# The UK Gardening Industry – future proof or ripe for disruption?

Wednesday 10th April 2019

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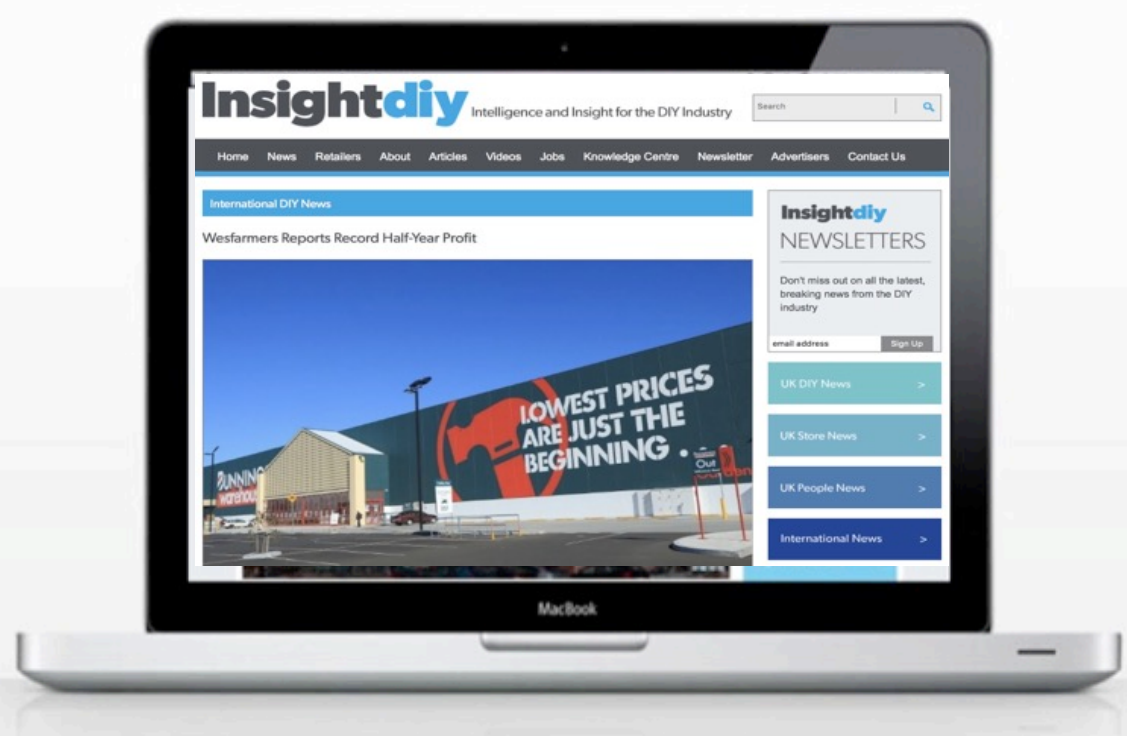
# Introduction

# The Insight DIY website




The leading news and market intelligence website for the Home Improvement Industry, covering the UK, International and Digital Retail sectors.

'Delivering a competitive advantage through

**Insight, Intelligence & Ideas**

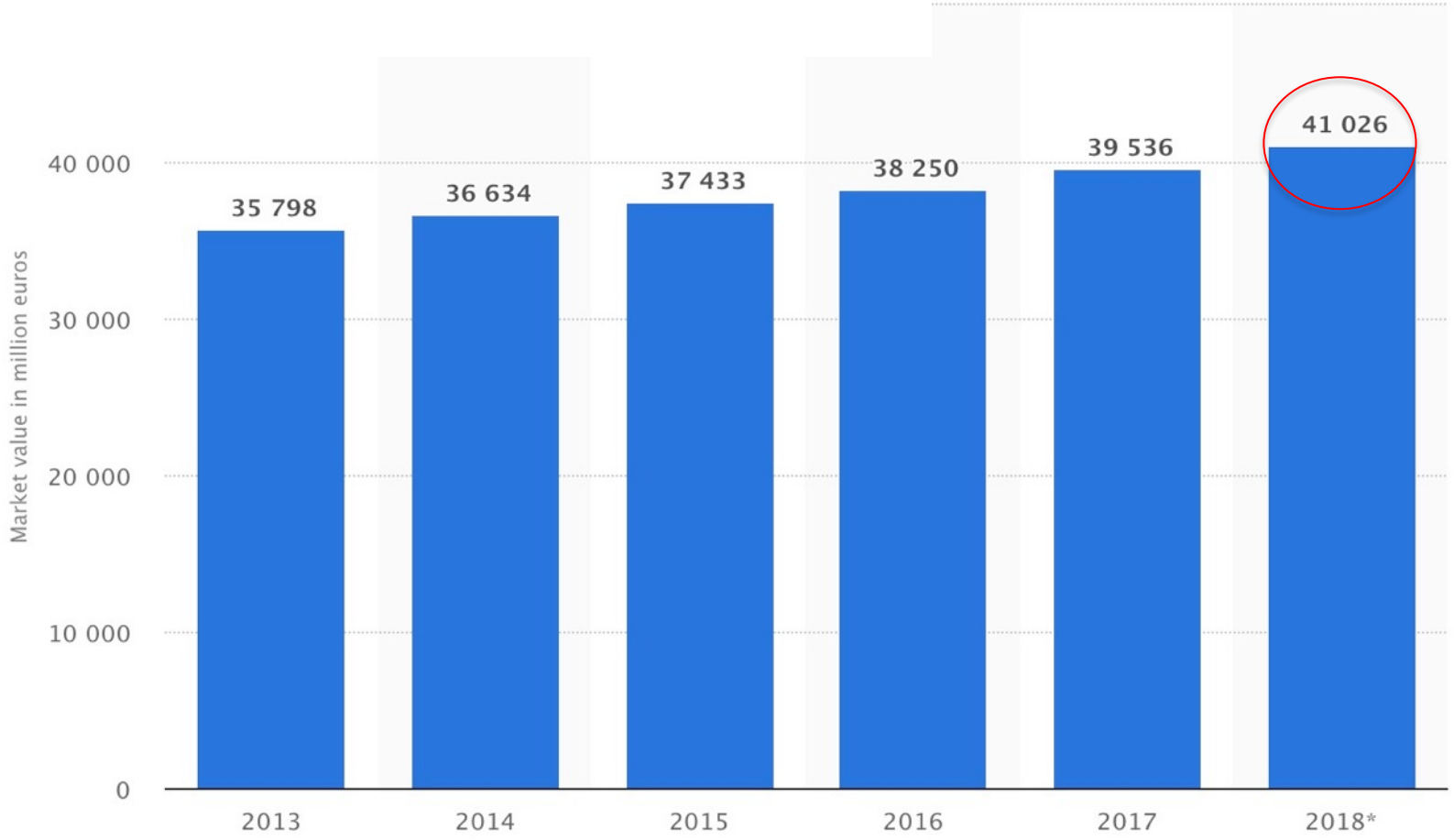
# Future-proof or ripe for disruption?

- The Home Improvement & Garden Market.
- Buying power is shifting and consumers are changing.
- The triple-whammy & intensifying competition.
- The Grocers, the Discounters and Amazon.
- The new breed of retailers.
- Big-Box stores under pressure.
- Inspiration, experience and service.
- Future-proof?

The UK Home Improvement & Garden Market

# The market is still growing

**Market value of home and garden products in the United Kingdom (UK) from 2013 to 2018 (in million euros)**




Data visualized by tableau

© Statista 2018

# We will always want attractive homes and gardens

# The garden shoppers

Home Owners

Empty Nesters

Young Professionals

Renters

Professional Gardeners

Local Tradespeople

# Buying power is shifting to consumers

## Brand Power

The brands decided which retailers stocked their products.

## Retailer Power

The retailers decided which products and brands to range in their stores.

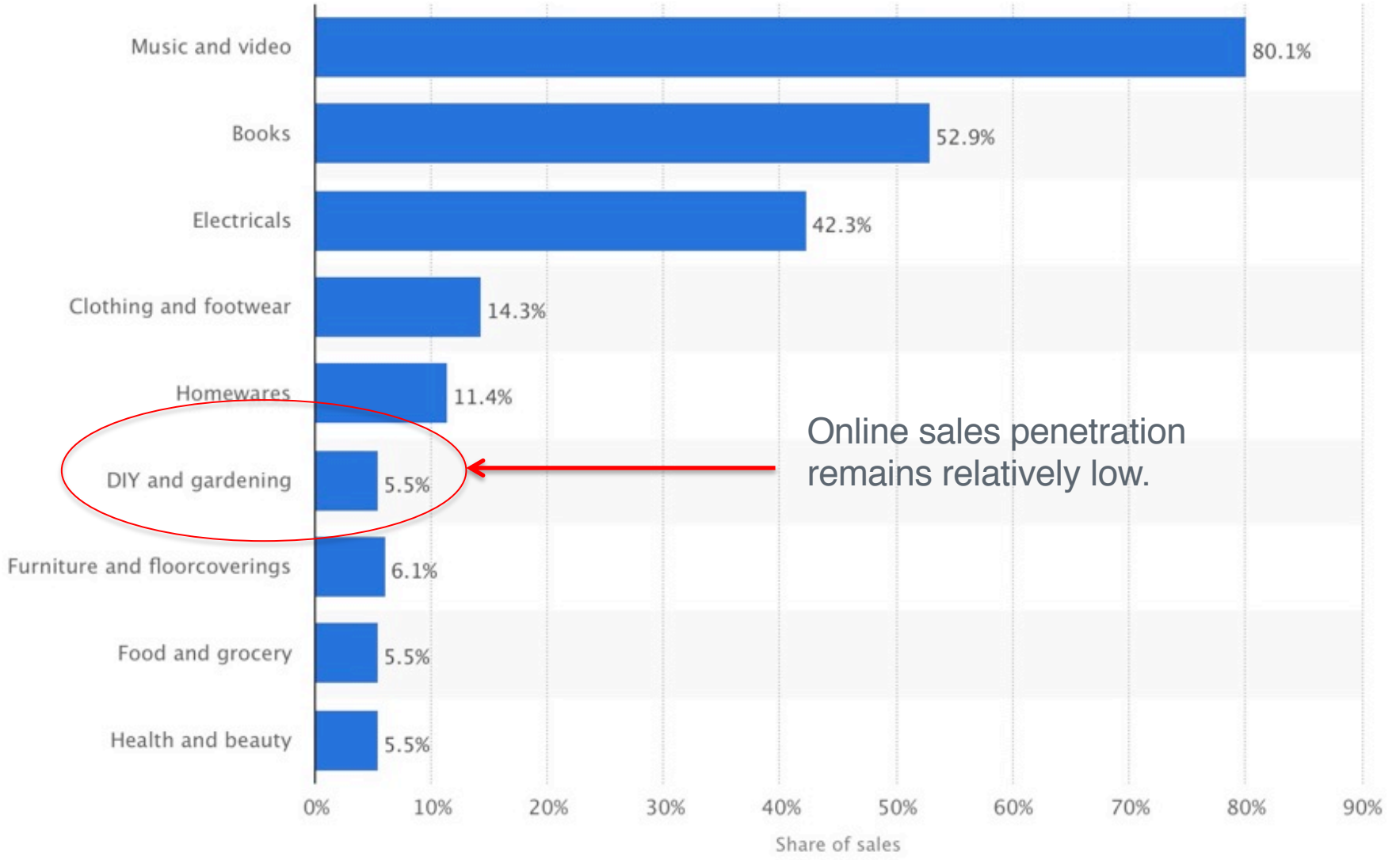
## Consumer Power

The consumer decides where they want to purchase products.

# Online shopping penetration by country - % of total retail sales

| Country | E-commerce retail sales as %age of total retail sales | | | |
|---|---|---|---|---|
| | 2015 | 2016 | 2017 | 2018 |
| UK | 14.4% | 15.6% | 16.9% | 18.0% |
| China | 12.0% | 13.8% | 15.5% | 16.6% |
| Norway | 10.7% | 11.5% | 12.1% | 12.7% |
| Finland | 10.4% | 10.8% | 11.2% | 11.5% |
| South Korea | 9.8% | 10.5% | 11.3% | 12.0% |
| Denmark | 9.3% | 9.9% | 10.4% | 10.8% |
| Germany | 8.4% | 9.4% | 10.4% | 11.2% |
| US | 7.1% | 7.7% | 8.3% | 8.9% |
| Canada | 5.9% | 6.6% | 7.4% | 8.2% |
| Japan | 5.4% | 5.8% | 6.2% | 6.7% |

# Online penetration by category



# Online shopping frequency by age

Online Shopping Frequency ( By age)

| By Age | Frequent (Shop at least once per week) | Occasional (Shop at least once per month) | Infrequent (Shop at least once per year) |
|---|---|---|---|
| 18-29 | 35% | 41% | 24% |
| 30-39 | 37% | 35% | 28% |
| 40-49 | 23% | 35% | 42% |
| 50-64 | 17% | 38% | 45% |
| 65+ | 11% | 31% | 58% |

# Who are they?

A different world, a different worldview. Millennials have grown up in a time of rapid change, giving them a set of priorities and expectations sharply different from previous generations.

BORN BETWEEN

**1980 → 2000**

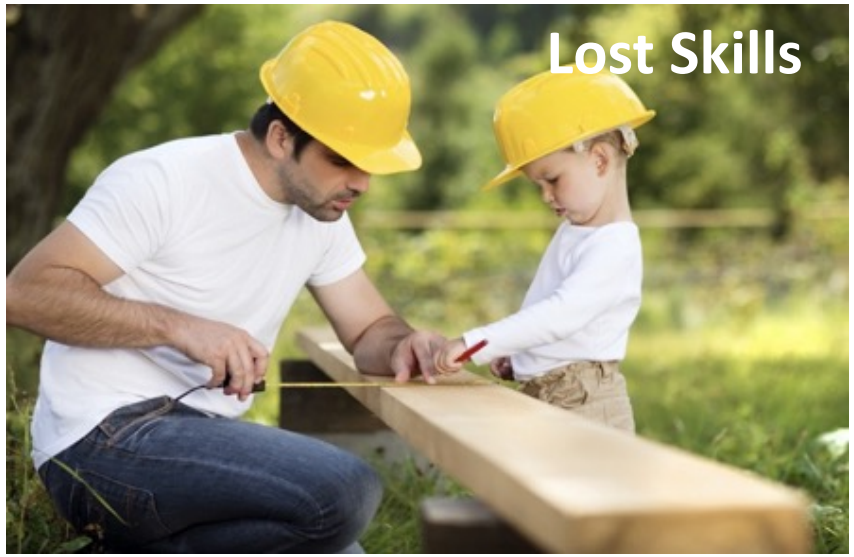
# The Millennial impact

*"One of the largest generations in history is about to move into its prime spending years. They are poised to reshape the economy; their unique experiences will change the way we buy and sell, forcing companies to examine how they do business for decades to come.*

*Goldman Sachs – Millennials 'Coming of age'*

# Disruption is here to stay

# Triple-whammy – macro factors



# Triple-whammy – intensifying competition

Grocers

Discounters

Online

ROUNDUP
GARDENS NEED LOVE AND
Miracle-Gro
SPECIALBUYS
Specialbuys
Rattan Effect Corner Set
DISTILLED AND DISTINCTIVE QUALITY
Medicine
SOLAR
Solar Bollard Stake Light
Solar Bollard
GARDENLINE
43cm Electric Lawn Mower
1800w
97350
Steel Chimenea
Garden Arch
ALDI

# Discounters continue to grow share

623 stores

155 stores

**3,000+ UK stores**

896 stores

503 stores

410 stores

SEASONAL COLOUR
SEASONAL COLOUR
FOLIAGE SHRUBS
FOLIAGE SHRUBS
HERBACEOUS & PERENNIAL
WEED Killer

Gas
How to lay paving
Paving
Gates
Trellis
Wall & Fencing Trellis
next
pets at home
COSTA

# AMAZON INTERNATIONAL COMPARISON: 2017 EST. LAWN & GARDEN SALES

| Amazon.com | Amazon.de | Amazon.co.uk | Amazon.fr |
|---|---|---|---|
| EST. LAWN & GARDEN SALES | EST. LAWN & GARDEN SALES | EST. LAWN & GARDEN SALES | EST. LAWN & GARDEN SALES |
| $2B | €175M | £85M | €21M |
| +19% YoY | +12% YoY | +31% YoY | YoY N/A |

*Amazon first-party sellers only.

One Click Retail ONLINE SIMPLIFIED

www.oneclickretail.com

# The new breed of retailers

# Ideas and inspiration are critical to the purchase process

Inspiration &
Ideas Formation

Product, Retailer
& Service Search

Actual Purchase

Project
Completion

# The new breed of retailers are owning inspiration

Instagram

1 billion users

#garden

**42,978,298** posts

houzz

40 million users

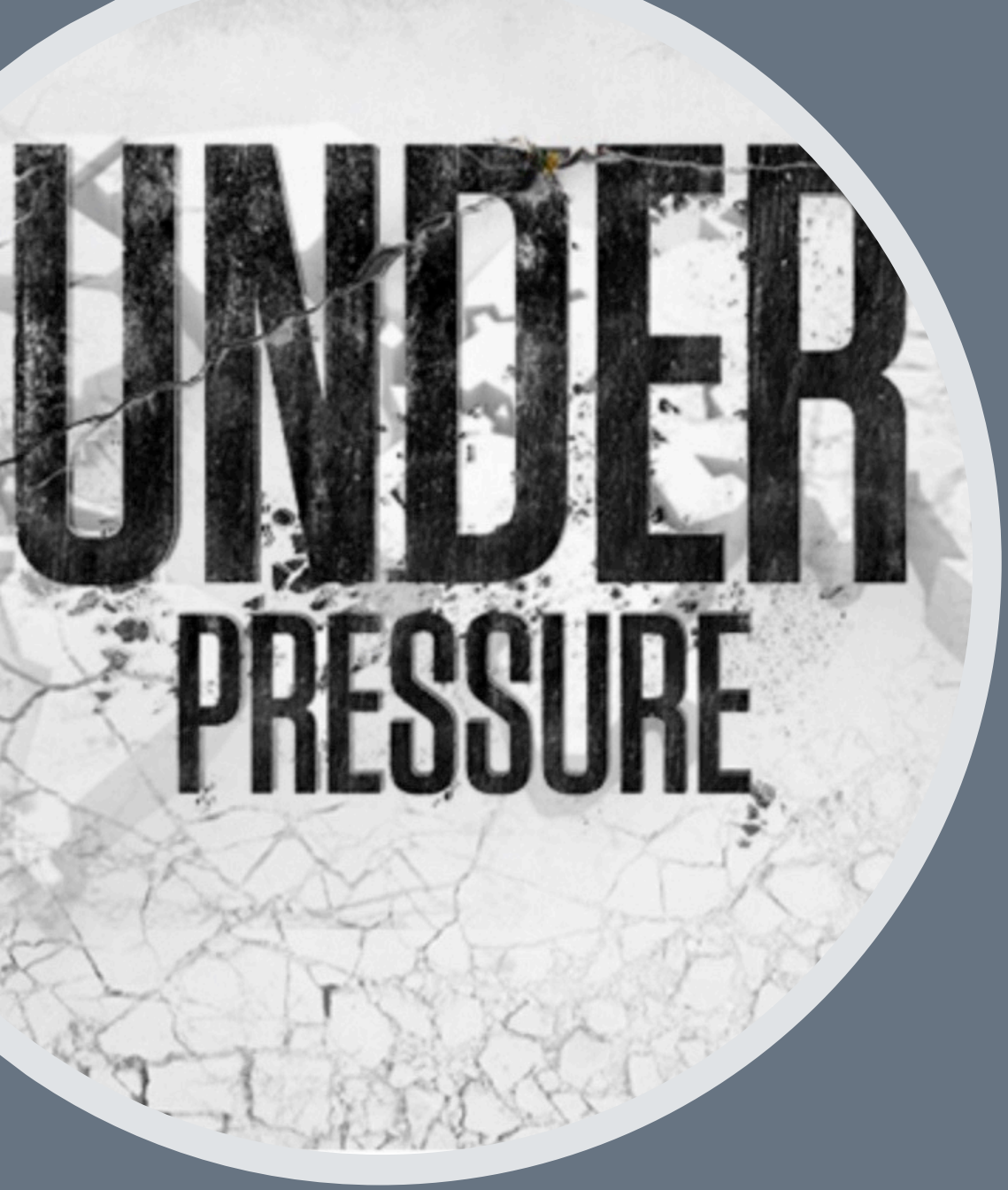
**667,333** garden

**Pictures and Inspiration**

Pinterest

200 million users

**124.82k** Pins • **50.62k** followers




# Big-Box stores under growing pressure

# The traditional retailer toolkit is changing

## Product

## Price

## Range

## Promotion

## Location

## Service

# The traditional retailer toolkit is changing

## Product

Exclusive Products

## Price

## Range

## Promotion

## Location

## Service

# Challenging times for established retailers

# Challenging times for established retailers

**B&Q owner sees pre-tax profits drop 8% warning of "uncertain" UK market**

**Homebase stores at risk of closure as sales plunge dramatically**

**Future of Wyevale Garden Centres uncertain as business with 145 sites goes on sale**

**DIY market remains tough for Wickes owner Travis Perkins**

# Big-Box store closures 2014 - 2019

In 2014, B&Q peaked at 360 stores. Today, this has reduced to 296 (including 8 Irish stores).

In 2012, Homebase had 341 stores. Today, this has reduced to 188 (including 11 Irish stores).

# Retailers must own the entire purchase process

Inspiration &
Ideas Formation

Product, Retailer
& Service Search

Actual Purchase

Project
Completion

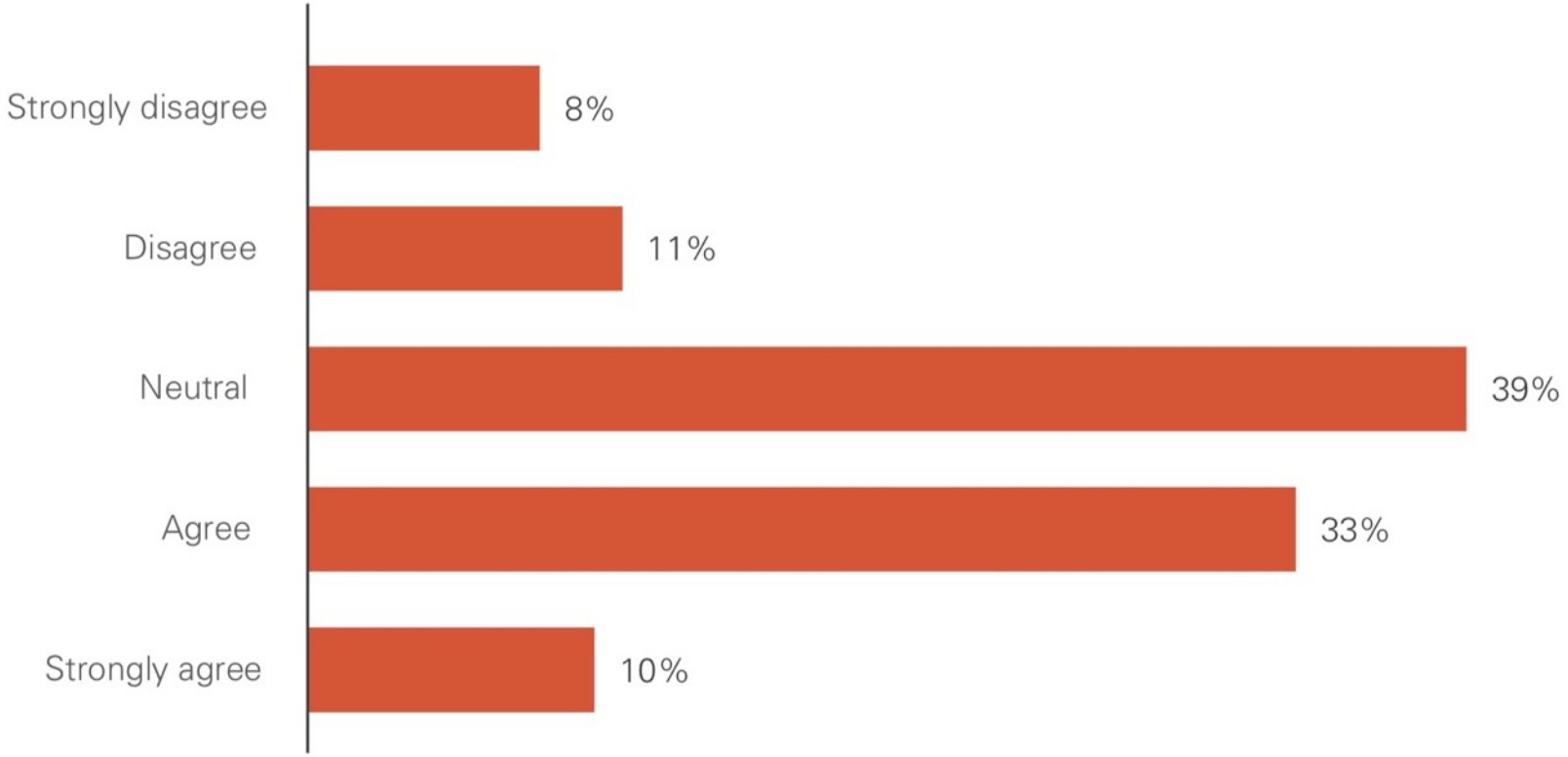
Inspiration is
everything

next
HOME
AND GARDEN
Make the ideal real
Greatest outdoors
Bloom beyond belief
Greatest outdoors

# The shopping experience is critical

# The importance of the experience

**Figure 9 – If a retailer offers a meaningful shopping experience in-store, I am likely to spend more money with them over the coming months**




*Source: Retail Economics, 2017*

BRAMBLE & WILD

Lovania
Alpine-Range
Alpines

next
HOME
AND GARDEN

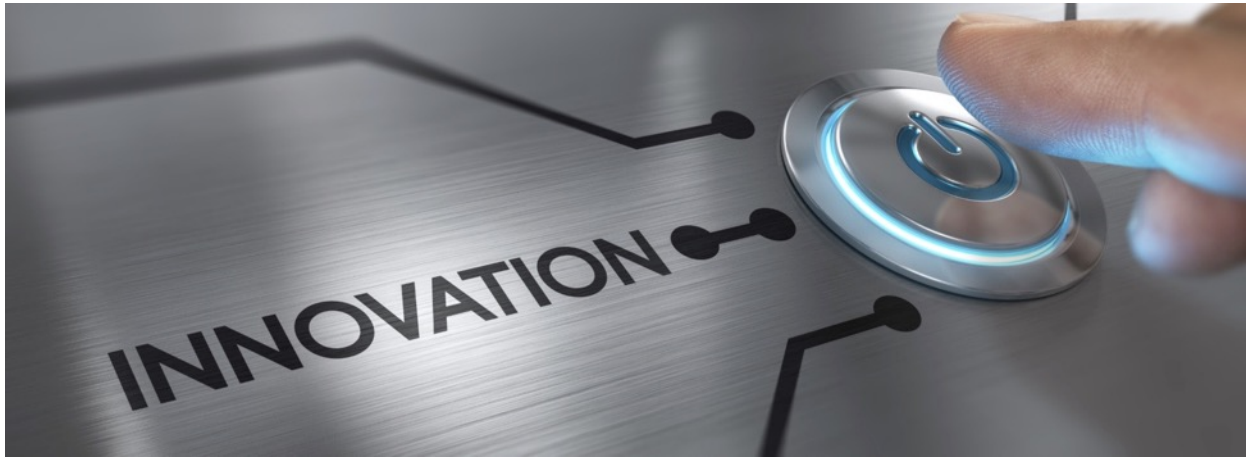
# Giving the consumer and shopper what they want

amazon

A+ CONTENT

Click & Collect

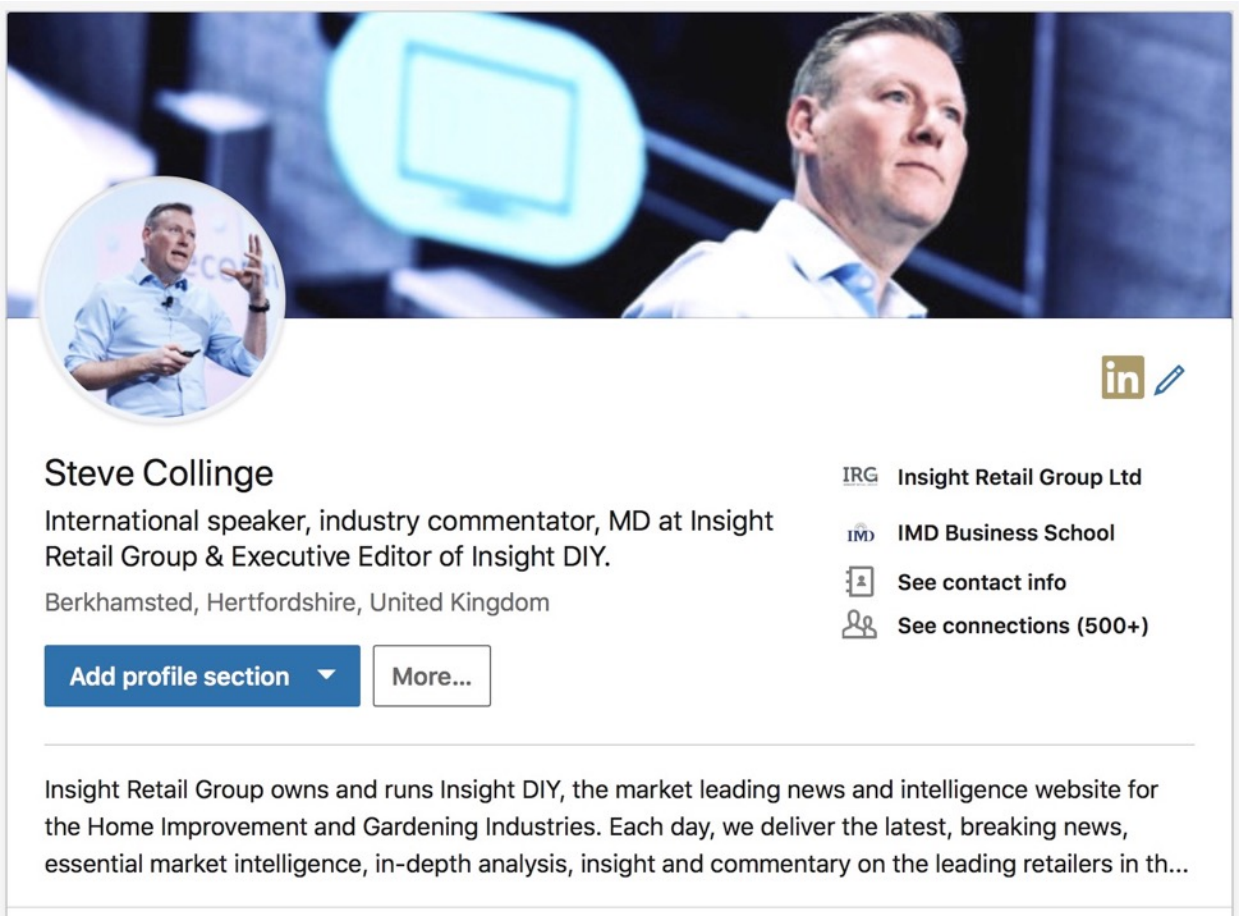
Reserve online. Collect in-store.



# In conclusion

- The Home Improvement & Garden market continues to grow.
- Buying power is shifting and consumers are changing.
- Millennials will change the way we buy and sell for decades to come.
- The triple-whammy & intensifying competition.
- The Grocers, the Discounters and Amazon are taking significant share.
- A new breed of retailers are owning the start of the process.
- Big-Box stores are under growing pressure.
- Inspiration and shopping experience is everything.
- Give customers what they want.

# Follow us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See contact info
See connections (500+)
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