



HOME IMPROVEMENT FINANCING

Payment options benefits series

eBook

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Welcome!

You may have found yourself researching how your home improvement business can benefit from offering contractor financing. We know there are a lot of options out there, but not every lender is created equal. Here at Regions, we have over 20 years of experience within the home improvement industry, and we've done our due diligence.

Through our research, we've found six major benefits of offering our payment options for home improvement contractors:

- ✓ **Improve Cash Flow**
- ✓ **Increase Leads**
- ✓ **Boost Close Rate**
- ✓ **Grow Average Project Size**
- ✓ **Eliminate Discounting**
- ✓ **Reduce Cancellations**

In this eBook, we'll go over these in more detail, as well as how other aspects of our loan programs can help you further enjoy these benefits.





01

Improve Cash Flow

How Can Contractor Financing Improve My Cash Flow?

As a part of your loan program, you gain access to several features, including ExpressSign. Not only does this simplify the application process for your customers (they can pick from three paperless methods), but it makes it easy for you to request funds.

Once the customer is approved for a loan, they'll provide a single signature and select whether they want to receive funding requests via text or phone call. This means no more chasing down signatures to get the money you need. Using our management system PartnerPortal, you'll send a funding request, and the customer will approve using their preferred method. Once authorized, the funds will be sent directly to your account, usually within 24 hours.

How Does This Benefit My Business?

Often, you don't get paid until the end of the project. This means having to juggle funds between projects or having to delay progress altogether because there isn't enough cash to cover the next outlay for materials or labor.

When you work with us, you're in the driver's seat when it comes to your cash flow. You can now better manage your projects and spend less time waiting around for the funds you need. By having the ability to start and finish jobs sooner, you have the potential to increase your workload and grow your business.

As part of your loan program, you gain access to several features

02



Increase Leads



Let's take a closer look at how offering financing can help you increase your leads.

How Can Contractor Financing Increase My Leads?

You're likely offering the same products and services as a dozen other home improvement businesses within a few miles' radius of yourself. This means it's important to find ways to help your business not only stand out but provide a superior customer experience when compared to the competition. Offering payment options can help you meet both objectives.

First, when you offer customers financing as a part of your sales process, you become a one-stop shop for home improvement needs. Research shows that over 55% of home improvement projects are financed in some way* — meaning your customers are getting financing, even if it's not being offered through you. By mentioning the availability of payment options in your marketing materials, customers know they won't have to look elsewhere when it comes to paying for their project, making it more likely you'll get the job.

Second, customers want ease and convenience

when it comes to their home renovation projects. By ensuring every part of the customer experience is as smooth as possible, including offering financing, homeowners will have a better time working with you. Not only can this help you stand out from the competition, but it can also generate leads to repeat business or referrals to friends and family.

How Does This Benefit My Business?

Obviously, more leads mean more business and higher income, which is always great. But just how much can a loan program benefit you when it comes to your leads? Our research shows that by advertising a choice of payment options in your marketing materials and on your website, you can see a 50% increase in leads — plus a better conversion rate*.

One great example of this is PreQualify, a resource that lets your customers see how much of a loan they may qualify for *before* applying. This can be incorporated into your sales process while you're in the customer's home, but you can also add a button to your website. By letting customers complete this simple step, they can find out their purchasing power before talking to you, making it less likely they'll experience sticker shock once they hear the bid. Better-qualified contractor leads from the beginning of the sales process means you can spend more effort on projects and less time chasing down every call that comes in.

*HIRI TFG Monthly report, released October 2023

*The Brickyard Study, commissioned by Regions 2018



03



Boost Close Rate

Now let's go over how payment options can boost your close rate.

How Can Contractor Financing Boost My Close Rate?

In our Brickyard Study conducted in 2018, we discovered many customer behaviors that impact their decision-making process when it comes to home improvement. This research showed that 35% of consumers start the process of searching for a contractor without considering how they're going to pay for their project. This provides a great opportunity for you to fulfill that need with little additional lift from your customer. Plus, if customers know you provide a way for them to pay for the job (ex., your home improvement advertising), it makes it more likely they'll select you for the job.

As far as numbers go, offering payment options can nearly double your close rate. For example, assuming a baseline of 25%, by offering a choice between a Same-As-Cash and low-monthly payment option, you could see an increase to a 44% close rate*.





Additionally, when a customer is approved for a Regions loan that you offered, they will stick with *you* to complete the job 94% of the time, helping to further bolster your close rate.

How Does This Benefit My Business?

By closing more contractor sales during the initial bid, your business can save time and money. A higher close rate means you don't need to spend your valuable time chasing down cold leads and can, instead, get to work.

Homeowners often underestimate the cost of their projects. When they hear the final bid, they may reconsider the job or want to look elsewhere for additional bids, especially

when they don't have a convenient way to pay on hand. You can preempt both scenarios simply by making payment options available. Customers cited convenience and flexibility as their two top reasons for using contractor-provided financing. These loans allow customers who didn't have a way to pay for their project, or want to temporarily use their cash elsewhere, to get the project they want now and increase the likelihood that they'll hire you for the job.

Boosting your close rate can be a **HUGE** advantage to your business on its own, and we're only halfway through our full list of payment option benefits.

*The Brickyard Study, commissioned by Regions 2018



04



Grow Average Project Size

Now, we're going to go over our fourth benefit: grow average project size.

Until now, your home improvement business may have had a steady flow of customers seeking small home improvements. But after a while, you'll probably be ready to take things to the next level. So, how can you get bigger home improvement contracts? You guessed it: offer customers financing!

How Can Contractor Financing Grow My Average Project Size?

As we mentioned before, many customers often don't know how to pay for large home improvements. This means, once presented with the bid, they may want to split up the job or downgrade materials to save money. When you're already dealing with thin profit margins, this puts you in a no-win situation.

The Brickyard Study showed that one-third of homeowners regret not spending more to achieve the end results they truly wanted. The customer then has the option to either simply live with the project as-is or go through the entire renovation process again. Payment options empower your customers to get what they really want in a convenient and affordable way — the first time.

When offered a choice of payment options, customers have been shown to spend, on average, 44% more on their project*. This alone is a great metric to see how much more money your business can make, thanks to increasing project sizes.

How Does This Benefit My Business?

There are several benefits to taking on larger

1/3 of homeowners regret not spending more on their project*

project sizes. First, you can better protect your profit margins by taking on bigger projects as opposed to multiple smaller ones. Second, you can save time and resources by not having to switch between jobs as often, helping you to better manage your team's schedule. Finally, taking on these bigger jobs can help you target a new customer base. If, up until this point, you've mainly dealt with small, affordable home upgrades, you can start turning your efforts to those customers with bigger budgets and grander renovation plans moving forward.

Additionally, when you offer customers financing for their project, they may be able to upgrade the materials they're using or

complete multiple projects at one time. For example, let's say you're a painter. A customer reaches out requesting a bid for their kitchen and dining room project. Once you're in the home, they mention their plans to paint the rest of the main living area in the future. With payment options, you can make it easier for them to complete the **entire** project now and only put their home through the inconvenience of the project once. This makes you a valuable resource, and makes it more likely they'll use you for future projects and refer you to people they know.

*The Brickyard Study, commissioned by Regions 2018



05



Eliminate Discounting

This section is going to center around our next benefit: eliminating discounting.

How Can Contractor Financing Help Eliminate Discounting?

How many times have you been in a customer's home, and everything seems to be going well, until they hear the final bid? They begin showing doubt, and talk about postponing the job, reducing the size, or even seeking out bids from your competitors. Finally, in a last-ditch effort to "save the sale," you offer a discount to help close the job. It's probably more times than you could possibly count. The truth of the matter is that many homeowners underestimate how much their project is going to cost. This is especially true when they don't take additional factors, such as the rising cost of materials, into account.

By offering payment options, you have a tool at your disposal to help you overcome price objections early in the process. Contractor financing provides




a flexible and convenient way to pay for their project now, even if the final bid was higher than they anticipated.

This also applies to customers who may have been planning to pay for their project in cash. Often, simply because they're paying in cash, they want a discount. We've created a loan specifically for customers like this, our Same-As-Cash loan. This product can be a benefit to your business because customers can still utilize their cash, but do so in a more flexible way, and it protects your margins, helping you to make more money.

How Does This Benefit My Business?

If your business is already dealing with thin profit margins, offering discounts just to get jobs can make things worse. We've all been feeling the crunch of inflation and rising costs, and the last thing you need is to make less money on a job just to keep up.

Being able to increase your margins on each job is going to help the bottom line of your business and every member of your team.



Offering payment options can help you overcome price objections

06



Reduce Cancellations



You've made it to the end of our payment option benefits series. We're going to end with our final benefit: reduce cancellations.

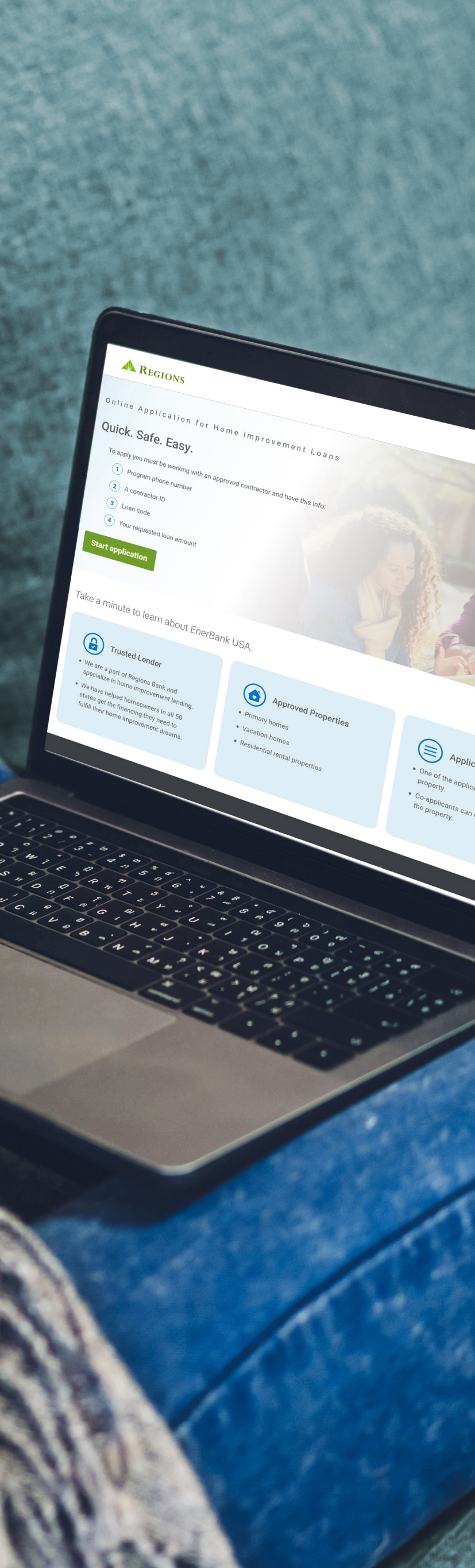
How Can Contractor Financing Help Reduce Cancellations?

It can be frustrating when you're so close to getting a job, only to have the homeowner suddenly cancel. This can be caused by several factors, such as the customer wanting additional bids, funding falling through, deciding to postpone the project altogether, and more. So, how can you keep clients from canceling?

When a customer is approved for a home improvement loan through your business, it ties the project to you, making it less likely they'll decide not to move forward. In fact, our research has shown that a customer who is approved for a Regions loan will complete the job with you 94% of the time, making it an invaluable resource for growing your business.

How Does This Benefit My Business?

Canceled jobs can lead to less profit and gaps in your schedule. If you have the labor and



materials at the ready and the customer suddenly cancels, that can leave you in a pinch. In fact, when dealing with a large number of cancellations, many contractors lower their prices to drum up more business.

A study was recently conducted by Workiz Inc. that looked at several industries within the home improvement field. They found that there was a **correlation** between a contractor's cancellation rate and what they're charging. However, this connection showed that the lower the price, the higher the cancellation rate was. This means that lowering prices in response to cancellations may be hurting your business more than it helps.

Having reliable financing available for your customers gives them an affordable way to pay for their projects. If they know going in *how* they're going to pay for their project, it makes it less likely that they'll end up canceling. So don't forget to mention the availability of payment options in all your home improvement advertising materials.

We hope you enjoyed this series and have a better idea of how payment options from Regions Home Improvement Financing can help improve your contractor sales.

If you want to learn more or are ready to join a program, visit **www.regions.com/small-business/contractor-financing**