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# UK Retail Futures 2013: Homewares

Annual forecasts to 2013



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# About Verdict Research

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## 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 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.


## 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

# 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: Homewares

## Retailers will be forced to raise prices in an effort to protect margins...

Retail casualties have characterised the homewares market in recent times. The latter period of 2008 saw Rosebys, Woolworths and The Pier, exit the market. All three engaged in clearout sales, shifting huge amounts of volume but damaging consumer willingness to pay full price. The shrinking market will bring further casualties and dissuade new entrants, as well as making retailers less likely to add new space, further slowing growth and a potential recovery.

**UK Retail Futures 2013: Homewares** is a new report published by Verdict Research providing a comprehensive, authoritative analysis of the market outlook. This report 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

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

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

**Non-electric kitchen utensils growth rate 2009 - 2013**

Year	Growth Rate (%)
2009	-0.3
2010	2.5
2011	2.6
2012	-0.4
2013	-1.3
2008-13	-6.9

Source: UK Retail Futures 2013: Homewares

**"The explosive trend towards expensive designer utensils has peaked** – Celebrity cooking programmes, responsible for much of this spend, have seen popularity waning and the recession will lead to more emphasis on price when such purchases are made. But products will benefit from increase in home cooking and entertaining, particularly in 2009 when many implements will be purchased for use throughout the next few years..."

- **Understand how the worsening performance of the housing market will impact demand for UK homewares 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 homewares 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 homewares 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: Homewares

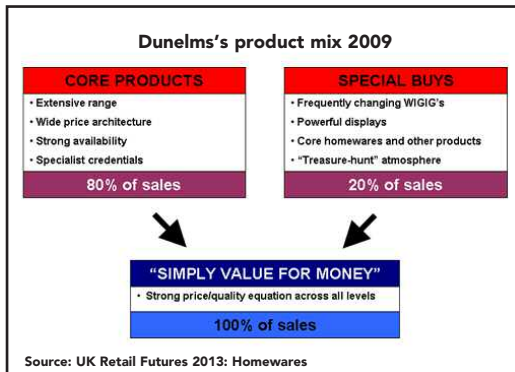
## This report answers key questions including...

- 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 homewares retailers' strategies?
- Which retailers will gain or lose market share in 2009?
- How has increased focus on cost control affected the UK homewares 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 homewares expenditure
- Homewares forecasted growth until 2013
- Expenditure analysis of the key categories
- Category shares, values and forecasts
- Market shares for the leading 18 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...



**"Dunelm, already the UK's largest homewares specialist, is set to continue its consistent growth in market share over the next five years.** Indeed Verdict believe that by the end of this period the retailer will undoubtedly be one of the biggest players in the homewares market and will have made significant steps towards national coverage. Dunelm's steadfast adherence to its 'Simply Value for Money' proposition will prove a huge fillip throughout the recession..."

- **Housing market slowdown.** House prices continue to fall as do the number of housing transactions. Consumers spend less on items for the home, but there is more robust interest in small items purchased to personalise rented living spaces.
- **Strengthening dollar impacts on prices.** Weakening of US dollar against sterling pushes up the price of imports. Costs are passed on to consumers, resulting in inflation returning to the market.
- **Changing consumer spending trends.** Consumers put more thought into purchases, restricting spend to truly essential or compelling items. Good quality and timeless products are more robust. Replacement cycles lengthen across the spectrum. Shoppers are more price sensitive, to basic items in particular.

# UK Retail Futures 2013: Homewares

SAMPLE PAGE - CHAPTER 3: KEY MARKET ISSUES (SLIDES 112

TABLES 64

FIGURES 53)

## Executive summary Key issues



ISSUE	SUMMARY		IMPACT ON HOMEWARES
<b>Interest in the home wanes</b>	Consumer interest in sprucing up homes is waning	⊖	Sales of items for the home, especially large decorative items, enter a period of long term decline as the market corrects itself.
<b>Changing consumer psyche</b>	Consumers put more thought into purchases, restricting spend to truly essential or compelling items	⊖	Good quality and timeless products are more robust. Replacement cycles lengthen across the spectrum. Shoppers are more price sensitive, to basic items in particular.
<b>Housing market slowdown</b>	House prices continue to fall as do the number of housing transactions	⊖	Consumers spend less on items for the home, but there is more robust interest in small items purchased to personalise rented living spaces.
<b>Strengthening dollar impacts on prices</b>	Weakening of US dollar against sterling pushes up the price of imports	⊖	Costs are passed on to consumers, resulting in inflation returning to the market. Margins are squeezed.
<b>Dunelm to become major player</b>	Value credentials, broad architecture and aggressive space and online growth sees this retailer make significant market share gains	⊕	Market has a major, nationwide specialist, with a significant chunk of market share, for the first time. This affects the way smaller specialists and non-specialists have to compete.
<b>Growing popularity of poundshops</b>	Fixed price value retailers become increasingly popular – they move into the mainstream as shoppers become more price-orientated	⊕	Consumer spend on basic homewares items will become even more diluted.

DMVT0510 UK Retail Futures 2013: UK Homewares: Annual Forecasts to 2013  
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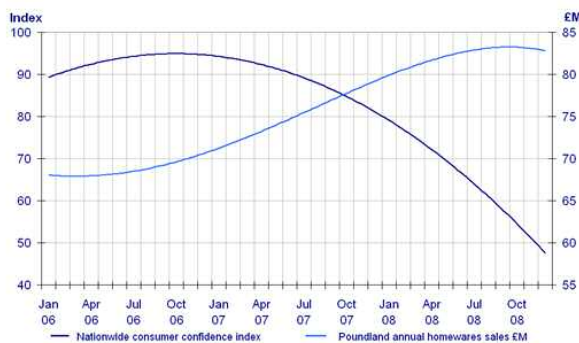
VERDICT 10

## Key market issues

### Growing popularity of poundshops



**Poundlands annual homewares sales £m trended against Nationwide consumer confidence index Jan 2006 – Dec 2008**



- Across 2008 the single price point offer of poundshops and 99p stores became much more attractive to consumers whose disposable income was becoming increasingly squeezed by rising bills and energy prices, food inflation and slowing wage growth. In 2009 and beyond this growth in popularity will continue, as consumer concerns instead focus on low job security, pay freezes and negative housing equity.

- As a result, single price point stores will continue to move into mainstream retail. Already the stigma previously attached to shopping in such outlets is disappearing, alongside the growth of other discounting retailers such as Aldi, Lidl and Wilkinson, as consumer psychology begins to hold up value as something to aspire to over the premium luxury which had previously been the pinnacle. The shift has been aided by many value retailers incorporating well known brands into their offers, at lower prices than their high street counterparts. This is particularly important in areas such as toiletries, where customers feel more comfortable with something that's clearly safer to use. In homewares however, the consumer is more likely to judge the product on feel, appearance and, in the case of the smallest items, volume for their money.

Source: Nationwide, Verdict Research

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VERDICT 25

# Table of contents

## UK Retail Futures 2013: Homewares

### CHAPTER 1: TOTAL RETAIL FORECASTS

- The retail market at a glance

### CHAPTER 2: EXECUTIVE SUMMARY

- Key findings
- Key issues
- Strategies for success
- Annual synopsis 2009 to 2013
- Homewares retail expenditure forecast overview

### CHAPTER 3: KEY MARKET ISSUES

- Key issues
- Interest in the home wanes
- Changing consumer psyche
- Consequences of housing market slowdown
- Impact of strengthening dollar on prices
- Dunelm to become major player
- Growing popularity of poundshops

### CHAPTER 4: EXPENDITURE FORECASTS

- Homewares expenditure forecast summary
- Key findings
- Total Homewares expenditure detailed forecasts
- Category growth rates 2008-2013e
  - Glassware, crockery, cutlery & silverware
  - Lighting
  - Non-electric kitchen utensils
  - Miscellaneous household items
  - Bathroom & table linen
  - Bedding
  - Bed linen
  - Furnishing fabrics & curtains
  - Other household textiles

### CHAPTER 5: CHANNELS OF DISTRIBUTION

- Methodology
- Major distribution channels of Homewares
- Retail channels & market components forecasts
- Winners & losers
  - Grocers: Value credentials and growing scale
  - Furniture stores: IKEA gains, independents lose
  - Clothing retailers: Expand homewares offers
  - Homewares specialists: Dunelm props up channel
  - Catalogue retailers: Superseded by the Internet
  - Department stores: Customers trade down
  - DIY retailers: Sales have peaked, footfall to fall
  - Variety stores: Woolworths gone, but poundshops popular
- Homewares specialists market shares

### CHAPTER 6: SPECIALISTS FORECASTS

- Homewares specialists sales forecast summary
- Source of growth
- Space growth
- Selling space
- Sales densities at current & constant prices

### CHAPTER 7: CATEGORY FORECASTS

- Components of homewares retail forecast summary
- Category shares & drivers of growth
- Winning & losing categories
- Furniture & floorcoverings expenditure forecasts
  - Glassware, crockery, cutlery & silverware
  - Lighting
  - Non-electric kitchen utensils
  - Miscellaneous household items
  - Bathroom & table linen
  - Bedding
  - Bed linen
  - Furnishing fabrics & curtains
  - Other household textiles

### CHAPTER 8: APPENDIX

- Total consumer expenditure 1998-2013
- Total consumer retail expenditure 1998-2013
- Total non-retail expenditure 1998-2013
- Store-based retailing summary 1998-2013
- Non-store-based retailing summary 1998-2013
- Online retailing summary 1998-2013
- Food & grocery expenditure summary 1998-2013
- Non-food expenditure summary 2008-2013
- Total growth by sector 1998-2013
- Volume growth by sector 1998-2013
- Inflation growth 1998-2013
- Sales and sources of growth – average annual change 1998-2013
- Sources of growth – average annual change 1998-2013
- Store and space trends 1998-2013
- Sales densities 1998-2013

# Table of contents

## UK Retail Futures 2013: Homewares

### CHAPTER 9: APPENDIX 2

- Methodology
- Terminology
- Location definitions
- Principle sources
- Definitions
- Help & tips to use the quarterly forecasts
- Bespoke forecasting & consulting

### TABLES & FIGURES (ABRIDGED)

- Methodology
- Retail channels of distribution
- Household savings ratio % by quarter 1990-2008
- Effect of changing consumer disposable income levels on consumer attitude 2009-13
- Consolidation of consumer spend 2009-13
- Quarterly housing transactions against homewares sales growth 2005 Q2-2008 Q3
- Estimated quarterly exchange rate index US\$ against UK£ trend plotted against quarterly homewares inflation trend 2003 Q1-2010 Q4
- Dunelms's product mix 2009
- Dunelms's store numbers 2003-08 & forecast to 2013
- Broadening of Dunelm's appeal 2007-13
- Poundlands annual homewares sales £m trended against Nationwide consumer confidence index Jan 2006-Dec 2008
- Poundland's homewares market share 2003-08 & forecast to 2013
- Value of individual sub categories – 2008 & 2013 forecast
- Homewares
  - Retail Spend, Value & Volume Growth 2008-13
  - Retail Expenditure Growth Trends 2008-2013
  - Retail Expenditure Summary 2003, 2008 & 2013
  - Market growth vs. total retail 1998-2013e
  - Growth trends 1998-2013e
  - Total Retail Expenditure 1998-2013
  - Five Year Growth Rates 1998-2013
  - Five-year Average Annual Change 1998-2013
  - Channels of Distribution 2007, 2008, & 2013 (Estimated)
  - Changes in shares of major channels in the market 2013 vs 2008
  - Retail channels share of market 2008 & 2013
  - Consumer spend category shares of market 2008 & 2013
  - Retailers Market Shares 2004-09e
  - Key retailers change in market share 2009e vs 2004
- For glassware, crockery, cutlery & silverware, lighting, non-electric kitchen utensils, miscellaneous household items, bathroom & table linen, bedding, bed linen, furnishing fabrics & curtains and other household textiles:
  - Five Year Growth Rates 1998-2013
  - Five-year Average Annual Change % 1998-2013
  - Growth rate 2009-2013
  - Sources of growth & % of ALL homewares spending (1998-2013e)
- UK Homewares Specialists
  - Summary 2003, 2008, & 2013 (Estimated)
  - Sources of Growth 1998-2013
  - Value & Volume Growth 2008-2013
  - Total sales & space 1998-2013
  - Five Year Growth Rates 1998-2013
  - Five-year Average Annual Change % 1998-2013
  - Y-on-Y % change in current & constant prices 1998-2013e
  - Total store numbers & space (m sq ft) 1998-2013e
  - Sales densities at current & constant prices 1998-2013e
- Total online Sales by sector
- Total online sales growth by sector 1998-2013
- Total expenditure by sector 1998-2013
- Total growth & volume growth by sector 1998-2013
- Total growth & volume growth – sector average annual change 1998-2013
- Inflation/Deflation by sector 1998-2008 & forecast to 2013
- Store retailing & Non-store retailing 1998-2013
  - Five Year Growth Rates 1998-2013
- Sources of growth for UK retailers 1998-2013
  - Average Annual Growth Rates 1998-2013
- Total consumer spending, non-retail consumer spending & retail expenditure 1998-2013
  - Five Year Growth Rates 1998-2013
  - Five-year Average Annual Change % 1998-2013
- Food & Grocery and Non-food expenditure 1998-2013
  - Five Year Growth Rates 1998-2013
  - Five-year Average Annual Change % 1998-2013
- Total specialist retail sales 1998-2013
  - Five Year Growth Rates 1998-2013
  - Five-year Average Annual Change % 1998-2013
- Sources of growth for UK retailers 1998-2013
  - Five Year Growth Rates 1998-2013
  - Five-year Average Annual Change % 1998-2013
- Store & space trends 1998-2013
  - Five Year Growth Rates 1998-2013
  - Average Annual Change 1998-2013
- Specialists sales densities 1998-2008 & forecast to 2013
  - Five Year Growth Rates 1998-2013
  - Average Annual Growth 1998-2013

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