Inspire Germans’ ‘improve not move’ mentality with store-branded products, DIY communities, personalised project guidance and online performance upgrades.

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DIY Retailing - Germany - 2023

This report looks at the following areas:

• The performance of the DIY market, the effects of the recent pandemic and the rising cost of living
• Which DIY retailing products are being purchased and who is buying them
• Channels and retailers used to buy DIY products: split between specialists and non-specialists
• Understanding and establishing purchase drivers for DIY retailing
• Analysing attitudes and behaviours towards the purchase of DIY products
• Innovations in DIY retailing and products, including the use of new technology, sustainable products and how retailers can provide an omnichannel experience

In a challenging economy, the number of Germans who prioritise spending on their homes over other areas increased to 50% in 2023, compared to 42% in 2022. Germans have adopted an 'improve not move' mentality by engaging in projects that help them save money on their homes in the long run.

Low prices are a crucial factor for DIY shoppers (50%), which can be difficult to align with their interest in product quality (48%). With the rising importance of own-label products, DIY retailers can invest in their store-branded DIY product ranges to cater to a wider range of
consumers, create positive brand associations and counter the threat of discounters' own-label DIY products.

The DIY market faces challenges from an increasingly fragmented market as non-specialists improve their range of products. For example, Lidl has been heavily promoting its Parkside range of tools which are now available at Kaufland as well as via Otto.de.

DIY retailers have an opportunity to create a sense of community through joint activities, workshops or events. Such initiatives bring consumers together, create personal relationships and provide newbies with guidance to enter the DIY world, as younger consumers in particular agree that retailers are overwhelming to shop at.
EXECUTIVE SUMMARY

Key issues covered in this Report

• Overview
• The five year outlook for the DIY retail market

Market context

- Graph 1: monthly harmonised consumer price index, by category, 2021-23
- Two thirds of Germans buy DIY products in-store
- Graph 2: consumer spending on DIY-related product categories, 2018-22
- Specialists’ sales come under pressure from tighter budgets

Mintel predicts

• Offering a strong omnichannel experience will remain key
• Market size & forecast
• DIY retail sales to see slow but steady growth despite the higher cost of living
• An ageing population and high inflation will challenge retailers to engage with senior buyers

Opportunities

- Graph 3: behaviour towards saving money in DIY/home improvement projects, 2023
- Highlight the value and quality of store brands
- Graph 4: attitudes towards DIY/home improvement projects, 2023
- Graph 5: retailers used to buy DIY/home improvement products in the past 12 months, 2023
• DIY specialists to become more accessible for urban shoppers
• Engage women and senior shoppers to expand appeal
• Embrace young generations’ environmental and online affinities

The competitive landscape

• OBI and Bauhaus lead the German DIY market
- Graph 6: DIY specialists’ share of total DIY retail sales, 2022
• More men shop at specialists for DIY products, while women favour furniture stores
- Graph 7: retailers used to shop for DIY products, by gender, 2023
• Leading DIY specialist retailers
• Overview of the leading specialists in Germany
MARKET DRIVERS

The German economy
- Graph 8: key economic data, in real terms, 2019-24
  • Continuously high inflation shapes consumers, brands and the economy...
  • ...impacting financial wellbeing...
  • ...confidence and consumer expenditure
- Graph 9: retail sales (€bn incl VAT), 2016-23
- Graph 10: how consumers describe their current financial situation, by gender, 2023
- Graph 11: consumers’ past and planned spending on the home, 2022 and 2023

Housing in Germany
- Graph 12: tenure types, owners vs tenants, 2014-22
  • Tenants offer opportunities but require different targeting
  • ‘Improve not move’ mindset increases in 2023

Demographics
- Graph 13: population forecast and age-group breakdown, 2021-40
  • Mature shoppers are more likely to be homeowners

eCommerce
- Graph 14: frequency of online shopping, 2023
  • Peer-to-peer marketplaces for lower-price bargains

MARKET ACTIVITY

Sector size and forecast
- Graph 15: DIY retail sales (excl VAT), 2013-23
  • DIY retail is forecast to resume an upward trend from 2024
  • A return to slow-but-steady growth

Consumer spending
  • Consumer spending in the DIY sector
  • Growth in spending on DIY-related categories
  • Share of spending on DIY falls back to pre-pandemic levels
  • Consumer spending on DIY categories expected to drop in 2023
- Graph 16: breakdown of consumer spending on DIY categories (incl VAT), by category, 2018-22
  • Pandemic-powered categories falter in 2022
DIY Retailing – Germany – 2023

DIY online sales
- Online sales slow, but remain above pre-pandemic levels
  - Graph 17: online retail sales of DIY products, 2014-22
- Share of DIY spending online falls in 2022

WHAT CONSUMERS WANT AND WHY
Retailers used for DIY retailing shopping
- OBI remains Germany’s top DIY retailer
  - Graph 18: retailer where DIY/home improvement products were purchased in the past 12 months, 2023
  - Graph 19: top five retailers where DIY/home improvement products were purchased in the past 12 months, 2021-23
- Promote (online) DIY to younger generations
  - Graph 20: retailers where DIY/home improvement products were purchased in the past 12 months, 2023
- ...by creating female-friendly DIY store experiences
- Reignite the fun of DIY for older generations
- Specialists are the go-to retailers for homeowners

DIY projects carried out
- Minor makeovers lead project engagement rate
  - Graph 21: home improvement projects carried out at home in the last 12 months, 2023
- Promote garden work to cultivate wellbeing
- Provide expert guidance in challenging projects
- Inspire male project engagers to action

Factors influencing choice of DIY store
- Germans place importance on product quality
  - Graph 22: reasons for choosing a retailer to buy DIY/home improvement products from, 2023
- Offer variety to combine affordability and quality
- Create fast delivery options for online DIY shoppers
- Re-invent store-branded DIY products
- Gen Z values ethical and low-priced products

DIY retailing behaviour in the cost of living crisis
- Concerns over price rises lead to long-term investment interest
  - Graph 23: behaviour towards DIY/home improvement projects, 2023
- Tap into a desire for self-reliance
- Entice shoppers to buy now with special offers and inspiration
- Guiding newly moved Germans in their first steps
- Germans invest in their homes now to save money later
Attitudes towards DIY retailing

- Attitudes towards DIY projects
- Support procrastinators in starting DIY projects
- Bridging online presence with in-store benefits
- Make DIY even more fun by creating communities
- Concerns over the environment make Germans want to save resources

RETAILER ACTIVITY

Leading retailers

- The leading DIY specialists increased sales in 2022
- Leading DIY retailers, by sales

Market share

- The specialist DIY retail market is dominated by a handful of larger players
- DIY players are all making moves to expand
- Bauhaus catches up with market leader OBI
- toom Baumarkt and Hellweg cooperate for joint venture plans
- …and also Globus Baumarkt succeeds in energy optimisation

Retail innovation

- Bauhaus opens DIY convenience stores
- Hornbach simplifies its shopping experience with drive-through collection halls
- OBI rents out solar panels
- Specialists display green authenticity
- OBI follows competitors with van rental service

Advertising and marketing activity

- …and supports consumers in saving energy
- toom Baumarkt shows how important the first step can be...
- …while Hornbach shows the power of nature
- OBI launches teasers for celebrity-infused show ‘Wunsch Projekt’...
- …while also making use of YouTube Shorts for project guidance
APPENDIX

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

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

Appendix – market size and forecast

• Forecast methodology
• Market size – value
• Market forecast and prediction intervals – value
• Mintel’s consumer spending market size
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