

THINK RETAIL THINK VERDICT



UK Retail Futures 2013: DIY & Gardening

Annual forecasts to 2013



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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 cover nine core sectors, five-year forecasts, strategic issues, key locations, How Britain Shops consumer surveys the main European retail markets and global retail reports. 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

About Verdict Retail Futures 2013

Verdict Retail Futures 2013 reports are designed to provide an accurate and detailed five year forecast for each retail sector. Each report complements Verdict sector reports by providing a detailed market outlook for the forecast period by analysing a host of economic, social, political and technological factors that determine demand. In addition they take account of factors like fashion, changing consumer preferences and the influence of the media.

As the only provider of forecasts exclusively for the UK retail industry, Verdict is uniquely equipped to give thorough and reliable projections and analysis on its future development.

Retail Futures 2013

The Retail Futures 2013 series of reports provide a complete overview of UK retail...

It provides 5 year forecasts for 73 categories...

Provides accurate projections of market demand and price pressures...

A unique and reliable forecasting tool...

Categories examined by the Retail Futures 2013 series...

CLOTHING & FOOTWEAR

- Women's Outerwear
- Women's Underwear
- Men's Outerwear
- Men's Underwear
- Girlswear
- Boyswear
- Infantswear
- Accessories
- Footwear

HOMEWARES

- Glassware, crockery, cutlery & silverware
- Lighting
- Non-electric kitchen utensils
- Miscellaneous household items
- Bathroom & table linen
- Bedding/Bed linen
- Furnishing fabrics & curtains
- Other household textiles

FURNITURE & FLOORCOVERINGS

- Upholstery
- Beds/Bedroom
- Kitchen
- Living/Dining
- Home Office
- Other Furniture
- Carpets
- Vinyl & Linoleum
- Hard Floorcoverings

ELECTRICALS

- Audio-visual Equipment
- Games Consoles & Software
- Photographic & Optical Equipment
- Major/Minor Household Appliances
- Information Processing Equipment
- Telephones & Fax Equipment

HEALTH & BEAUTY

- Babycare Products
- Bathroom Toiletries
- Cosmetics
- Dentalcare
- Haircare/Skincare
- Men's Toiletries
- OTC Medicines
- Paper Products
- Perfume
- Other Health & Beauty

FOOD & GROCERY

- Bakery & Cereals
- Dairy Products
- Fruit & Vegetables
- Meat & Fish
- Oils & Fats
- Pets, Petcare & Petfood
- Sugar & Sweet Products
- Other Food
- Alcoholic Drinks
- Beer/Spirits/ Wine
- Soft Drinks/Hot Drinks
- Tobacco
- Non-durable Household Goods

DIY & GARDENING

- Non-decorative/ decorative materials maintenance repair
- Tools, equipment & accessories
- Household utensils & lighting
- Fitted kitchens & bathrooms
- Flatpack furniture
- Floorcoverings
- Garden Structures
- Garden Tools
- Garden Utensils
- Outdoor Living
- Greenstock & Growing Media

BOOKS, MUSIC & VIDEO

- Books
- Newspapers & magazines
- Personal stationery & cards
- Music & Video

UK Retail Futures 2013: DIY & Gardening

The UK DIY market is set for serious deterioration...

In the short term, the DIY market will be negatively impacted by a depressed housing market, poor consumer spending, slow wage growth and rising unemployment. This highly discretionary sector is set to be one of the most adversely affected by the recession. The prospects for the gardening market are more promising, with an aging population and increasing household appreciation of gardens acting as a stimulus of growth.

UK Retail Futures 2013: DIY & Gardening is a new report published by Verdict Research that provides detailed and extensive forecasts for the DIY & gardening market over the next 5 years. It includes comprehensive and authoritative analysis of macroeconomic and consumer-oriented factors impacting the market and the strategies being developed by retailers to cope with tighter demand and intense competition.

Categories Analysed

Non-decorative materials for repair & maintenance	Fitted kitchens & bathrooms
Tools, equipment & accessories	Greenstock & growing media
Decorative materials for repair & maintenance	Gardening tools & Garden utensils
Household utensils & lighting	Floorcoverings
Outdoor Living	Garden structures
	Flatpack furniture

Identify and understand the key drivers of market growth and gain insight into the channels of distribution...

Year	Growth Rate (%)
2009	-8.6
2010	-4.5
2011	-3.2
2012	-1.4
2013	-0.5
08-13	-17.2

Source: UK Retail Futures 2013: DIY & Gardening

"Non-decorative materials for repair and maintenance will not experience the same level of short term deterioration as more discretionary DIY sub categories.

Demand will remain in the market for essential repair and maintenance. Current economic conditions have fostered a trend away from 'Done For You', with small scale maintenance jobs being increasingly undertaken by serious DIYers..."

- **Understand how the worsening performance of the housing market will impact demand for DIY & Gardening products.** Use this report to analyse how falls in the value of property and the number of house moves will impact UK retailers.
- **Assess the prospects for the DIY & gardening market.** An ageing population, increasing householder appreciation of outdoor space, environmental and nutritional concerns all have the potential to increase spending on gardening.
- **Gain insight into multichannel development by UK DIY & gardening retailers** by assessing the potential of the Internet to contribute to sales growth.
- **Identify which retailers present the greatest threats to UK DIY & gardening specialists** using this report's unique channels of distribution analysis and strategic evaluation of key players.

UK Retail Futures 2013: DIY & Gardening

This report answers key questions including...

- How should DIY & gardening retailers respond to the worsening outlook for consumer spending?
- What growth rates will the market achieve over the next five years?
- Which channels will gain the most market share?
- What inflationary/deflationary pressures do individual subsectors face?
- How fast will specialists open new space?
- Which retailers will gain or lose market share in 2009?
- How successful will retailers be in their initiatives to raise sales densities?

Key Market Data

- Total DIY & Gardening expenditure
- DIY & Gardening forecasted growth until 2013
- Expenditure analysis of the key categories
- Category shares, values and forecasts
- Market share forecasts for 2009 and forecasts for channels of distribution to 2013
- Specialists' sales densities, total sales, space growth & forecasted total store numbers

Key issues examined in this report...

Increased focus on cost control

Downsizing estates

↓

Disposal of Non-core assets

↓

Postponement of store refurbishment programmes

↓

Declining costs

Source: UK Retail Futures 2013: DIY & Gardening

"With trading conditions unfavourable and set to remain so in the short term, specialists will increasingly seek to reduce costs, focusing on maximising profit potential throughout the business. Emphasis will be placed on downsizing estates, disposing of non-core assets, and postponing store refurbishment programmes..."

- **Continued investment in multichannel.** With specialists becoming increasingly conservative regarding space expansion and placing greater attention on like-for-like sales, Verdict expects more investment in driving growth through the online channel. In extending the number and range of products available online, DIY & gardening retailers will also broaden their customer base. This will increase sales opportunities without having to open new stores.
- **Emphasis on improving environmental credentials.** There is an increased focus among specialists on maintaining strong environmental credentials. While environmental issues are far from a leading driver of loyalty, this is set to change for many DIY consumers.
- **Grocers make further inroads into the sector.** Grocers will increase their DIY & gardening market share to 5.3% from 4.3% over the next five years. Grocers are set to become an increasingly important avenue through which DIY & gardening spend will be driven. Due to their geographical spread and price credentials this poses a long term threat to specialists.

UK Retail Futures 2013: DIY & Gardening

SAMPLE PAGE - CHAPTER 3: KEY MARKET ISSUES (SLIDES 118

TABLES 86

FIGURES 67)

Executive summary
Key issues

ISSUE	SUMMARY		IMPACT ON DIY & Gardening
Deteriorating economic conditions	House price deflation, decline in housing transactions, tightening of real disposable incomes, decline of HEW.	⊖	Direct negative impact both on the ability and desirability of high consumer spend in the sector.
Correction of DIY market size	A shift away from widespread consumer spend in the market driven by declining interest in DIY.	⊖	Will have a long term impact on demand – likely to force some key players to exit the market and others to downsize.
Grocers make further inroads into the sector	Grocers will increase their DIY & gardening market share to 5.3% from 4.3% over the next five years.	⊖	Grocers set to become an increasingly important avenue through which DIY & gardening spend will be driven. Due to their geographical spread and price credentials this poses a long term threat to specialists.
Increased focus on cost control	With trading conditions unfavourable and set to remain so in the short term, specialists will increasingly seek to reduce costs, focusing on maximising profit potential.	⊖	Emphasis will be placed on downsizing estates, disposing of non-core assets, and postponing store refurbishment programmes.
Continued investment in multichannel	With specialists becoming increasingly conservative regarding space expansion and placing greater attention on driving like-for-like sales we expect more investment in driving growth through the online channel.	⊖	In extending the number and range of products available online, DIY & gardening retailers will also broaden their customer base. In addition to driving sales through more effective use of space, this will increase sales opportunities without having to open new stores.
Emphasis on improving environmental credentials	Increased focus among specialists on maintaining strong environmental credentials.	⊖	While environmental issues are far from a leading driver of loyalty, for many DIY consumers this is set to change.
Range diversification	Range diversification is becoming increasingly important as a strategy to counterbalance the growing market share of non-specialists such as grocers.	⊖	Will allow specialists to lessen their reliance on core offers and to capitalise on opportunities outside their core market.

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