

## DIY Retailing - UK - February 2012

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“Amid a stagnating DIY market, much of the battle will be to take share from competitors, but there are also opportunities to augment the offer in categories with growth potential, and develop ranges beyond conventional DIY goods. It will be retailers with the ability to invest that are likely to fare better: the potential fortunes of those not able to invest are illustrated by the case of Focus DIY: starved of cash and unable to revitalise its offer, the retailer went to the wall in 2011.”

– Richard Perks, Director of Retail Research

### In this report we answer the key questions:

- Do opportunities remain in a low-growth market?
- How can retailers win share from competitors?
- Which categories can drive growth?
- Can DIY retailers take further spending from other sectors?
- Surely online is a growth opportunity?

This report looks at the retailing of DIY and associated homewares products in the UK. The sector has experienced tough trading conditions in the last few years, as growth underpinned by the home-decoration fad and the house-price boom ground to a halt. Squeezed incomes, a weak housing market, and consumer uncertainty about the strength of the economic recovery means future growth in sector sales will be slow at best.

What is a DIY store?

Core DIY – paint, wallpaper, screws, tools, timber etc – is now a small part of the proposition of the DIY sector. The closest any of the majors comes to such a narrow definition is Wickes. But the other two majors, B&Q and Homebase, have expanded their offer enormously. They are broad-range home-improvement stores – one stop outlets for everything you need to build (almost) and fit out a home and garden.

So the problem that has to be asked is when does a DIY store cease to be a DIY store? The normal answer would be to say that if core DIY is less than a certain percentage of sales, then the company should be classified elsewhere. But for DIY we take a slightly different line. The guiding principal should be the store’s authority in core DIY, irrespective of what proportion of group sales it takes. Consequently, the substantial product diversification at Homebase, for instance, does not invalidate its status as a DIY retailer. We exclude builders’ merchants such as Travis Perkins and Jewson.

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