

HD Linen House Pty Ltd in Home and Garden (Australia)

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STRATEGIC DIRECTION

Linen House will look to grow revenue over the forecast period through continued product innovation and by ensuring the **company** offers consumers contemporary and stylish designs. The **company** will also look to consolidate its position in overseas markets. Although it has partner operations in the UK, South Africa and New Zealand, it is in the Asia-Pacific region, Australia, and the US where the **company** hopes to succeed over the forecast period. These three geographical areas offer positive economic growth, increasing urbanisation, and new housing growth, which will each fuel demand for Linen House's products.

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KEY FACTS

Summary 1 Linen House Pty Ltd: Key Facts

Full name of
company: Linen House Pty Ltd
Address: 60 Corporate Drive, Moorabbin, Victoria, 3189,
Australia
Tel: +61 (3) 9552 6000
Fax: +61 (3) 9552 6001
www: www.linenhouse.com.au
Activities: Designer and importer of home textiles

Source: Euromonitor International from **company** reports, **company** research, trade press, trade sources

COMPANY BACKGROUND

Linen House is an Australian-owned family business founded in Melbourne, Australia in 1993. It specialises in designing, sourcing and bringing to market a wide diversity of textile homewares products.

In addition, Linen House creates exclusive ranges for local and international retailers and manufactures international brands under licence. Linen House partner companies are located in New Zealand, South Africa, **Hong Kong**, the UK and its distributors in North America, Europe, and Asia bring Linen House designed products to the global marketplace.

PRODUCTION

Linen House imports its products from **China**, India, and Pakistan. Lower **commercial property** rental costs, lower wages, and efficiencies of scale offered by contract manufacturers in **China**, India, and Pakistan, made outsourcing production to these locations a logical business decision for Linen House.

Linen House's products have a presence in New Zealand, the UK and South Africa through partner companies. Linen House products are also **sold** in Asia Pacific and the US.

The **company** supplies large amounts of product to retailers for private label offerings.

COMPETITIVE POSITIONING

The **company**'s value share stagnated over the review period, although in actual retail sales price terms its sales declined marginally in Australia during this time. The retail economic situation and consequent weak consumer confidence were significant contributing factors behind the **company**'s flat performance. This subdued trading period is in line with the wider home textiles category. The **company**'s premium image will benefit it well when consumer confidence strengthens once again.

Linen House is a leader in innovation and design in home textiles. The **company** sets the benchmark in terms of quality. At a time when consumers are reluctant to spend on big-ticket items and are looking to save money and economise, the **company** promotes its offerings as being of high value due to their high quality. In pursuing this strategy it hopes consumers are motivated by image, comfort and durability, rather than simply functionality and price.

The **company** achieves scale in its operations through servicing private label contracts. Within the **company**'s owned brand portfolio the focus is on the premium end of the marketplace. Linen House is more focused on remaining a leading player amongst premium household textiles and operating this area of the business profitably, rather than using its brands to lead sales in the rest of the home textiles category. The **company**'s private label products, which it sells to retailers, provide adequate exposure to the mainstream, price-driven, area of the market.

In the context of home and garden, it derives revenues from a narrow range of activities, namely, home textiles. Linen House offers an extensive range within household textiles, selling bath textiles, bed textiles and living room textiles. The **company** offers its eponymous flagship brand, as well as a child-focused brand, Hiccups.

Although weak consumer confidence negatively impacted Linen House's sales in recent years, the **company** is well positioned to benefit from an upturn in economic activity and consumer confidence. The Linen House brand is well respected in Australia, and the **company**'s fashionable and well-designed offerings will be even more popular once consumers become willing to spend more freely again. Its children-focused brand Hiccups is expected to perform well over the forecast period thanks to the recent baby boom experienced in Australia from 2010 onwards.

Summary 2 Linen House Pty Ltd: Competitive Position 2013

Product type	Value share	Rank
Home textiles	12.4%	2

Source: Euromonitor International from **company** reports, **company** research, trade press, trade sources, trade interviews

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