
Looking at external factors alone, one might come to the conclusion that 2017 is shaping up into a booming year for the home improvement retailing industry.

After all, this year has seen strong performance in the housing sector, lower unemployment, an energized stock market, a relaxation of lending restrictions and a consumer base with no shortage of home improvement ideas.

So, why is it that the growth experienced by the industry so far this year has amounted to more of a pop than a boom?

Let's start with the weather.

This has been a particularly odd season for weather across most of the U.S. Some regions had particularly short winters followed by unusually wet springs and summers. Neither of these conditions favors home improvement projects.

In other areas of the country, short winters were followed by incredibly hot and dry spring and summer months where nary a plant would grow (if it were even planted to begin with).

While it is not particularly unusual to see weather have a regional impact on home improvement





For nearly 100 years, the North American Retail Hardware Association (NRHA) has collected financial and operational data from the independent home improvement industry's hardware stores, home centers and lumberyards.

The result of that research is the annual *Confident Business*, which assesses the performance of retailers who submit their confidential financial reports to NRHA.

The study provides composite income statements, balance sheets and averages for key performance ratios. Highlights from the 2017 study are presented in the following three pages, revealing healthy growth for the sector.

This year's study uses data from the 2016 fiscal year to offer information about the performance of the industry's retail operators, as well as tools they can use to improve their businesses. Retailers throughout the industry use the study for benchmarking, goal setting and planning. The real-world numbers that study participants contribute give an accurate picture of how home improvement retailers of all sizes and store types are performing. Retailers representing 989 independent home improvement stores participated in the 2017 study.

The information is segmented by store type, as well as by typical and high-profit store performance.

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NRHA gathers the study's data by mailing paper questionnaires to a sampling of hardware stores, home centers and lumberyards in the U.S. Retailers can mail their information to NRHA or upload it online. NRHA provides the analysis in the final report after extensively reviewing the data. Most of the figures in this report are medians, which are the middle numbers in the data when arranged from highest to lowest. The median represents the typical company's results, without extremely high or low outliers skewing the data. To determine high-profit stores, NRHA

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O T V president and CEO John Hartmann addressed a *Bloomberg* story that the Chicago-based co-op was considering a potential sale. Hartmann told

The **E O** data breach may affect small business owners differently than everyday consumers, according to a class-action lawsuit filed on behalf of about 28 million small business owners in the U.S.

W announced plans for a new corporate headquarters in Bentonville, Arkansas. **A** announced plans to build a second headquarters somewhere in the U.S. or Canada, with more than 200 cities bidding for the business.

A H C purchased the majority stake in e-commerce startup The Grommet.

W purchased Parcel, a delivery logistics startup that focuses on overnight and same-day last-mile delivery.

S C I will liquidate its assets after its board rejected a business plan proposed by the company's top executive.

M founder John Menard Jr. is the wealthiest person in the state of Wisconsin, with a net worth of \$9.9 billion, according to *Forbes'* list of the 400 richest people in America.

H D announced an agreement to purchase **C P E I**, a national provider of equipment rental and maintenance services, for \$265 million in cash.

for example, in the Southwest compared to the Southeast. Some areas will continue to require a lot of effort and “stick-to-itiveness” to be successful.

Population growth has flatlined in some parts of the U.S., which can affect small businesses, especially with aging populations. Sometimes that can be good, with people staying in their homes, but older people also delay improvements because

Although wages have recently risen, they have not kept pace with higher inflation activities like health care, rent and medical services. Those expenses have been outpacing inflation, and wages have barely been meeting inflation.

Consumer spending continues at a good sturdy rate, but it's not a breakout speed, largely because consumers continue to be very pragmatic about their spending. It still bodes well for a good start in 2018.

HR: H **to** **2018?**

JK: Running small businesses will continue to be an ongoing balancing act of having the right pricing and the product when the customer needs it.

Small business optimism is also a function of local demographics. It's not all one monolithic economy. We have much different spending paces,

