# 2019

# STATE OF THE INDUSTRY-INTERNATIONAL COMPARISON March 2019

# Big Ideas

#### **HIGH EXPECTATIONS FOR 2019**

In most surveyed countries,\* more than three in five businesses report rosy expectations for 2019. More than two in three businesses expect profits to increase in 2019 across most countries (52%-77%), with the exception of Germany and Japan, where expectations of increased profits are somewhat lower (52% and 53%, respectively).

#### MARKETING TO SUPPORT 2019 GROWTH

Businesses cite a variety of strategies to support revenue growth in 2019. The most common strategy across most countries is to increase marketing (42%-69%), with going after larger projects as a close second (48%-71%). Improving customer experience is another popular strategy, expected by over two in five businesses (44%-54%).

#### STRONG 2018 DESPITE RISING COSTS OF DOING BUSINESS

At least two in five businesses across countries report increases in 2018 gross revenue (48%-71%) with the exception of Japan and Denmark & Sweden (combined) who are on the lower end at 42% and 40%, respectively. At least one in three report increases in 2018 gross profits (35%-50%). Two in five businesses report the cost of doing business increasing (39%-78%), with Spain and Japan being on the lower end (39% and 41%, respectively).

#### COMMON THREAD IN 2018 CHALLENGES

Businesses faced a variety of challenges in 2018. Managing cost-sensitive consumers was a common challenge among businesses around the world (28%-52%%), with the exception of Germany which found hiring challenges to be the most significant (29%)

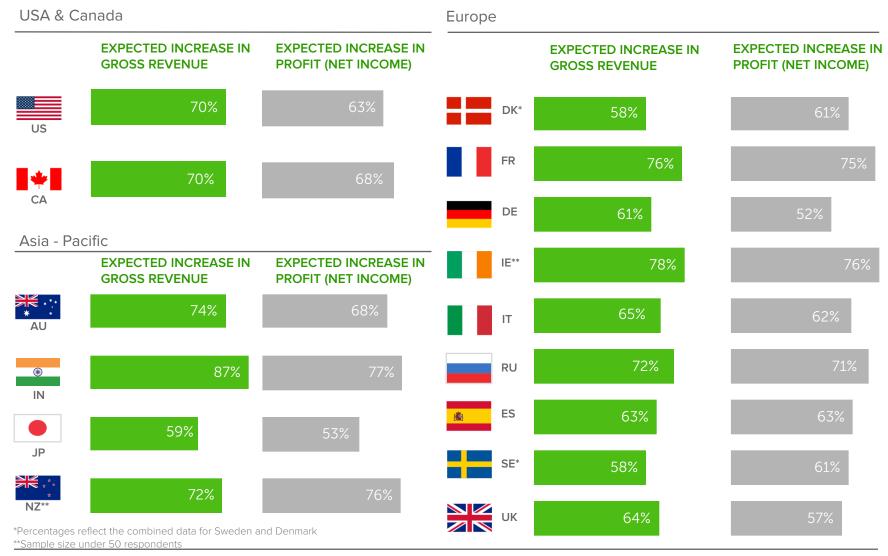
\*Houzz Research studies trends in the U.S.A., Canada, Australia, India, New Zealand, Japan, Denmark, France, Germany, Ireland, Italy, Russia, Spain, Sweden, and the United Kingdom.



### Expected Revenues & Profits in 2019: Increases

Charts below show the percentage of surveyed businesses on Houzz reporting expectations for 2019.







## Top Growth Strategies in 2019: Top 2

Charts below show the percentage of surveyed businesses on Houzz reporting expected strategies for growing revenue in 2019.



| USA & Ca                                 | nada TOP TWO GR                    | TOP TWO GROWTH STRATEGIES           |                           | TOP TWO GROWTH STRATEGIES       |                                      |
|--|------------------------------------|-------------------------------------|---------------------------|---------------------------------|--------------------------------------|
| US                                       | N/A                                | N/A                                 | DK*                       | 61%<br>Bring in larger projects | 55%<br>Partner with other businesses |
|  | 52%                                | 52%                                 | FR                        | 71%<br>Bring in larger projects | 49%<br>Increase marketing            |
| CA                                       | Increase marketing                 | Bring in larger projects            | DE                        | 50%<br>Bring in larger projects | 42%<br>Increase marketing            |
| Asia - Pacific TOP TWO GROWTH STRATEGIES |                                    | IE**                                | 50%<br>Increase marketing | 50%<br>Bring in larger projects |                                      |
| *  | 60%<br>Increase marketing          | 46%<br>Bring in larger projects     | IT                        | 65%<br>Bring in larger projects | 51%<br>Increase marketing            |
| AU                                       | 54%<br>Improve customer experier   | 51%<br>nce Bring in larger projects | RU                        | 69%<br>Increase marketing       | 61%<br>Bring in larger projects      |
| IN                                       | 61%<br>Increase marketing          | 46% Improve customer experience     | <u>₿</u>                  | 48%<br>Bring in larger projects | 44%<br>Improve customer experience   |
| JP                                       | increase marketing                 | improve customer experience         | _                         | 61%                             | 55%                                  |
| * * *                                    | 62%<br>Bring in larger projects    | 52%<br>Increase prices/margins      | SE*                       | Bring in larger projects        | Partner with other businesses        |
|  | reflect the combined data for Swed |                                     | UK                        | 61%<br>Increase marketing       | 54% Bring in larger projects         |



## Revenues & Profits in 2018 (vs. 2017): Increases

Charts below show the percentage of surveyed businesses on Houzz reporting performance in 2018.



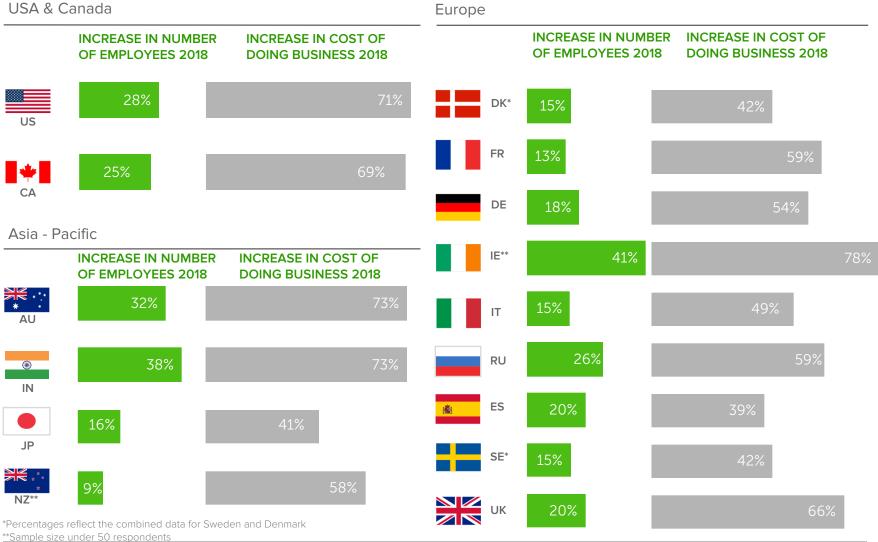
| USA & Canada |                                       | Europe                      |            |                              |                             |
|--------------|---------------------------------------|-----------------------------|------------|------------------------------|-----------------------------|
|              | INCREASE IN GROSS<br>REVENUE          | INCREASE IN GROSS<br>PROFIT | _          | INCREASE IN GROSS<br>REVENUE | INCREASE IN GROSS<br>PROFIT |
| US           | 63%                                   | 50%                         | DK*        | 42%                          | 47%                         |
| *            | 61%                                   | 45%                         | FR         | 59%                          | 50%                         |
| CA           | 2:6-                                  |                             | DE         | 54%                          | 43%                         |
| Asia - F     | INCREASE IN GROSS REVENUE             | INCREASE IN GROSS<br>PROFIT | IE**       | 71%                          | 50%                         |
| * ···        | 60%                                   | 46%                         | IT         | 51%                          | 38%                         |
|              | 59%                                   | 39%                         | RU         | 48%                          | 42%                         |
|              | 40%                                   | 36%                         | <b>E</b> S | 51%                          | 35%                         |
| JP **        | 48%                                   | 43%                         | SE*        | 42%                          | 47%                         |
|              | es reflect the combined data for Swed |                             | ИК         | 59%                          | 46%                         |



### Staffing & Business Costs in 2018 (vs. 2017): Increases

Charts below show the percentage of surveyed businesses on Houzz reporting performance in 2018.







## Top Business Challenges in 2018: Top 2

Charts below show the percentage of surveyed businesses on Houzz reporting challenges in 2018.

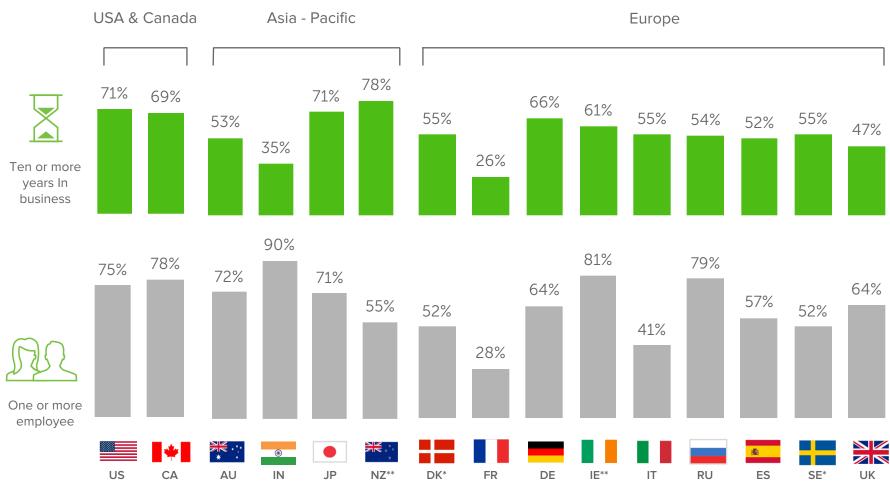


| USA & (  | Canada TOP TW   | O CHALLENGES IN 2018                              | Europe         | TOP TWO CHALLENGES IN 2018        |   |
|----------|---|---|----------------|-----------------------------------|---|
| US       | 33%<br>Increased business costs   | 31%<br>Cost-conscious customers                   | DK*            | 34%<br>Cost-conscious customers   | 21%<br>Difficulty finding customers       |
| *        | 28%   | 26%   | FR             | 51%<br>Cost-conscious customers   | 37%<br>Difficulty finding customers       |
| CA       | Cost-conscious customers  | Difficulty hiring                                 | DE             | 29%<br>Difficulty hiring          | 26%<br>Difficulty finding customers       |
| Asia - F | Asia - Pacific TOP TWO CHALLENGES IN 2018   |   | IE**           | 52%<br>Shortage of subcontractors | 43%<br>Increased business costs           |
| * · · ·  | 30%<br>Increased business costs   | 29%<br>Cost-conscious customers                   | IT             | 41%<br>Cost-conscious customers   | 36%<br>Difficulty finding customers       |
| <b>③</b> | 36%<br>Increased business costs   | 35%<br>Cost-conscious customers                   | RU             | 52%<br>Cost-conscious customers   | 32%<br>Difficulty finding customers       |
| IN       | 42% Difficulty finding customers  | 33%<br>Cost-conscious customers                   | <b>高</b><br>ES | 44% Cost-conscious customers      | 37% Difficulty finding customers          |
| JP ***   | 39%   | 29%   | SE*            | 34% Cost-conscious customers      | 21% Difficulty finding customers          |
|          | Unreasonable consumer expectations es reflect the combined data for Swede ze under 50 respondents | Difficulty finding<br>customers<br>en and Denmark | UK             | 34%<br>Cost-conscious customers   | 32%<br>Weak/uncertain national<br>economy |



### **Description of Businesses**

Charts below show the percentage of surveyed businesses on Houzz with the specific characteristics in 2018.



<sup>\*</sup>Percentages reflect the combined data for Sweden and Denmark

<sup>\*\*</sup>Sample size under 50 respondents



# Methodology

The survey was sent to businesses with profiles on Houzz and fielded between December 7, 2018 - January 22, 2019. N=8,013.

| Country            | Ν     |
|--------------------|-------|
| USA (US)           | 4,780 |
| Canada (CA)        | 159   |
| Australia (AU)     | 273   |
| India (IN)         | 126   |
| Japan (JP)         | 254   |
| New Zealand** (NZ) | 32    |
| Denmark* (DK)      | 61    |
| France (FR)        | 438   |
| Germany (DE)       | 190   |
| Ireland**(IE)      | 23    |
| Italy (IT)         | 579   |
| Russia (RU)        | 357   |
| Spain (ES)         | 393   |
| Sweden* (SE)       | 61    |
|                    |       |

<sup>\*</sup>Percentages reflect the combined data for Sweden and Denmark

<sup>\*\*</sup>Sample size under 50 respondents

