CBI MARKET SURVEY

THE DOMESTIC FURNITURE MARKET IN THE UNITED KINGDOM

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Report summary
This CBI market survey discusses, amongst others, the following highlights for the domestic furniture market in the United Kingdom:

- The United Kingdom's consumption of domestic furniture was valued at € 10,280 million in 2005, up by 10% since 2001. Production was up 3%, valued at € 6,798 million.
- Imports were up by 46% since 2001, and were valued at € 4,977 million. Furniture parts were the largest product group.
- Developing countries account for 37% of all imports, up from approximately 26% in 2001. Around 90% of this is from Asia. The main supplier is China, followed by Malaysia. Supplies from Africa are in decline.

This survey provides exporters of domestic furniture with sector-specific market information related to gaining access to the United Kingdom. By focusing on a specific country, this survey provides additional information, complementary to the more general information and data provided in the CBI market survey 'The domestic furniture market in the EU', which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used as well as information on other available documents for this sector. It can be downloaded from http://www.cbi.nl/marketinfo

1. Market description: consumption and production

Consumption

Total market size
The UK market for domestic furniture was worth € 10,280 million in 2005, and was the third largest market in the EU (after Germany and Italy) with a 13.5% share of the EU25 market. Per capita consumption was € 171, compared to the EU25 average of € 165. This represented a 4.5% increase over 2003, a figure slightly above the EU average for the year. However, it also represented a slowing of a strong growth trend from previous years that had been well ahead of the EU average.

Table 1.1 Consumption of domestic furniture in the UK 25, 2001-2005, € million

	2001 €m	2003 €m	2005 €m	Population (million)	Consumption per capita €	Households (000's)	Occupants per h/h
United Kingdom	9,348	9,833	10,280	60.0	171	26,700	2.2

Source: National Trade Associations, Euromonitor, Eurostat (2006)

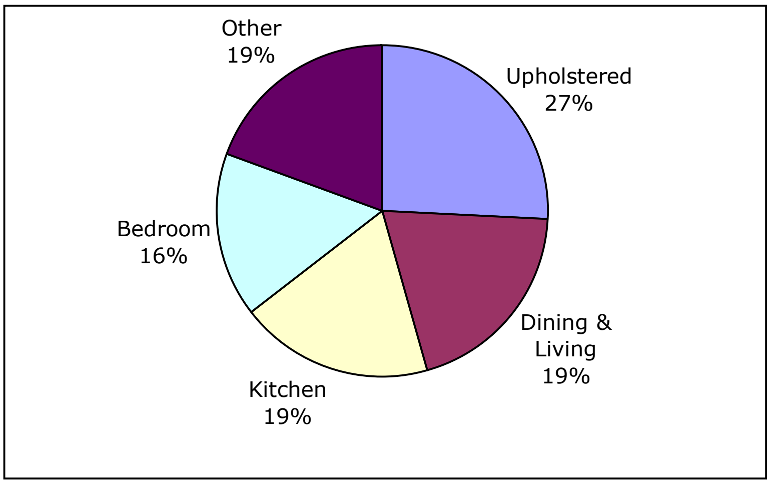
Growth is forecast to continue in 2006, but at a lower rate. Although monthly figures show variations, this growth is underpinned by a long-term growth in house prices that affects demand for furniture.

Product groups
Upholstered furniture is still the largest product group, valued at € 2,673 million, although as a proportion of the total, this group is not increasing. One of the main growth areas here is power recliners. With a growing range of motors and operations, this range appeals beyond the grey market. Its growth is driven by the increase in home cinema (see below).

The dining and living room sector is declining slightly, mainly due to the demise of the dining room. Its value is € 2,005 million. Falls in sales of dining room furniture contrast markedly with significant increases in home office and bedroom furniture. The bedroom furniture sector is currently valued at € 1,645 million. This sector is driven by increased sales of flat-pack furniture and fashion in bedroom furniture. Households are changing their bedroom furniture more frequently than previously.

The kitchen furniture sector continues to increase, now valued at € 1,953 million. This sector has benefited from the high level of interest in home improvements and contemporary interest in food and cooking.

Figure 1.1 UK domestic furniture consumption by product group, % value, 2005



Source: Mintel, Keynote, Euromonitor (2005/2006)

Market segmentation

There are distortions in the furniture retail market due to the disproportionately fast growing housing market in the London area. One consequence of this is a concentration of demand for high value and top end products in this part of the country.

- *Segmentation by lifestyle:* In lifestyle terms, the over 50s still constitute a high proportion of furniture sales. This group is relatively affluent. Although most of their purchases are replacement purchases, they have a higher income at their disposal in comparison to first time buyers, or households with young children.

- Apart from the growth in smaller households, there are changes in the other sectors of the market. Households with children, teenagers, grown-up children who still live at home, and households that now accommodate an ageing relative are creating demands on the use of household space that were not previously required. For example, a child’s playroom may be converted into a “granny annexe”. In some homes three different generations can co-exist under one roof. The flexibility and imagination required to accommodate these different lifestyles has created a challenge for furniture manufacturers.

Furniture that can be supplied flat-packed is of interest to exporters from developing countries. This now applies to many segments of the market, including children’s, bedroom, home office and shelving or storage units for home cinema. These products are usually produced at the “value” end of the market where price is the main consideration. Exporters should also seriously consider opportunities that are created by older affluent groups who perhaps are looking for new living room furniture now that their children have left home. This group will look for such products with built-in extras, such as reclining chairs, or sections of chairs which can hold drinks.

Trends in consumption

- The trend to smaller houses, primarily for one or two people, has resulted in changes to the design of new homes. This involves more open plan design, less dining room-specific space and the incorporation of home office space. This has significant implications for the types of furniture now being demanded by consumers.
- According to Mintel, smaller households, cafeteria style dining in the home and the rise of the television as the true focal point at dinner time have rendered dining room furniture almost obsolete in many houses across the UK. For those who have a dining room, it is usually kept only for formal occasions or changed its function completely. More often than not it has become a space to use a computer, whether the household works from home or not.
- The trend to home cinema will have significant implications for future domestic furniture purchases. Large flat panel screens, with advancements in high definition multimedia, projectors and audio-visual systems, enable people to enjoy cinema style viewing in the comfort of their own home. The emphasis is on comfort. Synergies are being created between audio stores and stores selling comfortable reclining chairs. You can find large size plasma TV screens sold alongside small recliners.
- Other trends include retailers offering free home delivery to try to compete with the growth of online purchasing. While the demand for real wood continues to grow, painted furniture is a small niche but a growing sector, particularly for first time buyers. The growth of retailer brands and the increasing frequency of changing ranges and price promotions are all having a major impact on the supply of furniture. Furniture retailers never forget that furniture is a discretionary purchase that can be postponed at any time. Continued changes are essential to keep the market dynamic and maintain consumer interest.

Production

Total production

The value of domestic furniture production was estimated at € 6,798 million, up 3% since 2001, but most of this has come since 2003. According to Eurostat, the volume of UK production was 73.8 million items in 2003. This contrasts with a poorer performance in most of mainland Europe. However future prospects are uncertain as the overall economy looks equally uncertain. The market is particularly competitive, especially in pine furniture, which is a large part of the UK market.

Table 1.2 Production of domestic furniture by the UK, 2001- 2005, € million

	2001 value	2003 value	2005 value*	Average % change in value	Number of companies 2004	Number of employees 2004
United Kingdom	6,600	6,611	6,798	+3.0	6,300	90,000

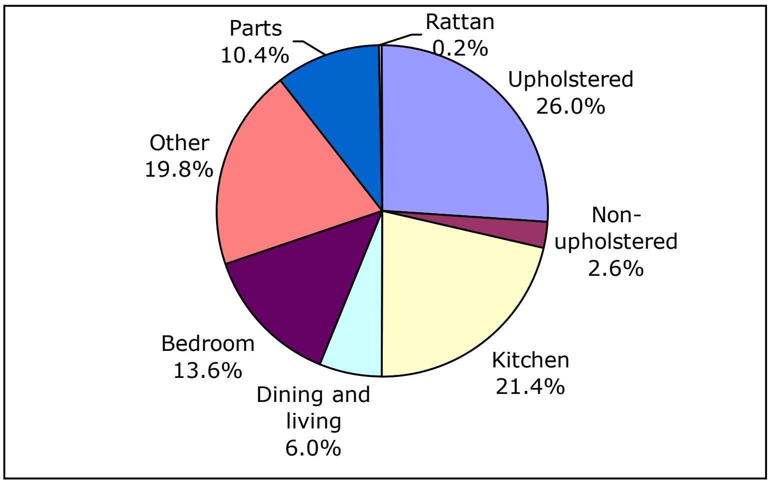
Source: UAE
*estimated

Furniture production in the UK accounts for 9.5% of the EU total and is the fourth largest in the EU, after Germany, Italy and France. It is also similar in size and output to Spain. Between them, these top five producers account for 73% of all EU production.

- The industry is quite fragmented but becoming less so.
- Around 90,000 people are employed by a total of 6,300 companies.
- As well as supporting major manufacturers of mass-market products, small furniture companies assemble for other manufacturers or specialise in supplying highly finished bespoke pieces.

As shown in figure 1.2, upholstered seating is the largest product group, followed by kitchen furniture. Production of kitchen furniture and furniture parts are increasing. Production of dining and living room and bedroom furniture is in decline.

Figure 1.2 Production of furniture in the UK 2005, % value



Source: Eurostat 2006

Major players

The main manufacturing groups in the UK are

- MFI (incorporating Schreiber – manufacturers of kitchens and bathrooms, and Sofa Workshop); MFI accounts for 8-9% of the market and is also involved in retailing (http://www.mfigroup.co.uk).
- Soundersleep includes Silentnight and Sealy, manufacturers of beds, and Homeworthy and Ducal, manufacturers of cabinet furniture. Soundersleep accounts for 4-5% of the market (http://www.silentnight-holdings.co.uk).
- Nobia Holdings includes the Magnet, Hygena and Gower brand names, manufacturers of kitchens and bedrooms, representing also 4-5% of the market (http://www.nobia.se).

Other major manufacturers include Symphony Holdings, Homeform Group (Moben, Kitchen Direct and Sharps), Moores Furniture Group and H Morris.

There has been much restructuring in the furniture trade in the UK. One major group, HMTF Furniture (incorporating Christie-Tyler, Cambria Mobel, Lebus Furniture and others) went into liquidation in 2005.

Trends in production

- There is a shift from creating furniture from raw materials to increased importation of components. Output will be more involved with assembly than actual production.
- Greater emphasis is being placed on design, quality control and finishing.
- New environmental legislation is having an impact on the materials used in furniture production. This covers areas such as obtaining of wood from renewable sources, packaging waste obligations and wood-coating processes (reducing solvent use).
- In particular, there has been an increase in products using lighter hardwoods and a decline in products using tropical hardwoods.
- Downward pressure on prices has forced some manufacturers out of business, but has also led some to relocate production to other parts of the world with lower labour costs.
- There are many joint ventures with Chinese companies. This trend is further encouraged by more demand for flat-pack furniture. This furniture is easy to ship long distances.

Opportunities and threats

- While the UK furniture market has been growing, the rate of growth has slowed. However, demand for new and innovative pieces of furniture are driven by the significant demographic and lifestyle changes taking place.
- Outsourcing of UK production is providing opportunities for exporters from developing countries. However the major opportunities lie in providing good value, highly designed products to meet the changing lifestyle needs of modern UK households.

- Changes in styles of upholstered furniture may now also provide an opportunity for exporters from developing countries. This type of furniture is experiencing a major shift overseas in its production. High quality producers who can produce to this standard and also assist in the design process will benefit from this opportunity.

Useful sources
- The British Furniture Manufacturers Association can be found at http://www.bfm.org.uk.
- The Furniture Industry Research Association is designed to meet the needs of the complete furniture industry supply chain (http://www.fira.co.uk).
- As well as production figures from Eurostat, the can also be obtained from the Office of National Statistics (http://www.statistics.gov.uk).

2. Trade: imports and exports

Imports

Total imports
In 2005, the United Kingdom imported furniture valued at € 4,977 million, or 1,937,000 tonnes. This accounted for 16.7% of all EU imports by value, or 18% by volume. This was an increase of 46% in value (29% in volume) since 2001. The UK is the second largest importer of domestic furniture in the EU after Germany. France has similar levels of imports.

This growth in imports contrasts with a 15% reduction in exports. The gap between exports and imports is widening. Currently imports are six times greater than exports by value and ten times greater in volume. Production has not been growing as fast as consumption. Consequently imports are playing an increasingly important role in the market. Part of the growth in imports may be accounted for by re-exports.

Italy and Germany are the most important EU suppliers, accounting for 28% of all supplies. 54% of all imports are intra-EU. Imports from France, Spain and Portugal have decreased recently while supplies from most other major EU countries have increased.

- Developing countries account for 37% of all imports, well over half of which come from China. Imports from developing countries are increasing year on year.
- China is not only the largest developing country supplier, it is the largest overall supplier, providing almost one quarter of all domestic furniture volume.
- Malaysia is the second largest supplier but volumes are down. Volumes from other Asian suppliers are also up, apart from India.
- South Africa is the largest African supplier but volumes are declining.
- Supplies from North Africa (Morocco and Egypt) are increasing, while Ghana and Zimbabwe are declining.
- In Latin American, Brazil is the largest supplier but supplies from Chile are increasing at the fastest rate.

Imports by product group
Furniture parts are the largest product group of imports to the UK. Valued at € 1,146 million in 2005, this group represented 23% of all imports in 2005 (17% by volume), a lower share than in 2001. This highlights the importance both of re-exports and the separation of production and assembly. Intra-EU trade dominates the supply of furniture parts. Over 40% of all furniture parts come from Italy and Germany. While imports from many EU countries have increased considerably, imports from Portugal, Poland, the Czech Republic and Slovakia are down.

Developing country suppliers play a small but growing role in supplying parts to the UK. Almost 70% of supplies are from Asia. The fastest growing supplier is Vietnam. Supplies from African countries have reduced in volume but increased in value. South Africa is the leading supplier, followed by Morocco. Latin American supplies of parts to the UK are in decline, particularly from Argentina. The other developing country with increasing supplies is Turkey.

Upholstered seating is the next largest product group, valued at € 1,071 million in 2005, representing 22% of imports by value (13% by volume), a higher proportion than in 2001. This group is important for suppliers from developing countries, compared to furniture parts. 42% of all imports came from developing countries, up from less than 20% in 2001.

Italy is the largest supplier by value, but China is the largest volume supplier. These two countries dominate supply, representing over 70% of all supplies. China's imports have increased by four times since 2003 to over 97,000 tonnes (€ 375 million). Other Asian suppliers have also seen increased imports to the UK, particularly Thailand and Malaysia. In Africa, supplies from South Africa are down. Brazil and Mexico are the main Latin American suppliers. Bosnia-Herzegovina is a growing supplier of upholstered seating.

Table 2.1 Imports by and leading suppliers to the United Kingdom, 2001-2005, % value

Product	**2001**	**2005**	**Leading suppliers in 2005** (share in %)	**Share**
Total domestic furniture	3,401 (€ mln)	4,977 (€ mln)	Intra-EU : Italy (19%), Germany (9%), Poland (4%) Ext EU excl DC*: USA (2%), Taiwan (2%), Romania (2%) DC* : China (22%), Malaysia (3%), Vietnam (3%), Thailand (2%), Indonesia (2%), Brazil (1.5%)	54% 9% 37%
Upholstered seating	623	1,071	Intra-EU : Italy (36%), Poland (5%), Belgium (2%) Ext EU excl DC*: Romania (3%), USA (2%), Hong Kong DC* : China (35%), Thailand (3%), Malaysia (2%), Vietnam, Croatia, Indonesia	50% 8% 42%
Dining/living room	465	585	Intra-EU : Italy (9%), Poland (8%), Denmark (6%) Ext EU excl DC*: Romania (3%), Taiwan (1%), USA (1%) DC* : China (18%), Malaysia (7%), Vietnam (5%), Indonesia (3%), Thailand (3%), India (2%)	48% 8% 44%
Non-upholstered seating	289	397	Intra-EU : Italy (16%), Germany (3%), Netherlands (3%) Ext EU excl DC*: Romania (2%), Taiwan (1.5%), USA (1%) DC* : China (38%), Thailand (4%), Malaysia (4%), Vietnam (8%), Indonesia (2%), South Africa	34% 9% 57%
Bedroom	360	537	Intra-EU : Denmark (10%), Germany (9%), Poland (6%) Ext EU excl DC*: Taiwan (1%), Romania (1%), USA DC* : China (21%), Brazil (8%), Malaysia (8%), Vietnam (4%), Indonesia (2%), Thailand	53% 3% 44%
Kitchen	100	158	Intra-EU : Germany (52%), Italy (27%), Sweden (3%), Ext EU excl DC*: USA (1%), Canada, Hong Kong DC* : China (2%), Turkey, Vietnam, Thailand, Malaysia, Croatia, Oman	94% 2% 4%
Rattan	55	90	Intra-EU : Italy (12%), Spain (9%), Poland (5%) Ext EU excl DC*: Taiwan (3%), USA, Romania DC* : China (27%), Indonesia (24%), Vietnam (5%), Philippines (5%), Malaysia (2%), Turkey	30% 6% 64%
Other	665	993	Intra-EU : Italy (8%), Germany (7%), Spain (4%) Ext EU excl DC*: Taiwan (4%), USA (3%), Romania (2%) DC* : China (28%), Indonesia (5%), Vietnam (4%), Malaysia (3%), South Africa (2%), Thailand (2%	37% 14% 49%
Parts	844	1,146	Intra-EU : Italy (26%), Germany (16%), Austria (5%) Ext EU excl DC*: Japan (5%), USA (3%), Taiwan (2%) DC* : China (4%), Thailand (3%), South Africa (2%), Vietnam (1%), Brazil, Turkey	77% 11% 12%

Source: Eurostat (2006), *Developing Countries

Other furniture is the third largest product group by value, accounting for € 993 million in 2005 (26% by volume making it the largest). This is a similar position as 2001. At 49%, this is also an important group for developing country suppliers, and also a rapidly expanding group. Italy is the largest EU supplying country by value, although Germany supplies most volume.

China dominates, supplying 28% of all other furniture to the UK. Supplies from Vietnam, Indonesia and Malaysia are also growing. Brazil is the leading Latin American supplier, but Chile and Bolivia are also important suppliers. South Africa is the leading African supplier, but they are decreasing rapidly at the moment. Turkey is also an important supplier.

Imports of *dining and living room furniture* were valued at € 585 million in 2005 (11% by value and 16% by volume of all furniture imports). This represents a decreasing proportion of all imports since 2001. This group has 44% of supplies from developing countries.

Asia supplies 89% of all developing country imports of dining and living room furniture. China and Malaysia are the two main developing country suppliers, although supplies from Malaysia are declining. Other countries also increased their supplies, with the exception of India and South Africa.

Bedroom furniture had imports worth € 537 million in 2005, 44% of which came from developing countries. Although the proportion of imports is unchanged in this category over the period (11% of total), the share from developing countries has grown rapidly since 2001. The major supplier is China. German supplies have fallen dramatically. Other Asian suppliers are also increasing, with the exception of Malaysia. Supplies from Brazil are static.

Non-upholstered seating imports are the largest product group for developing country suppliers (57%), apart from rattan furniture. Two thirds of this is from China. Italy, as the largest EU supplier, continues to decrease. Mexico, Guyana and Argentina are leading Latin American suppliers. Supplies from Bosnia-Herzegovina are lower.

Rattan furniture is the smallest category, and although developing countries account for 64% of all supplies this is valued at € 90 million in total. Only 4% of *kitchen furniture* comes from developing countries.

Exports
In 2005, the UK exported domestic furniture worth € 825 million, or 189,000 tonnes. This represents a decrease of almost 16% in value since 2001. Volumes were down by 2%. Over the period under review, only Ireland and Spain registered similar decreases in exports. This was the second worst export performance of all EU25 countries.

The UK ranks twelfth in the list of the EU25 countries, according to the size of its exports. This is a similar value to the exports of Slovenia, The Netherlands and Slovakia. UK exports as a proportion of their total furniture trade is lower than the other major EU countries of a similar size and population. Re-exports to Ireland are included in these figures.

As well as the large exporters (Italy, Germany and Poland), Denmark, France, the Czech Republic, Austria and Belgium also export more than the UK. Ireland (33%) and France (9%) are the biggest EU markets for UK exports, followed by the Germany, Belgium and Spain. 69% of exports were intra-EU. Outside the EU, the UK's major export markets are the USA (14%), Japan, South Korea and Norway, followed by Switzerland, Russia, Canada, Australia, Saudi Arabia and Turkey.

Other furniture accounted for 31% of exports by value (€ 257 million) but 26% by volume. Ireland, Germany and France were the principal destination countries. Other important destinations for these products outside of the EU were the USA (23%), Japan, Russia and Australia. Furniture parts represented 17% of exports. Main destinations for these products were Ireland, Belgium, Germany and the USA.
Kitchen and dining and living room furniture exports were also sizeable product groups. Non-upholstered and rattan furniture were the smallest groups. Exports of kitchen and non-upholstered furniture were up over the period. Exports of furniture parts were down. Other product groups were broadly unchanged.

Opportunities and threats

- The UK is a large market and offers significant opportunities for exporters from developing countries. It also imports for re-export, particularly Ireland. Growing imports have been responsible for falls in domestic production. China is benefiting from the majority of import growth. The strength of Italy as a supplier of seats and furniture parts is the major threat for developing country exporters.

- One major opportunity area is based on the growth of single person households, and the smaller-sized, more flexible type of furniture that they demand. Bedroom furniture is one area in particular where opportunities exist. However, purely from the huge size of the sectors, the greatest opportunities can be found with furniture parts and upholstered seating.

Useful sources

- EU Expanding Exports Helpdesk - http://export-help.cec.eu.int/
  Go to: trade statistics.
- Eurostat – official statistical office of the EU - http://epp.eurostat.cec.eu.int
  Go to: 'themes' on the left side of the home page - 'external trade' - 'data – full view' - 'external trade - detailed data'.
- Office of National Statistics – http://www.statistics.gov.uk

3. Trade structure

A detailed explanation of the trade channels in this sector can be found in the CBI Market Survey "The domestic furniture market in the EU".

Trade channels

The furniture market is highly concentrated in the United Kingdom. Independent specialists have a diminishing share of the market. There is still however a wide network of importers, wholesalers and agents that an exporter from a developing country can make use of. Using an established importer is the most common way to enter the market at the moment. It is cheaper than using an agent, but it is important to select an importer with a wide distribution network into a wide range of furniture sectors.

Using agents is the best way to become established over a long period, but a large investment may be required to do this. Buying groups are not so important in the UK furniture trade but there are still one or two worth knowing. They tend to serve the independent sector. The main ones are SMG (The National Furnishing Group) (http://www.smg-group.co.uk) and Associated Independent Stores (http://www.aistores.co.uk).

Furniture importers are numerous. Here is a selection of some of them:

- Daro (http://www.daro-cane.co.uk)
- Desser (http://www.desser.co.uk)
- Habasco (http://www.habasco.co.uk)
- Maison du Monde (http://www.maisondumonde.com)
- Ruddiman (http://www.ruddiman.co.uk)
- Philippine Village Imports (http://www.philimports.com)
- Tribal Trading (http://www.tribaltrading.biz)

Retail trade

There are over 10,000 outlets selling furniture in the UK. Specialists hold a lower market share here than in other EU countries. There have been structural changes in the sector

with companies going into receivership, i.e. a form of bankruptcy in which a company can avoid liquidation by reorganizing with the help of a court-appointed trustee. These changed took place in Courts, Allders and Furnitureland. Competitive conditions mean there will be further structural changes in the future.

IKEA with 12 outlets (http://www.ikea.co.uk) is the leading furniture retailer, but recently the mail order retailer Argos (http://www.argos.co.uk) has overtaken IKEA to sell more items of furniture. Other leading retailers are MFI with 384 outlets (http://www.mfi.co.uk), DFS with 65 outlets (http://www.dfsonline.co.uk), Homestyle with 481 outlets, Home Form Group with 237 outlets, Furniture Village with 33 outlets, Lombok, Habitat (http://www.habitat.co.uk) and Multiyork Furniture (http://www.multiyork.co.uk). The Danish retailer Ilva is entering the market in 2006.

Table 3.1 Share of Retail Distribution in the UK, 2005, % value

Outlet Type	% share
Specialised outlets	**63%**
Independents stores	31%
Multiple chains	32%
Non-specialised outlets	**37%**
Department & variety stores	11%
Mail order & catalogue outlets	12%
DIY outlets	5%
Others (inc direct sales)	9%
Total	**100%**

Source: Business & Research Estimates (2005)

The main department stores are John Lewis (http://www.johnlewis.co.uk) and House of Fraser (http://www.houseoffraser.co.uk). The high mail order sales are primarily due to Argos who also have a strong high street presence as well as mail order. There are a wide range of specialist types of furniture retailing, ranging from kitchens and beds, to leather sofas and upholstered high-end furniture.

Trends

- There has been a significant move to out-of-town retailing that has benefited the larger retailers at the expense of the small independent shops in high streets.
- Both manufacturers are investing in branding to help differentiate themselves from competitors in a crowded marketplace. This also provides an opportunity to add value to the furniture items and justify a price premium. Most branding has been in private label products.
- Another increasing trend is the combination of manufacturing and retailing operations. Much product is now increasingly sourced overseas. There may be opportunities for exporters from developing countries. DIY retailers such as Homebase are increasing their furniture ranges.
- The purchase of furniture over the Internet increased by a massive 29% in 2005, and this now is valued at over € 550 million.

Useful sources

Information on the structure of distribution channels in the UK can be found from:

- The British Retail Consortium (http://www.brc.org.uk).
- The Furniture Directory of Wholesale Distributors http://www.thewholesaler.co.uk/trade/distributor/Furniture_directory_of_UK_wholesale distributors/
- Euromonitor (http://www.euromonitor.com) publish country-specific reports on retailing, and also focus on the home furniture sector.
- Mintel (http://www.mintel.com) has information on the structure of UK trade in its European Retail Directory and produces specific market reports on domestic furniture. Keynote (http://www.keynote.co.uk) also produce market reports on household furniture.
- The Furniture Industry Research Institute (http://www.csilmilano.com) publishes reports on the furniture distribution channels in the UK.

4. Prices and margins

Prices and margins

Furniture prices in the UK are higher than anywhere else in the EU. This cannot be explained by higher VAT rates. The UK is not part of the Eurozone so joining the single currency cannot be an explanation. Nevertheless, the market is very competitive, with special promotions a regular feature of furniture retailing. Hence, although prices have been static or even falling recently, they are still the highest in the EU.

Competitive prices, frequency of promotions and credit possibilities score more highly in the UK, compared to the European average, according to a pan-European study on the furniture market by Cetelem.

An increasing proportion of furniture is imported, maintaining a downward pressure on prices. There is much pressure on domestic manufacturers to reduce their prices. There are also high furniture stocks. All of this helps to keep prices down. 2005 was the most difficult year for furniture retailers in recent memory as UK consumers limited their spending.

Examples of retail prices from three leading retailers are given below:

Table 4.1 Examples of retail prices of furniture items in the UK, 2006

Habitat		**Roche Bobois**		**IKEA**	
Dorma Sofa[1]	€ 2,148	Victorine Bed[3]	€ 2,760	Agen Rattan Chair[2]	€ 29.30
Utah Sofa[1]	€ 2,862	Victorine Bureau[3]	€ 2,295	Jokkmokk Table/4 Chairs[1]	€ 139.10
Utah Armchair[2]	€ 1,717	Victorine Bedside Table[3]	€ 890	Kloffsta Dining Table[1]	€ 153.91
Dub Stool[1]	€ 356	Honfleur Bed[3]	€ 3,769	Jussi Folding Table[1]	€ 102.46

Note: 1 = Modern style 2 = Contemporary style 3 = Provincial style

Source: European Consumer Centre, IKEA UK website 2006

Useful sources

The European Consumer Centre that regularly produces price checks and comparisons on a wide range of products can be reached at http://www.evz.de. The IKEA price list for each country can be found at http://www.ikea.com. The monthly Eurostat bulletin "Statistics in Focus" published a comparative furniture price index in November 2003. A new report is due in November 2006 (http://epp.eurostat.cec.eu). Also check the websites of the major furniture retailers, listed above in Chapter 3.

5. Market access requirements

As a manufacturer in a developing country preparing to access the UK, you should be aware of the market access requirements of your trading partners and the UK government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns

Legislative requirements

National legislation in EU countries is compulsory for all products traded within the country concerned. Therefore, as an exporter in a developing country you have to comply with the legislative requirements that are applicable to your products. For information on legislation for domestic furniture go to 'Search CBI database' at http://www.cbi.nl/marketinfo, select your market sector, and the EU country of your interest in the category search, click on the search button and click on legislative requirements for an overview of all documents on legislation in your country of interest.

- With regards to CEN standards, the United Kingdom legally requires compliance with flame residency tests for upholstered furniture (the 'smouldering cigarette' and the 'burning match' test).
- When using glass in furniture items (e.g. tables, cupboards) it must be safety glass.
- With regards to children's furniture, there are standards for bunk beds which should be tested according to the standard BS EN 747.
- The UK standard organisations FIRA and SATRA have an Internet sites with an overview of standards for 40 different furniture items. Information on European norms and British standards can be found on the site of the BSI.

Non-legislative requirements
Social, environmental and quality related market requirements are of growing importance in international trade and are often requested by European buyers through labels, codes of conduct and management systems. For information on non-legislative requirements applicable to domestic furniture go to 'Search CBI database' at http://www.cbi.nl/marketinfo, select your market sector and the EU in the category search, click on the search button and click on your subject of interest under non-legislative requirements for an overview of all documents on the subject concerned.

There is a social code of conduct, the Ethical Trading Initiative (ETI), an alliance of NGOs and trade unions in the UK. In the UK, the FSC label is well recognised, and the PEFC label (Pan European Forest Certification scheme) to a lesser extent, especially in DIY stores.

Packaging, marking and labelling
Apart from the safety aspects and protection against damage, the focus of packaging is on environmentally friendly transport. You can download information on requirements on packaging, marking and labelling in specific EU markets from the CBI website. Go to 'Search CBI database' at http://www.cbi.nl/marketinfo. You can also find here a packaging checklist for export.

Tariffs and quota
The global furniture trade is rather liberal and therefore most items are free from duties. Import duties in the UK are only payable on parts, seats/furniture of cane, osier, bamboo and kitchen furniture. Further details can be found in the CBI Market Survey 'The domestic furniture market in the EU'.

The Value Added Tax (VAT) for all furniture in the UK is 17.5%.

There are no quantitative restrictions for imports of furniture in the UK.

Useful sources
Furniture Industry Research Association (FIRA International Ltd) - http://www.fira.co.uk
SATRA Technology Centre - http://www.satra.co.uk
BSI - British Standards Institute - http://www.bsi-global.com
ASFI - Association of Suppliers to the Furniture Industry - http://www.asfi.org
BFM - British Furniture Manufacturers - http://www.bfm.org.uk
UK Customs - http://www.hmrc.gov.uk or
- http://ec.europa.eu/taxation_customs/dds/en/tarhome.htm

6. Business practices
General information on business practices can be found in the CBI Market Survey "The domestic furniture market in the EU". Politeness and courtesy are highly regarded in the United Kingdom, particularly England. Note there are subtly different characteristics between the countries within the UK.

Selecting a suitable trading partner

- The furniture trade is changing fast in the UK as it faces up to competitive threats, and business people are much more receptive to new approaches and ideas than they have been in the past.
- Although the British like to drive a hard bargain, they value long term relationships. Networking is important in the furniture trade.
- Trade fairs are important places for making new contacts. The Furniture Show every January in Birmingham is the most important fair. The furniture trade association will also advise you on the sort of contacts that would best suit your business.
- Although meetings in the UK can appear to be unstructured, it is important to be properly prepared and have a professional presentation. The British will appear guarded until you have convinced them of the merits of your presentation.

Reaching an agreement with your trade partner

The British prefer to deal with decision makers rather than junior personnel. The British prefer to have a formal contract but sometimes the fine detail can be overlooked, so make sure you are satisfied yourself with the detail of any agreement. Email is the preferred form of communication, although formal introductions by post are still appreciated.

Common practices of drawing up an offer

Provide as much detail as possible. Depending on the items and depending on the type of buyer, a sample may be required but a good photograph is usually sufficient.

Usual methods of payment

Payment by open account is them most common form of payment. Payment terms are usually 30 days, although some companies may try to extend the payment period. A letter of credit is sometimes used as a payment method in the first instance but this is becoming less common.

Usual terms of delivery

Delivery must be made on time, particularly the first delivery of a new trading relationship. As an island, air-freight is a common method of delivery. Transportation by sea is also common, particularly for heavier items and items where there is less pressure on the delivery time. Sometimes deliveries are made via Rotterdam in The Netherlands.
More information on payment and delivery terms can be found in CBI's *Export Planner.*

Sales promotion

The trade press is an important promotional medium for furniture in the UK. Video presentations are also quite common but can be expensive to produce. UK buyers like to have some personal relationship with their suppliers but ultimately the product quality and price are most important. They are reassured by websites as a sign of the stature and integrity of an organisation.

Having a presence at the Furniture Trade Fair is an important means of promotion (http://wwwthefurnitureshow.co.uk).

The British Furniture Manufacturers Association can be reached at http://www.bfm.org.uk. The main trade publications are Cabinet Maker (http://www.cabinet-maker.co.uk) and Furniture News (http://www.furniturenews.net).

More information can also be found in CBI's *Export Planner* and *Your Image Builder.*

This survey was compiled for CBI by ***Searce*** in collaboration with Mr. Johan Jonkers