Do-It-Yourselfers and Style-Conscious "Cocooners" Make Home Superstores the Biggest Winners

By American Express Travel Related Services Company

When it comes to home improvement, two-thirds of consumers plan to do the work themselves, while personal taste continues to be the top reason to undertake a home-improvement project. These are two of the many trends driving the boom in this $135.4 billion industry, including the ongoing popularity of the home superstore. The findings were revealed by an American Express Retail Index survey.

Thirty-one percent of consumers report they are planning some form of home improvement this year, with the average budget set at $2,660, according to the AERI. This survey monitors consumer spending trends in retail and is based on a random national poll of more than 1,000 consumers, including single-family home owners and apartment dwellers. This year’s home improvement projects range from interior decorating (31 percent) to renovation and remodeling (33 percent). Of those who planned a home improvement project in the spring, 70 percent started the project before Memorial Day. Half of those polled expected it would take at least two months to complete the job.

“Consumers continue to drive high volumes for the home improvement industry, particularly the home superstore,” said Emelie Smith, vice president of Retail Marketing Group, American Express Travel Related Services Company, Inc. “Among the leading trends fueling steady growth for retailers is the growing number of do-it-yourselfers.”

WHAT PROJECTS ARE THEY PLANNING AND WHY?

According to a research and consulting firm, the home of the 1990s is taking on more multifunctional uses, with consumers making their home a focal point as they design and decorate for optimum usage and personal satisfaction.

Supporting this trend, AERI found that close to half (42 percent) of those surveyed say a change in personal taste is the primary motivation for home improvements. This was far ahead of most other reasons, including mainte-
nance (32 percent) and increasing their home’s resale value (10 percent).

In addition, the AERI found that re-furnishing and re-decorating are among the top forms of improvement Americans are planning. More than one-third (34 percent) say they plan to refurnish at least one room this year. Cited by 46 percent, the living room, followed by the master bedroom (22 percent), were the most popular rooms to refurnish. The dining room, cited by 17 percent, and the den/family room, mentioned by 16 percent, were the third and fourth most popular rooms to receive a facelift. The kitchen and bathroom were being refurnished by 12 percent and 5 percent, respectively.

**Retail Choices**

When it comes time to go shopping for home and decorating supplies, the AERI found that one in five home improvement planners will purchase special equipment for their project. Cited by 55 percent of respondents (vs. 38 percent in 1996), home super-stores were the top choice for those shopping for home items and supplies.

Hardware stores, cited by 18 percent of those surveyed, came in second, followed by lumberyards (16 percent), department stores (12 percent) and home furnishings/decorating stores (11 percent).

The top reasons for choosing a home retailer were fair prices (69 percent), selection (50 percent), quality (49 percent) and helpful/knowledgeable salespeople (23 percent).

**Men vs. Women**

Cost appears to be a primary driver of the do-it-yourself trend. The AERI
revealed that two-thirds of consumers (66 percent) say they plan to undertake home improvement projects themselves. However, when asked if cost were no object, 52 percent of people considering home improvements said they would hire an outside contractor to do the job, while only 35 percent said they would still prefer to do the work themselves.

The number of women who said their spouse would be performing the work this year (44 percent) dropped to 12 percent when asked the same question. While men are the most likely do-it-yourselfers (78 percent), more than half of women surveyed (54 percent) say they are planning to do the work themselves. Nineteen percent say they are getting help from friends, neighbors and relatives, while 26 percent plan to hire a professional contractors.

**Budgets, Financing**

In 1996, sales in the home improvement industry totaled $135.4 billion,
according to the Home Improvement Research Institute, which keeps statistics on the industry.

The AERI also found that consumers are setting higher budgets this year compared to 1996. Close to half (45 percent) of those planning improvements in 1997 say they will spend $1,000 or more. This is up 7 percent compared to those saying they would spend the same amount last year.

Overall budgets are based on planned projects, with 19 percent saying they will spend up to $500, and 16 percent budgeting $5,000 or more, up 5 percent from 1996. In addition, 1997 saw a 6 percent shift away from cash to credit cards, which was cited by 18 percent of respondents as the way they would pay for improvement expenses.

It appears that part of the attraction to credit cards comes from the growing number of consumers enrolled in credit card reward programs, as nearly one in five credit card users (19 percent) say having a credit card linked to a reward program influences their usage of that card. Sixty-six percent of those using a credit or charge card to pay for their home improvement purchases say they will have their expenses paid off within six months, up 17 percent from 1996.

About the Author
American Express Travel Related Services Company, Inc., is a wholly-owned subsidiary of the American Express Company—a diversified worldwide travel and financial services company founded in 1850. The company is widely known for its charge and credit cards, Travelers Cheques, travel, financial planning, investment products, insurance and international banking.