

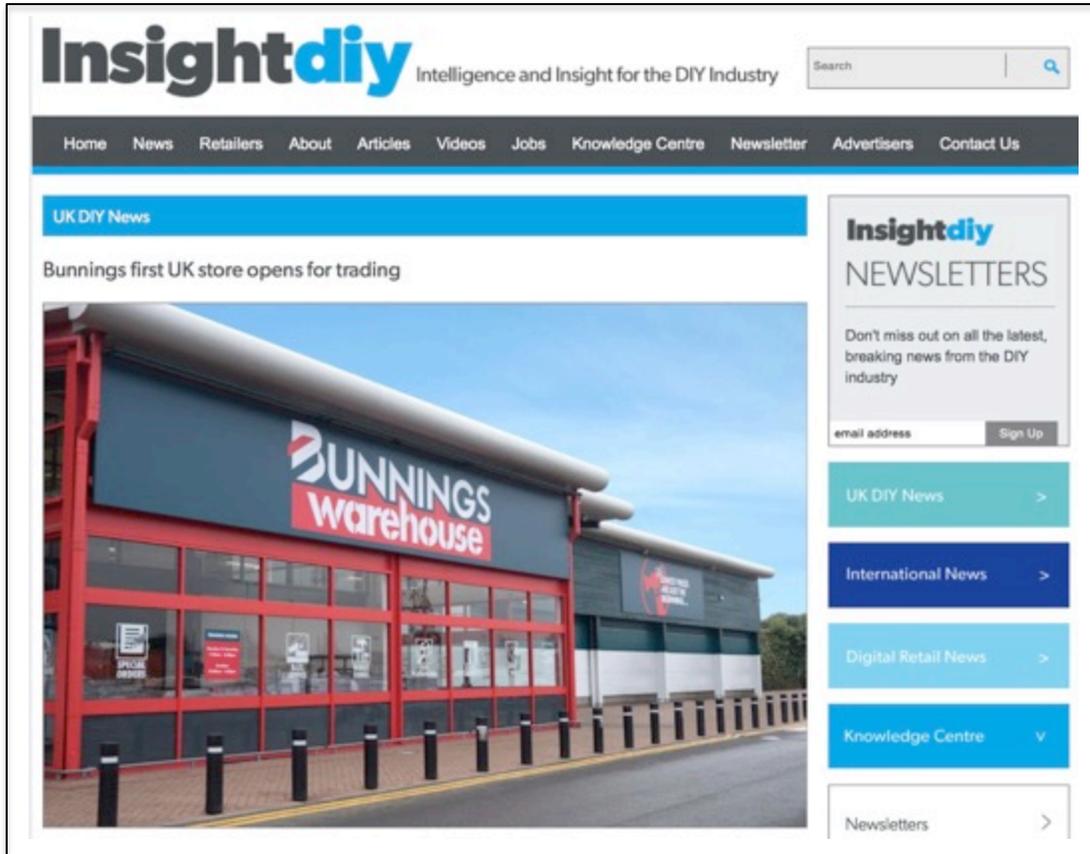


**Colour Mixing**  
Products and Prices explained

For Walls & Ceilings (Dulux feature)	For Wood & Metal (Dulux feature)
Flat Matt - ultra matt finish 15L £ 2.50	Eggshell - low sheen finish 500ml £ 2.50
Standard Matt - matt finish 5L £ 2.50	

Revolution & Evolution  
Brave new futures for Home Improvement retailing

# Insight DIY Website



Steve Collinge

Managing Director

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'Delivering a competitive advantage through  
**Insight, Intelligence & Ideas**  
for the Home Improvement Industry'



- Revolution & Evolution – a definition.
- A short history lesson.
- What happened in 2007?
- Professor Klaus Schwab.
- Characteristics of the Fourth Industrial Revolution.
- Home Improvement industry – impact so far.
- Make it simple, make it easy.
- What can we learn from Home Depot?



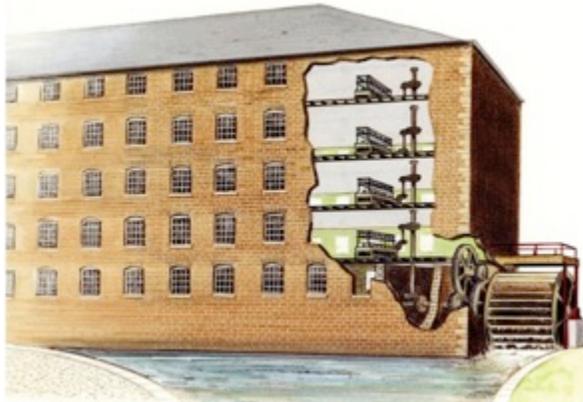
*“Unprecedented technological and economic development that causes a rapid, major change in an economy, marked by the general introduction of new and innovative technology or by an important change in the prevailing types and methods of manufacture or supply”.*

# Industrial Revolutions No.1 to No.3



## The Mechanical Revolution (1760-1840)

introduction of mechanization, water & steam power and the shift to mass production.



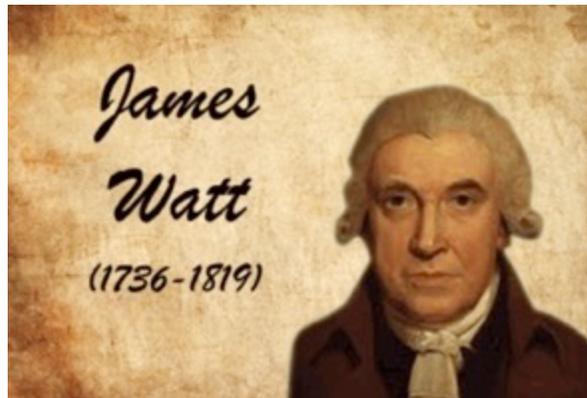
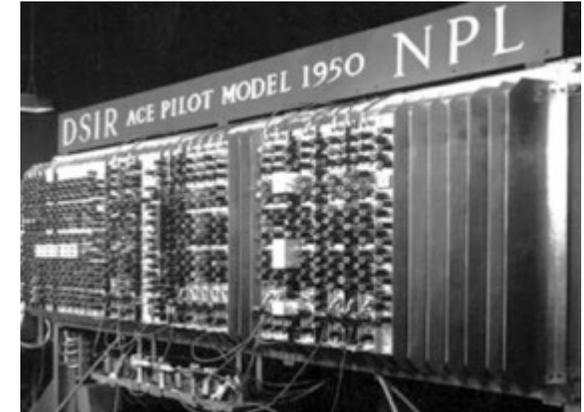
## The Electrical Revolution (1890-1930)

electrically powered mass production, division of labour and dramatic improvement in transport and communication.



## The Digital Revolution

(1950-2010) rapid advances in communication and new ways of generating, processing, sharing and storing information.



# What happened in 2007?



# Industry disruption

How many industries and products were disrupted by the smart phone?

- Non-smart phones Blackberry/ Nokia.
- Digital cameras.
- Video cameras.
- Alarm clock radios.
- Watches.
- Torches.
- Dictation machines.
- Calculators.
- Paper maps.
- Calendars, note pads and post it notes.

**Radio Shack**  
AMERICA'S TECHNOLOGY STORE

**PRESIDENTS' BIRTHDAY SALE!**  
DON'T DELAY!

**3-DAY SPECIALS ABOVE GOOD SATURDAY THRU MONDAY ONLY!**

**0% INTEREST!**  
NO PAYMENTS UNTIL MAY!  
NO DOWN PAYMENT!

**HURRY! OFFER ENDS TUESDAY FEBRUARY 19**

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**INTRODUCTORY SPECIAL!**  
Save \$670  
**\$1599**  
TANDY 1000 TL/3 Computer System  
• 286 Based PC Complete  
• Color Monitor  
• 20MB SmartDrive™ Hard Drive  
• Easy-to-Use 10-in-1 DeskMate™ Software  
• BONUS PACKAGE:  
• Long Spreadsheet For DeskMate  
• Desktop Q&A Wires  
• Quickset  
• 2-Button Mouse

**Mobile Cellular Telephone**  
Save \$100  
**\$199**  
Use \$1.00 for month. Reg. \$299.99

**Deluxe Portable CD Player**  
Save \$40  
**159.95**  
Reg. \$199.95  
Available CD-2700 has 10-precision stereo, stereo phone wires, and more!

**Tiny Dual-Superhet Radar Detector**  
Save \$60  
**79.95**  
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Radar Patrol 8X™ detector lets you drive with confidence. Features 2 and 4 level radar, 100 mph.

**Compact 10-Channel Desktop Scanner**  
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**99.95**  
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Available PRO-57 lets you catch the heat as it happens! Free police, fire, and military 100 MHz. 100 MHz.

**VHS Camcorder**  
Save \$100  
**\$799**  
Reg. \$899.95  
Available Home 902 includes color light for better shooting, 2-tape auto-reverse, 1000 stills, and more.

**Mobile CB With Channel Controls on Mike**  
HALF PRICE!  
**49.95**  
Reg. \$99.95  
Available TRC-420 lets you get highway info or help - you'll never have to dial "911" again! 400 MHz.

**Our Easiest-to-Use Phone Answerer**  
Cut 17%  
**49.95**  
Reg. \$59.95  
DISPOSE™ 280-241 answerer is ready to use - just plug it in. Plug, push, go! 100% guaranteed. See us!

**3-Way Speaker With Massive 15" Woofer**  
Save \$110  
**149.95**  
Reg. \$259.95  
Use \$1.00 for month. Reg. \$259.95  
Available Beach Surf™ speaker system has 15" woofer, 2 tweeters, 2 1/2" drivers, 1000 watts, and more.

**20-Memory Speed-Dial Phone**  
Cut 33%  
**29.95**  
Reg. \$44.95  
Available Speed-Dial™ phone has 20 memory, 100% guaranteed. See us!

**Handheld Voice-Activated Cassette Tape Recorder**  
40% Off  
**29.95**  
Reg. \$49.95  
Available CR-80 makes it so easy to use, you can record, play, and more. 100% guaranteed. See us!

Check Your Phone Book for the Radio Shack Store or Dealer Nearest You

Most Major Credit Cards Welcome

Radio shack press advert 1991

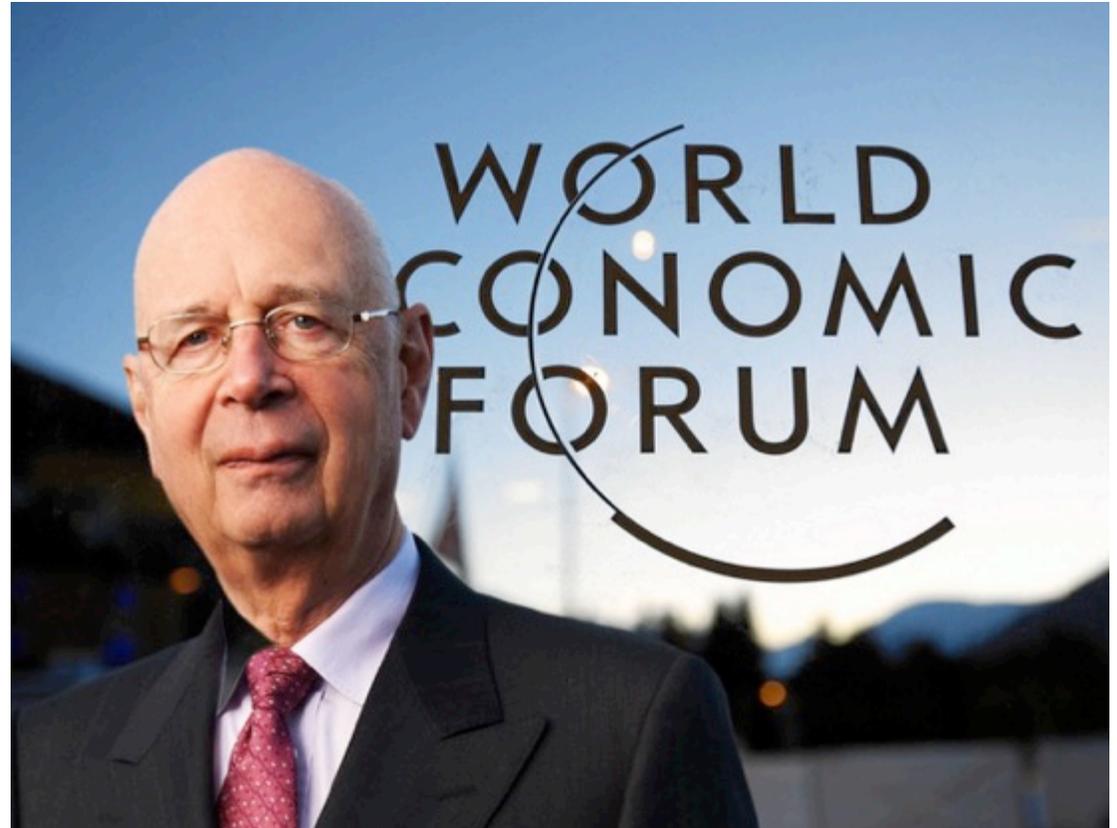
# Industrial Revolution 4.0



Professor Klaus Schwab

German engineer and economist, founder and Executive Chairman of the World Economic Forum.

At the Forum in January 2016 Klaus coined the phrase 'Industrial Revolution 4.0'





“We are at the beginning of a revolution that is fundamentally changing the way we live, work, and relate to one another. In its scale, scope and complexity, the fourth industrial revolution is unlike anything humankind has experienced before.

We are witnessing profound shifts across all industries, marked by the emergence of new business models, the disruption of incumbents and the reshaping of production, consumption, transportation and delivery systems.

The changes are so profound that, from the perspective of human history, there has never been a time of greater promise or potential peril.

It's not the strongest who survive



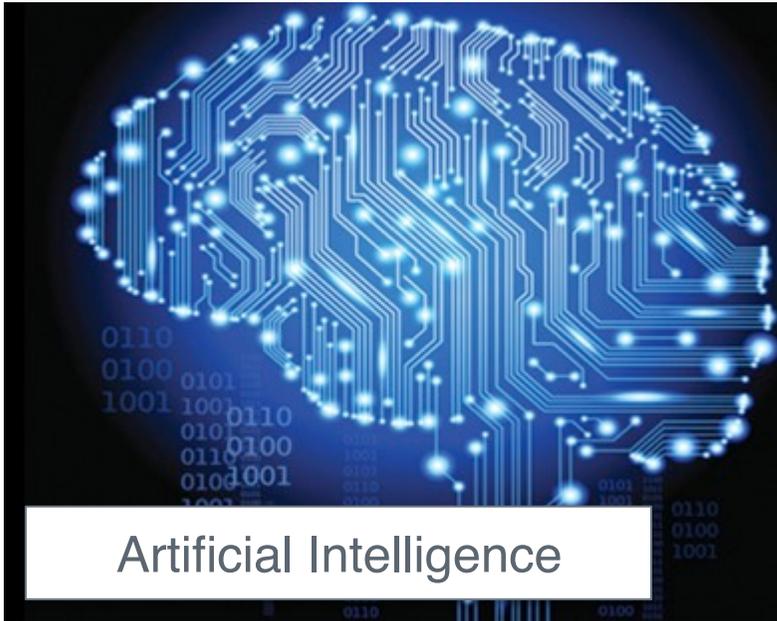
52% of the Fortune 500 firms listed  
in 2000 have now gone.

Out innovated  
Unable to simplify  
Unable to adapt their business models

*“It is not the strongest of the species that  
survives, nor the most intelligent, but the  
ones most responsive to change”.*

Charles Darwin

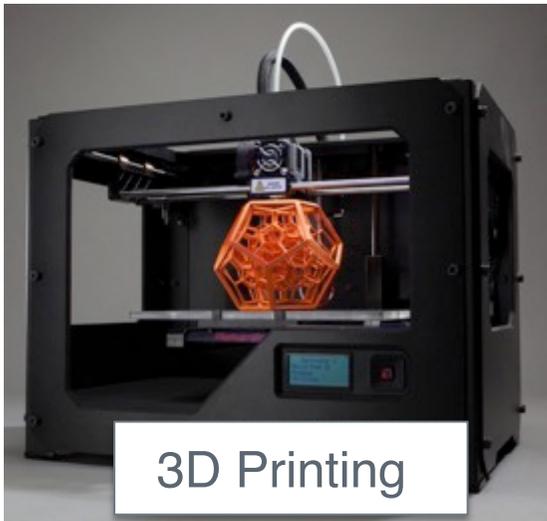
# Characteristics of 4.0 – Cyber Physical Revolution



Artificial Intelligence



Driverless Vehicles



3D Printing



Cloud Computing

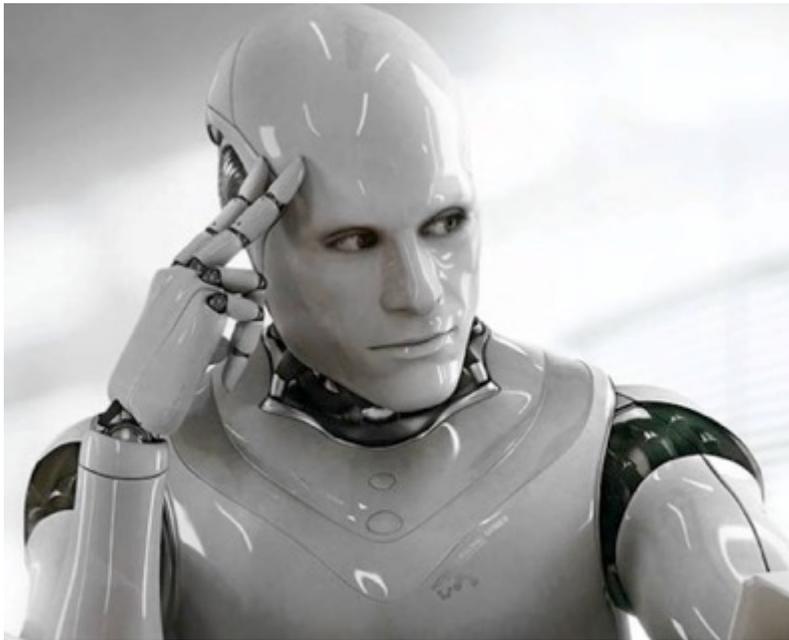
# The O'Reilly Artificial Intelligence Conference



*What is produced by machine learning is not code, but more or less a black box – you can peek in a little bit, we have some idea of what's going on, but not a complete idea'.*



# Artificial Intelligence



**One in three believe that the rise of artificial intelligence is a threat to humanity**

**Lonely men are increasingly turning to Siri for love and 'sexually explicit' chat**

**I ♥ Siri**

# Driverless Vehicles & Drones

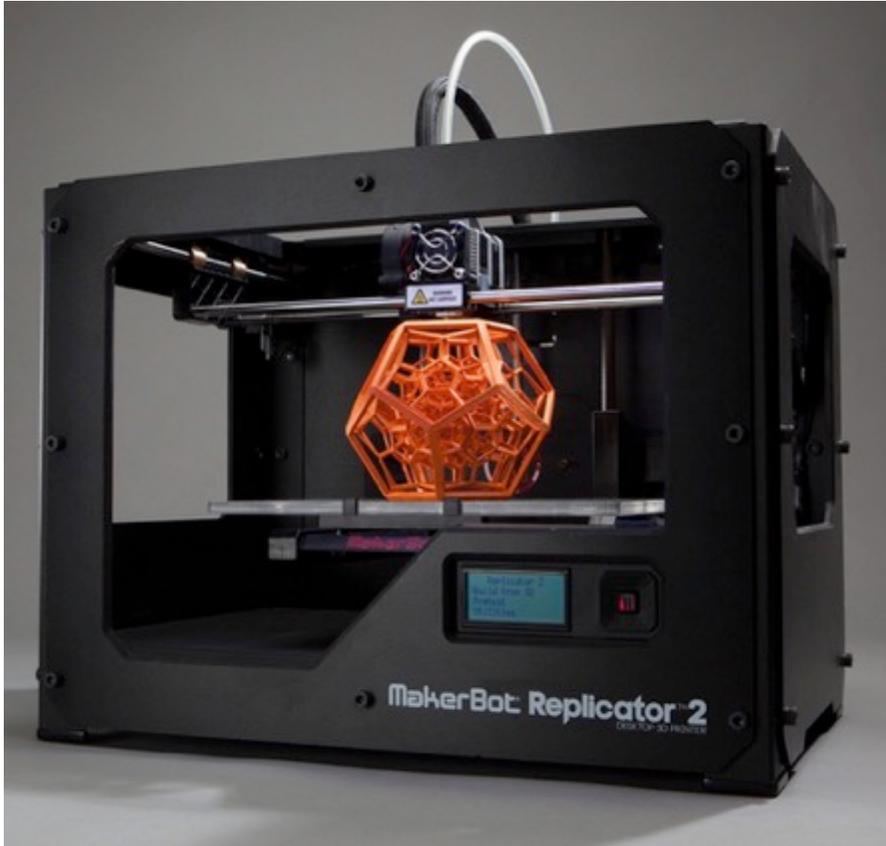


**Amazon drones are reportedly being tested at multiple UK sites**

**Driverless lorry convoys to be trialled in the UK**

**Freightliner unveils the first road-legal self-driving truck**

# 3D Printing



“In 20 years goods which are currently produced centrally in densely populated areas, will be produced on location via 3D printers.

Simple things at home and more complex items in 3D printing picked up in stores you send your files to.

This means that the cost of delivery evaporates, as does time constraints, because now we are simply selling and moving files across the internet to make physical things.”

Steve Sammartino – Futurist & author of The Great Fragmentation.

In May 2016, Computer Weekly.com estimated the market for 3D printing at \$5bn and it is predicted to grow eightfold in the next four years – with most of that growth in the enterprise and industrial markets.



# The Internet of Things



- The 'Internet of Things' is the concept that anything with an on/off switch can be connected to the internet and to each other.
- The rule for the future is anything that can be connected, will be connected.
- There's a perfect storm of an increase in the number of products being developed with wi-fi and sensors, whilst connectivity costs are decreasing and smart phone penetration continues to rise.

By 2020 there's likely to be between 26 billion and 100 billion connected devices globally.

The relationships will be people to people, people to things and things to things.

The amount of data for companies to store, track and analyse, will be 100 x what is available today.

Information security will become an increasingly important topic.



So what about the impact  
on our industry?

# Balance of power has shifted



Brand  
Power



Retailer  
Power



Consumer  
Power



The brands decided which retailers stocked their products.



The retailers decided which products to range in their stores.



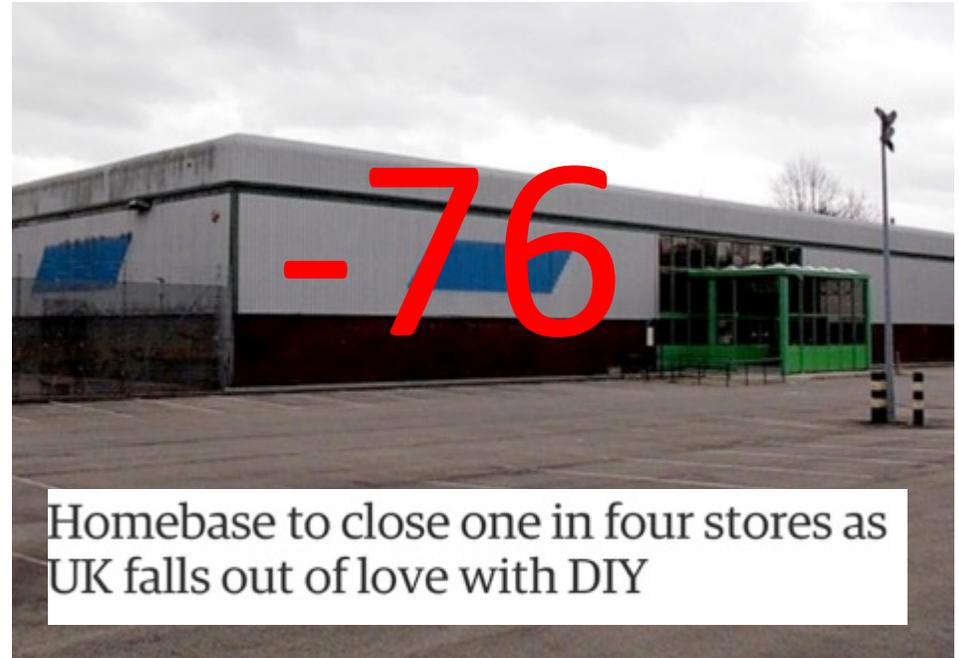
The consumer decides where they want to purchase products.

# Store closures have replaced openings



B&Q to close 60 stores as seasonal products struggle, while Homebase sees result of closing stores

15 September 2015, by Matthew Appleby, Be the first to comment



Homebase to close one in four stores as UK falls out of love with DIY



In 2014, B&Q peaked at 360 stores. Today, this has reduced to 305 stores, with more expected to close over the next 2 years.



In 2012, Homebase had 341 stores. Today, this has reduced to 265.

# Business models are changing

Significant growth in new and smaller retail formats

## SCREWFIX



2011 – 141 stores  
2017 – 500 stores

## TOOLSTATION



2011 – 103 stores  
2017 – 250 stores

Barriers to entry are virtually non-existent

The number of new companies & retail competitors has grown substantially

amazon.com<sup>®</sup>

Ironmongery*Direct*

Better  
Bathrooms.com

LocksOnline.co.uk  
PREMIER SUPPLIER OF SECURITY PRODUCTS

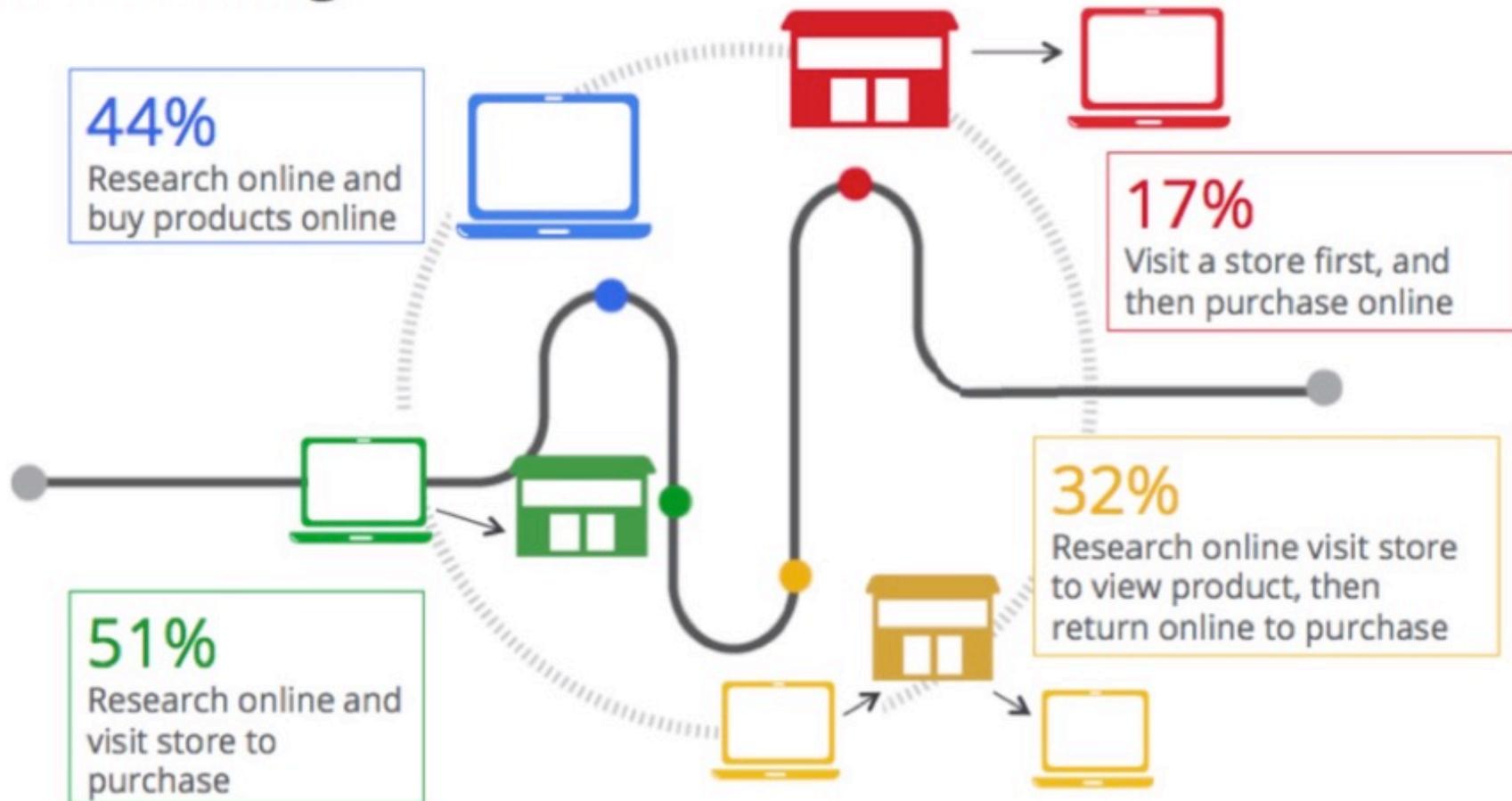
ebay

VictoriaPlum.com

Decorating  
Warehouse  
Nationwide Decorating Supplies

# Channels are becoming blurred

Lines between offline and online shopping experiences are blurring



What do we do next?



Make it simple,  
make it easy

Seamless  
shopping

Remove the  
friction

Make it simple, make it easy



Parking Seeking advice

Shopping Inspiration

Returning products

Browsing Vouchers

Buying Click'n'collect

Paying Complaining

# THE HOME DEPOT

ENTER

ENTER

PLEASE TAKE A SHOPPING CARD BEFORE ENTERING.  
Thank You.



# Home Depot – ‘Interconnected Retail’

- E-commerce sales are now a key bright spot for Home Depot, reaching 6% of total sales in the most recent quarter.
- Stores are packed with computers from which shoppers can make purchases for products they can't find in-store.



Source: Home Depot Data

# Home Depot – ‘Interconnected Retail’

- Store staff are trained to point customers to the in-store web-shopping kiosks if they can't find what they're looking for.
- Staff are also equipped with devices to enable them to quickly and easily check stock and place orders whilst standing with the customer.



Source: Home Depot Data

# Home Depot – ‘Interconnected Retail’

- They reinforce their on-line business with their traditional stores and vice versa.
- E-commerce orders drive traffic to stores via click’n’collect.
- Store traffic drives online ordering – 10% of all Depot website traffic comes from within their stores.
- Home Depot believes that only 25% of its core range faces tough on-line price competition, including easy-to-ship items such as power drills and small hand tools.



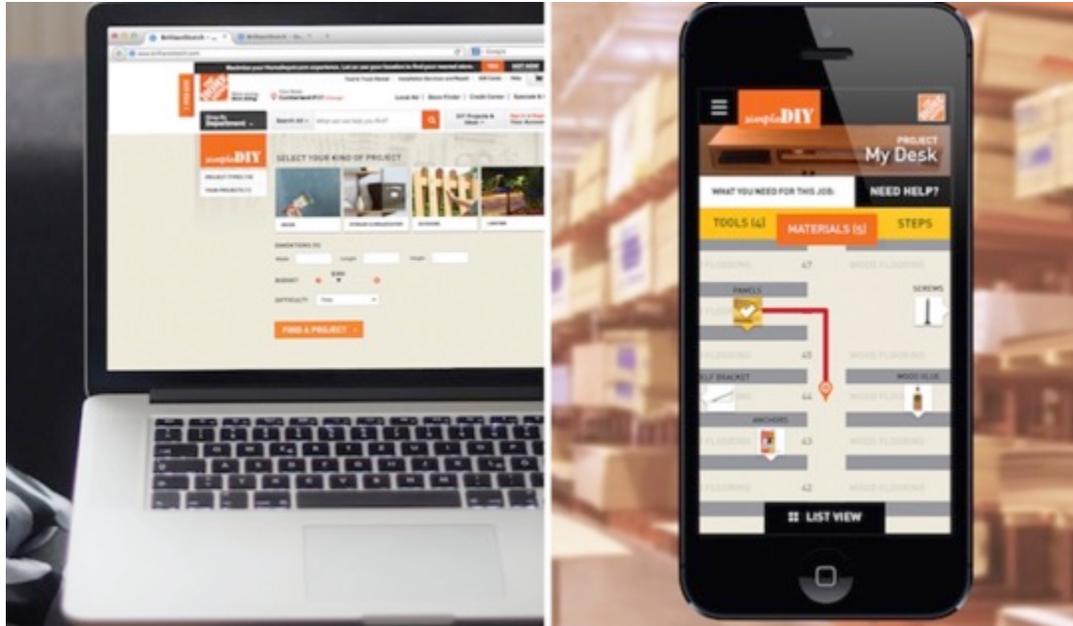
# Home Depot 3D MakerBot Kiosks



- Home Depot has begun selling MakerBot Replicator 3D printers from 12 of its stores in California, Illinois and New York.
- The objective is to raise consumer awareness of 3D printing and allow consumers to play with the technology alongside help from store staff.



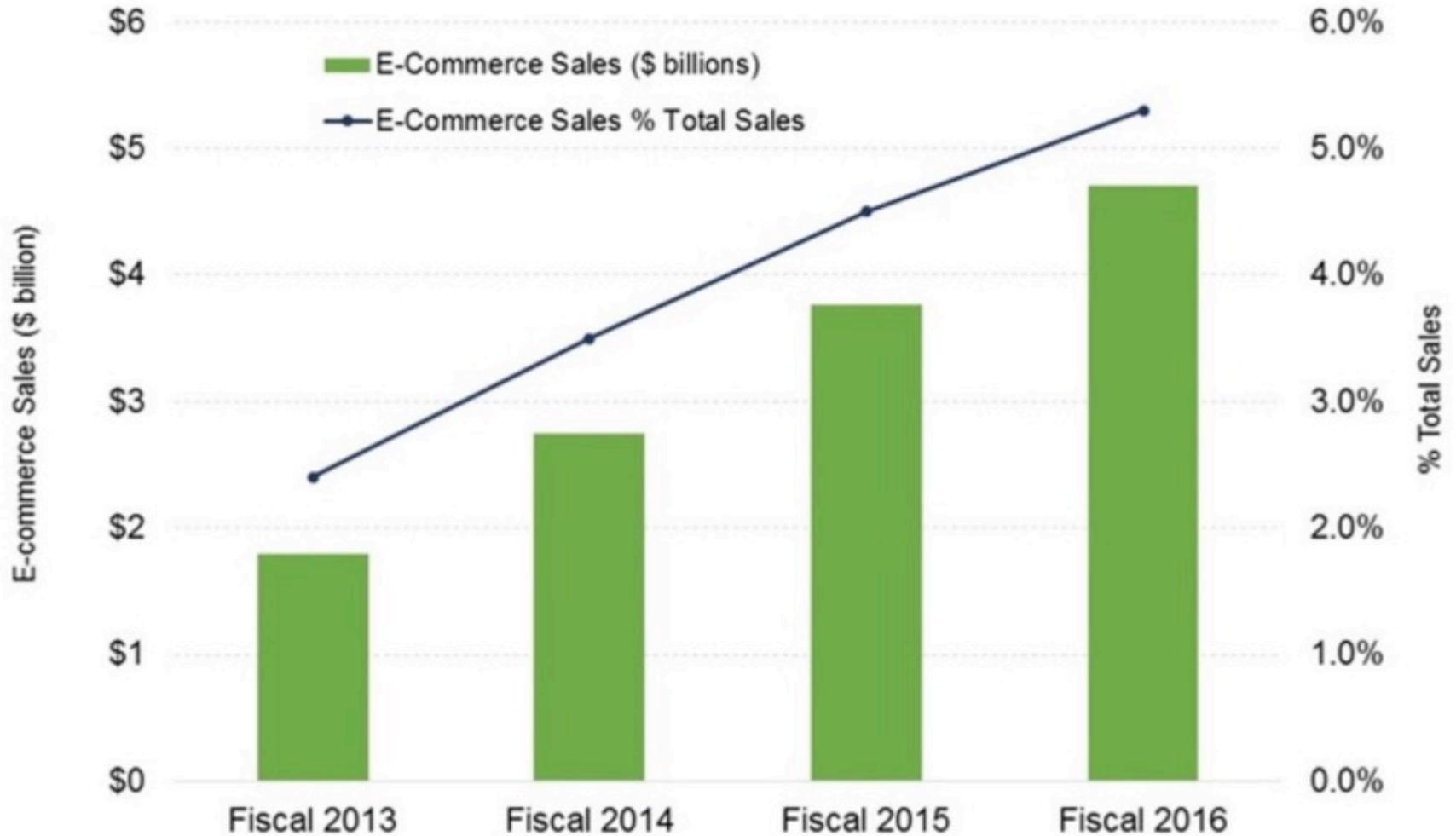
# Home Depot 'Make DIY Simple'



- There have always been two fundamental issues with DIY: lack of experience and lack of space.
- With Home Depot's "Simple DIY," customers finally get their DIY journey started.
- On Home Depot.com the customer selects the app' and provides basic information about what they want to accomplish.
- Home Depot's wealth of knowledge will aggregate all information into a shopping list.
- Once at Home Depot, the user launches the app, and iBeacon technology highlights where those items are located when the user is in range.



# Home Depot e-commerce sales growth



Source: Home Depot Data



Thank you

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Delivering the very latest, breaking news, market intelligence, jobs, data, insight and commentary on the UK and global Home Improvement Industry.

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**Industry**

Retail



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