PREFERRED PURCHASING SOURCES FOR REFURBISHMENT PROFESSIONALS

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1. ABSTRACT

The refurbishment sector was the building industry's principal mainstay during the most delicate times in the economic and financial crisis of 2007–2014 and it has also undoubtedly been a significant driver of recovery in the building industry since 2015, as confirmed by ACONSA, one of the leading building employers' organizations in Spain.

For the ceramic industry, the refurbishment professional has traditionally been an important specifications writer for the end customer and has therefore played a prominent role in the customer's purchasing decisions.

The work presented in this paper aims, on the one hand, to ascertain what the consumer journey is for refurbishment professionals in Spain and, on the other, to look at how the opinion of these professionals has changed in regard to the various purchasing outlets available to them (traditional distributors and large retail outlets). To achieve this second goal, opinions expressed by this group of professionals in 2012 were compared with the opinions they expressed in 2018.

In particular, the method used was, on the one hand, to conduct in-depth interviews with key industry players and distributors to design the Consumer Journey Map of the refurbishment professional in Spain. On the other hand, 105 refurbishment professionals were surveyed (up until the time this report is presented) throughout Spain to find out their opinions on the various product distribution formats in the country.

2. CONTEXT

In a context of severe economic and financial crisis, very significant changes have taken place in the distribution of ceramics and construction materials, characterised by a significant drop in sales and the closure of many companies, mainly due to the slump in new building construction.

As a result, the refurbishment market and with it, the end consumer and the refurbishment professional, have to a certain extent become distributors' main customers, a role that was previously held by building companies. In such a scenario, it is logical to assume that, in particular, the refurbishment professional must also have implemented numerous changes in recent years, which the results of this study attempt to clarify.

In the latest study of ceramic tile consumers in Spain carried out in 2018, refurbishment professionals were found to represent the third largest tile purchase source. Specifically, 17% of consumers claimed to have been advised by such a professional, as is revealed in the following table:

Where they purchased materials

Ceramics outlet/shop*	**45.9%**
Large specialist outlet	**43.3%**
Refurbishment professional	**16.8%**
Large retail outlets	**8.1%**
Interior decoration shops	**6%**
Builders	**2.6%**
Online shops**	**1.5%**

** Including manufacturers' own outlets*
*** Including multi-brand online platform*
Source: The coverings consumer in Spain in 2018, ITC Market Observatory

3. AIMS

The first aim of this study was to ascertain the Consumer Journey Map for refurbishment professionals in Spain, which encompasses all the phases they go through from the moment they identify a specific need up until they purchase a product or service to solve that need. In addition, it aimed to explain what points of contact with refurbishment professionals exist and how distributors should act to improve the purchasing process.

The second objective was to ascertain the present and future impact that the economic crisis has had on this sector, by comparing the opinions expressed by refurbishment professionals in 2012 and again last year in regard to large retail outlets compared to traditional distributors and thus to note what **competitive factors are decisive** in each distribution format in Spain for this kind of customer.

4. METHODOLOGY

To determine the Consumer Journey Map in a refurbishment professional's purchasing process, which makes a significant contribution to the sector, 10 in-depth interviews were conducted with relevant actors in ceramics manufacturing and distribution, with actual refurbishment professionals and with people with a cross-sectional profile and thus profound knowledge of the process.

As far as the aim of determining how opinion on various distribution formats has evolved, the starting point was an earlier study carried out in 2012, which was completed and updated by reviewing data from secondary sources of information, followed by in-depth interviews with refurbishment professionals and members of specialist media that cover the sector, which enabled a questionnaire to be prepared as a means of collecting information and discovering the opinion of refurbishment professionals in Spain. As the study was carried out in 2012 and was replicated in 2019 with relevant updates, a pattern of the refurbishment professional's behaviour over time can be seen.

In regard to assessing and comparing the types of establishments where refurbishment professionals purchase materials, two distinct categories were considered: specialist outlets, belonging to small–moderate sized companies selling traditional building materials, and large retail outlets, which generally refer to large general DIY and construction stores.

However, as in other sectors, the full or partial company digitalisation is a very important factor to take into account, so the questionnaire was updated in that regard in order to have a clearer view of how corporate digitalisation has developed since 2012 and how it is affecting company purchasing and decision-making patterns and what the future perspectives are in this matter.

A total of 105 questionnaires were received from refurbishment professionals throughout Spain. At the time this paper is being presented, field work is still ongoing and so the results presented here can only be considered a preview, although they are already significantly representative.

5. CONSUMER JOURNEY MAP

Understanding customers' and consumers' behaviour patterns has been both a necessity and a goal for companies from the very early days. However, it is only with the gradual development of new information technologies that we have started to understand consumers' true needs and desires and how they behave to attempt to meet them (Larivière et al., 2017). The truth is that technological evolution and the creation of computer tools that are both increasingly sophisticated and also more focused on ease-of-use for users have enabled businesses to look at customer experience. In this new scenario, companies have begun to pay more attention to the individual behaviour of customers and consumers and thus focus on customer experience. It is important to bear in mind that such customer experience does not only occur when the purchase is actually made but arises at any time when the customer interacts with the brand (George and Wakefield, 2018). For that reason, it is equally important to recall that every action, every step taken vis-à-vis the customer, counts.

A Consumer Journey Map is a tool that allows us to use observation, analysis and reflection to plot on a map each one of the stages, interactions, channels and elements that customers go through from the moment a need arises, through the attraction phase and as far as the loyalty phase (Rosenbaum et al., 2017). The map seeks to delve into or empathise with consumers' purchasing behaviour in order to ascertain the best way of satisfying their needs in each of the stages when they come into contact with the company, and from there, to determine what actions need to be carried out at each moment to achieve positive or satisfactory customer experience (Richardson, 2010).

In an industrial and service environment such as the ceramic industry, where the product is purchased only sporadically, the customer embarks on a complex process that goes through different phases. In fact, different purchasing patterns can be distinguished between an industrial customer or distributor and the end customer or user of the product.

The information and knowledge society in which we are living provides different itineraries to enable the company to come into contact with its customers, regardless of whether they are wholesale customers or customers that use their products. Therefore, looking at a wholesale customer, that customer may come into contact with the company long before actually getting in touch, because prior to the final decision to telephone or contact by e-mail, the customer searches for information about the business (services, products, designs, opinions, location, etc.). Therefore, from that perspective, the Consumer Journey Map enables different points to be considered and assessed:

- The various points of contact or moments of truth that may exist between the customer and the seller;
- The tasks and resources available to the company when meeting at those contact points;
- What the customer can expect from the seller, what the seller's response may be;
- What reasoning and emotions are generated through those contacts, both for the customer and the seller;
- What alternatives the seller can consider in order to respond satisfactorily to the customer or potential buyer's reasonings and emotions.

Throughout this process, and prior to the company starting to design the map of behaviour and management of customer or potential buyer experience, it is important that it reflects on the reasons and goals behind designing it and what its purpose and advantages are (Tholath and Casimirraj, 2018).

- **Understand the experience, understand and design or re-design the experience**: Observe, reflect and analyse what the experience that the customer receives at present is like from their point of view. Understand and detect who your current customers are, what your current customer portfolio is, how it is configured, and what their profiles, needs and desires are (Lemon and Verhoef, 2016). From that, you try to detect possible strengths or weaknesses in the design and provision of your services to customers and whether the resources and tasks are properly assigned, and thus, to detect your own strengths and weaknesses in order to correct them (Hallikainen et al., 2019). Identifying and differentiating different customer profiles allows for different views of the scenario, which should help to provide a more eclectic vision, richer in nuances and content, that makes it possible to detect new market opportunities and thus to improve the offer or service and consequently the company's profits.

- **Adopt a comprehensive view of the experience**. It is important that you are able to align the internal and external images of the company, that the company and its employees know how to put themselves in the customer's place, to be empathetic and assess the process from the customer's point of view, which will enable a map with more natural experience to be designed, one that attends to customers' actual needs.

- **Design and manage customer relations filters or funnels**: In order to effectively design the various phases that allow you to filter the relationship with the customer, which is also known as 'customer relationship funnels', you must know how to understand their behaviour, their phases and their real reasons so that, as the relationship progresses and experience is built, the different concerns, doubts or questions raised by customers can be properly and satisfactorily addressed.

What design should the experience map have?

The dynamism, volatility, uncertainty or ambiguity of the markets (which is a permanent status for them in this global economy we are immersed in), and the diversity that exists in the sector, make it impossible to design one single model of pattern of Consumer Journey Map (CJM) (Larivière et al., 2018). On top of that, the circumstances of each company differ according to their needs, their objectives or the complexity of the situation they face, as well as other internal and external factors that affect them, thus making each CJM unique.

However, in-depth interviews with different actors in the refurbishment sector in Spain have enabled us to come up with a series of guidelines or recommendations that should be taken into account when designing any CJM:

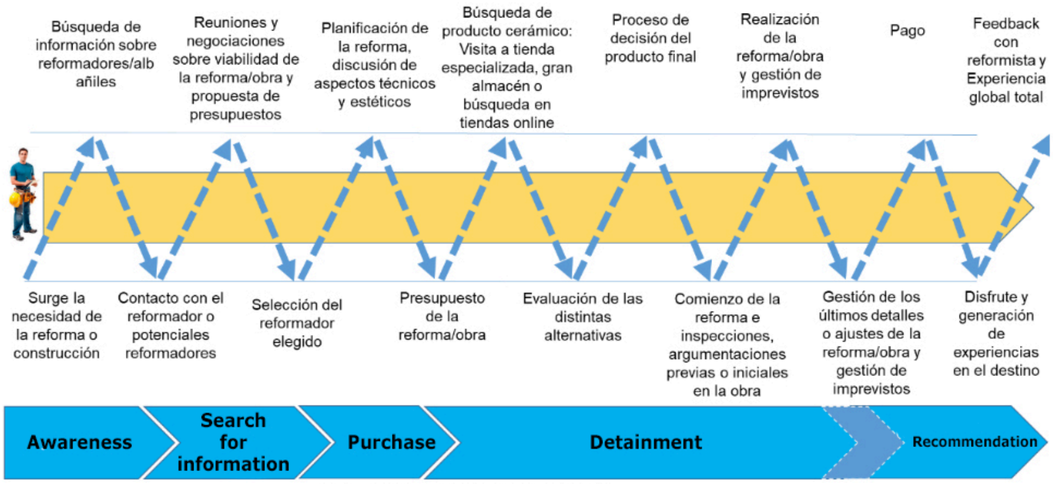
- **Identify and parameterise the various customer profiles that make up your current portfolio.** The most important thing to start with is knowing your customer's profile and a good tool to reveal that would be to create a Buyer Person.

- **Reflect and identify the different phases or stages that the Buyer goes through in his purchasing process**. Assessing the various customer profiles detected should enable the company to identify which phases each customer profile follows or may follow in their interaction to acquire your services and how they feel in each phase.
- **Listen to them, observe them and identify their needs, motivations and queries**. You need to know the actual reasons that motivate each of the phases or stages identified and understand their concerns, problems and queries. For each phase, you need to ascertain what it is that moves the customer within this experience, and what concerns they hold and what they are unsure about.
- **Identify all possible contact points**. Once you have identified those contact points and armed with true knowledge of what truly motivates your customers or potential customers, you can design the way of managing those contact points. When you have ascertained the stages or phases your customer goes through and what concerns they hold, you need to evaluate the points where you come into contact with them. It is very important to work out those contact points, since they will indicate what emotions the customer experiences (positive, neutral or negative).
- **Assess, control key moments and establish KPIs**. Determine what the customer's behaviour is likely to be at each of those moments and establish your response to achieve positive experiences. Knowing the customer's possible doubts, motivations and actual needs in each of those stages is important in order to properly manage customer experience, achieve customer satisfaction, and thus move on to the next stage. The more you know about your customers and the more you think about how to look after them satisfactorily, the better the company's results should be.
- **Analyse problems and correct them**. It is important to know how the customer is or feels at each of those moments in order to detect possible problems and redesign the contact strategy and the way of managing the relationship to achieve truly satisfactory experiences.

The ceramic industry is no stranger to this situation and in recent years, some of the companies in the sector have been carrying out actions aimed at improving Customer or Consumer Experience. As one of those companies pointed out, although many believe they understand this simple discipline, few manage to apply it in a strategic way.

An itinerary or journey map could be as follows (guide to Figure 1):

FIGURE 1: Refurbisher's Journey Map



Source: Own compilation from various

1) *The need for refurbishment or new construction arises*
2) *The search starts for information on refurbishment professionals/builders*
3) *The refurbishment professional is contacted by the potential customer*
4) *Meetings and negotiations take place to discuss the feasibility of the refurbishment/building work and propose estimates*
5) *The successful refurbishment bidder is selected*
6) *The refurbishment is planned, technical and aesthetic aspects are discussed*
7) *An estimate is given for refurbishment / building work*
8) *Conversations take place as to who will purchase the ceramic product and where: the customer on their own, the customer with the help of the refurbishment professional, in a specialist shop, large specialised retail outlet, browsing online stores, …*
9) *Reasons for purchasing in one of the aforementioned Points of Sale: price, service/ availability, product quality, design, value, imposition of installation and expert criteria, imposition by customer, etc.*
10) *A pre-selection of products is made*
11) *The final decision is taken*
12) *The building work / refurbishment is carried out*
13) *Any problems/drawbacks are dealt with*
14) *The work is completed*
15) *Payment*
16) *Customer user experience*
17) *Feedback with the refurbishment professional and overall experience*

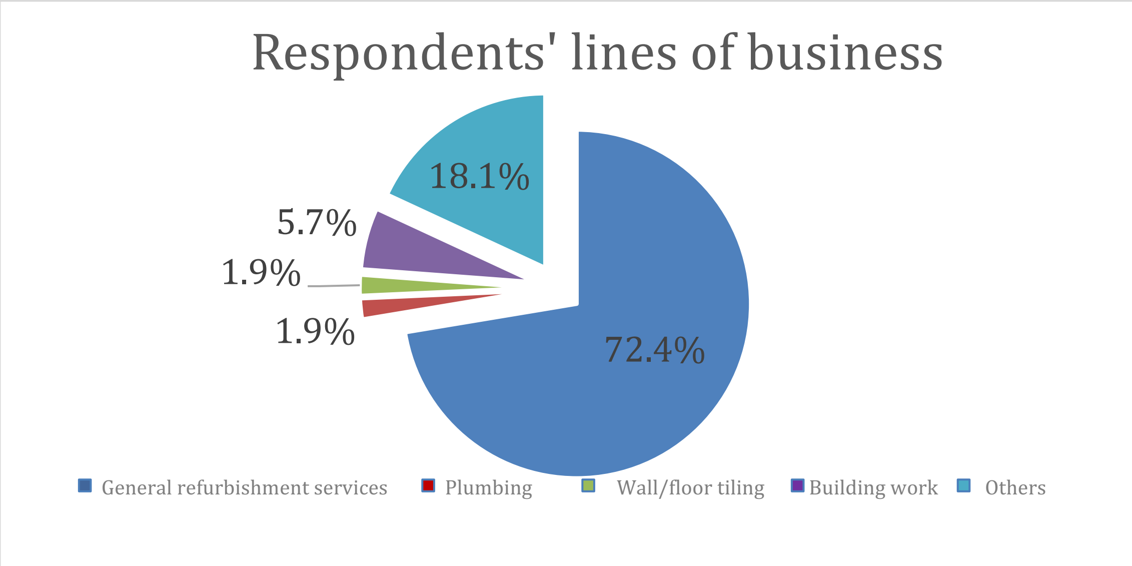
To build this Consumer Journey Map, assessment was made of both secondary information sources and earlier studies, as well as of the outcome of the in-depth surveys with different profiles of refurbishment professionals. The resulting Consumer Journey Map is one of the various maps configured for this study, which forms part of a collaboration agreement between ITC-AICE and Jaume I University through Innovation in Marketing IMK and is in its initial stages.

6. RESULTS OF THE SURVEY OF PROFESSIONALS

The following are some of the main results of the survey made of refurbishment professionals:

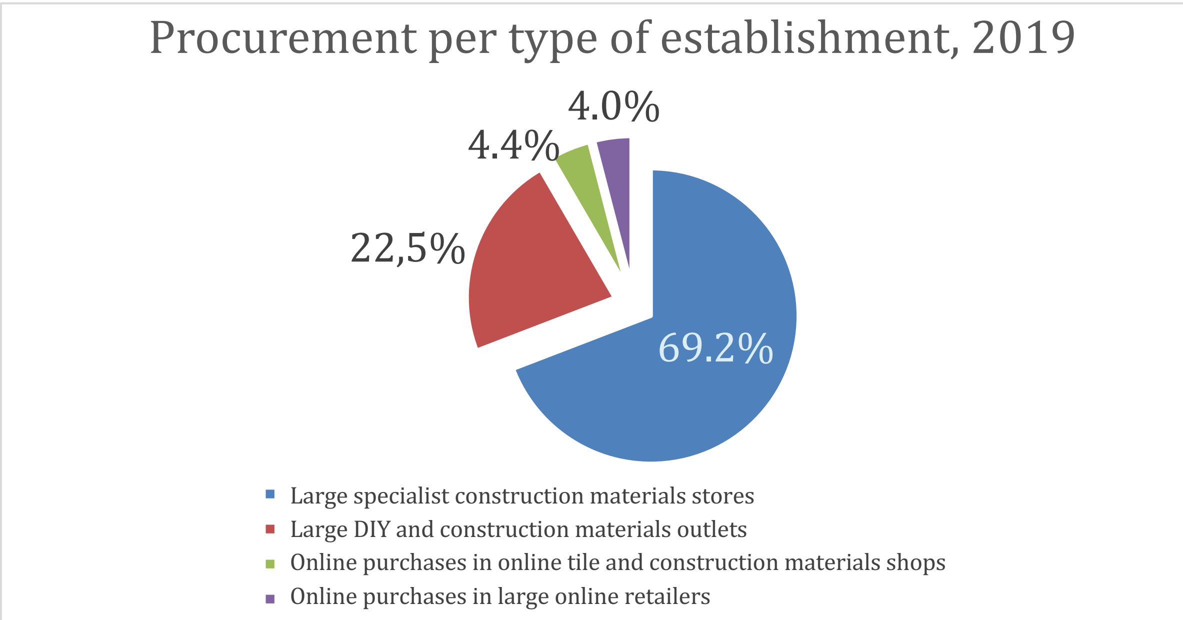
6.1. RESPONDENTS' BUSINESS

In regard to respondents' business, although generally they all specialise in refurbishment, to be more specific, 72.4% offer general refurbishment services; 5.7% define their services as building work; 1.9% can be classed in the "plumbing" category, and a further 1.9% are wall/floor tile installers.

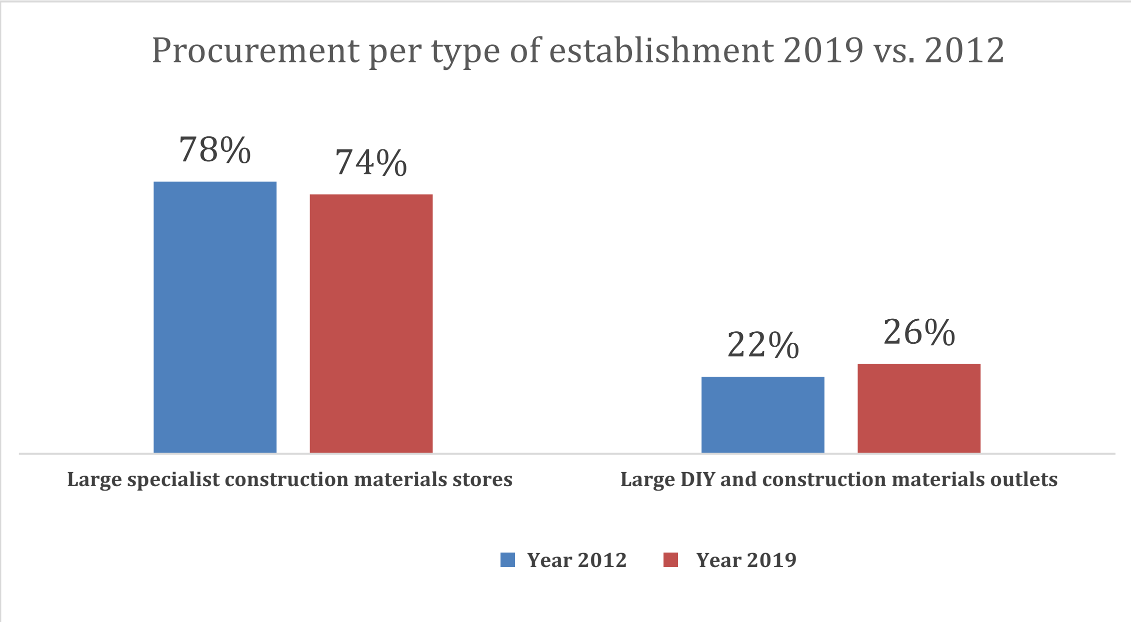


6.2. WHERE REFURBISHMENT PROFESSIONALS PURCHASE

In regard to the type of establishment where they purchase and looking at the data for 2019, the vast majority of procurements were made from specialist stores, with the Internet currently only accounting for 8% of sales.



In comparison to 2012, since the question of online purchasing was not relevant then, the effect of the Internet was removed and the results recalculated. Therefore, as the following graph shows, purchasing by refurbishment professionals from large retail outlets has increased by 4% compared to 2012.



6.3. MOST IMPORTANT FACTORS IN PROCUREMENT

Among the most important factors in their purchasing with respect to the three fundamental variables, price is seen to be less important than in 2012. However, in contrast, the importance of "service" is seen to increase.

	Year 2012	Year 2019	Difference
Price	7.95	7.61	-4.3%
Product range	7.97	7.88	-1.1%
Service	7.12	7.52	5.6%

If one looks at what happens with each of the variables comprising the three dimensions above, it can be seen how, in general terms, the variables associated with service acquire greater importance than the other variables associated with the product and of course with the price.

There are also notable differences in regard to the importance of each position. Indeed, while variables like after-sales service, delivery, or proximity were ranked tenth, seventh and fourteenth respectively in the 2012 study, in 2019, they come in among the top five.

However, price is now ranked twelfth in importance, whereas in 2012 it was the fifth most important reason.

	Importance		Position in ranking		
	2012	**2019**	**2012**	**2019**	**Variation**
(SE) Delivery times	**8.37**	**8.78**	**2**	**1**	**5.0%**
(SU) Quality of materials	**8.43**	**8.71**	**1**	**2**	**3.3%**
(SE) After-sales service	**7.66**	**8.61**	**10**	**3**	**12.4%**
(SE) Materials delivered to site	**7.93**	**8.57**	**7**	**4**	**8.1%**
(SE) Proximity	**7.42**	**8.16**	**14**	**5**	**10.0%**
(SE) Advice on material quality	**7.90**	**8.14**	**8**	**6**	**3.0%**
(SE) Ease of access	**7.87**	**8.14**	**9**	**7**	**3.4%**
(SU) Variety of designs	**8.01**	**8.10**	**4**	**8**	**1.1%**
(SU) Width of product range	**8.31**	**7.93**	**3**	**9**	**-4.5%**
(SU) Number of product references	**7.94**	**7.71**	**6**	**10**	**-2.9%**
(SU) Incorporation of novelties/new products	**7.60**	**7.70**	**12**	**11**	**1.3%**
(P) Average cost of shopping cart	**7.95**	**7.61**	**5**	**12**	**-4.2%**
(SE) Skills-building for professional customer	**7.16**	**7.51**	**15**	**13**	**4.9%**
(SE) Financing/payment facilities	**6.29**	**7.26**	**17**	**14**	**15.5%**
(SE) Advisory services on projects, subsidies, etc.	**6.55**	**7.21**	**16**	**15**	**10.1%**
(SE) Quality of displays	**7.64**	**7.17**	**11**	**16**	**-6.1%**
(SU) Availability of special offers	**7.55**	**7.15**	**13**	**17**	**-5.3%**
(SE) Loyalty-building programmes	**5.88**	**5.79**	**18**	**18**	**-1.5%**
(SE) Online purchasing and orders	**4.76**	**4.88**	**19**	**19**	**2.5%**

6.4. SCORING OF LARGE RETAIL OUTLETS AND SPECIALIST STORES

For each individual distribution format, a significant difference can be seen to exist between the opinions held in 2012 in regard to price in large retail outlets (GS), with a score of 5.58 out of 10. That score has now increased by 12.27%, implying it is better perceived.

With regard to specialist stores (AE), in general they are seen to have improved their reputation in terms of product range and also of service.

Variable	Year 2012		Year 2019		Difference	
	GS	AE	GS	AE	GS	AE
Price	5.58	6.69	6.26	6.81	**12.27%**	1.85%
Product range	6.53	7.14	6.37	7.41	-2.44%	3.78%
Service	5.67	6.85	5.74	7.15	1.30%	4.44%

6.5. USE OF THE INTERNET

As far as the use of the Internet for business is concerned, the data shows that 75.5% of respondents use it.

In addition, when asked what activities they perform on the Internet, it was discovered that the most prominent reasons were: "to promote my work", which scored 7.8 out of 10, and "as a channel to communicate with customers and potential customers", valued at 7.6 out of 10.

The following table shows the results for each activity:

To promote my work	**7.8**
As a channel to communicate with customers and potential customers	**7.6**
As a channel to communicate with distributors and coverings suppliers	6.8
To get new projects	7.0

6.6. FUTURE VARIABLES

Finally, in regard to questions relating to the future of the sector, very interesting opinions were also found.

In the first place, when asked how they thought the volume of purchases they make at each different type of outlet would evolve in the future, it was discovered opinions favouring greater use of large retail outlets had grown compared to the situation in 2012.

Regarding the use of the Internet, only 8% said they would decrease their use, which would indicate that online purchases by refurbishment professionals are set to increase.

	Year 2019				Year 2012			
	Down	Up	Same	Unsure	Down	Up	Same	Unsure
Large DIY & construction outlets	10%	**32%**	**46%**	11%	21%	22%	54%	3%
Building materials specialist stores	17%	**28%**	**45%**	9%	16%	30%	51%	3%
Online shops or marketplace	8%	**39%**	**40%**	13%	-	-	-	-

Secondly, a couple of statements seemed to indicate that refurbishment professionals hold a rather negative and, in some cases, worse opinion than they stated in 2012.

For example, with respect to the idea of private home-owners doing more and more DIY, in 2012 the idea scored 7.37, while in 2019 it did not even reach 6. On the other hand, in regard to making bigger purchases from large retail outlets, the poll returned a score of less than 5, albeit more positive than in 2012.

	Year 2019	Year 2012
I will purchase more and more from large construction & refurbishment outlets than from specialist stores	4.49	3.73
Private home-owners will increasingly do their own house refurbishment work	5.92	7.37

7. CONCLUSIONS

Some of the conclusions that emerge from the study reveal a situation that is significantly different from what was detected in 2012, in the midst of the industrial crisis.

- In the Consumer Journey Map for refurbishment professionals, the different phases or stages that are followed in their work process were taken into account. In this study, only one approach in the analysis and study that are currently being carried out, and which are expected to be the subject of further publications in the future, is shown. When assessing refurbishment professionals, we have considered them as either a first-level option (when selected by the end customer) or second-level option (when selected by an architect-decorator). This distinction is made on the basis of their individual autonomy in the final decision-making process. In the configuration, both earlier studies and the result of the in-depth surveys carried out up until the publication of this paper, but still ongoing, have been taken into account.
- The intention behind building this CJM is to reflect on the procurement process and on the refurbishment professional’s role in this entire process, so that, from the point of view of the point of sale, all necessary protocols can be established to generate a positive experience in purchasing and service provision that will lead the customer who has purchased the product to recommend the company. That way, apart from generating income or returns of an economic-financial nature, the idea is that intangible gains such as a more positive image and reputation can be reaped.
- Purchasing from large outlets by refurbishment professionals is seen to be on the increase, although it is still a long way behind procurement made from specialist distributors and no large increase is expected in the future that might place large outlets in the top position in terms of the format preferred by the refurbishment professionals.
- The Internet only accounts for 8% of refurbishment professionals’ purchasing of their entire product mix (not just ceramics), and again, no large increase is anticipated in the short term.
- DIY seems to be losing strength among end consumers, to be replaced by other trends such as Do It For Me (DIFM).
- Price has lost ground as the most important factor when choosing an establishment. Some other variables associated with the product are also seen to be less important, compared to variables concerning service and shopping experience.
- In regard to how the various types of outlet are scored, it seems that large retail outlets have improved their reputation for price, whereas specialist stores are seen to have the best choice of products and service, compared to the 2012 data.
- Finally, the main uses made of the Internet by refurbishment professionals are to promote their work and as a means of communicating with customers and potential customers.

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