

European DIY Retail Association (EDRA)

Global Home Improvement Network (GHIN)



Home
Improvement
Retailing Post
Covid-19

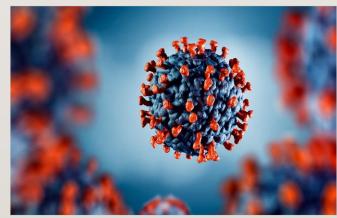
John W. Herbert General Secretary - EDRA/GHIN

Home Improvement Retailing Post Covid-19











EDRA/GHIN brings together the world of home improvement.



Our membership includes 216 home centre companies operating over 33,000 stores in 75 countries. Generating over 1.6 million jobs and serving millions of customers around the world every day.



EDRA/GHIN's Mission is to Improve the Quality of Home Improvement Retailing Globally.

Our belief is that everybody has the right to a comfortable and secure home.





Today





Association Members

Direct Members



International Journeys

Total Trips – 437

Destination	Trips
United Kingdom	74
France	44
Belgium	42
Holland	26
Italy	26
Spain	23
Russia	23
USA	17
Ireland	17
Switzerland	13
Sweden	8

Destination	Trips	Destination	Trips	Destination	Trips
Egypt	6	Dubai	3	Bosnia & Herz.	2
Chile	6	Japan	3	Saudi Arabia	1
Ukraine	6	Bulgaria	3	Philippines	1
China	6	Estonia	3	Kazakhstan	1
Argentina	5	Greece	3	Morocco	1
Finland	5	Norway	3	Taiwan	1
Poland	5	Thailand	3	New Zealand	1
Turkey	5	Croatia	2	Iran	1
Austria	5	Iceland	2	Indonesia	1
Denmark	5	Slovenia	2	Lithuania	1
Malta	4	Romania	2	Vietnam	1
South Africa	4	Portugal	2	Uzbekistan	1
Australia	3	Brazil	2	Luxembourg	1
India	3	Peru	2	Albania	1
Canada	3	Israel	2	Czech Republic	1



Last year the global DIY Market saw sales of 702 Billion Euros

Global DIY Market Evolution



Global DIY Market Sizes

#1 North America 425 €Bn

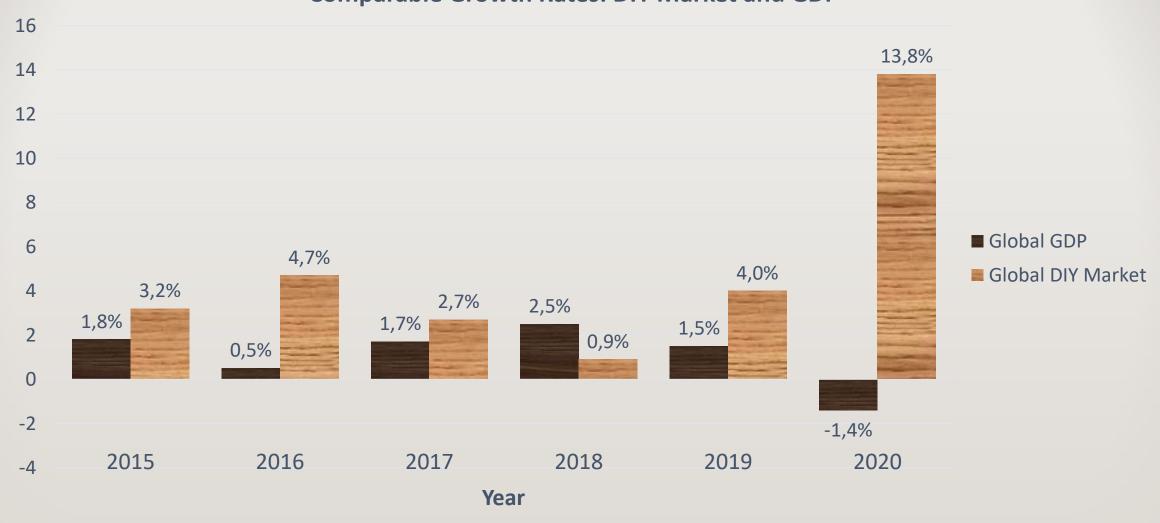
> #5 Latin America 10 €Bn

#2 Europe 189 €Bn

#4
Africa/Middle
East
12 €Bn

#3 Asia/Pacific 66 €Bn

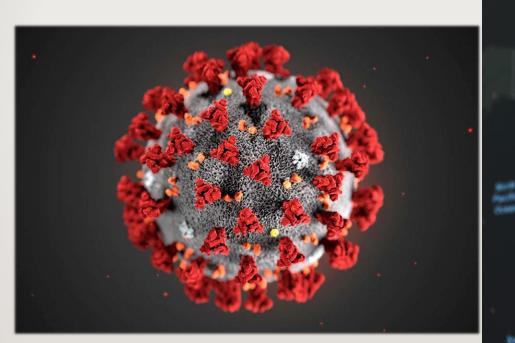
Comparable Growth Rates: DIY Market and GDP



Top 10 DIY Groups Worldwide



The Impact of the Global Pandemic...







Our actions were fourfold:

- 1. Pushing for the reopening of DIY stores under certain conditions on the grounds that we are "essential retail".
- 2. Informing the members about the global status of DIY stores.
- 3. Reiterating the importance of DIY for health.
- 4. Sharing recommendations ensuring health and safety in DIY stores.

EDRA/GHIN Activities during the

pandemic

Status of European DIY

Stores

30th March 2020

Status of DIY Stores during Covid-19 first wave

Austria Stores were close
Belgium Stores were close
Bulgaria Stores were open

Country

Croatia Majority of stores open, some closed

Cyprus Stores were close

Czech Republic Stores were open only for trade customers

Denmark Stores were open Estonia Stores were open Finland Stores were open

France Stores were closed but legally allowed to open

Germany Almost all stores were open

Greece Stores were closed
Hungary Stores were open
Iceland Stores were open
Ireland Stores were closed

Italy
Latvia
Stores were open
Lithuania
Stores were open
Stores were closed

Luxembourg Stores were closed - exceptions made for business customers and emergency situations

Malta Stores were open **Netherlands** Stores were open Norway Stores were open Poland Stores were open **Portugal** Stores were open Romania Stores were open Slovakia Slovenia Spain Sweden Stores were open Switzerland Ukraine Stores were open

United Kingdom Stores were closed but legally allowed to open



Key

TELLOW

CLEAR No Restrictions

Some Restrictions

Pushing for the reopening of DIY stores under certain conditions on the grounds that we are "essential retail"

EDRA/GHIN Press Release





Covid-19 -The Essential Role of Home Improvement Stores

We at the European DIY Retail Association (EDRA) and Global Home Improvement Network (GHIN) have been taken aback at the accelerating pace of the Covid-19 virus. It has taken 67 days from the first reported case of the virus to reach 100,000 cases globally, 11 days for the second 100,000, and only 4 days for the third 100,000. The world is facing, without question, one of the biggest challenges in our lifetime.

EDRA/GHIN unequivocally supports the numerous lock-downs that are taking place almost all over the world. The closing of public amenities and the increasing policies of social distancing are slowing the pace of Covid-19. EDRA/GHIN also believes it is right to temporarily close all stores with the exception of food stores, pharmacists, banks and other services deemed essential.

We passionately believe that home improvement stores should also be classified as essential retail. Our members' stores sell essential items such as electric, heating and plumbing equipment that customers require access to. Moreover, many home improvement stores also sell products that are currently in high demand (bleach, cleaning products/disinfectants, face masks etc...). Finally, as Governments are increasingly appealing to the global population to stay at home, it is even more important that these homes are functional and present a safe and secure living environment.

EuroCommerce, the voice of European Retailing in Brussels, appealed in their <u>press release</u> only last week on the 18th of March, to the EU Governments to consider keeping DIY stores open - albeit with some restrictions. Some Governments have installed restrictive measures to tackle Covid-19 and yet recognised the DIY sector as an essential retailer that should remain open.

Speaking today, EDRA/GHIN General Secretary John W. Herbert stated:

"Our absolute top priority is to protect the health and safety of both our customers and our employees and we are sure that if we install relevant restriction measures, for example reducing the number of customers in stores at any one time and ensuring social distancing is well observed, this will help to protect customers and employees' personal safety and give the customers the opportunity to maintain their homes."

Finally, EDRA/GHIN would like to ask the European Commission to suspend implementing new EU rules that are not directly related to the pandemic. Many companies are already feeling pressure from all sides. Adding new obligations, as a result of the Covid-19 outbreak, may hinder their capacity to tackle this evolving crisis.

ENDS

Contact:

John W. Herbert - + 49 172 993 971 - herbert@edra-ghin.org
Julien Bouyeron - +32 492 78 10 62 - bouyeron@edra-ghin.org

EDRA/GHIN is the voice for the home improvement industry globally. Today EDRA/GHIN represents 214 home improvement companies operating over 32,000 stores in 74 countries.





Press release

Coronavirus: Non-food retailers face major crisis

Speaking today, EuroCommerce Director-General called for non-food retailers to be added to the EU list of hardest-hit sectors:

"We fully support national governments' decisions to take urgent measures to protect all Europe's citizens as far as possible from the spread of COVID-19. Rightly so, the facus hitherto has been to protect health and ensure access to food and other daily essentials. But we need to start looking at the economic fallout of the nandemic na well"

In anticipating the economic consequences of the pandemic, the European Commission has produced helpful guidance and proposed measures – in their communication last week (COM (2020) 112) on the response to COVID-19 – to help the EU economy overcome the substantial disruption and damage. The communication was, however, written before a large number of member states imposed severe restrictions on the opening of shops selling non-food items, and therefore did not include it in those sectors it identified as beine hard hit.

Shops selling clothes, furniture, electronics, cosmetics, home improvement or many other items are in many member states already losing half of their daily turnover. If, as is now planned or implemented in some countries, these shops are obliged to close completely, we expect a massive wave of bankruptcies, job losses, and disappearance of shops from town and village centres. This is a pattern across all European countries who have taken the necessary strict measures.

"The Commission has identified a number of sectors as worst-hit by the pandemic. However, it drew up this list before a large number of countries decided to close other shops fully. Non-food retailers, already facing major challenges from online competition, now face a major crisis, and many, particularly but not only, SMEs risk never opening again. In Germany alone, non-food retailers are reporting losses of more than £1bn a day. Extrapolated to the whole EU and the days since national restrictions have been imposed, the loss is in many hillions of £

We therefore ask that non-food retailers are included in any EU and national initiatives aimed at helping them over this difficult period. These financial stimulus measures, whether at EU or national level, are essential to maintaining a healthy EU economy during and after the crisis.

We also ask the Commission and member states to consider the impact of implementing new EU or national legislation that is not related to the pandemic. At a time when all company resources have to focus on dealing with the coronavirus epidemic and put in places new emergency measures every day, a delay in the application of other new legislation would be helpful.

We are also asking governments that have mandated the full and continuous closure of some of types of nonfood retailers, such as those selling petfood or DIY material, to consider opening those stores, albeit with some restrictions. For some families, these and other non-food retailers sell essential goods as well." Verschueren continued.

Finally, we hear reports of retail property owners demanding that closed stores keep strictly to their rent payment deadlines, whilst others seem to be more helpful and understanding towards retail tenants. We are asking that the commercial property industry shares the burden of rental costs carried by retail companies whose shops have to remain closed.

Contact:

Neil McMillan - +32 2 737 05 99 - mcmillan@eurocommerce.eu Vincent Yhuello - +32 2 738 06 48 - yhuello@eurocommerce.eu

www.eurocommerce.e

EuroCommerce is the principal European organisation representing the retail and wholesale sector. It embraces national associations in 31 countries and 5.4 million companies, both leading global players such as Carefour, likeo, Metro and Tesco, and many small businesses. Retail and wholesale provide a link between producers and 500 million European, ammers over a billion times a day. It generates 1 in 7 jobs, providing a varied career for 29 million European, among of them young people. It also supports millions of further jobs throughout the supply chain, from small local suppliers to international businesses. EuroCommerce is the recognised European scale loat their for the retail and wholesale sector.



Shops selling clothes, furniture, electronics, cosmetics, home improvement or many other items are in many member states already losing half of their daily turnover. If, as is now planned or implemented in some countries, these shops are obliged to close completely, we expect a massive wave of bankruptcies, job losses, and disappearance of shops from town and village centres. This is a pattern across all European countries who have taken the necessary strict measures.

We therefore ask that non-food retailers are included in any EU and national initiatives aimed at helping them over this difficult period. These financial stimulus measures, whether at EU or national level, are essential to maintaining a healthy EU economy during and after the crisis.

We are also asking governments that have mandated the full and continuous closure of some of types of non-food retailers, such as those selling petfood or DIY material, to consider opening those stores, albeit with some restrictions. For some families, these and other non-food retailers sell essential goods as well." Verschueren continued.

EDRA/GHIN Manifesto -Rediscovering Your Home In A **Pandemic**

The manifesto was drafted to highlight the importance of the home, especially during lockdown.

Translated and published in 9 languages.

The Manifesto had a positive resonance with our members as well as international specialise journals.



ghin

June 2020



REDISCOVERING YOUR HOME IN A PANDEMIC

What is DIY? Is it about fixing your roof, painting your bedroom or mowing the lawn? On the surface at least. It helps you perform very concrete actions that are necessary for the upkeep and safety of your home. After all, the DIY industry is sometimes called "the pharmacy of the home".

But it is not just about that. It cannot be. Our fast pace of life has arguably made us lose sight of the much greater purpose it serves: helping you improve, create and love your home.

Home improvement appears to be an innate activity for mankind. Evidence for this can be found in the fact that it is rooted throughout human history: going as far back as Prehistorical times, even cavemen felt the need to take care of their "homes".



First home improvement project in the history of humanity?

But why is it so essential to us?

Ever heard of Maslow's Hierarchy of Needs2? It is a psychological theory that establishes a hierarchy of people's needs, ranging from physiological needs like food and water to more psychological needs like self-esteem. Maslow argues that needs lower down in the hierarchy must be satisfied before individuals can attend to needs higher up. Taking a closer look, you will realize how omnipresent and essential a home is to fulfil these needs (see right).



Country Status of DIY Stores during Covid-19 first wave

Austria Stores were open
Belgium Stores were open
Bulgaria Stores were open

Croatia Majority of stores open, some closed

Cyprus Stores were closed

Czech Republic Stores were open only for trade customers – Garden Centres for all customers

Denmark Stores were open

Estonia Stores are closed until the end of April

Finland Stores were open France Stores were open

Germany Stores were open only for trade customers – Garden Centres for all customers

Greece Stores were open Hungary Stores were open Iceland Stores were open

Status of European DIY

Stores

30th March 2021

Ireland Stores were open Italy Stores were open

Latvia Stores were open
Lithuania Stores were open

Luxembourg Stores were open
Malta Stores were open
Netherlands Stores were open
Norway Stores were open

Poland Stores were closed – until April 25th – Garden centres open for all customers

Portugal Stores were open Romania Stores were open

Slovakia Stores were open only for trade customers – Garden Centres for all customers

Slovenia Stores were open

Spain Stores were open - with a commercial area of 800m2

Sweden Stores were open
Switzerland Stores were open
Ukraine Stores were open
United Kingdom Stores were open



Stores were closed Some Restrictions No Restrictions

Key

TELLOW

CLEAR

DIY Stores were exemplary in their response and measures put in place











Help us to help you - socially distanced shopping at B&Q

Planning a visit? We'd love to see you, but when visiting a store please remember:

- Social distancing measures. We're committed to providing the best possible service to support your home improvement needs, while keeping you and our colleagues safe. In the best interests of safety for you and our colleagues we will continue to follow two metre social distancing measures within our stores and in queues outside of our stores.
- We are quieter in the morning and late afternoon. If you want less queuing (who doesn't), try coming in a little earlier in the day or later in the afternoon. Don't forget we are now open until 8pm Monday - Saturday and until 4pm on Sunday.
- Groups in store. A maximum of four people from a household can shop together in store, children under 16 supervised by a parent or guardian are also permitted as part of these groups.
- Have your shopping list ready. At the entrance, our helpful colleagues will ask you what you
 need and direct you to where your required items are within the store.
- Be respectful of colleagues and other shoppers. We have two metre floor markers throughout the store. Let's all give each other space.
- Our preference is for card or contactless payment. This is to keep handling of materials to a minimum in order to reduce the opportunity for virus transmission through contact, however we do offer customers the flexibility to pay with cash should they need to.
- Face covering Our store colleagues in England will be wearing a face covering at all times.
 It's now mandatory for customers to wear a face covering while shopping in Scotland, Wales and England. So we're selling face masks in all our stores across the country to help you stay safe.



Home Improvement Retailing Post Covid-19



The consumer has rediscovered the importance of their homes.

Expect sales of home improvement to increase in the future.



<u>Source</u>

Analysis

DIY Boom Continues to Drive Demand for Home Improvement Stores

Many people plan to carry their home improvement projects passed the pandemic, and the trend will keep home improvement retailers in the essential retail category.

<u>Source</u>

US home improvement marketplace Porch.com has suggested that the amount of money Americans spent on home improvement over the course of 2020 was the highest in history. A survey by the firm found that 76% of homeowners in the United States had carried out at least one home improvement project since the start of the pandemic.

Source

The stores of the future

need to offer an experience and services

A showroom



A fulfilment centre



As well as a classroom



Store in Store concepts



B&Q Sheffield Drakehouse (Located inside Asda)

Open today (8am - 8pm)

B&Q Dagenham (Located inside Asda)

Open today (8am - 9pm)

B&Q have stores in Dagenham and Sheffield both located inside a supermarket.





We're excited to announce that we've partnered with one of Britain's best-loved retailers, Next! We've opened six Homebase garden centres in Next stores in Shoreham, Ipswich, Warrington, Camberley, Bristol and Sheffield. It means customers can now combine shopping for quality clothing and homeware from Next with a variety of our plants, pots and garden tools. It's all part of our wider commitment to make shopping with us even easier. A huge well done to everyone who was involved in making this happen



Homebase announced a partnership with Next and opened six Homebase garden centres in Next stores

As well as "citycentre" store concepts





GoodHome stores by

B&Q



And Let's Do It City Store in a mall Vienna

The CREATE! by OBI store is located in the heart of Cologne

Innovations in response to Covid-19





1. Order online and choose Click & Collect at Checkout.



2. When your order is ready we'll let you know.



3. When you arrive at the store, call us when you're parked and ready.



4. A team member will deliver the product directly into your boot.

We care about your safety. To help you shop safely furing this time we are introducing a contact free click & collect.





Drive & Collect

How does Drive & Collect work?





Purchase products online using our Click & Collect service.





As this is a contactless service, customers can only collect their order once it is ready and they have booked a pick-up time for collection. We encourage Drive & Collect customers to arrive at the scheduled time of collection and not earlier to support physical distancing and avoid any crowding in our car parks.





On arrival, please park in the designated Drive & Collect bays and have your order confirmation ready to contact the store. A team member will bring your order and place it into the boot of your car without you getting

Contactless Click & Collect



Online Deliveries

By 2025, ecommerce will make up 28% of market share in DIY and home improvement, up from 21% in 2020 in the US, with similar growth expected in Europe, but in the UK by 2025, we expect ecommerce will account for almost 50% of market share in the category, growing market share by 10% in five years.

Source

Home Office is here to stay

Alara Modular Room Divider

The Alara room divider range allows you to create an easy to install, completely customisable room divider. Alara allows you to make better use of your home's space without the difficulty, cost, or disruption of building a permanent wall.

- · Easy push fit connections
- Strong, secure and safe
- · Suitable for different ceiling heights
- · Paintable panels to match any room
- · Windows, shelving and cork pinboard options

Home working here to stay, study of businesses suggests

Source: BBC





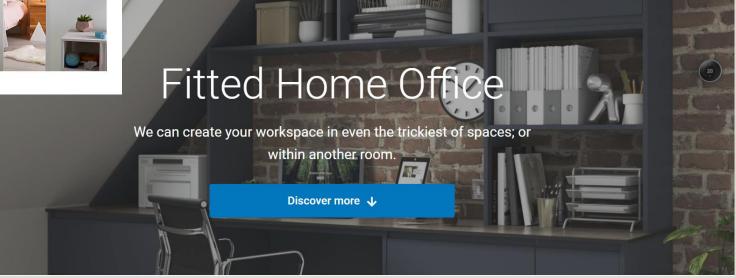


Half height divider

Enclosed room

B&Q's Alara room divider range

Wickes's New Fitted home office brochure



Increase in Millennials taking up home improvement



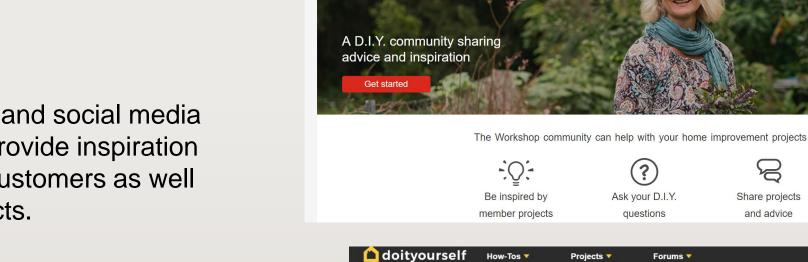


<u>Source</u>

Source

Influence of the Online and Social Media

Online communities and social media channels can help provide inspiration and assistance for customers as well as reviews of products.



Search for D.I.Y. discussion and home improvement advice

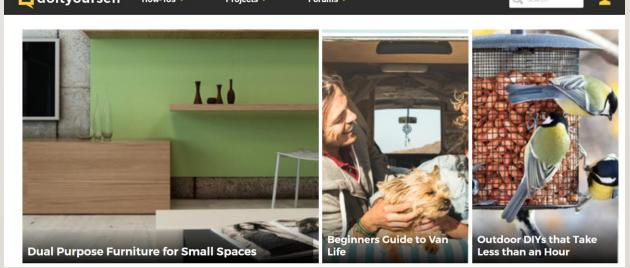




34,486 Followers • 158 Following • www.obi.de

Wermelskirchen, Germany

Entdecke smarte DIY-Ideen und kreative Anregungen für Heim, Garten und besondere Anlässe. Starte jetzt dein eigenes Projekt mit OBI: obi.de/es-ist-zeit-fuer/



Start a discussion

Sign in

Sustainability: "One World"

Shin ship is a second of the s

Companies that do not take social and environmental responsibility seriously will not succeed in tomorrow's market-place.

On these issues a company must communicate exactly what it is doing for the community.

There is a growth in the second-end user market in which broken products are being repaired by the retailer and re-sold.

There is a desire from the retailers as well as legislation from Government pushing sustainability.



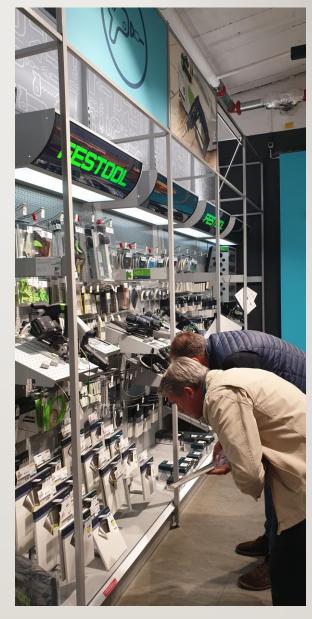
Move to better quality tools and renting

Customers are expecting to have access to professional level quality tools. There is also a increase in the sharing economy, with customers renting tools from retailers.



Right: A Festool stand in a DIY store in Germany. Festool offer top quality tools that are durable.

Left: A Bosch Blue stand in a DIY Store in Germany, offering professional level tools to all customers.



Lumber sales in the DIY Trade

In Germany lumber saw sales of approximately 1.5 Billion Euros in 2020

This is 5.7% of total sales in the home improvement sector.

Sales were up 16.5 % in 2020 compared to 2019. A small decrease is expected for 2021 taking into consideration the huge boom in sales seen overall in 2020

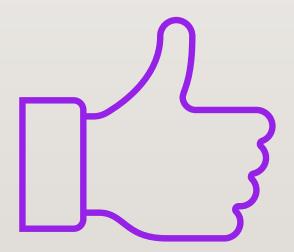


From a US perspective, there is expected to be continued demand growth long-term, driven mainly by new house construction and solid consumption of wood products in the repair and remodeling sector.

How does the future look for home improvement retailing?

- 1. Demand for home improvement products will be higher as people have rediscovered their homes.
- 2. The big box store of the future will have four functions:
 - The same as today for the purchase of products
 - As a showroom with inspirational displays
 - As a fulfilment centre or the online business/Click & Collect
 - As a classroom
- 3. We anticipate only very few new big box store openings in the future, but will see a surge in smaller store formats.
- 4. We expect online business to continue to expand a broad brush estimate today is that online home improvement sales are about 10-12% of total sales, predicted to increase to at least 30% in the next 5-8 years.
- 5. Well-known retail brands in the home improvement business will continue to gain market share of the online business.
- 6. Click & Collect/Curbside Collection/Drive & Collect channels for online sales to increase considerably.
- 7. The awareness and desire to reduce carbon footprints will become much stronger.

Taking everything into account EDRA/GHIN are most optimistic about the future of the Home Improvement industry





John W. Herbert General Secretary EDRA/GHIN

Contact herbert@edra-ghin.org



Thank you