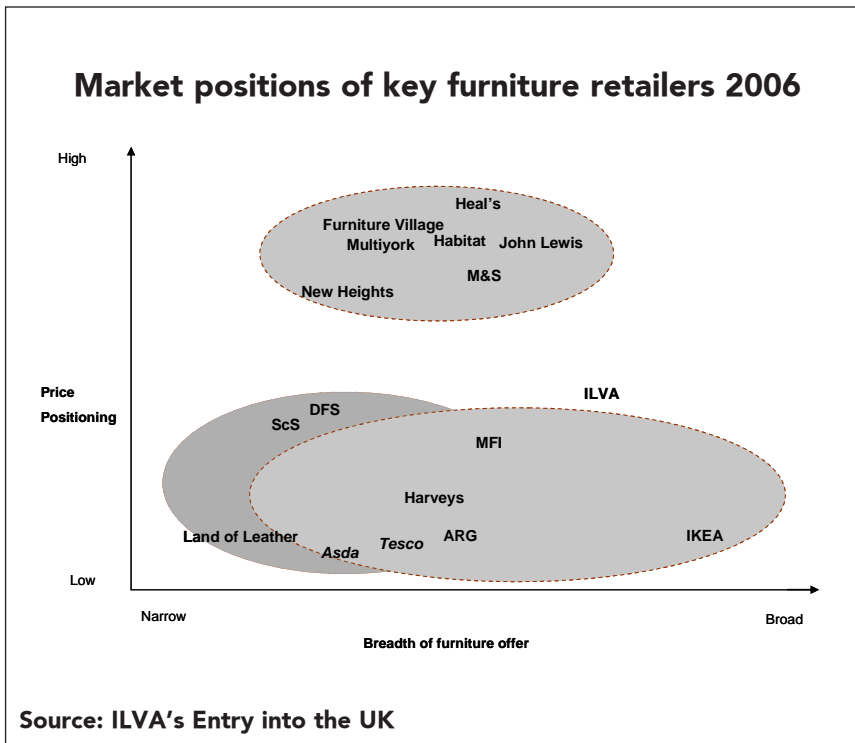


ILVA's Entry into the UK

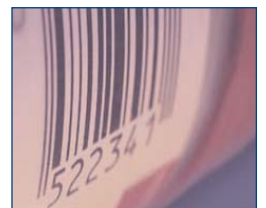
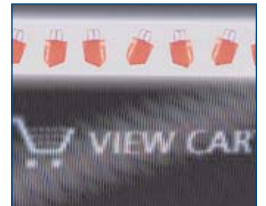
Raising the competitive bar across the furniture sector?

New Retailer Profile - Published September 2006



Source: ILVA's Entry into the UK

"The chart above maps out the positioning of key players in the sector, highlighting the polarised structure of the market with premium specialists and department stores at the top end and focused value-led specialists and the majority of non-specialists pitched at the lower end of the market. Only IKEA, with its substantial ranges and competitive prices, commands significant appeal across the spectrum, though this is primarily confined to lower and mid-market price points. ILVA's mass market positioning is reinforced by more aspirational prices and an extensive range, conveniently places it between these two concentrated groups in the market - indicating a distinct lack of direct competitors..."



About Verdict Research...

Verdict Research has been producing independent retail analysis and comment on the UK retail marketplace for well over 20 years and is regarded as a key source by BBC, ITV and the leading broadsheets including, the FT, Times, Independent and Daily Telegraph. Many leading trade publications also frequently refer to Verdict's opinion including Retail Week, DIY Week, Cabinet Maker and The Grocer.

Products and services include:

- **Consumer Research Reports**
 - How Britain Shops
 - Where Britain Shops
 - Consumer Satisfaction Index
 - Consumer Demographics
 - Consumer Insights Profiles
- **Location & Channel Reports**
 - e-Retail
 - High Street Retailers
 - Mail Order Retailers
 - Neighbourhood Retailing
 - Out of Town Retailing
- **Sector Reports**
 - Childrenswear
 - DIY and Gardening
 - Department Stores
 - Electricals
 - Footwear
 - Furniture & Floorcoverings
 - Grocery
 - Health & Beauty
 - Homewares
 - Menswear
 - Music & Video
 - Retailing for the home
- Fashion Multiples
- Value Clothing
- Womenswear
- Accessories
- **European Retailing Reports**
 - European Department Stores
 - European DIY Retailing
- **Retail Futures**
 - Quarterly Forecasts to 2008
 - Annual Forecasts to 2010
- **Retail News**

Some key findings from this retailer profile...

- **ILVA could become the fifth largest furniture retailer in the UK by 2011** provided its retail formula delivers on all its promises and is a success in the marketplace.
- **Sales densities for ILVA could be on a par with IKEA and DFS and more than twice the average for the sector** within the next five years.
- **ILVA's proposition holds key strengths in the areas where most furniture retailers have only made limited progress.** These include inspirational store environments with an emphasis on product rather than price; a strong emphasis on service; and an extensive offering targeted across all spectrums of the underserved middle market.
- **Many specialists are poorly equipped to deal with the threat posed by ILVA.** They will need to heighten their emphasis on product, develop a more holistic lifestyle image and pay greater attention to the post-purchase stage, while maintaining a strong advertising presence.

ILVA SWOT analysis (Extract)

Threats
Fragmented yet strengthening market
Increased price competition
Housing market downturn
Expansion falls behind schedule
John Lewis & IKEA expansion

Source: ILVA's Entry into the UK

"Competition in the UK market is intense and highly fragmented. Furniture purchase is easily deferrable, hence advertising is a key weapon in driving footfall to stores and raising the profile of the category - and it does deliver results. DFS, the UK's most extensive retail advertiser spent 15.5% of turnover on advertising but achieved a sales density of more than three times the UK sector average..."

ILVA's Entry into the UK

143 PAGES 24 TABLES 60 FIGURES

For many years UK furniture retailers have relied on the market to drive demand, however they now need to stimulate demand in order to reduce the length of replacement cycles. Many retailers have strengthened their ranges through more fashionable product, but few have invested in creating exciting store environments or improving post-purchase customer experience.

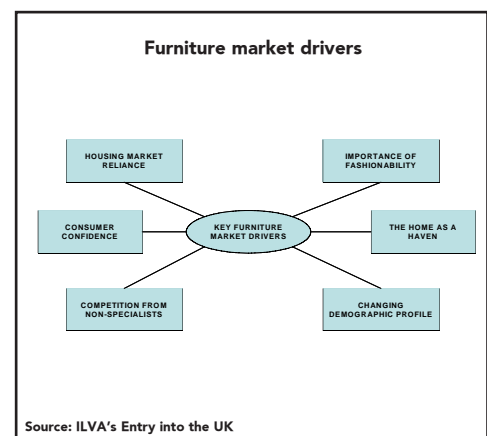
ILVA aims to address all these issues and its entry into the UK is the biggest development in the UK furniture sector for more than a decade. It hopes to differentiate itself from other furniture specialists by focusing on highly aspirational store environments, alongside superior customer service, while maintaining keen price architectures.

ILVA's Entry into the UK is a new retailer profile published by **Verdict Research** that provides an extensive analysis of this highly significant, yet relatively unknown entrant into the UK furniture sector. It also details strategies for retailers in order to effectively combat the threat posed by ILVA and capitalise on future growth opportunities in the market.

This new retailer profile offers a unique insight into ILVA's proposition derived from communication with the retailer's management at the highest level – covering sales, marketing, stores, service and products, and includes a scenario analysis comprised of five year financial projections of key performance indicators for the retailer.

This new retailer profile will enable you to...

- **Quantify the financial impact of ILVA's entry into the UK** with the scenario analysis contained in this retailer profile detailing five year ILVA financial projections across sales, selling space, store numbers, sales densities and market shares up to 2011.
- **Identify the key elements of ILVA's proposition enabling it to stand out from the rest of the furniture sector** including store environment, product, price architectures and service.
- **Assess the strategic options available in order to compete effectively with ILVA** using the detailed SWOT analysis and an examination of ILVA's market positioning and target audience.
- **Develop an understanding of ILVA's medium term plans in the UK** through this brief's extensive analysis of future expansion plans, potential target locations and criteria for new sites.
- **Understand the key market issues brought to the forefront by ILVA market entry** including non-price competition and the changing UK age demographic.



"The incursion of non-specialists into the sector, with their stronger fashion credentials, alongside greater media coverage on the home has raised the importance of design and fashionability in furniture. Specialists have adapted various strategies to improve their fashion credentials including the use of well-known designers, greater use of accessories in roomsets and improved store environments..."