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DIY stores in a fix as Britain falls out of love with home improvement

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Homebase and B&Q hope to stem falling sales with a new approach, writes Graham Ruddick.



The Whit bank holiday weekend is one of the most significant of the year for DIY retailers as British families look to bring out their barbecues and work on their garden ahead of the summer.

So, the improvement in the weather compared to the near-Arctic temperature when Homebase and B&Q unveiled their gardens at the Chelsea Flower Show last week will be welcomed.

A pick-up in trading for the DIY and home retailers is much-needed after a spell of tumbling sales. In 2012, Kingfisher, the owner of B&Q, suffered a 5.2pc decline in like-for-like sales while Homebase suffered a 4.9pc drop.

The unpredictable weather in the UK last year, particularly the wet summer, undoubtedly dampened the performance of DIY retailers.

However, their concerns go well beyond the latest Met Office forecast.

Interest in home improvement boomed in the 1990s thanks to TV programmes such as Changing Rooms and a surging housing market. This, in turn, led to the opening of more DIY stores nationwide.

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Today, though, as B&Q nurses 358 stores and Homebase 336 stores amid falling sales, it appears as if there are too many DIY stores in Britain.

Kingfisher will update on trading for the past three months this week, and analysts are expecting another fall in sales. Credit Suisse has forecast that like-for-like sales will drop by 2pc for B&Q. Britain, it seems, may be falling out of love with DIY.

Kingfisher's latest slide is linked to cold and wet weather in February and March, including at Easter. This caused potential customers to stay at home and also postpone work on the garden.

However, without the disruption of the weather, there are signs that British interest in DIY has changed. Simon Irwin, analyst at Credit Suisse, said: "Apart from the influence of weather, datapoints in UK home/DIY have started to improve this year. We believe that ongoing government measures – Funding for Lending, Help to Buy – will lead to increasing house prices and housing transactions, and a desire to embark on home improvement.

"UK DIY demand has been in steady decline since 2005 and as demand recovers, we believe that the promotional climate, and margins, will recover faster than expected."

Part of the reason for this potential recovery in DIY sales is that it is from a lower base, but DIY retailers are also starting to adapt to a new world.

Last Friday, Homebase opened the latest version of its new-concept store in Battersea, south London. The store offers a glimpse of the potential future for DIY. Homebase has always leaned more towards homewares than rival B&Q, but the latest store represents a significant shift away from DIY.

Separate Habitat and Laura Ashley concessions have been introduced at the front of the store, carpets and curtains are being sold for the first time, large electronic screens have been introduced to illustrate products, and more space has been made available to demonstrate Homebase's built-in kitchens. This space has been found by Homebase cutting back on tools and construction products.

In the outside garden centre, the selling space for aggregates and bricks is smaller so the retailer can offer its plants to customers in a more accessible way. Homebase has broken its plants down into a "Grow your own Zone" and "Plant Zone" which makes it easier for customers to buy plants that they can drop straight into their own garden's borders.

"The days of reading up on seed planning for the summer campaign have gone for some people," explains Paul Loft, the managing director of Homebase.

Perhaps the most striking change in the store revamp, however, is the introduction of a decorating zone. This area includes home magazines, books, touchscreen computers, wallpaper samples, mood boards and a table and chairs for customers to spend time considering how they want their home to look.

Customers will also be able to book appointments with City & Guilds-trained decorating consultants to discuss their plans to transform their homes.

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Mr Loft said the store is shifting its focus from “DIY enthusiasts” to “home and garden enhancers”, which has led to a more female-friendly atmosphere.

He said the new store is “less about construction and big projects”, with increasing numbers of British families hiring workmen to complete major jobs within the home. “Generationally, there is some loss of skills. My father knew more about DIY than I do,” Mr Loft said.

According to the Homebase boss, the rising affluence of families in the UK over the past few decades and time pressures are also changing the face of DIY sales.

However, the most profound impact is the slowdown in housing transactions since the collapse of Lehman Brothers. This is encouraging families to spruce up their existing homes, rather than spend money on new properties.

“If someone moves house they will spend eight to 10 times more than on their previous house in the first two years,” Mr Loft said.

“Britain is definitely moving house less, and the boom in Changing Rooms-style TV has slowed,” he added.

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