This report looks at the following areas:

- The extreme impact of COVID-19 on the market in 2020, but the subsequent very strong growth now being challenged by a period of high inflation.
- How the different uses of tiles will impact demand up to 2026.
- How the decision-making influences in the replacement residential market are so fragmented and how retailers are adapting their policies accordingly.
- How the highly fragmented sector serving the commercial market is changing.
- How the all-important import sources are changing and why the UK industry is so confined.
- How ecommerce is gaining in importance to the market.

The ceramic tile recovery from the pandemic was very strong, emerging in H2 2020 and continuing through 2021 and H2 2022. However, as inflation and interest rates have risen, so the market is cooling and there are now major challenges emerging to important demand drivers. Increasingly reports of a house price ‘correction’ will impact both house moving activity and the willingness/capability of consumers to invest in home improvements. At the same time, prospects of a recession threaten the contract market too.

As in any recessionary period, not all people are equally impacted and there will be a growing dichotomy within the housing RMI market. The mid and low-price element of the market will suffer from significantly reduced demand, while the higher income groups will remain comparatively less impacted, and top-range tile sales will be far less affected by the developments.

The issues faced by the ceramic tile sector have not been purely based on the highly disruptive pandemic. Brexit too has introduced new challenges with some 90% of the market being satisfied by imported products. Now the Ukraine crisis has not only introduced inflationary pressures but Russia and Ukraine are...
major producers and exporters of raw materials including clay used for ceramic tiles.

Pureplay ecommerce has emerged in addition to the long-established omnichannel approach of the major retailers primarily serving the housing RMI sector. Such is the development of the market that the leading retailer, Topps Tiles, has now introduced a dedicated pureplay activity, Tile Warehouse. Topps Tiles is also looking to gain further traction in the highly fragmented contract market.
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