

RTA



by Giulia Taveggia,
CSIL Market Research

THE READY-TO-ASSEMBLE FURNITURE INDUSTRY IN EUROPE

RTA furniture defines the group of furnishing products which, according to the country of reference, are known as flat-pack, ready to assemble (RTA), knock-down (KD), DIY (do it yourself), self-assembly or kit furniture that come in flat-packs and include all the hardware and instructions required for assembly.

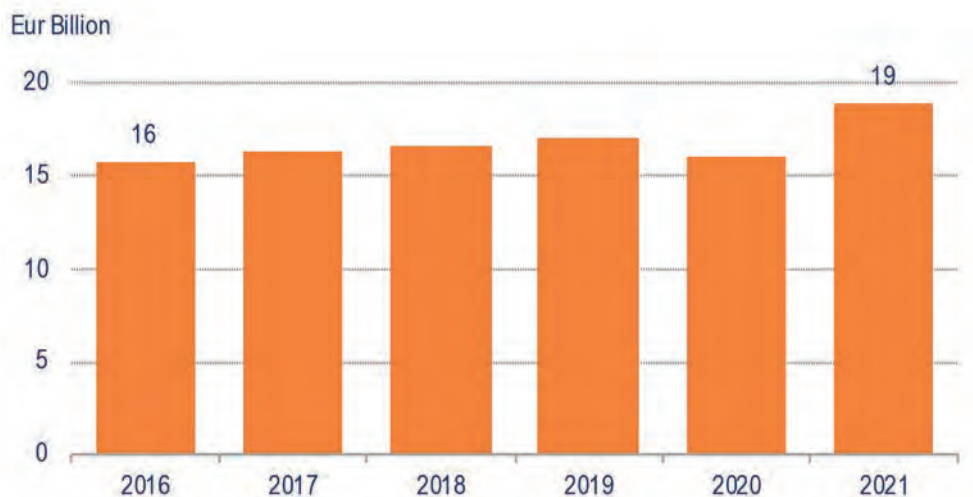
In the last twenty years, RTA furniture industry has developed fast, in terms of both the industry's size and the products (support materials, finishing, assembling solutions) and distribution channels (registering a sharp increase in online sales). During the period 2016-2021, RTA furniture industry increased by 3% yearly, registering a higher growth

rate compared to the performance of the fully assembled furniture production.

The weight of RTA furniture industry increased overtime on the whole furniture industry and reached a value exceeding Eur 15 billion.

RTA furniture is a relatively concentrated segment. The four largest countries in the European market

EUROPE. CONSUMPTION OF RTA FURNITURE, 2016-2021. EUR BILLION



Source: CSIL

2021: preliminary estimate

control over 60% of the supply, and the ten largest countries control over 85% (against 80% for the furniture industry).

With a production value of over Eur 3 billion, Poland and Germany are the two leading producing countries for RTA furniture, followed by Lithuania and Italy.

Over the last twenty years, Eastern Europe eroded market shares to some traditional furniture producing countries, such as the United Kingdom and France (where some leading RTA furniture manufacturers ceased their activity or moved production outside their country).

Driven by sourcing policies of leading furniture chains and supported by European funds, Eastern Europe developed a large production capacity, particularly in RTA furniture industry. In the area (mainly in Poland, but also in Lithuania, Slovakia, and Hungary), various production units of the IKEA Industry and important IKEA suppliers are located.

Poland has a large production capacity destined for the middle/middle-low market range. IKEA has a significant foothold in the Polish market, with close to 10,000 workers employed at 18 production facilities. Currently, Poland is the second largest producing country of IKEA globally - almost 20% of furniture products are made in Poland. The competitive system is also concentrated, significantly more

when compared to the furniture industry, and composed mainly of large companies. The leading 50 European RTA furniture manufacturers represent an estimated 50% of the total RTA furniture production, a share that progressively increased over the last five years.

This value, if compared to the whole furniture sector, is significant.

According to CSIL estimates, the top 50 European furniture manufacturers account for around 25% of the total European furniture production.

A polarization exists between the furniture giant IKEA and all other furniture manufacturers with much lower market shares.

IKEA's development drives the industry both in terms of production and market trends. Considering the total IKEA products supply, about 90% is sourced from external suppliers. Leading European suppliers are Poland, Italy, Lithuania, Germany and Sweden. IKEA Industry's main focus is wood-based furniture. Its operations are conducted through 40 production units that include forestry, sawmills, and production of board material, wood components and RTA furniture. IKEA Industry Group's top five production countries are Poland, Russia, Slovakia, Portugal, and Sweden.

MARKET SIZE AND BEST PERFORMERS

RTA furniture market in Europe

reached an overall value of Eur 19 billion, recording cumulative growth of +20% compared to 2016.

In Europe, sales of RTA furniture account for about 20% of total furniture sales, on average, with different shares among countries

The best performers among the ten largest markets were Poland, the Netherlands, Belgium, the United Kingdom, and Spain.

IKEA (nearly Eur 29 billion of total sales in 2021) is by far the leading furniture retailer for RTA furniture sales in Europe. Its increase also boosted the organized specialist channel, which accounts for more than 70% of the European RTA market, and increased its weight over the recent years.

Particularly in the last two years, leading furniture chains have increased their online sales sharply, and today e-commerce is the second-most important channel for RTA furniture sales in Europe.

The online sales are developing fast also for DIY players, which usually make only products in-stock available for online purchase to guarantee fast delivery. With the rapid increase in online sales, RTA furniture manufacturers had to adapt their packaging solutions, introduce lighter options, and optimize the number of packs.

This is recognized as a significant innovation within the RTA furniture industry.

The 2022 edition of CSIL report 'The European Market for RTA Furniture' analyses the RTA furniture market in Europe and 15 most important countries for RTA furniture industry. CSIL selected the leading 15 countries (Belgium, Czech Republic, Denmark, France, Germany, Italy, Lithuania, Netherlands, Norway, Poland, Romania, Slovakia, Spain, Sweden, the United Kingdom) according to their representativeness in terms of production and consumption of RTA furniture in Europe. The report aims to provide information on the following topics: value of RTA furniture consumption and production (2016-2021) in each market and for Europe; main features shaping the competitive system of each country: leading manufacturers for RTA furniture production, sector concentration, merger&acquisition operations; main supply features of the industry in terms of product type, support materials, finishing; analysis of the distribution system for RTA furniture: breakdown of the market by distribution channels and listing of leading RTA furniture retailers (large-scale furniture chains, DIY, e-tailers). The report can be purchased online and downloaded from: www.worldfurnitureonline.com