

Q&A: Kingfisher boss Ian Cheshire on wet weather, EDLP and multichannel

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Date: 1st June 2012



Kingfisher group chief executive Ian Cheshire speaks to Nicola Harrison as the retailer reveals a decline in sales and profits in its first quarter as it was hit by the wettest April in 100 years.

Nicola Harrison: Both sales and profits fell in the quarter. To what extent was the April weather to blame?

Ian Cheshire: The weather accounted for pretty much 100% of the fall. The affect was particularly sharp as last year's [first quarter weather] was so good.

It was very difficult. I can't remember a quarter in my regime where profits have gone backwards. But if you take out the seasonal shift the business was pretty resilient.

April alone accounts for half the quarter, but May and June are our key months.

Will the sales simply be deferred to the second quarter?

A bit of the sales will have gone; plants are either sold or they're not.

Sales of water butts were up but barbecues were down 57%. But sales in barbecues and garden furniture will come back.

When the sun came out [last week] the products have done well.

Is the new EDLP strategy, launched in January, working?

The early signs looks pretty encouraging. We're working on changing the supply chain. It should have a net bottom line positive affect.

We'd normally do kitchen promotions in January, which would create a huge surge in volume. It's not the most sensible approach. [Customers are wondering] 'what's the actual price'?

What was the reasoning behind launching the new smaller format DIY Express stores that opened this year?

We're experimenting with a different format and seeing if we can leverage the Screwfix infrastructure and catalogue.

We're always doing refinement work, it's a constant evolution process. We've always felt there's room for something smaller in the market. There may be something in it in the way the food guys have had success. It's worth a trial - we want to push things forward.

How is the online offer progressing?

We're using Screwfix as a centre of excellence. We've had a phenomenal reaction to click, collect and go App. Mcommerce is breaking through. We're also refreshing DIY.com under Steve Robinson, who was at M and M Direct.

The big investment is in a massive reengineering of the multichannel platform. We'll be launching it with Tradepoint in January. It will be an £80m investment over two years and will better stock availability, presentation of product and information, as well as much better navigation. It will quantitatively improve our web offer and help us get the most out of multichannel.

Link: www.retail-week.com