

THINK RETAIL THINK VERDICT



UK Retail Futures 2013: Furniture & Floorcovering

Annual forecasts to 2013



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About Verdict Research

Authorative analysis...

Verdict's analysts and consultants work closely with retailers, suppliers, consultancies, investment banks and property companies to identify the key issues, sector and company data and strategies driving the changing retail market.

Our research identifies how retailers can enhance product, store and brand performance as well as the factors that determine future retail success. Our specialist in-store auditing team continuously collects price and product data across locations, brands, fascias, ranges and retail sectors.

Rigorous research methodology...

Our in-house retail expertise and rigorous research methodology ensure our reports provide complete and accurate analysis of the major players, issues and trends together with a detailed examination of the strategic implications for the retail market.

For key players in the retail industry, our reports are the first source of information on sector forecasts, retailer performance, store and product portfolio developments and trading strategy.

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Verdict Research reports cover nine core sectors, five-year forecasts, strategic issues, key locations, How Britain Shops consumer surveys the main European retail markets and global retail reports. Also available are a daily news service, weekly newsletter and tailored consultancy portfolios to suit individual business information needs.


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Verdict Research is the UK's leading authority on retailing and publishes unrivalled independent analysis of the retail industry. With over 20 years' experience, Verdict has close relationships with major UK retailers and access, at the highest level, to key executives working in the top 300 retailers to hear their first hand views. Verdict reports provide clients with a complete picture of the retail sector and unique forecasts to help UK retailers, manufacturers, service suppliers, city analysts, consultants and the media with strategic planning.

A key source for independent analysis and comment...

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In addition Verdict regularly appears in the international media. News sources quoting Verdict analysts and data include CNN, the International Herald Tribune, The Australian, Los Angeles Times, and New York Times.



"Verdict are the company of choice for any research analysis and insight into retailing"

Sir Stuart Rose
Executive Chairman
Marks & Spencer

About Verdict Retail Futures 2013

Verdict Retail Futures 2013 reports are designed to provide an accurate and detailed five year forecast for each retail sector. Each report complements Verdict sector reports by providing a detailed market outlook for the forecast period by analysing a host of economic, social, political and technological factors that determine demand. In addition they take account of factors like fashion, changing consumer preferences and the influence of the media.

As the only provider of forecasts exclusively for the UK retail industry, Verdict is uniquely equipped to give thorough and reliable projections and analysis on its future development.

Retail Futures 2013

The Retail Futures 2013 series of reports provide a complete overview of UK retail...

It provides 5 year forecasts for 73 categories...

Provides accurate projections of market demand and price pressures...

A unique and reliable forecasting tool...

Categories examined by the Retail Futures 2013 series...

CLOTHING & FOOTWEAR

- Women's Outerwear
- Women's Underwear
- Men's Outerwear
- Men's Underwear
- Girlswear
- Boyswear
- Infantswear
- Accessories
- Footwear

HOMEWARES

- Glassware, crockery, cutlery & silverware
- Lighting
- Non-electric kitchen utensils
- Miscellaneous household items
- Bathroom & table linen
- Bedding/Bed linen
- Furnishing fabrics & curtains
- Other household textiles

FURNITURE & FLOORCOVERINGS

- Upholstery
- Beds/Bedroom
- Kitchen
- Living/Dining
- Home Office
- Other Furniture
- Carpets
- Vinyl & Linoleum
- Hard Floorcoverings

ELECTRICALS

- Audio-visual Equipment
- Games Consoles & Software
- Photographic & Optical Equipment
- Major/Minor Household Appliances
- Information Processing Equipment
- Telephones & Fax Equipment

HEALTH & BEAUTY

- Babycare Products
- Bathroom Toiletries
- Cosmetics
- Dentalcare
- Haircare/Skincare
- Men's Toiletries
- OTC Medicines
- Paper Products
- Perfume
- Other Health & Beauty

FOOD & GROCERY

- Bakery & Cereals
- Dairy Products
- Fruit & Vegetables
- Meat & Fish
- Oils & Fats
- Pets, Petcare & Petfood
- Sugar & Sweet Products
- Other Food
- Alcoholic Drinks
- Beer/Spirits/ Wine
- Soft Drinks/Hot Drinks
- Tobacco
- Non-durable Household Goods

DIY & GARDENING

- Non-decorative/ decorative materials maintenance repair
- Tools, equipment & accessories
- Household utensils & lighting
- Fitted kitchens & bathrooms
- Flatpack furniture
- Floorcoverings
- Garden Structures
- Garden Tools
- Garden Utensils
- Outdoor Living
- Greenstock & Growing Media

BOOKS, MUSIC & VIDEO

- Books
- Newspapers & magazines
- Personal stationery & cards
- Music & Video

UK Retail Futures 2013: Furniture & Floorcoverings

For the braver retailer, there are opportunities to be exploited from the weak economic conditions...

The combination of a stagnating housing market, restricted access to credit and deteriorating consumer confidence will cause furniture and floorcoverings to be the worst performing retail sector in 2009. The only sub-sector to achieve positive year-on-year growth throughout the period will be beds and bedrooms. This is largely due to it being a needs based product; should it break, customers will look to replace it quicker than other pieces of furniture.

UK Retail Futures 2013: Furniture & Floorcoverings is a new report published by Verdict Research providing a comprehensive, authoritative analysis of the market outlook. This supplies an extensive range of key data and metrics essential for participants to fully understand the dynamics of the market and form winning strategies.

Categories Analysed

Upholstery	Dinning room furniture
Bedroom furniture	Home Office
Bathroom	Carpets
Kitchen	Vinyl & Linoleum
Living room furniture	Hard floorcoverings

Identify and understand the key drivers of market growth and gain insight into the channels of distribution...

Kitchen growth rate 2009-2013

Year	Growth Rate (%)
2009	-19.6
2010	-5.4
2011	1.1
2012	5.9
2013	5.1
2009-13	-14.4

"Kitchen will be the hardest hit sector in furniture and floorcoverings – Verdict forecasts that it will stay at a near baseline level in 2009 and 2010. With fewer people moving, there is little incentive to refurbish kitchens. The replacement cycle is much longer than in other categories and people are likely to wait until economic conditions improve before making such a large purchase. The majority of purchases in this category are likely to be maintenance – such as replacing broken or chipped doors..."

- **Understand how the worsening performance of the housing market will impact demand for UK furniture & floorcoverings products.** Use this report to analyse how falls in the value of property and the number of house moves will impact UK retailers.
- **Discover which categories look set to outperform the market.** Compare projected growth rates of the key categories to assess new opportunities and make strategic decisions based on category information.
- **Identify which retailers present the greatest threat to UK Furniture & Floorcoverings specialists** based on this report's unique channels of distribution analysis and evaluation of the strategic tactics of key players.
- **Gain detailed insight into multichannel development in UK Furniture & Floorcoverings market** using this report;s detailed analysis of the sector to understand the drivers of market growth, analyse inflationary/deflationary pressures and see the impact of projected store expansion and online.

UK Retail Futures 2013: Furniture & Floorcoverings

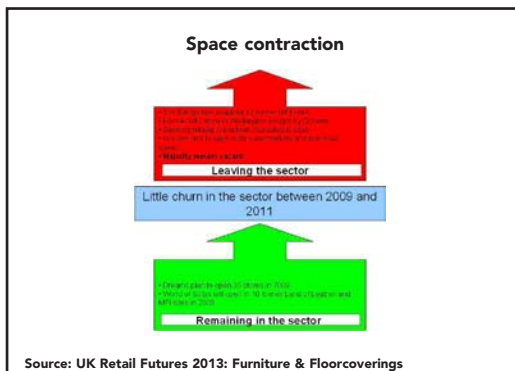
This report answers key questions including...

- Which channel is gaining the most market share and why?
- How are specialists set to perform until 2013?
- What impact has the economic slowdown had on UK Furniture & Floorcoverings retailers' strategies?
- Which retailers will gain or lose market share in 2009?
- How has increased focus on cost control affected the UK Furniture & Floorcoverings market?
- What are going to be the main drivers of growth over the next 5 years?
- Which sub-categories will prove most able to withstand the downturn?

Key Market Data

- Total Furniture & Floorcoverings expenditure
- Forecasted growth until 2013
- Expenditure analysis of the key categories
- Category shares, values and forecasts
- Market shares for the leading 20 retailers by channel of distribution & forecasted changes to 2013
- Specialists' sales densities, total sales, space growth & forecasted total store numbers

Key issues examined in this report...



"While a significant amount of space is being vacated, little is remaining in the sector. Most of it remains vacant while the rest is being taken by retailers from other sectors. The only specialists reusing old furniture and floorcoverings space is World of Sofas – opening 10 stores in former MFI and Land of Leather sites – and Dreams. Retailers from other sectors taking old furniture space include The Range, which is currently selling through MFI's excess stock from 12 of its old sites before converting them into Range stores..."

- **Price competition hurts smaller specialists.** If smaller specialists do not lower prices, trade will defect to larger retailers. If they do compete, margins will be put under greater pressure. These trends will force many independent specialists and smaller multiple specialists out of the market.
- **The current economic climate.** The credit crunch and deteriorating housing market leave customers both unable and unwilling to make larger purchases. Furniture and floorcoverings sales will fall as fewer people move house. Larger purchases such as fitted kitchens will be particularly affected. The market will continue to struggle until the housing market and consumer confidence improve.
- **Growing presence of non-specialists.** Department stores and DIY retailers will expand their presence in this sector. Specialists being undercut on price will lead to them continuing to struggle. The level of discounting will do little to stimulate the market, causing net value in the sector to decline during the downturn.

UK Retail Futures 2013: Furniture & Floorcoverings

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Key market issues What is impacting the market		
ISSUE	SUMMARY	IMPACT ON FURNITURE AND FLOORCOVERINGS
Current economic climate	The credit crunch and deteriorating housing market leave customers both unable and unwilling to make larger purchases	– Furniture and floorcoverings sales will fall as fewer people move house. Larger purchases such as fitted kitchens will be particularly affected. The market will continue to struggle until the housing market and consumer confidence improve.
Larger retailers set to be main winners during the downturn	Larger non-specialists are set to be the main winners in the sector over the forecast period as consumers feel more confident about making larger purchases with them – due to economies of scale and better convenience	– Many smaller specialists will be forced out of the market. Customers are still unlikely to spend on furniture and floorcoverings during the downturn and strong discounting from larger retailers will lead to a decline in the net value of the sector – as it will not stimulate enough demand to cover the discounts.
Growing presence of non-specialists	Department stores and DIY retailers will expand their presence in this sector	– Specialists being undercut on price will lead to them continuing to struggle. The level of discounting will do little to stimulate the market, causing net value in the sector to decline during the downturn.
Price competition hurts smaller specialists	If smaller specialists do not lower prices, trade will defect to larger retailers. If they do compete, margins will be put under greater pressure	– These trends will force many independent specialists and smaller multiple specialists out of the market.
Space contraction	Previous rapid expansion will cause problems for specialists who have to reduce bloated store portfolios to lower costs	– Higher cost bases will cause some larger multiples to enter administration, with some exiting the market. As few aim to expand during the downturn, there will be little churn in the sector. Positives will come from this contraction through better deals from landlords and like-for-like sales improving towards the end of the period.
Online set to be more robust	Customers will turn to the Internet for bargains and retailers will aim to improve national coverage from a smaller cost base	+ Problems which have affected furniture sales online before are being worked on and more specialists are launching transactional websites, leading to growth via an underdeveloped channel.

DMVT0509 UK Retail Futures: UK Furniture & Floorcoverings Annual Forecasts 2013 © 2009 Datamonitor

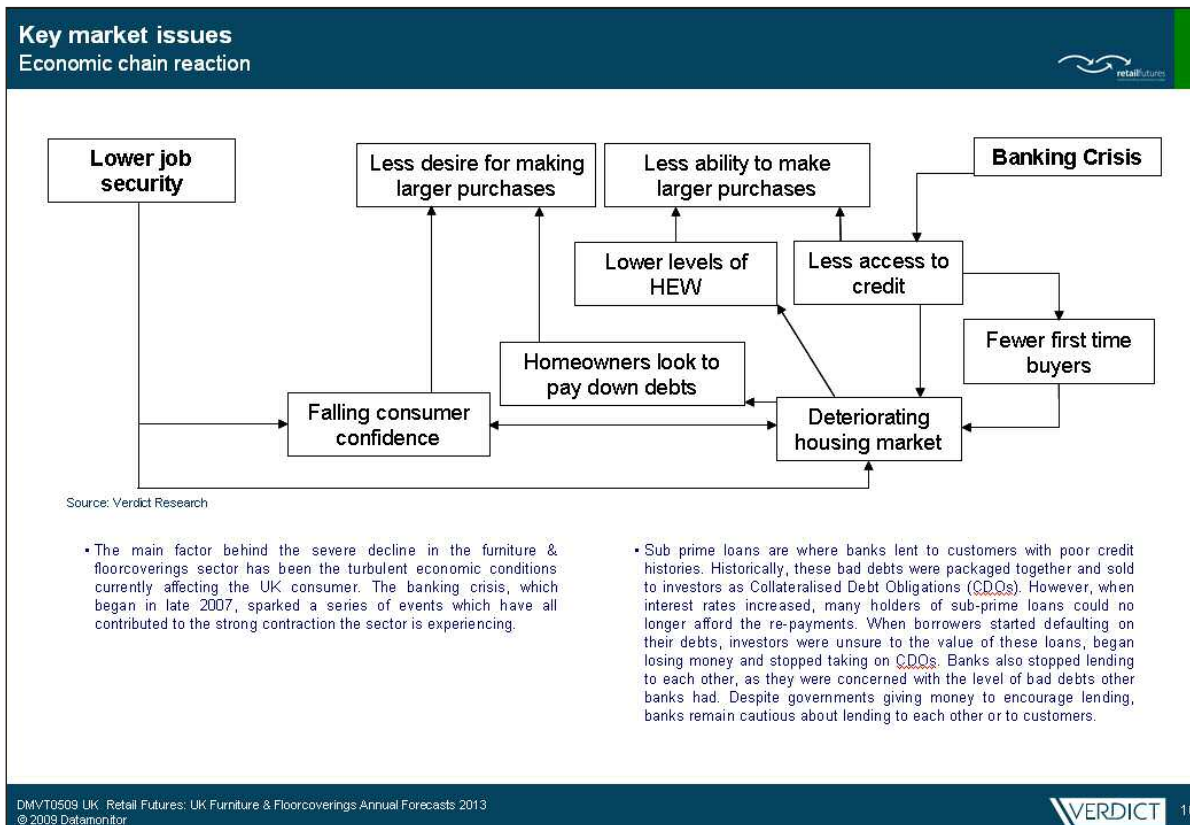


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