

# H ▶▶

THE  
HORNBACK GROUP  
MAGAZINE

---

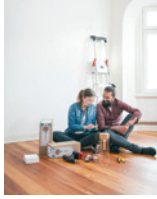
## READY, STEADY, GO!

Omni-channel presents  
new challenges for retailers

## STEAMING AHEAD

DIY benefits from boom  
in spending and construction





## BRAVE NEW WORLD?

**04** Omni-channel in the DIY sector:  
Challenges on all fronts

## FIRST SURPRISE THEM, THEN STAY UNPREDICTABLE

**06** Ten years after Ron Hammer: Guido Heffels  
(heimat) on strong brand communications

## BOOM IN CONSUMER SPENDING AND CONSTRUCTION

**08** Good conditions for the DIY and construction  
materials sectors in Europe



## A SMALL PART IS ABOUT ME

**12** Manfred Valder on the DIY Lifetime Award,  
HORNBAACH, and the sector

## WASTE ≠ WASTE

**14** Turning waste into a valuable resource:  
evolution in recycling business

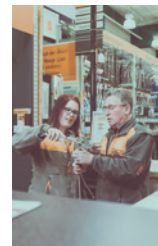
# CONTENTS

## DIY IN EUROPE

The top 5 retailers by  
sales area per store **16**

## UNDERSTANDING THE CUSTOMER IS THE MOST IMPORTANT THING

Report: A day in the life of specialist  
saleswoman Jenny Wolfram **18**



## SMART MINDS: FINDING AND RETAINING THEM

How today's companies attract  
and inspire their employees **21**

## THIS REGION IS A VERY IMPORTANT MARKET FOR US

20 years after its market entry, HORNBAACH  
is still expanding in the Netherlands **24**

## DIY 2030 – WHERE IS THE JOURNEY HEADING?

Trend research findings  
and the latest innovations **28**

## DEAR READERS,

**W**e reach for it dozens of times a day – our smartphone. These days, life without our own piece of mobility in our pockets or bags is almost unimaginable. Whether they be cellphones, pads, or other gadgets, they are all part of digitization. This megatrend underpins many of the changes we see in society. Not only that, it is shaking up the retail world, and that at a breathtaking pace.

Not so long ago, customers were more than happy to take home the goods they found on the shelves at their retailers. Today, optimally networked consumers are setting the pace, and that with far higher expectations in terms of individualization and sustainability. Satisfying consumers on their individual customer journeys – with the products, at the time and in the way they expect – that is the key challenge which the DIY sector too has to master. Here, it has one massive advantage over pure online specialists. At the end of the day, anyone wishing to renovate a bathroom, extend an attic, or turn their garden into a green living room also wants physicality and needs the analogue world of emotion, competence, and trust. And that takes the likes



of Jenny Wolfram, Manfred Valder, or Melanie Poppe, people united by their passion for HORNBAACH and its customers. Find out more about them and smarten up on other DIY topics by browsing through H<sup>2</sup>, the supplement to our Annual Report.

**Have an enjoyable and informative read!**

**Axel Müller**  
Head of Group Communications  
and Investor Relations

# BRAVE NEW WORLD?

*The DIY customer journey is changing. The trend now presenting new challenges for the sector is omni-channel.*

by Björn Seeger and Tilman Sanner

Potential customers come into contact with products, brands, or companies in many different ways. These encounters via so-called touch points are referred to as the customer journey. And this process is increasingly being shaped by the digitization of the retail sector. Customers want to shop as conveniently and flexibly as possible. And they naturally expect the goods they order online to be delivered quickly and, if need be, returned just as quickly. Customers setting out on their journey in stationary retail outlets expect an emotional shopping experience. This is increasingly the case in the DIY store sector as well. And companies here have not just been twiddling their thumbs. They are actively mastering the technological and organizational hurdles involved in linking online and offline business and training their staff. Over and above that, they are upgrading their stationary stores with product ranges that can be experienced on location.

Not only that, DIY retailers are endeavoring to meet customers' distinct desire for service across all channels. Along with other options, services such as "reserve & collect" enable customers to access the products they desire as conveniently as possible. Millennials, soon to be our customers, will be assisted with digital services at the stores, on the homepage, and an app. That all goes to show that, as a trend, omni-channel is here and here to stay in the DIY business (a wide range of terms is used: others say multi-channel or cross-channel). Players with head-in-the-sand policies will soon notice the consequences. Having said that, there is no perfect recipe for success when it comes to combining stationary retail and e-commerce. Companies have to make their own choices and then gain the buy-in of their employees and customers.

## DON'T LIKE IT, TAKE IT BACK! RETURNS MANAGEMENT

For retailers, returns mean work, costs – and dissatisfaction. After all, returns mean a loss of sales. Customers, on the other hand, love their right to return goods. And they make very lively use of it, especially in Germany. To be fair, many large mail order retailers do make it extremely easy for their customers: order now, pay later, right to return the goods within 100 days, free return, etc. In some areas – such as clothing and shoes – more than every second order leads to one or more of the products being returned.

Returns management is increasingly relevant in the DIY sector as well, particularly when it comes to margins and logistical challenges. At the end of the day, everyone wants to keep their customers happy. After all, returns are an important touch point in the customer journey. Companies that set themselves apart from competitors by acting quickly to refund costs, for example, leave a lasting positive impression on their customers.

## DELIVERY TIMES: COMPETING FOR CUSTOMERS

Customers have ever higher expectations in retailers when it comes to delivery. Ever shorter times are now expected. "Same-day delivery" is the catchword. Amazon Prime Now advertises maximum delivery times of two hours from ordering and multi-channel providers in a wide variety of sectors are doing the same. Is the DIY retail sector compelled to follow suit? Should cross-channel services soon make it possible for kitchens ordered online to

be delivered within the hour? No cause for concern! Express delivery has arrived in the DIY sector, but it is not so important to customers. "Currently, customers attach priority to reliable delivery and flexible delivery options", explains Aline Eckstein, head of department at ECC Köln in the study "Mail Order and Returns Management in E-Commerce". That is understandable. After all, express delivery does not come for free. However, prompt service does have one clear benefit. Companies able to deliver expensive products quickly and uncomplicatedly can boost their customer retention levels.

## PRICE TRANSPARENCY AND INDIVIDUALIZED PRICING

The omni-channel trend is boosting price transparency. Thanks to WLAN and LTE, any customer today can compare prices and then triumphantly wave their smartphones at sales staff. This combination of bargain hunting and price transparency is leaving its mark. We are increasingly witnessing the so-called "gas station factor". Prices are beginning to change dynamically. Amazon, for example, implements up to three million price changes a day. Prices in the travel sector also fluctuate widely. We have all been in the situation where the person sitting next to us on the airplane has paid a completely different price for the flight.

» *A return is an important touchpoint in the customer journey.* «

But how do customers see variable prices? The Ministry of Consumer Affairs in North-Rhine Westphalia commissioned a survey of more than 1,000 consumers to find out. A clear majority of 57 percent favored uniform prices, while only 38 percent liked the idea of individualized prices. The Minister responsible, Johannes Remmel, commented: „If as a customer I am offered a different price to my colleague just because of where I live or my consumer habits, then that pricing policy is simply unfair.“

## INSPIRATION: THE DIY STORE AS A POINT OF EMOTION

Stationary retail remains indispensable. That has also been noticed by companies that previously only operated online. MyMüsli, for example, is supplementing its online retail business by selling its trendsetting mueslis in stores as well. To retain sophisticated customers, however, these companies have to be very creative. DIY retail is in ever greater demand as a source of inspiration for topics such as embellishment, decoration, and individualization. Innovative product presentation, maybe backed up by appropriate technology, is important here. This way, the customer benefits from a positive shopping experience. And DIY stores turn from "points of sale" to "points of emotion".

# FIRST SURPRISE THEM, THEN STAY UNPREDICTABLE

*Just over ten years ago, in the fall of 2006, Germany was in awe of a blond motorbike stuntman and his spectacularly unsuccessful jump over a HORNBACH store. Fake news! The whole story and the stuntman were absolute fiction. A massively successful coup, one which still thrills Guido Heffels, Creative Director at the advertising agency heimat. by Florian Preuß*



Guido Heffels (51), Creative Director of the heimat Agency, has been creating campaigns for HORNBACH for 15 years now.

*We only planned one film at first. We knew of course that people would doubt the authenticity of the scene. As we all got more into it, though, endless new ideas were added, such as the star feature in Bravo Sport, Ron Hammer meeting up with biker clubs in Berlin, and posters for the show at HORNBACH after the actual event. That all worked. People began to question their doubts. We were unsure about when we should finally reveal the truth but it was clear from the outset that we would do that. We relied on people being enthusiastic about the quality of the production and seeing the fun of it all. We hoped they would credit us with it, and feel really well entertained rather than taken for a ride.*

## The core message was the sheer size of HORNBACH's stores. Why that?

*The big thing in Germany back then was the upcoming hike in sales tax from 16 to 19 percent. Some companies advertised with messages like 'Come and get it now before the taxes go up'. Later, there were short-lived campaigns in which retailers 'refunded' the sales tax. None of that helps customers who are planning and implementing large-scale, long-term projects. HORNBACH stands for reliability – permanently low prices and permanent availability of the goods in large project-relevant quantities. And that in particular needs huge stores. They're just right for DIY freaks...*

**The golden Ron Hammer helmet hangs below the ceiling at heimat as a memento. What status does that campaign have among all the other creations that have come in the last 15 years?**

**Guido, in the end the spectators, customers and fans were all positively surprised. There were enthusiastic commentaries on the Ron Hammer campaign in both social and traditional media channels. Were you expecting all that, or were you worried beforehand that the deception might backfire?**

*We only planned one film at first. We knew of course that people would doubt the authenticity of the scene. As we all got more into it, though, endless new ideas were added, such as the star feature in Bravo Sport, Ron Hammer meeting up with biker clubs in Berlin, and posters for the show at*

## FACTBOX

### THE MAN WHO FLEW OVER THE DIY STORE

*An amateur-like clip showing a motorbike stunt that goes spectacularly wrong buzzed round numerous online portals in October 2006. Parallel appearances on DSF TV, a star feature in Bravo Sport, and a Wikipedia entry – these all underlined the authenticity of the fictional character Ron Hammer. For six weeks, the supposedly amateur web video was also broadcast as a HORNBACH spot on all major TV channels – with the motto "Too big for some. Just right for DIY freaks." Four weeks after the campaign launch, the fake was revealed, and numerous newspapers and TV channels reported on it. The campaign generated around a billion contacts worldwide and was quickly celebrated by advertisers as Germany's first viral campaign.*



*Ron Hammer and the HORNBACH Tank Steel Hammer really stand out from all the other works, as they make optimal use of the opportunities harbored by (digital) communications. Ron Hammer was our first 360-degree campaign and really demonstrated exemplary interaction across all communication channels.*

*Ultimately, we aim to be 'state of the art' with every campaign we launch – to deal with the big topics and actually reach people. And always closely intertwined with pop culture. It's our job to be different. And it's also about keeping customers, spectators, and fans surprised, and that again and again. We put a great deal of effort into keeping the brand communications unpredictable.*



# BOOM IN CONSUMER SPENDING AND CONSTRUCTION

Macroeconomic conditions in the countries in which HORNBACH operates were favorable in the past 2016/2017 financial year, as was the specific framework for the DIY and builders' merchant segments. And economic experts expect the conditions for consumer spending and construction activity to remain stable to good for the foreseeable future. *by Hannes Nell*



**R**omania is currently witnessing a consumer-based upturn, with private consumer spending driven above all by dynamic wage and salary growth and increases in the minimum wage. The reduction apparent for 2017 and 2018 is of a technical nature, as the economy is expected to move in the current year from slight deflation to inflation of just under 2%. After several subdued years, private consumer spending in the Netherlands rose once again in 2015 and households are expected to increase their spending by around 2% each year in the years ahead as well. The momentum for this development comes from a combination of higher household incomes and relatively low inflation rates. Similarly, after three weak years Austria witnessed a veritable revival in consumer spending in 2016 and this is set to continue in 2017 and 2018. Private consumer spending is expected to remain the key factor driving the economic upturn in most of the countries in which HORNBACH operates in the coming years as well. That is not surprising, as domestic demand in individual countries will benefit from highly favorable ongoing conditions, such as strong labor markets.

» *A favorable economic outlook and positive consumer sentiment are key drivers for the HORNBACH Group's European retail business. Consumers with secure jobs and rising household incomes are more willing to invest in renovations or in buying their own homes.* «

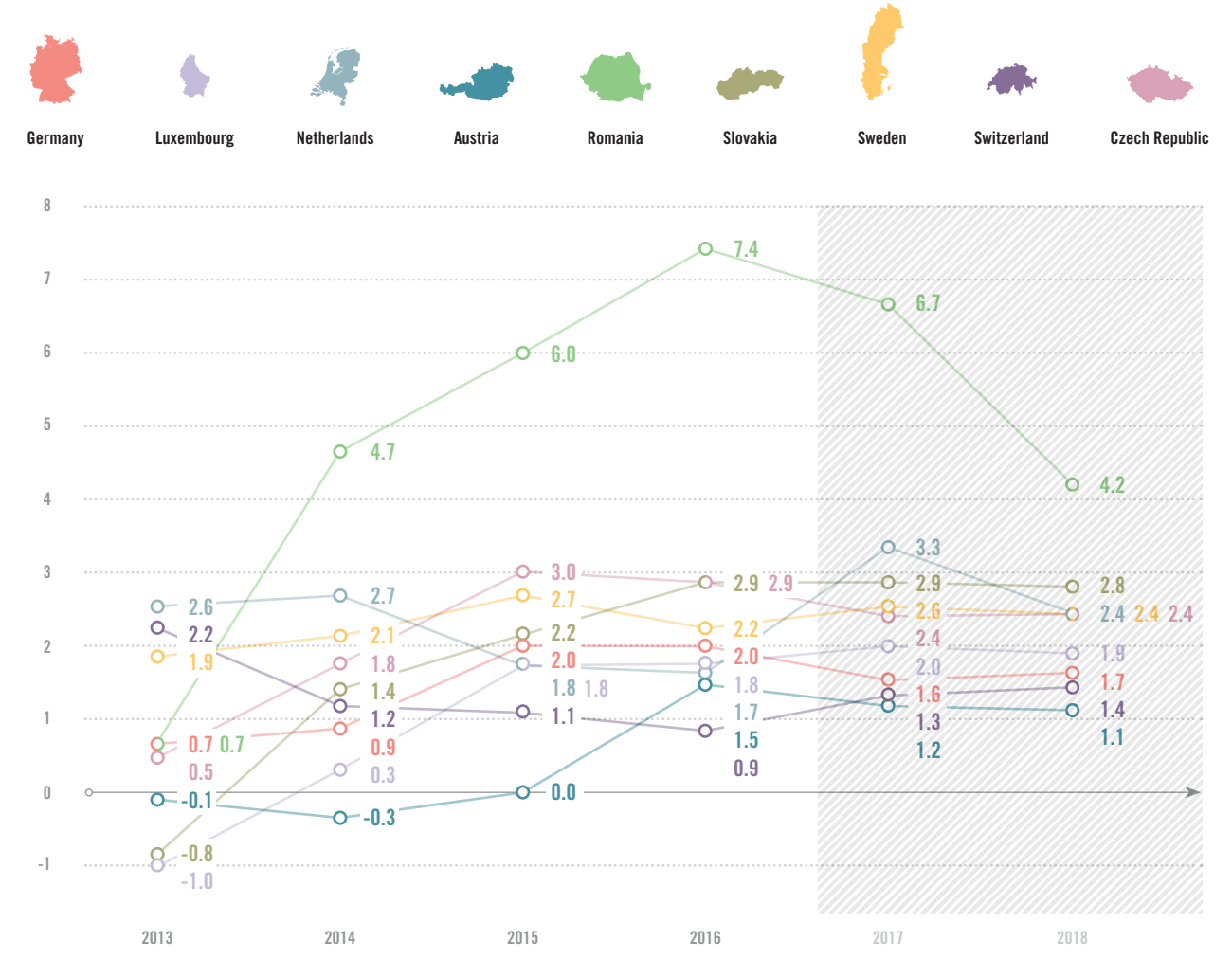
Roland Pelka, CFO

## FULL EMPLOYMENT IN MANY AREAS

The upturn in the German labor market has now already lasted 13 years – and no end to the boom is in sight. Until recently, unemployment totals continued to fall significantly, and that despite large numbers of refugees

### GROWTH RATES IN REAL (PRICE-ADJUSTED) PRIVATE CONSUMER SPENDING

Year-on-year change in percent (forecasts for 2017 and 2018)  
Source: Eurostat, EU Commission



who have now been granted asylum and registered as looking for work. Prospects also remain favorable for future developments on the labor market. The situation is similar in HORNBAACH's international network. Here too, employment totals are set to rise, with unemployment rates remaining low or decreasing further.

The sharpest fall in the unemployment rate – albeit still at the highest level – is expected in Slovakia. Driven by pleasing overall economic developments, the unemployment rate here could fall below 8% by 2018. The top performers by the end of the forecast period in 2018, with unemployment rates of 4% in each case, are Switzerland and the Czech Republic. In spring 2016, the latter country already reported what was the lowest unemployment rate in the entire European Union. Many industrial regions here have already achieved full employment. Austria is the only country set to witness higher unemployment due to marked growth in its labor supply. Following an increase of 0.3 percentage points to 6.0% in 2016, the unemployment rates forecast by the EU Commission for 2017 and 2018 come to 6.1% and 6.2% respectively. Combined with low inflation, a flourishing labor market leads to rising real-term disposable incomes. As energy is regaining mo-

mentum as a factor driving prices upwards, however, inflation rates can be expected to rise in future. The catchword here is "reflation". Measured by reference to the Harmonised Index of Consumer Prices (HICP), all HORNBAACH countries are expected to show positive inflation rates once again from 2017, with a rising trend for the future.

### HOUSING CONSTRUCTION STILL ON THE ADVANCE

Alongside higher private consumer spending, the HORNBAACH Group is also benefiting from the housing construction boom. The trend here is towards consumers building their own homes. After all, this substantially reduces the costs of acquiring an apartment or house. Not only that, commercial customers are increasingly turning to DIY stores or builders' merchants to procure their materials. In conjunction with favorable financing opportunities, rising levels of employment and household incomes will clearly lead to a substantial increase in the number of building permits issued and buildings completed. Further momentum is coming from current trends,

such as fewer individuals per household, immigration from other countries, internal migration (currently to cities), replacement construction and second homes.

Ever more people are investing in their own four walls. Given the high volume of new orders and the fact that construction companies assess their business situations and outlooks as exceptionally good, new housing construction volumes can be expected to expand substantially in the years ahead as well.

The number of housing units newly built in Germany is set to rise from 188 thousand in 2013 to around 285 thousand in 2018. This corresponds to growth of around 51%. Not since 2001 (285,925) has a higher number of residential units been completed. The only country expected to post even more dynamic housing construction developments than Germany is Sweden, where the number of housing units completed should virtually treble from 25 thousand units in 2013 to 67 thousand in 2018. The Dutch construction industry has come through a difficult period. After several years of decline, the sector has bottomed out and posted tangible growth once

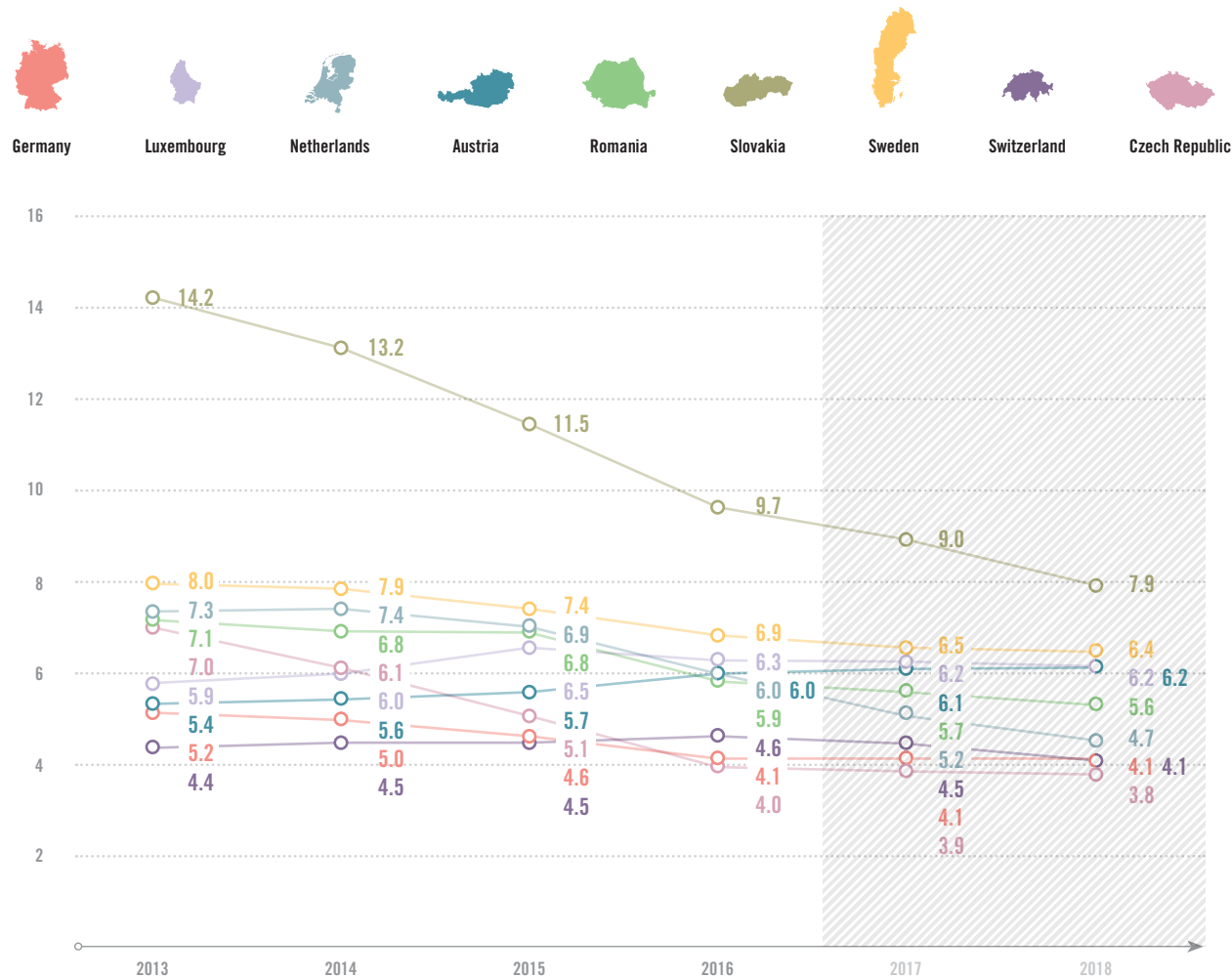
again since 2015. The growth course generally apparent across the whole of HORNBAACH's international network is set to gain the upper hand here as well in the coming years.

### DIGITIZATION: DETERMINATION AS KEY SUCCESS FACTOR

As the DIY store for project customers, HORNBAACH is well positioned against this backdrop. "There is always a job to be done" – the slogan proclaimed in the logo also reflects the growth opportunities in the European DIY market, provided that companies have the right strategies and financial clout to optimally address customers' needs. "The HORNBAACH Group has what it takes to benefit disproportionately from the strong macroeconomic and sector-specific framework. The determination with which we are promoting the digitization of our retail business will be a key factor in our company's success", adds Roland Pelka in summary. ◀◀

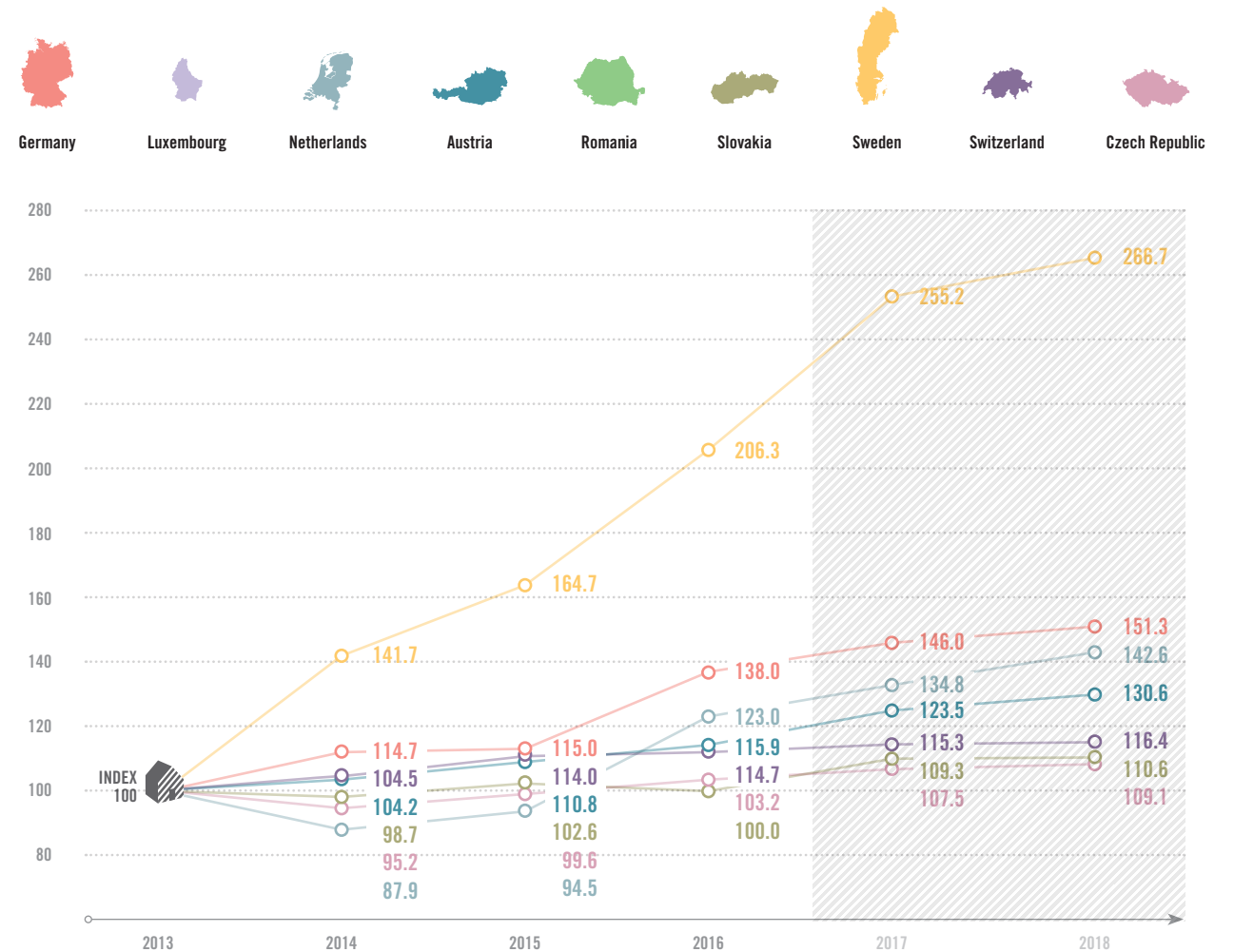
### UNEMPLOYMENT RATES

Percentage of working population (forecasts for 2017 and 2018)  
Source: Eurostat, Statista, EU Commission



### HOUSING UNIT COMPLETIONS

Index 2013 = 100 (forecasts for 2017 and 2018)  
Source: Euroconstruct





## A SMALL PART IS ABOUT ME

*Manfred Valder has been part of the DIY sector since the very outset. Not only that, he played a key role in shaping its development. In recognition of his longstanding involvement, in December 2016 he was singled out for what is the most prestigious award in the German DIY and garden store sector – the DIY Lifetime Award. We take the opportunity to look back together.* by Stefan Wolf and Florian Preuß

**W**e meet Manfred Valder in the foyer of HORNBACH's head office in Bornheim. He extends a cheery greeting to the colleagues at the reception desk and then offers us his warm, friendly smile. The office we are heading for is not exactly round the corner and takes even longer to reach as Valder greets every employee we pass on the way. Many of them he knows by name. Several times he stops to shake hands and ask how the colleagues are doing. Since officially retiring in February 2012, Valder has continued to advise HORNBACH in various areas, including promoting the next generation of talent.

**Valder:** *I like being with people, especially young people. You have to work on developing them, but you also have to trust them and be able to let go. Otmar Hornbach was a fantastic mentor for me in many ways, and also in that respect. He often had more confidence in me than I had in myself. And he trusted my judgment.*

### Can you give us an example?

*It was in 1972 when I first traveled to Italy on behalf of the company. Back then, we still bought products directly at trade fairs. I had a budget of 25,000 marks. That was a lot of money, but not enough to buy the really interesting items for our two stores. So I called Otmar Hornbach: "I've got something great here, but I need 60,000 marks." He asked me directly: "So how much can you make out of it?" When he heard that we would make 130,000 to 140,000 marks, he immediately agreed "Okay, then buy it!"*

Otmar Hornbach, fourth-generation member of the well-established family company in the South Palatinate region and founder of what was Europe's first combined DIY and garden store, quickly recognized the talent of the young salesman. The sales and margins in Valder's product range left no doubt about that. During the pioneer years when the company had just one or two stores, sales staff were directly involved in choosing their product ranges. And that was the backdrop to Valder's interview in the late summer of 1968:

*It seemed more like a planning meeting than an interview. Otmar Hornbach showed me the layout for the new store in Bornheim and wanted to know whether flooring and carpets could be sold there. We spent three hours discussing the strategy for this product range. I had strong opinions and I guess that impressed him. Almost as an aside, I was offered a job.*

### What drew your attention to HORNBACH back then?

*I was 21, had trained as an interior decorator, and worked as a commercial assistant at Kaufhof AG in Landau. A friend called me and told me: "Someone in Bornheim wants to open a DIY store. That would be a great opportunity to earn some cash". That caught my attention, of course. Rather than 550, I then earned 850 marks.*

### A big raise, and one you were presumably very pleased with ...

*Oh yes, the money did come in handy (he laughs). What really counted though was the great impression Otmar Hornbach had left on me, his clear ideas and exciting visions. Even in the early days, he always encouraged us to think outside the box. We were always keen to know what was going on outside HORNBACH. What were the relevant national and international trends? What were other players in the sector up to? To find out, we traveled a lot and held many meetings.*

» *At base, it was all about pooling our forces to improve the sector's standing.* «

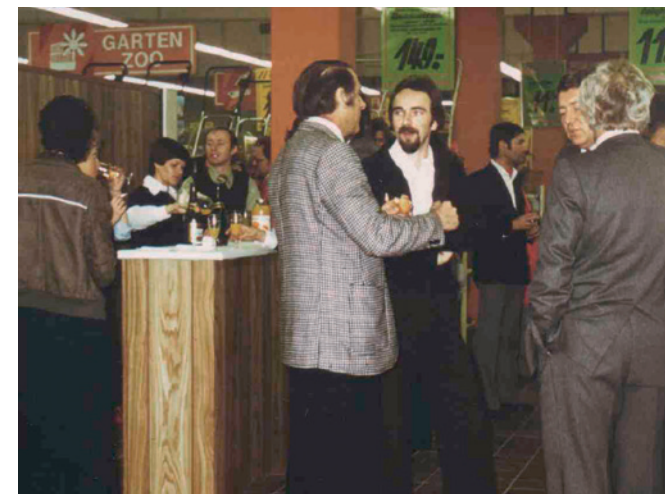
Manfred Valder

His fascination for the sector, his curiosity, and his strong communication skills – these made Manfred Valder the ideal man for the job. During the seventies and eighties he was increasingly on the road for HORNBACH, both in the US and in almost every country in Western Europe. Many of these trips were organized by the BHB, the sector association founded in 1974, and took him to the stores and headquarters of nearly all key players in the sector.

*From the very outset, I was convinced that our new sector needed an organization to represent its common interests in the political and business arenas and to promote the exchange of ideas between players. The BHB helped the sector become what it is. It gives us all a shared context. I always enjoyed making contacts and expanding my network. I came into contact with the widest conceivable variety of concepts and fascinating personalities. On the BHB Board, I worked closely with Manfred Maus (Obi) and Klaus Safer (Hagebau) for several years. I still speak on the phone once a week with John W. Herbert (previously Knauber, now EDRA). I also have a good relationship with Erich Huwer (Globus).*

### A HORNBACH board member side by side with top managers from the competition. That can't always have been easy.

*Yes, you would think that, as competitors, we would be terrible enemies. And of course we had to be careful not to reveal too much of our hands. Having said that, the atmosphere was fair, based on dialog, and respectful. At base, it was all about pooling our forces to improve the sector's standing.*



**Top:** Manfred Valder (in the middle) talking to guests at a store opening in the early 70s **Left:** Back where it all began in 1968: Valder at the Bornheim store

**According to numerous sector experts there is no doubt that you achieved a great deal. A specialist jury has now acknowledged your "outstanding work for the sector as a whole" with the DIY Lifetime Award ...**

*I was actually quite surprised by this award. When I think of the personalities who have already received this prize, including Otmar Hornbach and Manfred Maus, then it really is a great honor. I am not one for the limelight, but I told myself: It's about HORNBACH, it's about the sector, and a small part is about me. That's how I see this award.*

We end our discussion on that note. But on the way to the photoshoot in the adjacent HORNBACH store, we have a déjà-vu experience. Manfred Valder cheerfully approaches colleagues, greets the cashiers, talks shop with the sales staff, and has a friendly chat with customers. Our photographer has to be patient. But why should he have it any better than we did? «

## ABOUT MANFRED VALDER

**In 1968, shortly after Europe's first combined DIY and garden store was opened, Manfred Valder, then 21, joined HORNBACH, a family company operating in the South Palatinate region, as a salesman. His flair for designing and developing product ranges quickly convinced company founder Otmar Hornbach to offer him key procurement tasks. He ultimately assumed responsibility for all aspects of procurement in 1981. As a member of the management (from 1986) and of the Board of Management of HORNBACH Baumarkt AG (from 1994), Manfred Valder played a key role in the development of the Group, for which he has continued to act in an advisory capacity since his retirement in 2012. He also helped shape the development of the BHB sector association, holding roles such as Director of Marketing, Sales, and Product Range (1992 – 2012).**



# WASTE ≠ WASTE

*Turning waste into a valuable resource: Waste disposal has come a long way and responsible resource handling is now more important than ever. Recycling and waste avoidance are the key catchwords.* by Anna Krall

These days, when we talk about waste or rubbish we often mean entirely different things. And that although we have been carefully separating our waste into different cans or bags for more than twenty years – a practice now more or less a legal requirement. Back in the 1990s (and even before then) it was not just the green movement that pushed for recycling legislation. In those days, countless tonnes of waste were stacked on enormous rubbish dumps. Exposed to the elements, the waste was biologically degraded in an uncontrolled fashion, an approach with sometimes dramatic consequences for the natural world.

One solution to the problem was – and still is – waste incineration. Thanks to sophisticated flue gas cleaning systems, the bad image incineration plants previously had due to harmful emissions is now almost a thing of the past. It should be noted, however, that incineration basically involves irreversible destruction of the resources. “Recycling or – even better – waste avoidance are the order of the day. In 1990, roughly when people all over the world were complaining about incineration, Germany introduced a comprehensive recycling concept – the dual system. In daily life, this is usually referred to as the “Green Point”. With this system, Germany assumed

a pioneering role in Europe”, explains Alexander Roth, Managing Director of M.D.S. Internationale Transport GmbH, a company which operates two waste handling centers for HORNBAACH.

Today, we usually make a distinction between non-recyclable waste – those things we can no longer recycle – and resources such as paper, plastics, metal, and glass, which we give a second, third, or umpteenth life. As children, we already learn how to separate resources correctly. “Not only that, nearly every European household now has either an organic waste can or even its own compost heap in the garden”, comments Andreas Back, Head of Quality Management, Environmental Affairs & CSR at HORNBAACH. “This organic waste ultimately turns quite naturally into high-quality garden soil.”

## DISPOSAL COOPERATIONS BETWEEN RETAILERS AND LOCAL AUTHORITIES

Disposal also involves difficult cases – such as old TVs etc., energy-saving light bulbs, or fluorescent lights. In some cases, these contain rare resources which are particularly worth recovering or components hazardous to the

environment (such as mercury) which require particular care to dispose of correctly. “There is far greater awareness of these issues now. Back then, many people thought this approach was pretty crazy, but these days it’s absolutely normal. Our towns, local councils, and retailers are expected to play their part when it comes to disposal”, explains Andreas Back. Retailers and local councils have founded disposal cooperations – initially on a voluntary basis and since 2016 due to a legal obligation. “Our company has been part of one such cooperation since 2011, well before the legal obligation took effect”, adds Andreas Back.

When we look back now, we can see that what was still in its infancy in the 1990s is now a highly detailed and sophisticated European disposal concept. “Back then, the point of the concept and its implementation were hotly debated. Today, we can see that those were the first signs of society beginning to rethink its approach”, concludes Roth. Even though some of the terms used in day-to-day life are technically not quite right, hardly any Europeans would now question the point of correct waste disposal. “It’s all about handling resources consciously and responsibility, and that both in society as a whole and of course in the DIY sector as well”, says Andreas Back in summary. Trends such as re-commerce and swap sites show that awareness of waste avoidance within society has now reached even new levels.

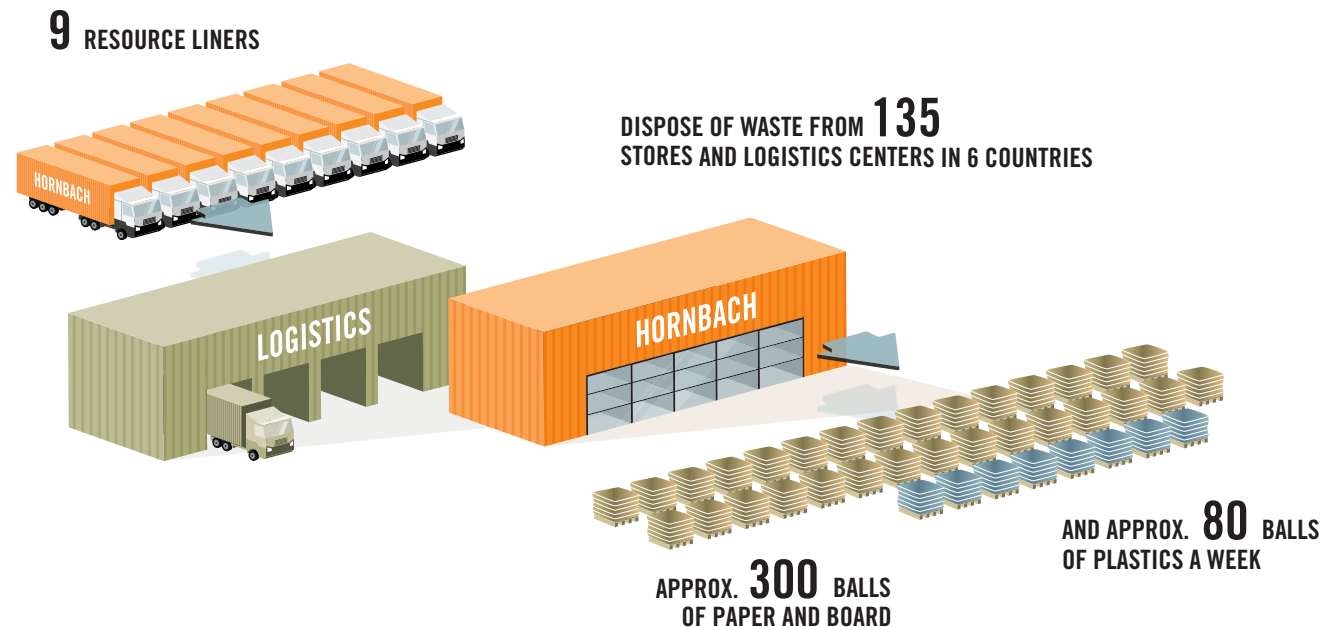


Above: Driver Georg Rowe loading resources Opposite: One of HORNBAACH's Resource Liners on a pick-up run to Biel in Switzerland

## THE RESOURCE LINER FLEET

HORNBAACH has also had to address the evolution in the recycling economy and take several hurdles along the way. Today, the company has professional waste compressors and the permits needed to transport and market

its resources and waste itself. To this end, the HORNBAACH stores use an online portal that enables them to commission disposal transport runs individually and internally. In this, they are assisted by the Resource Liner fleet:





# LOCATIONS

Top 5 DIY retailers by average sales area per store as of 12.31.2016\*

## GERMANY

	m <sup>2</sup> per store	m <sup>2</sup> total	Number of stores
1. Bauhaus	11,400	1,760,000	155
2. HORNBACH	10,700	1,049,000	98
3. Globus/Hela	8,600	760,000	88
4. Hellweg	7,900	712,000	90
5. Obi	7,900	2,752,000	349

## NETHERLANDS

1. Bauhaus	20,000	20,000	1
2. IBW	17,000	85,000	5
3. HORNBACH	12,700	152,300	12
4. Praxis (Maxeda)	4,100	586,000	143
5. Fixet	4,000	4,000	1

## ROMANIA

1. HORNBACH	14,400	86,600	6
2. Leroy Merlin (Groupe Adeo) <sup>1</sup>	13,000	195,000	15
3. Dedeman	10,500	472,000	45
4. Brico Dépôt (Kingfisher) <sup>2</sup>	7,600	114,000	15
5. Praktiker <sup>3</sup>	6,800	182,300	27

## SWITZERLAND

1. Bauhaus	13,400	53,700	4
2. HORNBACH	13,000	78,100	6
3. Obi (Migros)	7,500	74,600	10
4. Jumbo	4,500	180,000	40
5. Coop Bau + Hobby	4,100	305,800	74

## CZECH REPUBLIC

1. HORNBACH	14,000	139,800	10
2. Bauhaus	13,700	109,400	8
3. Baumax (Merkury Market)	7,900	141,400	18
4. Obi	6,500	215,500	33
5. Globus <sup>4</sup>	4,000	55,900	14

## LUXEMBOURG

	m <sup>2</sup> per store	m <sup>2</sup> total	Number of stores
1. Bauhaus	15,000	15,000	1
2. HORNBACH	12,100	12,100	1
3. Globus	11,400	22,800	2
4. Batiself	7,000	20,900	3
5. Hobbi/Cactus	3,400	13,600	4

## AUSTRIA

1. HORNBACH	12,000	168,600	14
2. Bauhaus	10,000	210,300	21
3. Obi	6,300	500,000	79
4. Hellweg	5,400	38,000	7
5. Hagebau/Öbau	3,600	160,000	45

## SWEDEN

1. HORNBACH	14,600	73,100	5
2. Bauhaus	14,200	254,800	18
3. Optimera (Montér)	5,900	277,300	47
4. K-Rauta (Rautakesko)	3,900	78,900	20
5. Interpares (Woody Bygghandel)	3,000	293,600	97

## SLOVAKIA

1. Bauhaus	18,000	18,000	1
2. HORNBACH	15,400	46,300	3
3. Obi	8,400	108,900	13
4. Merkury Market	n/a	n/a	19

\* HORNBACH year-end disclosures as of February 28, 2017

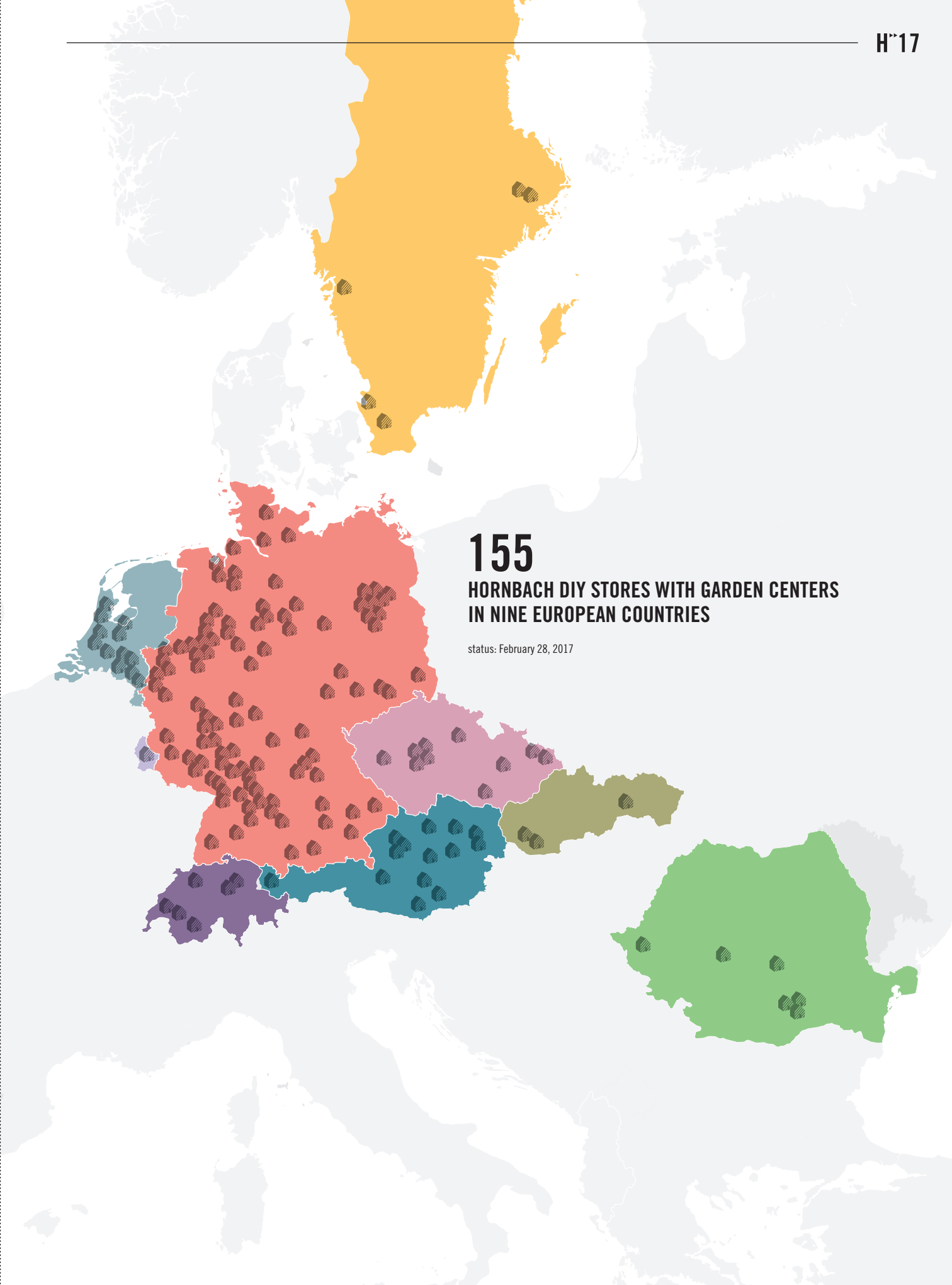
<sup>1</sup>Groupe Adeo acquired the Baumax stores in July 2014. They will be rebranded as Leroy Merlin stores.

<sup>2</sup>Kingfisher acquired Bricostore in October 2013 and rebranded the stores.

<sup>3</sup>Praktiker has belonged to Search Chemicals S.R.L. (Romania) since February 2014.

<sup>4</sup>including 10 hypermarkets with affiliated DIY departments.

Source: company disclosures, Dähne Verlag; discrepancies may arise due to rounding up or down of figures



**155**  
HORNBACH DIY STORES WITH GARDEN CENTERS  
IN NINE EUROPEAN COUNTRIES

status: February 28, 2017

# UNDERSTANDING THE CUSTOMER IS THE MOST IMPORTANT THING

*It has to be understanding, competent, practical, and available around the clock – when it comes to advice from their DIY stores, customers have ever higher expectations. Is that still enjoyable? “Oh yes”, says specialist saleswoman Jenny Wolfram from Koblenz.* by Florian Preuß

**W**here on earth do you know that old man from?” Jenny Wolfram can’t stop herself from grinning when she remembers the surprised expression on her mother’s face. The two of them were recently at the supermarket together when an older gentleman came up to the daughter and suddenly started talking to her. The friendly, almost intimate conversation clearly caught the mother off her guard. “She just didn’t think that Mr. Becker might be one of my regulars at HORNBACH”, laughs Jenny Wolfram.

These days, Jenny Wolfram has quite a few regulars – DIY fans or professionals who come to the sanitary department several times a week. Some of them even ask just for her. That was not always the case, of course. When she began training as a specialist saleswoman at the HORNBACH’s Koblenz store at the age of 19 she often received skeptical looks. Older, male customers in particular were wary about trusting her, the only woman in this department, to give them good advice. These days, she rarely hears the patronizing question “Know anything about this?” And when she does, she responds with a firm but friendly: “Oh yes, I wouldn’t have been working in this department for nine years now if I didn’t, would I?”

Football fans observing Jenny Wolfram at work for a few minutes would automatically think of a classic center forward: extremely present and alert, always ready to help, and always ready to accept the ball. Not easy to imagine her losing a customer or anyone needing long to find her. And yet the

28 year-old saleswoman is not exactly tall. Her most prominent feature - her alert, friendly eyes that beam more than ever when she adjusts her fashionable dark-framed glasses.

## IS IT THE RIGHT PRODUCT FOR THE CUSTOMER’S PROJECT?

The older married couple she has just advised in the shower cabin showroom is clearly taken with their cheery, competent saleswoman. They enjoy listening as she explains why sealed glass makes cleaning much easier and why the investment makes sense given the limey water in the Koblenz area. Jenny Wolfram knows what she is talking about. Several years ago, she saw how the glass was produced at the manufacturer’s plant. Where possible, she seizes every opportunity for internal or external training. „I just want to know as much as possible about the product so I can better judge whether it’s the right product for the customer’s project.“

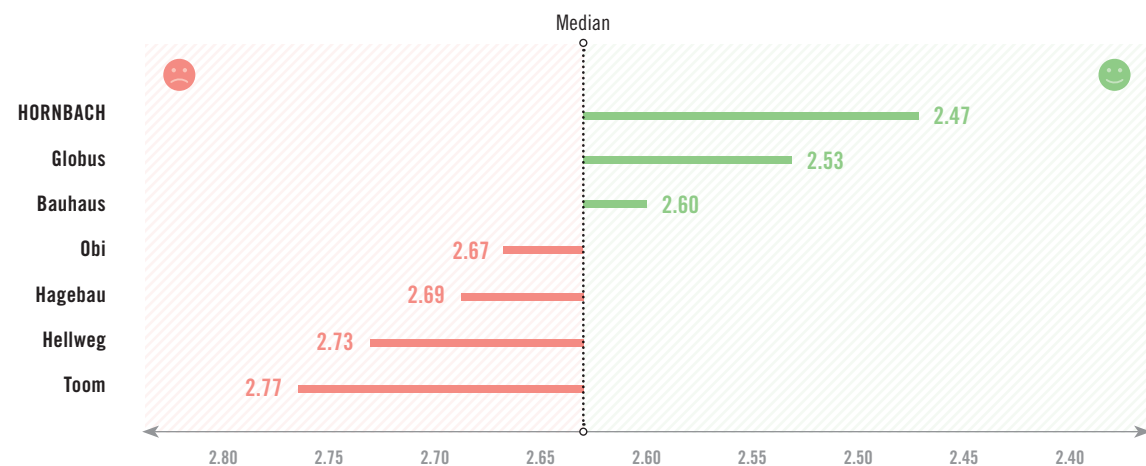
In this case, the additional seal also involves extra costs. Jenny Wolfram does not beat about the bush. “That costs nearly Euro 50 more – for each side.” And with the help of the measurement protocol, Jenny Wolfram then shows the customers why the shower cabin door will have to be ordered

**Left:** The online store is a key source of information for Jenny Wolfram and her colleagues **Right:** Store manager Harald Dinies appreciates his colleague’s advisory competence **Opposite:** Jenny Wolfram advises a customer in the shower cabin showroom at the Koblenz store



## COMPETITIVE COMPARISON OF SPECIALIST ADVICE IN 2016

Source: Kundenmonitor 2016, Service Barometer AG



with special measurements. That too impacts on the price. When all is said and done, the order costs Euro 677. The older man turns to his wife and says with a twinkle in his eye: "You'll have to help me out with that!" Jenny Wolfram joins in the couple's laughter. She notices that the customers have long since made up their minds and takes time to explain all the payment options to them, sums up all aspects of the order, and hands them a pen to sign the order.

### SMALL STORE, LARGE PRODUCT RANGE

Alongside competent advice, what really counts for Jenny's boss, store manager Harald Dinies, is that customers actually sign the deal. "We have two other DIY stores, a specialist retailer, and a large garden center in our neighborhood. We have no need to fear comparison, particularly when it comes to our prices. Having said that, when customers walk away without making up their minds and then go look somewhere else, we can't necessarily expect them to come back to us", he says and sums up his experience. His store is 27 years old and really small by HORNBACH standards. The number of stationary articles available is only half that at the enormous state-of-the-art HORNBACH stores. Luckily, HORNBACH's online store has been available for several years. This way, customers in Koblenz have access to way over 100,000 articles which they can have delivered to their homes or their local stores. The store is full of signs pointing out the additional product range, for example the complete kitchenettes now also deliverable to Koblenz. Not only that, PCs and terminals are available for customers to use in numerous sections of the store.

"I think that's great", comments Jenny Wolfram proudly and shows us what she means. "When a customer was on the lookout for a specific item in the old days, we first had to wade through files and catalogs from various manufacturers. Today, it just takes a few clicks at the online store. That saves a great deal of time – for us and for our customers." Jenny also makes sure her own knowledge about the store is up-to-date. After all, changes are made to each product area on a weekly basis.

As well as specialist knowledge and familiarity with the products, Jenny Wolfram's job also requires her to have good people skills and to enjoy communicating: "Understanding the customer is the most important thing. That way, you know what they are planning", she says and then grins: "That's not

### CUSTOMER SATISFACTION

### SPECIALIST ADVICE IS A KEY DRIVER

Since 1993, the independent market researcher Service Barometer AG has surveyed several thousand customers a year on their satisfaction with DIY and home improvement stores in Germany. In the latest issue of the prestigious customer survey "Kundenmonitor Deutschland" (2016) the sector achieved the highest level of overall satisfaction seen to date. HORNBACH topped the ranking, with a slight head start over Globus DIY stores. They were followed further down the ranking by Bauhaus, Hagebau, Obi, Hellweg, and Toom.

Market researchers have identified advice and service as the most important factors driving customer satisfaction: "The more strongly the consumers surveyed believed that the DIY store they used most often had an advantage over its competitors in terms of specialist advice or service, the higher their overall level of satisfaction with their store."\* In the "specialist advice" category, HORNBACH came first in its sector in 2016, ahead of Globus. For "Service", the two players were ranked the other way round.

\*"Service profile: DIY and Home Improvement Stores in 2016", Service Barometer AG

always easy, particularly when there's a language barrier to be overcome." Last week, three Romanian tradesmen about to renovate a large building complex with numerous bathrooms came to see her. The customers could not communicate in German and only had very limited English. To find out what quality and color of tiles they needed, Jenny Wolfram turned to the online store. There she could show the customers all the models, explain their qualities, and deal directly with prices and delivery times. Luckily, not too many words were needed to close the deal ...

# SMART MINDS: FINDING AND RETAINING THEM

*The battle for applicants is intensifying. Directly addressing candidates in social networks is now a top task for recruiters.* by Björn Seeger / Portraits by Anna Krall

The Institute for Employment Research (IAB) forecasts that by 2020 the German economy will notice the effects of the shortage of specialists. With the recovery in the labor market, the hunt for employees is becoming ever more challenging. And Germany is not alone. HR specialists across all HORNBACH regions are devising strategies to help find and retain smart minds in future as well. Qualified employees – or so it would seem – are a species in great demand in DIY retail. And yet the sector faces a twofold challenge. Not only does it need large numbers of staff, but its job profi-

les are changing as well. Nearly all locations need to rapidly extend their competencies. Ever higher consumer expectations and new cross-channel challenges call for service-oriented sales personnel, creative managers, top-notch procurers, and experienced IT specialists. Above all, information technology is more important to retailers than ever before. Consistent with this, IT budgets have risen, as has demand for suitable specialists. HR staff and IT managers see omni-channel and mobile as by far the most important technology trends for the years ahead.

## HANNAH ESSWEIN

*"The people here are just great"*

Hannah Eßwein gained first-hand experience of HORNBACH developing its German online store during her dual study program as a business IT specialist and then as a Java programmer. "That was an exciting time. The insights I gained into a company in the process of entering the digital age in a highly thought-out but confident manner – you don't get that every day", explains Hannah Eßwein. She then left HORNBACH to do her master's and gain experience at other, larger IT players. "The others don't have any secret recipes either and you must admit that the opportunities to actually change things at really large companies are pretty limited", she adds. So why did she return to HORNBACH in 2016 as head of the group-wide SAP development team? "That was triggered by HORNBACH's innovation and team spirit. The people here are just great. If you want to press ahead with your own development, you get the right support here", she concludes, but not without expressing her regret that not enough techies are aware that HORNBACH is also a modern technology player.

Hannah Eßwein won the 2016 #DigitalFemaleLeader Award in the IT/Tech category



Large DIY chain operators and cooperations are working at full steam to cultivate homegrown management and IT specialists via dual study programs that combine academic study with hands-on experience. That takes time. And that means HR departments are obliged to trawl the free “over-fished” market.

### NEW APPROACHES TO LOCATING APPLICANTS

“Traditional ways of looking for employees, such as placing ads and hoping for applicants, no longer do the job these days”, comments Wolfgang Brickwedde, Director of the Institute for Competitive Recruiting (ICR). Based on the latest studies, most employers in 2017 are “doing it themselves”. Nearly 80 percent of companies work with active sourcing, i.e. independently tracking down and contacting potential candidates – mostly in social networks such as Xing or LinkedIn – as a key way of finding employees.

Some things, however, do not change – it is not only the first impression that counts. The initial contact and all subsequent aspects of applicant management determine whether a candidate opts for a given company in the long term. And companies cannot afford to make false promises that have nothing to do with their day-to-day reality – employers’ marketing strategies are often mercilessly debunked on rating portals and Facebook.

“You would think that most HR departments would keep an eye on this. Wrong! Many departments prefer to go for the wow effect, focusing on great marketing and novelties. Projects such as recruiting apps, the latest griping gadgets, and so on are much more exciting than the protracted process

» *Strong corporate cultures win out in the end. Appreciation and competence have to be tangible – and learnable.* «

of introducing a new applicant management system. However, it is precisely by optimizing routine factors that we can significantly enhance the candidate experience”, adds Tim Verhoeven from the international management consultancy BearingPoint. In fact, applicants are not particularly impressed by the quality of many application processes and do not evaluate these positively in emotional terms. Worse still, they often do not hear about what the



## MATTHÄUS KUBICA

*“If you’ve got what it takes, then the sky’s the limit”*

Matthäus Kubica, who at the age of 25 has been HORNBAACH’s youngest store manager ever, now lives and works in Biel in Switzerland. Having grown up in Germany’s Palatinate region, it was more or less by chance that Matthäus applied to HORNBAACH upon graduating from high school. He was immediately taken with the all-round package offered to him: “The combination of being at home and going abroad by studying in Karlsruhe and gaining hands-on experience in Switzerland – I couldn’t possibly turn that down”, explains Matthäus. “I really got into it during my studies, took part in all the in-house next-generation training programs, and then started out directly as assistant store manager in Littau.” That was back in 2011. Just two years later, Matthäus had already completed HORNBAACH’s internal store manager training program and took the helm at the Biel store in 2014. As German is not the only language spoken there, he rushed to learn French, a language he now masters perfectly. “Promoting young people and the slogan that everyone can become everything – those are not just empty phrases at our company. If you’ve got what it takes, then the sky’s the limit, I can speak from first-hand experience”, comments 28 years old Matthäus Kubica with regard to his career to date. And so far nobody had held his age against him.

Since 2014, Matthäus Kubica has headed the team of around 100 staff at HORNBAACH’s store in Biel

company stands for as a brand. From online forms to print materials through to personal contacts – the initial impression they gain is often capable of improvement.

### FINE-TUNING THE OPTIMAL WORKPLACE – STRONG CORPORATE CULTURES WIN OUT IN THE END

Advancing digitization in the retail sector has massive implications for the way employees experience their work. Restructuring job profiles will therefore be a key focus in 2017. Companies are fine-tuning the way employees experience their day-to-day work. It is about finding a positive approach to gain employees’ acceptance for the transformation in the world of work. Over and above that, it is about seeing things not just through the eyes of customers, but also from an employee perspective.

Expectations and reality are often far apart when it comes to restructuring procedures and work processes. “Too many employee-related aspects are characterized by technical requirements and bureaucratic thought patterns. To make the best of the opportunities offered by digitization, however, you really need the creativity and buy-in of the workforce. To promote this is to create a basis for a thoroughly positive employee experience in future”, remarks Christoph Loeffler, Managing Director of Fjord, a design and innovation consultancy.

Companies that can offer a strong culture of appreciation have crucial advantages. Regular training opportunities and a culture of cooperation are the keys to success. Despite all the changes, one principle still applies: strong corporate cultures win out in the end. For employees, appreciation and competence have to be tangible – and learnable. «

### FACTBOX

**HORNBAACH fills its specialist and management positions with internal candidates. To this end, the Group trains staff in Germany, Austria, Switzerland, and Luxembourg. Group-wide offerings include**

- 12 different apprenticeships and
- 11 dual study programs.

**The company also offers homegrown next-generation training programs.**

To find out more: [www.hornbach.de/heldengesucht](http://www.hornbach.de/heldengesucht)

## MELANIE POPPE

*“Satisfying customers is the name of the game”*

When her employer closed her former workplace 13 years ago, Melanie Poppe decided it was time for something new. A new HORNBAACH DIY store with a garden center was being built around the same time in Osnabrück, so she decided to apply. “I never imagined I would end up at a DIY store. But I was good at writing signs, so I tried it out”, explains the qualified display and advertising designer. She admits she gave herself three months in the job. But she was at the right place at the right time – creative minds with a feel for space and color were in demand. Since then, she has quickly progressed up the internal career ladder. In 2005, she was trained by HORNBAACH as a living space advisor and received her first qualification from the Chamber of Commerce. Today, she channels her strengths into helping customers plan their bathrooms and kitchens. “Sniffer valves? I never thought I would be selling that kind of thing but these days I love it”, adds the 40 year-old. “When my boss offered me the opportunity to become a qualified bathroom and kitchen advisor via the Chamber of Commerce I jumped at the chance”, she enthuses. She accepted the challenge of learning all about installation and planning. “I love being in contact with so many people. And the best thing is that I get to see the results directly. After all, satisfying customers is the name of the game”.

Having come from a different line of work, Melanie Poppe from Osnabrück is now a qualified bathroom and kitchen advisor



# THIS REGION IS A VERY IMPORTANT MARKET FOR US

*In 1997 – 20 years ago –  
HORNBAACH took a major step forward  
and expanded into the Netherlands.*

by Anna Krall



**B**efore taking the decision to enter the Dutch market, HORNBAACH already gained valuable experience by expanding into other regions. This process began in Germany. After all, the fall of the Berlin Wall meant an attractive new market was available on the company's doorstep. The success of this eastward expansion scattered the doubts of the skeptics. Not everyone in the sector had believed it possible to make a success of it. But HORNBAACH too was unable to escape the new optimism that took hold throughout Germany in the 1990s. It was soon clear that further growth was on the cards. The aim was to seize the potential offered by other countries and better distribute the company's risks – not least to counter the effects of an ever denser DIY store landscape in Germany. HORNBAACH initially stayed inside the German-speaking world. When expanding to Austria in 1996, there was at least no language barrier to be overcome.

## STRONG BRAND ESTABLISHED

Building on the experience already gained, HORNBAACH dared to set its sights westwards. The Netherlands was already an interesting market. "The share of owner-occupied homes is traditionally very high and we Dutch have always loved investing in refurbishment and renovation projects", explains Jacqueline Tijchon, responsible for HORNBAACH's real estate development in the Netherlands. Having said this, some competitors had already been obliged to down their tools in the Netherlands in the 1990s. Predictions for HORNBAACH were similarly pessimistic. However, the company's courage and confidence in its own concept won the day. Having established a proprietary country company, the first DIY project store was opened in Zaandam in 1997. Today, HORNBAACH has long found its place in the Netherlands and successfully established itself as a brand. The marks awarded by customers offer the best proof: In 2016, HORNBAACH was voted the "Best DIY Store" for the eleventh time already.

And the factors triggering the expansion back then are equally valid today. "Even after 20 years, the Dutch DIY market has lost none of its attractiveness. The region is a very important market for us", comments Wolfer Ketzler, the member of the Board of Management responsible for the Group's expansion and construction activities.

HORNBAACH relies on organic growth and the location of its stores is key. "We only build in top locations with excellent transport links and large



**Top:** Just an advert in February 2017, but by spring 2018 there will be a new HORNBAACH store here in Zwolle  
**Middle:** Colleagues discuss construction work in The Hague  
**Bottom:** Does it get any more beautiful than this? Top visibility thanks to light bands in the ceiling  
**Left:** The new store in Amsterdam shortly after its opening in February 2017

catchment areas”, explains Wolfger Ketzler. “If locations don’t meet our criteria, we keep looking for another site – we don’t expand just for the sake of expanding”.

The Netherlands is Europe’s most densely populated country. This means that towns and communities have to be especially considerate towards each other. “One typical Dutch characteristic is that the arrival of large retail companies is met with a certain mistrust. The concerns relate above all to the potential implications of additional retail”, explains Jacqueline Tijchon. The company therefore accords particular priority to convincing towns and district councils of its reliability and integrity. “For us, it is always about making sure that both sides benefit from any new store. As a company, we are a permanent part of the local economy and act as a regional job machine and a reliable partner”, adds Wolfger Ketzler.

### FURTHER REINFORCEMENT

Amsterdam, with more than 800,000 inhabitants, is the capital of the Netherlands and the country’s largest city. The DIY store with a garden center built there is absolutely consistent with the company’s requirements in terms of location, transport links, and catchment area. It is located directly on the A5 and can be easily accessed from all directions. With weighted sales areas of nearly 15,000 square meters, this store was opened on February 17, 2017. After a three-month fitting-out period, HORNBAACH’s store in Amsterdam now employs a total of 150 people.

The Hague is the seat of government and home to the Dutch royal family. With more than 500,000 inhabitants, it is also one of the country’s largest cities, and was therefore predestined for a HORNBAACH DIY store with a garden center. This is scheduled to be opened in April 2017, in the company’s new 2017/2018 financial year. With total sales areas of around 13,000 square meters, this store offers all of the latest specialist departments – from the bathroom and kitchen center through to the picture framing shop.

The Hague is set to be followed by a further HORNBAACH DIY store with a garden center due to be opened in Zwolle, directly on the IJssel. With 125,000 inhabitants, Zwolle is the capital of Overijssel Province. With a direct link to the A 28 freeway, the store is located on the north-western edge of the city. HORNBAACH’s site has one special feature. On its north-eastern side it is bordered by the Zwarte River. In view of this, the company has factored in a number of special construction aspects to make sure the location is “watertight”. ◀◀



**Top:** Customers rush to HORNBAACH on the opening day in Amsterdam **Middle:** Store opening days offer numerous attractions for customers **Bottom:** One special feature: The Amsterdam store is built across a road **Right:** “Watch out! Something big is on the way!” The HORNBAACH hammer transported this saying all round the Amsterdam area to get people curious ahead of the opening



# DIY 2030 – WHERE IS THE JOURNEY HEADING?

*How will people live in future? How important will their houses, apartments, gardens, DIY, or hobbies be to them? Where and how will they purchase goods? What will they expect of their retailers? And what standards will they set in their own behavior as consumers? Trend research findings and the latest innovations provide some hints.*

by Anna Krall, Hannes Nell and Florian Preuß



## HIGHLY INDIVIDUAL AND OPTIMALLY NETWORKED

*What do VR glasses, makerspaces, video tutorials, and artificial assistants such as Siri and Alexa have in common? They are all small solutions to key aspirations of our times.*

Sometimes a simple message can trigger shockwaves that are felt as a medium-sized earthquake way beyond the original target audience, as Hubert Waltl recently found out. “Assembly line production based on just one, always identical product made sense 100 years ago. What our customers want these days is exactly the opposite. Every Audi should be just as unique as a tailored suit.” By uttering these words in November 2016, the Audi board member basically heralded a departure from assembly line production. In the factory of the future, customers’ dream of a unique car will be realized at small assembly islands.

### THE MOST UNIQUE PRODUCT IS THE ONE YOU MAKE YOURSELF

The Audi message created waves outside the specialist automobile press as well, and that is not surprising. After all, it exemplifies what is now a megatrend – individualization. People’s desire for autonomy and freedom has long reached industry and retail. We are well on the way to become a society of unique items. Possibly the most unique product is the one you make yourself. In recent years, do-it-yourself has been in vogue in a way not seen for a long time. People everywhere are sewing, knitting, making pottery, doing carpentry, decorating, and sawing. Unlike in the early days of the DIY sector, the motivation is not to save money, but to enjoy working creatively. Offering people possibilities to customize their products – with workplaces known as makerspaces equipped with 3D printers, CNC milling machines, or soldering ovens – will be increasingly important in future, as will satisfying customers’ need for guidance. Solutions are called for on all levels, whether in the digital world – with video tutorials – or at stationary

stores. The “Women at work” project evenings held at HORNBAACH stores, for example, provided more than ten thousand women in 2016 alone with the expertise they needed to implement their projects.

### SMART PRODUCTS, SMART SHOPPING EXPERIENCE

One key driver of individualization is the ever higher degree of technical and social networking. These days, artificial intelligence has snazzy names like Alexa (Amazon), Siri (Apple), or Cortana (Microsoft). It constantly gathers information about our lives and aims to make our routines much easier. Blinds go up at the click of a finger, heating systems automatically lower the room temperature when no one is home, and entertainment gadgets make suggestions for the evening when we settle down on the couch.

The products we use in our daily lives are becoming smart and our shopping is following suit. Alibaba, the new internet giant, already enables its Chinese customers to shop in New York’s Macy’s, the world’s largest stationary department store, just by using its VR glasses. Another example: If you like the jacket the DJ is wearing at the club, just take a photo with your smartphone. Instagram will then search for a retailer where the item can be ordered.

DIY project decisions, often not easy, stand to benefit significantly from the new range of virtual experience options. In future, apps will simulate how well the paint at the DIY store fits my living room at home, how many tiles I need for my wooden verandah, or what flooring would best match my new kitchen. All assuming I am willing to disclose my data...



## THE NEW CONSUMER!?

*There is no overlooking it: The way customers select products has changed in recent years. And the new approach is here to stay according to future researchers. Back in the 80s, environmental awareness was mainly a niche for people on a mission to improve the world. These days, the trend is clearly towards conscious consumption.*

Attitudes towards globalization, once critical, have now reversed. Hardly anyone thinks the modern world could survive without international trade. People motivated by lifestyles of health and sustainability (so-called LOHAS) promote ethically correct lifestyles. "Our consumption is consistently ecological and fair without renouncing modernity", is one example from a well-known LOHAS manifesto\*. This statement is backed up by growing turnover with organic and fair-trade foodstuffs. Having said that, the prestigious trend research think tank Zukunftsinstitut sees consumer behavior as becoming even more highly differentiated. Sustainable mindsets are being supplemented by strategic consumption. The opportunities offered by the internet are key here. Information is available around the clock and communication via social networks, blogs, and commentaries, is basically unlimited. Together, these two factors – conscious consumption and communications – make it much easier for consumers to act quickly and exert social pressure.

### ETHICAL CONSUMPTION GOES MAINSTREAM

"Generation Z" (born in or since 1995) has grown up with the internet and is said to be permanently online. This generation is very aware of ecological and social topics. By 2030, when it reaches the age of 25 to 35, it will be a

powerful group of consumers that will bring an awareness of sustainability to center stage within society. Ethical consumption is becoming mainstream. And yet this process is also revealing young consumers' ambivalence. They are well informed about ethical issues, but discount fashion stores are booming. One study by the Zukunftsinstitut concludes: "What will really count in future is to meet customers where they are by offering an extended range of products and services".

Ethical requirements have long reached the DIY sector. "Timber from overexploited regions, for example, is no longer tolerated by customers", explains Jana Stange, the manager responsible for product safety, environmental affairs, and CSR at the BHB, Germany's sector association for home improvement, DIY and garden stores. Substandard factory working conditions are pilloried by consumers online. These factors make communications all the more important. Companies have to provide authentic, easily comprehensible information. "Green-washing always goes down very badly and substantially damages consumer confidence", concludes Jana Stange. She also believes that the DIY sector will soon be a target for customers' ever higher expectations. "We will have to find our own way forward. On the one hand, companies must issue clear guidelines for procurement and quality management. On the other hand, informing customers is the be all and end all. The sector has to support customers in making their own conscious purchase decisions."



## STATIONARY VERSUS ONLINE

*Multi-channel, cross-channel, omni-channel...*

*Everyone in retail is going digital. But different segments have taken very different approaches.*

Some consumer goods, such as computers, software, and cameras, are easy to compare and are bought relatively rarely – and these are online blockbusters. Based on figures from the Gesellschaft für Konsumforschung (GfK), e-commerce already accounts for 30 to 40 percent of total sales with these products.

### E-COMMERCE: DIY GETS GOING

The trend towards e-commerce with DIY, construction materials, and garden products is also gaining momentum. According to Teipel research & consulting, stationary retailers, mail order, and pure players in Germany generated online sales of € 2.77 billion with DIY product ranges (home improvement, construction materials, and garden products) in 2016. Sales grew by 14 percent compared with 2015 and have almost trebled since 2010. At just below 6 percent, however, the share of the total extended core DIY market volume (DIY and home improvement stores, specialist stores, small-scale formats and distance retail: € 47.9 billion in 2016) accounted for by e-commerce is still low when compared with developments in the sectors referred to above.



The BHB, Germany's DIY sector association, expects the online share of DIY sector sales to rise to around 10 percent by 2020. According to a study compiled by the BHB and Roland Berger, by 2030 the internet will even account for around a quarter of sales volumes. Having said this, experts agree that the DIY and construction materials sector cannot function only online, i.e. without any stationary business. Not least, this is due to the major role played by one-to-one, competent advice. Not only that, customers like being on site to look at, touch, and try out most of the products, such as flooring materials, wallpaper, washbasin and shower armatures. Taking samples home is also very popular. These competitive advantages make it far harder for players operating purely online. That is also one reason why ever more providers such as Amazon, mymuesli.de, notebooksbilliger.de are backing up their businesses with stationary stores.

### OMNI-CHANNEL HAS THE EDGE OVER PURE ONLINE

According to market researcher Klaus Peter Teipel, companies able to make their stationary and online businesses interact to perfection, a process also known as dovetailing, will create a lever for future growth. "Excellence in the stationary business is basically the precondition for exploiting online potential", he adds. "In future, the groundwork for generating online sales will still mainly be performed in the stationary business. This will act as a showroom for the online business and drive the overall market." In view of this, the omni-channel concepts pursued by stationary retailers are more promising than pure player concepts. ◀◀

## IMPRINT

**Published by**  
HORNBACH Holding AG & Co. KGaA  
Le Quartier Hornbach 19  
67433 Neustadt an der Weinstraße  
Tel (+49) 0 63 21 / 678 - 0  
Fax (+49) 0 63 48 / 60 - 42 99  
www.hornbach-holding.com

**Group Communications**  
Axel Müller  
Tel (+49) 0 63 48 / 60 - 2444  
public.relations@hornbach.com  
www.hornbach-group.com

**Design Concept**  
Schröder & Schröder GmbH & Co. KG  
Böttcherstraße 27  
49124 Georgsmarienhütte  
mail@adrian-schroeder.de  
www.adrian-schroeder.de

**Production**  
Druckhaus Friedr. Schmücker GmbH  
Gutenbergstraße 1  
49624 Lönningen  
Tel (+49) 0 54 32 / 94 88 - 0  
Fax (+49) 0 54 32 / 94 88 - 77





THE HORNBAACH GROUP  
MAGAZINE

[www.hornbach-group.com](http://www.hornbach-group.com)