

FURNITURE RETAILING – GERMANY – 2021

Whilst COVID-19 boosted consumer spending, store-based retailers need to focus on enhancing the in-store experience to compete against pureplay online retailers.



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Report Content

EXECUTIVE SUMMARY

Key issues covered in this Report

- Overview

Impact of COVID-19 on the furniture retail sector

- COVID-19 provides a legacy boost to the furniture retail sector
- COVID-19's impact on the furniture retailing sector and German consumer behaviour

Market context

- Economic uncertainties impact spending on non-essential items
- eCommerce surges in popularity
- Germany's population is ageing steadily

Mintel predicts

- Market size & forecast following COVID-19 outbreak
- Redirected spend boosts consumer spending on furniture
 - Graph 1: consumer spending on furniture, lighting, carpets and other floor furnishings, 2016-20 (€bn)
- The sector looks set to sustain growth

Opportunities

- Blend the benefits of online and offline retailing
- Utilise advanced technology to appeal to younger consumers
- Capitalise on future consumer investment in the home
- Supply storage solutions to eager consumers

The competitive landscape

- IKEA is by far the most popular specialist furniture retailer
 - Graph 2: retailers from which furniture has been bought in the last 12 months, 2021
- Quick download resources

MARKET DRIVERS

- COVID-19: market context
- The impact of COVID-19 on the German economy
 - Graph 3: key economic data, in real terms, 2019-2022
- The impact of the economy on the market
- Brexit: some disruption for German trade will be inevitable

eCommerce

- The rise of pureplay online retailers in the market

Population demographics

- Getting prepared for an ageing population
 - Graph 4: population structure by age, 2020-30
- Getting prepared for an ageing population

Housing

- Germans prefer to buy their own furniture...
- ...even if they do not own their own homes

MARKET ACTIVITY

Sector size and forecast

- Note on forecast in response to COVID-19
- Consumer spending on furniture increased during the pandemic...
- ...and online sales grew significantly
- Overall retail turnover in July 2021 down 5.1% on the previous month

Channels of distribution

- Furniture specialists continue to dominate the market
 - Graph 5: retail sales (€bn) from furniture specialists as a % of total consumer spending on furniture, lighting, carpets and other floor furnishings, 2020
- Non-specialists are increasing their share

WHAT CONSUMERS WANT, AND WHY

Impact of COVID-19 on consumer behaviour

- Key shifts in consumer behaviours

Consumer spending on furniture

- Consumer spend on furniture varies greatly...
 - Graph 6: approximate spend on furniture in the last 12 months, 2021
- ...but younger consumers are more likely to spend more
 - Graph 7: approximate spend on furniture in the last 12 months, NET, 2021
- Ramp up engagement with younger consumers
- Home owners are likely to invest more, but tenants should not be neglected
- Speak to consumer interest in multifunctional rooms
- Cater to those looking to invest in home office and dining room furniture

Furniture Retailing – Germany – 2021

- Majority of consumers choose to focus on one room at a time
 - Graph 8: repertoire of types of rooms for which furniture was bought in the last 12 months, 2021
- Majority of consumers choose to focus on one room at a time
 - Graph 9: approximate spend by number of rooms in the home for which furniture has been bought in the last 12 months, 2021
- Encourage older consumers to reinvent their home spaces

Methods used for buying and browsing for furniture

- Consumers opt for online furniture shopping over in-store
 - Graph 10: methods by which furniture has been bought in the last 12 months, 2021
- Promote in-store shopping by focusing on experiences
- Mind age differences in methods used for furniture shopping
- An overwhelming majority of consumers browsed for furniture online during 2020
 - Graph 11: methods by which furniture has been browsed for in the last 12 months (NET), 2021
- Enhance the customer journey to ensure that sales channels work in harmony with one another
 - Graph 12: methods by which furniture has been bought and browsed for in the last 12 months, 2021

Retailers from which furniture has been bought

- IKEA is by far the most popular specialist furniture retailer
 - Graph 13: retailers from which furniture has been bought in the last 12 months, 2021
- IKEA enjoys a comfortable lead over other store-based specialists...
- ...but Amazon is the most popular 'go-to' retailer amongst German consumers
- Smaller retailers can highlight their ethical business practices
- Slightly higher average spend recorded at traditional store-based furniture specialists than Amazon
 - Graph 14: approximate spend at retailers from which furniture has been bought in the last 12 months, 2021
- Significant opportunities for medium-priced retailers to capitalise on current consumer popularity

Retailers from which furniture has been bought and the most money on furniture spent

- - Graph 15: retailers from which furniture has been bought and the most money on furniture spent in the last 12 months, NET, 2021
- Another win for Amazon

Reasons for which furniture has been bought

- Furniture purchases are buoyed by the need to replace old items
 - Graph 16: reasons for which furniture has been bought in the last 12 months, 2021
- Replacements remain the biggest factor when it comes to buying new furniture...
- ...whilst flexible living creates a new kind of demand
- 'Treating oneself' to furniture during lockdown
- Home owners are more likely to spend on home renovation than those who rent
- Accommodate landlords of furnished properties

Attitudes towards furniture shopping and COVID-19

- Consumer confidence in purchasing furniture online is boosted by the pandemic
 - Graph 17: consumer attitudes in regards to shopping for furniture and the COVID-19/coronavirus outbreak, 2021
- The temporary shutdown of physical stores boosts online sales immensely
- Cater to consumer demand for more sustainable furniture
- Prioritisation of future home projects is key to assessing future demand
- Capitalising on the advantages of advanced technology

RETAILER ACTIVITY

Leading retailers

- IKEA is no longer the leading furniture specialist
- An acquisition shakes up the furniture retailing landscape

Market share

- Consumer penetration – top six leading online retailers

Online

- Online is well positioned as a retail channel in Germany
 - Graph 18: individuals who made internet purchases in the last three months, 2010-20
- COVID-19 provides a major boost for online

Retail innovation

- IKEA wants to give furniture a second chance
- Traditional and online channels working in tandem with one another
- IKEA expands into the green energy market
- Combining the latest technology with expert advice

Advertising and marketing activity

- XXXLutz intends to keep engagement with its target customers high
- Utilising the possibilities of live streaming to engage younger customers
- 'Unbelievable' at IKEA – showcasing sustainability

MARKET SEGMENTATION, SIZE AND FORECAST

- The sector is set to sustain growth over the next five-year period

COVID-19 SCENARIO PERFORMANCE

- Mintel's approach to predicting the impact of COVID-19

- Mintel's approach to predicting the impact of COVID-19
- Fundamental differences in how COVID-19 is affecting consumer markets
- The risk of vaccine-resistant strains of COVID-19 adds huge uncertainty
- Long-term impact of COVID-19 on furniture retailing
- Even if COVID-19 disruption is extended, the market will experience growth
- COVID-19 market disruption: risks and outcomes

APPENDIX

Appendix – products covered, consumer research methodology and language usage

- Products covered in this Report
- Consumer research methodology
- A note on language

Appendix – market size and forecast

- Forecast methodology
- Forecast methodology – fan chart
- Market size – value
- Market forecast and prediction intervals – value

Appendix – COVID-19 scenario performance methodology and assumptions

- Scenario performance
- Rapid COVID-19 recovery scenario outline
- Central COVID-19 disruption scenario outline
- Extended COVID-19 disruption scenario outline
- Scenario methodology

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