

2018

STATE OF THE INDUSTRY HOUZZ INDIA

Big Ideas

REPORTED INCREASE IN GROSS REVENUE FOR 2017

Three in five businesses reported an increase in gross revenue in 2017 relative to 2016 (61 percent), with nearly half of those reporting that revenues increased by more than 10 percent (48 percent). Design build firms were most likely to have seen revenue gains relative to 2016 (72 percent), followed by Interior designers and architects (61 and 56 percent, respectively).

CONTINUED GROSS REVENUE GROWTH EXPECTED IN 2018

The majority of businesses are optimistic about continued gross revenue growth (89 percent). Design build firms and interior designers are most bullish in their expectations for increased gross revenue in 2018 (97 percent and 93 percent, respectively), followed by architects (86 percent). To support that growth, firms plan to invest in more marketing and bring in larger budget projects (each 58 percent).

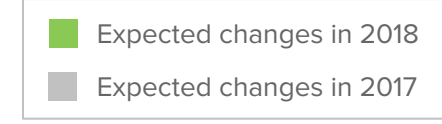
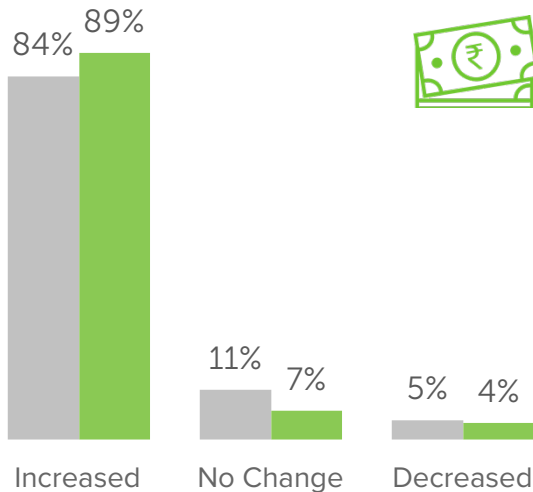
INCREASE IN REVENUES IS NOT WITHOUT CHALLENGES

Nearly a fifth of businesses reported a surge in the cost of doing business in 2017 (19 percent), along with difficulty finding prospective customers and increased business competition (38 and 24 percent, respectively). While managing customer concern over cost continues to be a challenge (37 percent), the report shows a six percent point reduction from the previous year (43 percent). Additional costs of doing business were felt most significantly by interior designers (25 percent), whereas architects faced the most difficulty in finding prospective customers (42 percent).

Expected Revenues & Profits in 2018

Charts below show the percentage of surveyed businesses on Houzz india reporting expectations for 2018 (vs. 2017).

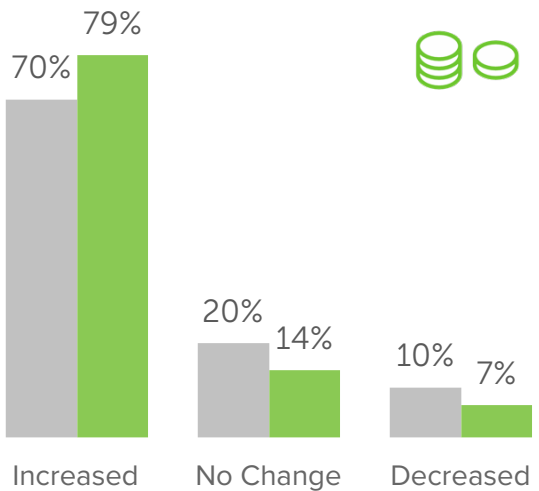
EXPECTED GROSS REVENUES



10%+ Rev. Growth

 Expected by 76%
 of Businesses in 2018
 (vs. 74% in 2017)

EXPECTED PROFITS



INTERIOR DESIGNER	
Expected Increases in 2018	
Gross revenues	93%
Profit (net income)	81%

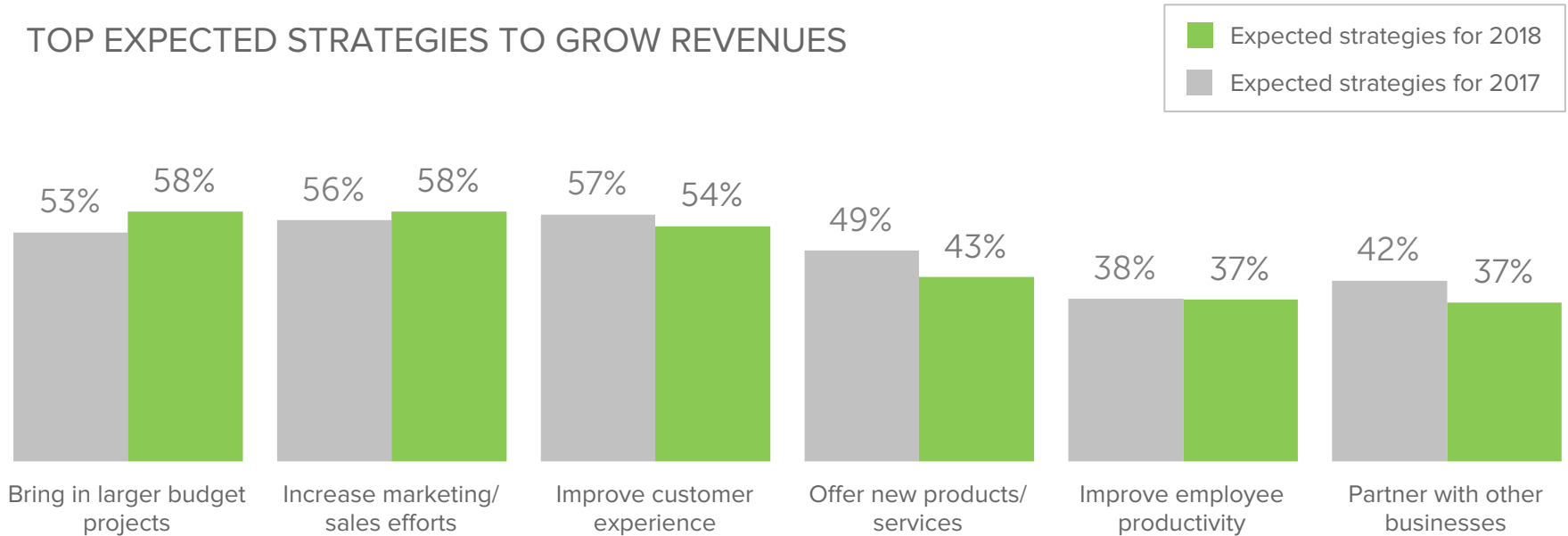
ARCHITECT	
Expected Increases in 2018	
Gross revenues	86%
Profit (net income)	72%

DESIGN AND BUILD FIRM	
Expected Increases in 2018	
Gross revenues	97%
Profit (net income)	87%

Top Growth Strategies in 2018

Charts below show the percentage of surveyed businesses on Houzz India expecting revenue growth in 2018 (vs. 2017).

TOP EXPECTED STRATEGIES TO GROW REVENUES



INTERIOR DESIGNER

Top Growth Strategies for 2018

Bring in larger budget projects 62%

Increase marketing/sales efforts 62%

ARCHITECT

Top Growth Strategies for 2018

Bring in larger budget projects 57%

Increase marketing/sales efforts 47%

DESIGN AND BUILD FIRM

Top Growth Strategies for 2018

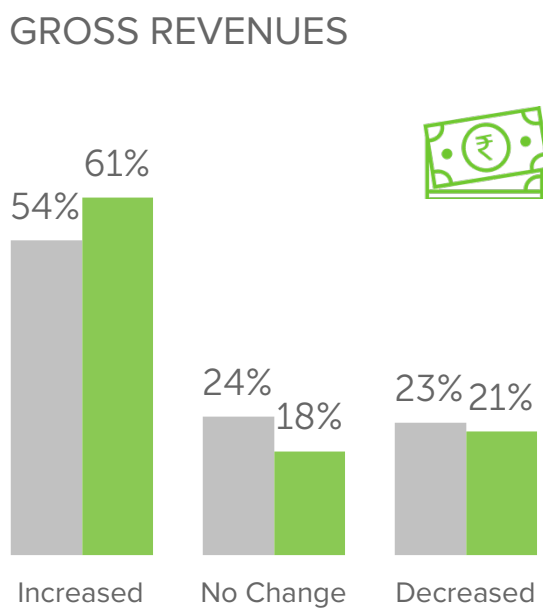
Increase marketing/sales efforts 69%

Improve customer experience 62%

Revenues & Profits in 2017

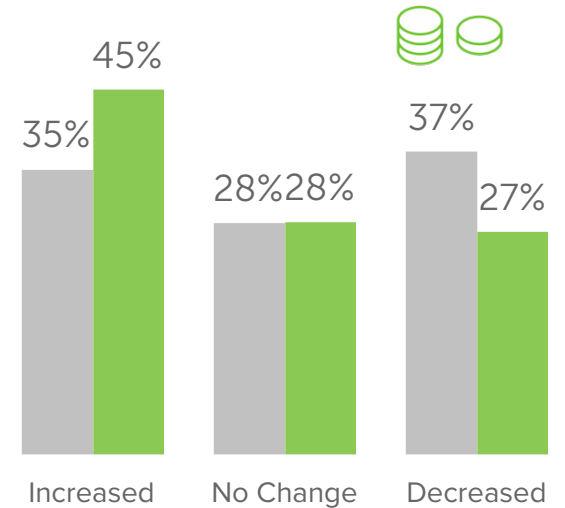
Charts below show the percentage of surveyed businesses on Houzz India reporting performance in 2017 (vs. 2016).

GROSS REVENUES



10%+ Rev. Growth
 Reported by 48% of Businesses in 2017 (vs. 43% in 2016)

GROSS PROFITS



INTERIOR DESIGNER

Reported Increases in 2017

Gross revenues	61%
Profit (net income)	41%

ARCHITECT

Reported Increases in 2017

Gross revenues	56%
Profit (net income)	47%

DESIGN AND BUILD FIRM

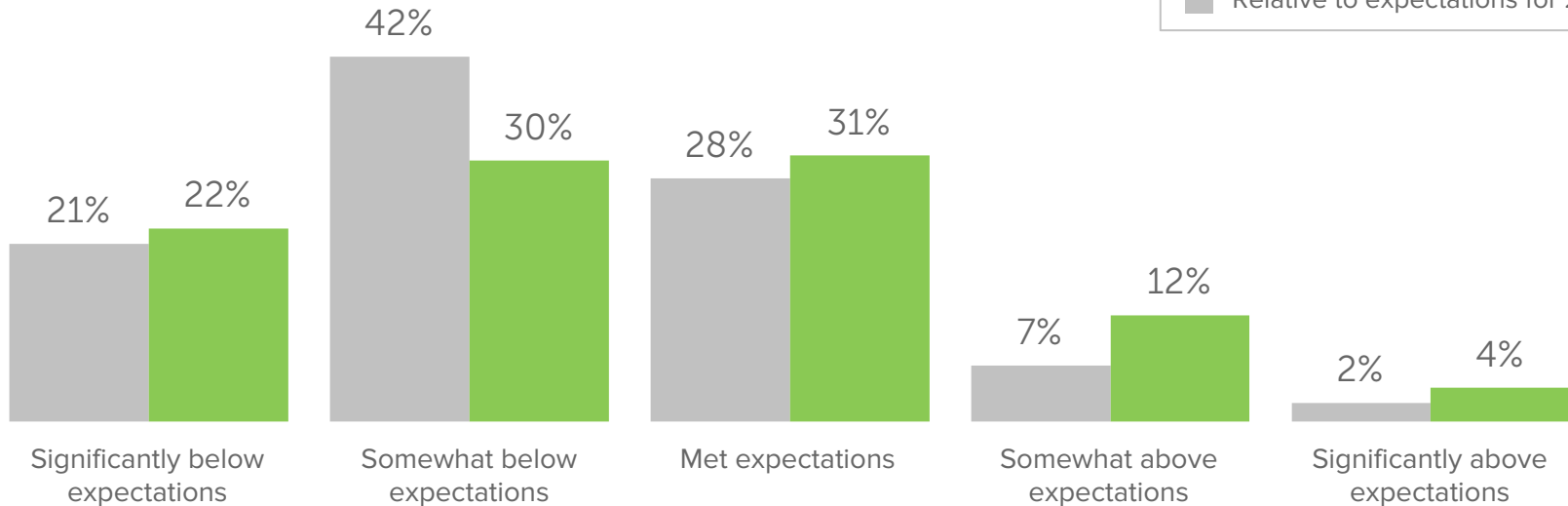
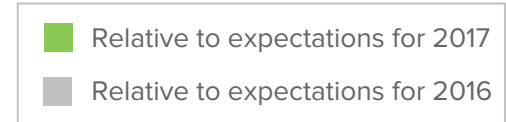
Reported Increases in 2017

Gross revenues	72%
Profit (net income)	48%

2017 Comparison to The Initial Expectations

Charts below show the percentage of surveyed businesses on Houzz India reporting how 2017 business performance compared to the initial expectations for 2017 (vs. 2016).

GROSS REVENUES RELATIVE TO EXPECTATIONS

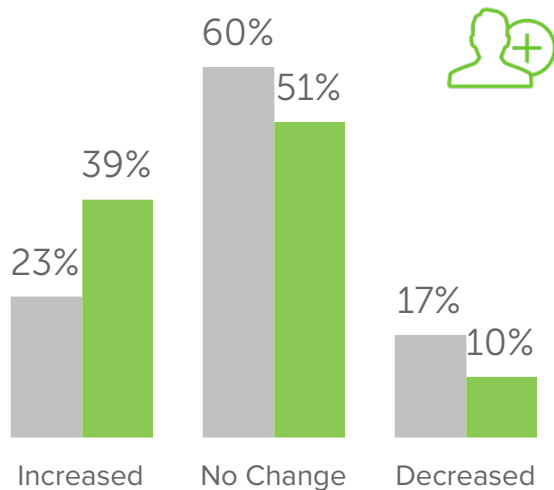
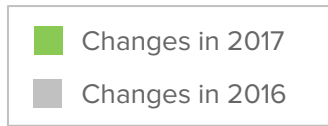


PROFESSION	2017 Comparison
INTERIOR DESIGNER	<p>Met expectations 34%</p> <p>Above expectations 15%</p>
ARCHITECT	<p>Met expectations 40%</p> <p>Above expectations 14%</p>
DESIGN AND BUILD FIRM	<p>Met expectations 29%</p> <p>Above expectations 23%</p>

Staffing & Business Costs in 2017

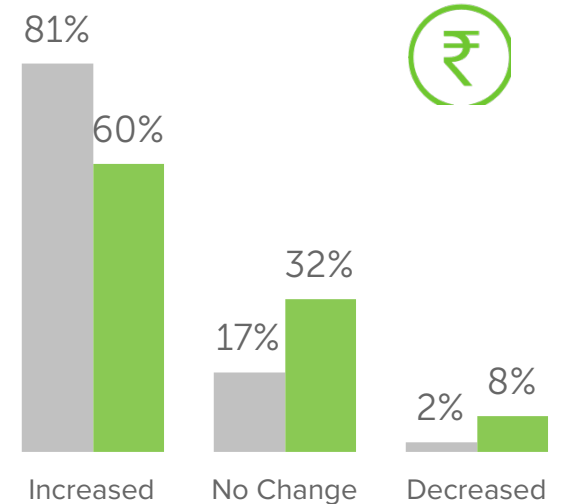
Charts below show the percentage of surveyed businesses on Houzz India reporting performance in 2017 (vs. 2016).

NUMBER OF EMPLOYEES



1-2 Employees
 Hired by 8%
 of Businesses in 2017
 (vs. 8% in 2016)

COST OF DOING BUSINESS



INTERIOR DESIGNER

Reported Increases in 2017

Number of employees	33%
Costs of doing business	50%

ARCHITECT

Reported Increases in 2017

Number of employees	39%
Costs of doing business	61%

DESIGN AND BUILD FIRM

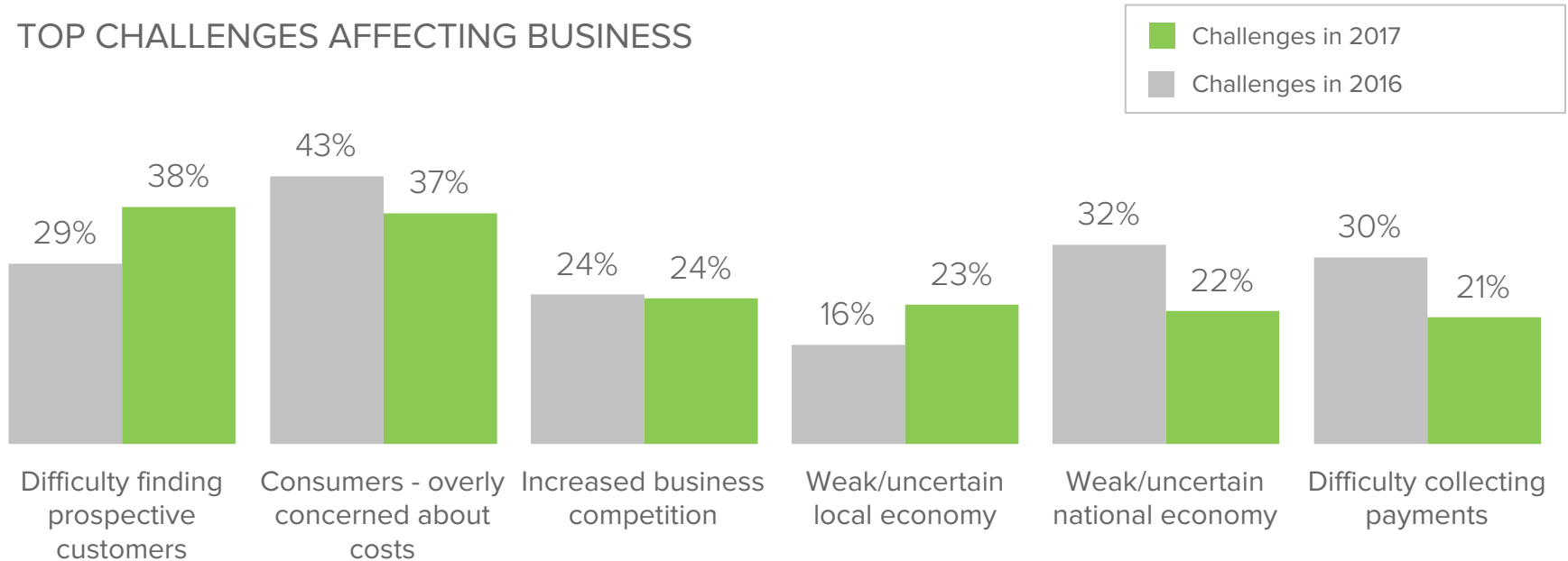
Reported Increases in 2017

Number of employees	53%
Costs of doing business	84%

Top Business Challenges in 2017

Charts below show the percentage of surveyed businesses on Houzz India reporting challenges in 2017 (vs 2016).

TOP CHALLENGES AFFECTING BUSINESS



INTERIOR DESIGNER

Top Challenges in 2017

Consumers - overly concerned about costs 44%

Difficulty finding prospective customers 44%

ARCHITECT

Top Challenges in 2017

Difficulty finding prospective customers 42%

Weak/uncertain national economy 33%

DESIGN AND BUILD FIRM

Top Challenges in 2017

Consumers - overly concerned about costs 48%

Difficulty finding prospective customers 42%

Description of Businesses

Charts below show the percentage of surveyed businesses on Houzz India with the specific characteristics in 2017.

MORE THAN ₹50'00'000 IN GROSS REVENUES*



47% of Businesses

Up to ₹10'00'00'000 or more in revenues

ONE OR MORE EMPLOYEES*



88% of Businesses

*Up to 500 or more employees

TEN OR MORE YEARS IN BUSINESS*



41% of Businesses

*Up to 30 or more years in existence

SOLE OWNER RESPONDING TO SURVEY



60% of Businesses

Methodology

The survey was sent to businesses with profiles on Houzz India and fielded between December 5, 2017 – 22 January, 2018. N=196.

Description of Business Groups by Core Services*

Pro Categories in Survey (Sample N)

Architect/Designer (N=99)
Design and Build (N=34)
Speciality - Decorating (N=28)
Builder/Contractor/Installer (N=16)
Speciality - Building & Renovation (N=9)
Speciality - Landscaping & Outdoor (N=6)

Top Pro Types in Survey (Sample N)

Interior designer (N=60)
Architect (N=36)
Design and build firm (N=33)

*Business groups were defined based on services that contributed to the largest share of business gross revenues in 2017, as identified by respondents in the survey.

Links to Pros on Houzz

Houzz is the easiest way for people to find inspiration, get advice, buy products and hire the professionals they need to help turn their ideas into reality.

Design, Renovation & Building	Home Improvement Services	Other Professionals
Architects & Building Designers	Furniture & Accessories	Photographers
Interior Designers & Decorators	Flooring & Carpets	
Civil Engineers & Contractors	Bedding & Bath	
Design-Build Firms	Speciality Contractors	
Home Builders & Construction Companies		
Kitchen & Bath Designers		
Landscape Architects & Contractors		
Tile, Stone & Countertops		