

Furniture Retailing - UK - July 2017

Report Price: £1995.00 | \$2583.33 | €2370.86

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



“The furniture sector has enjoyed a number of good years, but the market looks set to become much more challenging. It is therefore more important than ever for furniture retailers to ensure they have a clear position in the market, highlighting how they are delivering value for money while ensuring they avoid falling into the discounting trap.”

– Thomas Slide, Retail Analyst

This report looks at the following areas:

- Challenging times ahead for the furniture sector
- Could Amazon ever make significant inroads into the furniture sector?

The furniture market has performed well in recent years. The market has been helped by a strong housing market, growth in consumers' personal disposable income and easy access to cheap unsecured credit that has allowed consumers to spend.

There has also been a shift in how consumers are shopping, with the internet acting as a starting point for most purchases, but physical stores are still an essential element in the shopping journey and most of the leading specialists have been looking for ways to expand their store estates while also bringing them closer to where consumers live and work.

Smaller concept stores complement the online offer, but larger showroom stores remain irreplaceable and the market leader IKEA has embarked on a fresh expansion strategy in the UK following a seven-year hiatus.

**BUY THIS
REPORT NOW**

VISIT:
store.mintel.com

CALL:
EMEA
+44 (0) 20 7606 4533

Brazil
0800 095 9094

Americas
+1 (312) 943 5250

China
+86 (21) 6032 7300

APAC
+61 (0) 2 8284 8100

EMAIL:
reports@mintel.com

DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

Furniture Retailing - UK - July 2017

Report Price: £1995.00 | \$2583.33 | €2370.86

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Table of Contents

Overview

- What you need to know
- Products covered in this report

Executive Summary

The market

Growth has slowed and challenges lie ahead

Figure 1: Consumer spend on furniture and furnishings, 2012-22

Living and dining room furniture accounts for 40% of all furniture spending

Figure 2: Estimated consumer spending on furniture and furnishings, by segment, 2016

A sector dominated by specialists

Figure 3: Estimated channels of distribution for furniture and furnishings, 2016

Economic indicators signal a tougher year ahead

Companies and brands

IKEA continues to experience strong growth

Figure 4: Leading retailers of furniture, estimated share of all consumer spending on furniture, 2016

Mini-stores bring furniture closer to consumers

Advertising spend increases 3.9%

IKEA enjoys highest levels of trust and differentiation

Figure 5: Attitudes towards and usage of selected brands, May 2017

The consumer

62% of consumers bought furniture in the past year

Figure 6: What they spent on furniture in the last 12 months, May 2017

Living rooms the most popular to buy for

Figure 7: Rooms they bought furniture for in the past 12 months, May 2017

In-store purchasing still most popular

Figure 8: How they bought furniture in the past year, May 2017

Argos is the most popular for furniture purchases

Figure 9: Where they shopped for furniture in the past year, May 2017

IKEA shoppers love the in-store displays

Figure 10: Satisfaction with furniture retailers, May 2017

60% visit stores to carry out research

Figure 11: Sources used to research furniture ideas, May 2017

Two thirds interested in space-saving solutions

Figure 12: Attitudes towards shopping for furniture, May 2017

What we think

Issues and Insights

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Furniture Retailing - UK - July 2017

Report Price: £1995.00 | \$2583.33 | €2370.86

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Challenging times ahead for the furniture sector

The facts

The implications

Could Amazon ever make significant inroads into the furniture sector?

The facts

The implications

The Market – What You Need to Know

Growth has slowed and challenges lie ahead

Living/dining room accounts for 40% of all furniture spending

A sector dominated by specialists

Mixed blessings in the wider economy

Market Size and Forecast

Growth has slowed since peaking in 2014

Challenging times ahead

Inflation pushing up value sales

Figure 13: Consumer spend on furniture and furnishings, 2012-22

Figure 14: Consumer spending on furniture and furnishings, 2012-22

Retail sales growth slows in 2016

Figure 15: Retail sales of furniture specialists, 2012-2017

Forecast methodology

Market Segmentation

Living and dining room spending dominates

Demand for beds and mattresses more stable

Figure 16: Consumer spending on furniture, by segment, 2012-17

Channels to Market

A sector dominated by the specialists

Online specialists still small

Figure 17: Estimated channels of distribution for furniture, 2016

Market Drivers

Number of households on the increase

Figure 18: UK households, by size, 2011-21

Housing transactions remain strong

Figure 19: UK residential property transactions with a value over £40,000, 2012-16

Figure 20: Percentage change in residential property transactions over £40,000 in first four months of the year, 2012-17

Figure 21: Mortgage approvals for new home purchases, May 2015-April 2017

Consumer confidence

Figure 22: Trends in how consumers describe their financial situation, December 2015-June 2017

Figure 23: Trends in current financial situation compared to a year ago, index, January 2014-June 2017

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Furniture Retailing - UK - July 2017

Report Price: £1995.00 | \$2583.33 | €2370.86

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Consumer credit increases steadily

Figure 24: Consumer credit excluding student loans, May 2015-April 2017

But availability of unsecured household credit looks set to fall

Figure 25: Availability of consumer credit to households, Q1 2009-Q1 2017

Deflation on furniture in 2016

Figure 26: Inflation: annual rate of change, 2007-16

Figure 27: Inflation, percentage change over 12 months, April 2016-April 2017

Companies and Brands – What You Need to Know

IKEA leads a fragmented sector

IKEA continues to experience strong growth

Mini-stores bring furniture closer to consumers

Advertising spend increases 3.9%

IKEA enjoys highest levels of trust and differentiation

Market Share

IKEA leads in a fragmented sector

Leading non-specialists look well-placed

Figure 28: Leading retailers of furniture, estimated share of all consumer spending on furniture 2016

Competitive Strategies

Reaching urbanites

Still a space for the megastore

Faster delivery options

Digitising the in-store experience

Online bed-in-a-box brands partner with physical retailers

Leading Specialist Retailers

IKEA continues to see strong growth

DFS benefits from co-located stores

Online sales

Figure 29: Leading furniture specialists' sales, 2011/12-2016/17

Operating profits and margins

Figure 30: Leading furniture specialists' operating profits, 2011/12-2016/17

Figure 31: Leading furniture specialists' operating margins, 2011/12-2016/17

Stores and outlet data

IKEA expansion begins again

Shrinking to demand

Figure 32: Leading furniture specialists' store numbers, 2011/12-2016/17

Figure 33: Leading furniture specialists' sales per outlet, 2011/12-2016/17

Space Allocation Summary

Furniture – Instore space allocation

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Furniture Retailing - UK - July 2017

Report Price: £1995.00 | \$2583.33 | €2370.86

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 34: Furniture retailers: summary of estimated in-store space allocation, June 2017

Detailed space allocation estimates

Figure 35: Furniture retailers: detailed space allocation estimates, June 2017

Innovation and Launch Activity

Mini-stores shows emergence of showroom

Figure 36: Mini-Habitat

Urban appeal

Figure 37: Mini-DFS

Compact furniture

Figure 38: Burrow sofa delivery, June 2017

Connected furniture

Figure 39: IKEA's TRÄDFRI range, June 2017

Visual search tool

Figure 40: Sofasizer search engine

Augmented and virtual reality

Hangover café

Figure 41: Matt Sleeps' hangover café

Advertising and Marketing Activity

Advertising slightly increases since last year

Figure 42: Total above-the line, online display and direct mail advertising expenditure on furniture, 2013-16

DFS continues to lead advertising spend

Figure 43: Above-the line, online display and direct mail advertising expenditure on furniture, by retailer, 2013-16

Figure 44: Share of total above-the line, online display and direct mail advertising expenditure on furniture, by retailer, 2016

Television dominates advertising expenditure

Figure 45: Above-the line, online display and direct mail advertising expenditure on furniture, by media type, 2016

Leading advertisers even more focused on TV

Figure 46: Above-the line, online display and direct mail advertising expenditure on furniture, by leading retailer and media type, 2016

Campaign highlights

IKEA's Wonderful Everynight

Dreams emphasises customer service

DFS reflects on quality

Sofology appeals to those in smaller dwellings

Nielsen Ad Intel coverage

Brand Research

Brand map

Figure 47: Attitudes towards and usage of selected brands, May 2017

Key brand metrics

Figure 48: Key metrics for selected brands, May 2017

BUY THIS
REPORT NOW

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Furniture Retailing - UK - July 2017

Report Price: £1995.00 | \$2583.33 | €2370.86

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Brand attitudes: IKEA seen as most innovative

Figure 49: Attitudes, by brand, May 2017

Brand personality: ScS considered unappealing and boring

Figure 50: Brand personality – Macro image, May 2017

Dreams and DFS regarded as reliable and authoritative

Figure 51: Brand personality – Micro image, May 2017

Brand analysis

IKEA stands out from the crowd

Figure 52: User profile of IKEA, May 2017

Dreams is relied upon to deliver a great experience

Figure 53: User profile of Dreams, May 2017

Oak Furniture Land enjoys a strong brand image

Figure 54: User profile of Oak Furniture Land, May 2017

DFS appeals to a broader demographic

Figure 55: User profile of DFS, May 2017

ScS struggles to define itself

Figure 56: User profile of ScS, May 2017

The Consumer – What You Need to Know

62% of consumers bought furniture in the past year

Living rooms the most popular to buy for

In-store purchasing still most popular

Argos the most popular for furniture purchases

IKEA shoppers love the in-store displays

60% visit stores to carry out research

Two thirds interested in space-saving solutions

Expenditure on Furniture

62% of consumers bought furniture in the past year

Figure 57: What they spent on furniture in the last 12 months, May 2017

Highest spending by 25-34-year-olds

Figure 58: What they spent on furniture in the past year, by age group, May 2017

Highest spend reserved for homeowners

Figure 59: What they spent on furniture in the last year, by housing tenure, May 2017

Highest spenders prefer to order in-store

Figure 60: What they spent on furniture in the last year, by how they shopped for furniture in the last year, May 2017

Rooms They Buy For

Living room the most popular to buy for

Figure 61: Rooms they bought furniture for in the past 12 months, May 2017

57% of homeowners buy for more than one room in first three years

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Furniture Retailing - UK - July 2017

Report Price: £1995.00 | \$2583.33 | €2370.86

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 62: Repertoire analysis of rooms that homeowners bought furniture for in the last 12 months, by how long they have lived in their current home, May 2017

How They Buy Furniture

In-store purchasing still most popular

Figure 63: How they bought furniture in the past year, May 2017

In-store preferred for larger purchases

Figure 64: How they shopped for furniture, by how much they spent, May 2017

Online purchasing helps reach rural customers

Figure 65: How they shopped for furniture in the past year, by where they live, May 2017

Londoners most likely to visit stores

Figure 66: Furniture shoppers making a purchase in-store, by where they live, May 2017

Where They Buy Furniture

Argos is the most popular furniture retailer

Amazon's dominance makes it popular for small purchases

Long tail of furniture retailers

Figure 67: Where they shopped for furniture in the past year, May 2017

Amazon and Argos appeal to the less affluent

Figure 68: Where they shop for furniture, by age and affluence, May 2017

Furniture Village appeals to financially comfortable consumers

Figure 69: Where they shopped, by financial confidence index, May 2017

Majority of consumers stick to a single retailer

Figure 70: Repertoire of retailers used to shop for furniture in the past year, May 2017

The young are most likely to shop around

Figure 71: Repertoire of retailers used to shop for furniture in the past year, by age group, May 2017

B&Q and John Lewis used alongside others

Figure 72: Repertoire of retailers used to shop for furniture in the past year, by where they shopped for furniture, May 2017

IKEA and Argos attract majority of spend

Figure 73: Where they spent the most on furniture in the past 12 months, May 2017

Two thirds of IKEA shoppers spent the most with the retailer

Figure 74: Proportion of those that shopped at each retailer for furniture who said it was the retailer they spent the most with, May 2017

Satisfaction with Furniture Retailers

Overall satisfaction is high

Figure 75: Satisfaction with furniture retailers, May 2017

IKEA shoppers enjoy the range and displays

Figure 76: Satisfaction of IKEA furniture shoppers compared to the average, May 2017

Argos strong for ease of returns

Figure 77: Satisfaction of Argos furniture shoppers compared to the average, May 2017

Cost and speed of delivery helps Amazon stand out

Figure 78: Satisfaction of Amazon furniture shoppers compared to the average, May 2017

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Furniture Retailing - UK - July 2017

Report Price: £1995.00 | \$2583.33 | €2370.86

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

DFS shoppers love personalisation options

Figure 79: Satisfaction of DFS furniture shoppers compared to the average, May 2017

Key Driver Analysis

Quality has the greatest correlation with overall satisfaction

Figure 80: Correlation (R) values with overall satisfaction key driver output, May 2017

Sources Used to Research Furniture Ideas

Furniture stores as showrooms

Figure 81: Sources used to research furniture ideas, May 2017

Blogs and social media preferred by the young

Figure 82: Sources used to research furniture ideas, by age and socio-economic group, May 2017

Offline sources still slightly more popular

Figure 83: Offline and online sources used to research furniture ideas, by where they purchased furniture in the last 12 months, May 2017

Over half of Amazon shoppers research in-store

John Lewis shoppers love magazines and exhibitions

Figure 84: In-store sources used to research furniture ideas, by where they bought furniture in the last 12 months, May 2017

Retailer websites most popular online source

John Lewis and DFS shoppers most engaged on social media

Figure 85: Online sources used to research furniture ideas, by where they bought furniture in the last 12 months, May 2017

John Lewis shoppers draw on the highest number of sources

Figure 86: Repertoire of sources used to research furniture ideas, by where they shopped for furniture in the last 12 months, May 2017

Attitudes towards Shopping for Furniture

Quality is crucial for furniture shoppers

Two thirds interested in space-saving solutions

Influentials guide choice

Alternative realities

Figure 87: Attitudes towards shopping for furniture, May 2017

The young and affluent expect faster delivery

Figure 88: Attitudes towards shopping for furniture, by age and affluence, May 2017

DFS shoppers think British-made is important

Figure 89: Attitudes of DFS shoppers, May 2017

Space-saving appeals to IKEA shoppers

Figure 90: Attitudes of IKEA shoppers, May 2017

John Lewis shoppers are passionate about furniture

Figure 91: Attitudes of John Lewis shoppers, May 2017

Appendix – Data Sources, Abbreviations and Supporting Information

Abbreviations

Consumer research methodology

Appendix – Key Driver Analysis

BUY THIS
REPORT NOW

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Furniture Retailing - UK - July 2017

Report Price: £1995.00 | \$2583.33 | €2370.86

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Methodology

Figure 92: Overall satisfaction with furniture retailers – Key driver output, July 2017

Appendix – Market Size and Forecast

Forecast methodology

Figure 93: Best and worst case table for market forecast, 2017-22

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com