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OVERVIEW

Discover the latest market trends and uncover sources of future market growth for the Home Improvement industry in Poland with research from Euro-monitor's team of in-country analysts. Find hidden opportunities in the most current research data available, understand competitive threats with our detailed market analysis, and plan your corporate strategy with our expert qualitative analysis and growth projections.

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HOME DEPOT MARKETING STRATEGY

1. HOME IMPROVEMENT INDUSTRY IN POLAND

The DIY trend remains strong in Poland, with a large number of consumers interested in products for fixing and/or creating simple furniture. The DIY trend is also stimulated by a demand for second hand furniture, in particular refurbishing old furniture due to its good quality and unique design. Polish consumers, mainly due to a better financial situation, can afford to make more frequent alterations to their homes. This trend is being seen in both large cities and small towns. Wooden flooring is attracting more consumers in Poland due to the improved financial situation of Poles, as well as greater awareness of its benefits. Companies that produce wooden flooring, such as Barlinek SA, continuously develop their product ranges, often introducing products that align with the newest trends such as whitened wooden floors.

a) MAIN COMPETITORS IN POLAND COUNTRY

Cersanit-sa leads sales of home improvement

Cersanit- sa the leader in home improvement, is a specialist for bathroom and sanitary ware products. The company is based in Poland with six production plants across Europe.

Power tools category gets more competitive

Power tools are a very competitive category with a large number of brands, including Bosch, Makita, Black Decker, Ryobi and DeWalt. There are also new brands that, in spite of strong competition, are emerging in the category such as AEG.

Highly competitive home paint

Home paint is highly competitive in Poland, with a large number of strong brands being available. The key producers often compete for consumers' attention by engaging in promotional campaigns often run in the mainstream media such as television.

b) HOME DEPOT MARKET ACTUAL SIZE (IN POLAND)

Our industry is highly competitive, with competition based primarily on customer service, price, store location and appearance, and quality, availability and assortment of merchandise. Although we are currently the world's largest home improvement retailer, in each of the markets we serve there are a number of other home improvement stores, electrical, plumbing and building materials supply houses and lumber yards. With respect to some products and services, we also compete with specialty design stores, showrooms, discount stores, local, regional and national hardware stores, mail order firms, warehouse clubs, independent building supply stores and, to a lesser extent, other retailers, as well as with installers of home improvement products. In addition, we face growing competition from online and multichannel retailers as our customers

increasingly use computers, tablets, smart phones and other mobile devices to shop online and compare prices and products.

c) HOME DEPOT MARKETING GROWTH AND SALE (IN POLAND)

	High Sales	Forecasted Sales	Low Sales
High Terminal	\$128.03	\$125.15	\$123.19
Forecasted Terminal	\$122.15	\$119.73	\$117.53
Low Terminal	\$116.83	\$114.51	\$112.40

Sensitivity Analysis (Realistic Range)

- Higher and lower sales result in price range of \$117 to \$122
- ROPI valuation \$114
- The realistic range is \$114 to \$122
- Home Depot’s current trade range \$114-\$118

d) HOME DEPOT DISTRIBUTION CHANNELS (SUPPLY CHAIN)

Enable Direct Fulfillment & Delivery

- Connecting Store to Website and Website to Store

Supply Chain Synchronization

- Connecting Merchandise From Supplier to Shelf to Customer
- Connecting Activities to Cost Efficiency

Strengthening Our Interconnected Capabilities

Global View of Transportation Assets	Global View of Inventory & Fulfillment Channels
<ul style="list-style-type: none"> • Pro Delivery 	<ul style="list-style-type: none"> ▪ Vendors
<ul style="list-style-type: none"> • Flat Bed Delivery 	<ul style="list-style-type: none"> ▪ THD Stores
<ul style="list-style-type: none"> • Big & Bulky Delivery 	<ul style="list-style-type: none"> ▪ Direct Fulfillment Centers
<ul style="list-style-type: none"> • Parcel Delivery 	
<ul style="list-style-type: none"> • Vendor Delivery 	

e) COST STRUCTURE IN POLAND

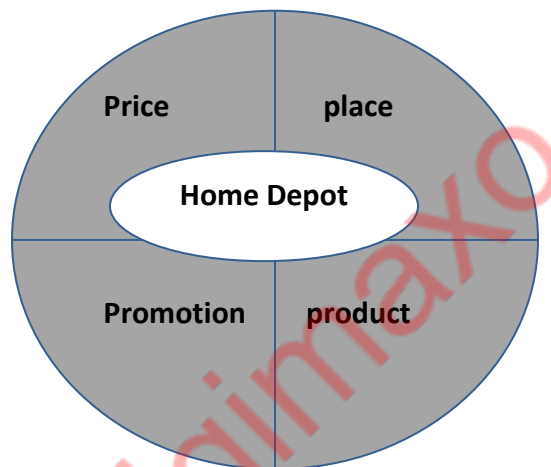
Based on Home Depot's 2019 final year reports, I propose a \$150K campaign. It includes social marketing, content creation, and internet marketing. Social media efforts are year-round, with type of projects being covered varying with the seasons. Internet marketing is year-round with a dip during the winter months due to the off-season for home improvement. Recommend spending \$100K for internet marketing and \$50k for social media and content creation.

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2. HOME DEPOT POTENTIAL CUSTOMERS IN THE POLAND

HOME DEPOT'S MARKETING MIX (4PS) ANALYSIS IN POLAND

Home Depot is a home improvement retailer. The company sells a wide variety of building materials, home improvement, lawn and garden products. The company sells these products to do-it-yourself (DIY) customers, do-it-for-me (DIFM) customers, and professional customers who include professional remodelers, general contractors, repairmen, small business owners and tradesmen. As of 2009, the Company had 322,000 employees.



Product

The company sells a wide assortment of building materials, home improvement, lawn and garden products such as patio sets, kitchen, doors, windows, grills, bath, lighting, fans and appliances. Home Depot industry in POLAND provides an inventory of products specifically aimed at professional contractors, such as lumber, paint and painting supplies, plumbing equipment, cleaning and janitorial equipment.

Price

Home Depot industry in POLAND offers discounted prices via its online Savings Center where it cuts up to 20% off products such as play sets, kitchen faucets, and professional saws. The company has established “special buys” prices on appliances offering 25% discounts on products such as Washer & Dryer sets, and 20% off on Water & Ice Refrigerators.

Place

The average size of a Home Depot industry in POLAND is about 105,000 square feet of enclosed space. Each store has about 24,000 additional square feet in the outside garden area. The company's stores stock approximately 30,000 to 40,000 different kinds of products.

Promotion

Home Depot's in POLAND marketed its "New Low Prices" campaign which featured rebates and discounted prices on over 1000 products. The company unveiled its "Aprons on the Floor" initiative designed to improve customer service by providing an increased presence of available. The company markets special offers via email newsletters, do it yourself workshops, and garden clubs.

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3. SOCIAL MEDIA FOR E-MARKETING IN POLAND

HOME DEPOT'S MARKETING STRATEGY

Home Depot marketing strategy involve target individuals (DIY) segment of market and small contractors without established suppliers. Create and integrate multiple forms of new media. Keep costs low through low overhead, purchase discounts, and high inventory turns. Customers can be attracting through aggressive advertising and competitive pricing in this business strategy. Providing high quality service to customers **“The home Depot is the only company that has successfully brought off the union of low prices and high service”**

- Twitter
- Facebook
- Tumblr
- YouTube

SOCIAL MEDIA FACEBOOK

Post photos and videos of DIY projects, both completed and in-progress. Encourage commenting and posting of user- completed projects. Post relevant news articles about company and its efforts, current promotions, what's new in store, and new products. Monitor and respond to user posts Improve search mobile marketing efforts.

SOCIAL MEDIA TWITTER

Main use is to watch for mentions of brand and respond to those posts. Post links to news articles relevant to the industry. It also link to self-produced content, such as videos and pictures of projects. Similar posts to those in Facebook profile, but not in same format

NEW MEDIA

Tumblr : Post pictures and videos .Occasionally post news with links back to error avoidance videos, Home Depot website or to the Facebook profile

YouTube: Example DIY project videos. Encourage users to comment and post video responses with their own projects. Monitor and respond to comments and response videos

INTERNET AND SOCIAL MEDIA

The main component of this campaign is to increase brand interaction and loyalty. Basic success metrics will include measuring increase in “likes,” “follows,” and “subscriptions” of the social media pages. More extensive metrics will measure the amount of interaction we have with those following the brand on social media. Internet marketing will track users who follow ads and proceed to call or place online order.

4. MARKET SHARE ESTIMATES FOR HOME IMPROVEMENT PRODUCT AND SERVICES IN POLAND

HOME DEPOT'S DEVELOPMENT INDUSTRY ANALYSTS IN POLAND

Sales Assumptions

- Net Sales Growth for FY's 2015-2019 5.1%, 4.5%, 4.1%, 3.6%, 3.4%
- HD underguides and overperforms
- Interest rates/mortgage rates
- Open 2-6 new stores per year
- Unemployment levels
- Housing market and appreciation

Key Assumptions

- ✓ Gross profit increases 34.8% to 35.7%
- ✓ Share repurchases on average \$6B per year
- ✓ Debt increases \$17B -\$22.4B
- ✓ Dividend payout increases \$3 to \$4.4B
- ✓ Capital expenditures increase \$1.6B to \$1.8B

Forecasted Income Statement for five years

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Sales	\$87,383	\$91,302	\$95,071	\$98,537	\$101,908
Gross Profit	\$30,418	\$31,965	\$33,769	\$35,099	\$36,402
Operating Profit	\$11,592	\$12,775	\$14,280	\$15,449	\$16,693
Net Income	\$6,755	\$7,435	\$8,278	\$8,961	\$9,717
EPS	\$5.16	\$5.88	\$6.82	\$7.61	\$8.49

WACC (The weighted average cost of capital)

- Beta 1.10
- Cost of equity capital 8.3%
- After-tax cost of debt 2.69%
- Weight of debt 0.114
- Weight of equity 0.886
- WACC 7.70%

Valuation

- Terminal growth rate 2.60%
- Stock value/share \$120
- Slightly undervalued to current market trading range of \$114-\$118

5. SWOT ANALYSIS AND CONCLUSION

SWOT ANALYSIS

Strengths: <ul style="list-style-type: none">• Largest home improvement retailer in the world• Attracts larger share of pros/contractors• Diverse and unique product portfolio• Continuing to push development and enhance customer experience• Strong financials	Weaknesses: <ul style="list-style-type: none">▪ Lack of geographic diversification▪ High dependence on macroeconomic factors▪ Mature domestic market
Opportunities: <ul style="list-style-type: none">• Increase online presence/sales• Demographics are shifting in favor of new home starts/buying• Extend into more international markets	Threats: <ul style="list-style-type: none">▪ Exposure to U.S. housing market▪ Long term threat of Amazon▪ Rising labor costs

CONCLUSION

The requirements for the home are a never-ending task and people tend to keep buying things as and when they are out. In the digital technology decision makers are moving at a very fast pace to achieve their business goals and objectives. Home Depot makes use of digital technology for providing various solutions to provide the living for the customers.

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