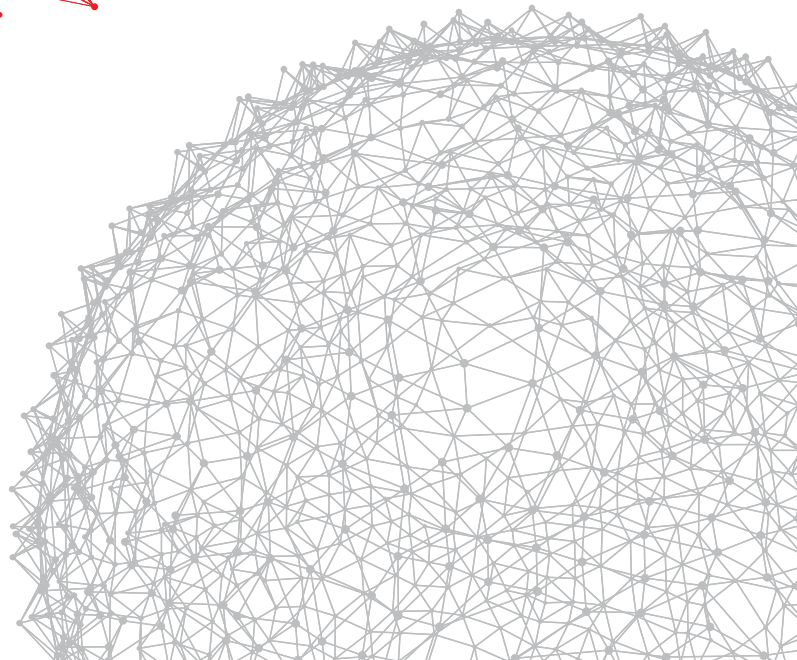
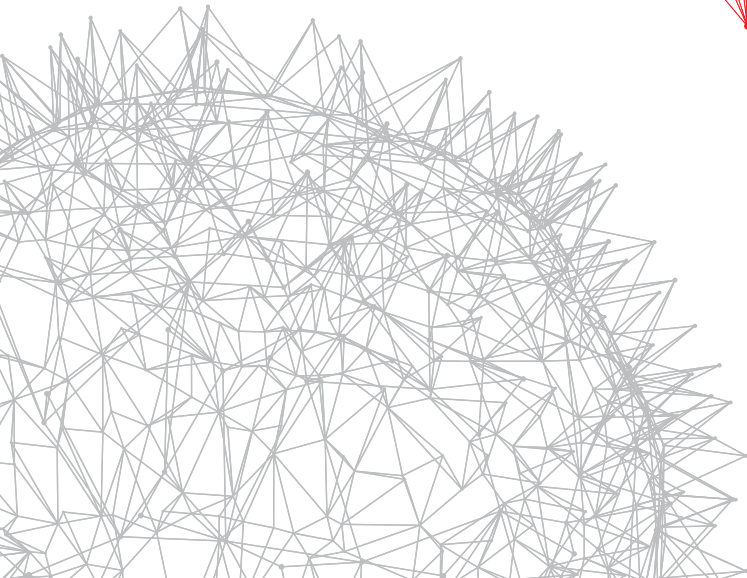
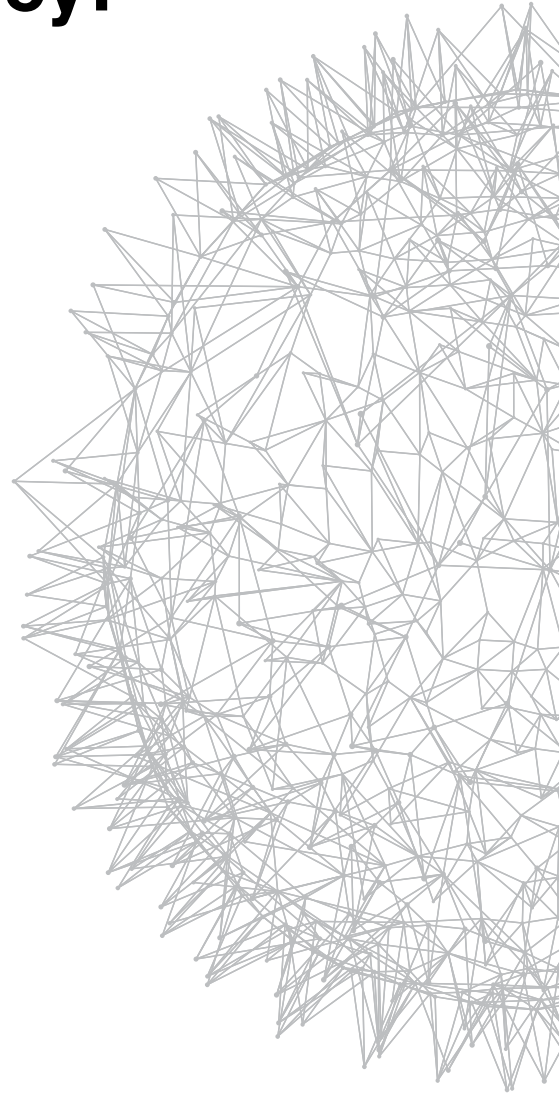
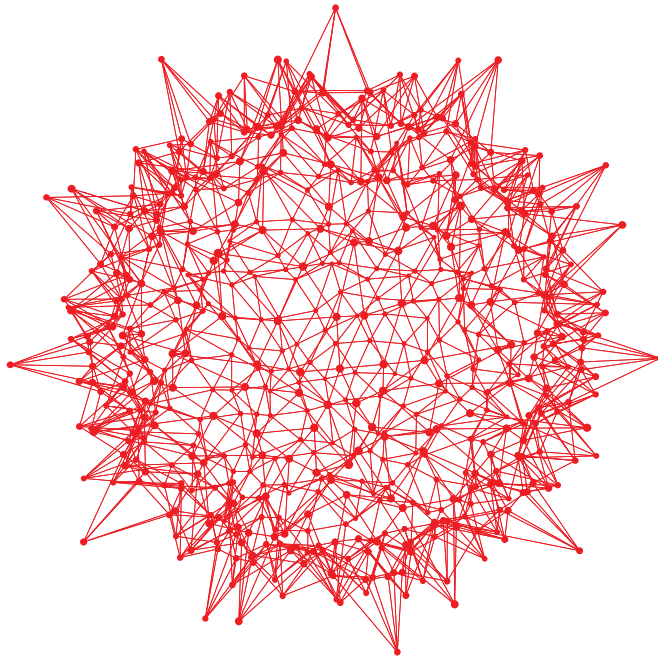




Benchmark Sentiment Survey: Special COVID-19 Edition

March 31, 2020





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Study Overview

RESEARCH PURPOSE

Provide an objective assessment of the impact that COVID-19 is having on the U.S. kitchen and bath industry – both at the onset of this health/financial crisis and throughout subsequent phases of recovery.

The Association will repeat this study periodically to assess the economic ramifications of COVID-19 on NKBA members throughout all phases of the pandemic.

RESEARCH OBJECTIVES

The research is designed to:

- + Assess the initial impact COVID-19 is having on NKBA members’ businesses.
- + Establish a benchmark of member sentiment and reaction throughout this worldwide health/financial crisis.
- + Determine which factors are currently having the greatest impact on the business operations of NKBA members.
- + Identify and share best practices that can provide inspiration to members seeking to manage their businesses through these difficult circumstances.

METHODOLOGY

Five-minute online survey conducted among all key NKBA member segments.

Data was collected between
March 18-24, 2020

Total Respondents	838
Manufacturing	123
Design	363
Building & Construction	152
Retail Sales	184
Industry Partners	16

Given that the NKBA is an all-industry association, and that each of its member groups faces different challenges as a consequence of COVID-19, the results of this benchmark study are reported separately by segment.

Key Findings

- + **NKBA members rate the initial impact of COVID-19 on their businesses as a 7.4, on a scale of 1-10**, where 1 is no impact and 10 is significant impact.
- + Retailers rate the impact the highest at 7.6, followed by designers/ builders at 7.4, and manufacturers at 6.8.

K&B MANUFACTURERS

- + Topping the list of factors having the greatest impact on manufacturers are protecting the health and safety of their employees (67%); overall economic uncertainty (66%); customers' financial uncertainty (58%); and stock market volatility (52%).
- + Manufacturers have already implemented the following measures to limit contact with other people: postpone or cancel large events (92%); cut back on trade show attendance (87%); restrict employee travel (81%); and encourage telephone meetings or videoconferencing instead of face-to-face meetings (80%).

K&B DESIGNERS/BUILDERS

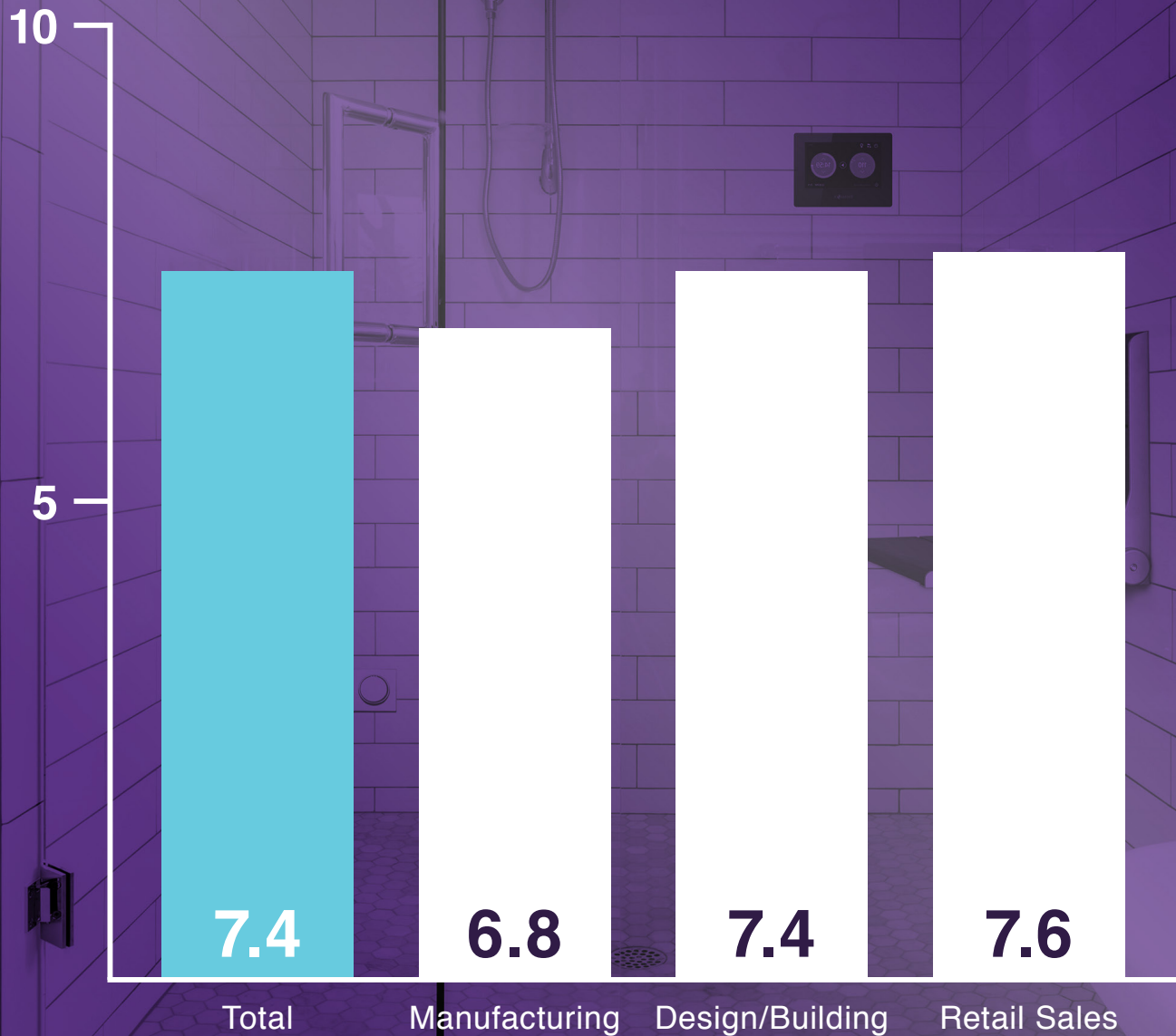
- + The four factors currently impacting designers and builders most are: customers' desire to practice social distancing (70%); their own desire to practice social distancing (68%); clients' financial uncertainty (65%); and their personal need to take care of themselves and their families (62%).
- + Designers/builders are reporting that, on average, 52% of their current or upcoming projects have been delayed, and 19% have been cancelled, as a result of COVID-19.

RETAIL SALES

- + The factors currently having the biggest impact on retailers are protecting the health and safety of their employees (67%); overall economic uncertainty (66%); customers' financial uncertainty (58%); and stock market volatility (52%).
- + In terms of the status of current/upcoming projects, retailers are reporting that 44% of their current or upcoming projects are delayed and 16% are cancelled.

NKBA Benchmark Sentiment Ratings: COVID-19

NKBA members rate the initial impact that COVID-19 is having on their businesses as a 7.4, on a scale of 1-10, where 1 is no impact and 10 is significant impact. Manufacturers report the least impact at 6.8, designers/builders rate the impact at 7.4, and retailers are highest at 7.6.



K&B Manufacturers

6.8

Overall Impact of COVID-19 on Business

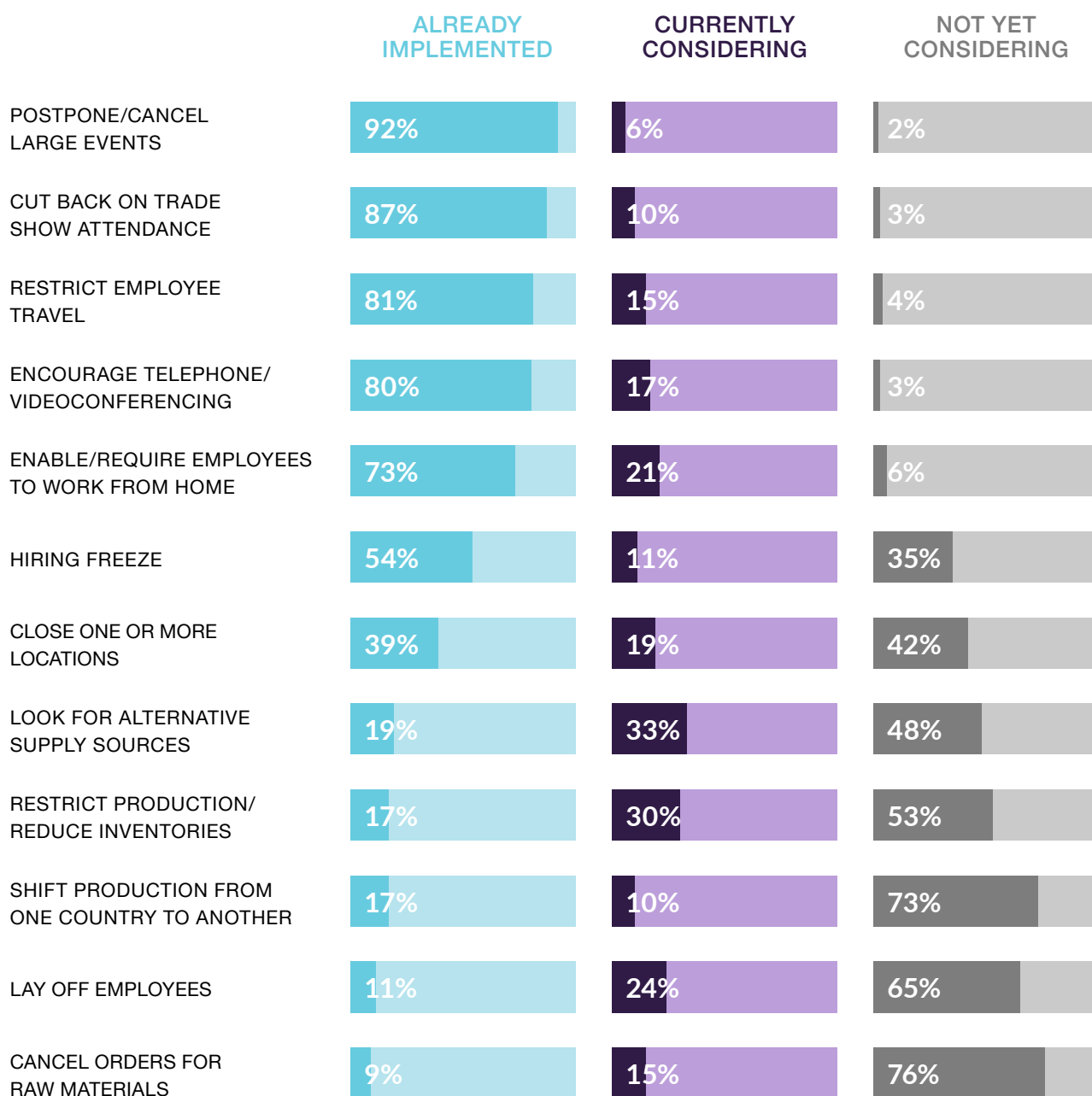
10-Point Scale: 1 is No Impact and 10 is Significant Impact



Measures Taken by Manufacturers

Most NKBA manufacturers were quick to implement measures limiting contact with other people, such as postponing or canceling large events, cutting back on trade show attendance, restricting employee travel and encouraging telephone meetings or videoconferencing instead of face-to-face meetings.

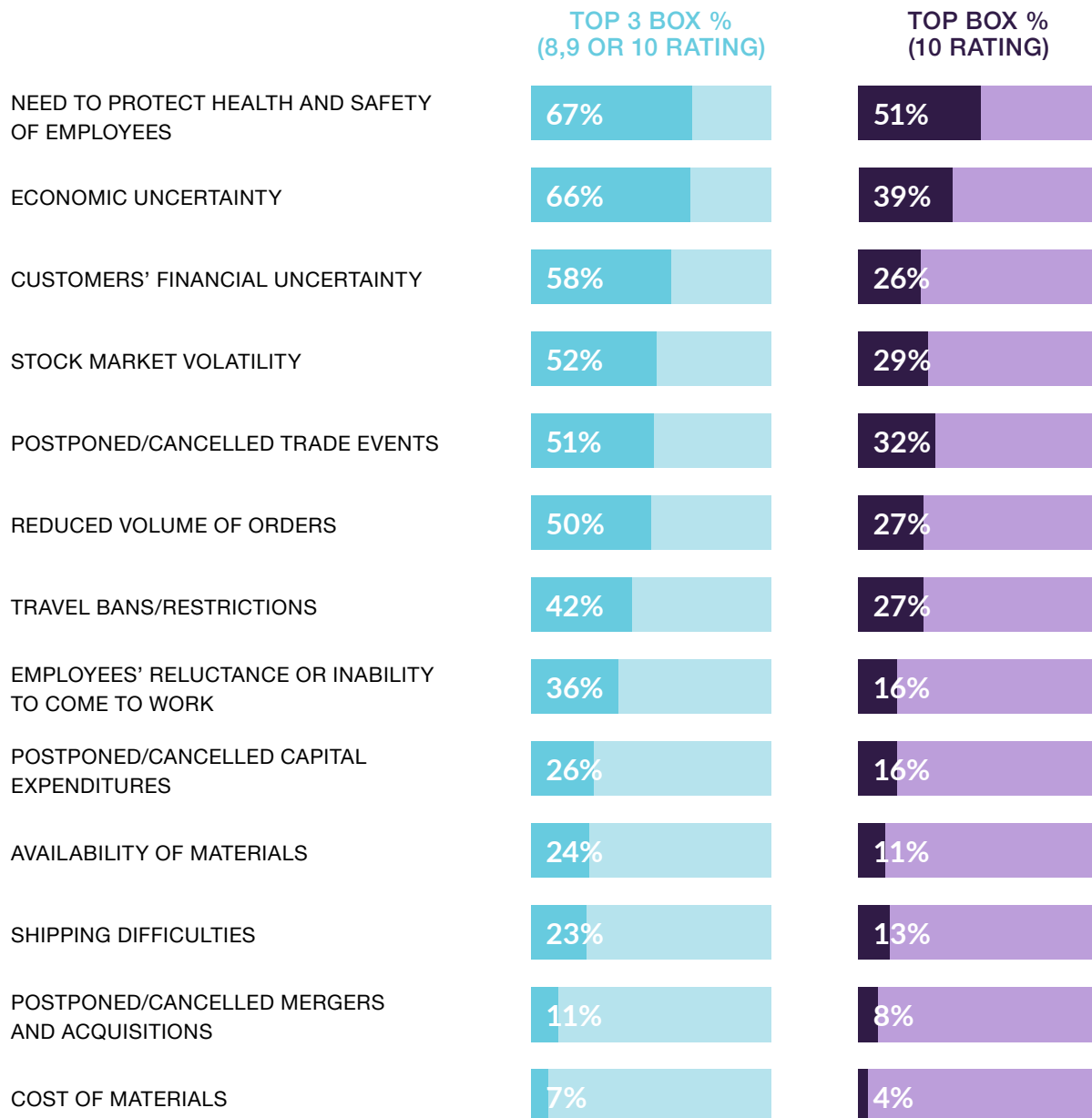
Q: *Which of the following measures is your company taking, or is considering taking, to confront this threat?*



Specific Factors Impacting Manufacturers

In the initial weeks of the coronavirus crisis in the U.S., NKBA manufacturers report that the number-one factor impacting their business is protecting the health and safety of their employees (67%). Other factors significantly impacting business at this time are economic uncertainty, financial uncertainty and stock market volatility.

Q: To what extent are each of these specific factors impacting your business as a result of COVID-19?





Other Factors Impacting Manufacturers

Manufacturers mentioned these other factors that are significantly impacting their business as a result of this global pandemic.

- + Widespread/mandated closures of retail stores and showrooms
- + General anxiety, mental/emotional impact
- + Training classes postponed
- + Uncertainty about the length of time this will go on
- + Public sentiment regarding international trade – an increase in nationalism and decrease in globalism
- + Cabinet/counter/flooring companies are unable/ unwilling to install product

K&B Designers/Builders

7.4

Overall Impact of COVID-19 on Business

10-Point Scale: 1 is No Impact and 10 is Significant Impact

Q: What proactive measures is your company taking to maintain contact with clients whose projects are delayed and/or to cultivate new business opportunities for the future?

A: "We are using every technological opportunity available to remain in close contact with clients so as to maintain their level of interest and involvement in the project."

A: "Offering to pick up items they may need, especially if they are at high risk."

A: "We are learning programs we haven't previously had time to learn so we will emerge stronger."

A: "We are updating our website and creating new content."

A: "We are offering lower prices in the hopes of increasing business to quickly recover from the shutdown."

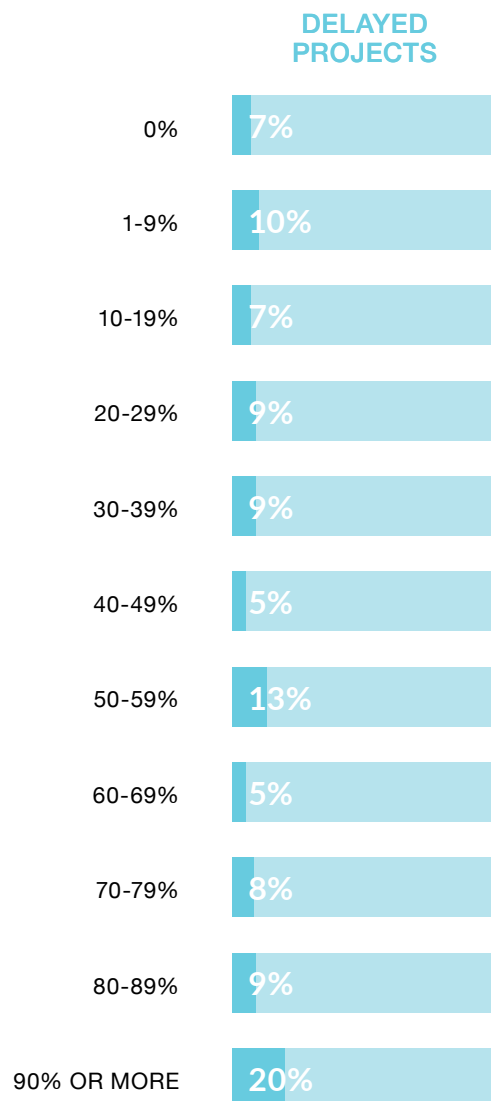
A: "I'm telecommunicating, emailing, skyping and reaching out to all clients past and present and offering design service to maintain clients and generate new business."

A: "I'm catching up on paperwork and working on marketing materials."

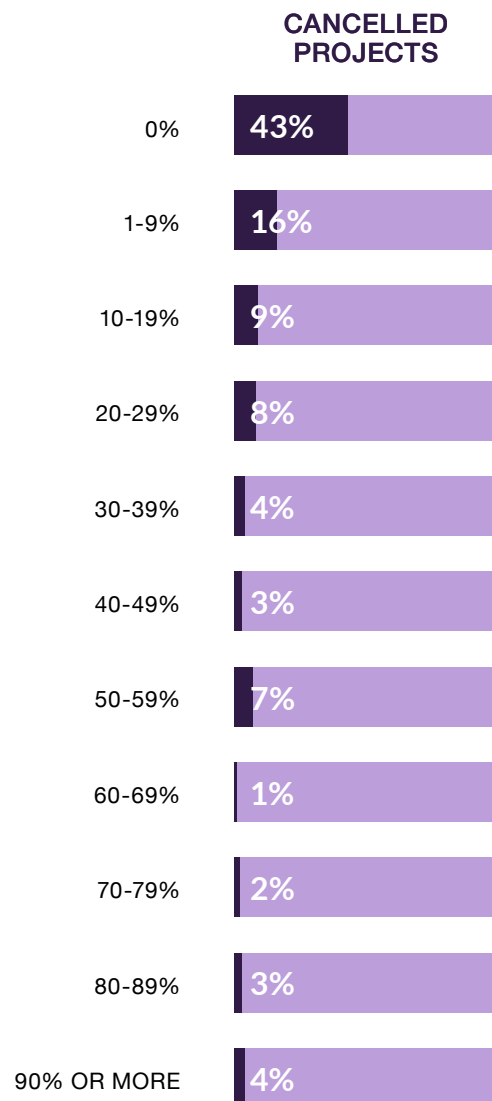
Project Delays and Cancellations Experienced by Designers/Builders

On average, designers/builders are reporting that **52%** of their current or upcoming projects have been delayed as a result of COVID-19. Far fewer, **19%**, of their projects have been cancelled at this point.

Q: *What percentage of your current/upcoming projects have been delayed as a result of COVID-19?*



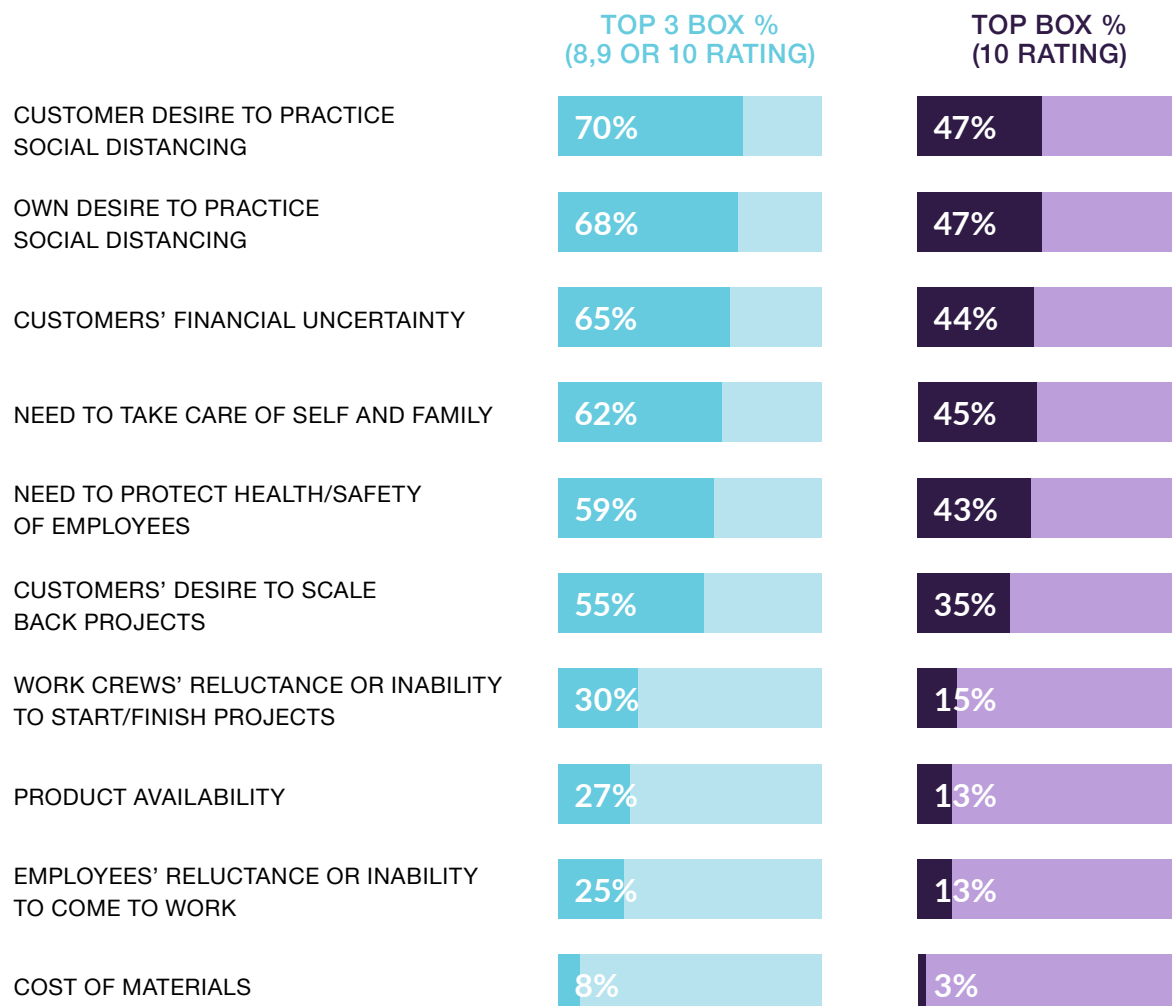
Q: *What percentage of your current/upcoming projects have been cancelled as a result of COVID-19?*



Specific Factors Impacting Designers/Builders

Top factors immediately impacting designers/builders fall into two categories: the health and safety of themselves, their family and their employees; and the desire of their customers to delay or scale back projects as a result of social distancing and financial uncertainty.

Q: To what extent are each of these specific factors impacting your business as a result of COVID-19?





Other Factors Impacting Designers/Builders

In addition, designers/builders mentioned a variety of other factors that are significantly impacting their business as a result of this global pandemic.

- + Quarantine/shutdown of non-essential businesses (e.g., showrooms)
- + City offices closed/no new permits or inspections
- + Stock market losses/economic uncertainty
- + General uncertainty of situation
- + Can't make payroll/cash-flow issues
- + Lack of availability of product/shipment delays/fabricator closures
- + Difficult to meet clients
- + Project delays/customer cancellations
- + Pace to complete projects accelerating due to children returning to home
- + Emotional toll/lack of employee focus
- + No new business entering project pipeline
- + Uncertain if suppliers can continue to ship product
- + Loss of networking opportunities for leads
- + Protective gear out of stock
- + International shipping stopped

K&B Retailers

7.6

Overall Impact of COVID-19 on Business

10-Point Scale: 1 is No Impact and 10 is Significant Impact

Q: What proactive measures is your company taking to maintain contact with clients whose projects are delayed and/or to cultivate new business opportunities for the future?

A: "Calling all open orders to verify delivery and install dates so we don't have to reschedule or miss an appointment."

A: "Staggering subcontractors at job sites to reduce risk."

A: "We are beginning to offer discounts on current proposals."

A: "We are allowing only one client at a time into our showroom with an appointment. We are also offering free deliveries."

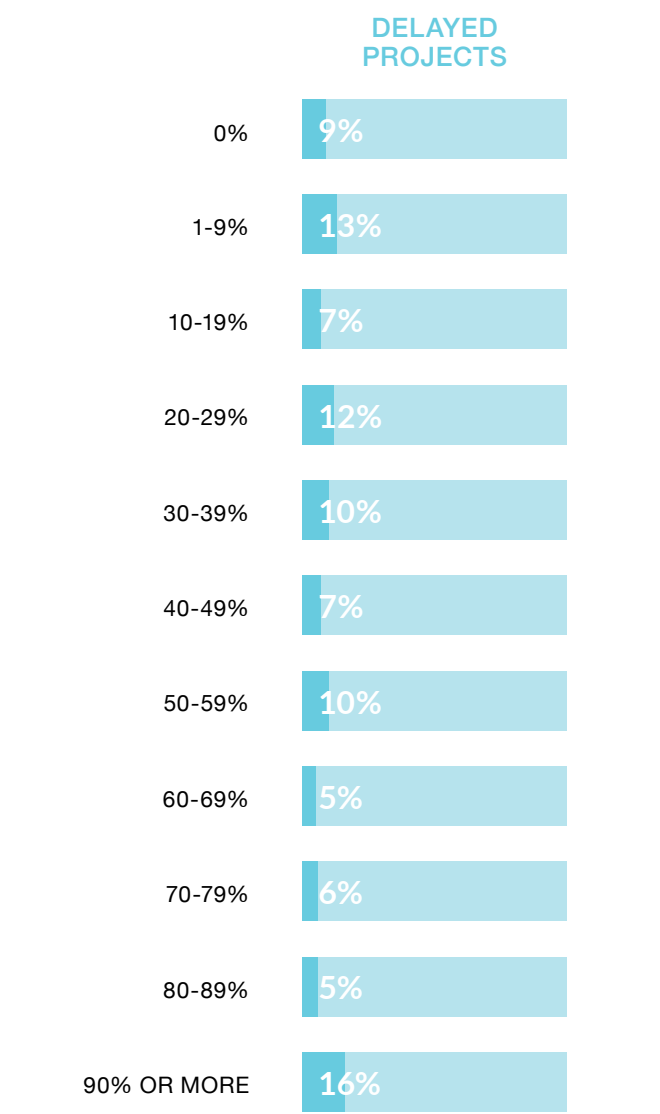
A: "We are pursuing commercial work since there are no leads in residential work."

-10%

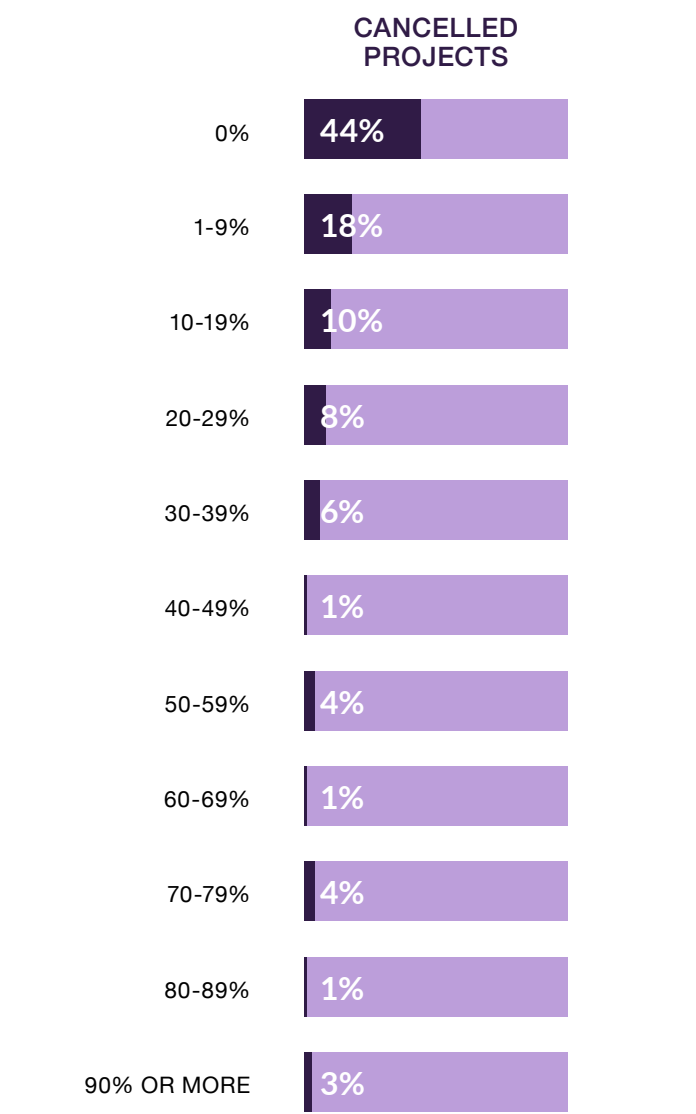
Project Delays and Cancellations Experienced by Retailers

Social distancing and financial uncertainty are the primary reasons kitchen and bath retailers are reporting that **44% of their current or upcoming projects are delayed and 16% are cancelled.**

Q: *What percentage of your current/ upcoming projects have been delayed as a result of COVID-19?*



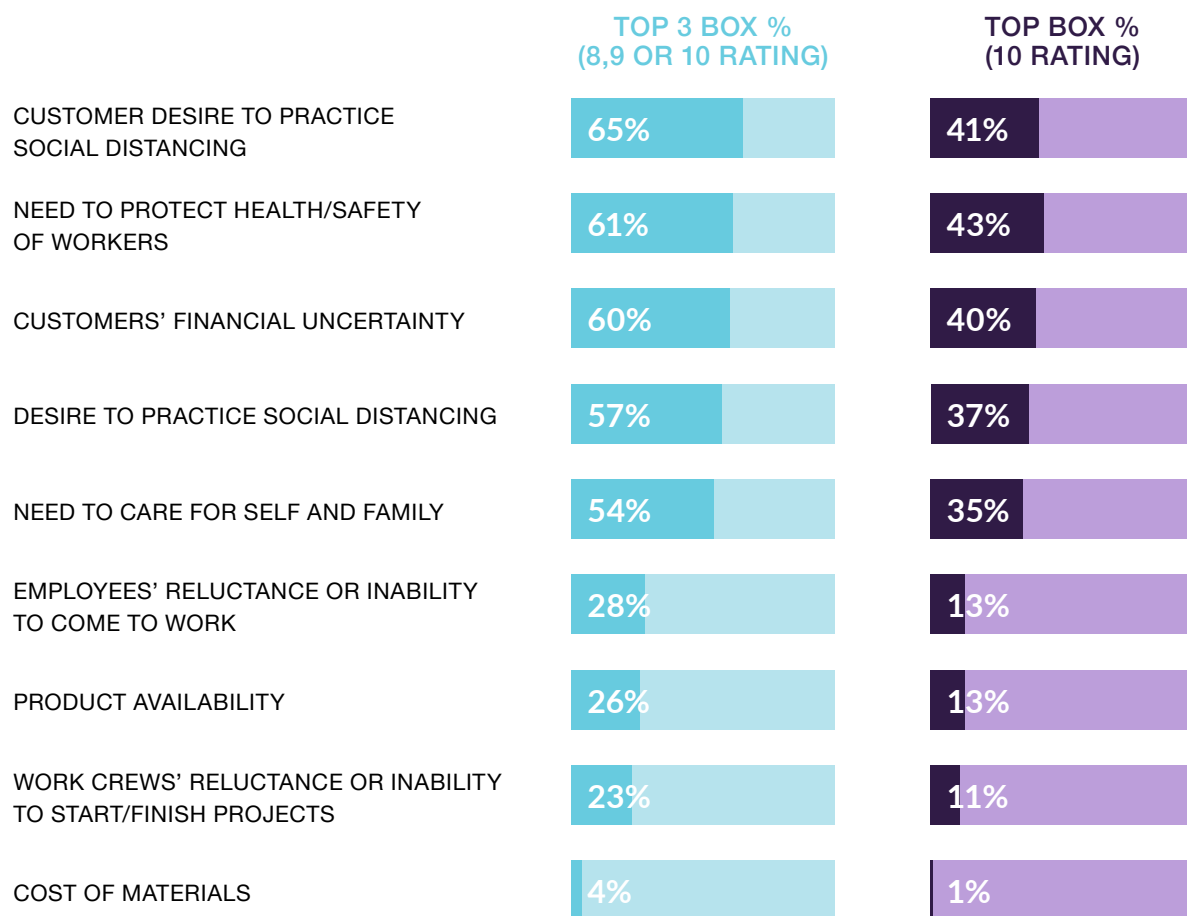
Q: *What percentage of your current/ upcoming projects have been cancelled as a result of COVID-19?*



Specific Factors Impacting K&B Retailers

The top three factors having the most significant impact on NKBA's kitchen and bath retailers are consumers' desire to practice social distancing, the need to protect the health and safety of their employees, and the financial uncertainty of their clientele.

Q: To what extent are each of these specific factors impacting your business as a result of COVID-19?





Other Factors Impacting K&B Retailers

In addition, retailers mentioned a variety of other factors that are significantly impacting their business as a result of this global pandemic.

- + Stock market volatility impacting consumer confidence/financial instability
- + Non-essential business shutdowns
- + Fear of the unknown – how long will this last, will my business survive, etc.
- + Reacting to business conditions that change daily
- + Lost revenues/accounts receivable
- + Staffing levels are low as employees must stay home to care for their children
- + Staff is fearful of being exposed and contracting the virus
- + Cancellation of events that typically generate leads



All NKBA market research reports are available through the NKBA Store at <https://store.nkba.org/collections/research>

About the National Kitchen & Bath Association

The National Kitchen & Bath Association (NKBA) is the not-for-profit trade association that owns the Kitchen & Bath Industry Show® (KBIS), as part of Design and Construction Week® (DCW). With nearly 50,000 members in all segments of the kitchen and bath design and remodeling industry, the NKBA has educated and led the industry since the association's founding in 1963. The NKBA envisions a world where everyone enjoys safe, beautiful and functional kitchen and bath spaces. The mission of the NKBA is to inspire, lead and empower the kitchen and bath industry through the creations of certifications, specialty badges, marketplaces and networks. For more information, visit www.nkba.org or call **1-800-THE-NKBA (843-6522)**.

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