Issues in the Home Improvement Industry





Home Improvement Industry

- Ranked #1 for worst complaints
- Garnered 2nd-most consumer complaints

Should only contractors be blamed?



Homeowner Complaints Case

 Contractors don't know how to price the job and to ensure all items are included.

Are there tools that can help contractors?



Homeowner Complaints Case

 Contractors are notorious for increasing the price once they complete the demolition phase.

Is there a way to prevent this issue?



Homeowner Complaints Case

 Contractors are trying to get a new homeowner without completing an ongoing project.

What is the root cause of the problems?



Cost Challenges Facing Contractors

- Marketing costs continue to skyrocket.
- Costs for lead development have escalated.

Won't these costs eventually be passed on to homeowners?



- In-person visits are essential for contractors to estimate prices.
- Low quote conversion rate increases marketing costs for contractors.

Is there a way to estimate costs without an in-person visit?

Quora

- Some contractors complain that leads often don't turn into actual job.
- The same lead is shared with several other key competitors.

Can contractors get leads for free?







- Materials list must be submitted in advance to the ProServices desk at each warehouse.
- Shopping list must be submitted ahead of time to the Contractor Quote Desk at each store.

Are these transactions simple and seamless?



 Every contractor will be using their own format.



 Contractors may have recommended midgrade, high-end, or luxury materials.

Will homeowners be able to compare estimates in detail?



- The price of oak flooring can vary depending on the wood quality, the plank size, the surface type, and the finish type.
- Cost per square foot:
 Red Oak \$7~\$13, White Oak \$7.50~\$13.50

Can homeowners differentiate between materials and understand price differences?



- Every contract for home improvement projects should outline how changes to the scope of work will be handled.
- Almost every home improvement project experiences delays. Clear communication with contractors is critical to establishing a new schedule.

Do many homeowners record and manage contract changes effectively?



Department of Consumer Protection

- Homeowners can prevent a trouble by doing their "homework" before starting renovation work.
- The DCP advises homeowners to decide exactly what they want contractors to do.

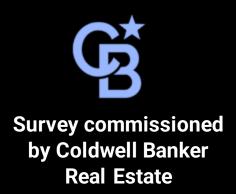
Do homeowners have enough knowledge and information to make informed decisions?

Code § 7159 Bus. & Prof.



- It is best if homeowners define exactly what they want contractors to do before signing the contract.
- Define the exact product and all finishes and materials to be used, dimensions, etc.

Are homeowners provided with enough detail from contractors to define the project thoroughly?



- 89% of recent home sellers say they have made upgrades before selling.
- An important factor in choosing an agent is the ability to help them decide on what to renovate.

Do agents have the right tools to assist beyond just recommending a contractor?



The State of Remodeling in 2023

- Many homeowners complete home improvement projects to boost their home value.
- Remodeling projects boost return on investment (ROI) by 69% on average.

Is there a way for homeowners to simulate multiple scenarios before deciding to sell?



TECH TRENDS

JOBS +

COMPANIES

- The home improvement industry needs new ways to gather data.
- Data needs to be translated into tools, trends, and takeaways.

Is there Big Data available to represent homeowners' preferences and choices?

A significant issue in the industry is the informationasymmetry between homeowners and contractors, leading to:



Quality Discrepancies:

Contractors, leveraging their expertise, may exploit this gap by delivering substandard work, using low-quality materials, or cutting corners.

•Cost Overruns:

Lack of transparency about pricing and cost structures often leaves homeowners feeling overcharged or unaware of hidden costs.

Non-compliance with permits and regulations:

Some contractors may bypass local building codes and permit requirements, taking advantage of the homeowner's limited knowledge.

Providing contractors with detailed project specifications upfront can reduce information asymmetry by:





Defining Requirements and Expectations:

Homeowners can clearly outline their goals and the work they want done, reducing ambiguity and fostering a shared understanding of the project.

Facilitating Accurate Bids and Proposals:

Contractors can use the detailed specifications to create precise bids ensuring better cost and scope alignment.

•Enabling Quote Comparisons:

When multiple contractors receive the same specifications, homeowners can easily compare quotes and choose the best option.

"Our bids to eliminate uncertainty in Home Renovation"



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