

Fieldcrest from the US and Vossen from Germany.

B. BUSINESS ENVIRONMENT

Analysts say growth in the towel sector in the U.K. is largely due to a release of pent up demand and a shift towards coordinated design.

Between 1988 and 1992, the 25-44 section of the population, which contains the greatest concentration of consumers who are householders with dependants, grew by nearly 6 per cent.

In raw numbers, the 25-44 year old age group rose in the U.K. from 16.2 million in 1988 to just under 17 million in 1992. This was the strongest growth sector of the population and is expected to have a positive impact on growth in the household textiles market. A recent Gallup survey has shown that the 25-44 age group is a major buyer of towels and table linens. It is the age group most likely to be buying for a growing or large, established household.

Population growth overall has been moderate since 1988, with an average annual growth for the past five years of 0.6 per cent. Both the 15-19 and 20-24 year old group has shown a decline since 1988, with average annual growth of -4.3 per cent and -1.7 per cent respectively.

The number of households in the U.K. has shown consistent growth since 1983, with net increases each year of between 160,000 and 224,000 households per year throughout the period.

There has been a corresponding increase in the number of owner occupiers during the same time period as well. Trade research has shown that owner occupiers spend considerably more on household textiles than those renting accommodation.

Greater consumer concern for home fashion has also led to increasingly coordinated home furnishings, which has affected the household textiles market.

As consumers have obtained more disposable income, they have spent more on aesthetics and interior design. This trend towards colour and design coordination between household textiles, housewares and appliances has had a major impact on growth by reducing the replacement cycle. For towels, the average is currently about six years.

There has been a definite shift to higher quality, thicker towels.

The shift towards coordinated design in towels has increased the average price per unit, as have value added features like trim and increased thickness.

Colour coordinated sets of towels are often more expensive and of higher quality than standard items.