

Our customers

We are basing everything we do on the reality of our customers' lives.

Customer insights

The world around us is changing and this is having an important impact on the way our customers lead their lives. Many of these changes are driven by major, universal 'mega-trends'. For example, globalisation is a fact of everyday life.

Major demographic changes are accelerating, and by 2050 two-thirds of the world's population will live in urban areas. Ageing populations are a feature of many of our markets and 30-45% of homes in Western Europe are single households. And of course, digital technology is changing the way people buy, shop and research.

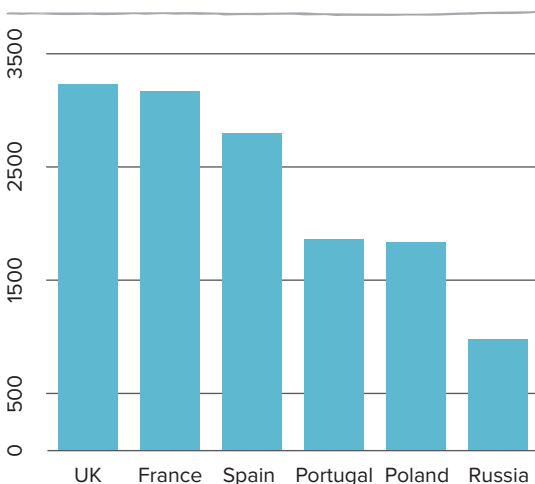
Other trends also require us to rethink our business models. The concept of the sharing economy is developing fast, with sharing and exchanging now becoming more common as an alternative to simply buying products and services. In addition, scarcity of natural resources means that the cost of energy is a frequent concern for many people, with an estimated 11% of Europe's population struggling to pay their energy bills.

Given all this change, Kingfisher needs to change too, alongside basing everything we do on the reality of our customers' lives. Over the past year we have conducted research within 20,000 homes across Europe.

This included visiting the homes of 3,000 people and having in-depth conversations with them about their homes. Based on this research, we know that:

- people are improving their homes with the same purpose – they want a home that is good to live in; 90% of people's happiness comes from having a home they love;
- customer needs are more similar than they are different. For example, in Kingfisher countries the average age of housing stock is between 50 and 60 years, and 74% of bathrooms are smaller than seven square meters. Home decoration tastes are also converging with, for example, a bathroom in France or Poland looking very similar to one in the UK;
- most home improvers have limited resources and limited skills; and
- customer home improvement journeys can be long and complex, with many barriers and restraints. For example, a typical bathroom project can take up to seven months to finish and 39% of home improvers in France abandon their bathroom project well before completion.

Average income
€ per / month



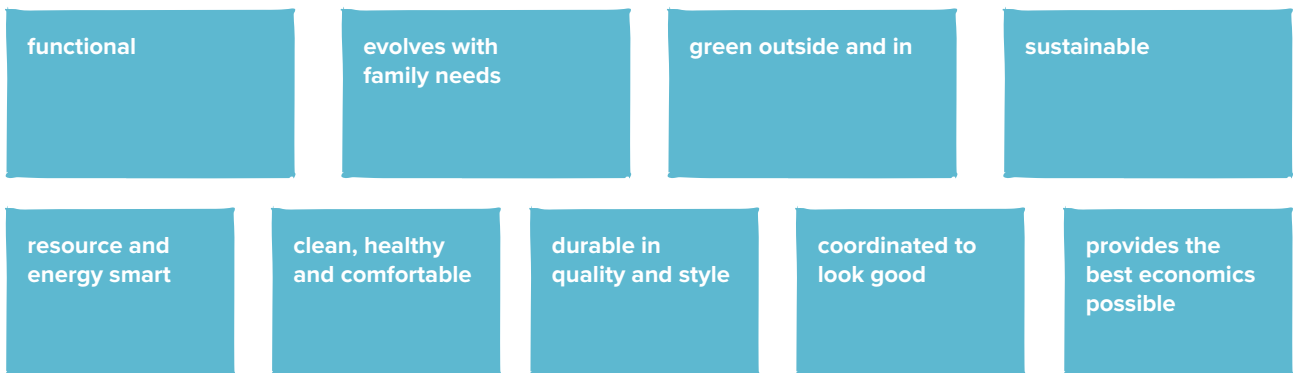
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A good home

We have developed a point of view about what a good home is, based on the research that we've been doing over the past year. These are the fundamental elements of the home that our customers tell us make it a good home. Our aim is to help them achieve it.

A good home is a home that is:



The customer journey

What is also clear is that, for most people, home improvement is a challenge. Customer journeys are often long and complex, with many barriers and constraints.

Based on our customer knowledge, we know that for all home improvement projects there are seven common steps on the customer journey.

Today we only play a small part in our customers' journeys, largely at the 'purchase' stage.

Our aim is to better service the whole customer journey, which will ultimately lead to more satisfied customers and encourage more people do more home improvement projects.



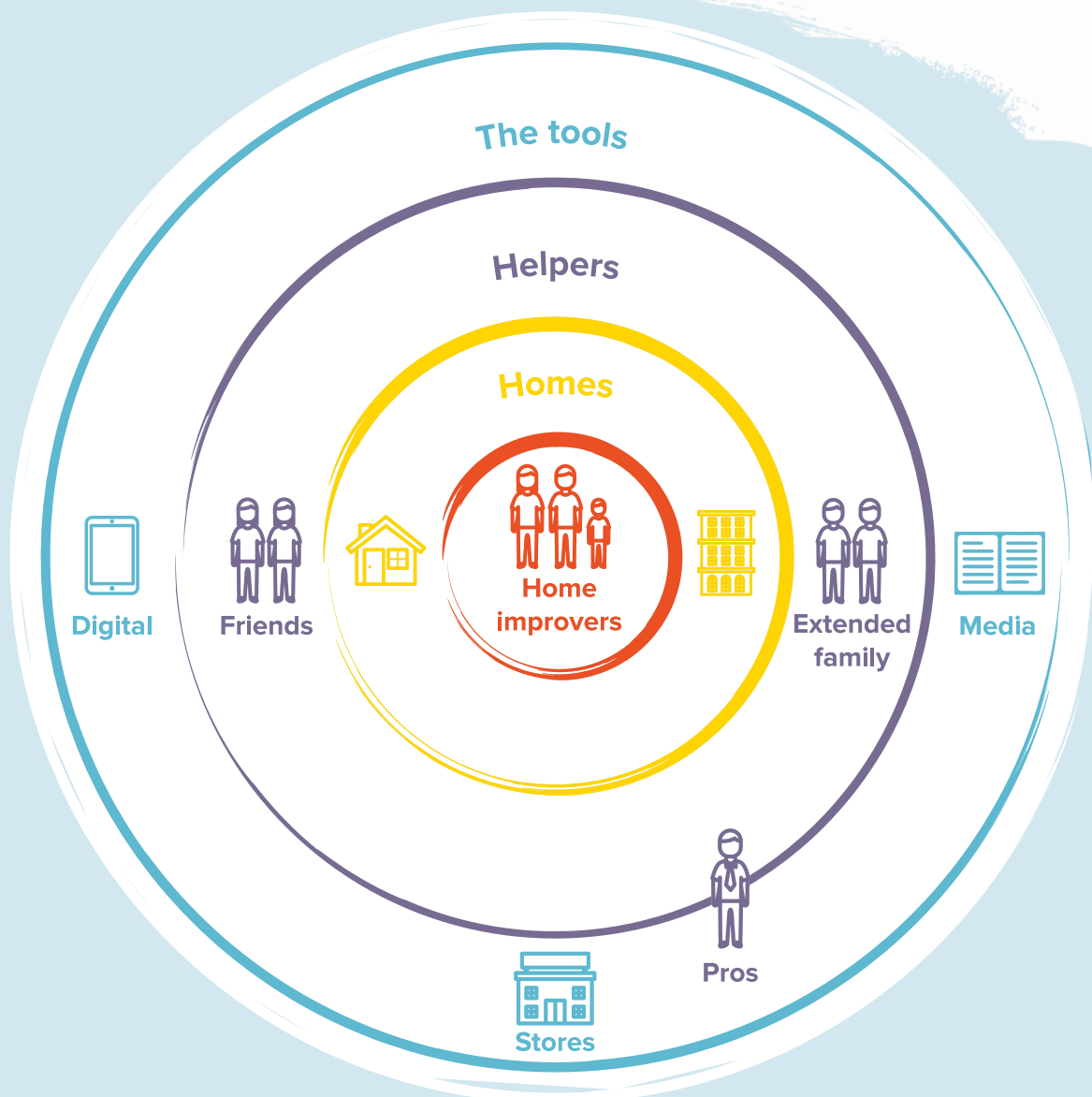
Our home improvement ecosystem

Our market is a large ecosystem, rather than traditional, separate segments.

Our customers are the millions of home improvers who want to improve their homes, whether they are owners or renters. Because most home improvers have limited skills to complete home projects, outside help is often needed to get things done right. This is where they call upon their 'helpers'.

This could be the neighbour who does small jobs, the handy uncle who is willing to get involved, or the small tradesman.

They are all our customers. There is no clear segmentation; it's an ecosystem. On the same project some tasks will be done by the home improvers themselves, and other tasks will be done by, and with, their helpers. It is often a 'blend'.



Home improvers

A home improver is anyone who wants to improve their home, whether they be an owner or a renter.

Three-quarters of the population of Europe visited a home improvement store last year, and 60% of the population in Europe did a home improvement project.

People have a limited amount of resources to do home improvement (see chart showing average monthly income on p10). For example, across Europe 60-75% of people are doing home improvement jobs themselves in order to save money. The result is that it can sometimes take them a long time to complete their project.

60-75%

of people do home improvement jobs themselves to save money

Homes

People have an emotional connection with their home. It is where they raise their families, see friends and express themselves through design and decoration.

Kingfisher's customer research shows that there are also three reasons why people do home improvement:

- because their family is changing, their life is changing and so their home needs to adapt and evolve;
- for functional reasons, to make their home cheaper to run, more energy efficient or simply to make it more functional; and
- for aesthetic reasons, because they want to have a more comfortable, updated home and a better life.

88%

of people do home improvements in order to live in a more comfortable house

Helpers

If people are short of money or resources they look for help with their home improvement projects.

This could come from a family member or neighbour who may be more experienced. For bigger jobs, or where people lack the skills or confidence, home improvers may call upon a professional tradesperson. The professionals are also part of the home improvement ecosystem, not a separate market. Indeed 60-90% of 'light trade' businesses shop in home improvement stores (percentage varying by country). They often do this with their customer, not alone.

60-90%

of 'light trade' businesses shop in home improvement stores

The tools

For most customers, the 'tools' of their home improvement project invariably start with digital, whether that be researching for ideas and inspiration, 'how to do it' videos or price comparisons.

For example, a third of Pinterest's pins are DIY-related and more than half of Pinterest users are looking for DIY. Home improvement is something that people want to feel and see. So the second 'tool' in home improvement projects is our stores. But there is more we can do to make our stores more inspiring for customers, with better layouts and product displays and with more advice.

1/3rd

of Pinterest's pins are DIY-related