

The 2022 Modernize Home Services Homeowner Sentiment Report

The Latest Industry Findings and Preferences of Active Customers

modernize[®]
HOME SERVICES

July 2022



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At Modernize, we believe it is our responsibility to take an active role in helping contractors like you scale your business. We are always looking for different ways to support you. One of the most unique and competitive assets we have is our community of engaged homeowners. Each year, in the spirit of helping you reach your goals, we share access to our annual homeowner survey when we ask thousands of homeowners to share their project plans, budgets, pain points, and more.

This year, we collected data from almost 30,000 homeowners. We took the time to analyze it, gather customer insights, and identify the newest industry-shaping trends. And we put it all in this report for you. We hope you leverage these data-backed insights to optimize your sales/marketing strategies and promote company growth.

Jeff Barnes

Director

Modernize Home Services



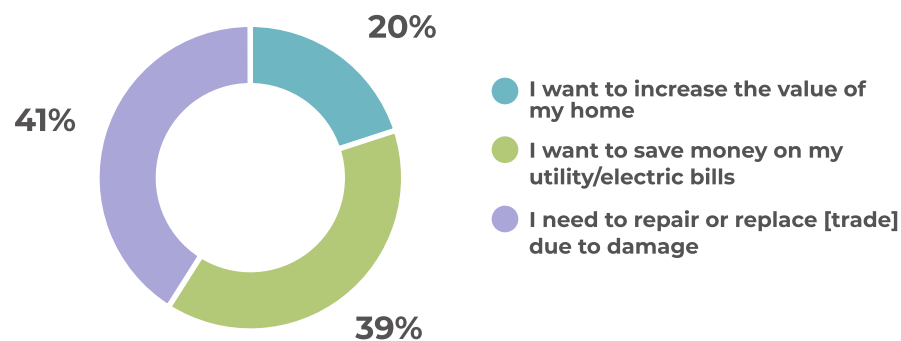
Homeowner Research and Planning

Across trades, the amount of hours spent researching a project has increased from our pre-pandemic survey, when 30 percent of homeowners said 0 hours.

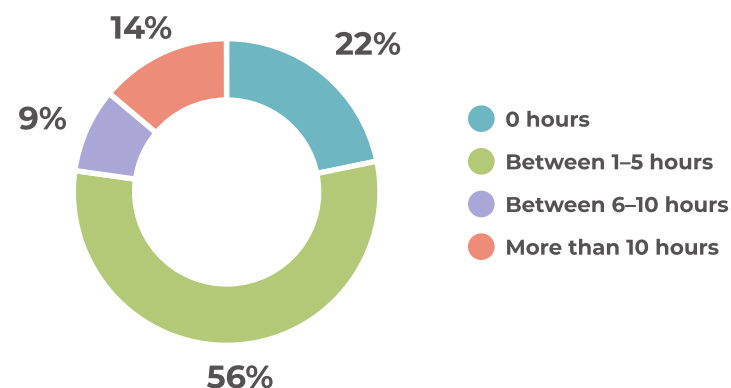
Our 2022 annual survey reveals more homeowners —79 percent— are doing independent research, prior to requesting a contractor. And four out of five homeowners plan on spending at least 1 to 5 hours of additional research before hiring a professional.

Every homeowner comes to you with a different understanding of their project. But, regardless of a homeowner's research, it is your job to educate them. You are the real expert. First, find out what they know. Ask probing questions to avoid patronizing well-informed homeowners and confusing the less knowledgeable ones. Start at their level, then bring them to yours. Homeowners become more engaged when they are properly educated and informed.

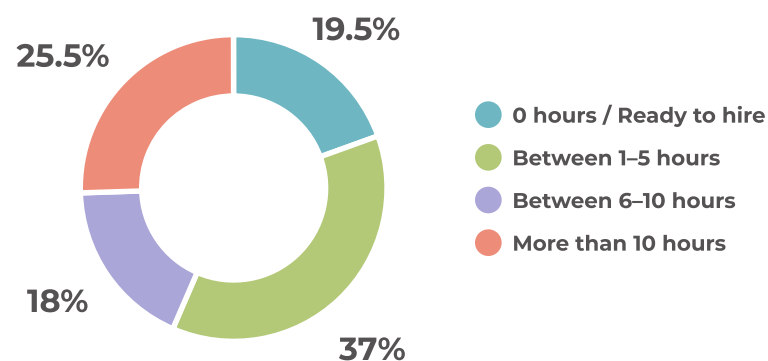
What is your primary motivation for your upcoming project?



How much time have you dedicated to researching your project?

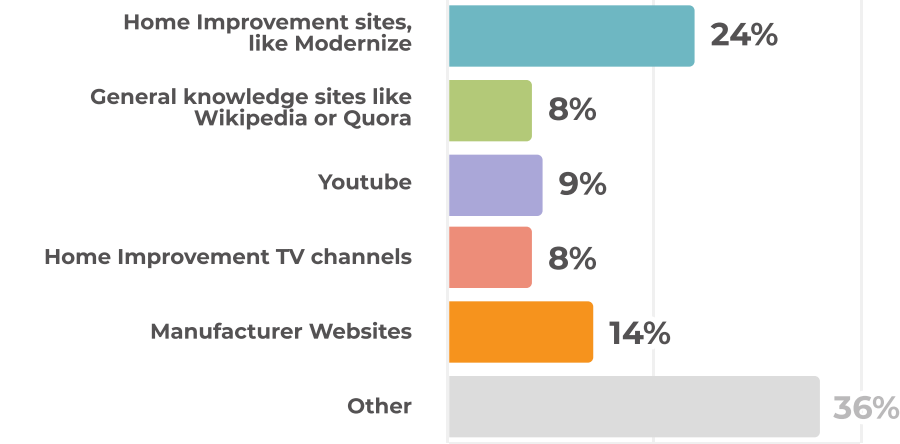


How much time do you plan to spend researching your project between now and hiring your contractor?



Homeowners use multiple online resources to help them research home improvement projects. Take advantage of this and use multiple platforms to build more brand awareness. Post how-to articles on your website, quick tips on your social media, and DIY videos on YouTube to assert yourself as an expert in your industry. Partnering with third-party sites helps too—one out of every four homeowners turn to sites like Modernize for research.

In addition to searching on Google, which online resources have been the most helpful with researching your project?



Budgeting and Finance

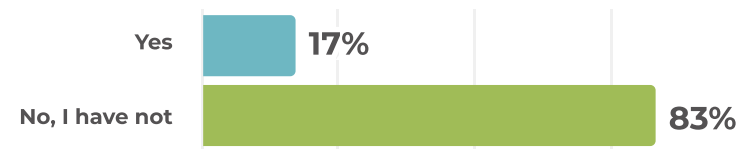
The majority of homeowners (83 percent) have not created a budget ahead of their upcoming project, up from 77 percent in 2021.

Before you meet a homeowner, ask if they have a budget in mind. If not, send resources like online cost calculators and articles to improve the customer experience. From our survey, 41 percent of homeowners—who did create a budget—found these resources helpful.

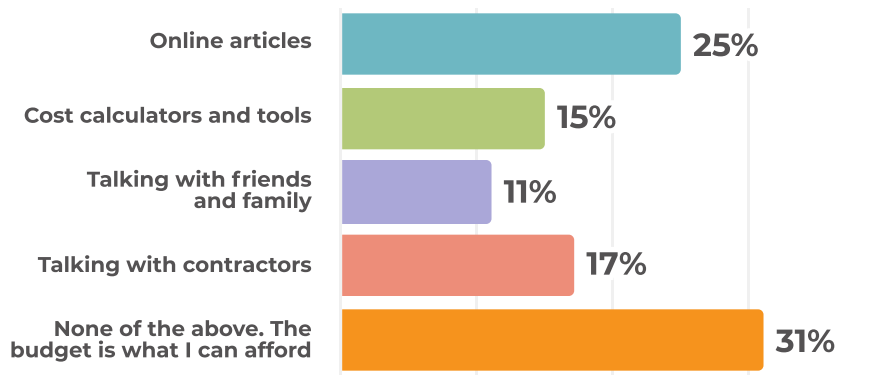
Even if a homeowner does come to you with a budget, our survey shows they are still not very confident in it. Homeowners do not know what price to expect because often they have no reference point, as many home remodeling projects are once-in-a-lifetime purchases.

When first connecting with a homeowner, ask questions to qualify them. Then inform and build trust. Walk them through the budget, step-by-step. Remove friction by communicating the value of the project. The value is different for every homeowner, so find out why they want to do the project. Based on their pain points and motivations, paint a picture of how their life will be different when the project is done. Be clear about the benefits, don't insinuate them.

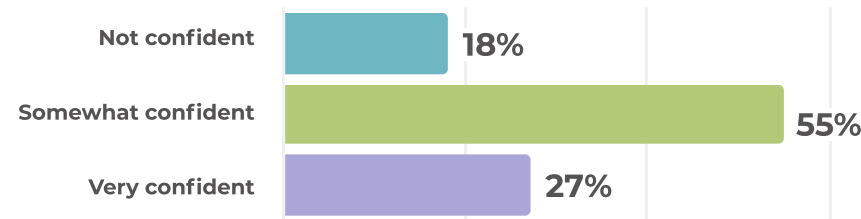
Have you created a budget for your project?



[If yes] What tools have been the most helpful in creating a budget for your project? Please select all that apply.



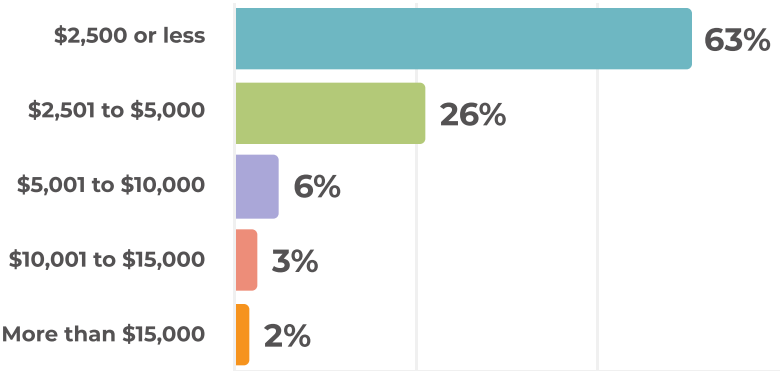
[If yes] How confident are you that your budget will allow you to complete your project?



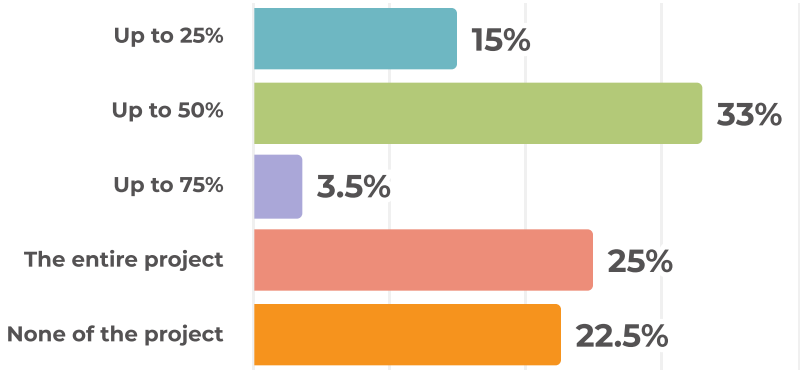
Homeowners' interest in financing their projects remains unchanged, year over year. The survey shows almost 80 percent of homeowners would like to finance part (if not all) of their projects, as most home improvement projects are a major investment for homeowners.

There are multiple benefits to offering financing to homeowners. Contractors typically see an increase in close rate and job size. Homeowners have a better ability to upgrade to better quality energy-efficient solutions— which creates a happier customer overall.

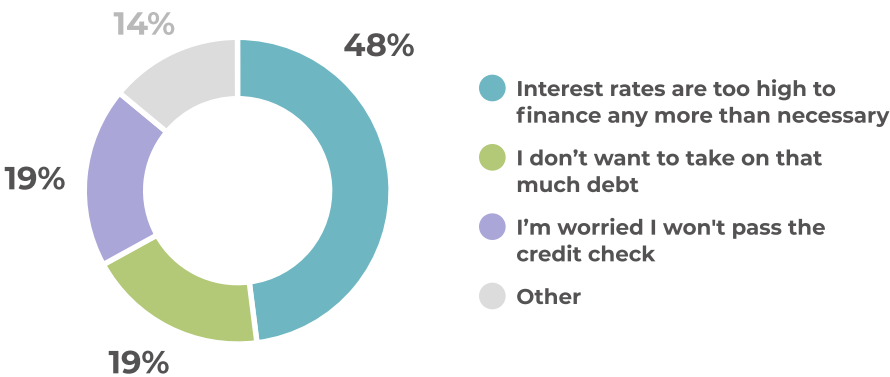
How much do you plan to spend on your upcoming project?



If financing were available, what percent of your project would you like to finance?



[Depending on selection] Why wouldn't you finance 100% of the project?



Past and Future Projects

Project Pausing and Planning

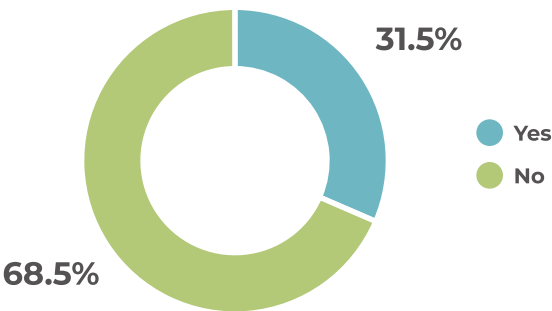
This year, 32 percent of homeowners have canceled or paused a project, a drop from 45 percent in 2021. This year, however, the reason for the majority of cancellations—74 percent—is cost. In 2020, 46 percent cited cost as the reason.

Avoid canceled or paused projects because of cost by setting expectations and sharing finance options early. If a homeowner does need to cancel, make the process quick and painless for them. The terms of your contract should be clear and accessible. You want to give them a reason to hire you in the future. And hopefully, refer you to friends and family.

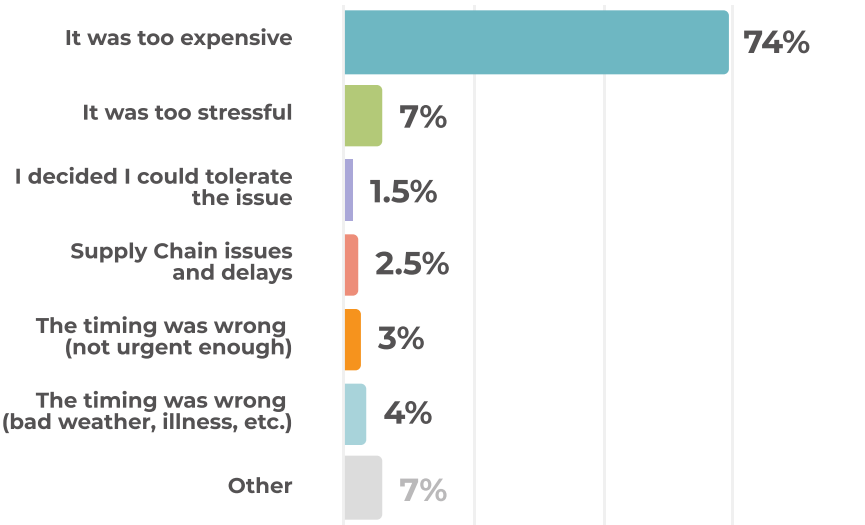
“Of course consumers are very reactionary, but I think once homeowners begin to take a step back, they will realize there is money to be made from their investments, despite the high cost right now.”

Nik Schoolis
Manager of Housing Economics
Zonda Research

Have you previously paused or canceled a home improvement project?



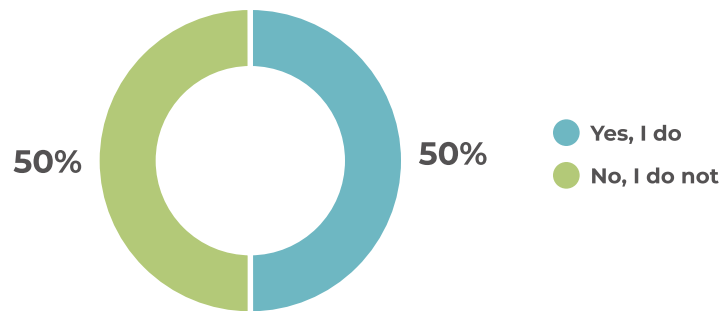
[If yes] What was your primary reason for pausing or canceling your project?



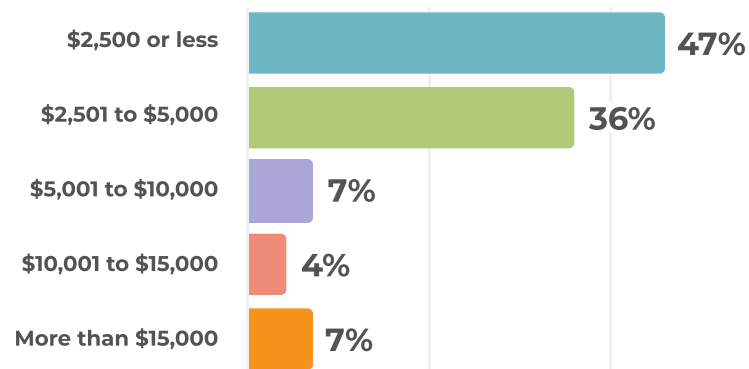
Promising Figures: Additional Projects

Fifty percent of homeowners plan to pursue additional home improvement projects in the next six months—an increase from 38 percent in 2021.

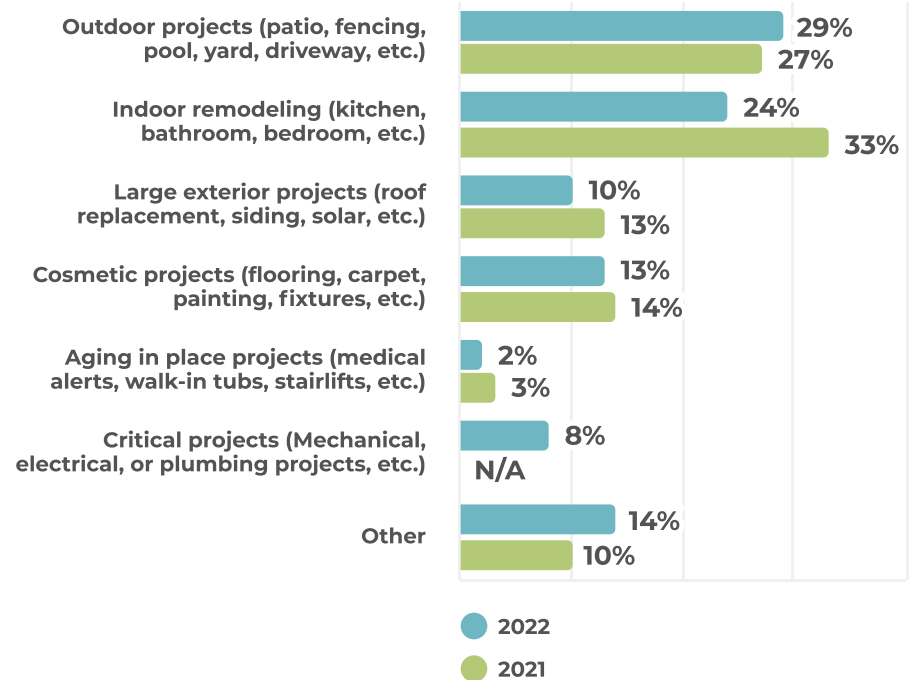
In addition to your current project, do you plan on making additional home improvements over the next six months?



How much do you plan to spend on your upcoming project?



[If yes] Which of the following home improvement projects will you begin? Please select all that apply.



Contractor Selection

How Homeowners Choose Contractors

The most common way homeowners find contractors is through recommendations from friends and family. This is great news. Referrals are the most cost-effective leads. To increase your chances of getting referrals, use nurture campaigns to stay top of mind, send thank you letters, and follow up with homeowners after project completion to make sure they are happy with the result. If you go above and beyond, homeowners will be happy to refer you to a friend or family member the next time someone is looking for a contractor.

"You need to think about what these homeowners are experiencing. What are the most common friction points? What can we do to make it easier for them? Because if someone has a great experience, it is a lot easier to get that referral."

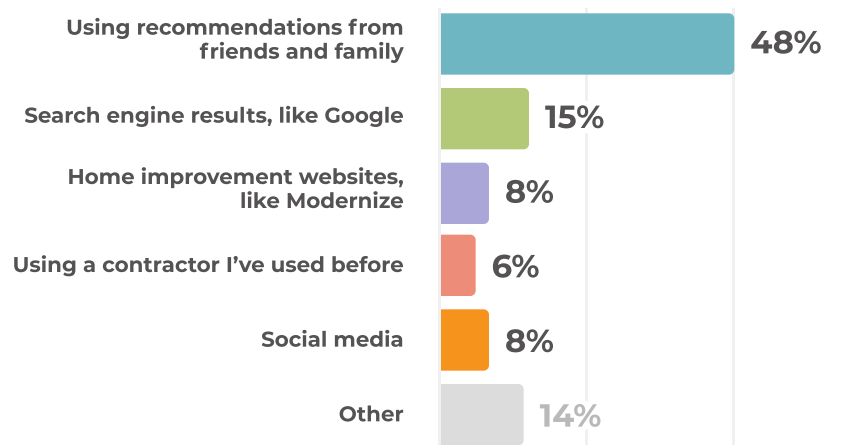
Matt Vazquez

Co-owner, My Neighborhood Windows

Thirty-one percent of homeowners used online resources to find contractors. This includes social media, which saw a two percent increase from 2021.

Go where your customers are. Ask for more reviews to improve your Google Business rankings. Make it easy for them to leave a review by offering a template. Update your social media pages with before and after photos, then link to them in your ads and website. Take advantage of a happy homeowner's social media too. Ask them to tag you in a Facebook, Instagram, or Twitter post about their experience.

What has been your primary source for finding contractors to begin your project?



Homeowners seeking roofing contractors turn to sites like Modernize more than other trades— 14 percent.

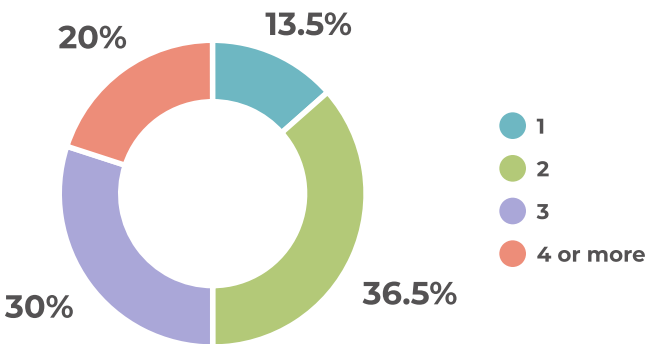
How Important Is Price?

After price, online ratings and reviews are the most important deciding factors when homeowners are choosing a contractor. You do not decide what people say about your company. Your customers do. Online reviews build trust. Ask every homeowner for an honest review, and engage with it. Respond to positive reviews with gratitude. Use negative reviews as an opportunity to show prospects you care. Be apologetic, sympathize, and try to make it right.

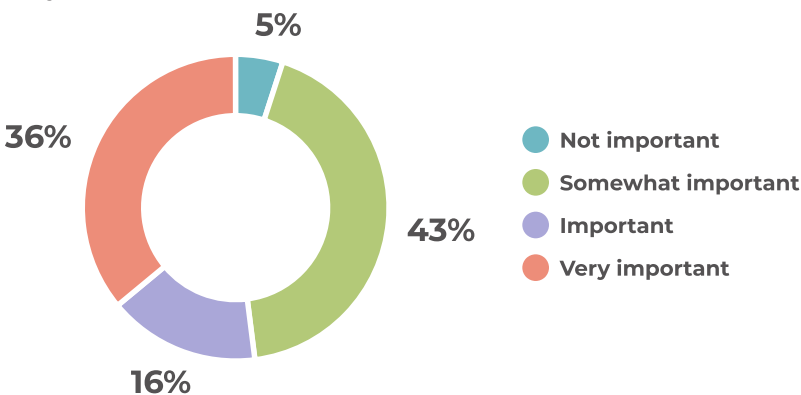
This year, more homeowners shared they would settle for one quote. But more importantly, the vast majority of homeowners—87 percent—compare two or more quotes before selecting a contractor.

Homeowners are not only paying for the final product, but for the whole process from start to finish—which includes working with you. Your expertise and presentation matter. Show and tell homeowners the value you provide throughout this expensive, stressful process. Share online reviews, before/after photos, and your social media handles. Engage the homeowner and address common reasons for hesitancy, stress, or fear before taking on a project.

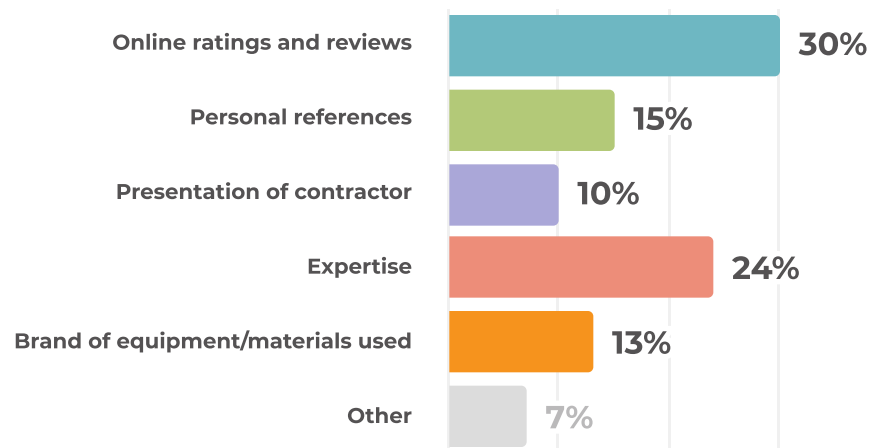
How many contractor quotes will you compare ahead of your project?



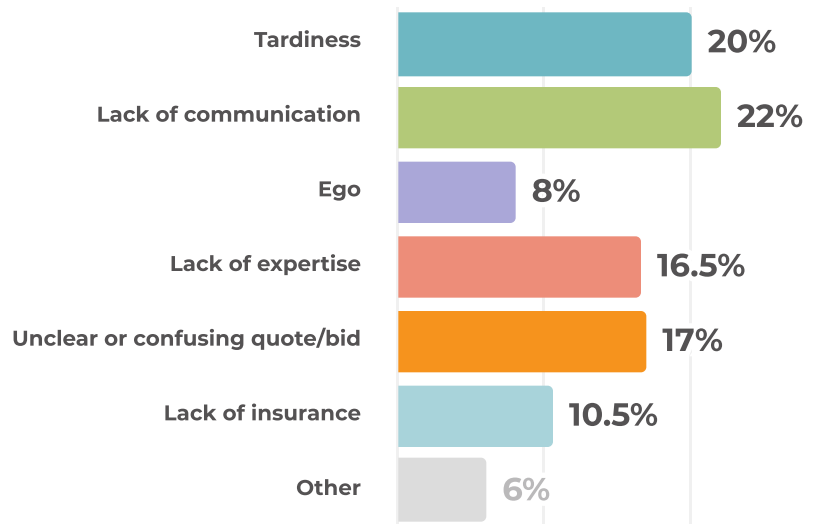
How important is a contractor's price in choosing him/her to complete the job?



What are the most important factors—other than price—for selecting a contractor for your project?



What attribute of a contractor's sales process would make you least likely to hire him/her?



New Homeowners on the Rise

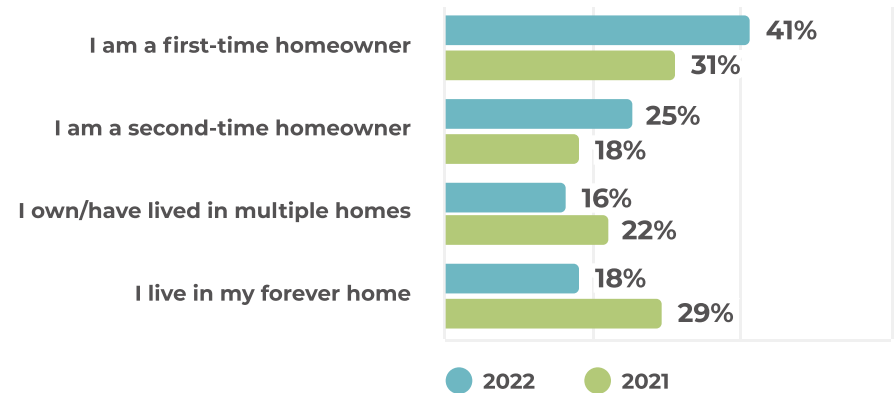
The amount of first-time homeowners seeking contractors through Modernize is up ten percent from last year. But regardless of homeownership experience, homeowners are stressed. In our survey, 38 percent of homeowners shared they are feeling stressed ahead of their project. This is an 11 percent increase from pre-pandemic levels, in early 2020.

Many of the homeowners you will meet are inexperienced and/or stressed. Acknowledge that this is common, especially for a first-time homeowner. Put them at ease with your experience and knowledge. Reassure and offer support through proactive communication. Let them know what to expect before, during, and after the project. Since homeowners are unfamiliar with the process, make yourself available for any questions. It also helps to have testimonials from past clients who were stressed or first-time homeowners.

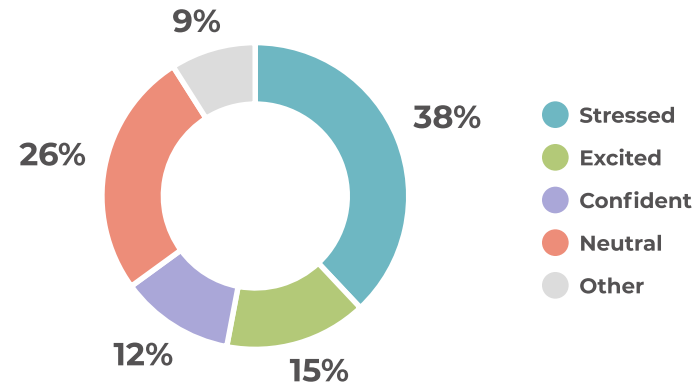


Homeowners pursuing roofing projects are more stressed than any other trade— 44 percent

Which of the following best describes your homeownership?



How are you feeling ahead of your project?



What is Stressing Out Homeowners?

Current Events and Inflation Impact

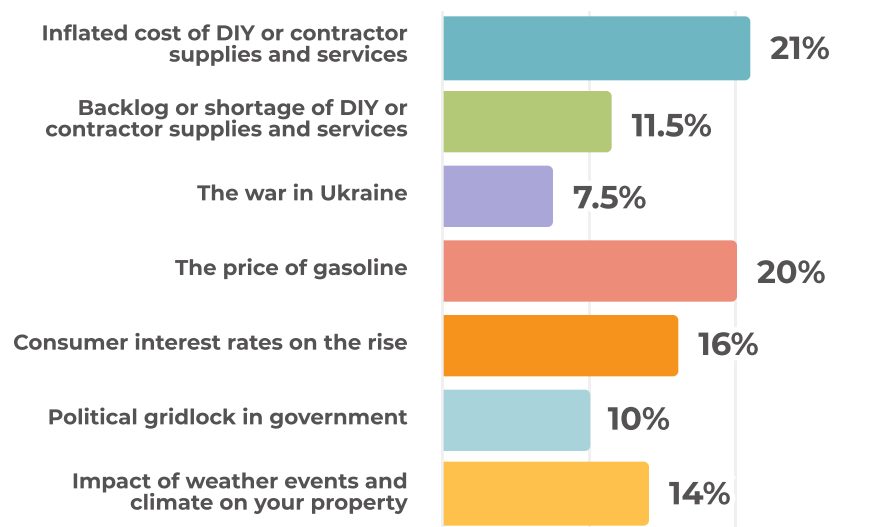
Surging prices, a potential recession, supply chain backlogs, and political unrest have taken center stage in homeowners' lives. The survey shows that 86 percent of homeowners consider at least one of these factors to be the cause of their stress.

Bring empathy and understanding to each new project. It builds trust and favor with homeowners. And as you meet with them, be transparent about the cost of materials, supplies, and labor. Openness about pricing helps homeowners make the best decision for their homes and wallets.

Our survey shows that not every homeowner believes these issues are preventing them from spending money on home upgrades. When asked if inflationary pricing puts the cost of a home improvement project out of their budget, **14%** either somewhat or entirely disagreed. **Seventy-one percent** completely agree that they “just feel overwhelmed” by everything that would have to be managed.

As previously mentioned data shows, online reviews and what people say about you matter. Gather social proof to use as evidence of the value you provide. For example, if a homeowner signs a contract with you, ask what was causing their stress and why they chose to hire you in spite of it.

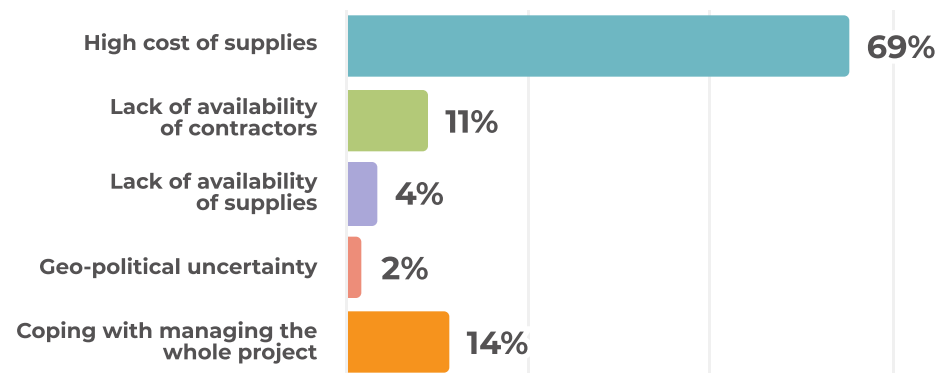
Thinking about the stress you probably feel being a homeowner, select which factors contribute to your household stress level right now. Please select all that apply.



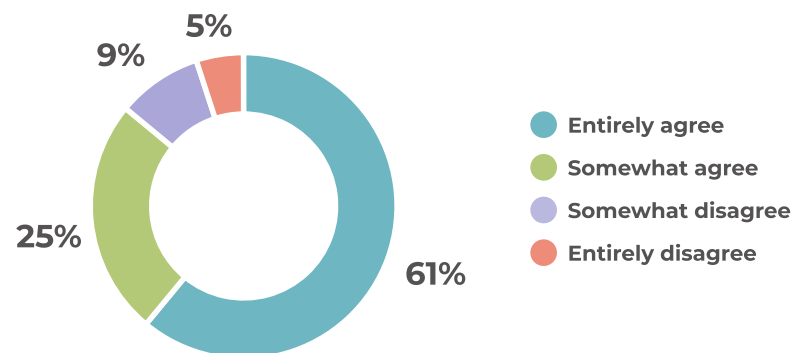
“Based on where it looks like we are going, and on historical precedent, it seems like it’s still going to be a strong remodeling space.”

Nik Schoolis
Manager of Housing Economics
Zonda Research

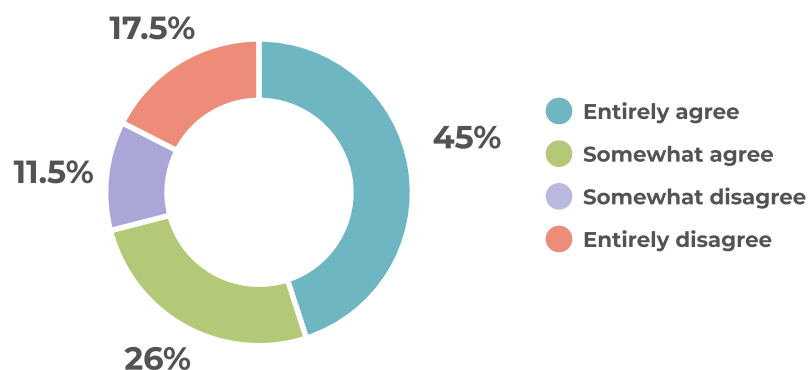
Which of the following do you think is your biggest barrier to home improvement projects right now?



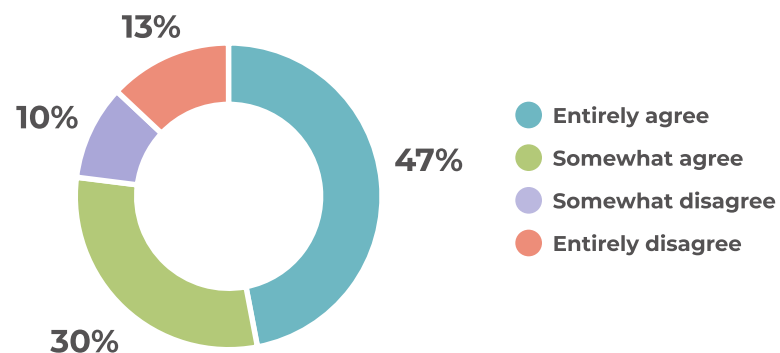
Inflationary pricing right now puts supplies and labor costs out of reach on my budget.



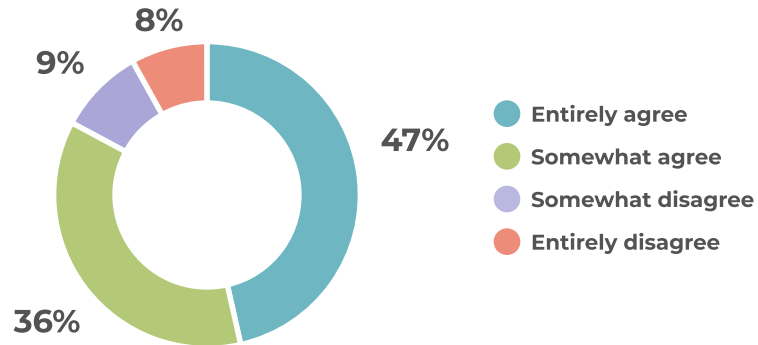
Home values are going up anyway, so it's not sensible to make repairs/upgrades now.



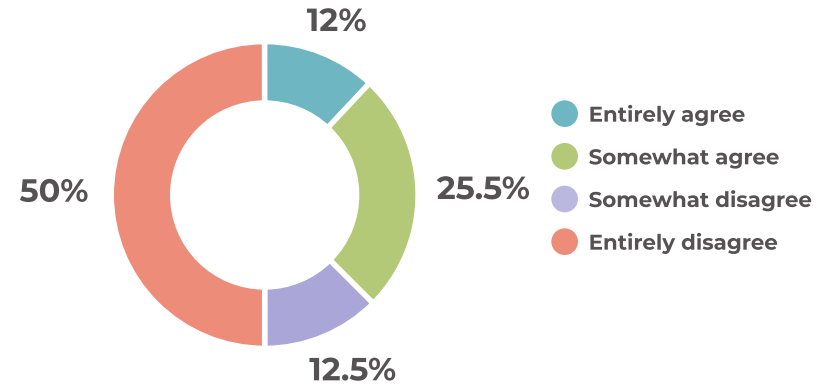
I'm concerned about job security or income, so I don't want to risk spending now.



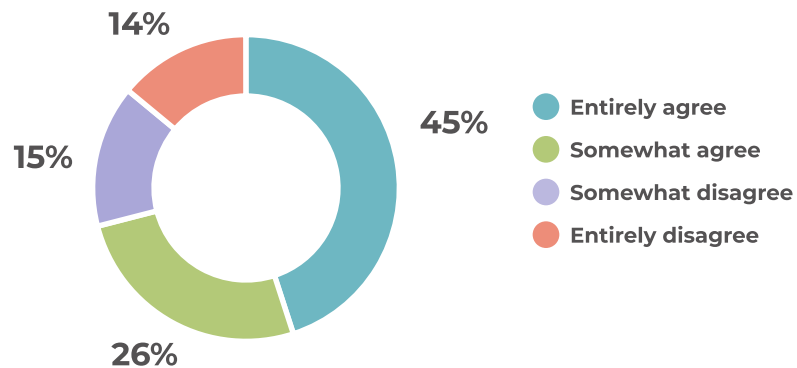
Interest rates on home improvement loans have increased too much.



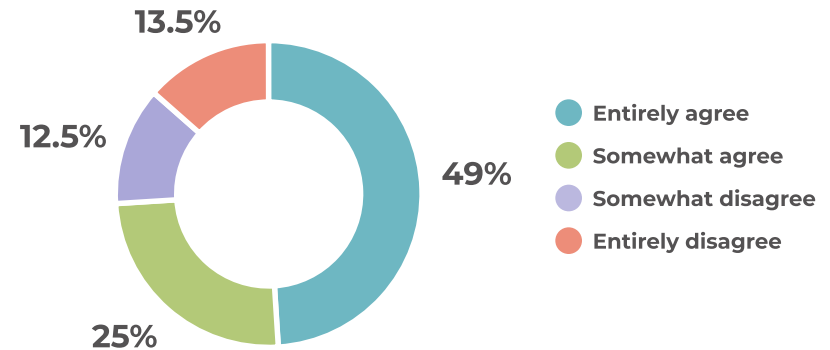
I don't really love my home enough to bother changing it; I'd rather just move.



I just feel overwhelmed by everything that would have to be managed.



I'm having enough trouble making ends meet right now, without the added cost of a major improvement.



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For contractors and remodelers from Modernize

 Explore our data-filled eBooks:



The State of the Contractor in 2022

How Contractors can Solve their Biggest Challenges

bit.ly/ModEbook-SoC2022



A Guide to Search Engine Marketing Best Practices

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About Modernize

For more than 17 years, Modernize has been a leader in the home improvement and services industry, connecting homeowners with contractors and remodelers.

Modernize operates in more than 15 high-value, high-consideration home segments, including new and replacement windows, solar installation, roofing, heating and air conditioning, siding, bathrooms and kitchens, new and replacement gutters, home security, and others. The business brings a network of more than one thousand contractors across all segments, offering broad geographical coverage and choice for homeowners. Modernize is owned and operated by QuinStreet, Inc.(Nasdaq: QNST), a leader in providing performance marketplace technologies and services to the FinTech, a financial services, and home services industries.

QuinStreet is a pioneer in delivering online marketplace solutions to match searchers with brands in digital media. The company is committed to providing consumers with the information and tools they need to research, find and select the products and brands that meet their needs. Modernize is a member of QuinStreet's expert research and publishing division.

Better Pros. Better Homes.

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