CBI MARKET SURVEY

The natural stone and stone products market in Greece

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Introduction

This CBI market survey gives exporters in developing countries (DC) information on some main developments in the natural stone and stone products market in Greece. The information is complementary to the information provided in the CBI market survey 'The natural stone and stone products market in the EU', which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from http://www.cbi.eu/marketinfo.

Note: In Chapter 1 Market description: consumption and production, the following product groups are addressed:

- blocks & slabs
- landscape design
- monumental and funeral

Note: Eurostat has stated in a press report that Greece has provided enhanced figures that do not reflect the actual situation which turned out to be worse. To which figures this applies is not fully known. This means that also the figures in this survey may be enhanced.

Monumental & funeral is an aggregate of flooring & cladding and funeral & other arts sub products groups which are disaggregated and dealt with separately in the Import/Export section. For more information about the product groupings, please refer to Appendix A in the CBI survey 'The natural stone and stone products market in the EU'.

1 Market description: consumption and production

Consumption

Greece is inhabited by 11 million people making it the 10th most populated country in the EU. In Greece, 18 million tonnes of natural stone and stone products were consumed in 2008, of which 463 thousand tonnes of finished stone[1], with a value of € 151 million. Greece is a small market for finished stone products in the EU. It consumes about 2.2% of the total EU consumption and is ranked 11th based on consumption, above Portugal (2.0%) and below Austria (2.4%).

Table 1.1 Greek consumption per product group, 2004 – 2008, € million / 1'000 tonnes

	2004		2006		2008		CAGR*
Product group:	**Value**	**Volume**	**Value**	**Volume**	**Value**	**Volume**	
Blocks & slabs	n.a.	n.a.	96	8'849	81	1'337	n.a.
Landscape design	0.5	9.1	0.8	8.6	0.5	13	0%
Monumental & funeral	97	221	108	420	151	451	12%

*CAGR: Compounded annual growth rate
Source: Eurostat (2009)

[1] Finished stone products is the sum of the product groups landscape design and monumental & funeral. Due to incomplete data of other countries comparison in this section is only possible for finished stone products.

In 2008, Greek consumption of natural stone consisted of monumental & funeral (65%), blocks & slabs (35%) and landscape design (0.2%).

The consumption in all product categories increased in volume; partially due to wage increases which supported consumption. Since 2008 however Greece has been hit hard by the economic situation. In addition, there is a large national deficit and burdensome public debt which inhibits governmental stimuli for domestic industries to better cope with the situation; a methodology applied by many other EU member states. As such, Greek construction activity, the largest consumer of natural stone, was down 15% year on year by September 2009.

Recovery of the economic situation is not expected before 2012. Meanwhile, the market will remain dependent on credit and consequently be dominated by a wait and see attitude. Exporting natural stone to Greece should be considered carefully because of the dire forecasts. Natural stone products in the low and middle price range that are used in and around the house provide the best prospects for DC exporters in coming years.

Market segmentation

The Greek market can be divided into the following segments:

- Building industry (construction): by far the biggest consumer of natural stone.
- Natural stone processing industry: a traditional industry that focuses on domestic stones but increasingly imports (semi-)finished stones. The mining sector is represented by The Greek Mining Enterprises Association (http://www.sme.gr). The Hellenic natural stone industry (http://www.marmaronet.com) will embody all domestic natural stone companies.
- Funeral industry: a large retail sector selling funerary art, such as tombstones, gravestones and urns. Natural stone for funeral art is very common in Greece.
- Consumer market: other retailers including Do-It-Yourself (DIY) outlets, garden centres and tiles specialists continue to gain market share.

The segmentation is generally similar to the trade channels discussed in this survey. Therefore for more information regarding these segments in Austria please refer to chapter 2. For more information on market segmentation in the EU please refer to chapter 1 of the CBI survey 'The natural stone and stone products market in the EU'.

Consumption trends and developments

- ***Traditional and authentic taste:*** Greece has a large appreciation for natural stone with high quality standards. In general, Greek consumers are also willing to pay more for a recognisable brand rather than to buy an anonymous, cheap product. Nonetheless for the time being price predominates the decision making process and growth in expensive merchandise that targets consumers with somewhat above average incomes are slower. With regard to colours, the Greek have a varied taste. For example, for marble products white yellow or green pink are in demand but also, travertine from Syria in different colours is in demand. DC exporters with these or similar stones with competitive prices might be able to find market openings easier.
- ***Neighbouring countries:*** Turkey is an increasingly important as supplier whilst the Balkan is an increasingly important consumer and transit area. In addition Greece is heavily investing in the Balkan and the Middle East's natural stone markets. This provides good opportunities for DC exporters that want to on other countries as well.
- ***Alternatives:*** Composite materials like quartz for tiles and kitchen are growing in popularity. Advantages include a wider colour range, durability and (less) weight. The price is often similar or even higher than natural stone. One of main producers of composite stone in Greece is Marathonstone (http://www.marathonstone.gr/node). Composite is processed by the same machines as natural stone. Moreover, it often has the same trade channels in the EU as natural stone. Processors and exporters in DC can therefore decide to focus on both markets.
- ***Ageing population:*** Greece's population is slowly ageing; almost 19% (2 million) is over 65 years old. In the long term this will result in an increased demand for funerary art (i.e.

tombstones and urns). The economic crisis also strongly affects elderly in various ways (e.g. pension cuts and declining housing prices), though the elderly are more attracted to buying high-end, expensive natural stone products.

- ***Hot spots:*** The largest urbanized areas are Athens (3.1 million), Thessaloniki (0.8 million) and Piraeus (0.2 million). The average GDP per capita is also higher in these areas; there lies the highest concentration of housing and highest purchasing power. The country also has large mountainous areas and many islands, the largest island being Crete (0.6 million inhabitants). The best prospects for DC exporters are to be found in those urbanised areas. Also new tourism infrastructure projects provide opportunities.

Production

In Greece, about € 187 million or 436 thousand tonnes of finished stone products were produced in 2008. Greece accounts for 2.6% of total EU production of finished products and ranks 8th, above Ireland (1.8%) and below Portugal (3.8%). Production consisted of 69% for monumental & funeral products and 31% for blocks & slabs. Production of finished stone products increased at a rate of 8.2% per year following the increase in consumption (12%).

Table 1.2 Greek production per product group, 2004 – 2008, € million / 1'000 tonnes

	2004		2006		2008		CAGR*
Product group:	**Value**	**Volume**	**Value**	**Volume**	**Value**	**Volume**	
Blocks & slabs	n.a.	n.a.	101	8.785	84	1.229	n.a.
Landscape design	n.a	n.a.	n.a.	n.a.	0.2	6.9	n.a
Monumental & funeral	136	349	159	436	187	429	8.3%

*CAGR: Compounded annual growth rate
Source: Eurostat (2009)

Based on the data available, production has been increasing steadily in the reviewed period. The growth in domestic demand has been the main driver for production companies as can be witnessed by the 8.3% growth of monumental & funeral products. Consumption however increased by 12%. This indicates an increase in import of either blocks & slabs that will be processed for added value in Greece, and or an increase in import of finished products. Since 2008 though, consumption and production have been hit hard by the economic situation. As a result some companies have quite. Cheaper DC natural stones that resemble the Greek stones have therefore opportunities to fill these gaps or compete with more expensive Greek stones.

The natural stone mining sector consists of 274 companies. The number of companies active in the natural stone sector is much larger. A list of a variety of companies can be found at: http://www.marmaronet.com/index.php?option=com_content&view=article&id=213&Itemid=197&lang=el#GREECE.

Greece extracts a large variety of natural stones including marble, travertine, quartz, dolomite, and limestone. Well known stones from Greece are: Ash-White of Paros (marble), Arideas (travertine) and Didyma (limestone).

Alternatives
For more (technical) specifications about the types of natural stone extracted in Greece refer to the website of Graniteland (http://www.graniteland.com). If you offer similar stone you might be able to compete with local suppliers on price.

Opportunities and threats

+ There is an increased demand for DIY and an upcoming market for internet sales.
+ In general quality standards in Greece are high. Suppliers of high quality and especially exclusive stone will therefore be able to find market openings easier.
± Due to the economic situation DC have opportunities to compete on price and fill the gap

left by business that have gone bankrupt. However the crisis always provides many challenges for DC exporters.
- The Greek market is rather complex and requires knowledge of local practices and language. DC suppliers are therefore recommended to work together with local partners.
- Due to the economic situation, the housing and building sector is largely satisfied for the next 2- 3 years slowing demand for natural stone used in and around the house.

Note that the above-mentioned developments and trends can be an opportunity for one exporter and a threat for another. Therefore, exporters should analyse the developments and trends discussed in the previous chapters to make their own analyses. The outcome of this analysis depends on the specific situation of an exporter. For an example of such an analysis, please refer to Chapter 7 of the CBI market survey 'The natural stone and stone products market in the EU'.

2 Trade channels for market entry

The Greek market is complex with many companies assuming a multifaceted role. Companies can act as processor, importer, exporter, wholesalers, distributors and/or retailers or a combination of any of these. Trade channels and final destinations are diverse and continuously changing. For example, the Greek are now increasing activities in the Balkan and the Middle East after losing market share in the USA. Opportunities might also derive from internet sales. Internet sales for DIY materials have obtained increased market share with a 2% increase last year; an interesting trend for DC to further explore.

Wholesaler/importers buy their natural stone directly from supplying countries. The market is dominated by about 5-6 large companies. Gaiolithos Filippidis owns about 25% of the market. Some importers active on the Greek market are:
- Papagiannoulis John Bros - http://www.papagiannoulis.gr – processor, distributor and exporter that has its own quarries but also uses imported natural stone
- Worldstones - http://www.worldstones.gr – processor and wholesaler or a wide variety of natural stone
- Gaiolithos Filippidis - http://www.gaiolithos.gr - processor and importer of exclusive natural stone products that has exclusive partnerships with Greek and foreign quarries
- Iktinos Hellas - http://www.iktinos.gr - Vertically structured company comprising all stages of quarrying (in Greece, China and Morocco), cutting, processing, import and export of marble and granite and other ornamentals in blocks, slabs, tiles and special dimensions

Retailers like DIY stores (Do-It-Yourself) and tiles specialists buy mainly from wholesalers and importers, although the larger DIY stores are also known for buying from exporters directly. Retailers mainly focus on the consumer market but some installers and contractors also get their material from retailers. Some retailers active on the Greek market are:
- Pangea - http://pangea.gr/en - retailer of stone products for in and around the house
- Praktiker - http://www.praktiker.gr - large German DIY chain
- DIY stores in Greece are listed at DIY news - http://www.diynews.gr/site/index.php?option=com_mtree&task=listcats&cat_id=132&Itemid=0

The natural stone processing industry buy from wholesalers/importers, quarry their own stone or depending on the size of the company buy directly from supplying countries. After processing, these companies mainly supply retailers and consumers. The market is dominated by about 5 large companies. Some processing companies active on the Greek market are:
- Pavlidis - http://www.pavlidismg.gr - quarry owner and processor
- Thassos marble - http://www.thassosmarblesa.gr – quarry owner and processor

Independent buyers in Greece are major (mainly international) companies which often buy directly from supplying countries for large building projects. Other main projects are generated through the Greek government and have to undergo tender processes.

Greek partnerships
In general companies now need to spread the risk of large new projects through alliances and ultimately many will be forced to go for mergers or takeovers. Teaming up with other players also increases the chance of gaining more lucrative (overseas) contracts.
Tenders are therefore most often responded upon by international coalitions. Tenders are listed at Invest in Greece and at governmental sites http://www.gnto.gr/pages.php?pageID=179&langID=2 and http://www.ypan.gr. Overall Greek production companies have been hit hard and are expected to loose market share to DC. Nevertheless, you should expect some heavy competition.

Price structure

Throughout the various trade channels, different prices and margins apply. Some processors that focus on the high end of the market used to have gross margins of 50-60%. Margins for importers are generally lower. The margins are greatly influenced by the size of order: the bigger the order the cheaper the price per square meter. Since the economic situation however, margins are under pressure. Large surplus of unsold stone are being offered for less. Smaller importers with few financial reserves are also more likely to lower their margins. The material cost index in construction of new residential buildings provides monthly updates that provide insight in price fluctuations: http://www.statistics.gr/portal/page/portal/ESYE

Useful sources

For potential trading partners please use the following links:
- Marmin Stone – http://www.helexpo.gr/default.aspx?lang=en-US&loc=1&page=931&menu=903 ➔go to 'Search'➔ go to 'Exhbitors catalogue'
- Association of Greek Construction Companies - http://www.sate.gr/index.aspx ➔ go to 'Members'
- Forthnet - http://dir.forthnet.gr/index-0-en.html ➔go to 'Business/Industry' ➔ go to 'Construction materials' ➔ Marble – Granite' or 'Tiles'
- Stone contact - http://www.stonecontact.com ➔ go to 'Companies' ➔ write down 'Stone' and press 'Search' ➔ go to the box that says 'All countries' and click on it to select Greece
- Europages - http://www.europages.com – international directory that includes natural stone companies in Greece ➔ fill in 'natural stone' and select Greece

3 Trade: imports and exports

Imports

In the Greek natural stone market, about € 84 million or 519 thousand tonnes of natural stone and stone products were imported in 2008. Greek imports increased by an annual average of 9.0% in value between 2004 and 2008. In comparison, EU imports increased at a slower pace (+4.7% per year). Greece is the 11th largest importer in the EU accounting for 2.3% of EU imports; just above Denmark (2.2%) and below Ireland (2.6%).

Table 3.1 Greek imports per product group between 2004 – 2008, € million / 1'000 tonnes

	2004		2006		2008		CAGR*
Product group:	**Value**	**Volume**	**Value**	**Volume**	**Value**	**Volume**	
Blocks & slabs	34	298	38	361	41	369	5.1%
Landscape design	0.5	10	0.8	8.9	0.6	6.3	5.3%
Flooring & cladding	14	40	13	41	16	51	2.4%
Funeral & other art	11	32	17	63	27	92	25%
Total	**59**	**380**	**69**	**473**	**84**	**519**	9.2%

*CAGR: Compounded annual growth rate
Source: Eurostat (2009)

In 2008, Greek import of natural stone consisted of blocks & slabs (49%), funeral & other art (32%), flooring & cladding (19%) and landscape design (0.7%). The increase in demand (+12% per year) of monumental & funeral products between 2004 and 2008 had a positive effect on production (8.3%) as well as imports (+15%). Currently however, production as well imports now suffer from decreased faith in the economy, decreased demand and decreased consumption. As a result, unsold stock is being sold first before new imports are considered. Some importers have reported a drop in sales of 40-50% since the beginning of the economic crisis.

Imports from DC

Of the total percentage of imports, approximately 22% was imported from intra-EU countries, 1.2% from extra-EU countries and 76% from DC. The share of imports from DC has decreased over the years from 78% in 2004 to 76% in 2008. In 2008 the most important suppliers are Turkey (22%), China (13%), the former Yugoslavian Republic (Serbia, Croatia, Macedonia, Slovenia) (8.5%) and India (7.6%) DC market share is especially high in the finished stone product groups: landscape design (80%) and block & slabs (84%). DC imports especially increased in the product group funeral & other art (+31%) and landscape design (+12%). However, DC import growth was less pronounced for blocks & slabs (+4.7% per year) and decreased for flooring & cladding (-0.7%).

Overall imports from DC (+8.8%) have been developing at an almost equal rate as imports in general (+9.2%). With more emphasis on price however it is expected that even though imports will decrease over the next years, DC will gain market share which may pay out in the future when the economy recovers again. Market share can be gained for landscape design and funeral & art by offering similar products as those made by the Greek from imported block & slabs at lower prices. Recovery of the economic situation is not expected before 2012.

Exports

In the Greek natural stone market, about € 124 million or 383 thousand tonnes of natural stone and stone products were exported in 2007. Greece exports 3.2% of the total EU export. It ranks 6^{th} under Germany (4.2%) and above France (2.9%).

Table 3.2 Greek export per product group between 2004 – 2008 € million / 1,000 tonnes

	2004		2006		2008		CAGR*
Product group:	**Value**	**Volume**	**Value**	**Volume**	**Value**	**Volume**	
Blocks & slabs	39	256	43	297	44	261	3.4%
Landscape design	n.a.	1.3	24	197	0.2	0.5	n.a.
Flooring & cladding	39	90	45	77	42	81	2.1%
Funeral & other art	26	111	36	42	37	41	9.2%
Total	**104**	**458**	**124**	**417**	**124**	**383**	4.6%

*CAGR: Compounded annual growth rate
Source: Eurostat (2009)

In 2008, Greek exports consisted of blocks & slabs (36%); flooring & cladding (34%); funeral & other art (30%) and landscape design (0.2%). Overall there is an increase in export value however a decrease in volume. This indicates that Greek companies have managed higher prices for their products. With the current economic situation and emphasis on price however it is expected that Greece will loose market share to DC worldwide and will have to adjust their prices downwards and increasingly outsource activities. Already the Greek companies are increasing activities in the Balkan and the Middle East. Nevertheless Greece will not be able to compete with DC on price, hence exports likely to go down in coming years.

Opportunities and threats

- \+ DC exporters of funeral & other art and landscape design products have good chances on the Greek market.
- \+ The current emphasis on price will favour DC stone suppliers over domestic suppliers.
- \+ The economic crisis allows for DC to further penetrate the Greek market and obtain market share that may pay out when the economy recovers.
- ± Consumption and imports are expected to decrease further in coming years. Therefore although market share of DC is expected to grow, imports in actual numbers will go down.
- \- Competition both from other DC as well as from local producers is likely to be high.

Note that the above-mentioned developments and trends can be an opportunity for one exporter and a threat for another. Therefore, exporters should analyse the developments and trends discussed in the previous chapters to make their own analyses. The outcome of this analysis depends on the specific situation of an exporter. For an example of such an analysis, please refer to Chapter 7 of the CBI market survey 'The natural stone and stone products market in the EU'.

Useful sources

- EU Expanding Exports Helpdesk - http://exporthelp.europa.eu
- Eurostat – official statistical office of the EU - http://epp.eurostat.ec.europa.eu
- Understanding Eurostat: Quick guide to easy Comext – http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20090513.pdf

4 Price developments

Import figures show that the average price of natural stone and stone products increased by 1.0% per year. When looking at the different product groups it shows a varied picture: landscape design (+19% per year), flooring & cladding (-4.0%), blocks & slabs (-0.4%) and funeral & other art (-3.3%). Prices in the EU as a whole increased by 6.3% per year. In general prices of natural stone imported from DC has decreased (-0.5% per year) while generally imports from other countries (intra-EU: +10.8%, extra-EU: +11%) increased.

This could indicate an intensifying competition, a logical result of a growing rate of import from DC. Moreover the Greek market is experiencing a drastic decrease in demand after a period of extensive production. Hence, there is a surplus of natural stone products that are offered at very competitive prices. Also Greek companies are outsourcing, reducing costs and allowing for tighter margins. In general, prices are therefore expected to drop further.

Prices are usually available on request. Listed below are three general websites that include price data for the EU market:

- DIY stores - http://www.diynews.gr/site/index.php?option=com_mtree&task=listcats&cat_id=132&Itemid=0 ➔ go to brochure
- Stone contact – www.stonecontact.com ➔ go to 'Pricelist' ➔ write down 'Stone' and press 'Search' ➔ go to 'All countries' and click on it to select Greece
- Stone source - http://www.stoneource.com go to 'stone selector' in the left side

➔ make a selection per material, price range or other criteria

5 Market access requirements

As a manufacturer in a developing country preparing to access Greece, you should be aware of the market access requirements of your trading partners and the Greek government.
For information on legislative and non-legislative requirements, go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select natural stone products and Greece in the category search, click on the search button and click on market access requirements.

Detailed information on packaging can be found at the website of ITC on export packaging: http://www.intracen.org/ep/packaging/packit.htm.

Tariffs and quota
In general, products entering the EU are subject to import duties. For beneficiary countries under the Generalised System of Preferences (GSP), however, reduced tariffs, or no tariffs, are applied. The list of beneficiary countries is regularly updated. For natural stone and stone products, a zero-tariff applies for exports from beneficiary countries of the GSP. Information on the required value added tax (VAT), please consult the following website: http://ec.europa.eu/taxation_customs/common/about/welcome/index_en.htm.

Information on tariffs and quota can be found at http://exporthelp.europa.eu/index_en.html

6 Doing business

Information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) and cultural differences can be found in CBI's export manuals 'Export Planner', 'Your image builder' and 'Exporting to the EU'. These can be downloaded from http://www.cbi.eu/marketinfo - go to search publications. For more information on doing business in Greece, visit the following websites on the following page:

Trade associations
- The Greek Mining Enterprises Association - http://www.sme.gr
- The Hellenic natural stone industry - http://www.marmaronet.com
- Association of Greek Construction Companies - http://www.sate.gr/index.aspx
- Union of Hellenic Chambers of Commerce and Industry -www.e-boss.gr
- Athens Chamber of Commerce and Industry- www.acci.gr
- Thessaloniki Chamber of Commerce and Industry of - www.ebeth.gr

Trade Shows
- List of important trade shows for Greek companies - http://www.marmaronet.com/index.php?option=com_content&view=article&id=126&Itemid=139&lang=en
- Marmin Stone – http://www.helexpo.gr/default.aspx?lang=en-US&loc=1&page=931&menu=903 – an annual international exhibition for marble, stone and minerals and machinery in Thessaloniki: next event 18-21 February 2010
- INFACOMA - http://www.helexpo.gr – an annual international exhibition of construction materials in Thessaloniki: next event 18-21 February 2010
- Stone+tec Nürnberg - http://www.stone-tec.com – international fair for natural stone and stone processing held yearly in Nürnberg, Germany; next event 22-25 June 2011
- Marmomacc - http://www.marmomacc.it - Italian international exhibition of stone, design and technology held annually in Verona: next fair from 29 September to 2 October 2010

Trade Press

- Marmaronet - http://www.marmaronet.com/index.php?option=com_content&view=article&id=162&Itemid=145&lang=en – portal to three natural stone magazines with regular updates.
- Naftemporiki - www.naftemporiki.gr – online daily newspaper with Greek news and events
- HMEPHΣia - www.imerisia.gr - online daily newspaper with Greek news and events
- Ekathimerini - http://www.ekathimerini.com – Daily Greek news in English
- Reporternet - http://www.reporternet.com/search?searchword=praktiker –Business news in English with daily updates on Greece and the Balkan countries.

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