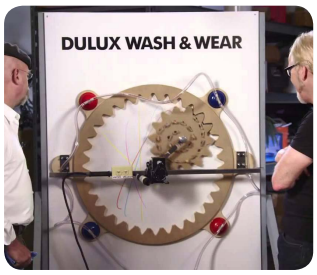
HI NEWS
Vol. 2 No. 9

IS DIY-TV OVER?

REJECT ACCEPT





DULUXGROUP H1 2015/16 RESULTS

BUNNINGS MAKES MOVE IN ALBURY • THE GOOD GUYS CONSIDER AN IPO • POCO MAY BUY INTO MASTERS SITES • MITRE 10 SCORES KELLYS IN WODONGA • BEAUMONT TILES OPENS NEW DC

contents



IS DIY TV OVER?

After poor ratings for "Reno Rumble", mediocre ratings of "House Rules", and lower ratings for the past two seasons of "The Block", is "reality" DIY TV done and over?

19: click to view



DuluxGroup H1

DuluxGroup returns average to good results. Forecast is for a stronger H2. However, is enough attention being paid to the changing economy?

37: click to view



Big Box Update

Bunnings to set up store in Albury; POCO looks at Masters' sites.

3



Retail Update

The Good Guys considers IPO; JB HiFi considers buying The Good Guys

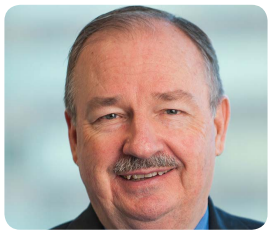
9



Indie Update

Beaumont Tiles opens new DC; Mitre 10 adds Kellys Wodonga.

6



Supplier Update

Mike Kane of Boral calms fears over housing prices; Valspar earnings dip.

8

Europe Update 13

US Update 15

Products 42

Seeking Opportunities 47

big box update

Albury set to approve new Bunnings store

in this update:

POCO may bid on Masters' sites

Metcash interested in Masters' sites, as well as HTH Group

Brett Blundy looks to buy into Masters

Bunnings to open larger store in Albury

Bunnings to open new store in Chadstone

Bunnings launches pilot stores in UK

Bunnings brands enter UK market



Bunnings has lodged a development application for a $27 million replacement store in Albury.

The big box retailer opened its existing store in Young Street in 2003 before an expansion six years later. The plans are for new store on the corner of the Riverina Highway and Drome Street. It will be located next door to the Harvey Norman Centre. Bunnings' trade centre in Romet Road, Wodonga will transfer across to Albury as part of the move.

The replacement warehouse will be over 18,000sqm with room for more than 400 carparks.

Bunnings recently purchased the site including the Kimberly Clark factory which closed last year. Bunnings general manager of its property division, Andrew Marks, said the redevelopment was a show of faith in the Albury market.

Acting Albury mayor David Thurley welcomed the announcement from Bunnings. He said:

Albury Council has been supporting the Bunnings team with information and assistance for its investigations into the proposed purchase of the new site for several months. We are very pleased that Bunnings has seen fit to invest in the expansion of their presence in AlburyÉ

Bunnings is also building a 6900sqm store on the eastern edge of Yarrawonga which is expected to open later this year.

goo.gl/3xwc7O

Bunnings to open in Homeplus Chadstone

Newmark Capital has signed up Bunnings in a 10-year deal to be part of its Chadstone Homeplus Homemaker Centre in Melbourne. The big box retailer will open a large-format 7600sqm store at the centre, located about 500 metres from Chadstone Shopping Centre.

Bunnings will share space in the Homeplus Centre with other major retailers such as Barbeques Galore, The Good Guys, Snooze, Freedom, JB Hi-Fi, E&S Trading and Adriatic Furniture.

Newmark was founded by former Hawthorn football star Chris Langford and Simon Morris who previously headed Peninsula Development Group. The Homeplus Centre, bought for $55 million in 2011, was the start-up syndicator's first single-asset fund. Its value is likely to soar above $80 million after the deal with Bunnings.

Industry sources suggest rents for a large retailer such as Bunnings were likely to be between $280-$320 per square metre.

goo.gl/ExQ26v

big box update



POCO in race for Masters' sites

Home furnishing and hardware store, POCO is now in contention to takeover the sites set to be vacated by Masters.

POCO is a South African-owned warehouse retailer that stocks discount furniture, hardware, white goods, bedding and other low cost household items such as soft furnishings and some electrical goods. It houses brands like, TEAC and Breville.

Its South African, German-listed parent company, Steinhoff International, also owns Freedom Furniture, Snooze and Bay Leather Republic.

Fairfax Media reported that POCO was planning to move into 20 vacated Masters sites around Australia. Prior to that, trade publication Channel News reported that a Steinhoff International source said the company wanted to open 45 Australian POCO stores in two years and as many as 100 outlets within five years.

Complete with its distinctive yellow and red colour scheme, POCO first opened its doors in Australia in 2012 and now operates six store across the country, including outlets in Blacktown and Casula in NSW.

Queensland University of Technology retail expert Dr Gary Mortimer told The New Daily that POCO represented the same threat to Bunnings that discount German supermarket Aldi posed to Coles and Woolworths. He said:

The POCO model tends to be an Aldi or to a lesser extent a Costco-style one. Fairly good quality, but low price. Not a significantly large range or a lot of branded products.

POCO will tap into that value seeking consumer that wants relatively good furniture, cheap white goods but still good quality.

Dr Mortimer said it was a very different offering to Masters, which meant POCO would have a better chance of standing up to Bunnings.

What Masters did was try to emulate Bunnings but in a high end air conditioned store. That inferred to the shopper it would be high price. They didn't understand their market. People would go to buy hardware but also see cushions and throw rugs.

goo.gl/UgZX3y

Retail analyst and managing director of Marketing Focus, Barry Urquhart, doesn't see POCO becoming a major competitor in the big box market, and said it would lose a lot of profit while it expanded its store network over the next five years.

Mr Urquhart said POCO could follow in Masters' footsteps and fail because it wasn't focused on doing one thing and doing it well.

POCO stretches itself across a number of different markets and Mr Urquhart doesn't believe it's what consumers want.

Mr Urquhart also said POCO had to tread wisely if it wanted to expand the number of stores in Australia at such a rapid rate.

There will be a period of loss therefore they have to be very careful. If they run out of money, they run out of time and if you run out of time, you're run out of business.

goo.gl/ajiqLH

Metcash also seeks Masters

The DataRoom column in The Australian has revealed that Metcash may be interested in both Masters and Home Timber and Hardware. Apparently, the Mitre 10 owner has been sounding out Woolworths about a potential acquisition of the stock within the hardware operation of Masters.

It has always been thought that it was only HTH that was of interest to Metcash, but it is now believed the group also expressed an interest in understanding what stock Masters has and at what price.

HTH is more attractive to buyers than the loss-making Masters and is known to have strong synergies with the Metcash Mitre 10 operation.

Citi is working on the process on behalf of Woolworths and is expected to have now comprised a short list of bidders for the second round of the contest.

goo.gl/DXwZQo

Blundy bid

Australian businessman Brett Blundy may be buying into Woolworths' hardware operations, according to DataRoom in The Australian. Apparently, he has made a tilt at parts of the Masters hardware portfolio and potentially also Home Timber and Hardware.

Mr Blundy founded BB Retail Capital in 1980 and built up his fortune by growing a single record store called Disco Duck into a 238-store strong Sanity Entertainment Group, encompassing HMV and Virgin Entertainment. It was divested in 2009.

BB Retail Capital may be working with JB Hi-Fi and Steinhoff International, the majority shareholder of the listed Freedom Furniture.

goo.gl/4nFssB

big box update



Bunnings is likely to open stores that are markedly different from the Hombase format they will replace

Bunnings launches UK pilot stores

Over the next six months, Bunnings will establish pilot stores in two or three of the 260 Homebase sites in the UK, according to John Durie writing in *The Australian*.

The big box retailer is three months into the process of transferring its operating style into the UK. Bunnings' UK operations is being led by veteran executive PJ Davis with some ongoing help from his boss John Gillam.

Michael Schneider is in charge of the Australian and New Zealand operations and the plan is to keep the operations separate.

The Bunnings team in the UK has the job of exporting much the same way that back in 1993 when Mr Davis was part of the Bunnings team in the then McEwans takeover.

Once its pilot stores are established, other stores will be in the new model. This means, among other things, that everyday low prices instead of the high-low strategy which has been the hardware mainstay in the UK for a long time.

That's a big change for the stores, which will continue to run as Homebase stores but without the myriad concessions that now populate them.

Bunnings is in the process of undoing the contracts Homebase had with these concession operators. Among these is Argos, the catalogue based retailer owned by former parent company Home Retail Group, and a furniture concession.

This process is likely to see an adjustment to the sales base to be used for the acquisition, which will be stated with ongoing starting sales of around $2.4 billion as against the previous stated sales of around $3 billion. The lower sales base will measure the stores minus Argos and the furniture concession.

The process to be undertaken now is equipping Homebase with the expertise needed to operate as a standalone retailer, with adjustments to distribution centres and the addition of a property team to handle ongoing lease and purchase decisions.

The actual Bunnings rollout will not be set on any public timetable, with the two or three pilot stores to be operating by year's end, simply to test the model and work out where to make adjustments.

The UK demographics are vastly different, with some 18,000 people per square kilometre against just 400 in a large Australian city. This means delivery is cheaper and explains why catalogue shopping has been more popular and why online shopping is more prevalent.

When the rollout starts it won't be Bunnings running a Homebase store but a replacement store, with Homebase replaced by a Bunnings.

goo.gl/958O5R

Bunnings brands hit UK stores

Tactix, CraftRight, Saxon, Morgan, Ultimate Storage, Flexi Storage, Move Master, Jumbuck, Marquee and Smart Storemaster are all Bunnings brands that have been stocked at Homebase stores, according to InsightDIY.

The first containers arrived at UK ports from China and the stock has now been allocated out to the Homebase stores. In many cases, stock is displayed in either cardboard dumpstacks or dressed quarter pallet displays in space that Homebase previously refused to use, as they focused on clinical, neat and tidy displays.

Space is also being created as the new team begin the on-going clearance of homewares that don't fit the Bunnings model.

goo.gl/Xse85p

indie update

Beaumont Tiles opens new DC

in this update:

Beaumont Tiles opens a new distribution centre in Brisbane's south

Mitre 10 gains the Kellys Wodonga store, a major regional retailer

Mitre 10 launches drive-through garden centre in New Zealand

Ace CEO Venhuizen talks competition and an ageing membership



Beaumont Tiles has opened one of the largest distribution centres in the southern hemisphere at Rochedale in Brisbane's south.

The state-of-the-art 13,287sqm head office and warehouse facility employs 75 people and will service Beaumont's growing network of 28 stores in Queensland and northern NSW.

Beaumont Tiles has a 19-year lease on the Rochedale Motorway Estate (1 Brickworks Place). The facility is 60% larger than Beaumont's previous site at Archerfield and it allows the retailer to run 16 hours a day.

The Rochdale facility is part of a $20 million dollar investment in Queensland by Beaumont Tiles. The retailer also launched its new high-end 730sqm design studio in Fortitude Valley.

Managing director, Bob Beaumont, said Queensland is a vibrant renovating market with particular growth in the south east, the western corridor and north Queensland in line with population growth and construction activity.

He said the company has increased its national footprint by 25% in Queensland in the last five years and expects turnover to increase from $60 million a year to $100 million over the next five years.

The opening of Rochedale is a whole new chapter for Beaumonts in Queensland and it demonstrates our deep commitment to the state and to grow with it through employment and infrastructure investment.

We've designed the facility to suit our unique needs for stock holding and to vastly improve our heavy-vehicle and customer traffic management. This means customers can get what they want, when they want it and we can maintain market leading price points.

Rochedale takes Beaumont's national distribution centre holdings to 50,000sqm across Sydney, Melbourne, Brisbane and Adelaide with the same footprint again in its 106-store network.

goo.gl/ZKAKZP



Mitre 10 adds Wodonga store

Kellys Wodonga has officially become part of Mitre 10 group after starting out in Wodonga (VIC) in 2007 selling rural supplies. The store's re-badging follows the closure of the Mann Mitre 10 business after its sale to Bunnings.

Kellys moved three years ago to the Melbourne Road location into a building, which ironically, was a Mitre 10 store up until 2010.

Managing director Adrian Kelly said the company had almost come a full circle. He told The Border Mail:

We've been looking to developing into a Mitre 10 for a number of years. Customer demand and market demand for an alternative to Bunnings helped clarify the decision for us.

goo.gl/SynTCc

indie update

Ace Hardware CEO John Venhuizen



Ace Hardware CEO John Venhuizen spoke with HBSDealer at the co-op's recent convention. Here are some highlights.

Q: What can you say about new member acquisition and turnover? You have mentioned in the past that Ace had an issue with its ageing population. Are your members getting younger?

A: Not dramatically, though we have made good progress in that regard. We've got a number of initiatives for the next generation, one of which is called Progressive Ace Leaders, where we try to get the sons and daughters of owners who are up and coming in business together ... And the second is new investors. New blood coming in tends to be significantly younger than our owner base.

Third, member turnover. We lose some stores to our competitors; we get a lot of stores from our competitors. We hate losing any of them, but on balance, the score has worked out pretty well in our favour. I would say in the last four years, we have had 280 more stores come to Ace, and we've lost 130.

Q: What are Ace's biggest threats at the moment?

A: There's a lot to be afraid of. I usually go to the three Cs: we operate in a very competitive environment. All retailers do; hardware retailers significantly do.

We have some very strong, well-funded enemies. Never take them lightly.

Second is, it's a very capital-intensive business. Brick-and-mortar retailing is struggling.

Third, the world and the business just seems to get more complex. Not easier. Between competition, the capital it takes to be good, and just the complexity of business, you can't get too pride-filled about past success when everything that lies in front of us is still challenging.

Q: Is there anything your competitors are doing that you admire or seek to emulate?

A: Lots. We learn from our competitors regularly, both in our industry and outside. Look at Home Depot and Lowe's — they're clearly competitors of ours. And yet I'll tell you, they're great retailers. Look at their numbers. They're both on very impressive runs.

Q: Last year was supposedly the year of the light bulb. How did that go?

A: We sold a few light bulbs. Let me put it into perspective for you here. It's probably more like the decade of the light bulb. We can hardly keep up, and in fact, some of our suppliers can hardly keep up. Every retailer is selling a lot more LEDs. In general, I think we were up 350% in light bulbs. So that includes all of them.

It is an incredibly important category to our stores for the next five to 10 years. And that's just consumer. Now we're making a major push into LED for stores and businesses. We'll be pounding that drum pretty hard for a long time.

goo.gl/jSa5XU

Mitre 10 drive-through store



Mitre 10 New Zealand has opened a drive-through garden and landscape centre in Dunedin right beside its MEGA store. The stand-alone centre boasts a large range of garden products and tools, giving local landscapers and outdoor DIYers a dedicated space to source their supplies.

Store owner and Mitre 10 chairman Martin Dippie said it is completely self-contained and has an exciting range of features. He said:

The garden and landscaping centre has its own entrance, checkouts and cafe and is staffed by a dedicated team who have a wealth of experience in landscaping, horticulture and gardening.

By expanding our existing garden centre into the new building we've been able to greatly increase our product offering, catering for everyone from casual DIYers to professional landscapers.

Features of the new centre include a shed village, glasshouse displays, a bigger range of plants and professional gardening tools, and a drive-through bulk product area with express parking.

goo.gl/3QoOmp

supplier update

Boral chief addresses housing

in this update:

Boral CEO, Mike Kane, says housing fears overdone

Silent, electric EGO OPE company appoints Noisy Beast for marketing

Valspar earnings down as it proceeds with Sherwin-Williams merger



Boral chief executive Mike Kane has dismissed fears of a crash in Australia's residential housing market while warning productivity will be hit unless the industrial relations watchdog is reinstated.

The building materials company said it continues to be quizzed on the real estate market by investors and said it is seeing strong underlying conditions continuing to support new building construction. Mr Kane told the Macquarie Australia conference in Sydney recently:

The question the headlines try and give out is there's going to be a collapse in the Australian housing market but there's really no reason to think there's going to be a collapse imminently.

I think it's reasonable to assume that we're going to continue to see decent demand for the next two years. And then it will slowly come back to trend with the exception possibly of NSW which will continue to bound along.

Mr Kane said the boom in infrastructure work combined with ongoing orders from the resources sector and housing growth meant Boral and the industry were being stretched to capacity.

When you look at this transition from the resources side to the housing side to the infrastructure side, it's not like one starts and the other stops or there's gaps in between. There is a lot of overlap and there will continue to be overlap.

And frankly if there is not a reasonable slide back in housing, there's just not enough materials to do it all. Our industry in particular would be impacted if the perfect storm hits and all demand stays at historically high numbers.

goo.gl/FcRtbV

EGO appoints Noisy Beast

Chervon Australia has appointed Noisy Beast to promote the EGO outdoor power equipment range. Adam Hilton, managing director of Noisy Beast said:

We're incredibly fired up to be working with EGO. Their technology is ground breaking, and the opportunities for growth are enormous Ð we're looking forward to helping them achieve a huge surge in market share.

EGO has been in the Australian market for 18 months. Its entire line up is cordless, and all powered by the industry's first 56-Volt Lithium Ion battery. Chervon business director Barry Crowhurst said:

We have enormous ambitions for the EGO Brand in Australia and New Zealand and we feel that Noisy Beast is absolutely best placed to help us achieve them.

Noisy Beast is a full-service communications agency "with a difference" employing over 50 people in Melbourne, Sydney, London and China. Noisy Beast represents many leading brands.

goo.gl/Q4cZ5T

Valspar earnings decline

Valspar, in the midst of a merger with rival Sherwin-Williams, said earnings in its latest quarter fell amid restructuring costs and lower paint sales.

In its second quarter, Valspar said merger-related costs totalled USD18 million. The Sherwin-Williams deal is still on track to close by the end of next year's March quarter, the company said.

In addition to merger costs, lower paint volumes dragged down first-quarter earnings. Total volume slipped 1% as a 6% decline in paint volume offset a 2% increase in the larger coatings segment.

Overall for the quarter, Valspar reported a profit of USD80 million, down from USD90.3 million, from the previous corresponding period. Sales fell 2.1% to USD1.06 billion.

Excluding merger and restructuring costs, among other items, earnings per share rose to USD1.22 from USD1.11.

goo.gl/1NixYW

retail update

The Good Guys beats path to IPO

in this update:

JB HiFi thinks about buying The Good Guys

Private equity thinks about buying The Good Guys

The Good Guys think about an IPO

Super Retail Group revs up Ray's

Beacon Lighting sales down

Harvey Norman signs up to new delivery service



Andrew Muir (l), owner and chairman of The Good Guys, with one of the team members at the company

Fairfax Media reports The Good Guys has moved a step closer to listing on the share market. The appliances retailer said it would "consider any alternative ownership proposals that emerge" but, in the meantime, is pushing ahead with its plan to list on the ASX.

It is aiming to lift earnings by between 18% and 29% in its first year as a public company if owner and chairman Andrew Muir proceeds with plans for an initial public offering.

It is understood that for the 2015 financial year, The Good Guys generated just under $80 million of earnings before interest, tax, depreciation and amortisation (EBITDA), while turnover is about $2 billion, growing at an annual rate of about 2%.

The company expects to earn around $85 million before interest, tax, depreciation and amortisation on a proforma basis in the 12 months ending June 30, 2016. The Good Guys is forecasting EBITDA between $100 million and $110 million in 2017, according to sources close to the company.

The 2016 proforma earnings and the 2017 forecast assume that all 100 The Good Guys stores are wholly owned by the company and that margins will improve and costs will fall under a centralised management structure.

At the moment, 56 of the 100 stores are joint ventures between the Muir family's private company, Muir Electrical Company Pty Ltd, and individual store managers.

Mr Muir has bought back about 35 stores over the past few years and now owns 44 stores. He flagged the buy-back of the remaining 56 joint venture stores last October, and expects to complete this process by the end of June, in time for an IPO.

However market sources believe Mr Muir is more interested in a trade sale than an IPO because it would enable the Muir family to exit the business cleanly and fully crystallise value. Other sources said that the IPO plan was "serious" and "there's a good chance an IPO will go ahead."

The Good Guys hopes to issue a prospectus in August or September, once it has a full set of June 30 consolidated accounts, and offer shares to investors in September or October.

Sources said Mr Muir had been trying to sell The Good Guys for five years, but potential buyers were deterred by his high asking price, which was originally about $1.5 billion, the chain's complicated joint venture structure, and lack of centralised buying and merchandising systems.

Over the past few years the company has invested in e-commerce, merchandise planning and inventory systems, centralising ordering and replacing more than 90 order books for company-owned and franchised stores with a single buying function.

goo.gl/LXjtEKgoo.gl/ZKAKZP

retail update



JB HiFi's Home format includes sales of kitchen appliances and whitegoods.

JB HiFi looks at buying The Good Guys

JB Hi-Fi chief executive Richard Murray confirmed in a report in the *Financial Review*'s Street Talk column that the consumer electronics retailer was in early talks to buy The Good Guys.

Industry observers believe Mr Murray has had his eye on The Good Guys for years because it is an ideal fit for his company as it expands into the higher-margin home appliance sector.

So far, JB Hi-Fi's foray into whitegoods and small appliances has been through an internal expansion of its "Home" format stores.

It operates 194 stores across Australia and New Zealand, of which 56 sell home appliances. A further 22 existing JB Hi-Fi stores added small appliances in the half-year to December, with another 15 expected over the rest of the financial year.

ChannelNews suggested that JB Hi-Fi may offer the Muir family a combination of cash and shares to avoid triggering a large capital gains tax liability. But other sources suggested to Fairfax Media Mr Muir would rather exit the sector entirely and not be exposed to the sharemarket.

There are obvious synergies between combining the companies, which are both focused on the discount market in their respective product categories, consumer electronics and appliances.

JB Hi-Fi has an edgier brand and many of its stores are based in large shopping centres while The Good Guys is more attractive to the "mums and dads" making weekend purchases.

The big challenge for potential buyers is conducting due diligence on a company with 57 different owners.

The deal, if it happens and things are at a very preliminary phase, would transform Mr Murray's business at a time when retailers and their suppliers are consolidating globally.

JB Hi-Fi is just one of a number of interested parties which have made non-binding indicative bids for The Good Guys. Other potential bidders are believed to include Steinhoff International, private equity firms Bain Capital, TPG and KKR.

One source suggested to Fairfax Media that Steinhoff may be using The Good Guys sale process to garner intelligence on the $4.6 billion Australian appliances market as part of its POCO expansion strategy. (Read more about POCO in "Big box update" in this edition.

Harvey Norman chairman Gerry Harvey also indicated he may be interested, although it is understood the company did not submit an indicative offer when first round bids were due.

goo.gl/eOuduS

Harvey Norman "not concerned"

If Mr Harvey was worried about two of his biggest competitors joining forces he wasn't admitting it, saying he would not raise any objections to the competition watchdog about the potential tie-up. He told Fairfax Media:

I'm not worried at all. I'd have zero objections to JB Hi-Fi buying The Good Guys — I wonder if they'd have zero objections to me.

The Australian appliances market could eventually become a two-player market, he said, citing the demise of chains such as Retravision, Clive Anthonys, Clive Peeters, Brashs and Rick Hart.

Mr Harvey also dismissed the potential threat from Steinhoff, saying POCO's offer differed significantly to Harvey Norman. He said:

I don't think Harvey Norman would see it as opposition — it's a different sort of store altogether.

goo.gl/pUkVc6

retail update



Super Retail Grp to revamp Ray's

Super Retail Group plans to turn Ray's Outdoors into a shopping destination for campers, hikers and adventurers. After a strategic review lasting several months, Super Retail has finally signed off on a new concept that is expected to return Ray's Outdoors to profitability and boost earnings from its leisure division by $8 million a year.

Super Retail chief executive Peter Birtles believes Ray's can become a leader in the outdoor adventure market by providing engaging and inspiring "solutions" for customers in camping, hiking, paddling and adventure travel activities.

The new concept stores have a wider range of outdoor clothing and footwear, camping equipment, sleeping bags, travel gear such as backpacks and accessories and tents. It will compete in a market worth about $2.2 billion and currently dominated by outdoor brands such as Kathmandu, Patagonia and Paddy Pallin.

After successfully testing the concept in five of its 55 Ray's Outdoors stores, Super Retail said it would now accelerate its total revamp of the Ray's Outdoor retail group. The store footprint will be cut from 55 to 17, with other Ray's Outdoors outlets to be either closed or rebranded under the company's other retail arms, such as Rebel Sports, Super Cheap Auto, BCF and Amart. The chain will be known as RAYS.

Mr Birtles said while the new concept stores had performed well, heritage stores continued to disappoint and Ray's was expected to post losses this year. He told the Macquarie Securities investment conference recently:

This underlines the importance of implementing the transformation of Ray's Outdoors to RAYS promptly.

The new Ray's business is so different from the old Ray's Outdoor business, and so it's like starting again and essentially we are going to focus initially, predominantly on the Melbourne market — and then we will build from there and really launch the new brand properly.

Super Retail expects to book restructuring costs and write-downs of $43 million this year and $16 million next year. The one-off costs, which include $28.5 million in cash costs and $14.5 million in non-cash charges and writedowns, will dent bottom-line profits, but the restructuring is expected to boost earnings before interest and tax by $13 million once completed.

goo.gl/dMTm17

Sales decline at Beacon

The value of Beacon Lighting shares took a hit after the retailer warned recent sales have fallen short of expectations. Beacon shares dropped 34 cents, or 21.3%, to $1.26.

The earlier timing of the Easter break this year — a key home renovation period — took a toll on sales, along with weak consumer confidence, tough competition and reduced advertising, the company said. Sales during the past 10 weeks had not met management's expectations.

Subdued sales come after the retail group said it had experienced a positive start to the second half of the financial year in comparative sales. It has a network of 91 stores and achieved a 22% increase in first half profit to $11.1 million.

Beacon said it is expecting to achieve earnings before interest, tax, depreciation and amortisation (EBITDA) in the 2016 full year of between $28.2 million to $29.2 million, compared to $27.4 million in the previous year.

goo.gl/CGmJUn

Private equity runs ruler over The Good Guys

The DataRoom column in The Australian reports that global private equity firm Blackstone has emerged as a potential suitor for The Good Guys, and remains in the contest to buy the Masters and the Home Timber and Hardware businesses from Woolworths.

The buyout group may be among a number of global private equity names circling the consumer electronics retailer that is being sold through Bank of America Merrill Lynch.

The company is up for sale in a dual-track process; a float of the family-owned business on the Australian Securities Exchange also remains a strong possibility. Based on forecast EBITDA between $100 million and $110 million, the company could have an enterprise value between $800 million and $900 million.

Despite private equity interest, most observers believe the successful buyer will come form the same industry.

Sources continue to point to JB Hi-Fi, which is in search of opportunities for expansion. Harvey Norman has also expressed interest, as has South Africa's Steinhoff, owner of Freedom Furniture, Snooze, POCO and Bay Leather Republic in Australia.

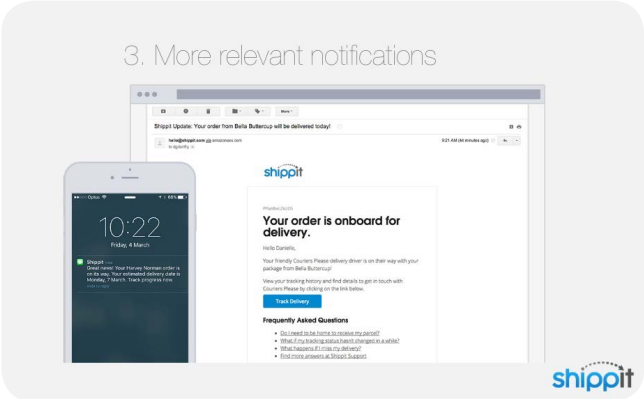
The Australian Competition & Consumer Commission is preparing to examine a possible takeover of The Good Guys by JB Hi-Fi after posting a notice on its public register, signalling a review. It has classed its interest in the possible tie-up of the two consumer electronics retailers as "monitoring". The ACCC said:

A public review will be commenced in due course once the parties provide a submission.

goo.gl/pRTnPt

retail update

Harvey Norman delivery service



Harvey Norman has teamed up with Aussie logistics start-up Shippit to make deliveries more efficient for online shoppers.

Enabled by Shippit's proprietary technology and smarts, which connects online retailers to traditional courier companies, Harvey Norman is the first major retailer to offer a three-hour delivery option in major cities across Australia.

Available for small appliances, consumer electronics and other small goods, the partnership allows customers to select a three-hour delivery window between 7am-10pm weekdays.

The delivery option has been integrated into the payment screen and costs are determined by the time of the day customers would like their products to arrive. Customers can also track their parcel online in real time through SMS and email alerts and have the option to reschedule or reroute the delivery after the purchase has been made.

Harvey Norman chief digital officer Gary Wheelhouse told news.com.au:

Click and collect made it easier for customers to buy online and then come in store to pick up the product, but we still saw delivery as one of our major challenges. Customers would often have to wait for the next business day to receive their goods and that just wasn't convenient.

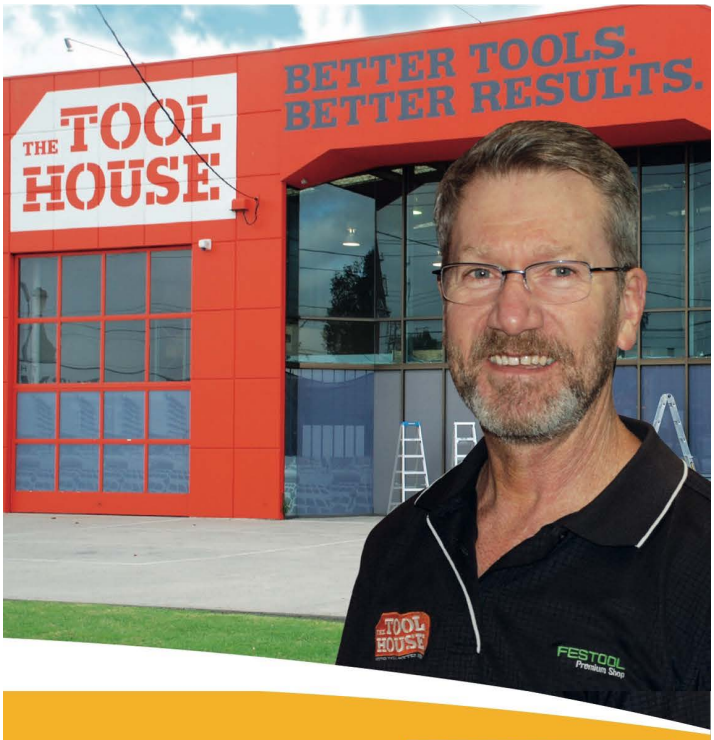
Mr Wheelhouse said the option was now available to customers to use.

At the moment we only offer the service in capital cities, but if we see demands we will expand to our other stores across the country.

Joint-chief executive of Shippit, Rob Hango-Zada said his company was excited to help solve an issue for Harvey Norman.

We worked with the retail giant to co-develop a ship-from-store dispatch process that literally strips hours of wasted time from the whole shipping process for store staff.

goo.gl/TX3ZXW



RETAIL CASE STUDY #36

Chris Bird
Owner
The Tool House
Dandenong South, VIC

You joined ITT in 2011 – why?
A supplier strongly recommended that it would be good for us. We've never been in a group before.

How did it go?
My big concern was losing direct terms I'd negotiated with some suppliers, but they weren't affected. In fact the deals only improved.

That was your concern but what benefits did you see?
For a business our size, ITT has offered us suppliers and pricing we would not normally have achieved or been able to deal with. Every quarter we get a rebate report and a rebate payment for our efforts.

Any other comments?
This group is a win win for everyone.

Is it ok if people call you about the group?
The number is 03 9791 1497.

HBT HARDWARE & BUILDING TRADERS

INDUSTRIAL INDUSTRIAL & TOOL TRADERS

1 300 305 719

click ad to visit: hbt.net.au

europe update

Kingfisher gains in sales

in this update:

Strong start for Grafton

Travis Perkins gets good results from repair buyers

No DIY for UK's "Generation Rent"

Kingfisher gets gains on like-for-like sales



Total sales at Kingfisher grew 5.1% to GBP2.72 billion in the three months to April 30, its fiscal first quarter. This result is in line with expectations.

The group reported a 3.6% increase in comparable (like-for-like) sales in the first quarter.

Sales in the UK — Kingfisher's largest market which accounts for almost half of its income — increased by 1.3% to GBP1.25 billion, although like-for-like sales were 6.2% higher.

However sales at Kingfisher's B&Q DIY chain in the UK and Ireland dropped 4.2% to GBP951 million, as it continued to shrink store numbers. A total of 10 B&Q outlets were closed in the quarter, bringing the total number of closures to 40 out of the planned 65.

Kingfisher added that the closure of 15% of surplus space at B&Q remained on track and it plans to close an additional 10 stores.

On a constant currency basis, like-for-like sales at B&Q also grew 3.6%, because sales of indoor products jumped as a result of colder weather. Items such as wallpaper, paintbrushes and fires sold particularly well, the company said.

Chief executive Veronique Laury unveiled a "transformation" strategy in January that it hopes will boost annual profits by GBP500 million after investing GBP800 million over a five-year period.

The plan involves unifying the product offer across the business, improving its ecommerce capabilities and driving efficiencies. In this quarter, the five-year plan included the installation of a united IT platform in all B&Q outlets, which was done ahead of schedule. Ms. Laury said:

We have made a solid start to the year, trading in line with expectations. In addition, I am pleased with the early progress we are making on our operational milestones for this year, the first year of our ambitious five-year plan.

She also said the firm would return GBP600 million to shareholders over the next three years through share buybacks.

goo.gl/n6yvoa

Screwfix revenue up 16%

Busy tradesmen and women across the UK helped Screwfix enjoy a 16.2% rise in like-for-like sales over the last three months as more households ditch DIY in favour of hired help.

The Screwfix business delivered a 23.5% increase in sales to GBP301 million on the back of an expanded range of hand tools and switches and sockets on offer, as well as the opening of 10 new stores.

Kingfisher"s five-year plan includes a shift in focus to Screwfix stores, at the expense of its B&Q business.

goo.gl/B1xXBx

International growth

Sales growth at Kingfisher was also driven by a strong performance in Poland in the first quarter of this year. The Polish stores delivered 15% growth, with like-for-like sales up a healthy 11%. They benefited from supportive market conditions and well-received new ranges.

The property market in France, which has been under pressure, drove more modest growth for Kingfisher where total sales were up 2.2%. Same-store sales only rose by 0.2%,

In the French market, sales at its Castorama DIY chain were up 0.2%, although same-store sales were down 0.9%, while trade-focused Brico Depot recorded sales growth of 4.5% and a 1.5% in same-store sales.

Sales increases in the UK and Poland offset a 4.5% decline in Russia and a 3.2% drop in Spain.

goo.gl/fCFdAS

europe update

Strong start for Grafton

Concerns that UK voters will opt to leave the European Union in the Brexit referendum are beginning to weigh on the housing market there, according to Gavin Slark, chief executive of Irish builders merchanting group Grafton.

But the company said that despite the concerns, it has had a strong performance in the first four months of 2016. Group revenue for the period rose 13.2% to GBP790 million, helped by acquisitions.

Like-for-like revenue at its Irish merchanting business climbed 10.9% in the first four months of the year, while total revenue at the unit was 11.1% higher. In the UK, the corresponding figures at its merchanting business were 4.8% and 9% respectively.

Merchanting sales declined 5.2% in Belgium due to a weak economy, the impact of the Brussels terrorist attacks in March and sale of a readymix business last year.

Grafton made its first foray into the Dutch market last year, buying tool distributor Isero. The subsidiary delivered 4.7% like-for-like merchanting sales growth in the reporting period.

goo.gl/EKuktU

Grafton generates about 75% of its business in the UK, where it owns strings of builder merchants and plumbing outlets. In Ireland, it owns the Woodies DIY and Atlantic Homecare chains, as well as Heiton Buckley and Chadwicks outlets.

Retailing sales increased 2.1% on a like-for-like basis as increased Irish employment and disposable incomes helped Woodie's DIY stores.

Looking ahead, Mr Slark signalled he's comfortable with analysts operating profit estimates for this year of about GBP147 million, which would represent almost 16%growth on last year"s result.

goo.gl/surDKN

Travis Perkins lifts on better repair retail

Builders' merchant Travis Perkins has reported encouraging sales growth in the first quarter of the year, driven by improving conditions in the repairs, maintenance and improvements (RMI) markets.

Total sales at the group, whose brands include Travis Perkins, PTS, Keyline, CPS, Toolstation, Benchmarx and Wickes, increased 5%.

The company said like-for-like sales were up 4.2% from the same quarter last year, and that overall trading was in line with expectations. More specifically, like-for-like sales per division were up: 4.7% in general merchanting, 2.2% in plumbing and heating, 2.1% in contracts and 7.3% in consumer.

The company"s Tile Giant and Toolstation brands, which it acquired in 2007 and 2012 respectively, also grew their market share. Chief executive John Carter said:

All of our businesses demonstrated good growth in the first quarter of 2016, driven by the recovery in the RMI market and by the investments we have made to improve our customer propositions as part of our five-year plan.

He added that the business would continue to focus on modernisations, improving its Wickes brand and restructuring its plumbing and heating division.

Wickes' transformation has seen the DIY retailer introduce one-hour click and collect during its latest full-year, as well as a new store format. It will compete directly with Bunnings' rebranded Homebase stores.

Overall, trading was in line with expectations, and the group said is targeting earnings growth of around 10% in 2016.

goo.gl/KW4gmK

"Generation rent" don't DIY

Britain's young adults are no longer putting up shelves, hanging wallpaper or retiling bathrooms, according to figures that reveal DIY is in steep decline among the so-called "generation rent" who cannot afford to buy and fix-up their own home.

Credit card provider MBNA said spending by the under-30s on DIY had fallen by a third since the mid-90s. Mark Elliott of MBNA said:

Generation rent is usually barred from making home improvements by clauses in their tenancy agreements. Although [overall] DIY spending has grown by 42% in real terms since 1996, an increase in the proportion of people renting in the UK could impact the sector's growth in the future.

Its figures, based on spending trends among millions of credit card customers, showed under-30s' spending on DIY had decreased by 32% since 1996, to an average of GBP108 a year.

At the same time 45- to 60-year-olds had increased their spending to an average of GBP240 a year.

Mr Elliott said:

Any further increases in the average age of first-time buyers could impede the DIY sector"s future growth by narrowing the window in which most people undertake DIY tasks during their lives.

The figures coincided with a report from lender Halifax that showed the average age at which people buy their first home was still rising, with buyers having to take on longer mortgages to manage finances.

Research issued by Halifax reveals that the typical first-time buyer is now almost 31, compared with 27 in the early 1990s. Some forecasts say the average age of such buyers could be above 40 within a decade.

The young adults who do clamber onto the property ladder are stretching themselves with ever-longer mortgages, said Halifax. It said 26% of first-time buyers were taking out 35-year mortgages — up from 16% in 2007.

Figures on tenure in England and Wales issued by the Office for National Statistics show that the number of dwellings rented privately has more than doubled from 2.13 million in 2001 to 4.74 million in 2015, while over the same period the number of owner-occupied properties has fallen slightly.

Separately, figures from standards body the National House Building Council show falling house completions. In the first three months of 2016, 28,398 new homes were registered in the private sector, a 7% decrease on the 30,560 a year ago.

goo.gl/9TQhNL

usa update

Home Depot Q1

in this update:

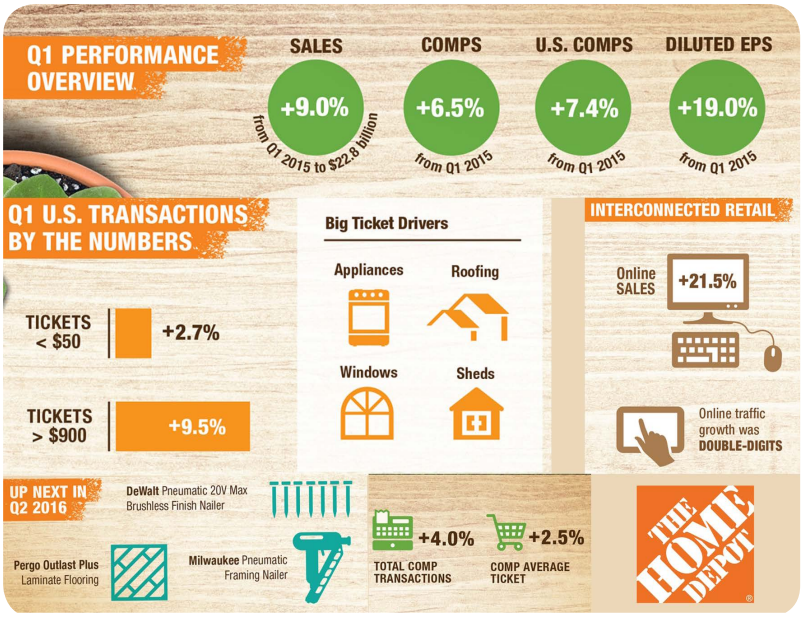
Lowe's Q1

The Home Depot's Q1

Ace Hardware Q1

Lowe's Canada builds its brand

Lowe's serves up Porch



US home improvement chain The Home Depot reported an increase in first quarter comparable (same-store) store sales and raised its full-year earnings guidance. The management team attributed better-than-expected results to market share gains, productivity improvements and a strengthening housing market.

Home Depot said its 2016 first-quarter sales totalled USD22.8 billion, up 9% from USD20.9 billion for the previous corresponding period (pcp), and better than the USD22.3 billion analysts expected.

Comparable store sales for the first quarter were up 6.5% from last year, and comp sales for its US stores increased by 7.4%.

Net earnings for the first quarter of fiscal 2016 were USD1.8 billion, or USD1.44 per diluted share, compared with net earnings of USD1.6 billion, or USD1.21 per diluted share, over the pcp.

For the first quarter of fiscal 2016, diluted earnings per share increased 19% from the pcp.

Home Depot now expects fiscal 2016 sales growth of approximately 6.3% and comp sales will be up approximately 4.9%.

Ted Decker, executive vice-president — merchandising said that during the first quarter, transactions for tickets under USD50 were up 2.7%.

Transactions for tickets over USD900 were up 9.5% in the first quarter. The drivers behind the increase in big-ticket purchases were appliances, roofing, sheds and windows.

The big box retailer's online business grew 21.5% in the most recent quarter.

With USD4.7 billion of revenue in 2015, Home Depot is one of the 10 largest e-commerce businesses in the United States.

The underlying strength of the housing market is helping to drive increased store traffic. Home Depot's CFO Carol Tome said people continue to spend more on their homes.

We've seen home equity values increase 94% since 2011. How is that possible? Because home prices are up to 25% and people have been continuing to pay down their mortgages. So there is a wealth effect that's occurring with homeowners.

If you feel like your home is an investment and not an expense, you spend differently in your home and you can see that in our big-ticket categories.

Research Home Depot has conducted on the next 10 years indicates millennials remain a driver of housing-related spending. Ms Tome said:

What our research tells us is that basically this is a delayed cycle that the millennial generation has many of the same desires that generations prior to them have. We are seeing as household formation goes up, roughly a third or so of those formations are happening with millennials at that age group. It appears there is about a six-year delayed cycle here, but our research indicates that in many ways, they will act the same as previous generations.

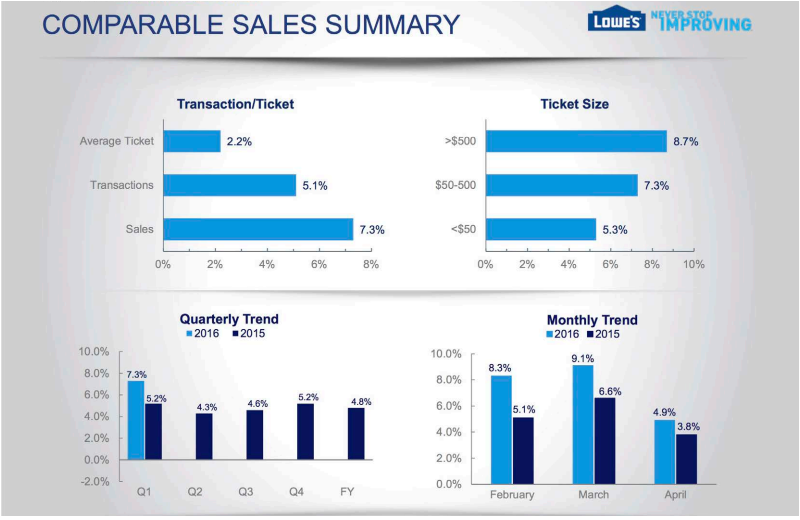
The average age of new homebuyers last year was 33 years old. So that is a proof point. At some point, they want to own a home too.

Ms Tome also pointed to productivity improvements underway, including a new software project called Project Sync that's aimed at optimising the company's supply chain.

goo.gl/LNyv3t

usa update

Lowe's Q1: Same-store up



For the first quarter, Lowe's said total sales were USD15.2 billion, up 7.8% from USD14.1 billion during the same quarter last year.

Comparable store sales climbed 7.3%, topping analysts' 4.3% prediction. And US same-store sales at Lowe's rose 7.5%, edging out Home Depot for the first time in a decade.

Lowe's posted net earnings of USD884 million for the quarter, up from USD673 million and a 31.4% increase from the previous corresponding period (pcp).

Diluted earnings per share increased 40% to USD0.98 from USD0.70 over the pcp.

Based on this performance, the home improvement retailer lifted its guidance for the year. For 2016, total sales are expected to increase approximately 6%, including the 53rd week. Lowe's also expects comparable store sales to rise 4%.

CEO Robert Niblock reiterated Home Depot's belief that millennials represent a "great opportunity" since they have been renting for so long but have said in recent surveys that they wish to own their own home one day.

goo.gl/v9TjPi

Lowe's Canada seeks to build brand

Lowe's Canada is focused on becoming the top choice of shoppers following its takeover of Rona. Chief executive Sylvain Prud'homme told the Globe and Mail:

We believe we can become the No. 1 choice for home improvement retail in Canada.

The CAD3.2 billion transaction will create a chain with 539 stores, with over CAD6 billion in annual revenues and 28,000 employees.

Lowe's, which launched its first stores in Canada in 2007, had only 43 big box outlets compared with 496 Rona stores under different banners and in different sizes. But neither Lowe's nor Rona was as familiar a name in Canada as the No. 3 player, Home Hardware, according to industry observers.

Now, as Lowe's Canada takes over the larger Rona, it believes it can finally bolster its brand awareness along with its business.

Michael McLarney, president of industry publication *Hardlines*, said Home Hardware has enjoyed stronger consumer awareness than either Lowe's or Rona, partly because of its catchy advertising slogans over the years. He said:

Home Depot may have the biggest sales but Home Hardware still has the biggest brand awareness.

Lowe's has set aside capital required to upgrade Rona's less mature e-commerce network, Mr Prud'homme said.

goo.gl/hFdbIA

Lowe's offers services through Porch and ATGStores.com

Porch.com is providing installation and assembly services to Lowe's ATGStores.com through the Porch Retail Solution. Porch is a home services platform that connects homeowners to home improvement professionals.

The Porch Retail Solution is available to ATGStores.com customers in 25 markets across the US. It allows homeowners to book home improvement assembly and installation as an add-on to their product selection such as lighting, furniture and plumbing. These services can now be added to the cart at the online checkout. ATGStores.com president Michelle Newbery said:

ATGStores.com is committed to addressing consumers' home improvement needs from concept to completion. With the Porch Retail Solution, we are delivering a more robust service experience that makes online shopping and home improvement stress-free.

All Porch professionals who complete jobs booked through ATGStores.com are local to customers' geographic area and backed by Porch's guarantee.

The Porch Retail Solution implementation to ATGStores.com points to the expansion of the existing Lowe's and Porch partnership, which brings Porch services into all Lowe's US stores and includes advertising on Lowes.com. Jay Rebello, vice president of emerging business at Lowe's said:

Our partnership with Porch is a valuable asset and another way we provide personalised care and solutions to both our DIY and professional customers.

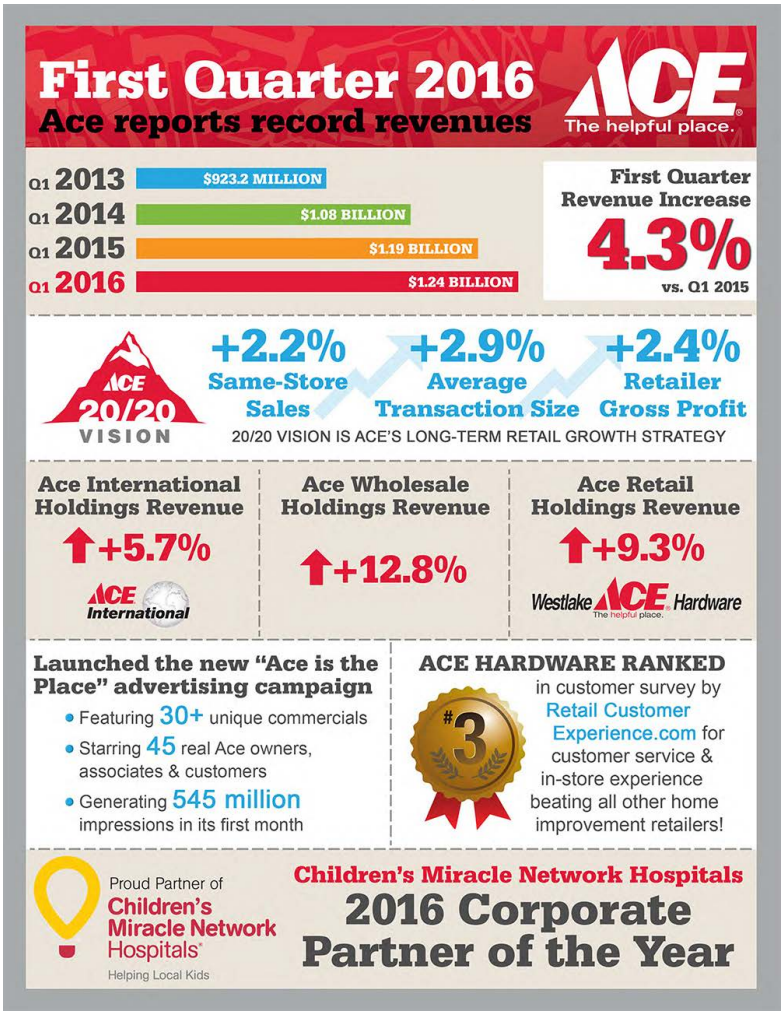
By offering the Porch Retail Solution on ATGStores.com, we believe customers will find the additional support they need to complete all of their home improvement projects.

Lowe's acquired ATGStores.com as an independent, wholly owned subsidiary in 2011.

goo.gl/kepKgg

usa update

Ace Hardware Q1 2016



Ace Hardware Corporation posted first quarter 2016 revenues of USD1.2 billion, an increase of USD50.7 million or 4.3% from the first quarter of 2015.

However net income was USD26.1 million for the first quarter of 2016, a decrease of USD3.8 million from the first quarter of 2015. The company said this was a planned reduction due to the timing of promotions. John Venhuizen, president and CEO said:

Our first quarter was marked by modest revenue growth compared to the 10% increase in the first quarter of 2015. Nevertheless, all four of our pillars of growth are ahead of plan including Ace Hardware Domestic, Ace Hardware International Holdings, Ace Retail Holdings and Ace Wholesale Holdings.

A 2.2% increase in same-store-sales has been reported by the approximately 3,000 Ace retailers who share daily, retail sales data. This was primarily the result of a 2.9% increase in average transaction size.

Increases were noted across categories such as outdoor living, with electrical and tools showing the largest gains.

Retail revenues from Ace Retail Holdings (company-owned stores) were USD50.6 million in the first quarter of 2016. This was an increase of USD4.3 million, or 9.3%, from the first quarter of 2015. Same-store-sales increased 4.4% compared to the first quarter of 2015.

Ace added 24 new domestic stores in the first quarter of 2016 and cancelled 33 stores. This brought the company's total domestic store count to 4,302 at the end of the first quarter of 2016, an increase of 50 stores from the first quarter of 2015.

goo.gl/cnstVl



Subscribe

Don't miss out! We'll email you the summary and link every fortnight

Click to subscribe

or go to:
http://goo.gl/lHPt57

HN WEEKLY

MARKETING SUPERPOWERS



With an average circulation of over 14,000 a fortnight, and peak circulations of over 30,000 on some issues, HI News helps you unleash your marketing superpowers.

Call us on 0411 431 832 for a great introductory rate on your ads.

Why walk when you can fly? Ad prices start from just $195.

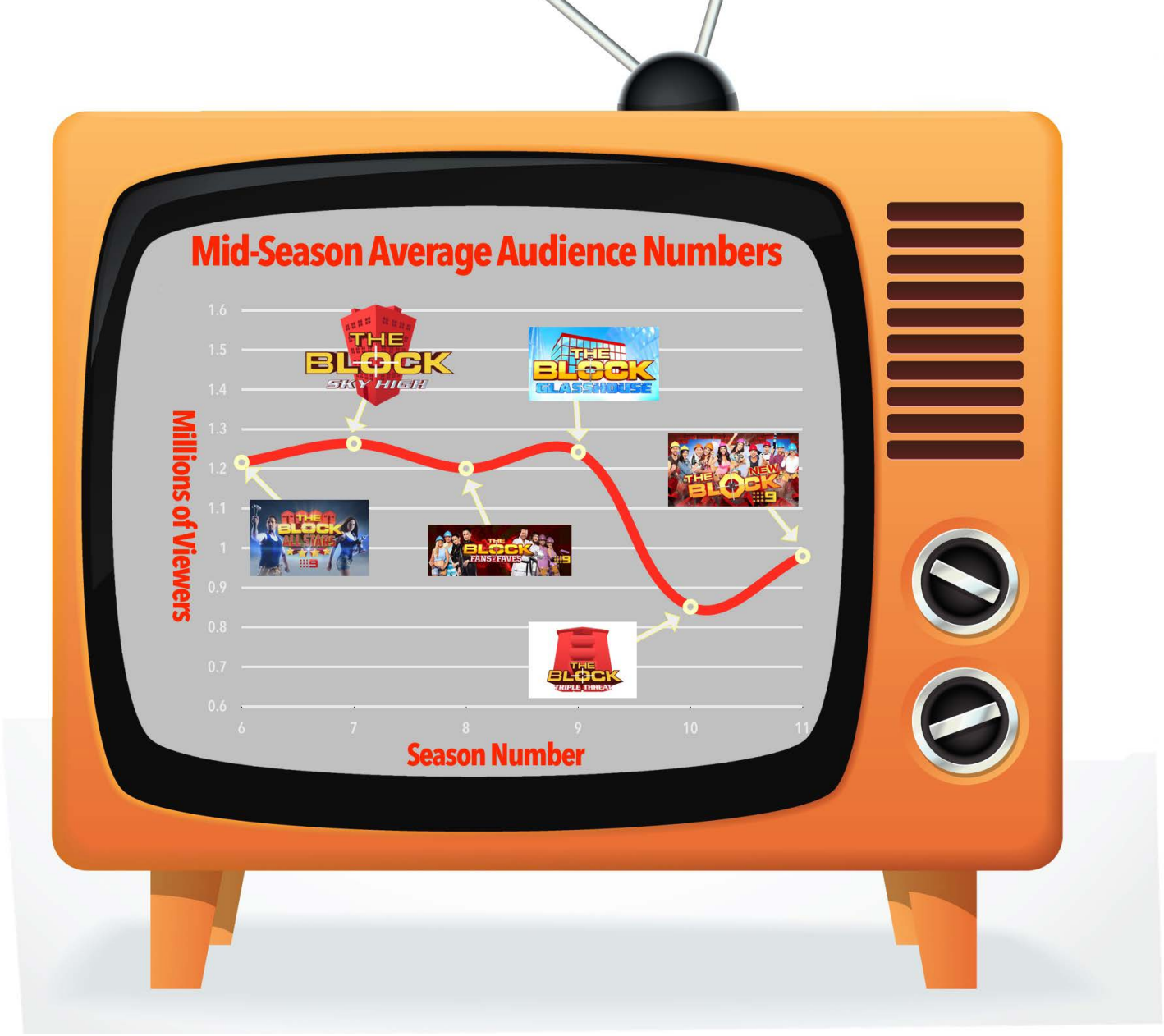
HI NEWS

Advertising. Engagement. Results.

To find out more, especially about the great introductory advertising rates at HI News contact Betty Tanddo, at betty@hnn.bz, or 0411 431 832

Click to download media kit

goo.gl/nH4u0r



Is Aussie DIY TV Over?

Does the rapid crash and burn of Channel Nine's former hit DIY TV series "Reno Rumble", plus the slow ratings on the most recent season of Channel Seven's "House Rules", indicate that the Australian audience's love of DIY TV has run its course? If that is the case, what marketing alternatives can the home improvement industry look to in the future?

History

To understand what is going on with TV and home improvement, it's a good idea to look at the development of DIY TV, its influences, and how new cultural and technological influences changed its appeal.

Origins: Boston

If you were looking for the "point of origin" for modern DIY/renovation TV, you would likely pick a little show that debuted on a public TV station in the US city of Boston in 1979. "This Old House", as its humble name declared, was about fixing up the older house so as to make it a little bit more liveable. Boston had a lot of old houses, and it also had a lot of families that really couldn't afford to hire people to fix them up. The show proved popular as a result -- so popular that it was picked up by the national Public Broadcasting System (PBS) in the US the next year, and broadcast nationally.

The show went on to win 18 Emmy awards. It was acquired by Time-Warner (then Time Inc.) in 2001. Today it has evolved into what is described as a "multi-faceted lifestyle brand", including a monthly magazine, ongoing TV series, and websites.

The BBC does one better

Not to be outdone, pubic broadcasting in the UK through the BBC also developed some variants on the "home fixit" show. One of the most influential and entertaining of these was the show "Changing Rooms", which ran from 1996 to 2004, and sparked a number of syndicated versions in the US and Australia.

"Changing Rooms" had a crucial influence on the DIY TV that was eventually to develop in Australia. What made the show so interesting was that it wasn't just about how to fix up rooms to make them look better; it was as much about social interactions as well. The premise was that two families, who knew each other, would agree to fix up one room in the other family's house. Each family would be assigned an interior designer to help them out, and they would be given a set budget, which eventually reached GBP750 (about GBP1175 or $2400 in today's money).

It was a show that appealed to the British love for moments of social awkwardness. Sometimes both families loved each other's efforts, but sometimes there were disappointments, and consequent embarrassment and recriminations.

Australia

Australia has had its share of "regular" DIY TV, with Channel Seven's long-running and high-rating "Better Homes and Gardens" the standard bearer for this category, backed-up these days by Channel Ten's "Living Room". However, the real power shows, Channel Nine's "The Block" and Channel Seven's "House Rules" have each drawn more from "Changing Rooms" than they have from "This Old House".



Signs of trouble

- Channel Nine's "Reno Rumble" DIY TV show, produced by the same team as "The Block", delivers dismal ratings in its second season, and is shifted to a non-prime time slot.
- Channel Seven's "House Rules" in its fourth season has ratings slightly below those of the third season, and far below those of the second season.
- The mid-season audience ratings for "The Block" fell by 37% between Season 4 and Season 10. Season 11 recovers only 15% of that drop.

Long term problems

- Reality TV in general losing relevance and dwindling in popularity.
- Relevance of "The Block" to average DIY/Renovation projects decreasing.
- Competition from multiple US-based renovation TV shows, available daily.
- Increased consumption of online-only DIY and drama content.

The Future

- Online will dominate home improvement marketing by 2019.
- If Season 12 of "The Block" fails to revive its ratings, this will accelerate that trend.

Just as importantly, they've been heavily influenced by the origins of the "reality TV" genre in shows such as "Big Brother" and "Survivor". The original "pitch" document for "The Block" included this statement:

What do you get when you mix Big Brother, with Renovation Rescue with Sylvania Waters with Changing Rooms with Melrose Place with Survivor with Location, Location?

"The Block" is based on four or five pairs of contestants (partners, friends or relations) renovating similar buildings or parts of buildings with the goal of eventually selling these at auction. They are given a set amount of money to complete the renovations, but can compete for cash prizes handed out to those who have completed the best version of the assigned room renovation for the week. The grand winner is the couple that sells their renovated space for the largest amount (at auction) above a reserve price set by the show's producers.

"The Block" draws strongly on three aspects of the early "reality" shows: the application of some form of extreme stress (the completion of complex renovation tasks to a high standard with a limited budget in a limited time frame), the physical confinement of the contestants (they have to live in the rooms they are renovating), and an ongoing intense competition with people with whom they also have to have some form of friendly, conventional relationship.

"House Rules" is a slightly kinder, gentler versions of a reality TV show, as compared to "The Block". In it, the contestants are four or five couples who own their own homes, and the competition begins with the contestants renovating each others house, with the house-owners temporarily excluded from the competition while their own dwelling is being renovated.



Bob Villa hosted "This Old House" from 1979 to 1989. He left in 1989 over a dispute about advertising. From 1990 the show had been underwritten on public TV by The Home Depot. Mr Villa appeared in ads by a Home Depot competitor, leading to the retailer ceasing its support.

https://youtu.be/K8HledIXa9E



The BBC series "Changing Rooms" had something of a mixed reputation (in the best BBC tradition).

In one episode the designer Anna Ryder Richardson painted a participant's room pink and decorated it by displaying frilly knickers in frames on the wall — then added a red light in the window. The participant burst into tears, and this pretty much ended her relationship with her friend who had been assisting Ms Richardson.

The final episode of "Changing Rooms" took place in August 2004, when the crew travelled to the Cornish village of Bocastle, which had been devastated by floods. The team took on five projects, and helped to revive the spirits of all.

https://youtu.be/Yr5XxiPPZUo

Development of "The Block"

Tracing the history of "The Block", which had its origins in 2003, reveals much about these shows, and how they have developed over the past decade.

We can see "The Block" as having three different stages, each separated by a "buffer" season. The first part takes in the first two seasons, with the third, brief season as a buffer. The second part takes in the fourth and fifth seasons, with the sixth season as a buffer.

From the seventh season onwards, "The Block" settles into its now-familiar format, which seems set to continue into its forthcoming 12th season in 2016.

Stage One: Origins

The first two seasons of "The Block" were relatively lightweight and simple. Four couples were chosen, and the project was to renovate a block of flats in popular suburbs of Sydney. For the first season the flats were in Bondi, and for the second they were in Manly. In the first season each couple

had a budget of $40,000, which was increased to $70,000 in the second season. The first season had 13 episodes, and the second 26, with both being shown over 13 weeks.

The contestants chosen for the initial seasons were largely professionals who worked in the service industries: marketing executives, sales managers and data analysts. Of the eight couples in these two seasons, there was only one tradie, a plumber. The contestants continued to work at their regular jobs during the renovations. With a comparatively low budget, and mid-level skills at amateur renovating, the quality of the finished product was not expected to be as high as that of later seasons.

One way of looking at the focus of these two seasons was that the contestants were essentially renovating flats to the standard that they might themselves buy in another five or six years into their own careers. The properties they worked on were aspirational, but still obtainable.

The first season was an unqualified success, with an average of 2.239 million viewers per week, and a grand finale peak of 3.115 million viewers. The second season managed an average of 1.6 million viewers per episode, and the grand finale attracted 2.273 million viewers.

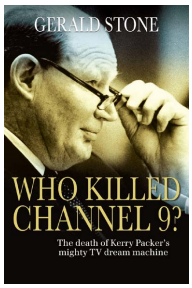
The Failure of Success

Given its success, it makes sense to wonder why "The Block" was not renewed sometime prior to 2010. The reason the series was not remade immediately was that the second season had not done as well as expected, and it was thought best to give the format a short rest. One of the show's producers has been quoted as saying: "[It was] felt that The Block had a lot of life in it but it was best not to make a third series straight away. If that happened, it might have killed the format forever."

The answer as to why it took so long to revive, according to long-time Australian TV executive Gerald Stone writing in his book *Who Killed Channel 9?*, was that the culture at the network changed radically.

The two producers of "The Block", Julian Cress and David Barbour, are almost universally described in theTV industry as two of the best and canniest TV producers in Australia. They were also, according to Mr Stone's account, very loyal to the old Channel 9, which had nurtured their careers, in particular gambling $2 million on the purchase of the property essential to the first season of "The Block".

However, in the period after Season 2, the previous management was replaced by one brought in by Eddie McGuire. What happened at that time is perhaps best summed up by this quote from Mr Stone's book, commenting on a meeting at which Channel 9 refused to honour what Mr Cress and Mr Barbour regarded as their deal with the network:



In his well-received book on the fall of Channel 9, long-time TV executive Gerald Stone devotes considerable pages to the first season of "The Block". Here he describes what those first days were like for the show's producers.

As the moment approached to start taping, it was natural enough to be stricken with butterflies, though theirs were more the size of raptors. Each of the four couples had been carefully selected to add their own special spice to the ferment, but no one could really be sure of how well they would interact until the first scenes were played back on video.

Julian and David put up a sign in their office with two words to sum up everything the show was about. *Human Drama*. Romeos and Juliets scampering around the stage in paint-stained blue jeans.

All the renovation frenzy, fascinating as it might be, was merely a backdrop to the bitchery and backbiting, the plotting and conniving, the lechery and the treachery of the eight occupants of The Block. Let the competitors begin to get along too well with each other -- the dreaded Stockholm Syndrome -- Cress and Barbour were always ready to stir the pot by planting a hint here and there about one neighbour's derisive put-down of another.

The two producers had done their homework well, however. Once the residents were in situ, their inherent rivalry, jealousy and greed soon became self-sustaining, like a nuclear reaction. The masterstroke was to inject Warren and Gavin into the mix -- gay partners who tipped the 'battling couples' formula into a whole new dimension, unpredictably awry. Waz and Gav's penchant for parading around in their underpants was the stuff that talk-back radio is made of.

The one fact beyond dispute is the historical significance of that meeting with Julian Cress and David Barbour on 17 May, 2006. It does more than mark the death of the handshake, a fine Nine tradition honouring the human imprint above the legalistic fine print. In all the forensic evidence gathered for this book, it most clearly establishes the exact time of death for Channel 9 itself in terms of what generations of Australians knew as the old Kerry Packer station.

Stage Two: Reworking

Getting "The Block" up and running again was a definite "to-do" item for David Gyngell when when he returned as head of Channel Nine in 2008. He had been working with Mr Cress and Mr Barbour in the US, so the talent was ready to hand.

When Channel Nine decided to "reboot" the series for 2010, it set about doing this cautiously. Season 3 ran for only eight episodes, and it followed many aspects of the previous format closely, with the contestants renovating a block of four apartments in the exclusive Vaucluse suburb of Sydney. As before, the contestants continued to work at their regular jobs.

At the same time, a number of significant changes were made. Scott Cam was introduced as the show's host, replacing Jamie Durie. There was also a marked change in the contestants themselves. Two older tradies made up one of the contestant pairs, and another pair combined a real estate agent with her construction worker husband.

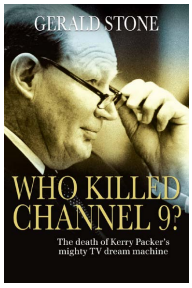
Perhaps the most telling change for the future direction of the show was the addition of then-editor of Belle magazine, Neale Whitaker, who joined previous season judge John McGrath. Mr McGrath had a simple, likeable approach to judging rooms, while Mr Whitaker brought a new level of sophistication -- which seems, in these early episodes, to have slightly panicked Mr McGrath.

Audience ratings were not very high, with an average audience (excluding the finale) of 1.17 million. The finale was shown twice, bringing in audiences of 1.3 million and 1.7 million.

However, the network and the show's producers must have spotted both potential and a way forward. Seasons 4 and 5 were moved to Melbourne, and instead of renovating flats as in the first three seasons, the contestants renovated workers' cottages and terrace houses in the inner suburbs of Melbourne.

The swing towards tradies continues through this period, with Season 4 featuring two tradies, and in Season 5 every contestant pair has at least one tradie. The overall demographics of the contestants have shifted sharply from white collar towards blue collar.

The other change that continued in later seasons was with



Even after they had seen good audience response to the initial shows, the producers of "The Block" remained anxious about its performance. Here Gerald Stone describes their surprise:

The God of Ratings, however, loves to play cruel tricks at crucial moments like this. The Block computer went down, so the producers had to get their numbers by phone from a publicist at Channel 9.

'The numbers were so big we kept asking if they were right, and could she check them again,' Barbour recalls. When they tallied up all the figures from the five metropolitan markets, they came to over 2 million, with the big surprise being that there were even more viewers in Melbourne than Sydney. The show would go on to become the highest-rating series ever in the history of Australian television, with an average weekly audience of 2,346,636.

the judges. By Season 5, Shaynna Blaze has been added to the team of Mr McGrath and Mr Whitaker, with future judge Darren Palmer appearing as a guest judge. Not surprisingly, this is also where the style directions that will influence all future seasons become established. There is reference to the "resort hotel" standard, to designs being "classy" and "upscale", and the introduction of the semi-mythical, "cashed-up" professionals who will be buying the renovated/designed spaces.

In terms of audience response, Season 4 showed a strong uptick over Season 3, and came close to matching the numbers for Season 2. The average for the season excluding the finale was 1.34 million, and with the finale it was 1.69 million. The finale peaked at 3.29 million viewers.

Season 5 delivered a reasonable performance, but was below Season 4. The season average excluding the finale was1.28 million, and with the finale it was 1.53 million. The peak audience for the finale was 2.7 million.

Stage Three: The formula

With five seasons worth of experience, the producers of the show had a good idea of what was working and what wasn't working so well. The first lesson, coming out of a comparison of audience numbers for Season 2 with Season 1 and Season 5 with Season 4, was that viewers placed a high value on novelty. When a season repeated the renovation setup of the previous season, its numbers fell.

The second lesson to come out of the first four seasons has to do with what might be called the "aspiration gap". In the first two seasons of "The Block" the aspiration gap was relatively narrow. Young professionals were putting together apartments that perhaps slightly older professionals might buy.

In Season 3 while the target buyers for the flats remained youngish professionals, the aspiration gap was widened by using contestants who weren't young professionals, but were tilted more towards blue collar workers.

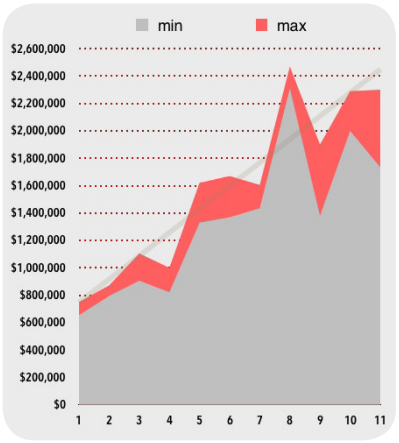
In Seasons 4 and 5 the aspiration gap was widened still further, with an even stronger tilt towards blue collar contestants and a lift in the aspirational value of the properties. In Seasons 1 and 2 the value of the properties was under $800,000, in Seasons 3 and 4 it crossed the magical $1,000,000 mark, and in Season 5 reached as high as $1,600,000.

Or, to put it in more blunt terms, up to Season 4 the people doing the renovation could, at a stretch, possibly aspire to living in homes like those they were renovating, but by Season 5 the likelihood of that was sharply reduced.

Season 6

As with Season 3, Season 6 is something of a transitional season. It seems likely that one of the strong influences on the season was simply that the show's producers were able to buy a specific heritage-listed property in the Sydney sub-

Min/Max Auction Results



urb of Bondi, and saw this as an opportunity too good to be missed.

That formed the basis for a series of experiments in how "The Block" was put together. The different things that were tried out in Season 6 included: use of a heritage-listed building; re-location of the show from Melbourne to Sydney; and the re-use of previous contestants.

This season also locked in the set of judges that were to continue throughout the series, with Darren Palmer joining Mr Whitaker and Ms Blaze on a permanent basis.

The results were somewhat mixed. While Season 6 was far from being a failure, the season average excluding the finale was 1.12 million, and with the finale 1.36 million. Viewers peaked at 2.12 million.

Making the formula

The next step in the evolution of "The Block" saw the show's producers make a series of good choices. One of the core problems was how to balance the continuity of the show -- providing a known, reliable format viewers could trust -- with the need for constant novelty. The producers did this by being relatively conservative in the dramatic format itself, while making the renovation projects themselves very challenging.

Key to maintaining the consistent format has been the development of a "Block family". This consists of Mr Cam, assisted by presenter Shelley Craft, and the site foreman Keith Schleiger assisted by former contestant Dan Reilly.

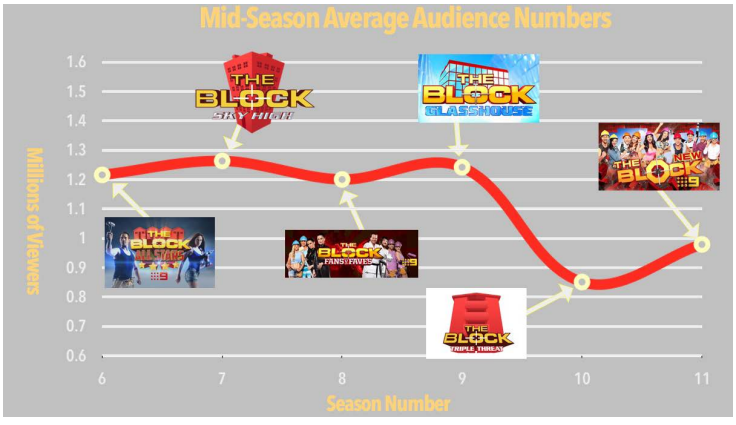
From Season 7 through to the upcoming Season 12, the projects chosen all involve the repurposing of structures from non-residential or very different residential use. These have been (in season order): a former hotel, a former warehouse, a former office building, a former apartment block (converted into multi-level dwellings) and another former hotel.

The producers also developed a set formula for casting contestants. This formula consists of two or three pairs who had moderate renovation experience and usually include at least one tradie, a pair without a tradie but with moderate to high renovation experience, and one pair with a tradie but next to no renovation experience at all.

Looking at a Chart 1, which shows the season averages for the five seasons from Season 7 to Season 11, it is evident that the first three seasons were relatively successful, followed by a steep fall for Season 10, and a slight recovery in Season 11.

Overall, this shows the basic formula

Chart 1: Mid-season audience



Mid-season audiences declined sharply for Season 10, then came back by roughly 100,000 for Season 11.

is working, though the recent results also indicate it needs to be reworked if it is to remain relevant and popular.

Understanding The Block

What exactly is "The Block"? At its origins, in Seasons 1 to 3, it had some pretensions to providing a form of DIY instruction — though more often the show delighted in showing just how bad the competitors were at DIY, struggling to turn on power tools, or even hammer in a nail. In one scene in Season 2, a contestant gives up on installing an extractor fan, and gets help from another contestant. He struggles valiantly, trailing power tools behind him — and manages to install it incorrectly so that the grating will not fit.

From Season 4 onwards, however, the only two DIY activities regularly seen are the ever-exciting scenes of painting (which have nothing to do with technique and everything to do with endurance), and demolition work. In comparison, much more screen time is devoted to showing the competitors shopping for their furniture and fixtures. In fact, "The Block" contains elements of a number of different formats, including: reality TV, "Flipping" real estate shows and interior design advice.

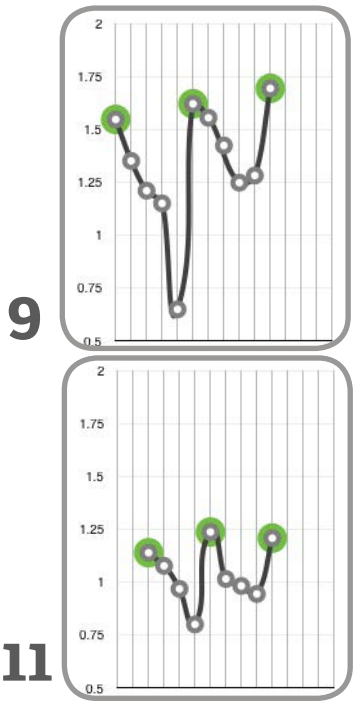
Overtly, of course, "The Block" is all about the competition, and the goal of the competition is to sell the property for the highest price possible. However, as the series has developed the show has gained a second set of goals. Every week, as the contestants construct their rooms, they are awarded cash prizes, for use on future rooms, based on delivering the best designed and styled effort.

The difficulty that emerges from this is that these two goals turn out to be contradictory. The standards as to what makes the "best" room, as applied by the current three judges, seem to have less and less to do with driving real estate value, and more to do with developing what the judges sometimes call "magazine quality" rooms.

The incident that most clearly defined this occurred in season 10, when one contestant, Deanne Jolly, went so far as to describe one of the judges, Ms Blaze, as a "bogan from Wantirna" (an outer suburb of Melbourne), implying she lacked real taste. Ms Jolly was a returning contestant who had, in a previous season, not reaped the rewards from the end-of-season auction she believed she deserved. That prompted her, in Season 10, to "go her own way", ignoring the advice and rewards offered by the judges.

This proved to be a winning strategy. Ms Jolly and her partner Darren won the most ever for a contestant at auction, $835,000.

Leaving aside these competitive pressures, the thrill of the drama, the jostling of the competitors, and the reaction of the real estate market, what is it that "The Block" delivers to those who watch it? The answer seems to be that "The



A show in trouble

These graphs show audience numbers for seasons 9 and 11. The middle green data point represents the show for the reveal of the kitchens. The other two green data points show the room reveals before and after the kitchen reveal.

Reality show producers seek the pattern shown for Seasons 9. A popular reveal, such as the kitchen reveal, not only produces high numbers itself, but also builds the future audience as well.

For Season 11 not only are the numbers overall much lower, but the kitchen reveal fails to build future viewer numbers.

[Continues on page 29]

The Block Kitchen Evolution I

Winning kitchens in first half of "The Block"

Season 3



While the kitchen in Season 3 is nothing special compared to what would come later, some of the features that will compose later Block kitchens are here: unusual placement of the sink as a central unit of the kitchen, a kitchen bench with stools, oversized gas cooktop, vast refrigerator, and tiered oven/microwave. It is convention with the size/detail turned up on certain key elements.

Season 4



"Slightly Scandinavian, what we call mid-century feel" is how Neale Whitaker introduces the room. Timber contrasting with pure white cabinetry and benches. Under-bench dishwasher, big kitchen tap, big sink. Unusually for a winning kitchen, the use of inductive stovetop elements. First version of the pendant lights that will later come to dominate the kitchens.

Season 5



"A really modern kitchen, but it is quite retro," is how Neale Whitaker describes this one. Exposed bricks, pressed metal splashback, oversized cooktop, oversized kitchen tap, but a small sink. Industrial pendent lamps, kitchen bench with under-lighting in the stool area. The first kitchen to introduce some eclectic selection of elements.

Season 6



Large white marble table/benchtops, a vertical garden, kitchen bench with facing stools, oversized cooktop, moderate sink/tap. Shaynna Blaze describes it as a "magazine look", Neale Whitaker says he would readily feature the kitchen in *Belle* magazine (of which he was then editor). (Tie.)

Season 6



"They've gone traditional," Neale Whitaker opines, "but kept on the right side of traditional...not twee...almost 'beach-housey'." Balcony office added to space, laundry converted to small bathroom. Oversized cooktop/oven, low-set microwave, pendant lamps, white fixtures with mellow-pine flooring. (Tie.)

The Block Kitchen Evolution II

Winning kitchens in second half of "The Block"

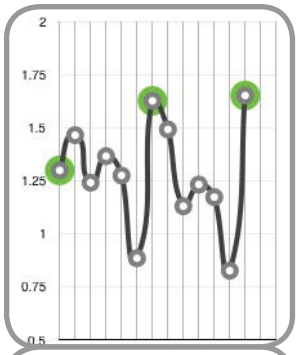
Audience Numbers

Graphs show viewer numbers (millions) from one room reveal before and after kitchen reveal.

Season 7



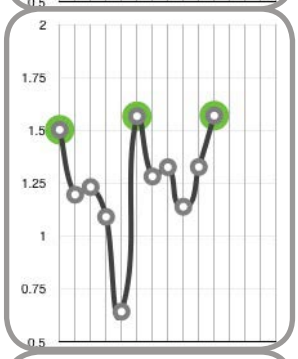
And the bling begin. The first kitchen with what will become The Block essentials: a "butler's pantry" (aka scullery), and a small kitchen office. It's all here: the high-end Italian cooktop, hyper-expensive refrigerator, "designer" lights, small vertical garden, wine-fridge,and a very expensive kitchen tap.



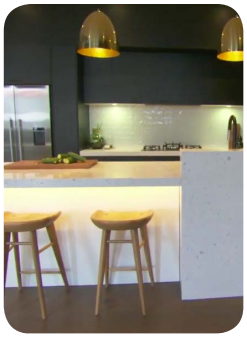
Season 8

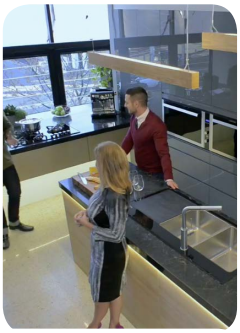


"It feels contemporary, but not trendy. It's modern, but it isn't going to date." That's the opinion of Neale Whitaker. Mirrors. Multiple ovens and microwaves (four in total). Wooden, table/bench, with facing stools. Probably the high-point of pure bling in The Block kitchens.



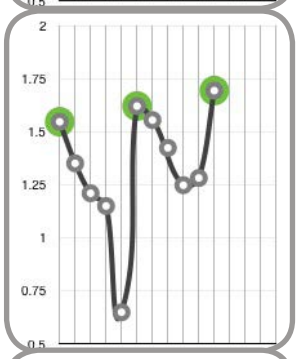
Season 9





(l) Horizontal kitchen garden under stairs, black kitchen, with white benches. Small study nook, butler's pantry and brass pendent lamps. Two ovens, microwave, coffee machine. Complex blend of elements. (Tie.)

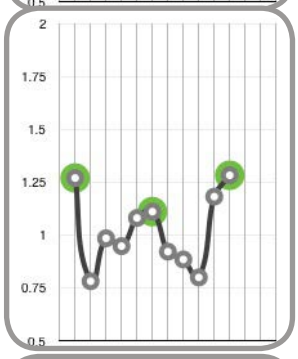
(r) A kitchen with a view, cooktop in window, huge refrigerator, several ovens, coffee machine, butler's pantry, glossy and textured surfaces. (Tie.)



Season 10



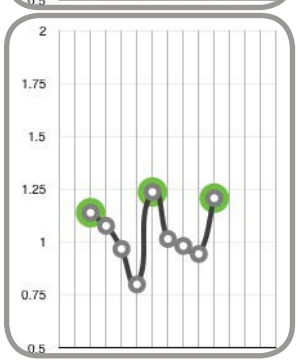
And the beginning of the end. A kitchen, which most of the judges agree is in the wrong place, but which features lots of top-end appliances, is selected. Multiple ovens, butler's pantry, wine fridge. Other, perhaps better, kitchens are ignored.



Season 11



While the kitchen met the, by now, expected requirements for a Block kitchen -- oversize stovetop, several ovens, huge sink, huge tap, butler's pantry -- it also introduced some technology in the form of an iOS-powered touchscreen splash panel.



Block" is really about developing and setting a kind of "upper middle" standard in terms of taste and style. This isn't -- most likely -- the taste and style the majority of its viewers will actually apply in their own dwellings, but more an aspirational goal.

It is here that -- particularly for the home improvement industry -- the more deep-seated problems with the show become evident. While the judges alibi their choices and the style direction of the show with references to the kinds of mythical buyers who will inhabit these designed spaces, the truth is that the buyers they describe do not exist, or exist only as a very small fraction of the market. What they are, really, are fictional characters, culled as much from the popular culture of TV and film as anywhere.

In the end, "The Block" has become a process of developing what amount to fictional dwellings for fictional characters. There are just not that many people who would want or need kitchens with three or more ovens, three sinks, a "butler's pantry" (really a cramped, secondary working kitchen), and a small kitchen office from which to pay bills. Let alone the other odd extravagances that find their way into these dwellings, such as showers with multiple showerheads (and nary an ecologically sound, ultra-efficient showerhead to be seen).

Does "The Block" deliver?

Over its many seasons, "The Block" has attracted a wide range of sponsors and advertisers, many of them from the home improvement industry. Determining the sponsors and advertisers for each season is somewhat difficult, so Table 1 (displayed on the following page) provides an indication, but is not truly comprehensive.

In working out whether "The Block" has delivered, and if it is likely to continue to do so, it is best to start with the audience statistics. We can think of the audience as consisting of three stages: the initial audience, for the first three shows, which is testing it to see if it is worth watching long-term; the mid-season audience, which has developed a lasting interest; and the end-season audience, which increases as more viewers tune-in to see how the competition turns out.

While total audience numbers are a good general measure, HNN believes that the best audience to track for the purposes of the promotion of home improvement brands is the mid-season audience.

Chart 2 provides a statistical overview of the three audiences we have identified. It does indicate that the show has begun to deliver less significant returns in recent seasons than in its earlier seasons. The decline from the mid-season high in Season 4 to its low in Season 10 is over 37%. On a more positive note, it has managed to regain around 15% of that mid-season audience from Season 10 to Season 11.

[Continues on page 31]

Table 1: The Block Sponsors

This is not a definitive list, but more an indicative one. It is derived from watching the seasons and attempting to work our which companies are providing sponsorship.

companies/seasons	1	2	3	4	5	6	7	8	9	10	11
Aldi											
AMP											
Beacon Lighting											
Beaumont Tiles											
Boral											
Bosch											
Caesarstone											
Carpet Court											
Chubb											
Coles Car Insurance											
CommBank											
CSR Gyprock											
DeWalt											
Domain											
Dulux											
Dux water systems											
E&S Trading											
Energy Australia											
Freedom											
Freedom Kitchens											
Hilti rental											
HPM											
iiNet											
IKEA											
iSelect											
Kennards Hire											
Kresta blinds											
Masterfoods											
McCafe											
McDonalds											
Microsoft											
Miele											
Mitre 10											
Myer											
NAB											
National Tiles											
Natures Own											
NEC											
Panasonic											
Reece											
Rheem											
Sealy											
Senco											
Stanley Black & Decker											
Stegbar											

Chart 2 also shows that in overall terms the show is indicating a strong decline for the end-season and the finale numbers. That likely has less influence on its attractiveness for home improvement, but it does strongly affect the overall viability of the show for Channel Nine. The ability of particularly the finale to deliver the number one place in a premium timeslot goes both to the show's overall profitability, and its contribution to helping the network rank highly for advertisers in general.

Reno Rumble: warning signs

One of the more major warning signs for "The Block" has been the failure in 2016 of its companion show from Channel Nine, "Reno Rumble". In its first season this show pitted competitor stalwarts from "The Block" against competitors from Channel Seven's rival show "House Rules". It performed reasonably well in the ratings.

The 2016 show used unknown competitors, who formed two teams based loosely on state-of-origin affiliations, and went off to renovate adjacent houses in a knock-out competition to determine the winner. The show performed very poorly in the ratings, and was rapidly shifted to a less-important timeslot, with other programming brought forward to fill the gap. A maximum rating of 453,000 viewers was achieved for the second episode. By the season's end, when the winners were announced, this had fallen to 249,000 viewers. The season had an average viewership of 364,000.

While the two shows, "The Block" and "Reno Rumble", are not directly linked, they do both use Mr Cam and Ms Craft as presenters. The two shows are also both produced by Mr Cress and Mr Barbour.

"House Rules": no sign of revival

Channel Seven's "House Rules" show is currently in the midst of its fourth season. Chart 3 compares the audience numbers for the first 21 episodes of each season. As this indicates, while Season 4 does seem to be almost keeping up with Season 3, it is far from equalling the numbers for the second season. In order, from first to fourth, the average audience for the first 21 episodes are 1.0 million, 1.22 million, 0.83 million and 0.80 million.

From the point of view of the home improvement industry, the numbers might be even worse than they appear. The primary focus of interest, as the peaks in the graph indicate, are the actu-

Chart 2: "The Block" audiences



The orange line indicates the season averages for the mid-season audience, which excludes both the first three episodes and the last three episodes.

al room reveals, rather than the process of renovating.

Home improvement and TV

Bunnings has made its mark on TV by its ongoing sponsorship and advertising on both "Better Homes and Gardens" and "The Living Room". Based on comments from the now-CEO of Bunnings, John Gillam, that approach is likely to continue.

HTH Group has made some interesting ads for TV. These have screened during episodes of "Reno Rumble", as well as elsewhere, promoting, in a light-hearted way, the idea of finding the "hard" in hardware.

However, it is certainly the Metcash-owned Mitre 10 that has placed much of its promotional budget into TV, in particular through its ongoing relationship with "The Block". With a limited budget (constrained by the ongoing struggles of its parent company), M10 chose to concentrate its promotional funds on a campaign fronted by the presenter on "The Block", Mr Cam. As Mr Cam is himself a former builder, and he has a likeable, down-to-earth character, he has proved an ideal front-person for a company that concentrates on selling to tradies.

That said, the ongoing evolution of "The Block" has not been kind to the M10 campaign. Perhaps partly due to ongoing constraints on promotional budgets, but also due to shifts in "The Block's" strategy to appeal to broader audiences, its brand presence seems to have steadily declined.

Other than an early and effective promotion for its Accent paint brand and a few slightly bewildering visits to Mitre 10 stores, M10 had little presence outside of its actual advertisements in the most recent season of "The Block". In fact, it was notable that the most prominent brand to emerge in this series was the discount supermarket Aldi. Aldi made good use of "shopping competitions", and even simply having some of the contestants be filmed wandering around its stores, to imprint its brand on the TV series.

Discount appliance and kitchen supplier The Good Guys also had a more effective strategy. By selecting the single category of kitchens, they established a definite presence at key moments of the series, as contestants struggled to overcome the many challenges of fitting new kitchens to unfamiliar spaces.

The future

If the fate of Season 2 of "Reno Rumble" and the less than encouraging viewer numbers for "House Rules" Season

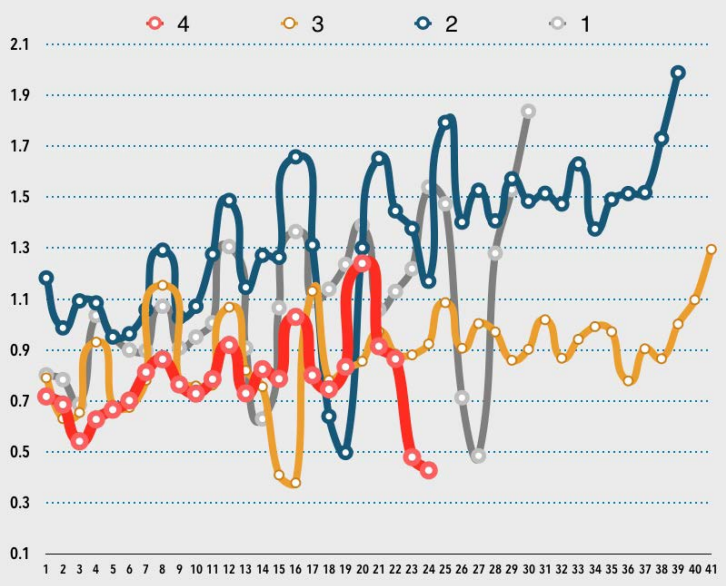






The first challenge of Season 11 required the contestants to mix up their own paint colour, using a "pop-up" Mitre 10 shop. While the gamble on getting promotion for the first episode of Season 11 paid off, garnering 1.074 million viewers,other sponsors found better "cut through" later in the season.Without enough funding, not even the most clever marketers can really make TV work effectively.

Chart 3: "House Rules" audience



The red line indicates the incomplete, current fourth season. Until the most recent two episodes, this has tracked closely to the previous, third season. However, the recent plunge could indicate a longer-term decline in audience.

4 are any indication, renovation/interior design shows such as "The Block" might find it hard to grow their viewer share in 2016. This could be because, while the original formula has worked acceptably for the past five years, it has now reached the end of its usefulness. Alternatively it could be that renovation itself has ceased to be of as much interest as it once was. Certainly forecast numbers from the Housing Industry Association (HIA) point to a slow-down in housing renovation activity for the next two years, and possibly three years.

Another factor, as several commentators have pointed out, is that the addition of new digital TV channels has added a large number of US-based renovation shows to the daily TV schedule. These are, typically, self-contained half-hour segments, where houses are "flipped", by quickly renovating them, then re-listing them on the real estate market.

There is also what seems to be something of a decline in the popularity of reality TV based series in general. As Josef Adalian describes the situation on the respected US TV commentary website Vulture:

> *Talk to unscripted producers and executives about the state of [reality TV] in 2015, and one word pops up repeatedly: fatigue. While modern reality TV is barely a teenager, and far younger than programming staples such as comedy and drama, the sheer tonnage of unscripted content produced in the past decade-and-a-half has left the people who make it – and, arguably, those who watch– struggling to recapture the excitement of a once-vibrant genre. "Reality seems tired. It seems derivative," says one former network chief who now works in the digital world. "There hasn't been a really loud, innovative reality show in a while."*

As Mr Adalian goes on to suggest, added to this "fatigue" is the entry of digital channels as well:

> *Still, some speculate the shift away from linear TV viewing (where networks tell you what to watch, and when) to on-demand (I'll watch your show on Hulu or Netflix when I'm good and ready) is having a particularly strong effect on reality. While the evolution in how TV is consumed has resulted in across-the-board ratings declines for nearly all programs, unscripted shows –particularly those on cable – may be suffering more because they've historically relied on what industry types call "discovery" to build an audience.*

http://goo.gl/aBKksm

"Discovery" in the US market is typically fuelled by "marathon" showings, where an entire past season of a show will be shown on rotation over a weekend. In the Australian market, discovery of DIY renovation/interior design TV is fuelled by "Sunday catchups", when episodes from the past week are replayed. Having viewers turn instead to watching old favourites on their iPads while curled up in bed could reduce the effectiveness of this kind of self-promoting TV.

Meanwhile, in the US market, DIY renovation TV has found

Why watch?

from *Reality TV Review (2007)* by the Australian Communications and Media Authority

As part of the survey, reality television viewers (702 of all 1000 surveyed) were asked to identify what about reality television programs they enjoyed (Figure 3.7).57 The greatest number of respondents said that they enjoy 'nothing' about reality television programs (23.3 per cent), meaning that they did not enjoy anything about them. Of the specific responses given, the largest group indicated that they watch reality television programs because they are entertaining (20.9 per cent).

Other reasons included that reality television shows are unscripted and use real people (13.7 per cent), promote inspirational/positive values (9.0 per cent) and that viewers enjoy watching the competition (8.9 per cent).

The focus group results supported this data, with participants emphasising that they primarily watched reality television programs for entertainment. Focus group participants noted that they liked reality television for a range of reasons, including because it was unpredictable, reflects everyday experiences, shows unusual or novel situations, engages the viewer (including through voting for competitors), has an element of suspense, is educational/can teach a lesson and because viewers like to think that the program participant 'could be me'.

http://goo.gl/hGhqwl

a strong presence in cable channels through the DIY Network, a content channel owned by the same company as HG TV, the source of the extra home renovation/flip TV shows that have entered the Australian market. DIY Network shows cover a range of topics, from how to restore an older house to its former glory, to a flip show that is based on the renovation activities of former rap music star Vanilla Ice. This is as much "small screen" as "big screen" viewing. While the "reality TV" aspect of the show is present, it is quite "dialled down"; in the end it's all about following a professional crew, with an appetite for "bling" redesign, flipping expensive properties.

In fact, it is likely that "small screen" viewing is disrupting DIY TV in other ways as well. Where once TV shows such as "The Block" and "House Rules" were prime sources of inspiration and productive design daydreaming, more consumers today begin their renovation journey by browsing online sources, from the dedicated dwelling design site Houzz.com, to the broader Pinterest.com, and on to social sources such as Instagram, Facebook and even Twitter -- not to mention images discovered through Google Search.

Web TV

Given the challenges of the Australian TV market as compared to the US market -- a relatively small audience coupled with a relatively high level of geographical and climatic diversity -- it seems unlikely that an independent DIY channel could be developed. However, a clear avenue for development would be a web-based, episodic series that could focus on renovation DIY with an element of reality TV to back it up.

HTH Group has already made a series of advertisements that are available only online. Some of there represent the very best TV advertising for the home improvement market in Australia to date.

Bunnings has already undertaken the renovation of an entire house, and produced DIY videos that help to inform its customers of the best way to do basic tasks. It's not that great a leap to take a concept such as that and extend it into a TV series with fortnightly episodes.

That said, of course, a company such as Bunnings might not be the most suitable for such a project. It is more likely that some form of coalition between a non-Bunnings retailer, and the group of suppliers which do not get deep distribution through Bunnings (Valspar/Sherwin-Williams, Positec, etc) would be a likelier source of sponsorship.

Of course, it is most likely that even if this path proves to be the best way forward for DIY TV in Australia, it will take another three or four years before the market has developed sufficiently to make it possible. The ongoing migration from big-screen TV to small-screen personal device needs to continue, along with the "cord cutter", view on-demand trend. Another assist will likely come from a reduction in the cost

from Fairfax Media:

OzTAM's figures show free-to-air viewing is dropping faster among the key advertising youth demographic, with audiences down 14.8 per cent among 16-to-39-year-olds but up by 2.2 per cent in the Plus-55-year demographic. The fall has come despite the launch of three new channels: SBS Food, 9Life and 7Flix.

http://goo.gl/GgAJuR



HTH Group's "Hard in Hardware" online ad campaign reached a peak of well-produced silliness in its Easter online ad.

https://youtu.be/lVOBXKAjaMo

of production equipment: semi-pro video cameras currently cost between $8000 and $12,000 each, but models costing around $6000 with the best features will likely be launched by 2020.

Conclusion

The question of TV marketing for home improvement retailers and home improvement products remains a difficult one. This is not only about TV itself, or the alternate media that have been developing. It is as much about the overall shape of the home improvement market itself.

In the 1980s and early 1990s, manufacturers of DIY products were more active in their advertising. As the dynamics of the markets changed in the 1990s through to the 2000s, retailers sought lower prices above all else, and manufacturers cut down on their direct ads, effectively leaving more of the marketing to the retailers themselves.

In recent years, this balance has started to shift. Whether it is Sika coming up with a simpler, better product to make it easier for DIYers to put up fence posts, Ryobi making an affordable cordless electric lawnmower with reasonable performance, or Bosch's new mini-chainsaw-like replacement for jigsaws, manufacturers are seeking to make unique and innovative products. The message that has gone out is that, today, innovation equals profit margin. It's a strong effort by manufacturers to rebalance control of the DIY (and professional/tradie) market a little away from the retailers.

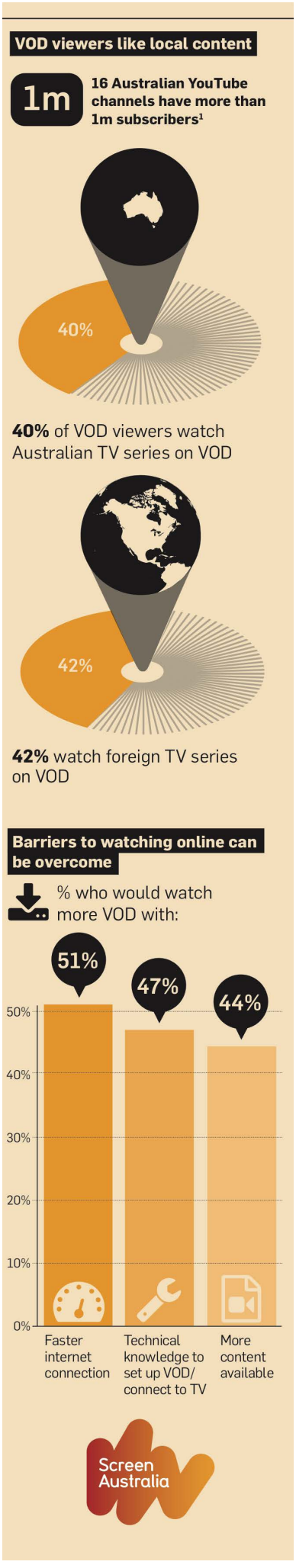
As products develop more market presence, the kind of advertising that might work the best could be described as "path to product" advertising. What are the steps that a consumer/customer takes in first imagining a project, investigating the options, buying the necessary supplies and tools, and then completing that project?

Increasingly the answers that come up to that last set of questions involve online sources, and online research. It is a pretty safe prediction to make that this will only increase over time, and by December 2019 we will be looking at an industry where digital online marketing isn't just a viable option, it's the primary option.

Mitre 10

In the previous market, Mitre 10 has done a good job of establishing the best market "cut-through" with the least amount of money. However, it seems likely the strategy that has worked over the past eight years or so may be nearing the end of its viability.

For Mitre 10 the increasing importance of online marketing is a major challenge at this time of its development. While it is in some ways better equipped than many other home improvement brands to make a shift to online -- in particular, the company's spokesperson, Mr Cam, would provide a big



boost in crossing the divide between TV and the web -- it also presents some harsh challenges.

This kind of transition takes investment which will generate a return over three or four years. Mitre 10's current mission, as defined by its parent Metcash, is essentially to exist on a minimum investment and deliver solid returns, to help fuel the company's overall transition, which is focused on its IGA supermarket business.

A changed Mitre 10, merged with HTH Group, possibly listed on the Australian Stock Exchange, might have more of an interest in longer-term investment. A secondary problem that arises from this situation, however, is that such a transition would (optimistically) take 12 to 18 months to sort out. That would mean the launch of an integrated online digital marketing strategy would be around three years away. That means Mitre 10 will be more reliant than ever on its TV sponsorship/advertising strategy through to the end of 2018.

On the block

The success or failure of the latest iteration of "The Block", due to launch in August 2016, has a lot more riding on it than just the possibility of the latest retread of the series being able to attract an audience of over two million Australians on a mid-season average.

It's failure will be more than just a small setback for Channel Nine. It could directly affect the way the independent

S2: The "don't"of DIY



Time mark: 4:30
Attempts to install a rangehood result in failure. (And someone at Black & Decker had to be weeping with laughter.)
https://goo.gl/RklJi9

S8: Rise of the ultra-kitchen



The ultra-kitchen concept makes its debut on The Block.
https://goo.gl/93Zfrq

S10: Shaynna Blaze loses it



Time mark: 42:00
Shayanna Blaze attempts to verbally destroy what turns out later to be the best kitchen.
https://goo.gl/BMIeL8

S11: What's a chippie?



Time mark: 20:20
Scott Cam explains to Suzi what a chippie is and where you might find one.
https://goo.gl/FvYjj8

2015/16 Dulux Group results
AUD millions

Category	2015/16 H1	2014/15 H1	Change
Sales	851.1	836.9	1.7%
EBIT (excludes non-recurring items)	98.3	94.1	4.5%
NPAT	63.7	61.4	3.7%
Earnings per share (diluted)	$0.164	$0.159	3.1%
Paints & Coatings EBIT margin (excludes non-recurring items)	18.3%	17.8%	0.5% (diff)
Consumer & construction products EBIT margin (excludes non-recurring items)	9.8%	10.0%	-0.2% (diff)
Garage doors & openers EBIT margin	6.5%	7.0%	-0.5% (diff)
Cabinet & architectural hardware EBIT margin	5.6%	4.4%	1.2% (diff)

DuluxGroup H1 2015/16

Australia's DuluxGroup (Dulux) has reported its results for the first half of its 2015/16 financial year. The company has delivered a positive performance, as compared to the previous corresponding period (pcp), which was the first half of the 2015/16 financial year.

Highlights of its performance include an increase in underlying earnings before interest and taxation (EBIT) of 4.5% over the pcp, while underlying net profit after tax (NPAT) also increased, growing by 3.7%.

Overall sales grew by a more modest 1.7%, below the accepted rate of inflation. Sales were adversely affected by some corrections in the retail sector of the paints and coatings market, as volumes of lower-cost paint increased. Additional costs contained those associated with the introduction of Dulux's improved "Wash and Wear" brand of premium consumer paint, which included high marketing costs.

Dulux was also affected by its destocking from Mitre 10 operations in New Zealand. Poor economic conditions in Papua New Guinea have also hampered its planned expansion in that market.

Dulux reports that its two main infrastructure projects, the construction of a new paint factory in Melbourne, and a new distribution centre in New South Wales, are both proceeding on-time and within their budgets.

Paints and coatings

This segment of Dulux had sales of AUD452.5 million, up by 2.3% on the pcp. EBIT (excluding non-recurring items) was AUD91.1 million, up by 4.0% on the pcp.

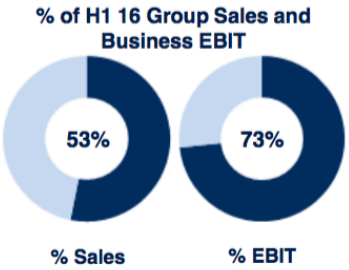
The CEO of Dulux, Patrick Houlihan, outlined the following forces that have affected the paints and coatings business of the company:

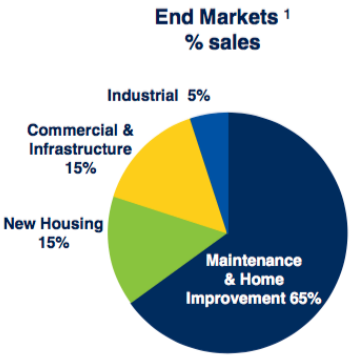
- Overall growth for the Australian business was 4.0%.
- The market contracted for Dulux paints in New Zealand, as Mitre 10 New Zealand (a separate entity to the Metcash-owned Mitre 10 in Australia) ceased to stock Dulux paints. Mr Houlihan put the effect of this at around AUD1.0 million in terms of EBIT.
- The renovation/repaint market for Dulux fell by 7%. This was due to two main factors. One of these was that during the pcp the company had experienced a surge in sales of cheaper paints, providing a tough comparison with the current market. Also, there were substantial destocking activities by retailers during the results period. In addition, there were promotional activities, including discounts, associated with the introduction of the company's latest "Wash and Wear" paint brand.
- During the current report period, new housing supply in Australia grew by close to 8.0%, helping to bolster sales in Dulux's less profitable paint sector.
- Commercial/trade sales also grew during the period, increasing by 5.0%.
- Texture coatings grew well, boosted by the increase in building activity.
- Protective coatings fell overall, as spending on infrastructure in areas such as mining continued to decline.
- Margins were boosted by an increased preference by consumers for premium, higher-margin paint products.

Mr Houlihan was clear in pointing out that, whatever the fluctuations may be, the underlying market for paint in Australia and New Zealand remains sound.

EBIT margin grew from 17.8% for the pcp to 18.3% for the current period. The company predicts that overall EBIT margin for its financial year 2015/16 will be higher than for the previous financial year. This segment contributed 53% of the company's sales revenue, and 73% of its overall EBIT.

Dulux reports that it is now expecting decreased costs from the planned decommissioning of some product lines previously produced at its Rocklea facility (replaced by production at the new Melbourne-based factory). This is due to





DuluxGroup

the company choosing to shift the production of some products from outsourced suppliers to the Rocklea facility, which it predicts will result in overall cost savings.

The full benefit of the savings from the new factory are expected to reach the balance sheet only in the second half of 2018.

Future

Mr Houlihan said that part of the company's expansion plans for this segment included the introduction of more specialty products. He reiterated in response to the question of an analyst that Dulux sees the market largely adhering to its longer term patterns over the coming year. This would mean growth in the market of between 1.0% and 1.5%, with additional price growth of around 2.0%.

He also provided details on the expanded Wash and Wear paint range. The product retails in four-litre cans for AUD72, up from AUD69 for the previous version. Mr Houlihan pointed in particular to the improved performance of the matte paint, which enabled painters to use it in areas where they previously might have used low-sheen paint. He also mentioned the Dulux Wash and Wear Super Hide paint, which has a higher level of Titanium oxide, and is able to conceal a black surface with just two coats of white paint. Super Hide costs AUD80 for four litres.

Mr Houlihan did not rule out trying to supply Bunnings UK with some products, but pointed out that this would be a difficult market in which to compete, given the number of long-standing brands available there.

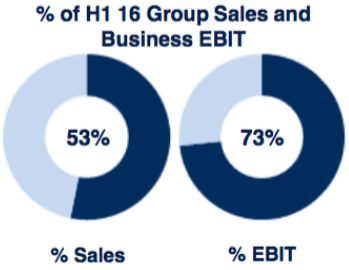
Competition

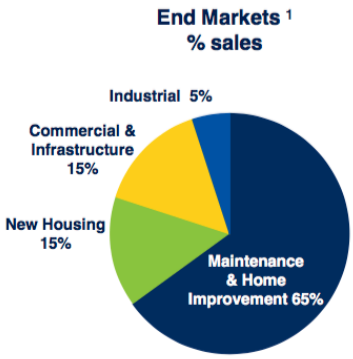
Asked by an analyst about expected competition from the merger of Valspar and Sherwin-Williams, with the two US-based companies having a market presence in Australia, Mr Houlihan reiterated aspects of previous answers to competition questions. He stated that he did not see the merged company as posing any greater threat than past competitors, such as Nippon paints, or PPG. In particular, he noted that Sherwin-Williams had pursued an own-store strategy, while Dulux had partnered with both Bunnings and Mitre 10 in Australia.

Consumer and construction products

Sales for this segment were AUD125.7 million, a 5.2% decline over sales for the pcp. EBIT, excluding non-recurring items, also fell, coming in at AUD13.9 million, down 7.3%.

Dulux places much of the blame for the decline on destocking at the hardware operations of Woolworths, as that company begins its exit the home improvement retail business. Exclusive of Woolworths, the company says that sales of its Selleys products grew by 3.0%.





DuluxGroup

Mr Houlihan clarified that the destocking originated with the Woolworths businesses, including both Masters and the HTH Group. When pressed on why HTH Group would be destocking, he responded that Dulux sold directly into the Woolworths' wholesale warehouse, and that HTH Group seemed to be rebalancing its stock levels of Selleys products.

The Parchem business continues to struggle, due to the decline in general infrastructure spending. In contrast with the pcp, there was also a reduced level of rebuilding activity in New Zealand, with a spike originally triggered by the earthquake in Christchurch. These factors resulted in a decline in EBIT for Parchem alone of AUD900,000. On the positive side, both gross margins and operating efficiencies were improved.

Garage doors and openers

Sales for this segment improved, but EBIT remained unchanged. Sales were AUD84.3 million, an increase of 7.0% over the pcp. EBIT came in at AUD5.5 million.

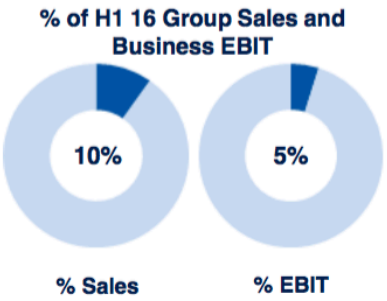
Growth was boosted by the acquisition of the Western Australian assets of Gliderol. Sales performance remained strong, both through direct sales to builders, and the company's distribution channels.

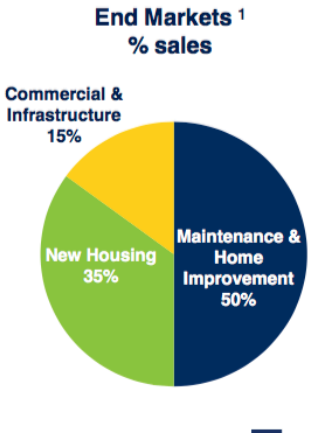
On the negative side, manufacturing costs were higher than anticipated. However, Dulux is anticipating a stronger performance in the coming half-year.

Mr Houlihan outlined some of the advances that have been made in this segment. This includes the relaunching of the B&D garage opener/door business under a new brand, Home Safe Home. This has been backed up by a new website.

New products and features have also been introduced. This includes a second generation kit for integrating door openers with smartphones, and a first for the Australian market, a lock-in device that prevents garage doors from being forced open from outside.

Dulux's chief financial officer, Stuart Boxer, hinted that there would be stronger marketing activities during the remainder of 2016. Mr Houlihan was also quick to defend the position of the business segment. He pointed out that the business has a 30% market share, which provides a margin in earnings before interest, taxation, depreciation and amortisation (EBITDA) of around 14%.





Other businesses

Cabinet and architectural hardware sales improved by 8.2% over the pcp, coming in at AUD88.9 million. EBIT also grew, up 38.9% over the pcp, at AUD5.0 million.

For the remaining businesses, including Yates, sales fell by 1.0% over the pcp to reach AUD105.9 million, while EBIT was AUD7.3 million, up from 7.2 million in the pcp.

Analysis

While there continues to be something satisfying about the way in which Dulux constantly churns out good earnings, it is difficult to not be a little concerned about the future. Mr Houlihan provided a chart in the earnings presentation that showed the company's progress through 20 years of revenue and EBIT numbers. Excepting a dip around 2001, it is an impressive set of numbers.

The difficulty is, of course, how relevant it will remain in the future. While there is a good deal of both sense and experience in Mr Houlihan's certainty that Dulux will not suffer unduly from competition brought on by the merger of Valspar and Sherwin-Williams, it does seem possible that he may be, in the longer term, proved only half-right. What makes this challenge different is that it is a signal of just how consolidated and global the business of paint is becoming. The threat from such mergers is at least in part a greater ability to control the prices on some of the more expensive inputs, such as Titanium-oxide. Plus, of course, other benefits that accrue to global businesses, such as amortisation of costs in product development and marketing.

The garage door opener business does remain the most worrying of the DuluxGroup segments. The point Mr Houlihan has made about this acquisition is that it makes use of many of the same marketing principles as the paint business. As he put it in this results announcement:

> *I reminded you at the full year that the B&D business is a profitable market leader in a well-structured market, with a bias towards the existing home. In fact, the market characteristics of the garage door market have some strong similarities to those of the decorative paint market.*

It is here that the problems seem to begin. It is certainly true that the current garage opener market is "well-structured", but the chances of its remaining so are very slim. It is evident that the garage door market is on the cusp of being restructured. Recent innovations from Ryobi and others point towards it becoming a prime centre of development for the connected home as it connects with the Internet of Things.

That may take another two years to become a real force in Australia, so the real question isn't what is happening in the market now, but what Dulux can do about the future market. Unfortunately, the answer would seem to be "not a lot". The company does not know how to innovate in the design and manufacture of electrical and electro-mechanical products.

There is the real potential here for this — very small — part of the Dulux business to become rapidly unprofitable, and end up being written off.



The Ryobi garage door opener offers modules that include a fan, electrical extension cable, and a carbon monoxide dectector. It connects to smartphones.

products

Cutting through tough yard projects



Troy-Bilt powered by CORE™ offers homeowners a different approach to cordless outdoor power equipment that rivals the power of gas. Products using this system include a string trimmer, leaf blower and hedge trimmer. A push walk-behind lawn mower is coming soon.

The patented CORE motor design works together with a responsive, load-sensing controller to deliver more torque. By applying cutting-edge intelligence to basic power principles, CORE has been designed to draw power more efficiently and deliver concentrated power when and where it's needed. CORE co-inventor Lincoln Jore said:

Real power comes from the motor – the heart of the tool – not the battery or the voltage as many may think. The battery simply supplies the energy, but the motor converts that energy into torque, which is what's needed to power through yard-work without slowing down.

With more power, users experience a longer runtime, and can trim, blow and cut quickly to achieve what they want in the yard. The unique motor is smaller and lighter than copper-wound motors for easy manoeuvring. Its high efficiency leads to less heat, and less wear and tear. CORE also offers the industry's only motor backed by a limited lifetime warranty. Troy-Bilt brand manager Megan Peth said:

Troy-Bilt has been manufacturing gas-powered outdoor power equipment for more than 75 years, so we know the types of challenges homeowners face in their yards. With this revolutionary cordless system, we're excited to offer the power and performance consumers expect from Troy-Bilt, but now without the gas.

Using Troy-Bilt powered by CORE is simple. The proprietary CORE controller communicates with the motor to monitor how hard it's working and automatically responds when more or less power is required. By managing the flow of energy to and from the motor, the product can achieve maximum runtime.

Additionally, the string trimmer and leaf blower are equipped with a colour-coded power display panel that tells users how much power is being used, giving more focus on the job and less on the equipment.

All Troy-Bilt products powered by CORE units can operate on the same battery, allowing consumers to save money by

products

purchasing just the bare tools if they already own one battery.

All CORE tools are backed by a 5-year limited warranty. All CORE batteries and chargers are supported by a 3-year limited warranty.

Tankworks Australia joins Kingspan



Rainwater harvesting systems maker, Tankworks Australia has reached an agreement to join the global building products manufacturer Kingspan Group. It will now be known as Kingspan Environmental Pty Limited.

Kingspan is the world's largest manufacturer of high performance insulation and building fabric solutions. Kingspan's environmental portfolio has innovative solutions for wastewater, rainwater management, service and telemetry, solar hot water, energy storage and renewable energy generation.

The acquisition will provide the Australasian markets with a better range of products and expertise. Stuart Heldon, business unit director at Kingspan Environmental, said:

This is a very exciting time for our business. Kingspan Environmental's ambitious growth plans and its extensive sustainable product range will offer existing customers and the wider market with better choice and excellent customer service.

Heldon added that the corporate values of both businesses also made the new venture an ideal fit.

Tankworks has always held strong environmental and people values, as does Kingspan, and that gives me great confidence that we are heading in the same direction, the right direction for a sustainable future.

These sentiments were echoed by Pat Freeman, managing director of Kingspan's environmental division. He said:

We are looking forward to offering the Australasian markets with some of the best environmentally responsible products available in the global construction industry, providing cutting edge technology for both homes and businesses.

Established in 1934, Tankworks Australia was then known as Parramatta Tank Works. Since then it has manufactured quality, long-lasting water tanks and accessories. It has become a leading name in the rainwater harvesting industry. The company's longevity can be attributed to the fact that incorporates the latest manufacturing processes and technology in its products.

products

Mow in your own way

The LX42 ride-on mower from Cub Cadet features a tighter turning circle, which enables the user to better manoeuvre in cramped areas and around common outdoor obstacles such as trees, fence posts and flowerbeds. This reduces the need for unnecessary laps of the garden and saves the rider time and fuel.



As a standard, the LX42 is fitted with premium Multi-Trac™ tyres – with a uniquely designed tread to minimise slippage and spinning, even on wet grass. The tread directs power straight into the ground for less turfing, precise manoeuvring, and better results for lawns. Each ride proves to be smooth and efficient when partnered with a 22hp Kohler 7000 Series V-Twin OHV, and the hydrostatic drive system.

Alongside precision handling and power, a mower must be hardy. The LX42's Corrosion Defence System is e-coated, delivering automotive-grade corrosion resistance against the elements, as well as general wear and tear. This provides users with the best-in-class protection of critical components.

The LX42 is designed to be hassle free, allowing the operator to effortlessly change the deck height. The 107cm (42") deck lift is spring-assisted so that when the user changes the deck height, the spring applies force to the deck and takes the strain away.

On top of convenience and accuracy, the LX42 mower has the new Cub Comfort™ seat, which features a 10-degree incline and slide mechanism to provide an ergonomic riding experience. This works in harmony with the smoothness of the cruise-control, and the high-back seat reduces fatigue when mowing for extended periods.

The Cub Cadet LX42 ride-on mower is finely tuned and visually bold.

Desktop MAX, a new CNC Tool

ShopBot Tools has introduced the ShopBot Desktop MAX. It features a 36" x 24" work area, twice that of the previous model ShopBot Desktop, making it easy to fit items such as guitars, chair and table parts, cabinetry parts and more.



The tool joins ShopBot's array of CNC tools used in prototyping and production for cutting, carving, machining and milling in wood, MDF, plastics, foams, and non-ferrous metals such as aluminium.

The power of the Desktop MAX will make it a favourite of anyone interested in prototyping or full production. It has a removable tool bed, which enables end-machining

products

processes such as creating complex furniture joinery. The tool has two options for beds, an aluminium deck or a plenum with universal hold-down system. This eliminates the need for screws, adhesives, or clamps for holding large sheet goods in place.

The Desktop MAX features a dual-motor gantry design that helps deliver stability and precision. ShopBot's director of marketing Jeanne Taylor said:

The tool has twice the work area of the ShopBot Desktop yet it's not twice the price. It's an affordable solution for doing professional CNC work.

ShopBot Tools celebrates its 20th year in 2016. The company is one of the largest producers of digital fabrication equipment for small-to-mid sized manufacturing, DIY, and education markets. The company also provides support for its user community, with forums, production services and specialised training classes. All ShopBot tools are designed and built from its North Carolina headquarters in the US.

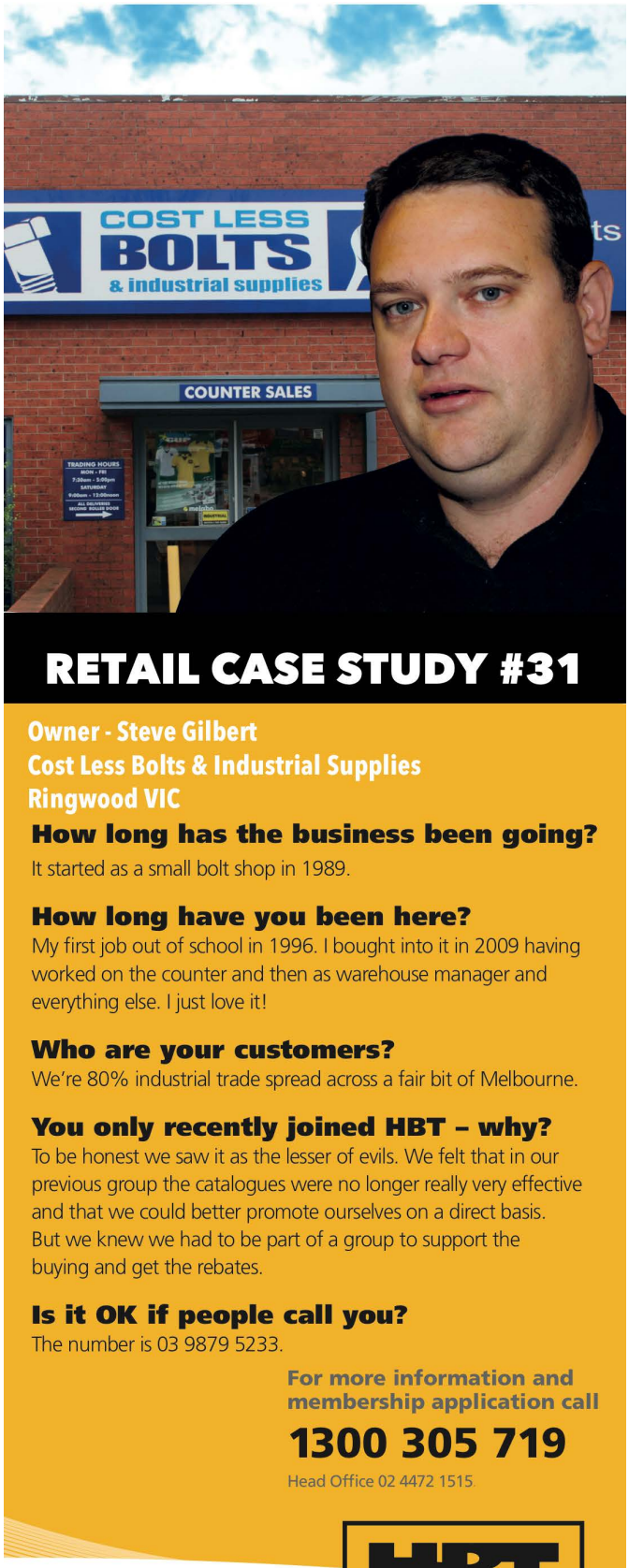
https://goo.gl/6rqDo4

Eco-friendly paint products

With a commitment to lowering its carbon footprint, Dynamic's Enviro-Paintware range includes the world's first roller made from post-consumer PET (Polyethylene terephthalate). They are ideal for professionals seeking environmentally friendly paint tools.

The Enviro-Roller is a shed resistant fabric cover woven from yarn originating from used soft drink bottles and other PET products. It does not compromise results with paints and enamels, according to the manufacturer. Replicating the feel of wool, the Enviro-Roller is available in various sizes for any painting task.

The Enviro-Paintware range also includes a paint trim cup and paint trays. Safe to use with all paints, the Enviro Trim Cup features a magnetic brush holder and contoured edge to hang conveniently on paint cans for quick and easy access.



products

Tested by professionals to ensure the highest quality and reliability, the Dynamic line includes brushes and rollers, trays, extendable poles, caulking guns, blades, scrapers and wall fillers, as well as protective wear and drop cloths.

Dynamic is a Canadian supplier of paint tools and accessories. Recognised globally for products that deliver on both innovation and value, the company has been supplying paint products for over 41 years.

The Dynamic range is distributed in Australia by Tenaru Timber & Finishes, distributor of Sikkens timber coating and Hammerite metal care paint.





Subscribe

Don't miss out!
We'll email you the summary and link every fortnight

Click to subscribe

or go to:
http://goo.gl/lHPt57

HI WEEKLY

seeking opportunities

B2B selling for Valspar

An opportunity exists for a senior account manager at Valspar, selling established brands to a well known group within the industry. The key function of this role is to direct and champion the designated account, to achieve sales revenue and profit targets as well as increase market penetration through building strong relationships with group members.

http://goo.gl/pxmyHP

Milwaukee brand content producer

A highly organised content producer is required to project manage Milwaukee Tools' social media portfolio, based at its Rowville (VIC) head office. Reporting directly to the digital manager, main responsibilities for the role include developing short and long-form content for a variety of social channels, such as Facebook, Instagram, YouTube and Twitter.

http://goo.gl/rl2TlK

Managing Dulux-Group's websites

Over the last 18 months, DuluxGroup has built a digital marketing program that is now driving results across multiple business units and brands. The next phase of the process is to further build the capabilities of the team with a hands-on website manager who has strong technical skills.

http://goo.gl/qaGGC5





MARKETING SUPERPOWERS



With an average circulation of over 14,000 a fortnight, and peak circulations of over 30,000 on some issues, HI News helps you unleash your marketing superpowers.

Call us on 0411 431 832 for a great introductory rate on your ads.

Why walk when you can fly? Ad prices start from just $195.

HI NEWS

Advertising. Engagement. Results.

To find out more, especially about the great introductory advertising rates at HI News contact Betty Tanddo, at betty@hnn.bz, or 0411 431 832

Click to download media kit

goo.gl/nH4u0r