

European Upholstery Sector Trend: Business Model.

In terms of production, the upholstery sector accounts for between 15% to 30% of the total furniture production depending on the different countries, and it shows an increasing degree of internationalisation in the enterprises as well as a consolidation of processes of multi-localization, outsourcing of the production processes and two kinds of business strategies: product diversification and productive specialization.

In the retailing sector, there is an intense variety of distribution channels taking place, and a great dealing power and market influence is increasing in the hands of big buying groups (mainly in Germany) and other retailing channels such as specialized chains, multiple furnishing stores and furniture supermarkets. It is important to highlight that with a communication based on price, and strengthening the product towards a commodity product, the distribution is strongly forcing manufacturers to reduce margins drastically and to improve the competitiveness.

The SWOT Analysis shows that there are significant differences between the High Cost Countries (Western Europe: Italy, Spain, France, Germany, UK) and the Low Cost Countries (Eastern Europe: Poland) what is a clear signal of the intense polarity that is working actually in Europe.