

Industry Analysis

Home & Hardware Retail

Q4 2013

Industry Overview

Whether novice or a veteran in home improvement, seeking comfort, undergoing maintenance and repair, adding space, saving energy, improving safety and preparedness or a combination of all goals, shoppers in this retail industry now look not only for the best price. They go and become loyal customers of a home and hardware retail store because they are satisfied with the retailer’s staff and service, store facility, merchandise, and sales and promotions.

Home and Hardware Retail Defined. While “home improvement” often refers to building projects that alter the structure of an existing home, it can also include improvements to lawns, gardens, and outdoor structures, such as gazebos and garages. Home improvement projects generally have one or more of the following goals: comfort, maintenance and repair, additional space, saving energy, or safety and preparedness.

Several major retailers, such as Home Depot and Lowe’s, specialize in selling materials and tools for DIY (do it yourself) home improvement. These stores host classes and carry numerous books to teach customers how to do the work themselves. The largest stores in this industry also cater to tradesmen across-the-board for their basic material needs and tools, competing with the traditional specialized wholesalers that sell to specific types of tradesmen.

The Major Players.

- The Home Depot is an American retailer of home improvement and construction products and services, headquartered in Atlanta, GA. It is a major player in the sales of large appliances. For fiscal year ending January 2011, it hit revenue of \$67.9 billion.
- Lowe’s is the second-largest home improvement retailer worldwide. Headquartered in Mooresville, NC, it recorded revenue of \$48.8 billion for fiscal year ended January 2011.
- Sears, headquartered in Hoffman Estates, IL, is regarded as the largest retailer in the U.S., with 2010 revenue of \$22.9 billion. Apart from its home improvement line, it is a leader in major appliance retailing, and also competes with department and discount stores.
- Pacific Sales (which is a wholly-owned subsidiary of Best Buy, sells home improvement products, along with high to mid range appliances and electronics. For fiscal year ending March 2011, Best Buy earned revenue of \$10.2 billion.
- Menards is a chain of home improvement stores in the Midwestern U.S. Headquartered in Eau Claire, WI, has 262 stores in 13 states and recorded revenue of \$7.2 billion.
- Ace Hardware Corporation is a hardware cooperative based in the U.S. Each Ace Hardware store looks different, but it has many characteristics, such as signaled and color-coded.

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