

Covid-19 pandemic had a damaging impact on the furniture industry



The Covid-19 pandemic has had a damaging impact on many UK firms within the furniture industry, despite a sharp fall in imports. Some of these firms were struggling financially before the pandemic, particularly 'bricks and mortar' retailers, as customers switched to online sales, while the closure of outlets accentuated that trend. Laura Ashley, Debenhams, Harveys and Bensons for Beds are some of the companies who have recently, either gone into liquidation or Administration, or are trading with a reduced portfolio.

Even before the pandemic affected the market, margins were continuing to be squeezed in all sectors, with value growth restricted by the continued high level of cheaper imports and the significant degree of discounting in the retail sector.

Typical of a mature market, many niche sectors have developed to target products more effectively and differentiate from competitors. Strategies include the introduction of new brands and product ranges, as well celebrity endorsements, with companies sometimes using successful brands from other sectors to promote their products.

Ozge Celik Russell, Research Manager at AMA Research, comments “The UK upholstered furniture and beds is a mature market responsive to changes in levels of consumer confidence, disposable income, and the performance of the housing market. The Covid-19 pandemic had a major negative impact on manufacturers, retailers, and market size in value terms. However, the surge in household savings levels during the pandemic and the forecast increases in housebuilding volumes should provide a strong basis for growth in the upholstered furniture and beds market in the short to medium term.”

The UK residential furniture market had shown steady growth since the recession, reaching an estimated £5.7bn in 2019, an increase of around 16% in the 2012-19 period, supported by an improving housing market and rising levels of consumer confidence. However, growth had been slowing generally during the period, as inflation continued to outstrip wage increases and uncertainty clouded the UK economic environment, as the Brexit negotiations moved slowly towards completion.

The onset of the Covid-19 pandemic had a devastating effect on the UK economy in 2020, adversely affecting many sectors, with non-essential retail outlets closed at various times, many other firms affected by social distancing regulations and a significant number of employees either working from home or being furloughed. The residential furniture market is estimated to have fallen by around 18% in value terms in 2020, although some sectors have fared better than others during that time, with the availability of effective online sales facilities being an important factor.

Editors Note:

The information was taken from the [Upholstered Furniture Market Report – UK 2021-2025](#) by AMA Research, which is available to purchase now at www.amaresearch.co.uk or by calling 01242 235724.

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