

F R O S T & S U L L I V A N



2022 COMPANY OF THE YEAR

*MALAYSIA
HOME IMPROVEMENT RETAIL INDUSTRY*

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. MR D.I.Y. Group Berhad (MR D.I.Y.) excels in many of the criteria in the home improvement retail space.

AWARD CRITERIA	
<i>Visionary Innovation & Performance</i>	<i>Customer Impact</i>
Addressing Unmet Needs	Price/Performance Value
Visionary Scenarios Through Mega Trends	Customer Purchase Experience
Implementation of Best Practices	Customer Ownership Experience
Leadership Focus	Customer Service Experience
Financial Performance	Brand Equity

Leadership Focus

With 993 stores across Malaysia at the end of the first quarter of 2022 from about 354 stores in 2017, MR D.I.Y. continues to solidify its position as the unchallenged leader in the country’s highly fragmented home improvement retail industry. The 180 new retail stores that MR D.I.Y. plans to establish between January and December 2022 represent the fastest number of store openings for the company on a yearly basis.

The company is also on track to passing the 1,000 stores in operation mark by 2022. The new store openings are fueled by the retailer’s desire to bring its value-focused stores to new catchment areas and expand its reach to more customers. As of 2022, it is the only large retail chain player with a nationwide presence and a fast-growing number of retail stores directly operated by the company.

Addressing Unmet Needs

With its aggressive store expansion strategy and wide geographical reach, MR D.I.Y. provides Malaysian households with a huge variety of home improvement products at affordable prices. The reopening of stores and more people spending time in their homes post-pandemic offer ample pent-up demand for value-for-money, high-demand products. MR D.I.Y.’s large-scale operations and promise of “Always low prices” set it ahead of the competition and create stiff barriers to entry for new players in the industry.

Price/Performance Value

MR D.I.Y. continuously tracks the changing economic environment and consumer buying trends to ensure it offers consumers quality products at low prices. The retailer closely monitors supply chains and logistics to anticipate potential disruptions across the value chain, both locally and globally. Apart from Malaysia's worst flooding incidents in years, the Russo-Ukrainian War and the prolonged effects of COVID-19 on global trade significantly push up the cost of retail goods, which are typically passed down to consumers.

MR D.I.Y. ensures minimal pass-through cost increases across its physical and online stores, taking into account price inflation and existing cost structures while maintaining margins at acceptable levels. Frost & Sullivan attributes MR D.I.Y.'s commitment to its "Always Low Prices" value proposition and prioritizing customers during challenging times as major contributors to its accelerated growth in Malaysia. For example, the company launched the "Price Lock: Harga Kami Tetap Sama" initiative until the end of March 2022, aimed at not raising the prices across its MR. D.I.Y., MR. DOLLAR, and MR. TOY products.

Customer Purchase Experience

MR. D.I.Y. is a convenient one-stop location for Malaysians to purchase home improvement items. It boasts the widest array of product categories among home improvement retailers in the country, including but not limited to household and furnishing, hardware, electrical, stationery, and sports equipment.

The broad variety of product SKUs and availability of branded and private-label goods enable MR D.I.Y. to offer the most comprehensive offerings to customers in one location compared with its competitors that

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focus on limited product categories (one or two key product lines), SKUs, and brands. MR D.I.Y. reviews its offerings regularly to respond to changing customer needs and preferences. In addition, the large availability of more expensive branded products and affordable non-branded options provides consumers with a comprehensive price-to-quality value proposition to help them manage their spending more effectively.

From the launch of the first MR. D.I.Y. Express store format in 2021, mainly catering to smaller, rural towns, there are 55 MR. D.I.Y. Express stores as of June 2022 across the country. Designed as standalone stores or located within petrol stations, these outlets are

conceptually the same as a typical MR. D.I.Y. store and provide a wide range of products at affordable prices. The company also leverages advanced data analytics to curate the product offerings at these stores based on the needs and preferences of the local consumers. In addition, MR. D.I.Y. Express stores are smaller with slightly lower inventory levels (same product categories) but have higher inventory turnover. The innovative store format allows MR D.I.Y. to serve smaller, more remote catchment areas where the population may not justify a full-scale MR. D.I.Y. store, expanding its reach further across Malaysia.

Brand Equity

With a growing nationwide presence, MR D.I.Y. stores remain top-of-mind for Malaysian households looking for home improvement products. The brand is associated with affordability anchored by the “Always Low Prices” tagline and large product variety under one roof. Frost & Sullivan’s analysis validates MR D.I.Y.’s affordable prices against products available at other home improvement retailers. The same branded product or those featuring similar characteristics (e.g., size, material, functionality, number of items per package, other visual criteria) are generally sold at a lower price at MR D.I.Y. stores compared with selected home improvement retail chains in Malaysia.

Financial Performance

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MR D.I.Y. continues to record resilient revenue performance despite the challenging economic environment. In the first quarter of 2022, MR D.I.Y.’s revenue growth was primarily driven by higher average monthly sales per store and positive contributions from new stores, as physical stores gradually reopened following the easing of lockdown measures. The strong revenue performance is also supported by increased gross profit, EBITDA from lower operating expenses, and net profit margins, maintaining its robust growth momentum.

Conclusion

MR D.I.Y. retains its position as the unchallenged market leader in Malaysia’s highly fragmented home improvement retail industry. As of 2022, it is the only large retail chain player with a nationwide presence and a fast-growing number of retail stores directly operated by the company. Its impressive financial results and aggressive store expansion strategy reflect MR D.I.Y.’s resilience to withstand negative external economic impacts, thanks to its attractive value proposition for consumers, scale, and internal operational efficiencies. Furthermore, the discounts offered on home brands and bestselling items highlight the company’s constant efforts to stay relevant, maintain low prices, and support the needs of Malaysians.

With its strong overall performance, MR D.I.Y. earns Frost & Sullivan’s 2022 Malaysia Company of the Year Award in the home improvement retail industry.

What You Need to Know about the Company of the Year Recognition

Frost & Sullivan's Company of the Year Award is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

Best Practices Award Analysis

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Visionary Innovation & Performance

Addressing Unmet Needs: Customers' unmet or under-served needs are unearthed and addressed by a robust solution development process

Visionary Scenarios Through Mega Trends:

Long-range, macro-level scenarios are incorporated into the innovation strategy through the use of Mega Trends, thereby enabling first-to-market solutions and new growth opportunities

Leadership Focus: Company focuses on building a leadership position in core markets and on creating stiff barriers to entry for new competitors

Best Practices Implementation: Best-in-class implementation is characterized by processes, tools, or activities that generate a consistent and repeatable level of success

Financial Performance: Strong overall business performance is achieved in terms of revenue, revenue growth, operating margin, and other key financial metrics

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

