State of the DIY Nation 2011 and what does 2012 have in store?

Understanding the bigger picture…

-33 ↓ **Consumer Confidence Index in December**
12 points lower than December 2010

59% ↑ **People 'Just Managing' or worse**
Present Household financial situation GfK Consumer Confidence
(Dec 11 vs 56% Dec 10)

64% ↑ **People think "economic situation will worsen"**
Expectation for next 12 months (Dec 11 vs 48% Dec 10)

-2.6% ↓ **Total Durables Value % Change**
2011 vs. 2010

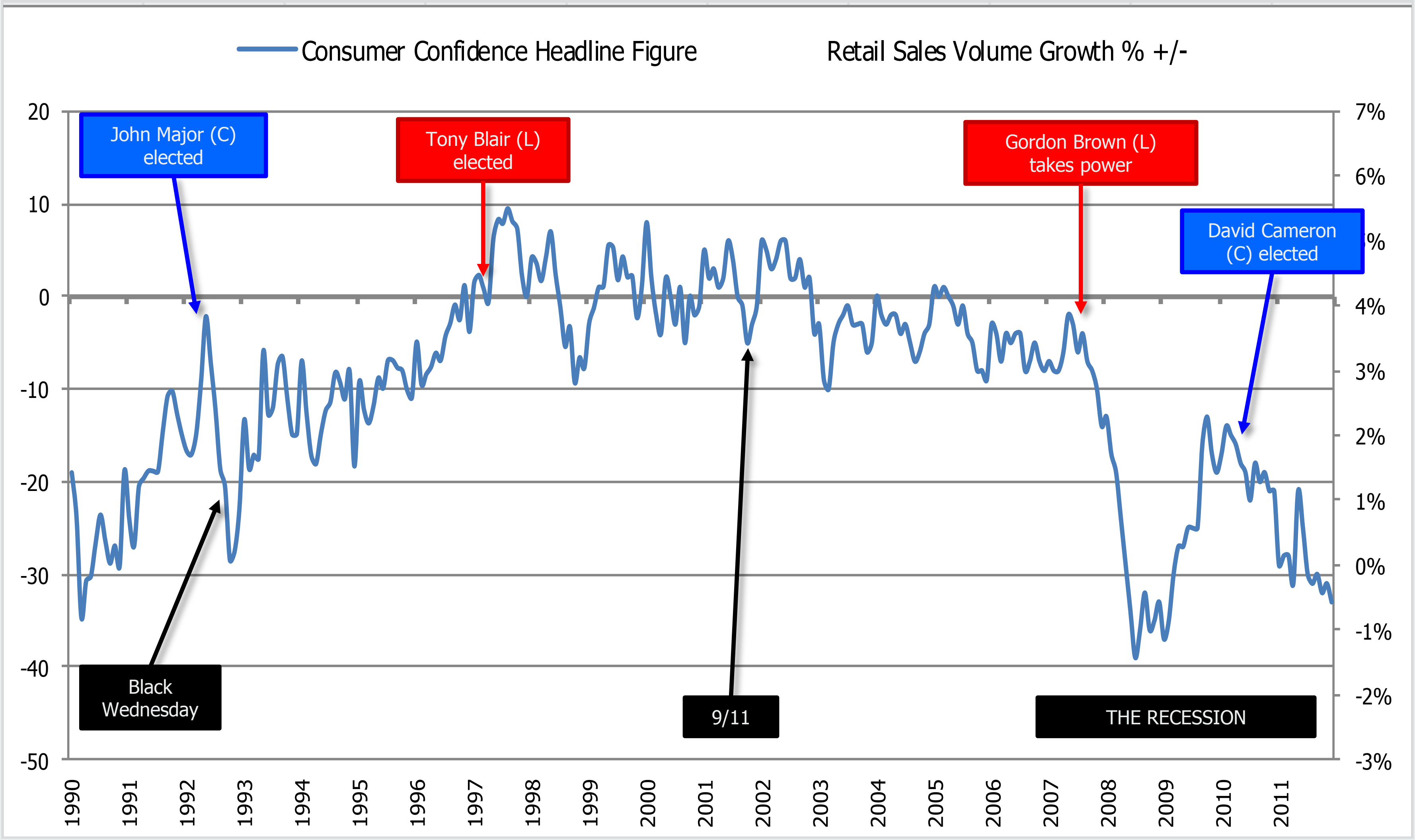
+2.6% ↑ **Total DIY/Gardening Value Growth**
2011 vs 2010

-15.7% ↓ **Total Consumer Electronics Value Declines**
2011 vs 2010

Source: GfK Market-I, GfK NOP consumer confidence

Consumer Confidence versus Total Retail Sales Volumes

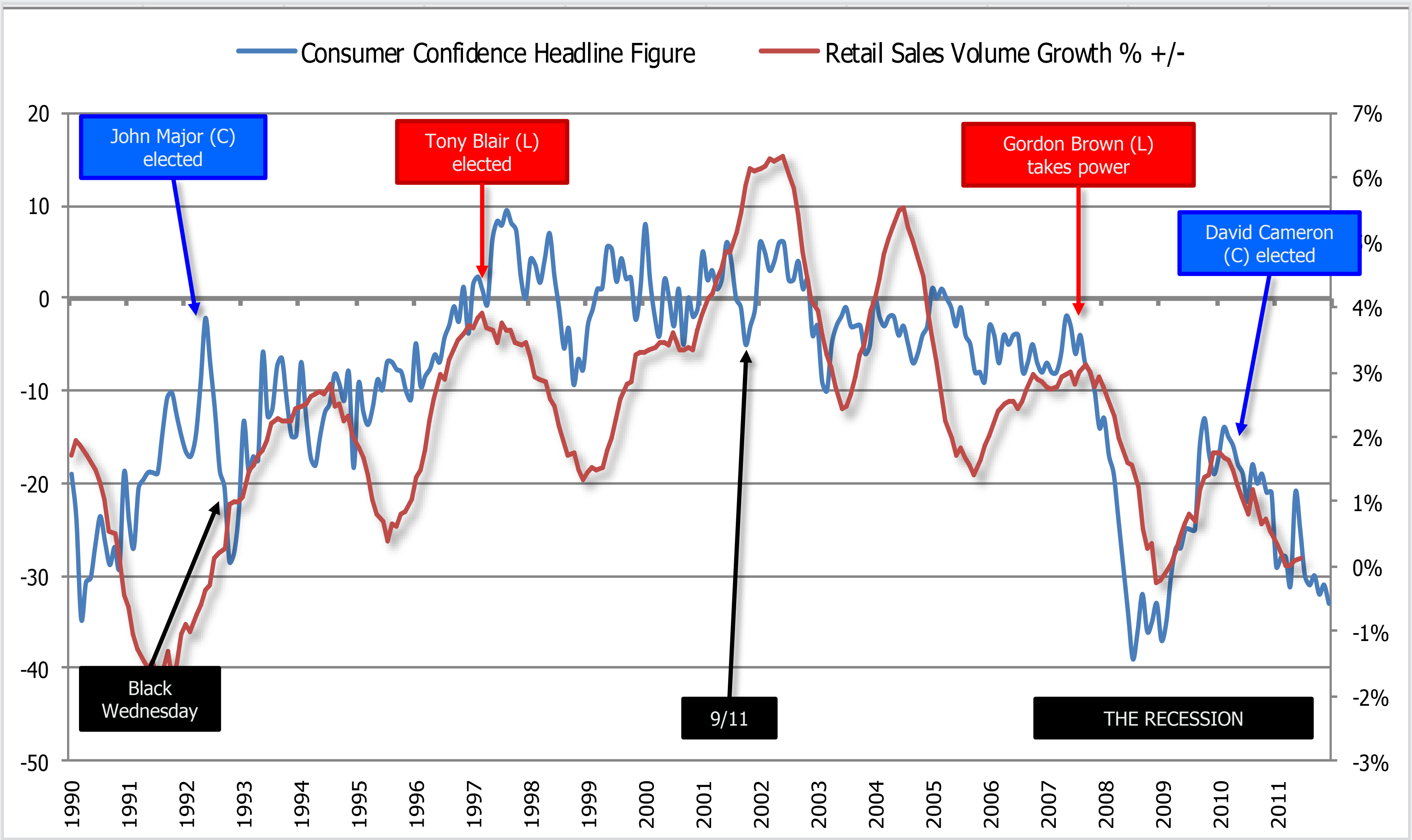
Consumer confidence is at a 20 year low!



Source: GfK NOP Consumer Confidence by GfK NOP on behalf of the European Commission.

Consumer Confidence versus Total Retail Sales Volumes

Consumer sales growth is higher than in previous recession. However there seems to be a longer term impact as recovery is not yet fully observed.

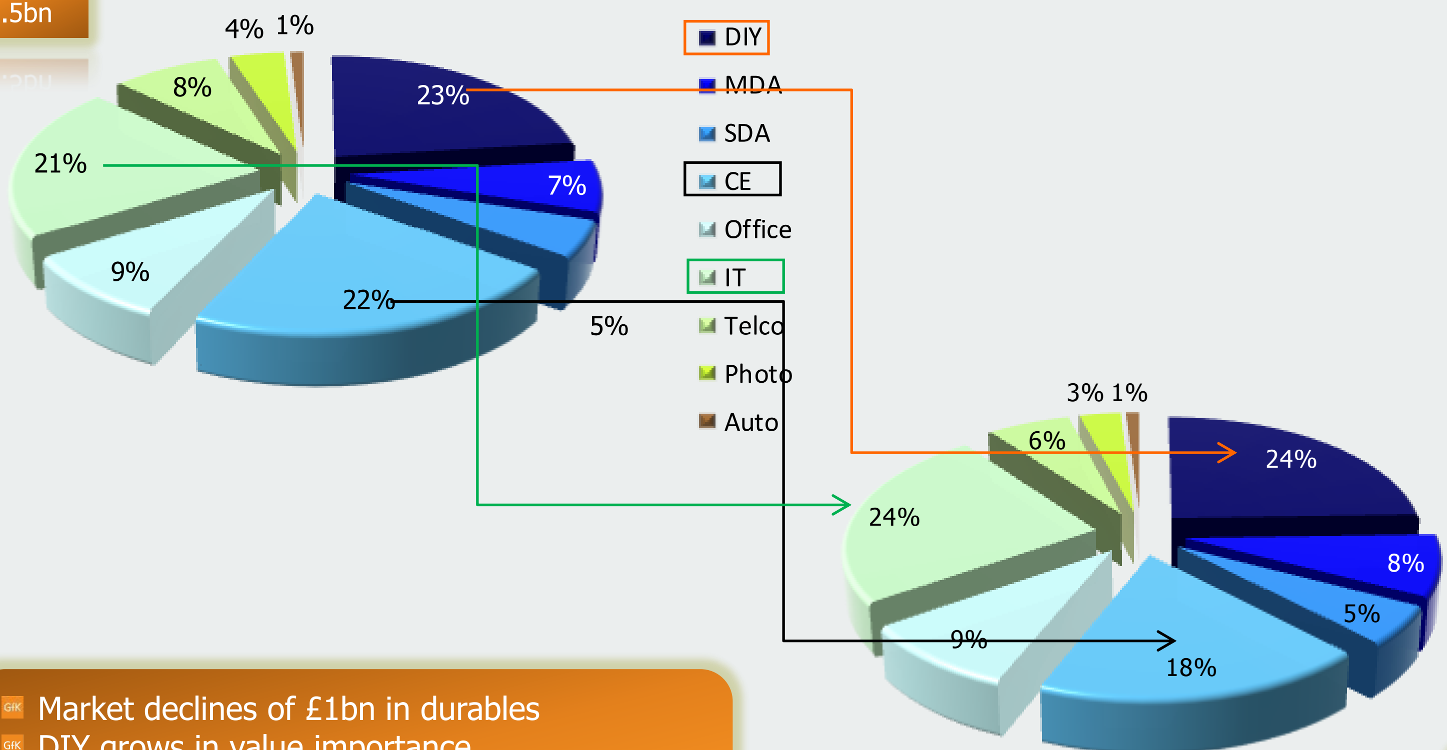


Source: GfK NOP Consumer Confidence by GfK NOP on behalf of the European Commission. Retail Sales Volume: www.statistics.gov.uk. Crown copyright material is reproduced with the permission of the Controller Office of Public Sector Information (OPSI)

Winners and Losers in Consumer Durables

DIY grows share – cautious consumers still investing in their homes

2009
£45.5bn



2011
£44.5bn

- Market declines of £1bn in durables
- DIY grows in value importance
- CE spend now more discretionary
- IT continues to grow via "must have" product

GfK

The changing face of retailing

Struggling or disappearing retailers through 2011

FOCUS
FOR DIY AND GARDENING

CarpetRIGHT

dolphin
BATHROOMS

TJ HUGHES

möben
KITCHENS

habitat

KitchensDirect
the smarter way to a new fitted kitchen

jane norman

PAST TIMES
the past makes the perfect present

Blacks
THE OUTDOOR EXPERTS

La SENZA

PEACOCKS

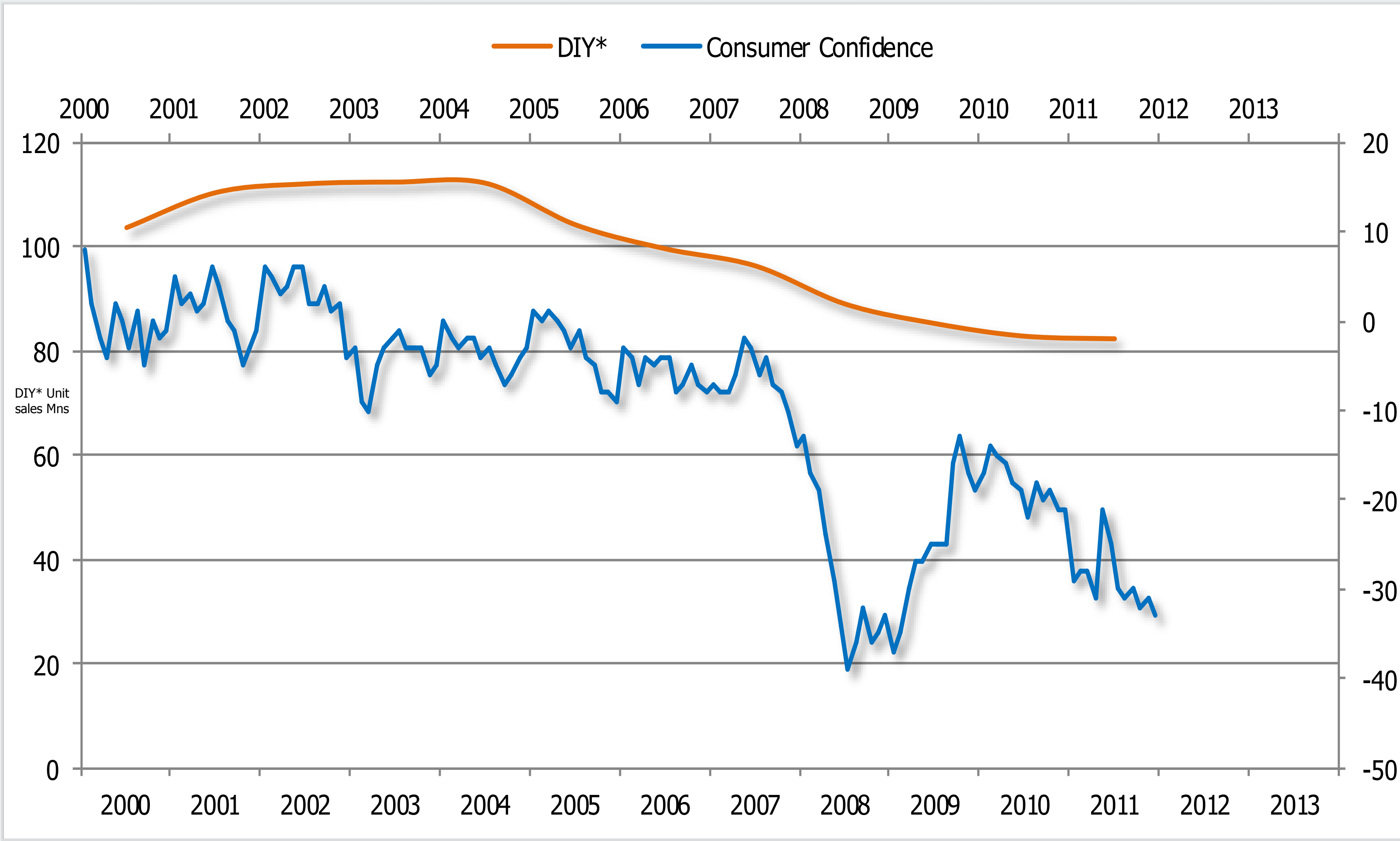
comet
we live electricals

BARRATTS
"I♥ve your shoes"

BEST BUY

DIY* Annual Sales vs Consumer Confidence

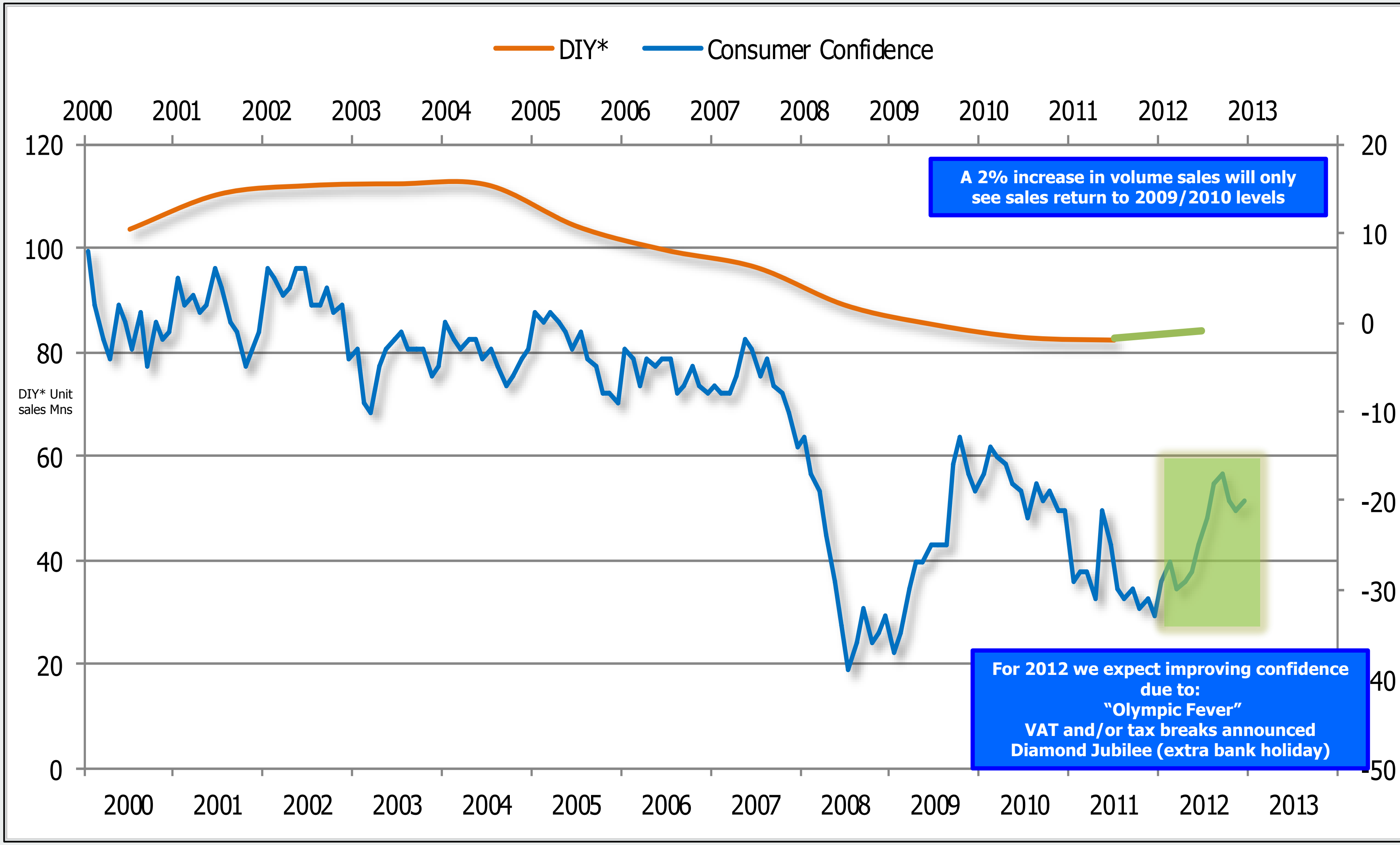
DIY demand was declining pre Northern rock (fashion led). But since the housing crash things have worsened and become more pressured. What does 2012 have in store?



* Sales data from GfK R&T: Volume Sales for Total Paint, Total Power Tools, Power Garden. GfK NOP Consumer Confidence by GfK NOP on behalf of the European Commission,

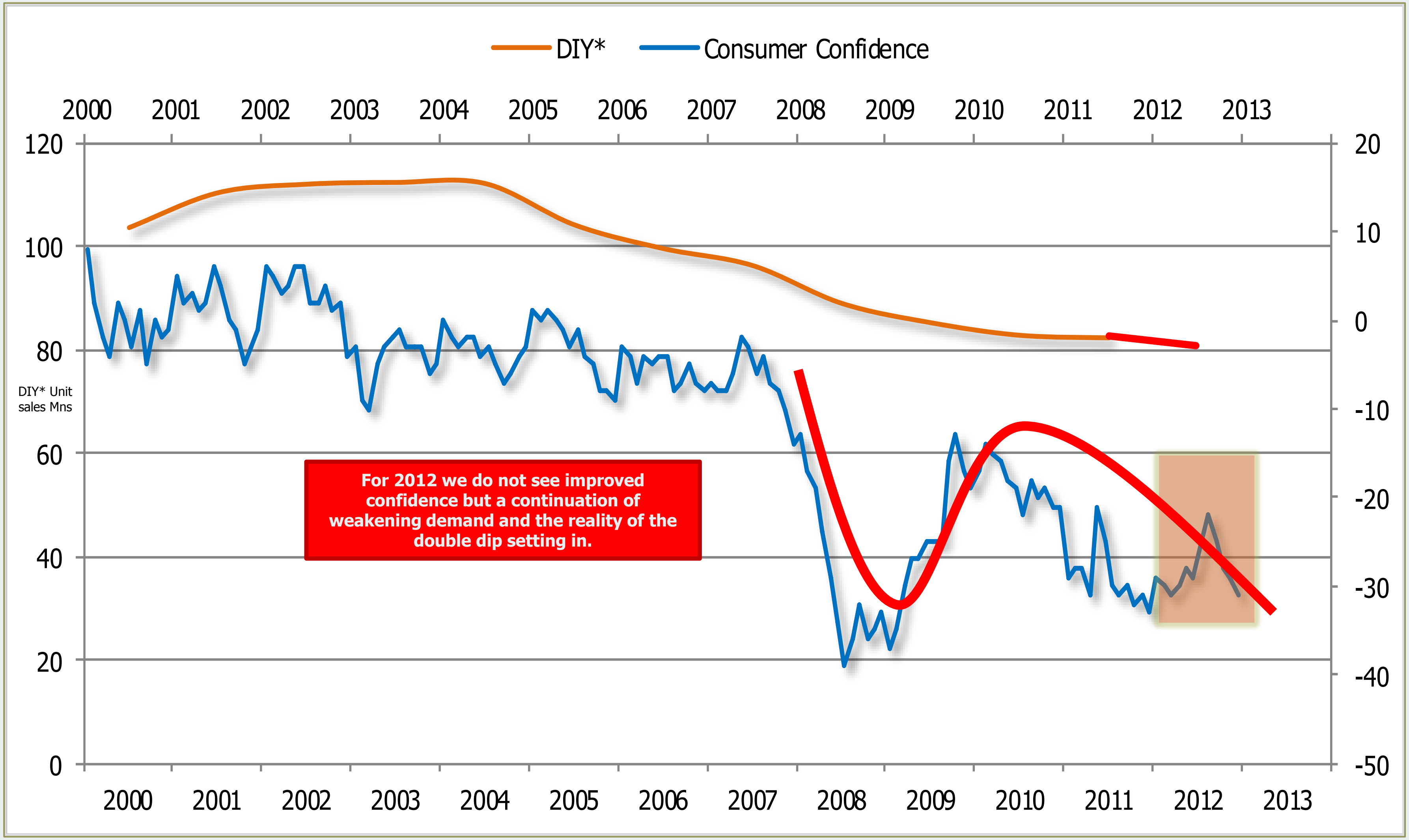
Forecasting the market into 2012 – a positive position?

GfK



* Sales data from GfK R&T: Volume Sales for Total Paint, Total Power Tools, Power Garden. GfK NOP Consumer Confidence by GfK NOP on behalf of the European Commission,

Forecasting the market into 2012 – a worsening position?



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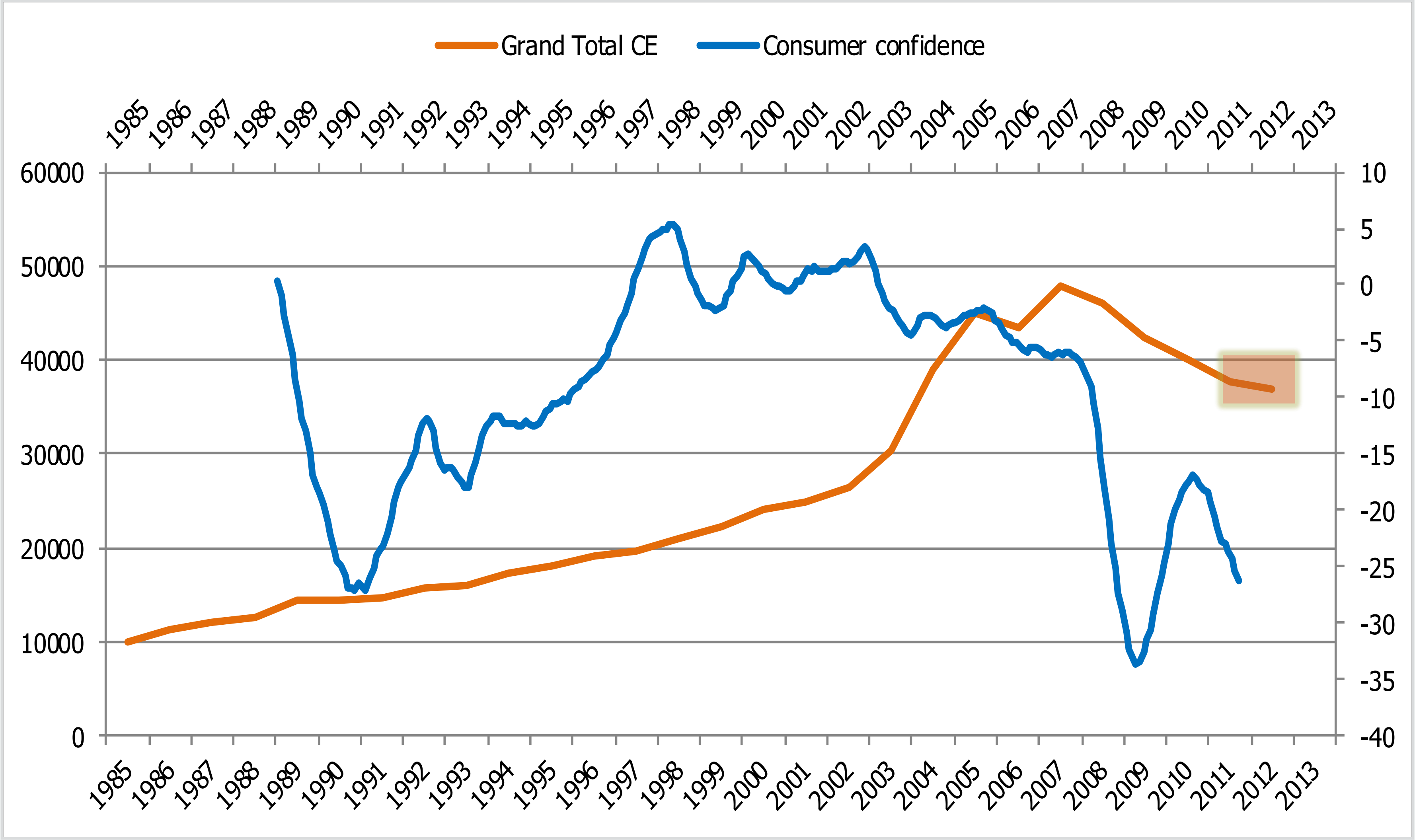
Consumer Electronics vs Consumer Confidence

Until the recession an industry that grew threw "visible" innovation. Innovation is still with us (i.e. 3D) but harder for retailers to communicate innovation benefits in a time of austerity. This has led to the discerning consumer and weakening demand.



* Sales data from GfK R&T: Volume Sales for Total Consumer Electronics. GfK NOP Consumer Confidence by GfK NOP on behalf of the European Commission,

Online Trends Fact or Fiction?

Where Are Consumers Purchasing Technical Durable Goods?

Traditional vs Internet Sales – 2007 & 2011

Continued growth for ONLINE

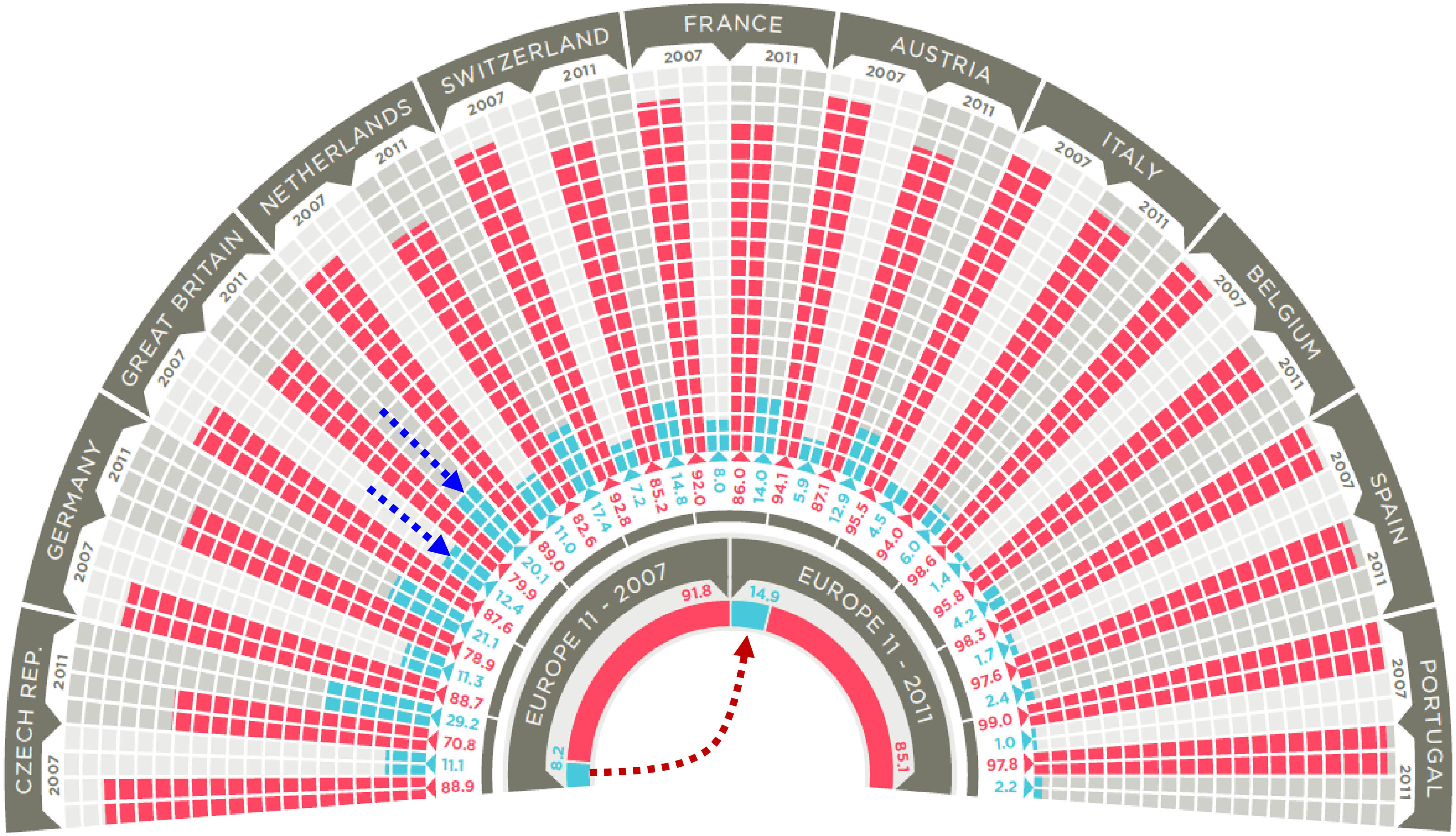
TRADITIONAL SALES

INTERNET SALES

*AT, BE, CH, CZ, DE, ES, FR, GB, IT, NL, PT

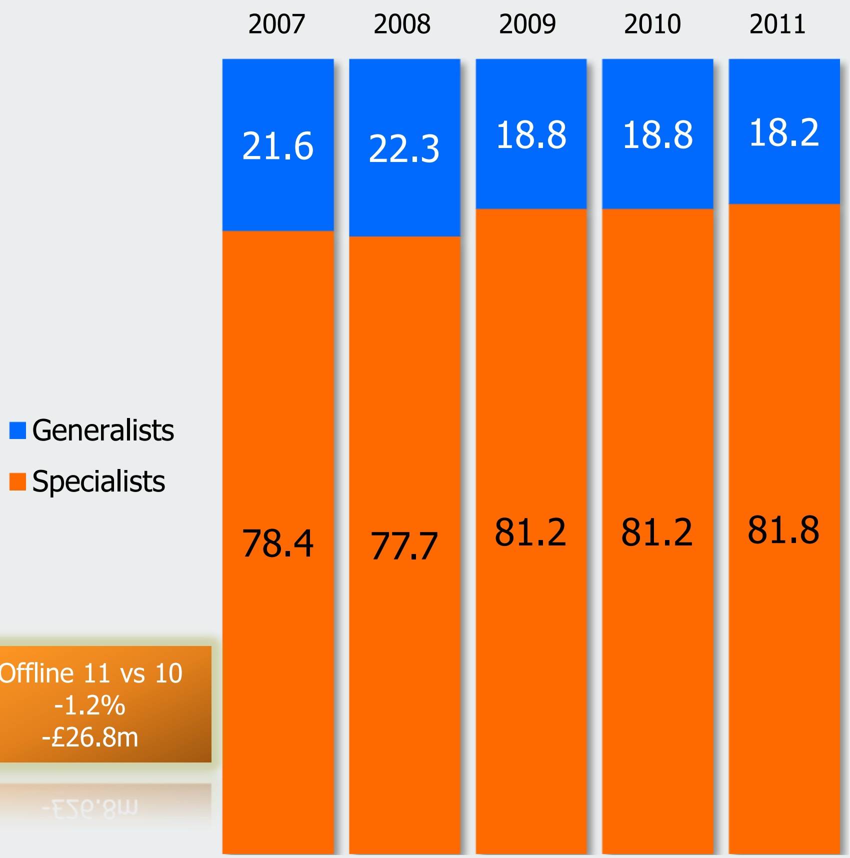
**CE, IT, OE, MTG, Photo, Telecom, SDA, PersDiag, MDA

SOURCE: GfK Retail and Technology, 2011



Online Learning From Domestic Appliance Industry

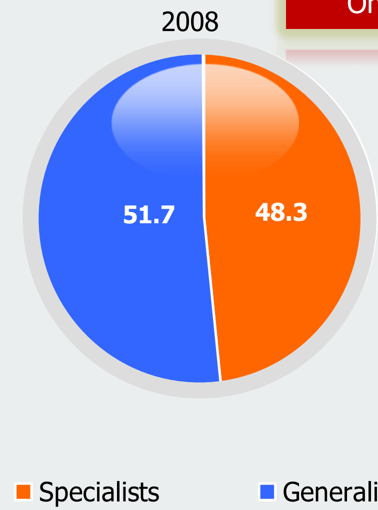
Offline Sales

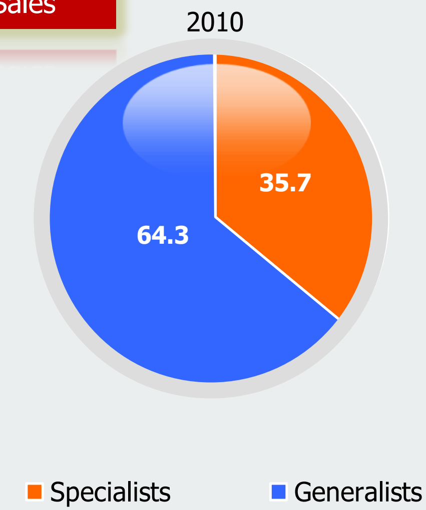


Offline 11 vs 10
-1.2%
-£26.8m

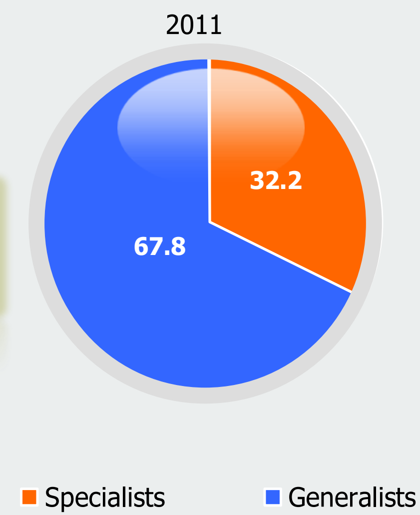
	2007	2008	2009	2010	2011
Sales Units Mns	10	9	8	8	7
Value £Bns	2.7	2.4	2.3	2.4	2.3

Online Sales





Online 11 vs 10
+29.1%
+164m



Source: GfK R&T MDA Panel . Generalists = Supermarkets, Variety Stores, Department Stores, Cash & Carry, Pure Players. Specialists = Electrical Superstores, Independent Electrical Stores, Kitchen/Furniture Specialists

Online Learning From CE Industry

GfK

Internet playing some role in over 40% of TV Purchases

What does it mean?

- 21% of purchased TV-sets are researched online and bought offline
- 17% of purchased TV-sets are researched and bought online
- 5% of purchased TV-sets are researched offline and bought online

Purchase: Place of purchase of TV-set (LCD, Plasma) \ **Research: Information-acquisition when purchasing a TV (LCD, Plasma)**	**Online**	**Offline**
Online	**17 %**	**5 %**
Offline	**21 %**	**57 %**

Source: GfK Germany Consumer Panel data

What does this mean for Independent DIY retailing?

- Independents and Specialists have lost out “online” in other industries
- 21% and growing: “online” sales of British Technical durable goods
- There is decreasing loyalty to traditional forms of retailing
- How can you gain a presence? Virtual marketplaces?

2011 areas of increased demand…

14.8% Cloth/ Mounting Tapes
9.9% Grab Adhesives
1.3% Silicone Sealants

Small DIY projects

19.6% Combined Primers/undercoat
9.3% Kitchen & Bathroom Emulsion
6.6% Masonry Paint
5.1% Metal Finish Paint
5.1% Durable Emulsion
1.4% Trim Paints

Decorating

Other DIY

36.1% Garden Colour Coatings
34.8% Halogen Light Bulbs
3.7% Wood Fillers
1.1% Showers

Source: GfK Pane Market

Thank you for your time today

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