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REVIEW OF THE COMPETITION BETWEEN DIY STORE CHAINS IN HUNGARY

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IT is only fifteen years that the first Do It Yourself (DIY) store opened in Hungary. It was then a novelty that building materials became available not only at the building material depos, which previously had the monopoly on the field, but at home decor stores, too. However, Hungarians quickly grew into the habit of 'getting everything under the same roof'. Thus, just as the hypermarkets which sell fast moving consumer goods, DIY stores chains also began to develop dynamically.

In this article after highlighting the competitors, researcher will determine the market and the target group; then researcher move on to analyze the coverage of DIY store chains in Hungary, along with the range of services they offer, and their marketing activity. Researcher will devote special attention to the characteristics of high marketing value that make a DIY chain unique on the present market and deliver advantage in competition for long term.

Key Words: Do It Yourself Store, Consumer Satisfaction.

Introduction

It is only fifteen years since the first international Do it yourself (DIY) store opened in Hungary. It was then a novelty for building materials to become available not only at building material depots (widely known as Tüzép), which previously had the monopoly, but at home improvement stores too. Stores with huge floor areas selling fast moving consumer's goods (FMCG) also appeared in the early 1990s, so the idea of stores offering the products found in various specialist shops in the same space was completely new for consumers. However, Hungarians quickly grew into the habit of 'getting everything under the same roof'. Thus, just like the hypermarkets which sell fast-moving consumer goods, DIY store chains also began to develop dynamically.

The Hungarian DIY Market

DIY Chains

Keen competition characterizes the market: Bauhaus joined a practically saturated market in 2007, as the fifth player, and wants to reach market-leader position by 2017. Obi (This is the full form, it is not an abbreviation) advertises itself as the market leader in Hungary, and dynamic growth is the goal of BauMax too. Praktiker, which was a market leader until 2005, has done everything to recover its old position. Currently five international DIY chains operate in Hungary. The main parameters are shown in Table 1.

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Table 1: Main Parameters of the DIY Chains Operating in Hungary

	Bauhaus	BauMax	Bricostore	OBI	Praktiker
Year of appearance	2007	1992	1998	1994	1998
No. of stores (2008) in pcs	2	15	9	23	19
Total ground floor (m^2)	40.000	85.000	n.a.	141.000	143.000
Yearly turnover (2007) in million Euros*	n.a.	129,7	100	177,3	158,7
Market share (in 2007)*	n.a.	23%	18%	31%	28%

*Calculated data

Source: Own Collection from Websites of the Chains

http://www.bauhaus.hu/index.php?id=2429, Nov 2008.

http://www.baumax.hu/Content.Node/produkte/serviceleistungen.php, Nov .2008.

http://www.bricostore.hu/szolgaltatasok.php?cmssessid=T42e4d93823a94292d60bfb12032ee9dd 20bcd82cbd00bf0a97354fd8dae856e, Nov 2008.

http://www.obi.hu/hu/markets/services/index.html, Nov 2008.

http://www.praktiker.hu/praktiker-international/html/hu_HU/48255/index.html, Nov 2008.

The indirect competitors of DIY chains form three groups. Hypermarkets (Tesco, Auchan, Cora, Interspar), which sell plenty of utensils, furniture and horticultural tools, form the first group. Huge floor-area home design and furnishing stores are the second group (Ikea, KIKA, Domus) – these mainly sell furniture, home decoration goods and home textiles. The third group is made up of all specialist stores which have a large selection of one or two DIY product categories: paints, building materials, bathroom facilities, etc.

Because of the wide and diverse product categories any one DIY store sells, it is hard to define the size of the market. Firstly, not all stores have exactly the same product categories in their portfolio; secondly, one can buy these products in several other shops as well. Let's take lawnmowers, garden furniture or home textiles as an example of products which are available in hypermarkets as well as in specialist stores. In the database of the Hungarian Central Statistical Office (http://portal.ksh.hu, 2009) one can find only an aggregate indicator for the retail turnover of 'furniture and household goods - building materials' or an other indicator for 'books – newspapers - paper and other consumer goods'. The 'mixed consumer goods' category does not form a more precise picture either. Industry experts give a rough estimate for the percentage contribution of the four big DIY chains as regards the above mentioned product categories - around 20% of the total Hungarian market is covered by Praktiker, Obi, BauMax and Bricostore. Taking the decision of the Hungarian Competition Authority made in 2007 (http://www.gvh.hu, 2009) and the press releases of BauMax as a starting point, we can calculate the turnover of the DIY chains: 565,7million Euros in 2007. Taking into account the above mentioned ratio of approximately 20%, the total Hungarian market for those goods which DIY chains also sell amounts to an estimated turnover of 2828,5 million Euros for 2007.

The yearly turnover of the four big international DIY chains grew dynamically until 2006, and then the growth slowed down and turned into decline. In the Central-Eastern European region, only in Hungary there was a decline in the size of the market and the spending per capita in such stores (currently 250-333 Euros/year). The decline in spending power and the general depression of the retail trade is a further blow to these stores. Data shows that Hungarian consumers – just like those of other countries – postpone their investments in recession, and/or rearrange their shopping baskets. The postponement of investments seriously affects the trade of DIY stores, as the cancellation of construction, renovation and redecoration projects strongly affect their business. As a result of the rearrangement of the shopping basket the weight of FMCG spending grows, and consumers generally turn to cheaper goods.

The Consumer

The general idea of DIY stores is based on the consumer attitude of carrying out construction, renovation and redecoration work by her/himself. There are several reasons why a consumer does not draw on skilled work. First: his own building work is financially more profitable. Secondly: it is very difficult to get a workman for small jobs or renovation projects, and usually an extra charge must be paid for that. Thirdly: it is important for that she/he is able to work in her/his own way and the fruits of this work give satisfaction and joy.

In Central-Eastern Europe, DIY stores have big market potential, because all of the three motives mentioned above affect the consumer. In contrast to this, there are countries where the DIY concept would never be a big success. Although about 500 DIY chains operate in Western Europe, their main target group is the so-called ‘hobby workers’. The main reasons behind this are: the notably higher spending power of consumers and the mentality that work is ‘better done by a skilled worker’. In addition influx of cheap labourers into these countries following the expansion of the European Union has met the desire of consumers for service, delivery and renovation projects at affordable prices (Kazmi, 2008). In consequence, purchases are made in specialist stores and at wholesalers. DIY was a failure in Turkey too, but for different reasons. In this country, the cost of labour is so low that self-construction is not really attractive. In China, one of the international chains entered the market with its usual portfolio without considering local consumer habits, and thus lost the advantage which goes with being the first. In this country, consumers want to buy full range of services - i.e. she/he does not need tiles and cement but wants her/his bathroom to be fully renovated in one week. Because of the above factors, all of the internationally known DIY chains offer a different product and service range in China than they usually do in Europe or in the USA. Based on local consumer habits, all of them offer a wide selection of services.

There is a long tradition in Hungary of building houses with friends and helping them mutually with repairs etc. In our country, one is proud to see that a beautiful garden or flat speaks highly of the owner’s work. Beside this, people often repair or do something themselves for financial reasons. DIY chains can gain further advantages due to the fact that Hungarian consumers got used to getting also experience while doing their FMCG shopping. Market research results (made by Praktiker Spring 2007.) show, that besides the conventional parameters (price, convenience), experience while shopping in DIY stores is becoming more important. It is a favourite weekend activity to go and make a FMCG purchase, which often involves shopping around. Marketers all know that a family looking around in a shop sooner or later will buy something. Research data shows that the average consumer visits a DIY store every 5 weeks, and buys something every 8 weeks on average. These purchases often have a low basket value, but are important in the total sale.

There are three target groups of DIY stores in Hungary. The first, which accounts for around 75% of sales are called ’home creators’. They look for solutions to their renovation, decoration and building problems, and are open to do the implementation themselves. The reason behind this can be either financial barriers or their creativity. This group is the main target of the marketing activity of all DIY chains, because these consumers are the real representatives of the ‘you can do it with us’ concept. The second target group is formed of those whose hobby is DIY. They are interested in all technical novelties, they like to buy the newest tools or facilities, and use all of them as they practice their hobby. The members of this second group are mainly men, and it accounts for around 10-15% of total sales. The smallest buyer group are professionals. This group makes its purchases mainly from wholesalers or directly from the factory. Their visits to DIY stores are only for ‘emergencies’, when they suddenly run out of a material.

Analysis of the Regional Coverage

The appearance and dynamic growth of the international DIY chains in Hungary is part of an expansion into Central-Eastern Europe. It is worth mentioning that primarily the German type of stores have spread in this country. Bauhaus, Obi and Praktiker are subsidiaries of German parent companies, while Baumax has an Austrian and Bricostore a French owner. All of the chains operating in this country have opened their stores with the same dynamism in the other countries of the region. There is a high contrast between the Hungarian market and the ones of the others: our market is the most saturated and most players are active here. The multifariousness of the chains can be astonishing, taking into account that the Hungarian population is small compared to Poland, Romania, Ukraine or Russia. Two facts can justify this wide range of chains. First: the income level of the consumer is much higher in our country than in the other ones mentioned. Thus people tend to purchase goods which are not absolutely necessary. One of the main promotional tools of stores with a huge selling area (including FMCG stores also) is to allure consumers into the shop, and then to count on the fact that people rarely leave the building with an empty basket. Only one promotional item is able to attract shoppers who also buy goods not being promoted, and thus increase the turnover of the shop. The other reason behind the diverse DIY chain presence is the retail structure of the country: hypermarkets, supermarkets, discounters of the FMCG market spread much earlier here than in the other countries of the region. The developed retail structure provides potential for the DIY stores which have a similar conformation to hypermarkets. We have seen exactly the same in the UK, where DIY has been a growth sector from the mid-1970s until 2005 and there have been two major drivers of growth. The first was the arrival of warehouse-style stores. The second driver was (again similar to our consumer analysed in the previuos heading) growing interest in the appearance of the home. (Perks, 2007)

We can see a slow down in the expansion of most of the players in the Hungarian DIY market as a result of the decline in the number of new stores which are opening. Bauhaus promised 18 other stores besides the two new ones when entered the market in 2007. In 2008 one project was started, though still there is no news of any store having materialised. Praktiker was conservative already in 2007 while forecasting 2-3 opening in the near future. Obi planned to open 4 new stores within one year in 2006, but only three shops became reality within two years. Although BauMax’s 2006 plans are only semi-fulfilled, they declared that they were due to open 8 new stores within the economic year of 2008-09. To acquire growth (or gain a market share as a new player) in this gradually saturating market, the only possibility is to seize turnover from the sales of hypermarkets, FMCG stores or specialist stores, as the cake – based on the current economical situation - will not get bigger in the near future. Every DIY chain makes efforts to create a differentiating point against the competitors so as to be able to increase its market share. The tools used are of a wide selection: extending coverage, building image, differentiating through services and marketing communication. The marketing tools are analyzed under a separate heading.

Regarding the most important consumer groups, there had been no uncovered area in Hungary by the end of 2008. With the exception of one (Salgótarján) there is at least one DIY store in every major town of a county or large town. In most of the places more chains are present. All the chains have more stores in Budapest and its agglomeration. (The location of the stores of all chains operating in Hungary is summarized in Table 2 and Map 1)

Table 2: Location of the International DIY stores in Hungary (2008)

	Bauhaus	BauMax	Bricostore	Obi	Praktiker
Békéscsaba				X	X
Budapest	X	X	X	X	X
Debrecen		X			X
Dunaújváros				X	
Eger				X	
Gyor		X	X		X
Kaposvár				X	X
Kecskemét		X		X	X
Miskolc			X	X	X
Nagykanizsa				X	
Nyíregyháza		X		X	X
Pécs		X		X	
Siófok				X	
Sopron		X		X	
Szeged		X		X	X
Szekszárd			X	X	
Székesfehérvár		X	X		X
Szolnok				X	X
Szombathely				X	
Tatabánya			X		
Vecsés					X
Veszprém				X	
Zalaegerszeg					X

Remark: Both of the stores of Bauhaus are located near the capital, in Dunakeszi and Szigetszentmiklós.

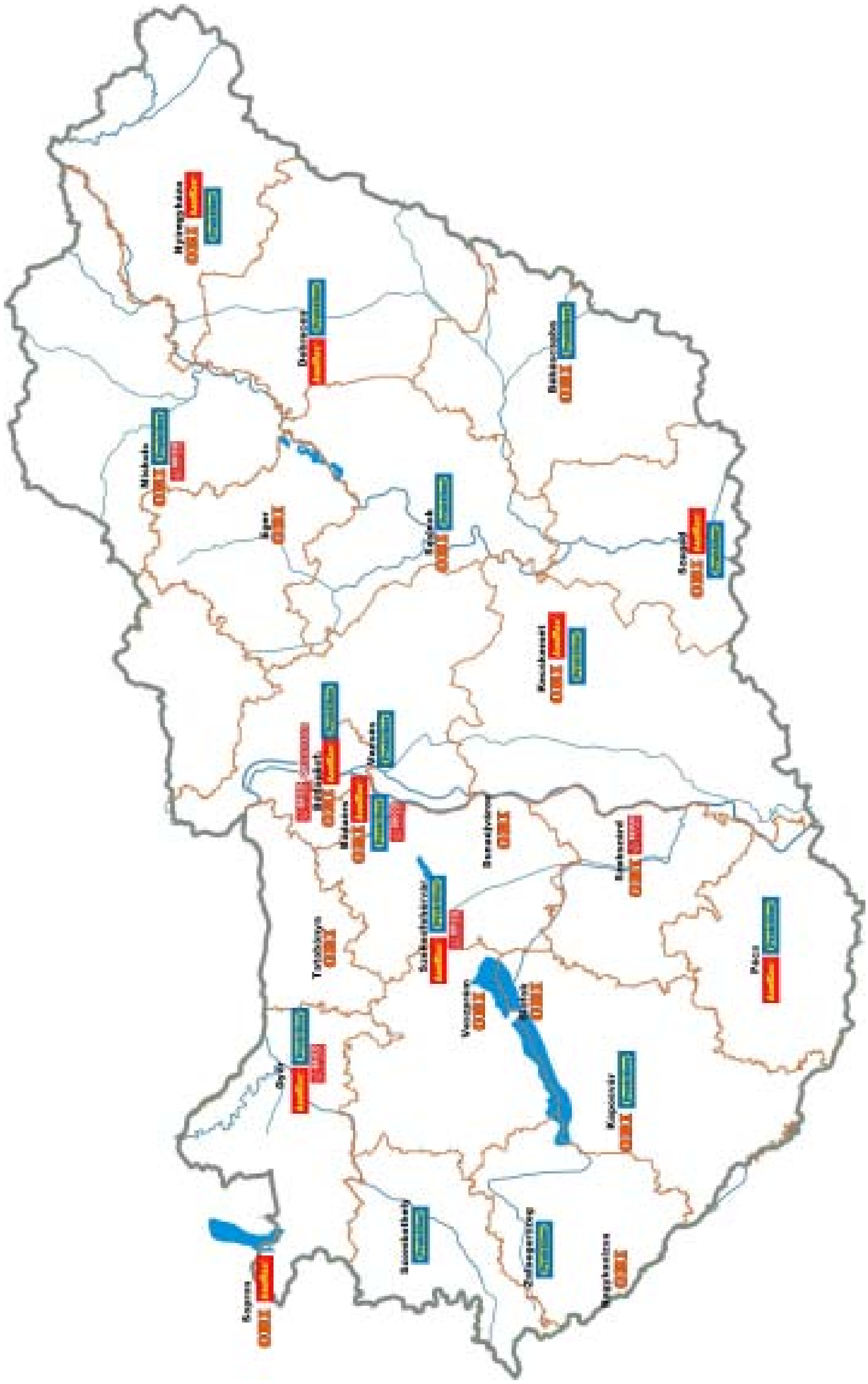
Source: own collection from websites of the chains http://www.bauhaus.hu/index.php?id=2429, Nov 2008.

http://www.baumax.hu/Content.Node/produkte/serviceleistungen.php, Nov .2008.

http://www.bricostore.hu/szolgaltatasok.php?cmssessid=T42e4d93823a94292d60bfb12032ee9dd20bcd82cbd00bf0a97354fd8dae856e, Nov 2008.

http://www.obi.hu/hu/markets/services/index.html, Nov 2008.

http://www.praktiker.hu/praktiker-international/html/hu_HU/48255/index.html, Nov 2008.



Map 1

Table 2 shows clearly the intention of the chains to set up in large towns and their catchment areas, where the greater part of the Hungarian population lives. The ground for this behaviour is research which shows that the most important parameter consumers consider when choosing a store is the distance from where they live. This parameter assigns shop selection in more than 50% of the cases Strangely, fair price, wide selection and attendance follow the parameter of distance from residence only with huge fallback (with importance around 10-20%). By way of comparison, in the case of FMCGs Nielsen Research company reports (http://www.hu.nielsen.com, 2009) that the decision about shopping location is mainly based on price (importance 87%), which is followed by the quality of the selection (64%). The closeness of the shop is only the third factor in the decision (45%). Of course, as FMCG shops have a practically full coverage in the country, and in towns better supplied consumers can choose from even more chains located at the same distance, the parameter which is important for DIY chains is playing a marginal role in the FMCG market.

Every DIY chain has stores in the capital and in all of the centres of the Hungarian administrative regions. These administrative centres take advantage of infrastructural development projects. Budapest, Gyor, Székesfehérvár (together with Veszprém), Pécs, Szeged, Debrecen (with Nyíregyháza) and Miskolc are the cities with the widest selection of chains. Consumers can choose from three different chains in Kecskemét, the town which serves the South Great Plain region beside Szeged. One can find two chains in Pécs, and the centre of the region is completed by Kaposvár.

Examining the presence of stores on Map 1, the importance of the capital with its agglomeration and Central-Hungary is evident. In these countries stores are relatively close to each other, and the variety of chains is also wide. In this region consumers can choose from among more stores (even those who live in a city where no chain is present), because there is surely one accessible within a 40 minute journey. The 40 minute journey as maximum is set by the chains themselves, as they circulate their flyers within this catchment area. On the map we clearly find a rare localization of stores in South-Western Transdanubia and Northern Great Plain. A limited selection possibility from chains is the second main difference compared to the central region. There are different reasons behind the poor supply of the latter two regions. The density of the population in the Central Hungarian region is significantly the highest (419 people/squaremeters), followed with a big fallback by Middle Transdanubia (99 people/squaremeters) based on data from the Hungarian Central Statistical Office (in 2008) (http://portal.ksh.hu, 2009). The lowest density is measured in Southern Transdanubia (68 people/squaremeters). The road network in Western and Southern Transdanubia region is much worse compared to the central one. The settlement structure of the area (small villages) further deflates the circle of potential consumers. In the similar statistical database the number of cities (in 2008) is the highest in Middle Hungary (44 pieces) and the lowest in Western and Southern Transdanubia (29 ill. 36 pieces). However these latter two regions lead in the number of villages. If we take into account the above mentioned 40 minutes maximum journey, it is clear that potential consumers who live in a catchment area are not enough to assure the expected turnover of a store. Purchasing power in Northern Hungary and in countries of Northern Great Plain is lower than the same in other regions of the country. Thus it is not worth building and maintaining stores here because of the slower return on investment than in the richer part of Hungary. With the difficulties mentioned above, the fully unsupplied triangle of Szolnok – Békéscsaba – Debrecen could be a further area of expansion.

Opportunities for Enhancing Regional Coverage

The large towns and their important catchment areas are practically saturated. It is unlikely a good investment to appear in middle sized towns, where one or two chains are already present. Further locations for new stores could be smaller towns. Based on the data used in the previous heading, the potential consumers of small towns and their catchment areas are not enough to support a store with the same size chains are currently operating in big cities. What could be an opportunity? Chains could operate smaller size shops in smaller towns. This goal is achievable with lower investment costs (purchase of land, smaller staff, smaller stock with smaller financial requirements), thus the return on investment could be quicker. One can find an example for this on the FMCG market already: Tesco. Besides opening new hypermarkets in suburban areas, smaller shops appear under the name of Tesco Expressz in the inner parts of cities. Many of these shops are located in older buildings (mainly taken over from other retail chains) and not in new properties. With this strategy, the above-mentioned retail chain is accessible to more consumers: for those who do not want/can not travel so far to do their shopping or for those who want to end up with shopping quicker than in a hypermarket. In effect turnover, profit and market share grows.

Besides enhancing the physical coverage with huge financial investments, DIY chains have the opportunity to reach full coverage with a virtual shop. Opening a virtual shop, capitalizing the opportunity of the internet shopping any chain can achieve a full coverage in Hungary. Details of this idea has been discussed under the heading web shop on page 25.

The Marketing Activity of International DIY Chains Operating in Hungary

The DIY stores active in Hungary basically stock tools, goods to enhance ambience, products related to building, renovating and gardening on offer. The flyer (promotions communicated in a slim booklet every two weeks) is a very important tool in the competition between the chains with a similar profile. The catalogue, which is printed on a higher quality paper and is also thicker, is published four times a year. The competition between the chains is also tough in the services provided: consumers can save much if the price of framing a picture is a gift from the store, or somebody can have the curtain - bought in the store - sewn gratis. Free of charge DIY and needlework courses, or money-back guarantees if competitors have lower prices and also appealing services. To analyse the full marketing activity, let’s look first at the positioning of each chain, and then turn to the 4Ps – product/service, price, place, and promotion.

The positioning of DIY Chains

Placing itself on the imaginary map of the market every company positions itself. During the period of finalising the positioning, product characteristics and company attributes are emphasized, so as to be able to differentiate themselves from competitors. The main task while positioning a company or product is to make consumers aware of these characteristics. Let’s analyse the communicated (which is not always the same as what consumers think) positioning of the chains!

Bauhaus: “If it is important to be good”. Bauhaus at last entered this very competitive market. It wants to create a picture in consumers’ minds that if one needs a product worthy of professionals she/he has to go to Bauhaus. A second interpretation of the slogan can be that all the other chains offer products which are cheap but might be of poor quality. In the light of this, it is surprising that Bauhaus also has a money-back guarantee, which suggests to the consumer that the product they want can be bought in their store at the lowest price.

BauMax: “I Do It My Way”. The new communication started in 2007, and shows BauMax as the area of self expression. Its slogan builds on the well-known song by Frank Sinatra. Beside this the chain puts emphasis on creating a humanitarian image of itself and patronizes social programs within this frame.

Bricostore: “Nice ambience – full life”. Everyone in this always changing world has to create an ambience around her/himself which goes beyond their basic needs. A tool to fulfil this job can be Bricostore, which helps to develop a perfect home.

Obi: “Partner in creating the home”. The campaign giving rise to a lot of publicity started in August 2008. The protagonists of the communication are unknown creatures. Even they can find everything in Obi to create a safe and friendly home, and they receive personalised and skilled assistance from the staff of the store. The most important element of the campaign is the partnership and problem-solving ability of Obi.

Praktiker: “We have ideas for everything”. The message of the main slogan is that in this chain consumers can find solutions for any kind of DIY problems. The “10 years of confidence” is a birthday slogan of 2008: the company which appeared on the Hungarian market for a decade exploited the jubilee occasion to communicate that a very good relationship has evolved with the consumer during this period, and this confidence will remain in the future.

Although there are differences between the communicated positionings, research shows that consumers do not see a real difference between the images of the chains. Consumers possibly do not even regard it as substantial, as it stands out from heading 2.3. (parameters influencing the selection among shops). General familiarity of the chains is high: all of them have an almost 100% prompted index. There is a significant difference in spontaneous mentions: Praktiker’s index is higher by 30% than the one for Obi (the two biggest and best known chains), and the familiarity of the communications of the previous is higher than the latter by 48%. The difference is momentous in the area of product preferences: in the case of tools, which account for the classical DIY products, and products related to building and renovating, consumers choose Praktiker 50-70% more often as the purchasing location.

Comparison of the Products and Services DIY Chains Offer

One could characterize all of the above mentioned chains more as groceries than real DIY stores. The selection of every chain covers four elementary areas: materials and fittings related to building and renovating, goods for home design (textiles, furniture, wallpaper, accessories), products used in the garden (plants, pots, black mould, garden furniture, small garden tools), and appliances. As well as these, the selection is broadened with household care products, smaller and bigger household machines, accessories and care products for cars, seasonal products. Between the latter one can choose from the enlarged summer garden selection (pools, etc.), or Christmas goods, when there are decorations Christmas trees and even sledges to buy.

Comparing the local product range to the one in Western-Europe, one can see that in our country the selection of all of the chains is wider and more premium, unlike for example in Germany, where the price war amongst chains is fiercer and the product range is narrower. It is typical of all chains that for conventional DIY products, like building and renovating materials or tools form only the smaller part of the selection. The so called ‘assortment goods’: furniture, textile and creative hobby products give higher turnover for the stores.

Often not only are the product categories chains offer similar to competitors but also the products and brand names are the same. Thus chains have to differentiate themselves in another area. A differentiating point can be a wider selection of a particular product category: for example the garden section of Obi is outstanding compared to its competitors. A second area for differentiating can be selling a product category which is neglected by others. The selection of Praktiker furniture can be an example for this strategy, or the sale of quads in 2007. Another example is Bricostore which sells materials and tools related to creative hobbies. The third – not really utilized – area for differentiation is service. In Table 3. services offered by the chains are summarized.

The overlap between the services is apparent. It is as good as an expectation from consumers that she/he is offered different solutions to carry home large sized goods bought in the store (home transportation, rental of trailer). Cutting to size (e.g. lumber), sewing of curtains, mixing of paints

Table 3: Comparison of Services DIY Chains Offer

	Bauhaus	BauMax	Bricostore	Obi	Praktiker
Transport	X	X	X	X	X
Rental of trailers	X	X		X	X
Mixing paint	X	X	X	X	X
Framing	X	X	X	X	X
Tool rental	X	X	X		X
Rental of bridging					X
Cutting to size asked	X	X	X	X	X
Maintenance and first inducement of appliances			X		
Sewing curtains			X	X	X
Duplication of keys, engraving, sharpening	X		X		X
Selling small metal parts at weighting			X		
Consumer orders	X	X			X
Voucher	X	X	X	X	X
Payment by card	X	X	X	X	X
Credit on goods		X	X	X	X
Credit card owned by the chain			X	X	
Customer service per phone		X		X	X
Money back guarantee/change of goods	X	X	X	X	X
"The lowest price on the market" promise	X	X	X		
Implementation service	X				
Assistance in searching for skilled worker		X		X	
Advisory booklets	X	X	X	X	X
DIY courses		X	X		
Designer software			X		X

Source: own collection from websites of the chains

http://www.bauhaus.hu/index.php?id=2429, Nov 2008.

http://www.baumax.hu/Content.Node/produkte/serviceleistungen.php, Nov .2008.

http://www.bricostore.hu/szolgaltatasok.php?cmssessid=T42e4d93823a94292d60bfb12032ee 9dd20bcd82cbd00bf0a97354fd8dae856e, Nov 2008.

http://www.obi.hu/hu/markets/services/index.html, Nov 2008.

http://www.praktiker.hu/praktiker-international/html/hu_HU/48255/index.html, Nov 2008.

and many other services can be found at almost every branch. These services certainly refer only to materials bought at the specified branch. These services should be principally communicated to the consumer when the buying decision is prepared or at the point of purchase. The personnel is the most appropriate to orient consumers, flyers, catalogues, and website are helpful information sources in advance. The voucher is not a unique offer today, as almost every retailer has one. Even a big gas supplier offers vouchers as a practical gift.

Until consumers do not face the disadvantages of credit cards owned by stores and the commercial credits, they are very alluring. The reality of the economic environment by the end of 2008 will expectantly devaluate these financial sources in the eyes of consumer. Two services: the money back guarantee and the opportunity to change the goods which are not appropriate, flatter with serious potential in enhancing turnover. The change of goods is a similar possibility to which IKEA (the multinational home furnishing store chain) has been offering for a long while: those products which were visibly not used and were not appropriate (because of size, colour, or someone bought too much of that) can be changed to any other product or the money is given back if the consumer asks so. Thus the perceived risk of consumer is lower. As the decision made at point of purchase must not be definitive, consumers spend their money easier buying also goods the suitability of which are ambiguous.

Price guarantee service can be found at three chains. Bauhaus, BauMax and Bricostore are in a serious price war, both with each other and the other chains. It is communicated in more channels that if a consumer finds exactly the same product somewhere else for a lower price, these chains pay back the price difference, moreover, they give a further 10-15% rebate counted on the lower price. One meaning of this opportunity is that consumers – if they look for and find cheaper prices on the market – can obtain products for the best price. Second explanation of the promise can be that consumers do not even have to search because the given chain is the cheapest. However the Hungarian Competition Authority found this interpretation delusive and disciplined the chains in its order mentioned above (http://www.gvh.hu, 2008). The alluring power of price guarantee is huge; however the differentiating point of being the cheapest is doubtful. The 'strategy' of low prices can be copied quickly and as such does not deliver the opportunity of enduring competitive advantage. Beside this price war quickly annulates the profitability of all participants.

Advisory booklets, films and guiding texts on websites help consumers to a great extent at planning a work or if they brake off at implementation. One can say that it is impossible to learn laying tiles from a booklet. What it makes possible, is that anyone can size up if it is worth to have a go at a job. These guides in booklets and films show traceably all phases of an implementation from measurement through calculating the needed material till execution. This could allure also those to workmanship by own hands who would have never thought on that. However I do not believe that a booklet or film can attract a consumer to a given store, it rather serves orientation than differentiation and loyalty.

DIY courses – which are free of charge for those who participate in the loyalty program – can attract consumers to a given branch, in particular if materials and tools used during the course can be bought there. These courses give more support to consumers in implementing the planned work, and – although are more expensive to organise – have bigger marketing value. Offering design software is also a better tool to attract potential consumers. A full kitchen or bathroom installation can be planned with this software, with the help of preview anyone can feel her/himself in the materialized chamber. From point of view of the chain the big advantage is that the software compiles the accommodation exclusively from products sold there, thus it is more likely that purchase will happen in the store.

Loyalty programs can be found at all four large chains. For the consumer, it is favourable to join such a program as she/he obtains a sizable allowance for loyalty. In addition in stores which consumers frequently visit, they know their way about and find the searched product quicker, which improves the shopping experience. The loyalty program is a marketing tool in companies' hands which can provide huge advantage on the long run against competitors if it is used prudently. Today's consumers are heavily avoiding advertisements, as such they are difficult to reach with conventional communication tools. Databases built with the loyalty program show its real significance if we look at it in the light of direct marketing. Dispensing with this future opportunity, and seeing only the allowances given to consumers currently, we can only observe the profit decreasing effect of this marketing tool. Forming a serious database of a loyalty program is possible for every DIY branch as all of them have electronic scanner systems working at counters. The scanner not only records what the consumer has bought but also if the given product is on promotion. Over this information the date and time of purchase can also be related. When a consumer joins the program, branches collect a lot of information beside her/his demographic data. The questionnaire enters into details whether there is a plan to renovate her/his flat in the near future, or does the consumer plan on building a house, or doing a big size gardening work, or has a hobby for which materials and tools could be bought at the store. With help of a detailed database the company can reach potential consumers with tailor-made marketing communication. This means that only such products, services, promotions will be offered which are probably interesting. For example if someone buys many annual plants in spring, it is worth sending an offer with similar products next season or calling her/his attention to the gardening product range. For those who do their purchases in the normally low commerce period – weekdays morning – special promotions can be organised. Contrary to impersonalized offers (like flyers, billboards) such tailor-made promotions are generally welcomed by the consumer, and communication can be referred more precisely. As the main part of marketing budget is spent on communication, the latter is outstandingly important.

Despite all this, the loyalty program is being taken seriously only by Bricostore. Based on information of its own flyer, 60% of the turnover – which is a very high rate – is provided by consumers who participate in the program. People had to spend a huge amount within one year at the other three chains to obtain allowances which is not attractive at all. Probably the time when chains concede part of their profit to consumers in exchange for better accessibility and addressability has not yet come. Other possible reasons behind the loyalty programs being in their childhood can be the observations that even in countries with developed retail structure people do not have more than 3 loyalty cards in their pocket. The possibility that one of these belongs to a DIY chain is low.

The information requirements of the consumer are served by customer service via phone and a well constructed website. Consumer friendly function of these is essential to develop a satisfied buyer group. All required help must be provided to the consumer at the preparation or after purchase. Surprisingly the questions at call-centres (10 thousand calls a month on an average) are predominantly not claiming more asking for information. If the questions of a potential buyer can be answered quickly, fully and reassuringly the given chain has a good chance that the purchase will happen at one of its stores.

All the five DIY chains operating in Hungary have websites. These sites are easy to use and contain abundant information. Consumers primarily use them in preparation of a purchase. With the help of them it is possible to compare the offers of all chains quickly from an armchair, and to decide where to buy the product needed. The constantly growing attendance shows that websites must always be updated especially with the latest flyers which are mostly looked for by the consumer. An interactive website which supports online purchase could be a truly differentiating point.

Let's examine services which can be base of real differentiation and is offered only by one chain!

Online order: compared to websites of other chains Praktiker offers the possibility for consumer to order a product online. Arriving at the store she/he only has to pay and carry the product away. If stocks are low the store provides the opportunity to reserve the needed quantity to avoid unnecessary journey. Praktiker is pioneer on this field among the big DIY chains. Consumer remarks (the growing value of online orders) confirms that e-commerce is the way of future.

Web shop: developed version of online order. Everywhere in Hungary will the full product range of Praktiker be available as of spring 2009 thanks to the purchasing possibility through internet. Any quantity can be ordered with the service, there is an option of online payment, and even transport can be chosen. The price of the latter is calculated to be competitive with the costs of transport which is organised by the consumer. With the web shop a full coverage in Hungary will come true for Praktiker, because it will be able to attend to consumers not only in the catchment area of the physically existing stores but also in the total countryside. Regarding online shopping: it is not yet widely spread in Hungary but research data (from 2008) shows that its usage is increasingly broadening (http://www.btl.hu, 2009). 40% of those who use the internet between ages 18-69 order at least occasionally something online. During Christmas purchase the population of villages and small towns leans in the same extent (42,4%) on the internet as those in the capital. This rate is with 10% higher than the one of the population living in large towns and chief towns of the county. Taking into account that the latter are well supplied with DIY stores, and the supply in villages has deficiency, selling through the internet is an excellent opportunity to reach consumer.

Usage of integrated IT tools: a store of Praktiker opened in Vecsés in September 2007 offers consumer the feeling of shopping which will be widely spread only in 5-10 years. As first in the world in DIY sector and in retail trade of Central-Eastern Europe purchasing process is helped by IT tools which make it quicker, more spectacular and austere. The latest retail information is provided to the consumer through plasma TVs, terminals connected to the internet can be used for orientation, free of charge hot-spot in the café provided by T-Systems ensures contact to www. Promotions and actual basket value can constantly be monitored by a scanner fixed on the shopping trolley – however for the time being only for those who participate in the loyalty program. The scanned basket value is taken into account at the counter also. Electronic tags ensure that prices at the shelves and at the counter fully accord. These tags receive the information through infra connection. The system also reports back if new prices were set correctly. At the counter stack is cut back with minutes thanks to IBM cash registers with touch screen. For control the monitors also show the photo of the product bought. The store of the future is accessible in Vecsés for the time being, but the chain plans to launch bigger part of the IT tools in its new stores (Kaposvár, Békéscsaba and the new one in Székesfehérvár) keeping the purchase experience to the fore.

Maintenance and first inducement of appliances: this service available in seven stores of Bricostore complements serious absence. In former times it was easier than today to find smaller ventures which offered such a service. Maintenance and first inducement of DIY appliances, gardening machines is tackled not only on products bought at the chain but also those from other sources. Consumers prefer to purchase appliances in a store where first inducement is done quickly, because they do not have to carry heavy and large sized machines somewhere else for maintenance. I believe that Bricostore has advantages over other chains if appliances are sold under the same conditions.

Implementation service: Bauhaus is currently unique with this service on the market. Examination of the target group showed that the biggest consumer group of Hungarian DIY chains is the one which is formed by self implementers. However, there is a consumer layer which also has such jobs to be solved but they do not want/are not able to implement this by themselves. For the latter ideal solution can be found at Bauhaus which promises to collar or floor everything with skilled, trusted, well timed work worthy to professionals. The building industry in Hungary is flagrant thus organisation of a trusted implementer and the help of an implementation coordinator takes a huge part of the troubles from consumers' shoulders. The quality of the implementation can be guaranteed with cooperation of the implementation coordinator. Bauhaus provides this service in cooperation with regional professional organisations, thus the credibility of the promise is assured.

Assistance in searching for skilled worker: BauMax and Obi wants to diminish the same consumer risk by offering accessibility to skilled workers in larger towns with guaranteed quality. Consumer can choose from artificers registered on the website of BauMax, and can also size up the quality after work. The service operates through a raised priced SMS: sending the code of a selected work and the postal code of place of implementation one receives the phone number of three artificers. Understandably stores do not take responsibility for the job done, this service is primarily a forum where artificer and consumer encounter.

Special products for professionals: Bauhaus also wants to reach professionals who currently do their purchases primarily at wholesalers or directly at the factories. A special product range is put together for them and for the entrepreneurs. Appliances offered in the so called 'Profi Depot' have outstandingly good performance, they have been selected in co-work with industry plants and fully match the concerning standards. Besides, services for professionals are available: for example drive-in area for easier loading where also payment can be arranged. Professionals are offered the option of payment with bank transfer, commission, home transportation or special bargains given on big volume purchases. The Drive-in area is certainly available also for consumers and they can capitalize on the easier purchasing and payment options, too.

Assistance in loading up the car: one can often see people looking for help with their filled shopping trolley in the parking place. The large and heavy goods were loaded with the help of the personnel in the store, but there is no one to help at unloading the trolley. This service does not seem to be an outstanding differentiating opportunity on first sight, but taking into consideration the market research result mentioned above (experience of purchase is getting more important) it is understandable why Praktiker puts efforts in this field, too. The service will become even more consumer friendly if helpful personnel will be available at parking places of all stores.

Analysing the General Price Level

Heavy promotional activity of the chains projects the serious price competition of the market. Hungarian consumers are very price and promotion sensitive, and they look for the best price at DIY stores just like in the FMCG sector (Kenesei, 2004 & Kolos and Kenesei, 2005). Price guarantee analysed among services shows an unambiguous price war between three chains. Oppositely, Praktiker, and Obi stand for offering the product with best price/quality ratio in every quality level.

Place of Sale

Concerning DIY chains place of sale is basically the coverage of stores discussed earlier under the heading Analysis of the Regional Coverage. Sales through the internet and through customer service per phone mean further 'places', the opportunities covered by these were showed at the examination of unique services.

Promotion: Marketing Communication of DIY Chains

Primarily used communication surface is the flyer distributed biweekly. Concerning its circulation the flyers of bigger chains cover 70% of Hungarian households. Every chain distributes its promotional offer with the same frequency to households in the catchment area of its stores. In defining the catchment area, it is authoritative that potential consumer could reach the store within 40 minutes (with any kind of transport). At the examination of territorial effectiveness of distributing flyers (or consideration of new target groups) it is an often used method to record the postal code of the consumer at the counter. This database provides great help at the more precise aiming of distribution.

Analysing the data of all purchases the most effective tool to boost sales are flyers. Around 25-35% of total trade is promotional sales, which means that it comes from any kind of promotion communicated on generally flyers, or billboards, Point of Sale (POS) materials.

DIY chains like to use their own surfaces for convincing consumers. Tables set at parking places or in the buildings, wobblers taking the attention and other POS materials support the consumer habit that most of the purchasing decisions are made in the stores. Even those who come with concrete idea can be allured with promotions seen at place. In some stores orientating price tags help consumer in decision: ‘sparing price’ means ‘probably the cheapest’, ‘advising it trustingly’ stands for ‘good price and quality’, ‘quality for your home’ equals ‘the best quality in the store’. Placement of related products and the reminder ‘do not forget’ is also to enhance turnover: for example light bulbs at lamps.

Four times a year a catalogue is distributed. This thick booklet is printed on quality paper and is designed with selected pictures. They are always thematically compiled: the focus in spring is gardening (including garden furniture, plants and appliances) or building (materials and tools), in summer attention is called to new products. In autumn heating and home decoration, before Christmas decoration and gift ideas are collected.

In the usage of conventional media the following can be seen: TV is used primarily in campaigns to support an accentuated communication goal. An example for this is the repositioning campaign of Obi in 2008, when besides TV press and outdoor tools enhanced the communication effect. The image campaign BauMax was communicating in 2007 to boost its position used billboards and radio from above the line media tools. Bricostore sponsored weather forecast at a time, which is a cost effective TV presence. (However doubts come up oppositely the correct consumer association between the DIY concept and weather forecast.)

Regarding press, chains use regional newspapers, as it is fully unnecessary to place advertisements in expensive countrywide ones if consumer can be reached locally better. The reason behind is in the press consumption habit which shows that those who subscribe a newspaper, (also) take in the local one. The other part of press attendance is the usage of monthly magazines which are specifically related to the DIY concept.

A rough estimation for the marketing communication budget of the chains, 60-80% of the costs is paid for flyers, catalogues and production of POS materials, the balance is used to finance ATL surfaces and the internet.

Summary

The marketing activity of international DIY chains operating in Hungary is multiple according to the challenge of intensive competition. Chains aim for differentiation based on their image but this is not yet behold by consumer. Thus all other tools of marketing are used to gain market share from the currently rather declining market. There is no new or unique among the communicational tools used. Offering unique services can deliver outstanding differentiating points for the future, this is the area where chains could allure consumer more effectively. Increasing regional coverage is a second forfeit of a growing market share. Achieving full physical coverage is probably not rewarding but operating a web shop could deliver complete (virtual) coverage cost effectively.

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