

THINK RETAIL THINK VERDICT



UK Furniture & Floorcoverings Retailers 2009

**Spending falls sharply as
economic woes deepen**

Published: March 2009
Reference Code: DMVT0490
Report Price: £1,795/€2,595/\$3,450

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.

Global, European and UK analysis across nine core sectors...

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

Over 20 years of experience...

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...

Verdict Research is regarded as a key source by the BBC, ITV, Sky News and the UK's leading broadsheets including the FT, Times, The Independent and Daily Telegraph. Leading trade publications often refer to Verdict's opinion and research including Retail Week, Drapers, DIY Week, Cabinet Maker and The Grocer.

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

UK Furniture & Floorcoverings Retailers 2009

Spending falls sharply as economic woes deepen...

The combination of falling consumer demand and rising costs has tested many specialists to the absolute limit, with a number of well known names forced into administration over the past year. With the recession widely forecast to last through to late 2010, rising unemployment, scarce consumer and business credit and few signs of recovery for the housing market, furniture and floorcoverings retailers look particularly vulnerable over the coming year.

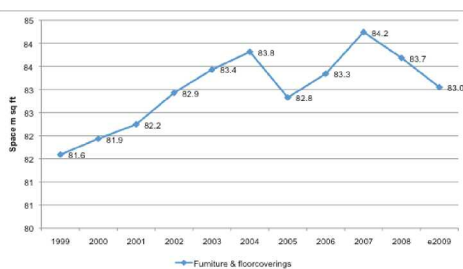
UK Furniture & Floorcoverings Retailers 2009 is a new report published by Verdict that provides ten years of UK furniture and floorcoverings sales, spending, space and store data, and details the key drivers and trends shaping this sector. This report examines the key success factors and drivers of growth in what is a very challenging and difficult trading environment.

Key Retailers Profiled

Allied Carpets	Habitat	Magnet
Argos	Homebase	M&S
B&Q	HomeForm	MFI
Carpentryright	HomeStyle	Next
DFS	IKEA	ScS
Dreams	John Lewis	
Furniture Village	Land of Leather	

Identify and anticipate future market trends, benchmark your performance against key competitors and plan for the future with this new report...

UK Furniture & floorcoverings specialists
space m sq ft 1999-2009e



Source: UK Non-Food in Grocers 2009

"During 2008 furniture & floorcoverings specialists' total space decreased as MFI and many independents and smaller regional chains closed for business. At the same time retailers like ScS – that had previously been major space drivers – slowed their expansion. The reduction in space is a direct result of weak conditions in the furniture & floorcoverings market. We expect the reduction to continue in 2009 as market conditions deteriorate further..."

- **Benchmark retailers' performance across key operating parameters** with this report's analysis of market share, sales densities and operating margins for 2009.
- **Assess the growth potential and challenges facing key UK furniture and floorcoverings retailers** based on this report's in-depth analysis of market drivers, key issues and outlook.
- **Understand the effects of key external and internal market drivers on the UK furniture and floorcoverings market** including house price inflation, housing transactions and disposable income.
- **Create more effective strategies to respond to key issues and changes in the UK furniture and floorcoverings market** using this report's actionable recommendations and analysis of retailers' strategic responses.

UK Furniture & Floorcoverings Retailers 2009

This report answers key questions including...

- Which key UK furniture and floorcoverings categories outperformed in 2008?
- What has impacted growth in the UK furniture and floorcoverings market in 2008?
- How will UK furniture and floorcoverings specialists and independents cope in the current climate?
- Which UK furniture and floorcoverings retailers gained market share in 2008?
- What are the prospects for the UK furniture and floorcoverings market in 2009?

Key Market Data

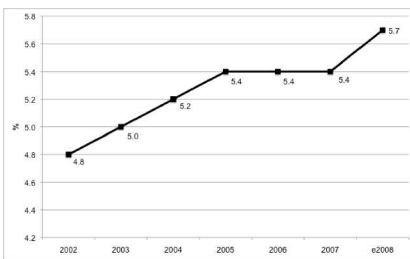
Consumer expenditure on furniture & floorcoverings.

Furniture & floorcoverings specialists sales and space.

Leading UK furniture & floorcoverings retailers market shares and key operating statistics.

Key issues examined in this report...

DFS furniture market share 2002-2008e



Source: UK Furniture & Floorcoverings Retailers 2009

"DFS' market share performance over the past five years has been impressive given its slow pace of space expansion over recent years. Between 2002 and 2008 we estimate DFS' market share has increased from 4.8% to 5.7%.

Aggressive advertising, strong product authority and a well executed 'good better best' price architecture have been instrumental in the retailer's market share development..."

- **Pressure on margins.** Margins are being squeezed by falling sales and rising costs. Maintaining margins while remaining competitive on price will be key, meaning cost control is essential for survival.
- **Oversupply of space.** Forecasts for like-for-like sales in the sector are expected to continue to fall, and given that the average sales density is already incredibly low, the rate of store closures is set to increase. Alternatively, specialists may seek to relocate existing stores, which currently occupy premium units, to cheaper lower order retail parks.
- **Challenging trading environment.** Following a decade-long consumer spending boom fuelled by easy access to credit and a buoyant property market, the UK economy rapidly declined in 2008, with devastating effect on the UK furniture & floorcoverings market.

UK Furniture & Floorcoverings Retailers 2009

Pages 220

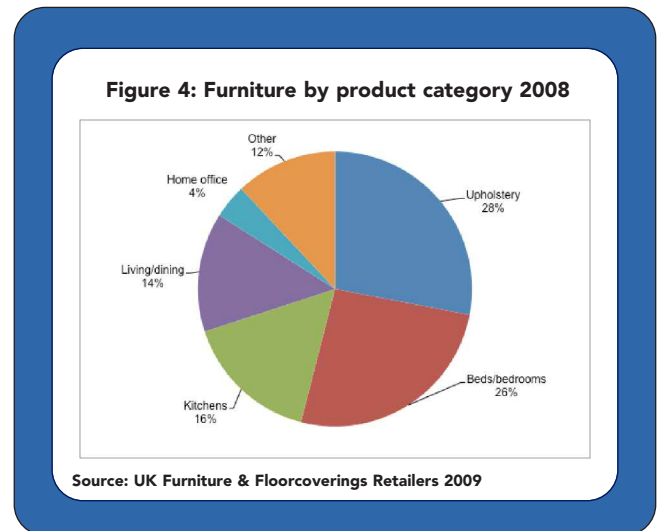
Figures 28

Tables 117

Chapter 2: Market Analysis

Furniture & Floorcoverings Breakdown

- Despite being one of the worst hit sub sectors, upholstery remains the largest component of the furniture market. Over the past year we estimate that upholstery's share of the market has declined marginally to 28% as consumers have reined in spending on high price point products that, often, can be deferred easily.
- Bed and bedroom furniture is the second largest sub sector. It has held up better than upholstery due to a greater proportion of purchases related to replacement out of necessity. Also, even during more austere times, consumers continue to value a good night's sleep.
- Carpets and rugs accounts for the vast majority of the floorcoverings market, we estimate 71.0%. This represents a slight reduction on 2007 which can be attributed to consumers trading down to cheaper product and a slight loss of share to cost-effective vinyls.
- While there was a strong trend towards hard flooring for a number of years at the turn of the millennium, this has now all but halted.



Furniture Specialists

- Following a difficult 2005 when the housing market stumbled a little, 2006 and 2007 showed some recovery for furniture specialists. Fast expanding operators like ScS and Land of Leather were well placed to capitalise on the gap left in the market by a number of high profile corporate failures – like Courts and Furnitureland – in the previous year. Sales during these years also benefited from a bout of new space from IKEA.
- However, the improvement was short lived. Furniture specialists' sales tumbled in 2008 as the housing market seized up and consumer confidence nosedived in anticipation of economic recession. Retailers like Land of Leather and ScS, saw their like-for-like sales start to fall steeply, MFI was forced to close and even IKEA experienced a sales decline – its first drop in sales since entering the UK market. Away from the leading players, smaller independents and regional operators were hit particular hard, many like Yorkshire's 13-store-strong John Peters going out of business.
- Store numbers and space decreased over the year. The closure of MFI's stores in December is reflected here as is the slower expansion of some previously fast growing operators.
- Like-for-like sales declined across many specialists in 2008 having a negative impact on the average sales density which fell to £145 per sq ft – the lowest level since 2004.

Table of contents

UK Furniture & Floorcoverings Retailers 2009: Spending falls sharply as economic woes deepen

CHAPTER 1: EXECUTIVE SUMMARY

CHAPTER 2: MARKET ANALYSIS

- Market Definition
- Furniture & Floorcoverings Expenditure
- Furniture & Floorcoverings Growth
- Furniture & Floorcoverings Inflation
- Furniture & Floorcoverings Breakdown
- Furniture Specialists
- Floorcoverings Specialists
- Channels of Distribution

CHAPTER 3: COMPANY DATA ANALYSIS

- Furniture Market Shares
- Floorcoverings Market Shares
- Key Operating Statistics
- Advertising

CHAPTER 4: OUTLOOK

- Challenging Economic Outlook
- Corporate Casualties Escalate
- VAT Cut
- Margin Pressure
- Space Contraction
- Online

CHAPTER 5: ALLIED CARPETS

- Company Overview
- Market Share
- Trading Record
- Store Portfolio
- Retail Proposition
- Outlook

CHAPTER 6: B&Q

- Company Overview
- Market Shares
- Trading Record
- Store Portfolio
- Retail Proposition
- Outlook

CHAPTER 7: CARPETRIGHT

- Company Overview
- Market Share
- Trading Record
- Store Portfolio
- Retail Proposition
- Outlook

CHAPTER 8: DFS

- Company Overview
- Market Share
- Trading Record
- Store Portfolio
- Retail Proposition
- Outlook

CHAPTER 9: DREAMS

- Company Overview
- Market Share
- Trading Record
- Store Portfolio
- Retail Proposition
- Outlook

CHAPTER 10: FURNITURE VILLAGE

- Company Overview
- Market Share
- Trading Record
- Store Portfolio
- Retail Proposition
- Outlook

CHAPTER 11: HOME RETAIL GROUP

- Company Overview
- Market Shares
- Trading Records
- Store Portfolios
- Retail Propositions
- Outlooks

CHAPTER 12: HOMESTYLE

- Company Overview
- Market Shares
- Trading Records
- Store Portfolio
- Retail Propositions
- Outlooks

CHAPTER 13: IKEA

- Company Overview
- Market Shares
- Trading Records
- Store Portfolio
- Retail Propositions
- Outlooks

Table of contents

UK Furniture & Floorcoverings Retailers 2009: Spending falls sharply as economic woes deepen

CHAPTER 14: JOHN LEWIS

- Company Overview
- Market Shares
- Trading Record
- Store Portfolios
- Retail Propositions
- Outlooks

CHAPTER 15: LAND OF LEATHER

- Company Overview
- Market Shares
- Trading Records
- Store Portfolio
- Retail Propositions
- Outlooks

CHAPTER 16: MAGNET

- Company Overview
- Market Shares
- Trading Records
- Store Portfolio
- Retail Propositions
- Outlooks

CHAPTER 17: MFI

- Company Overview
- Market Shares
- Trading Records
- Store Portfolio
- Outlooks

CHAPTER 18: NEXT

- Company Overview
- Market Shares
- Trading Records
- Store Portfolio
- Retail Propositions
- Outlooks

CHAPTER 19: SCS

- Company Overview
- Market Shares
- Trading Records
- Store Portfolio
- Retail Propositions
- Outlooks

CHAPTER 20: SMALLER FURNITURE & FLOORCOVERINGS RETAILERS

- Company Overview
- Market Shares
- Trading Records
- Store Profiles - Focus, Habitat, HomeForm, M&S, Reid Furniture, Topps Tiles & Wickes

CHAPTER 21: GLOSSARY

TABLES & FIGURES (ABRIDGED)

- Furniture & floorcoverings
 - Market definitions 2009
 - Consumer expenditure 1998-2008
 - Channels of distribution 2003 & 2008e
 - Specialists
 - Sales & space 1998-2008
 - Advertising media expenditure 2002-07
 - Leading retailers
 - Market shares 2002-2008e
 - Key operating statistics – Sales & Stores 2007/08
 - Advertising spend by medium 2007
 - Smaller retailers
 - Market shares 2008e
 - Sales & operating margins 2007/08e
 - Store portfolios 2007/08e
 - Total retail growth 1998-2008
 - Retail growth by subsector 1998-2008
 - Total retail implied inflation/deflation 1998-2008e
 - By product category 2008e
 - Specialist space m sq ft
- For Allied Carpets, B&Q, Carpetright, DFS, Dreams, Furniture Village, Home Retail Group, Homestyle, IKEA, John Lewis, Land of Leather, Magnet, MFI, Next & ScS:
 - Company overview 2009
 - Key operating statistics 2003-08e
 - Trading record 1998-2008e
 - Market share 2002-08e
 - Store portfolio 1998-2008
 - Space allocation 2008
 - Retail proposition 2009
- For Focus, Habitat, HomeForm, M&S, Reid Furniture, Topps Tiles & Wickes:
 - Company overview 2009
- UK annual house price inflation 1998-2009e
- Housing transactions (England & Wales) & equity withdrawal 1998-2009e

*Please refer to our website www.verdict.co.uk for up-to-date prices

I would like to order the following report(s):

Please enter the title of the report(s) below*

Please circle your currency

_____	(£/€//\$) _____
_____	(£/€//\$) _____
_____	(£/€//\$) _____
_____	(£/€//\$) _____
_____	(£/€//\$) _____
_____	(£/€//\$) _____
_____	(£/€//\$) _____
_____	(£/€//\$) _____
_____	(£/€//\$) _____
_____	(£/€//\$) _____
_____	(£/€//\$) _____
_____	(£/€//\$) _____
_____	(£/€//\$) _____
_____	(£/€//\$) _____
_____	(£/€//\$) _____

Complete your contact details:

Title: Mr/Mrs/Ms _____ First Name _____

Last Name _____

Job Title _____

Company _____

Address _____

City _____ State/Province _____

Country _____ Post Code/ZIP _____

Email Address _____

Telephone Number _____

Fax Number _____

ALL FORMS MUST HAVE A SIGNATURE TO CONFIRM YOUR ORDER:

Signature _____

Complete your payment details:

Please indicate your preferred currency option: UK£ EUR€ US\$

Total value of my order is _____

I will forward a check payable to Verdict Research Limited

Please invoice my company (please complete invoice address below)

I would like to pay by bank transfer (email address required)

Please debit my credit/charge card: Amex Visa Mastercard

Cardholder/invoice address _____

Cardholder Name _____

Card No _____

Expiry Date _____ / _____

Cardholder/invoicee Signature _____

EU companies (except UK) must supply VAT / BTW / MOMS / MWST / IVA / FPA number : _____

Purchase Order Number (if required) _____

How to contact us:

Verdict Research Limited, 119 Farringdon Road, London, EC1R 3DA, United Kingdom.

marketing@verdict.co.uk

+44 (0) 20 7551 9750

Web Order

By completing this form you agree that the data in the form will be used for the purpose of processing your order. We may also use your data to keep you informed of Verdict's products and services. As an international organization, Verdict may need to process your data internationally, including in countries which do not have data protection laws, or which have standards lower than the European Union. Verdict, however, seeks to protect your personal data. You have a right to see and correct your data by writing to us. Sometimes a fee is payable. For queries about this contact retail@verdict.co.uk. Please tick the relevant box(es) if you would not like Verdict to contact you by:

Post Email Fax Phone

Occasionally, our client list is made available to other companies for carefully selected correspondence. Please check here if you do not wish to receive such correspondence by:

Post Email

This order is subject to our standard terms and conditions, a copy of which is available on request.