



Market Report

A Snapshot of your Market Sector

Furniture Retailing

This pack has been designed to provide information on setting up a business in the **Furniture Retailing** industry in Scotland, as well as helping to inform the market research section of your business plan. You can find more information on how to write a business plan from the Business Gateway website (www.bgateway.com/businessplan), including an interactive template and tips to get you started.

This market report was updated by Business Gateway in **January 2021**. If you find the information contained in this document useful, tell us about it! Send us feedback [here](#); we will use your comments to help improve our service.

What do I need to know about the Furniture Retailing market?

The following summary statistics have been taken from market research reports and reliable resources that the Information Service uses to compile industry information. They should give you an indication of how your industry is faring at present and whether there is demand for your type of business:

- ◆ Consumer expenditure is set to drop by an estimated 24% in 2020 amid COVID-19 disruption. The market will be disproportionately impacted by store closures, continued caution and the suppressed appetite for big-ticket purchases. Nonetheless, there will be avenues for growth within this landscape, particularly at the lighter end of the market, in online retail and office furniture sales. Spending is forecast to then return to growth, with a sharp increase in 2021 amid the release of pent-up demand, before this subsequently stabilises. However, the legacy impact of this disruption will be clear: spending in 2025 is forecast to remain 2.2% lower than in 2019. (Mintel, *Furniture Retailing: Inc Impact of COVID-19 – UK*, July 2020).
- ◆ Over the five years through 2020-21, industry revenue is expected to increase at a compound annual rate of 2.1% to reach £14.6 billion. Furniture, lighting and homeware retailers have benefited from strong demand from the property market. However, competition from department stores and online-only retailers has weighed on revenue to some extent. Furthermore, falling consumer confidence and weak growth in real household disposable income have prompted consumers to limit spending on expensive products. The outbreak of COVID-19 (coronavirus) is expected to have mixed results on industry performance. In 2020-21, industry revenue is anticipated to increase by 3.8%. (IBISWorld, *Furniture, Lighting & Homeware Retailers in the UK*, December 2020).
- ◆ COVID-19 is forecast to result in a contraction in expenditure with sales dropping by a forecast 17.9% from £8.26 billion in 2019 to £6.78 billion. A recovery for the sector is however forecast in 2021 with sales continuing to grow in 2022 to a forecast £8.68 billion in 2025. (Mintel, *Living and Dining Room Furniture: Inc Impact of COVID-19 - UK*, October 2020).
- ◆ The national organisation for this industry is [The British Furniture Confederation](#). Other industry bodies include [The British Contract Furnishing Association](#), the [Furniture Industry Research Association](#), [British Furniture Manufacturers](#) and [The British Antique Furniture Restorers' Association](#).

Where can I find more information on my market?

The Information Service has access to a number of databases which can offer more detail on this industry. Some of these reports are listed below - if you would like to be sent extracts from any of these reports, please contact us on **0300 013 4753** or email info@bgateway.com.

- ◆ **Mintel – Furniture Retailing: Inc Impact of COVID-19 - UK (July 2020).** Alongside these transactions, the structure of the UK housing market is also pivotal to furniture retailing. The structure of this, and the rate of home ownership, has a knockon effect on both the level of total furniture demand, and the shape of this demand. Central to this has been the rise of private rental, which has surged since the turn of the millennium, with growing urbanisation and falling affordability. Alongside this growth, with private rental now accounting for nearly 20% of all households in the UK, has been an increasing diversity in this, with the sector no longer dominated by young or single households, as it was in the past. However, overall, the sector is still most prevalent among middle age bands; a significant concentration given that these consumers led total spending in the past year.
- ◆ **IBISWorld - Furniture, Lighting & Homeware Retailers in the UK (December 2020).** Competition from department stores and online operators has exerted pricing pressure, as retailers have implemented discounts and promotions to stimulate demand. Rising demand for cheap and functional flat-pack furniture, the weak pound and the rising cost of imports have also negatively affected profit margins. Rising store renovation costs across industry operators have also weighed on profit margins. Disruption to supply chains following the coronavirus outbreak is expected to adversely affect margins in the current year; factory closures across the globe are likely to result in delayed shipments, build-up of out of season inventory and price discounting to shift stock, aggravating existing pricing pressures.
- ◆ **Mintel - Living and Dining Room Furniture: Inc Impact of COVID-19 – UK (October 2020).** Upholstery is the most valuable sector within the market with 53.9% of total expenditure in 2019. Yet it is a market where price competition is intense, resulting in its share of expenditure falling back and leading to difficulties for a number of retailers, especially since 2019. While looking forward, it is likely to retain its dominant position, stronger growth opportunities will come from other markets. Home office furniture is presently the most dynamic market reflecting changes in work patterns and the growth in working from home.
- ◆ **Mintel - Beds and Bedroom Furniture: Inc Impact of COVID-19 – UK (November 2020).** Among those engaged in the market over the past three years, IKEA topped spending, with over a quarter of consumers (26%) making a purchase from the retailer in this period. This is due both to the group's extensive product offering and price proposition, and its mass appeal. Beyond this, general retailer Argos remains a key player in the market, one favoured by less affluent consumers in socioeconomic bands DE (31%) and parents with children 18 and under (30%). Below these two, however, the main story is in the ongoing growth of online pureplayers, spearheaded by Amazon.

There are also a number of online resources you may find helpful:

- ◆ **Furniture News** (tinyurl.com/yc5oovul). This website is an online guide to the UK domestic furniture trade featuring news, events, articles, directory and jobs in the industry.



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- ◆ **Interiors Monthly** (<https://interiorsmonthly.co.uk/>) This trade magazine has a helpful directory and newsletter, as well as recent industry news and articles.

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How can I find out about my competitors?

Business Gateway's online guide to [Competitor Analysis](#) explains how to find your competitors, how to research what they're doing and how to act on what you learn about them.

Immediate competition will be from other businesses in your local area. There are several online directories which can be used to find company information and generate lists easily and at no expense. Many Local Authorities also publish local business directories on the web. Below are some key web resources:

- ◆ General business directories such as [Yell](#), [Thomson Local](#) or [Google Maps](#)
- ◆ Trade specialists like [EuroPages](#) (European directory), [The Wholesaler](#) or [Free Index](#)
- ◆ Business to business (B2B) specialists such as [Kompass](#)

Likewise, your local Chamber of Commerce may publish a members' directory; find your local Chamber on the [Scottish Chambers](#) website.

Once you've identified who your competitors are, the next step is to gather information on the way they do business. Which services do they provide? How do they market themselves? How much do they charge?

To learn about your competitors:

- ◆ Look for articles or adverts in local newspapers, trade press and directories.
- ◆ Try to read their marketing material; if the company has an online presence, visit the company's website as a first port of call. Not only does it give you a better understanding of the company's activities, it can also offer a wealth of information such as a company history or staff biographies, as well as the company's partners or suppliers
- ◆ Search for information on limited UK companies via the [Companies House](#) website
- ◆ Gain an insight into your competitor's performance using credit checks and the accounts that limited companies are required to submit to Companies House each year.

We can provide credit checks free of charge; if you are interested in using this resource, or looking for us to help you find relevant publications, please contact us by emailing info@bgateway.com or by calling **0300 013 4753**



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What about suppliers?

[Choosing and Managing Suppliers](#) can help you decide what you need from a supplier, how to identify one and how to choose one to deal with.

Trade associations or industry specific organisations may also be able to recommend suppliers or contacts. You can also use the aforementioned resources for finding competitors to find suppliers.

Once you have decided on a supplier, we can run a credit check on the company to help assess their financial stability. We provide credit checks free of charge; if you are interested in using the resource please info@bgateway.com or by calling **0300 013 4753**.

Who are my customers?

Your business plan should include information about the customers you would expect. Business Gateway's guides on [Market and customer research](#) will help you to identify new trends, opportunities, customers and competitors.

It can be useful to group your customers by geographical location, age or lifestyle. The websites listed below are freely available and can provide most of this information. If you can't find what you're looking for from these website, please contact us and one of the team will be happy to help:

- ◆ Access the latest population estimates from the [National Records of Scotland \(NRS\)](#). NRS also offers demographic factsheets for each council area in Scotland, which can provide summary statistics for the area you will be based in.
- ◆ Information from the most recent census in 2011 is released via the official website. See in particular the [Census Area Profiles](#). Clicking on your area of interest will give the latest population figures, including estimates by age.
- ◆ [Understanding Scottish Places](#) has interactive profiles of towns and cities across Scotland. It can be useful for understanding the interrelationships and flows between towns, and also gives comparisons between two or more places.
- ◆ [Scottish Government Statistics](#) provide accurate and up-to-date statistics on Scotland, covering population, health, education and housing.
- ◆ [The Scottish Household Survey](#) provides information on the structure, characteristics, attitudes and behaviour of Scottish households, both at a national and local level.
- ◆ [Office for National Statistics \(ONS\)](#) is the recognised national statistical body for the UK. ONS covers a wide range of demographic, economic and social issues at a UK level.

How can you help me with other aspects of starting my business?

The Business Gateway website has guides, videos, online tutorials and tips on all aspects of starting up a business in Scotland. Follow the links below to explore each resource:

Accountancy

Institute of Chartered Accountants of Scotland's (ICAS) "[Find a Chartered Accountant](#)" tool

Funding

[Practical information](#) on finance and funding for starting and growing your business

Insurance

[Business insurance guide](#)

Legal Help

Gov.uk "[Licence Finder](#)" tool

Law Society of Scotland's "[Find a Solicitor](#)" tool

Pricing

Business Companion [Pricing & payment guide](#).

Please note: the most effective way to research pricing is to conduct your own research – visit wholesalers or suppliers to obtain price lists, find quotes from similar companies and work out what other businesses in your area are charging

Promotion

[BG guides to Marketing](#)

Training

[Skills Development Scotland's My World of Work](#)

[Funding for training](#)

[Small Business Bonus Scheme \(Scotland\)](#)

Your local Business Gateway can offer events, workshops and 1:2:1 support on all aspects of starting and developing your business. Call the helpline on **0300 013 4753** to find out what is available in your area.

We hope you find this Market Report useful and we'd love to hear your feedback [here](#).

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You must not rely on the information in the report as an alternative to advice from an appropriately qualified professional. If you have any specific questions speak to your Business Gateway Advisor or consult an appropriately qualified professional.

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