

# DIY Retailing 'A Glimpse of the Future'

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# Our Mission

‘Delivering competitive advantage through information, intelligence & insight for the Home Improvement, Garden & Housewares Industries’.

# Our B2B Website

www.Insightdiy.co.uk is an information based web site, designed specifically to provide up to the minute market information to manufacturers, retailers, wholesalers, distributors, trade associations and agencies operating in the UK Home Improvement and Gardening industries.



# Our Price Comparison Websites



**Kitchen**  
-compare.com

The first UK price comparison sites for the DIY Industry, with a mission to demystify the market, saving consumers both time and money.

We track and update prices every day across all of the key retailers enabling us to deliver a unique service to consumers.



**Bathroom**  
compare.com



# Our Training Courses

'Successfully Selling' - a unique range of industry specific training courses targeted at suppliers and manufacturers within the UK DIY Industry. Content is constantly updated and courses are delivered at various locations throughout 2013.





# Our Commercial Support Services

The Insight Team consists of experienced ex-retail buyers that deliver the following commercial support services for suppliers and manufacturers.



## CATEGORY

- Proposition
- Expansion
- Analysis
- Innovation
- Promotion
- Brand Protection
- Category Management



## COMMERCIAL

- Supplier Sales Strategies
- Retailer Strategic Alignment
- Improved Profitability
- Supply Chain KPIs
- Corporate Responsibility
- Cost Efficiency
- Negotiations
- Trading Relationships



## CHANNEL

- Market Presence
- Distribution Strategy
- Supply Fulfilment
- Consumer Engagement
- Brand Protection



## COUNTRY

- Market Reports
- Export Facilitation
- Direct Sourcing
- Global Reporting
- Retailer Visits
- International Retail Comment

*"Retailers today are faced with increasingly volatile marketing conditions. An ability to transform their market channels in an agile manner is now a condition for survival in this environment.*

*Mobile phone technology, the internet, social networks, and other elements are only the beginning of this retail revolution."*

Robert Handfield Director, Supply Chain Resource  
North Carolina State University

# Content

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- The retail journey.
- The balance of power shift.
- So what's next?
- Why is 'multi-channel' retailing important?
- The role of social media.
- So what does it all mean?



# The Retail Journey

# Retailing 1950's style



# The introduction of self-service



# What a difference a 100 years makes!

Shopping 1913



Shopping 2013





# The internet

- We're all now familiar with how internet shopping has changed our shopping habits.
- Whether it's buying on-line or simply searching and researching, the internet has become a powerful tool in retail purchase decisions.



# Mobile shopping

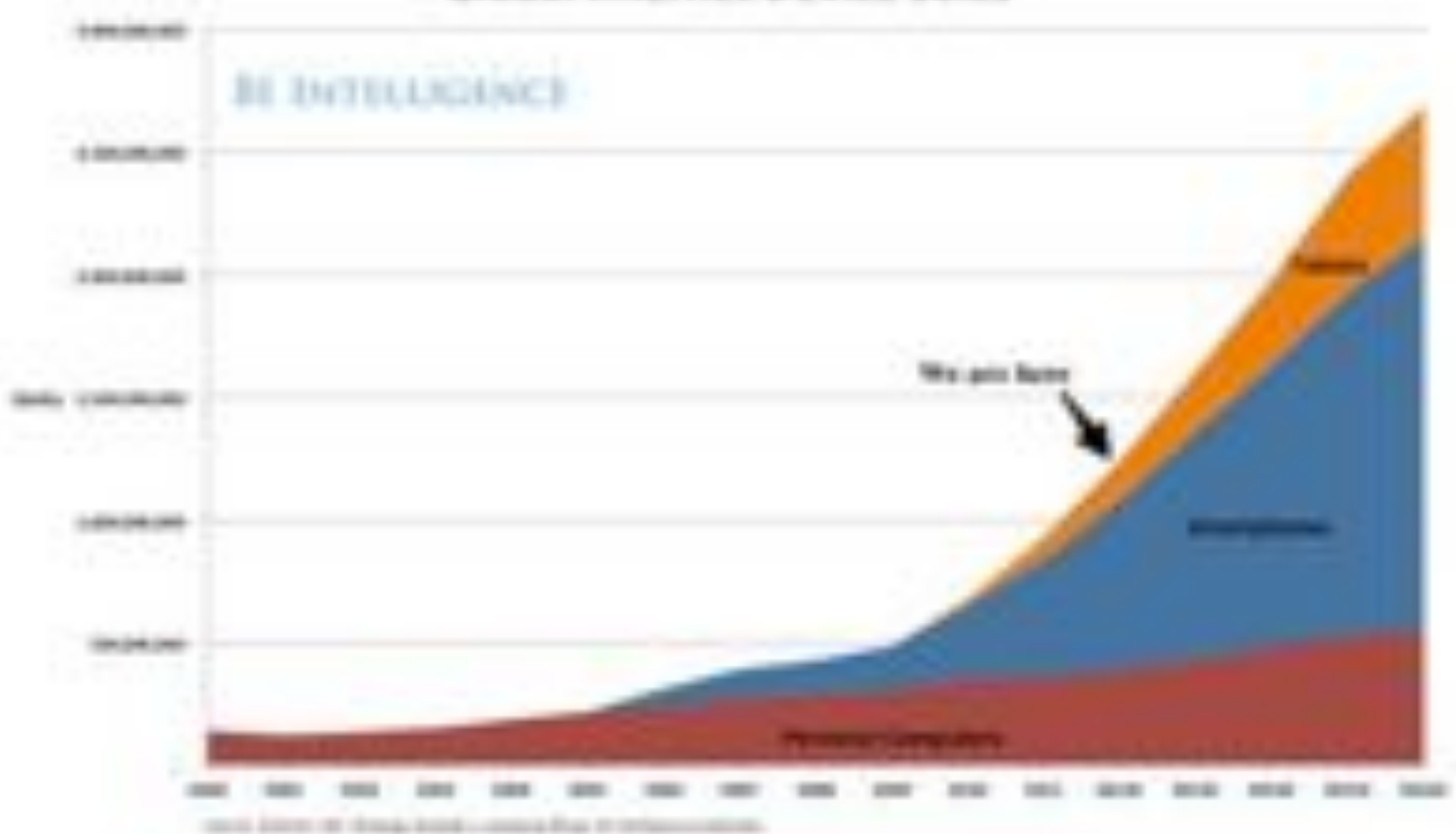


- EBay is one retailer leading the way, with £5bn worth of products being bought through m-commerce in 2012 – a figure that is projected to hit £8bn this year.
- EBay senior director for mobile Olivier Ropars says the company's use of auctions, flash sales and 'deals of the day' have contributed to its customers embracing m-commerce, which now makes up 10% of its business.
- Customers also use their phones to browse, research and share information.



# Mobile devices will soon dwarf PC's

Global Internet Device Sales



# The balance of power shift

# The balance of power shift

## Brand Power



The brands decided which retailers could stock their products.

## Retailer Power



The retailers decided what products to range in their stores.

## Consumer Power



The consumer decides where they want to purchase products.

# Younger Consumers Driving Change

- 51% of 18-34 have bought online with a smartphone.
- 30% actively didn't want to buy online (security)



# Silver Surfers

- Currently the over 50's hold 80% of the nations wealth.
- They are responsible for 40% of total consumer spend (£260bn annually).
- There are 20 million over 50's currently and they are growing.
- However, the most interesting fact is that despite this, 90% of Marketing spend in the UK is focused on the under 50's!



**So what's next?**



# 1. Paying with your phone

# Apple iWallet



# Contactless Payment



- There are already 140,000 retailers in the UK with the contactless payment system in place.
- Visa has said that in 7 years time 50% of all of its global transactions will be via a mobile device.



## 2. Delivery Innovation

# Click & Collect

- Argos were one of the first retailers to establish 'Click & Collect'.
- The firm's "check and reserve" ordering service grew its share of sales from 28% to 31% over the last four months.
- Orders placed online via mobiles and tablets more than doubled, and 42% of Argos' business is now done online.



# Same day delivery



Amazon delivers goods from its network of US warehouses and relies on couriers such as UPS and FedEx to carry packages on the final leg to people's doors.



When a customer places an order, an Ebay contractor dashes to a store to pick up the goods – by car, bike or on foot – and delivers them to the consumer, even if they are in a park or at a bar.



Argos in partnership with Shuti already has its own same day delivery service in London, called 'London Express'. From certain stores, home delivery is guaranteed within 90 minutes.



## 3. Big Data

# The Amazon Proposition

## **Big Data**

They already know you better than any other retailer.

## **Guaranteed cheapest price?**

Price matching hourly across the market.

## **Customer Reviews**

Why is it that we trust strangers reviews of products on line far more than we trust store staff!

## **Service**

Next day delivery with no charges and the ability to return anything quickly and easily.

## 4. Showrooming

# The Showrooming Effect

1. Go to the store



2. Feel and try the product



3. Compare price and buy on-line



[amazon.com](http://amazon.com)

4. Transfer profit



# The Showrooming Effect

43% of people surveyed had 'showroomed'

% of showroomers who ended up purchasing a product from these online retailers	Brick and Mortar's Online store	Amazon
Best Buy store	8%	71%
Walmart store	11%	64%
Target store	12%	72%

*The Harris Poll* of 2,249 adults surveyed online between November 27 and 29, 2012 by [Harris Interactive](#).

# 5. The Virtual Store



# Tesco – South Korea

## BACKGROUND

In South Korea, Tesco Homeplus has a fewer number of stores compared to No.1 retailer E-mart. Koreans tend to shop in stores near their homes just because it's more convenient and reachable.

## MISSION

Could they become No.1 without increasing the number of stores?

## IDEA

Let the store come to the people!

They created virtual stores hoping to blend into people's everyday lives.

Their first try was subway stations. Although virtual, the displays were exactly the same as actual stores – from the display to merchandise. Only one thing was different, people use smart phones to shop.

# Virtual store in a subway



# Virtual store in a subway



# Virtual store in a subway





## HOW IT WORKS

1. Scan the QR code of product with your phone



2. The product automatically sends to your online cart



# Delivered to your door

3. When the online purchases is done, it is delivered to your door right after you get home.



## RESULT

People can shop at Tesco Homeplus wherever they go, without having to visit the actual store. Moreover, they could change their waiting time to shopping time. After this campaign, online sales increased tremendously: 10,287 consumers visited the online Homeplus mall using smartphones. The number of new registered members rose by 78% and sales increased 130%. Currently, Homeplus has become No. 1 in online market and is a very close 2nd offline.



## 6. Price Comparison Websites

# Love them or hate them?



## HISTORY

Believe it or not price comparison websites are now 14 years old, with both Moneysupermarket and Kelkoo being set up in 1999.

## TODAY

Already here in the Home Improvement industry.

## TOMORROW

There's a role to be played by price comparison sites in terms of initial product search, to compare offerings from retailers and to demystify pricing in some categories.



**Why is Multi Channel Retailing  
important?**

# Possible Customer Touch Points



- There are now so many ways in which consumers can engage with a retail business.

# So many access points

- **Channel choice:**
- Access points used by customers in a one-month period:
  - Internet TV: 2%
  - In-store touchscreens: 8%
  - QR codes: 5%
  - Tablets: 7%
  - Retailers' mobile apps: 9%
  - Smartphones: 13%
  - Stores: 87%
  - Desktop PC or Mac: 42%
  - Laptop: 55%

Source: Shoppercentric research

# The importance of social media



# Things have changed



# The importance of social media



# Social Commerce

- **Social commerce sales are set to more than double to £3.3 billion within the next five years, according to new research from Barclays.**
- By 2021, 41% of UK consumers are expected to be influenced by or to be using social media to make a purchase.
- Among 25 to 34 year olds this figure is expected to be much higher at 73% as 45% of this age group are already engaging in s-commerce.



# The power of word of mouth



# A recent US study

- Now, a new study of 1,000 US consumers from American Express looked deeper into customer services and how customers act online when they have problems with retailers.
- 17% used social media for a customer service issue at least one time during this past year.
- Most telling is that those customers are willing to up their spending by over 20% with brands that offer "great" service.
- Further, 80% of survey respondents indicated that they went to social media to engage with a brand over an issue but ended up never making a purchase because of a lack of quality service.

# Digital word of mouth

- Additionally, customers engage with each other about these issues.
- The survey showed that 48% of those respondents that used social media for customer service, extended messages of praise for businesses that did provide great customer service.
- Also, 43% of retailers reached out to other customers to get answers about how to get better service. In short, customers are seeking this information, and it should be made abundantly clear on retailers' websites about how customers can engage with them on various social platforms to resolve their issues.



**So what does this all mean?**

# Some shocking statistics

- **Price Waterhouse Coopers & Local Data Company.**

“Online retail sales already account for 60 m sqft of retail selling space. Last year Britain’s multiple retailers closed 14 stores a day on average across the UK.

- **Deloitte**

“Shops now represent a potentially clumsy, fixed point in an increasingly mobile world. In many cases, they are slow and costly to adapt, expensive to operate and difficult to relinquish once surplus to requirement”.

# Current Store Numbers



361



340



215



69



372



739

# Likely Store Numbers (2020)

?



# Retailers

- Every bricks and mortar retailer should already be acting like an online only retailer.
- Focus on developing the in-store shopping experience.
- Target the over 50's
- Store closures and downsizing are here to stay.

- **Deloitte**

“It's critical that the downsizing is driven by strategy and not opportunity. Decisions must be based on a clear vision of where the stores fit in the future strategy, rather than just cutting stores when leases expire”.

# Suppliers

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- Build and develop your brands.
- Consider launching your own transactional website.
- Re-establish the relationship directly with your consumers.
- Offer fantastic customer service.
- Engage with your consumers regularly and own the interface with them.

# One final thought .....





# One final thought .....

## Draw Something launched Feb 2012

- #1 App in 79 countries
- # 20 Million + downloads
- >12 million users a day

## It's growth has been phenomenal

- Feb 12<sup>th</sup> 2012 – users drew 3 *drawings per second*.
- March 8<sup>th</sup> 2012 – 3,000 *drawings per second*!



# Draw Something

Put this in perspective, it took ....

- AOL 9 years to get to 1million users
- Facebook 9 months
- Draw Something **9 days**



# Summary

# The retail journey - summary

- The worlds moving at an increasingly faster pace.
- Now's the time to get ahead of the competition.
- The retail revolution isn't coming, the retail revolution is already here.
- If you wait for the trends to start appearing you're already too late.
- Take action now to future proof your business.
- Enjoy the rest of the journey!

**Thank you**