

# DOMESTIC FURNITURE

VOLUME I



## CBI puts you in touch with the markets of Europe

CBI is the Centre for the Promotion of Imports from developing countries, an agency of the Netherlands Ministry of Foreign Affairs. Since its establishment in 1971, CBI operates within the policy framework set by the Minister for Development Co-operation. CBI's main objective is to contribute to the economic independence of selected developing countries by assisting enterprises and trade promotion organizations (TPOs) in developing their export capabilities and promoting their exports of non-traditional goods and services to the European Union (EU). CBI also assists importers in the EU with the import of products and services from developing countries.

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- CBI News Bulletin (6 times annually);
- CBI guide "Exporting to the European Union";
- Market surveys and strategic marketing guides covering the EU including The Netherlands;
- Quick scans on environmental, social and health issues;
- Manuals on subjects such as technical and environmental regulations, packaging, trade fair participation, Fashion Forecast etc.;
- CBI's extensive Web site at [www.cbi.nl](http://www.cbi.nl) providing general information about CBI, details about CBI programmes, CBI publications (downloadable free-of-charge) and the GreenBuss® database on European trade-related environmental policy and technology;
- CBI's Trade Documentation Centre offering supply-related information to importers, such as exporters' directories, country and sector information, periodicals from developing countries, and - to visiting exporters - demand-related information such as market information, trade magazines, address books of European companies etc.

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- market entry (for instance via participation in European trade fairs);
- market consolidation by way of follow-up support, further technical assistance

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- IntFair: two-week seminar in Rotterdam for TPO staff members on the organization of collective participation in European trade fairs;
- EXPRO: seven-day seminar in Rotterdam on export marketing and management for selected exporters participating in a CBI export promotion programme;
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EU STRATEGIC MARKETING GUIDE 2000

# DOMESTIC FURNITURE

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May 2000

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New CBI publication with new format and contents partly replacing CBI market survey “Domestic furniture” (August 1997).

**Photo courtesy:**

*Searce*

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## INTRODUCTION

This Strategic Marketing Guide aims to offer a practical handbook for exporters engaged, or wishing to engage in exporting furniture to the European Union and to facilitate exporters in formulating their own markets and product strategies through the provision of practical information and a methodology of analysis and ready-to-fill-in frameworks. To enter the saturated EU market successfully, it is extremely important to have a clear marketing strategy for a particular target market, based on the latest market developments and trends. Market information on furniture and related products can be found in the following CBI market surveys:

- Domestic furniture
- Garden articles
- Timber and timber products

The guide focuses on domestic furniture and mainly covers those product groups, which offer the best opportunities to exporters from developing countries. These products are: *bedroom, dining and living room furniture, rattan furniture, other furniture* (cupboards, bookcases, wall units etc) and *furniture parts*. In 1998, these segments together accounted for more than half of EU furniture consumption and provided the largest potential to exporters from developing countries. Compared to other furniture items (e.g. upholstered seating and kitchen furniture), the distribution structure of these product groups is rather simple; retail outlets generally sell a complete range, which is often purchased by the same buyers.

It is of vital importance that exporters comply to the requirements of the EU market in terms of product quality, packaging, labelling and environmental standards. These items and other issues, which seriously have to be taken into account when entering the EU market, are covered in the following Chapter 1.

# 1 DOING BUSINESS IN THE EU: REQUIREMENTS FOR ACCESS

## 1.1 Quality and grading standards

Although buyers are always looking for new and better lines of merchandise, they tend to stay with their established suppliers. Exporters must prove that their company and products are absolutely reliable before buyers will consider them as new suppliers. The strong local manufacturing industry in the EU produces furniture of excellent quality and the standards demanded by trade buyers are similarly high. Buyers check whether the product adheres to international standards or to the standards in their own country. Contrary to the many international safety and environmental regulations which apply to imported furniture (especially institutional or office furniture), there is no official quality standard for domestic furniture laid down by law in the EU. However, there is a committee, CEN (European Committee for Standardisation), which has published voluntary quality standards for some furniture items, which will in the future become official EU standards.

### EU quality standards - CEN

The objective of the EU harmonisation committee CEN/TC 207 is to prepare European standards for furniture, in which terminology, safety and health-related aspects, test methods and dimensional co-ordination are the key issues. Standards for 30 different furniture items were published in 1998.

The commission has appointed working groups, whose task (until 2004) is standardisation for specific sub-sectors of the furniture industry and the formulation of EU standards. The seven main CEN working groups occupied with standardisation are concerned with:

- Tables and chairs
- Storage and cabinet furniture
- Children's and nursery furniture
- Beds and mattresses (including folding beds)
- Upholstered furniture
- Kitchen furniture
- Office furniture

The CEN/CENELEC European mark, known as the *Keymark*, is a voluntary certification mark which indicates that the product has met the relevant requirements of the CEN/CENELEC standards. Participation in the keymark scheme means that a sample product will be tested by an independent third party.

The establishment of a keymark is an important attempt at harmonisation, reducing the confusion which now exists between standards and public and private labels. There are currently many private or semi-official labels for furniture, all of which have different requirements. The establishment of a keymark for furniture, which is connected to CEN and also used in other sectors, may

gradually reduce the use of other criteria and lead to a reduction in the number of existing labels. The disadvantage of this is that the keymark belongs to CEN and royalties must be paid. This is currently being discussed at the UEA (European Furniture Manufacturers Federation). An overview of CEN standards can be found on the Internet sites of UEA and the CEN. The addresses can be found in Appendix 2 of the CBI EU market survey 'Domestic furniture'.

### National quality standards

Most CEN standards are based on an amalgamation of existing national standards and on standards issued by the International Organisation for Standardisation (ISO). However, national quality standards and test methods still apply in many instances. For example, some countries, such as United Kingdom, Ireland and Sweden, already legally require compliance with flame retardancy tests for upholstered furniture (the 'smouldering cigarette' and the 'burning match' test) and France has a similar law. The UK standard organisation FIRA has an Internet site with an overview of standards for 40 different furniture items; the address is given in Appendix 2 (CBI EU market survey 'Domestic furniture').

### Safety standards

There is an EU standard (Directive 92/59/EC) for general product safety, which requires that all consumer goods must bear a safety guarantee. For all items of furniture, safety is the most important requirement and legislation is in force at both EU and individual national level to ensure that no unsafe products are offered for sale to consumers. Where specific directives are in force the product must carry the 'CE' identifying mark. This stands for *Conformité Européenne* and indicates that the product complies with set requirements for safety, health, environment and consumer protection.

The directives apply to products manufactured both within and outside the EU. As yet, there are no particular directives for domestic furniture, although there are plans for a directive for upholstered seating. The general directive defines a 'safe product' as a product which, when normally and reasonably used during anticipated conditions and period of time, poses no risk. There are limited risks when using any product and so the following aspects should be taken into consideration:

- *The characteristics of the product*
- *The effect of this on other products*
- *The way in which the product is offered*
- *The categories of consumer.*

A manufacturer/exporter, or his representative/importer in the EU, can in most cases be held liable for compensation for damage to persons and property caused by a product which turns out to be not as safe as expected. Financial compensation can be demanded for incidental suffering incurred. The directive therefore obliges both manufacturers and distributors to monitor the safety of products. As the importer will be regarded as the supplier within the EU, he will require a contract with the exporter to cover his exposure to all possible risks caused by the non-safety of the products supplied.

#### After-sales service

Furniture items from developing countries are mainly destined for the low-cost market segment. A constraint for dealing in the higher quality product ranges may be the guarantee conditions laid down by producers and retailers. If something is wrong with a high value piece of furniture (e.g. upholstered furniture), it is generally too costly for the retailer to give a replacement piece, so the furniture exporter must be physically able to handle this situation quickly and efficiently.

#### Furniture sizes

The dimensions for domestic furniture vary considerably from country to country within the EU. In general, furniture sizes are smaller than those typically sold in the USA, where homes and individual rooms tend to be bigger than their European equivalents. Northern Europeans tend to be taller than southern Europeans and so require larger furniture. Exporters in developing countries should always check the exact requirements for the destination market with their (prospective) importers, who will be able to specify the most suitable dimensions for their target customer group.

As an example, the following list indicates the most commonly available sizes on the Dutch market:

<b>Typical furniture dimensions in The Netherlands</b>		
<i>Item</i>	<i>Feature</i>	<i>Dimensions / cms</i>
<b>Couches/lounge chairs</b>	Seat height from ground	32-45
	Seat depth	40-55
	Total depth: chair	80-100
	Width: one seater	80-110
	Width: two seater	160-210
	Width: three seater	200-230
<b>Dining room chairs</b>	Seat height from ground	43-47
<b>Dining tables</b>	Height	72-76
	Round table diameter	105-130
	Square table diameter	80-120
	Rectangular/oval table, width	80-95
	Rectangular/oval table, length	140-230
	Width insert leaves	40-50
<b>Occasional tables</b>	Height	35-60
	Round table diameter	40-100
	Square table diameter	60-100
	Rectangular table diameter	60-75 x 115-145
<b>Bookcase, wall unit</b>	Total height	180-215
	Depth	35-50
	Width per unit	60-90
	Height per unit	40-120
<b>Beds</b>	Single bed diameter	80-90 x 200-220
	Double bed diameter	140-200 x 200-220
	Couch bed (convertible) diameter	120-140 x 200
	Couch bed seat height	40-47
<b>Wardrobes</b>	Height	180-235
	Width of units	40-60-80-100-120
	Depth	55-60

### **Furniture from developing countries**

The furniture sector in industrialised countries is generally characterised by the availability of good quality raw materials, low production costs and a flexible labour force. In developing countries, the furniture industry is labour intensive and, despite having a long tradition in woodworking and furniture manufacturing, it is still rather backward technologically and little innovation takes place.

This lower technological level often means that manufacturers have difficulty drying the wood adequately and are unable to supply furniture of a constant quality, size and finish. The finish of furniture items is extremely important, as it is the first impression given to importers and consumers. For RTA furniture, it is important to supply the correct fittings.

### **Design**

Exporters from developing countries need to be aware of the design function of their furniture, which can be based on the latest trends or on interest from a particular consumer target group. In new designs the basic considerations are: product and production efficiency, ergonomics, safety and quality standards, logistics, environment, recycling and product profitability. Before introducing the new product, it is worthwhile to consider registering its design in order to prevent competitors' copying the product, which often happens in the furniture industry. More information on registration of designs and brands in the EU, is given on the Internet site of Dutch design and brand registration office (Nederlands Octrooibureau); the address is given in Appendix 8 of the CBI EU market survey 'Domestic furniture'.

Exporters can also work to designs, which are specified by importers or retailers. It is less risky for new exporters to the EU to work this way. Contemporary style furniture items designed by exporters are particularly risky because they may quickly be outdated owing to changes in trends. It also happens that their designs do not exactly match to the European designs.

But even if the design is specified by the customer, other product-related design aspects regarding health, safety, materials and on fittings must also meet the market requirements. With regard to RTA furniture, the assembly instructions must be given clearly, using pictograms and avoiding written text as much as possible.

### **1.2 Packaging, marking and labelling**

Deliveries from developing countries generally have a long distance to go before reaching their destination, therefore it is very important that close attention is paid to seaworthy and solid packaging. Furniture items can easily be damaged in transit by dampness or mishandling and must therefore be packed carefully and securely. In the case of RTA furniture, the packaging is extremely important because large quantities are usually involved

and buyers want to be able to transfer goods from the port of destination straight into their retail outlet. In most cases, there should be no need for buyers to repair or, even worse, to change the factory packing. On the other hand, rattan furniture only needs to be wrapped in corrugated paper at the corners or in damp-proof wrapping.

It is very important to be aware that requirements vary from country to country. Information on the exact packaging needs can be obtained directly from the prospective importer or buyer.

### **EU standards for packaging**

To harmonise the different forms of legislation on packaging and packaging waste in EU countries, the EU has issued the directive 94/62/EC, which regulates minimum standards. With effect from July 1, 2001, these minimum standards will require a recovery quota of 50-65 percent for packaging materials brought into the market and will regulate the presence of four heavy metals (mercury, lead, cadmium and hexavalent chromium). EU countries have a certain freedom in how to comply with the recovery rate but at least 25-45 percent of the material brought on to the market must be recycled, with a minimum of 15 percent for each material. The maximum available sum of concentrations of lead, mercury and hexvalent chromium in packaging is:

- 600 ppm, after June 30, 1998  
(ppm = parts per million);
- 250 ppm, after June 30, 1999;
- 100 ppm, after June 30, 2001.

These standards have been implemented by EU countries since 1996 and are now in force in most of them. Each country reserves the right to apply additional standards, as long as these do not hamper trade between countries.

#### ***In general, an exporter can make his contribution by taking the following precautions:***

- take care that the amount of packing (transport packaging) is limited and, wherever possible, materials are both the same kind and re-usable or recyclable;
- try to combine products to make larger shipments, instead of frequently shipping small quantities;
- try to develop re-usable and multi-functional wrappings with, for example, snap fasteners so that the same wrapping can be used again for (domestic) packaging purposes;
- try to reduce the presence of noxious and other hazardous substances in emissions and keep ash or leachate to a minimum.

The industry must avoid multi-packaging and over-packaging and try to replace materials and combinations of materials which cannot be recycled. In the case

of excessive packaging waste, the manufacturers are generally held responsible. In the EU various systems have been established, which aim to reduce the waste resulting from over-packaging in the furniture distribution chain (from manufacturer to retailer).

The so-called 'green dot' (Grüne Punkt) systems introduced by Germany, Belgium, Austria and France, are strategies which legally compel all organisations to take effective measures for the recycling and waste reduction of packaging.

In The Netherlands a 'Convenant'-system has been established, which is an agreement between representatives of the furniture industry and the relevant government ministries on how to reduce packaging waste.

On December 15, 1997, a new packaging Convenant II was agreed between the Government (Ministry of VROM) and Dutch industry, organised by the SVM (Dutch Foundation for Packaging and Environment). The addresses of both organisations are given in Appendix 8 of the CBI EU market survey 'Domestic furniture'. More information on packaging legislation can be found in CBI's 'Environmental quick scan on furniture'.

### **Export packaging**

Appropriate export packaging must be used to ensure that the product is protected from damage during storage, transport and distribution. The main forms of damage likely to occur to furniture are breaking, bruising, scratching, abrasion, printing (the transfer of markings from a packaging material to a polished finish), soiling and discoloration and moisture, dehydration and temperature damage.

Although many hazardous factors are outside the control of the exporter, it is vital that export packaging is designed so as to protect the furniture product as much as possible. The ITC publication 'Manual on the packaging of furniture' has the following recommendations.

#### ***Key areas for the attention of exporters:***

- Selecting a method of transport and distribution, which involves the minimum possible number of trans-shipments and unloading/reloading operations.
- Using international freight containers, packed if possible on the manufacturing premises and unloaded at the final delivery warehouse, to reduce the number of handling operations.
- Pack design adapted to the dimensions of the container and use of standard-size pallets, especially for heavy solid wooden furniture items and for packs of RTA units, to facilitate handling.

- Appropriate marking on the transport packaging indicating, through internationally recognised symbols, the correct orientation of the package (which way up), the safe stacking height and whether the pack (and the furniture) is strong enough to travel on its side or back to fit more economically into the vehicle or container.
- Factory conditions that minimise the opportunity for damage to the furniture during storage in an unpacked condition, during packaging or during storage in the company's own dispatch warehouse.
- Appropriate handling equipment.
- Warehouse design and upkeep.
- Personnel training.

For further detailed guidelines and recommendations on export packaging for furniture, the ITC can be contacted at the address in Appendix 2 (CBI EU market survey 'Domestic furniture').

### **Marking and labelling**

Transport packages should be marked clearly with the name and address of the exporter and the importer, the country of origin, the port of trans-shipment and information on the contents, so that the importer can identify exactly which batch of product(s) has arrived. The importer will also usually request that the article number is marked on the outside of the packaging, so that the shipment can be distributed without opening the containers. The use of bar codes, which can be read by sensors, is now widespread in European wholesale and retail distribution and this method of marking means that distribution can be performed automatically.

With regard to labelling for retail sales of furniture, there are no legally binding requirements and labels are primarily used as promotional sales tools. However, consumers do expect labelling to provide them with basic information, especially about quality. In several EU countries, standard labelling systems are being introduced by the trade to ensure that consumers are correctly informed. The new labelling code set out by the German furniture trade association DGM requires the following information to be featured on labels:

- product description/name;
- model/type;
- construction/materials used;
- availability of different models;
- type of upholstery;
- care and cleaning advice;
- treatments/tests carried out;
- guarantee.



In The Netherlands, efforts to introduce a standardised product information system for furniture (PIM) have so far been unsuccessful. However, a system specifically for upholstery fabrics called KIM was introduced in 1998. This label provides the consumer with clear technical product information, indicating the suitability of the fabric for its required use. Fabrics are classified into five groups ranging from those suitable for decorative home use to those for heavy contract use. A series of symbols with numbers or letter codes is used indicate the quality.

**Quality of the fabric of upholstered furniture is indicated in terms of:**

- wear and tear (tested according to the Martindale test)
- colour fastness (tested according to ISO norm 105 X12)
- light fastness (tested by the internationally recognised xenon light test)
- flammability (tested according to the British standard BS 5852)
- factors like dirt resistance, washability, pilling, tear resistance
- environmental friendliness (according to the Oekotex standard 100)

As an extension of the certification *Keymark* (see section 1.1) at EU level, common standards and labelling procedures for the upholstery industry and trade will be introduced in 2000. The existence of such labelling systems in EU markets means that it is very important that suppliers make full and detailed information of the furniture they are selling available to their EU importers.

Labelling which clearly indicates the environmental friendliness of individual products is of growing importance in some EU markets. Information on EU hallmarks for environmentally sound products, known as Eco-labels, is given in the following section 1.3.

### 1.3 Trade-related environmental measures

It is of the utmost importance that producers of furniture are aware of environmental factors and take these into consideration when exporting their products to countries in Europe. Awareness of environmental problems has increased considerably and in recent years, ‘the environment’ has become an important issue in international trade because of environmental and health legislation, as well as market forces.

#### Environmental standards

Relevant environmental legislation, with which exporters and producers of furniture from developing countries must comply, includes legislation on cadmium, the use of certain substances in upholstery, the use of foaming agents for seatings and fillings and the use of endangered wood species as a raw material. The table below gives an overview of environmental legislation in The Netherlands, France and the EU level. Although most legal requirements pertain in all EU member states, it is important to check for the existence of additional relevant legislation in each country.

Most of the legislation mentioned is directly applicable to foreign firms supplying products to an EU country, for instance through their own foreign sales outlet. However, products are often put on the market indirectly, through importers. In most cases, this makes the importer responsible for the product. Importers might therefore encourage or even force their overseas suppliers to meet certain environmental standards. Legally binding guarantees are sometimes required by importers. Yet, even without the pressure of an importer, sensible marketing requires taking into consideration the legal risks for the importer.

Overview of direct legislation, relevant to furniture			
	European Union	France	The Netherlands
<b>Cadmium</b>	100 ppm	100 ppm	50 ppm
<b>Pentachlorophenol (PCP)</b>	1000 ppm	1000 ppm	5 ppm
<b>Asbestos</b>	Prohibition	Prohibition	Prohibition
<b>Ozone depleating chemicals</b>	Prohibition (CFCs)	Prohibition (CFCs)	Prohibition (CFCs)
	Prohibition in 2015 (HCFCs)	Prohibition in 2015 (HCFCs)	Prohibition in 2015 (HCFCs)
<b>Polychlorinated Biphenyls (PCB) and Terphenyls (PCT)</b>	Prohibition	Prohibition	Prohibition
<b>Endangered wood species</b>	Specific legislation	Specific legislation	Specific legislation

### Instruments for sustainability

In addition to obligatory environmental legislation, there are other developments in environmental policy which are important to exporters in developing countries. The awareness of environmental problems has increased considerably. There is environmental and health legislation in most countries and environmental policy is increasingly being executed through market forces. Some examples of such developments are:

- Preference of private consumers and public institutions such as government organizations for buying environmentally sound products. The latter is especially valid for furniture.
- The introduction of a (certified) environmental management system (for instance according to the international standard ISO 14001).
- The Green Generalised System of Preferences (GSP) in which current EU import tariffs may be reduced for 'environmentally sound' furniture.
- Waste management policy, such as the stimulation of recycling and re-use possibilities and the raising of the costs for the incineration and dumping of waste.
- Public awareness of fair trade and labour conditions.

Note that, in contrast to the environmental legislation on products, exporters do not have to comply with the requirements of these voluntary instruments. Yet, if they do, they have the benefit of a potential marketing tool for their European export market.

### Environmental labels - FSC certification

At the moment, one of the most important issues in the international trade of timber products, and therefore, of some types of furniture, is the *origin of the timber*. Wood products or logs originating from unsustainably managed forests will increasingly encounter difficulties on the EU market. The import of these products is not ruled out by legislation, but attempts to stimulate consumers not to buy them may have an effect similar to a ban.

Use of certified timber as raw material would appear to be one of the better approaches. A timber certificate can be seen as a 'proof of good conduct' for forest management. The most recognised internationally timber certificate is issued by the Forest Stewardship Council (FSC). An FSC certificate not only validates 'good forest management' (a clause to be met when applying for a duty reduction in the 'green' GSP-system) but also guarantees that in the full chain of custody of the timber (from the forest all the way to its final stage - the finished piece of furniture as it is sold in Europe) the timber has not been mixed with 'unsustainably produced' timber.



FSC has the support of a large and growing number of companies, who have united themselves in various countries into 'buyers groups'. The members of such buyers groups have committed themselves to selling only independently certified timber and timber products within 3 - 5 years. The FSC labelling scheme is the preferred scheme for buyers groups in the UK, The Netherlands, Belgium, Austria, Switzerland, Germany, Brazil, USA and Japan. In February 1999, FSC issued a document in which it resolves to designate the following countries as *focus countries*: Brazil, Bolivia, Cameroon, Canada, Finland, Germany, Indonesia, Japan, Malaysia, Mexico, Russia, Sweden, UK and USA.

More detailed information can be found on the Internet site of the Forest Stewardship Council, address see Appendix 2 (CBI EU market survey 'Domestic furniture'). In The Netherlands, the 'Stichting Milieudefensie' (Dutch Foundation for protection of tropical timber) can be contacted; address see Appendix 8 (CBI EU market survey 'Domestic furniture').

### Eco-labels

In Europe, some 'green' marketing labels (for products) and environmental management standards (for the whole organisation) have been created both by governments and by private parties. Eco-labelling assists consumers in identifying the more environmentally sound products. Currently, three eco-labels exist in The Netherlands which are of interest to manufacturers of furniture. 'Stichting Milieukeur' (the Dutch Ecolabelling Foundation) can be contacted for more information, address see Appendix 8 (CBI EU market survey 'Domestic furniture'). No relevant eco-labels exist yet in France, Germany or at EU level.



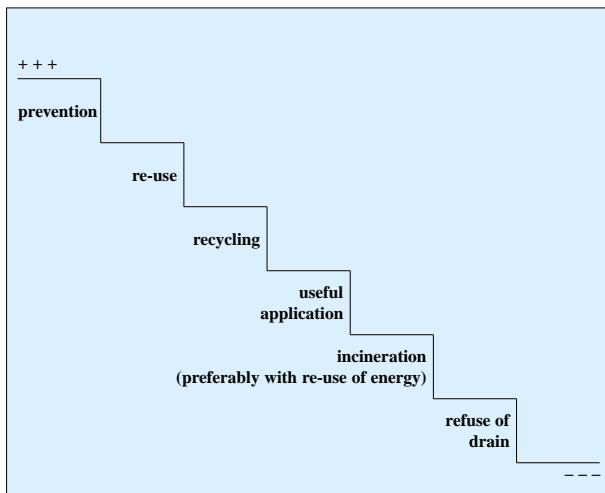
### Other environmental instruments for furniture

Apart from timber certification and eco-labelling, one other instrument influencing the sales of furniture may be of importance to manufacturers in developing countries: the presence of potentially problematic substances in furniture. In particular, the presence of certain azo- or heavy metal-based colouring agents and wood preservatives can be considered a long-term threat to the marketing potential of a product. These presence of all these substances in products sold in Europe is likely to be prohibited in the future. Other potentially problematic substances include volatile organic compounds (VOCs), certain flame retardants and PVC. Once again, a pro-active attitude towards such threats (i.e. actively looking for alternatives before the issue becomes a major subject of legislation or public attention) is probably the best approach.

## Cleaner production

In general, there is a growing concern about the local environmental impact of production processes, such as the use of chemicals and the disposal of end-of-life products. For The Netherlands, the policy on prevention waste and emissions is visualised by means of a staircase. The following figure shows this staircase of preferences for avoiding environmental pollution.

### The Dutch staircase of preferences for the avoidance of environmental pollution



Some options for the prevention of emissions and waste are (in descending order of priority):

- Source-oriented methods, for instance ‘good house-keeping’, substitution of hazardous compounds and process optimisation.
- End-of-pipe-techniques, for instance waste-water treatment and air-stream filtering.
- Waste-management, for instance recycling and re-use.

### Information

For detailed and up-to-date information about environmental issues on furniture, please refer to the Internet site of GreenBuss®, CBI’s on-line database for Environment, Trade and Technology, which can be found through the CBI Internet site at: <http://www.cbi.nl/greenbuss>. Up-to-date information can be found at the UEA Internet site at: <http://www.ueanet.com>.

CBI has also published an ‘Environmental Quick Scan’ for furniture, which is a comprehensive guide to trade-related environmental issues. Its purpose is to inform individual companies about relevant environmental standards in trade and to offer them solutions for meeting these standards. This quick scan covers all materials commonly found in furniture (wood, plastics, metals, textiles, leather, bamboo, rattan) as well as the manufacturing process itself. Furthermore, attention is paid to the (transport) packaging of furniture.

## 1.4 Labour conditions and occupational health

### Child labour in furniture

The use of child labour in the production of furniture and other products is a serious cause of concern in many EU countries. Widespread publicity has raised consumer awareness of the issue and has had a negative impact on sales. For example, IKEA in The Netherlands received negative publicity when it became clear that child labour was used in one of their Indian factories and this seriously harmed their image among loyal Dutch customers.

There is growing concern among buyers of furniture about the use of child labour in the factories of new suppliers. Exporters who can guarantee and prove that their products are made without child labour will not only have a competitive advantage over other products, but will also have a much better chance of establishing a long term business relationship. In addition, the EU has added a ‘social clause’ to the Generalised System of Preferences (GSP), which allows for special import tariff reductions for products that are produced in a humane way.

It should, however, be noted that producers and exporters in developing countries can never be subject to EU legislation regarding labour conditions. Companies in developing countries only have to comply with legislation in the ‘home’ country. However, social issues are becoming increasingly important. As in other industrial sectors, furniture trade associations in some EU countries are currently exploring the possibilities of developing a model code of ethical conduct for the production of all furniture items.

### Occupational health in the furniture industry

A number of operations are performed in the process of manufacturing furniture. Woodworking (dust and noise), leather treatment, welding, painting, textile printing etc., may all present risks for the workers’ safety and health in the workplace. Manufacturers can take preventive measures in the following areas:



<b>Physical straining</b>	→	To prevent injuries, use lifting aids, adjustable worktables and support tables.
<b>Safety</b>	→	Use safe sawing and cutting equipment and provide tight-fitting clothes.
<b>Chemical safety</b>	→	Employees should be protected from wood dust, heat and spray paint.
<b>Noise and vibrations</b>	→	Consider low-sound versions of machinery; provide ear and nose protection.
<b>Workplace facilities</b>	→	Take care that workspaces and walkways are clean, well-lit and tidy.

Employees should be instructed properly and they should be provided tight-fitting clothes and special protective wear. Further information on labour conditions can be found in the CBI 'Environmental Quick Scan' and at the International Labour Organisation, which is the UN organisation dealing with all aspects of work; the address can be found in Appendix 8 (CBI EU market survey 'Domestic furniture').

### 1.5 Tariffs and quotas

Import duties for furniture products range from 0 to 5.6 percent. The global furniture trade is rather liberal and therefore most items are free from duties. Import duties are only payable on parts, seats/furniture of cane, osier, bamboo and kitchen furniture. Import duties are required, as shown in table 1.1.

on furniture items and a permanent reduction is being considered. In addition, a Movement Certificate EUR 1 is required to show where the products have been produced (the country of origin). Most imported goods are subject to an 'ad valorem' duty, which means that the duties are levied as a percentage of their value.

There are no quantitative restrictions for imports of furniture. However, as a result of the EU Council regulation No 194/1999 of January 25, 1999, anti-dumping duties have been imposed on hardboard coming from Eastern European countries (Poland, Russia, Bulgaria, Estonia, Latvia and Lithuania). More detailed information on this issue can be found at the CBI trade documentation centre.

**Table 1.1 EU import duties for selected furniture items (in per cent of the CIF value)**

HS Code	Product description	General tariff	GSP tariff
<b>9401</b>	<b><u>Chairs and other seats</u></b>		
5000	Seats of cane, osier, bamboo etc.	5.6	0
9030	Parts of other seats, wood	2.7	0
9080	Parts of other seats, other material	2.7	0
<b>9403</b>	<b><u>Other furniture</u></b>		
4010	Kitchen furniture, built-in, wood	2.7	0
4090	Kitchen furniture, other, wood	2.7	0
8000	Furniture of cane, osier, bamboo etc.	5.6	0
9010	Parts of furniture, metal, excluding seats	2.7	0
9030	Parts of furniture, wood, excluding seats	2.7	0
9090	Other parts of furniture, excluding seats	2.7	0

*Note: Value Added Tax (VAT) for all furniture between 13% and 20% (to be checked by EU country)*

Source: Belastingdienst Douane (2000)

If there is no special trade agreement in force between countries, the general import tariffs apply. For developing countries, some kind of preferential trade agreement is established where import tariffs for furniture are reduced under the Generalised System of Preferences (GSP) or the Lomé Convention for the ACP countries (Africa, Caribbean and Pacific). The GSP does not apply to countries which produce furniture in large quantities, like Indonesia and China.

At present showing the Customs Authority Certificate of Origin ('form A') can reduce the import duty payable

Up-to-date information on import tariffs and an updated list of least developed countries, can be obtained from the Customs authorities in Rotterdam, The Netherlands. Information can be also obtained by telephone in The Netherlands and from abroad. The relevant information numbers are given in Appendix 8 of the CBI EU market survey 'Domestic furniture'. The HS code of the product concerned must be always mentioned; a detailed list of HS codes can be found in chapter 1.2 of the CBI EU market survey 'Domestic furniture'. Other information sources are the European Commission, branch organisations and importers.

## 1.6 Terms of the trade

### 1.6.1 The contract

Differing customs, habits and traditions can cause problems in business relationships, even after both partners have carried out sound preliminary investigations.

A contract is not necessarily a document. If two parties agree on something verbally, this verbal agreement is a contract according to most European laws. Since it is difficult, in the case of a verbal contract, to prove that something in particular has been agreed upon, the agreement should always be confirmed in writing.

#### Details to be mentioned in a contract

1. The contract parties: the seller, the buyer, the broker and/or buying/selling agent, with all names and addresses correctly spelled.
2. The product, price and quality of the product must be sufficiently specified, so that no misunderstandings can arise.
3. The total order value of the furniture items sold per year must be mentioned.
4. The delivery terms are mentioned according to the description of the Incoterms 2000. (available at the International Chamber of Commerce).
5. The payment terms are to be spelled out in detail.
6. The delivery time is a vital piece of information on which the seller and the buyer will have to agree.
7. Packaging details, including measurements and weights.
8. If one of the parties has negotiated special conditions, this is to be mentioned in the contract.
9. What will be done if the two parties disagree with each other? To which arbitration court/-district they will go?
10. The termination of the contract (when, why and how) should be mentioned.

A contract is of importance if there is a disagreement.

A dispute may arise for example because:

- the buyer is of the opinion that the furniture is delivered late;
- the agreed quality level has not been met;
- the seller is of the opinion that the buyer does not live up to his financial commitments.

Failure to deliver on time is likely to be subject to penalties. Exporters should be absolutely sure they can meet delivery dates without delays, before they enter into a contract. Trading relations between exporter and importer are based on trust, and they can only be built up by meeting the high expectations of the importer.

The handling of a contract is briefly explained in section 2.3.4.

### 1.6.2 Payment methods and delivery terms

In the furniture trade, the payment method chosen will depend on negotiations between buyer and seller in which both will try to achieve the best conditions for themselves. In general, this means that exporters prefer to be paid before shipment of the goods (by confirmed irrevocable letter of credit at sight), while buyers prefer to pay as late as possible, after arrival, inspection or even sale of the goods.

#### Common methods of payment

##### *Letter of credit (LC)*

The irrevocable LC is very often used at the beginning of a business relationship when the importer and exporter do not yet know each other very well. The LC is irrevocable and will always be paid. The costs, namely five pro mille, are higher than the D/P method. This method is widely used in the EU when dealing with exporters from outside Europe.

##### *Red clause or down payment*

Here the importer or buyer orders the goods and pays 50 percent of the invoice in advance (instead of a LC). The remaining 50 per cent is paid after the goods have been loaded for shipment.

##### *Clean payment*

This is the most common method within the EU. The basic condition here is that both parties know each other well. The process is fast and reliable, depending on the credit worthiness of the importer. The bank carries out the transactions through swift electronic data system and the transfer costs are not very high.

##### *Documents against payment (D/P)*

Also known as cash against documents (CAD). The buyer takes possession of the goods only after payment. Although this method is not very popular, it is very safe and the costs are about one pro mille.

##### *Bank guarantee*

The buyer's bank will present a bank guarantee for the amount of the invoice.

##### *Cheques*

Bank guaranteed cheques are generally no problem, though cashing them may take some time, up to six weeks. Not all personal cheques are accepted.

A detailed explanation of the payment terms can be found in CBI's manual 'Exporting to the EU', which is available at CBI. When dealing with every (new) supplier, the importer considers very carefully which method of payment should be agreed upon. The same applies to the delivery terms.

### Most common delivery terms

- **FOB** (Free on Board): the buyer arranges for transportation and insurance. FOB must specify the port of departure.
- **CFR** (Cost & Freight): the exporter pays the freight, the buyer arranges for the insurance.
- **CIF** (Cost, Insurance & Freight): the exporter pays the freight and the insurance.

### 1.6.3 Business practice

Before making contact with importers, it is advisable for exporters to research the market thoroughly to find out more details of importers and/or other buyers. Prospective exporters to The Netherlands or other EU countries could use the following resources to do their own desk research.

### Resources for your desk research

- Trade promotion organisations in your country, chambers of commerce, embassies and banks;
- Trade magazines, catalogues from mail-order houses and department stores;
- Reports on markets for furniture published by the other (commercial) agencies;
- International Trade Centre (ITC), for address see Appendix 8 CBI EU market survey 'Domestic furniture';
- Import promotion organisations such as CBI to check if export promotion programmes in your field are being organised.

The next step is to select potential trade partners in EU countries. Names and addresses of relevant importers and traders in The Netherlands and the main EU markets can be found in Appendix 10 (CBI EU market survey 'Domestic furniture'). How to identify a suitable trade partner is explained more in detail at section 2.3.2.

### When visiting Europe

- Pay a visit to Europe during the year you are planning to export.
- Inform selected prospective buyers of your intended visit by letter, fax, or e-mail at least four weeks before leaving. This can be accompanied by a trade offer. Giving information to buyers beforehand will increase the chance of making appointments by telephone when in The Netherlands or other EU countries.
- Inform CBI beforehand. Visit CBI to obtain latest information and advice.
- Plan a visit during a period in which a trade fair is being organised somewhere in Europe.
- Visit important shopping centres.

Having followed the steps mentioned above, you can select a number of appropriate prospective buyers for your products and try to make an appointment. Section 2.3.3 explains how to draw up an offer. There are no general guidelines for approaching a buyer, but the following information about business practices in The Netherlands and other EU countries should be helpful.

### *Some important factors to keep in mind when doing business in EU countries:*

- The delivery date of an order is always specified at the time of purchase. Suppliers should be aware that failure to meet the specified delivery will usually result in cancellation of the order.
- Never ship poorer quality goods than those demanded and agreed upon.
- Appointments are carefully planned in diaries, leaving little room for individual discussions on a spontaneous basis (depending on country), so: always make appointments ahead of time.
- Communication and speaking the right language is very important. If you cannot finish something by a deadline, say so early on. Doing your best (though not keeping a deadline) is not enough.
- Answer questions as soon as possible. Telephone and fax are indispensable; telex is hardly used anymore. E-mail and Internet are rapidly gaining popularity.
- People are frequently in meetings and therefore often unavailable.
- Everything is highly planned in detail.
- It takes a considerable time to gain confidence as a new supplier.
- Little business is done in July and August (holidays).
- Women can occupy high executive positions.
- Individual opinion is important. In all instances directness is preferred.
- Buyers often expect from suppliers from developing countries at least the same or even higher quality furniture items than they buy at the moment, but at considerably lower prices. This is especially the case for contemporary style furniture in the low-medium price ranges.

## 1.7 Promotion

Promotional activity is basically carried out by importers and traders. Advertising is done in international trade- and consumer magazines. Detailed information on sales promotion can be found in section 2.3.5.

For the exporter, the emphasis in promotion is personal selling. New contacts can be obtained through:

- international trade fairs (the fairs in Milan, Cologne, and Paris are mentioned most often);
- international furniture conferences;
- documentation sent by manufacturers including photo's and an overview of capabilities;
- international/local trade fairs in Asia;
- recommendation by someone from an importer's network (i.e. embassy);
- Internet sites of furniture trade associations.

### 1.7.1 Trade fairs

Trade fairs for furniture are organised in almost all EU countries. Some of these fairs are internationally orientated, while others are just of national importance. In Italy the Salone International del Mobile is visited by buyers from all over the world. In terms of visitors it is the largest international trade show and sets the trends for fashion in furniture. This fair provides the best opportunities for international orientation on fashion, styles, colours etc. and has around 2,000 exhibitors. The International Furniture Fair in Cologne, with around 3,500 exhibitors is the leading fair in terms of size.

The most important international fairs for furniture in EU countries are shown below. Addresses of the organisers of the most important fairs can be found in Appendix 5 (CBI EU market survey 'domestic furniture').

In The Netherlands, a permanent fair building for furniture has been established in Nieuwegein in the centre of The Netherlands. This 'Home Trade Center' is a national fair, which is not open to foreign participants.

Manufacturers and exporters have their permanent stands in this building. Retailers are welcome every Monday (except during the summer) and special appointments can be made.

Planning the participation in trade fairs can be very difficult, because it is not easy to secure a good location at international furniture trade fairs. The competition for space is fierce and it is difficult to make arrangements with trade fair organisers. Participation costs are high and the waiting lists, especially for newcomers, are rather long. This makes it very difficult for exporters from developing countries, who are new in the market and are unknown to buyers, to make a good start in the EU.

A good alternative to the large fairs, can be the smaller national fairs, which are often internationally oriented. Participation costs for these are lower and the chances of obtaining good location are much better.

### 1.7.2 Trade press

There are many national periodicals giving information about home interiors, furniture trade and the national production of furniture, some of which are circulated internationally. However, most of these periodicals are only in the national language, without a translation into English. On the other hand, they give a lot of visual and valuable information about home interiors in the different EU markets and on materials, designs, colours, styles and fashion. World Furniture International Market Review and German and Italian periodicals are the most internationally orientated sources of information.

Trade fair	Location	Date	Visitors
International Furniture Fair	Milan, Italy	April	150,000
International Furniture Fair	Cologne, Germany	January	80,000
Salon du Meuble	Paris, France	January	40,000
Scandinavian Furniture Fair	Copenhagen, Denmark	April/May	10,000
Salon International du Meuble	Brussels, Belgium	November	10,000
Salon Internacional du Mueble	Valencia, Spain	September/October	20,000
Furniture Show	Birmingham, UK	January	40,000
Casar Mogar	Madrid, Spain	April	10,000
Swedish Furniture Fair	Stockholm, Sweden	February	8,000
International Furniture Fair	Utrecht, Netherlands	September	6,000
Furniture Technologies *	Oxford, UK	September	300

\* Conference

The leading international trade magazines for furniture are listed below.

Title	Frequency	Language	Coverage
<b>World Furniture International</b>	Quarterly	English	Furniture markets and industry in the world.
<b>Möbelmarkt</b>	Monthly	German	German and EU trends in furniture industry.
<b>Eeuwid</b>	Monthly	German	German furniture industry (focuses on production).
<b>Möbel-kultur</b>	Monthly	German	German trends in furniture and trade information.
<b>Le Courrier du Meuble</b>	Weekly	French	French trends in furniture and trade information.
<b>Revue de l' Ameublement</b>	Monthly	French	French and EU trends in furniture industry.
<b>Univers Hebdo</b>	Weekly	French	French and international trends in furniture.
<b>Federmobili</b>	Monthly	Italian	Italian furniture industry and trade information.
<b>Design Diffusion Editioni</b>	Monthly	Italian	Italian and International trends in furniture.
<b>Wonen/CBW</b>	Weekly	Dutch	Dutch trends in furniture and trade information.
<b>Meubel</b>	Weekly	Dutch	Dutch furniture industry and trade information.
<b>Ons Huis</b>	Monthly	Dutch	Dutch and international trends in furniture.
<b>ASEMCOM</b>	Bi-monthly	Spanish	Spanish furniture industry.
<b>El Mobiliario</b>	Bi-monthly	Spanish	Spanish trends in furniture and trade information.
<b>Cabinet Maker</b>	Weekly	English	UK and international furniture industry.
<b>Furniture&amp;Furnishing Industry</b>	Monthly	English	UK furniture and furnishing trends.

The Italian and the German magazines give information not only on furniture, but also on predicted trends in home interiors for the new season. These periodicals could be of interest to exporters in developing countries for orientation to the market, but not for advertising. In order to keep well up to date, buyers and retailers also read the international trade press.

There are many Internet sites on furniture, most of which are set up by the trade associations. These sites give the latest information on the European or world-wide furniture sector in terms of new products, quality standards, production, trade statistics, market information and links to other interesting sites. Most sites are written in English and they also offer the opportunity to get in contact with trade partners.

Useful Internet sites are: → <http://www.ueanet.com>  
 → <http://www.csilmilano.com>  
 → <http://www.furnitureweb.com>  
 → <http://www.furnitureuk.co.uk>  
 → <http://www.spainindustry.com>

More explanation on these sites can be found in Appendix 11 (CBI EU market survey 'Domestic furniture').

### 1.7.3 Assistance with market entry

Before approaching organisations abroad, it is recommended that potential exporters check with the local trade promotion organisations, Chambers of Commerce and foreign representatives in their country whether the information required is readily available. There are many organisations in EU countries, which are important in the field of general representation, promotion and public relations activities for exporters from developing countries.

### Import Promotion Organisations:

There are organisations in most EU countries, (for example CBI in The Netherlands) which support imports from developing countries, through a specific export promotion programme. They can provide the following services:

- supplying information about:
  - statistics and publications about the national market
  - regular news bulletin
  - database of importers
  - product market opportunities
- giving individual assistance, such as:
  - management training
  - testing products by display
  - product adaptation services
- establishing contacts by means of:
  - collective trade fair missions
  - selling missions

### Branch organisations:

In most European countries, producers, wholesalers and retailers are organised into branch organisations or trade associations. These organisations can help new exporters to the EU, by supplying information about the market.

For addresses, telephone and fax numbers of Import Promotion Organisations and other organisations, which can be of assistance in entering the European Union market, see list in Appendix 7 (CBI EU market survey 'Domestic furniture').

## 2 MARKETING GUIDELINES

This section gives guidelines by means of a checklist for furniture manufacturers who are considering exporting furniture to the EU market. These marketing exercises aim to facilitate exporters in formulating their own marketing and product strategy by providing a framework of ready-to-fill-in sample forms.

The Marketing Guidelines consist of three main parts.

- |                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ol style="list-style-type: none"><li><b>1. Product profiles</b> → <b>Focus on product groups with good market potential.</b></li><li><b>2. Market analysis</b> → <b>Identifying the target markets and sales channels.</b></li><li><b>3. Business relations</b> → <b>Establishing relations with business partners.</b></li></ol> |
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### 2.1 Product profiles

This section focuses on a limited selection of furniture items which are relevant for exporters in developing countries and which are promising market segments for them. These products are:

- Dining room furniture (chairs and tables).
- Living room furniture (cocktail-, coffee- and end tables).
- Rattan furniture (seats and other rattan furniture).
- Bedroom furniture (beds, nightstands/tables).
- Cupboards and wardrobes.

A product profile summarises the major points to be taken into account by exporters from developing countries wishing to sell these products in EU markets. Each profile gives the market requirements, market structure and the major supplying countries for the main furniture items sold within that particular segment. Some ideas are given here on how to improve the quality of furniture items.



## PRODUCT PROFILE - DINING ROOM FURNITURE

**1. Product name:** Dining room furniture      Main items: **Dining chairs and tables, made of wood**  
Other items: **Sideboards, buffets and dressers**

### 2. Market requirements:

#### European quality standards:

Voluntary EU quality standards for chairs are laid down in CEN/TC publications EN 1022, EN 1187 and EN 1728.

#### Average sizes:

Chairs - 43-47 cm (seat height from the ground)  
Tables - height 72-76 cm;  
    round table diameter 105-130 cm;  
    square table diameter 80-120 cm,  
    rectangular oval table width 80-95 cm,  
    length 140-230 cm;  
    width of insert leaves 40-50 cm.

#### Minimum labelling:

- product description/name;
- model/type;
- construction/materials used;
- guarantee.

#### Packaging:

##### *Chairs:*

Stacked in pairs, seat to seat and packed with a spacer pad with a protection at the back. The chair seats need protection by a piece of corrugated fibreboard, placed over the seat.

##### *Tables:*

Prevent damage to the legs by use of a base frame (of waste timber or plywood). Cover the legs by cushioning material (crêpe-paper, polyethylene foam or bubble film). Table surface should be completely overwrapped with protective material along the edges.

#### Import regulation

(besides the general information stated in Section 1.5):

Tables and chairs are free from duties.

Relevant import documents:

- AWB or Bill of Loading;
- Proforma invoice;
- EUR 1 form for ACP countries;
- FORM A for other countries.

### 3. Market structure:

#### Average prices: (retail)

Chairs - simple type US\$ 30-50  
    special type US\$ 50-150  
Tables - simple type US\$ 200  
    luxury type US\$ 1,500  
    (made of cherry, teak etc.)

#### Main markets: The main EU markets are Germany, France,

United Kingdom and The Netherlands. Spain is a fast growing market.

Market trends: There will be more interest in contemporary models and the sale of other special models is expected to increase. In Germany and the United Kingdom more people are merging their living areas (living room and kitchen), which often results in the purchase of new dining sets. Individual lifestyles and the latest trends strongly influence the purchasing of new dining room furniture by young people, and will increasingly affect that of older people too.

More variety in materials (darker types of wood) and designs (ethnic or modern) are in demand. In Germany, there is a growing interest in ethnic furniture and the country style continues to be popular.

The styling of tables is erect and straightforward. Asymmetric shapes and combinations of materials are popular. Wood species like beech, cherry, alder, light oak and teak are increasingly preferred by consumers.

### 4. Main suppliers:

The largest producing countries of dining chairs and tables are Germany and Italy.

The leading non-EU suppliers of dining chairs and tables are: Poland, Indonesia, China and Brazil.

Other suppliers from developing countries include: Malaysia, India, Mexico, Slovenia, Thailand, Vietnam, South Africa, Ghana, Philippines and Egypt.

### 5. How to improve the quality:

Raw material: Only sound kinds of wood, which are well dried, should be used. Visible woods must be free from cracks, spiral growth, blue stain, worm and large tornor black knots (unless knots are used as a design feature). Glutting and bonding must be sufficiently sound to remain stable in normal atmospheric humidity and temperature variations. In the case of self-assembly the material of the fittings should be good quality and be correctly made so that all components match and fit well.

Design: Exporters need to pay more attention to European designs (not USA designs) and to ergonomic conditions. Designers should stay in tune with the changing EU market trends and look for new opportunities in combinations of materials.

Processing: A constant colour stain is a basic requirement for export. A good finish to each furniture item is extremely important to buyers and consumers, but this does depend on the style.

## PRODUCT PROFILE - LIVING ROOM FURNITURE

**1. Product name:** Living room furniture      Main items: **Low tables, coffee tables, end tables**  
Other items: **(Non)-upholstered seating**

### 2. Market requirements:

European quality standards: Voluntary EU quality standards by CEN/TC, but no standards for tables.

Average sizes:

Most tables  
- height 35-60 cm; round table diameter 40-100 cm;  
- square table 60-100 cm;  
- rectangular table 60-75 x 115-145 cm.

Minimum labelling:

- product description/name;
- model/type;
- construction/materials used;
- availability of different models;
- guarantee.

Packaging:

Most tables:  
Prevent damage to the legs by use of a base frame (of waste timber or plywood).  
Cover the legs by cushioning material (crêpe-paper, polyethylene foam or bubble film). Table surface should be completely overwrapped with protective material along the edges. In case of glass panels, these should be placed near the centre of the pack and panels should not reach its edge at any point.

Import regulation (besides the general information stated in Section 1.5):

Tables are free from duties.  
Relevant import documents:  
- AWB or Bill of Loading;  
- Proforma invoice;  
- EUR 1 form for ACP countries;  
- FORM A for other countries.

### 3. Market structure:

Average prices: (retail)

Tables - simple type US\$ 150-250  
- luxury type US\$ 700 and higher  
(made of cherry, oak, teak etc.)

Main markets: The main EU markets are Germany, France, United Kingdom and The Netherlands. Spain is a fast growing market.

Market trends: Contemporary style and special models continue to be popular. Individual lifestyles and the latest trends strongly influence the purchasing of new dining room furniture by young people, and will increasingly affect that of older people too.

More variety in materials (darker types of wood) and designs (ethnic or modern) are in demand. In Germany, there is a growing interest in ethnic furniture and the country style continues to be popular.

Asymmetric shapes and combinations of materials are popular. Wood species like beech, cherry, alder, light oak and teak are increasingly preferred by consumers.

### 4. Main suppliers:

The leading EU suppliers are Germany and Italy, who produce all types and styles of low tables.

The leading non-EU suppliers of dining chairs and tables are: Poland, Indonesia, China and Brazil.

Other suppliers from developing countries include: Malaysia, India, Mexico, Slovenia, Thailand, Vietnam, South Africa, Ghana, Philippines and Egypt.

### 5. How to improve the quality:

Raw material: Only sound kinds of wood, which are well dried, should be used. Visible woods must be free from cracks, spiral growth, blue stain, worm and large tornor black knots (unless knots are used as a design feature). Glutting and bonding must be sufficiently sound to remain stable in normal atmospheric humidity and temperature variations. In the case of self-assembly the material of the fittings should be good quality and be correctly made so that all components match and fit well.

Design: Exporters need to pay more attention to European designs (not USA designs). Designers should stay in tune with the changing EU market trends and look for new opportunities in the combinations of materials.

Processing: A constant colour stain is a basic requirement for export. A good finish to each furniture item is extremely important to buyers and consumers, but this does depend on the style.



## PRODUCT PROFILE - RATTAN FURNITURE

**1. Product name:** Rattan furniture Main items: **Seats (armchairs, chairs, sofas)**  
**Furniture (chests of drawers, sideboards, wardrobes and tables)**

### 2. Market requirements:

European quality standards: Voluntary EU quality standards by CEN/TC, but for tables there are no specific standards.

Average sizes:

Chairs - 43-47 cm (seat height from the ground)  
Couches - 32-45 cm (seat height from the ground);  
seat depth 40-55 cm;  
total depth chair 80-100 cm;  
width 80-110 cm (one seater),  
160-210 cm (two seater),  
200-230 cm (three seater).  
Tables - height 72-76 cm;  
round table diameter 105-130 cm;  
square table diameter 80-120 cm;  
rectangular oval table width 80-95 cm,  
length 140-230 cm,  
width of insert leaves 40-50 cm

Minimum labelling:

- product description/name;
- model/type;
- construction/materials used;
- guarantee.

Packaging:

Wrapping in corrugated paper at the corners or in damp-proof wrapping

Import regulation (besides the general information stated in Section 1.5):

Import duty for all rattan furniture is 5.6%.

General Tariff (GSP) is zero.

Relevant import documents:

- AWB or Bill of Loading;
- Proforma invoice;
- EUR 1 form for ACP countries;
- FORM A for other countries.

### 3. Market structure:

Average prices: (retail)

Chairs - simple type US\$ 30-100  
special type US\$ 150-250

Chest - simple type US\$ 40  
luxury type US\$ 150  
(made of fine rattan, with aluminium)

Main markets: The main EU markets are Germany, France, United Kingdom and The Netherlands. Spain is a fast growing market.

Market trends: Italy's style and design in rattan and the use of fine wickerwork cane of a high quality, particularly in chairs, has created more variety in rattan furniture and appealed to the higher end of the market. Since 1998, the popularity of rattan furniture in dining rooms has slightly fallen. Nonetheless rattan furniture is essential in country or colonial style interiors, and both styles are expected to remain popular in the coming years.

Fine wickerwork rattan is preferred. There will also be demand for rattan or fine wickerwork cane for garden furniture, particularly in southern EU countries.

In recent years, coloured rattan cane furniture has become very fashionable. In addition, a niche market has developed for furniture made of rattan mixed with metal giving a more luxurious, solid look. Combinations of rattan and wood are also increasing in popularity.

### 4. Main suppliers:

Italy, Denmark and Sweden are EU countries, which produce rattan furniture.

The leading supplying country of rattan furniture is Indonesia.

Other important suppliers include: Philippines, Vietnam, Malaysia and Thailand.

### 5. How to improve the quality:

Raw material: There is more demand for rattan made of fine wickerwork cane. A competition for rattan products is "loom" furniture, which is often used in dining and living rooms and which matches well with contemporary and colonial style furniture. Loom furniture (mostly chairs) is made from an iron wire frame and is woven or covered with fibre. It looks similar to fine cane wickerwork, but is stronger and can be painted in different colours. In the case of self-assembly furniture, the material of the fittings should be of a good quality and be correctly made so that all components fit well.

Design: Exporters need to pay more attention to European designs (not USA designs) and to ergonomic conditions. Designers should stay in tune with the changing EU market trends, look for new opportunities in combinations of materials, and come up with novelties.

## PRODUCT PROFILE - BEDROOM FURNITURE

**1. Product name:** Bedroom furniture

Main items: **Beds**

Other items: **Wardrobes, nightstands/tables, desks, seats convertible into beds**

### 2. Market requirements:

European quality standards: Voluntary EU quality standards for chairs are laid down in CEN/TC publications EN 747 (bunk beds), EN 1334 and EN 1725. Safety regulations are laid down in Directive 92/59/EC.

Average sizes:

Single bed - 80-90 x 200-220 cm

Double bed - 140-180 x 200-220 cm

Couch bed - 120-140 x 200 cm  
(seat, convertible into bed)

Wardrobe - 180-235 cm (height),  
55-60 cm (depth),  
from 40 - 120cm (width)

Minimum labelling:

- product description/name;
- model/type;
- construction/materials used;
- availability of different models;
- guarantee.

Packaging:

*Beds:* overwrap with protective material along the edges.

*Wardrobes:* glass panels should be placed near the centre of the pack.

*RTA:* components should not move within the pack. Shrink-wrap together and the use of a 2-piece tray-and lid pack as an outer case is recommended.

Import regulation (besides the general information stated in Section 1.5):

All bedroom furniture is free from duties.

Relevant import documents:

- AWB or Bill of Lading;
- Proforma invoice;
- EUR 1 form for ACP countries;
- FORM A for other countries.

### 3. Market structure:

Average prices: (retail)

Beds: - simple type US\$ 250- 400

special type US\$ 400 and higher

Wardrobes: - US\$ 200-350

Main markets: The main EU markets are Germany, France, United Kingdom and The Netherlands. Spain is a fast growing market.

Market trends: In middle and northern EU countries, bedrooms are now also used as places for a new range of activities. This has resulted in an increase in demand for multi purpose and adjustable beds as well as for incidental furniture (occasional tables, drawer sets, modular desks/shelving, cupboards, chairs).

Wood and MDF are the most frequently used raw materials in the manufacture of beds. Modern design metal beds and classic style metal or iron beds are becoming more popular. Birch, ash and warmer wood colours like cherry are gaining interest, while combinations of woods such as pine or rattan with wrought iron, or natural main colours with accent colours for detail, and the use of accessories to achieve the desired ambience are all important trends.

In general, comfort and functionality, combined with romantic elements, are the key influences on the bedroom segment at present. Strong niche segments are: bedroom furniture for older people, flexible (co-ordinated) furniture for baby, kids' and teenagers' rooms with big emphasis on colour and imaginative decoration themes. Consumers buy a significant proportion of bedroom furniture as RTA.

### 4. Main suppliers:

Germany and Italy are the main EU countries, which produce bedroom furniture.

The leading non-EU suppliers are: Poland, Czech Republic, China, Brazil, Malaysia and Taiwan.

### 5. How to improve the quality:

Raw material: Only sound kinds of wood, which are well dried, should be used. Visible wood must be free from cracks, spiral growth, blue stain, worm and large torn or black knots (unless knots are used as a design feature). Glutting and bonding must be sufficiently sound to remain stable in normal atmospheric humidity and temperature variations. In the case of self-assembly furniture, the material of the fittings should be good quality and be correctly made so that all components fit well.

Design: Exporters need to pay more attention to European designs (not USA designs) and to ergonomic conditions. Designers should stay in tune with the changing EU market trends and look for new opportunities in combinations of materials or in carvings or hand paintings from their own country.

Processing: A good finish to each furniture item is extremely important to buyers and consumers.

## PRODUCT PROFILE - CUPBOARDS

**1. Product name:** Cupboards      Main items: **Cupboards**

### 2. Market requirements:

European quality standards: Voluntary EU quality standards for storage furniture are laid down in the CEN/TC publication EN 1727.

Minimum labelling:

- product description/name;
- model/type;
- construction/materials used;
- availability of different models;
- care and cleaning advice;
- treatment/tests carried out;
- guarantee.

Packaging:

*Cupboards:* handles and knobs should be reversed. Glass panels to be placed near the centre of the pack. Cornices to be protected with fibreboard, channel sections and corner pieces.

*RTA:* components should not move within the pack. Shrink-wrap together and the use of a 2-piece tray-and lid pack as an outer case is recommended.

Import regulation (besides the general information stated in Section 1.5):

Cupboards are free from duties

Relevant import documents:

- AWB or Bill of Loading;
- Proforma invoice;
- EUR 1 form for ACP countries;
- FORM A for other countries.

### 3. Market structure:

Average prices: (retail)

Cupboards: - US\$ 1,000-1,500

Main markets: The main EU markets are Germany, France, United Kingdom and Italy. Spain is a fast growing market.

Market trends: consumers are seeking and buying practical multi functional and good looking furniture and use this equipment in such a way that it does not dominate the ambience of the interior. As with other furniture, there is a general trend to fuller shapes (for corners and the like), lighter materials and open shelves, to prevent these large items of furniture from dominating rooms and to accentuate space and openness.

Wood and MDF are the most frequently used raw materials in the manufacture of cupboards. Lighter woods, like beech, maple and birch, and warm colours such as cherry are popular. There is much use of glass (preferably opaque or frosted, rather than clear and cold) in door fronts and sliding panels. Combinations of metal, wood and glass are also popular.

### 4. Main suppliers:

Germany and Italy are the main EU countries, which produce cupboards.

The leading non-EU suppliers of dining chairs and tables are: Poland, Indonesia, China, Thailand, Vietnam and Brazil.

Other suppliers from developing countries include:

Slovenia, South Africa, India, Mexico, Morocco, Croatia and Swaziland.

### 5. How to improve the quality:

Raw material: Only sound kinds of wood, which are well dried, should be used. Visible wood must be free from cracks, spiral growth, blue stain, worm and large tornor black knots (unless knots are used as a design feature). Glueing and bonding must be sufficiently sound to remain stable in normal atmospheric humidity and temperature variations. In the case of self-assembly the material of the fittings should be good quality and be correctly made so that all components fit well.

Design: Exporters need to pay more attention to European designs (not USA designs). Designers should stay in tune with the changing EU market trends and look for new opportunities in combinations of materials or in special carvings or hand paintings from their own country.

Processing: A constant colour stain is a basic requirement for export. A good finish to each furniture item is extremely important to buyers and consumers, depending on the style.

## 2.2 Market analysis

The market analysis is made up of four parts:

1. <b>Country evaluation</b>	→	Identify suitable <i>countries and markets</i> for the sale of furniture items.
2. <b>Sales channel assessment</b>	→	Identify <i>requirements of potential sales channels</i> in respect of product standards, logistics and marketing.
3. <b>Company assessment</b>	→	Determine <i>your company's performance</i> in terms of product standards, logistics and marketing.
4. <b>Supply and demand</b>	→	<i>Compare the requirements</i> of these potential outlets for your products with your own company's <i>performance</i> , in order to select the most suitable sales channel(s) to use.

Here, the basic questions for exporters from developing countries are:

- Is there a market for my furniture items?
- Can I reach this prospective market without major problems?
- Can I offer my furniture at an acceptable and competitive price?

### 2.2.1 Country evaluation

The country evaluation provides assistance in identifying the markets in EU countries, which will offer exporters the best opportunities. Each market is evaluated on five criteria:

1. Market potential
3. Product standards
4. Trade situation
5. Export conditions
6. Exporting experience

When making the evaluations by means of the questions in the boxes below, the following should be noted:

- There are three possible answers to each question, to which you can give 1, 2 or 3 points in the column after each question.
- If there is no exact answer to a question, you should always give it 2 points, in order to avoid distortion of the overall results.
- Each evaluation criterion has a sub-total column, where you can fill in the total points. At the end of the box, in the column 'Total evaluation of the individual market', enter the sum of the sub-total columns.
- The total points give a ranking for the markets analysed (top ranking for the country with the highest number of points and so on).
- Finally, the markets can be evaluated either by the rank they have achieved overall or when considered individually, to allow you to assess the opportunities and constraints within each market.

Points	Appraisal
20-32	If there are certain difficulties in trading with these markets or countries, or their attraction rating is under-average, examine individual cases to see whether special circumstances might have a positive effect on trade with some markets or countries.
33-46	If these markets or countries have an average attraction for trade, examine individual low-rating criteria to see whether, in special cases, they might have a decisive influence on building up a trading link.
47-60	If these markets or countries are highly attractive, building up or expanding trade relations appears to be worthwhile.

<i>Subject evaluated</i>				<i>points</i>
<b>1</b>	<b>Market potential</b>			
<b>1.1</b>	<b>What is the estimated market volume for furniture items?</b>			
	large (3 pts.)	average (2 pts.)	small (1 pt.)	---
<b>1.2</b>	<b>How has the market volume developed during the last 3-5 years?</b>			
	grown (3 pts.)	unchanged (2 pts.)	declined (1 pt.)	---
<b>1.3</b>	<b>How has the per capita consumption developed during the last 5 years?</b>			
	grown (3 pts.)	unchanged (2 pts.)	declined (1 pt.)	---
<b>1.4</b>	<b>How have imports of furniture items developed during the last 3-5 years?</b>			
	grown (3 pts.)	unchanged (2 pts.)	declined (1 pt.)	---
Evaluation of potential market		(sub-total)		---
<b>2</b>	<b>Product standards</b>			
<b>2.1</b>	<b>What standards are set for the quality of furniture?</b>			
	low standards (3 pts.)	medium (2 pts.)	high standards (1 pt.)	---
<b>2.2</b>	<b>To what degree are regulations in force?</b>			
	low (3 pts.)	medium (2 pts.)	high (1 pt.)	---
<b>2.3</b>	<b>How high are the standards demanded on packaging methods?</b>			
	low (3 pts.)	medium (2 pts.)	high (1 pt.)	---
<b>2.4</b>	<b>How high is the demand for green (environmentally sound) methods?</b>			
	low (3 pts.)	medium (2 pts.)	high (1 pt.)	---
Evaluation of product standards		(sub-total)		---
<b>3</b>	<b>Trade situation</b>			
<b>3.1</b>	<b>How high is the demand for new suppliers (number of importers)?</b>			
	large (3 pts.)	average (2 pts.)	small (1 pt.)	---
<b>3.2</b>	<b>How many producers (sellers) are there in the country concerned?</b>			
	few (3 pts.)	average (2 pts.)	many (1 pt.)	---
<b>3.3</b>	<b>What is the average price level for the different furniture items?</b>			
	high (3 pts.)	medium (2 pts.)	low (1 pt.)	---
<b>3.4</b>	<b>Is there a clear trade structure allowing for easy identification of trade partners?</b>			
	very clear (3 pts.)	fairly clear (2 pts.)	not clear (1 pt.)	---
Evaluation of trade situation		(sub-total)		---
<b>4</b>	<b>Export conditions</b>			
<b>4.1</b>	<b>Are there import restrictions that limit sales opportunities?</b>			
	none (3 pts.)	few (2 pts.)	many (1 pt.)	---
<b>4.2</b>	<b>How high is the VAT rate?</b>			
	low (3 pts.)		high (1 pt.)	---
<b>4.3</b>	<b>How high are the import duties?</b>			
	low (3 pts.)	average (2 pts.)	high (1 pt.)	---
<b>4.4</b>	<b>To what degree is the domestic industry subsidised?</b>			
	not at all (3 pts.)	somewhat (2 pts.)	strongly (1 pt.)	---
<b>4.5</b>	<b>Can I reach the market easily (direct flights and cost of freight)?</b>			
	difficult/expensive (1pt.)	possible (2 pts.)	competitive (3 pts.)	---
Evaluation of export conditions		(sub-total)		---
				<i>continued</i>

<i>Subject evaluated (continued)</i>			<i>points</i>
<b>5</b>	<b>Exporting experience (of potential exporter)</b>		
<b>5.1</b>	<b>What is the level of information available on this market?</b>		
	high (3 pts.)	average (2 pts.)	low (1 pt.)
<b>5.2</b>	<b>Do (or did) trade relations exist with the country concerned?</b>		
	yes, at present (3 pts.)	yes, in the past (2 pts.)	no, never (1 pt.)
<b>5.3</b>	<b>Is language a problem?</b>		
	not at all (3 pts.)	somewhat (2 pts.)	very much (1 pt.)
Evaluation of exporting experience (sub-total)			
<b>Total evaluation of the individual market</b>			

### 2.2.2 Sales channel assessment

After evaluating the prospective countries and markets, the particular sales channels within these markets must be assessed. After assessing the performance of your own company (next section), comparison of the requirements of the sales channels with your company's performance will enable you to identify the most suitable sales channel(s) (section 2.2.4).

Each sales channel is appraised on three criteria:

1. Product standards
2. Logistics
3. Marketing

The final evaluation of sales channels takes place after evaluation of your own company performance.

<b>1 Product standards</b>			
<b>1.1 What quality standards does this sales channel demand?</b>			
<input type="checkbox"/> low	<input type="checkbox"/> average	<input type="checkbox"/> high	
<b>1.2 What package sizes does this sales channel demand?</b>			
<input type="checkbox"/> no specific	<input type="checkbox"/> standard packaging sizes: _____ _____	<input type="checkbox"/> specific sizes: _____ _____	
<b>1.3 What packing materials does this channel demand?</b>			
<input type="checkbox"/> not specific	<input type="checkbox"/> specific packing: _____		
<b>1.4 What are the requirements of this sales channel regarding raw materials, production techniques and method of finishing?</b>			
<input type="checkbox"/> no special requirements	<input type="checkbox"/> country-specific regulations		
<b>1.5 What product range does this sales channel demand?</b>			
specific requirements:			
	not required	required	varieties required:
dining room chairs	<input type="checkbox"/>	<input type="checkbox"/>	_____
dining room tables	<input type="checkbox"/>	<input type="checkbox"/>	_____
living room, cocktail tables	<input type="checkbox"/>	<input type="checkbox"/>	_____
living room, coffee tables	<input type="checkbox"/>	<input type="checkbox"/>	_____
living room end tables	<input type="checkbox"/>	<input type="checkbox"/>	_____
rattan seats	<input type="checkbox"/>	<input type="checkbox"/>	_____
rattan furniture	<input type="checkbox"/>	<input type="checkbox"/>	_____
beds	<input type="checkbox"/>	<input type="checkbox"/>	_____
cupboards	<input type="checkbox"/>	<input type="checkbox"/>	_____
wardrobes	<input type="checkbox"/>	<input type="checkbox"/>	_____
wall units, bookcases	<input type="checkbox"/>	<input type="checkbox"/>	_____
home office chairs/tables	<input type="checkbox"/>	<input type="checkbox"/>	_____
occasional furniture	<input type="checkbox"/>	<input type="checkbox"/>	_____
other furniture	<input type="checkbox"/>	<input type="checkbox"/>	_____
<hr/>			
<b>2 Logistics</b>			
<b>2.1 How often does this sales channel normally require deliveries?</b>			
<input type="checkbox"/> seldom (approx. once per month)	<input type="checkbox"/> average (approx. 2-3 times per month)	<input type="checkbox"/> often (more than three times per month)	
<b>2.2 What shipping formalities does this channel demand from the exporter?</b>			
<input type="checkbox"/> none	<input type="checkbox"/> comprehensive documentation without Customs declaration		
	<input type="checkbox"/> comprehensive documentation including Customs declaration		

### 3 Marketing

#### 3.1 Where do negotiations for this sales channel take place?

- in the producer country       in a third country: \_\_\_\_\_       in the country of destination

#### 3.2 Who influences business contacts in this sales channel?

- head of company/general buyer       product group buyer       sales manager       marketing manager

#### 3.3 How often does this sales channel expect a personal visit from the exporter?

- seldom       between once a year and once in 2 years       more than once a year

#### 3.4 What type of delivery cycle does this channel demand?

- none       seasonal emphasis       equal distribution throughout the year

#### 3.5 What quantities (lot sizes) are demanded by this channel?

	not required	lowest quantity	normal quantity
dining room chairs	<input type="checkbox"/>	_____ pcs per year	_____ pcs per year
dining room tables	<input type="checkbox"/>	_____ pcs per year	_____ pcs per year
living - cocktail tables	<input type="checkbox"/>	_____ pcs per year	_____ pcs per year
living - coffee tables	<input type="checkbox"/>	_____ pcs per year	_____ pcs per year
living - end tables	<input type="checkbox"/>	_____ pcs per year	_____ pcs per year
rattan seats	<input type="checkbox"/>	_____ pcs per year	_____ pcs per year
rattan furniture	<input type="checkbox"/>	_____ pcs per year	_____ pcs per year
beds	<input type="checkbox"/>	_____ pcs per year	_____ pcs per year
cupboards	<input type="checkbox"/>	_____ pcs per year	_____ pcs per year
wardrobes	<input type="checkbox"/>	_____ pcs per year	_____ pcs per year
wall units, bookcases	<input type="checkbox"/>	_____ pcs per year	_____ pcs per year
home office chairs/tables	<input type="checkbox"/>	_____ pcs per year	_____ pcs per year
occasional furniture	<input type="checkbox"/>	_____ pcs per year	_____ pcs per year
other furniture	<input type="checkbox"/>	_____ pcs per year	_____ pcs per year

#### 3.6 What sales support material is necessary for business contacts with this sales channel?

- none       price list       sales statistics  
 sales brochure       campaign brochure

#### 3.7 What promotional material is necessary in this sales channel for further sales of these products?

- none       product information  
 special packaging and/or packaging size  
 product samples and/or sample packs  
 special marking: bar-codes  
 other: \_\_\_\_\_

#### 3.8 Which references have to guarantee my payment?

- none       usual       strong references

#### 3.9 What are the usual terms of payment? (see section 1.6.2)

- fixed price per order       fixed price per season



### 2.2.3 Company assessment

In order to identify the most suitable sales channel(s) for your company in the paragraph below, it is important to evaluate your company's performance on the same three criteria as applied in the sales channel assessment:

1. Product standards
2. Logistics
3. Marketing

<b>1</b>	<b>Product standards</b>		
<b>1.1</b>	<b>What quality standards does your furniture fulfil?</b>		
	<input type="checkbox"/> low	<input type="checkbox"/> average	<input type="checkbox"/> high
<b>1.2</b>	<b>What package sizes and materials do you use?</b>		
	<input type="checkbox"/> standard size	<input type="checkbox"/> specific sizes: _____ _____	
<b>1.3</b>	<b>What packaging materials do you use?</b>		
	<input type="checkbox"/> none	<input type="checkbox"/> usual ones	<input type="checkbox"/> specific packing: _____
<b>1.4</b>	<b>What requirements on production techniques and method of production do you fulfil?</b>		
	<input type="checkbox"/> no special requirements	<input type="checkbox"/> sales country-specific regulations	
<b>1.5</b>	<b>How comprehensive is your product range in each product group?</b>		
	not produced	one variety	several varieties:
dining room chairs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
dining room tables	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
living room, cocktail tables	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
living room, coffee tables	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
living room end tables	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
rattan seats	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
rattan furniture	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
beds	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
cupboards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
wardrobes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
wall units, bookcases	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
home office chairs/tables	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
occasional furniture	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
other furniture	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>2</b>	<b>Logistics</b>		
<b>2.1</b>	<b>How often are you able to deliver?</b>		
	<input type="checkbox"/> seldom (approx. once per month)	<input type="checkbox"/> average approx. 2-3 times per month)	<input type="checkbox"/> often more than three times per month)
<b>2.2</b>	<b>What formalities does this channel demand from the exporter?</b>		
	<input type="checkbox"/> none		
	<input type="checkbox"/> complete shipping documents without Customs declaration		
	<input type="checkbox"/> complete shipping documents including Customs declaration		

### 3 Marketing

#### 3.1 Where do you conduct your sales negotiations?

- in the producer country       in a third country: \_\_\_\_\_  
 in the country of destination

#### 3.2 Who influences your business contacts?

- head of company/general buyer       product group buyer       sales manager       marketing manager

#### 3.3 How often do you visit your customers personally?

- seldom       between once a year and once in 2 years       more than once a year

#### 3.4 What type of delivery cycle applies to your products?

- none       seasonal emphasis       equally distributed throughout the year

#### 3.5 What quantities (lot sizes) do you generally produce?

	not produced	lowest quantity	normal quantity
dining room chairs	<input type="checkbox"/>	_____ pcs per year	_____ pcs per year
dining room tables	<input type="checkbox"/>	_____ pcs per year	_____ pcs per year
living - cocktail tables	<input type="checkbox"/>	_____ pcs per year	_____ pcs per year
living - coffee tables	<input type="checkbox"/>	_____ pcs per year	_____ pcs per year
living - end tables	<input type="checkbox"/>	_____ pcs per year	_____ pcs per year
rattan seats	<input type="checkbox"/>	_____ pcs per year	_____ pcs per year
rattan furniture	<input type="checkbox"/>	_____ pcs per year	_____ pcs per year
beds	<input type="checkbox"/>	_____ pcs per year	_____ pcs per year
cupboards	<input type="checkbox"/>	_____ pcs per year	_____ pcs per year
wardrobes	<input type="checkbox"/>	_____ pcs per year	_____ pcs per year
wall units, bookcases	<input type="checkbox"/>	_____ pcs per year	_____ pcs per year
home office chairs/tables	<input type="checkbox"/>	_____ pcs per year	_____ pcs per year
occasional furniture	<input type="checkbox"/>	_____ pcs per year	_____ pcs per year
other furniture	<input type="checkbox"/>	_____ pcs per year	_____ pcs per year

#### 3.6 What sales support material is available for your furniture?

- none       price list       sales brochure  
 campaign brochure

#### 3.7 What promotional material is available to encourage further sales?

- none       product information  
 special packaging and/or packaging size  
 product samples and/or sample packs  
 special marking: bar-codes  
 other: \_\_\_\_\_  
\_\_\_\_\_

#### 3.8 Do you have sufficient funds to accommodate the proposed terms of payment?

- yes       normally       no

#### 3.9 Which are my usual terms of payment?

- fixed price per order       fixed price per season

### 2.2.4 Supply and demand - Comparison to select the best sales channel(s)

Using the checklists of the previous sections, you can now compare the sales channel assessment and the company assessment in order to identify and select the most suitable sales channel(s) for your products.

- You can use the table below to record which prospective sales channels agree or disagree with the conditions mentioned in terms of product standards, logistics and marketing.
- The final outcome of the table below will indicate which is the most suitable sales channel. Aspects which do not meet the conditions refer to problems that must be solved, before you can sell your products through that particular sales channel.

		Meet conditions	Do not meet conditions
<b>1</b>	<b>Product standards</b>		
1.1	Quality standards	<input type="checkbox"/>	<input type="checkbox"/>
1.2	Package size	<input type="checkbox"/>	<input type="checkbox"/>
1.3	Packaging materials	<input type="checkbox"/>	<input type="checkbox"/>
1.4	Production techniques	<input type="checkbox"/>	<input type="checkbox"/>
1.5	Product range	<input type="checkbox"/>	<input type="checkbox"/>
<b>2</b>	<b>Logistics</b>		
2.1	Delivery frequency	<input type="checkbox"/>	<input type="checkbox"/>
2.3	Formalities	<input type="checkbox"/>	<input type="checkbox"/>
<b>3</b>	<b>Marketing</b>		
3.1	Place of negotiations	<input type="checkbox"/>	<input type="checkbox"/>
3.2	Decision-makers	<input type="checkbox"/>	<input type="checkbox"/>
3.3	Frequency of visits	<input type="checkbox"/>	<input type="checkbox"/>
3.4	Delivery cycle	<input type="checkbox"/>	<input type="checkbox"/>
3.5	Lot sizes	<input type="checkbox"/>	<input type="checkbox"/>
3.6	Sales support material	<input type="checkbox"/>	<input type="checkbox"/>
3.7	Sales support material for further sale	<input type="checkbox"/>	<input type="checkbox"/>
3.8	Guarantee	<input type="checkbox"/>	<input type="checkbox"/>
3.9	Payment terms	<input type="checkbox"/>	<input type="checkbox"/>
<b>Total number of answers</b>		Meet conditions .....	Do not meet conditions .....

## 2.3 Building up a business relationship

The process of building up a trading link can be divided into five stages:

### 1. Reviewing the products and product range:

- (a) specifying the product characteristics;
- (b) packaging design.

### 2. Identifying a suitable trading partner:

- (a) contacting information sources;
- (b) evaluating the information.

### 3. Drawing up an offer:

- (a) drawing up a general offer;
- (b) drawing up a specific offer;
- (c) general remarks.

### 4. Handling the contract:

- (a) contract terms;
- (b) contract fulfilment.

### 5. Sales promotion:

- (a) advertising and communication;
- (b) sales organisation;
- (c) participation in trade fairs.

#### 2.3.1 Reviewing the product and the product range

##### Definition

A product range consists of several product groups (range width), each with several different product items (range depth). **One product group** can consist of **several items**.

Example:

- A product range consists of domestic furniture product groups (range width).
- The products for sale are dining room and bedroom furniture (range depth).
- Dining room furniture items are tables, chairs and sideboards.

##### Rationale

A supplier can only select a suitable business partner if he/she knows exactly what range he/she can offer. A precise review of the product range, therefore, aims at identifying the most **suitable** candidate(s) out of the many **potential** customers.

##### Procedure

###### *Specifying the product characteristics*

Enter in the following list all the products you make, together with their varieties and state their colour, size, the period in which you are able to supply and the packaging method:

<b>Product group</b>	<b>Items</b>	<b>Supply Period</b>	<b>Packaging</b>	<b>Availability</b>
Dining room furniture	Tables, chairs	Whole year	<i>Tables:</i> base frame for legs. Spirally winding or wrapping of legs. Top to be over-wrapped with protective material along the edges. <i>Chairs:</i> stacked in pairs, seat to seat, packed in a spacer pad with back protection	Whole year
Living room furniture	Cocktail tables, coffee tables, end tables	Whole year	<i>Tables:</i> base frame for legs. Spirally winding or wrapping of legs. Top to be over-wrapped with protective material along the edges. <i>Self-assembly:</i> components should not move within the pack. Shrink-wrap together and use a 2-piece tray-and lid pack as an outer case.	Whole year
Rattan furniture	Seats, tables, wardrobes	Whole year	Wrapping in corrugated paper at the corners or in damp-proof wrapping	Whole year
Bedroom furniture	Beds, wardrobes, drawer sets, modular desks	Whole year	<i>Beds:</i> over-wrap with protective material along the edges. <i>Wardrobes:</i> glass panels to be placed near the centre of the pack. <i>Self-assembly:</i> components should not move within the pack. Shrink-wrap together and use a 2-piece tray-and lid pack as an outer case.	Whole year
Other furniture	Cupboards, bookcases, wall-units	Whole year	<i>Cupboards:</i> handles and knobs should be reversed. Glass panels to be placed near the centre of the pack. Cornices to be protected with fibreboard, channel sections and corner pieces. All components should not move within the pack.	Whole year
Home/office furniture	Chair and tables	Whole year	Packed in a similar way to dining room furniture	Whole year
Occasional furniture	Mirrors, coat stands	Whole year	Packed in a similar way to other furniture	Whole year

**Special remarks:**

- The reviews must enable potential customers to make an appraisal of your complete product range.
- To enable you to do this, the reviews must always be kept up-to-date.
- The product range should be flexible so that adjustments and changes can be made if the need arises.

### **Packaging design**

Special transport packaging is necessary to ensure that your furniture arrives in perfect condition at its destination. Unsuitable packaging often causes the product to be damaged in transit.

In the design of packaging the following points should be taken into account:

- Proper storage and transport
- Standard packing sizes
- Environmentally friendly materials
- Attractive design with promotional impact

The following questions will assist you in designing your packaging:

#### **Proper storage and transport**

- (1) Have your importers ever complained about the quality of your products?

Possible causes:

- unsuitable packaging material
- insufficient protection during transport
- too many products in each pack
- wrong climatic conditions (cooling/refrigeration) during transport

- (2) Do your importers use special transport packaging?

Rationale:

- Perhaps you could also use this special transport packaging.
- You may also be able to make use of the importer's packaging know-how.

#### **Standard packing sizes**

- (1) Does your importer use standard sizes?

Rationale:

- Using the wrong package size can have a negative effect on your business.

#### **Recyclable materials or two-way systems**

- (1) Fully recyclable packages must be used when trading with certain business partners.

When doing so, please observe the following:

- Minimise the use of plastic by using alternative environment-friendly materials such as carton.
- Colouring materials used should not be harmful to the environment
- Use no (or as little as possible) cadmium or mercury.
- Avoid waxed boxes or any combined packaging materials.

#### **Design**

- (1) In many cases, furniture stays in the transport package until it reaches the retailer. Your package design should therefore be attractive (printing colours, etc.) and have a positive promotional effect.

Rationale:

- A suitable design impresses your customer.
- A suitable design helps customers to recognise your products.
- Therefore, a suitable design can help to promote sales.

### 2.3.2 Identifying a suitable trade partner

#### Definition

Among many potential customers, you must identify those who match your own company profile and product range and are therefore most suited for building up a trading link.

Check your potential customer's financial status and credibility.

At the end of the identification phase, you should have selected the names and addresses of suitable trading partners.

#### Contacting information sources

##### In the **producer country**:

- The foreign-trade chamber of commerce of the country of destination.
- The Economic Affairs departments of the official representative (Embassy or Consulate) of the country of destination.

##### In the country of **destination**:

- Import promotion organisations
- Trade associations
- Your own country's public and private trade promotion bodies
- Your own country's diplomatic and consular representatives
- Chambers of commerce
- Trade fair organisers (catalogues)

##### Special tips:

- Many sources of information only answer written inquiries!
- As a general rule: a concise but specific inquiry improves the chances of precise information.

#### Evaluating the information

Evaluate the names and addresses you receive, using the following criteria:

- Is the information complete?
  - full address;
  - telephone and fax number;
  - name of the person to contact.
- Is the importer active in the country you have selected?
- Does the importer focus his activities on the corresponding product groups?
- Do you have enough sound information about the reliability of this partner?

Using these criteria, draw up a priority list of the contact addresses you have received.

### 2.3.3 Drawing up an offer

There are two different kinds of offers:

1. a general offer;
2. a specific offer.

#### Drawing up a general offer

- The purpose of a general offer is to attract the interest of potential trading partners with whom the supplier is not yet personally acquainted.
- A general offer consists of sending a short profile of your own company and a summary of your product range.
- In a personal letter, briefly introduce your company and tell what you have to offer.

#### Drawing up a specific offer

A specific offer is legally binding for a certain period of time. You must therefore be capable of fulfilling its terms of contract. You should make a specific offer only when you know the business partner personally or after you have made the initial contact.

When sending a specific offer, it should consist of two parts:

##### (1) **written offer:**

- Name of the person responsible in your company;
- Exact description of the goods offered (preferably using an internationally valid quality standard specification);
- Price of the goods offered in accordance with the Incoterms 2000 (ICC publication, if applicable, split up by delivery quantities or quality); and
- Possible delivery date and terms of delivery.

##### (2) **product samples:**

- Product samples must correspond to the goods available for delivery (if they do not, this can have a lasting negative effect on business relations);
- State the manufacturing methods used (if possible, provide quality certificates from an internationally recognised inspection organisation and send a reference list of existing customers).

#### General remarks

Recommended action for both kinds of offer:

- A telephone call to ask whether the offer (and the samples, if applicable) has/have arrived.
- An invitation to visit your company.
- Possibly propose a visit to the country of destination.  
In that case:
  - If necessary, hire an interpreter.
  - Ask your own consulate or other intermediaries for assistance.

### 2.3.4 Handling the contract

When handling the contract, you should consider the terms and the fulfilment:

#### **Contract terms:**

- Conclude the delivery conditions according to international guidelines (e.g. Incoterms 2000)
- In the case of trial orders, which are delivered for the first time, sometimes a discount is given.

#### **Contract fulfilment:**

- Procure the delivery documents in good time.
- Comply strictly with all parts of the supply agreement.
- If you cannot comply with any part of the agreement (e.g. delivery delays or quality problems), inform the customer clearly and in good time.
- Co-operate on a partnership basis and seek a common solution even if conflicts arise.
- Fulfilling the contract should have a high priority, particularly when delivering for the first time.
- Mention the total annual sales (in value) and the expected sales progress in the next coming years.
- Termination of the contract should be clarified (when, why and how).

### 2.3.5 Sales promotion

Sales promotion measures relate to developing and expanding the following:

- customer relations;
- supply quantities.

#### *Developing customer relations:*

- Take good care of existing customers. This includes, for example, expressions of thanks to business partners, regular information on the product range, etc.
- Brochures on your company and the product range can be useful for promoting sales.
- Ask existing customers for letters of reference. Such recommendations are particularly important for new contacts.

#### *Expanding supply quantities:*

- In some cases, you may be able to increase supply quantities to existing customers.
- The product range should be guided by demand. Changes to the product range may become necessary.
- If you can increase the production, you could look for new sales outlets.
- You can use your existing export experience to trade with other importing countries.
- Always answer a letter of inquiry. If you cannot supply this contact, say so, explaining that you will get in touch with him for the next campaign.

### **Advertising and communication**

#### **Definition**

Advertising refers to communication techniques, which aim to increase the sale of your products. The prerequisites for successful communication measures are:

A clearly defined target group  
→ “Who buys my products?”  
A well formulated message  
→ “What do I want to tell the customer?”

#### **Costs and dispersion losses**

Two parameters are used to measure the costs of any communication measure:

Cost per contact  
→ “How much does it cost to convey the message to one target person?”  
Total costs  
→ “How much does the whole campaign cost?”

It must be borne in mind that not all messages sent actually reach the person for whom they are intended (target persons). The costs for messages that do not reach the right addressee are called dispersion losses.



Criteria Measures	Target group planning and	Amount of contact co-ordination	Cost per losses	Total costs	Dispersion
Standard printed matter (letterheads etc.)	Existing customers	+	+	+	+
Telephone and mailing campaigns	Existing and potential customers (known by name)	++	++	++	+
Advertising in trade journals	Existing and potential customers (partly unknown)	++	++	++	++
Radio and television advertising	Consumers	+++	+	+++	+++
Promotion in the retail trade	Consumers	+++	+++	+++	++

+++ = high ++ = medium + = low

### **Recommendations**

It is advisable to commence with communication measures, which only require a small amount of planning and co-ordination, such as revising the company's standard printed material:

- Standardise all **printed paper** used outside the company (letterheads, visiting cards, fax forms, etc.).
- Prepare long-term **sales documentation** (company brochures, product range reviews, etc.).
- Prepare product-specific **sales folders**.

Constant, prompt and reliable communication is a vital prerequisite for maintaining a long-term business relationship with a customer.

### Sales organisation

The term “sales organisation” refers to the department responsible for the sale of the company’s products and pursues quality control. A sales organisation usually consists of office personnel and a field force.

Office personnel	Field force
<ul style="list-style-type: none"><li>• Handling correspondence</li><li>• Handling offers and orders</li><li>• Issuing forwarding instructions</li><li>• Issuing and checking invoices</li><li>• Controlling schedules</li><li>• Keeping customer records</li><li>• Expediting product samples</li><li>• Keeping sales statistics</li><li>• Evaluating markets</li><li>• Dispatching goods</li><li>• Quality control</li></ul>	<ul style="list-style-type: none"><li>• Selling</li><li>• Visiting customers</li><li>• Presenting new products</li><li>• Discussing and implementing campaigns</li><li>• Discussing listings</li><li>• Holding yearly reviews with customers</li><li>• Implementing selling prices</li></ul>

### Organising sales by telephone

Although the majority of sales are effected through retail outlets, some business, particularly mail order, is concluded on the telephone or by fax. An efficient telephone sales department is therefore an absolute prerequisite for successful market participation.

- The essential tool used in the telephone sales department is a detailed and up-to-date customer database. The customer data base contains the following information:
  - Basic data on the customer (e.g. long-term information such as name, address, telephone number, etc.);
  - Changing data on the customer (information resulting from business with the customer such as telephone calls, offers, sales statistics, etc.).
- The customer database gives a sales person a quick review of the most important customer information when planning a telephone call.
- If possible, the customer database should be computerised, because this simplifies changes, updating, sorting and selection procedures. If computerisation is not possible, customer information should be kept on file cards (see samples).

## Customer Data Sheet

### Company:

Company: \_\_\_\_\_  
 Street: \_\_\_\_\_  
 P.O. Box: \_\_\_\_\_  
 Postal code: \_\_\_\_\_  
 Town: \_\_\_\_\_  
 Country: \_\_\_\_\_  
 Tel.: \_\_\_\_\_  
 Fax: \_\_\_\_\_  
 E-mail: \_\_\_\_\_  
 Bank: \_\_\_\_\_  
 Bank address: \_\_\_\_\_  
 Account No: \_\_\_\_\_

Customer no.: \_\_\_\_\_  
 Customer class\*: A B C  
 First contact date: \_\_\_/\_\_\_/\_\_\_  
 Sales person: \_\_\_\_\_  
 Customer type: \_\_\_\_\_  
(agent, importer, retailer)  
 Sales last year: \_\_\_\_\_  
 Sales planned this year: \_\_\_\_\_  
 Method of payment: \_\_\_\_\_  
 Delivery conditions: \_\_\_\_\_  
 Remarks: \_\_\_\_\_

### Business partners:

1	Title: _____ Function: _____	First name: _____ Tel.: _____	Name: _____ Fax: _____
2	Title: _____ Function: _____	First name: _____ Tel.: _____	Name: _____ Fax: _____
3	Title: _____ Function: _____	First name: _____ Tel.: _____	Name: _____ Fax: _____
4	Title: _____ Function: _____	First name: _____ Tel.: _____	Name: _____ Fax: _____

\* Classify customers by importance to your company (sales, quality of relation, etc).

### Customer contact record

Date	Contact person	Topic / Offer	Contract

### **Participation in trade fairs**

Participation in national and international furniture trade fairs can be a useful sales promotion tool.

This requires comprehensive and detailed examination because of its complex nature, comprising:

- selection of a suitable trade fair and preparations for participation;
- participation;
- follow-up.

Trade fairs, in the same way as promotional campaigns, need thorough preparation, viz.:

#### Before the trade fair:

- up-date your customer files
- prepare all documentation (business cards, company brochures, product range, etc.)
- make a preparatory mailing, informing your present and potential customers of your stand number and inviting them to visit you in the stand and/or propose to visit them (i.e. the existing clients).

#### During the trade fair:


- register all contacts

#### After the trade fair:

- enter all your contacts in a data base
- write to the contacts to thank them for their visit and send the information you promised
- consider a second mailing several months after the first one, to remind your contact that you would be happy to answer any inquiry he may have.

Import Promotion Organisations in European Union countries can be of help in providing information about relevant trade fairs. They can also advise and/or assist the exporter with participation in a trade fair.

For more information about this subject, refer to section 1.6.



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