Lab

Maybe We Don't Have a Demand Problem

STRATEGY. BRAND. EXECUTION

The furniture industry has spent the last few years talking about declining demand. Indeed, consumers are cautious. The Real estate market is slow. All costs are sky rocketing and not only Germany’s furniture industry has been shrinking. All of that is true.

But then there are companies like Kave Home, Bolia or Tylko, who keep growing double digits.

At the same time, some of the most established names in European design are flat or declining. Should we perhaps ask different questions:

What if we don’t have a demand problem?
What if we have a distribution problem?

2025
KAVE +23%
BOLIA +14%
TYLKO +30%*

*BOLIA ANNUAL REPORT 2024/25; KAVE HOME FY2025 / EUROPA PRESS; TYLKO S.A. FY2025 / POLISH NATIONAL COURT REGISTER (KRS).

Is it the end of the distribution monopoly?

For decades, furniture brands needed retailers.

Retailers had the space. They had the customers. They had local reach. They provided information and advice. And most importantly, they made products physically accessible. Without a strong dealer network, even a great brand had limited possibilities to scale.

Yes, that monopoly is gone.

Because today, brands can build awareness themselves. They can tell their stories directly. They can explain and configure complex products online, collect customer data, manage CRM and ship across the world.

And increasingly, they are taking care of the physical experience themselves, too. Tylko just opened a store in Berlin, Bolia operates close to 100 concept stores. Kave Home has built a network of more than 150 locations worldwide.

What started as digital or vertically integrated models is moving aggressively into physical retail. So retail has not become irrelevant.

Quite the opposite.

Retail isn't disappearing. It's shifting to the brands.

And there is an obvious advantage to this: nobody can present Bolia better than Bolia. Nobody has to decide which part of the collection deserves space next to twenty competing brands. The entire environment can serve one idea:

The brand controls the narrative, the price, the experience and ultimately the customer relationship.

What about curation?

This is where things get uncomfortable.
One of the most common arguments for multi-brand retail is curation. And great curation absolutely has value.

But putting Vitra, USM, Cassina, Fritz Hansen, Knoll, Flos and Artemide into the same showroom is not necessarily curation anymore. Certainly, they are all fantastic brands.

But if I find more or less the same fantastic brands in multiple stores across Berlin, Munich, Düsseldorf, Copenhagen and Milan, **what exactly has been curated?**

Selling the same great brands as everybody else isn't curation. It's distribution.

And distribution has become transparent.

Customers can discover products themselves. They know the brands. They know the prices and discount levels. They have seen the product from every angle before entering the store. In some cases they have spent hours researching one particular chair, sofa or lamp.

The old information advantage has disappeared with the old distribution monopoly.

So if the assortment looks similar, the products are identical and information is universally available, what is left to differentiate one retailer from another?

Too often, the answer is:

Discount!

And that might be one of the strangest contradictions in the design industry. Brands spend enormous amounts of money creating desire, building beautiful identities, photographing products, designing exhibitions and protecting their premium positioning.

Only for the final battle for the customer to be fought over another discount.

That cannot be a particularly healthy long-term model. Especially for retailers but also for the value of the brands.

Is D2C the answer? I’m not convinced that “direct-to-consumer” is even the right term for what is happening.

Kave Home and Bolia are opening stores. Successful digital brands are moving into physical spaces. Others are selectively adding wholesale partners. Fashion brands start running cafés and beach bars.

This isn't online replacing offline.
And it isn't brands replacing retailers.

It is about owning the customer experience.

The companies growing fastest seem increasingly unwilling to outsource that relationship completely.

They want to control how people discover them, how their products are presented, how they are advised, what they pay and what happens after the transaction.

In that sense, vertical brands are not removing retail from the equation.

They are taking it into their own hands.
But brands shouldn't celebrate too early...

Same, same.

Brands now face exactly the same problem retailers do. If everyone can reach customers directly, reaching customers directly is no longer an advantage.

Another beautiful website isn't differentiation. Neither is another perfectly art-directed Instagram account. And judging by many recent store openings, neither is another beige flagship with brushed stainless steel, a few design books and a La Marzocco coffee machine. Brands are perfectly capable of creating their own version of sameness.

Which means the real scarcity has moved somewhere else.

Distribution is getting easier.
Relevance is getting harder.

A retailer has to answer:
Why should anyone come here?

A brand has to answer:
Why should anyone care about my chair?

Those questions are surprisingly similar.
And neither can be answered with the right distribution alone.

From retailer to brand.

The opportunity for multi-brand retail therefore isn't to compete with brands at being a better distribution channel. It is to become something brands cannot easily build themselves.

It needs a point of view people recognise and a reason to visit that cannot simply be replicated online. That might come from expertise, community, service or cultural relevance.

Or actual curation.

Where customers can understand the retailer's perspective without seeing the logo above the door.

Where they don't just come because a particular chair happens to be available there. They come because they trust the person who decided that chair should be there in the first place.

And interestingly, brands need to do exactly the same thing. A good product is no longer enough.

They need to build a world people actively want to enter. Perhaps this is therefore not a story about the decline of multi-brand retail at all.

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It is a story about the decline of undifferentiated distribution.

The future of retail belongs either to brands – or to retailers who have become relevant brands themselves.

EVERYTHING IN BETWEEN IS GETTING SQUEEZED.