



# MR D.I.Y. RECEIVES THE 2023 COMPANY OF THE YEAR AWARD

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*Identified as best in class in the Malaysian 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 (M) Berhad [MR D.I.Y.] excels in many of the criteria in the home improvement retail space.

AWARD CRITERIA	
<i>Visionary Innovation &amp; 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 and Addressing Unmet Needs

With 1,080 stores across Malaysia at the end of 2022 (having started with about 350 stores in 2017), MR D.I.Y. continues to solidify its position as the unchallenged leader of the highly fragmented Malaysian

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**– Narciso Podda**  
Director

home improvement retail industry. The company intends to open 180 new retail stores between January and December 2023, one of the fastest rates of store openings for the company on a yearly basis. MR D.I.Y. is on track to pass the 1,200 stores in operation mark by 2023.

Population growth and shrinking household sizes in Malaysia lead to more households and the expansion of urban areas, and therefore to a greater demand for various home improvement products. The growth of income—albeit with a large base of low-income households—results in price-sensitive consumers and, therefore, a high demand for affordable products. With its aggressive store expansion strategy and wide geographical reach, MR D.I.Y. provides Malaysian households with a vast variety of home

improvement products at affordable prices. The reopening of stores after the COVID-19 pandemic and more people spending time in their homes due to work-from-home policies 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 created 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 the supply chain 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 pushed up the cost of retail goods. These costs are typically passed down to consumers, but MR D.I.Y. ensures minimal pass-through cost increases across its physical and online stores, considering 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 aimed at not raising the prices across its MR D.I.Y., MR. TOY, and MR. DOLLAR 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 stock-keeping units ("SKUs") and availability of branded and private-label goods enable MR D.I.Y. to bring the most comprehensive offerings to customers in one location compared with its competitors that 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.

Since the launch of the first MR D.I.Y. Express store format in 2021, mainly catering to smaller, rural towns,

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the number of MR D.I.Y. Express stores grew consistently. 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 product offerings at these stores are curated based on local consumers' needs and preferences. In addition, MR D.I.Y. Express stores are smaller, with slightly lower inventory levels (and the same product categories) but with a 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 its “Always Low Prices” tagline and large product variety under one roof. Frost & Sullivan’s analysis validates MR D.I.Y.’s claim of affordable prices against other home improvement retailers. The same branded product or those featuring similar characteristics (e.g., size, material, functionality, number of items per package, and 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**

MR D.I.Y. continues to record resilient revenue performance despite the challenging economic environment. In 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 reopen following the easing of lockdown measures. The positive revenue performance is also supported by increased gross profit, earnings before interest, taxes, depreciation, and amortization (EBITDA) from lower operating expenses, and net profit margins, maintaining its robust growth momentum.

### **Conclusion**

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In a highly fragmented home improvement retail industry, MR D.I.Y. retains its position as the unchallenged market leader. As of 2023, it is the only sizeable retail chain player with a nationwide presence and a fast-growing number of retail stores, all 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 2023 Malaysian Company of the Year Award in the home improvement retail industry.

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

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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

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#### Key Impacts:

- **Growth Pipeline:** Continuous Flow of Growth Opportunities
- **Growth Strategies:** Proven Best Practices
- **Innovation Culture:** Optimized Customer Experience
- **ROI & Margin:** Implementation Excellence
- **Transformational Growth:** Industry Leadership



### The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

#### Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**

