

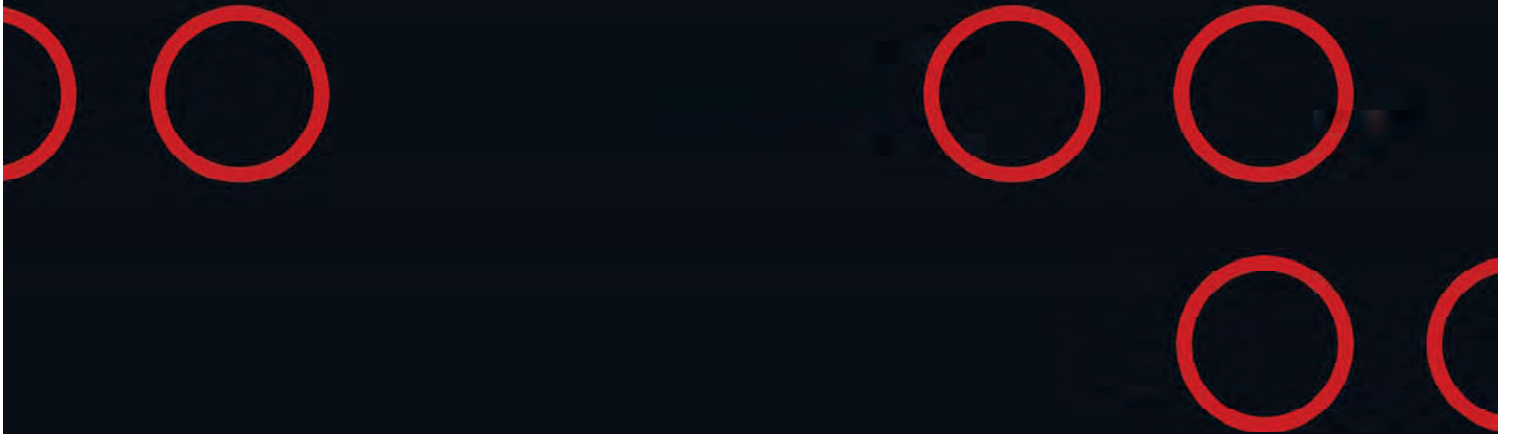


**ATTACHMENT G: 2023 IBISWORLD INDUSTRY REPORT ON CARPET AND TEXTILE
FLOOR COVERING MANUFACTURING IN AUSTRALIA**

INDUSTRY REPORT

Carpet and Textile Floor Covering Manufacturing in Australia

Jun 2023



About

IBISWorld

IBISWorld specializes in industry research with coverage on thousands of global industries. Our comprehensive data and in-depth analysis help businesses of all types gain quick and actionable insights on industries around the world. Busy professionals can spend less time researching and preparing for meetings, and more time focused on making strategic business decisions.

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About

A quick definition of the industry, its products and services, major companies and other key identifiers help you confirm you're in the right place.

1. About

<https://my.ibisworld.com/au/en/industry/C1331/about>

ANZSIC 2006

1331

Definition

Operators manufacture carpets, rugs or other textile floor coverings. The industry also includes companies that manufacture felt or felt products (except clothing), mats or matting of jute or twisted rags.

Related Terms

TUFTED CARPET

Carpet produced by a tufting machine that sews or punches yarn through a backing material to make a loop. Most carpet manufactured in Australia is broadloom.

BROADLOOM

Standard carpet widths manufactured in continuous rolls. These are usually 3.66 or 4.0 metres wide but can be 2.0 metres wide for the healthcare sector, or other widths for special purposes.

CUT PILE CARPET

Tufted carpet with the loops cut.

JUTE MAT

Organic geotextile used for weed and erosion control.

COIR MAT

A textile produced from coconut husks and used to manufacture mats, doormats and brushes.

What's Included

- Knotted carpets
- Woven carpets
- Tufted carpets
- Felt and other carpets

Companies

- Premium Floors Australia
- Victoria Carpets
- Quest Carpets
- Beaulieu
- Tuftmaster Carpets
- Interface Aust Pty Ltd

Related Industries

Industries in the Same Sector

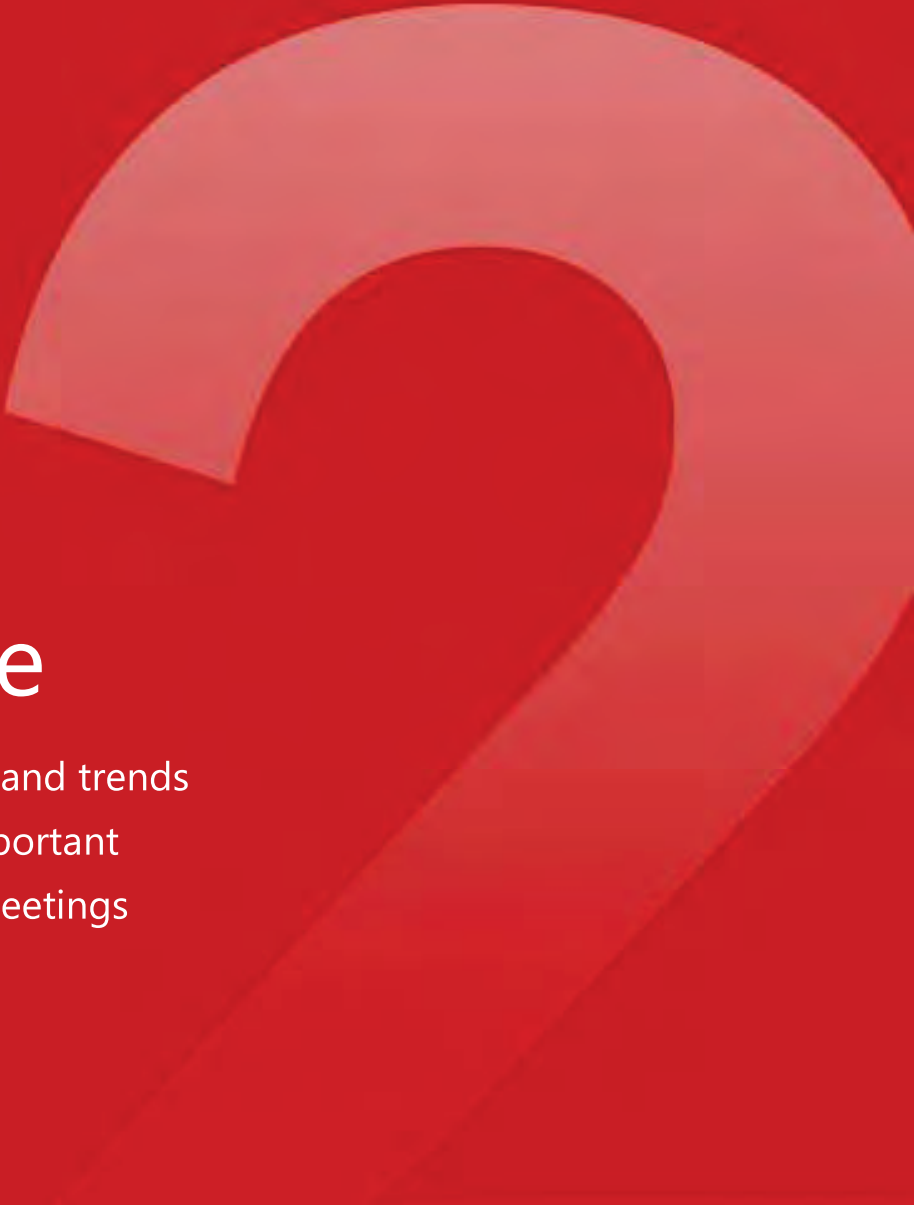
- **Competitors:**
 - No data available
- **Complementors:**
 - Natural Rubber Product Manufacturing in Australia
 - Furniture and Floor Covering Wholesaling in Australia
 - Floor Coverings Retailing in Australia
 - Synthetic and Natural Textile Manufacturing in Australia

International Industries

- Carpet Mills in the US
- Carpet & Rug Manufacturing in the UK

Additional Resources

- [Australian Bureau of Statistics](#)
- [Carpet Institute of Australia Limited](#)
- [Department of Industry, Science and Resources](#)

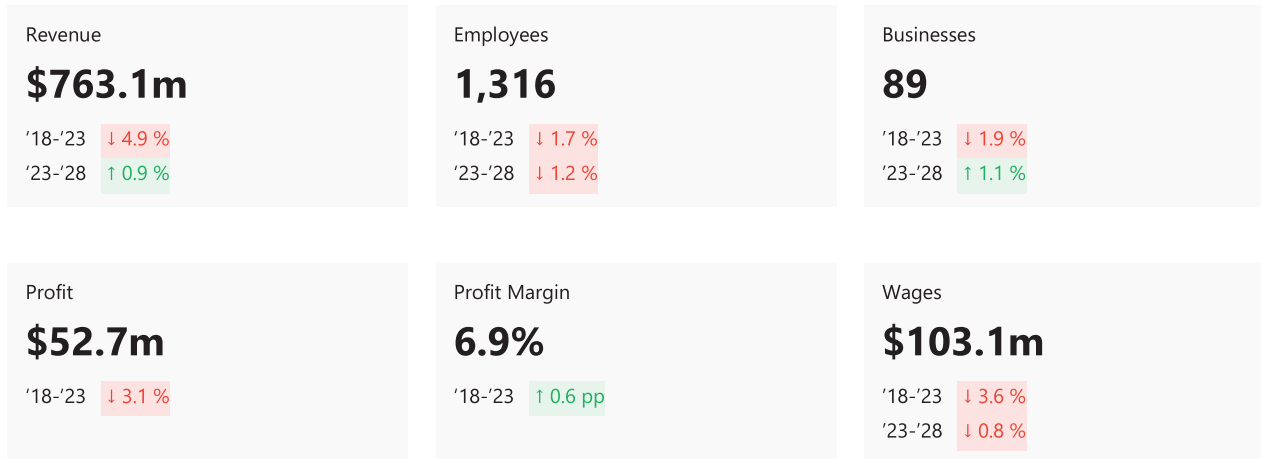
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At A Glance

Evaluate key industry data and trends and get an overview of important report sections to use in meetings and presentations.

2. At a Glance

<https://my.ibisworld.com/au/en/industry/C1331/at-a-glance>



Key Takeaways

Performance

Low-cost import penetration has stolen revenue from domestic manufacturers through lower overhead costs. Imports account for an estimated 45.5% of domestic demand in 2022-23.

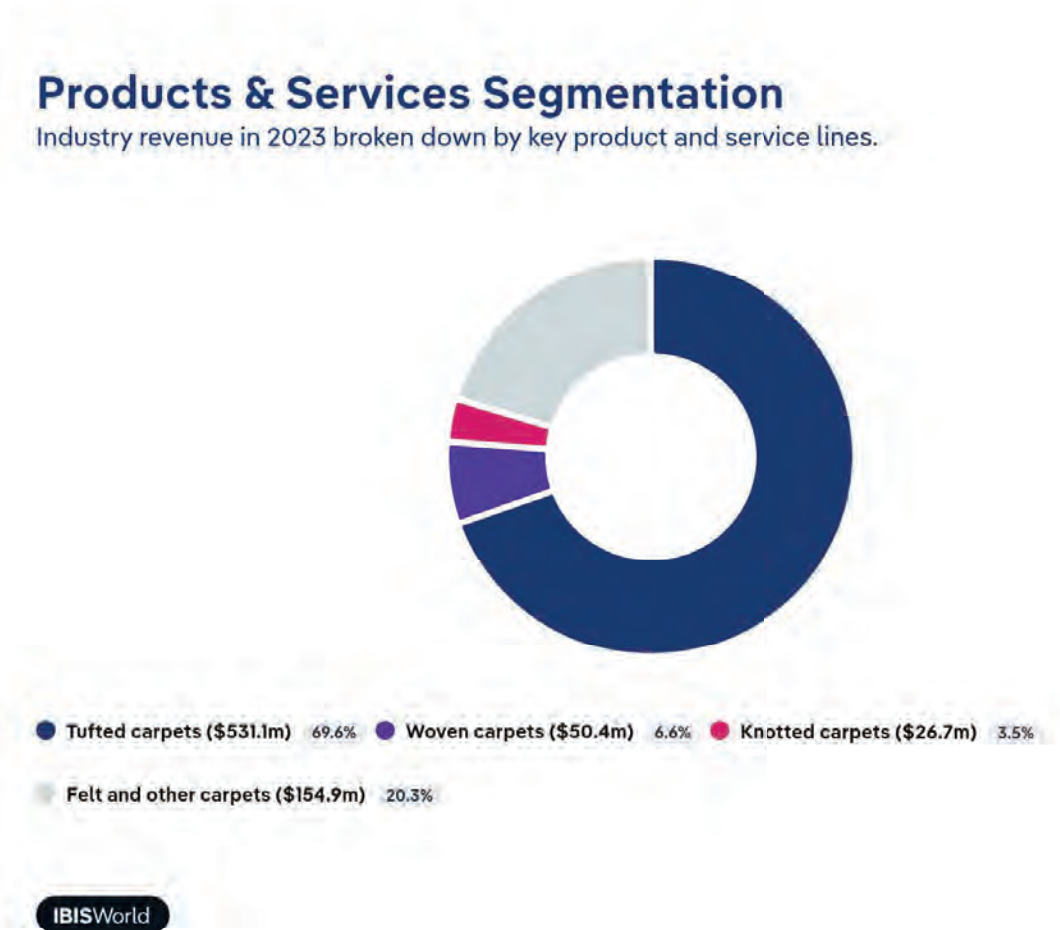
Competition from substitute products is projected to continue rising. Shifting consumer preferences are set to cause volatile demand for carpets, as growing demand for wooden floorboards and ceramic tiles takes over the flooring industry.

External Environment

This industry has substantial large-scale machinery requirements for the production of carpet tiles and rugs. The main machinery used by manufacturers are industrial looms.

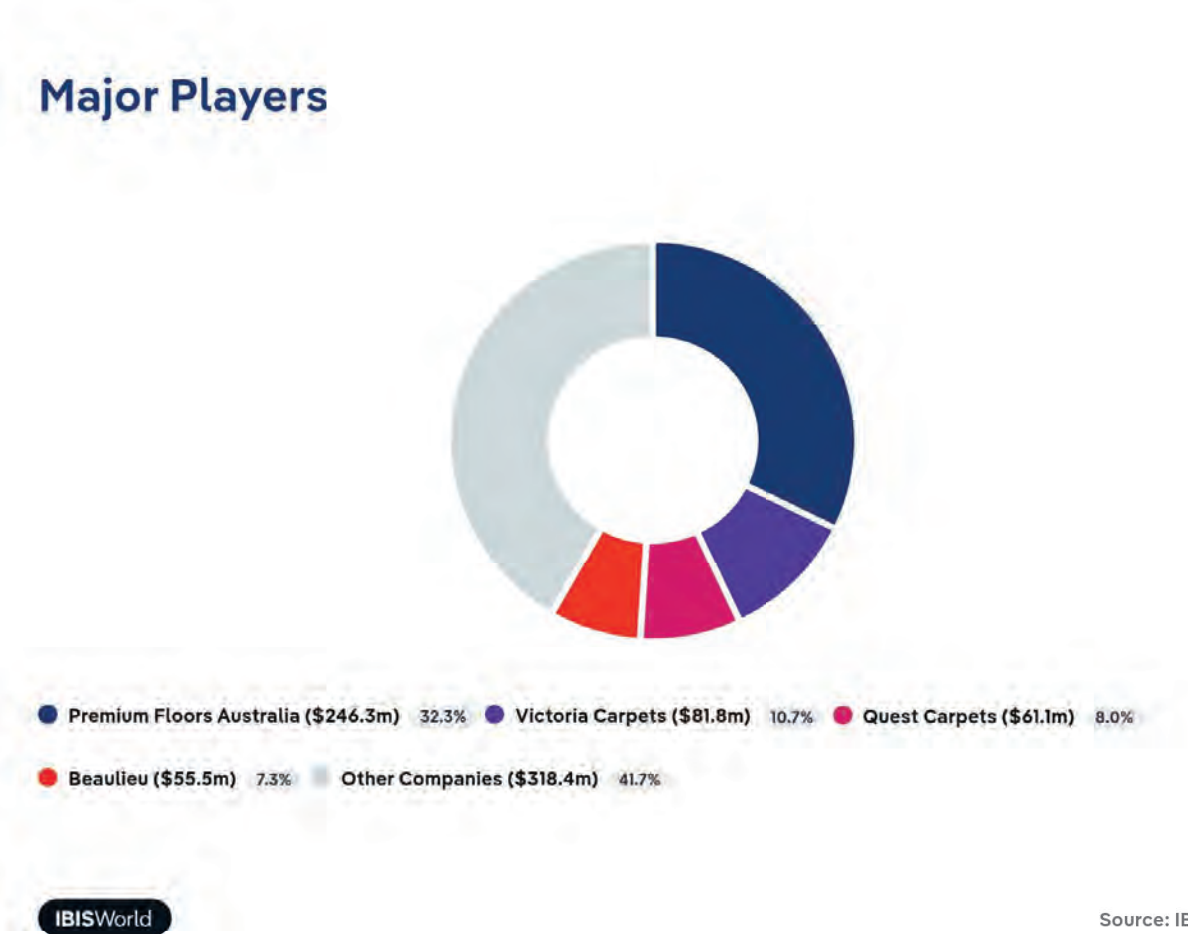
The industry has moderate regulations that manufacturers can use to advertise their products. Key regulations measure the quality and environmental considerations for each carpet product.

Products and Services



Source: IBISWorld

Major Players



Key External Drivers

Key External Drivers	Impact
Dwelling commencements	Positive
Trade-weighted index	Negative
Demand from multi-unit apartment and townhouse construction	Positive
Domestic price of wool	Negative
Demand from commercial and industrial building construction	Positive
Demand from institutional building construction	Positive

Industry Structure

Characteristic	Level	Trend
Concentration	Moderate	
Barriers To Entry	Moderate	Steady
Regulation and Policy	Moderate	Steady
Life Cycle	Decline	
Revenue Volatility	Moderate	
Capital Intensity	High	
Assistance	Low	Steady
Competition	Moderate	Increasing
Innovation	Moderate	

SWOT

 Strengths High Profit vs. Sector Average	 Weaknesses Low & Steady Level of Assistance Decline Life Cycle Stage High Imports High Customer Class Concentration High Product/Service Concentration Low Revenue per Employee High Capital Requirements	 Opportunities Demand from commercial and industrial building construction	 Threats Low Revenue Growth (2018-2023) Low Revenue Growth (2023-2028) Low Performance Drivers Dwelling commencements
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Executive Summary

Over the five years through 2022-23, carpet and textile floor covering manufacturers have experienced falling demand alongside declining enterprise and low employment numbers. Dwelling commencements and residential construction markets are key downstream markets. Both of these factors have performed poorly, reducing revenue. Further downward pressure on revenue has been the threat of low-cost import penetration and competition from substitutes like ceramic tiles and wooden floorboards. Despite imports stealing market share through cheap, mass-produced homogenous products, domestic manufacturers have moved to produce bespoke and custom rugs. These premium items have allowed operators to expand market share, partially offsetting revenue declines. Minor demand growth for multi-unit apartments and townhouses in 2022-23 is also aiding revenue, driving retail sales for carpet rugs and tiling. Revenue is projected to decline at an annualised 4.9% over the five years through 2022-23 to an estimated \$763.1 million. This trend includes an estimated fall of 3.8% in 2022-23 due to plummeting demand from commercial, industrial and institutional building construction. However, a projected decline in wool prices over the past five years has made wool carpets more competitively priced in the market, limiting demand falls.

Profit margins have decreased over the five years due to 2022-23 due to demand declines and despite lower purchase costs as a portion of revenue. Lower wool prices have reduced purchase costs, enabling firms in the industry to pass on cost savings to downstream wholesalers, retailers and consumers. Revenue

declines and lower volumes have also negatively affected profit margins. Profit is expected to account for 6.9% of revenue in 2022-23.

Industry manufacturers that can adapt to increasing import competition and substitutes from timber and other flooring are likely to remain competitive over the next five years. Instead of competing with cheaper imports from Asia, carpet manufacturers are anticipated to focus on producing specialised, higher value-added carpets. This is forecast to increase demand and revenue over the period. Revenue is forecast to grow at an annualised 0.9% over the five years through 2027-28 to total an estimated \$799.2 million.

Call Prep Questions

<https://my.ibisworld.com/au/en/industry/C1331/call-prep-questions>

Role Specific Questions

Sales & Marketing

What types of carpet does your firm manufacture?

- Most carpet manufactured in Australia is heavy duty and medium duty tufted carpet.
- Industry firms also produce modular carpet, synthetic grass and other carpet types.

What are the key markets for your firm?

- The residential housing market is the industry's main market.
- The industry also manufactures carpet for commercial, institutional and other non-residential clients.

Strategy & Operations

How viable are export markets for your business?

- Exports have declined as a proportion of revenue over the past five years.
- Increased global production has made it more difficult for Australian firms to develop export markets.

How have competing carpet imports affected your company over the past five years?

- Rising import volumes from countries with lower production costs have increased as a proportion of domestic demand.
- High volumes of imported carpet are low cost products from China.

Technology

How have industry technology changes affected your business?

- Improvements in tufting equipment have increased industry efficiency.
- Faster and more efficient manufacturing equipment have contributed to productivity gains.

How have new industry technologies reduced waste?

- New technologies reduce the volumes of water and energy required to manufacture carpet.
- Improved instrumentation can reduce material usage and waste.

Compliance

What industry-related regulations are applicable to running your business?

- Standards Australia has issued guidelines that relate to carpet quality, labelling and other manufacturing requirements.
- Firms can choose to comply with international standards relating to environmental management systems.

How does the star rating system work?

- Carpets are manufactured according to durability ratings.
- Residential carpets are rated from low durability as being one star, to extra heavy duty being six stars. Commercial carpets have a similar four-star rating system.

Finance

How profitable is your firm compared with the rest of the industry?

- Larger carpet manufacturers can benefit from economies of scale, increasing profit margins.
- Some vertically integrated carpet manufacturers can benefit from pricing advantages for raw materials.

How can your company increase profit margins?

- Implementing advanced technologies can help to increase productivity, which can lead to higher margins.
- Controlling costs in relation to employee wages and raw material purchases can contribute to higher margins.

External Impacts Questions

Dwelling commencements

How has the number of dwelling approvals affected your company's revenue over the past five years?

- Fewer dwelling commencements, and greater substitute competition have contributed to industry demand and revenue falls.
- Carpet manufacturers need to assess changes in dwelling commencements and expected demand volatility for their products.

Domestic price of wool

How do wool prices affect raw material costs for your business?

- Lower wool prices over the past five years have reduced purchase costs for wool carpet manufacturers.
- During periods of higher input prices, carpet manufacturers require strategies to reduce these costs.

Demand from commercial and industrial building construction

To what extent does your company supply carpets to the commercial and industrial sectors?

- Many carpet manufacturers produce carpets for the residential and commercial sectors.
- Changes in demand from these markets can significantly affect company revenue.

Internal Issues Questions

Production of goods currently favoured by the market

What strategies can your company implement to improve its carpet range and colour selections?

- Carpet manufacturers can actively monitor carpet and colour trends in key markets.
- Industry firms need to be able to adapt to changing carpet and flooring trends in a short period of time.

Ability to pass on cost increases

When input costs increase, what percentage of the costs are you able to pass on to customers?

- Carpet manufacturers that can pass cost increases on to clients are in a good position to increase or maintain margins.
- Industry firms should evaluate their ability to pass on costs compared with competitors.

Access to the latest available and most efficient technology and techniques

What new technologies available across carpet manufacturing affect your business?

- Carpet manufacturers should assess their technologies compared with competitors.
- The costs and benefits of acquiring and implementing new technology should be determined prior to implementing changes.

Performance

Track historical, current and forward-looking trends in revenue, profit and other performance indicators that make or break an industry.

3. Performance

<https://my.ibisworld.com/au/en/industry/C1331/performance>

Highlights

Revenue

\$763.1m

2018-23 CAGR ↓ 4.9 %

2023-28 CAGR ↑ 0.9 %

Employees

1,316

2018-23 CAGR ↓ 1.7 %

2023-28 CAGR ↓ 1.2 %

Businesses

89

2018-23 CAGR ↓ 1.9 %

2023-28 CAGR ↑ 1.1 %

Profit

\$52.7m

2018-23 CAGR ↓ 3.1 %

Profit Margin

6.9%

2018-23 CAGR ↑ 0.6 pp

Key Takeaways

- **Low-cost import penetration has stolen revenue from domestic manufacturers through lower overhead costs.** Imports account for an estimated 45.5% of domestic demand in 2022-23.
- **Competition from substitute products is projected to continue rising.** Shifting consumer preferences are set to cause volatile demand for carpets, as growing demand for wooden floorboards and ceramic tiles takes over the flooring industry.

Executive Summary

Over the five years through 2022-23, carpet and textile floor covering manufacturers have experienced falling demand alongside declining enterprise and low employment numbers. Dwelling commencements and residential construction markets are key downstream markets. Both of these factors have performed poorly, reducing revenue. Further downward pressure on revenue has been the threat of low-cost import penetration and competition from substitutes like ceramic tiles and wooden floorboards. Despite imports stealing market share through cheap, mass-produced homogenous products, domestic manufacturers have moved to produce bespoke and custom rugs. These premium items have allowed operators to expand market share, partially offsetting revenue declines. Minor demand growth for multi-unit apartments and townhouses in 2022-23 is also aiding revenue, driving retail sales for carpet rugs and tiling. Revenue is projected to decline at an annualised 4.9% over the five years through 2022-23 to an estimated \$763.1 million. This trend includes an estimated fall of 3.8% in 2022-23 due to plummeting demand from commercial, industrial and institutional building construction. However, a projected decline in wool prices over the past five years has made wool carpets more competitively priced in the market, limiting demand falls.

Profit margins have decreased over the five years due to 2022-23 due to demand declines and despite lower purchase costs as a portion of revenue. Lower wool prices have reduced purchase costs, enabling firms in the industry to pass on cost savings to downstream wholesalers, retailers and consumers. Revenue declines and lower volumes have also negatively affected profit margins. Profit is expected to account for 6.9% of revenue in 2022-23.

Industry manufacturers that can adapt to increasing import competition and substitutes from timber and other flooring are likely to remain competitive over the next five years. Instead of competing with cheaper imports from Asia, carpet manufacturers are anticipated to focus on producing specialised, higher value-added carpets. This is forecast to increase demand and revenue over the period. Revenue is forecast to grow at an annualised 0.9% over the five years through 2027-28 to total an estimated \$799.2 million.

Performance Snapshot

↓ 2018-23 Revenue CAGR -4.9%

Revenue:

Revenue

\$763.1m

'18-'23 ↓ 4.9 %

'23-'28 ↑ 0.9 %

2023 Revenue CAGR

↓ 3.8 %

Revenue Volatility

Moderate

Revenue

Total value (\$) and annual change from 2010 – 2028. Includes 5-year outlook.



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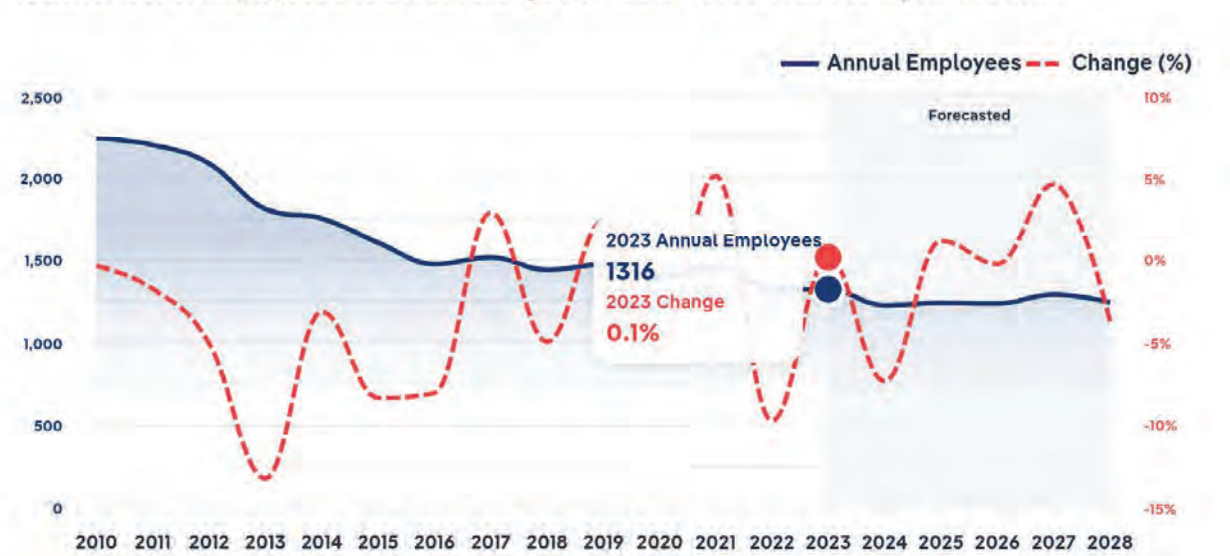
Source: IBISWorld

Employees:

Employees	Employees per Business	Revenue per Employee
1,316	15	\$580k
'18-'23 ↓ 1.7 %	'18-'23 ↑ 0.2 %	'18-'23 ↓ 3.2 %
'23-'28 ↓ 1.2 %	'23-'28 ↓ 2.3 %	'23-'28 ↑ 2.2 %

Employees

Total number of employees and annual change from 2010 – 2028. Includes 5-year outlook.



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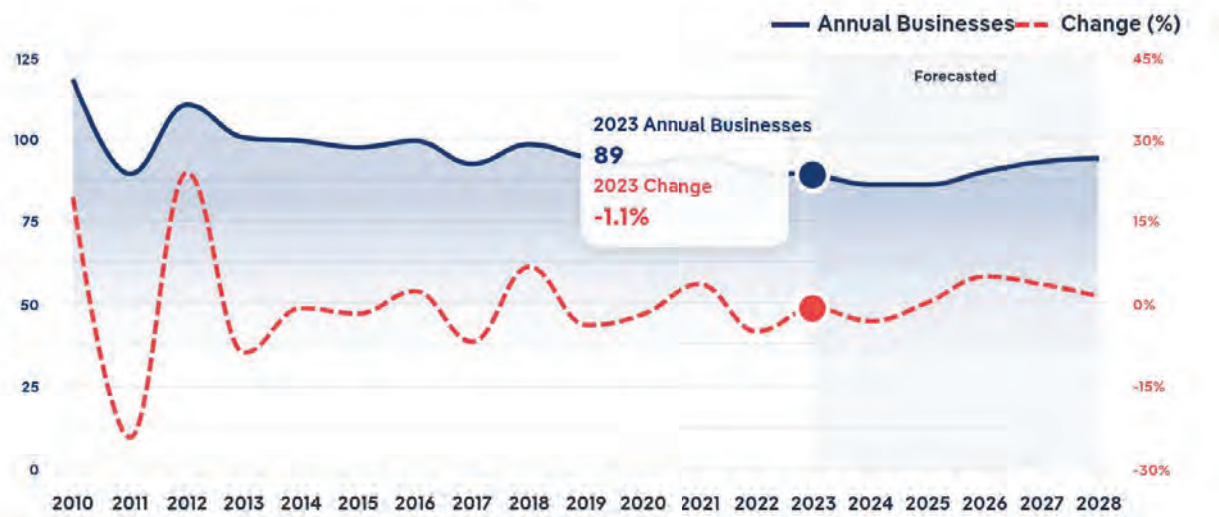
Source: IBISWorld

Businesses:

Businesses	Employees per Business	Revenue per Business
89	15	\$8.6m
'18-'23 ↓ 1.9 %	'18-'23 ↑ 0.2 %	'18-'23 ↓ 3.0 %
'23-'28 ↑ 1.1 %	'23-'28 ↓ 2.3 %	'23-'28 ↓ 0.2 %

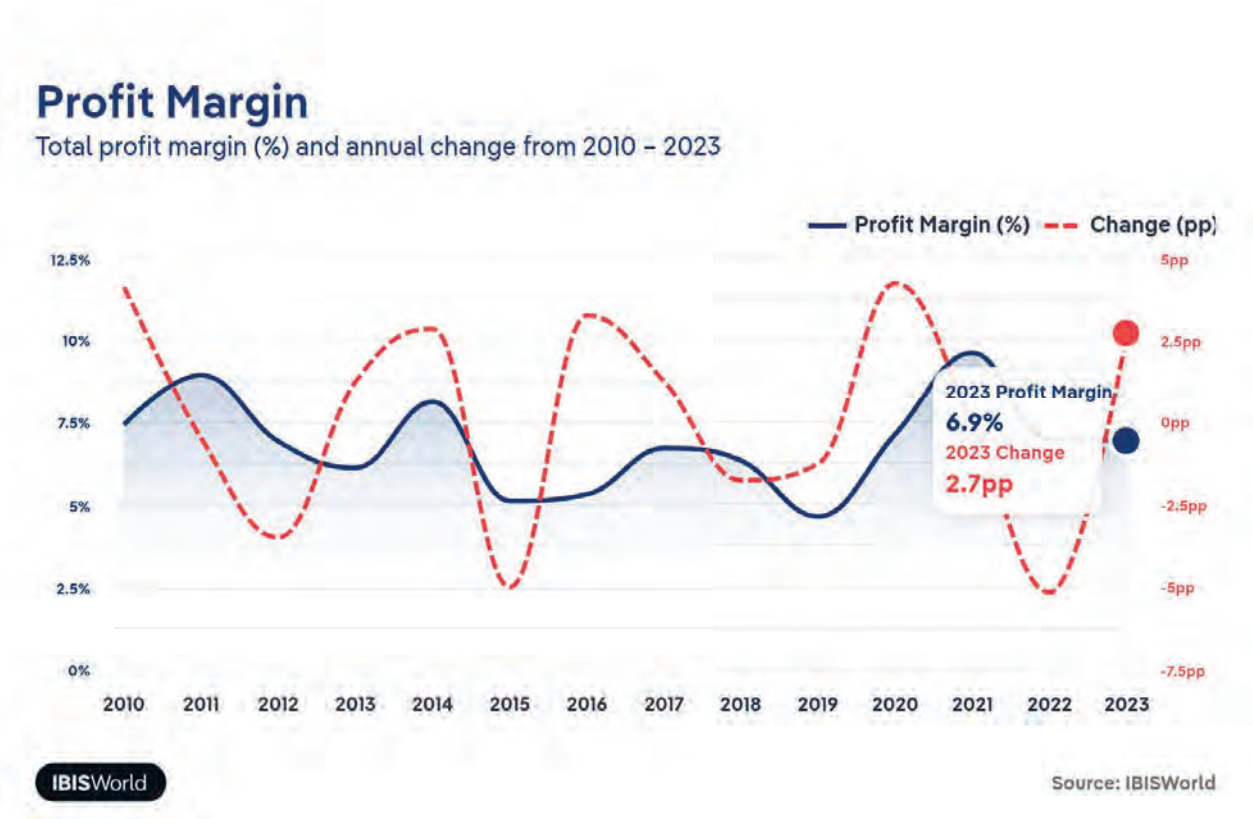
Businesses

Total number of businesses and annual change from 2010 – 2028. Includes 5-year outlook.



Profit:

Total Profit	Profit Margin	Profit per Business
\$52.7m	6.9%	\$591.6k
'18-'23 ↓ 3.1 %	'18-'23 ↑ 0.6 pp	'18-'23 ↓ 1.2 %



Performance Snapshot

What's driving current industry performance?

Poor-performing downstream construction markets and falling dwelling commencements reduce revenue

- Carpet manufacturers derive their demand from downstream construction markets like multi-unit apartments, townhouses, and commercial and institutional constructions.
- Dwelling commencements are a strong indicator for retail purchases of carpet and textile rugs, pegging the volume of new dwellings with demand for industry products.
- Both downstream construction markets and dwelling commencements have fallen, reflecting revenue declines over the past five years.

Low-cost import penetration steals revenue from domestic manufacturers

- Overseas manufacturers operate with fewer labour and manufacturing regulations, significantly reducing overhead costs compared to domestic manufacturers.
- Import products are sold at highly competitive prices stealing over 45% of domestic demand in 2022-23.
- International players can leverage their economies of scale to bulk-produce homogenous carpet products to further lower prices, pushing smaller competitors out of the industry.
- Domestic manufacturers have been pushed to differentiate their products, creating premium and high-end products.

Substitutes divert demand from wholesale markets to retail stores as consumers purchase carpet rugs instead

- Wooden floorboards and ceramic tiling are highly sought-after substitutes due to easier maintenance and cleaning, cooler surfaces for households and offer a wider product range.
- Installing wooden floorboards and ceramic tiles can divert demand from wholesalers for carpet tiling and towards retail markets. Households commonly purchase carpet rugs from retail stores to place on top of their wooden floorboards or ceramic tiles, offsetting the downward pressure of substitutes.

Volatility

Moderate

What influences industry volatility?

Wool prices boost revenue volatility due to unpredictable weather conditions and global demand

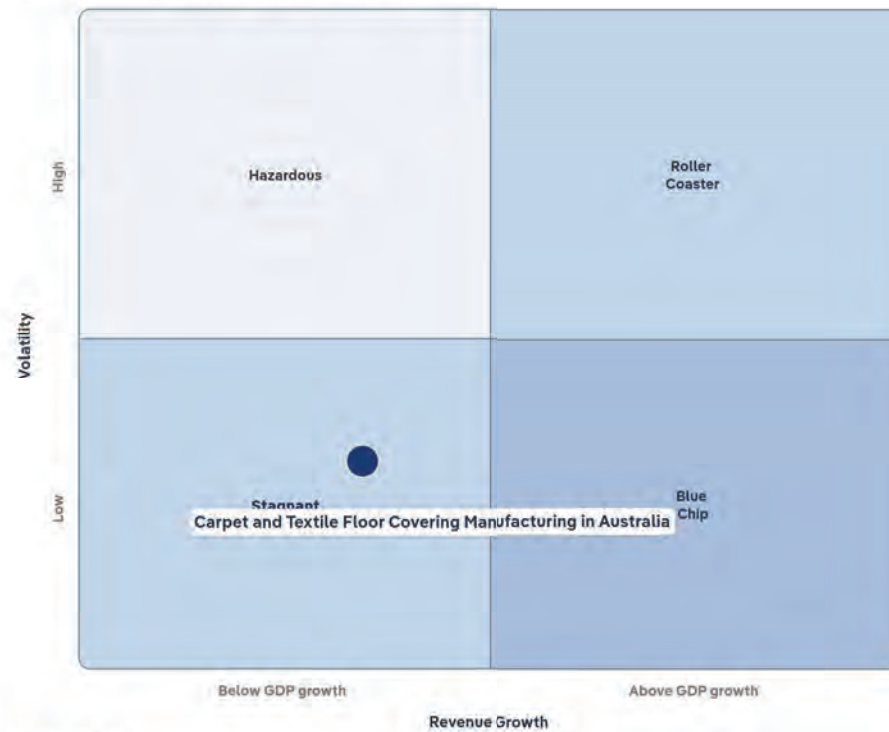
- Wool is a key input for the industry and is used for the production of carpets and rugs. Growing trends towards purchasing natural and organic products have placed additional pressure on wool as an input on domestic manufacturers.
- Wool prices are dictated primarily by two main factors, demand from the global economy and weather conditions. Both of these factors are extrinsic factors that suppliers cannot mitigate and are forced to pass costs onto manufacturers.
- Rising input prices tend to be passed onto consumers by manufacturers to maintain profit margins which drives demand to fall.

Fluctuating downstream construction markets push manufacturers to focus on improving their retail presence

- Carpet tiling is pegged closely to commercial and residential construction market demand. New projects tend to require bulk volumes for carpet tiling for homes and offices.
- Downstream construction markets depend on various factors like the number of dwelling commencements, level of government assistance and regulation and migration. These factors fluctuate revenue stability for carpet manufacturers.
- Manufacturers can offset revenue volatility by expanding their retail presence and marketing their brand to household consumers. Products like carpet and textile rugs are popular among household consumers who sell directly to shoppers.

Low & slow

Industry volatility vs. revenue growth (2018-24 CAGR)



IBISWorld

Source: IBISWorld

★ Key Success Factor

How do successful businesses overcome volatility?

Produce goods that the market currently favours

Carpet manufacturers that can produce tufted carpet in fashionable colours and styles are more likely to maximise sales to final customers through retail outlets.

Pass on cost increases

The ability to pass on increasing input costs to the final consumer helps maintain profit margins and reduce volatility caused by shifts in upstream industries.

Secure the latest and most efficient technologies and techniques

Carpet manufacturing firms that achieve increased technological efficiency also often realise improved carpet quality and company productivity. This can increase demand and revenue growth.

Outlook

↑ 2023-28 Revenue CAGR +0.9%

What's driving the industry outlook?

New construction projects are slated to raise bulk orders for carpet tiling

- Multi-unit apartment and townhouse construction is on track to grow steadily over the next few years. This growth will be attributed to the compounding rise in migration from international students as international borders have eased from the COVID-19 pandemic restrictions.
- Demand for commercial, industrial and institutional construction is set to rise on the back of economic recovery after the COVID-19 pandemic.
- Recovering downstream construction markets will boost bulk orders of carpet tiling growing revenue and creating consistent income.

Low-cost imports are forecasted to grow while local firms fight back with premium products

- Import revenue is on track to grow, with imports as a share of domestic demand also expected to climb slightly.
- The Australian dollar is expected to appreciate, which will drive imports to grow as imports become cheaper.
- Domestic manufacturers are expected to push back against overseas manufacturing by offering high-end products and stealing contracts for large construction projects by offering bespoke products.

Shifting consumer preference for alternative flooring will constrain revenue growth

- Carpet is now used in fewer rooms in private dwellings, which limits industry demand. Some firms have already started supplying other floor coverings, like ceramic tiles and hardwood, to maintain revenue. Diversifying production reduces risks for carpet and rug manufacturers by allowing manufacturers to reach customers across a wider market.
- Alternative flooring is projected to become increasingly popular. That's why carpet is projected to continue losing its share in the floor covering market. Industry investment in marketing and product development to re-establish carpet as a contemporary flooring choice may help offset this decline.

Life Cycle

Decline

Why is the industry declining?

Contribution to GDP

Industry value-added, the industry's contribution to national GDP, is projected to decline over the 10 years through 2027-28. This can be attributed to decreases in industry capital expenditure and revenue.

Market Saturation

Carpet and textile floor covering manufacturers have four major players that occupy over 50% of the industry market share. Other small players produce hand-made niche goods, although many small manufacturers have exited the industry due to low-cost import products.

Innovation

Products are becoming increasingly environmentally friendly, with firms developing eco-friendly materials for carpet tiles and rugs. Stain-resistant technology also supports the longevity of carpets via sprays or through developing blends of materials.

Consolidation

Rising rivalry from low-cost imports and high volumes of substitutes has led to manufacturers vertically integrating their operations to expand client and product portfolios. By casting their net wider, manufacturers can capitalise on new market opportunities.

Technology and Systems

There have been some technological advances in the industry over the past decade. This includes the computerisation of colour coding and mixing and advances in environmentally-friendly processes to reduce water and energy usage.

Products and Markets

Find out what the industry offers, where trade is most concentrated and which markets are buying and why.

4. Products and Markets

<https://my.ibisworld.com/au/en/industry/C1331/products-and-markets>

Highlights

Largest Market

\$531.1m

Tufted carpets

Product Innovation

Moderate

Key Takeaways

- **Tufted carpets account for over 75% of revenue due to their affordability and durability.** Demand for tufted carpets continues to grow each year as consumers prefer products that provide value for money.
- **Dwelling commencements are currently falling, which has impacted demand from residential housing markets.** Demand from residential housing market tends to be cyclical.

Products and Services

Products & Services Segmentation

Industry revenue in 2023 broken down by key product and service lines.



● Tufted carpets (\$531.1m) 69.6% ● Woven carpets (\$50.4m) 6.6% ● Knotted carpets (\$26.7m) 3.5%
● Felt and other carpets (\$154.9m) 20.3%

IBISWorld

Source: IBISWorld

How are the industry's products and services performing?

Growing value-for-money trends are boosting demand for tufted carpets

- Tufted carpet production requires hundreds of needles that sew the yarn into its backing. The backing is woven separately, and the pile is put into the backing as tufts using a special machine.
- Compared to woven, knotted and other carpets, tufted carpets are cheaper, more durable and reliable.
- Tufted carpets currently benefit from falling household discretionary income as households value durability and value for money over expensive hand-woven or knotted carpet pieces.
- Consistent demand for tufted carpets has boosted this segment as a share of revenue over the five years through 2022-23.

Woven carpets are generating less revenue due to substitution with machine-made products

- Woven carpets are primarily made of wool, either hand-woven on a loom or mechanised loom.

- Woven carpets are either hand-made or made using machine looms, which automate manufacturing and significantly decrease operation costs. Despite cheaper operation costs, overall demand for woven carpets has remained steady.
- Hand-made woven carpets are heavily labour-intensive, which raises costs but generates higher revenue. Over the five years to 2022-23, demand for hand-woven carpets has been substituted with machine looms, reducing this segment to fall as a share of revenue.

Trending vintage aesthetic is supporting growth in demand for knotted carpets

- Knotted carpets comprise animal hair, wool or textiles which are then knotted together. Knotted carpets' primary function is to provide additional warmth, comfort and aesthetics on top of wood flooring.
- Hand-knotted rugs have benefited from growing consumer trends towards vintage rugs, which have boosted consumption for this segment. This trend has aided this segment to inch upward as a share of revenue over the past five years.

Felt and other carpets are falling in market share, outpaced by tufted and knotted carpets

- Felt comprises natural or synthetic, processed through moisture, heat and pressure. Felt carpets are commonly sold as tiles or rugs.
- Other carpet includes carpets and floor coverings comprised of coir, sisal, jute, cotton, felt tufted, flocked carpets and grass mats.
- Demand in this segment has fallen as a share of revenue over the past five years due to stronger performances of other segments.

 Key Success Factor

What products or services do successful businesses offer?

Produce goods that the market currently favours

Carpet manufacturers that can produce tufted carpet in fashionable colours and styles are more likely to maximise sales to final customers through retail outlets.

Provide a related range of goods and/or services

Vertical integration allows carpet manufacturing firms to capture sales opportunities across the floor covering market and develop contracts with corporate buildings to cover all carpet flooring solutions.

Establish brand names

Carpet manufacturers that establish brand names are typically better at generating customer loyalty, which can lead to higher sales and stronger profit margins.

What are innovations in industry products and services?

Growing environmental consciousness develops demand for eco-friendly carpet

- Eco-friendly carpet products are carpets that are made from natural and renewable fibres. These fibres include sisal, seagrass, coir, organic cotton, jute, organic wool and bamboo.
- Growing environmental consciousness among consumers has boosted the demand for new innovations for eco-friendly carpets.
- Hand-made eco-friendly carpets are the most environmentally friendly as growing concerns of carbon emissions from large manufacturers loom over the industry.

Stain-resistant technology adds additional value to carpet products for consumers

- Growing technology to protect rugs has developed stain-resistant sprays and materials that help to mitigate spills and everyday wear and tear on carpets.
- Stain-resistant sprays apply a thin layer of chemicals onto rugs which create a barrier, with some sprays giving carpets hydrophobic properties.
- Incorporating different textiles like nylon also aids natural animal fibres in becoming more stain-resistant. These blends are also cheaper since synthetic fibres are cheap to produce.

Major Markets



Source: IBISWorld

What's influencing demand from the industry's markets?

Declining dwelling commencements are reducing demand from the residential housing market

- The residential housing market is the industry's largest market. The declining number of dwelling commencements has driven this market to fall as a proportion of revenue over the past five years.
- In particular, reduced residential building construction in 2019-20 and 2021-22 in response to the COVID-19 pandemic, greatly reduced carpet demand in the residential housing market.
- Demand from this market can be cyclical, rising and falling in response to the number of dwellings built or renovated and to changes in flooring trends.

The non-residential building market is inching upwards due to downstream markets outpacing residential markets

- Over a quarter of industry sales are generated from the non-residential building construction market. Businesses, government institutions and other organisations are large-volume carpet buyers for use in corporate offices, government buildings, schools, universities, hotels, and a range of other commercial and non-residential premises.
- Despite the COVID-19 pandemic over the past two years through 2021-22, this market has grown as a share of revenue over the five years to 2022-23, due to smaller proportional declines from commercial and industrial building construction, and from institutional building construction, compared with dwelling commencements and multi-unit apartment and townhouse building construction.

Demand from manufacturing and other industries is growing consistently

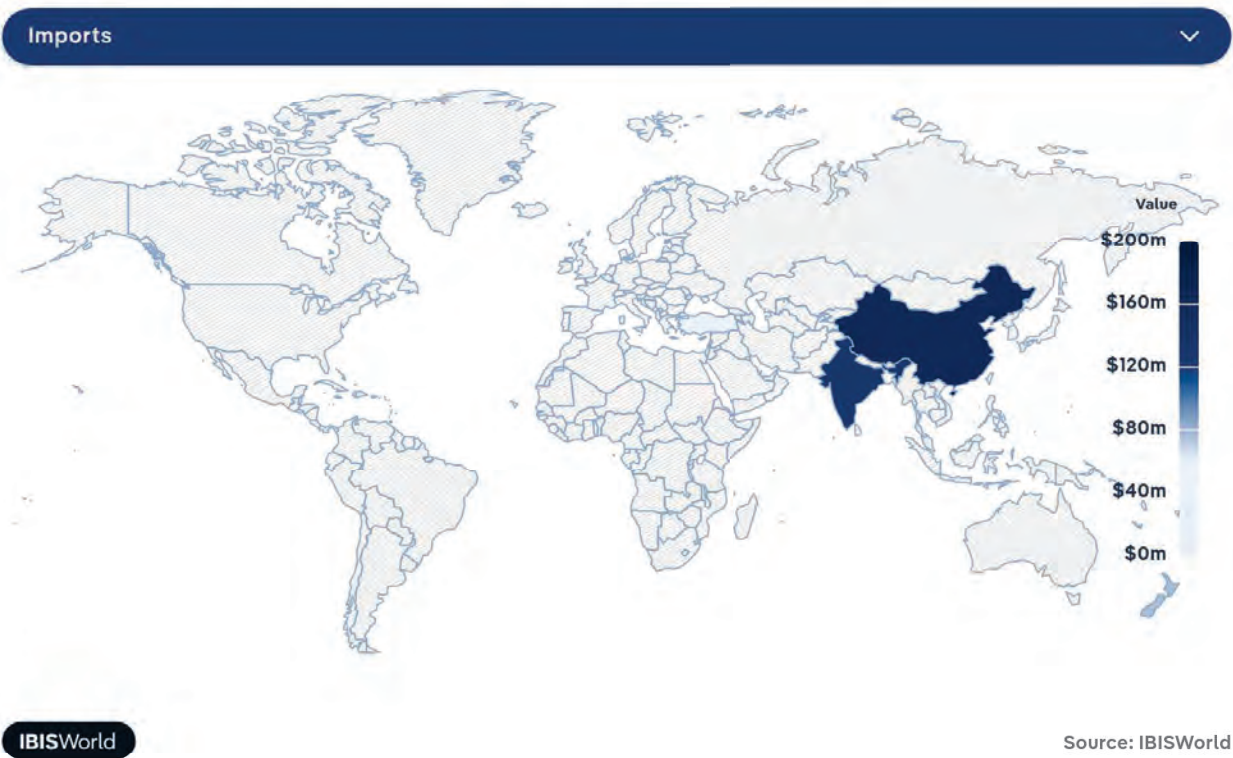
- A variety of manufacturing industries use carpet products in their production process. These include vehicle manufacturers, other transport manufacturers, matting manufacturers, and other final users.
- This market has climbed slightly as a share of revenue over the past five years due to the high base demand for manufacturing remaining consistent.

International Trade

Total Imports	Total Exports	Trade Balance
\$601.8m	\$42.2m	Net Importer
'18-'23 ↓ 1.6 %	'18-'23 ↓ 4.1 %	↓ Deficit: \$-559.6m
'23-'28 ↑ 1.6 %	'23-'28 ↓ 1.2 %	

International Trade: Imports and Exports

Concentration of imports and exports from each country based on industry revenue:



International Trade

International Trade: Imports and Exports

Concentration of imports and exports from each country based on industry revenue:



Imports



High

Decreasing

What are the industry's import trends?

Cheaper imports steal market share from domestic manufacturers

- Local carpet manufacturers are under pressure from overseas competitors. In particular, strong competition from Chinese and Indian carpet imports represents a major threat to local textile manufacturers.
- Many foreign manufacturers enjoy a range of competitive advantages, including subsidies, ample labour and low wage costs, which drive the final costs of carpets to be dramatically lower than domestic manufacturers.

Domestic manufacturers compete with high-end export products

- New Zealand also accounts for a major share of imports due to its close geographical proximity and historic trade ties with Australia. New Zealand carpet producers have sophisticated manufacturing processes, making them a leader in high-end carpet manufacturing.
- Domestic manufacturers compete with low-cost and high-end imports due to other developed economies producing high-quality carpets. This has driven import penetration up to 45.5% of domestic demand in 2022-23.

Exports

Moderate

Decreasing

What are the industry's export trends?

New Zealand is the backbone of the industry's export market

- Australia's largest export destination is New Zealand, which is anticipated to make up 87.6% of export revenue in the current year.
- Exports to New Zealand are supported by strong trade ties and close proximity. Despite this, New Zealand's low population density compared to the rest of the world results in low revenue for industry manufacturers.

High operation costs create niche demand for domestically made carpets

- Exports to other countries excluding New Zealand, make up a small portion of revenue, reaching just over \$5 million. This is due to domestic manufacturers operating with higher overhead costs than international manufacturers.
- To compete with cheap overseas products, domestic manufacturers lean into producing artisanal and high-end carpets and exporting to affluent economies like the United States, Sweden and Japan.

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Geographic Breakdown

Discover where business activity is most concentrated in this industry and what's driving these trends.

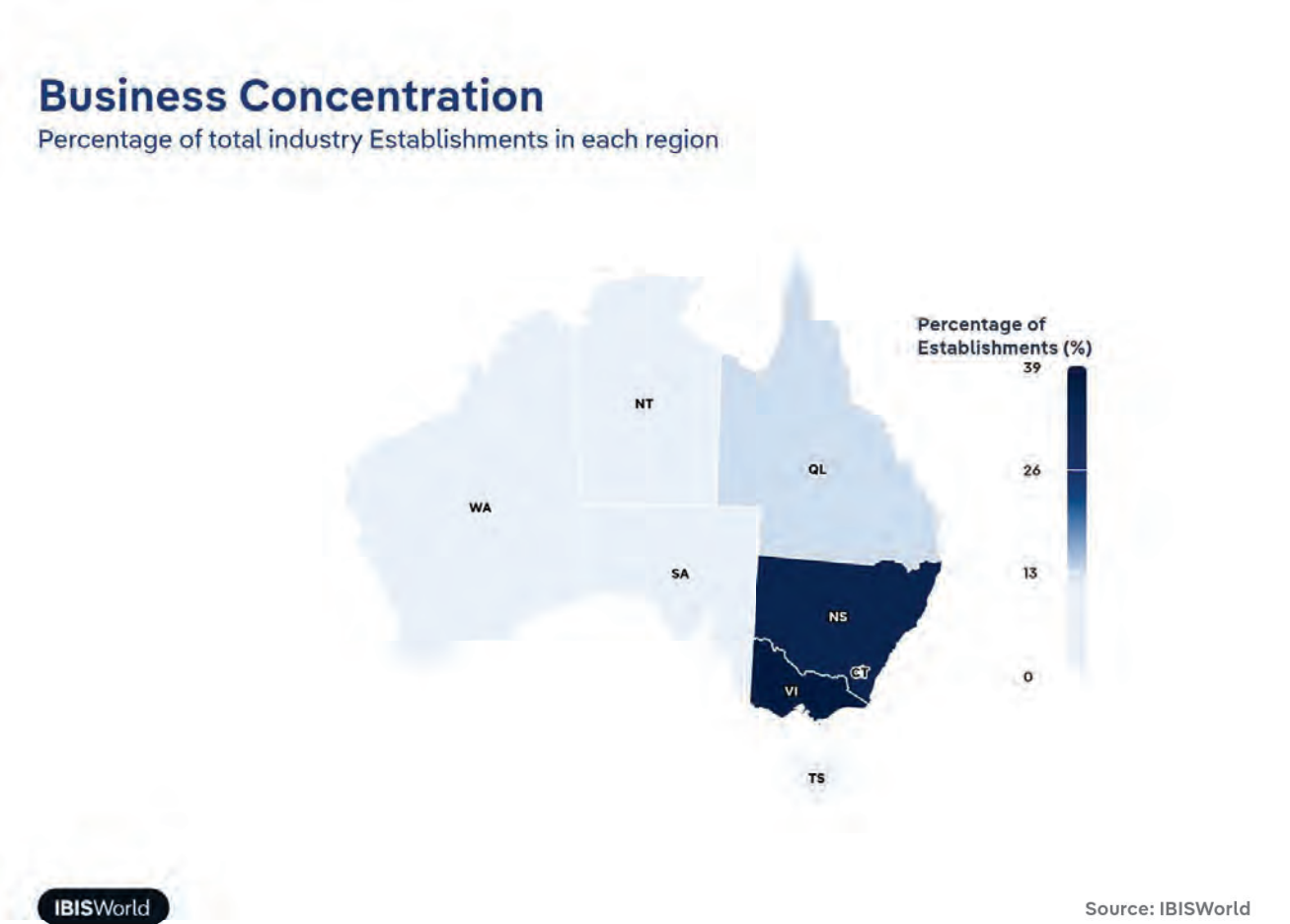
5. Geographic Breakdown

<https://my.ibisworld.com/au/en/industry/C1331/geographic-breakdown>

Key Takeaways

- **Carpets tend to be installed for warmth, driving manufacturers to establish operations in cities with cold seasons.** Hotter states and territories are severely underrepresented.
- **Hand-made carpets are highly labour-intensive, driving store owners and manufacturers to establish their business close to abundant labour supply.** Victoria and New South Wales account for over 70% of business locations and are also the two largest states by population.

Business Locations



Percentage of total industry Establishments,Population in each region

LGA	Establishments %	Population %
VIC	38.0	24.8
NSW	34.0	32.6
QLD	13.0	20.0
WA	5.0	10.1
SA	4.0	7.5
ACT	3.0	1.6
TAS	3.0	2.3
NT	0.0	1.0

Where are industry businesses located?

States and territories with hot climates prefer cooler alternatives to carpet products

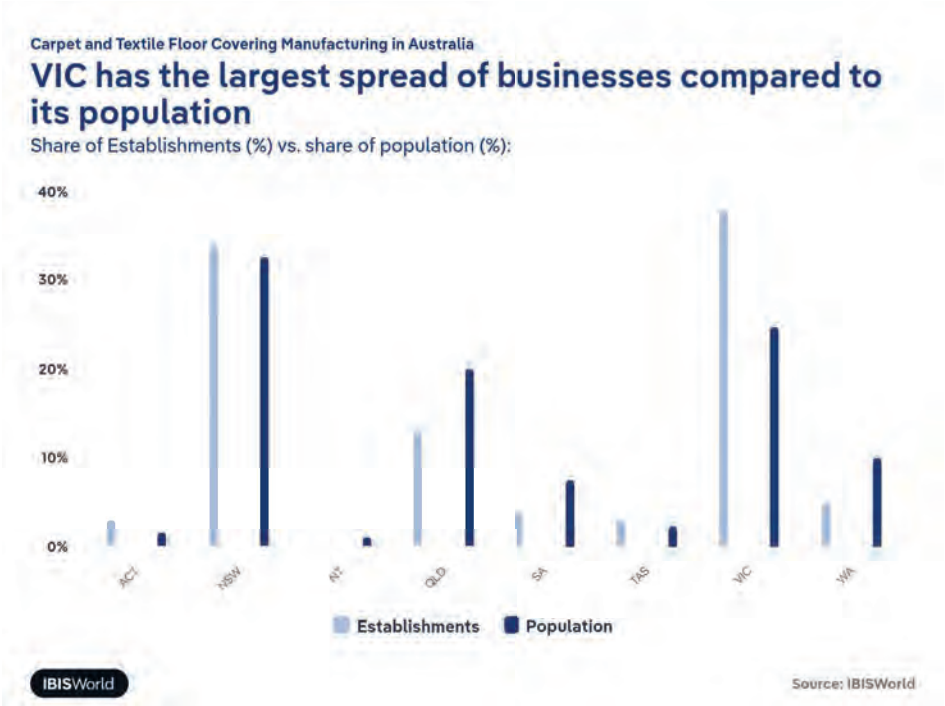
- Installing carpeted floors or carpet rugs provides homes with warmth and comfort during cold seasons as they help insulate heat. This factor would deter most homes in warmer climates like Queensland, the Northern Territory and Western Australia as these states and territories are typically warm year-round.
- According to the latest ABS data, Queensland, Northern Territory and Western Australia are all underrepresented compared to population density.

Manufacturers stay close to highly populated cities for an abundant labour supply

- According to the latest ABS data, the number of establishments in New South Wales and Victoria is overrepresented in proportion to the population, representing 72.0% of establishments.
- Carpet manufacturing is highly labour-intensive, especially for hand-made products. Store owners and companies establish facilities and stores close to high-density city centres to have an ample labour supply.

States with cold seasons take comfort in carpets

- States and territories closer to the southern seaboard tend to have a cold season during winter and autumn. The colder weather drives households and offices to opt for carpeted floors or rugs to provide insulation and comfort during winter.
- Victoria, Tasmania, New South Wales and the Australian Capital Territory are all states and territories with prevalent cold seasons and, as a result, are overrepresented in proportion to the population.



Competitive Forces

Uncover challenges and benefits in the operating environment, digging into market share, buyer and supplier power and key success factors for operators.

6. Competitive Forces

<https://my.ibisworld.com/au/en/industry/C1331/competitive-forces>

Highlights

Concentration

Moderate

Competition

Moderate

↓ Increasing

Barriers to Entry

Moderate

Steady

Substitutes

↓ High

Steady

Buyer Power

Moderate

Steady

Supplier Power

↓ High

Steady

Key Takeaways

- **Industry market share is on track to concentrate as smaller manufacturers exit.** Large firms can leverage their economies of scale to offer an extensive portfolio of products at competitive prices.
- **Domestic manufacturers are forced to innovate and produce high-quality products to compete with low-cost homogenous import products.** Overseas manufacturers operate with fewer labour and manufacturing regulations which drastically lower overhead costs.

Concentration

Moderate

Market Share Concentration

Combined market share of the four largest companies in this industry



IBISWorld

Source: IBISWorld

What impacts the industry's market share concentration?

Major companies expand by stealing market share from smaller players

- The four most prominent firms in the industry are anticipated to account for 58.3% of revenue in 2022-23. This moderate concentration level reflects an industry with a single large firm, several medium-size companies and many small participants.
- Industry concentration has increased due to several significant players stealing market share from smaller operators by leveraging their superior economies of scale. Furthermore, the industry's competitive nature and expected rises in competing imports will continue to pressure participants to develop new products to increase market share and maintain profitability.

Low-cost import penetration creates niche demand for small businesses to develop hand-made artisanal pieces

- Import penetration is fiercely competitive, selling cheap carpet products which fulfil a large portion of domestic demand.

- Domestic manufacturers are pushed to produce high-quality niche products, which attract small businesses to make hand-made rugs.
- Despite the demand for hand-made and high-quality carpets remaining steady, small businesses have slowly exited the industry as larger domestic manufacturers fulfil this niche with greater economies of scale.

☆ Key Success Factor

How do successful businesses handle concentration?

Secure the latest and most efficient technologies and techniques

Carpet manufacturing firms that achieve increased technological efficiency also often realise improved carpet quality and company productivity. This can increase demand and revenue growth.

Provide a related range of goods and/or services

Vertical integration allows carpet manufacturing firms to capture sales opportunities across the floor covering market and develop contracts with corporate buildings to cover all carpet flooring solutions.

Establish brand names

Carpet manufacturers that establish brand names are typically better at generating customer loyalty, which can lead to higher sales and stronger profit margins.

Barriers to Entry

What challenges do potential industry entrants face?

Legal

- Australian Carpet Classification Scheme (ACCS) categorises the level of durability and appearance retention of carpets, which regulates the quality advertisement for carpet manufacturers.

Start-Up Costs

- Major financial outlays are usually required by new firms to purchase the plant and equipment necessary to manufacture carpets and other industry products. It is also costly to develop and test new carpet products.

Differentiation

- Entrants will need to develop high-quality products and creative new designs to differentiate from both low-cost manufacturers and established domestic manufacturers.

Labour Intensity

- Growing demand for premium products has increased the number of workers creating hand-made rugs. Additionally, specialist roles like designers and equipment operators have surged due to growing interest in high-end rugs.

☆ Key Success Factor

How can potential entrants overcome barriers to entry?

Produce goods that the market currently favours

Carpet manufacturers that can produce tufted carpet in fashionable colours and styles are more likely to maximise sales to final customers through retail outlets.

Develop marketing expertise

Marketing expertise assists carpet manufacturers in expanding client bases and creating new market opportunities. Online presence through strong website layouts and social media advertising helps companies build their brand.

Substitutes

High

Steady

What are substitutes for industry services?

Imports

- Import products currently account for an estimated 45.5% of domestic demand and are on track to gradually grow.
- Overseas manufacturers operate with lower overhead costs leading to lower prices for consumers. Leading importers like China and India have loose labour and manufacturing regulations which facilitate international competitors to cut costs.
- Homogenous import carpets and rugs are readily available and accessible, purchased online by households. Overseas manufacturers can bypass wholesalers, further increasing bottom lines and their competitive advantage over domestic manufacturers.

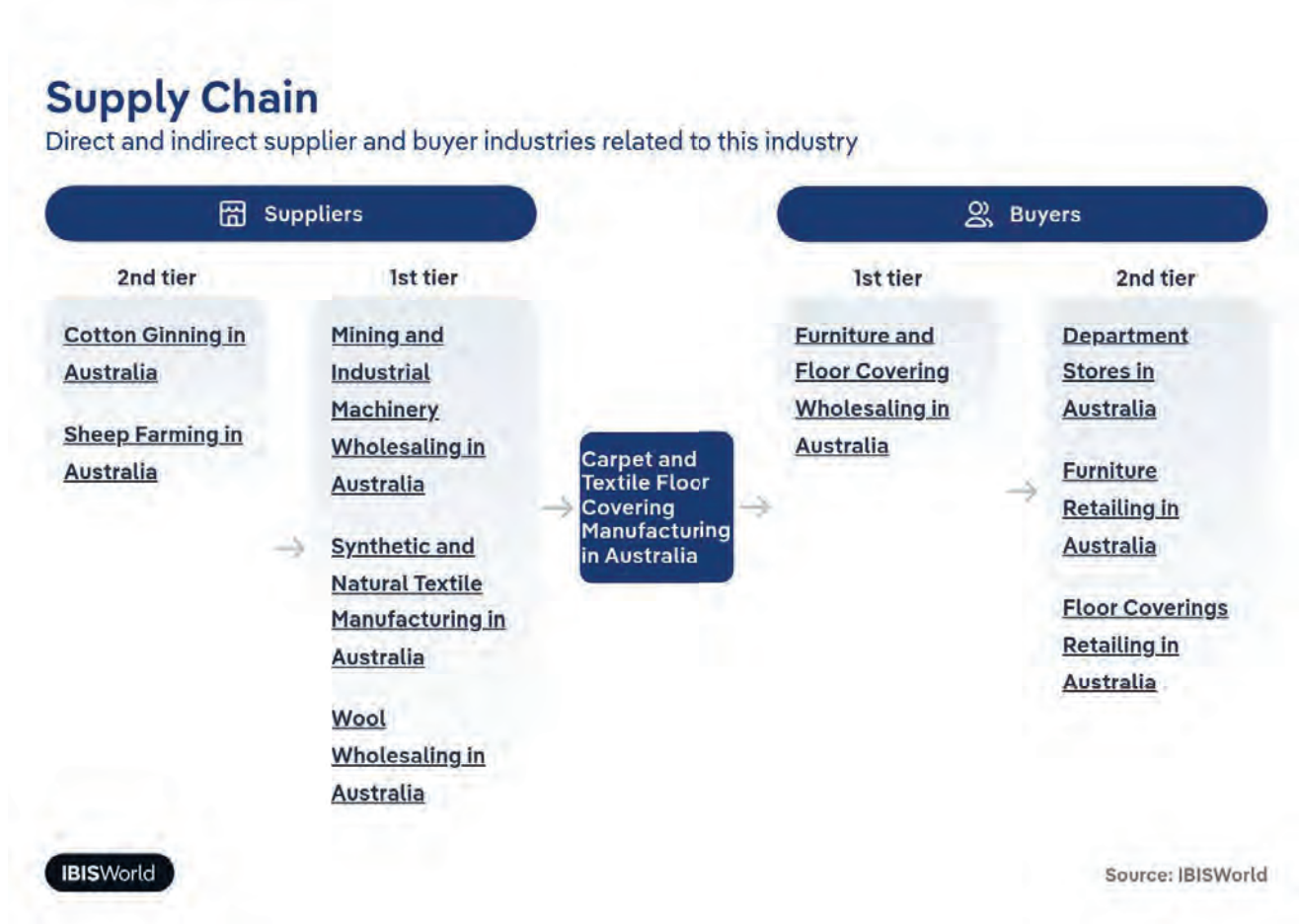
Wooden floorboards

- Wooden floorboards include hardwood, laminate and hybrid floorboards and are installed primarily in residential homes.
- The advantage of wood as a substitute for carpet tiling is that it is easier to clean and maintain. The interlocking fabrics of carpeting trap dust and dirt, which requires strenuous deep cleaning. At the same time, wooden floorboards are easily vacuumed and mopped.
- Homeowners tend to purchase carpet rugs as an accessory piece on top of wooden floors for added comfort, offsetting market share stolen from wooden floor substitutes.

Ceramic tiles

- Ceramic tiles are commonly used in homes, hotel lobbies and corporate offices.
- The cool-to-touch aspects of ceramic tiles drive this substitute in offices and homes susceptible to warmer weather, like in Queensland, Western Australia and the Northern Territory.
- The brittleness and fragility of ceramic tiles deter some homeowners from installing their homes fully in ceramic and opt to install carpet tiling in bedrooms and living rooms. Households also add carpet rugs in living and dining rooms for comfort and warmth.

Buyer & Supplier Power



What power do buyers and suppliers have over the industry?

Buyers: Fierce competition between international and domestic manufacturers benefits buyers

- Buyers can purchase cheaper carpets and rugs from overseas via online websites. Online avenues also allow buyers to gain price transparency, further driving higher purchasing power.
- Domestic manufacturers can offset the price advantages of low-cost imports by offering high-quality and specialised products that aren't offered from the import markets.

Suppliers: Volatile input prices from external factors

- The primary input for manufacturers is wool which exhibits aggressive price fluctuations caused by external factors like the global economy and weather conditions.
- Suppliers can force costs onto manufacturers due to limited alternatives to naturally grown wool from farmers.
- Manufacturers can alleviate these cost pressures by using alternatives or blends of inputs. Most notably, a 20% nylon and 80% wool combination is commonly used to stretch wool resources.

 Key Success Factor

How do successful businesses manage buyer & supplier power?

Produce goods that the market currently favours

Carpet manufacturers that can produce tufted carpet in fashionable colours and styles are more likely to maximise sales to final customers through retail outlets.

Develop marketing expertise

Marketing expertise assists carpet manufacturers in expanding client bases and creating new market opportunities. Online presence through strong website layouts and social media advertising helps companies build their brand.

Pass on cost increases

The ability to pass on increasing input costs to the final consumer helps maintain profit margins and reduce volatility caused by shifts in upstream industries.

Provide a related range of goods and/or services

Vertical integration allows carpet manufacturing firms to capture sales opportunities across the floor covering market and develop contracts with corporate buildings to cover all carpet flooring solutions.

Companies

Find out which companies hold the most market share and how revenue, profit and market share have shifted over time for these leaders.

7. Companies

<https://my.ibisworld.com/au/en/industry/C1331/companies>

Key Takeaways

- **Slow downstream construction markets have applied downward pressure on major companies' revenue.** Companies with strong retail presences, like Godfrey's, can offset declining demand in the construction market by expanding to retail consumers.
- **The major companies become increasingly vertically integrated by acquiring smaller companies.** Companies strive to achieve vertical integration to save on distribution costs and expand their portfolio of clients.

Market Share

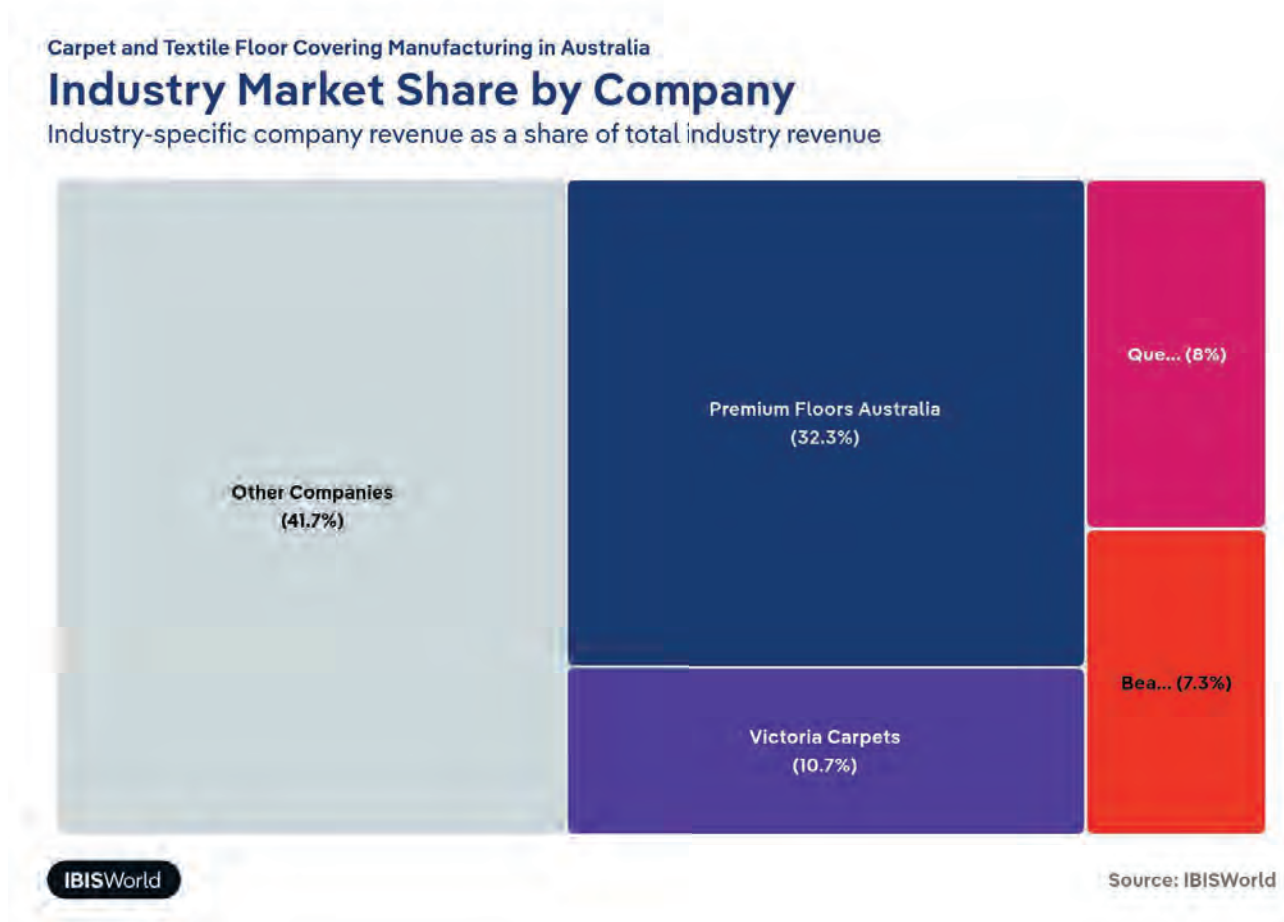


Chart displays current year only in the PDF version of this report. You can view and download chart for all other years associated with this industry on my.ibisworld.com.

Companies

Company	Market Share (%)	Revenue (\$m)
	2023	2023
Premium Floors Australia	32.3	246.3
Victoria Carpets	10.7	81.8
Quest Carpets	8.0	61.1
Beaulieu	7.3	55.5
Tuftmaster Carpets	5.0	38.2
Interface Aust Pty Ltd	4.0	30.5

You can view and download company details on my.ibisworld.com.

Premium Floors Australia

Company Details

Industry Revenue (2023)	\$246.3m
Industry Market Share (2023)	32.3%

Description

Premium Floors Australia Pty Limited is the local subsidiary of US-based carpet manufacturers Mohawk Industries Inc. Premium Floors entered the industry in July 2018, when it acquired Australia's largest carpet manufacturer, Godfrey Hirst Australia Pty Ltd. Before this acquisition, Premium Floors was a wholesaler and distributor of timber, bamboo and laminate flooring, with facilities in Melbourne, Sydney, Brisbane, Adelaide and Perth. As of December 2020 (latest available data), the company had 495 employees.

Brands and Trading Names

- Feltex Carpets
- Hycraft
- Godfrey Hirst Carpets
- Fibremakers Australia Pty Ltd
- Godfrey Hirst Australia Pty Ltd

Company's Industry Revenue, Market Share, and Profit Margin Over Time

Year	Industry Revenue (\$ million)	Market Share (%)
2017-18	131	15.3
2018-19	216	26.1
2019-20	248	31.5
2020-21	252	31.3
2021-22	250	32.2
2022-23	246	32.3

What's impacting Premium Floors Australia's performance?

Godfrey's investments in vertically integrating its operations return profits above the industry standard

- Godfrey Hirst is one of Australia's few vertically integrated carpet manufacturers, from extrusion (Fibremakers) to delivery and logistics. The company produces various carpet products in Australia and New Zealand, including numerous tufted carpet styles for commercial and residential use.
- Godfrey Hirst's industry-related profit has historically performed higher than the industry average, attributed to the company's strong branding and vertical integration.

Slow construction activity and competition from low-cost imports are set to reduce revenue

- Godfrey's carpet products are sold in domestic and international markets. The company's export markets include New Zealand, Japan, China, Europe and the Asia-Pacific region.
- The threat of low-cost import penetration competing in the domestic and international markets is expected to cut Godfrey's revenue.
- Further driving demand downwards is the decline in construction activity due to multiple significant projects being completed in the current year.

Victoria Carpets

Company Details

Industry Revenue (2023)	\$81.8m
Total Employees (2023)	191
Industry Market Share (2023)	10.7%

Description

Victoria Carpet Company Pty Ltd is a manufacturer and wholesaler of carpets and is owned by the UK-based Victoria PLC. Established in 1954, it operates across Australia and New Zealand and is administered from its head office in Dandenong, VIC. The company manufactures wool and wool-blend tufted carpets for retail, contract and hospitality markets. Victoria Carpet maintains manufacturing and distribution operations in Dandenong and Bendigo, while the subsidiary Quest Carpets, established in 1978, also operates from Dandenong.

Brands and Trading Names

- Victoria Carpets

Other Industries

- [Furniture and Floor Covering Wholesaling in Australia](#)

Company's Industry Revenue, Market Share, and Profit Margin Over Time

Year	Industry Revenue (\$ million)	Market Share (%)
2012-13	67	8.4
2013-14	71	8.8
2014-15	66	8.8
2015-16	77	9.8
2016-17	80	10.2
2017-18	73	8.5
2018-19	69	8.3

2019-20	68	8.7
2020-21	73	9.0
2021-22	80	10.4
2022-23	82	10.7

What's impacting Victoria Carpets's performance?

Victoria Carpet Company's in-house wool processing plant gives it an upper hand in pricing

- Victoria Carpet Company manufactures wool and wool-blend tufted carpets for residential use and modular carpet for commercial purposes, which have awarded the company with high-profile commercial contracts.
- The company is a vertically integrated manufacturer with the flexibility to produce pure wool, wool-blend and synthetic carpets.
- Victoria Carpet Company's profit margins have been higher than the industry average over the period due to pricing advantages for yarns gained from vertical integration.

Volatile downstream construction markets affect Victoria Carpet Company revenue figures

- Victoria Carpet Company derives a significant portion of its revenue from residential and commercial construction markets. Construction projects require high volumes to cover homes and offices.
- The company's industry-specific revenue fell in 2017-18 and over most subsequent years, as demand for its products fell in the residential and medium-density housing markets.
- Higher pricing and growing volume in the number of dwelling commencements drove revenue to recover in 2020-21 and are on track to continue to grow through 2022-23.

Quest Carpets

Company Details

Industry Revenue (2023)	\$61.1m
Total Employees (2023)	97
Industry Market Share (2023)	8.0%

Description

Quest Flooring Pty Ltd is based in Dandenong, VIC, operating in the industry as Quest Carpets, and manufactures a range of wool, nylon and polypropylene carpets. These products are supplied to wholesalers and retailers across Australia and New Zealand. Quest Flooring was established in 1978 and currently employs approximately 90 employees. In August 2015, UK-based carpet firm Victoria plc acquired the company, invested in new manufacturing equipment, and focused on improving operational efficiencies.

Brands and Trading Names

- Quest Carpets

Company's Industry Revenue, Market Share, and Profit Margin Over Time

Year	Industry Revenue (\$ million)	Market Share (%)
2012-13	52	6.5
2013-14	55	6.8
2014-15	60	7.9
2015-16	62	7.8
2016-17	63	8.0
2017-18	65	7.6
2018-19	61	7.3
2019-20	55	6.9
2020-21	56	7.0
2021-22	61	7.8

What's impacting Quest Carpets's performance?

Quest offset revenue volatility by focusing on offering more synthetic textile carpets

- The company currently produce over 30 different carpet ranges of various styles and fibres. These carpet products are manufactured on advanced broadloom tufting equipment with high standards and quality finishes.
- Quest Flooring has pivoted manufacturing towards higher nylon and polypropylene carpet production volumes as wool prices have been highly volatile due to higher Chinese demand.
- The company currently produces approximately 90% of its products, in either nylon or polypropylene, which supports its consistent revenue as it relies less on volatile wool prices.

Household consumption and construction downstream markets support Quest's revenue growth

- Quest operates entirely as a manufacturer working selling to wholesalers and retailers. Carpet retailers primarily sell products to construction businesses, contractors and households, pegging Quest's products on the construction and household consumption patterns.
- Quest's revenue peaked in the two years through 2018-19, due to strong construction market performance. New projects in residential and corporate buildings began in 2017-18 which boosted Quest's revenue in the two years that followed.
- Revenue in subsequent years fell, with revenue slowly recovering in the current year supported by household spending.

Beaulieu

Company Details

Industry Revenue (2023)	\$55.5m
Industry Market Share (2023)	7.3%

Description

Beaulieu Australia Pty Ltd is one of Australia's leading producers of polypropylene and solution-dyed nylon stain-resistant carpets for commercial and residential use. The company's head office is located in Yatala, QLD. In 2018, Beaulieu of Australia was integrated into the Beaulieu International Group.

Brands and Trading Names

- Beaulieu Australia

Company's Industry Revenue, Market Share, and Profit Margin Over Time

Year	Industry Revenue (\$ million)	Market Share (%)
2012-13	48	6.0
2013-14	53	6.5
2014-15	59	7.8
2015-16	58	7.5
2016-17	57	7.2
2017-18	50	5.8
2018-19	48	5.8
2019-20	51	6.5
2020-21	54	6.6
2021-22	51	6.5
2022-23	56	7.3

What's impacting Beaulieu's performance?

Utilising the vast global resources, Beaulieu Australia doubles its capital size

- Beaulieu Australia can draw on the global resources of its parent company, aiding the company to become a major domestic carpet manufacturer. Integrating into the Beaulieu International Group supports Beaulieu Australia with an extended product portfolio and financial security.
- In late 2017, the company upgraded its base of operations by moving from its purpose-built facilities in Ormeau to a new Yatala plant approximately twice the size of its previous factory, whose premises are located in Queensland.

Beaulieu Australia moves towards vertical integration through its acquisition of flooring wholesaler Signature floors

- Beaulieu of Australia is set to acquire Signature Floors, an Australian business-to-business flooring wholesaler.
- The acquisition will integrate Signature's sales and business departments alongside Signatures' existing client portfolio. Beaulieu expects sales figures to grow and extend their network of suppliers.

Tuftmaster Carpets

Company Details

Industry Revenue (2023)	\$38.2m
Industry Market Share (2023)	5.0%

Description

Founded in 1970, Tuftmaster Carpets Pty Ltd is a Melbourne-based carpet manufacturer that produces a limited range of carpet styles on a large scale. Types of carpet manufactured by Tuftmaster include wool; nylon; loop pile; plush pile; and light, medium and heavy duty. Commercial users form the bulk of the company's customer base, although it also indirectly sells carpets to household users through independent carpet retailers.

Company’s Industry Revenue, Market Share, and Profit Margin Over Time

Year	Industry Revenue (\$ million)	Market Share (%)
2022-23	38	5.0

External Environment

Understand the demographic, economic and regulatory factors positively and negatively affecting the industry.

8. External Environment

<https://my.ibisworld.com/au/en/industry/C1331/external-environment>

Highlights

Regulation & Policy

Moderate Steady

Assistance

↓ Low Steady

Key Takeaways

- **This industry has substantial large-scale machinery requirements for the production of carpet tiles and rugs.** The main machinery used by manufacturers are industrial looms.
- **The industry has moderate regulations that manufacturers can use to advertise their products.** Key regulations measure the quality and environmental considerations for each carpet product.

External Drivers

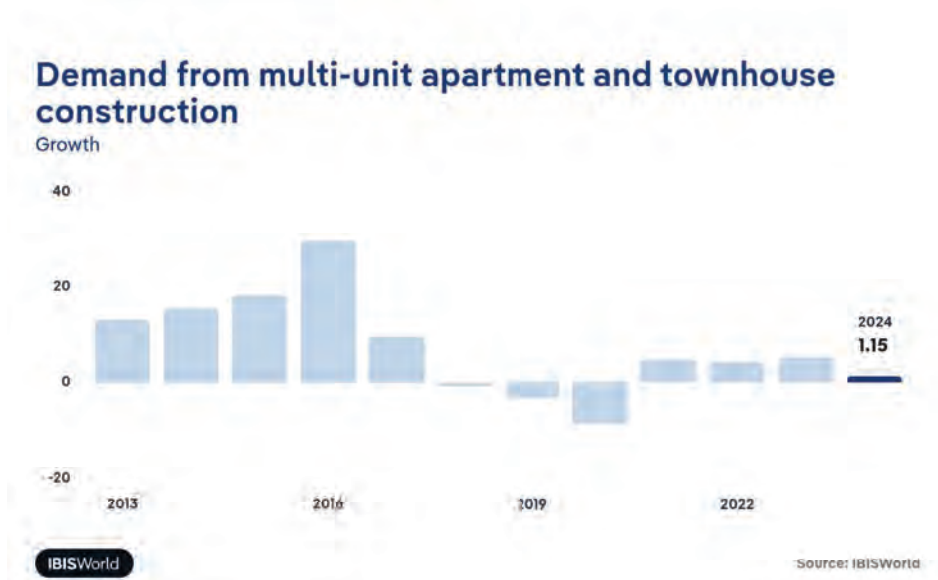
What demographic and macroeconomic factors impact the industry?



Carpet and textile flooring products like carpet rugs and tiles are used in housing construction. A decline in new dwellings will reduce demand for flooring materials, like carpets, which will threaten industry revenue. Industry manufacturers will generally respond by decreasing carpet production. Dwelling commencements are projected to fall 1.8% in 2022-23.



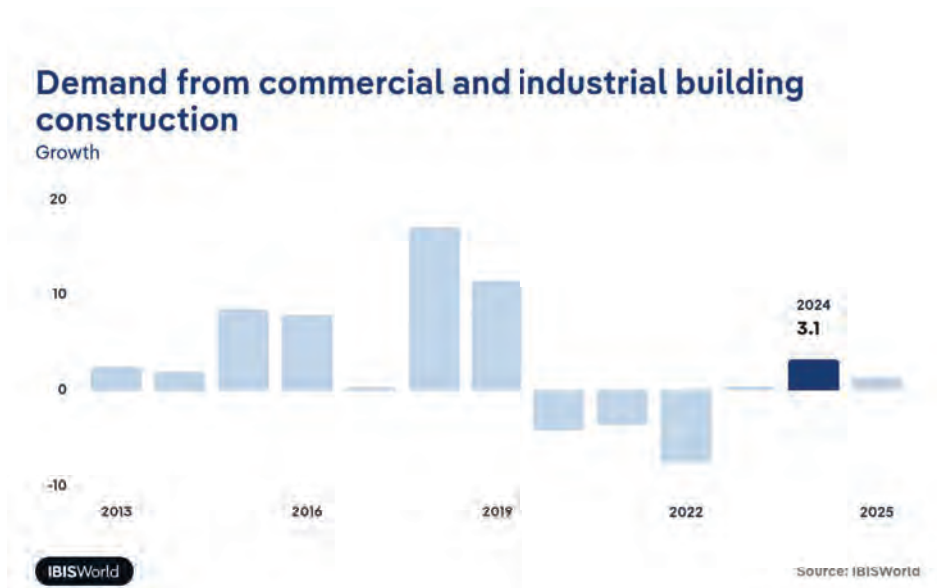
Exchange rates affect the price competitiveness of the industry's exports. An appreciating Australian dollar will increase export prices, making exports less competitive in international markets. A higher Australian dollar also makes imports more competitive domestically, which strains demand for domestic manufacturers. The Australian dollar is anticipated to appreciate 1.5% in 2022-23.



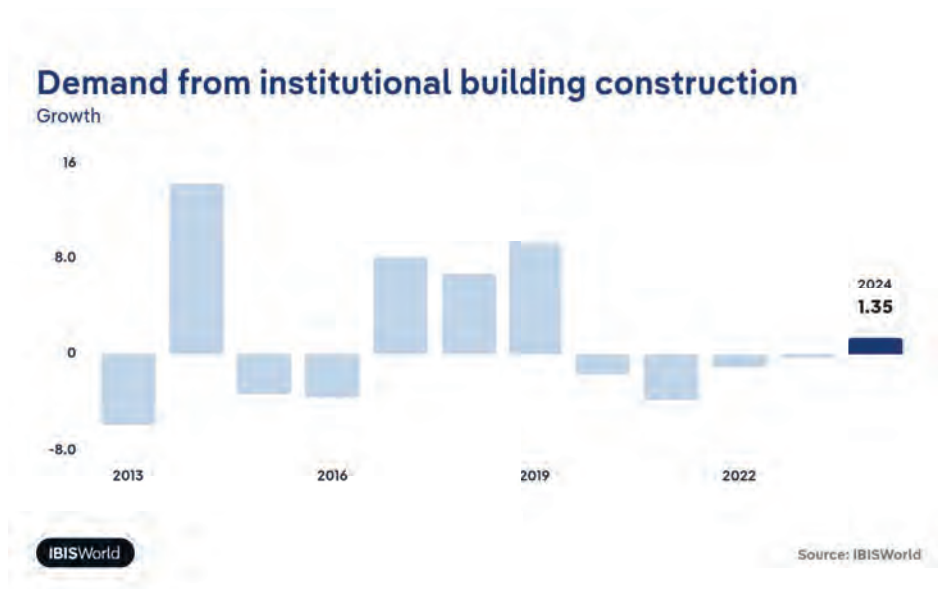
Many multi-unit, high-rise and townhouse developments use carpet as a flooring product. Lower construction volumes across these developments hurt the industry due to reduced carpet sales. Construction is set to recover in the current year, partially offsetting the decline from previous years. Multi-unit apartment and townhouse construction are projected to inch upward 0.9% in 2022-23.



Wool is a key input in wool and wool-blend carpet manufacturing in Australia. Wool carpets are sold as either rugs or tiles. Higher domestic wool prices can increase input costs for industry firms, contributing to lower industry demand and profit margins. Wool prices are expected to fall 6.0% in 2022-23, placing upward pressure on profit margins.



Commercial and industrial buildings often use carpet as a flooring material. Therefore, increased commercial building construction will lead to higher demand for carpet and textile floor coverings, which can provide the industry with an opportunity to expand. Although demand from commercial and industrial building construction is projected to plummet 17.6% in 2022-23.



Carpet and textile flooring products are often used in institutional buildings like schools, universities and hospitals. Carpet and textile flooring provide patients and students with additional warmth and comfort. Growth in these sectors will lead to higher demand for carpet manufacturers, which raises revenue. Demand from institutional building construction is expected to climb up 0.8% in 2022-23.

Regulation & Policy

Moderate

Steady

What regulations impact the industry?

Australian Carpet Classification Scheme (ACCS)

CIAL developed the Australian Carpet Classification Scheme (ACCS), which is a carpet labelling system based on carpet durability, appearance retention and recommended usage. The ACCS grades carpets from 1 star (light duty) to 6 stars (extra heavy duty). Commercial carpets are graded from 1 star (light duty) to 4 stars (extra heavy duty).

Environmental Certification Scheme (ECS)

As an extension of the Australian Carpet Classification Scheme, The Carpet Institute of Australia Limited (CIAL) developed the Environmental Certification Scheme (ECS), which grades carpets according to various environmental considerations, like product emissions, toxicity and water use during manufacturing processes. Similarly to the ACCS, the ECS is graded from level 1 to 4, with the 4 being the top grading.

Standards Australia

Standards Australia issues several standards that carpet manufacturers need to comply with. These include AS/NZS 1385:2007 (R2016) Textile floor coverings - Metric units and commercial tolerances for measurement; AS/NZS 2914:2007 (R2016) Textile floor coverings - Informative labelling; and AS 2454-2007 textile floor coverings - Terminology. These standards generally outline quality and manufacturing requirements for industry firms.

Modern Slavery Act

The Modern Slavery Act is not likely to significantly affect the industry. However, as the act applies to companies and their supply chain, there is a risk for firms in the industry that suppliers, particularly those based in other countries, contravene it. In particular, local carpet manufacturers that import wool, yarn and synthetic materials need to ensure these goods are not made by people under forced labour conditions.

Assistance

Low

Steady

What assistance is available to this industry?

Key Tariffs

Import tariffs for carpet were reduced on 1 January 2010 from 5.0% to zero. Industry protection declined as the Federal Government implemented free trade policies, which also looked to improve industry productivity. International trade is on track to grow which will pressure companies need to develop more sophisticated marketing strategies to differentiate their products from imports. Australian-made synthetic carpets continue to be particularly susceptible to greater competition from overseas suppliers.

The Carpet Institute of Australia Limited (CIAL)

The Carpet Institute of Australia Limited (CIAL) is the peak industry association representing carpet manufacturers in Australia. The industry association aids in promoting the benefits of carpets and sustainable environmental practises for manufacturers. The CIAL offer services like offering carpet and environmental grading. These gradings can be used by manufacturers to advertise to businesses and add to their brand.



Financial Benchmarks

Understand average costs for industry operators and compare financial data against key ratios and financial benchmarks broken down by business size.

9. Financial Benchmarks

<https://my.ibisworld.com/au/en/industry/C1331/financial-benchmarks>

Highlights

Profit Margin

6.9 %

↑ Higher than sector

Average Wage

\$78,343

↓ Lower than sector

Largest Cost

Purchases

58.6% of Revenue

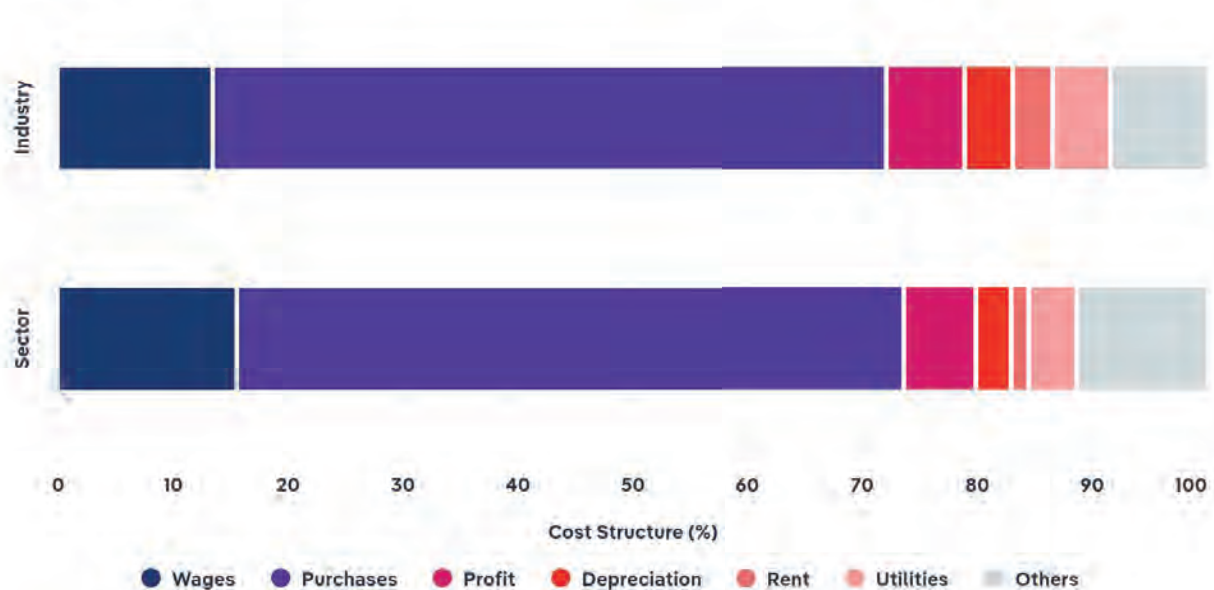
Key Takeaways

- **Pressure from international competition has forced domestic manufacturers to produce premium products which provide additional earnings.** Higher end carpets are more expensive and have larger profit margins than generic mass-produced carpets.
- **The domestic price of wool is on track to fall due to declining demand and unfavourable weather conditions.** That's why wool prices re expected to fall in 2022-23, reducing purchase costs.

Cost Structure

Cost Structure Benchmarks

Average operating costs by industry and sector as a share (%) of revenue 2023



IBISWorld

Source: IBISWorld

Chart displays current year only in the PDF version of this report. You can view and download chart for all other years associated with this industry on my.ibisworld.com.

What trends impact industry costs?

Profit margins are supported by high-end products that generate high revenue

- Profitability is relatively low, at a projected 6.9% of revenue in 2022-23, and has inched upwards as a share of revenue over the past five years.
- The low rate of return partly reflects the highly competitive market the industry operates in, high material costs, and pressures from downstream wholesalers, retailers and consumers for low-priced carpet products.
- Firms producing high-end and customised products tend to be more profitable than manufacturers competing in segments characterised by low-value and homogeneous products, which has supported profit margins over the last few years.

Wages are benefiting as a share of revenue from manufacturers creating premium carpets and rugs

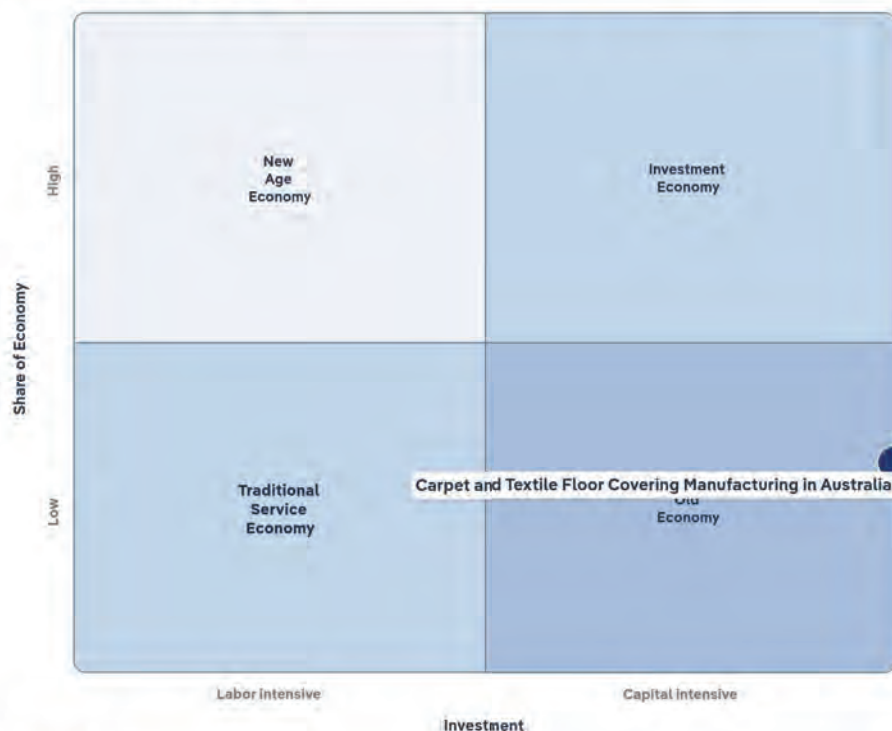
- Over the past five years, wages have grown to an estimated 13.5% as a share of revenue due to revenue declining faster than wages.
- Australian carpet manufacturing firms can better compete with foreign low-cost manufacturers by using extensive technology to produce specialised and bespoke carpets.
- Creating bespoke carpets and rugs requires highly technical labour, like designers and other specialists, which has boosted wages.

Volatile domestic wool prices reduce purchases as a share of revenue

- Industry purchases include wool, yarns, textiles and other materials. To minimise wastage and maximise returns, manufacturers must control material usage, monitor demand trends and supply the market accordingly.
- Purchases account for the largest cost for manufacturers, accounting for an estimated 58.6% of revenue, which has fallen over the past five years.
- Rising production volumes of wool and falling global demand in 2022-23 are on track to drive wool prices to drop, which also drives purchase costs to decline.

No productivity gains from reliance on labour

Share of economy vs. Investment



Key Ratios

Year	Revenue per Employee (\$)	Revenue per Enterprise (\$ million)	Employees per Estab. (Units)	Employees per Ent. (Units)	Average Wage (\$)	Wages/ Revenue (%)	Estab. per Enterprise (Units)	IVA/ Revenue (%)	Imports/ Demand (%)	Exports/ Revenue (%)
2007-08	634,434	9.4	13.0	14.9	83,412	13.1	1.1	22.7	29.8	5.2
2008-09	542,521	12.3	21.3	22.6	82,787	15.3	1.1	26.1	31.1	5.8
2009-10	551,622	10.4	16.2	18.9	70,556	12.8	1.2	21.1	30.7	5.4
2010-11	485,098	11.9	22.6	24.6	73,771	15.2	1.1	29.4	34.1	5.9
2011-12	487,603	9.2	17.6	18.9	70,650	14.5	1.1	26.5	35.8	5.7
2012-13	535,753	9.7	17.3	18.0	77,490	14.5	1.0	25.7	38.4	5.8
2013-14	549,545	9.7	16.6	17.6	76,175	13.9	1.1	25.2	40.3	6.1
2014-15	561,319	9.3	15.7	16.5	82,965	14.8	1.1	25.7	42.8	6.3
2015-16	642,229	9.5	13.4	14.8	94,085	14.6	1.1	26.1	45.6	6.3
2016-17	604,648	9.9	15.4	16.4	84,405	14.0	1.1	26.9	44.1	6.2
2017-18	682,500	10.0	13.9	14.6	86,503	12.7	1.1	26.7	41.2	5.3
2018-19	621,932	9.7	14.5	15.6	84,775	13.6	1.1	24.5	42.7	5.6
2019-20	614,082	9.3	14.2	15.1	85,051	13.9	1.1	26.3	41.4	5.4
2020-21	581,663	8.9	14.6	15.3	81,548	14.0	1.1	27.5	44.2	5.2
2021-22	603,440	8.8	11.6	14.6	79,326	13.1	1.3	24.2	44.9	5.6
2022-23	579,863	8.6	14.0	14.8	78,343	13.5	1.1	24.6	45.5	5.5
2023-24	606,158	8.6	13.4	14.2	78,818	13.0	1.1	24.3	46.8	5.6
2024-25	596,916	8.6	13.7	14.3	79,221	13.3	1.0	25.1	47.2	5.5
2025-26	628,013	8.6	13.1	13.6	79,397	12.6	1.0	24.5	46.6	5.2
2026-27	617,432	8.5	13.2	13.8	79,767	12.9	1.0	24.6	46.1	5.1
2027-28	646,602	8.5	12.6	13.1	80,259	12.4	1.0	24.2	46.2	5.0
2028-29	637,920	8.5	12.8	13.3	80,688	12.6	1.0	24.6	46.0	4.8



Key Statistics

Discover 14 years of historical, current and forward-looking industry performance data in table format.

10. Key Statistics

<https://my.ibisworld.com/au/en/industry/C1331/key-statistics>

Industry Data

Values

Year	Revenue (\$ million)	IVA (\$ million)	Establishments (Units)	Enterprises (Units)	Employment (Units)	Exports (\$ million)	Imports (\$ million)	Wages (\$ million)
2007-08	1,388	315	168	147	2,187	72	557	182
2008-09	1,216	317	105	99	2,241	70	516	186
2009-10	1,232	260	138	118	2,233	67	515	158
2010-11	1,063	313	97	89	2,192	63	517	162
2011-12	1,014	269	118	110	2,080	58	532	147
2012-13	966	248	104	100	1,804	56	568	140
2013-14	960	242	105	99	1,746	58	609	133
2014-15	898	231	102	97	1,600	56	629	133
2015-16	944	246	110	99	1,470	60	743	138
2016-17	914	246	98	92	1,511	56	678	128
2017-18	979	261	103	98	1,435	52	651	124
2018-19	913	224	101	94	1,468	51	642	124
2019-20	852	224	98	92	1,387	46	569	118
2020-21	848	233	100	95	1,458	44	636	119
2021-22	794	192	113	90	1,315	44	611	104
2022-23	763	188	94	89	1,316	42	602	103
2023-24	738	179	91	86	1,218	41	613	96
2024-25	735	185	90	86	1,232	41	620	98
2025-26	771	189	94	90	1,228	40	637	98
2026-27	793	195	97	93	1,285	40	643	103
2027-28	799	193	98	94	1,236	40	652	99
2028-29	816	201	100	96	1,279	39	661	103

Annual Change

Year	Revenue %	IVA %	Establishments %	Enterprises %	Employment %	Exports %	Imports %	Wages %
2007-08	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2008-09	-12.4	0.8	-37.5	-32.7	2.5	-2.4	-7.4	1.7
2009-10	1.3	-18.1	31.4	19.2	-0.4	-4.6	-0.2	-15.1
2010-11	-13.7	20.3	-29.7	-24.6	-1.8	-5.9	0.3	2.6
2011-12	-4.6	-14.0	21.6	23.6	-5.1	-7.6	3.0	-9.1
2012-13	-4.7	-7.6	-11.9	-9.1	-13.3	-3.3	6.8	-4.9
2013-14	-0.7	-2.7	1.0	-1.0	-3.2	3.4	7.1	-4.9
2014-15	-6.4	-4.5	-2.9	-2.0	-8.4	-3.4	3.3	-0.2
2015-16	5.1	6.8	7.8	2.1	-8.1	5.9	18.1	4.2
2016-17	-3.2	-0.3	-10.9	-7.1	2.8	-5.5	-8.7	-7.8
2017-18	7.2	6.4	5.1	6.5	-5.0	-7.8	-3.9	-2.7
2018-19	-6.8	-14.5	-1.9	-4.1	2.3	-2.0	-1.3	0.3
2019-20	-6.7	0.2	-3.0	-2.1	-5.5	-9.2	-11.4	-5.2
2020-21	-0.4	4.1	2.0	3.3	5.1	-4.8	11.8	0.8
2021-22	-6.4	-17.7	13.0	-5.3	-9.8	0.4	-3.9	-12.3
2022-23	-3.8	-2.3	-16.8	-1.1	0.1	-4.4	-1.6	-1.2
2023-24	-3.2	-4.4	-3.2	-3.4	-7.4	-1.9	1.8	-6.9
2024-25	-0.4	2.9	-1.1	0.0	1.1	-1.9	1.2	1.7
2025-26	4.9	2.3	4.4	4.7	-0.3	-0.5	2.7	-0.1
2026-27	2.9	3.3	3.2	3.3	4.6	-0.5	0.9	5.1
2027-28	0.7	-0.9	1.0	1.1	-3.8	-1.2	1.4	-3.2
2028-29	2.1	3.8	2.0	2.1	3.5	-1.0	1.4	4.0

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**ATTACHMENT H: 2025 IBISWORLD INDUSTRY REPORT ON FLOOR COVERINGS
RETAILING IN AUSTRALIA**

About

IBISWorld specializes in industry research with coverage on thousands of global industries. Our **comprehensive data and in-depth analysis** help businesses of all types gain quick and actionable insights on industries around the world. Busy professionals can spend less time researching and preparing for meetings, and more time focused on making strategic business decisions

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About This Industry

Definition

Industry operators primarily sell a range of floor covering products including carpet, timber, vinyl and rugs. Tiles made of linoleum, vinyl, cork, carpet or rubber are included in the industry. Products are sourced from upstream manufacturers and sold to downstream households, businesses and other organisations.

Codes

2006 4212-Floor Coverings Retailing

What's Included

- Carpet
- Vinyl, timber and laminate flooring
- Floor rugs, mats and matting

Companies

- Carpet Court
- Newfurn
- Carpet Call
- Harvey Norman
- Flooring Xtra Pty Ltd
- Andersens Floor Coverings
- Carpet One Australasia Pty Ltd

Related Industries

Domestic industries

Competitors

- Furniture Retailing in Australia
- Hardware and Building Supplies Retailing in Australia

Complementors

- Tiling and Carpeting Services in Australia
- Furniture and Floor Covering Wholesaling in Australia

International industries

- Floor Covering Stores in the US
- Floor Covering Stores in Canada
- Floor Coverings Retailing in New Zealand
- Carpet, Rug & Curtain Retailers in the UK

Related Terms

POINT OF SALE (POS)

Machines used at checkout points to capture data at the time and place of sale.

RESIDENTIAL BUILDING CONSTRUCTION

The construction of new homes, apartments and townhouses.

ELECTRONIC DATA INTERCHANGE (EDI)

Technology that involves computer systems that transmit data between establishments.

Additional Resources

- Inside Retail
- Australian Bureau of Statistics
- Floor Covering Institute of Australia

At a Glance

Revenue	'20-'25 $\uparrow 1.1\%$	Employees	'20-'25 $\uparrow 0.9\%$	Businesses	'20-'25 $\uparrow 3.0\%$
\$4.0bn	'25-'30 $\uparrow 2.0\%$	6,500	'25-'30 $\uparrow 0.6\%$	1,926	'25-'30 $\uparrow 1.0\%$
Profit	'20-'25 $\uparrow 5.2\%$	Profit Margin	'20-'25 $\uparrow 0.9$ pp	Wages	'20-'25 $\downarrow 1.7\%$
\$199.4m		5.0%		\$475.8m	'25-'30 $\uparrow 0.8\%$

Five-year growth rates display historic and forecast CAGRs

➔ Major Players

Company	Revenue	Market Share
Carpet Court	\$475.0m	11.9%
Newfurn	\$382.0m	9.6%
Carpet Call	\$343.4m	8.6%
Harvey Norman	\$248.7m	6.2%
Other Companies	\$2.5bn	63.7%

⌚ Products and Services

Item	Revenue	Market Share
Carpet	\$1.9bn	47.4%
Floor rugs, mats and matting	\$761.8m	19.1%
Vinyl, timber and other floor coverings	\$1.3bn	33.5%

⚙️ Key External Drivers

Key External Drivers	Impact
Real household discretionary income	Positive
Demand from residential building construction	Positive
Consumer sentiment index	Positive
Demand from hardware and building supplies retailing	Negative

Key Takeaways

Performance

- Rising inflation and interest rates have tempered post-pandemic sales, impacting consumer spending power. The combination of global economic factors led to a cost-of-living crisis, curtailing discretionary spending on items like floor coverings.
- Retailers are innovating with technology and sustainable products to remain competitive amid evolving consumer preferences. This includes using virtual reality for better customer experiences and introducing eco-friendly flooring options to appeal to more environmentally conscious buyers.

External Environment

- Retailers must stay up to date with changes in the General Retail Industry Award to ensure compliance with current regulations. The award outlines minimum conditions for staff employment, including penalty rates, breaks and annual leave.
- State and territory governments regulate store trading hours. While some states enjoy full deregulation, like the Australian Capital Territory and the Northern Territory, others are subject to strict restrictions.

SWOT

Strengths	Low Competition
	Low Imports
	Low Customer Class Concentration
	Low Product/Service Concentration
	High Revenue per Employee
	Low Capital Requirements
Weaknesses	Low & Steady Barriers to Entry
	Low & Decreasing Level of Assistance
	Low Profit vs. Sector Average
Opportunities	High Revenue Growth (2020-2025)
	High Revenue Growth (2025-2030)
	High Performance Drivers
	Real household discretionary income
Threats	Demand from residential building construction

Industry Structure

Characteristic	Level	Trend
Concentration	Low	
Barriers To Entry	Low	Steady
Regulation and Policy	Low	Decreasing
Life Cycle	Mature	
Revenue Volatility	Moderate	
Assistance	Low	Decreasing
Competition	Low	Increasing
Innovation	Moderate	

Executive Summary

Rug of war: Cost-of-living pressures are weighing on revenue and profitability

Trading conditions have been anything but plush for floor covering retailers. Mounting competition and volatile residential building construction activity have made it harder for stores to post a sale. However, it hasn't all been bad news, as the COVID-19 pandemic fuelled a spike in demand for floor coverings in the early part of the five years through 2024-25.

The post-pandemic environment has presented new issues for floor covering retailers. A surge in inflation and higher interest rates have intensified cost-of-living pressures, causing consumer sentiment and discretionary income to tumble. At the same time, residential building construction has been derailed, with demand declining consecutively over the three years through 2023-24. Industry revenue is expected to have been falling at an annualised 1.1% over the past five years to \$4.0 billion. This includes an anticipated climb of 1.2% in 2024-25.

Going forwards, industry revenue is forecast to grow at an annualised 2.0% over the five years through 2029-30, to \$4.4 billion. Improved economic conditions are set to fuel an upswing in population numbers and higher overall net migration. Increased residential building construction activity will boost demand for housing and, in turn, new floor coverings. Easing inflationary pressures will propel a dip in the official cash rate, reigniting consumers' interest in home building. However, competition from hardware and building supplies retailers and online-only sites is set to ramp up as external retailers vie for a larger share of the floor coverings market. Nonetheless, floor covering retailers are set to remain profitable, as an appreciation of the Australian dollar makes international purchases more affordable for retailers.

Performance

Key Takeaways

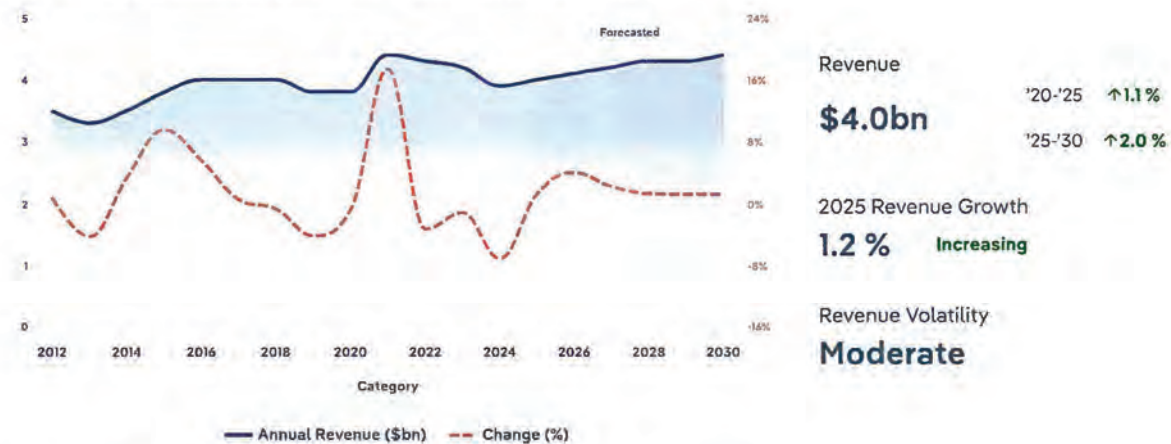
Rising inflation and interest rates have tempered post-pandemic sales, impacting consumer spending power. The combination of global economic factors led to a cost-of-living crisis, curtailing discretionary spending on items like floor coverings.

Retailers are innovating with technology and sustainable products to remain competitive amid evolving consumer preferences. This includes using virtual reality for better customer experiences and introducing eco-friendly flooring options to appeal to more environmentally conscious buyers.

Performance Snapshot

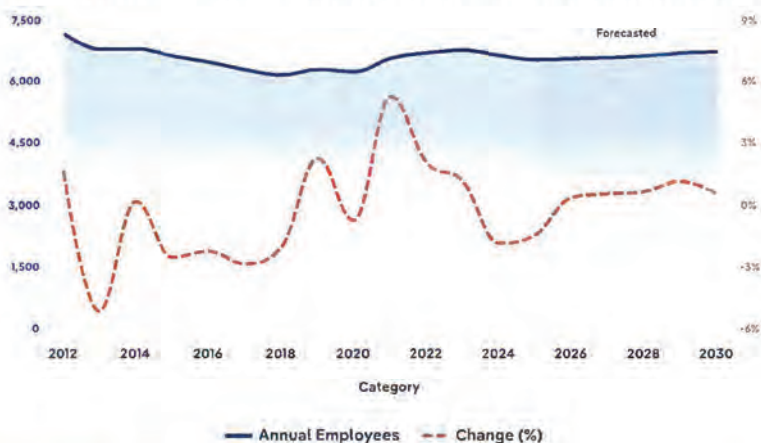
Revenue

Total value (\$) and annual change from 2012 – 2030. Includes 5-year outlook.



Employees

Total number of employees and annual change from 2012 – 2030. Includes 5-year outlook.



Employees

6,500

'20-'25 **↑0.9%**

'25-'30 **↑0.6%**

Employees per Business

3

'20-'25 **↓2.0%**

'25-'30 **↓0.4%**

Revenue per Employee

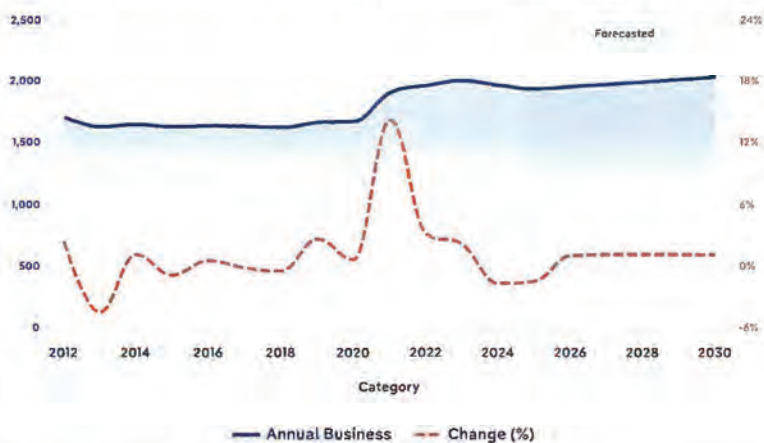
\$614k

'20-'25 **↑0.1%**

'25-'30 **↑1.4%**

Business

Total number of businesses and annual change from 2012 – 2030. Includes 5-year outlook.



Businesses

1,926

'20-'25 **↑3.0%**

'25-'30 **↑1.0%**

Employees per Business

3

'20-'25 **↓2.0%**

'25-'30 **↓0.4%**

Revenue per Business

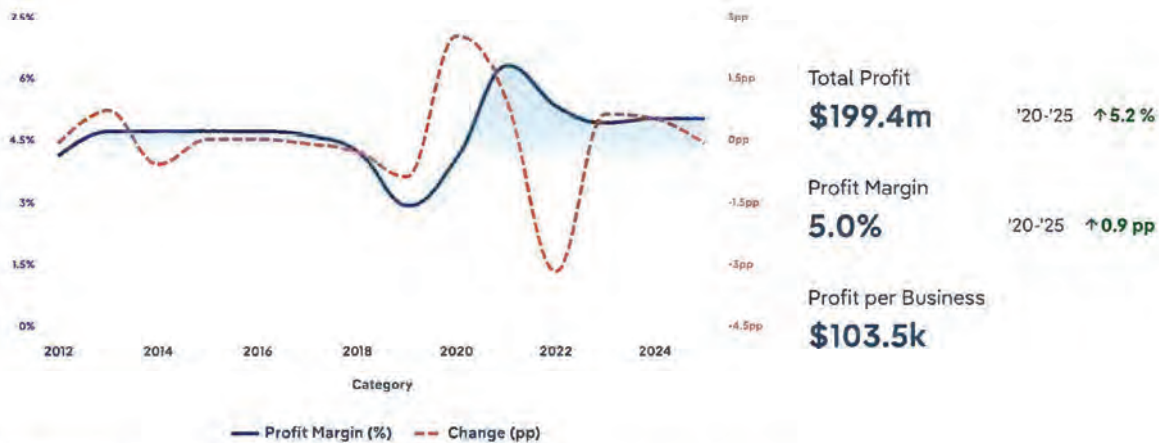
\$2.1m

'20-'25 **↓1.9%**

'25-'30 **↑1.0%**

Profit Margin

Total profit margin (%) and annual change from 2012 – 2030



Current Performance ↑ 2020-25 Revenue CAGR +1.1%

What's driving current industry performance?

Changing conditions led to an early spike in sales

- Floor covering retailers faced volatile trading conditions following the outbreak of COVID-19. While lockdown periods and temporary travel bans caused an initial slump in sales, the dip was short-lived, with revenue rebounding strongly in 2020-21 and leading to a spike in performance.
- With travel off the cards during the pandemic, consumers injected surplus holiday funds into home renovation projects to pass the time, which propelled demand for residential flooring. An upswing in discretionary income, owing to higher government support payments and improving consumer sentiment also encouraged spending during the pandemic's peak.
- Despite the hype in demand, it wasn't all good news for floor covering retailers, with reduced manufacturing activity and logistical delays hampering stock availability and order fulfilment.

Inflationary pressures have stalled post-pandemic sales

- Floor covering retailers have faced new challenges in the post-pandemic environment. A perfect storm of government stimulus, low interest rates and global supply chain disruptions has led to a hike in inflation. Despite the RBA's attempts to curb inflation, growth in the cash rate has only added to the pain. The surge in inflation has outpaced wages' growth, leading to a cost-of-living crisis.
- Rising interest rates have depleted consumer wallets, with higher mortgage repayments leaving consumers with less money for discretionary spending like floor coverings. The spike in interest rates has also placed downward pressure on demand for residential building construction, which has tumbled over the three years through 2023-24, eroding sales of new floor coverings and leading to difficult times for retailers.
- Recovering net migration and household formation rates are set to support an upswing in residential building construction activity in 2024-25. Prospects of a lower cash rate will leave consumers with more money in their wallets while improving economic conditions will support stronger consumer sentiment. The culmination of these factors will create better trading conditions and improved revenue opportunities for floor covering retailers.

Consumers' flooring preferences are changing

- Carpet remains consumers' most popular floor covering option, thanks largely to its durability, affordability and acoustic and insulation properties. However, demand for timber and laminate flooring has continued to climb, owing to the low maintenance and aesthetic appeal of floor boards over carpet, making them a popular choice for traditional and modern homes.

- Seasonal colour trends and interior design fads shape retailers' product ranges. Factors like a consumer's age, decorating style and budget can also influence demand. Retailers like Carpet Call have tried to stand out by offering niche products like handmade custom rugs, which allow customers to choose the quality, shape, size, design and colour of their purchase.
- A greater focus on recycling and sustainability has made its way into the carpet market. Floor covering retailers are offering eco-friendly carpets that combine quality with sustainability. For example, Carpet Court's ECONYL carpet range is crafted from regenerated nylon and can be recycled multiple times.

Mounting competition has put the focus on customer service

- Growing competition between floor covering retailers and external businesses has made price and product range the primary competitive factors. Retailers have focused on improving customer service and providing more staff training to help turn flooring quotes into orders. Solomon's mobile showrooms enable consultants to make in-home visits and provide recommendations and samples based on current and future decor, budget constraints and personal preferences.
- The escalating popularity of online shopping has heightened competition for floor covering retailers and forced them to rethink their online offerings. This has led to greater investment in online platforms, mobile apps and virtual reality programs. Retailers like Carpet Court have also placed more focus on connecting their digital and physical shopfronts, leading to an overhaul of its website in 2023.
- To keep up with the times, virtual reality technology, like those used by Carpet Call (Virtual Room) and Choices Flooring (Room View), is helping consumers make better purchase decisions when selecting between a range of floor covering options. Rather than supplying sample products, the technology enables consumers to virtually compare different flooring products to help make decisions.

Volatility Moderate

What influences industry volatility?

The pandemic caused an early spike in sales

- Sales of floor covering products spiked in 2020-21. International travel bans caused consumers to reallocate money that had been set aside for holidays to home improvement projects instead.
- Renovation activity boomed on the back of stronger discretionary incomes thanks to government support payments. Housebound consumers turned in droves to home alteration and renovation projects, which boosted demand for floor coverings, skyrocketing sales in 2020-21.

Cost-of-living pressures have pared back spending

- Spending on floor coverings has slumped post-pandemic. Interest rates hikes to combat escalating inflation have hit consumers hard, lowering discretionary income over the three years through 2023-24. Consumer sentiment has also weakened, eroding industry demand and sales.
- Residential building construction activity has declined over the past five years, diminishing demand for floor coverings. Fixed-price contracts and escalating input costs have strained home builders' finances, cutting overall demand for floor coverings.
- Discretionary income and consumer sentiment are set to rebound in 2024-25, with the prospect of a drop in the cash rate easing the financial pressure for mortgage-holding consumers. More income in their back pocket and improving economic conditions will strengthen consumer spending, benefiting floor covering retail sales.

Stagnant

Industry volatility vs. revenue growth (2018-2025 CAGR)



☆ Key Success Factors

How do successful businesses overcome volatility?

Control inventory

Floor covering retailers need solid stock control systems, as this helps them to meet product demand, reduce inventory costs and accelerate stock turnover. Strong inventory control systems support consistent revenue, minimising fluctuations.

Develop a strong market profile

Floor covering retailers operate in a competitive market. A strong market profile can help retailers stand out from the crowd and better attract their target market, shielding against revenue falls.

Outlook ↑ 2025-30 Revenue CAGR +2.0%

What's driving the industry outlook?

Improvements in key drivers will fuel an upswing in sales

- Key drivers point to more stable trading conditions for floor covering retailers over the coming years. An anticipated easing in inflationary pressure will fuel a projected dip in the cash rate. Lower interest repayments will, in turn, leave consumers with more hard-earned dollars in their pockets, sparking a hike in discretionary income.
- As economic conditions improve, consumers will become more confident about their ability to repay current and future debt levels and the overall state of the economy, driving a recovery in consumer sentiment. Income growth and sentiment improvements will, in turn, fuel the spending power of consumers, enabling them to allocate more of the budget towards future floor-covering purchases.
- Stronger net migration is set to lift Australia's population, fuelling a surge in household numbers and driving residential building construction activity. Forecast improvements across the house, multi-unit apartment and townhouse construction markets mean more consumers will be moving into new homes, heightening demand for floor coverings.

External competitors will seek a larger share of the market

- Floor covering retailers already operate in a highly competitive environment, yet competition is set to heat up. Demand from hardware and building supplies retailers is set to climb due to expanding store numbers and discounted product ranges, making trading conditions more challenging for floor covering retailers.
- Retailers like Bunnings and Mitre 10 offer a range of floor coverings, including timber, laminate and hybrid products. These larger retailers' bulk buying power means they can provide consumers with competitive pricing and extensive promotional deals. That's why extensive product ranges and aggressive marketing tactics are set to remain vital tools for retailers looking to stand out from the crowd.
- Online shopping has significantly changed how consumers search for, compare and purchase products. Competition from online shopping is set to escalate as consumers do more online, boosting pressure from online-only retailers like Rug Emporium.

Profitability is projected to climb

- Floor covering retailers are set to enjoy a slight rise in profitability. The Australian dollar's appreciation is set to lower the cost of imported products, making them more affordable for retailers to buy and lowering their purchase costs. This dip in purchase costs will support the hike in gross margins, driving an upswing in profitability.
- Chains and franchised stores will be the key winners of the dollar's appreciation, rather than smaller independent retailers, because of their access to bulk buying and their better trading terms with suppliers. However, smaller independent stores may benefit from focusing on specialised product lines to maximise their sales and avoid surplus merchandise.

New products will continue to enter the market

- The floor covering market is mainly saturated, featuring an extensive and well-defined product range. Yet, ongoing technological advancements mean products like vinyl flooring will continue to look more and more like the natural material and stone whose looks they set out to replicate.
- Greater focus on green or environmentally sustainable products, like Carpet Court's ECONYL range, is set to drive consumer interest and ongoing research into eco-friendly products. More carpets will be made from recycled materials, helping to minimise their environmental impact in the long term and appealing to eco-conscious buyers.
- Durable and waterproof options will remain big drivers across the laminate and vinyl flooring market. The versatility and aesthetic appeal of laminate and vinyl means it will remain a popular choice, including for budget-conscious consumers.

Life Cycle Mature

Why is the industry mature?

Contribution to GDP

Floor covering retailers are in the mature phase of their life cycle. Despite a spike in demand during the pandemic, IVA is trailing behind the economy primarily due to the saturated product market.

Market Saturation

Retailers sell to a well-defined market group of consumers, businesses and organisations. Sales stem from new home constructions, home improvement activity or workplace fit-outs.

Innovation

Advances in technology have led to the development of virtual reality (VR) programs, which allow consumers to preview and select between different flooring options. VR technology helps consumers take the guesswork out of making their next flooring decision.

Consolidation

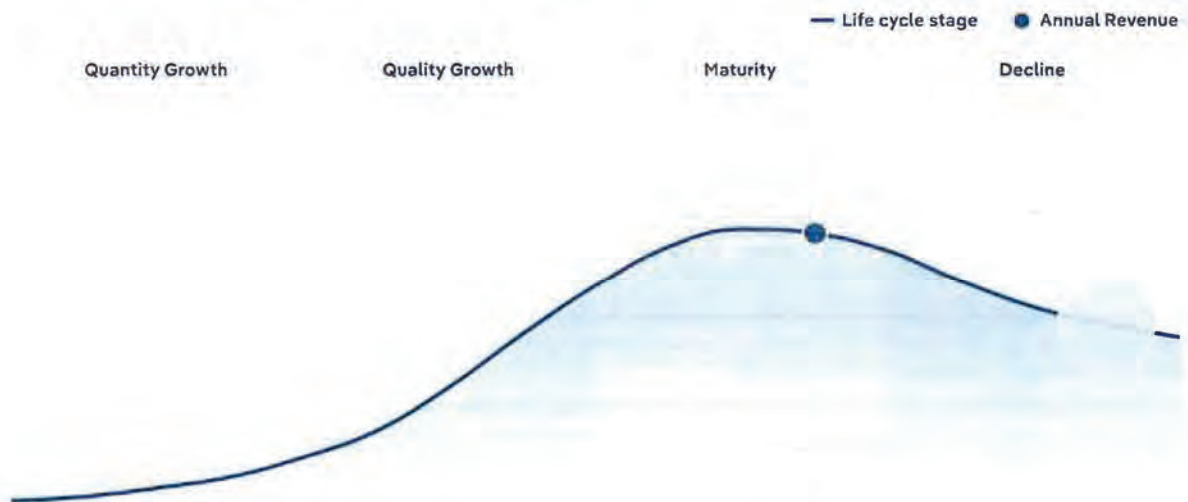
Merger and acquisition activity, like Choices Flooring's purchase of WoolSet in 2013, isn't a key trend among major floor covering retailers. Yet, growing competition from hardware and building supplies stores and online-only retailers has escalated the closure of unprofitable businesses.

Technology & Systems

The use of systems and technology is low and it centres around EDI technology, computerised POS systems and barcode scanning. Shifts towards online shopping have led stores to invest more heavily in online platforms.

Life Cycle

Indication of the industry's stage in its life cycle compared to similar industries



*Growth is based on change in share of economy combined with change in establishment numbers

Products and Markets

Key Takeaways

Floor coverings retailers sell a range of products, including carpet, floor rugs, mats and matting, vinyl, and timber flooring. Depending on use, products come in various textures and differ in terms of durability and functionality.

Floor covering retailers' primary markets are consumers, businesses and other organisations. Income and home ownership trends affect individual consumers' and businesses' floor covering needs.

Largest Market
\$1.9bn Carpet

Product Innovation
Moderate

Products and Services

How are the industry's products and services performing?

Carpet remains a popular choice

- Carpet is a popular product and a staple in many homes. It can be made from various fibres, including wool, nylon, polyester, polypropylene, acrylic, olefin, triexta and jute. Carpet's durability, texture and colour options, along with advances in stain-resistant technology and the use of hypoallergenic fibres, have made it a popular choice among Australian consumers.
- Acoustic and insulation benefits, along with its relative affordability, continue to drive demand from budget-conscious shoppers. However, an upswing in timber flooring's popularity has led to a dip in carpet sales' revenue share.

popularity has led consumers to buy rugs and mats to furnish and accessorise rooms.

- An extensive product range and custom-made rugs' widespread availability have made it easy to mix and match rugs and mats to complement existing interior designs. Changing rugs have also been spruced by interior designs as a way to refresh a room on a budget.

Products & Services Segmentation

Industry revenue in 2025 broken down by key product and service lines.



● Carpet (\$1.9bn) 47.4%
● Floor rugs, mats and matting (\$761.8m) 19.1%
● Vinyl, timber and other floor coverings (\$1.3bn) 33.5%

IBISWorld

Source: IBISWorld

Timber flooring is continuing to gain ground

- Consumers can install timber, vinyl, lino, laminate, floating and bamboo floor coverings instead of carpet. Timber flooring remains popular, largely due to its durability, but requires ongoing maintenance and can be a pricey option.
- Vinyl and lino are resilient, moisture-resistant flooring options suitable for high-foot-traffic areas. Lino is made from renewable materials, while vinyl is constructed from PVC plastic. Laminate flooring's traditional timber look and ability to be laid over concrete have made it a go-to product for price-savvy consumers. Its durability and easy-clean nature are an added bonus.
- The longevity, aesthetic appeal, versatility and sustainability of timber floors continue to make them a timeless choice for consumers seeking new flooring, boosting this segment's revenue share.

Demand for floor rugs is spurring sales

- In recent years, sales of floor rugs, mats and matting have thrived, expanding this segment's share of revenue. Timber flooring's rising

What are innovations in industry products and services?

Moderate

Advances in virtual and 3D room design technology are guiding consumer choices

- Thanks to technology, product samples and colour swabs have come a long way. Advances in virtual reality are allowing consumers to get an idea of what their chosen flooring will look like and help with the decision process. 3D room design technology can also help measure a room and estimate the final cost.
- Virtual reality apps, like those offered by Carpet Court and Choices Flooring, cut the confusion and guesswork out of choosing the right flooring option for a room. Virtual room visualisers allow consumers to compare different flooring options by uploading a photo of the area.

Machine learning algorithms are helping retailers to better understand demand

- Machine learning uses data and algorithms to analyse and draw conclusions from patterns in data. Using large amounts of data, machine learning effectively reads historical trends to predict future demand.
- Machine learning helps retailers implement just-in-time inventory management systems to reduce waste, improve cashflow and optimise human resources. From these predictions, retailers can better plan for future inventory and reduce excess stock to create more floor space.

☆ Key Success Factors

What products or services do successful businesses offer?

Present products attractively

Floor covering stores should be well set out and clearly display the product range available. Displays should be attractive to entice consumers in-store. Retailers can also make use of virtual reality apps to present their products to customers remotely.

Supply a diverse range of products

Product range is paramount to consumers. Having a diverse range of products on hand to show consumers means retailers will be better equipped to meet differences in consumers' tastes and requirements.

Major Markets

What's influencing demand from the industry's markets?

Sales to consumers aged 15 to 34 depend on home ownership rates

- Young consumers in the 15 to 34 age cohort typically live at home with parents or guardians. Consumers in this age bracket that have moved out are usually living in shared accommodation or renting independently due to the financial constraints of buying their own home. These factors limit demand for floor coverings.
- According to research by Digital Finance Analytics, consumers are entering the housing market later in life, with the average age of first-time homeowners climbing from 24.5 in 2000 to 34.5 by 2022.
- The First Home Owner Grant has fuelled interest in residential construction and encouraged consumers in this age cohort to buy their first home, driving demand for new flooring.

Flooring demand from consumers aged 35 to 54 remains volatile

- Consumers aged 35 to 54 typically own their own home or are working towards home ownership. These consumers need floor coverings when renovating or refurbishing. Slumping residential building construction activity along with fluctuations in discretionary income and consumer sentiment have created a tough housing market for consumers aged 35 to 54.
- Despite a hike in demand for floor coverings during the pandemic, rising inflation and surging interest rates have made it difficult for consumers in the 35 to 54 market to make ends meet financially. Intensifying cost-of-living pressures have weakened demand for discretionary purchases like new flooring.

Floor covering sales to people aged 55 and over has climbed

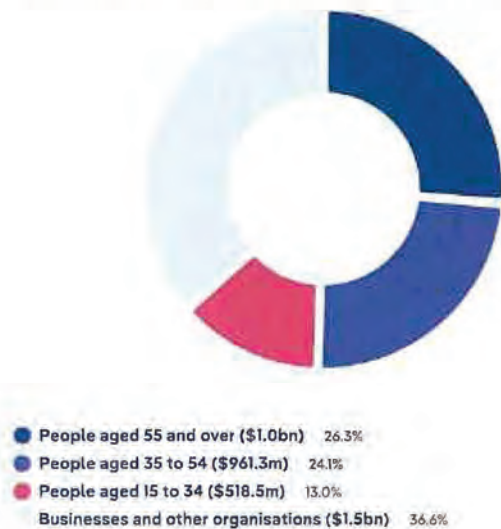
- People aged 55 and over typically own their own homes, and unless they're downsizing, they usually aren't in the market for a new one. That's why this age group's spending on floor coverings is more geared towards alteration, renovation and repair activities to improve their current home's value.
- A drop in mortgage affordability over the past five years and volatility in the current housing market indicate that consumers have progressively chosen to undertake refurbishments rather than sell their homes. The upswing in renovation activity has lifted this market's share of revenue.

Demand from businesses and other organisations is regaining lost ground

- Floor covering retailers sell products to a range of other businesses, like builders and the healthcare, retail, hospitality and education sectors. Broadloom carpet, acoustic carpet tiles, commercial vinyl flooring and luxury vinyl tiles are popular floor covering options for use in commercial settings.
- Businesses and other organisations typically choose flooring based on its durability, acoustic properties and ease of maintenance. Floor covering options must also be high-performing and suitable for high-traffic areas.
- Sales to the builders and other sectors suffered during the pandemic but have since picked up. New government and private sector projects, along with continued refurbishment activity have driven demand across this market.

Major Markets Segmentation

Industry revenue in 2025 broken down by key markets



International Trade

Some industries don't directly import or export goods. See reports at the manufacturing level for international trade data on relevant products.

Geographic Breakdown

Key Takeaways

Floor covering retailers are drawn to highly populated areas. That's why the majority of stores are in New South Wales, Victoria and Queensland.

States with smaller population bases have less need for multiple floor covering stores. Compared to states with strong CBD activity, lower business activity in less populated states diminishes demand for stores.

Business Locations

State/Territory	Estab. %	Population %
VIC	36.1	36.1
NSW	29.3	29.3
QLD	16.8	16.8
WA	8	8.0
SA	5.6	5.6
TAS	1.9	1.9
ACT	1.8	1.8
NT	0.5	0.5

Where are industry businesses located?

New South Wales, Victoria and Queensland: account for the bulk of floor covering stores

- Consumers, businesses and other organisations are the key markets for floor covering retailers. That's why retailers are more likely to operate in states that are densely populated and have solid economic activity like the eastern seaboard states of New South Wales, Victoria and Queensland.
- Operating in areas that are highly populated exposes floor covering stores to a larger share of consumers and businesses, which improves their chances of making a sale.

Territory account for only a minor share of floor covering store locations. Combined, these three states account for a relatively small share of the national population total, meanings lower household demand for floor covering.

- Smaller population bases and reduced CBD activity, compared with more populated states like New South Wales and Victoria, means demand for floor covering stores is considerably weakened.

Western Australia and South Australia: smaller store count owing to the lower population base

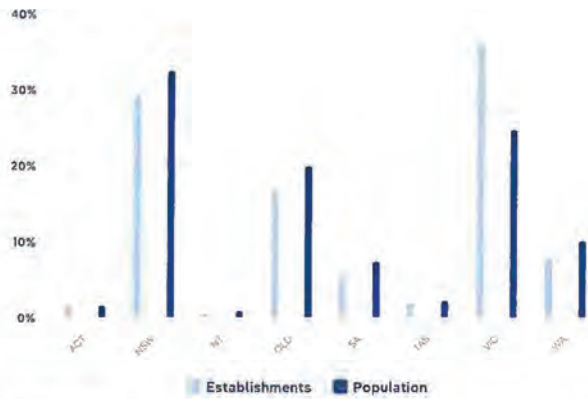
- Western Australia and South Australia collectively account for a smaller share of the national population, relative to the states across the eastern seaboard of Australia.
- A smaller population base means these states need fewer stores to meet the needs of locally based consumers and businesses. Smaller CBD areas and lower economic activity compared with more populated states, means retailers also receive less demand for floor coverings from businesses and other organisations, than more populated states.

Tasmania, the Northern Territory and the Australian Capital Territory: account for a small share of stores

- Tasmania, the Northern Territory and the Australian Capital

VIC has the largest spread of businesses compared to its population

Share of Establishments (%) vs. share of population (%)



☆ Key Success Factors

How do businesses use location to their advantage?

Attract local support

Downstream demand markets for floor covering retailers are fairly localised. Stores should be well stocked and suited to meet local demand.

Operate in a location that is close to key markets

Floor covering stores benefit from being located alongside other home improvement retailers. Being exposed to high volumes of passing foot traffic also means stores are more likely to attract impulse buyers.

Competitive Forces

Key Takeaways

Floor coverings are a big-ticket purchase, and retailers compete on price and product range. Consumers like to shop around in search of the best value and price.

Competition from external retailers like hardware and building supplies stores has been mounting. Online-only stores' price competitiveness has also made them a threat to floor covering stores.

Concentration Low

What impacts the industry's market share concentration?

Volatile trading conditions have eroded market share concentration

- Dominant retailers like Carpet Court, Choices Flooring and Carpet Call hold a competitive advantage thanks to their strong brand awareness among downstream markets and bulk buying power.
- Broad product ranges that keep up with seasonal trends, along with the option of eco-friendly products, have helped key floor covering retailers continue to meet changing consumer demand.
- Falling residential building construction, interest rate hikes and high inflation have led to difficult post-pandemic trading conditions. This has weakened retailers' sales in recent years, leading to a dip in market share concentration.

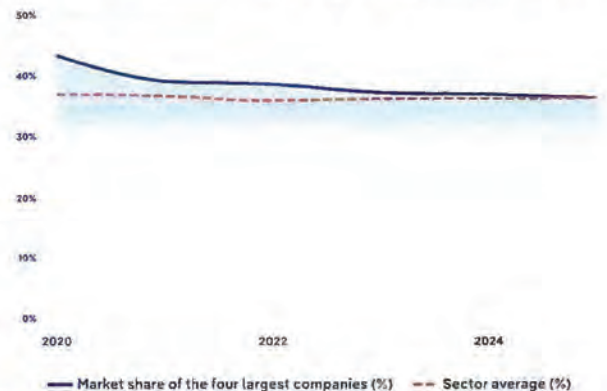
Augmented reality technology has supported the decision-making process

- Floor covering retailers like Carpet Court and Choices Flooring have invested in augmented reality technology to help customers visualise and decide between different flooring options.
- Programs like Style Visualiser and Room View allow consumers to use photos of their room to view and compare different flooring options before making a purchase.
- Try-before-you-buy services take the guesswork out of deciding if

a rug will match the space. Customers no longer need to rely on taking home product samples.

Market Share Concentration

Combined market share of the four largest companies in this industry



IBISWorld

Source: IBISWorld

☆ Key Success Factors

How do successful businesses handle concentration?

Develop a wide and expanding product range

With so many flooring options available, floor covering retailers need to offer a wide and expanding product range to meet varied consumer demand and secure their best bet at boosting market share.

Use aggressive marketing techniques

Floor covering retailers need to combat significant market share concentration. Aggressive marketing techniques are one way that retailers can stand out from the crowd.

Barriers to Entry Low Steady

What challenges do potential industry entrants face?

Legal

- Floor covering retailers need licenses and permits to start trading and these vary between states. Retailers trading online need to register a domain name and outline disclaimers, privacy policy and website terms and conditions.

Start-Up Costs

- Start-up costs include buying or securing lease arrangements for premises, store design and fit out, staff training, inventory and advertising. Domain name registration, website design, maintenance and ongoing operating costs are relevant for retailers with online platforms.

Differentiation

- Floor covering retailers sell products that are largely homogenous. To combat this, retailers source first-to-market designs and exclusive products as a point of difference. Joining a franchise network helps retailers benefit from the collective marketing power of larger businesses.

Labour Expenses

- Floor covering retailers are labour-intensive as stores require staff to help with customer service. Yet, investment in virtual reality programs and online platforms have led to an upswing in capital costs for retailers.

Capital Expenses

- Floor covering retailers need staff to help with customer service. Yet, investment in virtual reality programs and online platforms has led to an upswing in capital costs for retailers.

☆ **Key Success Factors****How can potential entrants overcome barriers to entry?****Develop strong technical product knowledge**

Floor covering retailers need staff with sound flooring knowledge who can advise customers on the most appropriate flooring options for their individual needs.

Be part of a franchising chain

Setting up operations as part of a franchise can help new entrants. Franchisors provide marketing, supply contracts and training to ensure the business's success.

Substitutes **Low** **Steady****What are substitutes for industry services?****Hardware and Building Supplies Retailing**

- Ceramic tiles are a viable alternative to installing carpet, timber, vinyl, linoleum, rugs, mats or other flooring. Made of clay and baked at extremely high temperatures, ceramic tiles are suitable for a range of settings, including houses, restaurants, offices and shops, for bathroom walls, floors and kitchen surfaces.
- Ceramic tiles are tolerant to extreme temperatures and more durable than vinyl flooring, making them a popular substitute for downstream markets looking to buy floor coverings. Yet, tiles can be an expensive option for traditional floor coverings, deterring some purchase decisions.

Online Shopping

- Sites like Rugs Galore and Miss Amara stock an extensive range of goods at competitive prices. These online-only retailers offer consumers and business organisations an alternative way to buy floor coverings.
- The absence of shopfronts means online-only retailers have lower overhead costs, typically allowing them to offer lower prices. This can give them a competitive advantage over traditional floor covering retailers.
- A surge in the number of sites offering online flooring and more affordable delivery options means online shopping has become a key retail avenue for consumers and businesses seeking flooring.

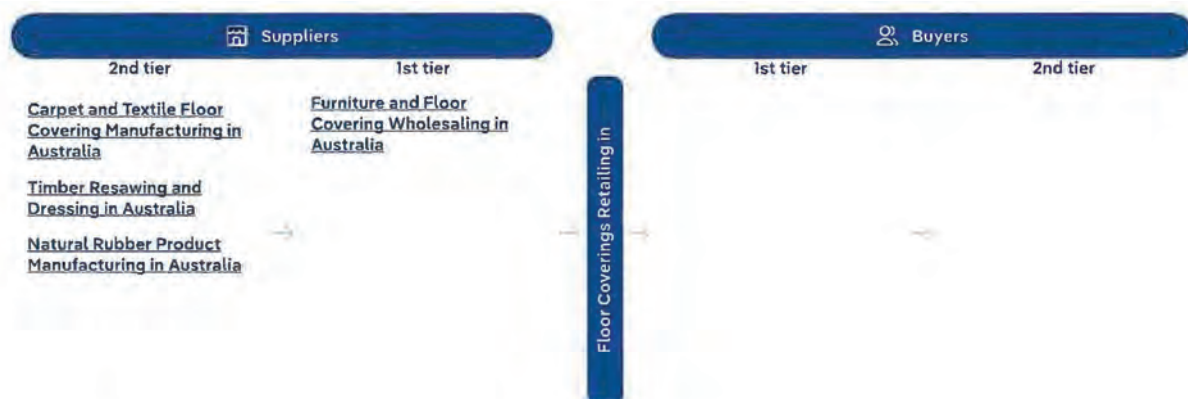
☆ Key Success Factors

How do successful businesses compete with substitutes?**Develop strong technical product knowledge**

Floor covering retailers need staff with sound flooring knowledge who can advise customers on the most appropriate flooring options for their individual needs. This expertise can encourage customers to purchase floor coverings instore rather than from online-only sites.

Offer a competitively priced product

Consumers tend to be price-savvy. Offering a competitively priced product can help floor covering retailers better compete with substitute retailers like hardware and building suppliers or online-only sites.

Buyer & Supplier Power

IBISWorld

Source: IBISWorld

What power do buyers and suppliers have over the industry?**Moderate** **Steady****Buyers: choice between different retailers**

- Buyers control the purchase decision by determining product quality and customer service needs. If products and services don't meet buyers' expectations, they're happy to keep shopping and find a retailer with better flooring options to suit their needs.
- Businesses and other organisations are key markets for floor covering retailers besides consumers. These larger markets hold significant bargaining power, as they typically demand larger quantities of flooring. Larger orders allow these buyers to negotiate better pricing and more favourable terms.

Moderate **Steady****Suppliers: control access to bulk buying**

- Floor coverings are sourced from a range of upstream suppliers, including wholesalers and domestic and international manufacturers. Suppliers control product range, availability and delivery.
- Suppliers can offer discounted prices for bulk orders and negotiate better terms of trade for smaller retailers. This means that suppliers ultimately have a say in the profit margin that retailers make on goods since they influence purchase costs.

☆ Key Success Factors

How do successful businesses manage buyer & supplier power?**Develop a clear market position**

Retailers must portray a clear and consistent image that outlines their product range and target market. A strong market position builds brand awareness and generates customer loyalty.

Operate in a location that is close to key markets

Floor covering stores benefit from being located close to upstream and downstream markets, as this can influence delivery times, freight charges and exposure to passing foot traffic.

Companies

Key Takeaways

Carpet Court, Choices Flooring and Carpet Call are prominent floor covering retailers. Outside of these, smaller retailers include Flooring Xtra and Andersens, along with single-store businesses.

Major floor covering retailers operate as buying groups or franchised businesses. Major retailers' bulk buying power gives member stores access to competitive prices, first-to-market designs and exclusive products.

➔ Major Players

Company	Revenue	Market Share
Carpet Court	\$475.0m	11.9%
Newfurn	\$382.0m	9.6%
Carpet Call	\$343.4m	8.6%
Harvey Norman	\$248.7m	6.2%
Other Companies	\$2.5bn	63.7%

Companies

Company	Market Share (%) 2025	Revenue (\$m) 2025
Carpet Court	11.9	475.0
Newfurn	9.6	382.0
Carpet Call	8.6	343.4
Harvey Norman	6.2	248.7
Flooring Xtra Pty Ltd	3.2	125.7
Andersens Floor Coverings	1.8	72.0
Carpet One Australasia Pty Ltd	1.6	65.5

Carpet Court

Company Details

Registered Name	Carpet Court Australia Limited
Industry Specific Revenue (2025)	\$475.0m
Industry Profit (2025)	N/A
Company Employees (2025)	N/A
Market Share (2025)	11.9%

Description

Incorporated in 1973, Carpet Court Australia Limited operates as a national buying group and provides floor covering products, marketing and other services to over 200 stores nationally. Stores operating under the Carpet Court name sell a range of products, including carpet, timber, laminate, vinyl, rugs, wall panels and blinds. Carpet Court Australia Limited is an Australian-owned public unlisted company, with all stores being locally owned and operated. Carpet Court's operations are administered from the company's head office in Clayton, Melbourne.

Brands & Trading Names

• Carpet Court

Company's Industry Revenue, Market Share, and Profit Margin Over Time

Year	Market Share (%)	Revenue (\$m)
2013	12.9	304.6
2014	13.1	325.5
2015	13.7	369.4
2016	15.4	435.0
2017	15.8	465.0
2018	15.9	473.0
2019	15.5	457.0
2020	14.7	439.0
2021	13.4	485.0
2022	13.0	490.0
2023	12.2	482.0
2024	11.9	455.0
2025	11.9	475.0

What's impacting Carpet Court's performance?

The style visualiser helps consumers make a decision

- Carpet Court has expanded its online platform with the launch of its style visualiser. Using virtual reality (VR) technology, Carpet Court's style visualiser helps consumers compare different flooring options for a room before making a decision.
- The aim of the VR program is to cut confusion out of the selection process and offer a modern-day try-before-you-buy service for consumers instead of supplying product samples.

Environmental awareness is influencing product choice

- Consumers are becoming more environmentally conscious about the products they purchase, including how they're manufactured and how they can be recycled. Wool carpet has long been a natural choice for its renewable and sustainable properties.
- In late 2023, Carpet Court added ECONYL carpet to its product range, which is made from nylon waste from old carpets, clothing and fishing nets. The end result is an eco-friendly material that meets the performance, quality and durability of a new product and can be recycled over and over again, appealing to eco-conscious consumers.

Consumers are changing how they shop

- Ongoing shifts in consumer shopping habits have led Carpet Court to invest more in its ecommerce platforms. To better connect its digital and physical shopfronts, Carpet Court overhauled its website in 2023, improving the overall shopping experience for customers.
- Features and functions, like 3D scanning technology and an enhanced consultation process, aim to attract a larger pool of customers and help consumers with the decision-making process.
- The website overhaul coincided with the company celebrating 50 years in business and reflects its commitment to provide consumers with a digital platform that connects its physical stores to its online shopping site.

Newfurn

Company Details

Registered Name	Newfurn Floor Coverings Limited
Industry Specific Revenue (2025)	\$382.0m
Industry Profit (2025)	N/A
Company Employees (2025)	N/A
Market Share (2025)	9.6%

Description

Incorporated in 1959, Newfurn Floor Coverings Limited operates as a franchisor for its two flooring covering brands, Choices Flooring and Style Flooring & Interiors. The company is involved in buying, merchandising and promoting members. Its product range includes carpet; vinyl, timber, laminate flooring; and rugs. Company operations are administered from its head office in Bulleen, Melbourne.

Brands & Trading Names

- Choices Flooring
- Style Flooring & Interiors

Company's Industry Revenue, Market Share, and Profit Margin Over Time

Year	Market Share (%)	Revenue (\$m)
2013	11.4	269.3
2014	12.0	299.3
2015	12.2	330.0
2016	12.4	350.0
2017	12.1	357.0
2018	12.5	374.0
2019	12.4	365.0
2020	11.5	345.0
2021	10.3	375.0
2022	10.3	387.0
2023	10.1	400.0
2024	10.1	384.0
2025	9.6	382.0

What's impacting Newfurn's performance?

RoomView helps customers visualise new flooring options

- Choices Flooring has introduced its augmented reality program, RoomView, to help customers make better flooring choices. The program is intended to be fast and easy to use and gives consumers a helping hand when trying to decide on the best flooring option for their project.

- Selecting from flooring, rugs or window furnishings, RoomView lets consumers upload a photo of their room or choose from a range of gallery photos. Customers can compare different product options to help with the decision process.

A flooring solution for everyone

- Choices Flooring offers a wide range of products in Australia across its carpet and hard flooring range. A detailed knowledge of its customer base has helped Choices Flooring offer a versatile product mix to meet the needs of varied consumers.
- Along with its dominant consumer market, Choices Flooring has a commercial segment, which oversees the carpet needs of businesses in the retail, hospitality, healthcare and corporate sectors.
- In 2021, Choices Flooring introduced EziTile to specifically meet the commercial sector's needs. Marketed to be used in school gyms and halls, EziTile is easy to lay and sold exclusively by Choices Flooring.

Carpet Call

Company Details

Registered Name	Burbank Trading Pty Ltd
Industry Specific Revenue (2025)	\$343.4m
Industry Profit (2025)	N/A
Company Employees (2025)	N/A
Market Share (2025)	8.6%

Description

Established in 1975, Carpet Call (Holdings) Pty Ltd is a floor covering specialist under the Carpet Call and Solomons Flooring retail franchise brands. Carpet Call has a network of about 70 stores across Australia, while Solomons Flooring has about 60 stores. The company's stores stock a range of flooring products, including carpets, timber, laminate and vinyl. Company operations are administered from its head office in Loganlea, QLD.

Brands & Trading Names

- Carpet Call
- Solomons Flooring

Company's Industry Revenue, Market Share, and Profit Margin Over Time

Year	Market Share (%)	Revenue (\$m)
2013	9.8	232.6
2014	10.2	253.9
2015	10.5	283.7
2016	11.4	323.4
2017	11.6	342.3
2018	11.5	343.2
2019	10.9	321.0
2020	10.0	298.2
2021	9.1	329.2
2022	9.1	341.5
2023	8.9	350.3
2024	8.7	329.5
2025	8.6	343.4

What's impacting Carpet Call's performance?

A modular franchise system is supporting store network numbers

- Carpet Call and Solomons' solid store network and strong brand recognition among prospective franchisees and downstream consumer markets have supported market share.
- The addition of modular franchise systems has bolstered total franchise numbers. This franchise model enables small businesses like tile, furniture or window covering retailers to add carpet sales to their existing business structure, offering a natural extension of complementary goods.

Virtual room visualiser helps consumers make decisions

- Carpet Call offers a virtual room visualiser, whereby customers can drag and drop a photo to its website to see firsthand how products will look in their homes.
- A range of template photos for bedrooms, children's rooms, living rooms and staircases are available, allowing consumers to visualise different flooring options without uploading their own photos.

Mobile showrooms make it easier to shop

- Solomon's Flooring offers a shop-at-home service. Consultants make in-home visits, showcase options and recommend flooring based on customer preferences, budget constraints and current and future flooring needs.
- Solomon's mobile showroom enables customers to view samples first-hand without repeat visits back in-store, offering convenience and saving time. The service extends to Solomon's extensive range of window coverings, including blinds, shutters, curtains and outside awnings.

Harvey Norman

Company Details

Registered Name	Harvey Norman Holdings Ltd
Industry Specific Revenue (2025)	\$248.7m
Industry Profit (2025)	N/A
Company Employees (2025)	N/A
Market Share (2025)	6.2%

Description

Founded in 1982, Harvey Norman Holdings Ltd is a publicly listed company that retails furniture, bedding, computers and electrical products. The company operates as a franchisor and grants franchises to independent businesses under the Harvey Norman brand. In Australia, Harvey Norman operates under the Harvey Norman and Domayne brand names. Harvey Norman also has company-operated stores in New Zealand, Ireland, Croatia, Slovenia, Singapore and Malaysia. Company operations are administered from its head office in Homebush West, Sydney.

Brands & Trading Names

- Domayne
- Harvey Norman
- Joyce Mayne

Other Industries

- Furniture Retailing in Australia
- Computer and Software Retailing in Australia
- Franchising in Australia
- Online Household Furniture Sales in Australia
- Mattress and Bedroom Furniture Retailing in Australia
- Domestic Appliance Retailing in Australia
- Online Consumer Electronics Sales in Australia
- Online Large Appliance Sales in Australia
- Online Small Electrical Appliance Sales in Australia

Company's Industry Revenue, Market Share, and Profit Margin Over Time

Year	Market Share (%)	Revenue (\$m)
2013	7.5	177.2
2014	7.2	177.8
2015	7.1	192.5
2016	7.1	200.2
2017	7.2	212.6
2018	7.3	218.6
2019	7.2	212.4
2020	7.2	214.4
2021	6.3	228.9
2022	6.2	232.0
2023	6.1	240.5
2024	6.2	237.2
2025	6.2	248.7

What's impacting Harvey Norman's performance?

Harvey Norman's continued investment in its ecommerce platform has supported sales

- Harvey Norman's Omni Channel Strategy enables it to connect with customers via its retail, online, mobile or social channels. Ongoing investment in its digital platform has led to digital improvements including faster load times, mobile-friendly design, robust security systems and advanced marketing.
- Harvey Norman's 'ship-from-store' enables online orders to be booked and dispatched on the same day or within a scheduled delivery time, cutting fulfilment times by 88%. Delivery tracking systems enable consumers to receive live updates and smart notifications on their order.
- Harvey Norman's click-and-collect service enables customers to typically collect goods within one hour of ordering. Products can be reserved online for a day before consumers go instore to make a purchase decision. The company's 'live chat' function also offers additional support for online customers.

Harvey Norman remains relevant as retail slows

- Weak consumer sentiment, volatile discretionary income and high inflation (which have created the current cost-of-living crisis) have made Harvey Norman stores feel the pinch. Yet, Harvey Norman remains undeterred by the current challenging environment.
- While online-only retailers have struggled in an economically challenging post-pandemic environment, Harvey Norman's established reputation puts it in a competitive position, with its standing in the market set to improve.
- Stores located in country areas are reported to be doing better in the current retail environment relative to city-based stores. Differences in store performance have been attributed to variations in rent and other operating expenditure.

Flooring Xtra Pty Ltd

Company Details

IndustrySpecificRevenue (2025)	\$125.7m
Industry Profit (2025)	N/A
CompanyEmployees (2025)	N/A
MarketShare (2025)	3.2%

Description

Flooring Xtra Pty Ltd operates through a network of almost 100 individual Flooring Xtra stores nationwide. Established in New Zealand in 2008, Flooring Xtra entered the Australian market in 2011 through a licensing agreement with Consolidated Flooring Pty Ltd. The company's product range includes carpet, vinyl, timber flooring and blinds.

Company's Industry Revenue, Market Share, and Profit Margin Over Time

Year	Market Share (%)	Revenue (\$m)
2025	3.2	125.7

You can view and download more company details on my.ibisworld.com.

External Environment

Key Takeaways

Retailers must stay up to date with changes in the General Retail Industry Award to ensure compliance with current regulations. The award outlines minimum conditions for staff employment, including penalty rates, breaks and annual leave.

State and territory governments regulate store trading hours. While some states enjoy full deregulation, like the Australian Capital Territory and the Northern Territory, others are subject to strict restrictions.

Regulation & Policy
Low Decreasing

Assistance
Low Decreasing

External Drivers

What demographic and macroeconomic factors impact the industry?

Real household discretionary income

Growth



IBISWorld

Source: IBISWorld

Real household discretionary income represents income after deducting necessary expenses. Trends in real household discretionary income drive consumer demand for floor coverings. An upswing in discretionary income means consumers have more money to spend on floor coverings. Growth in real household discretionary income represents a potential opportunity for the industry.

Demand from residential building construction

Growth



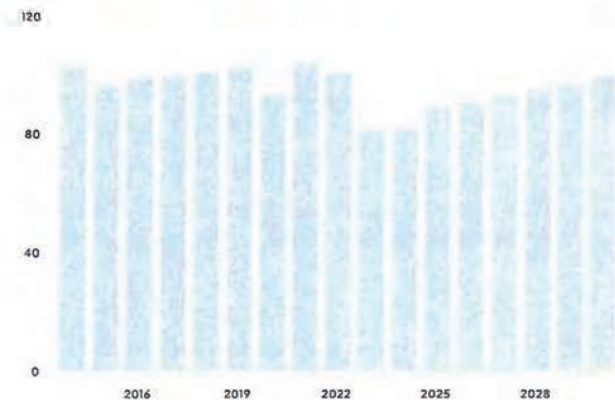
IBISWorld

Source: IBISWorld

Residential buildings include houses, multi-unit apartments and townhouses. Trends in residential building construction influence demand for floor coverings. Declines in new building works, along with remodelling, renovations and repairs to existing dwellings, affect demand for new flooring and, in turn, revenue. Declines in residential building construction pose a potential threat to the industry.

Consumer sentiment index

Percentage



IBISWorld

Source: IBISWorld

The consumer sentiment index measures people's feelings about current household finances and economic conditions. Fluctuations in consumer sentiment affect retail demand for floor coverings. An upswing in consumer sentiment means consumers are more confident about their ability to repay debt, encouraging them to spend extra on discretionary products like floor coverings.

Demand from hardware and building supplies retailing

Growth



IBISWorld

Source: IBISWorld

Hardware and building supplies retailers sell a range of hardware and building products to downstream markets, like consumers of all ages and tradespeople. They operate in direct competition with floor covering retailers. An upswing in floor coverings bought from hardware and building supplies retailers limits floor covering retailers' revenue prospects.

Regulation & Policy Low Decreasing

What regulations impact the industry?

Store trading hours

State and territory governments regulate store trading hours. Trading hours are fully deregulated in the Australian Capital Territory and the Northern Territory. Stricter restrictions apply to retailers in other states. Legislation differs across the industry, depending on the size and location of stores. Public holidays are generally restricted trading days. Yet, exempt retailers and stores in major metropolitan areas can trade during these periods.

General Retail Industry Award

The General Retail Industry Award was introduced in January 2010 as part of the Fair Work reforms. The award outlines minimum conditions of employment for retail staff concerning scheduling, penalty rates, breaks and annual leave. Under the award, employees who work overtime, on weekends or public holidays are entitled to penalty payments on top of their average wage.

Competition and Consumer Act 2010

The Competition and Consumer Act 2010 replaces the Trade Practices Act 1974. The act describes how businesses must conduct transactions with suppliers, downstream competitors and customers. The act ensures that businesses compete fairly and don't engage in anti-competitive behaviour, like unfair dealing or unconscionable conduct. The ACCC administers the act.

Electronic Transactions Act 1999

The Electronic Transactions Act 1999 was passed to outline the importance of the information economy and assist with electronic transactions. The act ensures that a transaction is not invalid because it was undertaken via electronic communication. It allows for information to be provided, recorded and retained electronically and applies unless otherwise provided for by the Electronic Transaction Regulations 2020.

Goods and Services (GST) Tax

The Goods and Services Tax is a broad-based tax applied to goods and services at 10.0%. Before 1 July 2018, consumers could buy products

from online stores based overseas without paying the GST component. Changes introduced from 1 July 2018 mean all goods and services purchased from overseas online sites are now subject to a 10.0% GST charge.

Modern Slavery Act 2018

The Modern Slavery Act came into force on 1 January 2019. The act requires companies with annual consolidated revenue of at least \$100.0 million to report how they mitigate the risks of modern slavery in their operations and supply chains. Retailers can source products from low-cost overseas manufacturers, yet they need to track their supply chains to eliminate the risk of modern slavery.

Franchising Code of Conduct

The Franchising Code of Conduct is a mandatory code covering the agreements between franchisors and franchisees. The ACCC administers the code to ensure that franchisees are provided with all the relevant facts when starting a business, with no misinformation and have access to a fast and inexpensive dispute resolution process.

Assistance Low Decreasing

What assistance is available to this industry?

Government

Trade liberalisation policies

Retailers have benefited from trade liberalisation policies pursued by the Federal Government over the past decade. This has included reducing or removing barriers like surcharges and duties and non-tariff barriers like quotas and licensing rules. The bilateral and multilateral trade agreements have tended to lower tariff protection for manufactured goods, which has decreased the cost of imported goods.

Non-government

Australian Retailers Association (ARA)

ARA is the main body supporting sport and camping equipment stores. It promotes and protects its members through advice, advocacy and education. The organisation's main objective is to develop a national position on significant issues affecting retailers, like taxes, tenancy costs, technology, logistics, labour relations, product liability and trading hours.

Non-government

Australian Communications and Media Authority (ACMA)

ACMA regulates online content related to communications and media. The authority's primary role is to encourage the development of codes of practice for online retailers. AMCA is an independent body that outlines and coordinates rules on communication and media services, provides licenses for the operation of organisations and products and addresses issues and complaints.

Non-government

National Online Retailers Association (NORA)

NORA is the peak industry association for online retailers. NORA aims to boost overall communications among the industry and governing bodies. Members of NORA receive benefits like advocacy and media representation, business coaching sessions and membership with the Global Retail Alliance, a global consortium of businesses and institutions with stakes in the retail industry.

Non-government

Floor Covering Institute of Australia (FICA)

FICA represents the needs and interests of the Australian Flooring Industry, including manufacturers, wholesalers and retailers. As a national advocate for all sectors, FICA lobbies government and industry stakeholders to provide a voice on current issues. In doing so, it supports growth and sustainability across the sector. Joining FICA helps businesses drive brand recognition and reputation.

Financial Benchmarks

Key Takeaways

Profitability for floor covering retailers saw an initial boost but later stagnated as inflation and interest rates rose. While initial demand during the pandemic increased profit, these gains have since been tempered by macroeconomic challenges affecting consumer spending.

An appreciating Australian dollar has been a silver lining for retailers. International products have become more affordable for Australian retailers, which has led to lower purchase costs and potential cost savings for consumers.

Profit Margin

5.0 %

Lower than sector

Average Wage

\$73,200

Higher than sector

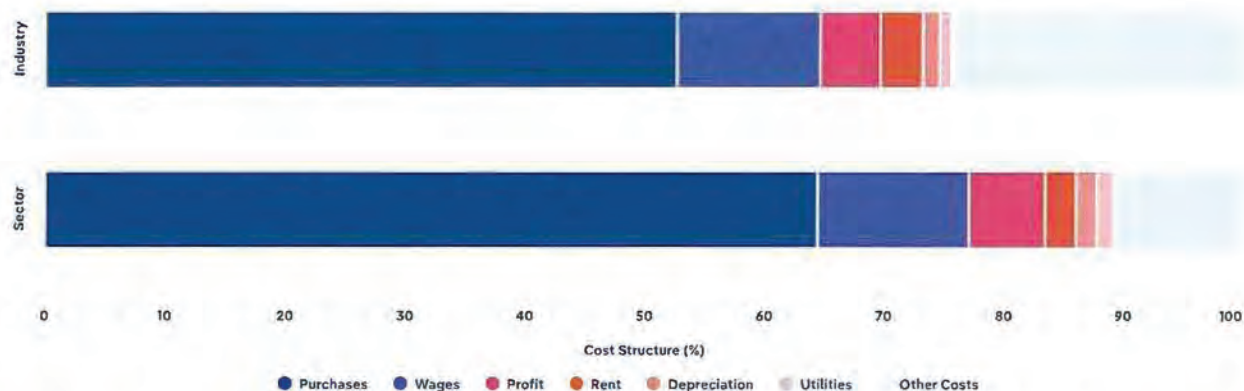
Largest Cost

Purchases

52.7% of Revenue

Cost Structure Benchmarks

Average operating costs by industry and sector as a share (%) of revenue 2025



What trends impact industry costs?

Volatile trading conditions have lowered wage costs

- Floor covering retail staff are employed for various jobs like customer service, maintaining store displays and controlling inventory. Mounting competition and online-only retailers' escalating threat have created challenging trading conditions. Investment in staff training has helped retailers differentiate themselves from competitors.
- Volatile trading conditions in recent years have led to fluctuations in staffing numbers and a drop in wage costs for floor covering retailers. Since spiking during the pandemic, demand has tumbled as rising inflation, interest rate hikes and cost-of-living pressures have deterred consumers from spending on floor coverings. Employment and wage expenses have dropped since the 2020-21 sales peak as revenue has fallen.

An appreciating Australian dollar has lowered purchase costs

- Purchase costs are the largest expense for floor covering retailers. These expenses reflect the cost of goods bought from upstream markets like domestic and international manufacturers and wholesalers. A significant volume of floor coverings is imported into Australia. An appreciating Australian dollar has made imports more affordable for retailers, placing downwards pressure on purchase costs.
- Lower production costs across key product categories, like carpets, have contributed to a dip in purchase costs for floor covering retailers. Plunging domestic wool prices and greater focus on cost control during the manufacturing process have supported the drop in production costs, making final products more affordable for end markets like retailers.

Profitability has fluctuated with changing trading conditions

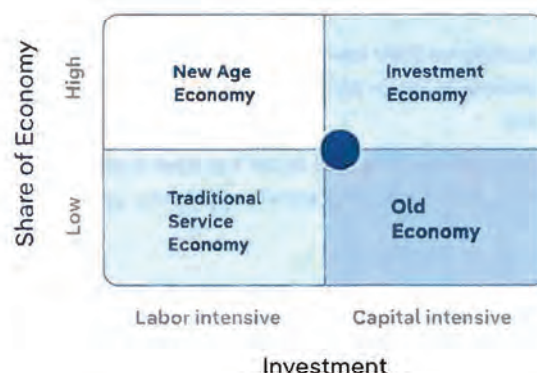
- Declines in residential building construction did little to diminish

the spike in profitability retailers enjoyed during 2020-21. An upswing in home improvement projects created strong demand for floor coverings, enabling retailers to boost their profit margin.

- Strong inflation and persistently high interest rates in the post-pandemic environment have escalated cost-of-living pressures within the economy and turned the tables on floor-covering retailers. As a result, much of the spike in earlier gains has been eroded, with little change evident in profitability across 2023-24 and 2024-25.

Old Economy

Share of economy vs. Investment



IBISWorld

Source: IBISWorld

Financial Ratios

Debt / Net Worth

0.2 Higher than sector

Trade Receivables (%)

15.1 Higher than sector

Cash Flow Coverage Ratio

6.4 Higher than sector

Ratio	2018	2019	2020	2021	2022	3 Year Average	5 Year Average
Cash Ratio	0.4	0.4	0.4	0.5	0.5	0.5	0.5
Current Ratio	1.6	1.5	1.6	1.8	1.8	1.7	1.6
Days' Payables	49.7	48.2	49.9	49.4	55.0	51.4	50.4
Days' Inventory	64.6	63.8	64.1	63.4	71.5	66.3	65.5
Days' Receivables	30.0	29.7	27.9	29.1	31.3	29.4	29.6
Inventory Turnover	5.6	5.7	5.7	5.8	5.1	5.5	5.6
Payables Turnover	7.3	7.6	7.3	7.4	6.6	7.1	7.3
Quick Ratio	1.0	1.0	1.0	1.2	1.2	1.1	1.1
Trade Receivables Turnover	12.2	12.3	13.1	12.6	11.7	12.4	12.3
Working Capital Turnover	8.5	9.1	8.4	6.2	5.9	6.8	7.6

Ratio	2018	2019	2020	2021	2022	3 Year Average	5 Year Average
Cash Flow Coverage Ratio	3.3	3.1	3.8	5.9	6.4	5.4	4.5
Cash Flow Margin Ratio	0.2	0.1	0.2	0.2	0.2	0.2	0.2
Current Liability Coverage Ratio	0.7	0.7	0.8	1.1	1.0	1.0	0.9
Interest Coverage	10.2	9.0	12.3	24.9	21.3	19.5	15.5

Ratio	2018	2019	2020	2021	2022	3 Year Average	5 Year Average
Debt / Net Worth	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Fixed Assets / Net Worth	0.8	0.8	0.9	0.7	0.7	0.8	0.8
Net Worth (\$ million)	538.1	519.3	570.1	711.7	790.5	690.8	626.0
Net Worth Ratio	4.7	5.4	4.1	3.1	3.9	3.7	4.2

Ratio	2018	2019	2020	2021	2022	3 Year Average	5 Year Average
Asset Turnover	2.1	2.1	1.9	1.8	1.8	1.8	1.9
Cash & Equivalents (%)	26.4	26.2	27.3	31.2	30.0	29.5	28.2
Fixed Asset Turnover	6.7	6.7	5.7	6.1	6.0	5.9	6.2
Return on Total Assets (%)	8.5	7.2	9.4	13.6	10.7	11.2	9.9

Ratio	2018	2019	2020	2021	2022	3 Year Average	5 Year Average
Fixed Assets (%)	30.9	31.3	34.0	30.2	29.2	31.1	31.1
Inventory (%)	23.9	23.6	21.5	21.6	23.7	22.2	22.9
Total Assets (\$ million)	1353.2	1338.9	1499.4	1698.2	1906.5	1701.3	1559.2
Total Current Assets (%)	67.4	67.0	63.6	67.4	68.7	66.6	66.8
Trade Receivables (%)	17.1	17.1	14.8	14.6	15.1	14.8	15.7

Ratio	2018	2019	2020	2021	2022	3 Year Average	5 Year Average
Long Term Debt (%)	17.1	17.3	21.4	20.4	19.8	20.6	19.2
Short Term Debt (%)	23.9	23.6	21.5	21.6	23.7	22.2	22.9
Total Current Liabilities (%)	43.1	44.0	40.5	37.7	38.7	39.0	40.8
Total Liabilities & Net Worth (\$ million)	1353.2	1338.9	1499.4	1698.2	1906.5	1701.3	1559.2
Trade Payables (%)	18.1	17.8	16.9	15.9	17.1	16.6	17.2

Ratio	2018	2019	2020	2021	2022	3 Year Average	5 Year Average
Expense / Income Ratio	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Gross Profit Margin (%)	45.0	45.0	46.0	47.0	47.0	46.7	46.0
Mark Up (%)	56.1	55.7	56.3	56.3	55.5	56.0	56.0
Net Profit (%)	4.0	3.0	5.0	8.0	7.0	6.7	5.1
Return on Net Worth (%)	20.1	17.3	23.3	31.6	25.0	26.6	23.5

Ratio	2018	2019	2020	2021	2022	3 Year Average	5 Year Average
Cash & Equivalents (\$ million)	357.2	350.8	409.7	529.9	571.0	503.5	443.7
EBIT (\$ million)	114.8	95.9	140.4	230.5	203.6	191.5	157.0
Fixed Assets (\$ million)	417.6	419.0	510.4	512.0	556.2	526.2	483.1
Operating Cashflow (\$ million)	427.7	394.8	493.5	730.7	765.4	663.2	562.4

Key Ratios

Year	Revenue per Employee (\$)	Revenue per Enterprise (\$ Million)	Employees per Estab. (Units)	Employees per Enterprise (Units)	Average Wage (\$)	Wages/ Revenue (%)	Estab. per Enterprise (Units)	IVA/ Revenue (%)
2008-09	456,880	2.0	2.5	4.3	60,039	13.1	1.7	17.9
2009-10	487,471	2.1	2.5	4.3	63,977	13.1	1.7	18.0
2010-11	493,865	2.1	2.5	4.2	64,494	13.1	1.7	18.0
2011-12	490,033	2.1	2.5	4.2	69,059	14.1	1.7	18.9
2012-13	494,610	2.1	2.5	4.2	74,165	15.0	1.7	20.5
2013-14	510,559	2.1	2.4	4.1	77,714	15.2	1.7	20.7
2014-15	573,806	2.3	2.4	4.1	76,979	13.4	1.7	18.8
2015-16	619,880	2.5	2.4	4.0	78,888	12.7	1.7	18.1
2016-17	641,134	2.5	2.3	3.9	80,862	12.6	1.7	17.9
2017-18	649,837	2.5	2.3	3.8	82,711	12.7	1.6	17.7
2018-19	608,854	2.3	2.3	3.8	84,477	13.9	1.6	17.8
2019-20	609,149	2.3	2.3	3.7	83,394	13.7	1.6	19.4
2020-21	679,813	2.3	2.1	3.4	80,856	11.9	1.6	19.7
2021-22	644,853	2.2	2.1	3.4	78,300	12.1	1.6	18.6
2022-23	630,484	2.1	2.1	3.4	75,961	12.0	1.6	18.2
2023-24	597,294	2.0	2.1	3.4	75,483	12.6	1.6	19.0
2024-25	613,646	2.1	2.1	3.4	73,200	11.9	1.6	18.4
2025-26	636,089	2.1	2.1	3.4	73,497	11.6	1.6	18.2
2026-27	647,420	2.2	2.1	3.3	73,603	11.4	1.6	18.1
2027-28	652,094	2.2	2.1	3.3	73,703	11.3	1.6	18.1
2028-29	653,048	2.2	2.1	3.3	73,799	11.3	1.5	18.3
2029-30	658,042	2.2	2.1	3.3	73,901	11.2	1.5	18.2
2030-31	658,015	2.2	2.2	3.3	73,896	11.2	1.5	18.4

Key Statistics

Industry Data

Values

Year	Revenue (\$ Million)	IVA (\$ Million)	Estab. (Units)	Enterprises (Units)	Employment (Units)	Wages (\$ Million)
2008-09	3,458.1	619.0	3,075	1,767	7,569	454.4
2009-10	3,546.8	638.4	2,958	1,710	7,276	465.5
2010-11	3,465.0	623.8	2,855	1,660	7,016	452.5
2011-12	3,493.0	660.2	2,904	1,698	7,128	492.2
2012-13	3,341.1	684.9	2,754	1,620	6,755	501.0
2013-14	3,452.4	714.7	2,767	1,637	6,762	525.5
2014-15	3,780.2	710.7	2,722	1,620	6,588	507.1
2015-16	3,991.4	722.5	2,717	1,627	6,439	508.0
2016-17	4,009.6	717.7	2,693	1,622	6,254	505.7
2017-18	3,980.3	704.5	2,661	1,613	6,125	506.6
2018-19	3,811.4	678.4	2,713	1,654	6,260	528.8
2019-20	3,782.8	733.9	2,709	1,662	6,210	517.9
2020-21	4,439.2	874.6	3,072	1,896	6,530	528.0
2021-22	4,294.7	798.8	3,144	1,953	6,660	521.5
2022-23	4,243.2	772.3	3,189	1,993	6,730	511.2
2023-24	3,942.1	749.0	3,115	1,957	6,600	498.2
2024-25	3,988.7	733.9	3,047	1,926	6,500	475.8
2025-26	4,147.3	754.8	3,060	1,944	6,520	479.2
2026-27	4,240.6	767.6	3,073	1,963	6,550	482.1
2027-28	4,297.3	777.8	3,087	1,982	6,590	485.7
2028-29	4,349.3	795.9	3,102	2,002	6,660	491.5
2029-30	4,402.3	801.2	3,117	2,022	6,690	494.4
2030-31	4,441.6	817.3	3,133	2,042	6,750	498.8

Note

Figures are inflation adjusted to 2024-2025

Industry Data

Annual Change

Year	Revenue %	IVA %	Estab. %	Enterprises %	Employment %	Wages %
2008-09	N/A	N/A	N/A	N/A	N/A	N/A
2009-10	2.6	-3.1	-3.8	-3.2	-3.9	2.4
2010-11	-2.3	-2.3	-3.5	-2.9	-3.6	-2.8
2011-12	0.8	5.8	1.7	2.3	1.6	8.8
2012-13	-4.3	3.7	-5.2	-4.6	-5.2	1.8
2013-14	3.3	4.4	0.5	1.0	0.1	4.9
2014-15	9.5	-0.6	-1.6	-1.0	-2.6	-3.5
2015-16	5.6	1.7	-0.2	0.4	-2.3	0.2
2016-17	0.5	-0.7	-0.9	-0.3	-2.9	-0.4
2017-18	-0.7	-1.8	-1.2	-0.6	-2.1	0.2
2018-19	-4.2	-3.7	2.0	2.5	2.2	4.4
2019-20	-0.8	8.2	-0.1	0.5	-0.8	-2.1
2020-21	17.4	19.2	13.4	14.1	5.2	2.0
2021-22	-3.3	-8.7	2.3	3.0	2.0	-1.2
2022-23	-1.2	-3.3	1.4	2.0	1.1	-2.0
2023-24	-7.1	-3.0	-2.3	-1.8	-1.9	-2.5
2024-25	1.2	-2.0	-2.2	-1.6	-1.5	-4.5
2025-26	4.0	2.8	0.4	0.9	0.3	0.7
2026-27	2.2	1.7	0.4	1.0	0.5	0.6
2027-28	1.3	1.3	0.5	1.0	0.6	0.7
2028-29	1.2	2.3	0.5	1.0	1.1	1.2
2029-30	1.2	0.7	0.5	1.0	0.5	0.6
2030-31	0.9	2.0	0.5	1.0	0.9	0.9

Note

Figures are inflation adjusted to 2024-2025

Key Success Factors

How do successful businesses overcome volatility?

Control inventory

Floor covering retailers need solid stock control systems, as this helps them to meet product demand, reduce inventory costs and accelerate stock turnover. Strong inventory control systems support consistent revenue, minimising fluctuations.

Develop a strong market profile

Floor covering retailers operate in a competitive market. A strong market profile can help retailers stand out from the crowd and better attract their target market, shielding against revenue falls.

What products or services do successful businesses offer?

Present products attractively

Floor covering stores should be well set out and clearly display the product range available. Displays should be attractive to entice consumers in-store. Retailers can also make use of virtual reality apps to present their products to customers remotely.

Supply a diverse range of products

Product range is paramount to consumers. Having a diverse range of products on hand to show consumers means retailers will be better equipped to meet differences in consumers' tastes and requirements.

How do businesses use location to their advantage?

Attract local support

Downstream demand markets for floor covering retailers are fairly localised. Stores should be well stocked and suited to meet local demand.

Operate in a location that is close to key markets

Floor covering stores benefit from being located alongside other home improvement retailers. Being exposed to high volumes of passing foot traffic also means stores are more likely to attract impulse buyers.

How do successful businesses handle concentration?

Develop a wide and expanding product range

With so many flooring options available, floor covering retailers need to offer a wide and expanding product range to meet varied consumer demand and secure their best bet at boosting market share.

Use aggressive marketing techniques

Floor covering retailers need to combat significant market share concentration. Aggressive marketing techniques are one way that retailers can stand out from the crowd.

How can potential entrants overcome barriers to entry?

Develop strong technical product knowledge

Floor covering retailers need staff with sound flooring knowledge who can advise customers on the most appropriate flooring options for their individual needs.

Be part of a franchising chain

Setting up operations as part of a franchise can help new entrants. Franchisors provide marketing, supply contracts and training to ensure the business's success.

How do successful businesses compete with substitutes?

Develop strong technical product knowledge

Floor covering retailers need staff with sound flooring knowledge who can advise customers on the most appropriate flooring options for their individual needs. This expertise can encourage customers to purchase floor coverings instore rather than from online-only sites.

Offer a competitively priced product

Consumers tend to be price-savvy. Offering a competitively priced product can help floor covering retailers better compete with substitute retailers like hardware and building suppliers or online-only sites.

How do successful businesses manage buyer & supplier power?

Develop a clear market position

Retailers must portray a clear and consistent image that outlines their product range and target market. A strong market position builds brand awareness and generates customer loyalty.

Operate in a location that is close to key markets

Floor covering stores benefit from being located close to upstream and downstream markets, as this can influence delivery times, freight charges and exposure to passing foot traffic.

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fast.

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