



Specialists to lose out as grocers and department stores increase homewares market share.

In new research, soon to be released by Verdict Research in its UK Homewares Retailers 2012 report, it has been found that in the UK homewares market, specialist retailers are losing out to grocers and department stores as they take advantage of consumers trading down for homewares products.

Grocers are making the biggest market share gains in homewares, increasing from 11.0% in 2007 to 14.5% in 2011 and, we forecast, due to grow further to 15.0% in 2012. Benefiting from reliable and consistent footfall, grocers have made gains in the homewares sector through increasing their ranges and targeting their customers better. Grocers have high levels of affinity, between food and cookware for example. However they have also encroached on specialists by diversifying into textiles such as bedding and towels. We estimate that department stores will grow their sector share to 19.3% in 2011 from 19.0% in 2010. Department stores have been growing their space - benefiting homewares sales, while there has also been an increased focus on the sector. Both Debenhams and House of Fraser have focused more on own label homewares ranges, with Debenhams extending its Designers at Debenhams ranges and House of Fraser launching its Shabby Chic collection. Grocers' and department stores' gains have been at the expense of specialists. We estimate that over 2007-12e, specialists' share of the homewares market will decline by 1.1 percentage points. While larger specialists remain fairly resilient to competitive pressures, smaller independent specialists find it hard to compete with larger players who benefit from far better economies of scale, and consistent footfall. Moreover, with consumer demand for homewares products currently weak, specialists who rely on homewares as the sole driver of footfall to their stores will suffer. An exception to this trend is Dunelm, which has grown share from 3.5% in 2006 to 5.9% in 2011. The retailer has taken advantage of consumers trading down as well as price-sensitive shoppers who seek lower price value products, allowing it to grow sales and boost market share. Moreover, with the homewares market very fragmented, Dunelm is one of the few surviving destination retailers for homewares products. The retailer's growing UK store network has enabled it to target a wider customer base and take sales away from competitors such as Argos.

Verdict's UK Homewares Retailers 2012 report will be available to buy from the [research store](#), or by contacting [Marc Dring](#) on +44 (0) [20 7551 9540](#)