

FOCUS:



Home Improvement Channel

Operating in our tech-laden world, marketers see hardware stores and home centers as rapidly changing but opportunity-rich environments

By Ed Finkel

What distinguishes home improvement channel shoppers from others? What does the future hold for brick-and-mortar stores in an Amazon world? What impact is technology having on the channel?

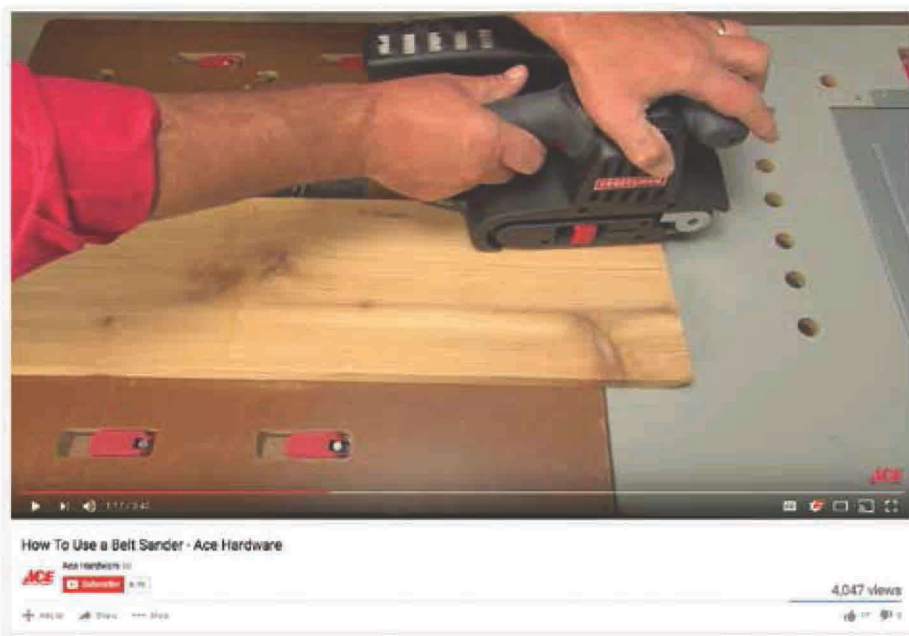
Consultants, market researchers and brand marketers say they see plenty of opportunities to reach home improvement shoppers, feel bullish on the future of stores and believe that stores of all sizes can find the right niche. On the technology front, they say mobile, e-commerce and connected home devices will be key to a successful future.

Home centers have moved away from simple promotions and have started to become more sophisticated about shopper marketing, says Jason West, general manager of merchandising and marketing for **GE Appliances**. “Stores are starting to force themselves to think about how to message the right offer to the right consumer at the right time,” he says. “They’re starting to force themselves to think about an omnichannel experience. ... Now they’re starting to connect the dots: If you’re standing in the store with a mobile device, how do they inspire consumers?”

Rick West, CEO of **Field Agent**, says retailers and brands in the category need to stay focused on three different types of consumers: professional contractors, skilled do-it-yourself homeowners working on involved projects, and more typical homeowners looking for a gallon of paint or to replace burned-out light bulbs. “They cannot be all things to all people, but they have to understand those three personas,” he says. “They have to address that professional contractor, and they have to win. They have to win with DIY. And they can’t lose badly with the ‘replacement’ person.”

The Home Improvement Shopper

That replacement person is tougher to capture because he’s comparing home center stores on price with the Amazons and Walmart.coms of the world, Rick West says, and he doesn’t necessarily need the item immediately. “Online pricing is all about commodity,” he says. “They’re going



to have to play hard-up pricing.”

To reach the DIY shoppers, who are probably in the middle of a project and don’t want to wait to order online, home channel retailers need to continue providing YouTube videos and other online resources to help their customer base think through a project.

Younger shoppers in the home improvement channel often have more inspiration than know-how, having seen ideas on cable television shows that tickled their fancy, says Liz Aviles, vice president of market intelligence for **Upshot**, which works with Scotts Miracle-Gro and Craftsman, among other brands in the channel. “They’re comfortable buying in more categories online than other shoppers in the past,” she says.

Customers for appliances and other big-ticket items often visit the store multiple times before purchasing, and stores and brands must be prepared to deliver experiences wherever they are on the shopping journey, says Stacey Rubin, senior vice president, accounts, for **Catapult Marketing** and leader of the Whirlpool account. “We never know which trip they’re on,” she says. “It’s not like they’re there for a weekly stock-up trip.”

Often the first trip is about relearning

the category, since it has probably changed considerably since they last shopped it. The second trip is about active evaluation, learning the features and benefits. The third trip might be the moment of purchase. And then they might return again for an additional feature, like adding a water filter to a refrigerator, Rubin says.

Jason West looks at it much the same way. “Consumers are in and out of these stores—they may be ready to buy, they may not,” he says. “They may research online, they may shop online, but at some point they’re going to be in the store.”

Are Stores Amazon-Proof?

Brick-and-mortar stores in the home center channel seemingly have a brighter future than those in other channels, Rubin says, and the reasons are fairly intuitive. “People want to touch and feel appliances, particularly things that are smart-connected,” she says. “They need that assisted experience in-store.”

In addition to the consulting help from store associates, brick-and-mortar stores provide the ability to envision products in the home, says Rachel Olson, senior shopper marketing manager at **LG Electronics**. “We tend to focus on the home appliance



BIG IDEAS FOR HOME IMPROVEMENT

Shopper Marketing asked the consultants, market researchers and brands contacted for this story to provide their “three big ideas” for seeding the path to purchase in the hardware and home center channel. Among the suggestions they made:

- To get consumers in the store, create a high-touch experience.
- Once they're there, enhance the shopping experience by making projects simpler.
- To fully welcome in-store digital experiences, stores must train sales associates differently and equip them with digital tools.
- Provide shoppers with digital tools, either downloaded to their devices or available on in-store kiosks.
- To ensure shoppers are happy with their smart connected home devices, partner with installers who can hook up technology in consumers' homes so they're not left frustrated and (still) disconnected.
- Home centers need to stay aware of how greener assortments and offerings will impact the channel.

department, but there's that whole area next to that with cabinetry,” says Stewart Henderson, senior manager of shopper marketing, home appliances, at LG. “Retailers are asking, ‘Will you put your appliances in X vignette?’ It allows shoppers to see it in a real home environment.

“There's always going to be a place for retail, especially for appliances,” Henderson says. “People do want to test drive the stuff – the tactile stuff you can't get online. No matter how good your video is, no matter how much you zoom in, it's not the same.”

Aviles agrees that stores will continue to play a significant role, if they make the right moves. “In order for them to be Amazon-proof, they have to move to a more service-oriented and expertise-driven environment,” she says. “That means freeing up associates who work in that store and ensuring that you have the right people on the floor.”

“It's helping the consumer get through that project; it's not just sales,” Jason West says. “Some of them are investing in kiosks, and some in display screens. It will be interesting to see how they progress through that.” He adds that he sees Lowe's as more oriented toward typical consumers, while The Home Depot is more DIY and contractor led.

Rick West believes home centers will be Amazon proof for the professionals and DIYers but will lose at least some average homeowners to online shopping. “But that's a smaller portion of shoppers,” he says. “I don't think a professional or a DIYer is going to do that. They want to walk into that store and say, ‘I'm stuck, I need this,’ and the [store associate] says, ‘You need this tool and that tool.’”

The Role of Technology

Technology dovetails with shopper marketers' roles in two different but sometimes overlapping senses: reaching the shopper through e-commerce and social media, and selling the shopper on the benefits of connected home devices (aka the Internet of Things).

Rubin believes the channel has stepped up its game in e-commerce. “They wanted to get people into the store,” she says. “But people are doing more and more research online before they get to the store. We are definitely seeing retailers ask for these [e-commerce] programs.”

GE Appliances' West says home centers realize that in-store and online are not binary but rather need to be a symbiotic and seamless omnichannel experience. “They're trying to make it feel that way to consum-

ers, rather than, ‘We must win online sales,’ or, ‘We must win in-store sales.’”

Home centers have been slower to adopt mobile as well, Rubin says, but that too is changing. “Shoppers are using their phones more and more” in-store, she says. “They're realizing they have to join the party and

help facilitate what consumers are already doing.”

Field Agent's West expects Home Depot and Lowe's to invest in embedding DIY information in their apps so consumers will consult them as a trusted expert rather than simply searching YouTube for how-to videos. “Items requiring construction will have several photos and a DIY video,” he says.

Henderson believes brands and retailers need to sync up better to ensure that shoppers don't have a disjointed experience. “Everybody cross-shops, but they're not getting a consistent brand perception from one app to another,” he says.

Social media presents other opportunities for retailers and brands to reach shoppers, especially younger consumers used to Pinterest and Instagram, Aviles says. “You see more of a focus on the style side in these channels than before, which is smart because that's the impetus driving especially younger shoppers into the store.”

The advent of smart home products has meant that shopper marketers need to keep track of which devices connect with one another, and how to leverage potential cross-selling opportunities, particularly in reaching Millennial consumers, Rubin says. For example, “It is very feasible in the near future that appliances will be more connected to products that get sold in grocery stores,” she says.

Aviles notes that when it comes to smart home, Lowe's and Home Depot are not just competing against each other but also Target – and even Sears. Plus, Amazon recently launched a consulting service for smart home. “That certainly caught my eye,” she says. “Smart home isn't limited to the home channels.”

Field Agent's research has shown that Best Buy has a “significant lead” over Home Depot and Lowe's in terms of consumer perceptions in the smart home arena, Rick West says. “They're going to have to figure that out,” he says. “They can't continue to let Best Buy win.”

