



Market Report

A Snapshot of your Market Sector

Furniture Retailing

Cost of Doing Business Support

For information on **reducing the cost of running your business**, the [Find Business Support](#) website has links to advice, funding and regional support.

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 2023**. 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:

- ◆ Although consumer spending on furniture is estimated to have **fallen by 1%** as all retail faced huge uncertainty in **2022**, with spending again **forecast to contract by 0.7% in 2023**, Mintel reports that it still remains up on pre-pandemic levels, expected to reach an **estimated £19 billion over the five years to 2027**. Just under **half of the consumer base (48%) purchased furniture in the last 12 months**, a significant fall on the 64% seen in the two years previous. The split between higher and lower spenders remained broadly consistent; however, this divide could grow increasingly polarised with the rising cost of living. (Mintel, *Furniture Retailing-UK*, July 2022).
- ◆ In **2022-23**, revenue is expected to **decrease by 1.5% reaching £15.2 billion** as disposable incomes fall amid the cost of living crisis and consumers demand fewer luxury home items. Over the five years through **2027-28**, IBISWorld anticipates industry revenue **increasing at a compound annual rate of 2.2%** to reach **£17.1 billion**. (IBISWorld, *Furniture, Lighting & Homeware Retailers in the UK*, November 2022).
- ◆ Pressures from a cost-of-living crisis coupled with rising rates of interest for borrowing are expected to create difficulties for this particular furniture segment. From **£9.11 billion in 2021**, Mintel estimates that **retail sales will end 2022 down 0.7% at £9.05 billion**. Looking beyond 2022, sales are likely to see below-inflationary **growth of only 2.2% in 2023**. However, a much stronger recovery is set for 2024, with retail sales rising to a **forecast £10.94 billion in 2027**. (Mintel, *Living & Dining Room Furniture-UK*, November 2022).
- ◆ After an increase of 2.7% in 2021, expenditure on kitchens and kitchen furniture **fell by 1.3% in 2022 to £4.0 billion**. Rising interest rates and a cost-of-living squeeze is pushing many towards trading down or delaying purchases. More solid growth for the sector is forecast to return after 2024. Mintel forecasts the market to reach **£4.8 billion in 2027, an increase of 19.9% on 2022**. (Mintel, *Kitchens and Kitchen Furniture-UK*, October 2022).
- ◆ The **global home furniture** market was valued at **US\$353.65 billion in 2022** and is estimated to **grow to US\$458.66 billion in 2027**. Europe contributed 22.0% to the global home furniture market in 2022, and its contribution will decline to 21.4% in 2027. (Technavio, *Global Home Furniture Market, 2023-2027*).
- ◆ 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](#), the [British Furniture Manufacturers Association](#), and the [Scottish Retail Consortium](#).

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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.

- ◆ **IBISWorld - Furniture, Lighting & Homeware Retailers in the UK (November 2022).** Flat-pack, self-assembly kitchens, dining spaces and living rooms have become popular because they are comparatively cheap. However, this segment faces intense competition from online-only retailers such as Wayfair and Swoon, which have a greater range of items at a lower price. Demand for workplace storage solutions is expected to increase through 2022-23 as an increasing number of businesses adopt flexible working.
- ◆ **Mintel - Living and Dining Room Furniture - UK (November 2022).** Upholstered items are the most valuable products within the living and dining room furniture market, accounting for over half (55.2%) of retail sales in 2021. With other living room furniture taking an additional 22.7% of consumer spend that year, retailers need to ensure that they offer a wide range of products for this part of the home. This is especially true for the home office sector whose share of sales is up from 7.5% in 2017 to 8.9% in 2021. At a broad level embracing digital and omnichannel approaches towards marketing and sales continue as a sales strategy. However, reflecting the increased cost of living pressures facing consumers, a number of companies have introduced value ranges or have taken the approach of diversifying the range of products sold.
- ◆ **Mintel - Consumer Trends, Attitudes & Spending Habits for the Home - UK (April 2022).** 50% of consumers prioritised major home projects in future spending, and 25% agreed that extended periods inside made them rethink their kitchen layout; 24% prioritised future spending for the kitchen as a result of time spent at home in lockdowns. Just 59% of households with an income of under £15,500 spent on the home in the period 2021-22, compared to 80% of those earning £50,000 or over, with engagement ascending along each income band and a notable divide in engagement between those aged 16-44 (74%) and those 45+ (62%). Underlining the importance of the housing market, engagement also peaked among homeowners, particularly those with a mortgage (77%), and among those that moved home in the past 2 years (77%).

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

- ◆ **The British Furniture Manufacturers' Association** regularly publishes insights on furniture industry performance in the United Kingdom. In December 2022, they reported that furniture production output in October 2022 stood at £929 million compared to £854 million in that month in 2021, an improvement of 8.8%. (tinyurl.com/3y7v3kfa).
- ◆ **PwC** have published a **Retail Outlook – 2022** which looks at trading results from 2021, analyses how specific sectors performed, and looks at the trends expected over the next 12 months. (tinyurl.com/yck2w2jp).
- ◆ **Furniture News** – this industry online magazine offers a Resources section which features UK industry news and developments. (tinyurl.com/2p9x2waf).

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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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