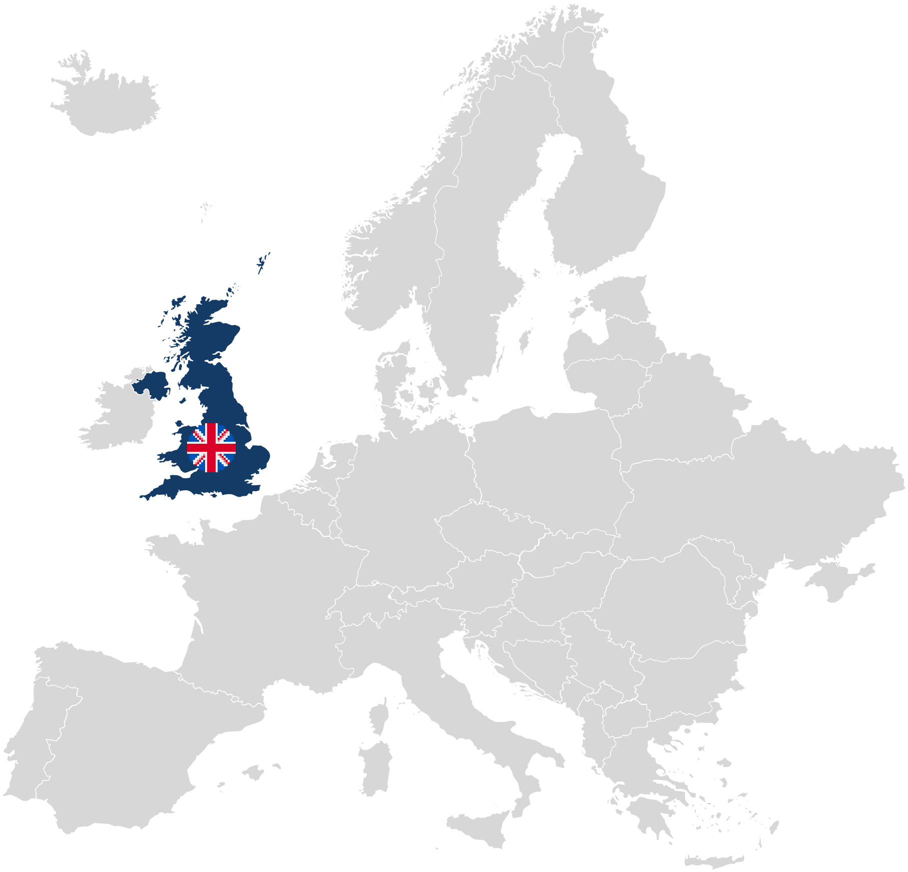
# Analysis of the UK for Trä- och Möbelföretagen (TMF)

October 2021
Business Sweden – UK, France, Germany and USA

# Agenda

- **Summary**
- Country capabilities - furniture production and trade
- Sales of furniture
- Requirements to compete
- Recommendations
- Appendix

# A global team developed insights into the furniture industry in four key markets



UK

**ROBIN BÄNGS**
LONDON

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# The furniture industry is seeing stable growth thanks to multiple favourable drivers and…

## COUNTRY CAPABILITIES

- Most competitive players differ across segments, but are cited to come from mostly Europe
- Local players are spread across the country and there are more companies in total than in Sweden
- For homes, the market is highly saturated in the low-end, driven by large local players
- For offices, competition is more evenly spread with the usual international suspects present
- For public spaces, less large international players are present

## SALES OF FURNITURE

- In the home segment, the low-end market is highly saturated with competition where the high end is less so and is best reached via physical retailers or interior designers
- In the office segment, competition is more evenly spread featuring some of the usual where interior designers and procurement are the most typical routes to market
- For public spaces, less large international players are present, where the main way to market it via interior designers (and procurement, however this can be complex for government)

## REQUIREMENTS TO COMPETE

- "Stories" are important to selling in the UK and this can be anything related to the quality in production, sustainable edge or simply something which makes the products unique
- Furniture must meet specified fire and labelling requirements to be sold in the UK
- Discounts are expected in all market segments differing in terms of the intermediary used to sell
- Tenders mostly compete on price and lead times, where government can be a difficult customer
- There are light differences in language, business culture and law even though countries are similar

## RECOMMENDATIONS

- High-end products are considered the largest opportunity, where interior designers, physical retail and procurement (segment dependent) are the best ways to market
- Price your products accordingly to be competitive based on the different customer targeted
- Develop and push an authentic sustainable story, where the product is still price competitive
- Meet fire and labelling regulations and adapt to changes in language, business culture and law

**Sources**: The British Furniture Confederation, Statista, Business Sweden Research and Analysis

Market size (2018)
**132 BNSEK**

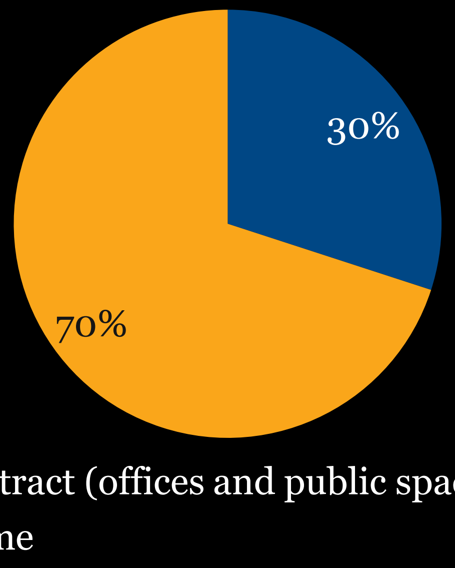
Forecasted growth (2021-2026)
**3.2%**

Imports size (2020)
**75.5 BNSEK**

Export size (2020)
**23.3 BNSEK**

Number of firms (2018)
**6,068**

## Market segments



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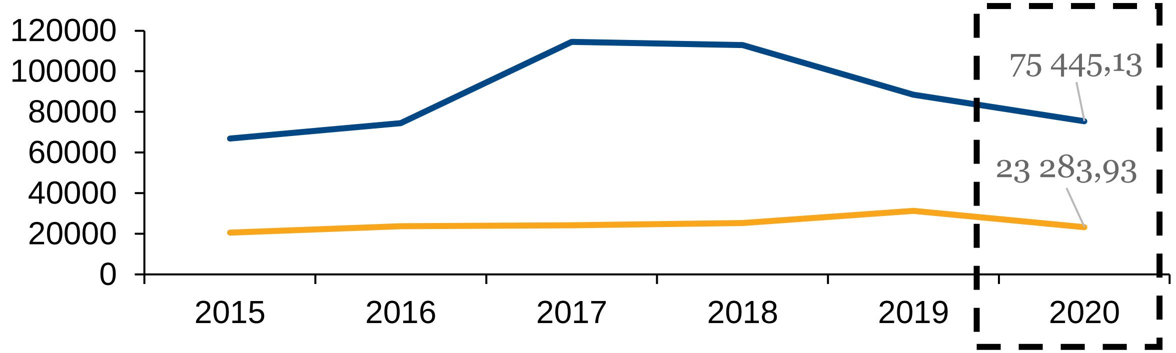
# UK imports and exports of furniture have seen positive growth since 2015, driven by the consumer segment in the former and the intermediary segment in the latter

## Import/export developments in the UK

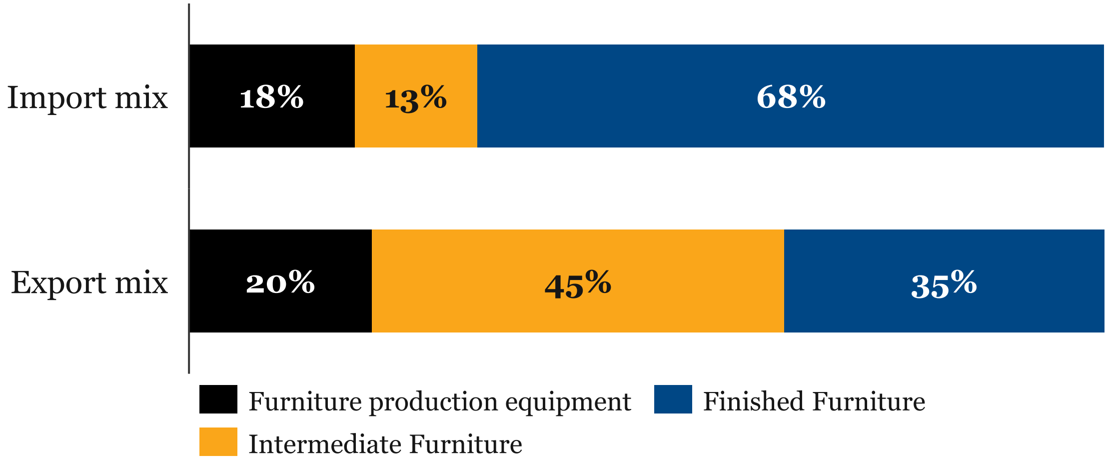
**Furniture trade balance in the UK (2015-2020, MSEK)**




**+2.4%**
5-YEAR GROWTH OF IMPORTS OF FURNITURE

**+2.5%**
5-YEAR GROWTH OF EXPORTS OF FURNITURE

**Import and export mix (2020)**




## Comments

- Both imports and exports of furniture in the UK have grown over the past 5 years, where the UK has a negative trade balance, supporting it to be less focused on the manufacturing of furniture
- This negative trade balance is majorly driven by the import of consumer furniture, while the import and export of intermediary furniture and capital furniture producing equipment are roughly similar
- Ireland, Germany and USA are the UK's most typical export partners while Germany, Italy and Poland are its biggest import partners across all segments

## Top trading partners (2020)

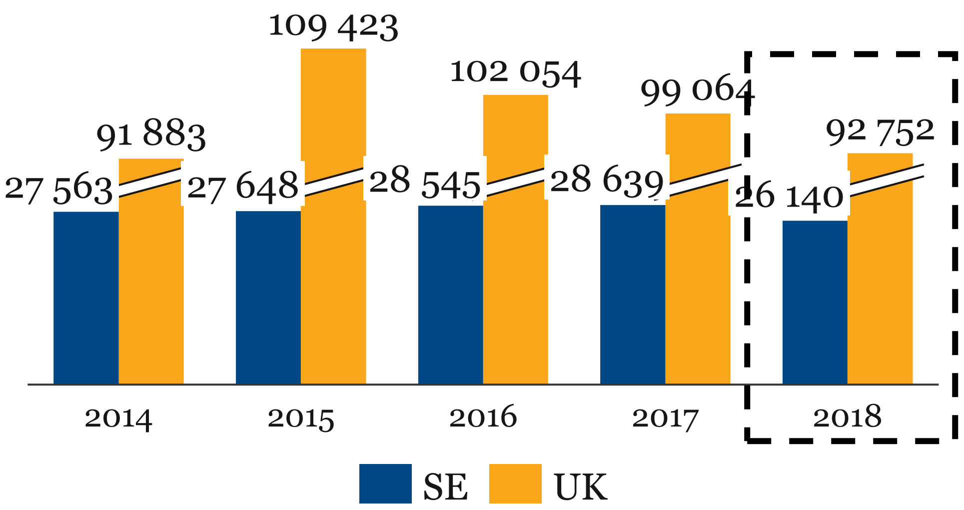

**Source**: ONS, Eurostat
***** Based on the average exchange rate of GBP to SEK 2015-2020 (£1 = 10.82 SEK)

“We sell mostly to hotels, larger companies and individual projects and we sell very few British brands. Interest-wise demand in the UK is mostly concentrated on Italian and Scandinavian furniture”

CEO – FURNITURE DISTRIBUTOR AND INTERIOR DESIGNER

# The UK furniture manufacturing market is nearly 3x the size of Sweden and is characterised with having larger companies and a higher growth rate

## Turnover of the furniture manufacturing market (2014 – 2018, MSEK)



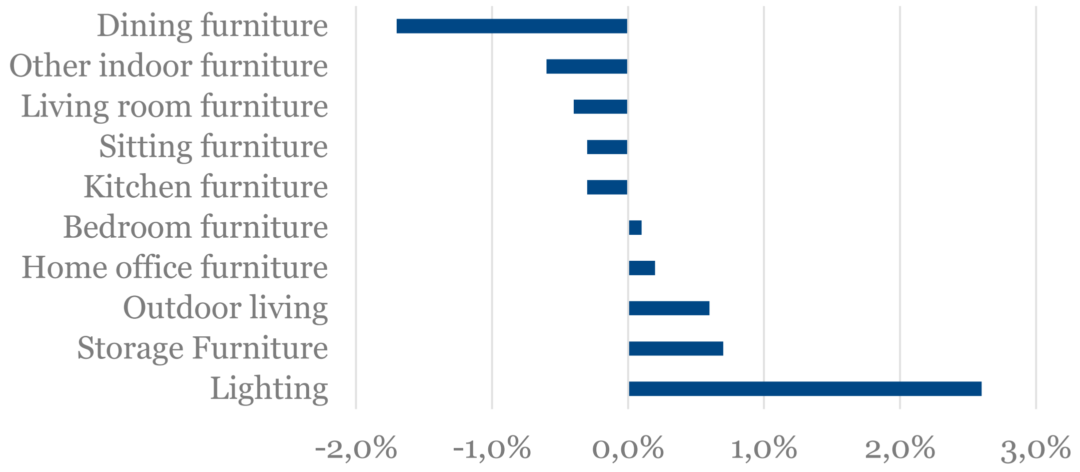

**-1.32%**

5-YEAR GROWTH OF FURNITURE MANUFACTURING MARKET IN SWEDEN

**+0.42%**

5-YEAR GROWTH FURNITURE MANUFACTURING MARKET IN THE UK

## Projected growth of market segments (2014 – 2019, %)



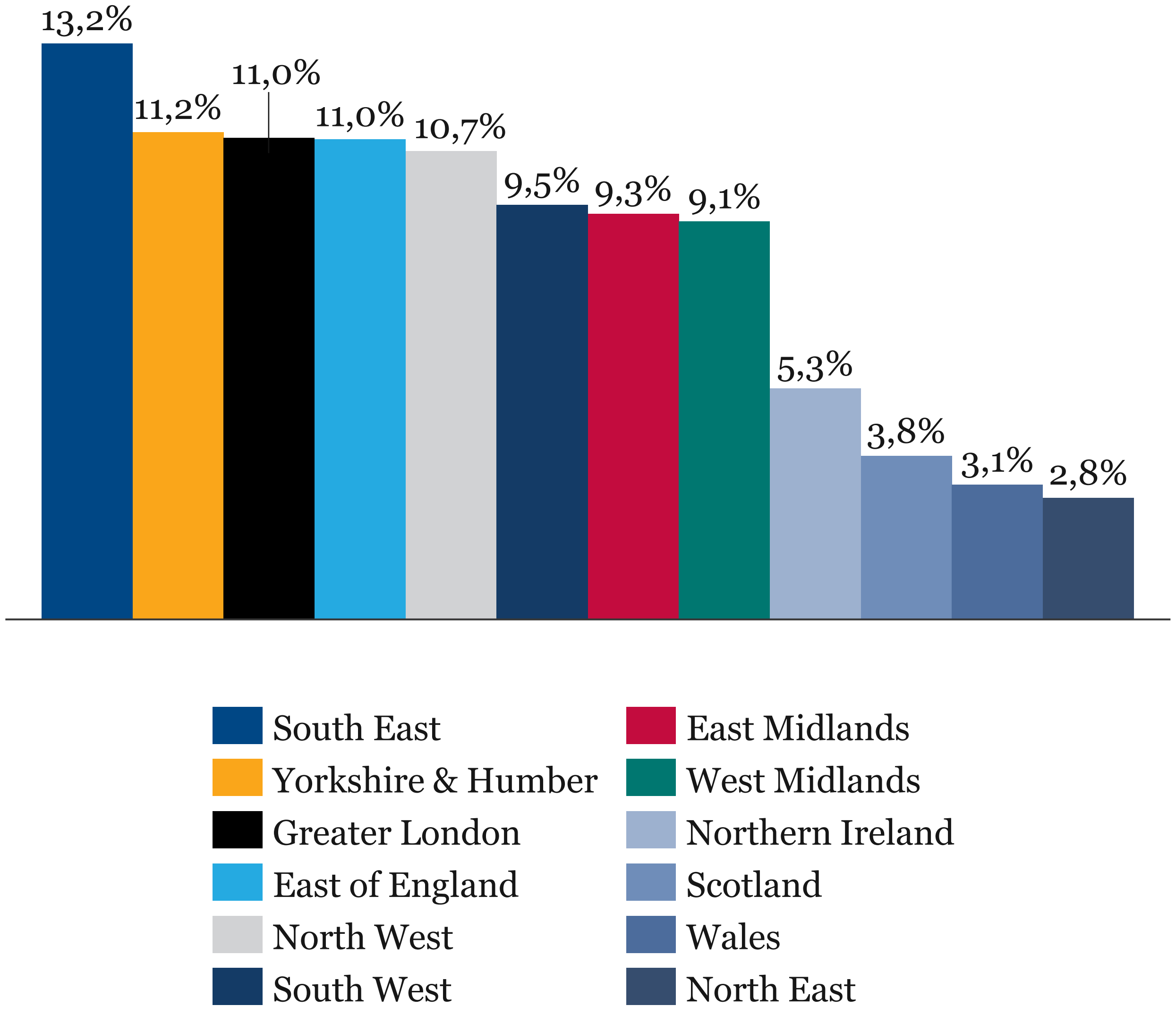

## Comments

- The turnover in UK furniture manufacturing is more than three times the size compared to that of Sweden
- The UK saw an early spike in the growth of its furniture manufacturing market in the last four years which later plateaued; this was driven mainly by an increase in the production of other furniture including mattresses
- Comparative to Sweden, the UK is less balanced in the sources of its turnover and is less dependent on both kitchen and office & shop furniture
- Forecasting growth within individual segments (pre-covid), dining furniture was the segment projected to shrink the most while both outdoor living and storage furniture as well as lighting were expected to grow the most

**Source**: Eurostat, Euromonitor, Business Sweden Research and Analysis
* Based on the average exchange rate of EUR to SEK 2015-2020 (EUR 1 = 9.97 SEK)

# Furniture production is spread evenly across regions in the UK, where the market is more saturated in the UK with manufacturers slightly larger in size

## Regional distribution of furniture manufacturing (2018)




**Source**: Office for National Statistics, Eurostat

## Comment

- Regions in the UK do not vary largely, in terms of how much of the furniture manufacturing market they have
- The South East contains the majority of the UK's furniture manufacturing firms (13%), followed by Yorkshire & Humber (11,2%), East of England (11%), Greater London (11%) and the North West (10,7%) which are relatively similar
- The UK has nearly three times as many furniture manufacturers compared to Sweden, with a larger proportion of bigger SMEs
- The average furniture manufacturer in the UK is nearly twice as large as that in Sweden, with a workforce around six times the size of that seen in Sweden

## Characteristics of manufacturers and their produce

| | UK | Sweden |
|---|---|---|
| **Number of firms (2018)** | 6 068 | 2 142 |
| **0-49 employees** | 95.1% | 97.8% |
| **50-249 employees** | 4.3% | 1.6% |
| **250+ employees** | 0.6% | 0.6% |
| **Persons employed in furniture manufacturing (2018)** | 92 383 | 16 238 |
| **Avg. number employed per firm (2018)** | 14.9 | 7.6 |

“Under many years production of furniture in England was concentrated West and Northwest of London. Manufacturing in the UK has decreased over time due to lower prices in Europe which has pushed prices”

CEO – FURNITURE DISTRIBUTOR AND INTERIOR DESIGNER

# UK players typically dominate the low-end segment across different market, while similar larger international players occupy the mid- to high-end market


**Source**: Business Sweden Research and Analysis

*“There is certainly a desire to buy furniture locally, but emphasis is on “micro-locally”. Furniture produced in the region is set to a premium, and when this is not met, it doesn’t matter if it is the greater UK or the Nordics/Europe”*

***Director General, Suppliers Association***

# Competition, though differing across markets, is highly influenced by European players

These most competitive players differ across segments, but are cited to come from mostly Europe (Germany, Italy, Poland and Scandinavian) as supported by import data

Local players are spread across the country, and while there are more companies in total than in Sweden there are no real manufacturing hubs in the UK

The homes market is highly saturated in the low-end, driven by large local players like DFS, Furniture Village and John Lewis, the high-end segment there are less large firms presenting an opportunity

In the office segment competition is more evenly spread featuring some of the usual suspects like Hermann Miller, Steelcase, Senator and Kinnarps

For public spaces, a few of the large international players are present but this sector is experienced to be less competitive than the others based on this across all categories

**Source**: Business Sweden Research and Analysis

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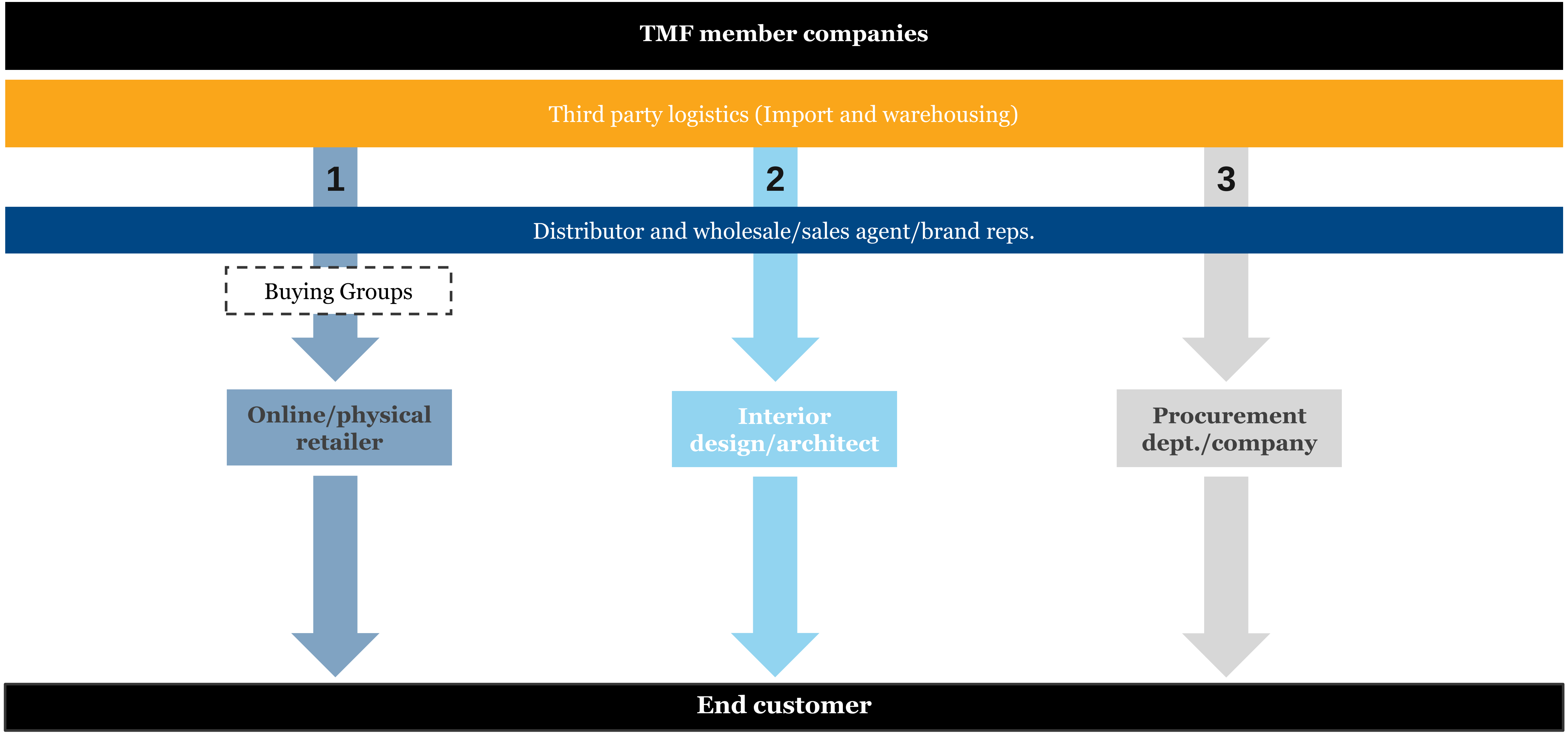
# The stakeholders involved in the furniture sales process will depend on service needs of the manufacturer and the end customer targeted

| | Description | Importation | Warehousing | Distribution | Sales | Marketing |
|---|---|---|---|---|---|---|
| **RETAIL (IN-STORE & ONLINE)** | *Purchase products from manufacturers which they sell under the original brand or White Label. Market and sell furniture to final users* | (✓) | ✓ | ✓ | ✓ | ✓ |
| **PROCUREMENT DEPT./COMP.** | *Work towards the manufacturer or other intermediaries to source products via tender for the end customer* | ✗ | ✗ | ✗ | ✗ | ✗ |
| **SALES AGENT** | *Conduct sales towards retailers in specific geographies for a commission. They often have strong retailer networks. Especially beneficial for new brands on the market* | ✗ | ✗ | ✗ | ✓ | ✓ |
| **BUYING GROUPS** | *Have a network of retailers which manufacturers can sell to in exchange for membership* | ✗ | ✗ | ✗ | ✓ | ✓ |
| **THIRD PARTY LOGISTICS PROVIDER** | *Offers storage and distribution solutions, especially common for brands which have recently started their own web shop. Some offer importing services. No sales or marketing* | (✓) | ✓ | ✓ | ✗ | ✗ |
| **INTERIOR DESIGNER** | *Often acts as an intermediary between contractor (either public or private) and furniture retailers. Interior designers source loose furniture for spaces while architects design spaces.* | ✗ | ✗ | ✗ | ✓ | ✓ |
| **DISTRIBUTOR (WHOLESALE)** | *Sell products for a mark-up to retailers. Distributors can offer importation services and often full/service of sales, marketing distribution and warehousing* | (✓) | ✓ | ✓ | ✓ | ✓ |

✓ Typical service offered (✓) Service sometimes offered ✗ Service not offered

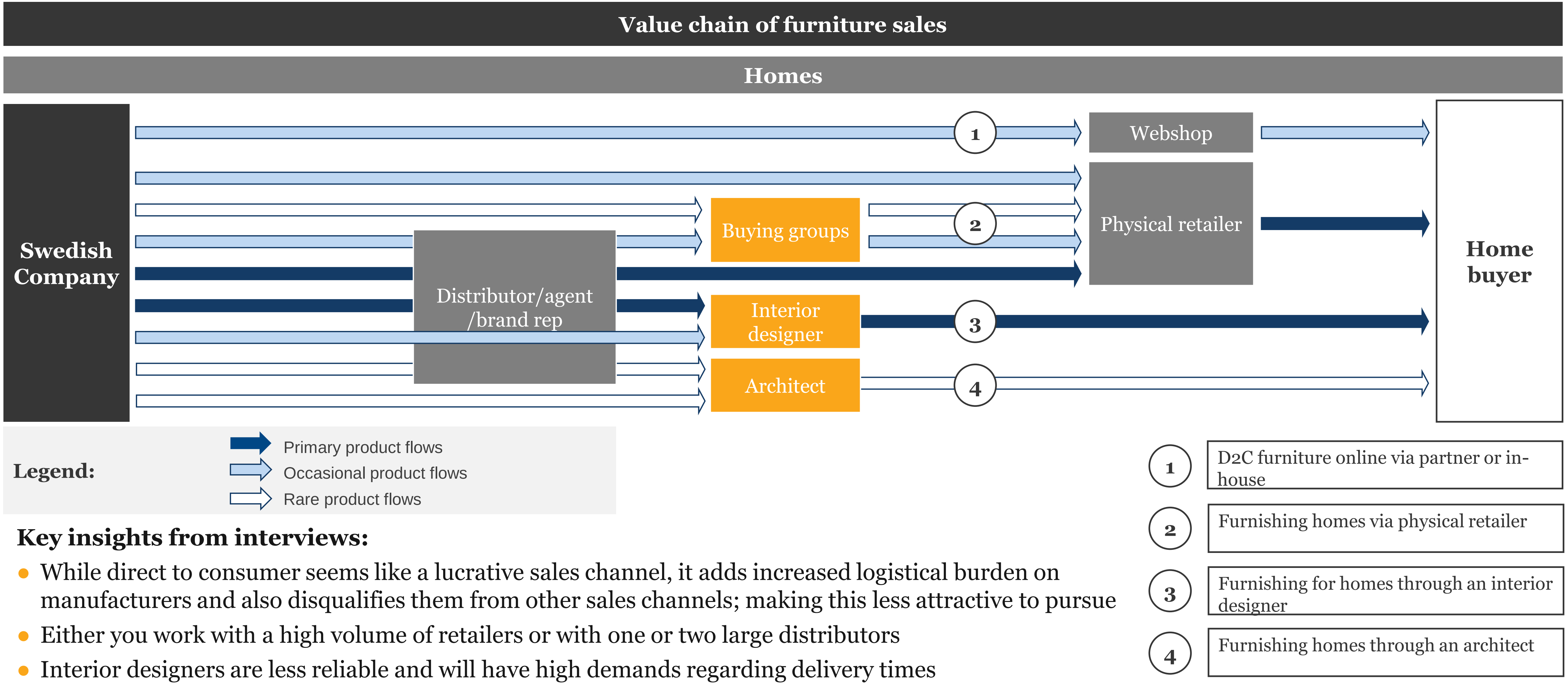
**Source**: Business Sweden Research and Analysis

# There are three main ways to sell furniture in the UK; either via retailers, interior designers and architects or procurement; all of which require different partners




**Source**: Business Sweden Research and Analysis

# For homes, the most attractive way to market is via physical retailers or interior designers, while online sales are lucrative but more difficult

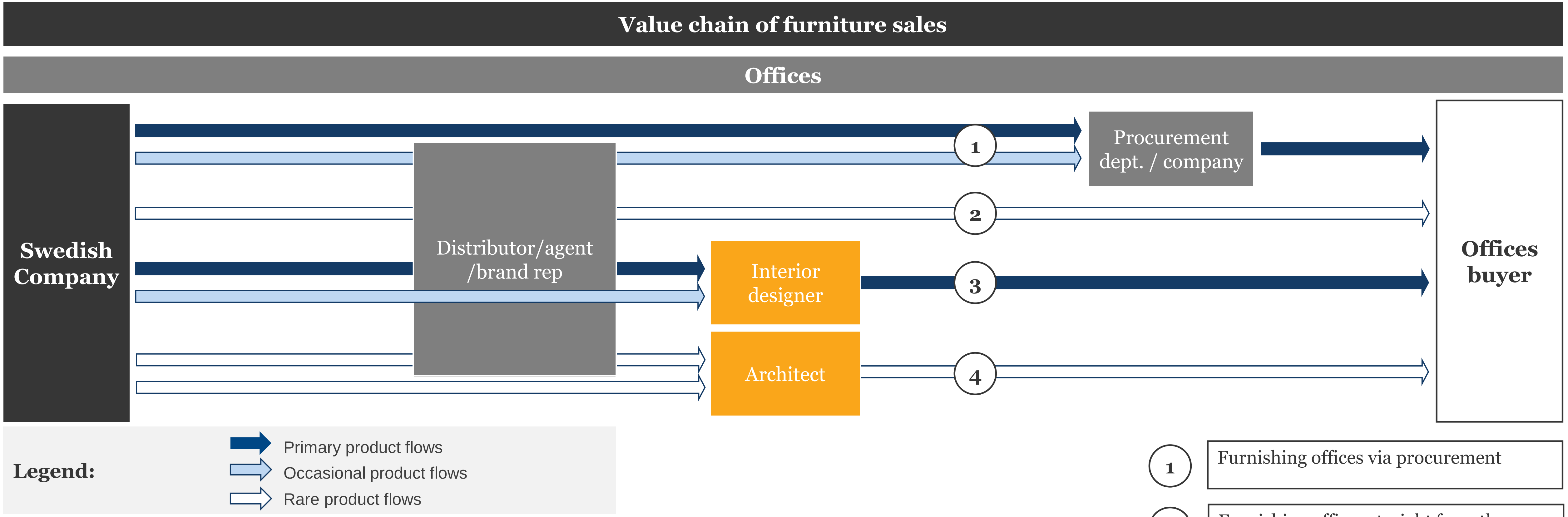



**Key insights from interviews:**

- While direct to consumer seems like a lucrative sales channel, it adds increased logistical burden on manufacturers and also disqualifies them from other sales channels; making this less attractive to pursue
- Either you work with a high volume of retailers or with one or two large distributors
- Interior designers are less reliable and will have high demands regarding delivery times
- The high-end residential market is seen as the most lucrative, as discounts for retailers are generally the lowest of the customer groups, meaning low margins unless you have high prices

**Source**: Business Sweden Research and Analysis

# For offices, furniture is mostly bought either via procurement or through interior designers, where manufacturers compete on price and lead times




1 Furnishing offices via procurement

2 Furnishing offices straight from the distributor/agent/brand rep

3 Furnishing offices through an interior designer

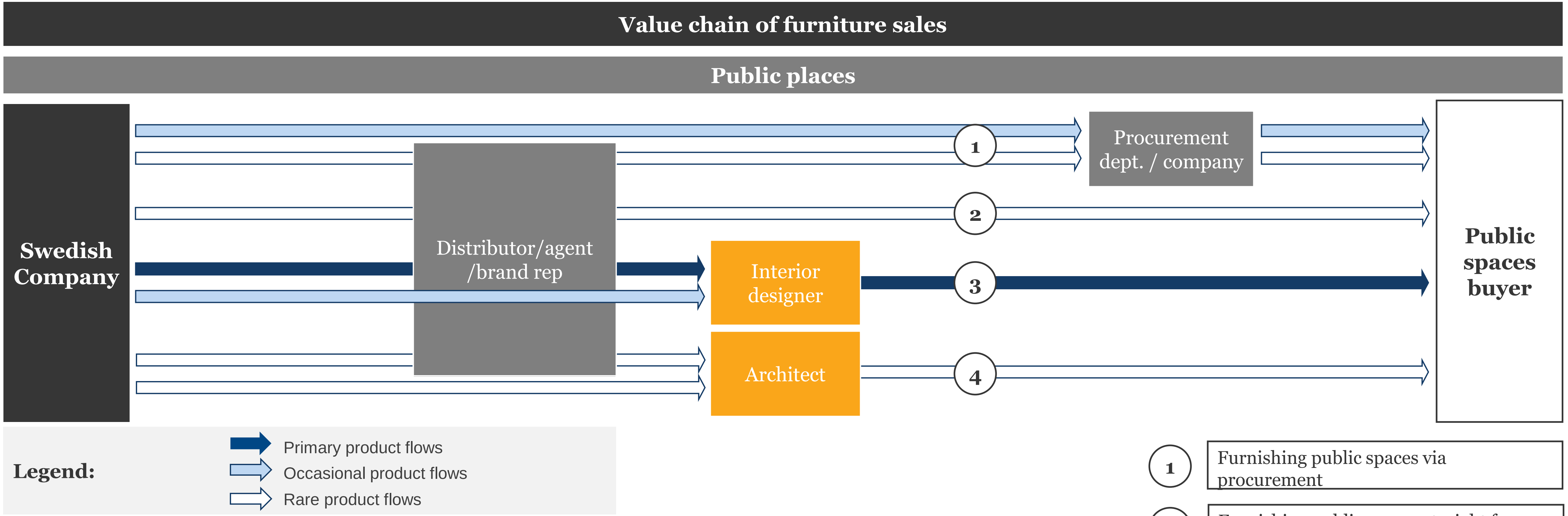
4 Furnishing offices through an architect

**Key insights from interviews:**

- Commercial contracts are often specified 2-3 years before installation, and projects can become very complex the larger they are
- Tenders are often used in commercial projects and sent out to competitors who compete on both price and ability to deliver according to lead times
- Discounts for business-to-business and commercial customers are higher than that for public spaces
- If working with an international companies, decisionmakers may be in HQ rather than locally

**Source**: Business Sweden Research and Analysis

# For public places, furniture is bought either via procurement or through interior designers, who makes the decision about what furniture is used in a project



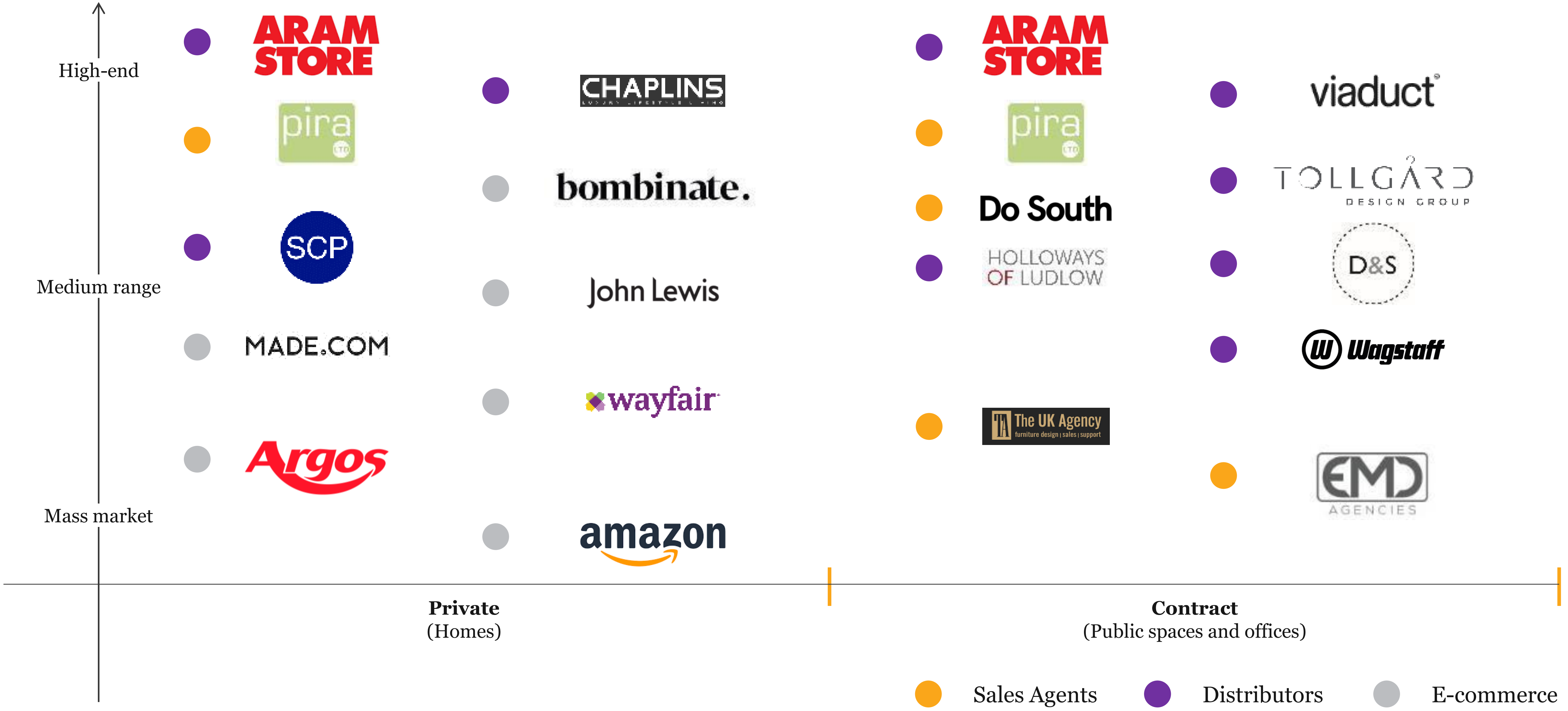

1. Furnishing public spaces via procurement
2. Furnishing public spaces straight from the distributor/agent
3. Furnishing for public spaces through an interior designer
4. Furnishing public spaces through an architect

**Key insights from interviews:**

- The UK no longer procures through EU tender systems, but rather through own local systems; which are subject to local frameworks and have more centralised tender processes
- Procurement departments and companies will press prices by working as close to the manufacturer as possible and look to meet the basic requirements of their orders when choosing partners
- Architects rarely buy furniture while interior designers are central in the furniture purchasing decision for new-builds; however for public sector projects it is recommended to work directly with the contractor

**Source**: Business Sweden Research and Analysis, Gov.UK

# Which agent or distributor to approach varies depending on the type of product, where the largest players sell to the home, mass market segment




**Source**: Business Sweden Research and Analysis

# More specific insight on intermediaries can be seen for a selected number of players in the reports

| Distributor | Market presence | Target market segment | Sales channels (online/ physical) | Product range | Brand range | Price range | Website |
|---|---|---|---|---|---|---|---|
| ARAM STORE | UK | Homes, commercial and public sector | Showroom in London | Design furniture and lighting: office furniture, tables, chairs, outdoor | 70+ UK and international design brands | High-end | Link |
| TOLLGÅRD DESIGN GROUP | UK & USA | Homes and commercial | Three showrooms in London (2) and New York (1) | Furniture, lighting, room systems, acoustics, kitchen | 170+ UK and international design brands | High-end | Link |
| MADE.COM Different by Design | UK & International | Residential housing | Wholesale: Showroom (Yorkshire and London), Website (100% E-shop) | Furniture, sofas, tables & beds | High-end Design and independent brands | Medium range | Link |
| pira LTD | UK | Contract and retail segments | Office in Ipswich | Furniture, lighting and bedding | High end Italian and Swedish design | Medium to high-end | Link |

*"It is easier to find an agent than a distributor, where typically when working with an agent you would have higher volumes of customers and while working with a distributor you would only collaborate with one or two"*

*Director, Furniture Agency*

# General takeaways for working with distributors, agents and brand representatives

- **Agents are a good way to market but lead to growth pains depending on needs:**
  - Agents can be a good route to market without too much investment and specialise across end customer segments like contract furniture or domestic furniture
  - Agents do not show the same care and connection to a product as other channels given that they work for several companies do not have a liability towards the customer
  - A manufacturer will typically employ agents early and then move to brand reps which are more expensive when established
- **Interior designers and architects are best reached through physical presentation of products:**
  - To reach interior designers and architects, these actors will book meetings to come in and present for them
- **Logistics are expected to be provided by the manufacturer when working with intermediaries**
  - Most Scandinavian brands do this in-house or work with a company to achieve this and charge more for customs later (i.e. F. Edmondsons and Sons, Rhenus Logistics UK)
  - Being difficult to serve all of the UK, many brands choose to have a fleet in-house once more established in the UK
- **It is recommended to target small independent retailers first rather than large groups to avoid being too reliant on one customer and because smaller customers press margins less**

*“Designers expect deliveries to work with their projects and might not order in advance. For this reason, it is important for foreign firms to agree on delivery times in the beginning of a dialogue, otherwise it won’t work”*

***CEO, Interior Design Association***

# General takeaways when working with interior designers

- **Interior designers are an important, but less consistent gateway to the high-end residential, public and commercial markets**
- **Pitch meetings via an intermediary is the most common way to reach interior designers**
  - Pitch meetings via agents, distributors or in person is the most common medium to present products to this target customer group, lead times for these are generally quite long (sometimes up to 6 months)
- **Budget matters less when choosing furniture for interior designers, where they value the following when choosing partners:**
  - Value for money, where interior designers will work as close to the manufacturer as possible to reduces intermediary margins and discounts of sales
  - Service (delivery and after-sales), where a 6-8 week delivery is expected in the industry and 12 weeks for custom things
  - Owning your IP, and sustainability in manufacturing or delivery (material, use of off cuts, wastage etc.)
- **Architects and contractors will often have preferred interior designers based on trust and rapport which follow them to different markets, physical presence is important for this**
- **Distributors find inspiration for design through various sources including social media, incoming requests and both physical and online showrooms**

*“If you can sit on your couch and buy the same product on 10 websites then there is no point in having a physical presence”*

***CEO, Furniture Agency***

# General takeaways for working with physical and online retailers

- **Retailers are good to work with as a stable source of income and a way to present your products to important intermediaries**
  - Physical retailers at least make a commitment for a display order
  - For physical retail, it is much more about establishing relationships with interior designers, public buyers rather than foot fall
- **Buying groups are less common, but a way to market:**
  - The two larger ones called Associated Independent Stores (AIS) and Minerva which specialize in servicing the retail segment with products of their member companies
  - Typically you need a physical UK presence to join these, either through a sales manager, agent or distributor
- **Online furniture sales should complement the brands market presence and abide to UK consumer law:**
  - A firms online presence should compliment their physical one (e.g. if you have mid-range or volume product, then you should not sell it to just anyone to avoid discounting which may cannibalize physical sales)
  - For online sales of furniture, it is important to note that under consumer law the consumer is entitled to free cancelations within 14 days and is not responsible for postage of any returns. This is not the case for **bespoke furniture** however
- **It is recommended to target small independent retailers first rather than large groups to avoid being too reliant on one customer and because smaller customers press margins less**

# Tenders are used in both commercial and public sector markets, but are not mandatory in the former

**Commercial customers**

- Tenders are not mandatory for private customers, but may be used more often than not depending on the customer group:
  - Offices: often tender but mostly at the discretion of the interior designer
  - Hospitality: very common for i.e. hotels, where this is either done via an internal procurement dept. or external procurement company

**Public sector customers**

- For all public sector customers (e.g. healthcare, education, etc.) tenders are mandatory, however legal procurement thresholds for furniture differ depending on the procuring body (£70,778 for small lots, £122,976 for Central Government and £189,330 for Other Contracting Authorities)
- There are also below-threshold publication requirements for central government authorities (contracts at least £10,000) and to sub-central authorities and NHS Trusts (for contract values at least £25,000) requiring less information; which are published on a government website called contracts finder
- High value contracts worth more than £118,000 are published on another website called find a tender
- Tenders will follow frameworks depending on the procuring body which set the “rules of play” of what products can be purchased

**Source**: Business Sweden Research and Analysis, GOV.UK,

# The tender process can be divided into four parts, and is open for all companies to participate in

**UK tender process**

1. Expression of interest
2. Selection Questionnaire / Pre-Qualification Questionnaire
3. Invitation to tender
4. Submitting tender response

**Steps Outlined:**

1. Any business tendering with the public sector must send a formal response known as an expression of interest to the buyer to initiate a bid, asking to receive the documentation for the tender (can be done electronically).
2. After reading the tender, fill out the Selection Questionnaire / Pre-Qualification Questionnaire (PQQ) to obtain any further information about you as a supplier which can be used during selection of a supplier. It is also important to consider the weightings of criteria in this stage and clear up any questions you may have around the framework used with the procuring body.
3. If the supplier passes the PQQ based on their criteria, they will be sent an invitation to tender and be shortlisted to send in a full tender response.
4. Fill out and submit the tender strategically based on the criteria for selection and competition.

**Useful tender websites:**

Bidstats

Find tender
(high value contracts)

Contracts finder
(low value contracts)

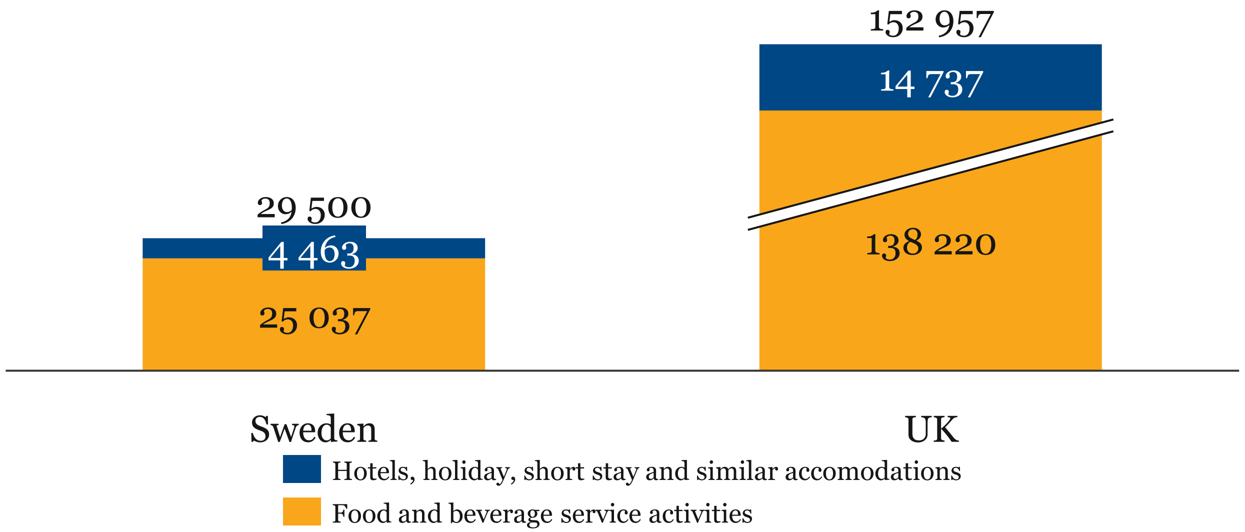
**Source**: Business Sweden Research and Analysis, GOV.UK,

# Comparatively, the UK has a low number of tenders when benched against Sweden, where supply based contracts chosen by value are the most popular

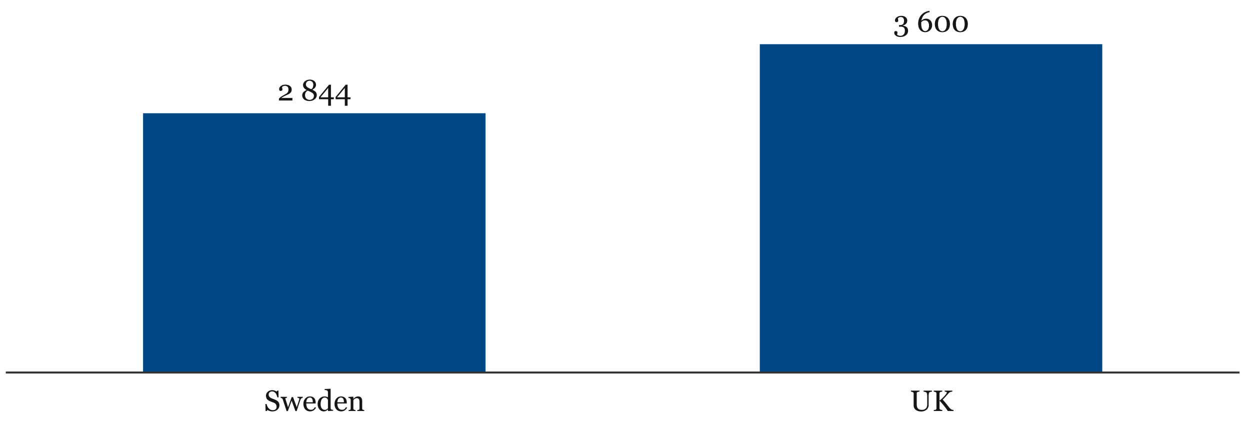
## Comments

- While having a much larger population wise, the UK has had only 26.6% more furniture related tenders in the last five years compared to Sweden
- Most of these tenders are supplies-based in both countries, however the UK has a higher proportion (87% vs. 65%) pointing towards a good tender market for furniture
- Looking at award criteria, lowest price is a less valued criteria for tender selection in the UK compared to Sweden (10% vs. 40%) where the UK prefers to award tenders based on most economical choice
- Looking at the market size for commercial public spaces market, the UK has roughly five times the amount of restaurants and accommodation providers compared to Sweden pointing towards a lucrative commercial contracts market

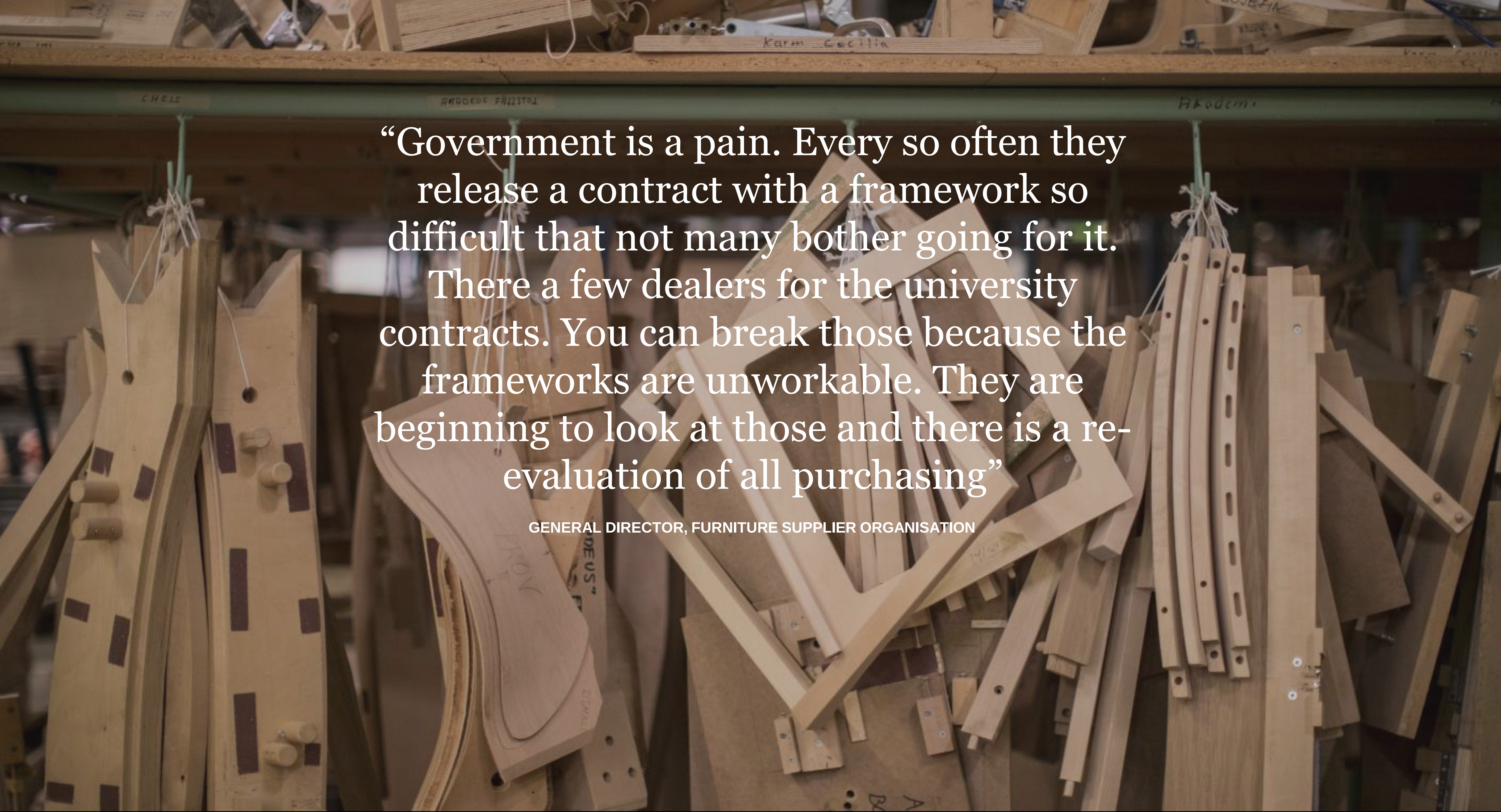
## Number of restaurants and hotels in the UK (2018)




## Number of furniture related tenders (2016-2020)




**Source**: Tender Electronic Daily, Eurostat, Business Sweden Research and Analysis



"Government is a pain. Every so often they release a contract with a framework so difficult that not many bother going for it. There a few dealers for the university contracts. You can break those because the frameworks are unworkable. They are beginning to look at those and there is a re-evaluation of all purchasing"

GENERAL DIRECTOR, FURNITURE SUPPLIER ORGANISATION

# There are many relevant “meeting points” to consider for meeting intermediaries such as niche trade fairs/events, virtual showrooms and social media

**Information:**

- **Physical events:**
  - Trade fairs: to see and touch the products, finishes, types of wood and materials
  - Expositions/show rooms: e.g Design Centre London – home to 120 showrooms and over 600 of the world’s most prestigious luxury brands
  - Design weeks: Clerkenwell Design Week, London Design Week.
- **Digital events:**
  - Virtual showrooms is a growing sector in the past couple years. Architonic, ArchiExpo and Archiproducts are the largest platforms for designers and architects.
  - Instagram and Pintrest are a steady source of inspiration and a place where retailers scout new brands and trends.
- **Magazines:**
  - Dezeen, The Architect’s Journal, The Architectural Review, BD Online, Icon, RibaJ, Mix Interiors
- **Trends in trade fairs/events**
  - Trade fairs and exhibitions have started to offer both a virtual and an IRL version of the event, to reach clients who are not able to travel

**Exhibitions and events connected to the furniture industry**

TOP DRAWER

**Recurring date:** 9-11th January, 2022
**Location**: Olympia, London
**Focus:** UK’s leading design-led trade show
Website

FOCUS/20

**Recurring date:** September, 2022
**Location**: Chelsea Harbor, London
**Focus:** Exhibition
Website

January FURNITURE SHOW

**Recurring date:** 23-26 January, 2022
**Location**: Manchester
**Focus:** Exhibition
Website

THE LUXURY PROPERTY SHOW

**Recurring date:** October 2022
**Location**: Olympia, London
**Focus:** Exhibition dedicated to luxury living
Website

design LONDON

**Recurring date:** September 2022
**Location**: London
**Focus:** Furniture exhibition
Website

COEXISTENCE

**Recurring date:** N/A (few times a quarter)
**Location**: London
**Focus:** Exhibitions, launch parties
Website


"Agents are more and more turning to Linkedin; traditionally however retailers and agents will scout new furniture via word-of-mouth or by networking at tradeshows"

**CEO, FURNITURE AGENCY**

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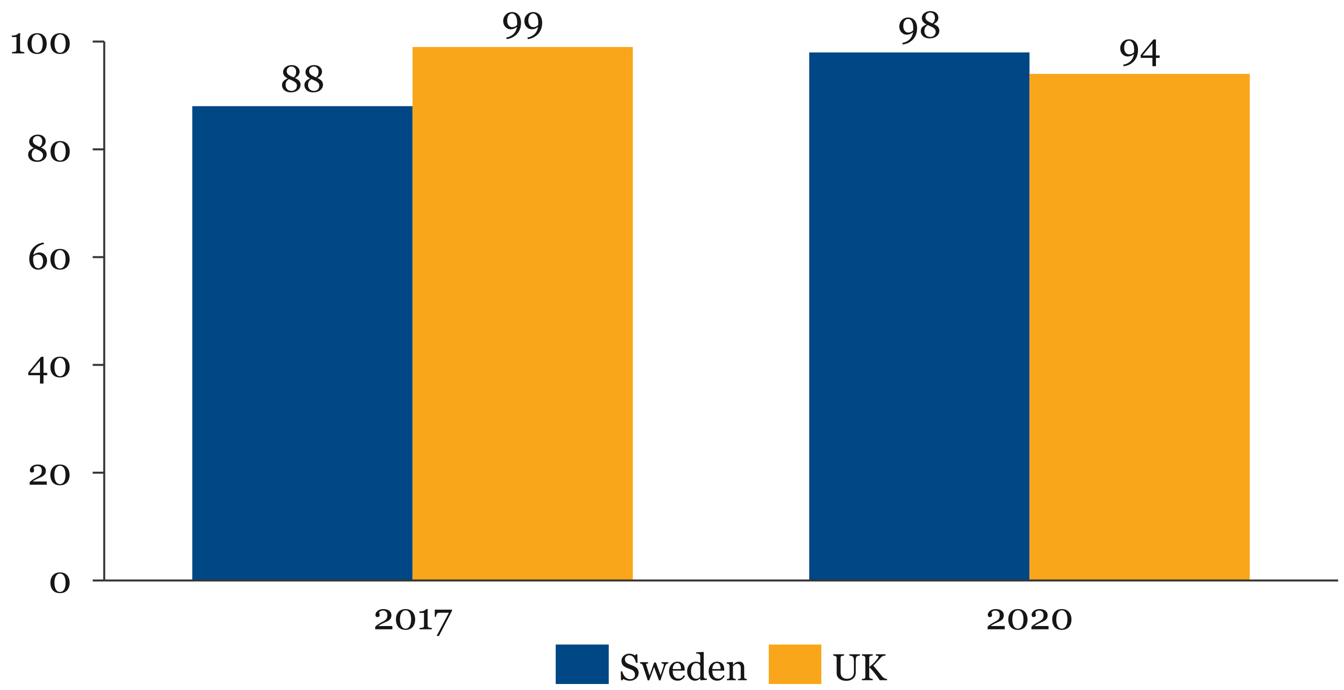
# Growing in tandem with the added-value that sustainability brings to the furniture sector in in the UK, the future points towards a shifting focus in regulation

## UK sustainability reporting trends 2017-2020




**+10%**

SUSTAINABILITY REPORTING RATE 2020 VS. 2017

**-5%**

SUSTAINABILITY REPORTING RATE 2020 VS. 2017

## Sustainability trends affecting the furniture sector

**FSC certification on wood is growing in significance**
FSC certification is highly valued amongst sales partners in the UK, and is becoming increasingly important. There are over 500 FSC-certified furniture companies operating out of the UK.

**Sweden looked upon as a leader in sustainability**
Being regarded as a leader in sustainability, Swedish furniture manufacturers would not have to adjust much to position themselves in the UK and should use this in their marketing.

**Delivery requirements are becoming more sustainable**
Packaging and delivery of furniture are becoming more sustainable, where regulations force retailers to disclose their packaging use and materials like carboard is being used more in the UK.

**Sustainability generally sells and is growing in importance**
While sustainability is not the main criteria for purchasing furniture across segments, a sustainable story sells and it is good to be an early adopted to the reality that will imposed on the UK in the near future.

**Swedish furniture companies looking to trade with the UK should be early adopters of sustainable practices to capitalize on their own strengths and the growing importance of sustainability in the coming years.**

**Source**: KPMG, FSC, Interviews

Sebastian Cox

**Furniture designed and made with a nature-first perspective.**

Interest of addressing three pressing subjects: the decline of biodiversity, climate breakdown, and our wasteful material culture.

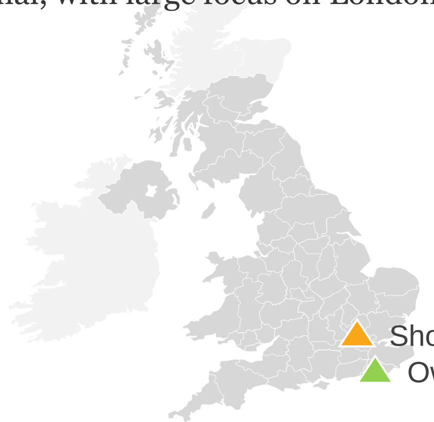
**Origin:** Kent, UK (founded 2010)

**Website:** link

**Sales Channels:** Online store, physical showroom and designers

## MARKET PRESENCE

National, with large focus on London




**10**

EMPLOYEES

**7**

TURNOVER - MILLION SEK

## Product information/USP

Exclusively wood furniture, stools, tables, beds and other small decoration/ accessories for the home segment (ready-to-use and bespoke).

Online — Physical

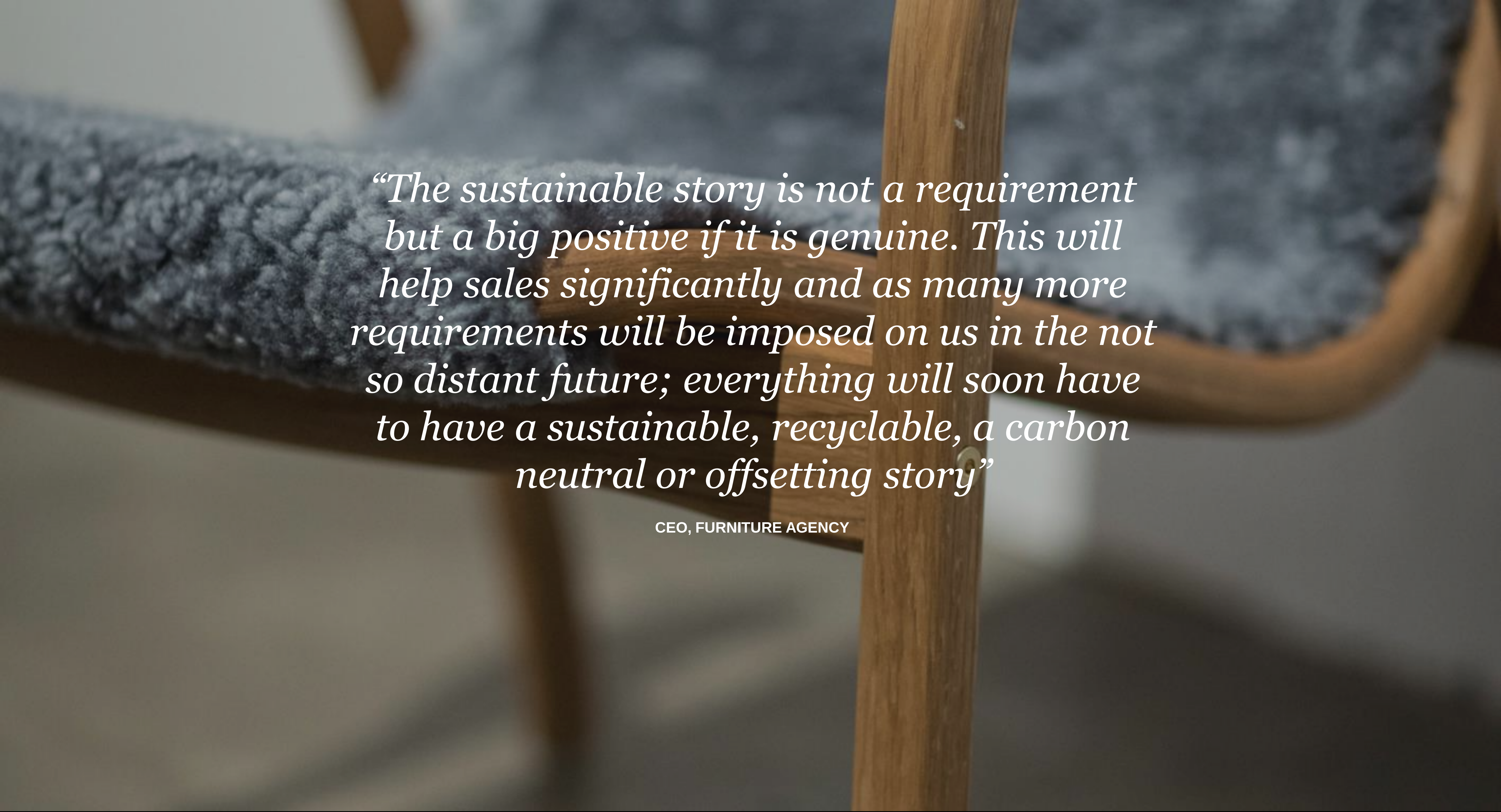
National — International

High-end/luxury brand, price example
- Dining chair 8 TSEK
- Sideboard 20-30 TSEK
- Dining table 40-80 TSEK

Production in UK
Refinishing service (damaged or ‘over-patina’d’)

Carbon Neutral (and beyond)
Own woodland (never cut faster than regrowth)
Waste none of the solid wood
Not using green energy
Encourage staff to personal carbon counting
In process of becoming a “B corporation”

**Source**: https://www.sebastiancox.co.uk/, Dezeen article July 2021, https://bcorporation.net/ and Companies House (annual accounts, 2020)



*"The sustainable story is not a requirement but a big positive if it is genuine. This will help sales significantly and as many more requirements will be imposed on us in the not so distant future; everything will soon have to have a sustainable, recyclable, a carbon neutral or offsetting story"*

CEO, FURNITURE AGENCY

# Sales channel actors underline the importance of a strong brand and product story to succeed

**A need for story for succeeding in the UK**

- There are many Swedish examples that we have collaborated with of a successful furniture designers, but many are lacking a "story" which is important to selling products in the UK
- This story can be anything related to high quality in production, sustainable edge or simply something which makes the products stand out as unique

**Examples of successful international players with stories according to UK actors**

&Tradition®

*"&Tradition is an example of such which has successfully entered the UK. They have a perfect blend of old history and new design. They work through reworking designs from past masters in collaboration with new contemporary designers"*

Molteni&C

*"Molteni is another example who are Italian and own the rights to reproducing the Duponti furniture"*

eikund

*"Eiklund, a Norweigian company, is another example who relaunched old furniture designs"*

**Source**: Company websites, Business Sweden Research and Analysis

*"Fire regulations are the largest requirement which differs from Sweden, as they are far more stringent here"*

***CEO, Furniture Distributor & Interior Designer***

# Fire and labelling regulations are the most crucial requirements to comply to sell in the UK

**Purpose and application of regulation**

- Regulations mandate furniture using composites like foam and fabric to meet to meet specified levels of fire resistance
- This is relevant to any products containing foam or upholstered fabrics including but not limited to; new and upholstered furniture and children's furniture, open air furniture, divans, mattresses, pillows, and mattress pads, scatter cushions and seat pads, permanent and loose and stretch covers for furniture, foam and non-foam filling for furniture
- Failure to meet these may result in prosecution in the event of a fire or fines if being inspected by a the trading standards department

**Specific requirements of the regulation**

- Requirements differ across setting for use, where;
  - For domestic settings, products need to pass both a cigarette and a match test
  - For public spaces, contract settings (such as hotels and education) products have higher requirements, and need to pass the CRIB-5 tests and for special cases of public spaces, contract settings (such as prisons and healthcare) need to pass the more stringent CRIB-7 test
- A permanent label and display label must be fitted to every item of new furniture (with some exceptions) suited for **retail**, temporary labels are find for the contract market
- Records need to be kept of products for a five year period from supply date including correlation records and tests to furniture, batch numbers and supplier statements

**Source**: Firesafe.org, FIRA, Business Sweden Research and Analysis

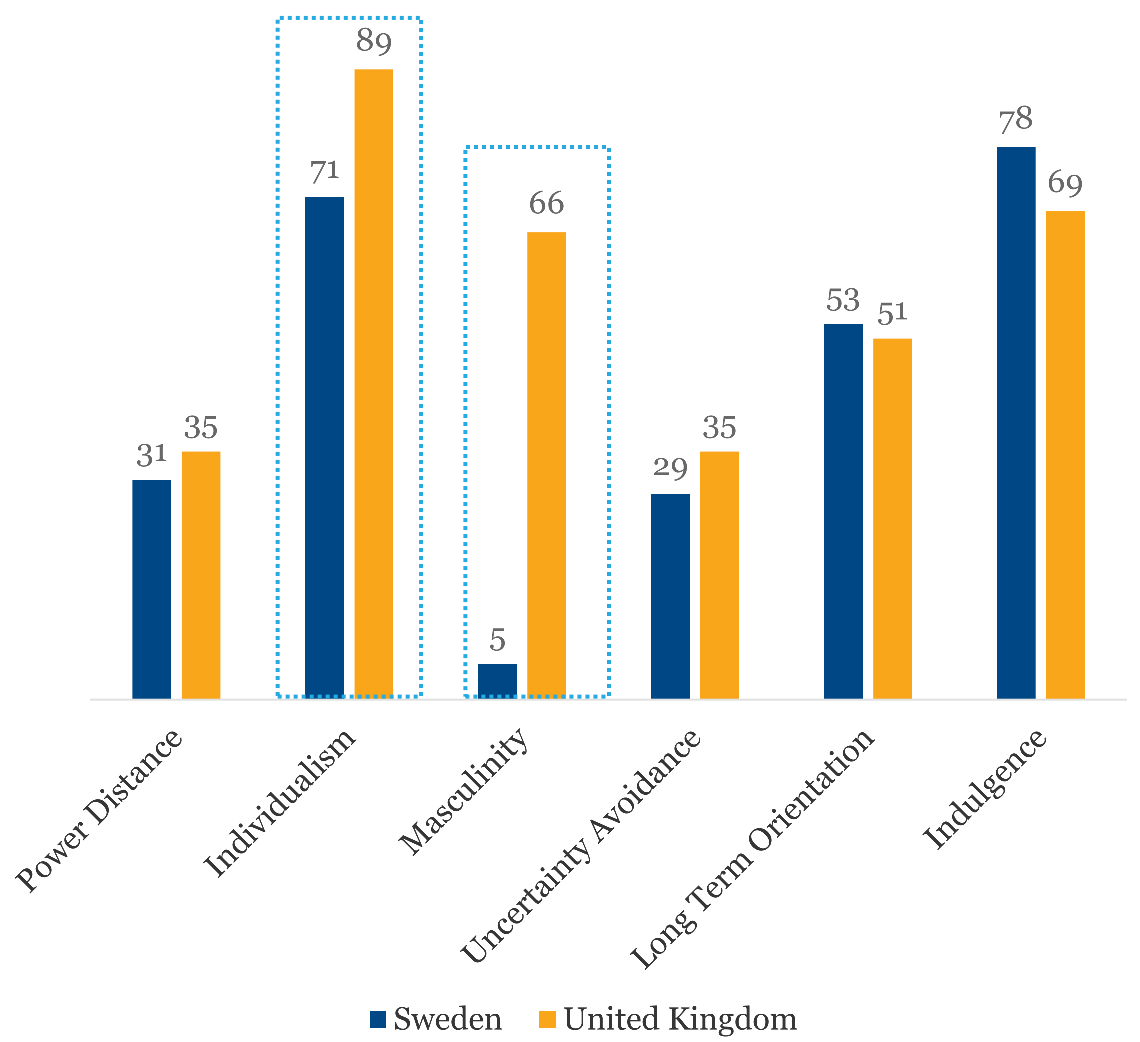
# The UK is comprised of four nations – England, Wales, Scotland and Northern Ireland – which have significant differences important for TMF to beware of

- **Major differences in language and governance/independence**
  - Wales follows England closely in its governing, rules and regulations
  - Scotland is more independent, with its own parliament and national rules
- **These differences are also apparent in the way business is conducted in the various areas**
  - The brits are hard to pinpoint, their hierarchy is deep, their communication indirect and they are very formal in their social interactions
- **There is a strong belief that Swedish companies know the UK because it is so close to Sweden**
  - Different law system
  - Cultural and social differences


- **Common mistakes made by Swedish companies when entering or expanding into the UK market:**
  - Compare with how things are done in Sweden, but not in the UK
  - Neglecting to follow-up on meetings
  - Greater importance placed on networking and networks
  - Oral decisions are not as final as in Sweden
  - Linguistic barriers often greater than one thinks
  - Underestimating differences in business culture
  - Underestimating the time it takes to establish
  - Neglect higher initial investment costs for establishment
  - Insufficient market research before entering the market
  - Insufficient flexibility when entering the UK market
  - Ensure entire Swedish organisation is prepared for expansion

# There are differences in masculinity and individualism between the UK and Sweden which impact the preferred way of communication when doing business

## Country Comparison




**Source**: Hofstede

## Cultural Differences

- The most stark difference is in terms of Masculinity, which essentially means Britain's a Masculine society - highly success oriented and driven, where Sweden's a Feminine society – dominant values are caring for others, quality of life, work/life balance and importance of 'Lagom'
- This is complimented by Britain's higher score on individualism – the people look after themselves and their direct family only. Whereas Sweden's a Collective society - people belong to 'in groups' and take care of each other. Loyalty plays an important role

## Cultural Definitions

- ***Power Distance***
  The extent to which the less powerful members of organisations within a country expect and accept that power is distributed unequally.
- ***Individualism***
  The degree of interdependence a society maintains among its members (I or We).
- ***Masculinity***
  The fundamental issue here is what motivates people, wanting to be the best (Masculine) or liking what you do (Feminine).
- ***Uncertainty avoidance***
  The extent to which the members of a culture feel threatened by unknown situations and have created beliefs and institutions that try to avoid these.
- ***Long term orientation***
  How every society has to maintain some links with its own past while dealing with the challenges of the present and future.
- ***Indulgence***
  The extent to which people try to control their desires and impulses.

*“People trust what comes out of Scandinavia and that is important”*

MD, WHOLESALE FURNITURE SUPPLIER

# Agenda

- Summary
- Country capabilities - furniture production and trade
- Sales of furniture
- Requirements to compete
- **Recommendations**
- Appendix

# Trends and market requirements set the way in which products should be marketed and sold in the UK

| Market description | Recommendations |
|---|---|
| Growing importance of sustainability and Sweden is a leader | • Develop and push an authentic sustainable story, where the product is still price competitive |
| Furniture must meet specified fire and labelling requirements | • Make sure to meet fire regulations in order to avoid penalties from the trading standards authority |
| Discounts expected in all market segments | • Price your products accordingly to be competitive based on the different customer targeted |
| Tenders compete on price in most customer segments and lead times | • Strategize your tender to be economical and be able to deliver on time as customers have high demands on lead times |
| Differences in language, business culture and law | • Be compliant with the local requirements of different UK countries and do not underestimate differences between the UK and Sweden |

# Recommendations of how to go to market differ according to which sales channels are most used and the saturation of competition

| Market description | Recommendations |
|---|---|
| A saturated low-end market driven by local players, where sales to retailers or interior designers are the most lucrative | • Focus on targeting the high-end market<br>• Target physical retailers and interior designers<br>• Use intermediaries like agents, distributors or buying groups<br>• Push sustainability and make sure to meet fire regulations |
| A market dominated by large internationals where procurement or interior designers are the main way to market | • Target interior designers and procurement<br>• Use intermediaries like agents, distributors or buying groups<br>• Tailor your offerings to be competitive on price and lead time<br>• Push sustainability and make sure to meet fire regulations |
| A market saturated with large internationals, where the main way to market it via interior designers (and procurement, however this can be complex for government) | • Target interior designers and procurement (private)<br>• Use intermediaries like agents or distributors<br>• Tailor your offerings to be competitive on price and lead time<br>• Push sustainability and make sure to meet fire regulations |

**A tailored approach for each customer segment should be taken based on which intermediaries are targeted, the market requirements of the country and current trends**

*“So much space is changing now and in the next 5 years; where business which used to work on foot traffic (cafes and pubs) and offices and hotels will be reconfigured. It is a great time to enter the market as we shift in the way that we live and work”*

**CEO, INTERIOR DESIGN ASSOCIATION**


BUSINESS
SWEDEN
THE SWEDISH TRADE & INVEST COUNCIL

# Agenda

- Summary
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- **Appendix**

# The study is being carried out by a mix of desktop research and the following qualitative interviews

| Actor | Role | Type | Website |
|---|---|---|---|
| **Senab** | CEO APAC | Distributor | https://www.senab.com/en/ |
| **Tollgård Design Group** | Founder and Creative Director | Interior designer / Distributor | https://tollgard.com/ |
| **ADE Architects** | Architect | Architect / Interior designer | https://www.ade-architecture.co.uk/ |
| **British Educational Suppliers Association** | Director General | Trade Association | https://www.besa.org.uk/ |
| **Halloways of Ludlow** | Head of Furniture | Distributor/ Retailer | https://www.hollowaysofludlow.com/ |
| **Momentum** | MD | Distributor / Agent | https://www.momentumcardiff.com/ |
| **The UK Agency** | Sales Director | Agent | https://www.theukagency.co.uk/ |
| **Society of British and International Interior Designers** | CEO and Founder | Trade Association | https://www.sbid.org/ |
| **EMD Agencies** | Director | Agent | https://www.emdagencies.co.uk/ |
| **JRL Agencies** | Furniture Agent | Agent | https://www.linkedin.com/in/james-leach-7aa02527/ |

# Competitors and their distribution channels - Information for all markets

| Company | Origin | Legal trading name and UK presence | Legal trading name and DE presence | Legal trading name and FR presence | Legal trading name and US presence | Target Customer | Comments | Website |
|---|---|---|---|---|---|---|---|---|
| Zanotta | Italy | Simon Cook Agencies (agent) | Renè Kaven, Frank Reimann, Stefan Treuer (agent) | 100x100 Design Srl (agent) | Zanotta US / Canada (subsidiary) | Upmarket | The commercial distribution is supported by 4 Flagship Stores and more than 800 selected resellers, with a presence in over 60 countries and a quota of exports exceeding 80% of turnover. | https://www.zanotta.it/ |
| Knoll | US | Aram Store (premium dealer), Chaplins (premium dealer), Conran Shop Fulham (premium dealer), Living Space (premium dealer) | Behr Einrichtung GmbH (premium dealer), Bohmler Einrichtungshaus GmbH (premium dealer), Dopo-Domani (premium dealer), Estivale GmbH Dresden (premium dealer) | 2B Design (premium dealer), Agora Mobilier (premium dealer), Arrivetz (premium dealer), Belle Epoque (premium dealer), By Loft (premium dealer) | B. Stanley Gill, Inc. (workplace dealer), Design Within Reach (residential retailer), Debner+Company (workplace dealer), CI Select (workplace dealer) | Upmarket (residential and workplace) | Knoll offer classic and contemporary furniture and accessories for living, dining and working. They also offer products and resources for planning a workplace for a commercial, education, healthcare or government organisation. | https://www.knoll.com/ |
| Wittmann | Germany | Alveena Casa (dealer) | Behr Einrichtung (dealer), Oliver Von Zepelin (premium partner), Einrichten Schweigert (dealer) | N/A | INEX (dealer), Scott & Cooner (premium partner), Switch Modern (premium partner) | Mid to upmarket | Wittmann combine distinctive design with craftsmanship - they offer products within the realms of novelties, living, sleeping and material | https://www.wittmann.at/en/ |
| &tradition | Denmark | Ahrend (professional stockist), By Form (professional stockist), Aram (professional stockist), | Connox GmbH (private stockist), Dopo Domani International Interior Design e.K. (private stockist), Behr Einrichtung (private stockist) | Alibabette (private stockist), Aussih (private stockist), Bel Oeil (private stockist) | | Upmarket | Professional, private and online distributors - worldwide | https://www.andtradition.com/ |
| Vitra | Switzerland | Heal's (showroom), The Conran Shop (distributor), Nest (official stockist) | Ambiente Direct (international distributor) | N/A | N/A | Upmarket | Vitra focuses on long lasting relationships with clients. The Vira Campus and the Vitra Design Museum provide exhibiting opportunities. | https://www.vitra.com/en-de/home |
| Fritz Hansen | Denmark | No concept store in the UK. 37 local retail stores as dealers | No concept store in Germany. Around 150 retail stores as dealers. | No concept store in France. Around 55 retail stores as dealers. | Regional office in New York, as well as concept stores in New York and San Francisco. Around 50 retail stores as dealers. | Upmarket | Works mainly with own concept stores, regional sales offices and a quite well covered range of inhouse sales reps. | https://www.fritzhansen.com/ |

# Competitors and their distribution channels cont. - Information for all markets

| Company | Origin | Legal trading name and UK presence | Legal trading name and DE presence | Legal trading name and FR presence | Legal trading name and US presence | Target Customer | Comments | Website |
|---|---|---|---|---|---|---|---|---|
| e15 | Germany | Utility Retail Ltd (retailer), Atomic Interiors Ltd (retailer), The Conran Shop Ltd | Handelsagentur Lothar Vollert (representative), Wohnstudio Wonnemann (retailer), Andrea Busch Inneneinrichtung (retailer) | Comédi Sarl (representative), Angle Droit (retailer) | Studio Como (retailer), Centro Modern Furnishings (retailer), Scott + Cooner Inc. (retailer) | Mid to upmarket | Large global presence - high quality materials (mainly within the realm of fine woods) | https://www.e15.com/en/ |
| Carl Hansen & Son | Denmark | Holloways of Ludlow (dealer), Bulthaup Winchester (dealer), Heals & Son (dealer) | Mooris.de (dealer), Minimum einrichten (dealer), smow Berlin (dealer), Andreas Murkudis (dealer) | 2B Design-Galvani (dealer), Andre Gilbert (dealer) | Design within reach (dealer) | Upmarket | 2020 - pre tax profits of DKK 93 million. 13 flagship stores which account for 7% of revenue. | https://www.carlhansen.com/en |
| Gubi | Denmark | Clippings (store), Haus (store), Twenty Twenty One (store) | The Qvest Shop (store), Light11 (store), Loeser Braunschweig (store) | Piece Unik (store), le bon marché (store), fleux (store), silvera (store) | SMINK Art + Design (dealer), Wilder (dealer), Design Lab (dealer) | Upmarket | In excess of 100 locations across the world - flagship store in Copenhagen | https://www.gubi.com/ |
| Muuto | Denmark | Tea and Kate (store), Vanil (store), Papillon (store) | Stoll Forum (store), Goldkant (store), Smow Dusseldorf (store) | Le Cédre Rouge Seclin (store), Le Bon Marche (store), Muuto (flagship store) | Design Within Reach (store) Ember Audio + Design (store) | | 132 stores worldwide including a flagship store in Paris, France, 56 contract dealers worldwide and 100+ online stores | https://www.muuto.com/ |
| Ercol | United Kingdom | Choice Furniture (store), Martin & Frost (store), John Lewis (store), Forrest Furnishing (store), Barker & Stonehouse (showroom), Elys of Wimbledon (showroom) | N/A | N/A | N/A | Midmarket-upmarket | Stores across the UK - not beyond this | https://www.ercol.com/ |
| Artifort | Netherlands | Urbansuite Manchester (dealer), Jane Richards (dealer), Catalog Interiors (dealer), Crest Contract Interiors (Agent and Import) | Designfunktion GmbH Essen (dealer), Das Moebel GmbH (dealer) | Forma Design (dealer), Lignes (dealer) | N/A | Midmarket | Dealers, Agents & Import and showrooms across Europe | https://www.artifort.com/ |
| La Palma | Italy | Caroline Calvert (agent) | Oliver Scherdel (agent), Peter Wulff (agent), René Willberg (agent) | Laurence Decoulibeouf (agent), Daniel Wagemans (agent) | N/A | Midmarket | Agents and dealers across Europe and Canada | https://www.lapalma.it/en |
| Rolf Benz | Germany | hulsta Bournemouth (retail partner), hulsta Esher (retail partner), Tamaru (retail partner) | Rolf Benz World, Nagold (Showroom) | SAS Henri Canu (retail partner) | studio 2b (retail partner), Divine Design Center (retail partner), Rolf Benz Flagship by STUDIOANISE (flagship retail store) | Upmarket | Retail Partners in parts of Europe and US | |