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Residential remodeling is expected to increase 5% to \$117 bil in 1996, driven by small, less-expensive projects

**BODY:**

Residential remodeling is expected to increase 5% to \$117 bil in 1996, according to the Remodelers Council of the National Assn of Home Builders, driven by small, less-expensive projects. Cosmetic projects are more popular than massive renovations in the home. Since 8/95, Kitchen Wizard has grown from 2 outlets to 60, and this figure is to double in the next year, according to William Trembley, chief operating officer. Surface Doctor, which is a resurfacers, has established outlets in 45 states in 3 yrs. The full text includes some additional discussion of homeowners' interest in small projects.

Homeowners spend less, fix more by cosmetic changes

BY LISA GOFF

Some homeowners are spending less money fixing up their houses -- and that's good news for home improvement franchising.

Home remodeling used to mean ripping out an old kitchen or bathroom and replacing the old fixtures with new ones -- six weeks of chaos, followed by a \$20,000-\$50,000 bill. But homeowners are increasingly choosing to make cosmetic changes instead of major overhauls. And that's fueling the growth of franchises designed to do just that.

"Across the board, you're seeing a big push among home-related franchises," says William Trembley, chief operating officer of Waco, Texas-based kitchen Wizards.

The aggregate amount spent on home improvement isn't declining: Residential remodeling is expected to increase 5% to \$117 billion this year, according to the Remodelers Council of the National Assn. of Home Builders (NAHB).

Rather, the increasing appeal of small, less expensive remodeling is driving the home improvement franchising sector.

A recent survey by the National Kitchen and Bath Assn. predicts an uptick this year in the percentage of kitchen remodelings done for less than \$5,000. "We see people getting into the

business to serve the lower end," says Valerie Pasquarella, communications coordinator for the association.

That bears out the experience of home improvement franchisees, who say their target market is customers looking to upgrade their homes for a few thousand dollars.

Kitchen Wizards, for example, has grown from two outlets to 60 since August 1995, a number Mr. Trembley expects to double in another year.

Similarly, Surface Doctor, an Atlanta-based resurfacers, has established outlets in 45 states in just three years.

Mr. Trembley points to industry research that shows only 26% of homeowners want to spend more than \$7,000 on a kitchen remodeling -- and 95% of the industry serves that niche. "We're going after the 74% of the market that wants to spend between \$5,000 and \$7,000," he says.

Kitchen Wizard keeps prices low by refacing instead of replacing cabinets, and coating countertops instead of installing new ones. As a result, it can deliver a bargain restyling for about \$7,000 -- the average kitchen redo cost about \$22,000 in 1995, according to the NAHB.

General societal shifts also favor the home improvement industry.

"Cocooning" is the buzzword of the '90s, signaling the return of Baby Boomers to the nest, which they must feather appropriately, being the ardent consumers they are.

And at least one fad is driving the home improvement trend: the popularity of the color white.

"Everybody wants white," says Ron Shupp, a Surface Doctor franchisee in Atlanta. White tile, white cabinets, white (or speckled) countertops. "We're seeing a lot of people who want to recolor instead of replace their surfaces and appliances."

So many, in fact, that Mr. Shupp, whose business has tripled in size in the last year, recently had to hire three more employees.

At the upper end of the scale, there's Marblelife Inc., a specialist in restoring marble granite and terrazzo floors. "We're going into \$7 million homes and working on \$30,000 floors," says Bill Osborne, director of franchise sales. Mr. Osborne says business is steady, and the number of Marblelife franchises is growing.

In addition to home improvement franchises, service franchises also are thriving because of Baby Boomers' busy lifestyles.

Case in point: Screenmobile, a Palm Desert, Calif.-based mobile screen replacement franchise with about 70 locations. "People just don't have time to do these things. They want you to come to them," says Marilyn Kulp, owner of a Screenmobile franchise in Columbus, Ohio.

Screenmobile brings a choice of screens to the customer's house, measures the windows and cuts the screens to fit using a saw attached to the trailer.

Ms. Kulp says business is booming. "We were all set to move to Florida, but business has been so good, we're staying put," she says.

Century 21's joint venture with American Home Remodeling Inc. (AMRE) is further proof of the growth potential.

Late last year the real estate franchising giant made AMRE the exclusive licensee of the name Century 21 Home Improvements. Century 21 franchisees feed leads to the remodelers in the AMRE network.

Century 21 isn't the only major franchisor looking for synergy. Swisher International, the maid service franchisor based in Charlotte, N.C., recently bought Kitchen Wizards. Cleaning homes and remodeling them seems like a natural fit, and Kitchen Wizards' Mr. Trembley believes it will help both franchises grow.

"I see a lot of franchisors starting to get into home-related services," he says.

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