Contents

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Topline Summary

Market size

The domestic furniture market in Ireland was worth IR£649m in 1999, or £508m sterling at retail prices.

Northern Ireland accounts for £156m sterling or 31% of the total market, against IR£450m in the Republic.

The total market is forecast to grow by 17% in 2000. The Republic is projecting 20% growth against 11% in Northern Ireland.

A sustained period of economic growth (7% forecast for 2000 in ROI and 2.8% in NI), coupled with a buoyant residential housing market are the key drivers behind the furniture sector growth. Changes in the constitution of the family unit, higher disposable incomes, the influence of fashion, combined with new lifestyle trends are all having an effect on the type of furniture which Irish consumers are purchasing.

Segmentation

Upholstery is the most important segment of the Irish furniture market accounting for 33% by value, followed by beds/bedroom furniture at 20%, living and dining room furniture at 18% and occasional furniture at 8%. Kitchen furniture accounts for a further 21% of the market and is sold through separate distribution channels.

Manufacturing

Irish suppliers' estimated share of the domestic furniture market is 28% (IR£100m) 1999/2000. Their influence is strongest in the middle market upholstery and cabinet sectors. These products are sold primarily through independent furniture specialists. Imports dominate the top and lower ends of the market, and statistics indicate that their share is continuing to grow.

Margin pressure and labour shortages are key issues affecting Irish furniture manufacturing.

In terms of quality and service Irish manufacturers are working within acceptable levels. Encouragingly, several Irish brands were listed by retailers among their best performers.

Retailing

Furniture retailing is booming in the Republic with many new store openings. In Northern Ireland the market is more competitive. This is illustrated by the relative sales performance per square foot (£150-250 NI average versus IR£250-400 for the Republic) and also by the lower mark ups in Northern Ireland.

There are an estimated 1,700 furniture retailers in the country, although the top 50 independents command 35-40% market share. Multiples have less than 25% mainly at the volume end of the market and numerous small independents control the balance.

Import Furniture (Trade Prices IR£000)

	1995	1996	1997	1998	1999(e)	5 year change
Bedding & Mattresses	778	1,642	1,295	1,837	1,588	104 %
Upholstery/Seating	16,915	20,304	28,239	28,838	30,065	78 %
Office	12,151	15,777	29,779	41,599	43,694	260 %
Kitchen	1,910	2,941	5,225	7,033	8,117	325 %
Bedroom	4,488	6,505	9,092	11,139	13,062	191 %
Other Cabinet	26,934	34,154	41,236	54,680	63,314	135 %
Other	23,550	27,645	32,106	59,674	58,160	147 %
Total	**86,726**	**108,968**	**146,972**	**204,800**	**218,000**	**151 %**

Source: CSO Business Monitor
(e) 1999 Figures estimated based on January-July figures

Northern Ireland is excluded from the above analysis as its trade figures are reported with the UK statistics. However, Northern Ireland is a significant importer of furniture and pro-rata estimates would indicate that the region imports £70-80m from Britain and abroad.

Export Furniture (Trade Prices IR£000)

	1995	1996	1997	1998	1999(e)	5 year change
Bedding & Mattresses	2,343	5,933	6,392	8,442	7,164	206 %
Upholstery/Seating	15,113	17,457	14,986	14,502	11,058	(27)%
Office	3,718	4,005	3,910	3,998	4,002	8 %
Kitchen	759	2,270	3,168	2,702	2,106	177 %
Bedroom	3,833	3,725	6,330	4,349	4,012	5 %
Other Cabinet	35,784	28,917	40,285	41,373	32,365	(10) %
Other	9,077	18,753	16,868	48,634	45,293	399 %
Total	**70,627**	**81,060**	**91,939**	**124,000**	**106,000**	**50 %**

Source: CSO Business Monitor
(e) 1999 Figures estimated based on January-July figures

In overall terms, Ireland's import trade in furniture is growing at 3 times the rate of its furniture export business. Domestic sales by Irish manufacturers are not growing at anything like the same rate as imports which suggests that the import brands are gaining market share. The situation varies considerably within the different segments;

Ireland's exports of mattresses and bedding are significant at around IR£7m in 1999, up 206% on the 1995 sales.

Ireland is a significant importer of upholstery, worth IR£30m and up 78% over the last five years. By contrast Ireland's upholstery exports have declined by 27% in the same period to IR£11m.

Office furniture is an important and growing import, valued at £43m in 1999 from a much lower base of IR£12m in 1995, reflecting the growth in the commercial sector generally.

Export sales of bedroom and cabinet furniture have been in slow decline from around IR£46m in 1997 to only IR£36m in 1999, while imports have grown by approximately IR£10m per year to reach IR£76m in 1999.

Other categories including furniture components, accessories and garden furniture have performed very well in export markets reaching IR£45m in 1999.

'House prices and cars are limiting the budgets available to spend on furniture.'

Dublin Department Store Buyer

Factors Affecting Growth
The health of the economy and the housing market are the two most important factors affecting furniture sales.

The Republic of Ireland has experienced a sustained period of exceptional economic growth in the last five years with annual GDP growth of up to 8%. Despite recent EU Central Bank concerns about inflation levels, a soft landing for the Irish economy is predicted with further GDP growth of 7% in 2000. Significant numbers of expatriates are returning to Ireland to experience the new prosperity and are increasing the numbers of households. In March 2000 the Tanaiste and IBEC launched an initiative to attract 200,000 skilled immigrants in order to address potential labour shortages. Further detailed analysis of Ireland's economic performance is available at www.esri.ie.

Northern Ireland's economic performance is more closely related to that of Great Britain, and in recent years the relative political stability has improved business confidence in the region. Between 1999/2000 the economy grew at 2.1% and this is expected to grow to 2.8% in the current year. In-depth analysis on Northern Ireland's economic performance and outlook is available at www.pwcglobal.com or www.nisra.gov.uk

Average house prices in the Republic have almost doubled in the last 5 years, and are growing faster than salaries. The impact of the Celtic tiger on furniture sales has been less immediate because consumers have less disposable income due to higher housing costs.

According to CSO Household Budget Survey and NI Family Expenditure Survey Statistics from 1994/5 and 1998/9, Northern Ireland households spend twice as much on furniture and household goods as their southern counterparts. Nevertheless, most ROI retailers who participated in our review have experienced sales growth of between 15-20% in the last financial year and were budgeting for the same level in 2000. In Northern Ireland growth levels have been less significant at around 10% in 1998-1999 and retailers indicate that competition for the furniture pound is more intense than ever with less security overtime money in the system and more frequent holidays abroad. Retail sales growth projections for 2000 are at approximately the same level (~10%).

Irish Housing Market 1995-1999

		1995	1996	1997	1998	1999	% Change
Average house price	ROI IR£	56,341	62,340	71,860	88,144	105,098	+87%
Average house price	NI £stg	61,000	63,000	67,000	69,000	73,000	+20%
New dwelling completed (units)	ROI	30,575	33,725	38,842	42,349	46,500	+52%
New dwelling completed (units)	NI	8,463	8,556	10,168	10,077	10,583*	+25%
Total housing stock (units)	ROI	1,091,000	1,115,000	1,145,000	1,177,000	1,212,000	+11%
Total housing stock (units)	NI	600,000	596,500	607,500	618,000	626,000	+4%

* Housing starts in 1999, Completions not available

Department of Finance and Personnel, DOE (NI) Bulletin of Housing Statistics, Department of the Environment & Local Government

Market Segmentation

The domestic furniture market in Ireland divides into five key segments; upholstery, dining/ living room, beds/bedroom, fitted kitchens and other (occasional, garden).

Market Segmentation

Key segments	NI		ROI		Total		%
	IR£	£	IR£	£	IR£	£	
Upholstery	65	51	148	116	213	167	33
Living/dining	36	28	80	63	116	91	18
Bedroom/beds	41	32	91	71	132	103	20
Kitchen	42	33	95	74	137	107	21
Occasional/other	15	12	36	28	51	40	8
Total	**199**	**156**	**450**	**352**	**649**	**508**	**100**

Source : PwC Estimates
£stg1 = IR£1.2775
IR£1 = £stg0.7828

Upholstery is the largest and best performing segment accounting for 33% of sales or IR£213m and includes sofas, armchairs and occasional upholstered pieces (stools etc). Leather furniture is also part of the upholstery market and has enjoyed significant growth in the last 12-18 months. This trend is expected to continue.

Dining/Living room furniture has evolved with a discernible trend away from formal dining room towards more entertainment driven living room furniture. This includes hard wooden furniture as well as furniture made from metal, glass and other materials. Cabinets, wall units, tables and chairs, sideboards and other shelving/storage units are part of the cabinet market and accounted for IR£116m at retail prices in 1999. Trade sources predict a revival of interest in formal dining room furniture in the coming months.

Beds/bedroom

Bedroom furniture has traded down towards cheaper, often self–assembly furniture. The sector includes bed frames, bedside lockers, wardrobes, dressing tables and storage units. Many new houses/apartments are specified with fitted wardrobes which has reduced the retail market. By contrast, consumer spending on beds/mattresses has increased and retailers report that buyers are changing their beds more regularly as a result of product improvements, hygiene and health consciousness.

Kitchens

Kitchens are a specialised area and sold through separate distribution channels distinct from free standing domestic furniture. Fitted kitchens from leading UK multiple groups such as MFI, Homebase and others have benefited from the growth of new housing and apartment buildings in Ireland, particularly in the cities. The house-builder is also an important channel of distribution for fitted kitchen and bedroom furniture. Kitchens account for an estimated 21% of furniture expenditure in Ireland, or IR£137m at retail prices.

Other

Occasional furniture such as clocks, coat stands, mirrors, nests and CD storage have been an important growth area in recent years, and are used to reflect individuality and style. Most products are imported from Europe and the segment is valued at IR£51m. Garden furniture is a specialised area and is sold through DIY and Garden Centres rather than the domestic furniture channels. Spending on garden furniture has grown in the last 5 years.

Product Trends

The pace of change in the Irish furniture market has accelerated considerably in the last five years. Furniture product trends are being driven by a number of important factors:

- **Changing family unit:** Young people are remaining single for longer and families are having fewer children which has a significant impact on the type of accommodation and furniture they require.

- **Higher disposable incomes:** While many furniture retailers would contest that the Celtic Tiger has not been as evident in their businesses as elsewhere due to house price inflation, there are certainly more buyers and more frequent purchases, albeit for smaller average orders.

- **Designer fashion:** Many leading fashion designers are extending their apparel empires to the home, particularly in homeware and soft furnishings. Examples include Jasper Conran, John Rocha and Ralph Lauren. Although furniture remains largely 'unbranded', the influence of the designer is clearly being felt in upholstery fabrics, wood/veneer shades and finishings.

- **Lifestyle trends:** Growth in apartments, the home office, informal dining and eating out, and the growth of multi-media (TV, internet, games) is changing the type of furniture which Irish consumers require in their house. In many homes, the dining room has been substituted for a multi-use living space which combines eating, relaxing, working and entertainment. The most successful furniture manufacturers have responded to these needs.

- **Consumer confidence:** Economic prosperity, foreign travel and European influence has broadened Irish consumers' horizons. The Irish market can no longer be described as a microcosm of the UK, and retailers/manufacturers must respond with a wider range of products with international style influences.

'English influence on Irish retailing is diminishing – the demand for choice is greater and the European influence can be felt.'

Hodgkins, Stillorgan

Upholstery

The most striking change in the Irish upholstery market today compared with five years ago is the use of colour. Strong patterns and stripes have been replaced by solids with extensive fabric choice. Natural colours are very popular in chenille, shabby chic or twill fabrics. Warm colours such as terracotta, cream or sable, and solid blues and greens are very safe.

Removable covers which can be washed have been a successful innovation in upholstery. Muted heraldic, Celtic and calligraphic patters have been a popular theme in fabric.

In terms of shape, sofas and chairs are getting bigger and deeper. Sales of standard three piece suites are fast becoming a thing of the past as new living spaces/lifestyles necessitate different formats. Consumers want maximum flexibility and interchangeable upholstery formats so manufacturers/retailers must respond with wider ranges and sizes. Retailers report that younger buyers who live in apartments or starter homes often purchase a large sofa and separate occasional easy chair, or perhaps two small sofas to get maximum use of their space. Upholstered centre pieces/stools are an important trend, co-ordinated in the same fabric as the principal sofa.

The trend towards modular components in cabinetry is also making in–roads to the upholstery market. There is a discernible trend towards upholstered seating units which can be extended or contracted to suit the space and shape of the room. The best examples come from Ligne Roset, Tetrad, Natuzzi and Collins & Hayes.

Among the Irish upholstery brands, Finline, M&A Moran and Alfrank's new upholstery ranges were mentioned as strong preferences by retailers. Parker Knoll is one of the most established and well marketed UK upholstery brands in Ireland and is widely available. The company has been very strong on innovation.

Leather
Although strictly speaking part of the upholstery market, leather furniture has enjoyed significant growth in its own right in the last 3-4 years and shows no sign of slowing down. Leading Irish retailers indicate that their sales of leather have experienced double digit growth in the last two years.

Price has been a strong factor in this growth as leather upholstery prices have come down, coupled with a much wider range of colours, shapes and finishes on offer from the leading suppliers. Leather still commands a premium position in the mind of the Irish consumer and fashion trends towards natural materials have buoyed its success. The leather market is dominated by imported Italian brands, such as Natuzzi and Mancini, which are extremely competitive and the sector is unlikely to offer opportunities for Irish manufacturers.

Leather easy chairs and recliners are an established part of the Irish leather market and a wide range of price points and styles are in evidence.

Cabinetry
The cabinet or hard furniture market further sub-divides between living room, dining room, bedroom and occasional pieces.

The most significant development in living room furniture has been the trend away from formal furniture towards lighter simpler more entertainment driven furniture. Wall cabinets ostensibly for display and storage purposes are being displaced by entertainment units which can accommodate storage, electronic equipment and flexibility of format. Ducal offers an extensive range in this area.

Modular forms of cabinetry are making inroads to the Irish market, driven by international retail groups, such as Habitat and Ikea. On the branded side most modular furniture available in the Irish market today is imported.

In Belfast and Dublin retailers report significant growth in modular, contemporary modern furniture which is being driven by space constraints and younger buyers with contemporary fashion influence. However, in the regions and wealthier suburbs, traditional reproduction styles still hold the centre ground.

'Cork and Galway do not have the same density of apartments so modern, modular furniture has not had such an impact on the traditional.'

Caseys, Cork

Five years ago the Irish cabinet market was characterised by mahogany and oak veneers in living room, bedroom and dining room furniture. Trends have shifted to lighter woods such as maple, cherry and beech and styles have become simpler, for example fewer rope edges, cut glass and less intricate carving. Rossmores La Font range seem to bridge the gap well between contemporary and reproduction style furniture.

Frosted glass has become a major story in cabinetry and on tables with selective metal/chrome features and accessories (handles, legs, etc).

Contrast woods–mixing dark brown with lighter shades–are also beginning to emerge e. g. Stag, McDonagh Fusion.

Pine has remained popular, particularly for bedroom and kitchen/casual dining rooms, and the quality has improved in recent years. A major trend within this sector has been the distressed look with Mexican pine at the forefront. Retail sources consider that this trend has peaked and the Mexican pine market may decline in the coming months.

Despite these directional trends and the growth of contemporary ranges, traditional reproduction styles still account for 80% of sales among independent retailers in Ireland.

Beds and bedroom
Bedroom furniture has become more casual and not co-ordinated. Dark woods and formal shapes have been supplanted by pine, metal and synthetic materials.

In common with the living room the bedroom suite is being simplified down to a core offer with various occasional options, which can be purchased separately or as a complete range.

Bedrooms do not enjoy the same level of expenditure as living rooms or kitchens and customers tend to trade down to cheaper materials.

Despite this, and according to retailers, many Irish customers are becoming more discerning about mattress quality and technology and are prepared to pay more for a premium product. A much wider range of quality mattresses is now evident at retail level. Brand awareness is higher in

'Interior designers and the show house / developer is becoming an important channel for furniture retail.'

Penneys, Larne

mattresses than in any other area, reflecting consumer concerns about safety and comfort. King Koil and Silent Night have been at the forefront of product innovation in this sector. Erinwood's new childrens range, (Roomates) has received a good reaction from retailers.

Flat pack, self assembly furniture and cheaper foil finished (synthetic veneer) cabinets dominate the lower end of the market. UK multiples such as MFI, Argos and B&Q focus their offer in these products which are very competitively priced. Flat pack furniture in general is not as accepted in Ireland as elsewhere in Europe.

Occasional furniture

Leading Irish retailers reported significant growth in occasional pieces such as TV/video units, nests of tables, mirrors and wall tables, clocks and free-standing bathroom/kitchen units such as towel rails and coat stands or wine racks. These pieces are often bought independently and are unco-ordinated with the rest of the furniture in the room. Alfrank enjoy a strong position in this market, as well as the mainstream living room market.

Customers use occasional pieces to express individuality and may be less conservative or price sensitive in their selection process. This was reflected by the variety of occasional pieces on offer in the Irish market.

Home office

Nearly all the Irish retailers who participated in our review offered a home office solution, often as part of a wall cabinet or living room range. The styling is usually modern with lighter woods and metal in evidence.

Retailers anticipate further growth in the home office segment, but are unlikely to carry more than one or two ranges.

Kitchen

The Irish kitchen market is less structured than the UK market which is dominated by specialist fitted kitchen suppliers.

The Irish kitchen market is served by a number of regional independent contractors, specialist independents and the DIY groups such as MFI, Homebase and B&Q.

In common with living room furniture the trend has emerged towards lighter woods (beech, maple, pine) and combinations of chrome and frosted glass finishes. However the rustic, country pine look remains the best selling kitchen look.

Marble tops and stainless steel accessories are an important part of the contemporary kitchen and free standing units rather than a fitted kitchen are becoming popular at the middle to upper end of the market.

Key Furniture Brands in Ireland

	Cabinet	Upholstery	Bedroom	Beds	Pine	Leather
Upper Range	Bevan Funnell Old Charm Ligne Roset Grange Ercol Porada Baker	Duresta Derwent Colins & Hayes **Orior** Tetrad Tyler Ercol Corrinth	Grange Ligne Roset Hammonds **Coyle**	**King Koil** Silent Night Hypnos Sealy Dunlopillo Relyon	Ducal	Natuzzi Ekornes
Middle market	Stag Ducal G-Plan **Coyle** **Rossmore** **McDonagh** **Alfrank** Hammell	Contour Parker Knoll Cambia **Finline** **M&A Moran** Heirloom **Louis Dungan** Creative Sofa Guild	**McDonagh** Stag Ducal **Erinwood** Silent Night **Rossmore** Duckers Wallbank	Silent Night Slumberland Sleepezee Dorlux Myers Jaybee Airsprung **Kelletts**	Lovelace **Rossmore** **Erinwood** Corndell Protea	Frayling Mancini Natuzzi Sherborne Contour Wesley Piemme
	Systema **Gola** Alstons **Sherlock** **McCarter** Sakol **S F Quinn** Zocal **McGoona**	Lifestyle Mark Webster Lebus **Ashleaf** Ian Walker	Starplan Alstons Nolte Beautility Club 8	**Balmoral** Dreamcastle Spring Air Odearest	Mexican pine	

Bold text denotes Irish manufacturers

Source: Retailer Interviews

> **'The West of Ireland is a totally different market than Dublin and the other regions'.**
>
> **In-store, Galway**

Retail Trends and Distribution

The Irish Furniture market is still dominated by independent retailers. FAS (the State Agency responsible for training and development) estimate that there are 1,260 furniture stores in the Republic and a further 450 in Northern Ireland. The majority are small owner-managed businesses with single units, ranging in size from around 5,000 sq feet to the largest at around 40,000 sq feet.

Comparing the total retail value of the furniture market (IR£649m) with the total number of outlets, the average turnover of a furniture retailer in Ireland is approximately IR£380,000.

UK multiples have entered the market on both sides of the border but tend to focus on the lower/middle mass market offer. The most significant UK players include Argos, (strong on beds and bedding), B&Q (Kitchens and Occasional), MFI, Reids Furniture, Homebase, Harvey's, Courts and Sofaland. It is widely rumoured that the Swedish super retailer Ikea will enter the Irish market with an outlet possibly in Co Louth.

PwC estimate that UK multiples have less than 25% of the Irish furniture market by value, and are strongest in kitchens, bedding and upholstery.

UK multiples are not included in this review as Irish manufacturers do not have the capacity to produce high volume, nor are they price competitive enough to compete in this retail segment.

Associated Independent Stores (AIS) are a UK based buying group which has 7–8 members in Ireland. AIS organise 2–3 shows per year of the leading brands where they negotiate special prices for their members. Another buying group which has members in Northern Ireland is the Green Group which services 200 stores in the UK. This group is focused on the modern/contemporary end of the furniture market.

The majority of furniture manufacturers selling in the Irish market depend on trade representatives or direct sales from the factory. The leading agents in the Irish market are listed below.

Some retailers held the view that manufacturers were over dependent on their agents and did not develop contact with their customers.

Ireland Based Agents

Brands	Northern Ireland	Republic of Ireland
Ducal	Charlie Hickland	Jack Casey
Rossmore	Derrick Smyth	John Murray
Alfrank	Maura O'Connell	Ann Carter
McDonagh	Douglas Yeats	John Molloy
Parker Knoll	Gavin Watt	Gavin Watt
King Koil	Michael Angus	Danny Finnegan
Natuzzi	Munnett (UK Agent)	UK Agent
Finline	Finnoula Fedilus	Direct
Systema	Carol Bailey	Peter Harris International
Alstons	Alan Moore	Alan Moore
Old Charm	Jack Casey	Jack Casey
Stag	Andrew McClelland	Andrew McClelland
M&A Moran	Joe McGlade	Jim Molloy
Silent Night	John Crilly	Brian Smith
Creative	Direct	John Mc Vey (Scotland)
Collins & Hayes	Michael Kearney	John Heslehurst
Respa	Gerry Connolly	Gerry Connolly
Tirelli (leather) McGoona	Frank Carbury	Paul Dumphy
Sherwood Upholstery	Direct	Bill Danker
Glen Eagles Pine	N/A	Siobhan McKenna
Zocala Molloy Woodcraft	Wilbur Poots	Tom Sullivan
Kilrush Trading	John Shannon	Brendan McKenna

‘Margins and competition are considerably tighter on furniture retailing in the North than down South.’

Ideas, Belfast

‘Irish manufacturers should focus on fewer accounts and work more in partnership with the retailers.’

Caseys, Cork

The core middle to better end retailers which are the key accounts of the local manufacturers are detailed at the back of this report.

Furniture retailing in Ireland has evolved considerably in terms of standards of merchandising, display and store layout. Many of the larger more progressive shops incorporate cafes and giftware/accessories areas which reach a wider audience and keep customers longer in the store. These improvements are reflected in better sales per square foot. However, it is important to keep regional differences in mind.

PwC estimate that the top 50 or so retailers account for up to 35-40% of the available market or IR£250m. The balance is divided among numerous smaller independents (40%) and the UK multiples (25%).

The principal issue which retailers have with Irish manufacturers is with regard to loyalty and exclusivity. Retailers expect manufactures to give them exclusivity within a certain catchment area and desist from doing deals with individuals who approach the factory directly. Some manufacturers have damaged their reputation by selling direct.

Amateur interior designers are also making direct approaches to factories requesting trade prices and disrupting the retail balance.

Almost all the retailers who participated in our review stock Irish brands and these brands are among the best quality and best performing. However, the key message for Irish furniture manufacturers is to shorten range life cycles and respond faster to trends in the market place.

Pricing and Margins

In Dublin, key furniture retailers were achieving sales per square foot of IR£350-£450 per annum, compared with an average of IR£150-£250 elsewhere in the country. Northern Ireland has more furniture shops per head of population and tighter competition combined with slower economic growth which has kept sales performance per square foot at around £100–£150 outside Belfast and £250-£350 in Belfast.

Furniture mark up also varies between North and South. The average mark up in Northern Ireland ranges between 65-80% on cost (including VAT @ 17.5%) against 80-120% in the Republic (excluding VAT@21%).

Manufacturers in Ireland

There are over 400 furniture companies in Ireland ranging from small cottage industries to large fully automated manufacturing facilities. The principal Irish furniture manufacturing firms mentioned by retailers are listed below:

Principal Furniture Manufacturers

Cabinetry	Upholstery	Kitchen	Bedding
Alfrank, ROI	Ashleaf, ROI	Fitzgerald, ROI	King Koil, ROI
J E Coyle, ROI	Orior, NI	Fairline, NI	Respa/Kellets, ROI
Rossmore Group, ROI	M & A Moran, ROI	Glenwood, NI	Balmoral, NI
Sherlock Bros, ROI	Louis Dungan, ROI	Orm, ROI	Dreamcastle, ROI
S F Quinn, ROI	Finline, ROI	Nolan, ROI	Briody (Airsprung), ROI
McGoona, ROI	McQuaid, ROI	Huenna, ROI	Homeleigh, ROI
McDonagh, NI	Opus/Sofa Factory, ROI	Kelly Kitchens, ROI	
Gola, ROI	Alfrank, ROI	Springhill Crafts, ROI	
McCarter, NI		Custom Wood, ROI	
Stewart (Clocks), NI		Kilrush Trading, ROI	
Erinwood, NI		Scotstown, ROI	
Glenwood, ROI			
Lifestyle Fine Irish Pine/Gleneagles, ROI			
Neeson Bros, NI			
Logan, NI			
Hallmark, ROI			

Source: Retail Interviews

'Irish upholstery has been slow to respond to market trends with one or two exceptions.'

Arnotts, Dublin

It is estimated that local manufacturers control around 28% of the Irish market. The focus of their domestic business is the quality independent retailer. They compete with other established brands from Britian and Europe.

The relative strength of sterling to the Irish punt makes UK manufacturers up to 20% more expensive at present and, following the January NEC Furniture Exhibition in Birmingham, many local retailers reported that they will increase their expenditure with Irish suppliers this year (2000).

Until recently, furniture manufacturing in Ireland lacked dynamism and relied on established traditional styles and colours. Successful European furniture manufacturers update their ranges and introduce new lines every 2-3 years. The average range life cycle in Ireland has been closer to 10 years.

A number of local manufacturers have taken radical product development initiatives in recent years and they have achieved a warm trade reception and business growth as a result. Examples include McDonagh, Orior, Finline, Alfrank, Erinwood and J E Coyle.

However, it must be remembered that the core Irish and British retail furniture markets are still dominated by traditional styles and the transition to modern contemporary by manufacturers must not be made as a replacement, but rather an extension of existing ranges.

Irish furniture manufacturers depend heavily on the British market which is 10 times larger than their domestic market. ROI export sales to Britain in 1999 were in excess of IR£100m.

Rising labour costs and the unattractiveness of the manufacturing sector relative to IT and Financial Services has created acute skills shortages in the Irish furniture manufacturing sector. Despite turnover growth in 1999/2000 Irish manufacturers report lower profits than three years ago. To protect margins many are studying the Danish model and may move production offshore.

Offshore may be an option for manufacturers who want to test market contemporary ranges prior to any domestic manufacturing commitment and minimises the disruption to existing outputs. The Irish manufacturer must retain responsibility for design, innovation and quality control even if production is moved off shore.

Design has become a central issue and IBEC/CBI have recently launched a programme for the furniture industry based in Letterfrack College. There are currently seven ROI firms and five NI firms enrolled in this programme.

'Labour costs have risen 20% in the last 18 months and we cannot keep staff.'

Leading cabinet manufacturer

Advertising and Promotion

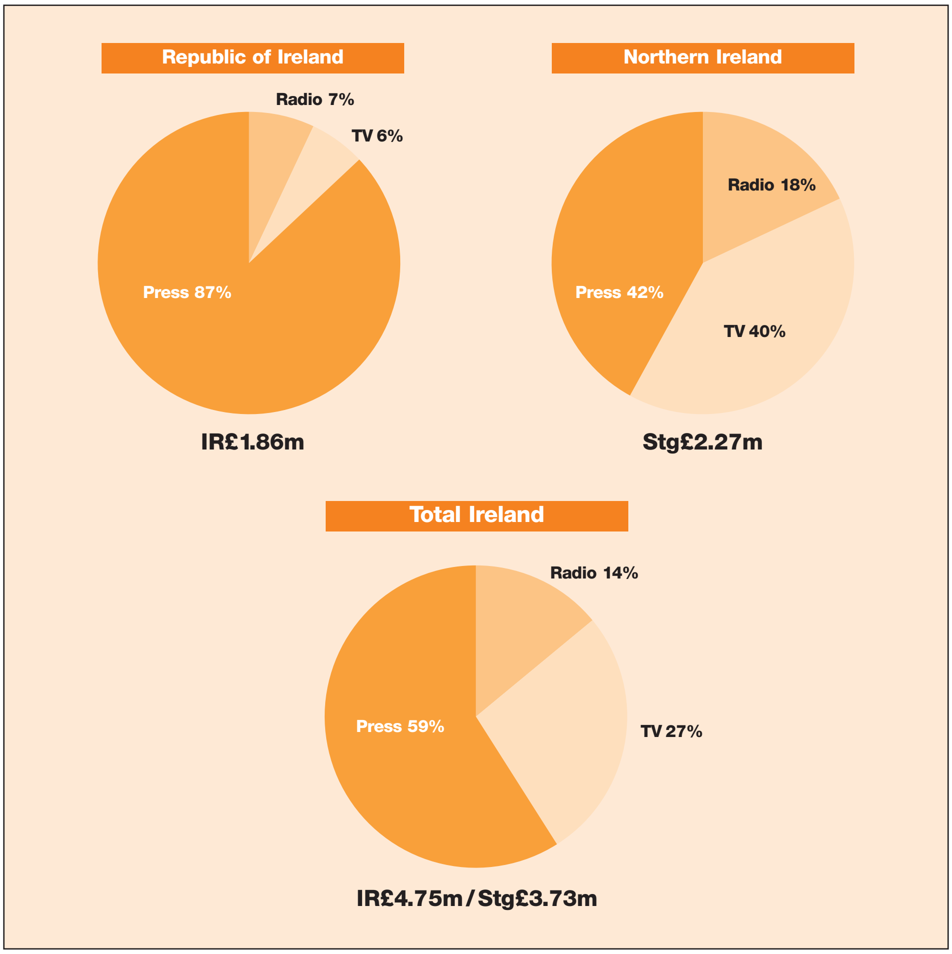
Furniture is a market that attracts a high level of media expenditure, with IR£4.75m of media support provided throughout Ireland in 1999. Expenditure in Northern Ireland is higher than in the Republic.

In 1999 the Republic of Ireland's highest media spend came from retailers such as C&C Kitchens, Arranmount Woodcraft, Orthopaedic Bed Company, Right Style Interiors and Conroy's Furniture.

Northern Ireland's top advertisers are retailers. These include Reid Furniture, Rite Price, McKeefry's, MFI, Creations, Wrights and Starplan.

In the Republic of Ireland press is the most popular medium for furniture advertising, whilst in the North press, television and radio are all extensively used. The key consumer magazines which advertise furniture in Northern Ireland and the Republic are Ireland's Homes & Interiors, Image, Irish Tatler and Elegant Homes. The popular RTE television programme entitled Beyond the Hall Door is also helping to stimulate the Irish furniture market.

Advertising Expenditure on TV, Radio, Cinema and News-papers*



(% expenditure: 1999)

‘Internet web sites are encouraging customers to shop around on price.’

Wogans, Drogheda

Since it is retailers rather than manufacturers who tend to be the major advertisers in this market, suppliers are expected to provide the following promotional support for their products:

- **Brochures and promotional materials**
  Irish upholstery manufacturers were criticised by retailers for their lack of support in this area with one or two exceptions. Retailers require point of sale material which can be given to customers.

- **Trade press**
  Cabinet Maker is the leading UK based publication on the furniture market. However, Irish retailers consider this weekly magazine to be a poor source of ideas and market intelligence.

- **Web sites/e-business**
  Retailers expect manufacturers to include them on their lists of stockists. Furniture customers will frequently use the internet to identify where they can buy particular products – making prices more transparent. Retailers will generally deliver anywhere in Ireland.

  Transactional e-business has not really taken root yet among manufacturers or retailers in the furniture trade in Ireland, although IT technology is being deployed to control stock, accounting and general administration.

- **Product knowledge and training**
  Factory visits and range demonstrations are very important to retailers and their sales staff, particularly where options on fabric or styles are extensive. Other European suppliers and in particular the Danes were praised in this respect.

- **Trade Fairs**
  The January NEC show in Birmingham is the key buying event for Irish retailers. However, Hi point (US), Cologne, Paris and Milan are becoming important sources of new ideas for leading edge retailers.

- **Special deals**
  At sale periods or when currency exchange rates are unfavourable retailers expect their suppliers to support them with special deals/discounts.

- **Merchandising/interior design**
  Consumers are increasingly looking for solutions rather than products. In furniture terms this means that retailers must offer room concepts rather than pieces of furniture. Some retailers have spotted this opportunity and offer an interior design consultancy service and fully merchandised in-store displays. Manufacturers must address this issue in terms of retail support via assistance with display set up and merchandising.

- **Retail partnerships**
  Retailers consider loyalty and exclusivity from the manufacturer to be the best form of marketing support. Ten well managed key accounts could offer better potential and lower sales costs than fifty uncommitted accounts.

Future outlook

Future outlook

	1999		2000		2001		% change
	£m	IR£m	£m	IR£m	£m	IR£m	
NI	156	199	164	210	172	220	+11
ROI	352	450	387	494	423	540	+20
Total	**508**	**649**	**551**	**704**	**595**	**760**	**+17**

PricewaterhouseCoopers believe that the Irish Furniture market will grow by 17% over the next 2 years. Growth in the Republic will be almost double that of NI at 20% and 11% respectively.

Local manufacturers share of the home market is likely to improve from 28% to 35-40% at the expense of GB and European based suppliers. This share figure may be even higher if further new product launches take place and retailer goodwill can be fostered.

The best opportunities to displace or regain ground on imports lie in living room, cabinetry, occasional and bedroom furniture. Upholstery is a more competitive market, although opportunities always exist for innovative products.

The trend towards simpler contemporary furniture will continue with wider variation in lighter woods, combined with glass/metal features. The fortunes of the Irish furniture sector will depend on their ability to overhaul and update their ranges in response to market trends.

The most successful furniture buyers take their inspiration from the fashion press as much as the furniture trade magazines. They also visit the leading edge shows in Milan and Cologne to research future directions.

Retailer support in terms of customer friendly product information, assistance with display and merchandising, staff training and factory visits are considered essential.

In product terms the outlook is good for upholstery and leather in particular. Cabinet furnitures decline is also thought to have bottomed out and there will be gains for more contemporary ranges. Metal and mixed media (wood, glass, synthetic) furniture in bedroom and dining room furniture also looks positive. In kitchen furniture there are opportunities in expensive bespoke applications but there is very little left for Irish manufacturers in the mainstream market. Occasional furniture commands around 10% of retail expenditure and is less price sensitive than co-ordinated ranges. There are opportunities for clocks, nests, CD racks and other accessories which complement modern living.

‘8-12 well picked key accounts are adequate to cover the Irish market and should each be capable of £0.5-0.6m at trade prices for a mainstream supplier.’

Agent of UK upholstery house

Recommendations

Less width and more depth in terms of retail distribution strategy; fewer, well chosen and well supported retail accounts will yield better returns than numerous accounts buying a minimum range. Accounts should be selected on the basis of regional spread, compatibility with the brand positioning, consistency on pricing and margin and high standards of merchandising and display. In return manufacturers should offer exclusivity (geographically or for particular ranges), product training and merchandising support, minimum performance criteria and a contribution to promotional costs.

Furniture is fashion and innovation is essential. This recommendation covers fundamental range updates on a periodic basis (every 2-3 years), as well as seasonal changes in fabric/materials which respond to fashion trends. In order to address the factors which have inhibited innovation in the Irish furniture business, such as skills shortages, capacity issues and design capability, IBEC/CBI are running a programme with Letterfrack College. Participants from industry are invited to apply.

Simplicity, functionality, affordability and contemporary design are common elements of the most successful ranges in the market today. While there is clearly considerable mileage left in the reproduction styles for which Irish industry is known, there is a need to supplement proven ranges with a more contemporary offer, since this is the direction where the market is developing.

Offshore production may offer short-term scope for range transition or test marketing of new concepts without compromising core domestic manufacturing processes. Looking ahead, it is likely that most domestic producers will have to consider outsourcing at least part of their production in order to remain competitive. State agencies acknowledge this problem and can help to facilitate this process provided it sustains the local added value aspects of the company’s operations.

‘English/European suppliers react faster to enquiries / problems than Irish companies – more openness.’

In-store, Galway

Retail partnerships. Irish manufacturers have been over reliant on their agents to handle the customer interface. As a result they have often failed to hear the voice of the market or only hear what their agent tells them. Sales can be delegated to the agent but the marketing cannot. It is imperative for Irish manufacturers to review their key accounts and get out to meet them to understand what more could be done to support them.

Key Furniture Retailers

Retailer	Locations	Outlets	Buyer/owner	Telephone No.
Northern Ireland				
Alexanders	Markethill	1	Richard Alexander	0044 28 3755 1261
Alex Donaldson*	Larne	2	Brian Donaldson	0044 28 2826 0032/ 2826/0187
Carpenter & McAllister	Belfast	1	Marrion and David Adgey	0044 28 9035 1425
CFC Interiors	Londonderry Cookstown	3	Normal Wilson	0044 28 7186 0708 0044 28 8676 3319
Country Furnishings	Ballymena	1	Charles Robinson and Sam Hoey	0044 28 2564 6534
Creations	Belfast Lisburn Ballymena	3	Ken Clarke	0044 28 9032 3197 0044 28 9266 6210 0044 28 2564 9787
Donaldson & Lyttle	Belfast	1	Chris Donaldson	0044 28 9145 5551
Fultons	Belfast Enniskillen Lurgan	3	Keith Irwin and Cyril Fulton	0044 28 3831 4600
Furniture House/Skyline	Belfast	3	Ian Geary	0044 28 9045 9962 0044 28 9046 6014 0044 28 9083 0870
Gillespie & Wilson	Belfast	3	Peter Lowry	0044 28 9047 1074
Gilpins*	Belfast	3	Michael and Tony Black	0044 28 9032 5826
Hampton Interiors	Hillsborough	1	Paul Bell	0044 28 9268 2500
Harman	Antrim	1	Gerard and Gareth Harman	0044 28 9446 3204
Hoggs Furniture*	Newry	1	William Hogg Jr/Snr	0044 28 3026 3388
Ideas (Bel One)	Belfast Bangor	2	Stanley Cairns	0044 28 9038 1595 0044 28 9127 0466
Kennedys	Magherafelt	1	Robin Kennedy	0044 28 7963 2427
Lisnasure/Hannah & Brown	Dromore	2-3	Lyttle Brothers	0044 28 3888 1628
McCrystal & Sons	Dungannon	1	Declan McCrystal	0044 28 8772 5004
McGinn	Omagh	1	Colm McGinn	0044 28 8224 2180
Moira Reproductions	Lisburn	1	Marcus Morrow and Ciaran Duff	0044 28 9262 2192
Penneys	Larne	1	Alison Penney	0044 28 2827 4441
Right Price*	Coleraine	1	John Dixon and Raymond Pollock	0044 28 7034 4482
Ryan Carpets	Londonerry	1	Mura Villa	0044 28 7126 3775
Shiels*	Strabane	1	John Shiels	0044 28 7138 2681
Smyth Patterson	Lisburn	1	Smyth Patterson and John Gillespie	0044 28 9266 2707/ 9266/2700
Tamlaght Interiors	Omagh	1	Damien Duddy	0044 28 8224 2954

Key Furniture Retailers

Retailer	Locations	Outlets	Buyer/owner	Telephone No.
Republic of Ireland				
Arnotts*	Dublin	1	Brian Gillivan	00 353 1 8721111
Brown Thomas	Dublin Cork Galway	3	Michael Keegan	00 353 1 605 6666
Casey's*	Cork	1	Peter Casey	00 353 21 270393
Classic Furniture	Blanchardstown Kilkenny Coolock Dublin	4	David Langan Mark Phantom	00 353 18 222822
Clerys	O'Connell Street Sandyford Blanchardstown	3	Stephen Maguire	00 353 1 2941710/2
Frank's Furniture Store	Dundalk	1	Ken Comisky	00 353 42 9335026
Grove Furniture	Letterkenny	1	Sean Kelly	00 353 74 21064
Hegartys	Buncranna	1	Matthew Gleeson	00 353 776 1075
Hodgkins	Dublin	1	Neville Hodgkin	00 353 1 2886786
In Store	Galway Limerick	2	Oliver/John Mahoney	00 353 91 771636
Karl's Furniture	Dublin	1	Karl McIntyre	00 353 1 626 0600
Kings & Queens	Dublin	1	Alan Prendergast	00 353 1 671 3069
McDermotts	Castlebar	1	Michael McDermott	00 353 94 21229
McGowans	Malhide	1	Pat Gallagher	00 353 18 451277
Meadows & Byrne	Cork Galway Bunratty	3	Freda Hayes	00 353 21 344100
Meuble	Kilkenny	1	Rosemary/ Mary O'Keefe	00 353 56 22034
Mollaghans	Longford	1	Michael Mollaghan	00 353 43 41479
Murphy	Newbridge	2	Michael Murphy Eoin Murray	00 353 45 431868
Queensway	Dublin	1	Tony Walsh	00 353 1 8424077
Suite Supreme	Galway	1	Jimmy Sheehan	00 353 91 757452
Upstairs/Downstairs	Monaghan	1	Michael McQuaid	00 353 47 72244
Woodgrove Furnishings	Tullamore	1	Miriam Browse	00 353 5065 2858
Wogans	Dundalk Drogheda Ardee	3	Alan Wogan	00 353 41 9839620

* Retailers are members of the Associated Independent Stores buying group (AIS).

Market Sources

Enterprise Ireland/LEDU/IDB Business Libraries:	
ABT/IDB/IFI:	1995 Market Opportunities
Keynote:	UK Furniture Market Sept 1999 Tel: 0044 20 84818750
FAS:	Training Needs in the Furniture Manufacturing Sector
Central Statistics Office Reports:	Import/Export statistics CSO Ardee Road, Rathmines, Dublin Tel: (1) 497 7144
Miller Freeman Publishing: Tel: 01732 377302	Cabinet Maker Supplements 1999/2000
NI Family Expenditure Survey 1995-1999:	Office for National Statistics (UK) Tel: 0044 1633 812078
Ireland Household Expenditure Report 1994/5:	Central Statistics Office Information Section Skehard Road, Cork
PricewaterhouseCoopers:	European Economic Outlook January 2000
H. M. Customs & Excise:	Tel: 0044 20 76201313
Associated Independent Stores:	Tel: 0044 121 7112200 Contact John Mallet

Useful Web Sites

Enterprise Ireland:	www.enterprise-ireland.com
IDB:	www.idbni.co.uk
LEDU:	www.ledu-ni.gov.uk
Central Statistic Office:	www.cso.ie
PricewaterhouseCoopers:	www.pwcglobal.com
National Statistics UK:	www.statistics.gov.uk
Public Enquiry Service:	info@ons.gov.uk
Northern Ireland Statistics and Research Agency:	www.nisra.gov.uk
IBEC, Irish Business and Employers Confederation:	www.ibec.ie
Furniture College Letterfrack:	www.gmit.ie/letterfrack

Notes

Future opportunities

Given the current buoyancy of the Irish furniture market and continued growth projections (17%), the fate of Irish furniture manufacturing is very much in its own hands.

Manufacturers need to consider several key success factors:

- Product development must take account of shifts in lifestyle, furniture usage and size of dwellings.
- The pace of new product launches/updates needs to be accelerated to meet European competitors' standards–i.e. every 2–3 years.
- A modular rather than 'suite' approach to both the upholstery, cabinet and bedroom market is likely to offer more flexibility.
- The best performing ranges in the current market are contemporary rather than traditional styles, and imports dominate the market share of this growing segment. However, traditional styles still account for 70-80% of the market by volume.
- More selective retail distribution with key account management and retailer support programmes to include product training, display, brochures and territory exclusivity.
- Advance market intelligence via European/US furniture shows on colours, shapes and product innovation.

Market Size

In 1999 Enterprise Ireland and IDB/LEDU estimated that total export sales of furniture from the Island of Ireland are valued at around IR£130m at trade prices, of which IR£106m is ROI and IR£24m from NI. Domestic sales by Irish manufacturers account for an estimated IR£100m. Irish furniture retailers are spending on average 28% of their budget at home (although recent exchange rate fluctuations are likely to increase this). This equates to a total estimated market of IR£350m at manufacturers prices.

Allowing for an average retail mark up of 70-80% including VAT, PwC estimate that the all Ireland Furniture Market is worth IR£649m in 1999 or £508m sterling. Further evidence for this analysis of market size is provided below.

Market Size (Retail Prices)

	1995[1]		1997[2]		1999[3]		5 year change
	£m	IR£m	£m	IR£m	£m	IR£m	
NI	117	149	124	158	156	199	+34%
ROI	239	305	289	369	352	450[4]	+48%
Total	**356**	**454**	**413**	**527**	**508**	**649**	**+43%**

1 Source: ABT/IDB/IFI Market Opportunities Report 1995

2 In 1999 Cabinet Maker magazine estimated that the Republics furniture market was worth £380m at retail sales prices.

3 CSO estimate that the annual ROI household consumption of furniture and carpets in 1998 was IR£557m at 1995 prices. Carpets account for approximately one third of this figure (£184m) which leaves the Irish furniture market valued at £373m.

4 PwC's latest market size estimates are based on an in depth analysis of the available statistics, a review of the current manufacturing/supply base and retail interviews across the country.

5 Stg£1 = IR£1.2775

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