

Press Release

DIY High Street Blues – Close-Down For One of Five Stores?

Munich, May 16th 2012 - **Internet sales of home improvement products are on the up and up. A recent market study by Suberg Strategy Consultants of Munich indicates that on-line sales of home improvement products will rise from their present five percent to around 20 percent by 2020, and concludes that this must result in a massive reduction in the provision of unprofitable retail floor space.**

Sven Suberg is chief executive of Suberg Strategy Consultants: “The development is highly inconvenient for retailers. Although turnover has been stagnant, the amount of home improvement retail floor space in Germany has been growing steadily for years. It has placed enormous downward pressure on retail profits. Combined with the shift to internet sales, this explosive mixture will result in the closure of numerous home improvement stores.”

A significant proportion of on-line sales have drifted away from conventional established high street retailers. He said: “Home improvement retailers have been asleep at the wheel. Leading conventional retailers such as Hornbach, Praktiker and Bauhaus waited until 2011 to provide on-line shopping. Amazon and specialist mail order firms such as Westfalia have been successful with on-line sales of home improvement products for years.”

These changes have hit both home improvement retailers and manufacturers. Markus Wittmann researches ‘home and living products’ for GfK of Nuremberg: “Things are now much tougher for the ‘B’ and ‘C’ brands. If retailers are to increase profitability, they must focus on a few top brands, while extending the range of their own-brand products.”

However, in Herr Suberg’s view manufacturers are still ill prepared to face the pending changes: “They still operate on the assumption that home improvement products are unsuitable for internet sales. But, there are many other retail sectors such as toys, video and audio equipment, where this has been disproved.”

Suberg Strategy Consultants *Suberg Strategy Consultants is an independent consulting company specializing in growth projects. We assist leading medium-sized companies in increasing their market share, both nationally and internationally. We are interested in one thing above all: the successful implementation of the concepts we develop together with our customers.*

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