How Lowe's Makes Money

Idea In Short

Lowe's Companies runs one of the largest home improvement retail networks in North America, generating revenue mainly through the sale of appliances, building materials, tools and décor, supplemented by installation, protection plans, credit financing and professional services. Since Marvin Ellison became chief executive in 2018, the company has pursued a Total Home strategy that pushes deeper into professional contractor sales, online fulfillment and service attachment rather than opening new stores. Roughly 1,700 stores across the United States, Canada and Mexico anchor a network that competes directly with Home Depot, Menards and Ace Hardware. This article walks through how Lowe's makes money today, who its customers and partners are, and where the retailer is placing its bets as housing turnover and renovation spending shift.

A hardware store that outgrew its shelves

Lucius Smith Lowe opened a small hardware store in North Wilkesboro, North Carolina, in 1946, selling tools and building supplies mainly to farmers and construction crews. The company found early traction by selling pre-cut lumber, which simplified purchasing for customers building or repairing structures themselves. Expansion attempts in the 1950s were uneven, and several new locations underperformed and closed, a reminder that the chain's growth was never a straight line. Lowe's is now headquartered in Mooresville, North Carolina, and operates roughly 1,700 stores across the United States, Canada and Mexico.

By the 1990s, Lowe's had expanded beyond the Southeast into new regions and broadened its assortment well past tools and lumber to include flooring, lighting and full appliance lines. That expansion set the template the company still follows: growing revenue per store through a wider product and service mix rather than relying solely on new store openings.1

Total Home reshapes the growth playbook

Marvin Ellison took over as chief executive in July 2018, inheriting a chain that lagged Home Depot in serving professional contractors and had struggled with inventory execution. His Total Home strategy, formalized around late 2020, redirected investment toward Pro customer service, online fulfillment and operational discipline rather than opening large numbers of new stores. Lowe's projected total sales of $92 billion to $94 billion for fiscal 2026, an increase of roughly 7% to 9%, with online sales growing 15.5% in the first quarter alongside continued strength in appliances, home services and Pro sales.2

Retail sales carry the business

Retail sales of appliances, tools, hardware, building materials and home décor remain Lowe's primary revenue source, sold through roughly 1,700 stores and the company's e-commerce platform. Each store organizes products into departments such as paint, lumber, plumbing and garden, staffed by associates who can advise customers on projects. Customers can buy in-store or online, with the option to have items delivered or picked up, and the company accepts standard payment methods including credit and debit cards.

> Lowe's mission statement commits the company to deliver "the right home improvement products, with the best service and value, across every channel and community we serve."3

Services turn one-time purchases into recurring revenue

Beyond product sales, Lowe's earns money from installation services for flooring, windows, doors and appliances, letting customers pay for labor alongside materials in a single transaction. Extended protection plans provide coverage beyond manufacturer warranties, generating a stream of recurring revenue tied to products already sold. The company's co-branded credit card program lets customers finance purchases while Lowe's collects interest and fee income, and its network of independent contractors delivers professional services such as painting, plumbing and electrical work.

Serving the Pro customer without alienating DIYers

Lowe's built out MyLowe's, a loyalty program offering discounts and personalized shopping features, alongside a Pro Loyalty Program aimed specifically at contractors who buy in volume. Professional customers get dedicated account managers, bulk pricing and delivery options such as next-day and curbside pickup, addressing complaints that Lowe's previously underserved this segment relative to Home Depot. At the same time, the company maintains DIY-focused offerings including in-store workshops on tiling, woodworking and painting, along with project guides and videos aimed at less experienced customers. Balancing these two groups under one roof, rather than splitting into separate formats, has been central to how Lowe's differentiates its stores.4

Competing in a concentrated home improvement market

Lowe's operates in a market dominated by a small number of large chains, with Home Depot as its closest and largest rival by store count and revenue. Regional players such as Menards in the Midwest and cooperative networks like Ace Hardware and True Value compete on convenience and local presence rather than matching Lowe's scale. Walmart also sells home improvement products as part of its broader general merchandise assortment, competing on price and convenience for lower-cost projects. This concentrated competitive landscape means Lowe's growth increasingly depends on gaining share within existing categories rather than expanding into a fragmented market.5

Sustainability and community programs support the brand

Lowe's has invested in energy-efficient store and distribution center operations, along with recycling and waste-reduction programs, positioning sustainability as part of its broader brand commitment. The company also runs community-focused initiatives, including support for local nonprofits and disaster relief efforts near its stores. These programs do not generate direct revenue but support customer loyalty and brand perception in markets where competitors run similar initiatives. Institutional investors including Vanguard, BlackRock, State Street Global Advisors and Capital World Investors hold significant stakes in the publicly traded company.6

Key Partners

Lowe's relies on a broad supplier base for the products it stocks, along with independent contractors who deliver installation and professional services on the company's behalf. Credit card companies support its co-branded financing program, while technology vendors help maintain its e-commerce platform and in-store systems. Logistics and shipping partners move inventory through Lowe's distribution network to stores and directly to customers. Marketing agencies and community organizations round out a partner base focused on both commercial operations and local brand presence.

Key Activities

Retail sales execution across stores and online channels sits at the center of Lowe's operations, supported by inventory management systems designed to keep shelves stocked without overordering. Store operations, including staffing and department management, require constant coordination across nearly 1,700 locations. Supply chain management, marketing and ongoing technology development, including tools like augmented reality product visualization, round out the company's core activities. Partnership management with suppliers and contractors also demands continuous attention given how much of the service business depends on third parties.

Key Resources

Lowe's physical store network represents its most visible resource, giving customers a place to browse, ask questions and complete purchases in person. Its e-commerce platform extends that reach to online shoppers and supports the buy-online, pick-up-in-store model many customers now expect. A large supply chain and distribution network keeps products moving efficiently between suppliers and stores, while the Lowe's brand itself, built over decades, carries recognition value with both homeowners and contractors. Trained employees and technology systems supporting inventory, checkout and customer service complete the resource base.

Value Propositions

For homeowners, Lowe's offers a wide selection of quality products at competitive prices, backed by knowledgeable staff and customer-friendly policies such as price matching and flexible returns. Contractors and other professionals get dedicated account management, volume discounts and delivery options built around job-site needs. Do-it-yourselfers can access in-store workshops, project guides and a broad selection of tools and materials suited to smaller-scale projects. Renters benefit from temporary, easy-to-install solutions such as removable wallpaper and space-saving storage that do not require permanent changes to a living space.

Customer Relationships

Lowe's maintains customer relationships through multiple touchpoints, including phone support, live chat, email and in-store interaction with associates. The MyLowe's loyalty program personalizes the shopping experience with tailored discounts and purchase tracking, while the Pro Loyalty Program builds similar habits among contractor customers. Social media channels let the company respond to customer questions and promote products or services in real time. The mobile app ties these relationships together, giving customers a single place to manage orders, track loyalty benefits and browse inventory.

Channels

Physical stores remain Lowe's primary channel, giving customers direct access to products and staff advice across nearly 1,700 locations. The company's website and mobile app support online browsing, ordering and account management, complementing in-store shopping rather than replacing it. Phone, live chat and email channels handle customer service inquiries outside the store environment. Social media adds a promotional and engagement channel, particularly for reaching younger customers researching projects before visiting a store.

Customer Segments

Homeowners make up Lowe's largest customer segment, seeking products and advice for both routine maintenance and larger renovation projects. Renters represent a smaller but distinct group, drawn to temporary and portable solutions that don't require permanent modifications. Contractors and other professionals form a growing segment under the Total Home strategy, valuing bulk pricing, dedicated support and reliable delivery. Do-it-yourselfers round out the base, often relying on in-store workshops and online guides to complete projects themselves.

Cost Structure

Inventory costs represent one of Lowe's largest expenses, given the breadth of products stocked across appliances, building materials and décor. Store operations, including staffing, utilities and maintenance across nearly 1,700 locations, add substantial fixed costs, as does the company's growing e-commerce infrastructure. Distribution and logistics expenses cover moving inventory from suppliers to stores and, increasingly, directly to customers' homes. Marketing, technology investment and employee training round out a cost base built to support both physical and digital retail operations.

Revenue Streams

Retail sales of home improvement products generate the majority of Lowe's revenue, spanning appliances, tools, building materials and décor sold in stores and online. Installation services for products like flooring, windows and appliances add a labor-based revenue stream tied directly to product sales. Extended protection plans and the company's co-branded credit card program contribute recurring revenue through service fees, interest and finance charges. Professional services delivered through independent contractors provide an additional stream, letting Lowe's monetize labor beyond its own retail footprint.

- 1Lowe's Company History And Headquarters
- 2Lowe's Fourth Quarter 2025 Sales Results
- 3Lowe's Company Overview
- 4Lowe's Pro Strategy Under Marvin Ellison
- 5Home Depot Company Profile
- 6Lowe's Institutional Ownership

Summary

Lowe's built its position by pairing a dense store network with steady investment in service attachment, from installation to protection plans, rather than chasing rapid store growth. The Total Home strategy has redirected the company toward professional contractors and online fulfillment, segments where Home Depot historically held an edge. Whether that repositioning holds depends on how housing turnover and renovation spending behave over the next several years, since both categories remain sensitive to interest rates and existing-home sales volume. Lowe's scale, supply chain and store footprint give it room to keep adjusting its product and service mix without major disruption to the core retail business. For a company built on a straightforward retail formula, the more interesting story is how much of its growth increasingly comes from services layered on top of the products it always sold.