

Overseas Market Information



Report on the Do-It-Yourself Industry in UK

Introduction

The UK retail Do-It-Yourself (DIY) hand and power tools market, including decorating tools and accessories, was approximately \$ 1.3 billion in 2004. The industry is well developed and has a large number of local and international suppliers. The UK market would be driven by the products from the Asian countries. The particular significant impact would be felt on the low end of the market than in the higher end. Considerable developments in the UK market would take place in light of the aggressive product placement from Asian countries.

Characteristics of the DIY Market

The DIY sector has recently been affected by a fall in consumer spending with many retailers reporting slowing sales and falling profits. It is estimated that the market will continue to grow but at a much slower pace than in previous years. On the positive side, the high level of home ownership and the popularity of DIY in the UK should continue to boost sales of DIY products, including hand and power tools.

Key Segments & Market Trends

Power Tools

Power tools and accessories were the largest segment in 2004 with \$ 633 million in sales. Products within this sector include electric screwdrivers, electric or cordless drills, heat guns, sanders and multifunction tools. Power tool accessories include products such as blades or screwdrivers or drill bits. Drills, sanders and saws are the most popular and widely used power tools in the DIY market. In 2003, approximately 60 per cent of UK households owned an electric drill, 30 per cent a sander and 26 per cent a saw.

Hand Tools

The hand tools segment was worth \$ 365 million in 2004. The range of products within this segment includes saws, hammers, spanners, screwdrivers and pliers. Saws accounted for 18 per cent and screwdrivers 11 per cent of the market in terms of sales value. Hand tools can be bought very cheaply from approximately \$ 2.00 upwards.

The falling prices of power tools could prove detrimental to some hand tools products in the long term. Like the power tools market, new product development and greater emphasis on the environment and health & safety will drive hand tools sales.

Decorating Tools

Decorating tools comprise the third largest segment of the market in 2004 with \$ 288 million in sales. The segment includes products such as wallpaper scrapers and paint brushes. An increasing number of decorating tools are imported from abroad. These tend to be low cost tools that require frequent replacement.

Home ownership on the rise and construction boom continues unabated. The DIY sector has benefited from the high percentage of home ownership in the UK. It is estimated that between 1971 and 2002 the number of home owners rose from 49 per cent to 69 per cent. Today approximately 18 million, or 70 per cent, of properties are owner-occupied.

Normally there is a direct co-relation between ownership and the use of DIY products and thereby the rise of ownership of homes have had a positive influence as it is natural to believe that home owners are more likely to spend than people who live in rental houses.

Another influence on spending on DIY products, is the level of disposable income which also depends on the rise of per capita income. Due to better prospect of growth in UK in the general level of the prosperity the demand for DIY would continue to have a better future.

Import & Export Market

The UK imports a large number low cost hand and power tools from Asia, especially China, but continues to export more expensive, better quality tools, primarily to the US and other European markets.

Competition

UK hand/power manufacturers face competition from low cost imports and the major retail superstores' private label products. Local suppliers are diversifying, lowering prices and, in some cases, shifting their manufacturing facilities abroad in order to be able to compete more effectively. Low cost tools will continue to be significant competitors on the market.

Market Structure

There are a large number of hand and power tools suppliers in the UK. Some of the more prominent companies include :

Black and Decker Corporation is a US based global manufacturer of a variety of power tools and accessories. The company manufactures consumer tools under the Black and Decker trade name and professional tools under the DEWALT® name. In 2004, its power tools and accessories range accounted for 71 per cent of company sales and its overall worldwide profits increased by 20 per cent to \$ 5.4 billion.

Robert Bosch is part of the Bosch Group, one of Germany's largest industrial companies. It is a leading manufacturer and supplier of consumer and professional power tools across the world.

Draper Tools was established in the UK in 1919. The company imports and wholesales a wide range of hand and power tools and accessories from around the world. The company manufactures its own range of low price tools for the domestic and professional markets.

B&Q superstore is the number one DIY retailer in the UK. B&Q stocks a huge range of hand and power tools including its own brands, Performance Power® and Performance Pro®. B&Q's parent company, Kingfisher, announced a fall in profits this year and in September 2005 announced the closure of twenty-two stores. The chain plans to convert another sixteen of its stores into a mini-warehouse format with space for other retailers.

Buying Segment of DIY Products

The home consumer market shows home owners with mortgages are more likely to purchase products than people who own their property outright or tenants.

Demographics does matter

Shoppers between the ages of 35-54 tend to spend more on DIY products. It is also expected that the male population would be more inclined to use the DIY products however the spending spectrum between the genders would not make much of impact on the overall condition of the market.

Good buying environment at the retail outlet are created to attract the ever increasing buyers with spending power.

Media

The popularity of programmes such as television home and garden makeover programmes, such as DIY SOS, changing rooms and ground force (gardening) are determining how to buy DIY product and use the same. Further the sense of achievements that the buyers are derived from doing their own home is driving the market for DIY goods.

Market Access

Manufacturers need to ensure their products conform to any relevant European Union (EU) Directives and Standards on safety and the environment. For example, the Low Voltage Equipment (73/23/EEC) and Machine Safety (98/37/EC) Directives are two documents that should be reviewed by power tool manufacturers.

Distribution Channel

Major Super Stores

Major superstores B&Q, Homebase and Focus Wickes are the largest DIY retailers in the UK and have approximately fifty per cent of the market. DIY stores sell a wide variety of products but have the advantage of bulk warehousing and storage. They also have a large retail audience.

New product and small wholesalers and small chain operator superstores employ specialized buyers to source new products, Products can also be obtained from smaller hardware chains, independent DIY stores, and wholesalers, such as Draper Tools.

Online Shopping

Screwfix or Toolbank. The internet and online shopping are also becoming an important source of retail sales. A large number of manufacturers supply products directly to the superstores or wholesalers. Companies can also look to partner with a UK hand and power tool distributor if it does not want to sell directly.

Conclusion

New product development and innovative products will continue to drive the hand and power tools market. Even products that are well established will continue to be improved. For example, within the power tools sector, cordless drills, multipurpose sanders, and cordless saws are popular. The production of more environmentally and user-friendly models provides many additional opportunities. For example, Bosch has just launched a new drill, the PSB model, with dust extraction. Companies are also introducing tools that are safer to use, such as sanders that reduce effects of hand vibration. Within the hand tools segment consumers can choose hammers that are ergonomic for greater comfort or that have shock reduction handles. US companies need to heed these trends if they are to be successful in the UK's DIY hand and power tool market.

Important Trade Shows/Events

DIY and Garden Show and Totally Tools (Trade)

Website : www.diyandgardenshow.com

Interbuild

Venue : NEC, Birmingham

Website : www.interbuild.com

Useful Contacts

Distributors Power/Hand Tools (UK)

BUSSEY & SABBERTON BROS. LTD.

95 Whiffler Rd NR3 2EU Norwich

UK

Tel. : +44 (1603) 42 40 22

Fax : +44 (1603) 78 86 44

CAMDEN MOTORS LTD.

77-83 Grovebury Rd.

LU7 4TE Leighton Buzzard

UK

Tel. : +44 (1525) 25 20 00

Fax : +44 (1525) 25 20 32

CROMWELL TOOLS LTD.

65 Chartwell Drive LE18 2FS Wigston

PO Box 14

UK

Tel. : +44 (116) 288 80 00

A. & E. RUSSELL LTD.

88 Hydepark St G3 8BW Glasgow

UK

Tel. : +44 (141) 225 00 01

F. CROSS & SON LTD.

Carr Garage Old Thorne Rd.

Hatfield DN7 6ER Doncaster

UK

Tel. : +44 (1302) 84 03 48

Fax : +44 (1302) 84 00 06

FACOM UK LTD.

Churchbridge Works Walsall Rd.

Churchbridge WS11 8JR Cannock

UK

Tel. : +44 (1922) 70 20 00

HALLMARK TOOLS LTD.

Churchbridge Works Walsall Rd.

Churchbridge WS11 8JR Cannock

UK

Tel. : +44 (1922) 41 99 77

HENDY GROUPLTD.

360 Shirley Rd.

SO15 3UF Southampton

UK

Tel. : +44 (23) 80 70 17 00

Fax : +44 (23) 80 72 13 43

HENDY LENNOX (COSHAM) LTD.

Southampton Rd.

PO6 4RW Portsmouth

UK

Tel. : +44 (23) 92 37 16 00

Fax : +44 (23) 92 32 29 22

RITTAL LTD.

Braithwell Way, Hellaby S66 8QY Rotherham

UK

Tel. : +44 (1709) 70 40 00

Fax : +44 (1709) 70 12 17

STAX TRADE CENTRES (MIDLANDS) LTD.

Brades Rd B69 2HN Oldbury

UK

Tel. : +44 (121) 569 70 00

SYTNER LTD.

Huntingdon St.

NG1 3NH Nottingham

UK

Tel. : +44 (115) 958 28 31

Fax : +44 (115) 958 55 77

W. GROSE LTD.

Queens Park Parade NN2 6NJ Northampton

UK

Tel. : +44 (1604) 71 25 25

AXMINSTER POWER TOOL CENTRE LTD.

Chard St EX13 5DZ Axminster

UK

Tel. : +44 (1297) 336 56

Fax : +44 (1297) 352 42

CURTIS HOLT SOUTHAMPTON LTD.

Nutwood Way, Totton SO40 3SZ Southampton

UK

Tel. : +44 (2380) 66 45 00

Fax : +44 (2380) 87 09 97

Precision Micro Ltd.

30 Curzon St B4 7XD

Birmingham, PO Box 162

UK

Tel. : +44 (121) 380 01 00

Fax : +44 (121) 359 33 13

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