

Using Social Media Tools to Influence Homeowners' Building Product Choices

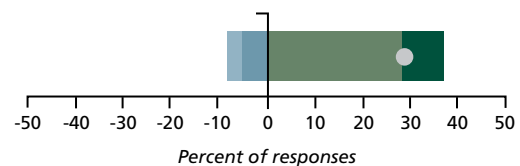
Social media is having a pronounced impact on many industries and has become an important conduit for brands to interact with customers, build loyalty and sway purchasing decisions. Although the likes of Facebook and YouTube haven't traditionally been focal points for building products manufacturers and their channels, that is changing. The growing role of homeowners in construction product purchasing decisions is making Internet marketing increasingly important in the building products industry, and companies that can establish a credible online presence have a new opportunity to gain market share by speaking directly to this segment (the homeowner).

While contractors have been primarily responsible for choosing the products for construction projects, homeowners are taking an increasingly active role in selecting the products used in their homes. A recent L.E.K. Consulting survey of contractors revealed that nearly 30% feel that homeowner influence in product purchasing has increased since 2006 (see Figure 1).

Unsurprisingly, homeowners are showing the highest degree of influence with regard to products that are aesthetically important. L.E.K. research found that homeowners make final brand decisions in more than half of all tile selections; nearly one-third of flooring selections; and more than 20% of paint, siding, plumbing (including fixtures), and window and door selections. With homeowner influence growing, building product companies should dedicate more resources to marketing their products directly to homeowners.

Figure 1

Change In Importance of Brand Recommendation by The Homeowner (2006-2010)



Source: L.E.K. Consulting Contractor Behavior Survey

Accessing this increasingly important market could prove challenging for building products companies, as they have traditionally focused their marketing efforts on channels and contractors. Marketing directly to homeowners requires a new approach, and in many cases, represents a competency traditionally resident with consumer packaged goods (CPG) organizations. Building products companies that have already begun homeowner marketing efforts report that they are placing emphasis on brands and products that they believe will appeal to homeowners based on quality, functionality and design. One marketing specialist interviewed by L.E.K. reported "putting more focus on [the company's] relatively affordable (yet functional and well designed) brands, since homeowners tend to be more price sensitive than designers and architects . . ."

Using Social Media Tools to Influence Homeowners' Building Product Choices was written by **Aaron Smith**, Vice President of L.E.K. Consulting, and **Robert Rourke**, Vice President and Head of L.E.K. Consulting's North American Building & Construction Practice. Please contact us at industrial@lek.com for additional information.

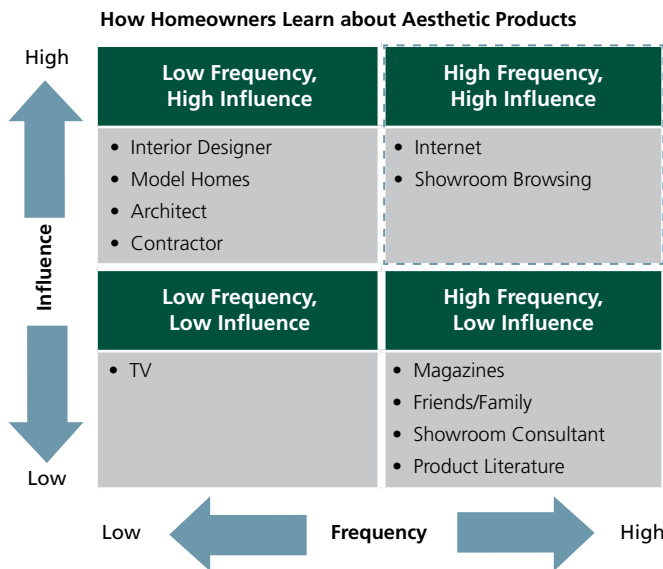
Reaching the Homeowner Market

At least as important as deciding which product lines to promote to homeowners is deciding how to reach this increasingly important market. L.E.K.'s market analysis suggests that Internet marketing campaigns – particularly those employing social media – have the potential to be highly effective.

The Internet

Homeowners are already accustomed to using the Internet to learn about products for their homes. In fact, the Internet is among the most common and most influential sources of homeowner information concerning highly aesthetic products, and it is playing an increasingly important role in influencing brand decisions (see Figure 2).

Figure 2



Source: L.E.K. Consulting

Homeowners not only use the Internet to browse for products but are increasingly going online to supplement information obtained from more traditional sources, such as product showrooms. Homeowners are also using the Internet to find reviews of products that interest them, utilizing both consumer-generated reviews and professional reviews from sources such as ConsumerReports.org.

Social Media

Social media is perhaps the most influential of all online media. In a recent L.E.K. media consumer survey, 76% of respondents reported having an account on a social networking site, such as Facebook, and 27% reported accessing that account multiple times per day (see Figure 3).

These users also report a high level of engagement with brands and products: those who access their accounts several times per day “Like” or are “fans” of an average of 16 brands. These highly engaged consumers also report that social marketing influences their purchasing decisions, with 25% saying that Facebook content has directly resulted in their making a purchase at some point. Furthermore, tech-savvy consumers are 16 times more likely to influence the purchasing decisions of their friends and family versus a typical non-tech-savvy consumer.

Figure 3

Active Social Network Members are More Likely to Make Purchases Based on Social Marketing

Facebook Usage Frequency	% reporting Facebook as an important influence on their purchasing decisions*	% reporting that Facebook has directly resulted in a purchase
Several times per day	23%	25%
Daily	12%	14%
2-3 times per week	11%	14%
Weekly	6%	7%
Average**	14%	15%

*Of respondents with a social network account

**Average across all respondents with a social network account, regardless of usage frequency

Source: L.E.K. Consulting Hidden Opportunities in New Media Survey

Building Products Companies and Social Media Consumer Engagement

A number of prominent building products companies are already moving into social media, taking advantage of platforms such as Facebook, Twitter and YouTube to market their products directly to consumers. Led by Kohler (with an impressive Facebook following of more than 100,000 fans), companies such as Grohe, Moen, GAF and Delta are developing creative, informative and engaging campaigns aimed at the homeowner market.

GAF is an example of a company that has successfully used social media to increase brand awareness and educate homeowners about its products. The company has created a YouTube channel that allows users to watch videos posted by the company. These videos contain educational information about GAF roofing products as well as instructions for applying or installing them. Consumers can “subscribe” to the GAF channel to receive notifications when new videos are posted, and they can leave comments on the videos as well. The GAF YouTube channel currently has nearly 400 subscribers and its top-five videos have been viewed from 50,000 to more than 100,000 times a piece.

Social Media Marketing Advantages

The benefits of using social media to attract individual consumers are extremely compelling. It is the only communications medium that allows for direct and immediate consumer feedback, which can inform the company's more traditional advertising campaigns as well as product development and positioning. Furthermore, the highly interactive nature of social media campaigns provides valuable data regarding customer preferences and behaviors, which can be used to build lead profiles for developing more targeted campaigns.

Social media campaigns also increase brand loyalty, credibility and purchasing intent by directly engaging consumers. Consumers feel more loyal toward brands that engage them directly, and they may even be inspired to share campaigns they find useful or amusing with other members of their network. When a social media user sees a friend “Like” a brand or share other brand information, the user views this sharing as the friend's endorsement of the brand, thus increasing the brand's credibility. Friend sharing of particularly clever campaigns can even lead to the campaign “going viral,” thus reaching far more consumers than a traditional campaign would have reached at a fraction of the cost.

As homeowners continue to play a larger role in the selection of the products used in their homes, building products companies should dedicate more resources to reaching out to this group. Social media provides an excellent platform for reaching these customers, directly engaging them to generate interest, loyalty and sales. Companies that fail to take these steps risk being left behind as homeowner influence grows.

To develop an optimal social media strategy for the building products industry, executives need to consider several factors that include:

- Identifying the platforms that have the greatest influence on their most attractive customer segments
- Understanding the criteria that homeowners use to select among competing products and the sources they use to learn about them
- Positioning their brands and products with a value proposition that is compelling to the homeowner
- Defining which platforms have the best combination of the ability to impact and the ability to showcase a product's value proposition
- Determining how the brand/category needs to leverage this medium vs. other commercial considerations (such as brand architecture, channel strategy and channel conflict, etc.)
- Developing tactics for using the platforms best suited to drive sales

These increasingly important issues represent big opportunities for building products companies to gain market share in advance of the housing recovery.

L.E.K. Consulting is a registered trademark of L.E.K. Consulting LLC. All other products and brands mentioned in this document are properties of their respective owners.

L.E.K. Consulting is a global management consulting firm that uses deep industry expertise and analytical rigor to help clients solve their most critical business problems. Founded more than 25 years ago, L.E.K. employs more than 900 professionals in 20 offices across Europe, the Americas and Asia-Pacific. L.E.K. advises and supports global companies that are leaders in their industries – including the largest private and public sector organizations, private equity firms and emerging entrepreneurial businesses. L.E.K. helps business leaders consistently make better decisions, deliver improved business performance and create greater shareholder returns.

For further information contact:

Boston

28 State Street
16th Floor
Boston, MA 02109
Telephone: 617.951.9500
Facsimile: 617.951.9392

Chicago

One North Wacker Drive
39th Floor
Chicago, IL 60606
Telephone: 312.913.6400
Facsimile: 312.782.4583

Los Angeles

1100 Glendon Avenue
21st Floor
Los Angeles, CA 90024
Telephone: 310.209.9800
Facsimile: 310.209.9125

New York

650 Fifth Avenue
25th Floor
New York, NY 10019
Telephone: 212.582.2499
Facsimile: 212.582.8505

San Francisco

100 Pine Street
Suite 2000
San Francisco, CA 94111
Telephone: 415.676.5500
Facsimile: 415.627.9071

International Offices:

Auckland
Bangkok
Beijing
London
Melbourne
Milan
Mumbai
Munich
New Delhi
Paris
Shanghai
Singapore
Sydney
Tokyo
Wroclaw