



THE
Farnsworth
GROUP

Adhesives & Sealants: Market Evolution



Forecast

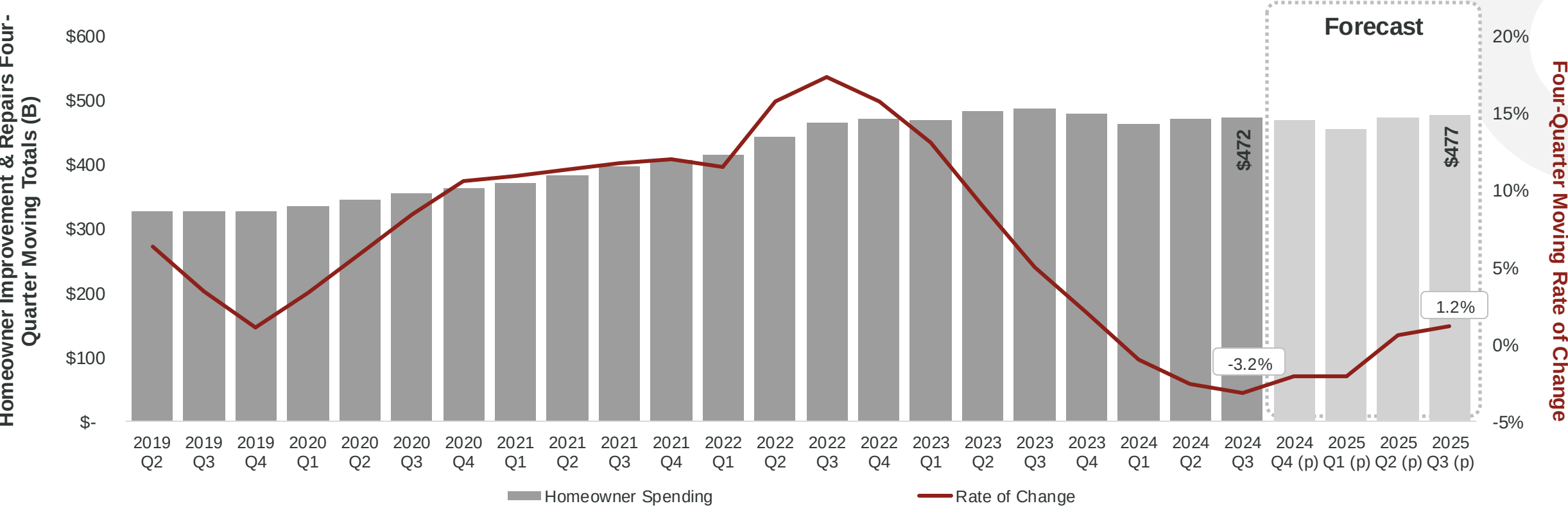
as of January 3, 2025

Remodeling Activity Forecast

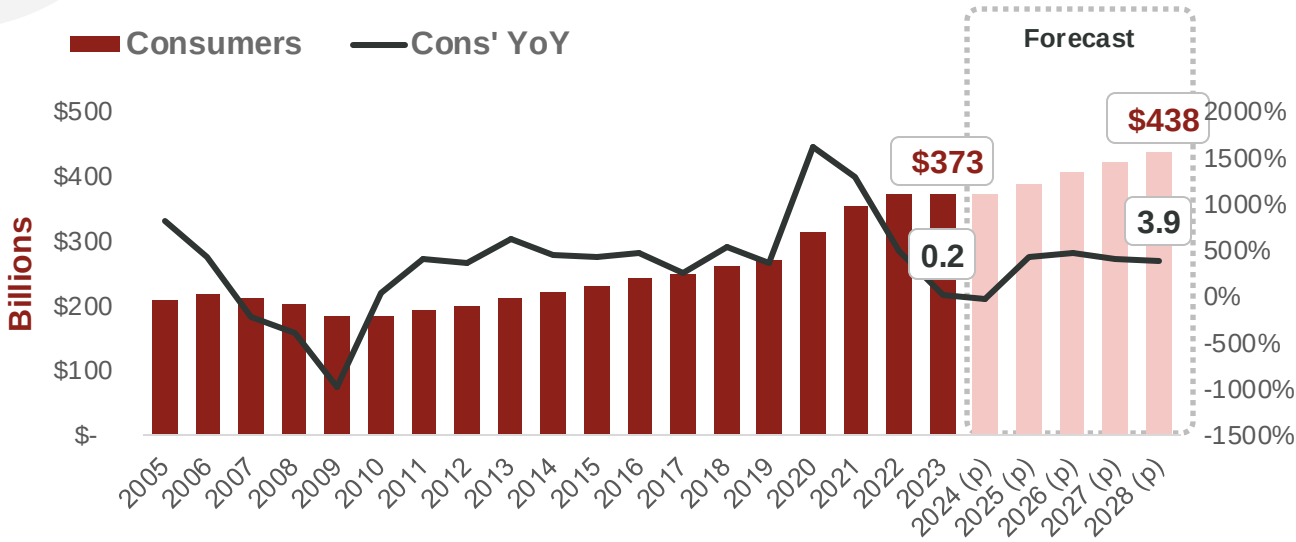
Lower Home Remodeling Expected

Leading Indicator of Remodeling Activity (LIRA) forecasts residential remodeling activity which, historically, remains less volatile than home construction. Because home values remain high, the Joint Center for Housing Studies (JCHS) anticipates remodeling may perform better than new housing.

JCHS expects annual expenditures for improvements and repairs to owner-occupied homes to decrease this year and into the first quarter of 2025, but at a moderating rate.

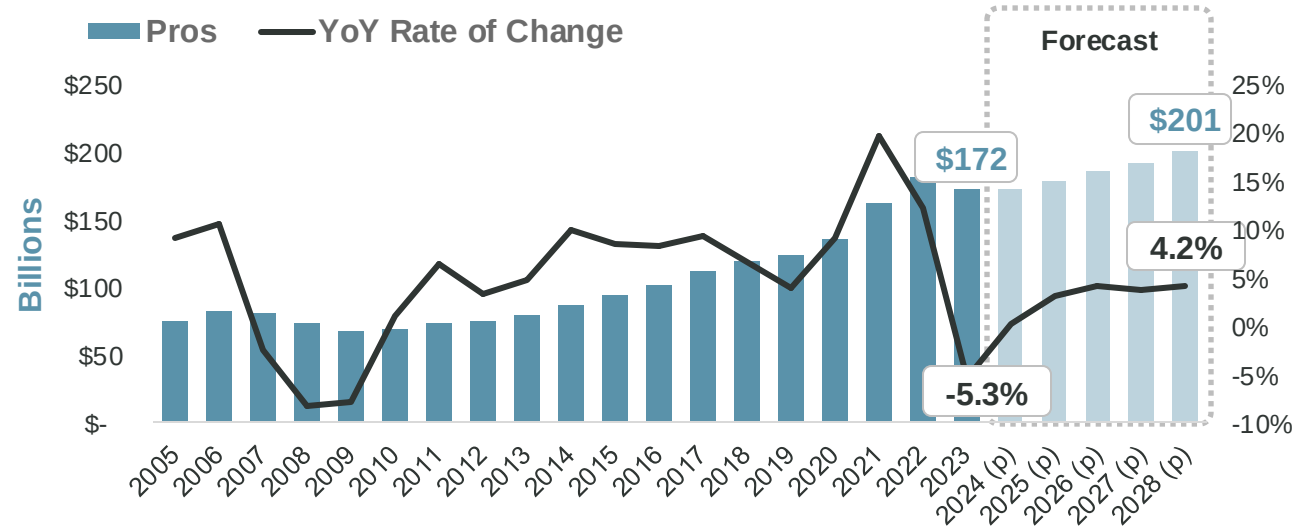


Revenue Forecast



Consumers: YoY Growth Recovers in 2025

- The Home Improvement Research Institute (HIRI) predicts the total spend on home improvement products by consumers each year based on previous years' data.
- After a dramatic decrease in year-over-year (YoY) growth, the forecast anticipates a flat or smaller increases in consumer product spend.

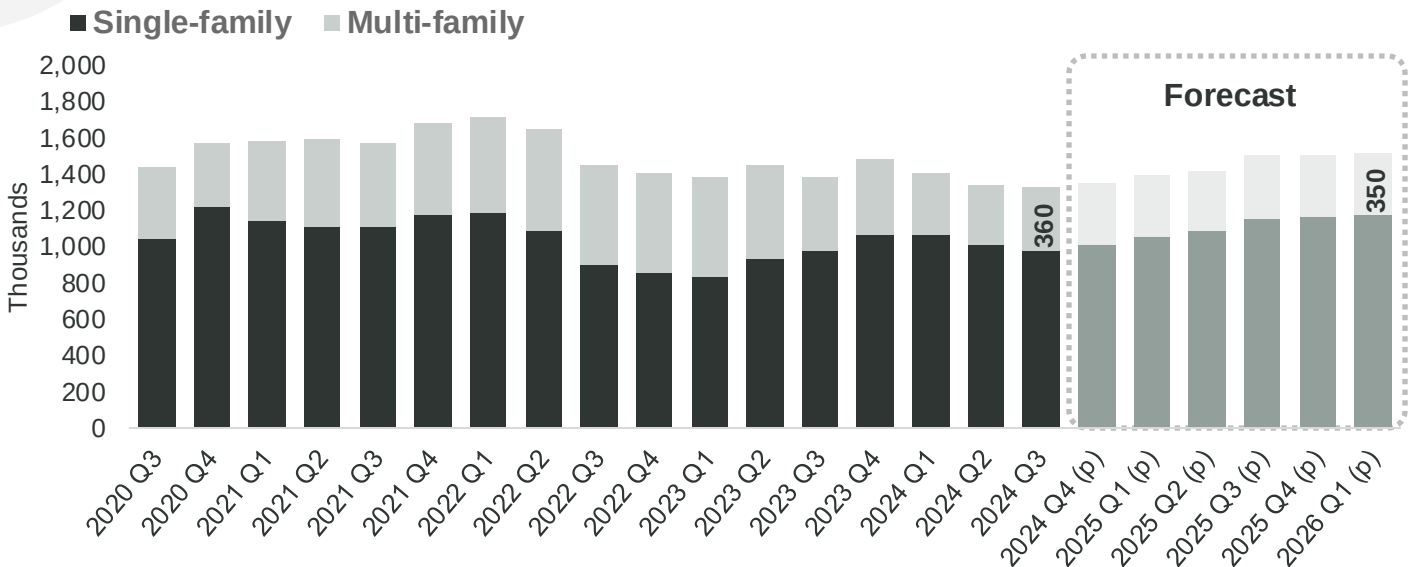


Pros: YoY Growth to Improve (Slightly) in 2024

- Leveraging historical data, HIRI forecasts annual spending on home improvement products by contractors and remodelers.
- While 2024 may see modest growth, HIRI predicts a more substantial uptick in revenue from 2025 onwards.



Housing Starts Forecast

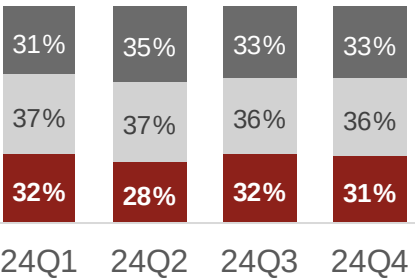


Steady Growth Expected

- Housing start forecast includes both single- and multi-family new residential construction started each quarter, but the data does not include unit completes, sales, or closes.
- Multi-Family is expected to decline in 2024 as inventory levels have increased in recent year, loan rates increased, and single family begins to add inventory.

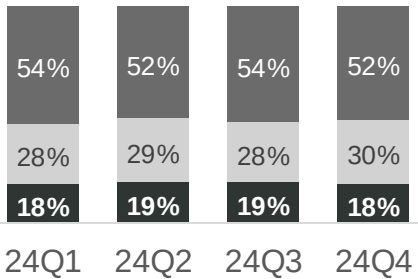
Start a HI project <\$5,000

■ Good time ■ Neutral ■ Bad time



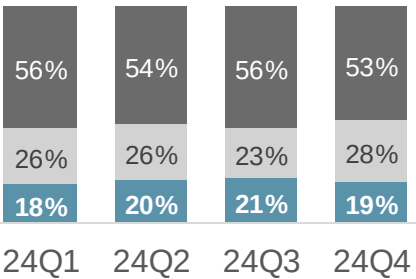
Hire a Professional

■ Good time ■ Neutral ■ Bad time



Start a HI project >\$5,000

■ Good time ■ Neutral ■ Bad time



Greatest Challenges to Contractors' Business Growth

- Products and Material Shortages
- Labor Shortages
- Increasing Competition

2024 HI Activity Sentiment

Review Current Industry Dynamics

Discuss Most Up-to-Date Forecast Data with an Industry Expert

[Schedule a Meeting](#) 

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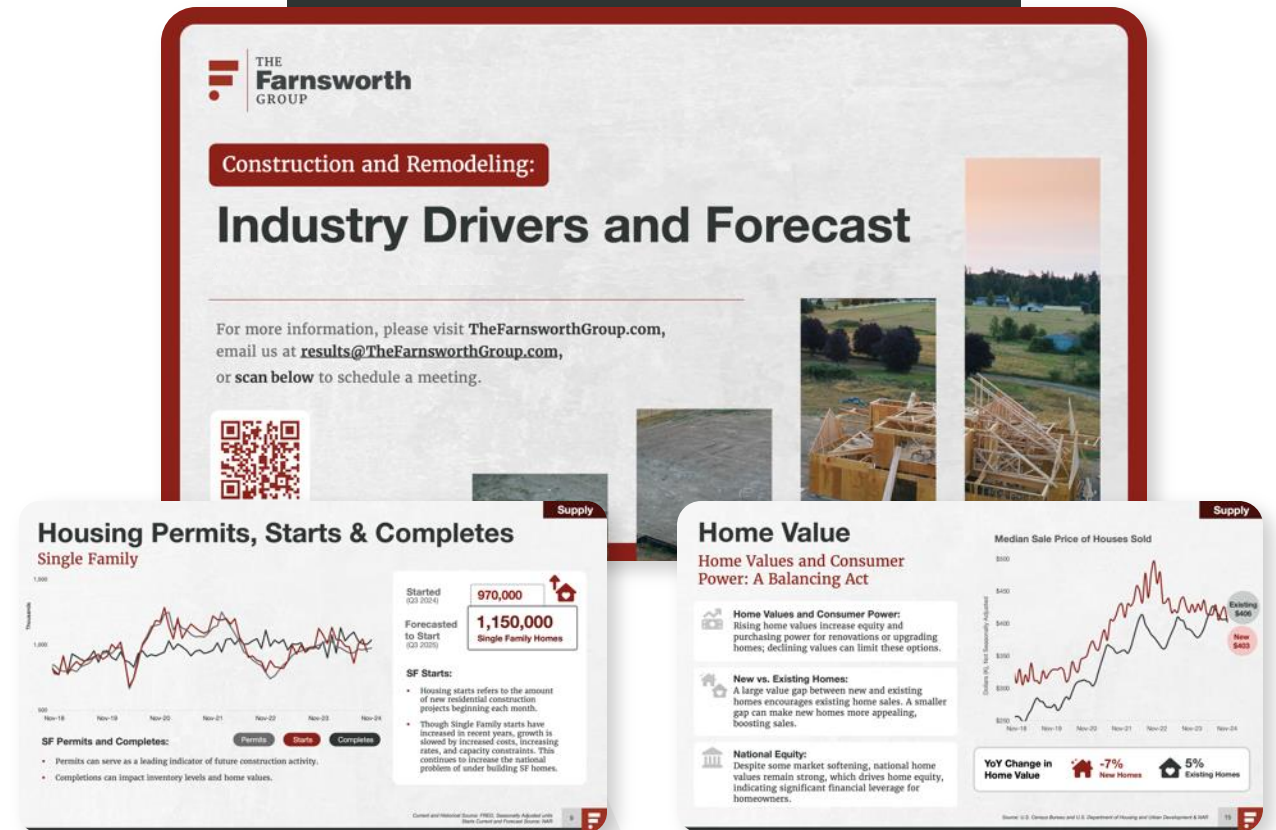


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New Data Available Monthly



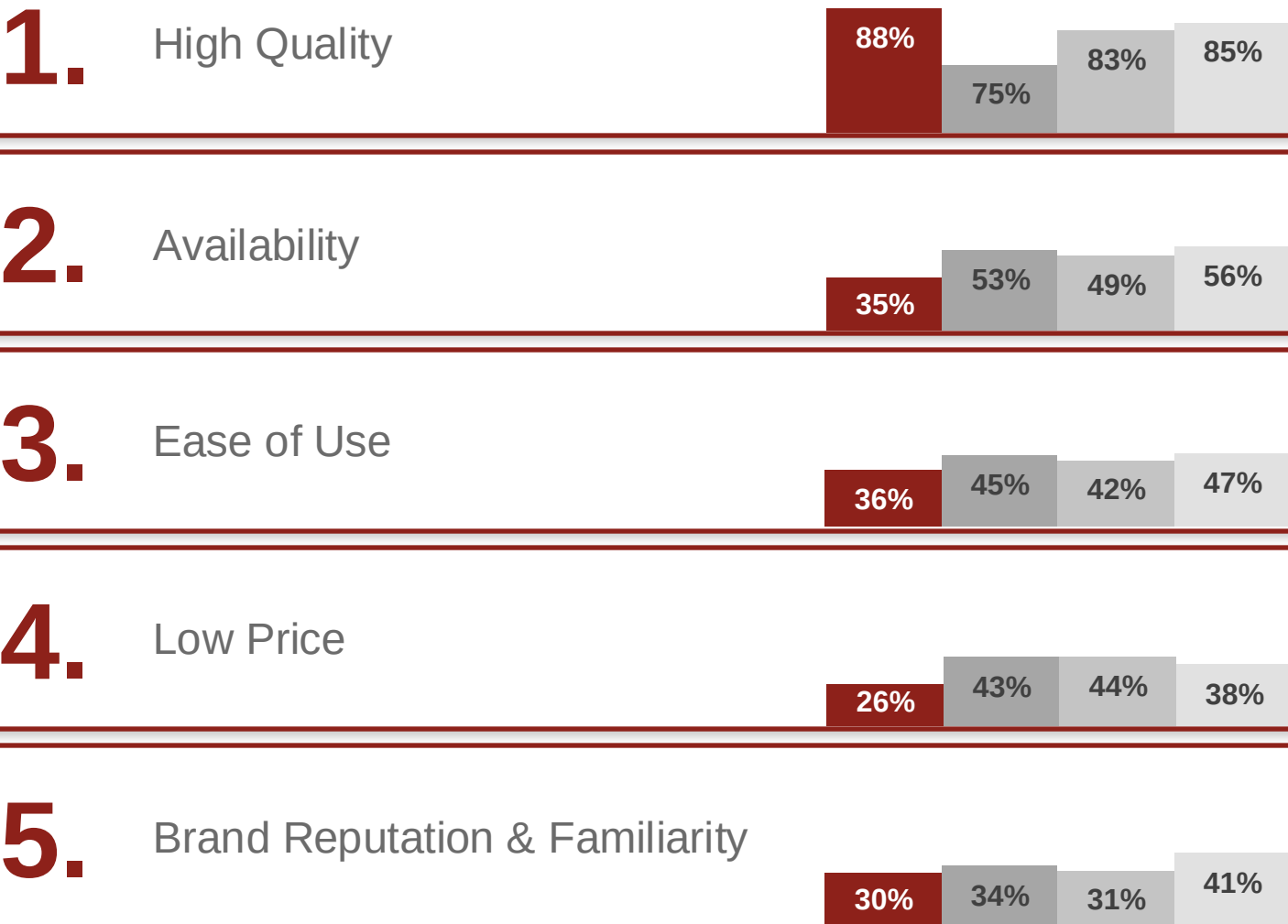


Purchasing Insights

DIYers' Top Building Product Brand Traits

Which of the following are most important to you when selecting building product brands?

- Gen Z
- Gen Y
- Gen X
- Boomers



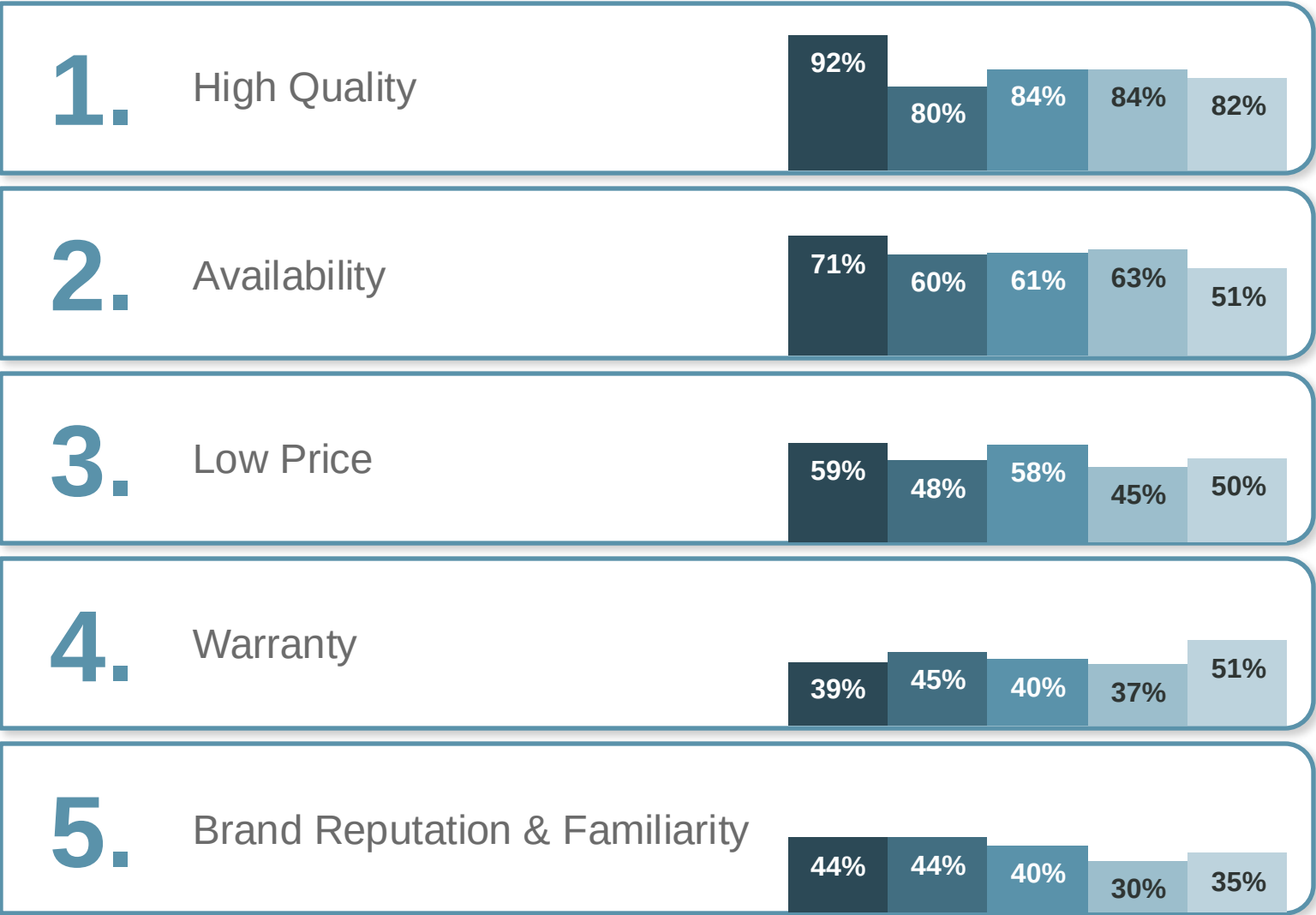
- 6. Warranty
- 7. Product Reviews
- 8. Wide Range of Products
- 9. Supplier Support
- 10. Sustainable/Environmentally Friendly
- 11. Manufacturer Support
- 12. Sold Through Preferred Supplier
- 13. Word of Mouth Recommendation
- 14. Manufacturer Loyalty Program
- 15. Supplier Loyalty Program



Pros' General Brand Drivers

Which of the following are most important to you when selecting building product brands?

- Home Builders
- Residential GC / Remodeler
- Residential Specialty Trades
- Commercial Specialty Trades
- Commercial GC / Builder



- 6. Ease of Use
- 7. Supplier Support
- 8. Product Reviews
- 9. Wide Range of Products
- 10. Manufacturer Support
- 11. Sustainable/Environmentally Friendly
- 12. Word of Mouth Recommendation
- 13. Sold Through Preferred Supplier
- 14. Supplier Loyalty Program
- 15. Manufacturer Loyalty Program



Architects' Top Building Product Brand Traits

Which of the following are most important to you when selecting building product brands?

Total
Revenue < \$2M
Revenue > \$2M



- 6. Ease of Use
- 7. Warranty
- 8. Sustainable / Environmentally Friendly
- 9. Sold Through Preferred Supplier
- 10. Low Price
- 11. Manufacturer Loyalty Program
- 12. Product Reviews
- 13. Word of Mouth Recommendation
- 14. Wide Range of Products

Product Purchase Behavior

On average, Pros use 4 different adhesive, caulk, sealant and tape brands annually. Brand is more critical than the supplier. Adhesives, caulks, sealants, and tapes are frequently or always used for a specific application by about 3/4ths of Pros.

Homeowner

Home Improvement
Product Purchases
in Last 90 Days

28%

Purchased Adhesives,
Caulks, Sealants, & Tapes

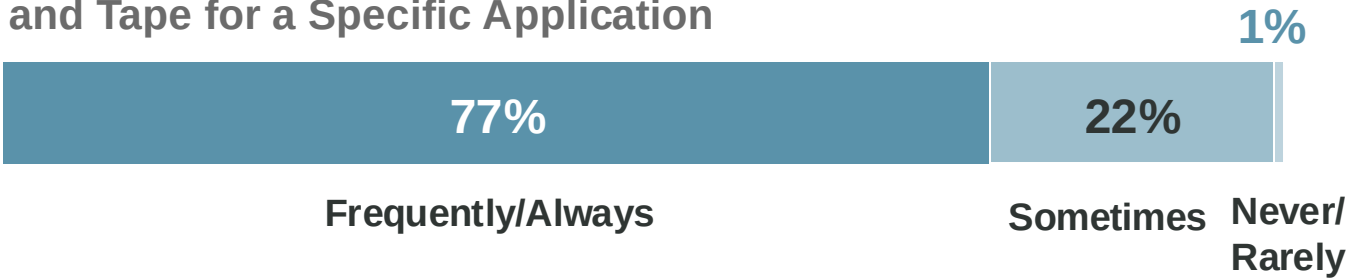
Pro



Importance When Purchasing Adhesive,
Caulk, Sealant and Tape: Supplier vs. Brand



Frequency Using Adhesive, Caulk, Sealant,
and Tape for a Specific Application



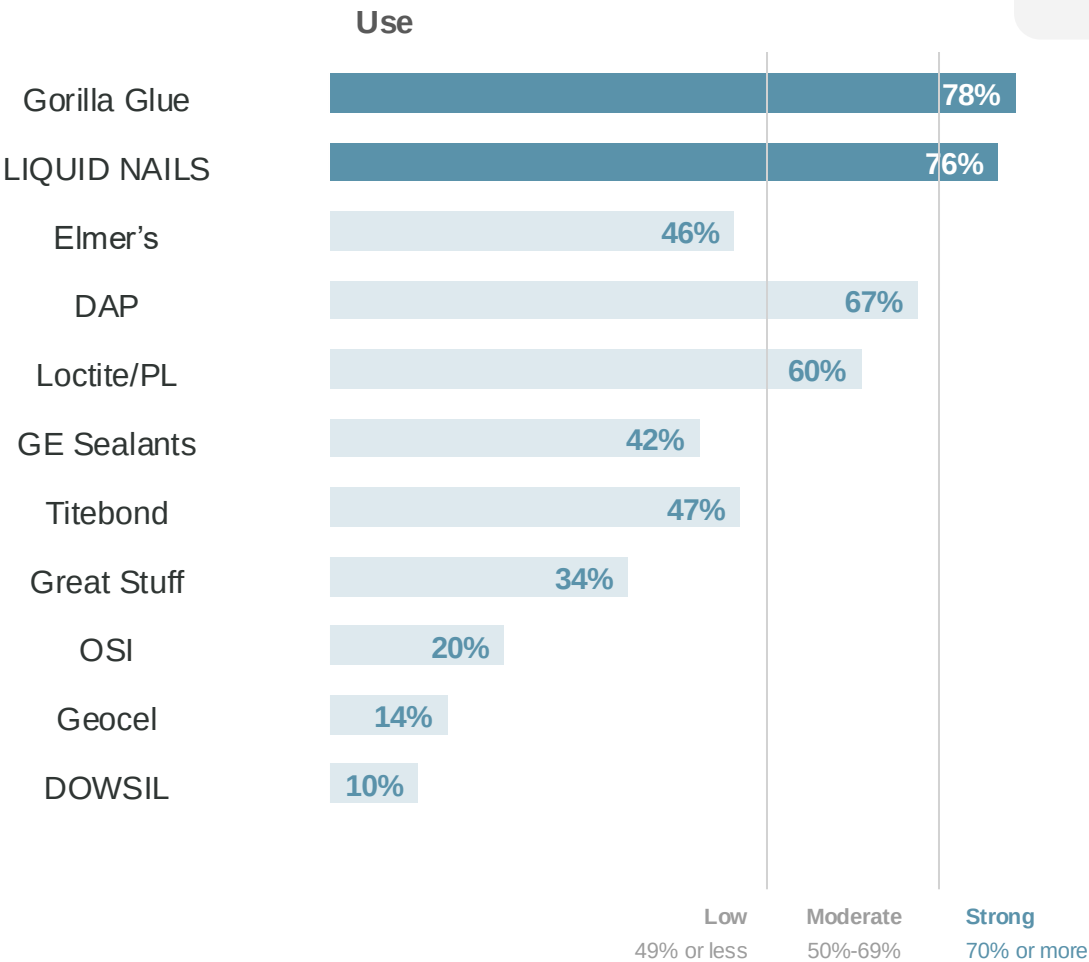
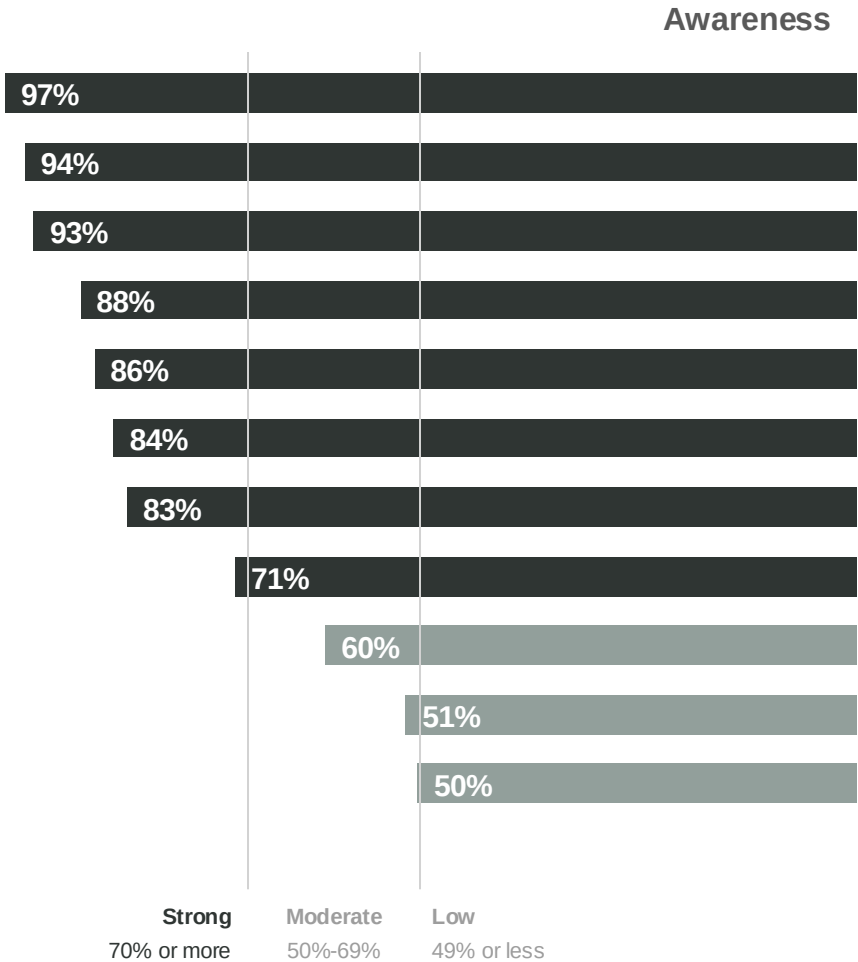


Brand Insights

Awareness & Use

Adhesive, Caulk, and Sealant Brands

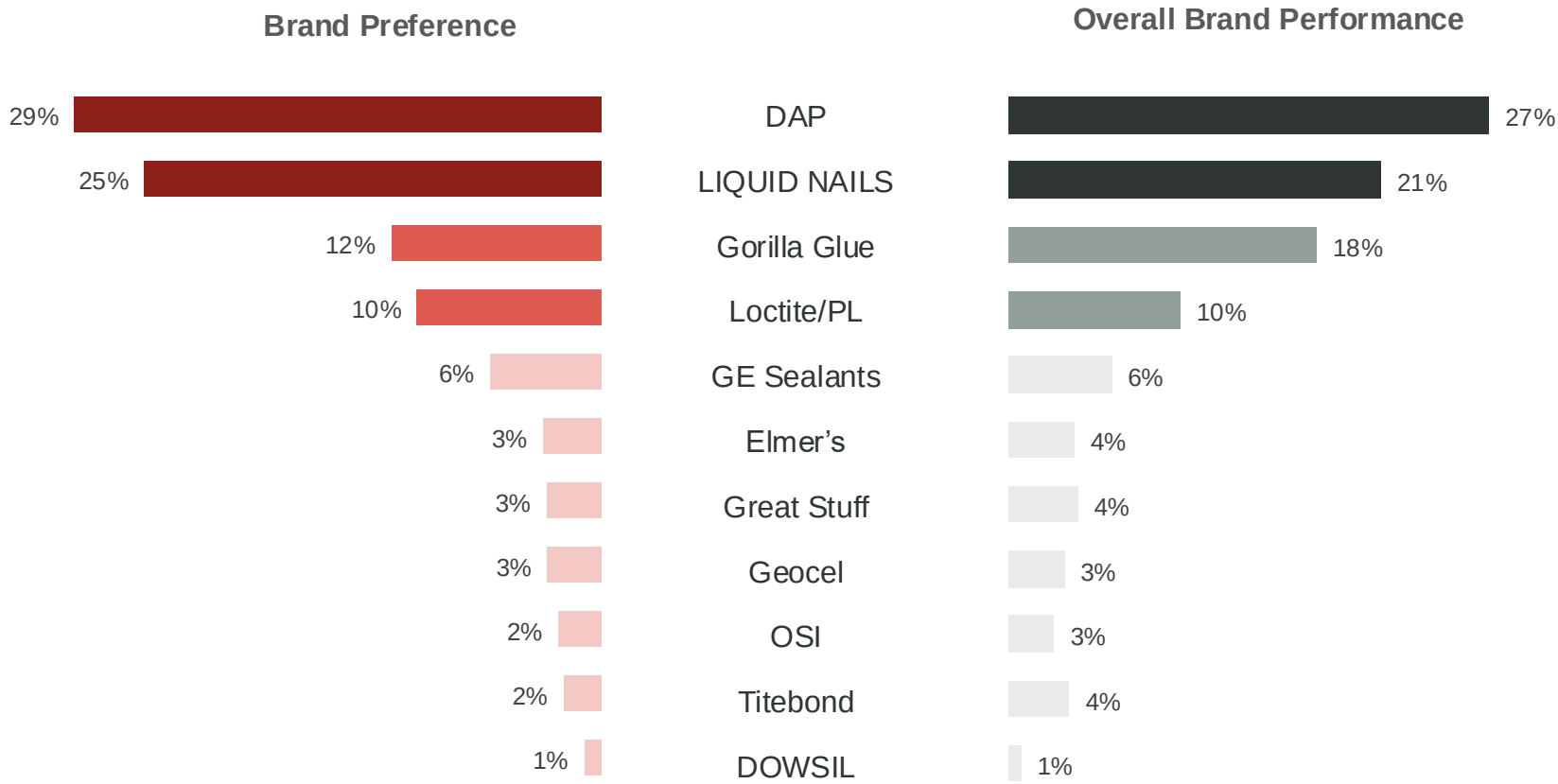
Brand Awareness shows how well your brand is ingrained in your customers' lifestyles and purchasing behavior. It allows you to see how your brand and/or product is affecting your target audience. Similarly, Brand Use asks how brand awareness performs practically in a marketplace. Brand A might have the strongest brand recognition, but Brand B might be used more due to pricing.



Preference & Performance

Adhesive, Caulk, and Sealant Brands

Often, the individuals' use might differ from their companies' use of brands, Brand Preference. Because firms have different resources or requirements, they will use Brand A because the client requested it. Lastly, Overall Brand Performance (an average of the Brand Characteristics) shows how well a brand performs "in the field" and/or compared to others.



Formula
Brand Performance = Average of Brand Characteristics

Brand Preference n=621
Overall Brand Performance n=579
Source: 2024 Contractor Brand Ratings



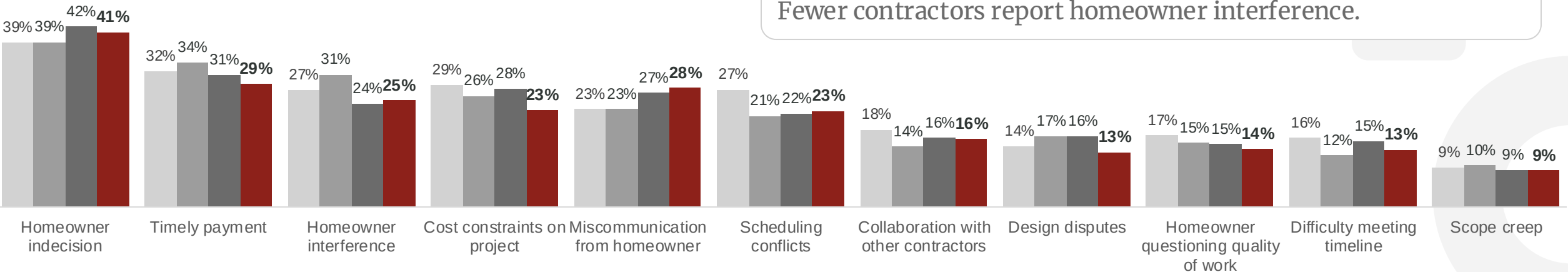
A person wearing a white t-shirt and a brown tool belt is shown from the back, using a yellow glue gun to seal the gap between a window frame and the wall. The wall is covered in orange insulation. The window looks out onto a green landscape. A large red semi-circle is on the right side of the image.

Channel Insights

Challenges Faced When Working with:

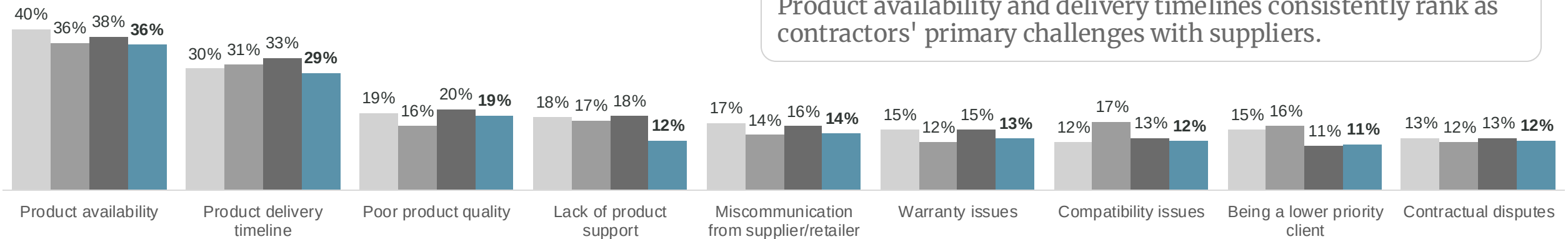
Homeowners Q1 Q2 Q3 Q4

Indecision and delayed payments are top homeowner challenges. Fewer contractors report homeowner interference.



Suppliers Q1 Q2 Q3 Q4

Product availability and delivery timelines consistently rank as contractors' primary challenges with suppliers.



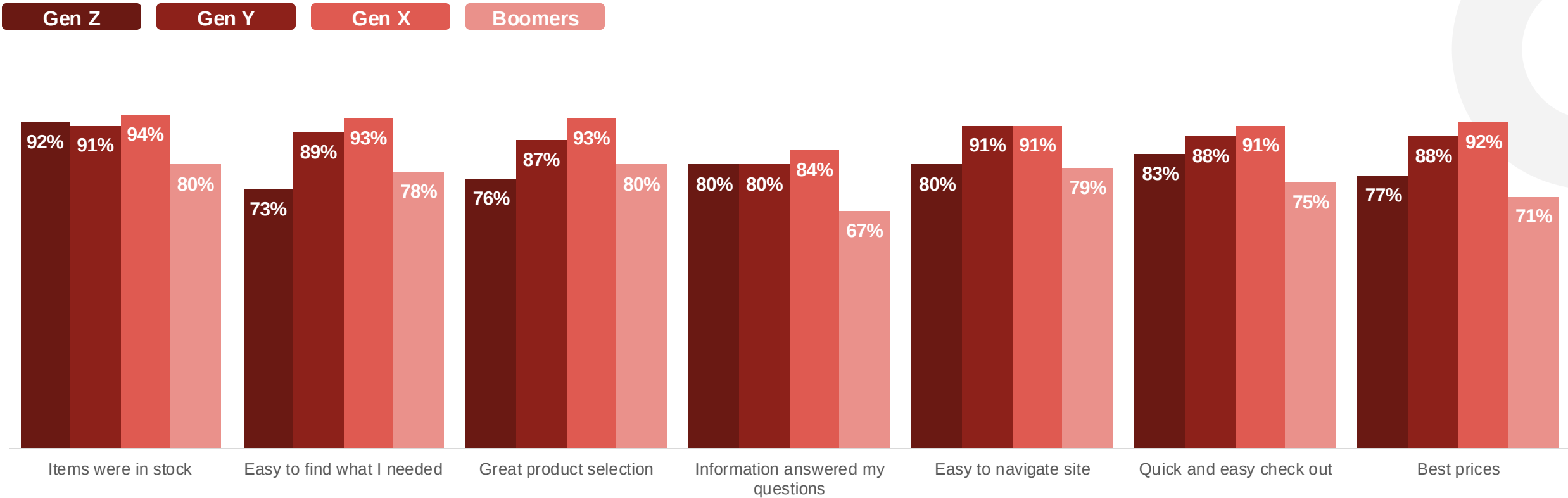
Key Insights on **DIYer** Purchasing Trends

Homeowner

- 73% of DIYers spend on materials and tools over hiring pros, citing cost savings (70%) as the main reason.
- 27% tried a new supplier last year due to better pricing and availability.
- Younger DIYers are more open to new brands, reflecting their growing interest in DIY.
- Home centers like Home Depot (28%), Lowe's (21%), and Amazon (11%) are preferred, with stocked items and selection being key factors.

How Important Are Each of the Following When Shopping For Home Improvement Products Online?

(2024, all respondents)



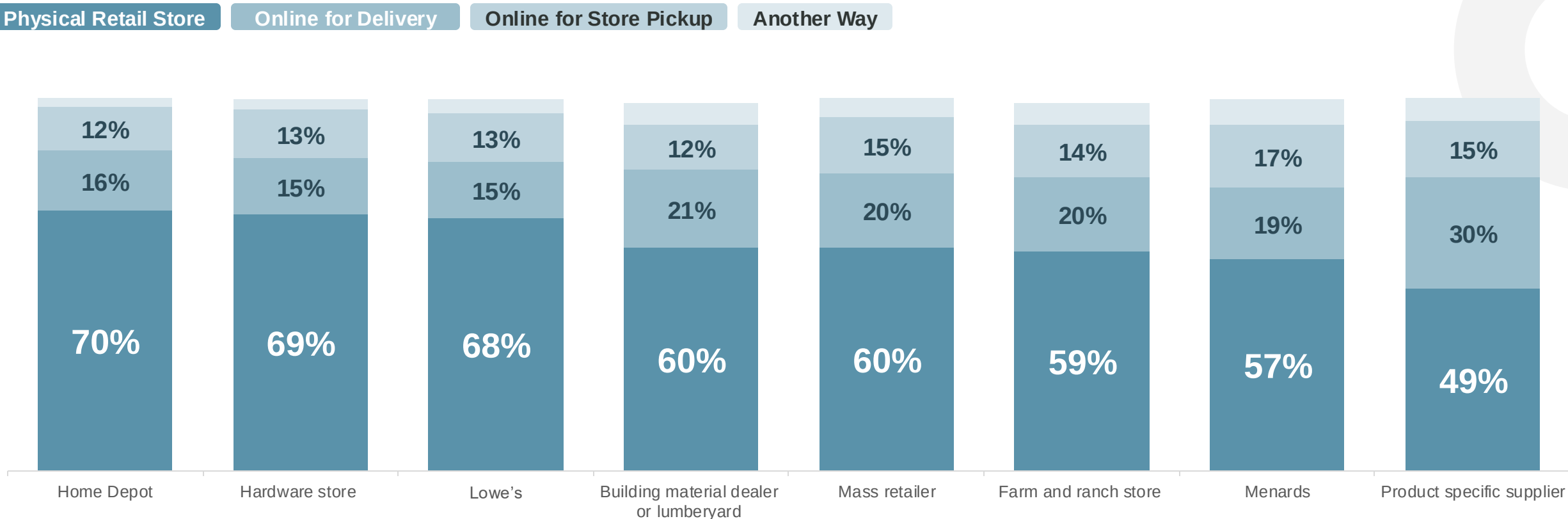
Key Insights on Pro Purchasing Trends

Pros

- Tools (74%) and hardware (67%) are pros' top purchases, mainly from brick-and-mortar stores like Home Depot (29%) and Lowe's (20%).
- Online buying is growing, especially among larger firms.
- Pros switch suppliers for better stock, pricing, and delivery.
- The key is balancing in-store convenience with online flexibility.

Purchase Method – Share of all purchases

(2024, all respondents shopping at that supplier)





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