

Issues in the Home Improvement Industry



November 2024

ISSUE #1



Consumer
Federation of
America

Home Improvement Industry

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

Should only contractors be blamed?

ISSUE #2



Consumer
Federation of
America

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?

ISSUE #3



Consumer
Federation of
America

Homeowner Complaints Case

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

Is there a way to prevent this issue?

ISSUE #4



Consumer
Federation of
America

Homeowner Complaints Case

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

What is the root cause of the problems?

ISSUE #5



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?

ISSUE #6



- **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?

ISSUE #7

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?

ISSUE #8

How Contractors Get Discounts



- 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?

ISSUE #9



- Every contractor will be using their own format.
- Contractors may have recommended mid-grade, high-end, or luxury materials.

Will homeowners be able to compare estimates in detail?

ISSUE #10



- **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?

ISSUE #11



- **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?

ISSUE #12



Connecticut State

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?

ISSUE #13

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?

ISSUE #14



Survey commissioned
by Coldwell Banker
Real Estate

- **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?

ISSUE #15



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?

ISSUE #16



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 information asymmetry 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.



ChatGPT

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



ChatGPT



- **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”



HOMEWIKII INC

www.homewikii.com

Contact: Young-Woo Nam / Founder

ywnam01@gmail.com

ywnam01@homewikii.com