

Furniture Retailing: Inc Impact of COVID-19 - UK - July 2020

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

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“COVID-19 will have a profound impact on the furniture market, both in the loss of sales in 2020, and in the far-reaching legacy impact of changing shopping behaviours. There are opportunities in this landscape with increased working from home, while the redirection of demand online is sure to open avenues of growth for online-only and well-equipped multichannel retailers.”
– **Marco Amasanti, Retail Analyst**

This report looks at the following areas:

COVID-19 is set to have a profound impact on the furniture market, but the outbreak would have been even more damaging if it wasn't for the rapid development in e-commerce in recent years. Even before COVID-19 hit, online was the most popular means of purchasing furniture. In fact, in the past year, 63% of consumers purchased furniture online, compared to 52% in-store.

Nonetheless, this disruption will damage the market, with sales forecast to fall by 24% in 2020. In the short term, sales will have fallen amid store closures at the vast majority of specialists; while, in the longer term, market value will drop given the suppressed appetite for big-ticket items and a slowdown in the housing market. There will be a release of pent-up demand as shoppers return to the high street and the housing market re-opens, buoyed by government initiatives such as the temporary reduction of stamp duty on property purchases; however, much of this demand will remain restricted to the lighter end of the market.

Even as stores begin to reopen and the economy starts to recover, though, continued caution on the high-street, as well as the need for social distancing measures, will serve as a significant constraint on in-store footfall. In fact, as of 1 July, 43% of consumers are still trying to limit the time spent in-store. This desire to limit time in-store, could serve to benefit big-box specialists and generalist retailers, as consumers look to fulfil all of their furniture needs in one trip.

Nonetheless, this landscape will also open avenues for growth in the furniture market. The most immediate opportunity from this is the surge in home-based working and schooling. As of April, 24% of consumers had already increased spending on office furniture as a result of working from home. This is a significant opportunity and is sure to drive demand for both office furniture, and multi-functional and temporary furniture solutions over the next year.

Key issues covered in this Report

- The impact of COVID-19 on furniture retailers and the furniture market.
- How this disruption will change demand in the short, medium and long term.
- Opportunities and threats arising from COVID-19.
- Performance of the leading furniture specialists and non-specialists in the past year.
- The growing importance and opportunity of sustainability in the furniture market.

Products covered in this Report

This Report covers the retailing of the following types of furniture:

- Living and dining room furniture
- Bedroom furniture, including beds and mattresses
- Home office furniture.

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DID YOU KNOW?

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

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- Further segmental detail can also be found in the following Mintel Reports:
- Bedrooms and Bedroom Furniture – UK, November 2020
- Living and Dining Room Furniture – UK, October 2020.

While bathroom and kitchen furniture are included in the market size, we will explore these segments in greater detail in the following Mintel Reports:

- Bathrooms and Bathroom Accessories – UK, August 2020
- Kitchens and Kitchen Furniture – UK, September 2020.

COVID-19: Market context

This update on the impact that COVID-19 is having on the market was prepared on 28 July.

The first COVID-19 cases were confirmed in the UK at the end of January, with a small number of cases in February. The government focused on the 'contain' stage of its strategy, with the country continuing to operate much as normal. As the case level rose, the government ordered the closure of non-essential stores on 20 March.

A wider lockdown requiring people to stay at home except for essential shopping, exercise and work 'if absolutely necessary' followed on 23 March. The government allowed non-essential stores to re-open from 15 June.

Mintel's economic assumptions are based on the Office for Budget Responsibility's central scenario included in its July 2020 Fiscal Sustainability Report. The scenario suggests that UK GDP could fall by 12.4% in 2020, recovering by 8.7% in 2021, and that unemployment will reach 11.9% by the end of the year, falling to 8.8% by the end of 2021. The current uncertainty means that there is wide variation on the range of forecasts however, something reflected in the OBR's own scenarios. In its upside scenario, economic activity returns to pre-COVID-19 levels by Q1 2021. Its more negative scenario, by contrast, would mean that GDP doesn't recover until Q3 2024.

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