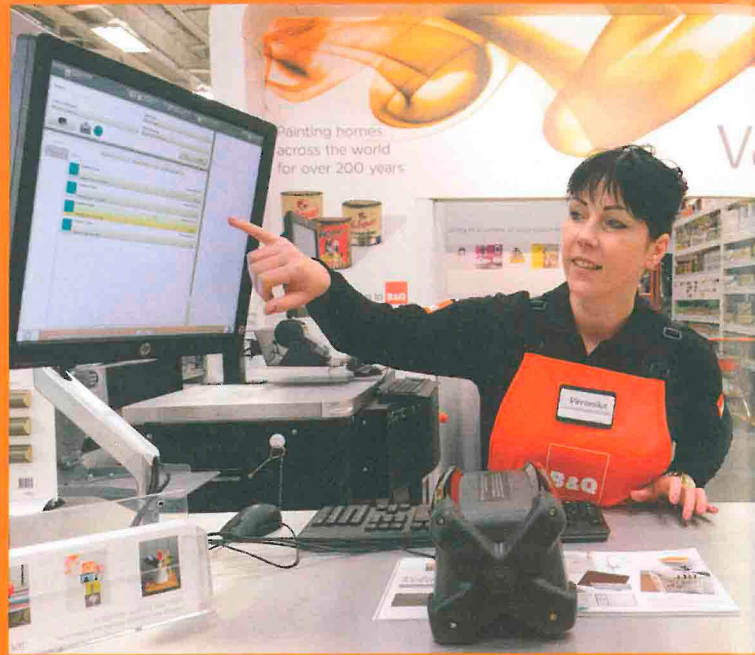


DIY

Kingfisher's new chief executive Véronique Laury may only just have taken the helm at the DIY giant but she already plans radical changes. By **Matthew Chapman**



# Kingfisher puts its house in order

**M**uch has been made of the death of the DIY market, but new Kingfisher boss Véronique Laury is radically overhauling the DIY group in an attempt to prove the naysayers wrong.

"I'm not one of the ones who think home improvement is dead in the UK," declared Laury the morning Kingfisher revealed full-year retail sales had fallen by 1.6%.

Despite her comments – and the fact that B&Q's like-for-likes rose 1.4% during the period as Kingfisher's French Castorama business struggled – Laury has made the "tough decision" to close approximately 60 B&Q stores.

Laury justifies the closures by maintaining "the problem with those stores is their sales per square foot are too low".

As part of the reorganisation of the B&Q store estate, Kingfisher will increase investment in the remaining stores, which could mean they are brought into line with the more technologically advanced Castorama shops.

Analysts have speculated that the B&Q trading name could disappear in favour of the Castorama brand. Laury says no decision has been made about fascias but that branding will be on the agenda in the future because of the large number of brands Kingfisher has.

Laury's aim is to create 'One Kingfisher' through a new management structure that will involve the business being segmented by store size and channel rather than fascia.

The retailer hopes that will allow Kingfisher to improve common sourcing and reduce the number of products it sells. Common sourcing has long been on the agenda, but

Kingfisher has made limited progress in this area in the past.

It is hoped the drafting in of Arja Taaveniku will help the DIY group finally get its house in order when it comes to product sourcing.

Taaveniku takes on the newly created position of chief offer and supply chain officer. She has more than 22 years of experience at Ikea, including 13 at the furniture giant's Swedish operation.

During that time she developed, managed and supplied the global Ikea product range and between 2008 and 2012 was global business area manager for Ikea kitchen and dining.

By approaching product design, manufacturing and buying in a different way Laury hopes to create a proposition similar to that which has proved so successful for retailers including Apple, Zara and Primark.

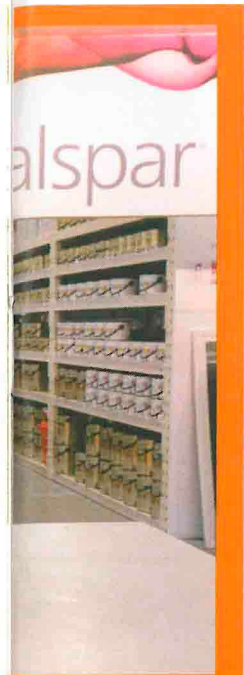
"There is no one winning formula. What they are doing is innovating and giving something unique to the customer," says Laury.

"The reality is there is not one convenient home improvement format that has worked yet from a financial point of view."

**"The problem with [B&Q] stores is their sales per square foot are too low"**

**Véronique Laury, Kingfisher**

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**Véronique Laury, boss of  
B&Q and Castorama owner  
Kingfisher**

Laury's lofty ambitions have already been tempered by the collapse of the proposed acquisition of French retailer Mr Bricolage.

Despite Kingfisher entering into a binding agreement with Mr Bricolage, the deal collapsed the day before the former's results, following a disagreement about the number of stores that would close following the acquisition.

The collapse has raised the prospect of Kingfisher taking legal action against Mr Bricolage, which would prove an unwelcome distraction for Laury as she sets out to transform the business.

Laury will need to focus all her energy on making Kingfisher a prosperous business as she struggles against strong headwinds in the DIY sector.

## KINGFISHER RESULTS: WHAT THE ANALYSTS SAY

"Laury would not confirm that B&Q would still be a trading format in the medium term. We believe Castorama big box is a very credible trading format and more focused on selling product than B&Q, which seems to us over time to be more focused on the back-end/logistics/buying side of the operation to maximise returns whatever the sales." **Tony Shiret, BESI Research**

"The common sourcing initiative (circa 22% of sales) is likely to accelerate again having stalled somewhat in recent years." **Mark Photiades, Canaccord Genuity**

"It is disappointing the Mr Bricolage acquisition has fallen through. The acquisition would have strengthened the company's position in the French DIY market and would have been accretive to earnings." **Mike Dennis, Cantor Fitzgerald**

## THE DIY CHALLENGE



**Kate Bewick  
Associate director  
at ICM Unlimited**

The DIY industry itself needs a makeover because it faces some hard challenges and needs to take difficult

steps to address these.

In March ICM Unlimited spoke to more than 2,000 consumers about their ownership and use of DIY tools. While we discovered that four in five consumers own DIY basics – such as screwdrivers, hammers and pliers – for many these tools are something that they have in case they are needed, rather than for regular use.

People also admit that, despite having them for emergencies, they are likely to struggle to find their DIY essentials when they are needed.

The apparent infrequency with which people do DIY and use their tools is a clear challenge for retailers. The lack of interest in DIY is even more marked in the younger generation.

Eighteen to 24-year-olds are most likely to admit to never having used their tools and struggling to find them. While just over half (56%) have a drill in their household, one quarter of these (24%) have never used it and 8% said they'd struggle to find it.

The picture is similar for never having used other tools such as saws (30%), spirit levels (23%) and Allen keys (16%).

But does this lack of tool use indicate a lack of appetite for DIY? And, if it does, how can retailers respond?

Changing attitudes and learning skills that have been lost over generations will take time, but it has been done in other areas. The revival in crafts such as baking and sewing has been driven by the popularity of TV programmes such as *The Great British Bake Off* and *The Great British Sewing Bee*.

Importantly, the accompanying information on the benefits of having these skills is as important as showing how to develop them.

Could a revival of a programme such as *Changing Rooms* do the same for DIY?

The combination of inspiration and information in this kind of format would certainly help, but it needn't be something that needs buy-in from a TV production company.

Younger consumers are increasingly turning to online tutorials on YouTube and social networks. A number of retailers have their own YouTube channels, a great first step.

The next stage is for them to promote the content to engage, inspire and spread their benefits to encourage youngsters – and all consumers – to take DIY seriously.