



www.gruppobpc.com

Bathroom Furniture Market Report

USA 2015 
GruppoBPC International



1. Bathroom Furniture in the U.S.

The market for bathroom furniture in the U.S. declined due to the Great Recession. As essentially a sub-sector of the housing market, the bathroom furniture demand bubble burst alongside the collapse of real estate in the United States. Over the past five years, the bathroom furniture market has struggled to reach its pre-recession flair as revenue for 2014 contracted at a rate of 2.7%, bringing total industry earnings to US \$11.05 billion. Projections suggest that the industry's revenue will continue to contract through 2015 and will maintain slow, gradual growth to the end of the decade.

Key Statistics Snapshot

Revenue	Annual Growth 10-15	Annual Growth 15-20
\$11.0bn	-1.9%	0.1%
Profit	Exports	Businesses
\$209.6m	\$103.8m	6,562

Despite the lackadaisical growth of the industry's revenue, there are several bright spots being displayed by the bathroom furniture market. The four most influential factors in demand for

bathroom furniture are trending upward. According to IBIS World, private spending on home improvements is expected to grow rapidly over the next five years. A growth in home improvement expenditures means that demand for industry goods will also increase. In addition, the value of residential construction, though drastically affected by the housing collapse, is also growing rapidly and is expected to reach pre-recession levels by 2020. Harvard University's Joint Center for Housing Studies (JCHS) predicts that nationwide spending on remodeling projects will reach a record high of US \$324 billion this year. Remodeling projects are expected to grow by 7% this year with bathroom renovation projects expected to account for 58% of all remodeling efforts. New home construction, which is synonymous with an increased demand for bathroom furniture products, will also be prevalent in the coming years.

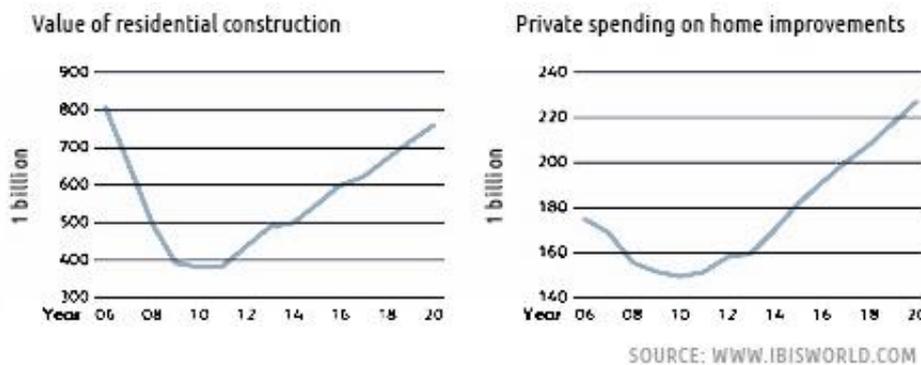


Image 2. Value of Residential Construction and Home Improvement Expenditures

The consumer confidence index is also projected to boast strong growth over the next five years. As consumers begin to feel more secure with their jobs, incomes and houses, they display an increased penchant for home remodeling and purchasing of industry goods. Projections also suggest that per capita disposable income will post strong growth over the next five years, meaning that consumers will have additional purchasing power for products in the bathroom furniture industry.

The bathroom furniture market is also promising for those outside of the United States as imports of industry products make up a sizeable portion of domestic demand. Foreign imports are expected to increase through the end of the decade, rising at an average annual rate of 4.8%. By 2020, the value of bathroom furniture imports will total an estimated US \$1.2 billion or around 10% of industry revenue.

2. CONSUMER TRENDS

Due to the recession, the overall bathroom furniture industry was undoubtedly hurt, especially because of its immediate connection to the housing market. Demand for luxury bathroom furniture, however, was mildly affected by the economic downturn. In fact, during the latter stages of the recession, a growing trend towards luxury goods began among affluent Americans. Gains in the stock market and a healthy economy have fueled the interest of affluent Americans in turning their bathrooms into meccas equipped with high end, luxury bathroom furniture. Predictions suggest that affluent Americans will continue to support the high-end bathroom industry as a study conducted by the Harrison Group states that wealthy Americans plan to increase their spending by 20% in 2015.

Alongside the growing demand among affluent Americans for bathroom furniture, is an equally significant trend in the hospitality industry towards luxurious bathrooms. Luxury hotels are fueling and will continue to fuel strong demand for luxury bathroom products. The luxury hotel industry is expected to grow by an average rate of 5.9% over the next five years, meaning more demand for high-end bathroom furniture. Additionally, the wellness industry, especially spas, is becoming a target customer for high-end bathroom products as it seeks to create a feeling of luxury and tranquility for clients.

3. SUPPLIERS

According to IBIS World, the concentration in the U.S. market is low. As of 2014, estimates show that the top industry producers only account for about 33.6% of revenue. The rest of the market is occupied by small, privately owned businesses with local and/or regional presences. Over time, however, the market will become more concentrated due to rising competition from foreign producers. In particular, luxury bathroom furniture manufacturers from abroad are gaining significant ground in the industry.

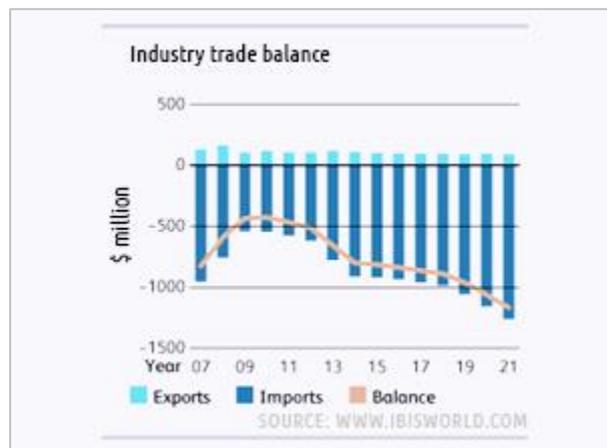


Image 3. Import/Export Statistics and Trade Balance

Although the U.S. market is fragmented, there are several companies that are staples in the industry. The most popular companies are:

Duravit AG - A luxury Germany manufacturer

Virtu USA - A popular U.S. manufacturer that prides itself on handcrafted products

JWH Living - California based manufacturer that is popular among residential and commercial customers

DXV by American Standard - A U.S. based luxury manufacturer

Tvilum - A Danish manufacturer of furniture

The Interior Gallery – A US manufacturer of luxury bathroom furniture

Design Element - A furniture design and manufacturing company specializing in hand crafted products

Fresca - A Chinese manufacturer of bathroom furniture

4. SALES AND DISTRIBUTION CHANNELS

The distribution network in the United States spans a wide array of invested parties. From the retailer to those involved with construction and remodeling projects, the bathroom furniture market involves several possible channels. The method of distribution depends very heavily on the quality of the product as luxury and more standard items typically find their way to the customer via contrasting channels.

Key distribution channels of bathroom furniture are:

Department Stores

Department stores are chains with locations throughout the country. Although most department stores are known for their stock of clothes, they also dedicate floor space to bathroom related products. They market towards middle-income households.

Examples of department stores that sell bathroom furniture are Macy's, Belk, Sears and JC Penney

Home Improvement Stores

Home improvements stores are generally nationwide chains that have cornered the market. They most frequently carry mid-market furniture marketed to middle income customers, although they stock some higher end products. These stores have purchasing managers at the corporate level that are in charge of procuring goods for the various locations throughout the country.

Examples of these types of stores are Home Depot, Lowe's, and Ace Hardware

Furniture Wholesalers

Wholesalers have a more direct relationship with manufacturers in the industry. They supply a vast network of buyers in the industry including, but not limited to, retailers, property managers, hotels & motels, and casino hotels. As a result of their relationship with many of the industry's players, wholesalers sell both lower end and luxury bathroom furniture.

Boutique Furniture Stores

Boutique furniture stores buy finished products directly from manufacturers and tend to have a local presence. They frequently sell higher end products. Some boutique stores sell a wide variety of furniture while others focus on room specific furniture.

Discount Stores

Discount stores market to the lower end of the customer base. They rely on bulk consumption and efficient distribution to sell goods at lower prices than typical market value. These stores have either a local or regional presence.

Importers

Importers buy furniture from foreign manufacturers and sell it to customers. They are responsible for understanding the market and buying the most in demand goods. Importers also handle all compliance issues related to importing/exporting. Furniture from importers cost less than items bought from retailers or locally owned furniture stores.

Interior Design/Architectural Firms and Contractors

Interior designers, architects and contractors have a direct relationship with customers. They act as liaisons between homeowners, owners of commercial property and wholesale furniture stores. These professionals buy furniture from wholesalers for homebuilders, remodelers and owners of commercial property, charging a mark up for their services.

5. TRADE FAIRS



HD Expo (Hospitality Design Event)- Las Vegas, Nevada

The largest gathering of the hospitality design industry attended by interior design firms, hotels/resorts, purchasing firms, contractors/building developers, and architectural firms

Date: May 13-15

<http://www.hdexpo.com>

ICFF (International Contemporary Furniture Fair)- New York City, New York

Put on by the Jacob K. Javits Convention Center in New York City, this show brings together 32,000 interior designers, architects, retailers, representatives, distributors, visual merchandisers, developers, facility managers and store designers.

Date: May 16-19

<http://www.icff.com>

Design Americas- Miami, Florida

One of the industry's largest trade shows that brings together commercial, residential, hospitality, and retail professionals.

Date: September 16-17

www.magiconline.com/enkvegas

6. OPPORTUNITIES IN THE US MARKET

The bathroom furniture market in the United States boasts several positive aspects that will be conducive to growth and present those in the industry with opportunity. Overall, growing consumer confidence and per capita income as well as the resurgence of home remodeling will serve as the foundation for a healthy industry. Demand for higher end bathroom furniture will continue to trend upwards as wealthy Americans, boutique hotels, and wellness spas become increasingly interested in luxury goods.

Manufacturing of bathroom furniture in the United States is diminishing as foreign competition outperforms domestic producers. Projections suggest that over time there will be a high level of concentration in the market by foreign producers. As such, the U.S. market is a prime location for importers and will continue to be so through the end of the decade, especially for luxury bathroom furniture producers.

GruppoBPC International is the ideal partner for the development of your company and your products in the US market, knowing the market and operating directly through our local team. Thanks to an organizational structure, a working methodology and proven effectiveness, we are able to create business opportunities with all of the above sales channels, in order to start successful business relationships.

We offer you:

EXHIBITION – complete assistance in visiting the main fairs of the sector, organizing one-on-one meetings to know the main players of the market.

EXPORT- full support to successfully enter a new market, identifying and developing winning strategies to sell your products in the targeted market and to prepare your company for subsequent business expansion.

JOINT VENTURE - thorough assistance in the search and evaluation of an international partner with whom to establish a commercial or industrial joint venture.

Do not hesitate to contact us for any information:

HEADQUARTER GRUPPOBPC IRELAND

Marina House, Adelphi Quay
Waterford, Ireland

T +353 51 879 120
F +353 51 879 140

 info@gruppobpc.com
 gruppobpc.com

GRUPPOBPC ITALY

Via De Amicis, 40
20123 Milan - Italy

Skype : gruppobpc.it

7. SOURCES

GRUPPOBPC USA

301 Congress Avenue
Suite 1700
78701 Austin, Texas - USA

Skype: gruppobpc.us

Antonio Borello

Email antonio.borello@gruppobpc.com
Tel. +39 393.933.17.17

Luca Mazzetta

Email luca.mazzetta@gruppobpc.com
Tel. +39 347.63.56.463

- IBIS World
- Joint Center for Housing Studies

8. CREDITS

GruppoBPC International is an international consulting Group with offices in Ireland, Italy, Russia, USA and Singapore, assisting companies in developing their business in the international markets, supporting trade and investment.

With its own international direct network, GruppoBPC International is able to provide top ranking corporate assistance with value added international services, specifically market entry strategy, international communication campaigns and ongoing management assistance, addressed to establish bridges between countries and to develop a global presence in the international markets.

For more information about our services check out our services' page at www.gruppobpc.com