DIY RETAILING – GERMANY – 2022

DIY retail sales declined in 2021, but the sector is well placed to grow slightly thanks to a focus on interconnected retail and energy-efficient products in 2022.

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DIY Retailing - Germany - 2022

This report looks at the following areas:

- The German DIY retailing landscape and the split between specialists and non-specialists
- The legacy of the COVID-19 pandemic on the sector
- The ongoing impact of inflation and rising living costs on the sector
- Types of home improvement projects that have been undertaken in the last 12 months
- The surge in popularity of online retailing and the importance of performing at an omnichannel level
- The importance for retailers of imparting DIY know-how and knowledge to consumers
- Key consumer interests and trends in DIY retailing, such as product rental, second-hand DIY products and rapid DIY delivery services

> DIY retail sales declined in 2021, but the sector is well placed to grow slightly thanks to a focus on interconnected retail and energy-efficient products in 2022.

Overview

With 28% of German consumers professing interest in **rapid home delivery services** when thinking about future DIY/home improvement projects, there are **valuable opportunities for DIY retailers to capitalise on this interest by expanding or tapping into on-demand services**. Being particularly popular among younger shoppers, retailers can consider partnering with 'q-commerce' companies to connect with them.

The sector will be impacted by rising inflation levels and skyrocketing prices for commodities, such as fuel and food. With 42% of German consumers concerned about their financial situation over the next year or so, spending across non-discretionary categories is likely to be reduced and larger home improvement/DIY projects are likely to be delayed.

Supply chain issues will continue to challenge DIY retailers where meeting product demand is concerned; as the conflict in the Ukraine continues, supply chains are likely to buckle further under pressure caused by a shortage of raw materials, labour and rising inflation.

Thus, DIY retailers have excellent opportunities to deepen their engagement with customers through **education**. They should focus on imparting product and project knowledge – through a mix of live and virtual events, workshops and educational content on their websites or apps.

Report Content

EXECUTIVE SUMMARY

Key issues covered in this Report

- Overview
- The five year outlook for the DIY retailing market

Market context

- Rising inflation rates are causing serious concern for German consumers
- Germany's ageing population will have a significant impact on the DIY retailing sector
- The online channel will continue to grow in value and significance
- High inflation causes changes in consumption behaviour

Mintel predicts

- Market size & forecast
- DIY specialists´sales declined in 2021
- Modest growth is expected over the next five-year period

Opportunities

- An omnichannel approach is key to unlocking opportunities in DIY retail
- Capitalise on the popularity of rapid product delivery among younger shoppers
- Recognise the educational needs of DIYers
- Focus on products that are energy efficient
- Meet consumer demand for more sustainable solutions to DIY shopping

The competitive landscape

- The specialist DIY retail market is dominated by a number of key players

  - Graph 1: estimated retailer share of the specialist DIY retail market*, 2021
- One third of the specialist DIY retail market remains fragmented
- Quick download resources

MARKET DRIVERS

German economy

- Strong post-COVID-19 bounceback followed by a period of slower growth

  - Graph 2: key economic data, in real terms, 2019-23
- Economic slowdown fueled by conflict in Ukraine
- Inflation is the key concern in 2022 for consumers, brands and the economy...

- ...impacting financial wellbeing and consumer expenditure
- Financial confidence declined after April 2022
  - Graph 3: financial confidence over the next year or so, 2022
- Both essential and discretionary categories are taking a hit...
- ...as consumers change their spending behaviours in an effort to combat rising living costs
- One in five planning to spend on the home in the next three months
  - Graph 4: past and future consumer spending on the home, 2022

eCommerce

- The online channel is booming
  - Graph 5: important factors when shopping online*, 2022

Population demographics

- Germany's population is ageing steadily...
  - Graph 6: population development* aged 65 and over, actual and moderate, 1990-2060
- ...and will have a significant impact on the DIY retailing market

Housing

- Germans still prefer to rent...
  - Graph 7: home ownership as a definition of financial success*, by country, 2022
- ...and are as important to DIY retailers as home owners are

MARKET ACTIVITY

Sector size and market forecast

- Sales at DIY specialists declined in 2021
  - Graph 8: retail value sales (€bn, excluding VAT) at DIY specialists*, 2015-21
- Sales at DIY specialists declined in 2021
- Flat growth is expected over the next five years...
- ...dependent on a number of key factors

Consumer spending

- Reasonable growth observed across several consumer spending categories
  - Graph 9: consumer spending on main DIY categories, €bn, 2016-21
- Almost one in three German consumers expect to spend on decorating their home in the next 12 months

Channels of distribution

- DIY specialists account for the majority of retail sales

WHAT CONSUMERS WANT, AND WHY

Retailers used

- On an omnichannel level, OBI is still leading

  - Graph 10: retailers from which DIY/home improvement products have been bought in-store or online in the past 12 months, 2022
- In-store is the most popular sales channel for DIY products

  - Graph 11: retailers from which DIY/home improvement products have been bought in-store or online in the past 12 months, NET, 2022
- OBI maintains a clear lead over competing DIY retailers when shopped in-store

  - Graph 12: retailers from which DIY/home improvement products have been bought in-store in the past 12 months, 2021 vs 2022
- Hypermarkets and non-food discounters to invest in DIY innovations to encourage footfall in-store

  - Graph 13: innovations that consumers would be interested in when shopping in-store at DIY retailers, by retailer type, 2022
- Consumers prefer a 'one-stop-shop' experience when shopping in-store

  - Graph 14: repertoire of number of retailers from which DIY/home improvement products have been bought in-store in the past 12 months, 2022
- Target consumers with no children or older children, who are less likely to shop in-store

  - Graph 15: retailers from which DIY/home improvement products have been bought in-store in the past 12 months, by parental status, 2022
- Recognise the importance of Baby Boomers
- Amazon tops the online DIY retailing leaderboard

  - Graph 16: retailers from which DIY/home improvement products have been bought online in the past 12 months, 2021 vs 2022
- Shopping online with more than one DIY retailer is uncommon

  - Graph 17: repertoire of number of retailers from which DIY/home improvement products have been bought online in the past 12 months, 2022
- Unlock opportunities by targeting females that less likely to shopping at DIY specialists
- Singles Day becomes bigger in Germany
- Engage with Gen Z consumers…
- …and derive inspiration from other retail sectors

Home improvement projects carried out

- German DIY shoppers show a preference for smaller and more manageable projects

  - Graph 18: home improvement projects carried out in the last 12 months, 2022
- DIYers are most likely to perform one to two projects a year
- Target female DIY shoppers who undertake painting/decorating projects

- Appeal to novice DIYers through product ranges aimed at beginners
  - Graph 19: home improvement projects carried out in the last 12 months, by interest in DIY-related innovations, 2022
- Add value by providing solutions to more complex home improvement needs
  - Graph 20: home improvement projects carried out in the last 12 months, by interest in a network of tradesmen, 2022
- Attract consumers with high-quality items for their homes
  - Graph 21: consumer preferences in relation to intended spending on the home in the next 12 months, 2022
- Recognise the longer-term potential in garden products
- Housing tenure influences the probability of home improvement projects
  - Graph 22: home improvement projects carried out in the last 12 months, by time in current home, 2022
- Ensure that both renters and homeowners are catered for
  - Graph 23: consumers that have carried out home improvement projects in the last 12 months, by housing situation, 2022

Interest in DIY retail innovations

- Focus on providing staff expertise to in-store shoppers
  - Graph 24: innovations that consumers would be interested in when shopping in-store at DIY retailers, 2022
- Ensure that staff are adequately qualified to offer expert advice to shoppers
- Recognise the importance of imparting knowledge to DIY shoppers
  - Graph 25: innovations that consumers would be interested in when shopping in-store at DIY retailers, by gender, 2022
- Prove commitment to sustainable retailing
- Rising energy bills to offer push for energy-efficient products
- Target eco-conscious female shoppers who show interest in purchasing second-hand equipment
- Target older consumers that are interested in domestically-made products

Useful offers for DIY/home improvement projects

- Blend the benefits of on- and offline channels to nurture growth
  - Graph 26: interest in DIY-related innovations, 2022
- Appeal to Gen Z consumers who are interested in rapid home delivery services
- Understand the value in offering remote guidance for DIY tasks
- Target younger shoppers by selling second-hand items

Consumer behaviours in relation to purchasing items for DIY/home improvement projects

- Extended periods of time spent at home boosts consumer interest in DIY
  - Graph 27: consumer behaviours in relation to purchasing items for DIY/home improvement projects, 2022
- Inspire wellbeing-focused shoppers to invest in their homes
- Younger Millennials are a valuable target group for DIY players
- Tailor social media campaigns to Millennial shoppers
- Equip shoppers with the knowledge to upcycle products themselves

RETAILER ACTIVITY

Leading retailers

- DIY retailer sales figures remained above pre-pandemic levels in 2021
- Leading DIY retailers

Market share

- The specialist DIY retail market is dominated by a handful of larger players
  - Graph 28: estimated retailer share of the specialist DIY retail market*, 2021
- The specialist DIY retail market is dominated by a handful of larger players

Online

- The online DIY channel is growing significantly
- An omnichannel presence is key

Retail innovation

- OBI opens a new concept store in Cologne
- toom Baumarkt promotes carsharing
- Hagebaumarkt trials tool rental scheme
- IKEA launches 'Decoration' store in Paris

Advertising and marketing activity

- OBI translates video tutorials into eight languages
- OBI takes to the Instagram stage
- toom Baumarkt is using celebrities to highlight sustainable product ranges
- Hornbach uses humour to appeal to customers
- Bauhaus undergoes a rejuvenation process

APPENDIX

Appendix – products covered, abbreviations, consumer research methodology and language usage

- Products covered in this Report
- Abbreviations
- Consumer research methodology
- A note on language

Appendix – CHAID Analysis methodology

- CHAID Analysis methodology

Appendix – market size and forecast

- Forecast methodology
- Forecast methodology – fan chart
- Market size - value
- Market forecast and prediction intervals – value

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