



Retail Prices –
avoiding the race to the bottom.

Steve Collinge - Managing Director



Our Mission



'Delivering a competitive advantage through
Insight, Intelligence & Ideas
for the Home Improvement Industry'

Insight DIY Website


Insightdiy Intelligence and Insight for the DIY Industry

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Our mission at Insight DIY is to deliver the very latest, breaking news stories, market intelligence, data, insight and commentary on the UK Home Improvement and Gardening Industry.

UK DIY Breaking News



Ex B&Q boss accuses Kingfisher of arrogance
07 March 2016

Insightdiy
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- Covering all the very latest DIY Industry breaking news and latest developments in digital retail.

BBETA Your Voice in the Industry Trade Profile **B&Q**

TRADE PROFILE



Overview

B&Q is a leading UK DIY retailer, operating over 400 stores across the UK. The company is a subsidiary of Kingfisher PLC, a leading UK retail group. B&Q is a leading UK DIY retailer, operating over 400 stores across the UK. The company is a subsidiary of Kingfisher PLC, a leading UK retail group.

Key Personnel

Chairman	David White - Kingfisher Operations Director, Chairman and Chief Executive Officer	Managing Director	David White - Kingfisher Operations Director, Chairman and Chief Executive Officer
Chief Executive Officer	David White - Kingfisher Operations Director, Chairman and Chief Executive Officer	Managing Director	David White - Kingfisher Operations Director, Chairman and Chief Executive Officer
Chief Financial Officer	David White - Kingfisher Operations Director, Chairman and Chief Executive Officer	Managing Director	David White - Kingfisher Operations Director, Chairman and Chief Executive Officer

Contact Information

B&Q UK is a subsidiary of Kingfisher PLC, a leading UK retail group. B&Q is a leading UK DIY retailer, operating over 400 stores across the UK. The company is a subsidiary of Kingfisher PLC, a leading UK retail group.

BBETA Your Voice in the Industry Trade Profile **The Range**

TRADE PROFILE



Overview

The Range is a leading UK DIY retailer, operating over 400 stores across the UK. The company is a subsidiary of Kingfisher PLC, a leading UK retail group. The Range is a leading UK DIY retailer, operating over 400 stores across the UK. The company is a subsidiary of Kingfisher PLC, a leading UK retail group.

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Contact Information

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Our Compare Websites

Kitchen-compare.com

[Home](#)[Model Kitchens](#)[Choose my style](#)[Compare](#)[Installation](#)[Kitchen Ideas](#)[Promotions](#)[Kitchen Life](#)

Welcome to Kitchen-compare.com

We know choosing a new kitchen can be tricky and time consuming and so we've done the hard-work for you. We've brought together a carefully selected collection of kitchens from the largest UK retailers, grouped them into styles and provided prices based on the three most popular rooms.

- ✓ Save time and money in your search for a new kitchen
- ✓ Only website that holds the prices of all major retailers
- ✓ Compare kitchen prices and promotions across retailers
- ✓ Prices checked and updated daily
- ✓ Over 150 kitchens featured and growing
- ✓ Receive exclusive offers through our kitchens newsletter
- ✓ Compare kitchen quality and spec's across the retailers
- ✓ Compare services and guarantees offered by retailers
- ✓ Gain a better understanding of the design process
- ✓ Looking for inspiration - see our Kitchen Ideas section

Choose My Style



Gloss & Matt Slab

Elegant, sleek and streamlined with bold colours, clean lines and minimal fuss. Makes a bold statement with great functionality.



Painted Shaker

Understated and stylish with painted cabinets. A beautiful, timeless look for any home regardless of age.



Solid Wood & Effect

Enduring style and charm with natural wood finishes and elegant decorative touches. Perfect for creating kitchens with warmth and character.

Last updated on:
11th March 2016

Total Number of
Kitchen Styles 32

	Lowest Price on	23
	Lowest Price on	1
	Lowest Price on	2
John Lewis	Lowest Price on	1
Magnet	Lowest Price on	0
Wickes	Lowest Price on	5

Comparisons based on our Galley Model kitchen and updated daily

kitchenlife
Sign up for our regular
updates with latest

Bathroom
compare.com



Bedroom
-compare.com



Kitchen
compare
Trade.com

INDEPENDENT PRICE CHECK
Prices updated everyday

Contents



- The race to the bottom – a definition.
- The on-line sales picture in the UK.
- Why is price so critically important?
- Price or price perception?
- Are you in a race to the bottom?
- Retail differentiators – 2000 & 2016.
- How to avoid the race to the bottom.

The race to the bottom - A definition



“Vigorous competition between retailers of relatively undifferentiated products and services.

Price will tend to drop to just above the lowest prices (the bottom).

Higher cost providers will exit the market, leaving only the most efficient players to trade with the remaining retailers”.

The race to the bottom



'Race to the bottom' hits food sales figures amid supermarket price wars

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Sainsbury's sales plunge as prices race to the bottom

10 June 2015 | By Harry Cockburn

RETAIL

United Joins Airline Pricing Race To The Bottom

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Smartphone makers stuck in 'race to the bottom' on price

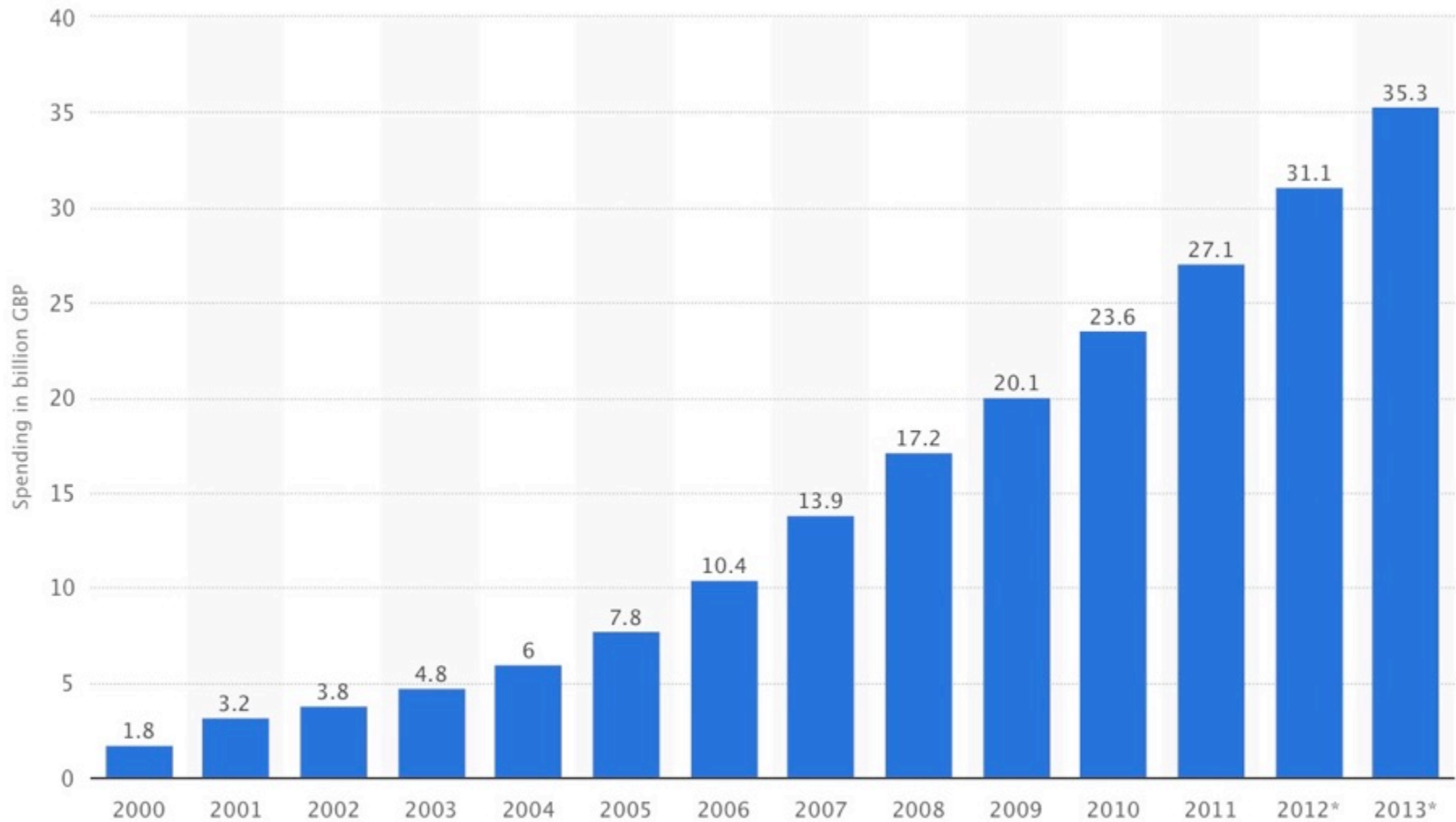
Smartphone revenues will be hard hit by the increasingly cutthroat nature of pricing over the next four years

UK Online sales

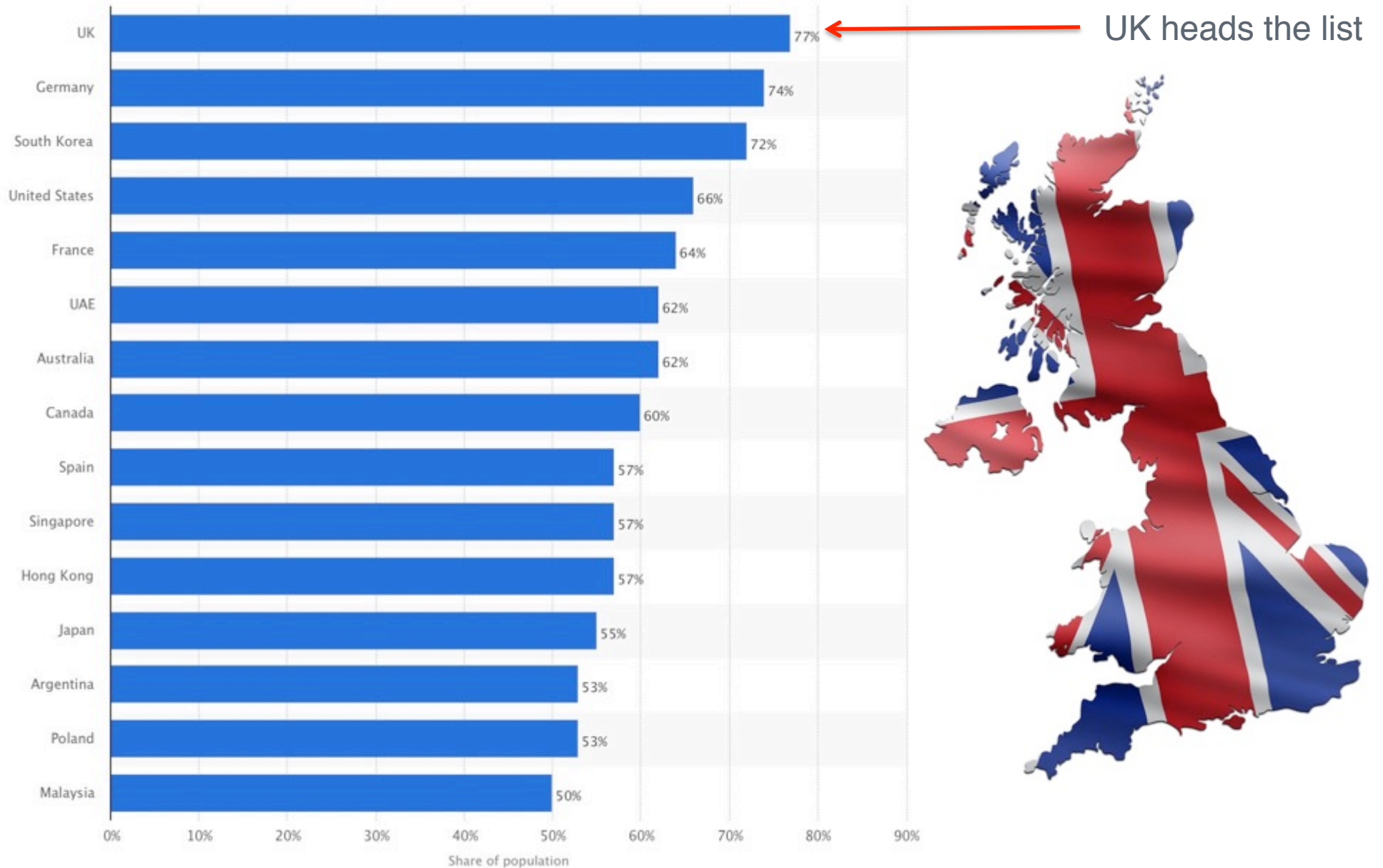
- Since 2000, 75% of retail sales growth has occurred through online channels.
- Online now accounts for 8% of total UK retail sales.
- If you remove fuel, groceries and cars, online now accounts for 16% of total online sales.
- The online channel is still growing at +15% per annum.



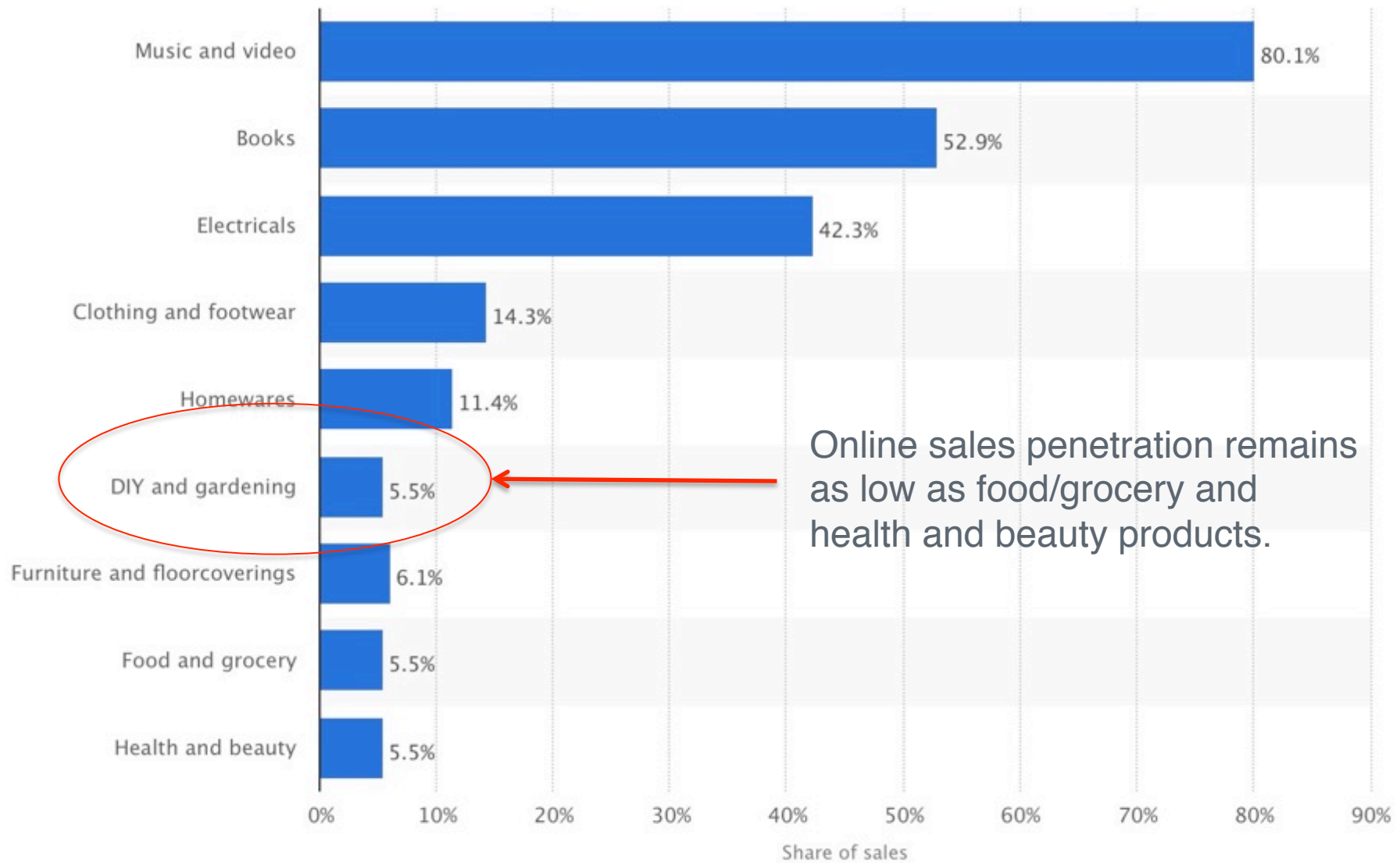
UK Online sales growth 2000-2013



Online sales penetration by country



Online sales penetration – DIY & Gardening



But why is pricing so important?



- Price is the dominant influencer in consumer purchasing decisions, many times more than brand loyalty, convenience, range or any other factor.
- With so many retailer options available to the consumer, price becomes the first & major differentiator.
- Establishing and maintaining the right price is now more crucial than ever, to drive footfall (store or online), engagement and ultimately purchase.

But is it price or price perception?

Is it really about
price, or perception
of price?



“Retailers that are acutely aware of price perception, and are able to control it, stand to win a disproportionate market share going forward, growing revenues faster, and capturing business away from less agile competitors”.

Price or price perception?

- Blindly matching prices across the board and offering price match guarantees is not the answer.
- Overly aggressive price matching fuels the race to the bottom and erodes retailer and supplier profitability.
- The key is entirely **perception**.



The Amazon pricing strategy



Amazon bases many of its price changes on the actions of competitors.

“Amazon aspires to be the fastest follower of the price leader”.

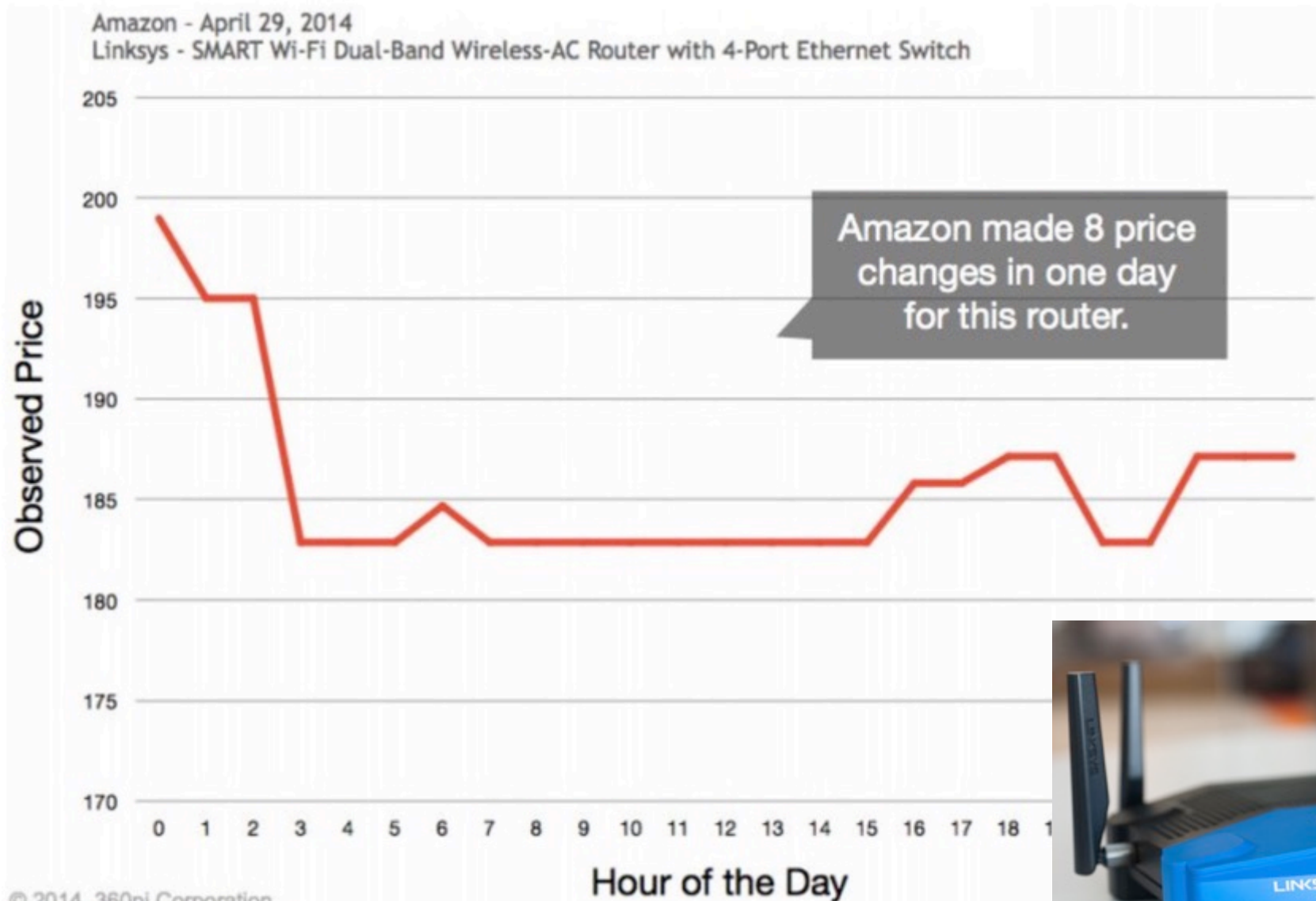
Amazon has been estimated to alter its prices more than 2.5million times a day. In comparison, retailers such as Best Buy and Wal-mart make roughly 50,000 price changes over the course of a month.

It is estimated that Amazon changes the prices of 15% to 20% of its inventory daily.

Available at
amazon

The Amazon logo, featuring the word "amazon" in a bold, lowercase sans-serif font, with a curved orange arrow underneath it pointing from the 'a' to the 'z'.

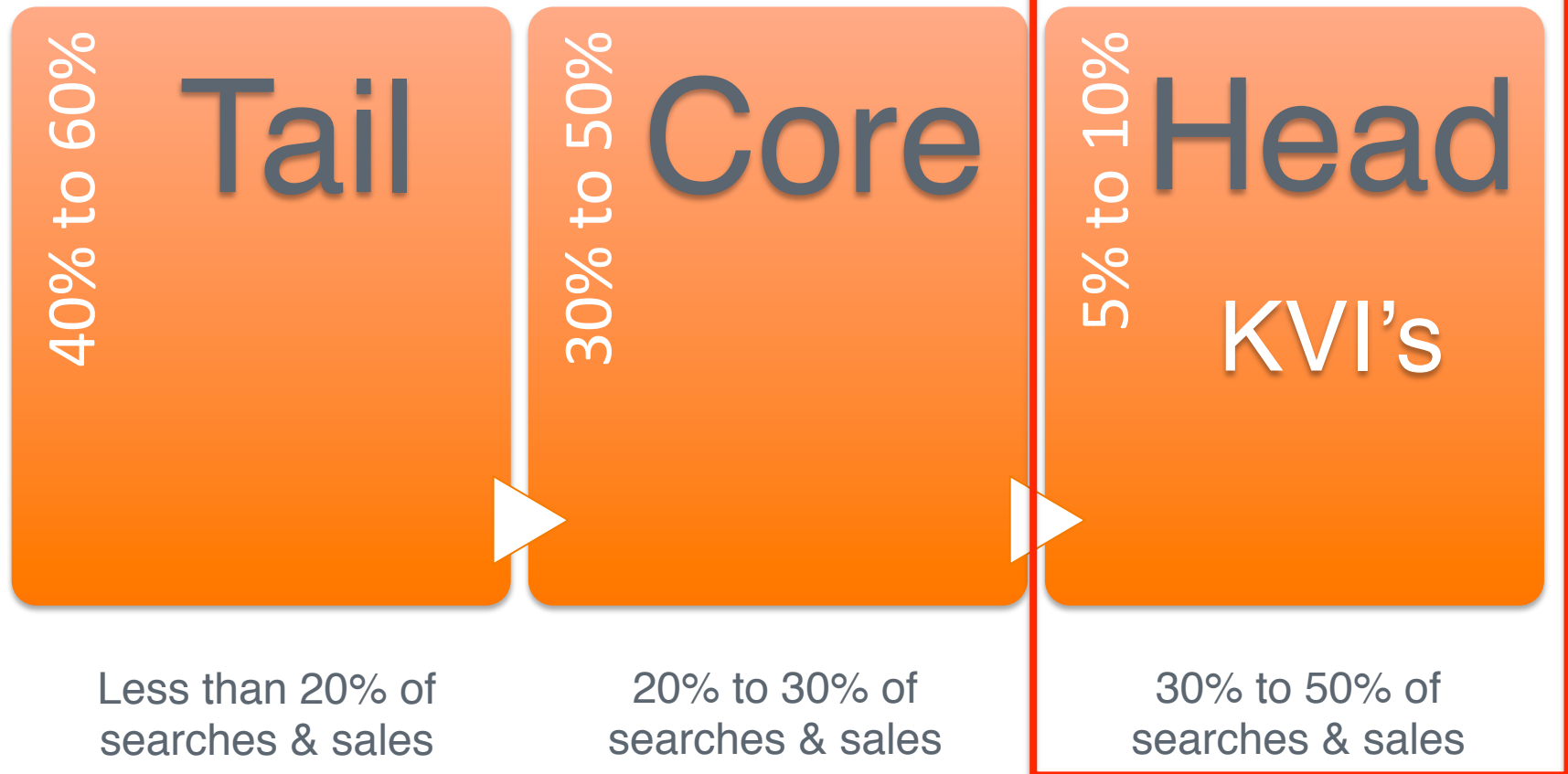
Amazon price change frequency



A 'Perception' pricing strategy



Key focus of all price driven activity



Let's look closer to home

But is this really
happening within our
industry?

TRITON

**Triton Collections White Electric
Shower 8.5kW**

Product code: 5012663017870

ONLINE
EXCLUSIVE



Triton Collection 8.5kw & 9.5kw Electric Shower



Retailer	White Gloss	White Gloss	Black Gloss	Black Gloss	Brushed Steel	Brushed Steel	Riviera Sand	Riveria Sand
	8.5kw	9.5kw	8.5kw	9.5kw	8.5kw	9.5kw	8.5kw	9.5kw
Amazon	£133.36	£142.35	£140.37	£163.99	£159.64	£109.92	£129.99	£129.99
Argos	£160.99	£167.99	£153.99	£160.99	£160.99	£167.99	-	-
B&Q	£243.00	£263.00	£243.00	£263.00	£243.00	£158.00	£243.00	£263.00
Bath Empire	£174.99	£184.99	£174.99	£184.99	£174.99	£184.99	£159.99	£164.99
Plumbworld	£127.18	£129.95	£119.95	£129.95	£118.75	£126.97	£147.59	£154.96
Screwfix	£189.99	£199.99	£189.99	£199.99	£189.99	£199.99	£189.99	£199.99
Showers to you	£132.00	£134.99	£129.00	£134.99	£137.00	£134.99	£158.00	£169.00
Tesco.com	£228.00	£229.00	£228.00	£198.49	£208.00	£239.00	£221.00	£229.00
Victorian Plumbing	£129.95	£129.95	£119.95	£129.95	£119.95	£129.95	£149.95	£154.95
Wayfair	-	-	£130.99	£130.99	£178.99	£166.99	-	-
Wickes	£239.99	£249.95	£239.99	£249.95	£239.99	£249.95	£239.99	£249.95

Triton Collection 8.5kw & 9.5kw Electric Shower



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Argos	£160.99	£167.99	£153.99	£160.99	£160.99	£167.99	-	-
B&Q	£243.00	£263.00	£243.00	£263.00	£243.00	£158.00	£243.00	£263.00
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Signs that you're in a 'Race to the bottom'



- 1) Regular demands for price reductions or incremental support with no discussion of joint cost management strategies.
- 2) Constant reminders that “we can get this cheaper elsewhere”.
- 3) Repeated challenges relating to other retailers prices.
- 4) Ongoing transfer of risk from buyers to suppliers.
- 5) Repeated changing of suppliers and buyers.

Retail Differentiators – Year 2000

Product



Price



Range



Promotion



Location



Service



Retail Differentiators – Year 2016

Product



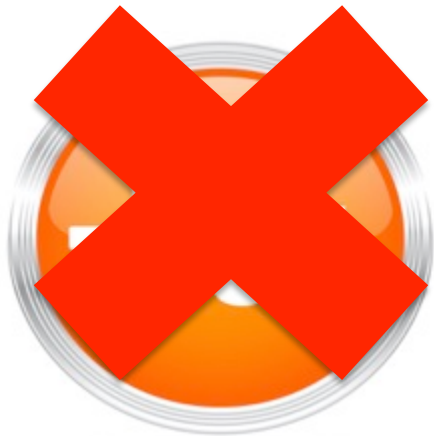
Price



Range



Promotion



Location



Service



So what options do retailers have?

Deliver real convenience &
true value

Use big data to personalise
the shopping experience

Target the 55+ age group

Adopt and experiment with
in-store technology

Focus on perception pricing
not lower pricing

Rigorously challenge
resource allocation

And what can suppliers do?



Be aware of market prices at all times, identify the profit opportunities

Use your own data to better understand consumers and end users

Be aware of the needs and aspirations of the 55+ age group

Offer brilliant service across all aspects of your business

Exclusivity and consistent product, point of sale and service innovation is critical

If and when you can, build a direct channel

Avoiding the race to the bottom



- Copy of the presentation available, just email me at the following address:-

Steve@irg.co.uk

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Delivering the very latest, breaking news, market intelligence, jobs, data, insight and commentary on the UK and global Home Improvement Industry.

Website

<http://www.insightdiy.co.uk>

Industry

Retail



Insightdiy

Intelligence and Insight for the DIY Industry

Intelligence

Insight

Ideas

Thank you

