

ProSales Credit Card Survey Results

Aug. 14, 2007

The numbers and comments reported below are taken from an online survey conducted between July 25 and Aug. 6, 2007. Responses were solicited through invitations published in two issues of the PROSALES BUSINESS UPDATE e-newsletter as well as through e-mail messages sent by several regional lumber and building material associations. Potential participants were given a Web link that they clicked on which took them to a page on the www.surveymonkey.com Web site containing the survey. Only one response per computer was allowed.

A total of 340 people started the survey and 325 (95.6%) completed it. Of those, 284 were willing to give us an e-mail address and other identifying information. As a result of this, the way the survey was advertised and the “one response per computer” limit, we feel confident that the results actually reflect responses from the LBM community.

Participants were asked 28 questions, seven of which were administrative queries designed to help make it possible for us to deliver survey results to those participants who wanted a copy.

While the survey was meant to be a poll of building material dealers, some distributors, wholesalers and people who didn't fit any other category also elected to take part. Consequently, from question No. 2 onward we have decided to report responses for both the entire group of poll participants and for those who identified themselves as being from building material dealers or lumberyards. Note that not everyone answered every question and, because of rounding or “other” responses, some results don't total 100%.

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The Questions

1. What Is Your Firm's Primary Business?

Type	Percent	Number of Responses
Building Material Dealer/Lumberyard	79.4%	270
Molding/Millwork Specialty Dealer/Distributor	4.7%	16
Short Line Specialty Dealer/Distributor	5.9%	20
Building Material Wholesaler	5.3%	18
Other	4.7%	16

2. Type of Ownership

	All Responses		Dealers Only	
Type	Percent	Number	Percent	Number
Independent	88.8%	300	88.5%	238
Part of a Chain	11.2%	38	11.5%	31

3. What Is the Annual Sales Volume of Your Organization?

	All Responses		Dealers Only	
Type	Percent	Number	Percent	Number
\$1 to \$999,999	4.4%	15	3.3%	9
\$1 million to \$9,999,999	37.7%	128	35.2%	95
\$10 million to \$24,999,999	26.5%	90	27.4%	74
\$25 million to \$99,999,999	20.6%	70	21.5%	58
Over \$100 million	10.9%	37	12.6%	34

4. What Percentage of Your Company's Sales Come from Building Professionals?

	All Responses		Dealers Only	
Type	Percent	Number	Percent	Number
0% to 24%	2.9%	10	1.5%	4
25% to 49%	7.1%	24	6.3%	17
50% to 74%	27.7%	94	29.3%	79
75% or Higher	62.4%	212	63.0%	170

5. What Forms of Payment Do You Accept at the Sales Counter?
Check All That Apply.

	<u>All Responses</u>		<u>Dealers Only</u>	
<u>Type</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>
Cash	98.5%	327	99.3%	264
Credit Card	97.0%	322	98.1%	261
Check	97.9%	325	98.9%	263
Store Account	91.9%	305	94.7%	252
Purchase Order	45.8%	152	40.2%	107

6. If You Do Accept Credit Cards for Payment at the Sales Counter, Which Cards Do You Take? Check All That Apply.

	<u>All Responses</u>		<u>Dealers Only</u>	
<u>Type</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>
Visa	99.7%	322	99.6%	261
MasterCard	99.7%	322	99.6%	261
American Express	62.9%	203	62.6%	164
Discover	70.0%	226	75.2%	197
Store Card	8.7%	28	10.7%	28
Other		11		10

7. For Payments at the Sales Counter, Since January 2006, How Would You Describe the Volume of Credit Card Payments Your Store Is Getting?

	<u>All Responses</u>		<u>Dealers Only</u>	
<u>Type</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>
It Has Risen Sharply	29.3%	93	29.2%	75
It Has Gone Up Slightly	42.3%	134	41.6%	107
It's About the Same Volume Today as in January 2006	25.2%	80	26.1%	67
It Has Declined Slightly	3.2%	10	3.1%	8
It Has Declined Sharply	0.0%	0	0.0%	0
Other		7		4

8. Do You Let Any of Your Customers Pay Monthly on Account?

	<u>All Responses</u>		<u>Dealers Only</u>	
<u>Type</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>
Yes	90.7%	301	91.7%	243
No	9.3%	31	8.3%	22

9. If Yes, Do You Accept Credit Cards for Payment on Account?

	<u>All Responses</u>		<u>Dealers Only</u>	
<u>Type</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>
Yes	74.1%	238	75.5%	194
No	25.9%	83	24.5%	63

10. If So, Which Ones? Check All That Apply.

	<u>All Responses</u>		<u>Dealers Only</u>	
<u>Type</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>
Visa	99.6%	239	99.5%	196
MasterCard	99.2%	238	99.5%	196
American Express	67.1%	161	68.0%	134
Discover	69.2%	166	72.6%	143
Store Card	2.9%	7	3.6%	7
Other		8		5

11. How Would You Describe Any Changes in the Volume of Payments Made by Credit Card on Monthly Accounts at Your Store Since January 2006?

	<u>All Responses</u>		<u>Dealers Only</u>	
<u>Type</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>
Volume Has Risen Sharply	23.2%	62	23.9%	52
Volume Has Risen Slightly	40.1%	107	39.5%	86
Volume Is About the Same Today as in January 2006	31.8%	85	31.7%	69
Volume Has Declined Slightly	3.4%	9	3.2%	7
Volume Is Down Sharply	1.5%	4	1.8%	4
Other		20		15

12. Do You Limit the Amount of Percentage of the Payment That Can Be Made Via Credit Card?

	<u>All Responses</u>		<u>Dealers Only</u>	
<u>Type</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>
Yes	13.7%	42	13.9%	34
No	86.3%	265	86.1%	210

13. If So, How?

Companies that filled out the survey received a selection of responses to this question.

14. Do You Give a Discount if a Customer Pays by a Certain Date, Such as the 10th of the Month?

	<u>All Responses</u>		<u>Dealers Only</u>	
<u>Type</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>
Yes	58.8%	193	61.1%	160
No	41.2%	135	38.9%	102

15. If Yes, How Much of a Discount?

	<u>All Responses</u>		<u>Dealers Only</u>	
<u>Type</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>
1% to 4%	81.7%	156	79.8%	126
5%	8.4%	16	8.2%	13
6% to 9%	2.1%	4	2.5%	4
10%	7.3%	14	8.9%	14
11% to 14%	0.5%	1	0.6%	1
15%	0.0%	0	0.0%	0
Other		11		11

16. Does This Discount Apply if the Payment Is Made by a Credit Card?

	<u>All Responses</u>		<u>Dealers Only</u>	
<u>Type</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>
Yes	24.8%	59	25.3%	48
No	75.2%	179	74.7%	142

17. Have You Changed Your Card Policies Since January 2006?

	<u>All Responses</u>		<u>Dealers Only</u>	
<u>Type</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>
We've Tightened Them	24.3%	79	24.2%	63
We've Loosened Them	2.2%	7	1.9%	5
Reviewed But Haven't Changed Them	44.6%	145	45.0%	117
Neither Reviewed Them Nor Changed Them	24.6%	80	25.4%	66
Will Examine by 12/31/07	4.3%	14	3.5%	9

18. If You Have Made Changes, What Did You Do?
Companies that took the survey received selected responses to this question.

19. Do You Have Different Policies for American Express Than
for All Other Cards?

	<u>All Responses</u>		<u>Dealers Only</u>	
<u>Type</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>
Yes	17.5%	50	16.7%	38
No	82.5%	235	83.3%	189

20. If So, How Are They Different?
Responses are omitted here given that the overwhelming majority of respondents don't treat Amex differently.

21. Please Add Any Comments Here To Help Us Better
Understand Your Company's Policies or To Discuss the Issue
Companies that took the survey received a selection of the responses.