

THINK RETAIL THINK VERDICT



European DIY

Retailing 2008

**Time to batten down the hatches
and wait for a greener future**

Published: October 2008
Reference Code: DMVT0429
Report Price: £2,495/€3,610/\$4,795

About Verdict Research

Authorative analysis...

Verdict's analysts and consultants work closely with retailers, suppliers, consultancies, investment banks and property companies to identify the key issues, sector and company data and strategies driving the changing retail market.

Our research identifies how retailers can enhance product, store and brand performance as well as the factors that determine future retail success. Our specialist in-store auditing team continuously collects price and product data across locations, brands, fascias, ranges and retail sectors.

Rigorous research methodology...

Our in-house retail expertise and rigorous research methodology ensure our reports provide complete and accurate analysis of the major players, issues and trends together with a detailed examination of the strategic implications for the retail market.

For key players in the retail industry, our reports are the first source of information on sector forecasts, retailer performance, store and product portfolio developments and trading strategy.

Global, European and UK analysis across nine core sectors...

Verdict Research reports covers nine core sectors, five year forecasts, strategic issues, key locations, How Britain Shops consumer surveys and the main European retail markets. Also available are a daily news service, weekly newsletter and tailored consultancy portfolios to suit individual business information needs.

Over 20 years of experience...

Verdict Research is the UK's leading authority on retailing and publishes unrivalled independent analysis of the retail industry. With over 20 years' experience, Verdict has close relationships with major UK retailers and access, at the highest level, to key executives working in the top 300 retailers to hear their first hand views. Verdict reports provide clients with a complete picture of the retail sector and unique forecasts to help UK retailers, manufacturers, service suppliers, city analysts, consultants and the media with strategic planning.

A key source for independent analysis and comment...

Verdict Research is regarded as a key source by the BBC, ITV, Sky News and the UK's leading broadsheets including the FT, Times, The Independent and Daily Telegraph. Leading trade publications often refer to Verdict's opinion and research including Retail Week, Drapers, DIY Week, Cabinet Maker and The Grocer.

In addition Verdict regularly appears in the international media. News sources quoting Verdict analysts and data include CNN, the International Herald Tribune, The Australian, Los Angeles Times, and New York Times.



"Verdict are the company of choice for any research analysis and insight into retailing"

Sir Stuart Rose
Executive Chairman
Marks & Spencer

European DIY Retailing 2008

Time to batten down the hatches and wait for a greener future...

In the wake of the credit crunch, the outlook for DIY retailing in 2008 has darkened considerably. While EU DIY expenditure grew by 2.6% in 2007, the year ahead looks extremely tough for the European DIY market. A housing market slowdown is spreading across the continent dampening prospects for DIY retailers. High inflation and soaring energy prices have further crippled disposable incomes and boosted demand for energy efficiency.

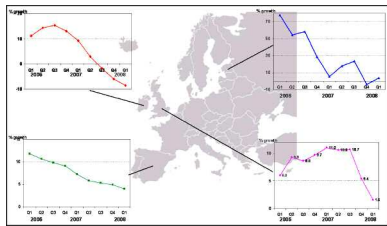
This new report published by Verdict Research provides five years of European DIY market data and details the key drivers and trends shaping this sector across Europe. This report analyses key operating statistics for all the leading players to provide a proprietary benchmark of the leading European DIY retailers.

Detailed market analysis on

France
Germany
Italy
Spain
UK

Identify the fastest growing European DIY markets and understand the strategic issues faced by retailers with this new report...

Quarterly house price growth in Ireland, Estonia, Spain and the UK 2006-2008



Source: European DIY Retailing 2008

"In the wake of the credit crunch the outlook for the property and housing market across the EU is dismal. The property booms in Spain, Ireland, the Baltics and the UK are now well and truly over. Housing market growth across the EU has slowed to a crawl and in some cases started to retrench. This has had a visible impact on the fortunes of the DIY sector..."

- **Identify the fastest growing European DIY markets** with five year historical data including market shares, sales, profits, sales densities, space allocations, space growth and store portfolios for 2002-07 for the key five EU markets.
- **Benchmark your competitive strategies using the company profiles contained in this report** for key retailers including Bauhaus, Group Adeo, Homebase, Hornbach, Kingfisher, OBI, Praktiker, Rautakesko, Rewe/Toom and Zeus.
- **Assess the growth potential and the challenges facing the key European DIY retailers** with this report's in-depth analysis of market drivers, key issues and outlook.
- **Develop more effective strategic responses** using this report's actionable recommendations on how retailers can cope with the changing European DIY market.

European DIY Retailing 2008

This report answers key questions including...

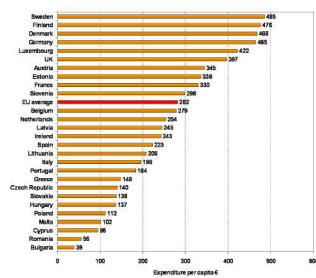
- Who are the top players in the European DIY market and how quickly are they consolidating their position?
- What impact will the financial crisis and high inflation and energy prices have of European DIY retailing?
- Which EU countries have the highest DIY sales densities?
- How will the housing market slump affect European DIY retailers?
- Where are the key opportunities in the European DIY market?

Key Retail Data 2002-07

Sales Densities
 Selling Space
 Number of Stores
 Sales
 Operating Profits
 Average Store Size
 Sales per Outlet

Key issues examined in this report...

DIY expenditure per capita EU27 2007



Source: European DIY Retailing 2008

"In 2007 Scandinavian countries claimed the highest spend per head on DIY in the EU, followed by Germany. Sweden's average per capita spending of €485, underlines Scandinavians' strong propensity for renovation and a high rate of second home ownership. The North/South divide shows in the per capita rankings, with three Mediterranean countries and Portugal all registering spend per head well below the EU average of €282..."

- **Emerging Markets.** While the mature core markets of Western Europe grew by a meagre 12.0% over the 5 year period 2002-07, emerging markets in CEE performed strongly with growth of 55.6%, far above the EU average of 15.7%.
- **The Housing Market.** Slower housing sales, falling home values and tighter credit and reduced mortgage availability have curbed demand for the big-ticket renovations that used to drive home improvement sales. Meanwhile high inflation and soaring energy prices have further crippled disposable incomes and boosted demand for energy efficiency.
- **Eco-friendly Products.** While DIY will become increasingly value driven, a significant opportunity lies in the growing demand for eco-friendly product ranges. Europe's largest DIY players have already begun to incorporate the green agenda into their offer.

European DIY Retailing 2008

Pages 254

Figures 55

Tables 89

Chapter 11: Strategic Issues

Retailers Responses to Downturn

- Faced with a serious downturn, DIY retailers have to react to market changes and adapt their strategies to evolving consumer behaviour patterns. While the outlook for DIY retailing in Europe is far from rosy, there are certain areas that retailers need to focus on to combat worsening trading conditions. The current difficult climate requires them to focus on value, be highly selective with international expansion plans and put on hold non-essential investments, such as store renewal programmes.
- Cash flow management will be top of the agenda for most DIY retailers. Tighter credit conditions and financial uncertainty will put paid to many retailers' plans for store renewal and modernisation programmes. Any expenditure that is not deemed vitally necessary is likely to be curbed. Much like their customers, DIY retailers are likely to put non-essential expensive investments such as store renewal programmes on hold during the downturn. The likes of Kingfisher and Praktiker have already put their store revamp programmes on ice.
- In times of economic hardship consumers will choose less expensive options and go for value when purchasing new products, be they kitchens, washing machines or sofas. As trading conditions continue to deteriorate, DIY retailers will turn their focus to price and value revive declining footfall and appeal to increasingly price sensitive consumers. DIY retailing across Europe will become even more price competitive, which puts discount chains such as Bricoman in a strong position. We expect that an increasing number of DIY players will follow in Praktiker's footsteps and emphasise their low price credentials during the economic downturn.
- To combat the downturn, value based strategies are being implemented by a wide array of European DIY retailers. The mounting pressure of high inflation and rising energy costs is squeezing disposable incomes across the continent. In the UK B&Q is launching cut-price home makeover deals at its stores. Meanwhile Focus is set to launch a lower price point branded proposition with the aim of reinforcing its credentials as a value retailer.
- As DIY retailing becomes more value-driven, retailers would be wise to ramp up their online presence and push value propositions on their websites. With many consumers now visiting a website before entering an actual store, DIY retailers' virtual shops can increasingly – if successfully promoting their offers – drive traffic.
- Efficient sourcing and supply chain management will be vital for retailers seeking to push their value credentials during the downturn. Verdict expects many DIY players to reassess and scrutinise global sourcing operations in a bid to tighten control of costs and streamline supply channels.

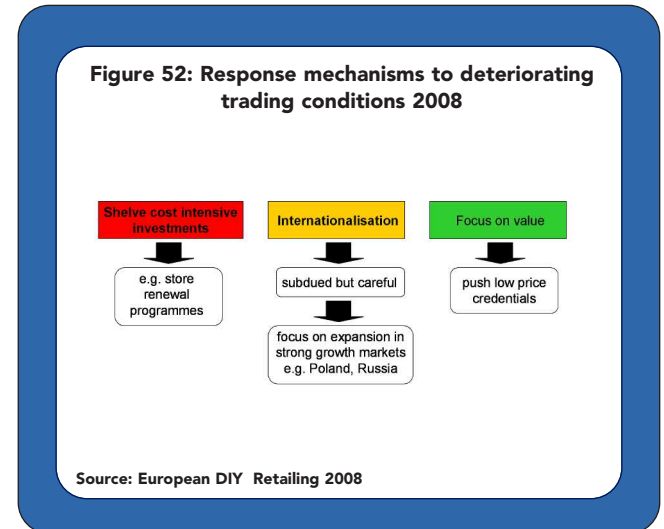


Table of contents

European DIY Retailing 2008: Time to batten down the hatches and wait for a greener future

CHAPTER 1: EXECUTIVE SUMMARY

- Key Findings
- Main Conclusions

CHAPTER 2: EUROPEAN MARKET – ECONOMIC OVERVIEW

- Key Findings
- Main Messages
- GDP
- Consumer Expenditure
- Inflation
- Interest Rates
- Employment

CHAPTER 3: EUROPEAN MARKET – DEMOGRAPHIC OVERVIEW

- Key Findings
- Main Messages
- Trends
- Growth by Country
- Age Breakdown
- Consequences for Retailers
- Households
- Urban Population

CHAPTER 4: EUROPEAN MARKET – RETAIL SPENDING

- Expenditure
- Growth
- Per Capita
- Retail Share

CHAPTER 5: DIY MARKET STRUCTURE

- Expenditure
- Specialists Sales
- Specialists Space
- Specialists Store Numbers
- Provisional Forecasts for 2008

CHAPTER 6: DIY MARKET IN FRANCE

- Market Summary
- Recent Developments & Trends
- Shares of DIY Retailers in France
- Outlook for DIY Retailing in France

CHAPTER 7: DIY MARKET IN GERMANY

- Market Summary
- Recent Developments & Trends
- Shares of DIY Retailers in Germany
- Outlook for DIY Retailing in Germany

CHAPTER 8: DIY MARKET IN ITALY

- Market Summary
- Recent Developments & Trends
- Shares of DIY Retailers in Italy
- Outlook for DIY Retailing in Italy

CHAPTER 9: DIY MARKET IN SPAIN

- Market Summary
- Recent Developments & Trends
- Shares of DIY Retailers in Spain
- Outlook for DIY Retailing in Spain

CHAPTER 10: DIY MARKET IN THE UK

- Market Summary
- Recent Developments & Trends
- Shares of DIY Retailers in the UK
- Outlook for DIY Retailing in the UK

CHAPTER 11: STRATEGIC ISSUES

- Main Messages
- Housing Market Faltering
- Boom to Bust
- DIY Sector Slows Amid Housing Market Woes
- Glimmer of Hope Provided by Rising Home Ownership
- But Consumer Expenditure Also Squeezed by Inflation
- Retailers Responses to Downturn
- Soaring Energy Prices
- Generate Greater Demand for Energy Efficiency

CHAPTER 12: COMPANY COMPARISONS

- Overview

CHAPTER 13: BAUHAUS

- Company Overview
- Recent Key Developments
- Sales Performance
- Benchmarks
- Store Portfolio
- Outlook

CHAPTER 14: GROUPE ADEO

- Company Overview
- Recent Key Developments
- Sales Performance
- Benchmarks
- Store Portfolio
- Outlook

CHAPTER 15: HOMEBASE

- Company Overview
- Recent Key Developments
- Sales Performance
- Benchmarks
- Store Portfolio
- Outlook

CHAPTER 16: HORNBACH

- Company Overview
- Recent Key Developments
- Sales Performance
- Benchmarks
- Store Portfolio
- Outlook

CHAPTER 17: KINGFISHER

- Company Overview
- Recent Key Developments
- Sales Performance
- Benchmarks
- Store Portfolio
- Outlook

CHAPTER 18: OBI

- Company Overview
- Recent Key Developments
- Sales Performance
- Benchmarks
- Store Portfolio
- Outlook

CHAPTER 19: PRAKTIKER

- Company Overview
- Recent Key Developments
- Sales Performance
- Benchmarks
- Store Portfolio
- Outlook

CHAPTER 20: RAUTAKESKO

- Company Overview
- Recent Key Developments
- Sales Performance
- Benchmarks
- Store Portfolio
- Outlook

Table of contents

European DIY Retailing 2008: Time to batten down the hatched and wait for a greener future

CHAPTER 21: REWE/TOOM

- Company Overview
- Recent Key Developments
- Sales Performance
- Benchmarks
- Store Portfolio
- Outlook

CHAPTER 22: ZEUS

- Company Overview
- Recent Key Developments
- Sales Performance
- Benchmarks
- Store Portfolio
- Outlook

CHAPTER 23: GLOSSARY

- Definitions
- Abbreviations

TABLES

- Consequences of population change for retailers 2008-18
- EU Top 6 retail expenditure/ expenditure growth 2002-07e
- EU retail expenditure/expenditure growth (€30.0bn+/-) 2002-2007e
- Expenditure on DIY by country in €m 2002-07
- DIY retail expenditure as % of all retail expenditure by EU country 2002/07
- Sales through specialist retailers of leading EU countries & EU overall 2002-07
- EU DIY (2002-07)
 - Expenditure
 - Growth rates
 - Specialists sales growth rates
 - Specialists store numbers by country
- Specialist sales by country 2002-07
- DIY specialists selling space (m sq m) by country 2002-07
- EU DIY expenditure provisional forecast 2002-2008
- EU DIY Sales through specialist retailers forecast 2003-2008
- France/Germany/Italy/Spain/UK DIY (2002-07)
 - Expenditure & specialist sales
 - Specialists
 - Market shares

- Measures to reduce energy consumption 2008
- Leading European DIY retailers, 2007
 - Sales
 - Market shares
 - Store portfolios
- Hagebaumarkt store estate 2004-07

FIGURES

- GDP
 - Top 10 countries in EU 2007
 - Growth forecast of Top 10 EU countries 2008 & 2009e
 - Other 17 countries in EU (€100bn+/-) 2007
 - Growth forecast of other 17 EU countries (€100bn+/-) 2008/09
- Consumer expenditure, 2007
 - Top 10 EU countries
 - Other 17 countries in EU (€50bn+/-)
- Harmonised Index of Consumer Prices 2006/07
 - Growth of Top 10 EU countries
 - Growth of other 17 EU countries (3.0%+/-)
- Central bank interest rates, official average lending rates 2007
- ECB interest rates 2002-08
- Total unemployment rates of Top 10 EU countries 2002/07
- Total unemployment rates of other 17 EU countries (6.0%+/-) 2002/07
- 10-year trends in total EU population growth 2008-48e
- EU population totals (000) by country 2008
- Forecast population growth (%) for the Top 10 countries in EU by GDP – 2018 vs 2008
- Forecast population growth (%) for other EU countries 2018 vs 2008
- Comparison of EU age groups 2008 & 2018
- Top 10 EU countries by GDP, 2005
 - Household numbers
 - Average household size
- Other EU countries household numbers 2005
- Other EU countries average household size in 2005

- Comparison of EU countries by urban population % 2007
 - Top 10 EU countries by GDP
 - Other EU countries
- EU27 retail spend & change % 2002-07
- 10 CEE new member states retail spend and change % 2002-07
- Growth in EU 27 retail spend by country 2007 vs 2002
- EU per capita retail spend 2002-07
- EU27 per capita retail spend by country 2007
- EU retail spend as % of total consumer expenditure 2002 & 2007
- Expenditure on DIY of new member states by country 2007
- DIY expenditure per capita EU27 2007
- DIY specialist expenditure per capita EU states 2007
- DIY specialists space per capita EU states 2007
- DIY specialists sales densities EU (€ per sq m) 2007
- Change in DIY specialists sales densities below/above 15.5% EU 2007 vs 2002
- DIY specialists average store size (sq m) EU 2007
- Kingfisher's French operations: Castorama & Brico Dépôt 2008
- Nominal house price changes % 2006/07
- Quarterly house price growth in Ireland, Estonia, Spain & the UK 2006-08
- Deteriorating outlook for DIY retailing in Europe 2008
- Housing ownership in EU27 2007e
- Annual inflation (%) in EU27, Aug 2008
- Response mechanisms to deteriorating trading conditions 2008
- Average end-use prices for domestic heating oil in selective EU countries Sep 2007-Aug 2008
- Energy efficiency to drive growth 2008
- Sustainable development strategies 2008

*Please refer to our website www.verdict.co.uk for up-to-date prices

I would like to order the following report(s):

Please enter the title of the report(s) below*

Please circle your currency

_____	(£/€//\$) _____
_____	(£/€//\$) _____
_____	(£/€//\$) _____
_____	(£/€//\$) _____
_____	(£/€//\$) _____
_____	(£/€//\$) _____
_____	(£/€//\$) _____
_____	(£/€//\$) _____
_____	(£/€//\$) _____
_____	(£/€//\$) _____
_____	(£/€//\$) _____
_____	(£/€//\$) _____
_____	(£/€//\$) _____
_____	(£/€//\$) _____
_____	(£/€//\$) _____

Complete your contact details:

Title: Mr/Mrs/Ms _____ First Name _____

Last Name _____

Job Title _____

Company _____

Address _____

City _____ State/Province _____

Country _____ Post Code/ZIP _____

Email Address _____

Telephone Number _____

Fax Number _____

ALL FORMS MUST HAVE A SIGNATURE TO CONFIRM YOUR ORDER:

Signature _____

Complete your payment details:

Please indicate your preferred currency option: UK£ EUR€ US\$

Total value of my order is _____

I will forward a check payable to Verdict Research Limited

Please invoice my company (please complete invoice address below)

I would like to pay by bank transfer (email address required)

Please debit my credit/charge card: Amex VISA Mastercard

Cardholder/invoice address _____

Cardholder Name _____

Card No _____

Expiry Date _____ / _____

Cardholder/invoicee Signature _____

EU companies (except UK) must supply VAT / BTW / MOMS / MWST / IVA / FPA number : _____

Purchase Order Number (if required) _____

How to contact us:

Verdict Research Limited, 119 Farringdon Road, London, EC1R 3DA, United Kingdom.

marketing@verdict.co.uk

+44 (0) 20 7551 9750

Web Order

By completing this form you agree that the data in the form will be used for the purpose of processing your order. We may also use your data to keep you informed of Verdict's products and services. As an international organization, Verdict may need to process your data internationally, including in countries which do not have data protection laws, or which have standards lower than the European Union. Verdict, however, seeks to protect your personal data. You have a right to see and correct your data by writing to us. Sometimes a fee is payable. For queries about this contact retail@verdict.co.uk. Please tick the relevant box(es) if you would not like Verdict to contact you by:

Post Email Fax Phone

Occasionally, our client list is made available to other companies for carefully selected correspondence. Please check here if you do not wish to receive such correspondence by:

Post Email

This order is subject to our standard terms and conditions, a copy of which is available on request.