "insert category" related information.

In what order did you use these websites or online sources?

Search Engines Continue to Provide Value Throughout the Research Process

General Home Improvement Related Activities Researched Using Search Engines Top 2 Box (Always/Frequently)

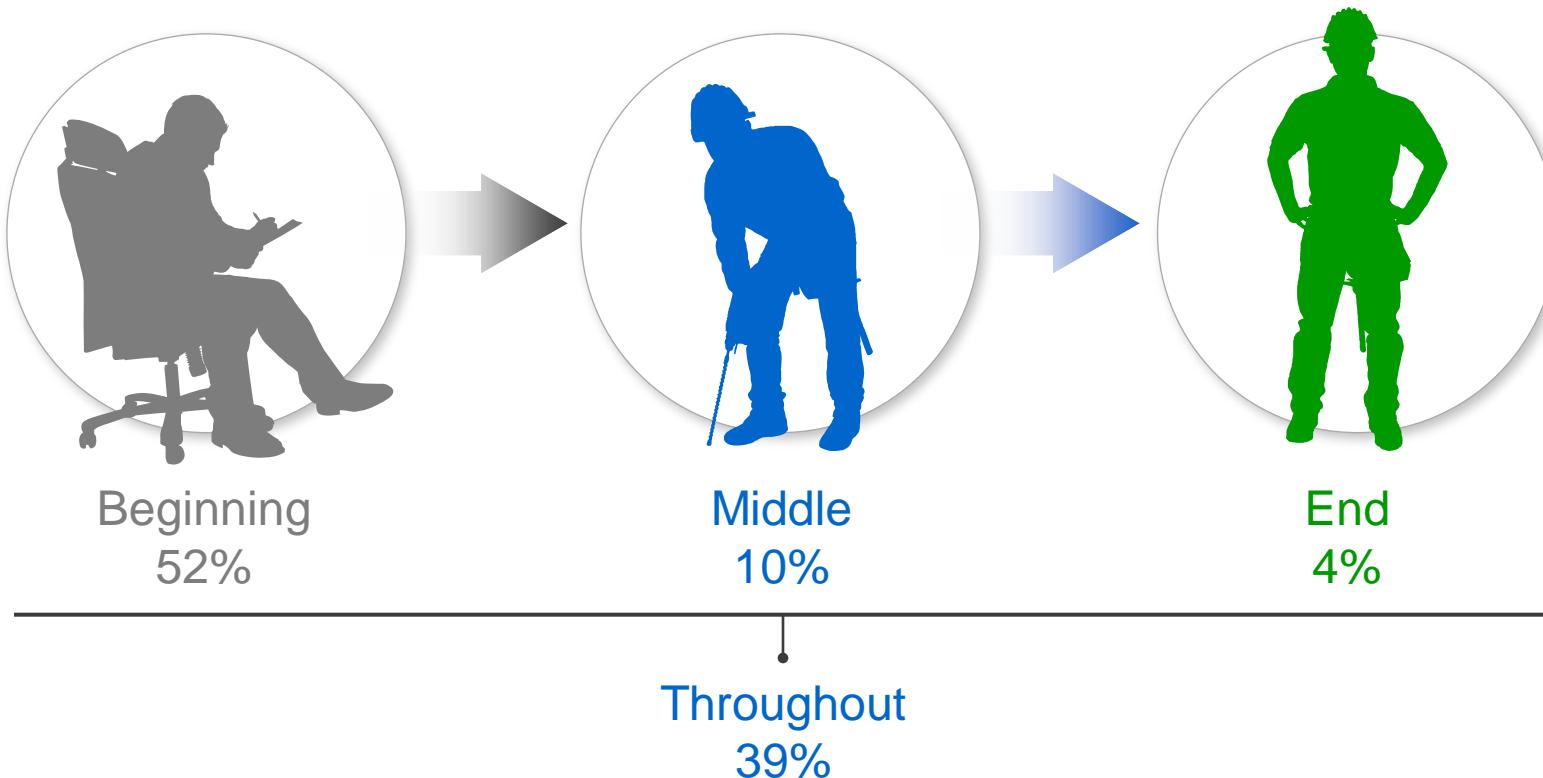


Base: Total Consumer and Use Search Engines to Access Information Related to General Home Improvement, n=501
(Q3) How often, if ever, did you use search engines to access information for each of the following home improvement related activities in the past 12 months?

Source: OTX study commissioned by Google, "The Home Improvement Purchase Funnel," September 2009

Nearly 40% of Consumers Use Search From Research to Project Completion

Stage General Search Engine Used During Specific Category Project



Base: Total Aggregated Consumer and Used General Search Engines, n=642

(L7a) At what point(s) in your home improvement project process with "insert category" did you use each of the websites or online sources listed below? Did you use them at the beginning, middle and/or end, or throughout the whole process?

77% of Professionals Use Search Engines for Home Improvement Purchase Decisions



77%

Used search engine for home improvement information

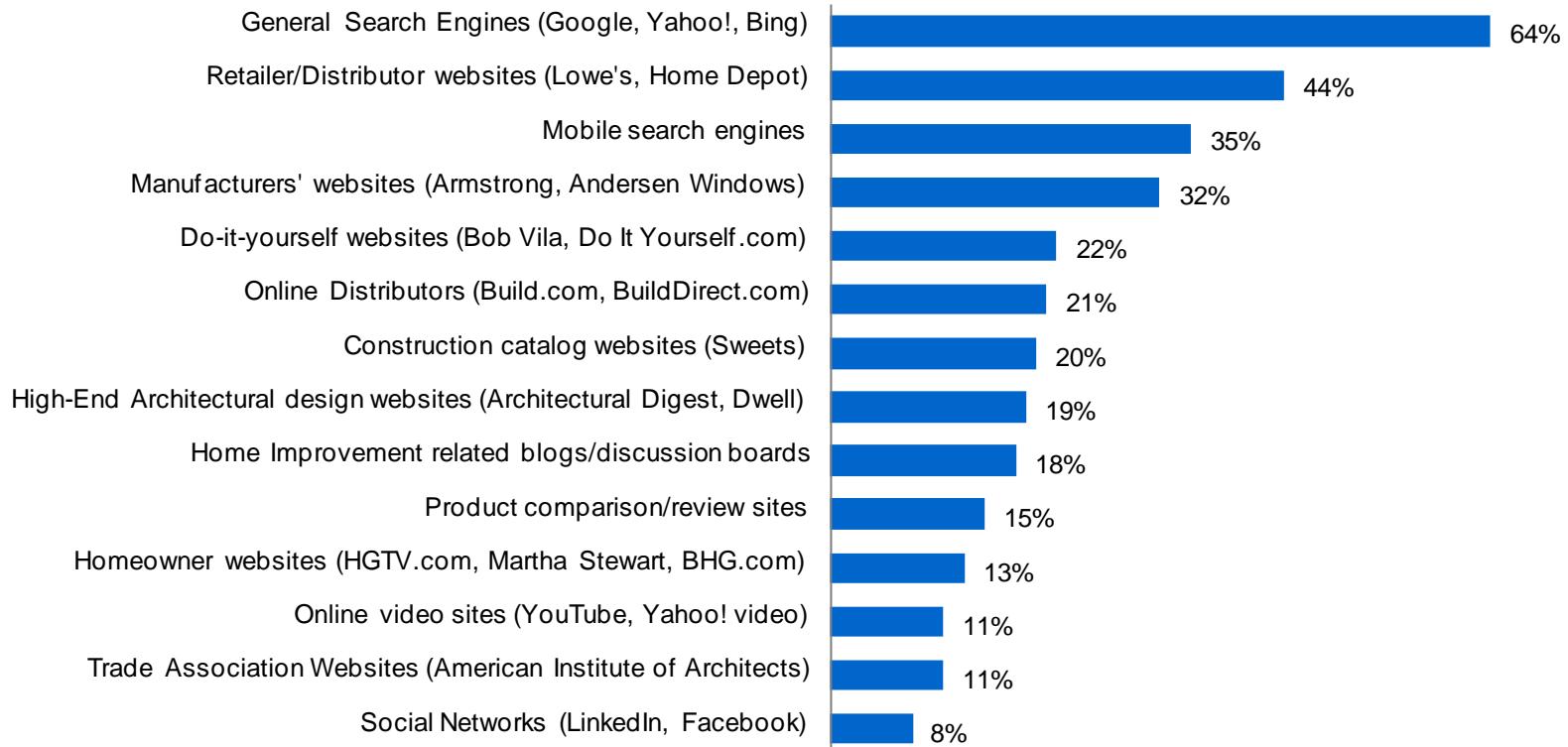
Base: Total B2B, n=669

(Q1) Which of the following online sources do you use when looking to access information related to home improvement?

Source: OTX study commissioned by Google, "The Home Improvement Purchase Funnel," September 2009

Nearly 2/3 of Professionals Start their Research with a Search Engine

Online Source Used FIRST to Access Information about Specific Category Projects



Floating Base: Used Online Sources to Access Information, Total Aggregated B2B. Source Base Range: n=741 to n=39

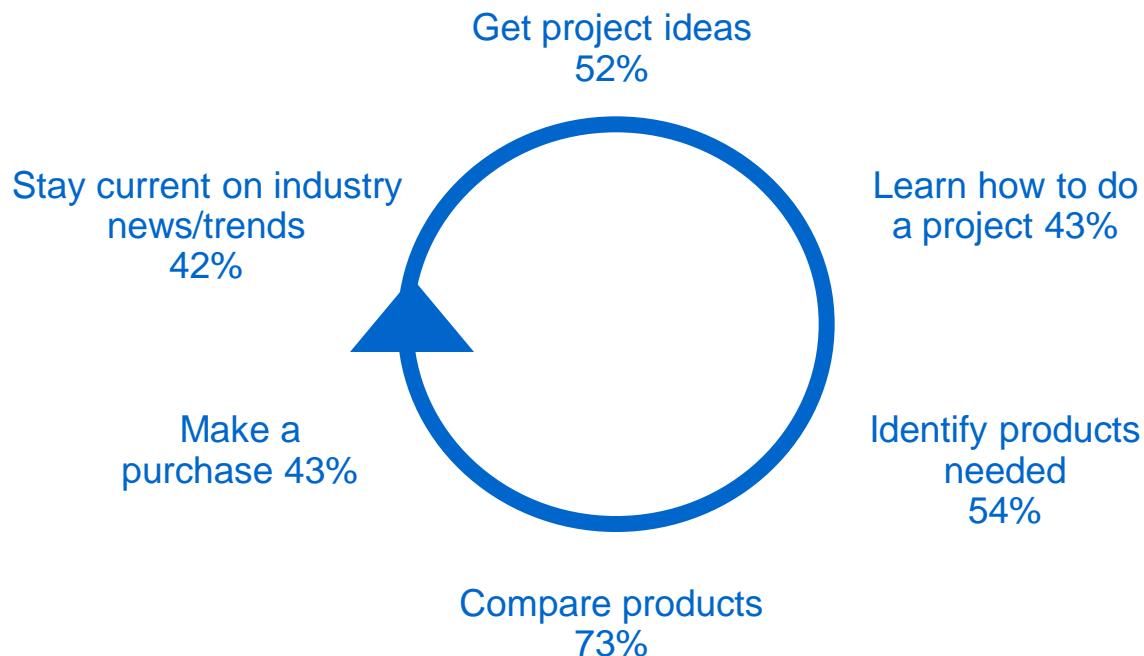
Note: RSS Feeds and Other base sizes too small to report

(L7b) You indicated that you have used more than one type of online source while looking for "insert category" related information.

In what order did you use these websites or online sources?

Search Engines Continue to Provide Value Throughout the Research Process

General Home Improvement Related Activities Researched Using Search Engines
Top 2 Box (Always/Frequently)

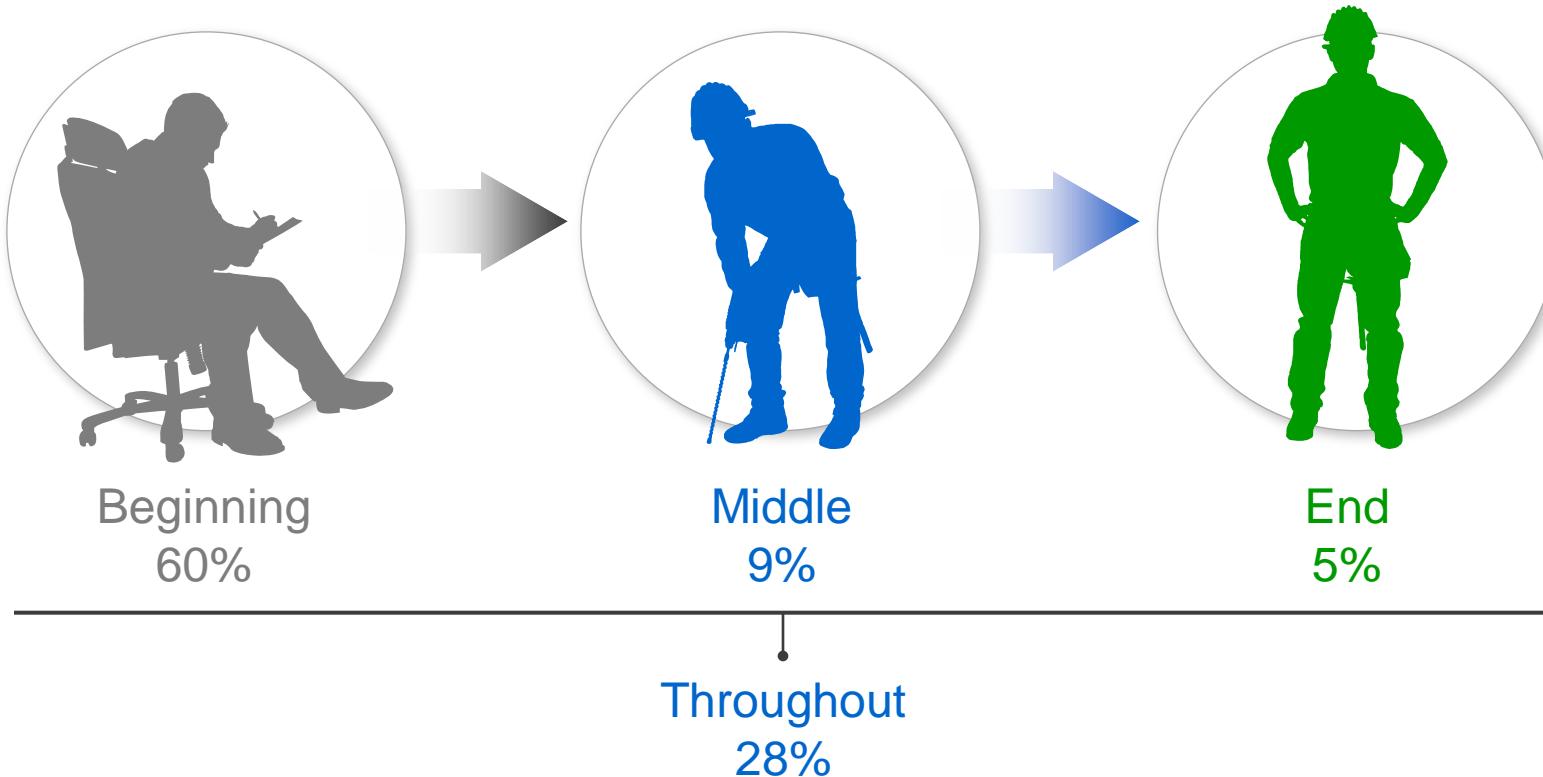


Base: Total B2B and Use Search Engines to Access Information Related to General Home Improvement, n=514

(Q3) How often, if ever, did you use search engines to access information for each of the following home improvement related activities in the past 12 months?

Nearly 1/3 of Professionals Use Search From Research to Project Completion

Stage General Search Engine Used During Specific Category Project



Base: Total Aggregated B2B and Used General Search Engines, n=622

(L7a) At what point(s) in your home improvement project process with "insert category" did you use each of the websites or online sources listed below? Did you use them at the beginning, middle and/or end, or throughout the whole process?

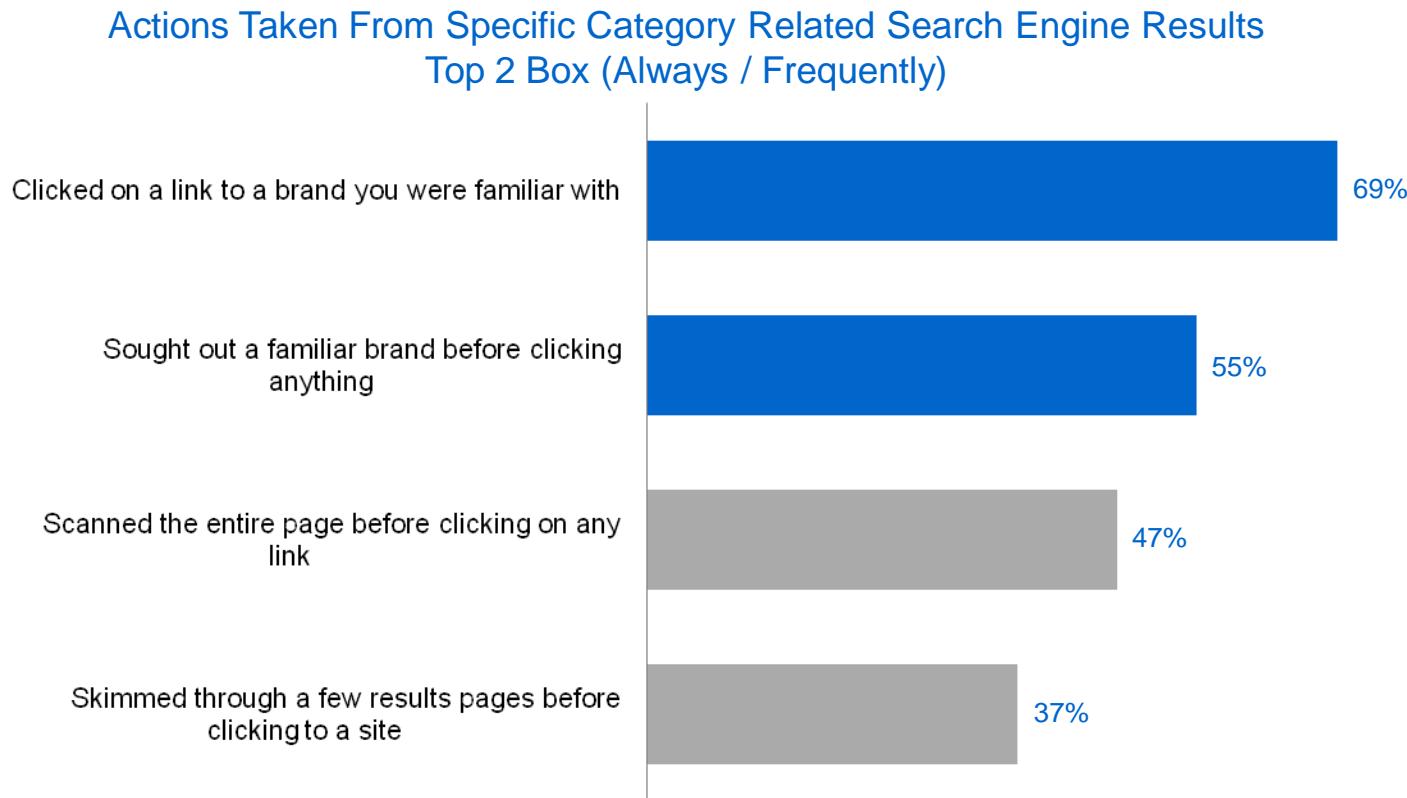
Brand Matters on a Search Results Page

Actions Taken From Specific Category Related Search Engine Results Top 2 Box (Always/Frequently)



Base: Total Aggregated Consumer and Used General Search Engines, n=642
(L14) Thinking of when you conducted searches on "insert category", how often did you take the following action(s) once your search engine results for "insert category" were displayed?

Brand Matters on a Search Results Page



Base: Total Aggregated B2B and Used General Search Engines, n=622
(L14) Thinking of when you conducted searches on "insert category", how often did you take the following action(s) once your search engine results for "insert category" were displayed?

Search Throughout the Funnel: Consumers

Phase 1: Staying Current On Industry News/Trends

Phase 2: Getting Project Ideas

Phase 3: Learning How To Do A Project

Phase 4: Conducting Initial Research For Products Needed

Phase 5: Comparing Products

Phase 6: Making A Product Purchase

- **Product, Project, & General** terms are the most heavily terms used throughout all phases
- In the **top half** of the funnel, **media** (HGTV, This Old House, Martha Stewart Living) is a popular theme
- **Eco-related terms** (energy efficient, energy star, green) also a recurring topic when getting started on a project
- Toward the **bottom half** of the funnel, **ratings/reviews** (best, consumers reports, recommended, opinions) and **manufacturers** begin to emerge
- **Retailers** and **pricing** (cheap, low cost, affordable, deals, cost estimates) is top of mind throughout nearly all phases

Floating Base, Those Responding

(M1-M6) Now, imagine you will be remodeling an aspect of your home, such as a kitchen, a bathroom, adding an addition, new landscaping, etc., and you're at the stage of "insert stage". Please imagine you're looking for info online using a search engine. What words or phrases would you type into the search box when looking for information on "insert stage"?

Each Phase Reflects Unique Blend of Search Term Categories

Top Search Term Categories (excluding product, project, general terms)				Other Themes
Phase 1: Staying Current On Industry News/Trends	News/Trends	How To/Tips	Pricing	media, retailer/ distributor, eco-friendly
Phase 2: Getting Project Ideas	News/Trends	How To/ Tips	Retailer/ Distributor	media, pricing, eco-friendly
Phase 3: Learning How To Do A Project	How To/ Tips	Media	Retailer/ Distributor	ratings/reviews
Phase 4: Conducting Initial Research For Products Needed	How To/ Tips	Pricing	Retailer/ Distributor	Rating/reviews, eco-friendly, availability
Phase 5: Comparing Products	Comparison	Pricing	Ratings/ Reviews	quality, warranty
Phase 6: Making A Product Purchase	Pricing	Retailer/ Distributor	Manufacturer	“buy,” ratings/reviews, availability, delivery, location

Floating Base, Those Responding

(M1-M6) Now, imagine you will be remodeling an aspect of your home, such as a kitchen, a bathroom, adding an addition, new landscaping, etc., and you're at the stage of "insert stage". Please imagine you're looking for info online using a search engine. What words or phrases would you type into the search box when looking for information on "insert stage"?

Search Throughout the Funnel: Professionals

Phase 1: Staying Current On Industry News/Trends

Phase 2: Getting Project Ideas

Phase 3: Learning How To Do A Project

Phase 4: Conducting Initial Research For Products Needed

Phase 5: Comparing Products

Phase 6: Making A Product Purchase

- **Product, Project, & General** terms are the most heavily used terms throughout all phases of the research process
- **Eco-related terms** (energy efficient, energy star, green) also a recurring topic when getting started on a project
- Professionals seek out specific **media** (Sweets.com, Blogs, Bob Vila, Dwell, Journals/Digests) at most phases
- At the purchase phase, **location, shipping, and availability** terms start to emerge
- **Pricing** (cheap, low cost, affordable, deals, cost estimates) is a concern throughout nearly all phases

Floating Base, Those Responding

(M1-M6) Now, imagine you will be remodeling an aspect of your home, such as a kitchen, a bathroom, adding an addition, new landscaping, etc., and you're at the stage of "insert stage". Please imagine you're looking for info online using a search engine. What words or phrases would you type into the search box when looking for information on "insert stage"?

Each Phase Reflects a Unique Blend of Search Term Categories

Top Search Term Categories (excluding product, project, general terms)					Other Themes
Phase 1: Staying Current On Industry News/Trends	News/Trends	Eco	Retailer/ Distributor		media, pricing, manufacturer
Phase 2: Getting Project Ideas	News/Trends	How To / Tips	Media		retailer/ distributor, eco-friendly, ratings/reviews
Phase 3: Learning How To Do A Project	How To/ Tips	News/Trends	Media		retailer/ distributor, manufacturer, specs
Phase 4: Conducting Initial Research For Products Needed	Manufacturer	Retailer/ Distributor	News/Trends		how to/ tips, pricing, media, ratings/reviews
Phase 5: Comparing Products	Comparison	Ratings	Pricing		retailer, manufacturer, media, eco-friendly
Phase 6: Making A Product Purchase	Retailer/ Distributor	Pricing	Manufacturer		“buy,” location, shipping, availability

Floating Base, Those Responding

(M1-M6) Now, imagine you will be remodeling an aspect of your home, such as a kitchen, a bathroom, adding an addition, new landscaping, etc., and you're at the stage of "insert stage". Please imagine you're looking for info online using a search engine. What words or phrases would you type into the search box when looking for information on "insert stage"?



The Role of Emerging Media in Home Improvement Purchase Decisions



Online Videos Provide How-To Tips and Ideas

Reasons for Watching Specific Category Online Videos

77%

Learn how to do a specific home improvement project

71%

Get ideas for a related home improvement project

53%

Do initial research for home improvement products needed

48%

Compare related products

40%

Stay current on related industry news/trends

25%

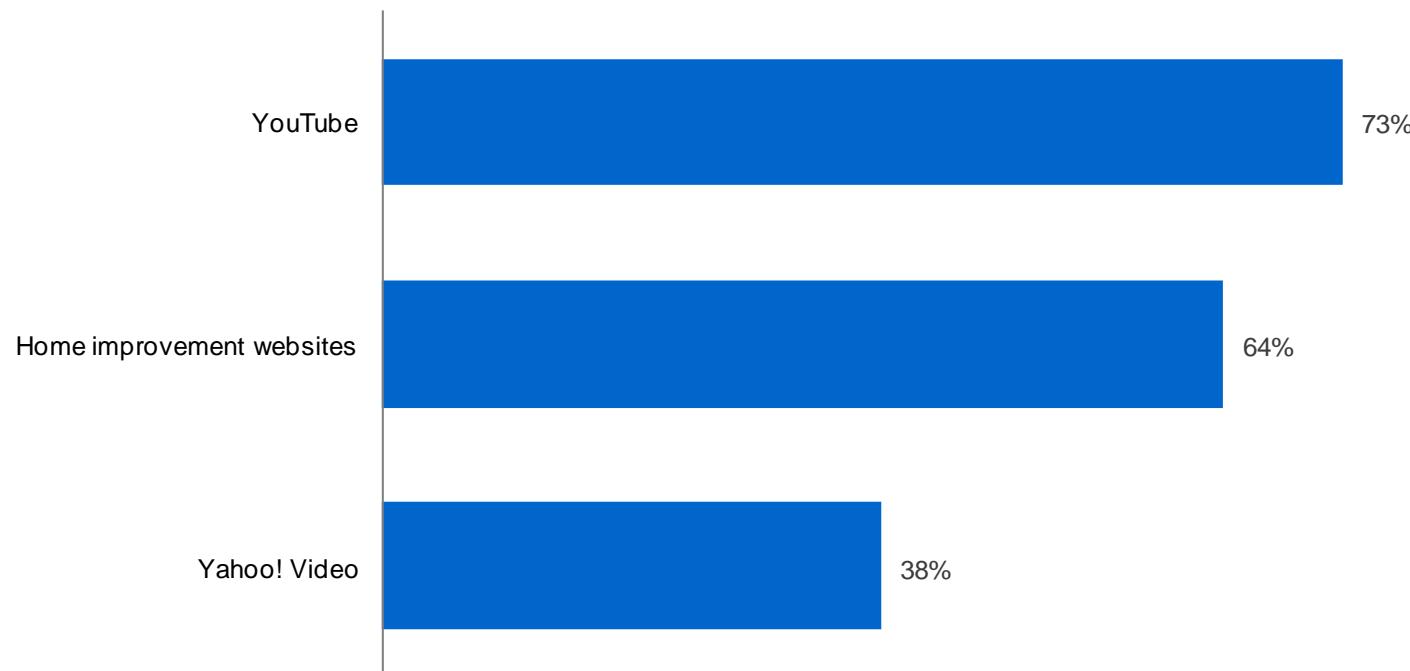
Purchase a product



Base: Use Online Video Sites to Access Information Related to Specific Category, Total Aggregated Consumer, n=154 (L16) You mentioned you used online video sites (e.g. YouTube, Yahoo! Video) to gather "insert category" related information. Why did you watch "insert category: related online?

YouTube & Industry Sites Most Visited for Home Improvement Videos

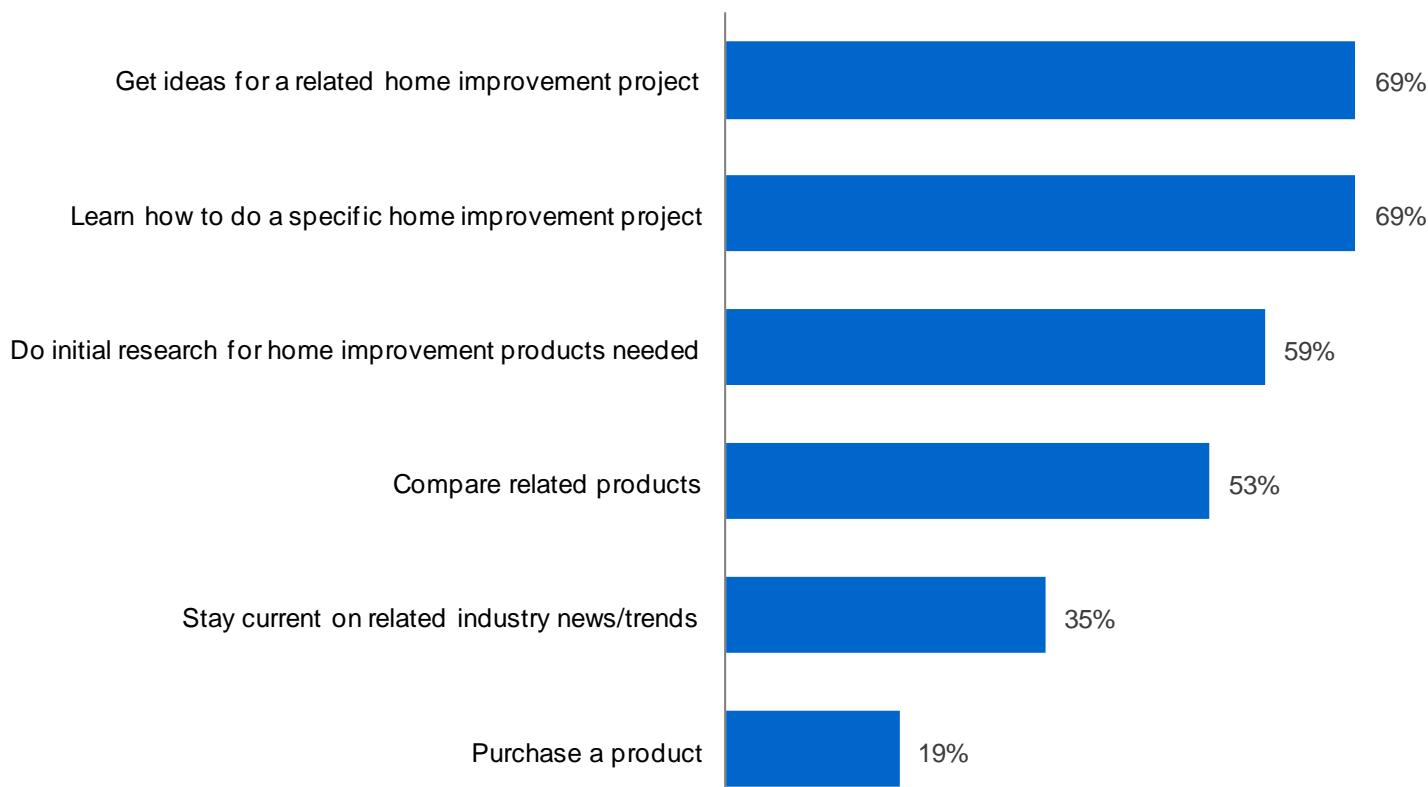
Sites Used to Watch Specific Category Online Videos



Base: Use Online Video Sites to Access Information Related to Specific Category, Total Aggregated Consumer, n=154
(L18) Which online video sites did you use to watch home improvement videos related to "insert category"?

Professionals Watch Home Improvement Videos to Get Ideas, Learn How-To

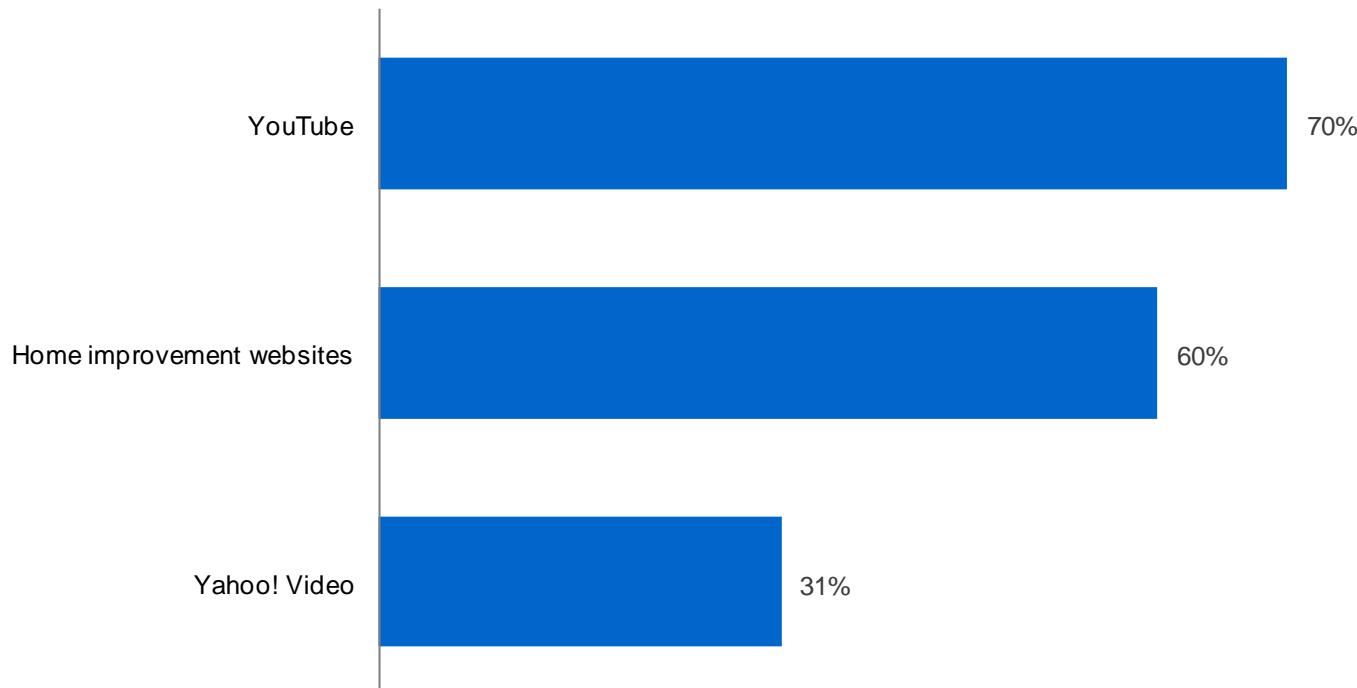
Reasons for Watching Specific Category Online Videos



Base: Use Online Video Sites to Access Information Related to Specific Category, Total Aggregated B2B, n=81 (L16) You mentioned you used online video sites (e.g. YouTube, Yahoo! Video) to gather "insert category" related information. Why did you watch "insert category" related online?

Professionals Primarily Turn to YouTube for Home Improvement Videos

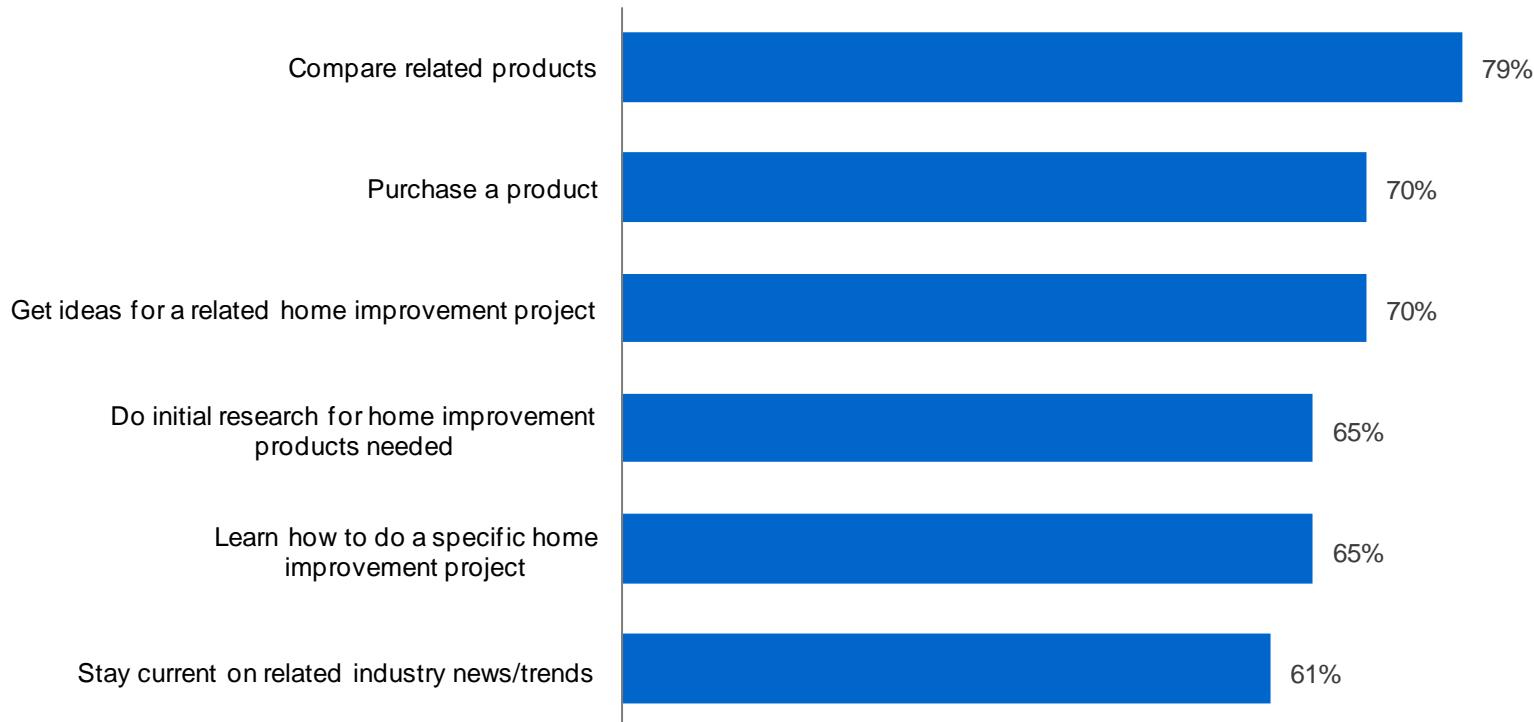
Sites Used to Watch Specific Category Online Videos



Base: Use Online Video Sites to Access Information Related to Specific Category, Total Aggregated B2B, n=81
(L18) Which online video sites did you use to watch home improvement videos related to "insert category"?

Social Networks Particularly Useful for Product Comparison

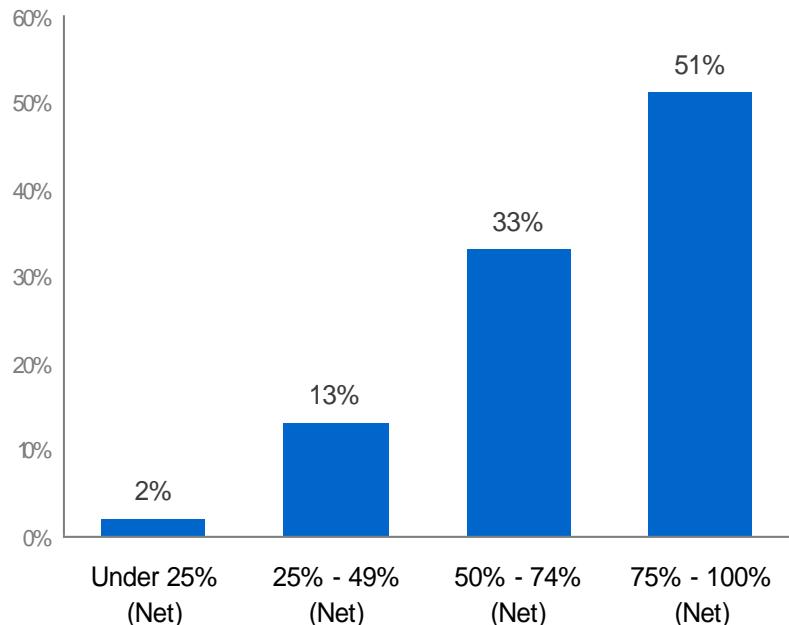
Social Network Sites For Specific Category Helpfulness
Top 2 Box (Extremely helpful/Very Helpful)



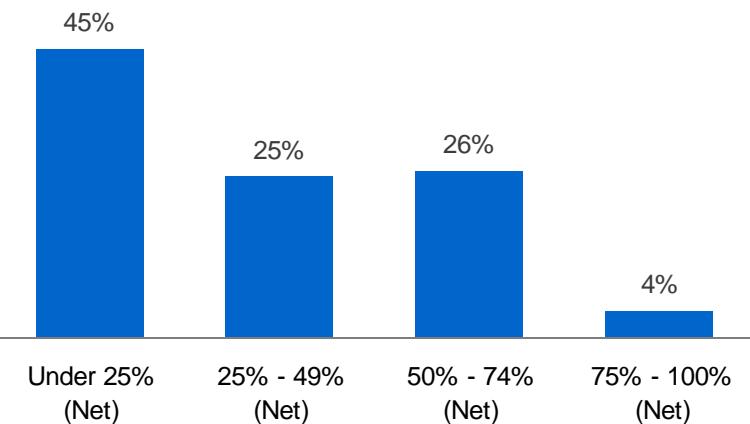
Base: Use Social Media to Access Information Related to Specific Category, Total Aggregated Consumer, n=84 (L22) Please indicate how helpful Social Media sites (blogs/discussion boards, rating/review sites) were to you at each of the following stages of your "insert category" related home improvement project.

Consumers More Likely to Read than Post when Researching on Social Networks

Time Spent on Social Networks
Reading



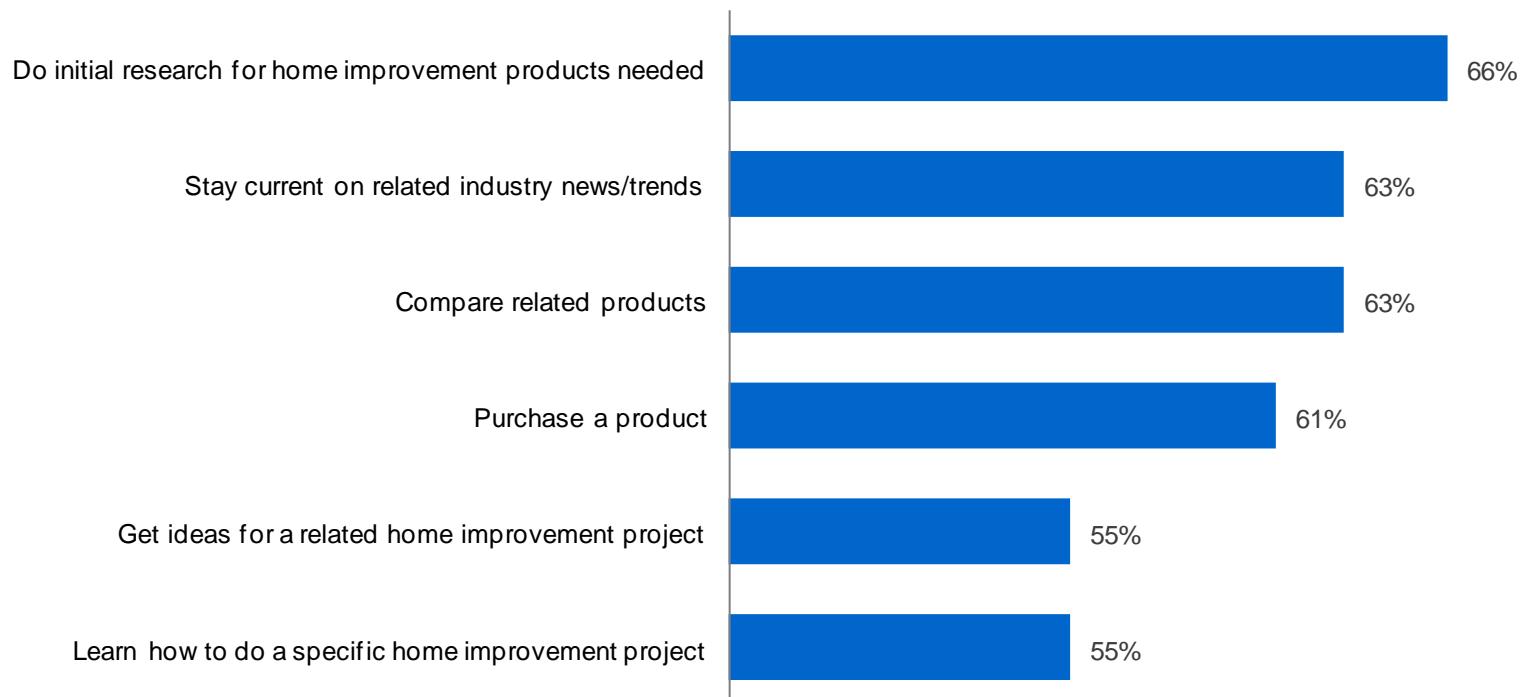
Time Spent on Social Networks
Posting



Base: Use Social Media to Access Information Related to Specific Category, Total Aggregated Consumer, n=84
(L21) You indicated you used Social Media (blogs/discussion boards, rating/review sites, social networking sites) to help you research "insert category" related information. What % of time would you say you spent reading information vs. posting your own information?

Professionals Find Social Networks Helpful for Learning Products Needed for a Project

Social Network Sites Helpfulness For Specific Category
Top 2 Box (Extremely Helpful/Very Helpful)



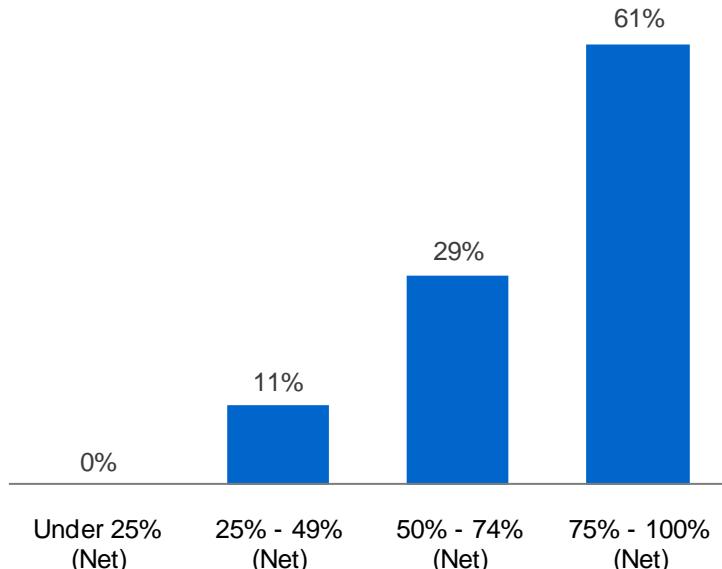
Base: Use Social Media to Access Information Related to Specific Category, Total Aggregated B2B, n=38*

*Caution small base size

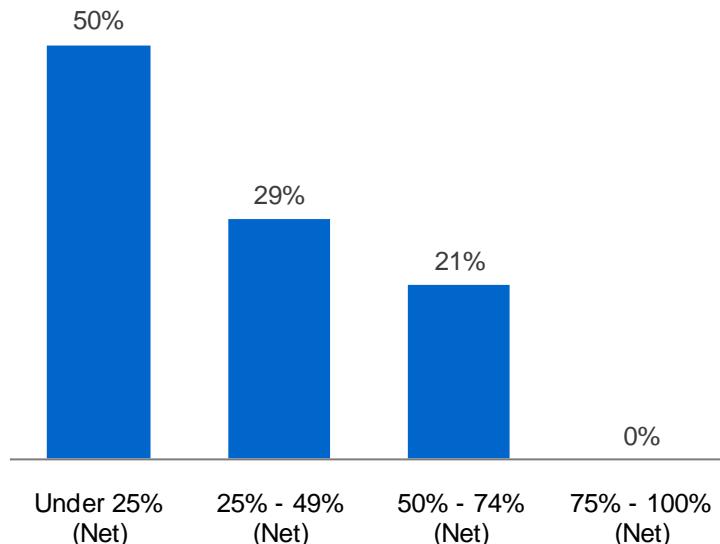
(L22) Please indicate how helpful Social Media sites (blogs/discussion boards, rating/review sites) were to you at each of the following stages of your "insert category" related home improvement project.

Professionals More Likely to Read Than Post on Social Networks

Time Spent Reading and Posting on Social Networks For Specific Category
Reading



Time Spent Reading and Posting on Social Networks For Specific Category
Posting



Base: Use Social Media to Access Information Related to Specific Category, Total Aggregated B2B, n=38*

*Caution small base size

(L21) You indicated that you used Social Media (blogs/discussion boards, rating/review sites, social networking sites) to help you research "insert category" related information. What % of time do you spend reading information vs. posting your own information?

Conclusions

Consumers and professionals **heavily research** home improvement purchases, and the **economic downturn** has increased time spent researching **even more**

The **Internet** and **personal contacts** are consumers' and professionals **most used information sources** when researching home improvement products

The large majority of consumers and professionals conduct **research online** and **purchase offline**

Of all online sources, **search engines** are **the most used** by consumers for accessing home improvement product information and second only to retailer sites by professionals.

Search engines are the **FIRST** online source consumers and professionals turn to, but they are also used **throughout** the research process, and even through to the project's completion

Google is the **most used** and **most preferred** search engine for researching home improvement products

Home improvement marketers **can use search queries as clues** to where consumers and professionals are within the purchase funnel and can structure their messages accordingly.

Although not as heavily used, consumers & professionals find value in social networks & online video, particularly for **how-to tips, project ideas, and product comparison**

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