EU MARKET SURVEY 2003

DOMESTIC FURNITURE

CENTRE FOR THE PROMOTION OF IMPORTS FROM DEVELOPING COUNTRIES

EU MARKET SURVEY

DOMESTIC FURNITURE

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New CBI publication with modified contents, partly replacing and combining the EU Market Survey (May 2002) and EU Strategic Marketing Guide (May 2000) “Domestic furniture”.

Photo courtesy:

Searce

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REPORT SUMMARY

This survey profiles the EU market for domestic or household furniture. It emphasises those items which are relevant to exporters from developing countries and highlights six selected markets within the EU. In **Part A**, up-to-date market information is given on consumption, production, imports/exports, trade structure, prices and the major EU market access requirements. As an exporter, you need this basic information to draw up your Market Entry Strategy (MES) and Export Marketing Plan (EMP) in order to penetrate the competitive EU furniture market successfully.

To assist you here, CBI has developed **Part B**, where the Export Marketing Guidelines provide relevance and a methodology for an external, internal and SWOT analysis. These analysis are needed for your decision - whether to export or not -. Furthermore, the essential guidelines are given on using your marketing tools effectively to build up this export venture.

The appendices at the end of the survey include contact details of trade associations, trade press and other relevant organisations.

The furniture items covered are made of wood, metal, iron, plastic/synthetic material, glass, cane, osier, bamboo, other materials or a combination of different materials. Furniture can be sub-divided into:

Furniture by function:

- Upholstered seating
- Non-upholstered seating
- Dining and living room furniture
- Kitchen furniture
- Bedroom furniture
- Home office furniture
- Other furniture and parts

Furniture by style:

- Classic
- Colonial
- Rustic/country
- Contemporary
- Modern/avant garde

Consumption
Total EU furniture consumption was estimated at € 62,117 million in 2002, being the largest market for furniture in the world, followed by the USA. The average EU consumption per capita was € 259, with people in Germany, Austria and Scandinavian countries spending much on furniture which can be partly attributed to the low number of occupants per household there. Whereas the per capita expenditure was relatively low in France, Spain and Portugal.

After a period of growth in the late 1990s, the economic slowdown, falling housing market and a low consumer confidence affected furniture consumption negatively. Between 1999 and 2002, EU furniture consumption only rose by 1%, from € 61,317 to 62,117 million, with a decreasing tendency since 2001. During uncertain times, most consumers tend to postpone the purchase of furniture items. Especially in the low-medium price furniture ranges, retailers were overstocked which has led to bankruptcies and intensified price competition. In the coming years, the furniture industry seeks their challenges in good quality wood, design and innovation with a primary focus on the more affluent consumers. Focal points in a declining EU market will be:

- More demand for *combination units*, which are versatile and dual-purpose.
- More variety in designs, material and colours for people to create their atmosphere of relaxation.
- More demand for contemporary furniture by single households and the 45+ generation.

The selected countries in this survey are Germany, Italy, France, United Kingdom, Spain and The Netherlands, which are the largest EU furniture markets. In 2002, they accounted for nearly 83% of total EU furniture consumption, representing a value of € 51,473 million.

Dining and living room furniture consumption was worth € 11,970 million and accounted in 2001 for 23% of total furniture consumption, and still increased between 1999 and 2001 in the UK and Italy. Bedroom, non-upholstered, other furniture and parts were other product groups relevant to exporters. There is more innovation in furniture items and in functions. Products are lighter, well designed, moveable, multi-functional and more receptive to new technologies. The future EU furniture market will polarise further into a low quality/price and a higher quality/price segment.

Production
In 2002, the turnover of the 102,000 EU furniture manufacturers valued € 66,685 million, of which an estimated three-quarter was wooden furniture. It was the first year, since the recession in 1993, that

production fell as a direct result of decreasing demand, falling exports and more production outsourced in Eastern Europe and Asia. Between 2001 and 2002, EU furniture production decreased by 4% with falling production values in almost all countries, especially in Germany and France. However, with large producing countries such as Italy and Germany, the EU keep its position in world furniture production, with its many small-scale family owned companies.

In 2002, there were 50 groups of furniture suppliers with a turnover of more than € 100 million. The majority of these companies specialise in the production of one or two types of furniture, except the few large multi-product enterprises such as the German Schieder, Welle and the French Parisot. Italy, United Kingdom, Denmark and Belgium are large manufacturing countries of upholstered furniture, Germany produces much kitchen furniture.

Imports

The EU is the leading importer of furniture in the world and, in 2001, accounted for around 50% of total world imports, or 7,365 thousand tonnes valued at € 22,083 million. Germany imports more than one quarter (28%) of all EU imports and is followed by The United Kingdom (16%) and France (15%). Between 1999 and 2001, all countries in the EU, except Portugal, increased their imports of furniture. In this period, total EU imports increased by 16% in volume and 18% in value. Because the economic recession began in the last quarter of 2001, EU furniture imports slowed down in 2000 and remained static with a volume slightly falling from 7,462 to 7,365 thousand in 2001.

Product groups

Major product groups: Dining and living, upholstered and non-upholstered furniture together formed one third (34%) of the volume of EU imports. The category *other furniture* is a sizeable product group, which grew substantially in the period under review and accounted in 2001 for 25% of the volume of EU imports (17% in terms of value). Another large category of relevance for exporters from developing countries, are *furniture parts* which represented 22% of the volume of EU imports.

Raw materials: Wooden furniture accounted for nearly three-quarters of EU imports in 2001, while imports of metal chairs and tables have grown in importance in the past few years.

Main supplying countries

Intra-EU supplying countries: In 2001, around 55% of EU imports came from other EU countries. The leading supplier was Italy, with 862 thousand tonnes, valued at € 3,355 million, or 28% of total Intra-EU furniture supplies. Italy is followed by Germany. Recent trends in the EU indicate a growth in flows to and from Eastern Europe and China.

Eastern European countries expanded their exports to the EU very rapidly in the past decade and now account for around 20% of furniture supplies to the EU. With still enough forestry resources and low labour costs, EU imports from Eastern European countries together, rose between 1999 and 2001 from € 3,126 to € 4,562 million (+ 46%). Next to imports of lower to medium priced furniture (e.g. made of veneered chipboard or MDF), EU manufacturers operate their production of furniture in higher quality woods here. With the introduction of the Euro and membership of some Eastern European countries to the EU, further expansion of furniture trade is expected. Poland is the largest supplier, followed by Czech Republic, Romania, Hungary, Slovakia, Estonia and Lithuania.

Developing countries

In 2001, EU furniture imports from developing countries were 1,408 thousand tonnes, representing a value of € 4,329 million, a 29% volume increase over 1999. Between 1999 and 2001, the share from developing countries in total EU furniture imports rose from 17 to 19% in volume terms.

Around 70% is sourced from Asia with rising supplies from most countries. Particularly China, supplies from Vietnam and India increased their exports of dining and living, non-upholstered and other furniture. In 2001, EU imports from China reached a value of € 1,030 million, an increase of 78% in value and of 50% in volume terms over EU imports in 1999. Now China has overtaken Indonesia and became the largest developing country supplier. Since 2000, EU furniture imports from Indonesia fell by 6% partly due to the political and financial crisis there. Other countries which increased their supplies to the EU were: Argentina, Turkey, Tunisia, Morocco, Bosnia-Herzegovina and Albania, whereas Philippines, Mexico, Bolivia and Zimbabwe decreased their supplies in the period under review.

Trade channels

Most furniture is supplied from manufacturers through importers/wholesalers or directly purchased by the large retailers. In 2002, there were around 77,300 furniture retail outlets in the selected EU countries, with around 375,000 employees. Furniture retailing has become more diversified with many sorts of outlets, varying from those stocking a special style of furniture to those carrying a wide range of products with related accessories. In 2002, specialist furniture retailers averaged 76% of total EU furniture retail sales. Small furniture shops are still strongly represented in Italy and Spain, whereas, franchised and chain store operations are dominant in France and United Kingdom. In the EU, the top 50 furniture retailers controls 42% of the total market, most of which were chain or franchised stores (IKEA, MFI, Conforama etc.). Buying groups are important in Germany and The Netherlands, with smaller specialised shops. Most furniture shop and chains are housed in large *interior shopping malls* at out-of-town centres. Recently these malls suffered from the recession and competition from discounters, non-specialists e.g. DIY, department stores, hypermarkets or clothing stores (UK).

Opportunities for exporters

As the EU furniture market declined since 2002, exporters should seek opportunities in growing niches:
- **Ethnic furniture:** popular items e.g. fitting in the revived new rustic style include: non-upholstered seating, table sets, cupboards, hassocks, stools, free-standing kitchen items and occasional furniture.
- **Rattan furniture** with (plaid) wickerwork chairs, combined with metal being popular.
- **Colonial furniture** with luxury items in darker wood (wengé, mahogany or cherry) being more popular.
- **Home office furniture**, where items should be practical, multi-functional and up-to-date.
- **Solid woods** similar to light oak, cherry or darker woods became popular, instead of veneers.
- **Special natural materials** could be: bamboo, rose oak, eucalyptus, palm fibre, bark, midribs, rice husk, seagrass, nutshells, parts of banana trees, water hyacinth, canvas, cork or abacca leave.
- **Specific target groups:** such as furniture for seniors, single households and children.
- **Accessories**, which could range from fruit bowls, candle holders, vases, flower pots, lampshades, storage boxes etc. Wicker or bamboo baskets or cane mats are popular in bedrooms or bathrooms.
- **Sub-contracting**, as EU manufacturers look for new low-cost countries to outsource production.

Requirements and difficulties for exporters
- In order to approach the low and medium end of the market, competitive prices are necessary.
- Fast delivery (according to sample), good packaging, and increasingly certified wood are required.
- Authenticity and innovations are needed to keep the interest of consumers.
- As trends in home interiors change faster, it is difficult to start a long-term investment.

Further market research
This EU Market Survey serve as a basis for further market research: after you have read the survey it is important to further research your target markets, sales channels and potential customers in order to do your external analysis well, and know how to keep control over your marketing tools.

Market research depends on *secondary data* (data that has already been compiled and published) and primary data (information that you collect yourself). An example of secondary data is this EU Market Survey. *Primary data* is needed when secondary data is not sufficient for your needs as, for example, when you are researching which type of consumer will be interested in your specific furniture item.
Sources of information include (statistical) databanks, newspapers and magazines, market reports, (annual) reports from trade associations, along with shops in target countries, products or catalogues from your competitors, and conversations with suppliers, specialists, colleagues and even competitors. After you collected your information you should analyse the information. In order to judge the attractiveness of a market, you should use a Research Action Plan and develop a classification or score system.

Detailed information on market research can be found in CBI's manual *'Your guide to Market Research'*.

INTRODUCTION OF REPORT STRUCTURE

This CBI survey consists of two parts: *EU Market Information and EU Market Access Requirements* (Part A), and *Export Marketing Guidelines* (Part B).

Market Survey

Part A
EU Market Information and Market Access Requirements

EU Market Information	**EU Market Access Requirements**
(Chapter 1-8)	*(Chapter 9)*
Product characteristics Introduction to the EU market Consumption and production Imports and exports Trade structure Prices	Quality and grading standards Environmental, social and health & safety issues Packaging, marking and labelling Tariffs and quotas

Part B
Export Marketing Guidelines: Analysis and Strategy

External Analysis (market audit)	**Internal Analysis**
(Chapter10)	*(Chapter 11)*
Opportunities & Threats	Strengths & Weaknesses

Decision Making
(Chapter 12)

SWOT and situation analysis:
Target markets and segments
Positioning and improving competitiveness
Suitable trade channels and business partners
Critical conditions and success factors (others than mentioned)

Strategic options & objectives

Export Marketing
(Chapter 13)

Matching products and product range
Building up a trade relationship
Drawing up an offer
Handling the contract
Sales promotion

Part A - Chapters 1 to 8 - profiles the EU market for Domestic furniture. The emphasis of the survey lies on those products, which are of importance to exporters from developing countries. The major national markets within the EU for those products are highlighted. The survey includes contact details of trade associations and other relevant organisations. Furthermore statistical market information on consumption, production and trade, and information on trade structure and opportunities for exporters is provided.

Chapter 9 subsequently describes the requirements which have to be fulfilled in order to get access to the furniture market. It is furthermore of vital importance that exporters comply with the requirements of the EU market in terms of product quality, packaging, labelling and social, health & safety and environmental standards.

After having read Part A, it is important for an exporter to analyse target markets, sales channels and potential customers in order to formulate export marketing and product strategies.

Part B therefore aims to assist (potential) exporters from developing countries in their export-decision making process. After having assessed the external (Chapter 10) and internal environment (Chapter 11), the (potential) exporter should be able to determine whether there are interesting export markets for his company. In fact, by matching external opportunities and internal capabilities, the exporter should be able to identify suitable target countries, market segments and target product(s) within these countries, and possible trade channels to export the selected products (Chapter 12).

Chapter 13 subsequently describes the export marketing tools which can be of assistance in successfully achieving the identified export objectives.

The survey is interesting for both starting exporters as well as well as exporters already engaged in exporting (to the EU market). Part B is especially interesting for more experienced exporters starting to export to the EU and exporters looking for new EU markets, sales channels or customers.

Starting exporters are advised to read this publication together with the CBI's Export planner, a guide that shows systematically how to set up export activities.

Part A

EU market information and access requirements

1 PRODUCT CHARACTERISTICS

1.1 Product groups

The products covered in this survey are domestic or household furniture, both in finished and semi-finished form. It specifically excludes the contract sector, which includes furniture for civil aviation, offices, hospitals, schools, hotels and other similar purposes. Antique and other second-hand furniture have been excluded as well. The same applies to garden furniture, which is covered in the EU Market Survey "Garden decoration articles". Other furniture-related products can be found in the survey "Timber and timber products". Furniture is usually divided by function into the following major groups:

Kitchen furniture is often made in Eastern European countries and the competition is on price and on short lead times, especially in the low to medium end of the market. Most furniture items are made of capital-intensive material such as chipboard, plywood, multiplex and MDF (Medium Density Fibreboard), being produced in large volumes and at low cost. In most EU countries, fitted kitchens became more common and nowadays newly built homes come complete with fitted kitchen and appliances.

Product group	Most common items
• **Upholstered seating**	Armchairs, reclining chairs, couches, sofas, divans, footstools, seating elements upholstered with leather, wool, synthetic material, cotton etc;
• **Non-upholstered seating**	Seats, armchairs, rocking chairs, seats convertible into beds, stools;
• **Dining and living room furniture**	Dining sets (tables and chairs), dressers, coffee tables, sideboards, shelve systems, room dividers, television/video/music system storage units;
• **Kitchen furniture**	Fitted cabinets and kitchen units, kitchen tables and chairs, free-standing pieces such as movable trolleys and butcher blocks;
• **Bedroom furniture**	Beds, headboards, bedside tables, dressing tables, chests of drawers, wardrobes (fitted or free-standing);
• **Home office furniture**	Desks, chairs, drawer unit, filing cabinets, integrated workstations, also referred to as *SOHO* (Small Office Home Office);
• **Other furniture**	*Cupboards, bookcases* and *wall units*, *Occasional furniture* such as small tables, desks, mirrors, hall-stands, Bathroom furniture such as storage cabinets, baskets etc.;
• **Furniture parts**	Parts of furniture or seats, also including semi-finished furniture.

Although upholstered seating and kitchen furniture were growing segments in the EU furniture market, they are covered only briefly in this survey. Both segments are difficult to enter for exporters from developing countries. The supply is dominated by Italy and Germany, which can offer short lead times, good after sales service and are able to comply with the fast changes in designs. In addition, some EU countries such as the United Kingdom produce their own upholstered furniture and reduced imports because fire regulations have been stricter recently.

Furniture can be also defined by its raw material content or by style, as is shown below:

Furniture by raw material

- Wood
- Cane, osier, bamboo or similar material
- Metal
- Plastic
- Stone
- Glass
- Combination of materials

Furniture by style

- Classic
- Colonial
- Rustic / country
- Contemporary
- Modern / avant garde

The majority of furniture sold in the EU market is in ready-assembled form. On the other hand, from 1970 onwards the expansion of IKEA and other furniture chain stores (MFI, But) stimulated sales of furniture bought for self-assembly by the consumer. This category is also referred to as *ready-to-assemble (RTA)* furniture, *flat-pack* or *take-away* furniture and is often contemporary style furniture.
The single term “RTA furniture” will be used throughout this survey to describe this category.

1.2 Customs/Statistical product classification

The classification system used for both Customs and statistical purposes in EU member countries is the Harmonised Commodity Description and Coding System (HS), which is used worldwide.
The HS classification given here differs from the product groups and products mentioned in 1.1.
This puts limitations to in-depth interpretation of trade figures and of possible relationships between import and export figures on the one hand, and production and consumption figures on the other hand.
Table 1.1 gives a list of the main HS codes for furniture, most of which can be found in Chapter 94 of the Harmonised System. A more detailed list is given in Appendix 1. The categories "Other furniture" and "Parts", only differentiate between the materials used and not between the function of furniture items. This implies that garden furniture, which is not covered in this survey, is included in the HS Codes *9403 60900, 9401 90300* and *9403 90300*, which may give a slight over-representation in trade statistics. The relevant HS code groups for furniture covered in this survey are:

Table 1.1 HS code classification of domestic furniture

HS Code	Product group
Upholstered	
9401 610 00	Upholstered seats, with wooden frames
9401 710 00	Upholstered seats, with metal frames
Non-upholstered	
9401 690 00	Non-upholstered seats, with wooden frames
9401 790 00	Non-upholstered seats, with metal frames
9401 400 00	Seats, convertible into beds
9401 800 00	Seats, other
Kitchen furniture	
9403 401 00	Kitchen furniture, built-in, of wood
9403 409 00	Kitchen furniture, other, of wood
Dining and living	
9403 600 10	Dining and living room furniture, excluding seats, of wood
Bedroom furniture	
9403 500 00	Bedroom furniture, of wood
9403 209 10	Metal beds, excluding for civil aircraft and hospitals etc.
Other furniture	
9403 609 00	Other furniture, of wood
9403 209 90	Other furniture, of metal
9403 709 00	Other furniture, of plastic, excluding seats
Rattan furniture	
9401 500 00	Rattan seats, of cane, osier, bamboo or similar materials
9403 800 00	Rattan furniture, of cane, osier, bamboo or similar materials
Parts	
9401 903 00	Parts of seats, of wood
9401 908 00	Parts of seats, of metal
9403 903 00	Parts of furniture, of wood
9403 901 00	Parts of furniture, of wood
9403 909 00	Other parts of furniture

2 INTRODUCTION TO THE EU MARKET

European Union
The European Union (EU) is the current name for the former European Community. Since January 1, 1995 the EU has consisted of 15 member states. Ten new countries will join the European Union in 2004, which are: Poland, Hungary, Czech Republic, Slovakia, Slovenia, Malta, Estonia, Latvia, Lithuania and Cyprus. Negotiations are in progress with a number of other candidate member states.

Population and economy
In 2002, the EU population totalled 379.4 million, which is around 3 times the Japanese and 1.4 times the US population. The population of the selected EU markets in this survey represents 317 million people with 126 million households. The EU has an ageing population structure with the proportion of 45+ olds rapidly increasing, especially in Spain, Italy and Germany.

The densely populated areas in the EU are located in The Netherlands, Belgium, the Northwest of Germany, the Southwest of England and in northern Italy.

In 2002, the average GDP per capita amounted to € 21,023. Within Western Europe - covering 15 EU member countries, Iceland, Liechtenstein, Norway and Switzerland - more than 20 million enterprises are active. Small and medium-sized enterprises (SMEs) accounted for the lion's share. In 2000, the average turnover per enterprise of SMEs and large enterprises amounted to € 600 thousand and € 255 million respectively.

EU harmonisation
The most important aspect of the process of unification (of the former EC countries), which affects trade, is the harmonisation of rules in the EU countries. As the unification allows free movement of capital, goods, services and people, the internal borders have been removed. Goods produced or imported into one member state can be moved around between the other member states without restrictions. A precondition for this free movement is uniformity in the rules and regulations concerning locally produced or imported products. Although the European Union is already a fact, not all the regulations have yet been harmonised. Work is in progress in the fields of environmental pollution, health, safety, quality and education. For more information about harmonisation of the regulations visit AccessGuide, CBI's database on non-tariff trade barriers at www.cbi.nl/accessguide

Monetary unit: Euro
On January 1, 1999, the Euro (€) became the legal currency within twelve EU member states: Austria, Belgium, Finland, France, Germany, Greece, Italy, Ireland, Luxembourg, The Netherlands, Spain, and Portugal. In 2002, circulation of euro coins and banknotes replaced national currency in these countries. Denmark, United Kingdom and Sweden have decided not to participate in the Euro.

The most recent Eurostat trade statistics quoted in this survey are from the year 1999 onwards. In this market survey, the € is the basic currency unit used to indicate value.

For more general information on the EU market, please refer to the CBI's manual Exporting to the European Union.

Overview 15 EU countries, 2002

Population	**379.4 million**
Area	**31,443,000 km²**
Density	**83 people per km²**
Languages	**15 (excl. dialects)**
GDP/capita	**€ 21,023**
Currencies	**€, UK£, DKr., SKr.**
Exchange	**€ 1 = US$ 1.16 (2003)**

Source: Mintel, World Factbook (2003)

Population and GDP of selected EU countries, 2002

Countries/category	Population in millions	Age 15-64	GDP (€ billion)
Germany	82.4	53%	2,206
France	59.3	46%	1,556
UK	59.8	49%	1,485
Italy	57.7	52%	1,416
Spain	40.5	53%	836
The Netherlands	16.0	51%	417

Source: Mintel, World Factbook (2003)

Trade statistics

Trade figures quoted in this survey must be interpreted and used with extreme caution. The collection of data regarding trade flows has become more difficult since the establishment of the single market on January 1, 1993. Until that date, trade was registered by means of compulsory customs procedures at border crossings, but, since the removal of the intra-EU borders, this is no longer the case.

Statistical bodies such as Eurostat cannot now depend on the automatic generation of trade figures.
In the case of intra-EU trade, statistical reporting is only compulsory for exporting and importing firms whose trade exceeds a certain annual value. The threshold varies considerably from country to country, but it is typically about € 100,000. As a consequence, although figures for trade between the EU and the rest of the world are accurately represented, trade within the EU is generally underestimated.

Even if most data are from single sources (e.g. Eurostat and Csil), information used in this market survey is obtained from different sources, e.g. national furniture trade associations or trade press, using different definitions. Therefore, extreme care must be taken in the use and interpretation of all quantitative data both in the summary and throughout the text.

The selected markets

This survey profiles the EU market for “Domestic furniture” in which six selected markets within the EU are highlighted. The countries selected for this survey are Germany, Italy, France, United Kingdom, Spain and The Netherlands, which are the largest consuming countries for furniture. In 2002, these countries together accounted for nearly 83% of total EU furniture consumption, in which Germany had the largest share. Italy is the second largest consumer and sets worldwide trends in furniture design. In 2002, the selected EU countries accounted for almost three-quarter of EU furniture imports, of which developing countries supplied 19% in volume terms.

The United Kingdom, France and The Netherlands play an important role in furniture trends with people who are more open to influences from other cultures and who tend to create more original home interiors. Spain has become a sizeable market for furniture and may offer opportunities for exporters from developing countries, especially because of its colonial links with supplying countries in Latin America and The Philippines.

3 CONSUMPTION

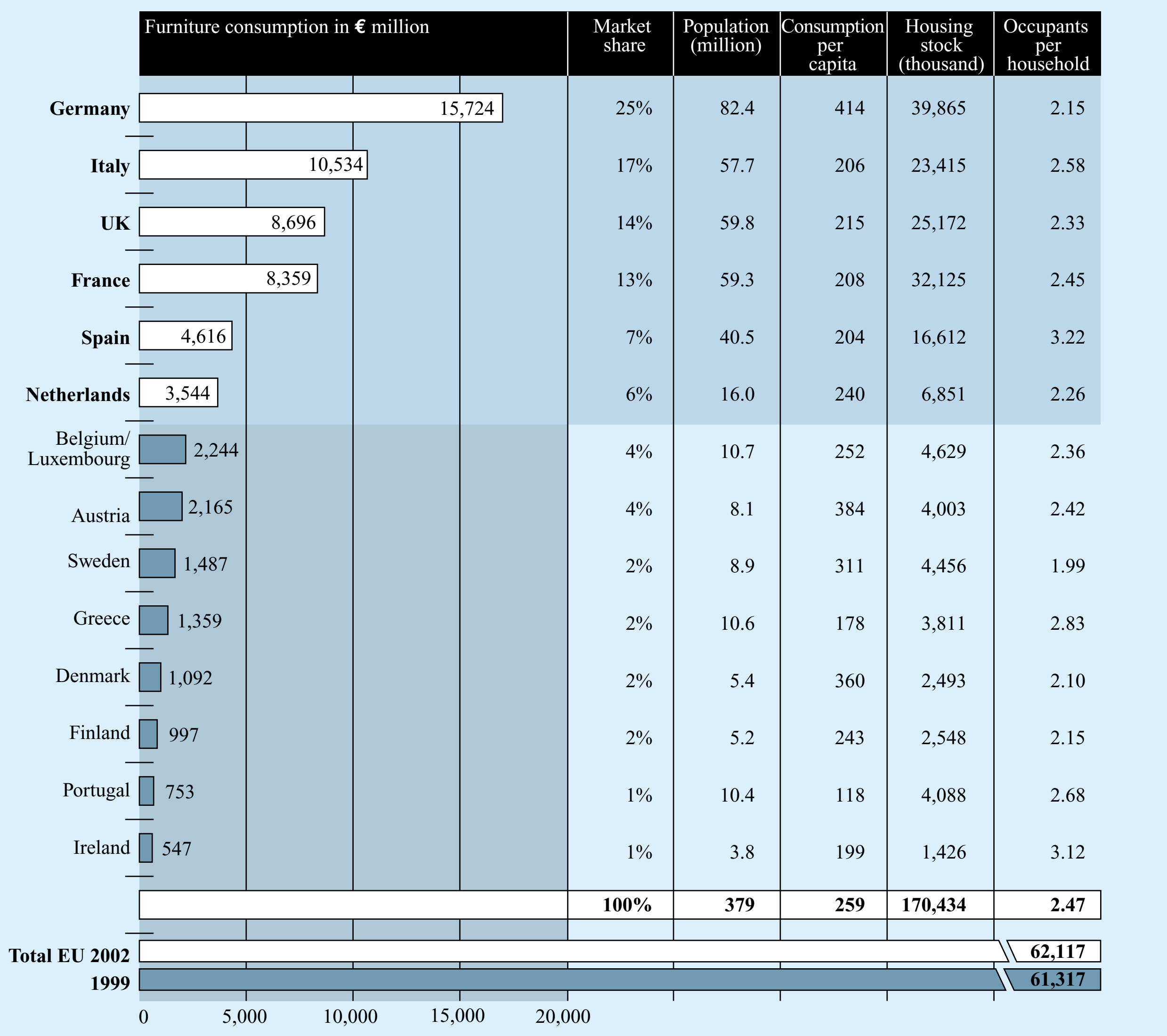
3.1 Market size

European Union

The EU is the world's second largest furniture market, after the USA. Total furniture consumption in the EU member countries were estimated at € 62,117 million in 2002, of which 83% (€ 51,473 million) was generated in the six selected countries - see figure 3.1. Germany is the largest EU furniture market and accounted for 25% of total EU furniture sales in 2002, followed by Italy, the UK and France, all with a high housing stock. The average EU per capita consumption was € 259 with people in Germany, Austria and Scandinavian countries, spending most on furniture. This can be partly attributed to the relative low number of occupants per household in these countries (see below).

After a period of growth in the late 1990s, the economic slowdown, falling housing market and a low consumer confidence affected furniture consumption negatively. Between 1999 and 2002, EU furniture consumption only rose by 1%, from € 61,317 to 62,117 million, with a decreasing tendency since 2001. The ongoing recession in all EU countries, growing unemployment and global political tension (e.g. Iraq war), constrained the growth of furniture sales. During these uncertain times, most consumers tend to postpone the purchase of furniture items. Especially in the low-

Figure 3.1 Consumption of furniture in EU markets, 2002



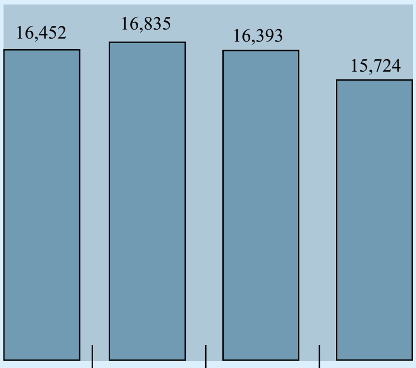
	Furniture consumption in € million	Market share	Population (million)	Consumption per capita	Housing stock (thousand)	Occupants per household
Germany	15,724	25%	82.4	414	39,865	2.15
Italy	10,534	17%	57.7	206	23,415	2.58
UK	8,696	14%	59.8	215	25,172	2.33
France	8,359	13%	59.3	208	32,125	2.45
Spain	4,616	7%	40.5	204	16,612	3.22
Netherlands	3,544	6%	16.0	240	6,851	2.26
Belgium/ Luxembourg	2,244	4%	10.7	252	4,629	2.36
Austria	2,165	4%	8.1	384	4,003	2.42
Sweden	1,487	2%	8.9	311	4,456	1.99
Greece	1,359	2%	10.6	178	3,811	2.83
Denmark	1,092	2%	5.4	360	2,493	2.10
Finland	997	2%	5.2	243	2,548	2.15
Portugal	753	1%	10.4	118	4,088	2.68
Ireland	547	1%	3.8	199	1,426	3.12
		100%	**379**	**259**	**170,434**	**2.47**
Total EU 2002	**62,117**					
1999	**61,317**					

Source: CSIL, National Furniture Associations, Euromonitor, UEA (2003) medium price furniture ranges, retailers were overstocked which has led to bankruptcies and intensified price competition. In the coming years, the furniture industry seeks their challenges in good quality wood, design and innovation with a primary focus on the more affluent consumers. Focal points in a declining EU market will be:

- More demand for *combination units*, which are versatile and dual-purpose.
- More variety in designs, material and colours for people to create their atmosphere of relaxation.
- More demand for contemporary furniture by single households and the 45+ generation.

Germany

Figure 3.2 German furniture consumption 1999-2002 Value in € million



	1999	2000	2001	2002* marketshares
Dining and living	4,188	4,314	4,175	28%
Upholstered	2,787	3,212	3,298	21%
Kitchen	3,013	2,923	2,879	18%
Other	6,464	6,386	6,041	33%
of which: - Bedroom	1,756	1,799	1,751	11%

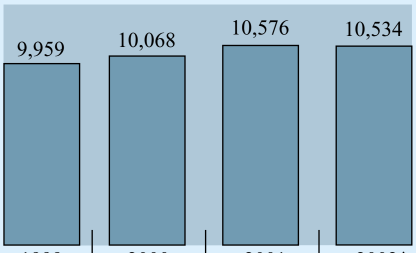
Source: CSIL, Möbelmarkt (2003)

Germany accounted for one quarter of the EU furniture market representing a value of € 15,724 million in 2002. With a population of 82 million and a housing stock of 39 million (figure 3.1), Germany had a per capita consumption of € 414, being 60% higher than the EU average. Although the per capita consumption is the highest in the EU, German furniture sales were seriously affected by the recession coupled with a sluggish trend in residential building. Being insecure about their future, Germans tend to erase furniture from their immediate shopping requirements. In addition, people became suspicious on new prices in Euros. Since 2000, sales have been on a downward trend as is shown in figure 3.2, with the major decreases in dining, kitchen, bedroom and other furniture. This trend resulted in an oversupply and intensified price competition. This was led by DIY chains and new furniture 'Aldi'-alike furniture discounters and Factory Outlet Centres, being visited by Germans of all income groups. The future German market is expected to polarise further into a low price and high price segment which will be driven by:

- The trend of 'Homing' where people create their own style interior - being a familiar place to relax.
- Innovative designs and combinations of materials.
- Sustained demand for wooden furniture (63% of sales) in contemporary and rustic (Landhaus) styles. Environmental friendly woods are more important.
- Demand for multi-functional, mobile and flexible items (e.g. easy to combine, store or extend).

Italy

Figure 3.3 Italian furniture consumption 1999-2002
Value in € million



	1999	2000	2001	2002* marketshares
Dining and living	1,803	1,967	2,173	20%
Upholstered	1,086	1,239	1,295	12%
Kitchen	1,812	1,849	1,892	18%
Other	5,258	4,968	5,215	50%
of which:				
- Bedroom	1,792	1,912	1,956	(19%)
- Bathroom	298	302	317	(3%)

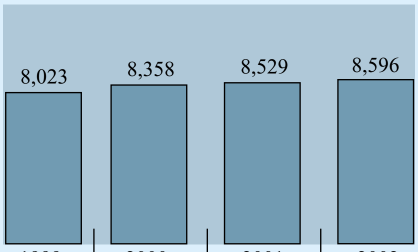
Source: CSIL, Federlegno-Arredo (2003)

Italy is the second largest EU market for furniture with a sales value of € 10,534 million in 2002, and accounted for 17% of the EU furniture market. The country is leader in furniture design and has a large manufacturing and exporting industry. Consumption per capita in 2002 was € 206, which is below the EU average. Furniture sales grew steadily during the 1990s up to 2001 (see figure 3.3). Sales were stimulated by falling interest rates and fiscal incentives (Tremonti Law) for home improvement. From 2001 onwards, the recession, the falling housing market and insecurity depressed furniture sales, which slightly fell by 1% in 2002. As shown in figure 3.3, the segment 'Other furniture' forms half of the Italian market. Here bedroom furniture (19%) and wardrobes usually take a large part compared with other EU countries.

Within the furniture market, there are differences in regional terms. Around half of Italian furniture sales comes from the wealthier northern regions with a stronger preference for contemporary and modern designs. In the poorer southern regions, people are more interested in classic or rustic style furniture. Other differences can be found in the various age groups. Older Italian people regard quality, price comfort and personality important. Whereas young Italians, look more for trendy designs, tailor-made items, credit systems and extensively shop around before buying. Next to price and multi-functionality, after sales service and fast delivery are considered to be important by all Italians.

United Kingdom

Figure 3.4 UK furniture consumption 1999-2002
Value in € million



	1999	2000	2001	2002
Upholstered	2,267	2,373	2,473	29%
Dining and living	1,604	1,898	1,941	23%
Kitchen	1,528	1,588	1,602	19%
Other	2,624	2,499	2,513	29%
of which:				
- Bedroom	962	1,087	1,109	(13%)

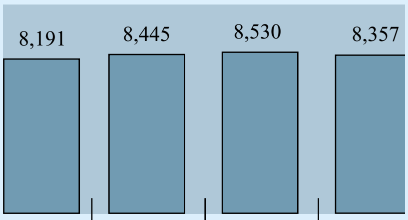
Source: CSIL, BFM, Mintel (2003)

The UK furniture market was worth € 8,596 million in 2002, making it with a share of 14% the third largest EU furniture market. After a period of growth, furniture sales slowed down in 2001, despite a price inflation of 5% in that year.
Especially the top bracket income families cut back spending due to the recession. The growing house prices resulted in less house-buying activity.This has affected sales of the traditional types of UK furniture such as sofa beds and upholstered seats, still good for the 29% of the UK market. On the other hand, sales of dining sets, ethnic,occasional, RTA and children's furniture were still on the rising hand.
The UK furniture market is polarising between value-for-money propositions and top-end names. In between, there is a growing variety in quality, designs and styles in furniture. The traditional ranges in dark woods such as mahogany and oak remain popular. But there is a growing preference towards mat finishing and light woods (e.g. maple, beech, light oak, birch and bamboo).
Indicators for the future market are:

- Entertainment at home stimulating demand for TV/Video cabinets and occasional furniture.
- Demand for smaller, multi-functional and combination units (clever shelving systems).
- Interest in contemporary furniture, "Green" (environmental sound) furniture and country furniture in "Chunky rustic designs".
- It is now acceptable to mix and match items by named designers with mass-market items.

France

Figure 3.5 French furniture consumption 1999-2002
Value in € million



	1999	2000	2001	2002
Dining and living	1,956	2,008	1,977	23%
Upholstered	1,883	2,026	2,047	24%
Kitchen	1,474	1,604	1,620	19%
Other	2,878	2,807	2,886	34%
of which:				
- Bedroom	819	845	853	(10%)
- Bathroom	245	253	256	(3%)

Source: CSIL, IPEA (2003)

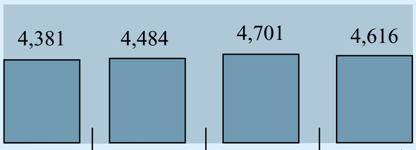
France is the fourth largest EU furniture market and ranks second with a housing stock of 32 million (see figure 3.1). According to IPEA, around 7 million French households buy new furniture each year. Still with a per capita consumption of € 208, the French spend little on furniture compared to other EU countries.
In 2002, around 32.5 million furniture items were sold in France, representing a value of € 8,357 million, or 13% of the EU market. Similar to the other countries, France was affected by the recession, unemployment, inflation and furniture value sales in 2002 decreased by 2% (see figure 3.5).
On the other hand, sales of contemporary furniture by IKEA, Fly and Alinéa to young people living in urban areas remained strong. It were more the French families and 45+ generation, who were careful in their spendings, still regarding furniture as a luxury.

While sales of kitchen and bedroom furniture fell in 2002, comfortable living room furniture sales were still on the rise. Especially sales of TV cabinets, canapés, sofas, corner divans, footstools, storage units and home office furniture performed well in 2002.

Overall, modern and (RTA) contemporary style items will continue to dominate the sector (62% of sales value in 2002). Rustic and classic style furniture gradually loose popularity. Currently new impulses are given to these styles. For example by combinations of materials e.g. wood – fabric – leather. Or by retro-versions of well known classic designs, which in France is referred to as *'club'*.

Spain

Figure 3.6 Spain furniture consumption 1999-2002
Value in € million



	1999	2000	2001	2002* marketshares
Dining and living	788	851	893	19%
Upholstered	613	628	638	14%
Kitchen	482	493	501	11%
Other	2,498	2,512	2,669	56%
of which:				
- Bedroom	394	403	423	(9%)

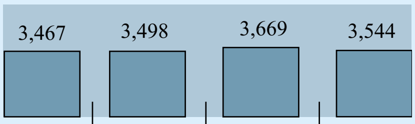
Source: CSIL, Infurma (2003)

Spanish furniture consumption is relatively low compared to 40.5 million Spaniards living in 16.6 million houses (see figure 3.1). In 2002, the Spanish furniture market was worth € 4,616 million, or 7% of the EU market. The low per capita consumption of € 204 can be partly attributed to a low birth rate and to the late moving out of children. Spain has 3.22 occupants per household, which is the highest in the EU.
The home is a traditional and social meeting place and, recently, for teleworkers a working place as well. As more time is spent in-home, Spaniards have become more interested in home decoration and the multi-functional use of rooms, especially living rooms and bedrooms. As is shown in figure 3.6, dining and living furniture accounted for 19% of the market. In the urban regions, consumption by single and two person households remained strong.

By 2001, the fast growth in furniture sales came to an end. Especially in the country side, where unemployment (15% in 2001) rose further and spending was restrained by high Euro prices.
Young Spaniards prefer contemporary style, RTA furniture, often purchased at chains such as IKEA Merkamueble and Conforama. The future market is expected to polarise into a low and high range segment. Opportunities must be sought in the growing 45+ generation, looking for more comfort and style. They prefer items of solid types wood in rustic, classic style and often buy direct from one of local manufacturers.

The Netherlands

Figure 3.7 Dutch furniture consumption 1999-2002
Value in € million



	1999	2000	2001	2002
	3,467	3,498	3,669	3,544
Upholstered	1,378	1,292	1,394	38%
Dining and living	778	786	811	22%
Kitchen	374	394	408	11%
Other	937	1,006	1,056	29%
of which:				
- Bedroom	266	273	282	(8%)
-Small furniture	183	195	206	(6%)

Source: CSIL, CBW (2003)

The Netherlands is the sixth EU furniture market with a total retail sales of € 3,544 million in 2002, In the same year, consumption per capita of € 240 being well up to the EU average. The period of ongoing prosperity ended by 2001, when the Dutch economy came into a recession. The unemployment, rising prices and the overheated housing market made the Dutch very careful in their furniture spending. According to CBW, furniture sales fell between 2001 and 2002 by 3.4% in value and 5.4% in volume. Particularly value sales of upholstered seating and the kitchen furniture decreased in 2002 by 7.5% and 3% respectively. Bedroom furniture sales fell by 1.8%, which were mainly in beds. Whereas the sale of wardrobes, cabinets and chest of drawers were still strong. Within the dining and living room segment, sales of (dining) chairs fell, between 2001 and 2002, from 3,601 to 3,454 thousand pieces, a decrease of 0.7% by value. Tables (dining, coffee etc.) fell from 1,445 to 1,414 thousand pieces - a value decrease of 0.8%. On the other hand, value sales of TV cabinets, dressers, cupboards, bookcases and wall units rose by 3.2%. Free-standing cabinets are now being used in different rooms, even in the kitchen. Besides, they are more attractively designed. Most people prefer solid wooden cupboards.
According to CBW Woonmonitor, one third of furniture sales is purchased by people aged between 35 and 40. Influenced by the media attention to home decoration, people now want tailor-made items. Most furniture stores now have their own interior designer.

3.2 Market segmentation

Segmentation by product

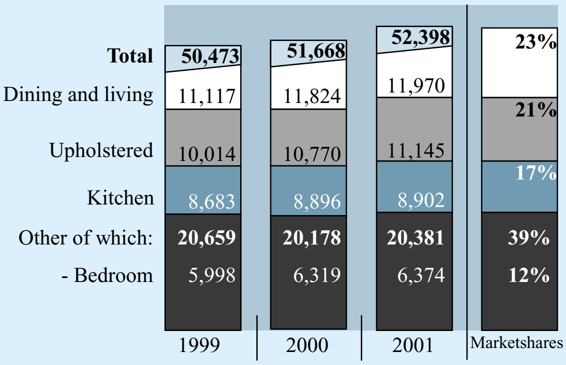
Upholstered seating and *kitchen furniture* are large segments within EU furniture consumption, as is shown in figure 3.8. It was especially in these segments where since 2001, sales declined in almost all EU countries due lower consumer confidence and the falling housing market.

Upholstered seating should nowadays be comfortable, offering all relaxation requirements, and look good. High end models use the latest technology offer extra functions such as remote control or massage. In terms of size, two- and three pieces suits and sofas are most common in most countries. New are the 1.5 piece suits (*'love-seats'*) combined with a pouf or ottoman. The choice of fabrics is dictated by fashion in each country.

Kitchen furniture sales were stimulated in the late 1990s by the growing housing market and the tendency towards open kitchens. TV cooking programs and new cooking habits (fast stir-fry dishes, convenience food), were also reasons for people to revamp their kitchen, often with new and intelligent cooking equipment. Most contemporary style kitchens are fitted, with a free-standing kitchen bloc in the middle (*see photo no. 4*). In the United Kingdom and France, there is a tendency towards removable free-standing items (e.g. cupboards, butcher blocs, dressers, work surfaces) in "farmhouse kitchens" Here may be opportunities for developing country exporters.

When the consumption in both segments is going to pick up remains to be seen. Still in future they are difficult for exporters from developing countries to enter. Both segments are dominated by Italian and

Figure 3.8 EU furniture consumption 1999-2001
Value in € million



note: EU refers here to the six selected countries

Source: CSIL, Nationa Furniture Associations (2003)

German suppliers, which offer a variety of items in terms of price, design, quality and brand.
Most of items are made from low cost woods/materials and production is outsourced in Eastern Europe, China or other large Asian supplying countries such as Malaysia, Vietnam and Thailand.

Dining and living room furniture
This segment accounted for 23% of EU furniture consumption and easier to enter for exporters from developing countries, despite the economic recession. The distribution of dining and living room furniture is relatively simple and retail outlets generally sell the complete range.

In 2001, consumption of this type of furniture was worth € 11,970 million. Between1999 and 2001, the largest increases were registered in the United Kingdom (+21%) and Italy (+20%), whereas sales remained static in Germany and France.

Dining tables vary from light in weight and appearance to robust, made of solid wood. The styling of most dining tables is erect and straightforward. Gate-leg, folding and drop leaf tables are popular for small dining areas, as they use space efficiently. In tabletops at the cheaper market levels chipboard, melamine and laminates are often used. Asymmetric shapes and combinations of materials are all popular (*see photos no. 7 and 9*). For example, different wood sorts can be used in one table, or combinations are made of wood with aluminium, wood with chromium frames, with glass, with marble, stone, wrought iron or any other material.

Chairs vary considerably in style, from simple modern shapes to rustic, classic, baroque or colonial styles, reflecting the huge influence of exotic design in decor. Sometimes dining tables are surrounded with comfortable chairs offering upholstered levels of comfort with changeable back coverings in different softness and patterns. Fine rattan and wickerwork are still popular and are often combined with metal or aluminium. Chromium frames and legs are frequent in contemporary style chairs, with a plastic or wooden seating, which are easy to stack. Besides wood and metal, new materials such as resin is gaining ground. There is an interest in multi-functional chairs in a variety of colours, ranging from natural or metallic colours to bright 1970s/1980s or softer 1950s colours (e.g. soft yellow, red, blue, turquoise, baby rose).

Living room furniture includes sideboards, coffee tables, buffets, end tables, dressers and (movable) TV/Video tables and room dividers. Stools and poufs (from massive wood on wheels) made their comeback in living rooms. There is a greater variety in materials, forms and styles (*see photos no.1, 2, 8, 11 and 12*) which are sometimes combined. The latest living furniture items are lighter, well designed, removable (on wheels) and multifunctional. For example, a contour rolling shaped coffee table or a coffee table with an aluminium frame on wheels which also can function as a TV table. Most of these items are aimed at creating a new, richer dining and/or living room that is more adaptable to different uses.

The TV table segment could benefit from a growing demand for TVs and DVDs. Less formal eating habits and the rise in the number of single households have stimulated this development. TV tables and other small living room furniture is often purchased on impulse with some people try to experiment with a new style, which may be a start for a whole change of the room.
In 2001, around 30% of living room furniture items sold, was bought as RTA. Because of the ongoing expansion of the large furniture retailers, especially in Spain and Italy, this ratio will grow further.

Colonial or ethnic style furniture
These styles combines Asian, African and western designs and are recognised as permanent styles.

Colonial furniture is often made of darker types of wood such as teak, wengé, cherry, mahogany). Recently new timbers are used in this type of furniture e.g. rubberwood, lenga, bamboo - with some chairs combined with plait leather. Colonial style can vary from decorative (*see photo no.2*) to luxury (*see photo no.3*). Decorative items include small tables, or desks, with their atmosphere of travel to exotic countries. Whereas luxury items include seating made of highly polished cherry wood and upholstered with leather.

Ethnic furniture, which refers to all kinds of (‘exotic’) furniture from developing countries, in styles ranging from classic, contemporary or rustic. It is important that furniture conveys its authenticity in order to stay special or ‘unique’, by special woods (e.g. banana tree, palm fibres, midribs, zebrano) materials (e.g. sea grass), designs, skills in craftsmanship or in finish.

Both styles become increasingly popular, especially in the United Kingdom, France and Italy. Long-haul travel as popular destination for holidays suffered from the recession and SARS virus.Although in future, travel to exotic countries may pick up again, which will stimulate interest in ethnic style furniture. Another impulse to this segment comes from non-travelling people, who are looking for a flavour of exotic places in their homes.

Rattan furniture

In Germany, rattan furniture has been popular since the early 1990s. It is being used in the Landhaus style and in contemporary style furniture. Also in the other selected markets rattan furniture has become common in dining sets, living rooms, bedrooms, children's rooms and verandas. In addition, the French use rattan chairs and tables in the garden or in second homes. Italians also use them in city apartments e.g. on the balcony.

Italian design in rattan and the use of fine wickerwork cane of a high quality, created a variety in rattan furniture. Rattan chairs are often combined with solid wooden tables in contemporary or country style dining sets. Most people prefer natural colours, but rattan painted in white, red, blue, turquoise, green gained popularity. Most contemporary rattan chairs and tables are mixed with metal or aluminium giving them a more luxurious and solid look (*see photo no. 5*).

In competition with rattan is "loom" furniture, which is often used in dining and living rooms and which goes well with contemporary and colonial style furniture. Loom furniture (mostly chairs) is made from an iron wire frame, which is woven or covered with fibre. It looks similar to fine cane wickerwork, but is stronger and can be painted in different colours.

Although Indonesia dominates the market for rattan furniture, there are still some opportunities for other developing countries. For example, wicker or bamboo baskets or cane mats remain popular accessories for bedrooms or bathrooms. Also the country house style has made its come-back in the EU, but here the items must be of good quality and the designs should be up with the latest trends.

Bedroom furniture

As is shown in figure 3.8, bedroom furniture represented 12% of total EU market in 2001 with a value of € 6,374 million. Within this segment it were especially the beds and the fitted bedrooms which suffered from the economic recession and lowering housing market. On the other hand, sales of free-standing items (e.g. bedside tables, chests of drawers, cabinets) remained strong with a tendency towards storage of clothing in open racks, on rails or in wicker baskets.

Because the average bedroom sizes became smaller, demand has grown for furniture with several functions such as sleeping, storage and working. The definition of what includes 'bedroom furniture' is increasingly blurring. Computer desks, chairs, filing units and storage beds -(*see photo no. 6*)- found their way into adults and children's bedrooms.

With regards to beds, people tend to buy only wooden laths, without a bedstead, which is cheaper and meets their size. As the population gets taller, there is a greater demand for bedding 180 x 200 or 210 cm in size with still bedstead manufacturers who have not met this change in demand. The trend now is towards lighter bedsteads on relatively tall (decorative) legs, and heights which make them more convenient for older people. There is also a less strong national character in designs of beds with influences from other cultures stretching from the French to Scandinavian to the Japanese Tatami, which can be an opportunity for exporters from developing countries.

Consumers buy one quarter of bedroom furniture in RTA form (in volume terms). Wood and MDF are the mostly used raw materials in the manufacture of beds. Modern and elegantly designed metal beds and classic/baroque style metal or wrought iron beds become popular. Still many beds are made of pine and light oak, while birch, beech, ash and warmer wood colours like cherry are gaining interest (*see photo no. 3*).

Children's furniture

A niche market which grew fast in the past few years, stimulated by children's furniture chains especially in France, United Kingdom and Germany following the US-style superstores. Despite the difficult times due to the recession, today's children do not take a basic bedroom for granted and regard a bedroom as their 'haven'. Parents are looking for unique items which turn their children's bedroom into an entertaining and inviting place.

The introduction of multi-functional and modular ranges which can be added to over time as the child grows, has meant that parents are now more willing to purchase better quality items. Another tendency is that children and teenagers spend more time in their rooms (computer, TV, DVD, video games etc.).

In the children's furniture segment, safety standards are important and exporters must pay extra attention to rounded corners, non-cascading drawers, steel bolts in bunk beds and bolted bed rails.

Photographs

The photographs on the following pages show the different kinds of interiors typical to each furniture style, as described in Chapter 1 and in this section. They are ranged from classic to modern.

1. Classic style
(Living room with cherry sideboard)

2. Colonial - Ethnic style
(Living room - Indian atmosphere with hanging table)

3. Country - Colonial style
(Luxury bedroom with free-standing cabinet)

4. Contemporary style
(Kitchen with free-standing bloc and rustic dining set)

5. Contemporary style
(Low table of rattan combined with metal)

6. Contemporary style
(Multifunctional bedroom - home office)

7. Contemporary style
(Dining set and dresser - oak and beech)

8. Contemporary style
(Open shelve cupboards on bamboo background)

9. Contemporary style
(Dining room - dark oak with smoked glass)

10.Contemporary- Modern style
(Plastic chairs and removable cabinets - home office)

11. Modern Style
(Living room in retro 70s style - with prints)

12. Modern style
(Multifunctional living room with modular systems)

Other furniture

Cupboards, bookshelves and storage/wall units have grown strongly in the last few years out of necessity. For example to put clothing, books, albums, files or electronic equipment. Nowadays cupboards are better designed. Most people look for good-looking, practical, multi-functional items to be used in the hobby- or study room, bathroom, corridor, hallway, kitchen but also in living rooms.

As with other furniture, there is a general trend to open shelves and lighter (transparent) materials, to prevent them to dominate rooms and to accentuate space and openness (*see photos no. 8 and 11*).
Modern items are popular with wheels, so they can be moved easily. Lighter woods, like beech, maple and birch, and warm colours such as cherry and oak are preferred. 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 popular in contemporary style. In country or colonial styles interest remains high in typical wooden cupboards e.g. from developing countries.

Home office furniture

The *home office furniture market*, referred to as **SOHO** (Small Office Home Office), grew fast up to now. Despite the economic recession, there are opportunities here - contrary to the professional office furniture market, which currently faces hard times. In most EU markets home working is becoming more common. There is a rapid expansion of flexible, remote and telework practices coupled with PC penetration in the home for business and family use. Those people setting up a business for the first time may be tempted to buy cheap office furniture. Later on this may be prove to be false economy when spending much time at this desk and they choose for more comfortable and ergonomic seating.

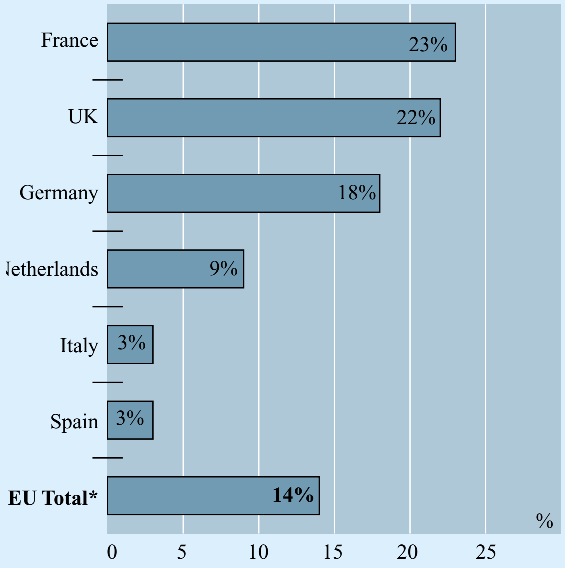
Additional demand for home office furniture comes from a new generation of computer-literate schoolchildren, who need some sort of workstation at home to complement the facilities available at school. In addition, the leisure use of PCs, for surfing the Internet, e-mailing and chatting, video games and interactive TV games, is still on the increase -especially among elder people.

According to Csil (International Furniture Study Centre), the EU home office segment was worth around € 1,500 million in 1999, representing 4.4 million purchases in that year. This can be compared with 52 million computers owned by EU families in 1999 and an expected annual 5 million new PCs purchased each year. It should be noted that PC sales has flattened since 2002.

Specific products include integrated workstations (for computer, monitor and keyboard), desks, writing tables, swivel/office chairs, filing drawers/shelves/cabinets, printer trolleys and room dividers.
Most items should offer space saving features and are preferred to be on wheels, so that they can be moved easily. Softer styling becomes also popular, especially when used in the main bedroom (*see photos no.6 and 10*). On the other hand, most home office furniture is currently made of laminated particleboard, is low-priced and almost half is sold as RTA. For all items, quality standards, ergonomic requirements and fast delivery are relatively more important in this segment than other furniture items.

RTA (Ready-to-assemble)

Figure 3.9 RTA furniture
As percent of total consumption, 2001



** Includes 15 EU countries, Denmark, Sweden and Switzerland*

Source: CSIL (2002)

In 2001, the apparent consumption of RTA furniture at manufacturing prices was estimated at € 7,300 million, which was 14% of the EU furniture market. Though in volume, the share is much higher.
As is shown in figure 3.9, France, UK and Germany had the largest RTA shares in their furniture markets, followed by Scandinavian countries. Whereas the share in Italy and Spain were 3%, according to Csil.

The RTA shares in terms of products groups were particularly high in SOHO (80%), occasional furniture (35-40%), dining and living (20-30%), kitchen (10-15%), bedroom (10-15%). Many cupboards, wall units are purchased as RTA.

Key factors which have a positive influence on RTA sales:

- RTA has no cheap image anymore as the quality of items improved.
- More furniture has been available in RTA form.
- Consumers are not prepared to wait and want instant delivery.
- As many items are supplied in unfinished wood, there is a degree of individuality for the buyer, who can paint, lacquer or wax the items according to their personal taste.

Points of concern for exporters from developing countries:

- An efficient production system is essential and packaging must be solid.
- The fittings must be correct, according to EU quality standards.
- Fitting technology should be as simple as possible.
- Assembly instructions must be explained clearly (e.g. use of diagrams).
- Quick delivery and good after-sales service are extremely important.

Although there are large differences per country. For example, in the UK around 50% of all kitchen and bedroom furniture sold in 2001 was RTA.

In most EU countries, RTA furniture is mainly contemporary style. Light colours and lightwoods are just as dominant here, as aluminium and matt glass. The growth of the RTA furniture segment in the early 1990s was led by IKEA, followed by other furniture groups and mail order companies. The recession has led to more people buying RTA at furniture chains and DIY stores, which they regard to be affordable, regardless their limited spending on home furnishing. For the coming years, there will be still opportunities for exporters in the RTA segment.

Segmentation by user and life stage

Most potential consumers of furniture from developing countries are in the low to medium income range and buy a wide range of contemporary, country or colonial style furniture. As lifestyles have become more diverse and trends change at a faster rate, consumers tend to be more impulsive and sometimes irrational in purchasing decisions. On a national basis, furniture consumers nowadays increasingly segmented by lifestyle.
A more general approach for the selected EU countries is to segment consumers by life stage. However, it is difficult to predict how each group will behave as there are still large differences by country:

Group	**Main characteristics**
Singles (Young) (16-29 years)	→ People living alone usually spend more time out of their homes and have contemporary furniture which is practical, functional and in the lower price bracket. Many people have a computer or a small office corner in their living room.
Singles (Older) (20-45 years)	→ People whose circumstances necessitate the setting up of a new home e.g. single mothers setting up house or divorcees starting again. Independent career men or women are also included in this group. Initially they tend to buy furniture which is practical, multifunctional, easy to transport and up to the latest interior trends. They also have small office corner in their living room.
Young parents / Couples (25-40 years)	→ A group which is increasingly sensitive to fashion. Their new interior ideas and furniture purchases are likely to be individual combinations of past styles with the latest decorative and colour trends. Many of them want to show their ‘unique interior’ to visitors and have small office corner in their bedroom or study room.
Middle parents (mainstream) (35-55 years)	→ The largest group of consumers, who spend more time at home and to whom their furniture is important. They tend to have contemporary furniture and buy new items either for a change, because they are needed for a growing household, or because they are moving to a larger house. Many of this group will want to follow interior fashion trends, usually to add interest to their home, or to show to visitors
Middle-late parents	→ They started adult/married life with a particular interior style (typically heavy hardwood furniture) and have changed little, except for functional requirements. Their furniture is solid and stylish and they choose for classic and increasingly for contemporary or modern style furniture.
Seniors (65+ years)	→ A fast growing group in almost all EU countries. After their children have moved out, they like to re-furnish their home interior, suiting their own taste, which can be based on existing furniture, contemporary style, or a mix of the two. Important “senior furniture” items include higher seats, tables which comply with the latest ergonomic requirements.

3.3 Consumption patterns and trends

Consumption patterns

Demography

As already mentioned in Chapter 2, the EU has an ageing population. By the year 2021, the population is expected to decline with a further growth in the 45+ old age group. The elderly people form an interesting market segment for exporters. After their children have moved out, they like to re-furnish their home interior. They have more time and money to spend then other age groups.

Another tendency is the rise of single households in all selected countries because of more divorces, career men/women and older people. This may result in an overall reduction in size of houses, apartments and rooms and an increased demand for smaller sized multifunctional furniture items.
In the United Kingdom, Germany, France and The Netherlands, single and two-person households together account roughly for two-third of all households and are expected to increase further.

Socio-economic factors

Disposable income is a major influence on consumer expenditure on furniture. Due to the economic recession from 2001 onwards, job security cannot be taken for granted and the welfare state is less capable to offer support. Here furniture is one of the first items to be postponed and it has to compete with other expenses on e.g. holidays, hobbies, entertainment, electronics, cars, etc., especially in the southern EU countries, where people spend less time in their homes.

Houses built in rows are most common in the United Kingdom and The Netherlands, whereas Germans, Italians and Spaniards more likely to live in apartments. According to a recent survey by INSEE (French National Statistics Office), the number of home owners is large in Italy and Spain, while in northern EU countries housing is historically more rented. Though recently, ownership in most countries overtook renting. Since the recession, the booming housing market in most countries has flattened. An overview of the housing stock and occupants per household was given in figure 3.1

Buying motives

According to the UEA (European Furniture Manufacturers Federation), around 70% of all furniture sales are now attributed to replacement because of changes in taste or available income. However, this ratio can vary from 45% to 80% depending on the product. Around 30% is bought after births, the formation of new households, moving house or after damage or breakage of existing furniture.

Quality

In most countries consumers are critical and expect value for money. Sound quality and suitability of the furniture for its designated use are the key requirements. In some countries, retailers who sell furniture of good quality have a recognised label and are members of a National organisation for home furnishings. Each EU country has its own national labels.

Price sensitivity and brands

Despite increased emphasis on quality, price remains a crucial point. Competition between retailers based on price has been a significant feature in most EU markets for some time. Consumers now expect to receive discounts on their purchases of large furniture. Especially after 2001, the cautiousness in spending and the distrust towards new pricing after the introduction of the Euro, resulted in more critical consumers, who do not accept old trade-offs. Consumers inform themselves beforehand by the internet and know much about the latest models, brands, (foreign) prices and service level.

Environment and FSC labels

Environmental friendliness has become an important factor in purchasing decisions in Germany and most northern EU markets, and consumers are increasingly taking this into account. National governments, trade and industry are at the forefront of European action to preserve the environment. Consumers are better informed and continually exposed to media publicity on the subject. There is a growing interest in guarantees e.g. *FSC label* that furniture is made from sustainable woods and natural and environmentally friendly materials and finishes. (see also Chapter 9.1).

Trends

Wellness and fashion in interiors

The theme of *wellness* plays an important role for people who want to do more for their well-being. Especially in Germany, UK and The Netherlands, people try to find 'sleeping wellness', 'eating wellness' or 'colour wellness' to achieve a sense of balance in their homes. After all, feelings of well-being also create an identity. People tend to mix different interior styles and take ideas from all over to create an original interior where they can relax from their otherwise hectic lives to enjoy time with family and friends.

By 'designing' their own interior style, people take more pride in the way they furnish their homes. Although they still need inspiration from magazines and TV programmes, featuring creative ideas for interiors, home improvement suggestions, interior architects "metamorphoses" and designers' talk-shows etc. All have their own styles, colours and 'trends' changing every season. Some people choose seats and chairs with loose covers, so that the fabric can be changed each season in order to keep up with the latest trend, instead of buying new furniture.

In addition to the annual national home interiors fairs held for consumers, there are numerous regional home and garden fairs, in northern and increasingly in southern EU countries, which also serve as a source of inspiration to many people.

Trends in interiors

Combinations and fusions

- Materials such as wood, metal, aluminium, glass and stone are being combined. Colours are mingled so that dark, bright, transparent or natural colours can be used in the same interior.
- The boundaries between styles have become much vaguer. Special interior decorative effects are achieved through small furniture, accent colours and accessories.
- The purchase of individual items is expected to grow, as consumers look for new items which co-ordinate with their existing furniture.

Romantic - rustic style and international interiors

- Opportunities can be found in the return of the rustic style, with a natural, familiar, romantic and adventurous atmosphere, created by robust furniture combined with exotic accessories - particularly popular in Germany, Italy and France.
- The atmosphere is supported by small furniture items

  e.g. stools of solid wood with ethnic, folk and colonial/oriental designs, including curves, latticework, wrought iron.

- Natural interiors are combined with indoor/outdoor/ patio life. The construction of verandas and in-house gardens in northern EU countries gained popularity.

Trends in furniture

From the second half of the 1990s onwards and the growth of IKEA-alike chains, consumers in all categories gained interest in contemporary style furniture, which has been at the expense of classic style furniture. In all furniture styles some significant trends are:

Multifunctionality, flexibility and comfort

- Individual items of furniture can be used for different functions: flexible seating for sitting, reclining or sleeping; modular wall systems and living room systems (*see photo no.12*).
- Furniture for older people with a focus on comfort/ergonomy (e.g. higher seats).

More decadence

- As a reaction to minimalism, designs are enriched by better quality (e.g. solid woods), colours, chrome, baroque designs or by retro designs usingprints (*see photo no.11*).
- In contemporary style furniture most designs simple and cubic, but there is a tendency towards softer, rounded lines, organic shapes and more decorations.
- Small visible legs, made of metal or wood, are an important feature at the moment for living room chairs, couches, armchairs and cupboards.

Trends in materials, colours and shapes
According to the UEA, furniture made of wood, accounted in 2002 for 67% of total volume of furniture sold in the EU. About 26% is made of metal and the remaining 9% is made of plastic and other synthetic materials.

In addition, wooden furniture is more frequently combined with metal or chrome. In the late 1990s, metal, glass and plastic have been more popular in modern and contemporary styled interiors. Composite board or particle boards and MDF (Medium Density Fibreboard) are increasingly being used in the manufacture of furniture, which is then veneered with more costly hardwoods (e.g. birch, beech, cherry, alder, maple or oak). This has resulted in the production and sale of low-cost wall systems, beds, tables and desks.

Materials

- *Woods:* Interior parts and primary and secondary frames of most items are made from lower quality wood like birch, ply and laminates, while for exposed surfaces fine timbers are used. Lighter hard woods such as oak, beech, maple, alder, birch, cherry and hickory have proved more popular than pine. The importance of warm tints has resulted in more demand for darker wood species like cherry, oak, walnut, ash, wengé, mahogany, teak or rubberwood in faded/darker colours. “antique” or “old paint” and “aged” looks remain important and recycled wood is gaining in popularity.

  Exotic looking wood such as Lenga from Chile, Jatoba and *Macaranduba* from Brazil, *Zebrano* from Central Africa and *Rubberwood* from Malaysia are becoming popular.

- *Rattan, fine wickerwork, bamboo, hemp, abaca and sea grass* continue to be important materials, which are increasingly used in contemporary designs and in natural interiors.
- *Metals:* the metallic, hi-tech or industrial look is popular in furniture, being an eye-catching element. Metals in simple forms are often combined with wood or glass. Stainless steel, chrome, wrought iron, aluminium and copper have become more popular in the past few years.
- *Glass:* smoked glass and other opaque finishes, rather than clear (cold) glass is popular. Natural and acrylic glass is increasingly used in combination with other materials in tables, cabinets etc.
- *New materials:* Experiments are done with new materials: polycarbonates in matt finish, high gloss, transparent and in many colours. Also, recycled polyester is increasingly being used in modern items.
- *Fabrics:* these are softer in texture and appearance, with single light natural colours used as a basis. Small motifs, textured look, geometric or large colourful designs are possible. Floral designs, micro-fibres are still common and (soft) hi-tech fibres are gaining importance.
- *Finishes:* There is a tendency towards high gloss finish in many colours for tables and chests. There is also much use of polished, laminates, satin-finish, acid-etched, painted glass with neutral or bright colours; opaque lacqers; painted and enamelled steel; anodised, polished and mat aluminium.

Colours

- Silver-coloured frames, next to retro colours e.g. dark-brown and black. Grey has made its return.
- Sorbet colours: soft yellow, ice blue, baby-rose, aqua-blue.
- Green tones: grass green, crystal-green and avocado-green.
- Light red and orange.

Shapes

- Soft, round organic shapes.
- Colonial shapes influenced by the interest for the old Aesthete cultures.
- Sturdy solid wood frames.
- Slender legs in the form of (epoxy) aluminium or metal tubes used for chairs, tables and cupboards.

4 PRODUCTION

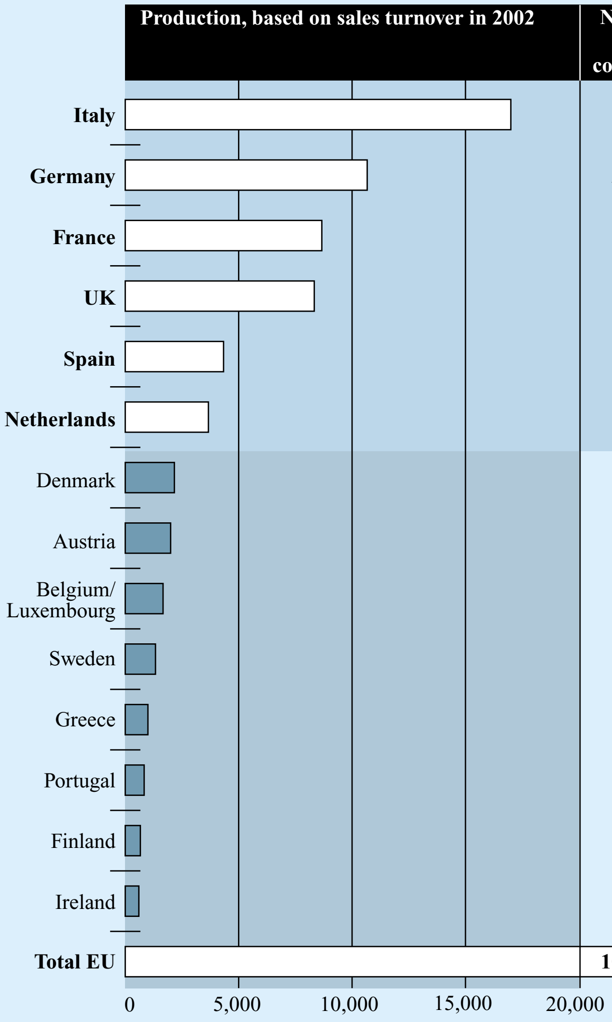
The furniture sector in the 15 EU countries and Eastern Europe accounted for around 43% of total world furniture production in 2002. This is high compared to the 27% share by Asia (China, Japan and South East Asia) and 20% by North America (USA, Canada). Though in future, the role of Asia in furniture production will become more important.

The EU furniture industry has a long tradition and can comply with a very fragmented market with all its different styles, craftsmanship, tastes and materials. Usually production is not in large lots and single manufacturers rarely produce a full range of products. Especially Italy, Spain and the United Kingdom have many small-scale manufacturers, most of which are family-owned businesses.

In 2002, the turnover of the 102,000 EU furniture manufacturers in the 15 EU countries was worth € 66,685 million. It was the first year, since the recession in 1993, that production fell as a direct result of decreasing demand in most countries, falling exports and more production outsourced in Eastern Europe and Asia. Between 2001 and 2002, EU furniture production decreased by 4% with falling production values in almost all countries, especially in Germany and France.

As is shown in figure 4.1, Italy is now the largest EU furniture producing country, accounting with a production value of € 17,294 million for 26% of EU total with around 37,000 companies. Italy has taken over Germany's leading position, suffering from

Figure 4.1 Production of furniture in EU countries, 2001 - 2002



	Number of companies	Sales turnover furniture industry			
		2002 € million	2001 € million	Difference 2001/2002	Ratio RTA
Italy	37,906	17,294	17,629	-1.9%	5%
Germany	22,880	17,085	18,785	-9.8%	14%
France	16,369	7,664	8,073	-5.3%	17%
UK	8,211	6,994	6,867	+1.8%	14%
Spain	13,255	5,071	5,122	-1.0%	4%
Netherlands	3,916	1,761	1,797	-2.0%	8%
Denmark	na	2,074	2,085	-0.5%	28%
Austria	na	1,926	1,924	+0.1%	na
Belgium/ Luxembourg	na	1,833	1,863	-1.6%	na
Sweden	na	1,582	1,605	-1.4%	na
Greece	na	1,114	1,156	-3.7%	na
Portugal	na	962	984	-2.0%	na
Finland	na	943	967	-2.5%	na
Ireland	na	382	397	-3.9%	na
Total EU	**102,547**	**66,685**	**69,254**	**-3.8%**	**9%**

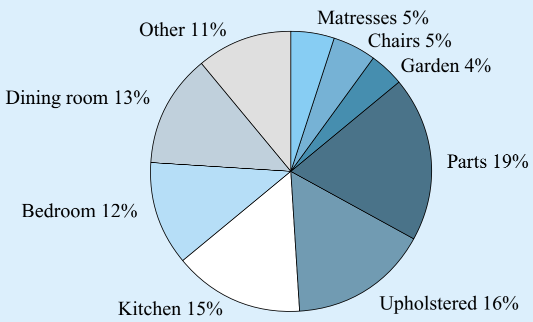
Source: CSIL, UEA, VDM (2003)

declining production since 2001. German production value even fell by 9.8% between 2001 and 2002. It was especially in the wood working industry where, in 2002, around 900 companies with 6,000 employees closed down. Although it should be noted that some of these companies were moved to Eastern Europe.
In 2002, German production value was worth € 17,085 million for 25% of EU total, followed by France (12%), UK (11%), Spain (8%), Denmark (3%), Austria (3%) and The Netherlands (2%).

Product groups
As is shown in figure 4.1, the share in 2002 of RTA furniture in EU production averaged 9% with large differences by country. The RTA share was up to 28% in Denmark - mainly because of IKEA- and around 5% in Italy and Spain.

In the same year, wooden furniture represented around 75% of total EU production, representing a value of € 50,014 million.

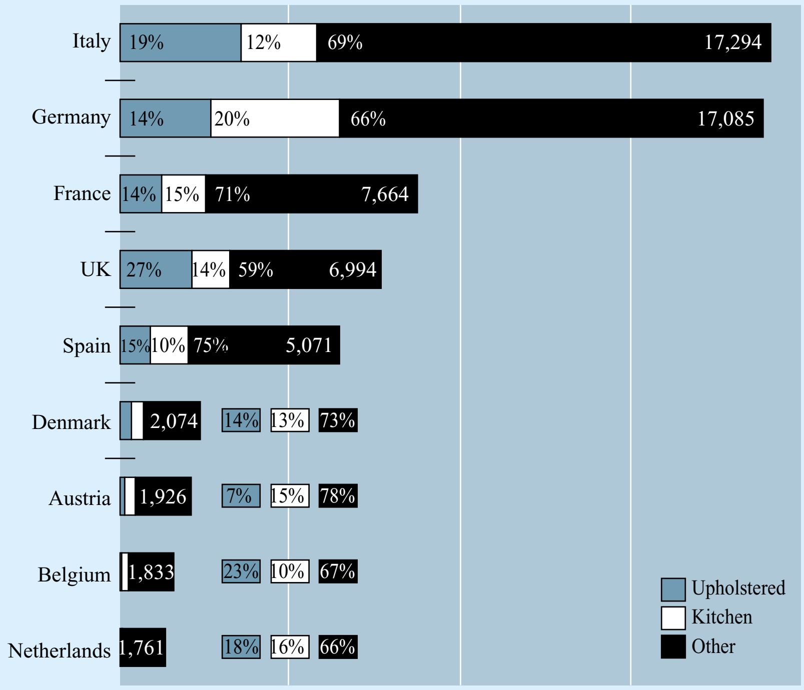
Figure 4.2 EU furniture production by product group, 2002. As percent of total value (= € 66,685 million)



Source: CSIL, UEA (2003)

The EU furniture industry consists of various sectors, in which manufacturers specialise in the production of a specific type of furniture. In 2002, the largest product groups in terms of value were: upholstered furniture (16%), followed by kitchen furniture (15%), dining room furniture (13%), bedroom furniture (12%) and parts (19%). According to a trade source, the value of total EU production of rattan furniture was estimated at around € 500 million in 2002.
Italy is by far the largest manufacturer of rattan and cane furniture. Italy, United Kingdom, France, Spain and Belgium are large manufacturing countries of upholstered furniture, while Germany produces much kitchen furniture, as is shown in figure 4.3.

Figure 4.3 Furniture production by product group, 2002
Breakdown by major product group as percent of total value



Source: CSIL, UEA (2003)

Suppliers and main players
The furniture industry is located in one or more concentrated areas in each country. In *Germany* there are three areas (North Rhine-Westphalia, Bavaria and Baden-Württemberg), in Italy about two thirds of furniture suppliers are in the northern part (Lombardia, Pesaro). In *France*, most suppliers are located in the northern regions (Ouest/Vendée/Bretagne, Île-de-France and Normandie) and the southern Rhône-Alpes region. The *Spanish* furniture suppliers are mostly concentrated in the Valencia, in Cataluñia, Basque and Murcia regions.

According to the UEA and National Trade Associations, there were around 102,500 furniture-manufacturing companies in the selected countries in 2002, which can be divided as follows:

- **8,000 large companies**, employing over 20 people, with totally 550,000 employees.
- **94,500 small companies**, employing less than 20 people, with totally 330,000 employees.

The wave of mergers and acquisitions from 2000 onwards has led to an increased level of concentration in the furniture industry. According to IPEA, the dominance of the top 10 suppliers within the selected countries in 2002, was the highest in The Netherlands (70%), which was followed by France (40%), Germany (30%), UK (30%) and Italy and Spain (10% each).

In the EU, there are 50 groups of companies with a turnover of more than € 100 million. The majority of these companies specialise in the production of one or two types of furniture, except the few large multi-product enterprises such as the German Schieder, Welle and the French Parisot. The 10 largest manufacturers are shown below:

In order to face the growing competition from cheap imported furniture from developing countries (especially China, Indonesia, Malaysia) and deal with the growing power of international furniture retailers, the industry is currently changing. Furniture manufacturers are forced to choose between:

- *Enlargement of scale and outsourced production*
  Mergers and acquisitions between manufacturers have led to larger, international operations. In 2002, a few large furniture companies, among which Steinhoff (Germany), Natuzzi (Italy), Rougier (France) and Samas (The Netherlands) and Biesse-Schelling (Austria) were quoted on the stock exchange, being a tool for further growth.

In the past few years, large furniture manufacturers invested in further automation and computerisation to standardise their production, in order to save costs. Factories are being moved to Eastern Europe and North African countries (e.g. Egypt), where labour costs are low. Nowadays, around 25% of the Polish furniture industry is financed by large German manufacturers, such as Schieder Gruppe, Steinhoff, Alno and Klose.

In the coming years, more co-operation between the *CEECs (Central and East European Countries)* is expected. Eastern European countries are nearby, so transportation costs are low and their manufacturers are able to respond quickly to faster changing market needs. In addition, co-operation will be stimulated by the introduction of the Euro, reducing risks of currency conversion, as is now the case with the dollar, which is used by non-EU countries.

- *Further specialisation through co-operation*
  On the other hand, in Italy, strong co-operation exists between manufacturers in the areas of design, marketing, production, etc., with small manufacturers increasingly acting as sub-contractors for larger

Table 4.1 Main players in EU furniture market,

Manufacturer	Turnover in € million	Country	Types of Furniture
Schieder Gruppe	963	Germany	Bedroom, dining and living, upholstered
Steinhoff	884	Germany	Upholstered, dining, other furniture
Welle	706	Germany	Bedroom, dining, upholstered, kitchen
Natuzzi	766	Italy	Upholstered
Alno	436	Germany	Kitchen
Hülsta	508	Germany	Upholstered, dining, bedroom.
Airsprung furniture PLC	373	United Kingdom	Bedroom, mattresses
Skandinavisk Group	366	Denmark	Office, bedroom, dining
Jacques Parisot	334	France	Upholstered, dining and living, bedroom

Source: UEA,CSIL, Euromonitor (2003)

firms. They produce components, semi-finished or finished items or assemble furniture, which gives the industry added flexibility.

- *Supplies by exporters from developing countries*
  Starting in the 1990s, developing countries have steadily increased their exports of parts to EU countries, especially South Africa. The tendency among EU suppliers is to look for newer developing countries for all sorts of parts supplied in finished or semi-finished form. Some of these countries include Tunisia, Ghana, Morocco, Pakistan, Honduras or nearby developing countries such as Slovenia, Turkey, Bosnia-Herzegovina.

With the increasing specialisation of the fragmented EU market, manufacturers have a growing interest in a co-operation with others. Another strategy of smaller manufacturers is to specialise by adding new products or accessories which complement their own furniture range. In doing so, they open up to the possibility of using new suppliers or partners, which could be an opportunity for exporters in developing countries.

- *More flexibility and faster delivery*
  The biggest threat to exporters is the continuing downward competitive pressure on prices. This will necessitate the production of smaller lots, products with shorter life cycles and more product innovations. Manufacturers will also need to be flexible enough to produce furniture according to specification. Another development is the increased requirement from EU importers and the industry to supply furniture items “Just In Time” (JIT). The JIT system requires extremely quick delivery, which means that exporters who are not close to their customers must keep more items in stock.

5 IMPORTS

Trade statistics given in this Chapter are from Eurostat, which is based on information from the Customs and EU companies given on a voluntarily basis. Especially in the case of intra-EU trade not all transactions are registered, such as those by smaller companies and transactions from non-EU sources (see remarks on trade statistics in Chapter 2). On the other hand, figures for trade between the EU and the rest of the world (Extra-EU) are accurately registered and, therefore, more precisely represented in these statistics. Nevertheless, these statistics must be treated with extreme caution and are only intended to give an indication of trends in international furniture trade.

The statistics specify total imports, divided into volumes/values sourced from other EU countries (Intra-EU), non-EU countries (extra-EU) with the values/volumes coming from developing countries. The developing countries are defined by the OECD (Organisation for Economic Co-operation and Development) and are listed in Appendix 4. Appendix 2 lists import statistics of the EU and the selected markets within the EU and gives breakdowns of the EU imports by product group.

As currently statistics up to 2001 are available, the trends in furniture imports may give a too optimistic view compared to consumption and production figures in the previous Chapters.

5.1 Total imports

Total imports by the EU
The EU is the leading importer of furniture in the world and, in 2001, accounted for around 50% of total world imports, or 7,365 thousand tonnes with a value of € 22,083 million.

Between 1999 and 2001, all countries in the EU, except Portugal, increased their imports of furniture.
In this period, total EU imports increased by 16% in volume and 18% in value. Because the economic recession began in the last quarter of 2001, EU furniture imports slowed down from 2000 onwards and remained more or less static with a volume slightly falling from 7,462 to 7,365 thousand in 2001.

Germany imported in 2001 for a value of € 6,185 million and thereby remained the largest EU importer, representing 28% of total EU imports with a volume of 1,998 thousand tonnes. Germany is followed by The United Kingdom (16% of EU imports in 2001), which increased their furniture imports by 40% in value between 1999 and 2001. Other sizeable EU importers are: France (15% of EU import value), Belgium/Luxembourg (8%), The Netherlands (7%), Austria (7%), Italy (4%), Sweden (4%), Spain (3%) and Denmark (3%). An overview of EU imports is shown below.

Table 5.1 Furniture imports by EU country, 1999-2001 in tonnes and € 1,000

	1999		2000		2001	
	value €	**volume**	**value €**	**volume**	**value €**	**volume**
Total	**18,784,789**	**6,374,494**	**21,831,366**	**7,462,068**	**22,083,353**	**7,365,117**
Germany	5,775,221	1,861,400	6,454,305	2,141,554	6,185,165	1,998,711
United Kingdom	2,443,765	944,254	3,105,906	1,082,706	3,427,409	1,505,350
France	2,763,217	982,228	3,264,178	1,108,899	3,387,459	1,122,797
Belgium/Lux.	1,649,747	475,526	1,819,328	501,933	1,793,948	458,279
Netherlands	1,524,348	498,345	1,693,026	522,003	1,688,684	547,699
Austria	1,187,559	325,039	1,369,470	343,907	1,526,240	339,089
Italy	714,611	286,820	848,064	339,184	868,851	343,121
Sweden	743,542	251,002	864,708	276,502	856,173	272,045
Spain	594,466	189,801	836,484	340,857	787,421	236,174
Denmark	532,189	190,377	622,968	227,925	616,387	239,994
Portugal	276,064	81,969	291,531	77,735	252,414	64,036
Finland	209,645	52,136	239,747	59,761	243,350	67,091
Ireland	177,580	47,933	224,477	57,050	231,835	58,237
Greece	192,835	87,664	197,184	82,052	218,006	92,494

Source: Eurostat (2003)

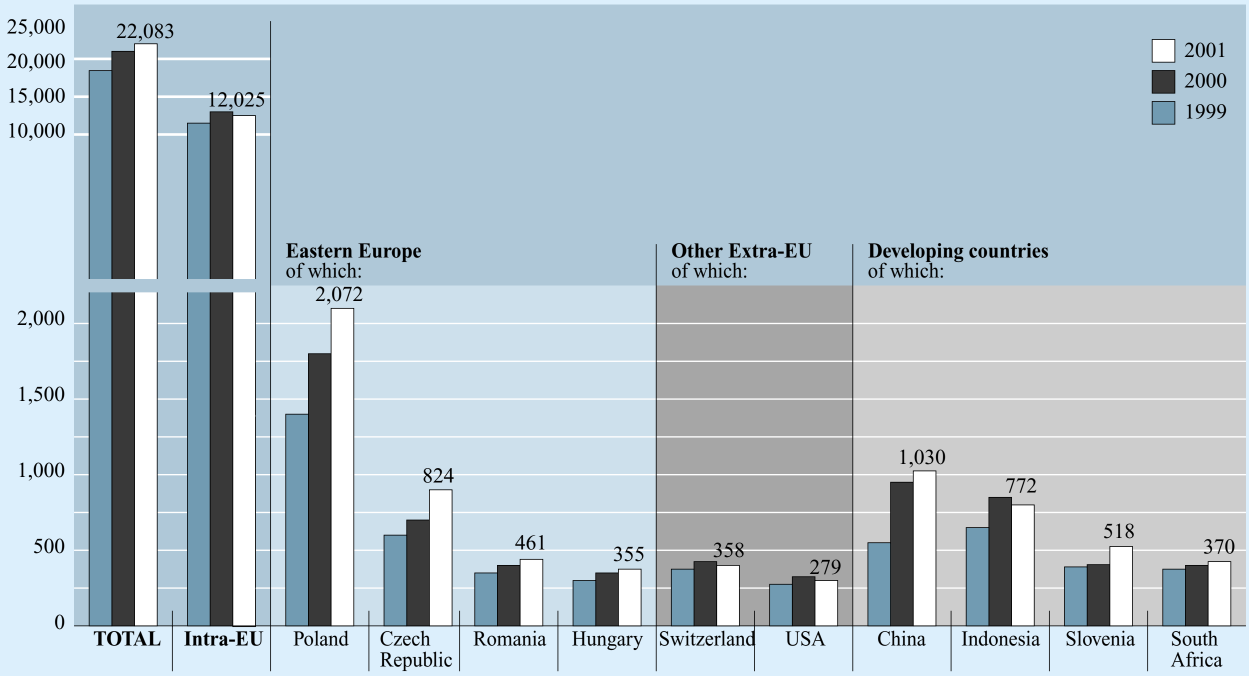
Intra-EU supplying countries
A detailed overview of Intra-EU and other sourcing countries of EU imports can be found in Appendix 2 (see - *EU imports by sourcing country*). In 2001, around 55% of EU imports came from other EU countries. The leading supplier was Italy, with 862 thousand tonnes, valued at € 3,355 million, representing 28% of total Intra-EU furniture supplies (see figure 5.1). Italy was followed by Germany, which accounted for 23% of Intra-EU furniture supplies in 2001. Recent trends in Europe indicate a strong growth in the flows to and from Eastern Europe and China.

Extra-EU supplying countries
Around 45% of EU imports valued at € 10,057 (3,581 thousand tonnes) in 2001 came from non-EU sources. Around half of supplies were from Eastern European countries at € 4,562 (1,829 thousand tonnes).
Eastern European countries expanded their exports to the EU very rapidly in the past decade.
With still enough forestry resources and low labour costs, EU imports from Eastern European countries together, rose in the period under review by 46% from € 3,126 to € 4,562 million. In addition to increasing imports of lower to medium priced furniture (e.g. kitchens, cupboards from veneered chipboard or MDF), EU manufacturers increasingly operate their production of furniture in higher quality woods here. With the introduction of the Euro and possible EU membership of some Eastern European countries, further expansion of furniture trade is expected.

Poland is the largest Eastern European supplier to the EU and has a fast growing furniture industry, which is strongly dedicated to exports. Between 1999 and 2001, imports from Poland valued € 2,072 million and increased by 41% in value (see figure 5.1) and 26% in volume terms. In the same period, supplies from other countries rose substantially, such as those from Czech Republic (+38% in value terms), Romania (+34%), Hungary (+33%), Slovakia (+108%), Estonia (+49%) and Lithuania (+95%).

Developing countries
Following a period of enormous growth in the late 1990s, Asian countries, led by China and Indonesia continued to strengthen their position in their furniture supply to the EU. In 2001, EU imports from China reached a value of € 1,030 million, an increase of 78% in value and of 50% in volume terms over EU imports in 1999. Now China has overtaken Indonesia and became the largest developing country supplier. Since 2000, EU furniture imports from Indonesia fell by 6% partly due to the political and financial crisis there. Between 1999 and 2001, EU imports from Slovenia, South Africa, Vietnam and India continued to be on the rise in the period under review. Many countries were able to benefit from the devaluation of their currencies

Figure 5.1 Main suppliers of furniture to the EU, 1999-2001
Value in € million



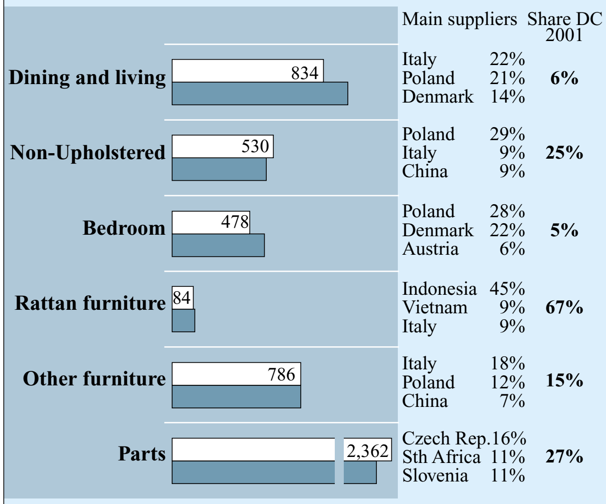
Source: Eurostat (2003)

relative to the Euro and Pound, which resulted in lower prices for EU importers.
A detailed overview of EU furniture imports from developing countries can be found in Appendix 2.

Total imports by the selected markets within the EU
The figures below show the major trends and suppliers in each market. Appendix 2 gives more detailed tables with tendencies in imports by product group between 1999 and 2001 of these selected EU markets (see - *Imports by selected EU markets*).

Germany

Figure 5.2 German furniture imports 1999-2001
Value in € million



Total in 2001: € 6,185 (1,998 thousand tonnes)*

Intra-EU 37%	**Extra-EU 47%**	**DC 16%**

Note: -Extra-EU excluding developing countries (=DC)
- *Including upholstered and kitchen furniture

Source: Eurostat (2003) ▨ 1999 ☐ 2001

Germany is the largest EU importer for furniture and accounted for 28% of total imports in 2001. In the same year, Germany imported 1,998 thousand tonnes with a value of € 6,185 million.

As is shown in figure 5.2, around 47% of imports came from Extra-EU sources. German imports were still on the rise between 1999 and 2000, but fell in 2001 by 7% in volume and 4% in value terms.

Except upholstered furniture and parts, imports of all product groups fell between 2000 and 2001. Particularly those of kitchen (-30% of German import value), dining and living (-17%), rattan (-15%) and bedroom (-11%) furniture. Imports furniture parts valued € 2,362 million, thereby representing more than one third of the German total, which were mainly sourced from Czech Republic, Slovenia and South Africa.

In 2001, the main suppliers of furniture to Germany were Poland (30% of total value of imports) and Italy (12%). Other sizeable suppliers include Czech Republic (8%), Denmark (7%) and Romania (4%).

Between 1999 and 2001, supplies from most Eastern European countries to Germany showed a steady increasing trend, which was at the expense of Italy (falling imports of upholstered furniture) and Denmark.

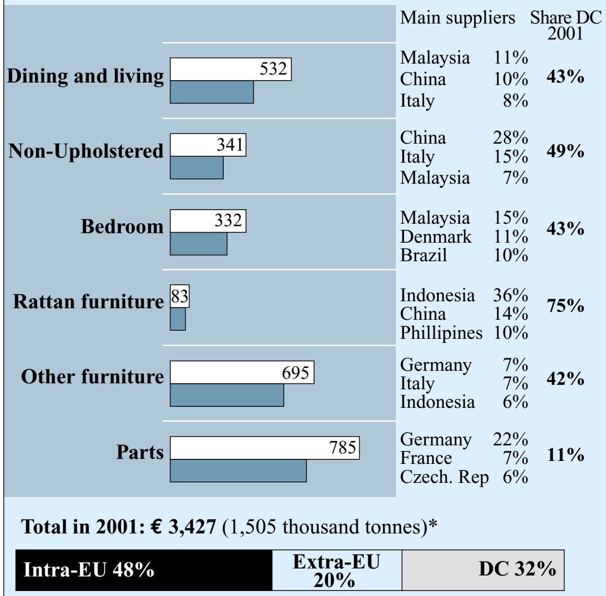
The main suppliers to Germany by product group are shown in figure 5.2, with the share of developing countries for each group.

In 2001, imports from developing countries valued € 987 million and accounted for 16% of furniture supplies to Germany. Similar to the general tendency, Germany imported less from developing countries in 2001. Between 2000 and 2001 imports fell by 22% in volume and 10% by value with less being imported from large suppliers such as Indonesia (-22% in volume), South Africa (-29%), whereas imports from the largest developing country supplier China were still on the rise (+3%).

Other major suppliers include Slovenia, Turkey, Brazil, Thailand, Vietnam, India and Bosnia - Herzegovina. The kinds of furniture imported from these countries are mainly within the product groups mentioned in figure 5.2.

United Kingdom

Figure 5.3 UK furniture imports 1999-2001
Value in € million



Note: -Extra-EU excluding developing countries (=DC)
- *Including upholstered and kitchen furniture

Source: Eurostat (2003) ▨ 1999 ☐ 2001

The United Kingdom accounted for 16% of EU imports of furniture in 2001. Imports amounted to 1,501 thousand tonnes, with a value of € 3,427 million.

British importers sourced around 20% of their requirements in Extra-EU countries, while much (32%) is being imported from developing countries, as is shown in figure 5.3.

Between 1999 and 2001, UK imports rose by 57% in volume terms, as importers could benefit from the strength of the Pound Sterling. Now The UK has become the second largest EU importer, instead of France.

In the period of review, UK imports of all product groups increased, especially those of Upholstered seating (+57% of UK import value), dining and living (52%), non-upholstered seats (+48%), bedroom (36%), and other furniture (+38%). Imports of kitchen and rattan furniture flattened in 2001. It should be noted here that around 15% of UK imports is being re-exported to the USA and other EU countries.

The main furniture suppliers to the United Kingdom are Italy (19% of total value of imports), China (11%), Germany (8%), France (5%) and Malaysia (5%). Other suppliers include Poland (4%), Indonesia (3%), USA (3%) and Denmark (3%).

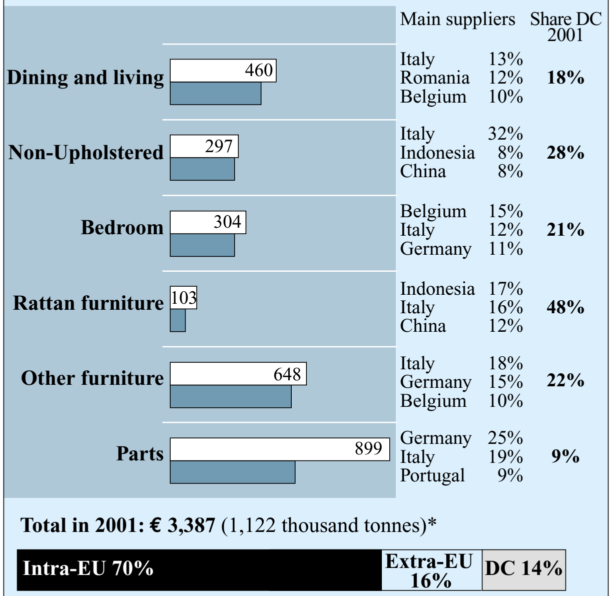
The main suppliers by product group are shown in figure 5.3, with the high share of developing countries in each group compared to the other selected EU markets.

UK imports of furniture from developing countries valued € 1,098 million, an increase of 56% over 1999 imports. In terms of volume, imports from developing countries rose by 30% between 1999 and 2000 and slowed down in 2001. This were mainly imports of non-upholstered seating and other furniture from China and Malaysia.

Other leading furniture suppliers from developing countries include South Africa (2%), Thailand (2%), Vietnam (2%), Brazil, India, Philippines and Argentina.

France

Figure 5.4 French furniture imports 1999-2001
Value in € million



Note: -Extra-EU excluding developing countries (=DC)
- *Including upholstered and kitchen furniture

Source: Eurostat (2003) ▨ 1999 ☐ 2001

France accounted for 15% of EU imports of furniture in 2001, a total volume of 1,122 thousand tonnes, valued at € 3,387 million.

France imported more than three-quarters from other EU countries and only 16% from Extra-EU sources, while 14% came from developing countries.

Between 1999 and 2001, French imports still showed an increase with a slowdown in 2001. In this period, furniture imports increased by 22% in value and 17% in volume terms.

French imports of dining and living, bedroom, non-upholstered and rattan furniture rose substantially in the period under review, but fell in 2001. Imports of other furniture and parts grew steadily -see figure 5.4.

In 2001, most French imports of furniture came from Italy (24% of total value of imports), Germany (14%), Belgium (10%), Spain (8%) Portugal (4%) and Eastern European sources, especially from Romania and Poland.

Supplies from all these countries increased in the period under review. Especially upholstered furniture from Italy and kitchen furniture from Germany.

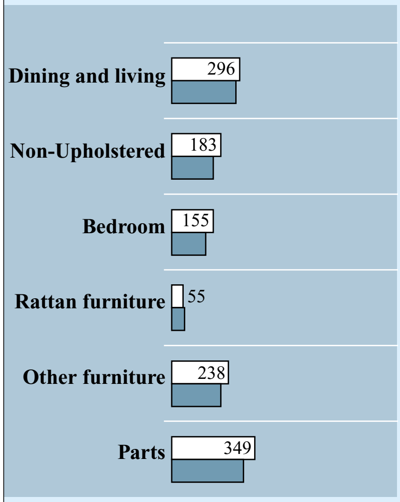
The main suppliers by product group are shown in figure 5.4, with the share of developing countries for each group.

Imports from developing countries valued € 485 million in 2001. Between 1999 and 2000, the volume of French imports from these countries rose by 17% and decreased by 3% in 2001. China and Indonesia represented 6% and 3%, respectively of total furniture supplies to France and were important suppliers of rattan and other furniture.

Between 1999 and 2001, imports from China rose by 26% (by volume), while Indonesia increased their furniture supplies to France by 8%. Other significant suppliers include Brazil, Turkey, Vietnam, Tunisia and Malaysia.

The Netherlands

Figure 5.5 Dutch furniture imports 1999-2001
Value in € million



	Main suppliers		Share DC 2001
Dining and living	Belgium	17%	31%
	Romania	15%	
	Indonesia	15%	
Non-Upholstered	China	20%	51%
	Indonesia	16%	
	Germany	9%	
Bedroom	Germany	35%	12%
	Belgium	21%	
	Poland	6%	
Rattan furniture	Indonesia	64%	82%
	Phillippines	9%	
	Germany	8%	
Other furniture	Germany	16%	32%
	Belgium	12%	
	China	10%	
Parts	Belgium	22%	4%
	France	16%	
	Sweden	15%	

Total in 2001: € 1,688 (547 thousand tonnes)*

Intra-EU 59% | **Extra-EU 19%** | **DC 22%**

Note: -Extra-EU excluding developing countries (=DC)
- *Including upholstered and kitchen furniture

Source: Eurostat (2003) ■ 1999 □ 2001

In 2001, imports amounted to 547 thousand tonnes, representing a value of € 1,688 million.

The Netherlands accounted for 7% of EU imports of furniture in 2001, a relative high share due to its size, which can be partly attributed to sizeable re-exports to other EU countries (estimated at 17% in 2001).

The Netherlands imported 59% from other EU countries, 19% from Extra-EU sources, while 22% came from developing countries.

Between 1999 and 2001, Dutch imports of furniture increased by 9% in terms of volume. Whereas the value of Dutch imports slightly fell in 2001 by 1%, from 1693 million in 2000. This can be partly attributed to imports of lower valued non-upholstered seats and parts.

Whereas figure 5.5 shows a rising trend in Dutch imports of all product groups, similar to the other selected countries Dutch imports slowed down in 2001, especially those of bedroom, dining and living, rattan and other furniture.

Most furniture came from Germany (24% of total value of imports) and Belgium (14%), while other suppliers include Italy (7%), Poland (5%), France (5%), Romania (4%), Sweden (3%), Czech Republic (3%), United Kingdom (2%) and Denmark (2%).

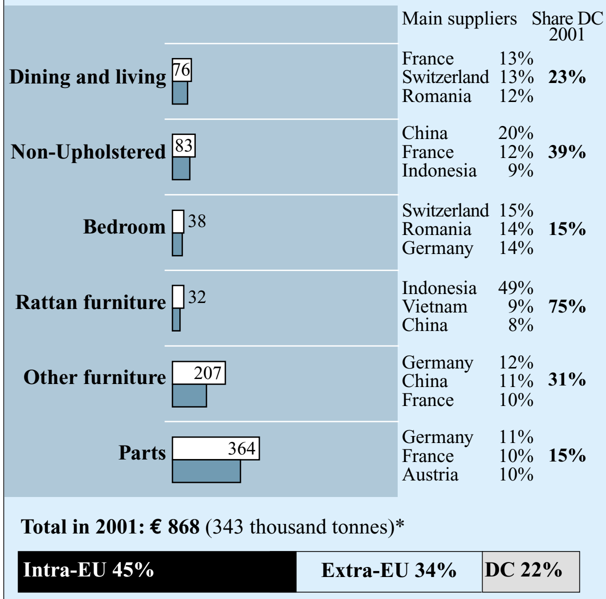
In 2001, imports from developing countries valued € 365 million and accounted for 22% of furniture supplies to The Netherlands.

After a rise in 2000, imports from developing countries decreased by 13% in value and by 4% in volume terms. Indonesia (8% of all furniture supplies) and China (6%) were leading suppliers from developing countries to The Netherlands.

In the period under review, the value of imports from China rose by 85%. Other significant suppliers of furniture to The Netherlands include Brazil (2%), Malaysia (2%), Vietnam, Thailand, India, Philippines, Slovenia and Turkey.

Italy

Figure 5.6 **Italian furniture imports 1999-2001 Value in € million**



Note: -Extra-EU excluding developing countries (=DC)
- *Including upholstered and kitchen furniture

Source: Eurostat (2003) ▨ 1999 ☐ 2001

Domestic demand for furniture is mainly covered by Italian production. Nevertheless, Italy imported 343 thousand tonnes with a value of € 868 million in 2001. Around 45% of imports was sourced inside the EU, while 21% came from developing countries (see figure 5.6).

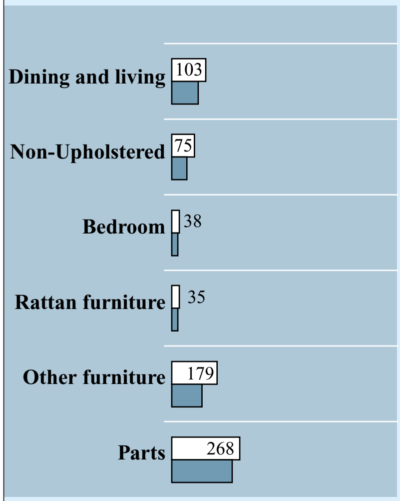
Between 1999 and 2001, the value of Italian imports of furniture increased by 21%, as production has been more shifted to other countries. As the largest EU manufacturer, Italy imports many parts (almost half of Italian imports by volume). Non-upholstered seats and other furniture have been more in demand during the period under review. Whereas Italian imports of dining and living room, bedroom, kitchen and rattan furniture declined in 2001.

In 2001, most Italian imports of furniture came from Germany (12% of total value of imports). Other suppliers were France (10%), Austria (8%), Spain (7%), Romania (7%), Switzerland (6%), China (6%), Indonesia (5%), Slovenia (4%), Poland (4%), Croatia (5%), Slovakia (4%) and United Kingdom (3%), USA and Portugal.

Imports of furniture from developing countries remained more or less flat at € 179 million in 2001, after a rise of 32% in 2000. In terms of volume, imports from developing countries fell by 16% between 1999 and 2001. Next to China, Indonesia and Slovakia, important suppliers were Thailand, India, Vietnam, Malaysia and Philippines.

Spain

Figure 5.7 Spanish furniture imports 1999-2001
Value in € million



	Main suppliers		Share DC 2001
Dining and living	Indonesia	27%	**52%**
	France	15%	
	Indonesia	15%	
Non-Upholstered	France	20%	**45%**
	China	19%	
	Italy	13%	
Bedroom	France	37%	**15%**
	Italy	19%	
	Denmark	8%	
Rattan furniture	Indonesia	38%	**77%**
	Vietnam	12%	
	Phillippines	12%	
Other furniture	Italy	19%	**23%**
	France	14%	
	China	11%	
Parts	France	31%	**3%**
	Germany	22%	
	Portugal	16%	

Total in 2001: € 787 (236 thousand tonnes)*

Intra-EU 71%	**Extra-EU**	**6%**	**DC 23%**

Note: -Extra-EU excluding developing countries (=DC)
- *Including upholstered and kitchen furniture

Source: Eurostat (2003) ▨ 1999 ☐ 2001

In 2001, Spanish imports of furniture were 236 thousand tonnes, or € 787 million, representing 3% of total EU imports, since most of Spanish furniture demand is covered by domestic production.
Spain imported 71% from other EU countries and only 6% from Extra-EU sources, while 23% came from developing countries.

Also the Spanish imports peaked in 2000 - with a value increase of 40% and being down 6% in 2001. Especially non-upholstered seats, rattan, other furniture and were more in demand in the period under review. Similar to Italy and Germany, Spain is also a large importer (34% in 2001) of parts as a manufacturer.

France (22%) and Italy (18%) were main suppliers to Spain. Other suppliers include Germany (13%), Portugal (9%), Indonesia (8%), China (7%), United Kingdom (3%), Sweden (2%), Belgium (2%) and Denmark (2%), The Netherlands and Taiwan.

Imports of furniture from developing countries valued € 180 million. In terms of volume, imports from developing countries rose by 28% during the period under review. Next to Indonesia and China, important suppliers from developing countries include Vietnam, Philippines, India, Mexico, Brazil, Thailand, Malaysia and South Africa.

5.2 Imports by product group

Selected EU markets by product group
As is shown in table 5.2, Germany is the largest importer of each product group in 2001, with the exception of kitchen and rattan furniture. Here, France and The Netherlands were large importers in that year compared to the other selected EU markets.

Table 5.2 Imports by selected EU markets by product group, 2001

Product group	EU imports € million	Imports by selected EU market As percent of total value				
Upholstered seating	3,270	Germany (31%)	France (15%)	UK (17%)	NL (7%)	Italy (2%)
Dining and living	3,042	Germany (27%)	France (15%)	UK (18%)	NL (10%)	Spain (3%)
Non-upholstered seating	1,955	Germany (27%)	France (15%)	UK (17%)	NL (9%)	Italy (4%)
Bedroom furniture	1,766	Germany (27%	France (17%)	UK (19%)	NL (9%)	Italy (2%)
Kitchen furniture	857	Germany (9%)	France (20%)	UK (11%)	NL (21%)	Spain (4%)
Rattan furniture	491	Germany (17%)	France (21%)	UK (17%)	NL (11%)	Spain (7%)
Other furniture	3,754	Germany (21%)	France (17%)	UK (19%)	NL (6%)	Italy (6%)
Parts	6,944	Germany (34%)	France (13%)	UK (11%)	NL (5%)	Italy (5%)

Note: NL = The Netherlands

Source: Eurostat (2003)

EU total by product group
The main product groups of furniture, imported by the EU between 1999 and 2001 are shown in table 5.3. Dining and living, upholstered and non-upholstered furniture together formed one third (34%) of the volume of EU imports. The category *other furniture* is a sizeable product group, which grew substantially in the period under review and accounted in 2001 for 25% of the volume of EU imports (17% in terms of value). Another large category of relevance for exporters from developing countries, are *furniture parts* which represented 22% of the volume of EU imports.

More than half of EU imports come from intra-EU sources. Developing countries accounted for 19% of the total EU imports (by volume). Their share in supplies of upholstered seating and kitchen furniture was rather low (around 5%). Therefore only product groups, which are relevant to exporters from developing countries are described in this section.

Table 5.3 EU furniture imports by product group, 1999 - 2001
Tonnes and € 1,000

	1999		2000		2001	
	value €	volume	value €	volume	value €	volume
Total	**18,784,789**	**6,374,494**	**21,831,366**	**7,462,068**	**22,083,353**	**7,365,117**
Intra-EU	11,270,547	3,494,684	12,422,386	3,984,959	12,025,607	3,783,449
Extra-EU	7,514,242	2,879,810	9,408,980	3,477,109	10,057,746	3,581,668
Developing countries	3,368,915	1,102,476	4,231,992	1,364,099	4,329,422	1,408,399
Upholstered seating	2,706,424	635,604	3,073,326	635,553	3,270,930	657,294
Dining and living room	2,823,415	1,086,873	3,213,687	1,529,822	3,042,600	1,226,375
Non-upholstered seats	1,687,552	630,544	1,997,885	679,124	1,955,958	646,551
Bedroom furniture	1,660,476	752,043	1,845,785	857,344	1,766,726	822,333
Kitchen furniture	819,373	286,703	861,940	308,338	857,883	314,467
Rattan furniture	439,765	120,326	515,818	153,678	491,140	133,782
Other furniture	3,202,570	1,416,191	3,766,472	1,571,801	3,754,019	1,907,117
Parts	5,445,214	1,446,210	6,556,453	1,726,408	6,944,097	1,657,198

Source: Eurostat (2003)

With regards to raw materials, wooden furniture, especially used for dining chairs and tables, living room, bedroom furniture as well as side, coffee and low tables, accounted for nearly three-quarters of EU imports in 2001. Imports of metal chairs and tables, especially from China, Malaysia, Vietnam Thailand, Turkey and Tunisia have grown in importance.

A breakdown of product groups in detail (in terms of materials), imported by the EU can be found in Appendix 2 (see - *EU Imports by product group detailed*). Import statistics for each separate product group and specific information about supplies from developing countries can be also found in Appendix 2 as well (see - *EU imports of selected product groups by source*).

Non-upholstered seating
Following the upward trend in demand in the late 1990s, EU imports of non-upholstered seating continued to rise by volume (+8%) and value (+19%) between 1999 and 2000. But in 2001, EU imports fell by 5% from 679 to 646 thousand tonnes with a value, worth € 1,955 million, remaining relatively high.

More than one third of non-upholstered seating came from other EU countries, especially from Italy (14% of total value supplies) Germany (5%), France (4%), followed by The Netherlands (3%), Denmark (2%) and Belgium (2%).

China and Poland are other main suppliers to the EU, with particularly China increasing their supplies during the period under review. Supplies from other developing countries rose as well (see below), which has been at the expense of Italy, with falling supplies (- 33%). Although it should be noted that some of the Italian production of non-upholstered seats has moved to Slovenia.

The category of non-upholstered seating not only covers the sub group *wooden seats* and *metal seats*, but also *seats of other material* and *seats, which can be converted into beds.*

In terms of value, *wooden seats* formed 42% of EU imports, while by volume this sub group accounted for 36% of EU non-upholstered seating imports, as is shown in table 5.4.

Table 5.4 EU imports of seats by raw material - sub groups

Seats, non-upholstered	Volume	Percent	Value	Percent
wood	233	36%	815	42%
metal	190	29%	462	24%
Other seats	123	19%	432	22%
Seats convertible into beds	98	16%	245	12%
Total	**646**	**100%**	**1,955**	**100%**

Note: EU imports of 2001 are given in 1,000 tonnes and € million.

Source: Eurostat (2003)

Non-upholstered seating

Main suppliers:
→ Intra-EU 38% (especially from Italy)
→ China 14%
→ Poland 11%

EU imports in 2001 : € 1,955 million
646,511 tonnes

Tendency EU imports between 1999 and 2001 → increase by 3% from 630,544 to 646,551 tonnes

	Increasing supplies* from:		**Decreasing supplies* from:**	
Main suppliers:	China	(+ 27%)	Italy	(- 33%)
	Poland	(+ 4%)		
Developing countries:	Vietnam	(+ 12%)	Indonesia	(- 1%)
	Malaysia	(+ 6%)	Philippines	(- 10%)
	Thailand	(+ 12%)	South Africa	(- 56%)
	Slovenia	(+ 20%)		
	Turkey	(+127%)		
	Brazil	(+ 21%)		
	India	(+ 71%)		
	Tunisia	(+ 12%)		

** by volume*

EU imports of *wooden seats* peaked in 2000, but fell in 2001 by 6% from 246 to 233 thousand tonnes with a similar decrease in value (-5%) - see Appendix 2. Most EU imported non-upholstered wooden seats came from Indonesia (19% of total volume of imports), China (18%), Italy (9%), Vietnam (7%), Poland (6%), Malaysia (5%), Romania, Slovenia and Croatia. Less demand for wooden (teak) furniture was the major reason.

Between 1999 and 2001, EU imports of *metal seats* steadily increased by 8%, reaching a volume of 190 thousand tonnes, while the value increase in the same period was 34%. Metal furniture has grown in popularity in all selected countries and China and Italy accounted for almost half of total supplies to the EU. Other important supplying countries include Germany, Spain and Denmark.

Non-EU countries such as Czech Republic, USA, Romania, Slovenia, Thailand, Taiwan, Indonesia, and Malaysia are significant suppliers of metal seats to the EU.
Imports of the sub-group *other seats* showed a substantial increase in terms of value (+14%), between 1999 and 2001. Whereas the volume of EU imports of this sub group, fell by 10% from 135 to 123 thousand tonnes. This explains the relative high value of EU imported non-upholstered furniture in the period under review. Other seats were mainly sourced in Italy, France, Germany, The Netherlands, Spain, China, USA, Poland, Indonesia and Turkey. In 2001, EU imports of *seats convertible into beds* came down to it level in 1999, after a rise in 2000, and were sourced mainly in Poland, France, Germany, Italy, Slovakia, Estonia, Slovenia and Turkey.

Dining and living room furniture
This product group includes wooden living room sets, dining tables and chairs, cocktail-, coffee- and end tables. Between 1999 and 2001, imports of dining and living room furniture increased by 12% in terms of volume and by 8% in terms of value with a peak in 2000. EU imports of dining and living room furniture still accounted for 1,467 thousand tonnes, valued at € 2,831 million in 2001.
In the same year, the value of imports represented 14% of the EU total and 17% in terms of volume.

Other EU countries (especially Italy, Denmark and Germany) supplied 51% of EU imports of dining and living room furniture, as is shown in figure 5.8. Poland, Romania, Indonesia, China, Malaysia and Brazil are other significant suppliers, most of which increased their supplies to the EU between 1999 and 2001 (see below). EU imports from developing countries rose by 23% by value and 11% by volume. Significant supplying countries such as Indonesia, China, Malaysia, Thailand, India and Vietnam increased their supplies to the EU, whereas decreases were registered in the supplies by Brazil, Slovenia, Mexico and Philippines. Apart from Eastern European countries, upcoming suppliers from developing countries were, Turkey, Ghana, Egypt, Tunisia, Pakistan and Morocco.

Dining and living room furniture

Main suppliers:
→ Intra-EU 51% (especially from Italy)
→ Poland 9%
→ Indonesia 6%

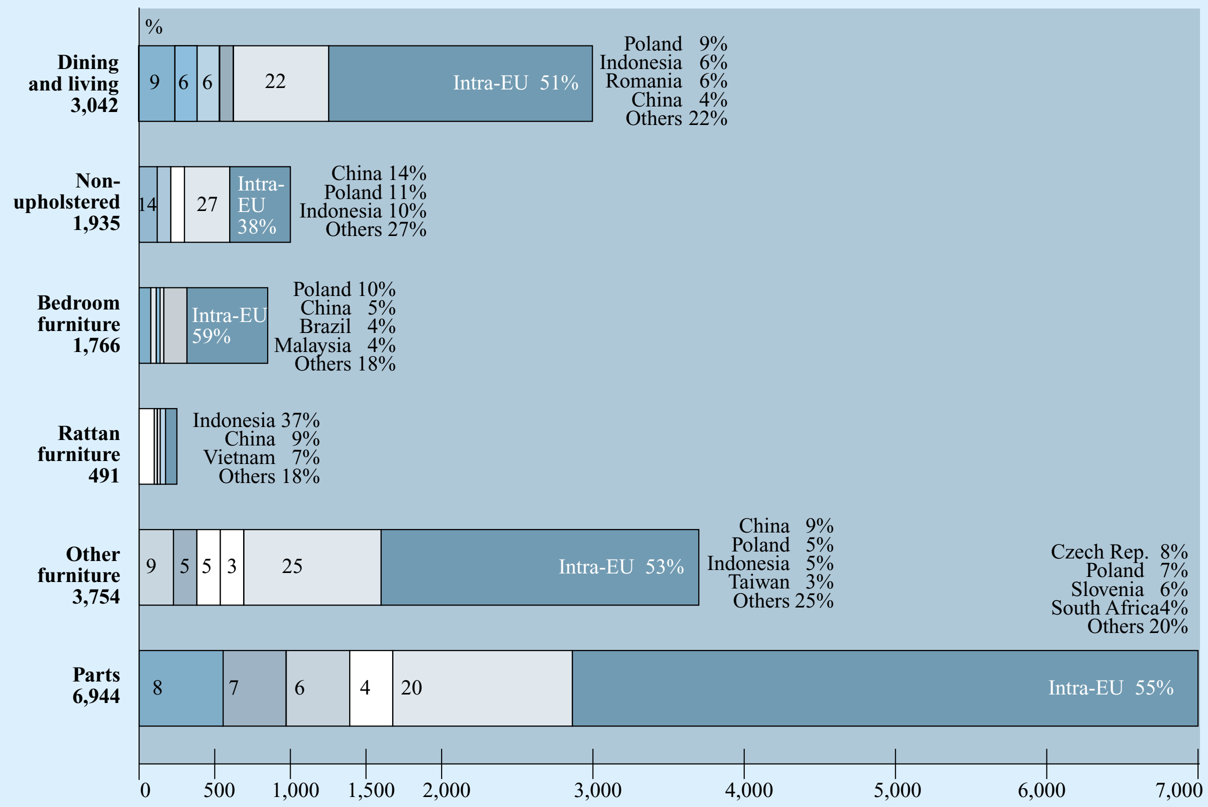
EU imports in 2001 : **€ 3,042 million**
1,226,375 tonnes

Tendency EU imports between 1999 and 2001 → increase by 13% from 1,086,873 to 1,226,375 tonnes

	Increasing supplies* from:		**Decreasing supplies* from:**	
Main suppliers:	Poland	(+ 35%)	Italy	(- 4%)
	Romania	(+ 19%)	Denmarken	(- 12%)
Developing countries:	Indonesia	(+ 16%)	Brazil	(- 8%)
	China	(+ 38%)	Slovenia	(- 15%)
	Malaysia	(+ 11%)	Mexico	(- 63%)
	India	(+ 38%)	Philippines	(- 42%)
	Thailand	(+ 29%)		
	Vietnam	(+ 69%)		
	South Africa	(+ 23%)		
	Ghana	(+ 18%)		
	Turkey	(+117%)		
	Egypt	(+ 1%)		

** by volume*

Figure 5.8 **EU furniture imports by product group, 2001**
Main suppliers as percent of total value (in € million)

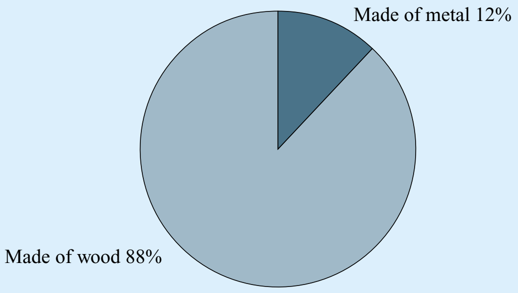


Source: Eurostat (2003)

Bedroom furniture
In 2001, bedroom furniture represented 8% of all EU imported furniture with a total value of € 1,766 million. More than half of total EU imports of bedroom furniture came from other EU countries, especially from Germany which accounted for 15% of total supplies to the EU. Germany is followed by Denmark (12%), Italy (8%), Belgium (5%), France (5%), Spain (3%) and Sweden.

Poland and Brazil are other main suppliers to the EU, which increased their supplies between 1999 and 2000. Supplies from developing countries rose substantially, especially those by China, Vietnam, Thailand and Turkey (see above). EU bedroom furniture imports from China rose by 154% from 17 to 43 thousand tonnes, whereby China became the largest developing country supplier, instead of Brazil (36 tonnes in 2001). Supplies from African countries, Indonesia, Philippines and Mexico showed a decreasing trend in period under review.

Figure 5.9 **EU imports of bedroom furniture by raw material, 2001**
As percent of total volume
(= 822,333 tonnes)



Source: Eurostat (2003)

Bedroom furniture

Main suppliers:
→ Intra-EU 9% (espec. from Germany)
→ Poland 10%
→ China 5%

EU imports in 2001 : € 1,766 million
822,333 tonnes

Tendency EU imports between 1999 and 2001 → increase by 19% from 752,043 to 822,333 tonnes

	Increasing supplies* from:		**Decreasing supplies* from:**	
Main suppliers:	Germany	(+ 3%)	Denmark	(- 1%)
	Poland	(+ 16%)		
	Poland	(+ 16%)		
Developing countries:	China	(+ 154%)	South Africa	(- 56%)
	Brazil	(+ 9%)	Indonesia	(- 28%)
	Malaysia	(+ 37%)	Philippines	(- 47%)
	Slovenia	(+ 9%)	Zimbabwe	(- 127%)
	Vietnam	(+ 145%)	Mexico	(- 85%)
	India	(+ 35%)		
	Thailand	(+ 328%)		
	Turkey	(+ 124%)		
	Tunisia	(+ 33%)		

** by volume*

Bedroom furniture includes beds, wardrobes, bedroom furniture for babies and kids, bedside tables and drawer sets. Bedroom furniture- made of wood dominates EU imports, as is shown in figure 5.9.

Between 1999 and 2001, the volume of EU imports wooden bedroom furniture increased by 9% from 671 to 721 thousand tonnes, with a peak of 759 thousand tonnes in 2000. Around 59% of wooden bedroom furniture imports came from other EU countries, where Germany, Denmark, and Italy were the main Intra-EU suppliers. Poland, China and Brazil were significant non-EU suppliers here. Imports of metal bedroom furniture rose more significantly by 25%, because of the growing popularity of baroque style beds with wrought iron. China, Malaysia, Taiwan and USA were leading countries for metal beds.

Rattan furniture (of cane, osier, bamboo)
In trade statistics a distinction is made between two sub-product groups: *rattan seats* and *rattan furniture*, made of cane, osier, bamboo or other materials. The term “rattan seats” includes armchairs, chairs and sofas (all seating furniture), while the term “rattan furniture” refers to chests of drawers, sideboards, wardrobes and tables.

Between 1999 and 2001, EU imports of *rattan seats* increased by 2% from 48,690 to 49,701 tonnes, valued at € 208 million in 2001. In the same period, EU imports of the sub group *rattan furniture* rose more importantly by 18% from 71,636 to 84,081 tonnes and peaked in 2000 (104,197 tonnes). In terms of value, EU imports of this sub group showed a similar pattern with a rise, between 1999 and 2000, by 43%, from € 243 to 299 million and fell by 6% to € 282 - see Appendix 1.

Indonesia supplied in 2001 more than one third of total EU rattan furniture imports, followed by Italy in terms of value. By volume large suppliers of *rattan seats*, next to Indonesia, were China, Vietnam, Philippines, Malaysia and Thailand.

The main suppliers of the sub group *rattan furniture* were are Indonesia, China, but also Italy, Germany, France, Spain and The Netherlands.
Imports from other EU countries (Italy and Germany), China, Vietnam, Tunisia, Morocco and Turkey increased between 1999 and 2001, which has been at the expense of Indonesia and other developing countries, especially the Philippines and Brazil.

Of the selected EU countries, France was the largest importer of rattan furniture and accounted in 2001 for 21% of total EU imports. French imports are followed in significance by Germany (17%), United Kingdom (17%), The Netherlands (11%), Belgium (8%), Spain (7%), Italy (6%), Austria (3%), Denmark (3%), Sweden (2%), Greece (1%) and Finland (1%).

Table 5.6 EU imports of furniture of cane, osier, bamboo - sub groups

Furniture of cane, osier, bamboo	Volume	Percent	Value	Percent
Rattan seats	49	37%	208	42%
Rattan furniture	84	66%	282	58%
Total	**133**	**100%**	**491**	**100%**

Note: EU imports of 2001 are given in 1,000 tonnes and € million.

Source: Eurostat (2003)

Rattan furniture

Main suppliers:
→ Indonesia 37%
→ Italy 9%
→ China 9%

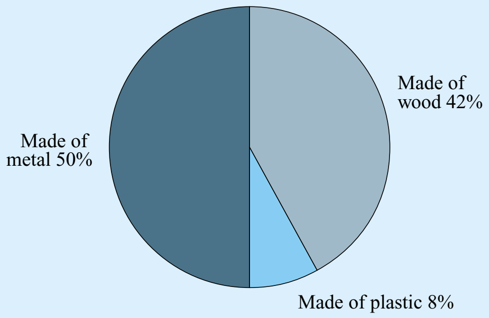
EU imports in 2001 : € 491 million
133,782 tonnes

Tendency EU imports between 1999 and 2001 → increase by 11% from 120,326 to 133,782 tonnes

	Increasing supplies* from:		**Decreasing supplies* from:**	
Main suppliers:	Italy	(+ 14%)	Indonesia	(- 1%)
	China	(+ 20%)	Taiwan	(- 1%)
	Germany	(+ 26%)		
Developing countries:	Vietnam	(+ 116%)	Philippines	(- 20%)
	Thailand	(+ 3%)	Malaysia	(- 16%)
	Tunisia	(+ 412%)	Myanmar	(- 17%)
	Morocco	(+ 153%)	South Africa	(- 10%)
	India	(+ 35%)	Brazil	(- 45%)
	Turkey	(+ 84%)		

** by volume*

Figure 5.10 **EU imports of other furniture by material, 2001**
As percent of total volume
(= 1,907,117 tonnes)



Source: Eurostat (2003)

Other furniture
Demand for other furniture in the EU increased by 35% by volume, from 1,416 to 1,907 thousand tonnes. By volume, this product group was the largest category and accounted in 2001 for one quarter of total EU imports, representing a value of € 3,745 million.

Other EU suppliers (especially Germany, Italy, France and Spain) accounted for 55% of total EU imports of this product group. Imports from China, Vietnam, Malaysia, Brazil, India and Turkey rose substantially between 1999 and 2001. EU imports from large suppliers such as Poland and Indonesia, also showed a rising trend, although with declining values from 2000. Whereas Germany, Thailand, Philippines and Mexico and some other countries decreased their exports to the EU, as is shown below. Other suppliers from developing countries growing in importance were Egypt, Myanmar, Pakistan, Lebanon, Albania, Ghana, Ecuador, Zimbabwe and Nepal.

The category *other furniture* includes: cupboards, bookshelves, storage/wall units and occasional furniture, like small tables, desks, small seats, mirrors, coat stands etc. Trade statistics only distinguishes this category in terms of the materials used, which can be wood, metal or plastic. In terms of volume, *other furniture-made of metal* accounted for 50% of EU imports in 2001 and thereby became largest sub group, instead of other furniture-made of wood (42%), as is shown in figure 5.10. Although, *other furniture made of wood* remained the largest sub group by value.

Due to its rising popularity, especially in contemporary style furniture the volume of EU imports of *other furniture-made of metal* steadily increased by 56% in the period under review, reaching 958 thousand tonnes. While by value, EU imports of this sub group increased only by 12% indicating falling values, especially since 2000 - see Appendix 1.

Also, the volume of EU imports of *other furniture-made of wood* increased by 22% from 655 to 802 thousand tonnes with a similar increase by value, i.e. 23% in the period under review. EU imports of the sub group furniture *made of plastic* increased slightly from

Other furniture

Main suppliers: → Intra-EU 53% (Germany, Italy)
→ China 8%
→ Indonesia 5%

EU imports in 2001 : € 3,745 million
1,907,117 tonnes

Tendency EU imports between 1999 and 2001 → increase by 35% from 1,416,191 to 1,907,117 tonnes

	Increasing supplies* from:		**Decreasing supplies* from:**	
Main suppliers:	China	(+ 61%)	Germany	(- 88%)
	Poland	(+ 31%)	Italy	(- 1%)
	Spain	(+ 2%)		
Developing countries:	Indonesia	(+ 16%)	Thailand	(- 16%)
	Vietnam	(+ 34%)	South Africa	(- 6%)
	Malaysia	(+ 55%)	Philippines	(- 19%)
	Brazil	(+ 96%)	Bolivia	(- 15%)
	India	(+ 55%)	Mexico	(-156%)
	Slovenia	(+ 12%)		
	Turkey	(+ 73%)		
	Tunisia	(+ 34%)		
	Morocco	(+ 5%)		

** by volume*

146 to 147 thousand tonnes between 1999 and 2000 and remained both in terms of volume and value more or less static in 2001.

Of the selected EU countries, Germany was the largest importer and accounted for 21% of total EU imports, followed by the United Kingdom (19%), France (17%), Belgium (7%), Austria (7%), The Netherlands (6%), Italy (6%), Spain (4%) and Denmark (4%).

In general, it is expected that imports of this subgroup by most selected EU countries continues to rise because of more demand for cupboards and small occasional furniture, including desks for home office use.

Table 5.8 EU imports of parts by raw material - sub groups

Parts	Volume	Percent	Value	Percent
Parts of seats, wood	87	5%	172	2%
Parts of seats, metal	541	33%	4,489	65%
Parts of furniture, wood	629	38%	1,210	17%
Parts of furniture, metal	273	16%	755	11%
Other parts of furniture	125	8%	315	5%
Total	**1,657**	**100%**	**6,944**	**100%**

Note: EU imports of 2001 are given in 1,000 tonnes and € million.

Source: Eurostat (2003)

Parts of furniture
Parts (i.e. parts of seats and of furniture) form the largest proportion of EU furniture imports. With a sustained tendency towards outsourced production by EU manufacturers, *parts* continue to be a growing category within the international furniture trade. By value, this product group was in 2001 the largest category (see figure 5.8) and represented with a value of € 6,944 million, 31% of EU furniture imports. Within this product group, *parts of seats-metal* was the largest sub group (65%) by value, whereas *parts of furniture-wood* were large (38%) in terms of volume, as is shown below. Seats and chairs with a metal frame have been popular since 1999. Compared to wooden parts, metal has the advantages of being more durable, fashionable and lighter in weight.

Between 1999 and 2001, EU imports of *parts of seats-metal* showed an increase of 18%, reaching a volume of 541 thousand tonnes, valued at € 4,489 million. In the same period imports of *parts of seats-wood* increased by 10% from 79 to 87 thousand tonnes. EU imports of parts of furniture increased, particularly *parts of furniture-wood* and slowed down in 2001.

In 2001, around 55% of parts came from other EU countries, as is shown in figure 5.8. However, between 1999 and 2001, imports from developing countries rose by 22% in volume terms, from 137 to 166 thousand tonnes. Germany, Italy, France, Spain and Austria were major EU suppliers, followed by Poland (+40%), Czech Republic (+50%), Slovenia (+12%), Slovakia (+46%).

Important suppliers from developing countries were South Africa (+9%), Turkey (+31%), China (+41%), Thailand (+45%), Bosnia-Herzegovina (56%), Indonesia (-1%), Malaysia (+72%), Mexico, Argentina, India, Uruguay, Pakistan, Tunisia (metal), Brazil, Vietnam and Philippines.
Within the selected EU countries, Germany was the largest importer and accounted for 34% of total EU imports, followed by France (13%), United Kingdom (11%), Belgium (8%), Austria (8%), Italy (5%), The Netherlands (5%), Sweden (5%), Spain (5%) Denmark (2%) and Finland (2%).

5.3 The role of developing countries

Since the mid 1980s, the role of developing countries in the supply of furniture has become more important. Some emerging economies in Asia and Latin America, with forestry resources and low labour costs, have set up their furniture industry, strongly dedicated to exports. In 2001, China, Indonesia, Malaysia, Vietnam and Brazil together accounted for 13% of total volume of EU imports. Particularly China and Vietnam, as well as India, increased their furniture supplies to the EU.

Between 1999 and 2001, the share from developing countries in total EU furniture imports rose from 17 to 19% in volume terms. In 2001, EU furniture imports from developing countries was 1,408 thousand tonnes, representing a value of € 4,329 million, a 29% volume increase over 1999. Around 71% is sourced from Asia with rising tendencies in most countries, as shown below.

Detailed import statistics of the total furniture supplies by developing countries to the EU can be found in Appendix 2. Statistics for EU imports of each individual product group are also given in Appendix 2 in which supplies from developing countries are being emphasised.

Developing countries, as defined by the OECD, are listed in Appendix 4.

DC supplies by product group
Between 1999 and 2001, the EU has imported more dining and living room, bedroom and other furniture as well as more non-upholstered seating from developing countries. Imports of parts, which represented the largest part of their supplies has increased slightly. The share of each product group and the major supplying developing countries are shown in table 5.10.

Table 5.9 Largest increases in supplies of furniture from developing countries to the EU, 1999-2001
Tonnes and € 1,000

	1999		2000		2001		Volume increase %
	value €	volume	value €	volume	value €	volume	1999 - 2001
Total	**18,784,789**	**6,374,494**	**21,831,366**	**7,462,068**	**22,083,353**	**7,365,117**	**15%**
Dev. countries	***3,368,915***	***1,102,476***	***4,231,992***	***1,364,099***	***4,329,422***	***1,408,399***	***28%***
Asia	**1,935,978**	**749,259**	**2,737,905**	**961,894**	**2,721,924**	**998,002**	**33%**
China	578,073	299,434	930,280	415,283	1,030,835	447,279	49%
Indonesia	662,630	191,869	821,465	217,293	772,227	232,398	21%
Malaysia	223,226	104,230	324,309	136,538	298,813	126,697	21%
Vietnam	127,407	57,874	208,622	80,032	213,171	80,373	39%
Thailand	191,224	48,820	264,367	58,338	213,858	53,041	9%
India	71,410	27,685	97,091	34,938	110,881	40,470	46%
Philippines	69,155	16,489	72,179	15,670	61,490	13,543	- 18%
Latin America	**245,356**	**108,561**	**318,552**	**128,691**	**282,694**	**112,049**	**3%**
Brazil	171,783	85,137	230,150	106,319	198,735	96,732	14%
Mexico	55,782	17,932	63,342	16,608	46,731	10,921	- 39%
Argentina	1,408	657	5,804	2,042	15,198	1,346	105%
Bolivia	4,965	1,392	3,001	506	6,225	1,164	- 16%
Africa	**354,098**	**63,589**	**379,247**	**59,541**	**391,753**	**55,612**	**- 12%**
South Africa	336,023	56,359	357,338	52,386	370,628	48,961	- 13%
Ghana	7,025	1,914	8,236	2,106	9,344	2,341	22%
Zimbabwe	4,503	2,057	4,107	1,570	2,909	1,095	- 87%
Mediter./M. East	**141,864**	**34,850**	**172,636**	**43,539**	**220,241**	**59,381**	**70%**
Turkey	105,644	21,496	124,296	26,160	166,036	40,971	90%
Tunisia	14,514	5,435	19,566	6,951	23,905	7,565	39%
Morocco	9,062	4,021	12,654	5,934	13,590	5,565	38%
Egypt	10,094	3,204	11,903	3,467	12,333	4,004	25%
Other	**23,288**	**14,226**	**49,982**	**19,316**	**68,294**	**19,825**	**39%**
Slovenia	423,975	87,042	471,642	91,766	518,931	95,838	10%
Bosnia-Herz.	8,821	5,635	27,865	8,168	48,613	9,218	63%
Albania	1,799	2,080	2,834	2,581	3,248	3,073	48%

Source:Eurostat (2003)

Table 5.10 EU imports from developing countries by product group, 2001

Product group	DC supplies € million	Major suppliers from developing countries to the EU As percent of total DC import value in each product group
Dining and living room	631	Indonesia (28%), China (20%), Malaysia (13%), Brazil (9%), India (8%), Thailand (5%), Vietnam (5%), Slovenia (3%), Mexico (3%), South Africa (3%).
Bedroom furniture	289	China (32%), Brazil (26%), Malaysia (23%), South Africa (5%), Slovenia (5%), Indonesia (3%), Vietnam (3%), Philippines (2%), India (1%), Thailand (1%).
Non-upholstered seating	674	China (40%), Indonesia (27%), Vietnam (11%), Malaysia (8%), Thailand (5%), Slovenia (4%), Turkey (2%), Brazil (2%), Philippines (1%), India (1%).
Rattan furniture	315	Indonesia (58%), China (14%), Vietnam (11%), Philippines (9%), Malaysia (3%), Thailand (1%), Tunisia (0.8%), Morocco (0.7%), Myanmar (0.4%), India (0.4%).
Other furniture	840	China (39%), Indonesia (21%), Vietnam (7%), Malaysia (6%), Brazil (6%), Thailand (5%), India (5%), Slovenia (4%), South Africa (4%), Turkey (2%).
Parts	1,055	Slovenia (34%), South Africa (25%), Turkey (9%), China (7%), Thailand (6%), Bosnia-Herz. (3%), Indonesia (3%), Malaysia (2%), Mexico (2%), Argentina (1%).

Source: Eurostat (2003)

The role of China and other Asian countries
Worldwide furniture exports by China exceeded € 3,000 million in 2001. The Chinese furniture industry currently counts more than 30,000 manufacturers employing over 3 million workers. In the past decade, China has benefited from the opening up of investment and the transfer of technology first from Taiwan (province of China), Singapore and more recently from USA and the EU. In 2001, the whole Chinese furniture production exceeded € 1,500 million and in coming 10 years an annual growth rate of 10% is expected.

With the rising incomes and a growing number of young urban professionals, demand in the domestic market will rise. Here, affluent Chinese consumers will look for better designed and higher quality furniture items. Being ‘backed up’ by domestic demand, China is now a strong competitor for the EU furniture industry as well as for exporters from other developing countries.

Also, ‘tropical’ developing countries enlarged their role in the global furniture trade. Similar to China, Malaysia, Thailand, India and Vietnam develop their domestic furniture markets. In 2001, Malaysia exported worldwide for around € 1,000 million, followed by Thailand (€ 500 million). Because these countries are able to export low-cost furniture, mostly in a variety of hardwoods, they are serious competitors for EU furniture manufacturers.

Several EU manufacturers anticipated this trend by investing their own resources in low-cost overseas facilities and by starting the production of furniture parts in Asian countries. This development, and the fact that furniture is more frequently exported by Asian producers in semi-finished form, explains the high share of parts in EU imports.

Other developing countries
Despite the decreasing EU market, other developing countries continue to expand their exports.
These countries need time to obtain a significant position in the EU furniture trade, because:

- Most developing countries do not have a well established furniture industry. Production capacity, the level of technology, product innovations and variety in design are limited.
- Next to rattan, wooden furniture and RTA furniture, some developing countries already exports e.g. classic-style or reproduction furniture to the USA. However, sizes and styles of this furniture does not comply with the demanding, diverse EU market.
- EU manufacturers continue to contract foreign manufacturers in Eastern European countries,which are much closer and more flexible in terms of meeting their specific requirements.
- EU importers are increasingly asking for certification e.g. FSC (Forest Stewardship Council), a guarantee for good forest management (see Chapter 9.1).

The expansion differs by continent and the developments can be described as follows:

Asia
Most EU importers buy products from Indonesia, China, Malaysia, Thailand, Vietnam, India and the Philippines. Indonesia is leading supplier of rattan furniture, wooden seats (teak) and dining and living room furniture. Supplies from these countries are large and the furniture industry in both countries is characterised by the presence of many small companies, competing in terms of price, product innovations (Philippines), efficiency and quality (China) and shortening of lead-times. Indonesia, China, Malaysia, Philippines, Thailand and India have well-established furniture associations.

International or national trade fairs in these countries take place as well. Furniture from Thailand and India becomes more known and EU imports have increased, especially of dining and living and occasional furniture from India. Vietnam has increased exports of wooden seats, cupboards and living and dining room furniture and is increasingly recognised as an interesting supplier of furniture. Other growing Asian suppliers to the EU are Myanmar, Pakistan and Iran.

Latin America
Brazil and Mexico are leading suppliers from Latin America, especially for bedroom, dining and living room furniture. However, EU imports from Mexico decreased in all product groups.
Exports of Latin American countries are more oriented to the USA. Argentina, Chile Bolivia, Guyana and Honduras are sizeable exporters of other wooden furniture and parts to the EU. Small-medium supplying countries to the EU are Costa Rica, Colombia, Peru, Ecuador and Uruguay. Exports from Argentina doubled between 1999 and 2001, catching up after a period of falling exports in the late 1990s.
Some Latin American countries have furniture associations, but other countries have no or poorly organised wood associations. Coherent policies and a good co-operation between all parties involved in furniture industry are lacking. In addition, technical problems, the distance and higher prices of furniture may be constraints to further development in exports to the EU.

Africa, Mediterreanean and Middle East
South Africa, Ghana, Zimbabwe and Swaziland are considerable furniture suppliers to the EU, although EU imports declined in most countries in the period under review. Turkey, Tunisia, Morocco and Egypt are sizeable suppliers of parts and (metal) furniture and can benefit from being close to the EU.

Nonetheless, most of the African countries do not have a large production capacity, lack the level of technology or cannot guarantee a constant delivery. The few countries with a furniture industry mainly produce for the home market or for neighbour countries. Most exporters have shifted their attention towards the South African market. Zimbabwe and Ghana have furniture associations but, as in Latin America, the wood associations are poorly organised.

Nonetheless, there are opportunities for exporters from developing countries to increase their supplies to the EU. Even in a period of recession, manufacturers and retailers are still looking for different types of dining sets, small occasional or bedroom furniture from new countries with new designs, often contemporary, but still with a link to the culture of the supplying country, which makes it differ from the usual contemporary furniture.

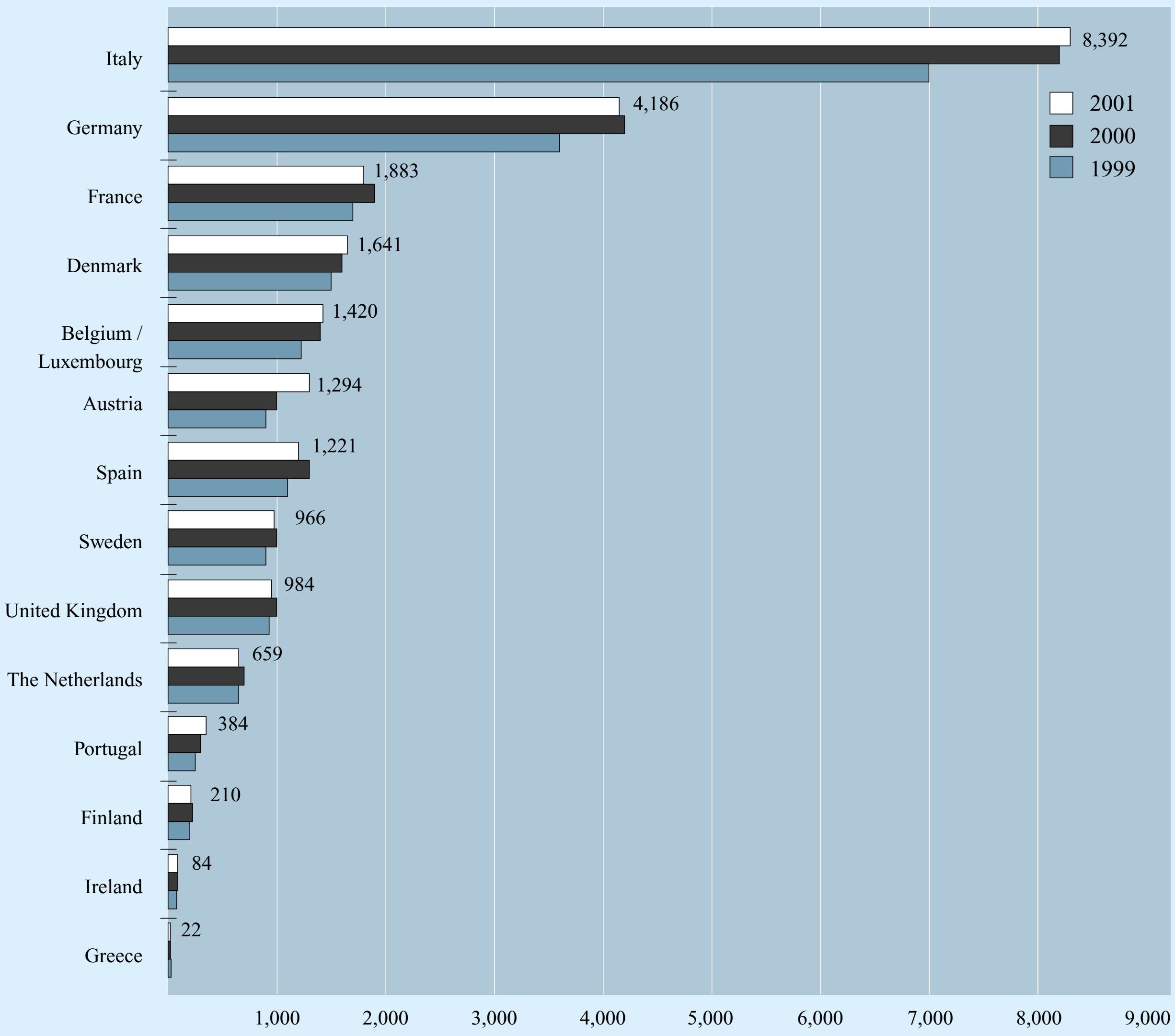
6 EXPORTS

Total exports by the EU

The EU is the leading exporter with Italy, Germany, France and Denmark being among the worlds top ten exporting countries. Two third of EU furniture exports goes to other EU markets with sizeable volumes being re-exported from e.g. Belgium, United Kingdom and The Netherlands. Besides EU countries, important destinations are USA, Middle East, Russia and Eastern European countries. It should be noted here that Germany and Italy export much furniture in parts or in semi-finished form to Eastern European countries for final production.

In 2001, the EU exported, 5,868 thousand tonnes worth € 23,353 million which represented roughly 40% of the total world furniture exports. Between 1999 and 2001, EU exports rose by 2% in volume with a peak in 2000. By value, EU exports showed a similar pattern, with a rise by 14% and values remaining high in 2001, partly due to the strength of the Euro against the US dollar. Being a major producer, Italy is the largest exporter of furniture in the EU and accounted for more than one third of all EU exports in 2001: 1,824 thousand tonnes, valued at of € 8,392 million. Italy is followed by Germany (18% of EU exports), France (8%), Denmark (7%) and Belgium (6%).

Figure 6.1 EU furniture exports, 1999 - 2001
€ million



Source: Eurostat (2003)

A detailed overview of EU exports can be found at the end of Appendix 2 (see - *European Union - Exports*). Between 1999 and 2001, especially Italy, Denmark, Austria and Portugal increased their volumes of exports. Except Spain, The Netherlands, Ireland and Greece, exports of the other EU countries increased as well in the period under review.
Appendix 2 also lists export statistics of the EU by product group. Most furniture exported by the EU in 2001 were: upholstered seating (18% of total EU export value), dining and living room furniture (13%), bedroom furniture (9%), non-upholstered seating (7%) and kitchen furniture (7%). Other furniture and parts accounted for 20% and 24% respectively.

In 2001, around 63% of total EU exports went to other EU countries. Major destinations for EU exports within the EU were Germany, which accounted for 16% of EU exports, France (11%), UK (9%), Netherlands (7%), Belgium (5%), Austria (4%), Spain (3%), Sweden (2%) and Italy (2%). Non-EU destinations were: USA (9%), Switzerland (5%), Russia (3%), Norway (2%) and Japan (1%).

In terms of volume, exports to most other EU countries increased between 1999 and 2001. Though EU exports to destinations outside the EU (Russia, Asian countries) stagnated, which were affected by the recession. Stronger exports to Eastern Europe and the USA compensated declining exports, especially those to Asian countries.

Exports by the selected markets within the EU

Italy

Italy, the largest EU producer, controlled a 36% share of all furniture and exported from the EU, in 2001, a volume of 1,824 thousand tonnes, valued at € 8,392 million. The most important product group was upholstered seating, which accounted for 28% of total exports. Other large export products were other furniture (21%), parts (16%), dining and living room furniture (10%), non-upholstered seating (9%), bedroom furniture (6%) and kitchen furniture (5%).

In terms of volume, Italian exports were higher in 2001 than 1999 due to more exports of upholstered seating, bedroom, rattan, other furniture and parts. In 2001, other EU markets imported 58% of Italian furniture, while the USA, Russia, Slovenia, Switzerland, Japan, Israel, Saudi Arabia, Turkey, Australia, Hong Kong and other Asian markets were also major customers.

Germany

Germany is the second largest exporter of furniture in the EU and exported furniture valued at € 4,186 million in 2001, which represented 18% of total EU exports. Between 1999 and 2001, German exports increased by 10% in volume terms, from 974 to 1,101 thousand tonnes in 2001. Parts accounted for 31% of the furniture exported by Germany, followed by kitchen furniture (18%), other furniture (17%), upholstered seating (12%), bedroom (10%), dining and living (7%) and non-upholstered seating (4%).

Other EU markets imported 67% of German exports, while 33% went to non-EU markets, of which Switzerland, Russia, Slovenia other Eastern European countries, USA and Japan were significant customers in 2001.

France

France is the third largest exporter of furniture, exporting a value of € 1,883 million, or 8% of total EU exports in 2001. Exports by France increased by 5% in volume terms in the period under review. Parts accounted for 30% of this total, followed by other furniture (22%), dining and living room furniture (15%), upholstered seating (10%), bedroom furniture (7%), non-upholstered seating (8%) and kitchen furniture (6%).

In 2001, around 66% of France's total exports went to other EU countries, while Switzerland, USA, Russia, Japan and Saudi Arabia were the major non-EU destinations.

Spain

Spain is a sizeable EU exporter of furniture and exported furniture with a value of € 1,221 million in 2001, or 5% of total EU exports. Between 1999 and 2001, Spanish exports decreased by 2% (from 322 to 317 thousand tonnes), which was due mainly to less exports of bedroom furniture and kitchen furniture. Other furniture accounted for around 25% of total Spanish exports, followed by parts (17%), dining and living room furniture (15%), upholstered seating (14%) and bedroom furniture (10%).

In 2001, other EU markets imported 69% with France being still the main market (24% of Spanish exports), followed by Portugal and Germany. Exports to non-EU destinations declined because of a continued weak demand in Asian markets.

United Kingdom

In 2001, the United Kingdom exported 196 thousand tonnes of furniture with a total value of € 984 million, or 4% of total EU exports. Between 1999 and 2001, UK exports increased by 2% in volume and by 4% in value, from 939 to 984 million with a peak in 2000.

Of total UK exports (by value), other furniture accounted for 38%, followed by parts (22%), dining and living room furniture (12%), upholstered seating (10%) and kitchen furniture (7%). In 2001, around 61%

of exports went to other EU countries, with an estimated 15% being re-exported, which was mainly other furniture and parts. The remaining 39% of British furniture mainly went to USA, Japan, Saudi Arabia, Canada, Australia and Asian countries.

The Netherlands

The Netherlands exported a total volume of 183 thousand tonnes of furniture valued at € 659 million in 2001. The Dutch furniture sector comprises many small manufacturers with many of them having clients abroad, mainly in Germany, Belgium, United Kingdom and France.

Between 1999 and 2001, Dutch exports decreased by 4% in volume, due to less exports of non-upholstered seating, dining and living, bedroom, other furniture and parts. In 2001, other furniture accounted for 27% of total Dutch exports, followed by dining and living room furniture (19%), non-upholstered seating (15%), upholstered seating (15%) and parts (21%). The greater part of these exports (84%) went to other EU markets.

An overview of total EU exports and EU exports by product group is given at the end of Appendix 2.

7 TRADE STRUCTURE

7.1 EU trade channels

There are several ways to sell furniture to foreign markets which vary from exporting direct to an EU country to produce in contract for a domestic manufacturer. The choices in levels of supply are covered more detailed in Chapter 10.3. whereas this Chapter 7 deals with the various kinds of trade channels when exporting direct to EU countries.
Although the trade structure increasingly offers more possibilities, domestic furniture as a product is not suited to multiple handling. Therefore, the main distribution flow is from manufacturer to importers to retailers to consumers, as is shown in figure 7.1. Whereas the flow of furniture large chains such as IKEA, is from their own factory in Denmark or elsewhere to their retailers outlets in all EU countries, which are supplied by their own distribution centre in The Netherlands. A recent flow is from manufacturers direct to consumers by own retail outlets i.e. their *single brand stores*, especially in Italy (e.g. Capellini) or Germany (e.g. Leolux) or by *factory outlets* (see section 7.2 - Vertical integration).

In southern EU markets, where distribution networks are highly fragmented and complex, agents play an important role. In general, EU furniture distribution can be broadly divided as follows:

- **Specialist distribution,** where all retailers specialise in domestic furniture or in sub-sectors such as bedroom furniture or kitchen furniture. In 2002, the share of retail sales accounted for by specialist retailers in the selected EU markets averaged 76%. Specialists can be *organised* or *independent*. *Organised* retailers are the large chain stores (stores with the same name under central management), and franchised stores. Buying groups (or co-operatives) are important in Germany and The Netherlands and are organisations of smaller shops, which joined forces through large scale purchasing and joint promotion campaigns (see section 7.2). *Independent* retail shops are important in southern EU countries and most of them are not organised.

- **Non-specialist distribution,** which includes all those who operate in (RTA) furniture and in other products, such as department stores, mail order houses, hypermarkets, DIY (Do-it-yourself) stores and other stores or garden centres. In 2002, retail sales by non-specialist retailers averaged around 24% of furniture retail sales in the selected EU markets (see differences by country in table 7.1).

Furniture retailing
Retailing varies by product (e.g. upholstered, bedroom, home office or RTA furniture) and by country.
Chain stores with large showrooms are prevalent in middle and northern EU countries, while independent shops with small showrooms are typical in Italy and Spain.

In 2002, there were around 77,300 furniture retail outlets in the selected EU countries, with around 375,000 employees. Furniture retailing has become more diversified with many sorts of outlets, varying from those stocking a special style of furniture to those carrying a wide range of products with related accessories.

Most furniture retail organisations are concentrated at national level. Although other large-scale retailers e.g. Conforama and MFI follow the success of IKEA, increasing their presence in Italy and Spain. Another tendency in furniture retailing is the international expansion of franchised stores operated by manufacturers, e.g. the Divani & Divani store operation by Natuzzi with most stores in Italy and in France and Germany.

In Germany, France, United Kingdom and The Netherlands, furniture sales networks are modern, well structured and have high levels of efficiency. In out-of-town shopping centres *large interior shopping malls* are located, with sizes of 10,000 m^2 or more. A shopping mall houses a mix of smaller and medium sized, specialised in furniture, lightening or household goods. Most of these stores are linked to a buying group or chain store operation.

Recently interior shopping malls in most countries suffered from a slump in the housing market, waning consumer confidence and an intensified price competition especially from (furniture) discounters and non-specialist e.g. DIY stores.

In 2002, furniture sold through chain stores has slightly grown to an average of around 21% of furniture retail sales of the selected EU markets. Although smaller shops, whether or not linked to a buying group, remain important, still forming around half of sales. Especially in Italy and Spain, consumers remain loyal towards smaller shops, since these shops offer the old-fashioned service that inspires confidence. This especially concerns consumers who regard price to be less important.

The differences in furniture retailing between the selected EU markets are shown in table 7.1.

Figure 7.1 Typical distribution structure when exporting furniture direct to the EU

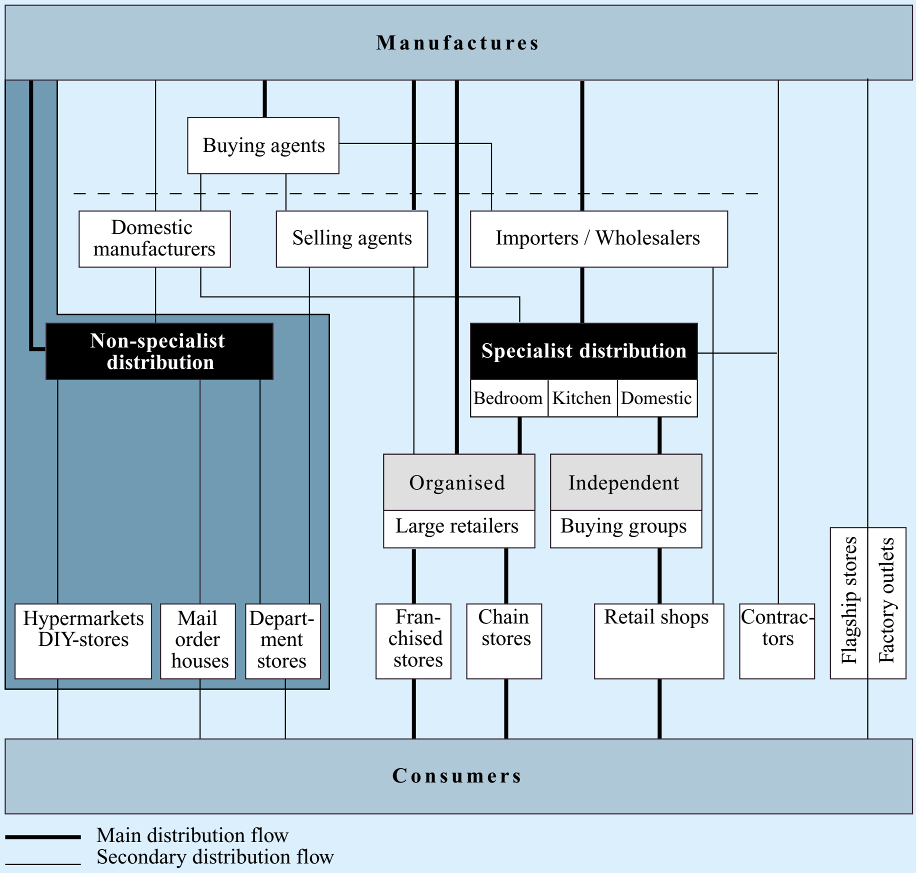


Table 7.1 Furniture retailers in the selected markets within the EU
As percent of retail sales in 2002

	Germany	France	United Kingdom	Italy	Spain	Netherlands
No. specialised outlets	**15,000**	**11,000**	**12,200**	**20,000**	**13,500**	**5,800**
Specialists	**82%**	**78%**	**66%**	**78%**	**80%**	**83%**
Buying groups	50%	9%	20%	5%	7%	53%
Independent shops	10%	7%	6%	53%	47%	6%
Franchised stores	4%	37%	5%	5%	12%	4%
Chain stores	18%	25%	35%	15%	14%	20%
Non-specialists	**18%**	**22%**	**34%**	**22%**	**20%**	**17%**
Department stores	1%	2%	12%	1%	8%	2%
Hypermarkets / Discounters	3%	3%	3%	2%	2%	
DIY Stores	5%	5%	5%	2%	3%	8%
Mail order companies	5%	6%	7%	2%	1%	3%
Direct sales (factories)	3%	4%	5%	14%	6%	2%
Other	1%	2%	2%	1%		2%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: UEA, Unifa-IPEA, Mintel (2003)

Germany

In 2002, there were 15,000 furniture outlets in Germany. Smaller inner city shops continue to lose market share to big furniture centres, which are typically located on town peripheries and which can have a selling area of more than 20,000 m^2 with huge, attractive presentations. Recently, the size of furniture showrooms has increased by 20%. In 2002, the total floor area of all furniture outlets in Germany was estimated at 25 million m^2. Large chain stores have become popular and the furniture retail sector has become more concentrated.

Most German retailers are connected to the 17 *buying groups*, of which Begros (152 outlets), Atlas (97 outlets), VME Mobeleinkauf (300 outlets), Garant Möbel, DMV, Alliance and Europa Möbel are the largest. German buying groups were responsible for 50% of German furniture retail sales in 2002.

Chain stores are also well represented in Germany with leading chain stores such as IKEA (25 outlets) and Porta Möbel (85 outlets). Porta recently opened an IKEA-alike store, The Quartier Store, offering ‘take-away’ furniture aimed at singles, students and young families. If successful, an expansion to 60 outlets is planned in the coming years. Other German chains include Möbel Walter (30 outlets), Roller Discount (68 outlets) and Segmüller (10 outlets). In 2002, Segmüller opened up a store Babyland, which sells exclusively children’s furniture.

The shift towards larger retail outlets has meant that retailers are stocking a much wider product range in order to develop a clear, distinctive image. It has also led to the arrangement of products by theme or style, such as “Neues Wohnen” (modern living) or “Ländlich-Mediterreanean” (country style with southern EU influences), rather than old-fashioned departments for beds and upholstered furniture.
At the other end of the market, price competition has intensified with the growth of furniture discounters (e.g. Roller Discount, Splendli and Poco Einrichtungsmarkt) and factory outlets (Bierstorfer).

Non-specialists in Germany accounted for 18% of German retail sales (see table 7.1) in 2002. DIY stores and hypermarkets are increasing market share, especially in lower priced (RTA) furniture, and they together accounted for 8% of the market. The large German mail order houses such as Quelle (Karstadt) or Otto Versand offer more variety in furniture, although they suffered from e-commerceoperated by furniture chains. Direct sales by manufacturers accounted for about 3% of the market.

United Kingdom

In 2002, the United Kingdom had 12,200 outlets with furniture specialists holding a lower share (66% of furniture sales - see table 7.1) compared to the other selected EU countries. The role of furniture specialists became less in the 1990s, because of fierce competition department stores (M&S), DIY stores and mail order and reorganisation problems at MFI, the leading furniture chain in the UK

MFI was the first furniture specialist chain store which sold RTA furniture to young and price conscious consumers. By the end of the 1990s, they lost market share to IKEA offering more choice and a higher quality of RTA furniture. In 2002, IKEA has become market leader in the UK with 10 stores and a market share of 12%. Although MFI with 190 stores in 2002, produced a strong growth since their joint venture with the US furniture manufacturer/retailer Ethan Allan.

Other leading furniture multiples/chain stores were DFS (upholstered), Homestyle, Magnet, Courts (furniture and electricals), Limelight, Moben, Habitat and style-specific chains such as Lombok with 50 outlets in the UK - specialising in teak furniture from Indonesia. The recession and intensified competition has led to low profits which resulted into bankruptcies of some furniture chains e.g. UNO and Landmark in 2001. Now smaller chains stores either choose to specialise and trade from high street locations, whereas larger chains trade have to compete for space at out-of-town shopping centres.

Non-specialised outlets accounted for 34% of UK retail furniture sales in 2002, which is significant. Department stores such as Marks and Spencer (M&S), John Lewis and Allders) were important in the UK market, with a share of 12%. Argos is leader in bedroom furniture and competes by offering short delivery times. Supermarkets such as Tesco and Safeway, are gradually selling more Home Office, Kitchen and occasional furniture e.g. small cabinets. Clothing chains such as Laura Ashley and Next, increasingly sell branded or own labelled ‘lifestyle furniture’ combined with fashionable houseware and furniture accessories. Furniture sales by DIY stores (e.g. B&Q, Homebase, Wickes) and mail order companies remains high, especially in the low-end and RTA markets.

France

In France, furniture was sold by 11,000 outlets with an estimated total selling space of 19 million m^2 in 2002. Furniture specialists account for 78% of furniture sales, of which 37% are made by "multi-spécialist" franchising companies such as Conforama (owned by PPR and market share of 21%), But (Kingfisher and market share of 7%), and Cuir Center. In order to stay ahead of fast growing IKEA, some of the franchise companies, especially But are currently upgrading their furniture range and focuses more on the older and wealthy French consumers. Similar to chain stores, most franchised stores are large (over 1,500 m^2) and sell furniture in combination with consumer electronics and household appliances.

There is a move among French people towards shopping in chain stores such as IKEA, Maxiam or Arrivages/L'Ameublier-Interama. In 2002, chain stores accounted for one fourth of French furniture sales led by IKEA with 13 stores and a market share of 7%. Trendy chains such as Fly, Docks du Meuble or Docks du Meuble, targeting younger consumers (*"Jeune Habitat"*) remain popular.

France also has a number of buying groups (co-operatives), which only accounted for 9% of retail sales, with Monsieur Meuble, Atlas and Mobiclub being the main specialists groups. Compared to other selected EU countries, the share of buying groups is low in France. As in Germany, small independent shops in town centres have slowly lost market share to larger outlets on the outskirts of towns and cities.

Within the *non-specialist retailers*, DIY stores have gained ground, although few female consumers visit these stores. In France, women are the main purchasers of furniture. In 2002, mail order sales accounted for 7% of the furniture market, with the companies La Redoute, Trois Suisses and Camif being the dominant suppliers. Camif operates their own high street furniture format, called Les Maisonnables with 3 outlets in Paris, Lyon and Lille. Due to growing on-line sales by the franchised and chain stores, mail order lost market share in the past few years.

Italy

The EU country with the most furniture retailers was Italy, which had more than 20,000 outlets with a total selling area of 8 million m^2, or 400 m^2 per outlet. In 2002, independent shops still held a market share of about 53%. Most furniture is made to order, which allows consumers to choose exactly what they want, colour and texture wise. Although recently more independent shops are forced to join buying groups or franchise organisations in order to comply with the growing power of the large furniture chains.

Divani & Divani is a leading chain, especially for upholstered furniture, which is franchised by Natuzzi. Other important Italian specialist chains include Mercato Uno (68 outlets), Mercatone Uno Service (84 outlets), Eurocasa (31 outlets), Emezeta (16 outlets and owned by the French PPR), Roche Bobois, Aiazzone and Casa Italia with most of these stores also handling lightening.

Recently, bigger concentrations and the influence of foreign multiples, such as IKEA, Conforma group and Europa Möbel, change the structure of the trade and the consumer attitude. Up to now, Italian people had a slight aversion at walking out of the stores with an (RTA) product, which they regarded as "cheap style". But nowadays there is a growing interest in contemporary style furniture and IKEA opened up 7 stores so far and plans to expend to 20 stores in whole country. On the other hand, the more fashionable and expensive chain Habitat was forced to close down all its 10 stores in Italy in 1999, due to a lack of interest by Italian consumers.

In 2002, there were about 834 furniture chain stores, which together controlled about 15% of the Italian furniture market. The remaining 22% of furniture sales are carried by non-specialists (e.g. hypermarkets, DIY stores and mail order houses etc.) and mainly direct sales from factories.

Spain

As is Italy, Spanish furniture retail distribution is dominated by small independent shops, which are supplied directly by local manufacturers. In 2002, there were an estimated 13,500 outlets, 80% of which were smaller than 250 m^2. There is little specialisation by style and many stores offer a variety of items.

Recently, especially the Swedish and French furniture chains and franchised operators increased their share in 2002 to around one third of the Spanish market, which has been at the expense of smaller independent shops. IKEA opened up its first store in Spain in 1996 and now leads the Spanish market with 7 stores, each having a floor space of over 22,000 m^2. This is four times the size of other leading Spanish furniture chains stores. Between 2002 and 2010, IKEA plan to open up 16 new outlets in Spain.

Other leading French owned franchised stores were Merkamueble (37 outlets), Galerias Tarragona (65 outlets), Conforama (13 outlets), Franquimobel (45 outlets), Roche Bobois. Spanish chains include Moblerone (21 outlets and franchised by the Alicante group), Meuble Valencia (10 outlets), Espejo Hermanos, Luna Lunera (childrens' furniture) and Artimueble (discount).
In 2002, 47% of Spanish furniture sales were achieved

by independent shops and 7% by buying groups, of which Acem and Intermovil were the largest.

With regards to *non-specialists*, hypermarkets and department stores together represent 10% of sales, with El Corte Inglés alone accounting for 4%. The number of (French) DIY stores increases in Spain, all of which offer a wide range of RTA furniture. As is shown in table 7.1, the share of DIY stores was around 3% in 2002. Direct sales by furniture factories remains important, holding its 6% share. The Spanish furniture trade tends to be more fragmented, compared to other EU markets with wholesalers operating more on a regional than on a national basis.

The Netherlands

Similar to most other selected EU countries, specialised outlets dominate furniture retailing in The Netherlands and accounted for 83% of the total market.

In 2002 there were around 5,813 furniture outlets including 1,850 stores selling a combination of furniture and furnishings. Most stores are small (400 - 1,000 m^2) with the majority being linked to an organisation. As in Germany, retailers who are connected to a buying group accounted for more than half of Dutch retail sales. The two main buying groups are: Euretco (673 outlets), Intres (479 outlets) and Macintosch (97 outlets), among which furnishing chains: Kwantum, Piet Klerkx and Stoutenbeek.

The trend for retailers to merge into larger groups is continuing, with retail chains, selling on large floor space in interior shopping malls (e.g. *Alexandrium* in Rotterdam or *Villa Arena* in Amsterdam). Although since 2001, these malls (known in The Netherlands as “woonboulevards”) suffered from the economic recession. According to the CBW (Dutch Central Bureau for Living), shopping malls attracted many recreational consumers, who primarily shop around looking for the latest ideas and trends in furniture. But in 2002, the number of visitors to these malls and to furniture shops dropped, as many Dutch postponed the purchase of furniture items to better times.

Kitchen and bedroom specialists are mostly affiliated or organised in a buying group as well. After a period of growth in the late 1990s, they also have suffered from falling sales, due to a waning consumer confidence and a slump in the Dutch housing market.

In 2002, chain stores accounted for 20% of furniture sales. Major chains operating in The Netherlands were IKEA (8 outlets), Nijman (36 outlets), Profijt Meubel (59 outlets), Sanders Meubelstad (12 outlets), Trendhopper (59 outlets), Jencikova (11 outlets), Beter bed (90 outlets), Mijnders Meubelen (18 outlets) and furniture-furnishing chains at the cheaper end of the market such as Leen Bakker (91 outlets). Franchise operations include Lundia (25 outlets), Montèl (13 outlets) and Royal Sleeptrend (30 outlets).

In order to grow further, all furniture specialists increasingly concentrate on stocking one type or concept of furniture for a particular consumer group e.g. special furniture for children, for older people, design furniture for trendy people or colonial/ethnic furniture for adventurous people.

Internationalisation in EU furniture retailing

Within the EU, internationalisation of furniture distribution continues, encouraged by progressive integration at European level. Spain and Italy are principal target for the internationalisation of furniture retailers such as IKEA and Conforama, because both countries are more open to foreign operators and there is market potential in the long run.

Table 7.2 Top 10 largest retailers in the EU, 2002

Retailer	Countries of operation	EU sales million €	No. of outlets	Area (1,000 m^2)
IKEA	Europe, USA, Asia	7,530	143	51,000
Conforama	France, Italy, Spain, UK	2,878	277	1,310
But	France, Italy, Spain, UK	1,722	336	887
MFI	UK, France, Spain	1,604	392	498
Möma-Lutz	Austria, Germany	1,388	67	na
Porta	Germany	956	89	450
Mobilier Europeen	France, Netherlands, Switzerland	883	324	453
Möbel Walther	Germany, Czech Rep., Poland	845	46	337
Höffner	Germany	812	18	142
Roller GmbH	Germany	676	59	na

Source: UEA, Möbelmarkt, Mintel (2003)

In the EU, the top 50 furniture retailers controls 45% of the total market. The ten largest retailers within the EU are shown in table 7.2. It is likely that EU furniture distribution in the future will be organised either according to the German model of buying groups or to the French model of franchising chains. Both models can be adapted well to local situations.

E-commerce

The Internet and the possibilities opened up for on-line shopping also exist in the furniture sector. Then number of furniture Internet sites by chain stores and department stores is still growing. According to a survey by Csil in May 2002, in the five next years the Internet is expected to play a mainly informative role in the furniture industry.

The business-to business commerce (referred to as "B2B") is likely to be stimulated by the Internet. However, in the business-to-consumer ("B2C") commerce it only will play an incidental role, as most consumers use the web to inform themselves extensively on furniture models, styles, designs, colours, prices, qualities, second hand items, services, warrantees and delivery time.

When purchasing, consumers still like to be able to touch, feel and try out furniture items before they buy and continue to buy in a shop. Better informed consumers are likely to know exactly what they want and may become more critical, which will have a large influence on the sales of furniture. For example, retail outlets will require more skilled staff, who are able to assist well-informed consumers who "designed" their own home interior.

Other hurdles for furniture e-tailers to overcome are:

- To deliver the item in time in an efficient way and at low costs.
- To establish a safe and 'hacker-proof' payment system by credit card.

The American e-commerce company *furniture.com* has an on-line choice of 50,000 furniture items. In the year 2003, it is estimated that Germany will have 40 million Internet users, while France should have 26 million users, Italy 18 million and Spain 16 million. Forecasts for 2003 of online home furniture sales are around 2% of the total US furniture market and 0.5% of the EU market. These figures do not include the mail order business, which gradually shifts into e-commerce.

7.2 Distribution channels for developing country exporters

For exporters in developing countries, the physical distribution of furniture is a problem. Therefore, it is recommended to have a warehouse in an EU country. The following channels provide the safest and most effective method of distribution:

- **Importers**
  By buying at his own account the importer takes title to the goods and is responsible for their further sale and distribution in his country and/or in other EU markets. He is familiar with local markets and can supply considerable information and guidance to the overseas manufacturer in addition to the primary business of buying and selling, such as the administration of import and export procedures and holding of stock. The development of a successful working relationship between manufacturer and importer can lead to a high level of co-operation with regard to the right designs for the market, new trends, use of materials and quality requirements.

- **Domestic manufacturers**
  Confronted with rapidly rising production costs, which have rendered manufacturers uncompetitive, (especially in labour-intensive production lines) manufacturers are increasingly assuming the role of importers. Like the importers they look for low-cost sources, which produce furniture on a made-to-order basis, instead of purchasing ready-made articles. The main advantage is that these items can be made according to their own design, quality and colour specification.

- **Buying agents**
  These are independent companies which negotiate and settle business on the instructions of their principals and which act as intermediaries between buyer and seller. They do not buy or sell on their own account and work on a commission basis. Most agents represent more than one manufacturer, although competition is avoided. Often the buying agent has his office in the supplying country.

- **Selling agents**
  These are also independent companies, but they work on a contract basis for one or more manufacturers. They often sell from stock in order to meet their clients' short-term demand. They also work on commission basis. Stock is often formed on a consignment basis. If the selling agent builds up his own stock, he is in fact functioning as an importer/wholesaler.

- **Department stores, chain stores and discounters**
  Department stores, large furniture chains and discount outlets also buy furniture directly from foreign suppliers. This may involve intermediary activity by a selling agent on behalf of the manufacturer or a buying agent on behalf of the (multiple) retailer. This method of doing business has become more popular since it cuts out several intermediaries, thus reducing costs and enabling the retailer to offer the product at a lower end price. It is particularly significant when a fashion trend, such as the current huge popularity of rattan furniture, takes hold and there is fierce competition between retailers to offer lower and lower prices. Unfortunately, this method often results in the supply of huge volumes of poorer quality, cheaper merchandise, after which the demand peaks and then falls off.

  Large chains such as IKEA have their own purchasing staff, buying from all over the world. In the country of origin, most buyers prefer the lines between manufacturer and the source of raw material (e.g. rattan farmers) to be as short as possible. In this case there is a better control over production and communication lines are short, which reduces the risk of discrepancies between buyers' requirements and final product.

- **Buying groups / Co-operatives**
  Central buying groups or co-operatives prefer to minimise the cost of middlemen by purchasing directly from a supplier whenever possible. This channel is used for large-scale requirements, where direct dealing with well-known suppliers is essential. These groups act as purchasing agents for their individual members (smaller furniture retailers) and act as financial intermediaries between producers and retailers. Sometimes they offer warehouse facilities to their members. Other advantages for members include credit card rates, provision of marketing intelligence, staff training and advice on legal and business issues.

  The objective of the buying group is to make it possible for their members to compete with chain stores, which have the buying power necessary to get larger discounts from suppliers. Buying groups are tending to purchase from fewer suppliers, with whom they aim to intensify their relationship and together promote increased sales in the market. This trend is called "partner shipping" and originated in the USA.

Some recent issues in furniture retailing, which are of relevance to exporters are:

Vertical integration by manufacturers
In this case, manufacturers sell direct to consumers by their own stores, which removes the need for retailers. An example is, the *single brand or flagship store* (e.g. Leolux 'design centres', Ligne Roset, Sofa Workshop Direct, Classic Choice), which sells the complete furniture range of one brand and is meant to create/ improve the brand image. Most stores have a design corner for tailor made furniture, based on consumers' needs, which nowadays are more specific.

Another example of vertical integration is the *factory outlet*, where manufacturers sell out of date furniture to consumers at low prices. A factory outlet centre mainly sells clothing and other fast moving consumer durables. In 2002, there were 35 factory outlet centres in the UK, which is more developed in this respect than other EU countries (e.g. 16 centres in France; 10 in Germany; 7 in Spain; 6 in Italy and 1 in The Netherlands).

Store attractiveness and regular change by retailers
With the growing influence of fashion in furniture, furniture stores change their range more often (than 2-3 times/year), which gives the store an ongoing innovative image. New furniture ranges can be combined with all sorts of accessories, creating a total interior concept. For exporters it is important to know this concept and he should try to make a link here when introducing his products, even at importer level. Nowadays, shop interiors appeal more to consumer target groups and can range from classic, colonial to contemporary to ultra-modern. In shop interiors, products are clearly and well laid out with some stores offering a relax/ lounge area and some inter-activity (e.g. computer aided design corners).

8 PRICES

8.1 Price developments

Compared to the USA, consumer prices of furniture in EU countries are low. However average prices increased due to inflation in some countries and because of the introduction of the Euro. New psychological price points were set by retailers, who often rounded up new Euro prices to a nice figure. For example, in The Netherlands the average prices of furniture items increased by 3 - 4%, between 1999 and 2002, as is shown in figure 8.1.

Because of the price increase and the economic recession, consumers were more suspicious about prices. This cautiousness in spending, resulted in critical consumers, who extensively shop around and do not accept old trade-offs. They inform themselves on internet about the latest models, brands, (foreign) prices and expect good service.

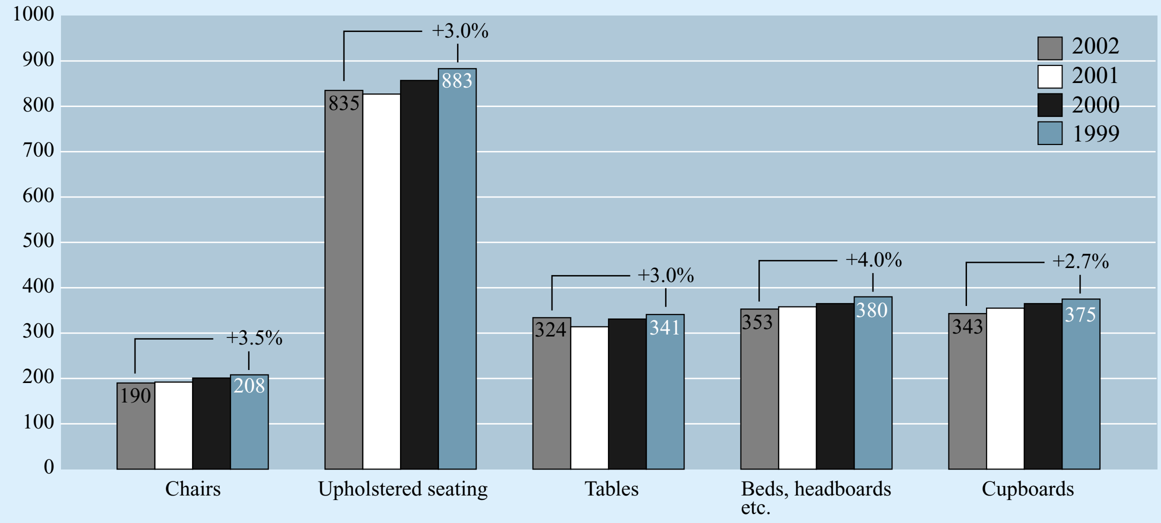
In addition, the slump in the furniture market in the selected countries created an oversupply of low- to medium range furniture items. So this means that prices were under pressure at all levels in the furniture supply chain.

Especially at retail level, price cutting and early clearance sales have become regular features of the trade. Competition between stores intensified enormously and has led to bankruptcies of furniture chains, who could not carry on paying high rents against low profits. After a wave of mergers and acquisitions, it were the large International retailers and buying groups, who could keep position in this competitive environment.

Furniture prices are also under pressure because of:

- More non-specialist outlets selling furniture (e.g. DIY stores, discounters, hypermarkets).
- Direct sales by manufacturers by Flagship stores, FOCs, E-commerce etc.
- After the economic recession, consumers are more demanding and often expect a discount. For loyal Italian or Spanish consumer, a “special price” was already a typical practice. But now in France, Germany and UK, price-based promotions by furniture retailers made consumers try to barter in the shop in order to get prices down.
- Faster changes in interior fashion made the lifespan of a furniture item become shorter. So consumers are less prepared to pay high prices, as they use the items for a shorter time.

Figure 8.1 Price developments of some furniture items in the Dutch market
As percent of prices in Euro per item



Source: CBW (2003)

Table 8.1 Retail prices of selected furniture items in The Netherlands, 2003

Photo no./ Style	Prod. group	Item	Material	Retail price in € (incl. 19% VAT)	
				Specialist	IKEA
1. Classic	**Living room**	Sideboard	Cherry wood	1,200 - 1,500	
		Cupboard	Oak wood	1,500 - 2,000	
		Chair	Walnut	400 - 500	
2. Colonial	**Living room**	Table (hanging)	Teak wood	300 - 500	
		Chair	Teak wood	250 - 350	
		Divan	Teak wood	400 - 600	
3. Country/ Colonial	**Bedroom**	Bed	Cherry wood	1,100 - 1,600	
		Bedside table	Cherry wood	350 - 500	
		Cabinet	Cherry wood	450 - 600	
4. Contemporary	**Kitchen**	Dining set	Pine wood (dark painted)	100 - 150	
5. Contemporary	**Living room**	Low table	Rattan/metal	150 - 200	90 - 130
6. Contemporary	**Bedroom /**	Bed + Storage unit	Beech/metal	700 - 1,000	300 - 500
		Large cupboard	Beech/Cherry	900 - 1,500	700 - 1,200
		Small cupboard	Beech	90 - 250	60 - 180
	Home office	Modular desk	Beech	60 - 130	50 -120
		Modular desk	(adjustable)	150 - 300	
		Chair	Metal	150 - 200	80 -140
7. Contemporary	**Dining room**	Dining table	Light Oak/Beech	700 - 1,400	400 - 800
		Chairs	Beech - cotton	300 - 800	150 - 500
		Chairs with arm	Beech - cotton	500 - 1,000	
		Dresser	Cherry wood	1,700 - 2,500	
8. Contemporary	**Living room**	Open cupboard	Beech	1,500 - 2,300	
9. Contemporary	**Dining room**	Dining table	Dark Oak (smoked glass)	1,500 - 2,500	
		TV table	Dark Oak	250 -350	80 - 150
		Dresser	Dark Oak	1,300 - 2,000	
		Cabinet (2 door)	Dark Oak	1,000 - 1,500	
		Cabinet (8 unit)	Dark Oak	800 - 1,300	600 - 900
10. Contemp./ Modern	**Home office**	Chairs	Plastic	200 - 300	
		Cabinets (wheels)	Plastic	250 - 400	

Source: Store Checks - van Til, van Duivenboode, Trendhopper, IKEA (August 2003)

Nowadays there is such a broad range of items - materials - styles - qualities -finishing and sizes, that it is almost impossible to give typical prices. A very rough price overview of the furniture items on the photos in Chapter 3.2 are shown in table 8.1.

Sometimes a different price level is given, in case some of these items were purchased at IKEA stores.

Transparency by Euro prices
In the coming years, the introduction of the Euro will show the discrepancies in pricing between various EU countries which undoubtfully will result in more competition in all product categories, with southern countries lower in price. The Euro will create more transparency and make it easier for retailers to source products from EU countries at the lowest possible price and without conversion costs. Differences in VAT, however, are still large, ranging from 16% in Germany to over 22% in Scandinavian countries.

Also for furniture, there are still in divergences in prices within EU countries. According to the UEA, the difference in consumer price in 2002 between the cheapest country (Greece) and the most expensive country (Sweden) was still around 40%.

8.2 Sources of price information

The best way to obtain information about prices and price levels in The Netherlands or EU is by visiting one of the major trade fairs. Alternatively, comparisons can be found in the prices given in catalogues from mail order houses, large department stores or from internet sites of companies.

Window-shopping in the prospective market place, at several retail shops, is another good way of getting information about prices, fashions, colours, qualities and promotions. Published sources of information on furniture are listed below. The addresses can be found in Appendix 3.2.

UEA - European Furniture Manufacturers Federation → Web site which gives information on trade and prices in the EU furniture industry: www.ueanet.com

CSIL - Industrial Furniture Study Centre → Web site which gives information on trade and prices in the EU furniture industry: www.worldfurnitureonline.com

ITC - International Trade Centre → Trade Promotion Organisation, which has made a market survey on rattan furniture with information on prices and margins.
Web site: www.intracen.org

IKEA store on-line → Web site which gives information on retail prices of IKEA furniture items www.ikea.com

9 EU MARKET ACCESS REQUIREMENTS

9.1 Non tariff trade barriers

Quality and grading standards

EU standards
There is no official EU quality standard for domestic furniture. Although, the CEN/TC 207 (European Committee for Standardisation) has published some voluntary quality standards in 1998, which may become official EU standards in the near future. These standards deal with, the terminology, safety and health-related aspects, test methods and dimensional coordination of 30 different furniture items. The committee consists of seven working groups, each having their specific field of standardization:

- Workgroup 1 'Domestic furniture' (tables, chairs, storage, children, upholstered furniture and beds)
- Workgroup 2 'Kitchen and bathroom furniture'
- Workgroup 3 'Office furniture' (office chairs, storage furniture and walls)
- Workgroup 4 'Outdoor furniture'
- Workgroup 5 'Contract furniture' (educational, laboratory furniture)
- Workgroup 6 'Test methods for fire behaviour'
- Workgroup 7 'Surface and surface finishes of furniture'
- Ad hoc group ' Glass in furniture'

An overview of CEN standards can be found at the websites of UEA and the CEN - see Appendix 3.1.

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

The establishment of a keymark is an attempt to harmonize and to reduce the confusion and criteria, which now exists between the various standards and public and private labels. This mark for furniture is connected to CEN, also being used in other sectors. A disadvantage here is, that the mark belongs to CEN and royalties must be paid.

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 cases. For example, some countries, such as United Kingdom, Ireland and Sweden, already legally require compliance with flame residency 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 3.1.

National quality labels
In some countries, retailers who sell furniture of good quality have a recognised label and are member of a National organisation for home furnishings. For guaranteeing consumer protection with regard to quality and reliable service from the retail furnishing trade, these organisations run an official scheme to which stores meeting the agreed norms and conditions may belong. These labels are also used as a promotional tool of the store towards customers. Also, the fabrics may carry a quality label, which clearly informs consumers of the kind of material used in the manufacture of the fabric, e.g. the *CBW label* in The Netherlands. Each EU country has its own national labels.

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. For children care products, there is a standard CEN/TC 252, defining the requirements and test methods which ensures the safety of children's furniture. For example, requirements are defined for the gaps and openings in furniture items, based on anthropometric data. The are also plans for a safety directive for upholstered seating.

The general directive defines a 'safe product' as a product which poses no risk, when normally and reasonably used during anticipated conditions and period. An exporter, or his representative in the EU, can in most cases be held liable for compensation for a possible damage.

Standards in the furniture industry
Even if there are still no EU official standards, there are ISO standards depending on the furniture item and style. In contemporary or colonial style furniture, for

example, buyers expect woods of an excellent quality e.g. kiln dried, free from pest, cracking, splitting and from full grown trees from well-managed forests (see next section).

Furniture sizes
The dimensions for domestic furniture vary 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. Always check the exact requirements for the prospective market with their importers. They are able to specify the best dimensions for their customer target group. As an example, the following table 9.1 indicates available sizes in the Dutch market:

Table 9.1 Typical furniture dimensions in The Netherlands

Item	Feature	Dimensions / cms
Couches/lounge chairs	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
Dining room chairs	Seat height from ground	43-47
Dining tables	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
Occasional tables	Height	35-60
	Round table diameter	40-100
	Square table diameter	60-100
	Rectangular table diameter	60-75 x 115-145
Bookcase, wall unit	Total height	180-215
	Depth	35-50
	Width per unit	60-90
	Height per unit	40-120
Beds	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
Wardrobes	Height	180-235
	Width of units	40-60-80-100-120
	Depth	55-60

Trade related environmental, social and health & safety issues

Trade-related environmental issues
Awareness of environmental problems increased considerably in the past few years and has become an important issue in international furniture trade. Some national eco-labels related to furniture and international labels to raw material have developed. For the sustainability of wood, the recycling of materials and for its content of hazardous substances. In addition, designers and manufacturers try to develop furniture with a minimum impact on the environment, referred to as *Eco-design*.

This could be achieved by reducing harmful substances such as cadmium, PCP or similar substances in upholstery, or by foaming agents for seating and fillings. Table 9.2 (next page) gives an overview of environmental legislation in the EU, France and The Netherlands. Because of differences, it is important

Table 9.2 Overview of direct legislation, relevant to furniture

	European Union	France	The Netherlands
Cadmium	100 ppm	100 ppm	50 ppm
Pentachlorophenol (PCP)	1000 ppm	1000 ppm	5 ppm
Asbestos	Prohibition	Prohibition	Prohibition
Ozone depleting chemicals	Prohibition (CFCs) Prohibition in 2015 (HCFCs)	Prohibition (CFCs) Prohibition in 2015 (HCFCs)	Prohibition (CFCs) Prohibition in 2015 (HCFCs)
Polychlorinated Biphenyls (PCB) and Terphenyls (PCT)	Prohibition	Prohibition	Prohibition
Endangered wood species (CITES) *e.g. mahogany, Chile pine and Brazilian rosewood*	Specific legislation	Specific legislation	Specific legislation

to check the legislation in each selected EU country, which can be found at the CBI AccessGuide, (www.cbi.nl/accessguide), which gives an overview of all product legislation for furniture.

In addition, the presence of certain azo- or heavy metal-based colouring agents and wood preservatives can be considered a serious threat to sell a particular item. Other potentially problematic substances include volatile organic compounds (VOCs), certain flame-retardants and PVC.

- The FSC label and national environmental eco-labels.
- 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.

Although some environmental legislation may not be compulsory yet, it is now an opportunity for exporters to meet these requirements as much as they can, which undoubtfully gives them a competitive advantage. Most of the legislation is directly applicable to exporters and the local representative, i.e. importer, will be then responsible for the product.

Instruments for sustainability
In addition to obligatory environmental legislation, there are other developments in environmental policy which could be opportunities for exporters in developing countries, such as:

FSC label
Currently one of the most important issues in the international timber and furniture trade, 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, which may have a similar effect as to a ban.

The use of certified timber as raw material would be a ‘proof of good conduct’ for forest management. The Forest Stewardship Council (FSC) issued in the early 1990s a timber certificate, which now in most selected EU markets becomes increasingly recognised by consumers.
The FSC logo not only validates ‘good forest management’ but also guarantees that in the full chain of custody of the timber - from the forest to its final stage - the timber has not been mixed with other ‘unsustainably produced’ timber. By preventing wasteful harvest, an overexploitation of forests can be limited.

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. So far, the FSC label is applied only in garden furniture, especially on items sold by DIY stores. More information can be found on the Forest Stewardship Council website (address - see Appendix 3.1) with links to the national FSC working groups in the selected countries. In The Netherlands, next to the FSC working group, Stichting Keurhout has a similar label with regards to the origin of timber, address can be found in Appendix 3.6.

National eco-labels
Each EU country has voluntary eco-labels for various domestic furniture items to be sold in their market. So far, there is no eco-label for furniture on an EU level. Exporters can apply at national contact points, where the items are checked on environmental criteria such as the origin of raw material, treatment, production method, finishing, packaging, repair etc.
For example, in The Netherlands, the 'Stichting Milieukeur' has set up a label for chairs, seating, stools, cupboards and beds, with different criteria for items made of wood, rattan, bamboo, metal, synthetics, textile and leather. The address of Stichting Milieukeur - see Appendix 3.6.

Social issues
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. IKEA now have made up a *Code of Conduct* for their suppliers, which gives guidelines for ethical conditions in factories and producing items in a social and responsible way. Similar to IKEA, furniture trade associations in EU countries currently develop a model code of ethical conduct for the production of all furniture items.

Next to the code of conduct, *social labels* are growing in importance. For example, the FSC label has a social clause. Another example is the introduction of a certified environmental management system (SA 8000) according ISO 14001, which is internationally recognised.

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 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.

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

Physical straining	→	To prevent injuries, use lifting aids, adjustable worktables and support tables.
Safety	→	Use safe sawing and cutting equipment and provide tight-fitting clothes.
Chemical safety	→	Employees should be protected from wood dust, heat and spray paint.
Noise and vibrations	→	Consider low-sound versions of machinery; provide ear and nose protection.
Workplace facilities	→	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 can be found at the International Labour Organisation, a UN organisation dealing with all aspects of work; the address can be found in Appendix 3.6.

For detailed and up-to-date information about non tariff trade barriers on furniture, please refer to the AccessGuide, CBI's on-line database, which can be found through the CBI website at: www.cbi.nl/accessguide. Information can be also found at the UNIDO, ITTO - addresses see Appendix 3.6.

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 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 the retail outlet. In most cases, there should be no need for buyers to repair or 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 and to obtain information on the exact packaging needs directly from the prospective importer or buyer.

EU packaging standards
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 % 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 % of the material brought on to the market must be recycled, with a minimum of 15 % 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 most EU countries since 1996. Each country reserves the right to apply additional standards, as long as these do not hamper trade between countries. 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 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).

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 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 exporters when packaging furniture items:

- 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.
- Package 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 3.6.

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, 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.

The existence of keymarks and other label systems as mentioned in the previous sections, means that it is very important for exporters make all label-related information of his furniture items available to buyers in prospective EU markets.

9.2 Tariffs and quotas

Import duties for furniture products range from 0 to 5.6%. 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, shown in table 9.3.

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 Cotonou Arrangement for the ACP countries (Africa, Caribbean and Pacific). The GSP does not apply to countries which produce furniture in large quantities, such as Indonesia and China.

At present showing the Customs Authority Certificate of Origin ('form A') can reduce the import duty payable as 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 valorum' 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 9.3 EU import duties for selected furniture items (in percent of the CIF value)

HS Code	Product description	General tariff	GSP tariff
9401	**Chairs and other seats**		
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
9403	**Other furniture**		
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 16% and 20 % (to be checked by EU country)

Source: Belastingdienst Douane (2003)

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, through their on-line system, known as TARIC at www.douane.nl. Information can be also obtained by telephone in The Netherlands and from abroad. The relevant information numbers are given in Appendix 3.6. The HS code of the product concerned must be always mentioned; a detailed list of HS codes can be found in Appendix 1. Other sources of information are the European Commission, trade associations and importers.

Part B

Export Marketing Guidelines: Analysis and Strategy

The decision to export furniture is a major one. In order to become successful, your export business should be built on firm foundations. International expansion can bring tremendous benefits, but it also will bring new pressures and asks much of your resources and skills.

Part B gives an overview of the main topics to consider when exporting furniture to the EU markets and identifies which areas of business need attention to get ready in order to take on the challenge of exporting. Especially in the saturated EU furniture market, it is extremely important to make a well thought over decision whether to export or not. By reviewing the export situation now, you can recognise market opportunities, your own strengths and clarify in time where your business needs adaptation or developing. In this way, many problems arising later on can be avoided.

The purpose of Part B is to assist exporters in their decision making and provide and insight in a systematic export marketing process.

Part B distinguishes the following strategic steps in the exports marketing process:

1. **External analysis** (Market Audit, Chapter 10) and Internal analysis (Company Audit, Chapter 11).
2. **SWOT analysis** (Chapter 12).
3. **Decision making & formulation of objectives** (Chapter 12).
4. **The marketing actions** - input for Market Entry Strategy & Export marketing Plan (Chapter 13).

In step 1 - external analysis - relevant topics in the EU furniture marketplace will be covered such as: market developments and opportunities, which furniture items to export, to which EU markets, which competitors, through which channels, at what prices etc...

Exporters can look into each topic by gathering information on some of the arising key questions. When sufficient information is obtained by market research, they can identify and select target markets. Some relevant information was already provided in Part A and some sources for further research can be also found in Appendices 3 and 5 of this Market survey.

An **internal analysis** should clarify if an exporter could use his resources without jeopardizing the domestic sales efforts and estimate if and how his company could enter these target markets.

In step 2, *the* **SWOT analysis**, opportunities and threats (from external analysis) and the exporters' strengths and weaknesses (from internal analysis) are summarized. The result of the SWOT analysis should tell the exporters if he is able to export his furniture items. Especially when there are more market opportunities (than threats) and if his company is strong enough to start this venture, he could decide positively.

In step 3, *the* export **decision is made** and his **objectives** for EU furniture target markets are set.

Step 4 covers the **marketing actions** which he should take, in order to successfully penetrate these target markets are covered.

Most topics in Part B concern the External and Internal Analyses in step 1. All four steps form the basis for exporters to draw up their Market Entry Strategy (MES) and plan their activities inan Export Marketing Plan (EMP).

More information on general issues related export marketing can be found in CBI's *Export Planner*. Information and methodologies on doing market research, can be found in CBI's manual *'Your guide to Market Research'*.

10 EXTERNAL ANALYSIS: MARKET AUDIT

An external analysis or market audit should assist the exporter to select the best furniture markets or niches with the highest chances for success.

At first, he could start from a broad view by becoming familiar with EU countries and gather information of each country on the following topics:

- *General data* (population trends, marriages, divorces, households, migration/moving trends).
- *Housing data* (housing stock, rooms/dwelling, floor area, newly built houses, housing market).
- *Economic data* (disposable income, unemployment, consumer confidence, socio-economic trends).
- *Household expenditure* (expenditure or retail sales on furniture related to other durables).
- *Market size* of the product group and/or specific item in value and volume in the past few years.
- *Trade flows* - identifying upcoming EU markets and competitive supplying countries.
- *Market developments* (market stage, market tendencies shift e.g. towards contemporary style).
- *Production developments* (trends in shifting production to Eastern Europe, China etc.).
- *Consumer trends and motives* (should furniture be functional, removable and/or a statement of their particular lifestyle? Who are the trendsetters/opinion leaders?).
- *Interior trends* (new styles, designs, materials, colours, finishes and influence of fashion etc.).
- *Consumers buying behaviour* (buying sets of furniture versus buying individual items? differences per consumer group? What does each group regard most important?).
- *Market niches and opportunities.*
- *Main competitors.*

The information given in Part A of this survey and all additional collected data on these topics already give a picture of which countries are difficult and which countries are rather easy to enter.Next, the exporter should try to set priorities and choose target markets for his specific furniture item in terms of primary, secondary and tertiary markets (see section 12.2). Here he could assess the sales channels, i.e. how to get his furniture to end-users in each of these markets. For example, by exporting direct to a primary market using an importer. Or, by exporting indirect through e.g. contract manufacturing to a customer in a secondary market, which requires less investment in terms of design, logistics and marketing.

Once the priorities are set, he could narrow down his view, i.e. more focussing in on primary markets and segment these markets further by region, product group, consumers (income, age, life stage, style etc.). He should look into the local interior designs trends, prices and margins and collect as much as possible on his direct competitors operating in the same segment.

10.1 Market development and opportunities

Market development

Desk research
Mutch data on the mentioned topics can be collected by desk research, especially by using the Internet. The general, housing and economic data can be found at the National statistics offices in each country. For furniture, there are some useful trade portals (*see information sources on page 80*), trade associations and magazines, most of which are connected to the Internet and offer an online database.

Data collection in EU markets
Trade statistics are usually available for most EU countries and give a rough indication on growing EU markets. Although, bear in mind that re-exports of furniture are high especially, by The Netherlands, Belgium and United Kingdom. Another point of concern is that in these statistics products are often subdivided into very broad categories e.g. according to raw material (wood, metal, plastic). In many cases, your specific item is within a larger product group, which leaves still some questions to be resolved.

Market data are often available for the large EU furniture markets i.e. Germany, United Kingdom, Italy and France, which have good and up-to date information sources. As these countries often provide their information according to similar definitions, so that they can be compared easier.

Start with the countries that have much information in English such as the United Kingdom, Scandinavian countries and, to some extent, Germany. If your native language is French or Spanish, southern EU countries would be a good start. If you consider to enter Austria, information on the German market give an idea e.g. about trends or styles (e.g. Landhaus) in German speaking countries. Besides, the German press often cover the Austrian market as well.

Information sources → Market development

Information on market size and developments is included in this market survey, at portal sites (www.ueanet.com or www.furnitureweb.com) and can be found at websites of trade associations, trade press and on some country or product specific furniture websites.
Addresses are given in Appendices 3.3 - 3.6 and 5.

Especially trade press e.g. the German magazine Möbelmarkt, UK Cabinet maker and the French Courrier du Meuble, as well as trade fair organisers IMM (Köln) and Cosmit (Milan), provide much information on the latest market sizes, developments and interior trends.

You can also find furniture market reports on www.usatrade.gov or www.hardwoodmarkets.com or buy reports at www.marketsearch-dir.com, which are not too expensive. Other information you can find at ITC (www.intracen.org), with articles free and most reports at a charge.

Up-to-date reports with consumer related information such as trends, motives and buying behaviour can be found in Cabinet Maker (only UK market) and in market reports on furniture which are available from commercial business information providers. Some of these reports are useful and can be bought in parts or by chapter. Although it is important to check if they really cover your specific item, as they are expensive. The most important providers are:

www.worldfunitureonline.com
www.snapdata.com
www.mintel.com
www.aktrin.com
www.euromonitor.com
www.marketresearch.com

How to collect market data?

Retail sales: Total sales by retail outlets which are in value (€) often measured at current or constant end-user prices. In e.g. the European Retail Handbook (published by Mintel), furniture as a product group is in some countries combined with furnishings and carpets. Even if product categories are often too broad, it still will be a good method to compare countries. When collecting data from various sources, *check at least three years* (if possible) and be aware that some sources report retail sales with sales tax, while other sources don't.

Consumption or consumer expenditure, which is calculated on the basis of a large sample survey commissioned by the National Statistics offices (every 4 years) or large research companies. Up-to-date statistics on consumer expenditure on furniture is easy to find in the UK, France (at a cost), but more difficult in Germany, The Netherlands, Belgium Spain, Italy and Scandinavia. Euromonitor gives consumption per capita figures of the EU countries, which are charged and still need to be checked with other sources.

Industry sales: Often furniturse trade associations e.g. the German BVDM, provides trade and sales statistics. The sales statistics include sales to export markets, which you need to deduct in order to know the national sales. Sometimes the prices given are wholesale or factory level.

Field research

Additional information can be collected by field research. There is often a need to validate the findings from the desk research and cover some of the missing information. A start could be made by talking with other exporters, especially those who export furniture items or parts to EU markets. Or with exporters of similar products e.g. household furnishing, floor covering or tableware or accessories which may be complementary articles to form a full product range or interior concept. There might be a way to join forces in research and enter EU markets together.

During visits e.g. at an exhibition in the EU, interviews with key persons such as importers, wholesalers, editors of trade magazines or managers of furniture trade associations can be a real eye-opener. You may become aware of hidden feelings people have towards your company, country or product. Even if statistics show a growing furniture market, field research can be crucial to take the final export decision. In addition, store checks at large furniture shopping malls or at IKEA or Conforama stores give a good indication of the local interior ideas, popular furniture items, colours, material, prices and how they are presented.

Opportunities

Since 2000, the EU furniture market suffered from a falling economy and a waning consumer confidence. The future market is expected to polarise into a low quality/price and higher quality/price segment. At the same time, with the expansion of IKEA-alike chain stores, there is ongoing long term shift - from traditional to contemporary style furniture - coupled with more variety in furniture designs and styles. The EU furniture market has become more fragmented as a result from the period of growth in the late 1990s, which has brought about changes in lifestyle and working situation.

In this EU furniture market environment, with growing supplies from Eastern Europe and China, exporters should seek opportunities in market niches, where there is little competition and where they can offer added value by unique furniture from their country. For example:

By product

- **Ethnic furniture**, which refers to all kinds of exotic furniture from developing countries, in styles ranging from classic, contemporary or rustic. Popular items include: non-upholstered seating, table sets, cupboards, hassocks, stools, free-standing kitchen items and occasional furniture.
- **Colonial furniture**, which mainly concerns furniture, made of teak or other darker types of wood such as wengé, mahogany or cherry. Now luxury items became more popular e.g. seating made of polished cherry wood and upholstered with leather or abundantly decorated small tables.
- **Rattan furniture** now has its own established position in rustic and contemporary home interiors especially in dining sets. Recently (plaid) wickerwork rattan chairs are often combined with metal.
- **Home office furniture**, which is mostly manufactured from laminated particle board, being low priced and often RTA. Items should be practical, multi-functional and up-to-date (e.g. design, colour material) and should comply with the quality and ergonomic regulations of the country.
- **RTA:** The quality and diversity in design of RTA furniture is increasing. These products are easy and cheaper to transport to the EU.
- **Accessories:** Combine a series of furniture items with matching accessories, which may fit an interior concept. These accessories could range from baskets, mats, fruit bowls, candleholders, vases, flower pots, lampshades, (carton or paper) storage boxes for e.g. linen etc.

By material

- **Solid woods:** In low to medium priced contemporary furniture, solid woods are becoming more popular, instead of the usual veneers and laminates. Importers are looking for new sorts of solid wood, similar to light oak, cherry or darker woods. An alternative to the expensive woods from Scandinavia, Canada or USA could be *rubberwood*. Besides its even texture and light colour, this 'heveawood' can be stained and finished to meet EU market requirements - including the strict environmental legislation.
- **Special natural materials** could be rose oak, eucalyptus, palm fibre, bark, midribs, rice husk (for particle board), nut shells, parts of banana trees (trunk's peel), seagrass, water hyacinth, canvas, cork or abacca leave.

  Also *bamboo* has become popular material in contemporary style furniture, because of its light colour and at the same time being exotic. Other special materials include wrought iron or aluminium. Combinations of all these materials can be made with, stone, shelves, hemp, zinc, jute, latticework or plaid leather.

By target group

- **Specific target groups:** e.g. comfortable furniture, stools or poufs for the growing number of *older people* in the selected EU markets. Or special sized furniture (e.g. 1-2 person 'love seats') the growing number of *single households*.
- **Children's furniture**, especially multi-functional and modular items, which can be added to over time as the child grows. In this segment, safety standards are important and exporters must pay extra attention to rounded corners, non-cascading drawers, steel bolts in bunk beds and bolted bed rails.

Sub-contracting:
Some EU manufacturers look for new low-cost countries to outsource production of high volume items, while others look for exclusive items to meet the increasing diversity in demand in their country. Both cases offer prospects for new suppliers or partners, who could also be exporters from developing countries.

Requirements and difficulties for exporters:

- In order to approach the low and medium end of the market, competitive prices are necessary.
- Fast delivery (according to sample), good packaging, and after-sales service are required.
- It is important to get the correct fittings for the right RTA or knock-down system.
- Innovations are constantly required to keep the interest of consumers, being more demanding.
- As trends in home interiors change faster, it is difficult to start a long-term investment.
- Avoid using wood of (too) young trees, resulting in warped furniture that cannot be sold.

Some of the above opportunities and requirements still differ in each of the selected EU markets and should be further specified during market research. Once they are clarified, the next step is to identify similar niches in a few target counties and asses if and how they should be approached.

10.2 Competitive analysis

When target countries are more or less clear, the next topic is to find out how many competitors operate in these markets, how they sell their products, through which channels and at what prices. In each furniture product group and style, you may find different competitors, varying from furniture of a well-known brand to other exporters from developing countries.

The large furniture exporters from China, Indonesia, Malaysia and Eastern European countries already have established their business in most of the selected EU markets (see Chapters 4 and 5). As these suppliers are technologically far ahead and can benefit of economies of scale and well organised delivery, competition for exporters from (smaller) developing countries will be difficult.

Therefore, the primary focus should be on a niche market and on the direct competitors operating in this segment. Here, you could try to find out relevance on the following issues:

Are there many competitors?
Make a list of all your direct competitors and if there are many, try to assess if it would be worthwhile to enter your target market or if there are particular niches. For example, in contemporary style cabinets for bedrooms, you will find many competitors. But you can narrow your view by e.g. focussing on the market for bedroom cabinets made of bamboo, as your specialty, where there will be fewer competitors.

Who are your competitors?
Once the main competitors are clarified, try to collect as much information as you can in terms of competitors' furniture items, function, style, material etc. and check the opinion of your business contacts on these competitors in your target markets.

Will new competitors enter your market?
Try to stay aware about the coming trends/fashion/crazes in interior styles. Especially when a particularly style e.g. vintage style is expected to become a new craze, many competitors will enter soon. In general, you could also find out through your business contacts if any new companies emerged in your target markets, which could be serious future competitors.

How do competitors sell and where?
You need to find out which trade channels are used by your competitors, in which countries or regions and possible reasons. Ask your business contacts about your competitors. If possible, visit competitors' companies to learn how products are priced and distributed.

Your competitors strengths and weakness?
Try to find out how long competitors operate in the EU markets and most importantly, what their strengths and weaknesses are, if possible sub-divided by country.

Monitor the activities in the furniture industry
By visiting trade fairs (international or local), congresses, seminars etc. you can get in contact with potential buyers and/or learn about the developments in their market. These are also chances to find out more about competitors. It is important to take the time to attend trade fairs to see what your competitors are doing, how they present and promote their items.

When further investigating competitors more in detail, you could use a checklist, trying to collect as much as possible answers by desk (internet) and field research:

Company details

☐ Headquarters and organisation
☐ Production locations
☐ Total number of employees (administration, production and sales and marketing)
☐ Ownership and financial performance

Export activity *(if possible)*

☐ Export sales
☐ Importance of exports in total revenues
☐ Export methods (through overseas subsidiaries, agents, distributors)
☐ Countries in which export sales are made and local resources in each country
☐ Target market segments and main target groups
☐ Market shares in key segments or niches

Products

☐ Product range by function and style
☐ Specifications of items in terms of material, design and finish
☐ Claimed technical/specification advantages
☐ Design ability and flexibility
☐ Positioning, themes, concepts and brands

Distribution

☐ Distribution channels used (nationwide or particular regions)
☐ Key distributors
☐ Distribution methods (own transport resources, subcontracted logistics services)
☐ Size and structure of transport fleet

Prices and discounts *(if possible)*

☐ Price of ranges per product line
☐ Discount structure

Promotion

☐ Presentation of products at exhibitions or in store
☐ Brochures and catalogues
☐ Advertising (expenditure, media used) and publicity
☐ Other information you can find at exhibition, store checks,
☐ Competitors themes/concepts in promotion
☐ Website - coverage and contents

Relationships/partnerships *(if possible)*

☐ Licences
☐ Joint ventures
☐ Distribution agreements

Information sources → Competitors

Desk research: Information about manufacturers and main players can be found in Chapter 4 of this market survey. Also check business directories (or platforms), at furniture portals www.furnitureweb.com and www.furnitureonline.com - see also Appendix 5.

You may also find information through trade magazines, trade fair catalogues (often available on-line at the website of the trade fair organizer), competitors' websites, annual reports or brochures with their product offering. Or in parts of reports from on-line business information providers who also offer company profiles at a charge.

There are also generic business directories. The most important generic on-line directories are Europages and Kompass. The business directories offer multiple search filters, like product group, market, company type, company size etc. Use of the business directories is free of charge. Dunn&Bradstreet provides next to some market reports, financial information on any (registered) company in the EU.

www.europages.com
www.kompass.com
www.dnb.com

Field research: at exhibitions, store checks, through (potential) customers/buyers or a contact in your target market, who can check e.g. prices or promotional material

10.3 Sales channel assessment

Once a better understanding of the market developments, opportunities and direct competitors in the target markets is obtained, the next step is to find the right way to enter these markets. Depending on your strengths, the approach could be similar or different to competitors. This selection also largely varies with the opportunity or stage (growing or saturated) of the target market as well as with the function and style of furniture and the investment required to make the entry a success.

For example, if you consider to export of rattan cabinets and found opportunities in colonial style living rooms and in contemporary style bedrooms, you could set your priorities to the largest markets such as Germany and the United Kingdom.
In Germany most contemporary, as well as colonial, furniture is sold by large chain stores where the price competition is currently enormous, which is also the case at bedroom specialists.
However, in better economic times, there may be more smaller specialist shops for colonial furniture. This may imply a direct export through an importer or agent.
In the United Kingdom, colonial style furniture is already established and being sold by a variety of small specialists. As currently, colonial furniture is also being sold by specialised colonial chains stores such as *Lombok* (see Chapter 7), licensed production could be an option here.

Possibilities for market entry
Depending on the investment and the degree of risk, there is a range of possibilities in dealing with different levels of strategic involvement in target markets. Some of the possibilities are:

Producing

Indirect approach

with investment	**investment**
• Licensing	• Assembly
• Franchising	• Joint Ventures
• Contract manufacture	• Acquisition
• Stategic alliance	• Strategic alliance

Exporting

Direct approach

- Agents
- Importers
- Retailers (specialised/non specialised)
- Domestic manufacturers and Contractors

The indirect approach is a low-risk option with the International market, being an extension of sdomestic production e.g. manufacturing furniture parts for an EU supplier. Whereas a direct approach requires a long-term strategic view, based on a good understanding the target markets. In this respect, EU markets also differ from the US market in terms of consumers, products (sizes!) and with a long history in furniture, EU countries have a highly diverse distribution of furniture.

Nevertheless, there are good chances for exporters from developing countries by taking the direct approach. A safe option in highly competitive markets could be to get first a foothold in some markets by taking the indirect approach. Once more knowledge on these markets is obtained, exporters could approach them directly later on.

In the next matrix, a selection is made of the most common choices of trading partners for each kind of (potential) exporting company:

Market entry / product:		**Trade channel:**	**Manufacturer**	**Importer specialised**	**Retailer non-specialised**	**Retailer**	**Agent**
Overseas production			X	-	-	-	-
Exporting direct	→	Most furniture	X	X	X	XX	
	→	Rattan furniture	-	X	X	-	-
	→	Office furniture	-	-	X	-	X

The direct approach
When exporting direct, the best distributor must be chosen (see also Chapter 7) by gathering information on the potential sales channels. Try to find out if your furniture item could fit well into their specialism, if they have any. Find out by research, details of importers or agents (e.g. through their websites), their product range, to whom they supply and their distribution coverage in your target country.

- **Key questions on sales channels**

- Details on the supply chain - manufacturers; importers; agents; wholesalers; retailers; contractors; end-users?
- What are the latest trends in distribution? Can this influence my business?
- Who in this chain would be the best trade partners in my primary markets?
- What are their advantages/disadvantages? How can I get in touch with them?
- Do these partners serve retail outlets frequently visited by my target group?
- What are suitable in-store themes in which my product concept will fit?
- What level of after sales or customer service is required in these markets?

- **Key questions on Buyers / Customers:**

- What do buyers think of their existing suppliers and products/services?
- What would encourage them to switch to your product?
- What is most important for them:
    - Competitive price?
    - The sort of item, its special material?
    - Design capability?
    - Distribution cost? - JIS delivery?
    - Service and quick response?
- What is the buying policy of large retailers? Branches in other target markets?

Most furniture items are handled by importers supplying to specialised furniture retailers or to buying groups. Sometimes buying groups act as an importer by purchasing direct from manufacturers. Importers have a good knowledge of the market and provide the safest and most effective method of distribution for exporters from developing countries. Generally, importers who operate a sales network that covers an entire country, expect exclusive representation agreements. They tend to be quite specialized in their own field.
Rattan furniture is usually handled by specialised importers of furniture, or is imported direct by retailers or central buying groups. The main retail outlets for rattan seats and furniture are all furniture specialist stores including rattan furniture specialists. Rattan furniture can also be found in garden centres, department stores and at mail order companies.

Office furniture manufacturers often sell their products directly, either through franchises or through their own agents. Roughly, 40% of this segment is controlled by manufacturers.

As mentioned in Chapter 7, furniture retail stores and hypermarkets grew very quickly in most countries, with IKEA (see success story), still expanding in the selected EU countries. Chain stores and even supermarkets (e.g. Tesco) have items produced according to their own design and specifications under their own or a designer label. Their advanced stock control systems, using barcodes enables them to integrate production, buying, distribution and selling. Most organizations buy directly and some of them do not raise problems of financial/ credit reliability.

- **Information sources → Sales channels**

Information can be found in Chapter 7 and at trade Associations and Chambers of Commerce. Also, check local trade magazines which regularly interview store managers and other key persons in the supply chain. During visits, you could do some in store observations, get an idea of in-store themes and ask opinions of store managers. It is useful to know beforehand if your item fits into the store concept when approaching buyers. When you do not have the possibility to do it yourself, ask local people to check some stores.

You could find buyers through exhibition catalogues (e.g. on the Internet), trade portals and at sites of business platforms (by sector - by country/region).

Distribution by an importer:

Advantages
- Volume orders against guaranteed payment (only in case he opens an L/C)
- No risk of unsold stock.
- Travel costs can be divided when visiting more than one importer.
- If working relationship is successful, more business will follow.

Disadvantages
- Exporters receive a relatively small proportion of the final consumer price.
- Importers may require exclusivity in the sale of the item.

Distribution through retailers: Chain stores, DIY and Department stores

Advantages
- Items can be sold at a higher price than to importers.
- Production of the item starts only after receipt of the order.
- Payments are more secure, because L/Cs or similar methods are used.

Disadvantages
- It is hard to establish a relationship with buyers, because they often change.
- It is difficult to get in touch with buyers, who are always very busy.
- Special conditions are required in labelling, packaging or pre-packing assortments for individual chain store members.
- In the case of bad performance, late delivery or wrong follow up of instructions by the exporter, buyers will make claims or cancel the order.

For other possible sales channels (e.g. direct sales, e-commerce) - see Chapter 7. It is important to note that, by selecting one trade channel, other channels are often automatically excluded. One cannot have a relationship with a department or chain store while at the same time entering the market with the same line of products through an importer/wholesaler.
This is often unacceptable to trade partners and will definitely have an adverse effect on export operations. For the serious developing country exporter, the recommended approach is to aim at building up a long-term business relationship.

10.4 Logistic requirements

When the choice how to enter the EU target markets is made, the next topic is to look for the most efficient and safe way to deliver the items on time. Here the exporter has to compete with EU countries, benefiting from simplified transport procedures as many custom formalities were eliminated. In addition, Eastern European countries are nearby and are able to deliver fast.

Order control
Most chain stores and retail buying groups work with centralized warehouses and distribution centres e.g. in The Netherlands and in Belgium. They use the latest order control systems which minimize stock levels and are increasingly based on just-in-time (JIT) production, combined with electronic ordering, especially in office furniture and in much of the contemporary style furniture items. The JIT system requires extremely quick delivery, which means that exporters who are not close to their customers must keep more items in stock

IKEA's success story
Ingvar Kamprad, the 76-year-old founder, set up IKEA in 1943. With the name Elmtaryd, the name of his family's farm he started to sell furniture in the 1950s, with the slogan 'well-designed at low prices' in Agunnaryd in Sweden. Since then his company grew fast in Sweden and in Europe.

In 1985, they opened up the first store in the USA, with a certain arrogance selling European-sized curtains which did not fit American windows. This new store became a fiasco.
In the 1990s, they changed policy and decided to adapt their product and strategy to the US market. For example, special items were designed such as firmer sofas or deeper kitchen cabinets to match American appliances, which was a success. Since then IKEA has expanded into new products and markets, staying focused on the lower-medium range market, especially on low-income consumers e.g. young couples and students.

Their items are Scandinavian style, which are designed with bright and fresh colours. Pine wood is mostly being used in furniture items (46% in 2002), followed by beech (25%), softwood (15%), rubberwood (8%), birch (4%) and ash. The use of synthetic veneers is relatively limited.

Although their furniture range are priced 20-30% lower than their rivals, their sales per m_ were in 1998 three times the industry average and their 8-10% pre-tax margin is twice as high.
Beyond the EU and US markets, they expanded rapidly to other foreign markets from Warschau to Shanghai. In the past 20 years, IKEA has grown more than tenfold, to 152 stores in 33 countries. Now IKEA has its head-quarters in The Netherlands and employs around 70.000 people worldwide.

Although there are still importers and agents who organise transport and stock keeping in the conventional way. It depends on the volume of the item, mass product or specialty item, but considering the faster changes in interior trends, short lead times are increasingly required.

Reducing stock
The current oversupply of furniture items and intensified price competition have resulted in the retailer's needs for lower inventories and, at the same time, less out of stock. There is a growing tendency towards a permanent replenishment. In general, purchasing policies are aimed at:

- Less pre-seasonal orders.
- More variety in furniture items per season (according to the latest trends).
- Investment in seasonal planning and control.
- Increased co-operation with suppliers e.g. quick response and EDI (Electronic Data Interchange).
- Fewer suppliers.

Transportation
Furniture items from developing countries need long distance mainly by ocean cargo which easily takes up 1-2 month from e.g. Asia. In order to reach the destination country, there are still much formalities and documentation (e.g. insurance) required related to the tariffs and terms of deliver. There is a risk for items to be easily be damaged e.g. in transit by dampness or mishandling, so packaging of items is extremely important, as explained in Chapter 9. The shipping costs are based on the volume (length x width x height) and weight of the shipment.

Most furniture items are sold in unassembled or knock-down (KD) form. This is because of the high freight costs involved in transporting assembled furniture, e.g. rattan or colonial furniture, and because the major retail outlets can maximise retail space and turnover, thus ensuring high volume sales. KD furniture being transported in this way is either be re-assembled by the importer for sale in retail outlets as an assembled product or sold in RTA for assembly by the consumer.

Furniture is increasingly transported in semi-finished form (referred to as ‘parts’ in trade statistics in Chapter 5). The finishing is done in the consuming country, which ensures that it is finished to the required specification and quality level.

- **Information sources → Logistic requirements**

Freight forwarders and carriers usually provide information on rates, frequencies, possible combined containers. A cargo & logistics database can be found at www.shipguide.com or a list of all freight forwarders can be found at the directory www.forwarders.com or www.fiata.com or for airfreight www.iata.org

Information on packaging can be found in Chapter 9.1 of this market survey and in the manual of ITC ‘Packaging of Furniture’. Details on tariffs can be found in Chapter 9.2 and the usual terms of delivery are explained in Chapter 13.4 of this survey.

- **Key issues on price structure (see example of calculation in table 10.1)**

- **Retail prices:** List up the prices of competitor’s products in primary markets.
- **The trade channels** with typical mark-ups of each channel and retail category.
- **Discount structure** and credit terms offered by local competitors
- **The production costs, incoterms, import duties, VAT** level and other cost.
- **Additional costs** for product adaptation, packaging, marketing and promotion etc.
- **The most ‘reasonable’ or ‘tactical’ price level** according to some of your local contacts in the field (agents, other exporters from your country, store managers).

Other sources to collect price information can be found in Chapter 8.2.

10.5 Price structure

Prices
When entering the target markets, successful pricing is a key topic in the market entry strategy. In fact, pricing is the only area of the strategy which raises revenues for the exporters. All other activities are costs.

The price the first point of comparison to evaluate your product against the competition. As described in Chapter 8.1, prices for mainstream furniture items are under more pressure, coupled with an oversupply of cheap imported (RTA) furniture, made of hardwood (e.g. teak wood). It are the large retailers who can exert even more pressure on prices and margins in the furniture trade channels by a substantial volume of business.

As an exporter from a developing country it would be the best to concentrate on the exclusiveness of his product. For example by introducing original furniture, which meets the function, design, size and comfort needs of a specific target group. In this case, the price is of a lesser importance.

In case of trial orders, which are delivered for the first time, sometimes a discount is given to buyers and freight is prepaid. Once the prices are negotiated and the target markets are set, it is important to keep control and avoid a too large difference between prices in the each target market, as they are now easier to compare (€).

Margins
In the price-competitive furniture market, margin maintenance is vital along with cost controls. Especially for retailers it is important not to erode the margin too much when making price-based promotions. In several EU countries, this has led to various bankruptcies of stores. Successful retailers will have the right balance between cost control, good retail margins and good buying.

Margins at retail level
The typical mark-up for retailers averages between 80 and 100% - as illustrated in the price calculation example in table 10.1. This includes value-added tax (VAT), ranging between 16 and 21% on furniture, varying within the selected EU markets. Actual margins can vary widely around these averages depending on the exclusivity of the product, the level of demand and the type of store selling furniture.

For example, chain stores at the high street are often at expensive locations, carry a wide assortment and have many sales staff, which is than also reflected in higher margin. On the other hand, margins of large retailers such as IKEA or Conforama are lower, as they often buy direct from manufacturers and are mostly located at the out-of-town centres.

Another example is the retail mark up on RTA furniture, which is lower (around 70 to 80%), while mark ups on the more luxury and fashionable furniture items tends to be higher.

Margins at importer/wholesale level
In a similar way importer/wholesaler mark-ups, which used to average 30 to 35% are now more typically less than 30%. Depending on the circumstances mentioned before, there is also a wide variation around these averages. In principle, importers maintain a fairly close control over recommended retail prices, but the oversupply and the growing success of furniture discounters seriously disturbed the situation. Mark ups as low as 15% and as high as 60% have been recorded.

The typical average commission rate for an agent is 10 to 15% of sales.

The following table 10.1 indicates the effect of low and high margins on the final consumer price, based on an FOB price of 100 for a furniture item. The final consumer prices can be compared with the price level of similar items of competitors.

In this example an imaginative mark up is set, covering overhead costs (e.g. housing personnel, selling and general expenses, own profit), which is estimated at 35%. Also, the breakdown of the cost price by material, direct labour and other costs is just made-up here:

Table 10.1 Calculation of final consumer price

	Low	High	Competitor
Material cost (incl. wood certification and 15% for unsold stock)	25	25	
Direct labour cost (incl. design costs)	25	25	
Other cost (e.g. packaging, promotion, sample shipments)	15	15	
Cost price	**65**	**65**	
Mark-up (overhead costs incl. own profit e.g. 35%)	35	35	
Export price (FOB)	**100**	**100**	**?**
Agent's mark up (e.g. low - not through agent, high 10%)	10		
Agent's selling price	**100**	**110**	
Import duties* (furniture parts 2.7%)	3	3	
Other cost (e.g. transport, insurance, handling, banking)	17	17	
Landed cost	**120**	**130**	
Importer's/wholesalers mark up (e.g. low: 20%, high 35%)	24	46	
Importer's/wholesaler's selling price	**144**	**176**	
Retailer's mark up including VAT (e.g. 19%) (e.g. low 80%, high 100%)	115	176	
Final consumer or retail price	**259**	**352**	**?**
Ratio Cost price - Consumer price	***2.6***	***3.5***	

* If the GSP tariff is applicable for your country, the import duty can be reduced to zero.

10.6 Product profiles

This section gives product profiles of two key furniture items: dining and living room furniture and cupboards. These products probably offer good prospects to most exporters from developing countries.
Each profile gives an overview of the market requirements, market structure and main suppliers with much of the information already given in Part A and Part B (Chapter 9).These profiles serve as a sample and are meant to encourage exporters to make also profiles for their specific product.

PRODUCT PROFILE - DINING AND LIVING ROOM FURNITURE

1.Product name:
Dining and living room furniture

Main items: **Dining chairs&tables. Low- coffee- end tables**
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

Low 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;
- 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.

3. Market structure:

Average prices:

Chairs	simple	€	80 - 140
(retail)	special	€	250 - 400
Tables	simple	€	400 - 800
	luxury	€	700 - 1,400
Low table		€	90 - 250

Main markets:
The main EU markets are Germany, France Italy and The United Kingdom

Market trends:
There will be more interest
In contemporary models. In Germany and UK, people tend to merge their living areas (living room and kitchen).

The styling of dining tables is erect and straightforward. Asymmetric shapes and combinations of materials are popular.

Gate-leg, folding and drop leaf tables are popular for small dining areas, as they use space efficiently.
Different wood sorts can be used in one table, or combinations are made of wood with aluminium, chromium frames, with glass, with marble etc.

Sometimes dining tables are surrounded with comfortable chairs offering upholstered levels of comfort with changeable back coverings.

In contemporary style chairs, chromium frames and legs are popular with a plastic

4. Main suppliers:

The largest producing countries of dining and living room furniture are Italy, Germany and Denmark

The leading non-EU suppliers are: Poland, Indonesia, Romania, and China

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

continued

continue

Import regulation

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

or wooden seating.

Chairs are often easy to stack. Besides wood and metal, new materials e.g. resin.

The latest living furniture items are lighter, well designed, removable and multifunctional e.g. a contour rolling shaped coffee table or a table with an aluminium frame on wheels which also can function as a TV table.

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 - CUPBOARDS

1. Product name: Cupboards

Main items: Cupboards, storage cabinets, wardrobes

2. Market requirements:

European quality standards:

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

Average sizes:

Cupboards: enormous variety in sizes

Wardrobes: height 180-235 cm;
width of units 40-60-80-100-120 cm
depth 55-60 cm

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

3. Market structure:

Average prices:

Cupboards:	
large (oak)	€ 1,500 - 2,000
medium (oak)	€ 1,000 - 1,500
medium (beech)	€ 500 - 750
small (beech)	€ 90 - 250
Cabinet	
medium (oak)	€ 450 - 600
small (plastic)	€ 250 - 400

Main markets:

The main EU markets are Germany, Italy, France and United Kingdom

Market trends:

Cupboard and cabinets have grown strongly in the last few years out of necessity. For example to put clothing, books, albums, files or electronic equipment.

Nowadays cupboards are better designed. Most people look for good-looking, practical, multi-functional items to be used

4. Main suppliers:

Germany, Italy and France are the main EU countries producing cupboards.

The leading non-EU Suppliers of cupboards are: China, Poland, Indonesia, Malaysia, Brazil and Thailand

Other suppliers from developing countries include: Slovenia, South

continued

continue

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 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	in the hobby- or study room, bathroom, corridor, hallway, kitchen but also in living rooms. As with other furniture, there is a general trend to open shelves and lighter (transparent) materials, to prevent them to dominate rooms and to accentuate space and openness. Modern items are popular with wheels, so they can be moved easily. Lighter woods, like beech, maple and birch, and warm colours such as cherry and oak are preferred. There is much use of glass (preferably opaque or frosted, rather than clear and cold) in door fronts and sliding panels.	Africa, India, Turkey, Philippines, Tunisia, Bolivia and Morocco

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). 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 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.

11 INTERNAL ANALYSIS: COMPANY AUDIT

After having done the external analysis, where market opportunities are clarified and priorities are set for potential EU export markets, an internal analysis should tell the exporter if he can take up the challenge. An internal analysis must clarify which of his resources and additional investments are required to enter his target markets successfully, and without threatening his sales in the domestic market.

Based on the internal analysis, the exporter can get an insight in his strengths and weaknesses by reviewing the following topics, covered in the next sections: product range, design, product standards, production capacity, logistics, sales force, financial strength and capabilities.

11.1 Product range and design

Product range
In a fragmented EU furniture market with consumers increasingly becoming critical on design, material and recently price, it is crucial for an exporter to create a product range which is different, innovative and appealing to the targeted consumers. Does it look right? Is it something new? What are the special features? How to translate all these features into benefits for consumers? For example, does an elegantly designed cupboard offer enough space for storage or do the targeted consumers regard this less important because of its special colonial or baroque style?

Product adaptation
Depending on the type and style of furniture item, you may have to adapt your current product range for export market in order to achieve a good product-market match. This requires an investment in terms of design, colouring, finish etc. So here, you will have to find the right balance between the costs of adaptation and potential sales from your target markets.

Flexibility and innovation
When deciding on product range, be aware of the difference in consumer tastes in southern and northern EU countries - see sections 3.1 and 3.2. A small adaptation in terms of material or colour can make a large difference, especially by the fashion aware Italian consumers. In addition, trends in interior designs come and go quickly nowadays, so flexibility and an ongoing innovation in product ranges is expected by consumers and buyers.

Product positioning and USP
Positioning is a term used to refer to how you want consumers or buyers to think about your furniture item compared to competitors items. This depends on the style of furniture and the type of consumer e.g. little or extremely aware about interior trends, designers or brands. There are differences by country as well. For example, SOHO furniture may be regarded as a novelty in Spain, whereas in France it is a functionality or necessity.

A possible positioning strategy for exporters from developing countries is *'the country of origin'* effect. In most markets, people lack any reference and therefore regard a product with a high degree of authenticity to be interesting and genuine, especially when they have been there on holiday.
Further information can be found in Chapter 13.1.

- **Key questions on product range:**

- How consumers could use my items in my target markets?
- Are there large differences in use per country? Any other applications?
- What is required to adapt my product for my target markets?
- What is the best positioning strategy for my furniture item?
- How to make my product concept - which items and matching accessories?
- Can products of other exporters in my neighbourhood complement this concept?
- What should be the design, shape, size and colour of my furniture items?
- Do I need an in-house designer or work with a well-known designer in the target market?
- How brand sensitive is the market?

Information sources → Product range

Information about product segments and trends can be found in Chapter 3.2 of this market survey. Additional information can be found in trade and consumer magazines and interior fashion reviews from the International Furniture fair in Milan and Köln.
You could buy some competitive products or during exhibitions look how competitive products are presented. During visits, you could ask buyers or talk with editors of magazines about the latest trends in interiors and furniture. Or by in store observations or by asking opinions of some people you know in your target market.

Product design
In the past few years, fashion and styling has been more important in furniture. A good own or local designer will be necessary, especially in contemporary and modern styles.

Basic considerations in new designs are:
- Product and production efficiency
- Ergonomics
- Functionality and multipurpose
- Appeal and styling
- Safety and quality standards
- Logistics
- Environment and recycling
- 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. In this respect, it is important to know which laws exists on patents and trademarks; where to apply and what are the costs to register are. More information on registration of designs and brands in the EU, is given on the website of Dutch design and brand registration office (Nederlands Octrooibureau) - address see Appendix 3.6.

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.

11.2 Product standards, quality and production capacity

Product standards and quality
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.

- **Key questions on product standards:**

- Which standards there in my target markets? (Quality, Safety, Environmental)
- How crucial are they for my type of furniture? How can I meet them? What are the costs?
- Any opportunities in terms of environmental issues? What are the benefits?
- Can I easily source certified wood in my direct neighbourhood?
- Can I supply kiln-dried wood? Where to source? What are the additional costs?
- What are the packaging requirements in my target markets? What are the costs?

Information on voluntary and compulsory quality standards can be found in Chapter 9.1.

Aftersales service
Furniture items from developing countries are mainly destined for the low-medium range of the market. A difficulty when dealing in the higher quality product ranges, is the guarantee conditions laid down by producers and retailers. If something is wrong with a high value piece of furniture, it is generally too costly for the retailer to give a replacement piece. So, your furniture agent or importer must be physically able to handle this situation quickly and efficiently with your support.

Production capacity
The furniture sector in industrialised countries is generally characterised by the availability of good quality raw materials, low production costs, a flexible labour force, and good designers working with computer aided systems (CAD/CAM). 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 still little innovation takes place.

- **Key questions on production capacity:**

- there enough spare capacity for extra orders? Is there any flexibility in production?
- Can I make the new items with the current machinery? Extra skilled workforce required?
- What will be the cost of setting up additional production capacity?
- Will export order hinder order for the domestic market?
- Can I get enough (certified) timber to meet the extra capacity?
- Are there fluctuations the in annual workload for staff and capacity of (wood) suppliers?
- Can I guarantee a consistent supply and get all raw materials in time?
- Is the factory clean and tidy enough (pneumatic air system) for the workers and are factory and machinery representative enough for foreign inspectors/buyers?
- Do I have enough storage facilities for extra production for foreign markets?

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.

11.3 Logistics

As already mentioned in Chapter 10.4, the downward competitive pressure on prices requires a production of smaller lots, products with shorter life cycles and more product innovations. Therefore, exporters will need to be flexible enough to produce furniture according to specification and supply these items ‘Just In Time’ (JIT).

Most furniture is shipped by ocean freight per container, with different items and designs being combined. There is an increasing worldwide trend for consignments to be container packed at the factory. This can be done only in countries equipped to handle container ships in the docks of embarkation. There are still few deep-water ports with such facilities currently exist in developing countries, especially in African countries.

Considering an average delivery time between 8 - 10 weeks from e.g. an Asian to an EU country, transport requires a careful planning. So freight services must high-quality and at the same time, be affordable at reasonable charges.

When starting an export business, you must not only estimate costs accurately before entering into a contract, but also ensure that the shipping facilities in your country can guarantee delivery within contractual period. Are the shipping facilities reliable? - especially when it is difficult to controlif you are not near to a port. Other problems may occur when the furniture has to travel a long distance overland before reaching the harbour, has to be stocked for a while due to a delayed shipping schedule. In these cases, a reliable shipping agent is a must.

More information on delivery terms can be found in Chapter 13.4.

The best would be to use a shipping agent or freight forwarder to arrange transportation services on your behalf. As they are familiar with import and export regulations, they can simplify the shipping process.
It is important to use a forwarder that is experienced in handling furniture to minimise the risk of damaging and who can provide good advice on safe export packaging.

- **Key questions on Logistics:**

- How often are you able to deliver furniture to your target markets?
- What lot sizes do you generally produce or are you able to produce?
- What combinations of items can be made to different customers?
- How to shorten the physical distance (if any) between factory and harbour?
- Can you access to ports with well-established shipping channels to the EU?
- What are the typical costs of transportation, insurance, document handling?

They also must have an experience and preferably speak the language of the destination country and provide assistance in handling all documentation, including export licensing. Freight forwarders are cost effective to use, because they can negotiate the best rates. They usually operate on a fee basis paid by the exporter.

11.4 Marketing and sales

When exporting furniture, a combination of marketing tools (product, price, place and promotion) is required to keep control over your export venture. How to use your marketing tools and build up a long terms business relationship with partners in your target market will be covered in Chapter 13.

When it is your first time, expanding into exports demands an investment in terms of time, budget and skills. You may consider recruiting a new experienced staff to co-ordinate your marketing strategy. There will certainly be a need for someone to spend periods away in the target markets.

Maybe you have existing contacts in your target markets, for example: relatives, friends, suppliers etc. They may gather information, monitor progress and follow up leads.

- **Key questions on marketing and sales:**

- Who will be (full-time) responsible for managing the export sales and marketing function?
- How well can he/she do the job?
- What sort of additional training is needed (strategic/sales skills/language/technical/trends)?
- Which persons do you know in the target markets?
- What sort of procedures will be needed to carry on your usual business when visiting the target markets?
- How do you feel about having to travel a great deal and spend considerable periods away from home?
- Are you open to other cultures with business practices being quite different to yours?
- What sort of additional management information systems will be needed in order to monitor the new overseas target markets?
- What sort of promotional material is available for overseas markets?

All marketing planning, sales and promotional activities involved in exports, takes place in the sales or marketing department. This department is responsible for the marketing and sales of products in the domestic and foreign markets, as well as for all operational and quality control issues. A simple sales organisation usually consists of office personnel and a field force.

Office personnel

- Handling correspondence
- Handling offers and orders
- ssuing forwarding instructions
- Issuing and checking invoices
- Controlling schedules
- Keeping customer records
- Expediting product samples
- Keeping sales statistics
- Evaluating markets
- Dispatching goods
- Quality control

Field force

- Selling
- Visiting customers
- Presenting new products
- Discussing and implementing campaigns
- Discussing listings
- Holding yearly reviews with customers
- Implementing selling prices

The marketing and planning is usually controlled by the company management, based on the activities and achievements of the sales department. An essential tool used in sales departments is a detailed and up-to-date customer database. The customer database contains the following information:

- Basic data on the customer (e.g. long-term information - 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
Street:
P.O. Box:
Postal code:
Town:
Country
Tel.:
Fax:
E-mail:
Bank:
Bank address:
Account No:

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

Contact persons:
1 Title: First name: Name:
Function: Tel.: Fax:
2 Title: First name: Name:
Function: Tel.: Fax:

Contact record:
1. Contact date: — / — / —
2. Sort of contact (tel., visit, e-mail)
3. Issues agreed - topics to follow up

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

11.5 Financing

Similar to any other approach to business expansion, direct exporting will involve a considerable investment, of not only time and effort, but also money. Before you get close to obtaining that first export order, you will incur costs for market research, R&D and travelling expenses. Further down the road you will need to have sufficient working capital to span the gap between the time you pay out for day-today running cost, raw materials, freight charges and insurance, and the time you receive payment from your customers. Here your bank could be a useful source of information. They can provide you more information than just the financial issues.

• Key questions on financing:

- What do you need to invest in order to get a clear idea of your export opportunities?
- How much would be the cost for additional resources (machinery/staff etc.)? How can you fund these extra costs?
- In case of capital-intensive furniture items, can you invest regularly in new equipment which is required to ensure competitiveness?
- Is capital from other necessary for financing the operation? Any funds available?
- How much would be the export sales and marketing costs and how will this be funded?

In the case of subcontracting, less investment is required for exporters. Here, the financing is limited to the production process, the purchase of raw material and the possible finishing.

11.6 Capabilities

Commitment to export
In addition to an in-house staff with international experience, your company should be able to generate the physical and administrative infrastructure to deal with increased activities from exporting - not only in dealing with orders but also with processing Customs and shipping documentation. If this type of infrastructure is limited, then it is a weakness in developing sustained export activities.

Export experiences
It is important to learn from experiences. If the company has tried but failed to penetrate an export market previously, this can be analysed to determine where things went wrong.

Language and culture
Next to knowledge of the export procedures and regulations, it is essential for you and other staff in your company to know the language of your target market. Although English is often accepted, good knowledge of the local languages is a competitive advantage and you may become aware of hidden feelings faster. Be aware that in France, Italy, Spain and Greece you must speak the local language. There are even regions in e.g. Spain such as Cataluña, The Basque country or Andalusia where people strongly stick to their own language.

In addition, each EU country has its own culture and business manners. For example, Germans are perfectionists; Dutch people are very direct, while French people are formal but become milder once they know you better. Italians are people with a good taste (especially for designs), while Spaniards take their time in decision making - and pushing them too much has often the opposite effect.

Try to get familiar with the local business habits. Much literature on business habits is available in bookstores. You can also find information at embassies or local Chambers of Commerce. If necessary, translators can be found through embassies or via commercial translation offices in your target country.

12 DECISION MAKING

12.1 SWOT Analysis

After the External (Market Audit) and Internal analyses (Company Audit) are done, the exporter can define his position in the EU furniture market and assess which areas in his company need improvement in order to deal with competitors in his target markets. A technique to plan order from chaos, is to summarise the findings from Chapters 11 and 12 into a SWOT matrix, taking the following two points of view:

- **Opportunities and threats in the marketplace**
  From your external analysis, you have an idea which EU countries to approach. It is now the time to start summarising all collected opportunities and threats you have found on topics such as: market development, market niches, trends in interior design, production trends, furniture trade flows, price developments, non-tariff barriers (e.g. environmental issues) or any other relevant topic. These summary conclusions should provide you enough insight in the opportunities and threats in the EU market.

- **Your own strengths and weaknesses**
  The internal analysis you have done, should provide you insight in your own strengths and weaknesses. Topics to be assessed include: product range and design capabilities, product standards, production capacity, flexibility, logistics, sales force, the capabilities, experience and commitment of your company to approach overseas markets

An example of a SWOT matrix is given below. This only serves as an example, as circumstances vary by sort and size of company, the target countries, the furniture range and styles etc. As an exporter, you will need to do your own SWOT analysis tailored to your own specific situation.

Try to optimise your strengths and see how you could overcome weaknesses in the future and how to deal with threats in the market place. The result of your SWOT analysis, the possibility to overcome your weaknesses and the degree of risk when entering target markets, are crucial for your decision - whether or not to start exporting to the EU -.

Opportunities • A new interest in ‘ethnic furniture’ in the UK. • Sustained interest in SOHO and children’s furniture. • Importers look for new sorts of solid wood. • EU manufacturers need parts to produce baroque style chairs which need intensive labour and skills.	**Threats** • Lower price level of items from developing countries, especially for teak and, rattan. • Consumers postpone purchase of furniture because of the economic recession. • Trends in interior design change quickly.
Strengths • Own designers and R&D Department. • Enough spare capacity, flexible production system and export experience to the Dutch market. • Use of rose oak and mahogany with certificates. • Other special materials in designs e.g. plait leather.	**Weaknesses** • Storage space small and untidy and lowown inventory level of raw material. • Simple assembly jigs and much manual sanding. • Long physical distance to harbour. • Low own financial resources.

12.2 Strategic options and Objectives

From your SWOT Analysis, you should get enough confidence to know if you are able to export to the EU furniture target markets with more opportunities (than threats) and if your company is strong enough to start this venture. In order to export to the EU market:

- ✓ You know which furniture items (function, style) or parts could be exported and how these products should be adapted or restyled in order to appeal in target markets.
- ✓ You may conclude to concentrate on a few growing target markets, especially if your company is new to exporting. You can divide markets into:
  - **Primary markets,** where you can expect a relative fast pay back against your investment at a relative low risk. These markets are also referred to as *pilot* or *target markets*.
  - **Secondary markets** expose your company to a greater risk. But if you have enough resources and approach them cautious, they are still capable to generate profit. You could target these markets after you gained more experience in the EU.
  - **Tertiary markets** may be interesting to approach actively in the future. But for the time being, you prefer an indirect approach e.g. to produce for EU manufacturers.
- ✓ You know the best sales channels when entering the chosen markets.
- ✓ You know the risks, threats and difficulties and what strategy and tactics are required to tackle them and take this up as a challenge.

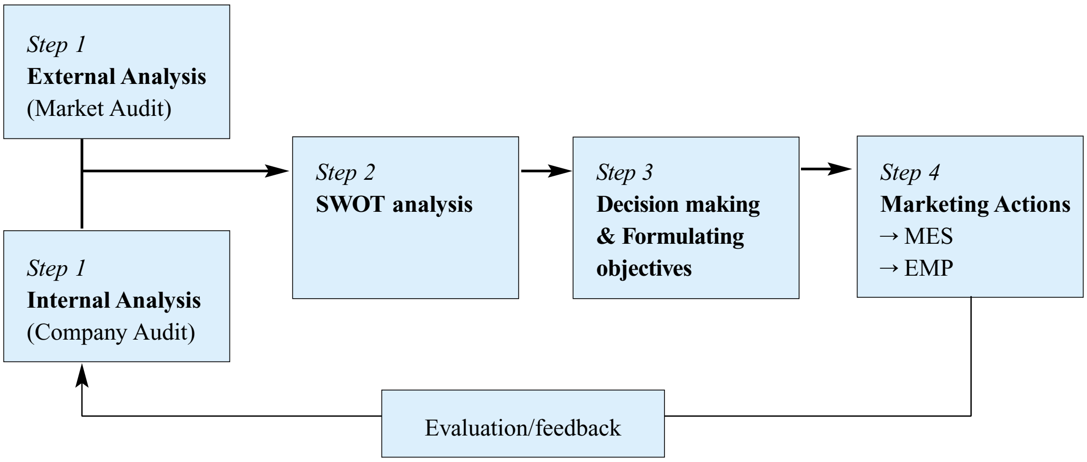
Once you are confident which furniture items would be suitable for export markets, an establishment or expansion of your export business should not harm your current business.
In other words, does an export marketing venture fits into your companies' objectives? In order to answer this question, you will have to ask yourself:

- What does your companies wants to gain from exporting?
- Is the export goal consistent with other company goals?
- Will the export business give you a satisfied return on investment? Maybe your investment would be better off when expanding business in your domestic market.

Companies can waste a lot of time and money trying to enter markets which do not have enough potential or are not suitable for their product. So try first to become familiar with the EU market, set your priorities to a few markets, market segments, focus on a few specific products and prepare yourself well in order to be successful in export marketing.

Once you have made a positive decision, you are ready to formulate your objectives in a *Market Entry Strategy* for your target markets and plan your activities in an *Export Marketing Plan.*

Together with the marketing actions or marketing tools, covered in Chapter 13, you should be able to draw up the MES and EMP. General export marketing information can be found in CBI's Export Planner and general information and methodologies for doing your own market research can be found in CBI's manual *'Your guide to Market Research'.*



13 EXPORT MARKETING

Once the decision to export furniture to the EU is taken, the next topic is to find out how to build up this export business successfully. This Chapter provides a general view in using your marketing tools effectively, in order to establish a long-term business relationship with prospective buyers or trade partners in EU markets. The marketing tools are covered here in the following way:

- Matching products and the product range.
- Building up a relationship with a suitable trading partner.
- Drawing up a general or a specific offer (pricing issues).
- Handling the contract (terms and fulfilment).
- Sales promotion, advertising, communication, sales organisation and trade fairs.

13.1 Matching the products and product range

In the Internal analysis (Company Audit) in Chapter 11.1, you already reviewed your product range and possible adaptation of items in terms of design, material and colour for primary markets. In order to differentiate from competitors, is important that the furniture item conveys its authenticity to be special or 'unique' by special materials, designs, skills in craftsmanship or in finish.

Creating a specialty (USP)
Based on the information collected in your external and internal analysis, you may be aware of most furniture ranges by competitive suppliers e.g. in China and other Asian countries. Try to distinguish your product from the mass produced articles by adding something special or a USP (Unique Selling Proposition) to products in terms of:

- **Skills** : product created by special wood or metal working or finishing
- **Country** : a product which is distinctive to your country of origin.
- **Material** : the use of unique materials or using unique combinations.
- **Design** : be specific by ethnic design from your own culture.

When looking into your product range, it is still important to match your speciality with the chosen target group in your primary markets Here an interview, discussion, or co-operation with a designer in your target market would be useful to give your item a 'local touch'.

Creating a concept and product range
When creating new products, you should try to present a 'product concept' and offer a range of products and/or related accessories, which fit the chosen concept. For example an Indian style interior (see picture no 2 - Chapter 3.2) which consists not only of a table, chair, divan and cabinet - but also includes carpets, pillows, lamps, lanterns, curtains etc. Most buyers prefer to make a selection from different items, within an idea or concept matching their target group or fit into a specific theme for the coming season, e.g. in department stores. You could test this range of furniture items with some of your current buyers beforehand.

Outsourcing
When exporting e.g. furniture to secondary or tertiary markets, you should give buyers a clear idea on the raw material (certified or not), the available production facilities, production process, production capacity, flexibility, delivery, and the possibilities to buy woods, fitting or other specific parts according to the requirements of your prospective partner.

Packaging
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 - see Chapter 9.1.

More furniture in semi-finished form
Furniture is increasingly exported in semi-finished form. The finishing is done in the consuming country, which ensures that it is exactly to the required specification and quality level.

13.2 Building up a relationship with a suitable trade partner

Among many potential customers/buyers, you must identify those who match your own company profile and product range and who are therefore most suited for building up a business relationship. Check your potential customer's financial status and credibility, especially in the current economic recession with bankruptcies of some furniture retailers (sources - see Chapter 10.2 and 10.3). At the end of the identification phase, you should have selected the names and addresses of suitable trading partners. Some sources to find information on potential trade partners are:

In your own country:

- The foreign-trade Chamber of commerce of your target country.
- The Economic Affairs departments or the official representative (Embassy or Consulate) of your target country.

In your target countries:

- CBI's linkplaza (www.cbi.nl) or check CBI's company matching database or export development programmes for furniture.
- Business support organisations.
- Trade associations / Trade press / National trade platforms or portals (see Appendix 3.6).
- 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).

Please be aware that sources of information only answer written inquiries. A detailed inquiry improves the chances of precise information and prevent future misunderstandings. Also, take the cultural differences varying between EU market into consideration in your approach (see also Chapter 11.5).

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

- Is the importer active in the target country youselected? Which other countries?
- To which channels/retailers does he supply? Can you still approach large retailers yourself - even if you are in business with his company?
- Does the importer focus his activities on your item-related product groups?
- Do you have enough sound information about the reliability of this partner?
- Check your potential buyers' financial status credibility by credit rating reports by Dunn
- and Bradstreet (http://www.dnb.com), otherwise try to negotiate a LC (letter of credit).
- Is the information on his company complete (contact person, address, tel. and fax, e-mail).

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

13.3 Pricing and drawing up an offer

Pricing
Setting the right price for a furniture items is difficult, some retail prices were already given in Chapter 8 and how the price is usually set in furniture trade was provided in Chapter 10.5. In general, some of the following questions should be considered when setting a price:

How much does it cost to manufacture your furniture item?
- Production costs not only include costs for production, but also for raw material, wood certification, packaging, distribution and promotion.
- Also, the costs of unsold furniture items should be included.

How will you sell your product?
- Do you sell your products directly to customers in the EU?
- Are you producing on a contract basis for an EU manufacturer/supplier?

What is the price of your competitors?
- What do competitors charge and are their products e.g. in terms of material and volume the same to yours?
- The checklist in Chapter 10.2 and the price structure in Chapter 10.5, will give you an idea of the prices they charge.
- What could be the upper limit of your price range, comparing your products to competitors.What is the potential demand for my furniture item?
- How unique is your product range or concept?
- To price according to demand you have to know more about the size and nature of your customer base and their feelings about pricing.
- Also, consider the market trends, niches and opportunities - see Chapter 3.

It is vital that new items from exporters of developing countries offer extra value. This item could be of interest to a buyer either because it is a special product or novelty, or because it could appeal to his target group. In this case, the price is of secondary importance.

Although, still try to monitor your price in relation to your costs of production, your competitors and your customers and try to make adjustments e.g. every year.

Drawing up an offer
There are two different kinds of offers:

→ **General offer - *or company introduction***
→ **Specific offer.**

Drawing up a general offer

- The purpose of a general offer is to attract the interest of prospective buyers or trade partners who you do not know well.
- A general offer consists of sending a short profile of your own company and an overview of your product range with a price indication.
- In a personal letter, briefly introduce your company and inform him what would be the advantages to start up a business with your company, what are your USPs etc.

Drawing up a specific offer
A specific offer is legally binding for a certain period of time and is often based on a specific request from the prospective buyer/trade partner. You must therefore be capable to fulfil 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:

Written offer:

- Name of the person responsible in your company;
- Exact description of the goods offered (preferably using an internationally valid quality standard specification);
- Quantity or quantities
- Price of the goods offered in accordance with the Incoterms 2000 (ICC publication, if applicable, split up by delivery quantities or quality) - see www.iccwbo.org/incoterms/faq.asp
- Possible delivery date and terms of delivery.
- Terms of Payment.
- The validity period of the offer, the waiver and/or extension of the offer.

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 copy of the airway bill number and an advanced notice (by e-mail) to the buyer, just after you have sent the sample to him.
- 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.

13.4 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 and freight is paid (CIF or CFR basis).

Failure to deliver on time is likely to be subject to penalties. A failure in delivery usually results in cancellation of the order. So 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.

Contract fulfilment:

- Procure the delivery documents in good time.
- Comply strictly with all parts of the supply agreement. A *standard contract* made by the International Chamber of Commerce (ICC) could be a good reference in order to know which subjects should be covered in a contract.
- 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).

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, 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 when the documents are in exact conformity with the stipulations in the L/C. The costs vary country by country (e.g. 5‰) and depend on the bank. The cost of an L/C is higher than the D/P method. Payment by L/C 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 % of the invoice in advance (instead of a LC). The remaining 50 % 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. This method is not so popular; the costs are about 1‰, but vary by country and by bank.

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.

More details of the payment methods and delivery terms can be found in CBI's *Export Planner*.
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.

In all cases, once the furniture items have crossed the ships' rails in the port of departure, the risk is carried over from the exporter to the importer or buyer. For furniture items, CIF is often used.
More details can be found at the Incoterms 2000 of the ICC - see also www.iccwbo.org

13.5 Sales promotion

Sales promotion
A first start when exporting furniture can be made by trade fairs, websites, free publicity and some advertising in trade magazines, if there is some budget available. In addition, sales promotion can be done at not too high cost in order to develop new customers and keep in touch with your current customers. For example by a newsletter (by e-mail), you can show them that you are actively follow e.g. the latest interior trends in the EU or are well-aware about the latest developments in new material, timber certification etc.

In your correspondence, a constant, prompt and reliable communication is vital to build and keep up a long-term business relationship with your customers.

When developing new customers:
- Take good care of prospective customers. This includes, for example, expressions of thanks after you have met them and keep them regularly informed on the product range, etc.
- Brochures on your company and the product range are useful to promote 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.
- 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.

The message

Message of your product

Sales promotion requires a large investment. However, starting on a very small scale, your product concept alone could already convey a basic message, in terms of style, form, colour, presentation and accessories. Especially when you adapted your product range, based on market research, which should appeal to your target group.

Presenting the message to others

It is very important to present your product as confident and as clear as possible to prospective customers or any other related parties in the supply chain through your own personal selling. In this presentation try to explain what you have found out from your external analysis e.g.:

- who your target group is.
- what your furniture item could do for them in terms of functions and your USP
- why your product is better than competitive products.
- where they could go to get it.

Except to buyers or customers, it is also important to communicate your product concept to all other people involved in the sale of your product. Once you are in business with the buyer, sales people in the supply chain e.g. retail sales staff needs to understand well your concept or USPs. A written explanation would be the best in order to prevent misunderstandings, which may result in wrong information to consumers.

Importance of language and style

If you or your distributor does any form of promotion, the language is an important issue to consider. Always try to put any form in the local language and be aware of different interpretation of humour, colour and ‘good taste’.

In addition, the style of your product must be reflected in any promotional presentation. This means in store and by all people involved in the sale of your product.

More information can be found in CBI’s manual *‘Your Image Builder’*.

Advertising

Advertising is another tool aimed at increasing the sale of your products, which is relatively expensive. Always try to combine an advertisement in e.g. a furniture trade magazine with a free publicity, which usually has a much higher credibility than an advertisement. In order to get the best out of your investment, you will have to clarify:

A clearly defined target group → Who could buy 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. The costs for messages that do not reach the right consumer are called dispersion losses.

Participation in trade fairs

The *Salone Internazionale del Mobile* in Milan (Italy) and the *Imm - International Furniture Fair* in Cologne (Germany) are the most important furniture fairs in the EU. The Salone Internazionale (Milan) is the leading fair in terms of trends, with around 173,000 visitors and 2,000 exhibitors. The International Furniture Fair, with around 120,000 visitors and 1,500 exhibitors is the leading fair in terms of size. Other large fairs are the *Salon du Meuble* in Paris (France) and the *FIM - International Furniture Fair* in Valencia (Spain). The addresses of the most important European furniture trade fairs can be found in Appendix 3.4.

Traditionally the major trade fair for furniture in The Netherlands has been the Meubelvakbeurs, held annually in September in Utrecht. Similar as in other EU markets, in The Netherlands a permanent exhibition centre, the Home Trade Center (HTC), located at Nieuwegein.

Participation in national and international furniture trade fairs can be a useful sales promotion tool. This requires comprehensive and detailed examination with regards to:

- 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.

Business support organisations and Trade associations can be of help in providing information about relevant trade fairs. More information can be found in CBI's manual *'Your Showmaster'*.

Appendices

APPENDIX 1 HS CODES - DOMESTIC FURNITURE

HS Code	Product description
9401	**Seats**
	Seats, whether or not convertible into beds, and parts thereof n.e.s. (excluding medical, surgical, dental or veterinary seats).
Upholstered	
940161000	Upholstered seats (wooden frame)
940171000	Upholstered seats (metal frame)
Non-upholstered	
940140000	Seats convertible into beds
940169000	Seats - non upholstered, made of wood
940179000	Seats - non upholstered, made of metal
940180000	Other seats
Rattan	
940150000	Seats made of cane, osier, bamboo or similar materials
Parts	
940190300	Parts of seats, made of wood
940190800	Parts of seats, made of metal
9403	**Furniture**
	Furniture and parts thereof n.e.s. (excluding seats and medical, surgical, dental or veterinary furniture).
Kitchen furniture	
940340100	Built-in Kitchen furniture, made of wood
940340900	Other Kitchen furniture, made of wood
Dining and living room	
940360010	Dining and living room furniture, made of wood (excluding seats)
Bedroom furniture	
940350000	Bedroom furniture, made of wood
940320910	Beds made of metal
Rattan	
940380000	Furniture made of cane, osier, bamboo or similar materials
Other furniture	
940320990	Other furniture, made of metal
940360900	Other furniture, made of wood
940370900	Other furniture, made of plastic (excluding seats)
Parts	
940390300	Parts of furniture, made of wood
940390100	Parts of furniture, made of metal
940390900	Other Parts of furniture

APPENDIX 2 DETAILED IMPORT/EXPORT STATISTICS

This section gives Eurostat statistics covering the imports and exports of the EU and the selected EU countries. Also, import statistics of the selected product groups are given. Export statistics can be found at the end of this section.

EU IMPORTS BY PRODUCT GROUP DETAILED

EU imports of furniture by product group detailed, 1999 - 2001
in tonnes and € 1,000

	1999		2000		2001	
	value €	**volume**	**value €**	**volume**	**value €**	**volume**
Total	**18,784,789**	**6,374,494**	**21,831,366**	**7,462,068**	**22,083,353**	**7,365,117**
Intra-EU	**11,270,547**	**3,494,684**	**12,422,386**	**3,984,959**	**12,025,607**	**3,783,449**
Extra-EU	**7,514,242**	**2,879,810**	**9,408,980**	**3,477,109**	**10,057,746**	**3,581,668**
Developing countries	**3,368,915**	**1,102,476**	**4,231,992**	**1,364,099**	**4,329,422**	**1,408,399**
Detailed product groups:						
Upholstered seating	***2,706,424***	***635,604***	***3,073,326***	***635,553***	***3,270,930***	***657,294***
Upholstered (wooden frame)	2,338,089	562,553	2,629,289	550,927	2,822,771	570,563
Upholstered (metal frame)	368,335	73,051	444,037	84,626	448,159	86,731
Non-upholstered seats	***1,687,552***	***630,544***	***1,997,885***	***679,124***	***1,955,958***	***646,551***
Non-upholsted, woo	713,656	220,673	853,481	246,022	815,244	233,891
Non-upholsted, metal	345,426	176,621	426,268	189,900	462,212	190,502
Other seats	379,165	135,889	451,784	135,179	432,855	123,716
Seats convertible into beds	249,305	97,361	266,352	108,023	245,647	98,442
Dining and living room	***2,823,415***	***1,086,873***	***3,213,687***	***1,529,822***	***3,042,600***	***1,226,375***
Rattan furniture	***439,765***	***120,326***	***515,818***	***153,678***	***491,140***	***133,782***
Seats - cane, osier, bamboo	196,072	48,690	216,142	49,481	208,918	49,701
Furniture - cane, osier, bamboo	243,693	71,636	299,676	104,197	282,222	84,081
Bedroom furniture	***1,660,476***	***752,043***	***1,845,785***	***857,344***	***1,766,726***	***822,333***
Made of wood	1,468,723	671,881	1,621,973	759,902	1,548,817	721,632
Beds, metal	191,753	80,162	223,812	97,442	217,909	100,701
Kitchen furniture	***819,373***	***286,703***	***861,940***	***308,338***	***857,883***	***314,467***
Built-in units, wood	621,185	212,110	645,391	231,578	672,426	246,878
Other, made of wood	198,188	74,593	216,549	76,760	185,457	67,589
Other furniture	***3,202,570***	***1,416,191***	***3,766,472***	***1,571,801***	***3,754,019***	***1,907,117***
Made of wood	1,572,382	655,618	1,897,101	772,873	1,940,282	802,442
Made of metal	1,239,487	613,761	1,452,142	651,290	1,397,716	958,356
Made of plastic (excl. seats)	390,701	146,812	417,229	147,638	416,021	146,319
Parts	***5,445,214***	***1,446,210***	***6,556,453***	***1,726,408***	***6,944,097***	***1,657,198***
Parts of seats, wood	163,341	79,758	185,096	91,743	172,997	87,768
Parts of seats, metal	3,279,323	460,754	3,958,398	590,729	4,489,835	541,654
Parts of furniture, wood	1,054,656	531,768	1,283,738	625,202	1,210,013	629,153
Parts of furniture, metal	661,630	286,211	805,959	320,464	755,528	273,334
Other parts of furniture	286,264	87,719	323,262	98,270	315,724	125,289

Source: Eurostat (2003)

EU IMPORTS BY SOURCING COUNTRY

EU imports of furniture by major source, 1999 - 2001
in tonnes and € 1,000

	1999		2000		2001	
	value €	**volume**	**value €**	**volume**	**value €**	**volume**
Total	**18,784,789**	**6,374,494**	**21,831,366**	**7,462,068**	**22,083,353**	**7,365,117**
Intra-EU	**11,270,547**	**3,494,684**	**12,422,386**	**3,984,959**	**12,025,607**	**3,783,449**
Italy	3,116,466	852,904	3,366,412	1,177,173	3,355,250	862,445
Germany	2,386,814	931,484	2,705,856	752,612	2,779,969	762,615
France	946,393	256,967	1,074,549	381,344	930,274	256,606
Belgium	812,656	254,483	871,763	380,540	836,159	305,604
Denmark	791,710	288,233	888,937	280,972	816,974	291,395
Spain	653,732	208,135	707,322	224,069	707,675	213,699
Sweden	575,964	187,743	676,179	252,637	591,544	213,061
Netherlands	558,758	153,764	594,526	168,705	539,809	152,435
Austria	491,426	114,280	500,405	117,397	483,403	109,300
United Kingdom	477,719	140,897	484,004	123,987	418,946	102,573
Extra-EU	**7,514,242**	**2,879,810**	**9,408,980**	**3,477,109**	**10,057,746**	**3,581,668**
of which:						
Eastern EU	***3,126,419***	***1,459,733***	***3,876,982***	***1,704,588***	***4,562,628***	***1,819,003***
Poland	1,426,947	710,582	1,788,134	880,602	2,072,262	891,741
Czech Rep.	596,014	170,038	695,041	208,649	824,667	229,768
Romania	343,199	225,788	409,721	262,690	461,541	277,956
Hungary	267,370	62,974	328,582	71,555	355,242	71,817
Slovakia	107,083	64,053	153,689	78,567	223,216	112,893
Estonia	99,264	52,650	119,076	61,063	148,437	74,257
Lithuania	60,941	39,469	96,685	59,262	119,393	66,333
Croatia	68,128	32,320	72,575	38,245	109,225	44,752
Latvia	52,908	29,883	66,887	41,178	79,434	45,802
Russia	37,573	30,985	54,820	50,483	57,934	51,835
Bulgaria	32,969	18,362	45,147	23,436	53,572	27,274
Belarus	17,900	13,381	24,113	16,849	31,696	21,601
Other countries	***1,006,665***	***304,201***	***1,131,027***	***319,614***	***1,011,966***	***281,662***
Switzerland	368,701	99,158	381,548	101,741	358,081	89,175
USA	269,525	53,382	316,462	57,620	279,659	51,301
Taiwan	262,617	108,016	299,444	111,481	241,428	89,174
Israel	41,947	16,404	55,063	20,706	47,112	16,432
Canada	39,862	10,892	47,110	10,325	46,234	10,578
Hong Kong	24,013	8,757	31,400	10,188	39,452	14,848
Dev. countries	***3,368,915***	***1,102,476***	***4,231,992***	***1,364,099***	***4,329,422***	***1,408,399***
China	578,073	299,434	930,280	415,283	1,030,835	447,279
Indonesia	662,630	191,869	821,465	217,293	772,227	232,398
Slovenia	423,975	87,042	471,642	91,766	518,931	95,838
Malaysia	223,226	104,230	324,309	136,538	298,813	126,697
Vietnam	127,407	57,874	208,622	80,032	213,171	80,373
Thailand	191,224	48,820	264,367	58,338	213,858	53,041
India	71,410	27,685	97,091	34,938	110,881	40,470

Source: Eurostat (2003)

EU IMPORTS FROM DEVELOPING COUNTRIES

EU imports of furniture by major developing countries, 1999 - 2001
in tonnes and € 1,000

	1999		2000		2001	
	value €	**volume**	**value €**	**volume**	**value €**	**volume**
Total	**18,784,789**	**6,374,494**	**21,831,366**	**7,462,068**	**22,083,353**	**7,365,117**
Intra-EU	**11,270,547**	**3,494,684**	**12,422,386**	**3,984,959**	**12,025,607**	**3,783,449**
Dev. countries	**3,368,915**	**1,102,476**	**4,231,992**	**1,364,099**	**4,329,422**	1,408,399
of which:						
Asia	***1,935,247***	***748,982***	***2,737,321***	***961,689***	***2,721,40***	***997,869***
China	578,073	299,434	930,280	415,283	1,030,835	447,279
Indonesia	662,630	191,869	821,465	217,293	772,227	232,39
Malaysia	223,226	104,230	324,309	136,538	298,813	126,697
Vietnam	127,407	57,874	208,622	80,032	213,171	80,373
Thailand	191,224	48,820	264,367	58,338	213,858	53,041
India	71,410	27,685	97,091	34,938	110,881	40,470
Philippines	69,155	16,489	72,179	15,670	61,490	13,543
Myanmar	6,394	1,059	12,024	1,796	10,433	1,63
Pakistan	4,326	1,161	5,793	1,516	8,249	2,126
Sri Lanka	1,213	341	964	257	1,176	279
Latin America	***242,916***	***107,724***	***316,296***	***127,869***	***280,921***	***111,442***
Brazil	171,783	85,137	230,150	106,319	198,735	96,732
Mexico	55,782	17,932	63,342	16,608	46,731	10,921
Argentina	1,408	657	5,804	2,042	5,198	1,346
Uruguay	607	15	4,528	98	8,402	145
Bolivia	4,965	1,392	3,001	506	6,225	1,164
Honduras	2,753	448	2,243	242	1,508	143
Chile	3,971	1,711	4,843	1,550	1,455	495
Peru	795	127	1,033	183	1,097	179
Africa	***353,069***	***63,162***	***376,833***	***58,690***	***389,174***	***54,928***
South Africa	336,023	56,359	357,338	52,386	370,628	48,961
Ghana	7,025	1,914	8,236	2,106	9,344	2,341
Zimbabwe	4,503	2,057	4,107	1,570	2,909	1,095
Guyana	2,135	551	2,958	585	2,148	386
Swaziland	1,870	1,491	1,162	882	1,663	1,197
Ivory Coast	718	381	1,233	532	963	372
Togo	223	110	1,071	382	809	280
Mediterreanean and Middle East	***139,997***	***34,246***	***169,817***	***42,697***	***217,733***	***58,325***
Turkey	105,644	21,496	124,296	26,160	166,036	40,971
Tunisia	14,514	5,435	19,566	6,951	23,905	7,565
Morocco	9,062	4,021	12,654	5,934	13,590	5,565
Egypt	10,094	3,204	11,903	3,467	12,333	4,004
Lebanon	683	90	1,398	185	1,869	220
Other countries	***447,263***	***101,268***	***521,624***	***111,082***	***587,225***	***115,663***
Slovenia	423,975	87,042	471,642	91,766	518,931	95,838
Bosnia-Herz.	8,821	5,635	27,865	8,168	48,613	9,218
Serb.Monten.	10,724	5,372	17,554	7,566	15,047	6,692
Albania	1,799	2,080	2,834	2,581	3,248	3,073

Source: Eurostat (2003)

IMPORTS BY SELECTED EU MARKETS

German imports of furniture by product group, 1999-2001 in tonnes and € 1,000

	1999		2000		2001	
	value €	**volume**	**value €**	**volume**	**value €**	**volume**
Total	**5,775,221**	**1,861,400**	**6,454,305**	**2,141,554**	**6,185,165**	**1,998,711**
Intra-EU	**2,676,454**	**725,769**	**2,828,781**	**774,745**	**2,288,730**	**638,929**
Extra-EU	**3,098,767**	**1,135,631**	**3,625,524**	**1,366,809**	**3,896,435**	**1,359,782**
Developing countries	**944,531**	**198,267**	**1,088,665**	**233,889**	**987,118**	**190,705**
Upholstered seating	898,421	277,153	992,169	305,869	1,028,183	311,906
Dining and living room	888,386	309,959	976,418	386,789	834,280	336,117
Non-upholstered seats	510,488	208,797	562,402	225,907	530,213	206,297
Bedroom furniture	506,616	235,508	530,632	261,336	478,195	235,092
Kitchen furniture	99,677	41,911	105,137	46,420	81,113	34,664
Rattan furniture	89,607	23,598	97,719	27,141	84,246	23,023
Other furniture	786,005	324,993	862,606	365,789	786,601	345,936
Parts	1,996,021	439,481	2,327,222	522,303	2,362,334	505,676

UK imports of furniture by product group, 1999-2001 in tonnes and € 1,000

	1999		2000		2001	
	value €	**volume**	**value €**	**volume**	**value €**	**volume**
Total	**2,443,765**	**944,254**	**3,105,906**	**1,082,706**	**3,427,409**	**1,505,350**
Intra-EU	**1,318,906**	**513,061**	**1,524,819**	**531,516**	**1,642,346**	**902,229**
Extra-EU	**1,124,859**	**431,193**	**1,581,087**	**551,190**	**1,785,063**	**603,121**
Developing countries	**705,689**	**295,603**	**1,014,815**	**382,145**	**1,098,149**	**407,710**
Upholstered seating	359,152	132,999	462,869	69,180	565,122	72,474
Dining and living room	350,055	150,315	466,493	156,792	532,860	195,879
Non-upholstered seats	230,839	104,706	322,994	107,992	341,130	103,943
Bedroom furniture	244,807	103,431	314,772	125,666	332,092	143,756
Kitchen furniture	82,015	25,771	91,065	26,698	91,259	24,738
Rattan furniture	63,581	16,498	83,452	20,423	83,499	19,765
Other furniture	501,287	192,818	648,645	350,715	695,600	404,504
Parts	612,029	217,716	715,616	225,240	785,847	240,291

continued

continue

French imports of furniture by product group, 1999-2001
in tonnes and € 1,000

	1999		2000		2001	
	value €	**volume**	**value €**	**volume**	**value €**	**volume**
Total	**2,763,217**	**982,228**	**3,264,178**	**1,108,899**	**3,387,459**	**1,122,797**
Intra-EU	**1,987,476**	**636,297**	**2,231,002**	**700,383**	**2,364,191**	**713,288**
Extra-EU	**775,741**	**345,931**	**1,033,176**	**408,516**	**1,023,268**	**409,509**
Developing countries	**413,645**	**176,440**	**573,943**	**207,951**	**485,928**	**202,125**
Upholstered seating	449,549	58,035	488,894	63,532	504,181	66,196
Dining and living room	417,180	176,091	475,295	199,391	460,878	201,239
Bedroom furniture	280,555	136,109	308,206	151,932	304,865	149,669
Non-upholstered seats	264,981	96,410	296,333	101,607	297,078	99,546
Kitchen furniture	142,105	58,766	163,832	70,067	170,216	74,613
Rattan furniture	76,103	23,428	105,272	32,412	103,029	32,203
Other furniture	548,711	258,108	642,781	271,341	648,039	273,115
Parts	584,033	175,281	783,565	218,617	899,173	226,216

Source: Eurostat (2003)

Netherlands imports of furniture by product group, 1999-2001
in tonnes and € 1,000

	1999		2000		2001	
	value €	**volume**	**value €**	**volume**	**value €**	**volume**
Total	**1,524,348**	**498,345**	**1,693,026**	**522,003**	**1,688,684**	**547,699**
Intra-EU	**973,211**	**285,337**	**992,482**	**278,376**	**1,001,535**	**292,834**
Extra-EU	**551,137**	**213,008**	**700,544**	**243,627**	**687,149**	**254,865**
Developing countries	**297,391**	**119,285**	**415,338**	**141,925**	**365,317**	**135,931**
Upholstered seating	199,344	34,228	206,766	36,949	230,748	43,776
Dining and living room	274,057	122,380	301,682	128,761	296,539	130,294
Non-upholstered seats	156,369	53,869	212,627	56,876	183,994	51,510
Kitchen furniture	175,578	61,595	162,309	59,466	178,828	70,472
Bedroom furniture	134,200	64,588	154,069	71,436	155,028	77,402
Rattan furniture	59,993	18,321	61,097	16,577	55,347	16,342
Other furniture	198,677	80,196	244,725	92,756	238,230	89,370
Parts	326,130	63,168	349,751	59,182	349,970	68,533

continued

continue

Italian imports of furniture by product group, 1999-2001
in tonnes and € 1,000

	1999		2000		2001	
	value €	**volume**	**value €**	**volume**	**value €**	**volume**
Total	**714,611**	**286,820**	**848,064**	**339,184**	**868,851**	**343,121**
Intra-EU	**360,031**	**101,546**	**413,468**	**122,190**	**392,711**	**103,460**
Extra-EU	**354,580**	**185,274**	**434,596**	**216,994**	**476,140**	**239,661**
Developing countries	**174,907**	**94,360**	**231,591**	**115,618**	**179,390**	**80,955**
Non-upholstered seats	68,350	26,364	80,116	29,928	83,979	30,701
Dining and living room	67,497	28,312	79,413	36,421	76,075	35,888
Upholstered seating	41,371	8,767	54,336	11,862	45,190	10,416
Bedroom furniture	36,166	15,971	40,899	19,066	37,974	16,759
Kitchen furniture	24,332	6,334	25,136	6,450	21,410	4,705
Rattan furniture	25,793	7,150	30,531	8,211	31,788	8,979
Other furniture	156,718	57,197	185,921	69,191	207,756	79,346
Parts	294,384	136,725	351,712	158,055	364,679	156,327

Spanish imports of furniture by product group, 1999-2001 in tonnes and € 1,000

	1999		2000		2001	
	value €	**volume**	**value €**	**volume**	**value €**	**volume**
Total	**594,466**	**189,801**	**836,484**	**340,857**	**787,421**	**236,174**
Intra-EU	**440,733**	**127,270**	**631,229**	**267,065**	**561,500**	**154,257**
Extra-EU	**153,733**	**62,531**	**205,255**	**73,792**	**225,921**	**81,917**
Developing countries	**120,921**	**53,386**	**160,617**	**62,308**	**180,269**	**68,243**
Dining and living room	81,878	26,920	128,294	37,413	103,550	34,689
Non-upholstered seats	50,144	18,009	72,262	23,459	75,368	23,577
Upholstered seating	33,670	6,398	49,003	9,087	54,360	10,324
Bedroom furniture	25,128	8,483	41,575	16,436	37,933	16,298
Kitchen furniture	22,996	5,815	38,146	8,249	33,080	7,291
Rattan furniture	28,502	7,657	35,190	8,506	35,289	9,259
Other furniture	129,901	43,550	174,597	57,648	179,278	60,172
Parts	222,247	72,969	297,417	80,059	268,563	74,564

Source: Eurostat (2003)

EU IMPORTS OF SELECTED PRODUCT GROUPS BY SOURCE, 1999 - 2001
Tonnes and € 1,000

These tables list only the most important 3 suppliers and focus on imports from developing countries,

NON-UPHOLSTERED SEATING

	1999		2000		2001	
	value €	**volume**	**value €**	**volume**	**value €**	**volume**
Total	**1,687,552**	**630,544**	**1,977,885**	**679,124**	**1,955,958**	**646,551**
Extra-EU	**943,410**	**396,179**	**1,218,469**	**464,034**	**1,204,794**	**453,536**
Dev. countries	**525,795**	**221,079**	**747,265**	**263,981**	**674,660**	**243,343**
Top 3 suppliers:						
Italy	289,824	108,073	280,196	90,227	279,779	81,713
China	150,563	93,698	244,499	115,006	268,976	118,274
Poland	201,024	92,250	221,642	104,258	220,747	96,345
Developing countries:						
Indonesia	164,089	46,452	211,276	46,986	185,031	46,033
Vietnam	51,306	24,131	86,841	33,354	72,509	27,308
Malaysia	36,945	15,916	49,402	18,286	50,623	16,938
Thailand	26,634	9,519	38,360	11,718	32,480	10,743
Slovenia	26,772	6,057	29,845	6,765	29,130	7,263
Turkey	4,792	3,177	7,726	4,145	13,871	7,242
Brazil	8,290	3,301	11,126	4,468	10,444	3,984
Philippines	8,156	1,644	8,586	1,851	7,696	1,493
India	3,518	1,358	6,412	2,612	6,371	2,329
South Africa	5,517	3,004	8,180	3,816	4,398	1,914

DINING AND LIVING ROOM

	1999		2000		2001	
	value €	**volume**	**value €**	**volume**	**value €**	**volume**
Total	**2,823,415**	**1,086,873**	**3,213,687**	**1,529,822**	**3,042,600**	**1,226,375**
Extra-EU	**1,143,920**	**558,735**	**1,454,374**	**683,065**	**1,487,791**	**703,340**
Dev. countries	**513,993**	**223,915**	**684,825**	**267,747**	**631,346**	**248,554**
Top 3 suppliers:						
Italy	447,333	111,634	448,582	301,338	410,925	107,051
Poland	210,802	127,615	267,075	167,141	284,720	172,192
Denmark	261,939	98,076	277,998	92,068	232,974	87,757
Developing countries:						
Indonesia	140,489	58,273	180,613	67,066	175,912	67,570
China	80,494	35,097	133,368	51,411	123,415	48,330
Malaysia	64,990	31,429	89,641	38,371	81,574	34,955
Brazil	55,866	25,309	67,670	28,775	54,108	23,374
India	32,815	14,170	40,441	15,951	48,806	19,458
Thailand	22,784	9,662	33,516	12,569	31,572	12,575
Vietnam	15,073	6,584	24,868	8,994	29,889	11,035
Slovenia	24,271	10,373	20,938	8,782	21,412	8,976
Mexico	27,250	12,603	31,413	11,412	21,277	7,731
South Africa	10,766	6,099	12,084	8,590	17,998	7,470
Ghana	6,199	1,657	7,561	1,726	8,315	1,952
Turkey	2,389	1,684	3,815	1,915	6,799	3,656
Philippines	7,838	1,828	8,261	1,624	6,566	1,280

Source: Eurostat (2003)

BEDROOM FURNITURE

	1999		2000		2001	
	value €	**volume**	**value €**	**volume**	**value €**	**volume**
Total	**1,660,476**	**752,043**	**1,845,785**	**857,344**	**1,766,726**	**822,333**
Extra-EU	**595,392**	**313,571**	**745,760**	**392,519**	**733,561**	**387,746**
Dev. countries	**231,695**	**109,391**	**308,590**	**140,095**	**288,694**	**141,572**
Top 3 suppliers:						
Germany	248,079	114,955	255,301	120,461	266,609	119,167
Denmark	211,913	87,833	214,158	83,269	203,746	87,102
Poland	148,966	103,149	194,086	135,744	180,188	119,406
Developing countries:						
China	49,004	16,906	73,446	29,561	91,559	43,221
Brazil	65,548	33,673	91,077	42,464	74,480	36,644
Malaysia	46,240	27,946	70,744	38,335	67,413	37,976
South Africa	21,799	13,448	18,987	11,257	14,129	8,617
Slovenia	11,254	3,835	12,013	3,567	13,104	4,197
Indonesia	10,683	3,980	9,335	3,312	9,511	3,110
Vietnam	3,139	1,259	5,456	2,108	7,550	3,090
Philippines	4,456	966	4,474	756	4,406	655
India	2,975	1,138	3,875	1,357	3,921	1,531
Thailand	742	345	1,591	707	3,132	1,479
Turkey	2,514	642	1,811	840	2,574	1,440
Tunisia	2,071	804	2,284	924	2,239	1,069
Zimbabwe	2,842	1,396	2,577	1,020	1,845	613

Source: Eurostat (2003)

RATTAN SEATS AND FURNITURE

	1999		2000		2001	
	value €	**volume**	**value €**	**volume**	**value €**	**volume**
Total	**439,765**	**120,326**	**515,818**	**153,678**	**491,140**	**133,782**
Extra-EU	**301,139**	**93,462**	**368,936**	**107,920**	**348,339**	**102,149**
Dev. countries	**275,592**	**84,367**	**333,338**	**97,409**	**315,077**	**93,776**
Top 3 suppliers:						
Indonesia	172,911	47,220	193,137	47,636	182,147	47,007
Italy	40,171	7,962	45,322	8,738	43,462	9,084
China	33,915	16,771	48,046	24,101	43,142	20,154
Developing countries:						
Vietnam	14,634	5,315	24,700	8,660	34,179	11,517
Philippines	34,129	8,424	36,511	8,241	29,877	7,031
Malaysia	8,213	3,267	13,615	4,393	9,721	2,811
Thailand	3,831	1,071	6,342	1,406	4,366	1,100
Tunisia	342	185	365	173	2,382	948
Morocco	966	489	1,007	485	2,283	1,240
Myanmar	1,819	291	1,923	358	1,362	249
India	999	261	1,167	281	1,268	353
Turkey	973	257	948	502	946	474
South Africa	585	188	584	178	472	171
Brazil	450	86	1,138	131	419	59
Gabon	1	2	59	17	333	23
Lebanon	9	2	176	43	281	59
Madagascar	28	15	83	17	254	28

Source: Eurostat (2003)

OTHER FURNITURE

	1999		2000		2001	
	value €	**volume**	**value €**	**volume**	**value €**	**volume**
Total	**3,202,570**	**1,416,191**	**3,766,472**	**1,571,801**	**3,754,019**	**1,907,117**
Extra-EU	**1,310,707**	**627,342**	**1,700,691**	**767,222**	**1,755,088**	**795,111**
Dev. countries	**594,335**	**275,573**	**838,028**	**349,821**	**840,079**	**355,688**
Top 3 suppliers:						
Germany	380,292	264,085	441,427	143,107	458,165	140,385
Italy	462,419	160,769	470,832	157,480	451,295	159,635
China	178,346	95,126	288,435	135,121	332,809	153,284
Developing countries:						
Indonesia	134,952	47,118	181,632	54,898	179,072	54,709
Vietnam	36,096	17,544	55,353	22,665	59,379	23,420
Malaysia	30,607	14,805	58,145	24,991	48,106	22,897
Brazil	23,123	14,094	42,068	24,359	46,741	27,531
Thailand	44,234	16,773	48,568	16,044	40,994	14,394
India	22,944	9,923	33,953	13,383	37,709	15,411
Slovenia	29,462	14,607	27,920	13,241	35,414	16,284

continued

continue

South Africa	32,225	23,160	30,215	18,860	32,127	21,881
Turkey	11,403	4,282	9,539	5,048	13,535	7,427
Philippines	10,405	2,647	10,266	2,345	9,177	2,231
Tunisia	4,800	1,977	8,027	3,362	8,423	2,653
Bolivia	4,310	1,173	1,760	259	5,714	1,019
Morocco	4,019	1,970	5,815	3,008	4,980	2,064
Egypt	2,641	950	2,990	880	4,257	1,478

PARTS OF FURNITURE

	1999		**2000**		**2001**	
	value €	**volume**	**value €**	**volume**	**value €**	**volume**
Total	**5,445,214**	**1,446,210**	**6,556,453**	**1,726,408**	**6,944,097**	**1,657,198**
Extra-EU	**2,189,683**	**526,036**	**2,670,799**	**639,475**	**3,107,023**	**685,367**
Dev. countries	**881,035**	**137,110**	**1,074,755**	**167,864**	**1,055,334**	**166,933**
Top 3 suppliers:						
Germany	822,610	234,557	1,048,536	226,484	1,067,415	232,595
Italy	646,480	207,520	780,260	352,741	808,435	257,308
Czech Rep.	412,580	72,151	474,427	90,483	580,598	108,550
Developing countries:						
Slovenia	313,898	47,430	360,404	53,827	394,852	52,858
South Africa	257,270	6,675	279,088	6,714	295,462	7,294
Turkey	74,550	7,832	87,452	8,684	104,621	10,252
China	43,436	24,744	77,835	36,703	74,557	34,861
Thailand	72,614	3,584	102,620	5,562	72,311	5,196
Bosnia-Herzegovina	3,523	3,139	19,661	4,466	39,554	4,900
Indonesia	29,091	10,557	30,980	10,132	28,654	10,453
Malaysia	10,602	3,180	19,182	5,373	20,147	5,477
Mexico	15,151	396	16,830	456	16,976	814
Argentina	389	329	1,791	1,315	12,016	572
India	7,526	667	10,246	1,039	11,548	952
Uruguay	590	12	4,394	69	8,365	136
Pakistan	2,280	239	3,347	353	5,587	903
Tunisia	2,337	655	2,604	375	4,064	628
Brazil	8,330	4,513	5,862	1,907	3,793	1,339

Source: Eurostat (2003)

EUROPEAN UNION - EXPORTS

EU exports of furniture by EU country, 1999-2001
in tonnes and € 1,000

	1999		2000		2001	
	value €	**volume**	**value €**	**volume**	**value €**	**volume**
Total	**20,400,857**	**5,766,012**	**23,261,502**	**5,962,154**	**23,353,203**	**5,868,103**
Italy	7,098,847	1,622,383	8,236,637	1,857,564	8,392,873	1,824,761
Germany	3,643,663	974,669	4,197,579	1,101,483	4,186,750	1,073,556
France	1,722,829	445,029	1,958,123	492,366	1,883,908	467,429
Denmark	1,518,775	447,971	1,624,753	505,383	1,641,198	623,227
Belgium	1,267,744	349,139	1,395,918	384,271	1,409,963	359,988
Austria	924,200	166,272	1,054,222	191,150	1,294,619	216,543
Spain	1,104,508	322,356	1,352,384	365,232	1,221,058	317,363
Sweden	923,914	414,438	1,056,378	450,878	966,390	453,524
United Kingdom	939,464	688,656	1,021,822	673,744	984,479	696,717
Netherlands	668,338	189,343	709,541	185,45	659,089	182,695
Portugal	273,315	54,162	314,263	58,552	384,282	62,766
Finland	202,408	59,741	224,302	64,232	210,947	58,525
Ireland	83,650	23,363	88,809	23,008	83,955	21,667
Greece	22,953	7,369	21,389	7,925	21,983	7,141
Luxembourg	6,253	1,121	5,378	912	11,697	2,201

EU exports of furniture by product group, 1999-2001
in tonnes and € 1,000

	1999		2000		2001	
	value €	**volume**	**value €**	**volume**	**value €**	**volume**
Total	**20,400,857**	**5,766,012**	**23,261,502**	**5,962,154**	**23,353,203**	**5,868,103**
Extra-EU	**6,830,787**	**1,601,900**	**8,246,789**	**1,868,121**	**8,590,963**	**1,885,650**
Upholstered seating	***3,547,919***	***414,228***	***4,107,073***	***482,978***	***4,183,502***	***463,249***
Upholstered (wooden frame)	2,942,180	321,193	3,369,724	378,182	3,454,069	364,263
Upholstered (metal frame)	605,739	93,035	737,349	104,796	729,433	98,986
Non-upholstered seats	***1,525,219***	***360,656***	***1,690,560***	***364,236***	***1,661,851***	***348,336***
Non-upholsted, wood	495,874	97,519	526,155	100,871	497,145	95,310
Non-upholsted, metal	322,728	71,915	385,945	79,406	392,480	78,114
Other seats	573,858	164,422	627,841	153,563	638,063	147,579
Seats convertible into beds	132,759	26,800	150,619	30,396	134,163	27,333
Dining and living room	***2,846,835***	***1,261,958***	***3,043,239***	***912,323***	***2,925,734***	***851,190***
Rattan furniture	***529,993***	***94,422***	***617,805***	***107,662***	***654,387***	***113,580***
Seats - cane, osier, bamboo	75,763	9,966	86,071	11,208	89,729	15,132
Furniture - cane, osier, bamboo	454,230	84,456	531,734	96,454	564,658	98,448
Bedroom furniture	1,919,592	747,993	2,079,555	829,086	2,044,613	836,653
Kitchen furniture	1,523,170	415,710	1,677,972	443,707	1,696,545	438,844
Other furniture	***4,013,926***	***1,254,079***	***4,672,685***	***1,363,916***	***4,669,779***	***1,383,069***
Made of wood	1,342,880	399,098	1,572,830	450,488	1,619,039	505,898
Made of metal	2,262,968	671,427	2,653,413	724,055	2,616,709	706,580
Made of plastic (excl. seats)	408,078	183,554	446,442	189,373	434,031	170,591
Parts	4,494,203	1,216,966	5,372,613	1,458,246	5,516,792	1,433,182

Source: Eurostat (2003)

APPENDIX 3 USEFUL ADDRESSES

3.1 Standards organisations

INTERNATIONAL

International Standardisation Organisation (ISO)
Address: P.O.Box 56, CH-1211 Geneva, Switzerland
Telephone: + 41 (0) 22 7490111
Fax: + 41 (0) 22 7333430
E-mail: central@iso.ch
Internet: www.iso.ch

Forest Stewardship Council (FSC)
Address: Avenida Hidalgo, 68000 Oaxaca,
Oaxaca, Mexico
Telephone: + 52 (0) 951 46905/63244
Fax: + 52 (0) 951 62110
E-mail: fscoax@fscoax.org
Internet: www.fscoax.org

EUROPEAN UNION

European Furniture Manufacturers Federation (UEA)
Address: Rue Royale 109-111, 1000 Brussel, Belgium
Telephone: + 32 (0) 2 2181889
Fax: + 32 (0) 2 2192701
E-mail: uea@infoboard.be
Internet: www.ueanet.com/cen.html

GERMANY

Deutsches Institut für Normung (DIN)
E-mail: postmaster@din.de
Internet: www.din.de

FRANCE

Association Française de Normalisation (AFNOR)
Address: Tour Europe, F-92049 Paris la Défense
Cedex, France
Telephone: + 33 (0) 1-42915555
Fax: + 33 (0) 1-4291565
Internet: www.afnor.fr

UNITED KINGDOM

FIRA International Ltd.
E-mail: cbarlett@fira.co.uk
Internet: www.fira.co.uk

THE NETHERLANDS

Netherlands Standardisation Institute
(Nederlands Normalisatie Instituut (NEN))
E-mail: info@nen.nl
Internet: www.nen.nl

3.2 Sources of price information

European Furniture Manufacturers Federation (UEA)
E-mail: engels@uea.be
Internet: www.ueanet.com

Centro Studi Industria Leggera (CSIL)
Address: 15, Corso Monforte, 20122 Milano, Italy
Telephone: + 39 (0) 02 796630
Fax: + 39 (0) 02 780703
E-mail: csil@csilmilano.com
Internet: www.worldfurnitureonline.com

International Trade Center (ITC)
Address: Palais des Nations, P.O. Box 10, 1211
Geneve 10, Switzerland
Telephone: + 41 (0) 22 7300111
Fax: + 41 (0) 22 7334439
E-mail: itcreg@intracen.org
Internet: www.intracen.org

3.3 Trade associations

EUROPEAN UNION

UEA - European Furniture Manufacturers Federation
E-mail: secretariat@uea.be
Internet: www.ueanet.com

NAVEM - Nationale Beroepsvereniging van Meubelhandelaars
E-mail: info@belgofurn.com
Internet: www.furniturecenter.be

DENMARK

Association of Danish Furniture Industries
E-mail: info@danishfurniture.dk
Internet: www.danishfurniture.dk

FRANCE

IFA - Industries Françaises de L'Ameublement
E-mail: contact@mobilier.com
Internet: www.mobilier.com

GERMANY

HDH - Hauptverband der Deutschen in Holz und Kunstoffen Möbel
E-mail: info@hdh-ev.de
Internet: www.hdh-ev.de

BVDM/Bundesverband des Deutschen Möbelhandels e.V.
E-mail: info@moebelhandel.org
Internet: www.moebelhandel.org

ITALY

AssArredo
E-mail: assarredo@federlegno.it
Internet: www.federlegno.it

THE NETHERLANDS

CBM/ Association of Furniture Manufacturers (Dufex)
E-mail: info@cbm.nl
Internet: www.cbm.nl

CBW / Central Association for furniture retailers
E-mail: info@cbw.org
Internet: www.cbw.org

SPAIN

ANIEME
E-mail: info@anieme.com
Internet: www.anieme.com

F .E.C.M.I. Federacion Espanola de Comerciantes de Muebles
Address: C/ Juan Alvarez Mendizabal 3, 3e,
Semiesquina a Plaza de Espana,
28008 Madrid, Spain
Telephone: + 34 (0) 91 5426842
Fax: + 34 (0) 91 5474937

SWEDEN

SMI - The Swedish Furniture Industry
E-mail: info@mobelindustrin.se
Internet: www.mobelindustrin.se

UNITED KINGDOM

B.F.M. / British Furniture Manufacturers
E-mail: info@bfm.org.uk
Internet: www.bfm.org.uk

Independent Furniture Manufacturers Association (IFMA)
E-mail: ukinfo@ifma.co.uk
Internet: www.ifma.co.uk

3.4 Trade fair organisers

BELGIUM

Furniture Center Brussels (annual)
E-mail: info@belgofurn.com
Internet: www.furniturecenter.be

DENMARK

Scandinavian Furniture Fair (annual)
E-mail: mail@danishfurniture.dk
Internet: www. danishfurniture.dk

FRANCE

Salon Internationale du Meuble (annual)
E-mail: info-meuble@salondumeuble.com
Internet: www.salondumeuble.com

GERMANY

International Furniture Fair - IMM (annual)
E-mail: info@koelnmesse.de
Internet: www.furniturefair-cologne.de or
www.imm-cologne.de

ITALY

International Furniture Fair (annual)
E-mail: salone@cosmit.it
Internet: www.cosmit.it

THE NETHERLANDS

Meubelvakbeurs (annual)
E-mail: info@jaarbeurs.nl
Internet: www.jaarbeurs.nl or
www.meubelvakbeurs.nl

Home Trade Center (permanent)
E-mail: info@htc.nl
Internet: www.htc.nl

SPAIN

FIM International Furniture Fair (annual)
E-mail: feriavalencia@feriavalencia.com
Internet: www.feriavalencia.com

UNITED KINGDOM

The Furniture Show (annual)
E-mail: avaughan@cmpinformation.com
Internet: www.bfmshow.co.uk

Into Home (annual)
E-mail: info@woodmex.com
Internet: www.woodmex.com

3.5 Trade press

INTERNATIONAL

World Furniture International Market Review
Centro Studi Industria Leggera (CSIL)
E-mail: csil@worldfurnitureonline.com
Internet: www.worldfurnitureonline.com

GERMANY

Möbelmarkt
E-mail: redaktion@ritthammer-verlag.de
Internet: www.moebelmarkt.de

Euwid Furniture Newsletter
E-mail: moebel@euwid.de
Internet: www.euwid.de

Möbel- Kultur
E-mail: holzmann@holzmann.de
Internet: www.moebelkultur.de

FRANCE

Le Courrier du Meuble et de I'Habitat
E-mail: meuble@imaginet.fr
Internet: www.courrierdumeuble.com

Univers Hebdo
Address: 7, Rue de Paradis, 75010 Paris, France
Telephone: + 33 (0) 1 47706770
Fax: + 33 (0) 1 47706760
E-mail: degeorges@univers-hebdo.com

ITALY

Federmobili
Address: Cartesio Srl, Via Vincenzo de Filicaia 7,
1-10162 Milan, Italy
Telephone: + 39 (0) 2 66103539
Fax: + 39 (0) 2 66103558

Xylon Magazine
E-mail: info@xylon.it
Internet: www.xylon.it

Rima Editrice
E-mail: rima@rimaedit.it
Internet: www.rimaedit.it

THE NETHERLANDS

Wonen/CBW
E-mail: wonen@cbw.org
Internet: www.cbw.org

Meubel
E-mail: meubel@lakerveld.nl
Internet: www.meubel.nl

SPAIN

ASEMCOM
Address: Promocion de Ediciones y Medios, Santa
Hortensia 15-4, 28002 Madrid, Spain
Telephone: + 34 (0) 91 914157240
Fax: + 34 (0) 91 915195606
Internet: www.spanishfurniture.com/asemcom.htm

Infurma
E-mail: consoltoria@infurma.es
Internet: www.infurma.com

Muebles De Espagna
E-mail: revista@mueblesdeespagna.es
Internet: www.muebledeespagna.es

UNITED KINGDOM

Cabinet Maker
E-mail: agay@cmpinformation.com
Internet: www.cm1st.com

Furniture & Furnishing Industry 2001
(Directory to the Furniture Trade)
Address: Miller Freeman, 630 Chiswick High Road,
London W4 5BG, United Kingdom
Telephone: + 44 (0) 208 9877750
Telefax: + 44 (0) 208 7423644
E-mail: www.cmpdata.co.uk/furniture

3.6 Other useful addresses

INTERNATIONAL

United Nations Industrial Development Organisation (UNIDO)
Mr. Hallet (ext. 5265), Mr. Lewissianos (ext. 3715)
Address: P.O. Box 300, Vienna International Centre,
1400 Vienna
Telephone: + 43 (0) 1 26026
Telefax: + 43 (0) 1 2692669
E-mail: unido@unido.org
Internet: www.unido.org

International Tropical Timber Organisation (ITTO)
Address: International Organisations Center, 5th Floor,
Pacifico Yokohama, 1-1-1, Minato Mirai,
Nishi-Ku, Yokohama, 220 Japan
Telephone: + 81 (0) 45 2231110
Telefax: + 81 (0) 45 2231111
E-mail: itto@itto.or.jp
Internet: www.itto.or.jp

International Labour Organisation (ILO)
Address: 4, Route des Morillons, CH-1211 Geneva 22, Switzerland
Telephone: + 41 (0) 22 7996111
Telefax: + 41 (0) 22 7986358
E-mail: ilo@ilo.org
Internet: www.ilo.org

FAO - Forestry Department (FAO)
Publication and Information coordinator
E-mail: Forestry-www@fao.org
Internet: www.fao.org/forestry/

EUROPEAN UNION

Association of the European Chambers of Commerce and industry
Address: Rue Archimède 5, P.O. Box 4, B-1000 Brussels, Belgium
Telephone: + 32 (0) 2 2310715
Fax: +32 (0) 2 2300038
E-mail: eurocham@mail.interpac.be

Eurostat, Statistical Bureau of the European Union
E-mail: agnesn@eurostat.datashop.lu
Internet: www.eurostat.eu.int/eurostat.html

International Octrooibureau
(International design and brand registration office)
Address: Scheveningseweg 82, 2517 KZ The Hague, The Netherlands
Telephone: + 31 (0) 70 3527500
Fax: + 31 (0) 70 3527589
Internet: http://www.octrooibureau.nl

Mintel
E-mail: enquiries@mintel.com
Internet: www.cior.com or www.mintel.com

Aktrin
E-mail: info@aktrin.com
Internet: www.aktrin.com

GTZ
(German Agency for Technical Cooperation)
Address: Dag-Hammerskjöld-weg 1-5, P.O. Box 5180, 65726 Eschborn, Germany
Telephone: + 49 (0) 6196 790000
Fax: + 49 (0) 6196 797414
E-mail: postmaster@gtz.de

THE NETHERLANDS

CBI
Centre for the Promotion of Imports from developing countries
Address: P.O. Box 30009, 3001 DA Rotterdam, The Netherlands
Telephone: + 31 (0) 10 2013434
Fax: + 31 (0) 10 4114081
E-mail: cbi@cbi.nl
Internet: www.cbi.nl

FSC Netherlands
(Dutch working group of the Forest Stewardship Council)
Address: Postbus 118, 3970 AC Driebergen, The Netherlands
Telephone: + 31 (0) 30 6926398
Telefax: + 31 (0) 30 6922978
E-mail: sandra.mulder@fscnl.org
Internet: www.fscnl.org

Stichting Keurhout
(Dutch organisation controlling environmental labels for timber)
Address: Postbus 369, 1380 AJ Weesp, The Netherlands
Telephone: + 31 (0) 294 452430
Telefax: + 31 (0) 294 450360
E-mail: keurhout@stichtingkeurhout.nl
Internet: www.stichtingkeurhout.nl

Stichting Milieukeur
(Dutch organisation for environmetal labels for furniture and ECO labeling)
Address: Eisenhowerlaan 150, 2517 KP The Hague, The Netherlands
Telephone: + 31 (0) 70 3586300
Telefax: + 31 (0) 70 3502517
E-mail: milieukeur@milieukeur.nl
Internet: www.milieukeur.nl

Belasting Dienst Douane (Customs)
Dept. External and Internal Communication
Address: P.O.Box 50964, 3007 BG Rotterdam, The Netherlands
Telephone: + 31 (0) 10 2904949
Special information number
+ 31 (0) 800-0143
Fax: + 31 (0) 10 2904875
Internet: www.douane.nl

CBI / AccessGuide
c/o CBI, Centre for the Promotion of Imports from developing countries
E-mail: cbi@accessguide.nl
Internet: www.cbi.nl/accessguide

APPENDIX 4 LIST OF DEVELOPING COUNTRIES

Please note that the list of developing countries from the OECD (Organisation for Economic Co-operation and Development), as applied in this market survey, may include countries that are not immediately being considered as developing countries (e.g. China).

Afghanistan
Albania
Algeria
Angola
Anguilla
Antigua and Barbuda
Argentina
Armenia
Azerbaijan
Bahrain
Bangladesh
Barbados
Belize
Benin
Bhutan
Bolivia
Bosnia & Herzegovina
Botswana
Brazil
Burkina Faso
Burundi
Cambodia
Cameroon
Cape Verde
Central African rep.
Chad
Chile
China
Colombia
Comoros
Congo
Cook Islands
Costa Rica
Côte d'Ivoire
Croatia
Cuba
Djibouti
Dominica
Dominican republic
Ecuador
Egypt
El Salvador
Equatorial Guinea
Eritrea
Ethiopia
Fiji
Gabon
Gambia
Georgia
Ghana
Grenada
Guatemala
Guinea
Guinea-Bissau
Guyana
Haiti
Honduras
India
Indonesia
Iran
Iraq
Jamaica
Jordan
Kazakstan
Kenya
Kiribati
Korea, Rep. of
Kyrghyz Rep.
Laos
Lebanon
Lesotho
Liberia
Macedonia
Madagascar
Malawi
Malaysia
Maldives
Mali
Marshall Islands
Mauritania
Mauritius
Mayotte
Mexico
Micronesia, Fed. States
Moldova
Mongolia
Montserrat
Morocco
Mozambique
Myanmar
Namibia
Nauru
Nepal
Nicaragua
Niger
Nigeria
Niue
Oman
Pakistan
Palau Islands
Palestinian Admin. Areas
Panama
Papua New Guinea
Paraguay
Peru
Philippines
Rwanda
São Tomé & Principe
Saudi Arabia
Senegal
Seychelles
Sierra Leone
Slovenia
Solomon Islands
Somalia
South Africa
Sri Lanka
St. Helena
St. Kitts-Nevis
St. Lucia
St. Vincent and Grenadines
Sudan
Surinam
Swaziland
Syria
Tajikistan
Tanzania
Thailand
Timor
Togo
Tokelau
Tonga
Trinidad & Tobago
Tunisia
Turkey
Turkmenistan
Turks & Caicos Islands
Tuvalu
Uganda
Uruguay
Uzbekistan
Vanuatu
Venezuela
Vietnam
Wallis & Futuna
Western Samoa
Yemen
Yugoslavia, Fed. Rep.
Zambia
Zimbabwe

Note: Eurostat figures do not include figures for St. Kitts-Nevis
January 2000

APPENDIX 5 USEFUL INTERNET SITES

UEA - website: www.ueanet.com
This site has been set up by the UEA (European Furniture Manufacturers Federation) and provides information on European furniture markets, production, trade channels, imports/exports, technical developments, CEN quality standards and international trade fairs. The latest developments in the EU furniture industry are covered in their newsletter and this site has linkages to other useful databases. For example to www.funstep.org with news on quality standards and the latest technology in furniture.

EU Furniture Portal website: www.eu-furniture.com
This portal provides information on European furniture markets, production, trade channels, imports/exports, technical developments, quality standards and international trade fairs.

Csil - website: www.worldfurnitureonline.com
This site provides information on the international furniture industry and has a news service with summaries of their latest published market reports. It also gives a good selection of links to trade associations, publishers and organisations involved in the furniture and wood sectors.

Furnitureweb: www.furnitureweb.com
This site gives information on global market and production developments in furniture. Its main purpose is to provide contacts between furniture manufacturers on a global basis. Information on production-related items such as machinery, components and new products are also given on this site.

Corridor: www.corridor.com
This is an on-line trading system for the UK furnishing industry. In addition, it provides information on the latest trends in the UK and International furniture markets, but also for floor coverings, lightening and furnishing accessories.
It is a good possibility for contacting UK importers.

Ameublement: www.ameublement.com
This is an on-line trading system for the French furniture industry. In addition, it provides information on the latest trends in the French furniture markets and given contact details of French importers.

Spanish Furniture: www.spanishfurniture.com
This site is a database of Spanish furniture companies, along with the addresses of Spanish furniture manufacturers and importers. Information on this site is also given in English. A similar useful siteis www.infurma.com

Furniture Belgium: www.belgofurn.com and www.furniturecenter.be. This site provides information on the Belgian furniture industry and provides profiles of Belgian furniture importers.

Rattan furniture: www.rattanlink.com and www.furniture-indonesia.com. This site has been set up by manufacturers and traders of rattan furniture and provides information on wordwide markets, production, technical developments, quality standards and trade fairs.

CBI: YOUR EUROPEAN PARTNER FOR THE EUROPEAN MARKET

The CBI (Centre for the Promotion of Imports from developing countries) is an agency of the Dutch Ministry of Foreign Affairs. The CBI was established in 1971. The CBI's mission is to contribute to the economic development of developing countries by strengthening the competitiveness of companies from these countries on the EU market. The CBI considers social values and compliance with the most relevant environmental requirements to be an integral part of its policy and activities.

CBI offers various programmes and services to its target groups:

Market information

A wide variety of tools to keep exporters and Business Support Organisations (BSOs) in developing countries in step with the very latest development on the EU market.
These include market surveys and strategic marketing guides for more than 40 product groups, manuals on export planning and other topics, fashion and interior forecasts and the CBI News Bulletin, a bi-monthly magazine. This information can also be obtained from our website at www.cbi.nl For all information on non-tariff trade barriers in the EU CBI has a special database, AccessGuide, at www.cbi.nl/accessguide
And finally CBI's Business Centre is offering free office facilities, including telephones, computers, internet and copiers for eligible exporters and BSOs. Market reports, international trade magazines, cd-roms and much more can be consulted in the information section of the business centre.

Company matching

The company matching programme links well-versed suppliers in developing countries to reliable importing companies in the EU and vice versa. The online matching database contains profiles of hundreds of CBI-audited and assisted exporters in developing countries that are ready to enter into various forms of business relationships with companies in the EU, as well as many EU companies interested in importing or other forms of partnerships such as subcontracting or private labelling.

Export development programmes (EDPs)

EDPs are designed to assist entrepreneurs in developing countries in entering and succeeding on the EU market and/or in consolidating or expanding their existing market share. Selected participants receive individual support over a number of years by means of on site consultancy, training schemes, trade fair participation, business-to-business activities and general export market entry support. Key elements usually include technical assistance in fields such as product adaptation, improving production, implementing regulations and standards and export marketing and management assistance.

Training programmes

Training programmes for exporters and BSOs on, among others, general export marketing and management; trade promotion; management of international trade fair participations and developing client-oriented market information systems. The duration of the training programmes vary between two days and two weeks and are organized in Rotterdam or on location in developing countries.

BSO development programme

Institutional support for capacity building for selected business support organisations.
The programme is tailored to the specific needs of participating BSOs and can include train-the-trainer assistance, market information systems support and staff training. CBI's role is advisory and facilitative.

Please write to us in English, the working language of the CBI.

Centre for the Promotion of Imports from developing countries
Centrum tot Bevordering van de Import uit de ontwikkelingslanden

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