CBI MARKET SURVEY

The natural stone and stone products market in Austria

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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 Austria. 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, we address the following product groups:
- blocks & slabs
- landscape design
- monumental and funeral

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

Austria is inhabited by 8.4 million people making it the 16th most populated country in the EU. In Austria, 802 thousand tonnes of natural stone and stone products were consumed in 2008, of which 311 thousand tonnes of finished stone products, with a value of € 161 million. Austria is a small market for finished stone products[1] in the EU. It consumes 2.4% of the total EU consumption and is ranked 10th based on consumption, above Greece (2.2%) and below Poland (2.8%).

Table 1.1 Austrian consumption of natural stone and stone products per product group, 2004 – 2008, € million/1'000 tonnes

	2004		2006		2008		CAGR*
Product group:	**Value**	**Volume**	**Value**	**Volume**	**Value**	**Volume**	
Blocks & slabs	2.6	n.a.	16	1206	12	491	47%
Landscape design	20	114	8	107	16	102	-5.4%
Monumental & funeral	151	216	151	220	145	209	-1.0%

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

In 2008, Austrian consumption consisted of monumental and funeral products (84%), landscape design (9.3%) and blocks & slabs (6.7%). Weak domestic consumption and slow growth in Europe resulted in a decrease in consumption for all product groups from 2004 to 2008. Consumption of natural stone is linked to the construction output. Throughout 2009 the construction output showed a further decrease compared to 2008. Moreover, forecasts remain

[1] Finished stone products are the sum of product groups landscape design, and monumental & funeral, and therefore excludes blocks & slabs.

negative for 2010 and are only moderately positive for 2011. The demand for natural stone is therefore expected to further decrease until 2011. In the long-term however the natural stone demand is expected to recover.

Market segmentation

The Austrian 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 Austrian natural stone and stone products market is largely unified in the Association of Austrian Natural Stone (Vereinigung Österreichischer Natursteinwerke, www.pronaturstein.at) which also acts as a portal for the industry.
- Funeral industry: a large retail sector selling funerary art, such as tombstones, gravestones and urns. Natural stone for funeral art is very common in Austria.
- 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***: Austrian consumers are conservative and not very sensitive to trends. There is a preference for earthly colours (brown, beige and red) with a weathered old 'look' for interior as well as exterior use. Special attention is given to heat preservation and durability (frost and water resistance for exterior use).
- ***Neighbouring countries***: Bordering and sharing a common language with Germany, the Austrian market is integrated into the German market and German stone trends are often picked up by the Austrian consumers (see also the CBI market survey 'The natural stone and stone products market in Germany'). This provides good opportunities for DC exporters that are already active in Germany and want to extent their business to Austria or DC exporters that want to use Austria a stepping stone to explore its neighbouring countries.
- ***Alternatives***: alternatives materials have been growing in popularity; such as composite materials like quartz for tiles and kitchen. The quartz market is dominated by two brands: Silestone and Caesarstone. Composite is processed by the same machines as natural stone and sometimes has the same trade channels. Processors in DC can therefore decide to focus on both markets.
- ***Ageing population*****:** Austria's population is slowly ageing; almost 21% (1.8 million) now is over 60 years old. The number of people over 60 will have increased to 2 million in 2015 and will increase to 2.8 million by 2030. This target group is generally wealthy. This has positive influence on the consumption of natural stone in one form or another (interior design, art, or gardens). In the long term there will also be an increased demand for funerary art (i.e. tombstones and urns).
- ***Hot spots***: The Austrian market is relatively small with a low but increasing percentage of the population living in urban settings. The most predominant urbanized areas are Vienna (1.7 million), Lower Austria (1.5 million) and Upper Austria (1.4 million). In these areas lies the highest concentration of housing and highest purchasing power. The best prospects for DC exporters are therefore to be found in those urbanised areas.
- ***Investing property***: house ownership in Austria is increasing, especially that of smaller households. This creates a demand for natural stone products for various applications (e.g. tiles, counter tops).
- ***Renovation on the rise***: renovation is expected to pick up as a result of a dropping housing market. Bathrooms, kitchens, floors and gardens are most subject to renovations. Products often used in renovations are expected to be more in demand. For example, 10mm tiles that can be laid on existing floors without having to make adjustments.

- ***Sustainability***: The Austrian government is one of the seven EU member states that are integrating more tenders with green criteria (see for example http://www.wien.gv.at/umweltschutz/oekokauf/pdf/oekokauf-engl.pdf). DC exporters should therefore embrace sustainable measures and use these to market their products (also in comparison to its alternatives). DC exporters that take a pro-active approach to the issue sustainability might find market openings easier.

Sustainable supply chain
A sustainable natural stone supply chain demands large investments by multiple parties and is a long process. DC exporters can take a pro-active approach to the matter and map out the sustainability issues related to their own organisation and of possible suppliers. In this way it is possible to work towards a better situation and be able to respond to possible questions coming from importers and consumers in the EU.

Production
In total, € 102 million or 90 thousand tonnes of finished stone products were produced in 2008. As such, Austria accounts for 1.3% of total EU production of finished products and ranks 11th above the Netherlands (1.1%) and below Belgium (1.5%).

In 2008, production consisted of 80% for monumental & funeral products, 11% for blocks & slabs and 8.7% for landscape and design. Production of finished stone products has decreased (-4.7%) per year following the decrease in consumption (-1.6%) over the years 2004- 2008.

Table 1.2 Austrian 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.	15.6	1.315	12	649	n.a.
Landscape design	9.9	45	8.4	39	8.8	35	-2.9%
Monumental & funeral	100	101	96	95	82	67	-4.8%

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

In the coming years the extraction and processing of natural stone in Austria is expected to keep decreasing. This is due to the dropping demand and increased international competition, especially in the (semi-)finished stone product segment. The position of Austrian companies is however expected to remain strong in supplying for the renovation of old buildings and churches and other high-end segments. DC exporters that are able to supply stone that is similar to that used in these projects might be able to compete with Austrian companies in this segment as well.

The Austrian natural stone industry consists of around 600 companies. Most large companies own domestic quarries. Natural stones that originate from Austria include Aalfang (a Granodiorite), Gebharts (a Tonalite), Krastal (a Marble), Neuhaus (a Granodiorite), Sölker Kristallmarmor (a Marble), Stainz (a Orthogneiss) and Tauerngrün (a Serpentinite).

Alternatives
For more (technical) specifications about the types of natural stone extracted in Austria 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.

As a response to the increased international competition there is a growing tendency in the Austrian stone sector to form alliances. The Austrian Natural Stone Association (www.pronaturstein.at) is the largest alliance and represents and actively promotes the Austrian natural stone sector. Further strengthening is sought for through cooperation with other German speaking countries like Germany (Deutscher Naturwerkstein Verband) and Switzerland (Pronaturstein Schweiz). In addition, Austrian companies often work with Italian colleagues. DC exporters are therefore up against a strong industry. Finding local or foreign partners is one way to create a stronger position on the Austrian market.

Opportunities and threats

+ The economic crisis is making it easier for DC exporters to penetrate the Austrian market.
+ The demographic developments (ageing population, more singles and urbanisation) will in the long-run drive the natural stone market forward.
+ The growth of consumer awareness has lead to an increased interest in products from sustainable sources. DC manufacturers who take a pro-active approach to environmental and social production norms will have a competitor-advantage.

± The economic crisis and slow down in the construction sector are expected to negatively influence the demand for natural stone in the short term.

- Austria has a long tradition with natural stone and therefore quality standards are high.
- DC suppliers are up against strong and professional Austrian producers that are increasingly working together to fend off competition.

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. 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

Austria's small market has allowed some businesses to assume a more active and multifaceted role. Some companies, for example, act as wholesalers and distributors and/or retailers. The trade channels in Austria are for a large part integrated into the German market and its trade channels. Germany imports a significant amount of natural stone and Austrian subsidiaries import the stone from Germany. Some importers active on the Austrian market are:

- Shubert Stone – http://www.schubertstone.com – importer and retailer of high quality natural stone for interior and exterior use
- Franz Bamberger - http://www.naturstein.co.at – large importer of natural stone
- Imexco Import - http://www.imexco.at - importer, processor and retailer of natural stone that also has a online webshop
- Bernit - http://www.bernit.at – large importer and retailer active throughout the country that sells a large variety of stone products for interior and exterior use
- Marmor Kiefer - http://www.marmor-kiefer.at – importer and processor of stone imported from countries worldwide

Travelling importers

There are natural stone importers in Austria that have staff that travel the world in search of good priced quality natural stone and new materials. These importers are usually larger companies with a large network and resources. A lot of the business therefore takes place in DC and **not** in Austria. Therefore setting up warehouses and investing heavily in establishing yourself in Austria is not always the best way of working. It might be easier to find out what importers are active in your country and invite them to your facility. They might be able to drop by on their next visit to your country.

The natural stone processing industry in Austria is still quite important due to the appreciation of craftsmanship by Austrian consumers. It is often an important link between importer and retailer. Natural stone processors increasingly either diversify their role or try to obtain geographical as well as specialised niches. The latter is particularly the case for the stone processing companies; a process that is also driven by increased competition and government tenders being called for at provincial level. Some natural stone processing companies active on the Austrian market are:

- Aufhauser Marmor & Granite - http://www.aufhauser.at – makes marble and granite products including balustrades, steps tiles etc.
- Ecker Steinmetzmeister - http://www.ecker-stein.at – leading processor in Austria with high quality stone products
- Kogler - http://www.kogler-natursteinwerk.at – company that makes natural stone for in- and outside use
- Porschacher - http://www.poschacher.com – large quarry owner and processor with a workforce of around 200
- Sölker Marmer - http://www.soelker.at – processor of marble products for different kinds of application (steps, kitchen, bathroom etc.)

Retailers like Do-It-Yourself (DIY) stores and tiles specialists buy mainly from wholesalers and importers. The large DIY stores are also known for buying from exporters directly. The DIY market in Austria is becoming a more important trade channel for the natural stone market. It focuses mainly on the low- and mid-segments of the market. Some DIY-stores, like Baumax, are incorporating sustainability issues into their company policy. Examples of retailers active on the Austrian market are:

- Baumax - http://www.baumax.at – DIY chain active in Europe including Austria
- OBI - http://www.obi.at – DIY chain active in Europe including Austria
- Hornbach - http://www.hornbach.at – DIY chain active in Europe including Austria
- Brueder Rath Steinbrueche - http://www.natursteine-rath.at - retailer of a variety of intermediate and finished goods for mainly commercial and residential settings.
- Reinisch - http://www.stein.at/index.html - processor and retailer of natural stone product for in and around the house

Independent buyers in Austria are major companies (e.g. construction) and governmental organisations. Construction companies often buy directly from supplying countries whereby architects fulfil an increasingly important role in the choice of product. Governments have to buy through tender processes. The tenders are announced at provincial or national level. A single site that advertises these tenders however is not provided making the identification of them a tedious exercise. Forming coalitions with Austrian executors with experience with tenders is therefore recommended. Tenders can be found at:

- Federal Ministry of Transport, Innovation and Technology - http://www.bmvit.gv.at
- The Österreichische Baudatenbank - http://www.bdb.at/Atxt_News.asp?navset1=SERV

Architects and construction companies can be contacted through:

- The Bundeskammer der Architekten und Ingenieurkonsulenten BAIK- http://www.arching.at/baik/links/content.html
- Baudatenbank - http://www.bdb.at ➔ go to 'Firmenübensicht' for the database containing Austrian construction companies (in German)

Price structure

Most Austrian companies have a framework for pricing limiting the room for negotiations. Unfortunately the Austrian companies contacted for the purpose of this survey were not willing or able to provide insight in the system or share there margins or prices. Prices however are available and asked for at business to business level. Refer to the websites listed in Chapter 4 to get an idea of the prices Austrian companies are asking for their natural stone products. Based on your findings you can determine whether you are able to offer a competitive price. For more information about price structure please refer to chapter 3 of the CBI survey 'The natural stone and stone products market in the EU'.

Useful sources

For more possible trading leads use the following links:

- Abraxas - http://www.abraxas-verlag.de – database with natural stone companies worldwide including Austria (in German)
- Bau Docu Östenreich – http://www.bau-docu.at ➔ fill in 'Naturstein' in the box at 'Suchbegriff'
- 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 Austria for an overview of a several natural stone companies
- Europages - http://www.europages.com – international directory that includes natural stone companies in Austria ➔ fill in 'natural stone' and select Austria
- Austrian Chamber of Commerce (branch natural stone) - http://portal.wko.at/wk/startseite_dst.wk?AngID=1&DstID=3406).

3 Trade: imports and exports

Imports

In the Austrian natural stone market, about € 103 million or 356 thousand tonnes of natural stone and stone products were imported in 2008. Austrian imports have annually increased by 4.0% in value and 2.9% in volume between 2004 and 2008. EU imports in total grew faster (+4.7% per year). Austria is the 9th largest importer in the EU accounting for 2.7% of EU imports; above Ireland (2.6%) and below Poland (4.7%).

Table 3.1 Austrian 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	8.0	95	6.4	78	6.9	97	-3.7%
Landscape design	13	92	15	109	15	103	3.0%
Flooring & cladding	15	32	15	32	19	37	6.8%
Funeral & other art	52	99	56	110	62	120	4.4%
Total	**88**	**318**	**93**	**329**	**103**	**356**	**4.0%**

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

In 2008, Austrian imports of natural stone consisted of funeral & other arts (60%), flooring & cladding (19%), landscape design (14%) and blocks & slabs (6.7%). Overall, import of finished stone products[2] increased with 5.0%. As the decrease in production (-4.7%) largely exceeds the decrease in consumption (-1.6% per year) it can be concluded that Austria is becoming more reliant on imported natural stone and stone products at the expense of Austrian producers.

Imports from DC

Of the total percentage of imports, approximately 67% was imported from intra-EU countries in 2008, 0.6% from extra-EU and 33% from DC. The share of imports from DC has increased substantially over the years from 21% in 2004 to 33% in 2008. In 2008, China (19%), India (7.5%), and Turkey (4.8%) are by far most important DC exporting to Austria. DC market is especially high in the finished stone product groups: funeral & other arts (37%), landscape design (28%), flooring & cladding (28%). DC only account for 16% of the imported blocks and slabs. Between 2004 and 2008 DC market share especially increased in the product groups flooring & cladding (+27%), landscape and design (+19%) and funeral & other art (+14%).

Overall, imports from DC (+16% per year) have been developing faster than imports in general (+4.0%). The share of DC is therefore expected to keep developing in coming years however will be affected by the economic crisis and associated drop in demand.

[2] Because production and consumption figures of other product groups are partly missing, conclusions can only be drawn for finished stone products.

Exports

In the Austrian natural stone market, about € 32 million or 306 thousand tonnes of product was exported in 2008. Austria exports 0.8% of the total EU export. It ranks 11th under Poland (1.0%) and above the UK (0.8%).

Table 3.2 Austrian exports per product group between 2004 - 2008
€ million/1'000 tonnes

	2004		2006		2008		CAGR*
Product group:	**Value**	**Volume**	**Value**	**Volume**	**Value**	**Volume**	
Blocks & slabs	5.3	173	5.6	188	6.7	255	6.1%
Landscape design	3.0	23	5.0	41	7.4	35	25%
Flooring & cladding	3.3	6.2	4.3	6.5	4.7	5.3	8.9%
Funeral & other art	12	10	12	10	13	10	2.8%
Total	**24**	**218**	**27**	**246**	**32**	**306**	8.0%

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

In 2008, Austrian exports consisted of blocks & slabs (21%); landscape design (23%); flooring & cladding (15%); funeral & other art (41%). Exports grew by 8.0%. Due to the fact that consumption and production dropped and imports grew it appears that Austria is re-exporting a large part of its imports.

Opportunities and threats

+ Imports from DC are increasing at a higher rate than the trade with other external partners. This is expected to continue despite the dropping demand
+ All finished product groups show significant growth potential for DC exporters
± The Austrian market is increasingly dependent on imported stone. However, Austria is still a medium-sized importer of natural stone and stone products.
- The increased pressure on price will continue to affect the Austrian stone market in coming years.
- Competition both from other DC as well as from local producers is likely to be high as opportunities the market narrows.
- The Austrian natural stone market forms alliances and strengthens the marketing on home made products and environmental issues in response to increased pressure from DC.

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. 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

- Statistic Austria - http://www.statistik.at/web_en/about_us/index.html
- 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://www.eds-destatis.de/en/database/download/Handbook_Comext_Database.pdf

4 Price developments

Import figures show that the average price of natural stone and stone products increased by 1.0% per year between 2004 and 2008. Prices dropped in the following product groups: funeral & other art (-0.6%) and blocks & slabs (-4.1%). Prices of landscape design (0.4%) and flooring & cladding (+3.3% per year), however increased slightly. Prices in the EU as a whole increased by 6.3% per year. In general prices of natural stone imported from DC as well as from other countries outside the EU decreased (DC: -2.0% and extra-EU: -2.1). To the contrary, prices from natural stoned obtained from inside the EU increased (intra-EU: 1.8%).

The Austrian market is under pressure from increased competition from DC suppliers. Austrian companies are therefore in an increasingly difficult position to negotiate and either try to form alliances with fellow Austrian companies or will increasingly seek cooperation.

Prices are usually available on request. Listed below are several websites that include price data on the natural stone market in Austria and Europe in general:

- Baumax - http://www.baumax.at – prices are available in the catalogues ➔ go to 'Fliesen' for price of tiles or 'Steine im Garten' for natural stone products that are used outside
- Imexo - http://www.imexco.at ➔ go to 'Webshop' to find prices
- Soelker - http://www.soelker.at ➔ go to ' Preisliste' (need a password that is provided by the company)
- Stone contact - http://www.stonecontact.com ➔ go to 'Pricelist' ➔ write down 'stone' and press 'search' ➔ go to the box that says 'all countries' and click on it to select Austria and an overview Austrian natural stone companies who display there prices online.
- 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 Austria, you should be aware of the market access requirements of your trading partners and the Austrian 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 Austria 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://export-help.cec.eu.int

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 advice and further information the Austrian Government has provided a general manual for doing business in Austria http://advantageaustria.org/cl/office/austria-businesspartner.pdf.

Trade associations

- Austrian Natural Stone Association - http://www.naturstein.at
- Austrian Stonemason Association - http://portal.wko.at/wk/startseite_dst.wk?AngID=1&DstID=209

- Austrian Sector Association for Stone and Ceramic Industrie - http://www.baustoffindustrie.at
- Austrian Trade Promotion Organization - http://www.austriantrade.org
- German natural stone association - http://www.natursteinverband.de

Trade fairs

- Stone+tec Nürnberg - http://www.stone-tec.com – international fair for natural stone and stone technology held yearly in Nürnberg, Germany; next event 22-25 June 2011
- Bauen + Wohnen Salzburg - http://www.bauen-wohnen.co.at - international fair for building interior, design and energy saving held annually in Salzburg; next fair 11-14 February 2010
- Wohnen & Interieur-Messe – http://www.wohnen-interieur.at - Austria´s largest fair for dream interiors, design, lifestyle and garden held yearly in Vienna; upcoming event 14-21 March 2010

Trade press

- Stone Time Austria - http://s-stein.com/?Navi=79 – Austrian edition of the German trade magazine Stein published monthly
- Natural stone magazine - http://www.natursteinonline.de - online German magazine for all German speaking countries with continuous news updates
- StonePlus – http://stoneplus.de – online German natural stone magazine, focuses on technical aspects and innovations with continuous news updates

This survey was compiled for CBI by CREM BV

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