

Competitor Strategies in Home and Garden

November 2023

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Executive summary

COMPETITIVE ENVIRONMENT OVERVIEW

Companies at a glance

Top 10 companies concentrated in developed markets, but attempting to grow beyond them

Home furnishings (and retail) favour organic growth; DIY brands show legacy of acquisitions

Home improvement category leaders have a strong presence in the home and garden top 10

Home and garden is highly fragmented at the category level, visible in specialised strength

Asia is visibly consolidating but this is so far at a national rather than continental level

Granularity of growth: This continues as an abnormally turbulent period for scale of change

STRATEGIES

Examining strategies being deployed in home and garden

STRATEGIES: SUSTAINABILITY PRIORITIES

Sustainability gains strategic momentum, with circularity and second-hand both rising

The second-hand market is growing, partly due to a glut in supply from social shifts

Second-hand and marketplaces are intrinsically linked in the formal part of this market

Probing what sustainability means to leading companies in DIY and gardening

Circularity has been a weaker aspect of the narrative, but that is changing

Prioritising sustainable and eco-friendly packaging in consumer choices

Biodegradable end-of-life solutions are emerging, and not just within predictable categories

Utilisation of energy: Environmental issues motivate sustainability strategies

Utilisation of energy: Consumers' consumption preferences

INGKA's solar and wind strategy is an early example of investing to meet 2030 goals

The cost of energy has also been driving home improvement demand, mainly in Europe

The rise of energy-saving innovations is not limited just to products that use energy

STRATEGIES: CHASING NEW DIYERS

Efforts to nurture the home improvement market size increasingly focus on new DIYer appeal

As a barometer for DIY activity, tools and hardware shows more DIYers still active in 2022

Most strategic plans are starting to include new DIYer inspiration, mentoring and retention

Tools are increasingly targeted at degrees of DIY skill, with easy-to-use entry device thinking

Flooring was the first project type specifically trying to attract new pandemic DIYers

"Did I buy enough" anxiety meets with an AI solution ideal for flooring, tiling and paint apps

The bathroom and plumbing space is the latest to see efforts to recruit DIYers

Studying communications appealing to new bathroom DIYers, target demographics leap out

Gardening has seen widespread efforts to bring children into the grow-your-own trend

DIYer recruitment action is visible in retail efforts to create more approachable "chat" points

Retailers are growing their own DIFM (do-it-for-me) support structures as a strategic defence

Since 2021, DIWM (do-it-with-me) exploded, with most retailers at least testing workshops

There are examples from most regions; Bunnings strongly adapted for Australian DIY novices

Store design moves to support multiple types of shopping journey based on sophistication

More novel and advanced DIWM concepts are taking the teaching moment into the home

In product support for novice DIYers is spreading in good (but under-exploited) directions

STRATEGIES: COST OF LIVING – TRADING UP OR DOWN TO CUT RISKS

Macroeconomic movements put pressure on spend and change what "value" means

Heavy renovations were the big-ticket projects that suffered most in terms of demand

Competitive price discounting is active, even with inflationary pressure remaining on costs

Consumers turn to reduced cost solutions, with durability as a basic "must have" at all prices

Premium private label and durability upgrades are the winners in this shopping scenario
An example from home paint of how a premium private label position is being developed
Supply strategy is back to being top of mind to cope with unstable costs and risks

STRATEGIES : DIGITAL EXPERIENCES

Emerging markets had a big e-commerce fulfilment job to catch-up, but catching up they are
Most industry contacts focus on the need to engage digital audiences

Digital: Delivering a positive digital experience

Digital strategies: Home and garden in the digital age

Beyond the box: Packaging innovations needed when delivery creates tough new challenges

Compact store formats end up as the main beneficiary of online sales experience investment

Generative AI is getting into home design as the “what is next” after basic augmented reality

The human element in digital retail means personalisation, interaction and livestreaming

The marketplace era has begun, and now brands adapt to cope with this new development

KEY TAKEAWAYS

Key takeaways

APPENDIX

Projected company sales: FAQs (1)

Projected company sales: FAQs (2)

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