



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 2024**. 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:

- ◆ Already impacted by a natural rebalancing of demand postpandemic, the continuation of the cost-of-living crisis means demand for bigticket items like furniture is expected to remain weak. While consumer spending is expected to edge up slightly by 0.3% year-on-year to reach £21 billion in 2023 as the improvement of supply chain performance could feed into a reduction in selling prices and improve lead times, high inflation rates for the furniture category mean market value remains inflated, masking slow recovery in volume. (Mintel, *Furniture Retailing-UK*, July 2023).
- ◆ Retailers face intense external competition from their online-only counterparts and other retailers that have expanded into the homeware arena. This has narrowed profitability in the industry. In 2023-24, revenue is expected to slump by **2.8%** as disposable incomes contract amid the cost-of-living crisis and consumers buy fewer luxuries. (IBISWorld, *Furniture, Lighting & Homeware Retailers in the UK*, August 2023).
- ◆ 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).
- ◆ The kitchen market has taken a hit as consumer confidence soften, and the weak housing market only service to worsen the situation. However, a huge drop in value is not likely as kitchen demand continues to benefit from the rise of flexible living and smaller-ticket improvement projects. (Mintel, *Kitchens and Kitchen Furniture-UK*, September 2023).
- ◆ 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*, January 2023).
- ◆ Industry organisations include the [British Furniture Confederation](#), 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 (August 2023).** New homeowners choose cheaper furniture and homeware. This market is targeted by retailers like IKEA, offering a range of self-assembly products at varying prices to suit various budgets. Despite a climb in first-time buyer activity, this market faces intense competition from online-only retailers. Replacement buyers have more to spend on furniture. Older customers can afford more expensive and better-quality furniture and this market tends to prefer to test items in person before purchasing, shielding demand from competitors.
- ◆ **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 (January 2023).** Despite the economic uncertainty currently, the biggest trigger of purchasing for the home is out of necessity; many consumers are planning to spend or are spending on the home to replace worn out/broken items (46%). This continues to be the leading purchasing factor as previously mentioned in the 2022 Report. The more time that consumers are spending at home, the greater the usage of home furniture thus leading to a shorter replacement cycle.

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. BFM members can access the full detailed reports but previews are provided in the news section of their website. In August 2023, they wrote about the annual UK Furniture Review, stating that "UK manufacturers still dominate the market in product categories including wooden office furniture (76%), wooden shop furniture (81%), wooden kitchen furniture (88%), mattress frames (85%) and spring mattresses (88%)".

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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 websites, 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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