

Home Depot Shows You How

Introduction

Home Depot® is the world’s largest home improvement retailer, the fourth-largest retailer in the United States, and the fifth-largest retailer in the world, with stores in every state in the United States, as well as in the District of Columbia, the U.S. Virgin Islands, ten provinces of Canada, Mexico, and China.⁴⁷ With a strong emphasis on customer service and well-trained, helpful employees to deliver on that promise, the retail giant has built one of the most-valued and desirable brand names in retail. According to surveys by Interbrand, a global brand consultancy, Home Depot has consistently scored among the top ten most-valued retail brands, hitting the number three spot for 2010, with an estimated brand value of over \$23 billion.⁴⁸

It is little wonder that Home Depot entered the world of social media marketing with a great deal of anxiety about potential damage to its sterling reputation. However, the company quickly discovered a huge fan base awaiting them. The retailer soon found new ways to satisfy its customers using social media, such as how-to videos published on YouTube and other video sharing sites. Unlike viral videos, it took time for Home Depot to attract a sizable viewership for its how-to videos, but eventually the retailer discovered that “[i]f you build it, they will come.”⁴⁹

History

Home Depot was founded in 1978 by Bernie Marcus and Arthur Blank. To change the way people thought about home care and improvement, the company created “the ‘do-it-yourself’ concept, spawning an entire industry that now spans the globe.”⁵⁰ The first store was opened on June 22, 1979 in Atlanta, Georgia. Although Home Depot’s corporate headquarters remains in Atlanta, it has become the fastest-growing retailer in history, with more than 2,200 retail stores around the world and with revenues exceeding \$16 billion in the first quarter of 2011,⁵¹ as well being listed on the Dow Jones Industrial Average and Standard & Poor’s 500 index.

A typical Home Depot warehouse stocks an enormous variety of building materials, wall and floor coverings, paint, plumbing supplies, hardware, tools, electrical supplies, and items for landscaping and gardening. The initial concept for Home Depot was to be a discounter, marking down merchandise to increase sales while lowering overhead. However, the founders recognized that the major problem plaguing most cut-rate retailers was poor service, because they hired low-paid employees with few skills and no training in order to minimize costs.

According to the company, “[a]t the time, do-it-yourselfers made up more than 60 percent of the building supply industry’s sales volume, but the majority of them did not have the technical knowledge or expertise to accomplish most home repair or improvement projects.”⁵² So, from the start, Marcus and company hired knowledgeable do-it-yourselfers and professional tradespeople, who then underwent thorough product knowledge training. With this level of expertise, these store associates were able to skillfully guide customers through projects, eliminating the mystery surrounding home improvement. Taking it one step further, Home Depot began offering clinics to educate customers on how to do home renovations themselves. Having gained the knowledge and confidence to take on complex home projects, customers returned to Home Depot warehouses to buy additional materials and gain further guidance for undertaking other home improvement jobs.

By providing customers with low prices, project know-how, and the right tools for the job, Home Depot revolutionized the home improvement industry and has become widely known for delivering the best customer service in the business. As the company says, our “philosophy of customer service—‘whatever it takes’—means cultivating a relationship with customers rather than merely completing a transaction. As [cofounder Marcus] says...[,] ‘At the end of the day, we’re in the people business.’”⁵³

Challenge

Given the careful planning and many years of hard work that have gone into crafting Home Depot’s highly valued brand image, it is little wonder that the company at first perceived the social web as a potential threat to its brand. They feared that by participating on social media platforms, the company would lose control of its marketing message. Overcoming this corporate anxiety was the biggest obstacle faced by Nick Ayres, Home Depot’s interactive marketing manager.⁵⁴ Ayres sought a way to not only calm the top executives’ concerns but to convince them there were tangible benefits for Home Depot’s active participation in the social media space. Ayres also had to come up with a way to translate the close relationships established between the company’s store associates and customers to the social web.

Strategy

In order to garner the necessary buy-in of the top brass at Home Depot, Nick Ayres needed allies in and champions of using social media. By moving slowly into social media marketing and by racking up successes, Ayres could gain allies and find people within the company to champion his cause, without making management nervous about the possibility of damaging the Home Depot brand.

Ayres's first tentative foray into social media involved inviting people to review products sold by the home improvement giant. This low-risk approach was designed to demonstrate the power of social media, without exposing the Home Depot brand to criticism. As Ayres put it, "[i]t's a lot less of a concern when you start with product reviews as that's a logical extension of what we've been doing This is one of the few areas where we can tactically say that there's a good financial upswing for us that you can really see in the general marketplace. Generally speaking, products that have higher ratings and reviews do better from a sales perspective."⁵⁵



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Online videos show how to perform home repairs and renovations

During the June 2010 BlogWell Atlanta conference, Nick Ayres described Home Depot's next move into social media. The fact that the fastest-growing category on YouTube is how-to videos wasn't lost on Ayres.⁵⁶ His team came to the realization in December 2008 that "people just don't come to [our site], they might also go to Google or YouTube, where there happens to be a whole lot of videos. So, perhaps it would be of value to have [our] how-to content on...places like YouTube and others as well."⁵⁷

So Ayres's team published a sizable collection of how-to videos on YouTube and other specialized video sharing sites, such as Howcast and 5 Minutes. The videos, featuring everything from home renovations to energy efficiency, were well received, garnering over 2 million views by June 2010. Ayres stresses that the most effective way for Home Depot to use social media is to provide what customers are requesting. He says, "If they want to know how to install a toilet or pick paint color, then that is the content you should provide them."⁵⁸ In addition, the company constantly seeks feedback about its ventures into social media as a means to shape future endeavors.

According to Kristina Proctor of SocialMediaMarketing.com, Home Depot's YouTube videos succeed because they have great educational content as opposed to blatant commercials, remain consistent in producing new and relevant content in a timely manner, diversify the offerings by featuring such things as seasonal content, offer transparency through showing raw footage of what it is like to go through a job interview or how hard the work can be as a store associate, and use real workers, not actors or spokespeople.⁵⁹

Results

As of June 18, 2011, Home Depot's YouTube videos have been viewed over 8 million times, with more than eight thousand subscribers to the company's official YouTube Channel.⁶⁰

Influential bloggers have lavished praise on Home Depot for its adept YouTube brand videos. In 2009 Catherine-Gail Reinhard, a blogger on Mashable (the most popular and respected social media marketing site), named the retailer as one of the five outstanding leaders in YouTube marketing. She wrote, "[t]he Home Depot stands out in their category because they publish content about subject matter that is relevant to their brand without being over-the-top in promoting the specific products that they sell."⁶¹

Home Depot's YouTube brand videos have established the company as a reliable and knowledgeable source of information and materials for home repairs and improvements. The videos are easy to follow and feature products Home Depot sells, effectively promoting its tools and materials without appearing like pushy advertisements. Finally, the videos have managed to put a human face on one of the world's largest retailers by using actual store associates to dispense advice in a straightforward and informative manner.

Due to the success with YouTube, Home Depot plans to expand its "digital orange apron" (the in-store uniform) to other social media. At the 2010 Social Media Success Summit, it was noted that Home Depot's "YouTube has been helping create awareness around the videos they have to offer. Home Depot believes their level of current involvement in social media is just the tip of the iceberg for them. They are actively engaging in blogs and forums and are piloting an informal network for their store associates."⁶²

In fact, on December 10, 2010, the company launched its "online 'How-To' Community . . . where do-it-yourselfers can discuss home improvement projects and share their expertise with other members."⁶³ Do-it-yourself questions may be answered by peers or a featured number of Home Depot store associates from around the country, and because its customer service department will be monitoring for response opportunities, in-store associates will be available to respond to users.⁶⁴

So, when a question about painting a room is posted, it may be answered by the resident Home Depot expert, "PatInPaint," with a short YouTube video showing exactly how to accomplish the task. Thus, social media is taking Home Depot to a whole new level of customer service, further expanding the company's brand recognition and perception.⁶⁵



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Producing a do-it-yourself short video

Review Questions for Home Depot Case Study

1. What in particular about Home Depot's business made this how-to series of videos so successful? What other industries might be able to use a similar strategy?
2. Are these instructional videos actually more effective than overt commercials? Why or why not?
3. Why did Home Depot choose to focus on producing YouTube videos? Would videos exclusively hosted on its company web site or on other video sharing platforms have been equally effective?
4. What advantages did Home Depot gain from having in-store representatives featured in the videos? Name at least two advantages, and explain why they are important.

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