

# Projects, Not Products

Sustaining Home Depot's impressive growth,  
one step at a time

**Team 354**



# Background and current state

## Strengths

- Physical presence: has **32%** more physical stores than largest competitor<sup>1,2</sup>
- Strong brand association** to home improvement
- Highly competitive offerings for the Pro customer segment<sup>3</sup>

## Weaknesses

- Lacks customer engagement** across project lifecycle<sup>4</sup>
- Historically targeted Pro segment at the cost of DIY and less experienced ("beginner") customers
- Website/store experience can feel **cluttered** and **overwhelming**<sup>4</sup>

## Opportunities

- 20%** growth in online sales during the pandemic that **can be sustained**<sup>5</sup>
- Increased **Millennial interest in DIY** projects during pandemic<sup>5</sup>
- 7%** expected growth in the home improvement market<sup>7</sup>



**Home Depot is well-positioned to sustain growth by targeting online DIY sales and Millennial customers.**

## Industry Overview

- \$380 billion** building and garden supply industry (U.S., 2019)<sup>5</sup>
- 29% market share** held by Home Depot, followed by Lowe's (19%)<sup>5</sup>
- Younger generations increasingly expect **user-friendly** and **integrated online experiences**
- 78.6%** growth in online ad spend since 2016 means it's harder to **retain** consumers' attention and purchases<sup>6</sup>

## Competitors



# Customer interviews & profiles

We interviewed **37** people in virtual **15-30 minute** conversations. Using their responses and our secondary research, we created **3** representative customer profiles.



**Patrick the Pro**  
42, Contractor

**Needs**

- Materials for building, repairs, etc.
- Channel of customers looking to do home renovations

**Pain Points**

- Only wants product specs and potential discounts on platforms [Solved]
- Would like extra help with business logistics [Solved]



**DIY Donna**  
35, Retail Manager

**Needs**

- Tools and materials for smaller crafts, larger DIYs
- Has done DIY projects before, but requires assistance with some project details

**Pain Points**

- A little uninspired and unmotivated; needs a good idea to get started
- The size of the Home Depot store and the information density of the website are intimidating



**DIFM Matthew**  
45, Financial Advisor

**Needs**

- Some home renovation/fixing, but doesn't have the time for it
- Has done DIY projects before, but requires assistance with some project details

**Pain Points**

- Not enough time to research where to buy or sift through products
- Wants a reliable brand to keep returning back to for easy, 1-click experience

Overview

**Customers**

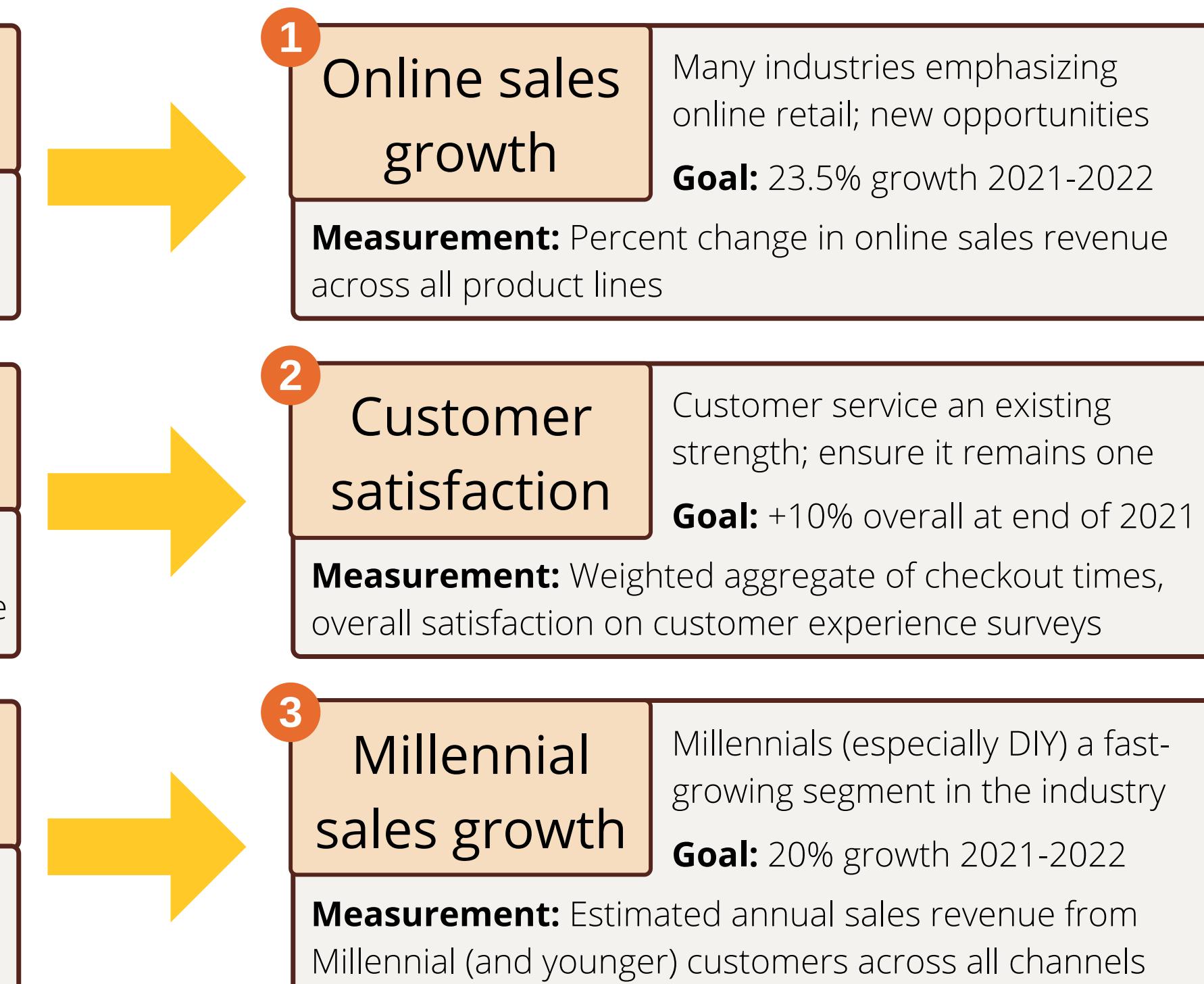
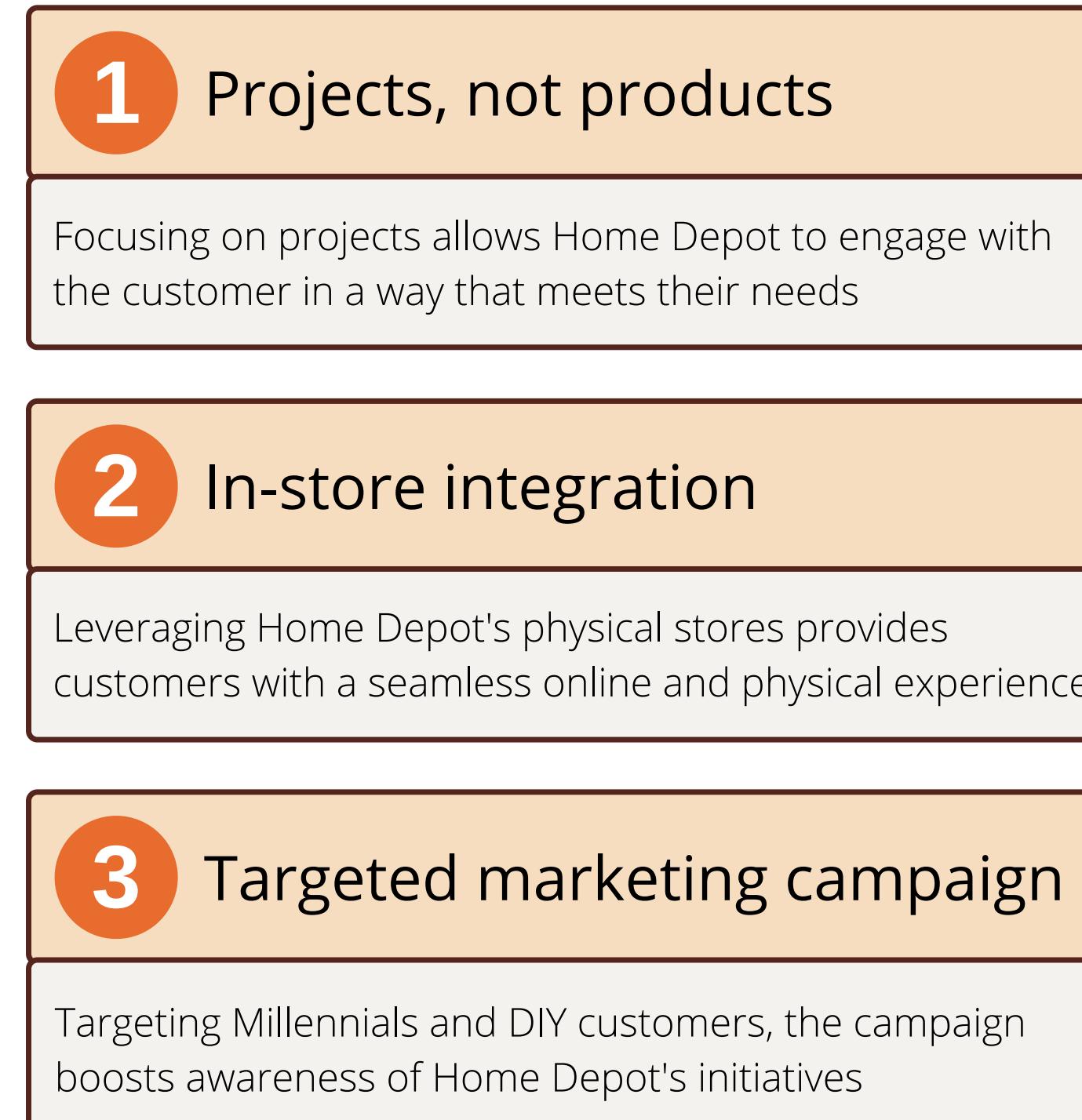
Initiatives

Analysis

Conclusion

# Initiatives and KPIs

## Initiatives



## KPIs

Overview

Customers

Initiatives

Analysis

Conclusion

# Initiative 1: Projects, Not Products

## Key Problem

95% of Home Depot customers interviewed purchased products **as part of a larger project** (renovation, garden, etc.), but the majority interfaced with Home Depot **only at the beginning** of their project (i.e. for starter materials), despite knowing about Home Depot's other services<sup>4</sup>

## Pain Points

- [DIY Donna] App and store consist of huge catalogs of products and feel **overwhelming**; 73% cited **perceived difficulty** as a top barrier to DIY/renovation projects<sup>4</sup>
- [Home Depot] Difficult to **retain customers** (since Home Depot just gets customers in/out)
- [Home Depot] Could increase sales and customer engagement/return rates by **supporting customers throughout the project**, rather than just initial purchase

[All Departments](#)[Home Decor, Furniture & Kitchenware](#)[DIY Projects & Ideas](#)[Project Calculators](#)[Installation & Se](#)

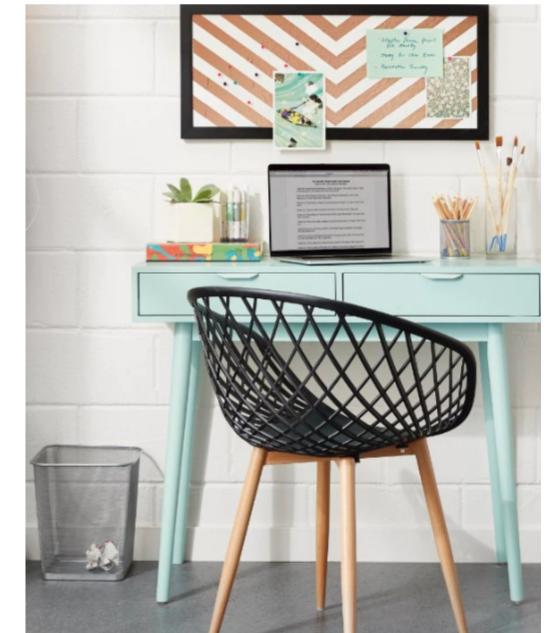
**UP TO \$100 OFF**

Select Tools + Free Delivery



**UP TO 40% OFF**

Select Online Bath



**UP TO 20% OFF**

Select Furniture

Current website focuses on discounts off specific **products**; **optimized for Patrick the Pro** (knows what he wants), but **not for DIY Donna** (looking for inspiration and new projects)

[Overview](#)[Customers](#)[Initiatives](#)[Analysis](#)[Conclusion](#)

# Initiative 1: Projects, Not Products

## Introducing HD Projects

A new **website and app feature** that streamlines product purchases, project timelines, and getting help by creating a **Home Depot ecosystem** around customizable, user-friendly projects (mockups on next page)

### Key Benefits



**Lowers the perceived difficulty** of projects to encourage more customers (especially Millennials) to begin DIY projects



**Engages customers throughout their project** by offering relevant Home Depot products and services at various points



**Leverages Home Depot's trained associates** and physical stores to build a frictionless project experience

### Costs and Risks

- **Costs:** < \$10,000 to update the website and app with projects
- **Risks:** Low adoption rate among users. However, this is unlikely (**56%** Millennials are among the first to adopt new tech)<sup>8</sup> and is addressed by initiative #3

Overview

Customers

Initiatives

Analysis

Conclusion

# Project Page Mockups

5-star rating system designed to build consumer trust and user engagement

Providing time and difficulty estimates for consumers to assess feasibility, as well as project descriptions

Consumers can instantly add all materials to cart with bundle discounts, increasing ticket size

The screenshot shows a mobile application interface for a "DIY Garden Bed" project. At the top, there's a header with signal strength, time (8:20 PM), battery level (17%), and navigation icons for back, search, and cart. Below the header, the project title "DIY Garden Bed" is displayed with a 5-star rating of 1529 reviews. A large image of a wooden garden bed filled with plants is shown. Below the image, the estimated time ("~ 2 hours") and difficulty ("Medium") are indicated. A descriptive paragraph encourages users to personalize their outdoor space and grow food or flowers using simple tools and materials available at Home Depot. A section titled "You'll need:" lists "Materials" and "Tools" required for the project. Under "Materials", it lists 2" x 4" Stud Lumber (16), 1/4" Screws (32), Potting Soil (4 cubic feet), and Plants (your choice!). Under "Tools", it lists a Large Shovel, Small Shovel, and Power Drill/Screw Driver. A prominent button at the bottom says "+ Add Materials To Cart (10% OFF)". The bottom of the screen features a navigation bar with icons for Home, Shop, Me, Stores, and More.

This screenshot shows the same project page with a focus on interactive features. A callout box highlights a specific material, "Lumber: 2x4's (x16)", with a shopping cart icon and a plus sign, suggesting it can be added directly to the cart. Another callout box provides step-by-step instructions for "Assemble the Frame", including a "Get Expert Help" button with a wrench icon and a "See Our Tips" button with a lightbulb icon. The bottom of the screen has a navigation bar with Home, Shop, Me, Stores, and More icons.

"Add Project" button adds a project to the user's project page, which can be referenced and used to track project statuses

"Expert Help" and "Our Tips" buttons directly address perceived difficulty and leverages HD's skilled associate and pro network

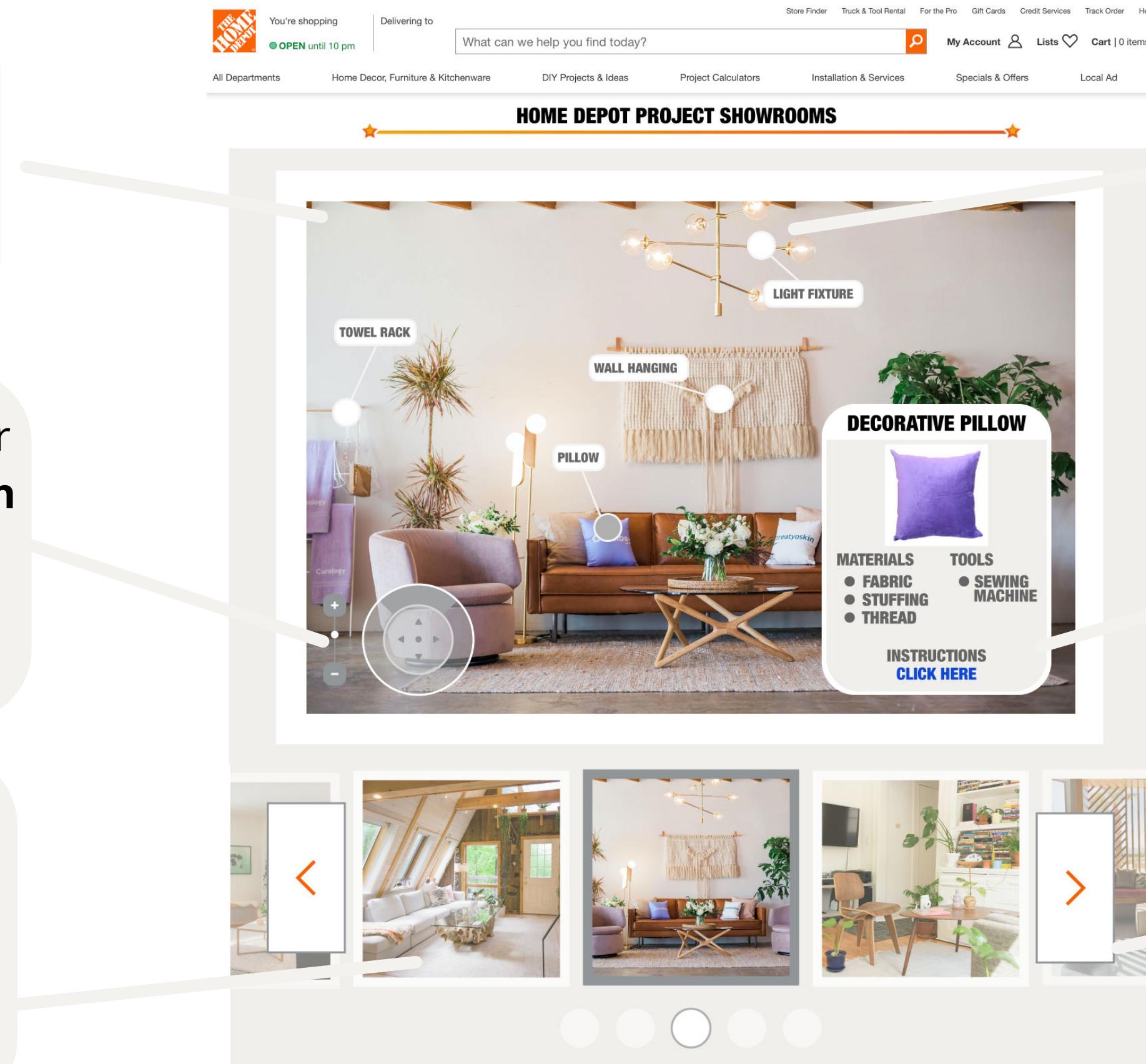
Centralized interactive instructions create a self-contained ecosystem to find ideas, get materials, and execute projects

# 360° Showroom Website Mockup

Showroom on home page to facilitate **DIY inspiration** and ease of access

Easy controls allow for quick, **360° navigation** of virtual showrooms and zooming in on interesting projects

Different showrooms provide consumers with a **variety** of different styles, projects, and settings



White dots highlight DIY projects while simultaneously being **immersed** in a realistic and cohesive setting

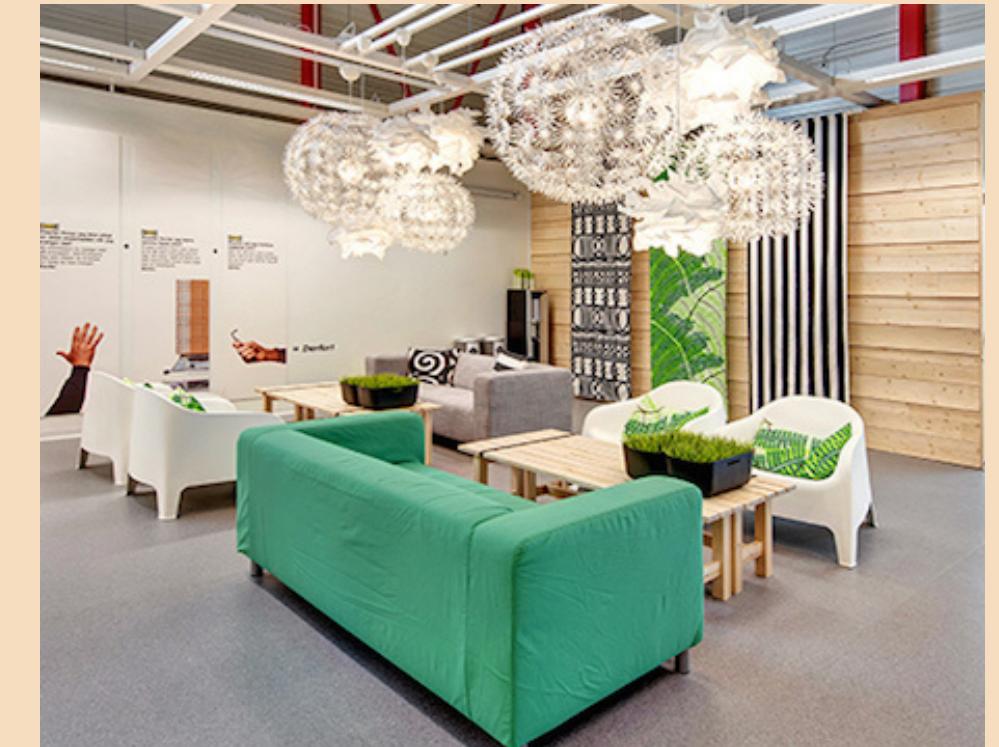
Pop-out menu provides further initial project specs for consumer before linking them to project instructions

Horizontal photo gallery and left/right allows for seamless transition between different showrooms

# Initiative 2: In-store project integration

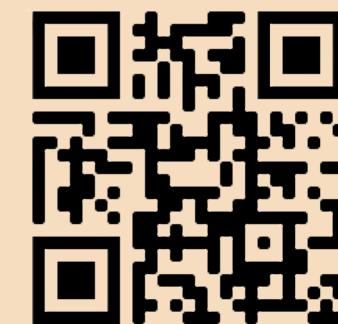
## Physical project displays

- Fully built project samples placed near the store entrance to **attract** and **inspire** customers
- Complements the online project showrooms and **brings awareness** to HD projects
- Leverages Home Depot's **physical store advantage** (see next slide) - many consumers go to Home Depot because it's closest (customer interviews)
- Customers note that IKEA-showroom model inspires them more than a warehouse model
- More friendly to DIY, less experienced customers



## Products to projects, seamlessly

- Selected products commonly used in projects (e.g. tiles, which are used in bathroom/kitchen renovation) will have stickers next to them titled "See Related Projects" and a **QR code** that brings them to the **project page**
- Brings people online and into the project ecosystem, where they can bundle purchases and **engage with Home Depot** throughout the project lifespan
- Aim to add project QR codes to **15%** of Home Depot SKUs by end of 2021



Overview

Customers

Initiatives

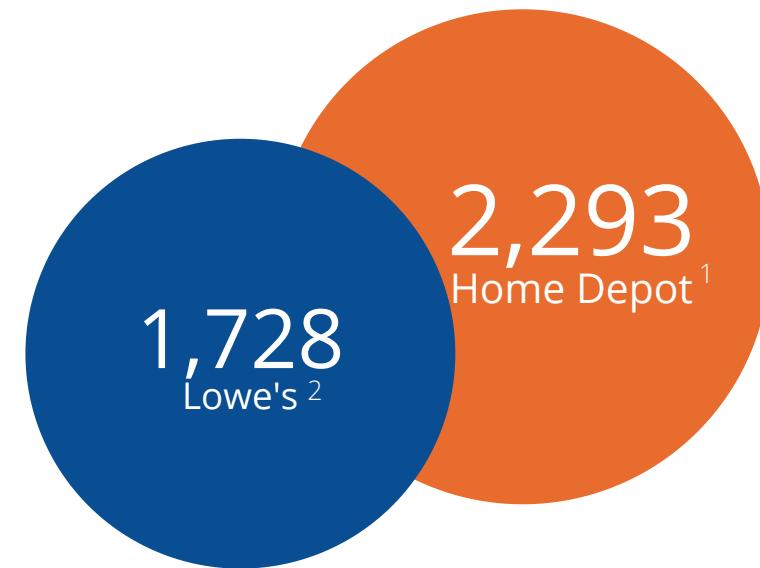
Analysis

Conclusion

# In-store opportunities: By the numbers

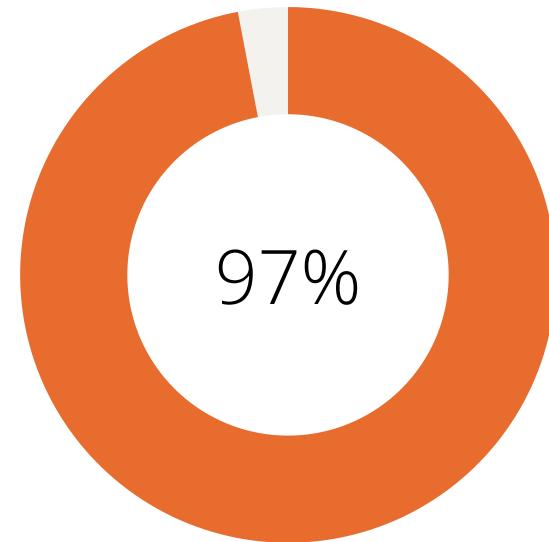
Our in-store strategy takes advantage of 3 key opportunities:

## Total U.S. Stores (2020)



Home Depot has **33% more stores** than its largest competitor, creating an opportunity to better publicize projects in stores and gain early customer adoption.

## Store Entry Rate (HD)



**97%** of Home Depot customers<sup>4</sup> enter a physical store at some point in their projects, allowing us to inspire them with project displays and create a seamless experience.

## Store Improvement Plans

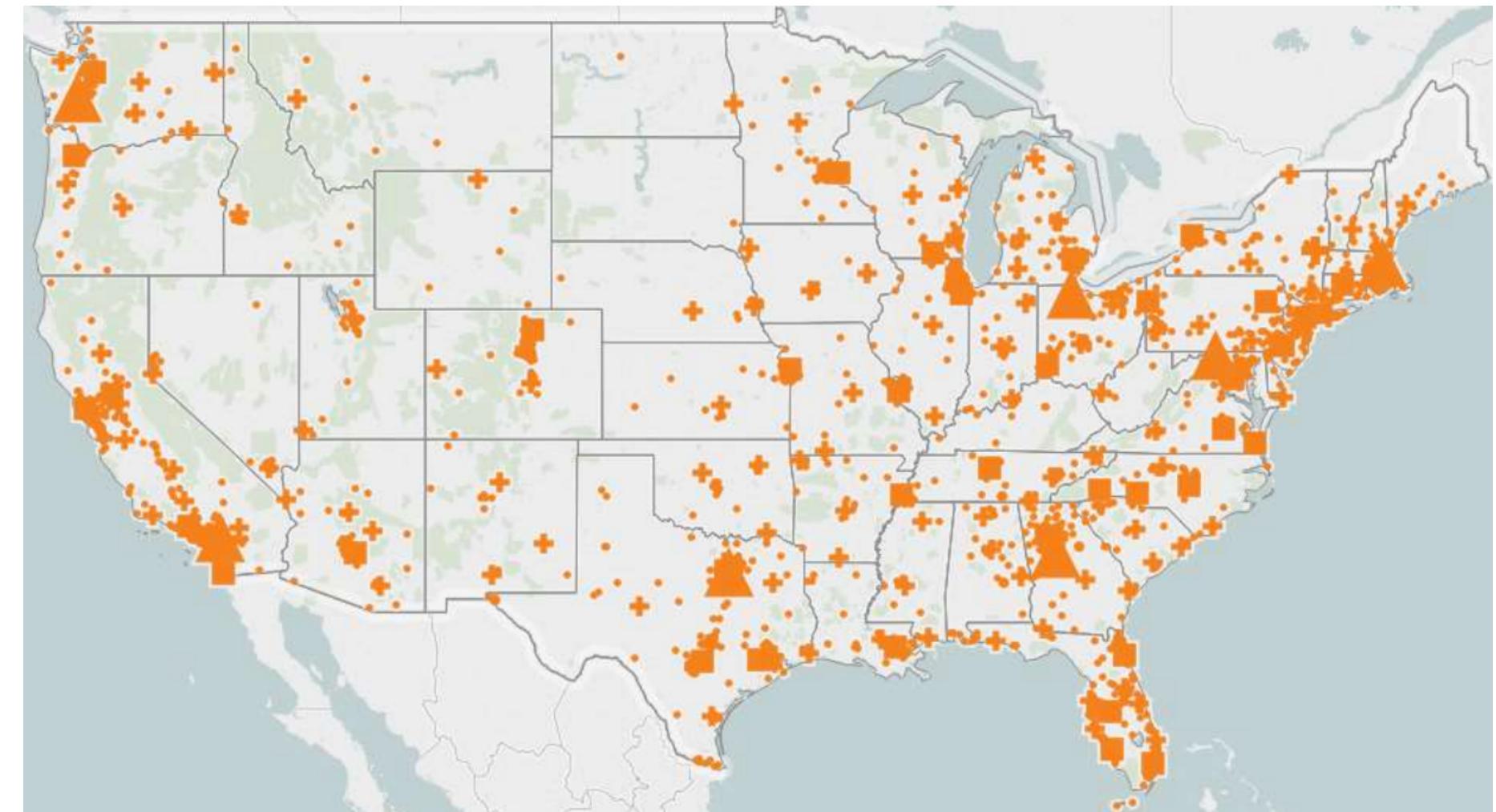


Home Depot plans on **refreshing 60% of stores**<sup>5</sup> to improve customer experiences; we'll select **10%** of these to add our project displays in, thereby minimizing costs.

# Initiative 3: Targeted Marketing Campaign

## Local Marketing

- Many stores in concentrated markets on the East/West Coast
- Start by creating a **pilot test**:
  - Bring in-store displays to **specific market clusters** on East/West Coast
  - Begin rearrangements **concurrently** with 60% store refresh<sup>4</sup> for cost efficiency
  - Use local marketing to target our market clusters for **better ROI** on advertisements<sup>6</sup>
- **Budget:** \$30k (ad/content creation) + \$60k (targeted local ad spend) = **\$90k**



Local marketing will **reduce costs** and **lower risks** when combined with the showroom pilot plan

# Initiative 3: Targeted Marketing Campaign

## Content Marketing

- Content marketing will help Home Depot reach a **wider digital audience** interested in DIY projects
- **72%** marketers say that content marketing<sup>9</sup> **increases engagement**
- Use **SEO** to optimize online presence; **95%** of people only look at the first page of search results<sup>4</sup>

## Social Media Marketing



### YouTube

Used by **77%** of Millennials<sup>10</sup>

- DIY Videos: **86%** of viewers are using YouTube for **instructional videos/learning**<sup>10</sup>
- YouTube shorts: Opportunity for fast-paced DIY shorts to **celebrate the DIY process** as opposed to just the product



### Facebook

Used by **66%** of Millennials<sup>11</sup>

- **Livestreaming:** Millennials are watching (63%) and creating (42%) much of livestream content<sup>11</sup>
- Facebook Pages/Groups: **DIY pages/groups** allow for **precise targeting** of Facebook ads

# Financial and Operational Implications

## Initiative Costs (Expected)

Initiative	Cost	Description
1: Projects	\$10k	To develop HD Projects features in the app and on the website
2: In-store	\$150k	To build project displays and attach QR codes to selected SKUs
3: Marketing	\$90k	To create and show ads on Facebook and YouTube
Grand Total	\$250k	Sum of costs for all initiatives

## Operational Considerations

- Home Depot store associates have 30-min **informative training session** on HD Projects (Q3 2021)
- Revenues associated with HD Projects (e.g. bundled purchases, pro service referrals) tracked beginning in Q2 2021 for KPIs
- Customer experience surveys sent monthly, both in stores and online

# Timeline

**March 2020**

Beginning of COVID-19 pandemic

**Mar-Dec 2020**

Stimulus checks inspire interest in DIY, increasing HD sales

**August 2021**

Development begins on HD Projects features for app and website

**September 2021**

HD Projects rolls out on website and app; experience surveys sent

**October 2021**

10% of the 60% HD stores being revamped receive physical project showrooms

**November 2021**

Marketing campaign targeting Millennials and DIY customers rolls out

**May 2022**

KPIs and customer experience data analyzed for insights

Overview

Customers

Initiatives

Analysis

Conclusion

# Revisiting KPIs & Customers

1

## Online sales growth

**23.5%**

Expected +10% web traffic from in-store strategy and marketing campaign; combined with +5% order size and +7% expected order frequency from projects = +23.5%

2

## Customer satisfaction

**+10%**

Projects provide customers a centralized, streamlined experience with DIY - users can get materials, advice, pro help in one place. Est. 5% faster + 5% smoother = 10%

3

## Millennial sales growth

**+20%**

Targeted local marketing campaigns and 56% Millennials likely to adopt HD Projects features = +20% Millennial sales growth in local market (and will expand to U.S.)



**Patrick**

"I use Home Depot's existing Pro services to get my materials. Clients have reached out to me about projects they've seen in Home Depot stores, and I'm happy to help them build it!"



**Donna**

"With HD Projects, I was able to get what I needed - sometimes it was tiling and sometimes it was help from an associate, but what mattered was that it was easy and it let me focus on building and creating."



**Matthew**

"I got an ad for a beautiful mini-greenhouse, and I knew it was perfect for my backyard. When I reached out to Home Depot about it, they connected me with one of their professionals, who built it for me very quickly."

Overview

Customers

Initiatives

**Analysis**

Conclusion

# Conclusion

## Industry Background

- 20% growth in online sales since the beginning of the pandemic
- Increased Millennial interest in DIY/home improvement projects

## Key Problems

- Most customers buy products as part of larger projects, but Home Depot only engages them at the very beginning
- Home Depot's online presence fails to match the competitiveness of its physical presence
- Without targeted efforts, Millennials may soon lose interest in DIY/home improvement projects (and thus lose interest in Home Depot)

## Main Benefits



+20% online sales growth



+10% customer satisfaction



+20% Millennial sales growth



Engage customers throughout projects



Leverage trained associates, physical presence

Overview

Customers

Initiatives

Analysis

Conclusion

# Appendix

# Notes

1. Q2 2020 Home Depot Investor Report, "U.S. Store Count By State."  
<https://ir.homedepot.com/~/media/Files/H/HomeDepot-IR/documents/2020-q2-store-map-v1.pdf>
2. Lowe's Investor Report, "Stores by State and Province (As of January 31, 2020)." We only considered stores in the United States. <https://corporate.lowes.com/sites/lowes-corp/files/pdf/stores-by-state-final.pdf>
3. Home Depot Pro Homepage from the Home Depot website. Accessed 07/22/2021.  
[https://www.homedepot.com/c/professional\\_contractor](https://www.homedepot.com/c/professional_contractor)
4. See "Customer Interviews" section (after "Notes").
5. Information provided from "2021 PGN Global Innovators Case Competition, Case Study: The Home Depot in a Post-COVID Era," the case document.
6. Ad spend figure provided PwC Research: <https://www.pwc.com/gx/en/research-insights/insights-library/public-reports/state-of-advertising-2021.pdf>
7. IBISWorld **public data**, "Home Improvement Stores in the US." <https://www.ibisworld.com/industry-statistics/market-size/home-improvement-stores-united-states/>
8. Millennial Marketing website. <https://www.millennialmarketing.com/who-are-millennials/>
9. See <https://optinmonster.com/content-marketing-statistics/>
10. See <https://blog.hootsuite.com/youtube-stats-marketers/>
11. Data from the Pew Research Center, "Social Media Fact Sheet." <https://www.pewresearch.org/internet/fact-sheet/social-media/>

# Customer Interviews

We interviewed 37 Home Depot and Lowe's customers virtually in the week of July 19. Each interview lasted about 15-30 minutes, though 3 interviews were as short as 5-10 minutes and 2 interviews were longer than 45 minutes.

The ages of the interviewees ranged from 19 to 57, with the average being about 32. Interviewees were located in a variety of geographic locations, including Maryland, Virginia, Pennsylvania, California, and New York.

In conducting our interviews, we sought to determine how people used Home Depot's services (i.e. product offerings, trained associates, etc.) and how they interacted with Home Depot.

# Customer Interviews

Very soon into the interview process, it became apparent that many people went to Home Depot with a clear idea of what they wanted. Some interviewees, including M.T., used Home Depot's website to get the aisle and bay number before going to retrieve the items in store.

However, after finding their items, almost all interviewees immediately went to checkout or to another point in the store. This was our motivation for pointing out how Home Depot is very "point-to-point" - both the in-store and online experiences failed to engage customers past their immediate product needs.

This issue was compounded by our discovery that 95% of the interviewees (35/37) purchased items from Home Depot as part of a larger project.

# Customer Interviews

These projects involved many products, **but not all of them were being purchased at Home Depot**, even though Home Depot offered them. For example, A.R. said that she purchased some other items on Amazon because they were "fairly standard" and she did not want to "take [the] time to find [them] in Home Depot." This means that Home Depot is missing an opportunity to engage with customers. While Home Depot does offer many, many SKUs and is excellent at getting customers from point A to point B, the cost of this success is the fact that many customers do not engage with the brand. By focusing on its products, Home Depot fails to engage the customer throughout their project's lifespan, thereby losing business to other brands.

# Customer Interviews

Another interesting (but unsurprising) statistic was that 36 of the 37 (95%) interviewees had gone physically into a Home Depot store at some point during their project. Combined with the fact that Home Depot has a third more stores than its largest competitor, we felt that this created an opportunity for Home Depot to leverage its sprawling network of physical stores in order to push the online project features.

In discussing barriers to DIY or home improvement/renovation projects, 73% (27/37) of the interviewees cited perceived difficulty. Many also felt that Home Depot's warehouse-like stores were overwhelming; one interviewee, P.K., explicitly mentioned "IKEA-showroom style" as an alternative that would have been less intimidating for him.

# Customer Interviews

When asked why they shopped at Home Depot, most (84% or 31 of 37) said it was because of convenience (i.e. Home Depot was closest to them), and a majority (78% or 29 of 37) said it was because Home Depot was the first thing that came to mind when they thought of "home improvement."

About 80% of the projects that interviewees completed were smaller projects, while 20% were larger projects (tearing down walls to create new rooms, remodeling entire houses, etc.).

No interviewees cited brand loyalty as a reason for shopping at Home Depot, further reinforcing our belief that Home Depot is currently used purely as a source of initial products. However, some (35% or 13 of 37) cited being able to ask experienced associates for help.