



## How have Home & Living markets fared this August?

Maybe it was too much to expect Olympics euphoria to translate into positive sales for all of home and living retailing. Early indications suggest August has had its share of losers and a few winners. Yet with mortgage approvals down -4% in August 12, according to the council for mortgage lenders, it's perhaps no surprise to see the DIY sector contract 3.2% in value across GfK's Total Store Report.

Conscious of remaining positive while realistic around our markets, we do tend to end up talking about the impact the British weather has on our markets.

Sara Smith will walk you through the world of pre-decorating, and Jacob Sarmed gives you an update on the world of power tools, where decorating related products and multi tools have performed well.

Daniel Fearnley - Business Group Director - GfK UK

## Preparing for decoration in difficult times

**Author: Sara Smith**

**Date: September 2012**

Decorative categories have been directly impacted by the current state of the housing market, as consumers traditionally renovate their homes to achieve maximum sales value. However, these categories have remained far more robust than big-ticket major project sectors in the DIY industry. The rate of decline also varies across categories, as consumers seem to be evaluating what is necessary for their project.

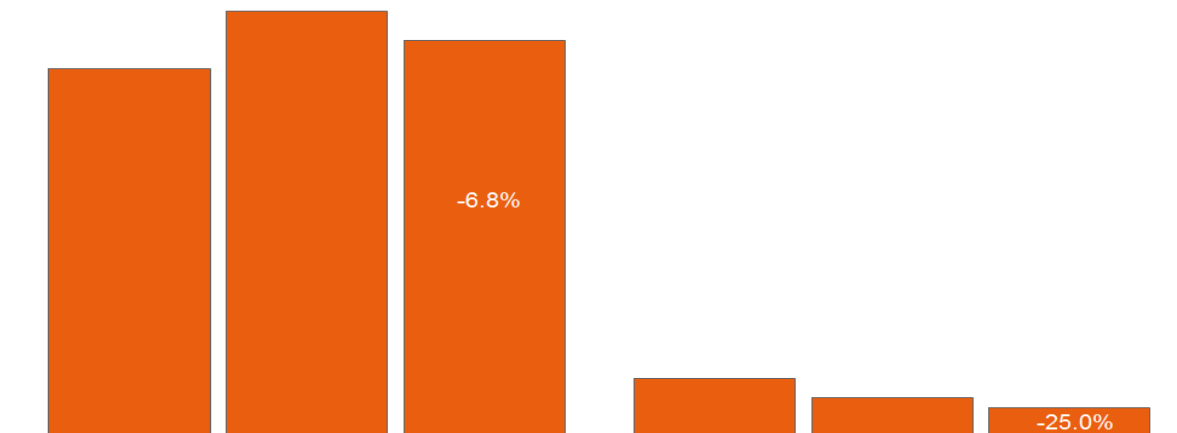
Initial preparation work for a decorative project may include removing old coating materials with paint and varnish removers. EU regulations governing what chemicals can be included changed as of the beginning of 2011, and the market is still strongly impacted by this. The expense of new formulations is perhaps encouraging DIYers to replace rather than restore. In the first 8 months of 2012, the average price of a paint and varnish remover was up by 24% on the same period of 2011. However, the market volume was down by -25% in the same period.



## Paint and Varnish Removers



PAINT/VARNISH REMOVERS			Great Britain Panelmarket excl. GardCent			January 2010 - August 2012		
Sales Value GBP			Sales Value GBP			Sales Litres		
January 2010 - August 2010	January 2011 - August 2011	January 2012 - August 2012	January 2010 - August 2010	January 2011 - August 2011	January 2012 - August 2012	January 2010 - August 2010	January 2011 - August 2011	January 2012 - August 2012



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In contrast, the sales of fillers are relatively robust, with the smooth working surface they create being indispensable for a top-notch decorative result. The market is still down year-on-year, with 2012 to August having -8% less sales by volume than in 2011. Despite raw material price pressures, the average price of a filler is only up by 4% year-on-year. This, perhaps, is facilitating DIYers to continue to invest in a product which yields a good result.

The final step before the application of paint can be the use of primers and undercoats, the sales of which are down year-on-year. Overall, the primer and undercoat market has declined by -15% in volume terms, though with significant variation across segments. Metal primers, for example are only down by 7.5% from 2011.

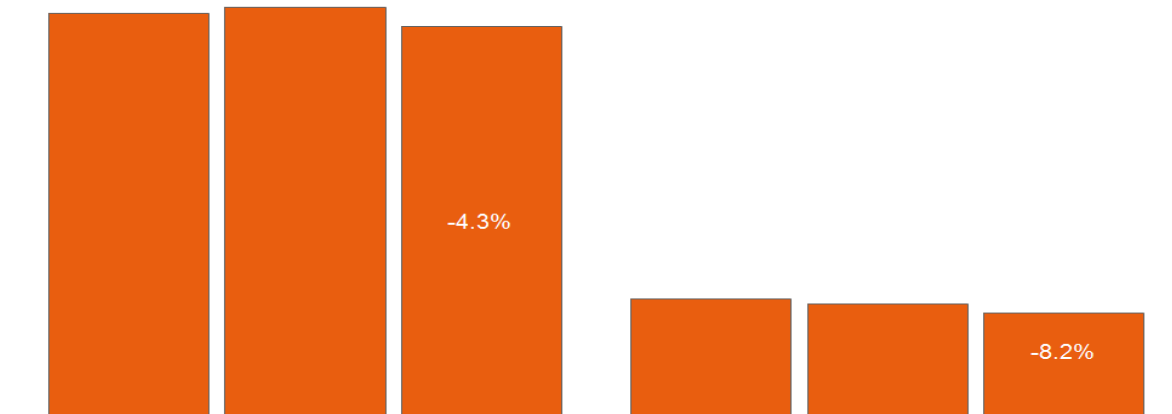
Conditions have been challenging, but there are still many opportunities.



## Fillers



FILLERS			Great Britain Panelmarket excl. GardCent			January 2010 - August 2012		
Sales Value GBP			Sales Value GBP			Sales Units		
January 2010 - August 2010	January 2011 - August 2011	January 2012 - August 2012	January 2010 - August 2010	January 2011 - August 2011	January 2012 - August 2012	January 2010 - August 2010	January 2011 - August 2011	January 2012 - August 2012



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## People pushed indoors as decorative power tools gain share

**Author: Jacob Sarmed**

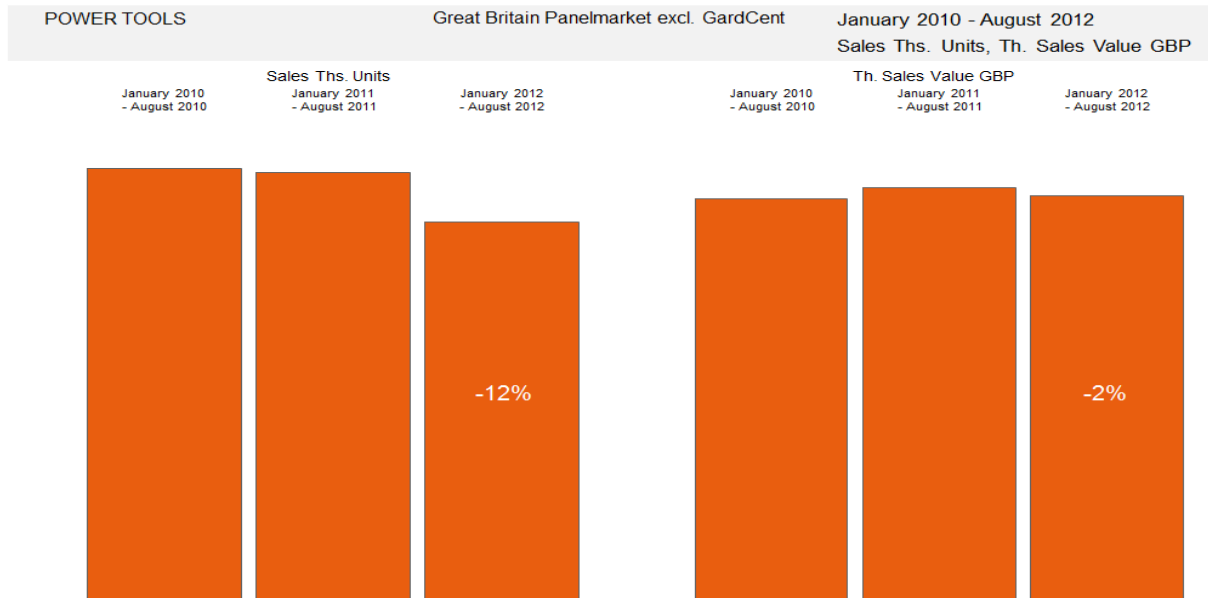
**Date: September 2012**

Looking back over the first eight months of the year, a soggy summer has seen decorating categories help stem the volume and value decline seen in the power tools market. Innovation in the form of lithium-ion batteries have led to increased prices in key power tool categories. This in turn is helping to mask the full impact of falling volume.

Consumers are investing more in indoor-based tasks perhaps due to the poor weather, which precludes them from completing outdoor projects. Glue guns have seen a surge in sales year-to-date (YTD) 2012, up 12% and 13% respectively for sales value and volume. This trend is similar for spray guns, which are up 6% and 5% respectively over the same period. Paint strippers and wallpaper strippers are both flat YTD 2012 in sales value terms, rounding off a strong performance for decorating power tools.



## Power tools



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While we have seen slight declines from the larger sectors in power tools, there is one area which is picking up the slack. Multi tools have proven to be immensely popular with consumers. This is due to their versatility in undertaking sawing, sanding and cutting DIY projects with just the one tool. Growth is showing no signs of slowing down, illustrated through the 62% increase in volume YTD 2012.

In September, the government announced a proposal for the relaxation of planning laws. They will consult on allowing people, for a three-year period, to build larger extensions on houses without council permission - up to 8 metres long for detached homes. Rules on shops and offices expanding will also be relaxed in attempts to boost the economy and stimulate the housing market. These proposed changes could have an impact on the building industry, and may provide a positive knock-on effect for the power tools market.

(Electric Power tools: GfK Panelmarket excluding Garden Centres)

Source : GfK Retail and Technology - [www.gfkrt.com/uk](http://www.gfkrt.com/uk)