

# **UK Trade Reading Investor Visit**

1<sup>st</sup> April 2010

Euan Sutherland	CEO B&Q & UK Division
Steve Willett	CEO Screwfix & UK Trade
Ian Herrett	B&Q Trade Director

- 1. Driving up B&Q's profitability**
- 2. Exploiting our UK Trade opportunity**
- 3. Expanding our total French business**
- 4. Rolling out in Eastern Europe**
- 5. Turning around B&Q China**
- 6. Growing Group Sourcing**
- 7. Reducing working capital**

## Exploiting our UK Trade opportunity

- Over £20bn accessible market opportunity
- Kingfisher relatively low market share
- Very fragmented with lots of Independents
- Market at change point
- Opportunity for significant growth



## Cross UK Trade Strategy

- Strategy to drive UK trade across UK
- No business boundaries, using best of B&Q & Screwfix
- Aligned trade strategy to become preferred supplier to small trades in the UK
- Multiple propositions to target different trade customer segments



## Smaller Trade Customer Needs

- Tradesmen buy most of product same day
- Right trade brands & products
- Great availability
- Trade market pricing
- Countrywide locations
- Market beating opening hours

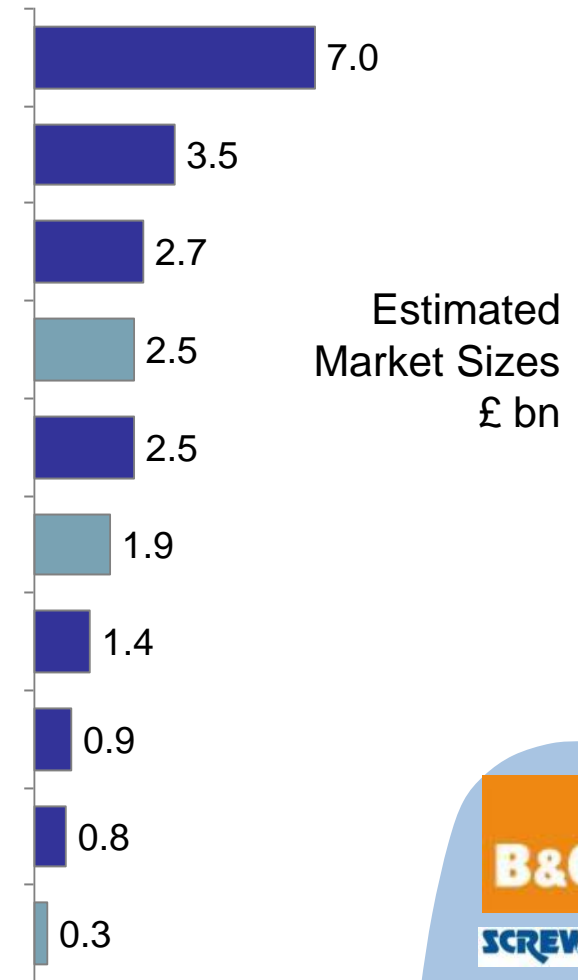
**B&Q**

**SCREWFIX**

**TRADEPOINT**  
Trade Building Supplies

## Smaller Trade Target Segments c£23bn

Multi-trade domestic general contractor  
Small plumbing & heating contractors  
Domestic/light commercial electricians  
Facilities/maintainers  
Joiners  
Light commercial/domestic landscapers  
Decorators (domestic/light commercial)  
Bathroom fitters  
Kitchen fitters  
Specialist plasterers



# Maximizing our Opportunities



**The Network  
for Tradesmen**





## UK Trade for 2010

- Increased Trade Reach
  - 118 Trade Points
  - Smaller format B&Q Trade Point solutions trialled
  - 100 Physical Plumbfix & Electricfix Locations
- Increased Trade Cross Synergy Across UK
  - Trade UK Launch
  - Trade Credit Proposition
- Targeted trade ranging & pricing

# TRADE POINT

## Trade Building Supplies

# B&Q's Trade Challenge.....

Create a proposition tailored to the trade without compromising the core retail proposition

Enable greater range & brands for trade in an economic way, keeping some of the brands exclusive to trade

Disconnect the link between the shelf & the trade price, so we can optimise both to target customer segments

Use trade to drive better space productivity

# Target customer segments “Smaller Tradesman “ ...



- *General builders*
- *Kitchen / Bathroom Fitters*
- *Plumbers*
- *Electricians*
- *Joiners*
- *Decorators*
- *Landscapers*

Size of Business  
*0-10 employees*

# What do the Customers want ...

## Exclusivity

Must make them 'feel' special

## Products and brands they use everyday

Brand highly important to trade – proxy for quality / familiarity

Availability key – they must have confidence they will get product

## Pricing

Must be in line with market

Like visible pricing – Discounts keep changing, frustrated with merchants

Promotions to spice offer

## Convenience

Don't like to travel far from the job – need coverage

Hours – Need products early, late and at weekends

# TradePoint Designed for Target Customer ...



## TRADE BRANDS

*12,000 + products –  
available 7 days a week*

## TRADE PRICES

*Top Trade brands –  
Visible low trade prices*

## TRADE ONLY

*No retail –  
vetted trade only*

***Plus Convenience:***  
*location and open when the Trade need us*



# TradePoint builds on B&Q core strengths...



**TRADE BRANDS**

**TRADE PRICES**

**TRADE ONLY**

- *Convenience*
- *Easy to reach*
- *Scale*
- *Open 7 days / week*
- *7am to 9pm*

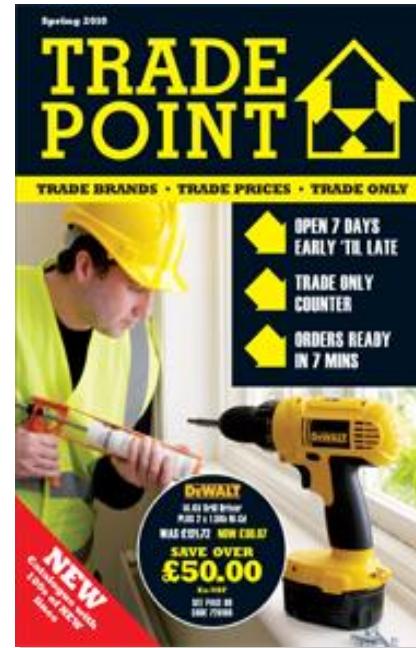
*Builders merchant  
shopping  
experience*



# TRADE BRANDS

- 12,000 products
- Everything trade customers need
- Trade quality - Trade brands
- Trade-friendly language and layout

KING SHER



- best ranges from B&Q heavy-side and showroom...
- mixed with Screwfix best trade products

*Many brands not available in B&Q today*



# TRADE PRICES

KING SHER

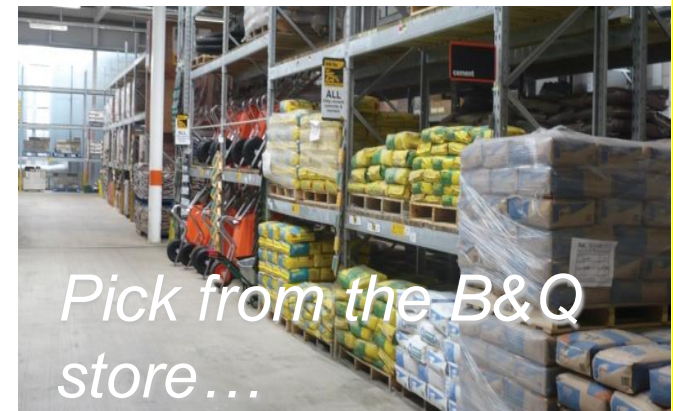


- **Transparent:** what you see is what you pay
- **Fixed:** easy to compare catalogue prices and cost jobs
- **Ex Vat** - Invoices and receipts will show both Inc and Ex Vat Price
- **Pricing** to compete with builders merchants

*Catalogue lines always cheaper than retail prices in B&Q*

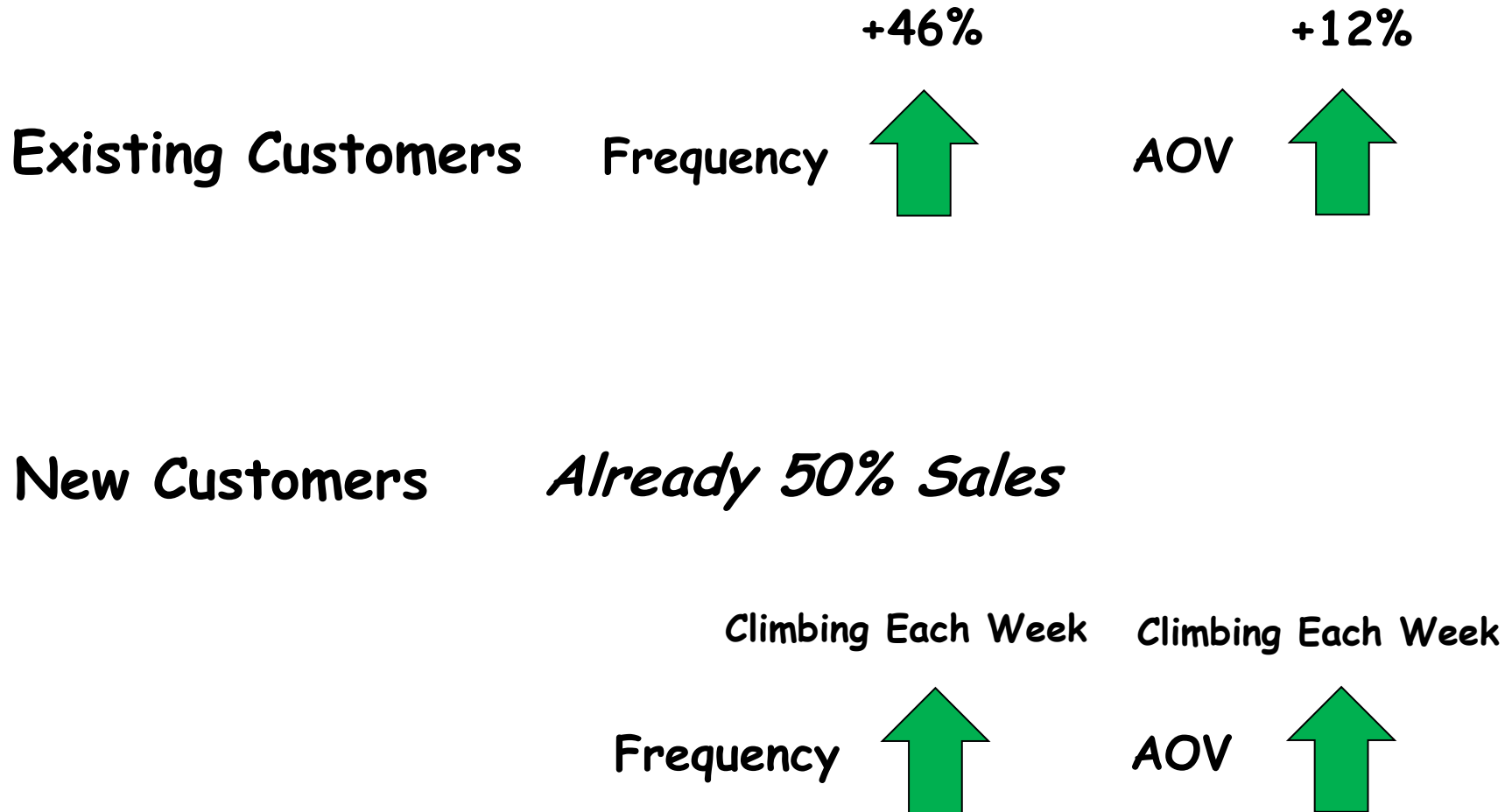
# TRADE ONLY

- Every customer has a TradePoint membership card and catalogue
- Dedicated TradePoint parking
- Full service trade counter & access to the B&Q store range
- Choose from catalogue.....order is picked **within 7 minutes**
- Shop other products from the B&Q store
- Pay in TradePoint at special Trade prices





# Impressive Trial Performance





# Rolling out at Pace...

*TradePoint counter  
rolled out to 118  
Warehouse stores by  
July 2010*



*Pricing will be available on  
all tills, and a small format  
TradePoint offer is being  
developed for future years*



# A dedicated Trade team



A dedicated manager and Trade team

Different uniform to differentiate the team from normal B&Q staff

A dedicated TradePoint academy to upskill teams to meet our trade promises

Fast and efficient service – open for every hour that the main B&Q shop is

# A simple Systems model...

The screenshot shows the 'Create customer' form in the B&Q TradePoint system. At the top, there's a red header with the B&Q logo and 'Create customer TradePoint'. Below this are three buttons: 'Continue' (green checkmark), 'Cancel & back' (red X), and 'Menu' (B&Q logo). The form is titled 'Customer type' with a 'Down' arrow. It has tabs for 'Retail', 'Trade', and 'Customer Group', with 'Trade' selected. The 'Customer Group' is set to 'TradePoint Customer', 'Customer Classification' is 'Other', and 'Price Group' is empty. The 'Name & address' section includes fields for 'Title' (dropdown), 'First name / Surname' (Smith), 'Company name', 'House name' (Chestnut House), 'House no./Street' (Chestnut Avenue), 'Locality' (Chandler's Ford), 'Town' (EASTLEIGH), 'County' (dropdown), 'Postcode' (SO53 3LE), and 'Country' (United Kingdom). There are also fields for 'TelNo. daytime', 'ext', 'Fax', 'TelNo. mobile', 'ext', and 'Email'.

Use of existing SAP systems to create cards & manage customer details

The screenshot shows the 'Order Entry' screen in the B&Q TradePoint system. At the top, there's a black header with the B&Q logo, 'TRADEPOINT Trade Building Supplies', and the time '9:35:31 AM'. Below this are tabs for 'Order Entry', 'Order Query', 'Order Status', 'Reports', and 'Bin Locations', with 'Order Entry' selected. The screen shows a 'Short / EAN Code' field with '5011274437' and a 'Quantity' field. There are 'Reset' and 'Add Item' buttons. Below this is a table with columns: Description, Short Code, EAN, B&Q Code, Unit Price Inc. VAT, Unit Price Ex. VAT, BTC Stock Qty, Total Stock Quantity, Can Order TC Next Day?, Order Quantity, Price Ex. VAT, VAT, Price Inc. VAT, and actions 'Select' and 'Delete'. The table contains one row for 'Retractable Bracket Black 320mm' with values: Short Code 796114, EAN 665628026933, B&Q Code 27978313, Unit Price Inc. VAT 5.96, Unit Price Ex. VAT 48, BTC Stock Qty -7, Total Stock Quantity No, Can Order TC Next Day? 2, Order Quantity 11.92, Price Ex. VAT 2.08, VAT 14.00, Price Inc. VAT 11.92, 2.08, 14.00. There are 'Clear' and 'Submit' buttons at the bottom.

Web based order/pick screens

Location management & back of house systems via existing RF systems

# Initial marketing driven by 3 clear aims ...

①

**Convert  
Trade  
Discount  
Card  
customers**

②

**Recruit new  
quality  
customers**

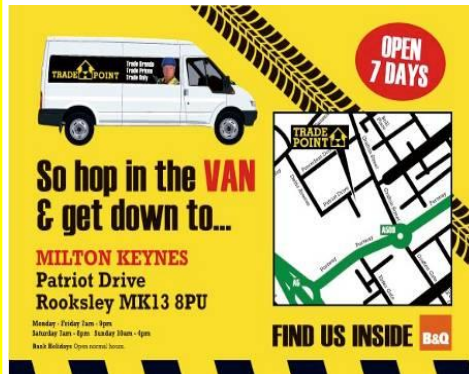
③

**Establish  
the  
TradePoint  
Brand**



# Direct Marketing

KING SHER



**So hop in the VAN & get down to...**

**MILTON KEYNES**  
Patriot Drive  
Rooksley MK13 8PU

Monday - Friday 9am - 5pm  
Saturday 9am - 4pm  
Sunday 10am - 4pm  
Bank Holidays Open normal hours

**OPEN 7 DAYS**

**FIND US INSIDE B&Q**



**TRADE BRANDS • TRADE PRICES • TRADE ONLY**

**The NEW place for ALL your BUILDING supplies**

Trade Point is the best of B&Q and your local trade merchant combined, with a great range, low net trade prices & discounts off stock ranges too! PLUS everything from Bricks & Cement to Power Tools & Workwear **ALL IN ONE PLACE!**

**TRADE COUNTER**  
Specialist advice, competitive prices, quality service. Always ready to help.

**FREE BEANIE WHEN YOU JOIN TODAY**

**WITH NEW PRICE CHANGES FULL AT LOW TRADE PRICES**

## Radio



## Outdoor



## SMS & E-mail



**Trade brands • Trade prices • Trade only**

**Get what you need in around 5 minutes at our Trade Counter...**

**NOW OPEN**  
inside B&Q Erdington  
Dunlop Way, B36 7RD

**TRADE POINT**  
Trade Building Supplies

## Local Press

# Q & A



# SCREWFIX<sup>®</sup>

# Screwfix: “Where the trade buys”



- Target customer is the small to medium sized tradesman
- Multi channel business with direct marketing heritage
- Sales £471m in 2009/10
- Over 180,000 customers a week
- c18,000 Products
- 149 Branches
- 60,000 orders per week to home and site
- 8m main catalogues per year



# Trade Counter Site

- Located in established trade or industrial estate or visible from a main arterial route
- 5000 – 10000 sq ft
- 11500 stocked lines
- 12 Average EFT
- Currently 149 branches



# Plumbfix: “Where the Plumber buys”



- Target customer is the smaller plumbing contractor
- c150,000 in the UK
- Targeting £3.5bn smaller plumbing & heating contractor market
- Less than 18 months old started as pure direct business
- Now c20,000 active customers
- 400 additional products



# ElectricFix: “Where the Electrician buys”



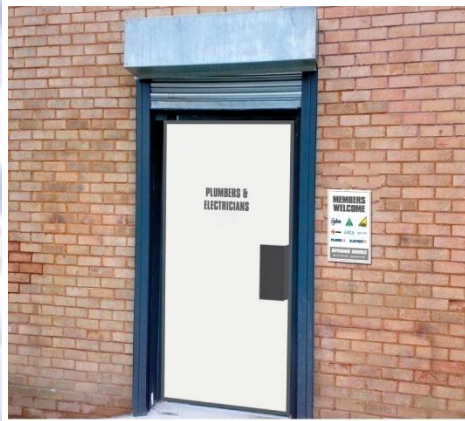
- Target customer is the small electrical contractor
- c250,000 in the UK
- Targeting £2.7bn domestic / light commercial electrical market
- Less than a year old, new start up as direct business
- Now c10,000 active customers
- 1,400 additional products



# Plumfix & Electricfix Counter Roll Out



- Combined counter target customer is the small plumbing or electrical contractor
- c450,000 in the UK
- All trials successful but this format seen as best balance for space utilisation, customer experience and flexibility
- 2010 roll out 100 to existing Screwfix sites
- £4m capital investment
- 2.2 year payback





# Q&A