

Furniture Retailing - UK - July 2018

Report Price: £1995.00 | \$2693.85 | €2245.17

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



“Consumer spending on furniture continues to grow, but it’s a fragmented and challenging sector to operate in. Physical stores remain a vital part of the purchase journey but growth in digital capabilities has fundamentally changed the way they’re used and the in-store experience needs to be adapted to reflect this.”
– Thomas Slide, Senior Retail Analyst

This report looks at the following areas:

- **Competing in a challenging sector**
- **The changing but ever-present role of the store**
- **Latest tech transforms the way people shop for furniture**

Consumer spending on furniture grew 9.8% in 2017, underpinned by continued growth in the total number of households while higher levels of inflation, a relatively strong housing market over the past few years and steady growth in the availability of credit helped push the figure up.

However, towards the end of 2017 a squeeze on real wages and falling consumer confidence threatened to hamper sales of big-ticket items and this heightened pressure contributed to the collapse of retailers such as Warren Evans and Multiyork. But 2018 has seen inflation fall, easing some of the pressure on household finances and leading to something of a recovery in consumer confidence. However, with the housing market slowing and the continued uncertainty around the final Brexit agreement, we think that growth in the market looks set to weaken.

**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 2018

Report Price: £1995.00 | \$2693.85 | €2245.17

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

Spending on furniture continues to grow
Figure 1: Consumer spending on furniture, 2013-2023

Living and dining furniture accounts for almost half the market
Figure 2: Furniture market segmentation, 2017

Growing number of households underpins growth
Figure 3: Number of UK households, 2008-2017

Companies and brands

IKEA continues to expand but investment hits profits

Argos shake-up hits furniture sales

Tesco withdraws while Amazon steps up

A very fragmented market
Figure 4: Market shares of furniture retailers, 2017

Alternative realities make furniture shopping easier

Total advertising expenditure increases 5.8% in 2017

A lack of clear difference

The consumer

Average spend increases
Figure 5: What they spent on furniture in the last 12 months, May 2017 and May 18

All age groups buy living room furniture
Figure 6: Rooms they buy for, May 2018

In-store and online used in equal measure
Figure 7: How they shop for furniture, May 2018

81% of furniture buyers browse online
Figure 8: How they browsed for furniture in the last 12 months, May 2018

IKEA and Argos lead a fragmented market
Figure 9: Where they shopped for furniture in the last 12 months, May 2018

A reputation for quality is the most important factor
Figure 10: Factors important in deciding where to shop for furniture, May 2018

The changing role of the store
Figure 11: Behaviours related to shopping for furniture, May 2018

Difficulty in judging quality online
Figure 12: Attitudes towards shopping for furniture, May 2018

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 2018

Report Price: £1995.00 | \$2693.85 | €2245.17

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

What we think

Issues and Insights

Competing in a challenging sector

The facts

The implications

The changing but ever-present role of the store

The facts

The implications

Latest tech transforms the way people shop for furniture

The facts

The implications

The Market – What You Need to Know

Spending on furniture continues to grow

Living and dining furniture accounts for almost half the market

Growing number of households underpins growth

Housing transactions start to slow

Inflation on furniture and furnishings surges in 2017

Retail credit market continues to grow

Market Size and Forecast

Spending on furniture continues to grow

Figure 13: Consumer spending on furniture, 2013-2023

Figure 14: Consumer spending on furniture, 2013-2023

Forecast methodology

Market Segmentation

Kitchen and bathroom sectors more exposed to market uncertainty

Figure 15: Furniture market segmentation, 2013-2017

Online

Online sales account for 18% of furniture sales

Sainsbury's now the largest online retailer of furniture

Figure 16: Estimated shares of online spending on furniture, 2017

Market Drivers

Continued growth in the number of households

Figure 17: Number of UK households, 2008-2017

Figure 18: Average household size, 1996-2017

Housing transactions start to slow

Figure 19: Number of residential housing transactions over £40,000, 2008-2017

Figure 20: Monthly change in the number of residential housing transactions over £40,000 compared to the previous year, January 2017-May 2018

**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 2018

Report Price: £1995.00 | \$2693.85 | €2245.17

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

Inflation on furniture and furnishings surges in 2017

Figure 21: Inflation, 2008-2017

Figure 22: Inflation, May 2017-May 2018

Consumer confidence recovers in 2018

Figure 23: Consumers' confidence in the state of the finances and their finances compared to the previous year, January 2016-June 2018

Intention to spend on the home increases

Figure 24: Spending on the home, actions and intentions, April 2015-June 2018

Retail credit market continues to grow

Figure 25: Forecast of the value of retail store and online credit, 2012-22

Companies and Brands – What You Need to Know

IKEA continues to expand but investment hits profits

Argos shake-up hits furniture sales

A very fragmented market

Alternative realities make furniture shopping easier

2017 total advertising expenditure up 5.8%

A lack of clear difference

Leading Specialists

IKEA continues to innovate and grow

DFS grows through acquisitions

Uncertainty for the Steinhoff businesses

Figure 26: Leading furniture specialists' sales, 2012/13-2017/18

Operating profits and margins

IKEA profits hit by investment costs

DFS profit drops

Made.com losses stem from international expansion

Figure 27: Leading furniture specialists' operating profits, 2012/13-2017/18

Figure 28: Leading furniture specialists' operating margins, 2012/13-2017/18

Stores and outlet data

Figure 29: Leading furniture specialists' outlet data, 2012/13-2017/18

Sales per store

Figure 30: Sales per store, 2012/13-2017/18

Leading Non-specialists

Argos shakeup hits furniture sales

John Lewis furniture sales continue to grow

Tesco stops selling furniture

Amazon makes moves towards the furniture market

Market Share

A very fragmented market

**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 2018

Report Price: £1995.00 | \$2693.85 | €2245.17

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

Figure 31: Market shares of furniture retailers, 2017

Space Allocation Summary

Space allocation overview

Figure 32: Furniture retailers: summary of estimated in-store space allocation, June 2018

Detailed space allocation estimates

Figure 33: Furniture retailers: detailed space allocation estimates, June 2018

Innovation and Launch Activity

Amazon launches first own furniture brand

Try-before-you-buy

Figure 34: IKEA Place app

Local sourcing

IKEA debuts streetwear designer collection of home accessories

Figure 35: IKEA: Spänst collection, wardrobe and skateboard, June 2018

Micro-living furnishings

Making it easier to find specific furnishings

Figure 36: Wayfair Search with Photo

Creating a starting point to searching for a sofa online

Advertising and Marketing Activity

2017 total advertising expenditure up 5.8% year on year

Figure 37: Total above-the line, online display and direct mail advertising expenditure on furniture, 2014-17

DFS is the biggest advertising spender ...

Figure 38: Total above-the line, online display and direct mail advertising expenditure on furniture, by retailer, 2014-17

... and accounts for over a fifth of total sector advertising spend

Figure 39: Share of total above-the line, online display and direct mail advertising expenditure on furniture, by retailer, 2017

TV attracts the lion's share of advertising spend

Figure 40: Total above-the line, online display and direct mail advertising expenditure on furniture, by media type, 2017

Leading advertisers favour TV over any other media type

Figure 41: Total above-the line, online display and direct mail advertising expenditure on furniture, by retailer and media type, 2017

Campaign highlights

DFS puts speed of home delivery and comfort in the spotlight

Dreams pushes UK manufacturing credentials

Hollywood actor fronts Sofology's 'Feel at home on the sofa you love' campaign

Relaxing qualities of the living room

Harveys pushes customisable sofa collection

Nielsen Ad Intel coverage

Brand Research

Brand map

Figure 42: Attitudes towards and usage of selected brands, April 2018

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 2018

Report Price: £1995.00 | \$2693.85 | €2245.17

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

Key brand metrics

Figure 43: Key metrics for selected brands, April 2018

Brand attitudes: Oak Furniture Land worth paying more for

Figure 44: Attitudes, by brand, April 2018

Brand personality: IKEA makes furniture shopping fun

Figure 45: Brand personality – macro image, April 2018

DFS risks being seen as impersonal and overrated

Figure 46: Brand personality – micro image, April 2018

Brand analysis

IKEA's reputation for innovation and value makes it popular with the young

Figure 47: User profile of IKEA, April 2018

Oak Furniture Land delivers a quality message

Figure 48: User profile of Oak Furniture Land, April 2018

DFS: trusted but lacks differentiation

Figure 49: User profile of DFS, April 2018

Harveys is authoritative but lacks excitement

Figure 50: User profile of Harveys Furniture, April 2018

Furniture Village lacks trust and differentiation

Figure 51: User profile of Furniture Village, April 2018

The Consumer – What You Need to Know

Average spend increases

All age groups buy living room furniture

In-store and online used in equal measure

81% of furniture buyers browse online

IKEA and Argos lead a fragmented market

A reputation for quality is the most important factor

The changing role of the store

Difficulty in judging quality online

What They Spent

Shift to higher value purchases over the past year

Figure 52: What they spent on furniture in the last 12 months, May 2017 and May 2018

Spending peaks among 25-34 year-olds

Figure 53: Spending on furniture in the past year, by age group, May 2018

And in the period a year after moving in

Figure 54: Spending on furniture in the past year, by years lived in their current home, May 2018

Rooms They Buy For

Living room and bedroom purchases dominate

Figure 55: Rooms they buy for, May 2018

**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 2018

Report Price: £1995.00 | \$2693.85 | €2245.17

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

Bedroom becomes less of a focus with age

Figure 56: Rooms they buy for, by age group, May 2018

How They Shop for Furniture

In-store and online level-pegging

Figure 57: How they shop for furniture, May 2018

Online shopping more popular among the young

Figure 58: How they shop for furniture, May 2018

Shopping in-store increases with spend

Figure 59: How they shop for furniture, May 2018

How They Browse for Furniture

81% browse online

Figure 60: How they browsed for furniture in the last 12 months, May 2018

Almost half of under-35s use smartphones to look for furniture

Figure 61: Browsing for furniture by smartphone, by age group, May 2018

76% of in-store purchasers browsed online

Figure 62: How in-store shoppers browsed for furniture, May 2018

Where They Shopped

Huge number of furniture retailers

The online pureplays remain niche

Figure 63: Where they shopped for furniture in the last 12 months, May 2018

IKEA surges ahead ...

... while Argos drops behind

Amazon continues to expand

Homebase troubles impact furniture business

Figure 64: Where they shopped for furniture in the last 12 months, May 2017 and May 2018

IKEA and Amazon battle for the middle ground

Figure 65: Where they shop for furniture, by age and socio-economic group, May 2018

Smartphone browsing peaks among eBay shoppers

Figure 66: Browsing online via a smartphone, by where they shopped, May 2018

Important Factors in Deciding Where to Shop

Quality is the most important factor

Importance of reputation opens the way for branded stores to expand

Unique styles can make all the difference

Figure 67: Factors important in deciding where to shop for furniture, May 2018

Credit appeals to young, less affluent households

Showrooms hold less appeal to the young

Figure 68: Factors important in deciding where to shop for furniture, by age and socio-economic group, May 2018

Price, speed and credit are more important to online shoppers

**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 2018

Report Price: £1995.00 | \$2693.85 | €2245.17

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

Figure 69: Factors important in deciding where to shop for furniture, by how they shopped for furniture, May 2018

IKEA shoppers look for unique styles and a reputation for quality

Figure 70: IKEA shoppers' important features in deciding where to shop, May 2018

John Lewis shoppers value quality, style and UK-made

Figure 71: John Lewis shoppers' important features in deciding where to shop, May 2018

Credit appeals to DFS shoppers

Figure 72: DFS shoppers' important features in deciding where to shop, May 2018

Shopping Behaviours

The changing role of the store

Figure 73: Behaviours related to shopping for furniture, May 2018

Young people most likely to buy on credit

Figure 74: Proportion saying they bought furniture on credit, May 2018

B&Q shoppers are most likely to have regretted a purchase

Figure 75: Agreement with the statement: 'I purchased an item of furniture I later regretted', by where they shopped for furniture, May 2018

Attitudes Towards Shopping for Furniture

Stores essential to judge quality ...

... but high-pressure selling tactics can deter people

Figure 76: Attitudes towards shopping for furniture, May 2018

Augmented reality app holds interest for younger shoppers

Figure 77: Interest in smartphone app to show how a piece of furniture would look in the home, by age and gender, May 2018

Economic uncertainty most likely to impact 25-34-year-olds

Figure 78: Concerns about the economy have led me to delay buying a large item of furniture, by age, May 2018

Appendix – Data Sources, Abbreviations and Supporting Information

Abbreviations

Consumer research methodology

Appendix – Market Size and Forecast

Forecast methodology

**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