CBI MARKET SURVEY

THE STATIONERY, OFFICE AND SCHOOL SUPPLIES MARKET IN GERMANY

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Report summary

This CBI market survey discusses, amongst others, the following highlights for the stationery, office and school supplies market in Germany:

- The German market accounted for 21% of the total stationery consumption of the reviewed countries[1] in 2005. Compared to the other researched markets, Germany was the largest stationery market in Europe in 2005. Its total consumption amounted to € 3,085 million in the same year.
- In absolute value the estimated total production of the German stationery market for 2004 was € 5,510 million (including Cases & Satchels and Greeting cards). In comparison to previous years, overall production is declining.
- Total imports into Germany in value and volume were respectively € 1,526 million and 452 thousand tonnes in 2005. In the same year, Germany took 15% of the total EU stationery imports and was the second biggest importer in the EU (after UK).
- For the year 2005, the percentage of imports into Germany coming from the developing countries was slightly more than 22%. For comparison this figure was 18.5% in 2003.Leading suppliers in 2005 were: *China (13%), Turkey (1.0%), Thailand (0.7%), India (0.6%), Brazil (0.3%).*

This survey provides exporters of stationery[2] products with sector-specific market information related to gaining access to Germany. By focusing on a specific country, this survey provides additional information, complementary to the more general information and data provided in the CBI market survey *'The stationery, office and school supplies market in the EU' (2006),* which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used as well as information on other available documents for this sector. It can be downloaded from http://www.cbi.nl/marketinfo.

1. Market description: consumption and production

Consumption

Total market size

- The total consumption of stationery in 2005 in Germany amounted to € 3,085 million at Manufacturing Selling Prices[3] (excl. Greeting Cards and Cases & Satchels[4]).
- The German market accounted for 21% of the total stationery consumption of the reviewed countries[5] in 2005. Compared to the other researched markets, Germany was the biggest stationery market in Europe in the same year.
- Between 2004 and 2005, total stationery consumption decreased by 1%.

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[1] The reviewed countries are: France, Germany, Italy, The Netherlands, Spain, UK, Austria, Belgium, Cyprus, Czech Rep., Denmark, Finland, Greece, Hungary, Ireland, Poland, Portugal and Sweden.
[2] Please, note that by 'stationery' in this survey, it is meant 'stationery, office and school supplies'.
[3] MSP (Manufacturing Selling Prices) – The price at which manufacturers sell products to resellers or direct to users.
[4] Consumption information is given for all mentioned product groups except for the segments Greeting Cards and Cases & Satchels. The research agencies used in this report are not gathering information for those two product groups. Separate information for them would be given later in the text.
[5] Please, see footnote #1.

- German consumption of stationery products is forecast to grow by between 0.1 - 1% annually up to 2008.
- According to AVG (the German card publishers association), the German Greeting Card market accounts for a value of € 671 million in 2004. In the same year, Germans sent a total of 617 million cards.

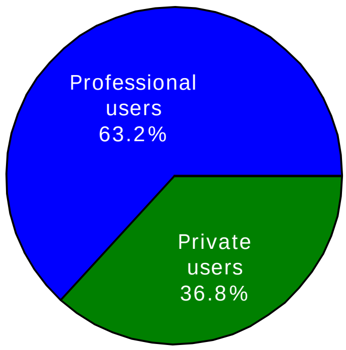
Product groups

- In 2005, Office furniture was the largest product group in the German stationery market, accounting for about 45% of the market and € 1,383 million at MSP. The next largest segment was Paper-based items with 17% of the total German stationery market, worth € 520 million.
- In third place by market share were Writing & Drawing Instruments and Storage & Filling products with 12% of the total German market and a value of about € 380 million each.
- Office & Desk Accessories and Presentation & Planning materials were the smallest segments with relative shares of 7% and 6% and values of consumption respectively, € 220 and € 198 million at MSP.
- In the German stationery market, almost all product groups have decreased by around 0.5 - 1% annually at constant prices, between 2003 and 2005. The segment Writing & Drawing Instruments has substantially declined by 3% between 2004 and 2005.
- Almost all product groups are forecast to remain static till the end of the decade (between 2005 and 2008). Consumption would remain stagnated at least till year 2008.
- The best-performing segment is only Office Furniture, which is forecast to increase by more than 1% by 2008.
- Explanation for the above mentioned developments can be found in the sub-section '*Trends in consumption*'.

Market segmentation

In general, the stationery market can be segmented into three major market segments, i.e.: Private users, Small office and Home office users (SoHo) and Professional users (which also includes Schools & Universities). However, the line between the different segments is coming increasingly blurred as the distinction between the work and the personal life begins to fade. In this sense, all mentioned segments are of interest for the exporters from the developing countries.

Figure 1.1: The German Stationery market, segmentation by user, percent Share, by value, 2004



Source o.a. Iplusc and MPA International

According to Iplusc, in 2004 the professional users accounted for 63.2% of the German stationery sales, the remaining 36.8% were made up by private users. Unfortunately, the SoHo users are not researched as a separate entity, so consumption of the SoHo users is included in both groups. Both the Private and the Professional user segments showed a downward trend, dropping by 2% and 3% respectively in 2004. This difference is partly due to the fact that a large amount of stationery purchased by Private users is for replacement purposes in for example schools and home offices; this market has been generally less affected by the economic slump than the Professional user market.

Trends in consumption

- General trends in EU stationery consumption are given in Chapter 4 of the CBI market survey *'The stationery, office and school supplies market in the EU' (2006).* In this

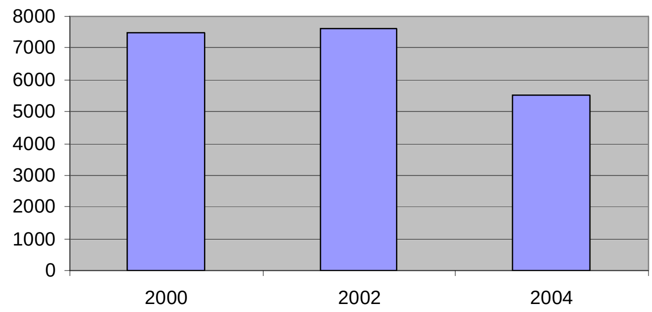
document, attention has been paid only to country-specific consumption trends.
- According to Euromonitor, German consumers are increasingly putting price above all other considerations when purchasing stationery, leading to a declining market in absolute value terms. One of the most successful German advertising slogans in recent times, 'Geiz ist Geil' ('Stingy is Cool'), highlights an important aspect of German consumer behaviour since the downturn in the German economy. Currently, the private consumer puts much less emphasis on design, quality, special features, environmental friendliness etc. than on price.
- Moreover, the environmental element of stationery products has moved out of focus, largely due to strict EU legislation. Paper products tend to be made from recycled materials, and German pen and marker manufacturers famously encourage the purchase of refill devices for their products.
- Continuous innovation in terms of design and technology – such as the ink debit regulation system and built-in reactionary mechanisms responding to changes in air pressure – are expected to drive market volumes for pens for the next year. Innovations took place in other segments, too. An interesting fact in this market is the recent invention of memo pads for left-handers – with the spiral on the right and the perforation on the left hand side.
- Metallic, fluorescent and pastel colours remain the most popular choices for gel ink pens in the German market.

Production

Total production

- In absolute value the estimated total production of the German stationery market for 2004 was € 5,510 million (including Cases & Satchels and Greeting cards).
- In 2004, Germany accounted for 22% of the stationery production of the reviewed countries, based on Eurostat statistics, which makes it the second biggest producer in the EU (after Italy)[6].
- In comparison to previous years, overall production is declining (see Figure 1.2). In comparison to 2002, overall production has decreased by more than 28%.
- Three things have negatively affected German stationery production in the last years:
  - Increased price competition from imports which drove prices down and decreased the Euro value of stationery production.
  - Weaker demand in comparison to previous years.
  - Production facilities reaching overcapacity in the German market (according to MPA International).
- Prospects for German stationery production are still not very bright. Consumption is stagnating and cheap imports from the Far East and Eastern Europe are pouring into the country.
- An overview of the production by product group is given in Figure 1.3[7].

Figure 1.2: The German stationery market, total production, by value (€ millions)



Source: Eurostat database

[6] Please, note that this conclusion is based on Eurostat database. However, for year 2004 there has been missing information for some of the product groups in Germany. Other sources show that Germany is the largest producer in the EU.

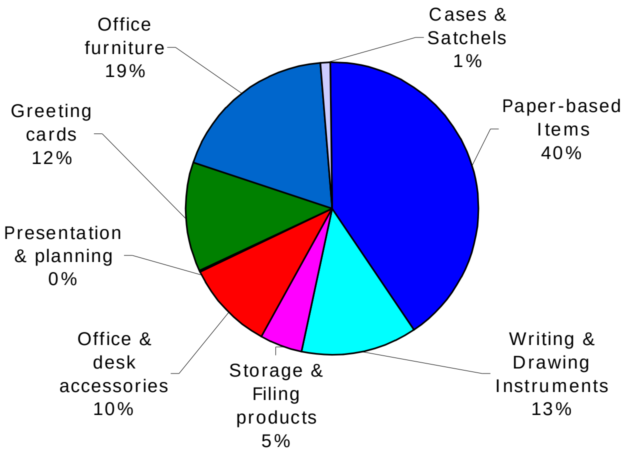
Major players

Germany is home to many large stationery manufacturers. Herlitz (http://herlitz.de/), Landré (http://landre.de/) and the Mayer-Kuvert Group (http://www.mayer-kuvert.de/) are leading German manufacturers in the Paper-based items product segment. These manufacturers are however, increasingly suffering from own-labelled products in this market segment. Herlitz is also Germany's leading manufacturer of Storage & Filling Products.

Pelikan is the leading German manufacturer of Writing & Drawing Instruments. Pelikan (http://pelikan.com/) manufactures a large range of products, from high value fountain pens to erasers, for schools or offices. Steadtler (http://www.steadtler.com/), the second largest Writing & Drawing Instruments manufacturer, accounting for 13.1% of the market in 2004, is one of Germany's oldest and most recognised brands in this product segment.

Office & Desk Accessories are also heavily produced in Germany. Leading German manufacturers are Hansawerke (http://www.hansawerke.de/), Helit (http://www.helit.de/), Henkel (http://henkel.de/), Läufer (http://www.laeufer.de/) and Leitz (http://www.leitz.com/). The latter is owned by the Swedish Esselte. Legamaster (Edding) and Baier & Schneider are leading Presentation & Planning Materials manufacturers in Germany.

Figure 1.3: Production in the German stationery market, segmentation by product group, % share, by value, 2004



Source: Eurostat database

Trends in production

- According to Euromonitor, the German production landscape is quite segmented and it is forecast to stay so in the coming years.
- Despite the fragmentation and the dominance of small and medium enterprises, new entrants would find it difficult to succeed in the market without a high degree of product specialization.
- There are a number of directions in which companies are going to ensure their dominance in this valuable market, with innovation being top of the agenda in order to influence value creation.

Opportunities and threats

- School populations are a main driver for the German market for books and pads. The increasing PC penetration within the education sector is slowing growth of Paper-based items. Volumes for that segment are expected to be flat or falling.
- The German stationery market is extremely price-competitive. Actually, imports from the developing countries and also from Eastern European have driven prices down. In short, anyone who wants to succeed in this market should be ready for tough price competition.
- There is a strong tendency towards own-labelled products especially in the 'back to school' period. Cheap, non-branded products are growing in importance. The German market has become polarized between traditional, high-quality brands and cheaper, commodity products. Consumers buying art supplies and educational products (such as rulers, highlighters, erasers, sharpeners, etc.) increasingly tend to favour lower priced products.

[7] Presentation and planning product group is equal to 0.1%.

Useful sources

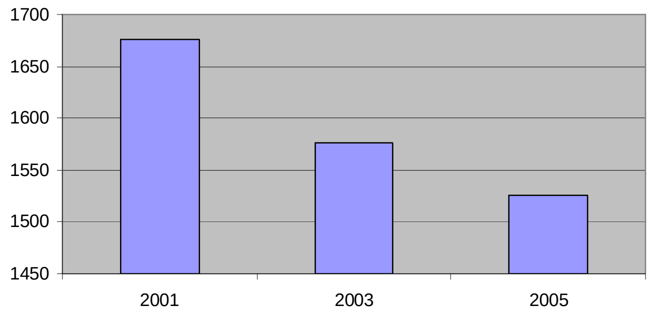
- MPA International - A global consultancy specializing in marketing research and analysis in the office products industry: (http://www.mpainternational.com/)
- Office Products Magazine (http://www.opi.net)
- European Writing Instruments Manufacturers Association (EWIMA) (http://www.ewima-isz.de/)
- European envelope manufacturers association (http://www.fepe.de/)
- Bundesverband Bürowirtschaft e.V. (http://www.bbw-online.de/)
- Office & Paper Magazine (http://www.officeandpaper.de/)
- BOSS Magazin für die PBS/BBO-Branch (http://www.bitverlag.de/)

2. Trade: imports and exports

Total Imports

- Total imports into Germany in value and volume were respectively € 1,526[8] (million) and 452 thousand tonnes in 2005.
- In 2005, Germany took 15% of the total EU stationery imports and is the second biggest importer in the EU (after UK).
- In comparison to 2003, imports have decreased by about 5% (on the Figure 2.1 the scale is not zero-based which is why the decrease seems so big).
- Import growth is forecast to accelerate slightly into 2007 if imports keep their price competitiveness.
- For the year 2005, the percentage of imports in Germany coming from the developing countries was more than 22%. For a comparison, this same percentage was 18% back in 2003. The best performers in the group are shown in Table 2.1.

Figure 2.1: Import in the German stationery market, total imports, by value (€ millions)



Source: Eurostat database

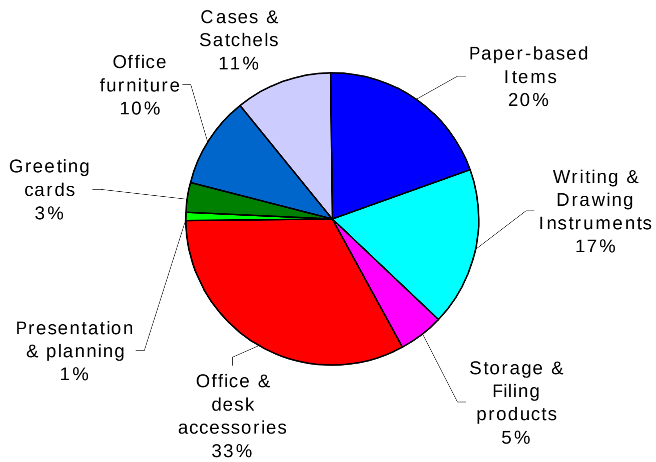
Imports by product group

For the relative size of the product groups in Germany import see Figure 2.2.

An analysis of the changes of the share of the different product groups over the years shows that almost all of the product groups remained stable. The ones which have increased their relative share are Cases & Satchels and Office & Desk Accessories. Office Furniture is the segment which has decreased its relative share.

Major supplying countries of these imports from the EU members, non-EU

Figure 2.2: Import in the German stationery market, segmentation by product group, % share, by value, 2005



Source: Eurostat database

[8] Including Cases & Satchels and Greeting Cards

members and especially from the developing countries are given in Table 2.1 and 2.2 in an exhaustive form.

Table 2.1 Imports by country and leading suppliers to Germany, 2003 - 2005, share in % of value

Product	2003 € mln	2005 € mln	Leading suppliers in 2005 (share in %)	Share (%)
Total market sector	1,576	1,526	Intra-EU: the Netherlands 8.6%, France 7.9%, Belgium 4.2%	56%
			Extra-EU excl. DC: Switzerland 8.0%, USA 2.0%, Taiwan 1.2%, Japan 0.9%	22%
			DC*: China 13%, India 0.6%, Thailand 0.7%, Turkey 1.0%, Brazil 0.3%	22%
Paper-based Items	316	299	Intra-EU: France 12%, the Netherlands 9.3%, Italy 8%	64%
			Extra-EU excl. DC: Switzerland 10.8%, USA 2.76%, Taiwan 0.85%, Japan 0.9%	17%
			DC: China 13.8%, India 0.5%, Malaysia 0.37%, Thailand 0.38%, Indonesia 0.7%, Turkey 1.0%	19%
Writing & Drawing Instruments	265	267	Intra-EU: France 8%, the Netherlands 6.4%, Czech Republic 5.6%	37%
			Extra-EU excl. DC: Switzerland 11.1%, Japan 10.9%, USA 1.76%, Taiwan 2.87%,	31%
			DC: China 24.2%, India 3.6%, Mexico 0.2% Thailand 1.71%, Malaysia 0.74%, Turkey 0.16%	32%
Storage & Filling Products	81	75	Intra-EU: Czech Republic 20.9%, Austria 7.4%, the Netherlands 7.1%	62%
			Extra-EU excl. DC: Japan 0.2%, USA 0.9%, Switzerland 2.1%, Taiwan 0.61%	4%
			DC: China 26.8%, India 2.2%, Tunisia 3.3%, Thailand 0.18%, Turkey 0.8%	34%
Office & Desk Accessories	508	498	Intra-EU: the Netherlands 11.3%, Italy 9%, France 10%	65%
			Extra-EU excl. DC: Switzerland 17.1%, USA 5.8%, Japan 2.1%, Hong Kong 0.14%, Taiwan 1%	27%
			DC : China 7.2%, Brazil 0.15%, India 0.05% Turkey 0.15%, Thailand 0.08%, Malaysia 0.13%	8%
Presentation & Planning	11	11	Intra-EU: the Netherlands 30.6%, Hungary 12.7%, France 6%	58%
			Extra EU excl. DC: Bulgaria 6.3%, USA 0.11%, Switzerland 0.6%, Japan 0.9%	11%
			DC: China 29.3 %, Egypt 0.02%, Vietnam 1.22%, India 0.09%, Thailand 0.21%	31%
Greeting Cards	52	53	Intra-EU : Austria 25%, United Kiingdom 19.5%, the Netherlands 19.5%	63%
			Extra-EU excl. DC: Switzerland 16.2%, USA 1.34%, Hong Kong 0.5%, Israel 3.1%	23%
			DC: China 10%, India 0.5%, Turkey 0.44%, Thailand 0.89%, Vietnam 0.77%, Indonesia 0.18%l	14%
Office Furniture	184	158	Intra-EU: Austria 13.2%, Poland 11.8%, Denmark 9.8 %	75%
			Extra-EU excl DC: Switzerland 7.9%, Taiwan 1.4%, USA 0.8%	11%
			DC: China 4.7%, Vietnam 0.6%, Turkey 6.0% Indonesia	14%

			0.1%, Belarus 0.42%, Brazil 0.45%	
Cases & Satchels	160	163	Intra-EU : Belgium 10.1%, the Netherlands 10.8%, Italy 3.8% Extra-EU excl DC : Hong Kong 2.9%, Taiwan 0.7% USA 0.6%, Switzerland 0.5% DC: China 57.2%, Vietnam 3%, India 1.1%, Moldova 1.6%	30% 5% 65%

Source: Eurostat database *DC – Developing countries

Table 2.2 Detailed analyses of growing and declining suppliers per product group (2005 – 2003)

Country	Strongly increasing	Increasing	Stable	Decreasing
Paper-based Items	-	France, Japan, China, India, Malaysia , Turkey	USA, Switzerland, Taiwan, Thailand, Indonesia	The Netherlands, Italy
Writing & Drawing Instruments	China	The Netherlands, France, Switzerland, Malaysia	Mexico, Thailand, Turkey	Czech Republic, USA, Japan, Taiwan, India
Storage & Filing Products	Czech Republic, China	Switzerland, India, Tunisia, Turkey	Austria, Japan, USA, Taiwan	The Netherlands, Thailand
Office & Desk Accessories	Switzerland	China, Italy, USA, Japan, Brazil, Turkey	Hong Kong, Taiwan, India, Malaysia	The Netherlands, France, Thailand
Presentation & Planning	Hungary, Bulgaria, China	Switzerland, Japan, Vietnam	USA, Egypt, India, Thailand	The Netherlands, France
Greeting Cards	Austria	The Netherlands, Israel, India, China	Switzerland, Hong Kong, Turkey, Vietnam, Indonesia	UK, USA, Thailand
Office Furniture	-	Brazil, Turkey, Vietnam, China, Switzerland, Denmark, Austria	Taiwan, Indonesia, Belarus, USA	Poland,
Cases & Satchels	The Netherlands, China	Hong Kong, Taiwan, Vietnam, Thailand	USA, India	Belgium, Italy, Switzerland, Moldova

Source: Eurostat database

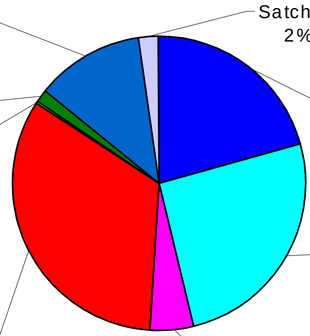
Exports

- Total exports from Germany in value and volume were respectively € 2,682 million and 575 thousand tonnes (including Cases & Satchels and Greeting cards) in 2005.
- In 2005, Germany supplied 25% of the total EU stationery exports and it is the biggest exporter in the EU.
- In comparison to 2003, exports increased by about 5%. According to Euro Area[9] forecast, at broadly stable exchange rates, German companies should benefit in domestic and export markets from improved price competitiveness in the future.

[9] Forecast made by Directorate – General for Economic and Financial Affairs.

- For the relative share of the export product groups, please see Figure 2.3.

Figure 2.3: Export in the Germany stationery market, segmentation by product group, % share, by value, 2005



Source: Eurostat database

Opportunities and threats

- An increasing share of the 22% of stationery imports into Germany came from developing countries in 2005; this percentage was significantly higher in the following product groups: Cases & Satchels (65%), Storage & Filling products (34%), Writing & Drawing Instruments (32%) and Presentation & Planning materials (31%).
- The share was significantly lower for the product groups: Paper-based items (19%), Office Furniture (14%), Greeting cards (14%) and Office accessories (8%).
- Import prices will be under pressure and the decrease in average import prices will put further pressure on German producers and force them to pare margins and/or to source abroad even more. Exporters should note that this is a case of: an opportunity if you can respond, a threat if you can't!

Useful sources

- EU Expanding Exports Helpdesk – (http://export-help.cec.eu.int/) Go to: trade statistics.
- Eurostat – official statistical office of the EU – (http://epp.eurostat.cec.eu.int) Go to: 'themes' on the left side of the home page - 'external trade' - 'data – full view' - 'external trade - detailed data'.
- European Commission (http://ec.europa.eu/economy_finance/index_en.htm)
- Bundesverband Bürowirtschaft e.V. (http://www.bbw-online.de/)

3. Trade structure

Traditionally, exports from the developing countries took place through a set of importers, who have then marketed the products to wholesalers, end-users, or retailers. The disadvantages of working through a large number of intermediaries include poor knowledge of market trends, inability to gain competitive advantage by adapting the product to specific customer needs and, of course, the margin lost at each stage of the value chain. On the other hand, *exporting on your own generally requires more of the resources of your company than exporting through an agent or importer/wholesaler.* In this chapter, the biggest and most prominent distribution and retailing channels are given, so that both types of exporters (ones which are using/not using intermediaries) can select the best channel for them.

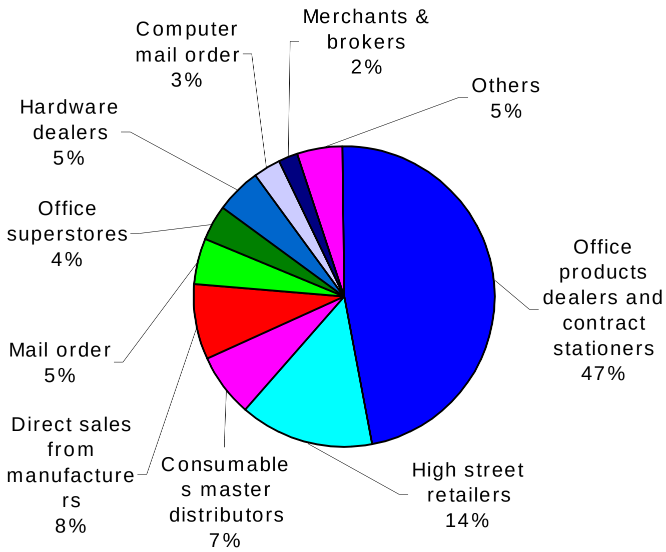
The structure of the stationery trade in the Germany is complex. Stationery is distributed through many different types of intermediaries and retailers. The stationery distribution structure differs quite substantially per user segment, largely due to the different needs. In the *'The stationery, office and school supplies market in the EU'* survey of 2006, an overview is given of the EU stationery distribution structure and the different intermediaries. This chapter will focus mainly on the German stationery trade structure and developments therein.

Trade channels

The landscape of the German stationery market has changed considerably over the last years. Germany is now one of the markets with the lowest profit margin and greatest competition which has led to the natural process of consolidation in this branch. The German stationery market is characterised by the particular strength of the buying groups. According to Iplusc, about € 966 million worth of stationery is distributed through buying groups. The role of buying groups is essential in the German stationery market. The original function of the buying groups is therefore to reduce costs by centralising buying and logistics. Participating in a buying group can however, involve a restriction of choice, if the group aims at maximising the volume of orders placed with the manufacturers. Examples of buying groups in Germany are Branion GmbH (http://www.branion.com/), Buroring eG (http://www.bueroring.de/),Soennecken eG (http://www.soennecken.de/), etc. Branion GmbH, which is subsidiary of Soennecken and Büro Actuell.

Currently, the market leaders in the wholesaling business are Spicers (http://www.spicers.de) and PBS Deutschland, created in 1 January 2005 under the umbrella of PBS Holding in Austria (Papier, Bürobedarf und Schreibwaren (PBS)). The predecessor of PBS Deutschland is the wholesaler group - Deutsche PBS Großhandels GmbH which was the management company for an alliance of 5 leading German wholesalers (Hofmann+Zeiher GmbH in Pfungstadt, Kanzenel & Beisenherz in Unterhaching; Georg Kugelmann GmbH in Hemmingen; RNK-Service in Berlin and Braunschweig; Top-Papier in Wuppertal). However, it now includes also the #3 and the #4 in the wholesalers' market, namely, Hermann & Meyding and R&S.

Figure 3.1: Distribution of Stationery in Germany, segmentation by format, % share, by value, forecasts 2005



Source: MPA International

Retail trade

In the past, due to its size, many large international companies active in the stationery market classified Germany as a top priority market. This led to the entry of foreign companies in the late eighties, with the Dutch Buhrmann (http://www.buhrmann.com/) spearheading the assault, when it bought a 40% stake in the German Bierbrauer + Nagel. A major shift in the German stationery landscape, which was traditionally run by small and medium-sized businesses, was the result. Today, foreign office suppliers, such as Buhrmann, Ahrend (http://www.ahrend.com/), Lyreco (http://www.lyreco.com/), Viking (http://viking.de/) and Guilbert (http://www.guilbert.com/) since 2003 subsidiaries of Office Depot, dominate the German professional user market.
Currently, the German market is very strongly influenced by global players on the reseller side and there is almost no big reseller on the contract stationery business which is still German-owned.
The German retailers and their co-operative associations found themselves under attack on several fronts and the distribution landscape had become increasingly competitive. As a reaction to that, the traditional specialist retailers have organised themselves into consortia,

delegating certain functions to a central committee overseeing a small number of nominally independent outlets. In this way, specialists' retailers have managed to create an alliance that has helped them to weather the economic downturn in Germany, as well as to compete against the discounters. This has led to the particular strength of the buying groups in Germany (mentioned above). According to Iplusc, about € 966 million worth of stationery is distributed through buying groups, like Branion GmbH (http://www.branion.com/), Buroring eG (http://www.bcl-kg.de/). and Europakontor GmbH. Despite combining their forces, the specialist stationery retailers long ago lost their strong position in the German stationery market, according to Euromonitor. However, Mail order, High street retailers and Office superstores are gaining power. Relevant examples of an Office superstore is Staples (http://www.staples.com/) and, for the Mail order channel, Printus (http://www.printus.de/).

Trends

In this section a number of important developments within German stationery distribution are presented:

- The major retail channels which will see the greatest increase in their relative share of the market are the High street retailers, Mail order and Office superstores. Growth within the first mentioned retail channel, namely High street retailers, is mainly due to the rise of the larger retailers within this category, who are able to offer a wider range of products and because consumers prefer to buy all their stationery products from the same source.
- Office superstores are growing in importance and continue to take share from the wholesalers, with Internet-based trading enhancing their sales.
- The Mail order channel is expected to grow as well, mainly due to the wish of the customers to purchase their stationery products from a cheaper alternative retailer. The rise of the latter will brighten the future of German stationery wholesalers, as the Mail order channel purchases the majority of its products from wholesalers. Nevertheless, the trend of dealer groups to buy directly from manufacturers will continue.

Useful sources

For information about special trading companies for importing goods from abroad and selling them to domestic producers and dealers check the site of Bundesverband des Deutschen Groß- und Außenhandels e. V. (BGA) (Federation of German Wholesale and Foreign Trade) (http://www.bga.de). The following organization can also help in finding suitable commercial representatives in Germany: Centralvereinigung Deutscher Wirtschaftsverbände für Handelsvermittlung und Vertrieb (CDH) e.V. (National Federation of German Commercial Agencies and Distribution) Internet: (http://www.cdh.de/homeenglisch)

Links to further information (all websites have English pages):

- Export Promotion and Development for Companies in Developing Countries (http://www.expand-germany.com/)
- Customs information: (http://www.hauptzollamt.de/english_version/index.htlm/)

4. Prices and margins

Prices and margins

Price is an important selling factor, especially in the lower segments of the stationery market, whereas in the higher segments (higher added value) factors like quality and fashion are more important than price. In the lower segments of the stationery market, retailers have little room to manipulate prices because competition is very fierce and margins are low.

Table 4.1 Developments in import prices per product group in the period 2003-2005, % change

Paper-based Items	Writing & Drawing Instruments	Storage & Filling Products	Office & Desk Accessories	Presentation & Planning	Greeting Cards	Office Furniture	Cases Satchels
3.20%	-12.40%	-7.30%	-5.10%	-5.70%	5.60%	4.10%	N.A.

For more information on prices see *'The stationery, office and school supplies market in the EU' (2006) Chapter 9 'Prices'* and the web addresses provided under '*Useful sources'* of this chapter.

Useful sources

As far as up-to-date information about prices is concerned, set out below are some useful techniques for finding relevant information on prices:

- the CBI survey Guide for Market Research has a wide variety of good advice on how to use the internet for doing research;
- in general, one should always at least search for information in trade journals, at exhibitions, from competitors (do not hesitate to contact this group, either directly or indirectly), potential and existing customers, exporters in your own country that sell products in the same market
- when using the internet search machines, you may find out that using key words in the language of the country being researched will make it much easier; do not search only by using the words 'Stationery, Office or School supplies', but also look for words of related markets or products; e.g. a manufacturer is advised to use the word 'toys', as colour pencils are also sold via that related market, or 'hobby' as they also sell in creative areas!
- Other sources of price information are the local producers. Below are some examples of the important producers and suppliers in Germany:
  - Wholesaling: Spicers (http://www.spicers.de)
  - Retail: Buhrmann (http://www.buhrmann.com/) , Ahrend (http://www.ahrend.com/), Lyreco (http://www.lyreco.com/), Viking (http://viking.de/) and Guilbert (http://www.guilbert.com/)
  - Manufacturing: please, see chapter *'Market Description: Consumption and Production'* of this country survey for more information on manufacturers prices.

5. Market access requirements

As a manufacturer in a developing country preparing to access Germany, you should be aware of the market access requirements of your trading partners and the German government. Requirements are imposed through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns

Legislative requirements

National legislation in EU countries is compulsory for all products traded within the country concerned. Therefore, as an exporter in a developing country, you have to comply with the legislative requirements that are applicable to your products. For information on legislation for stationery sector go to 'Search CBI database' at http://www.cbi.nl/marketinfo, select your market sector, and the EU country of your interest in the category search, click on the search button and click on legislative requirements for an overview of all documents on legislation in your country of interest.

Non-legislative requirements

Social, environmental and quality related market requirements are of growing importance in international trade and are often requested by European buyers through labels, codes of conduct and management systems. For information on non-legislative requirements applicable to the stationery sector, go to 'Search CBI database' at http://www.cbi.nl/marketinfo, select your market sector and the EU country of your interest in the category search, click on the search button and click on your subject of interest under non-legislative requirements for an overview of all documents on the subject concerned in your country of interest.

Packaging, marking and labelling

A detailed overview of other important packaging, marking and labelling aspects which are valid for all EU countries or for groups of EU countries, can be found in the CBI market survey

'The stationery, office and school supplies market in the EU' (2006). More information can be found as well in the web site of ITC Export packaging: http://www.intracen.org/ep/packaging/packit.htm

Tariffs and quota

You can download information on requirements on tariffs and quota in specific EU markets from the CBI website. Go to 'Search CBI database' at http://www.cbi.nl/marketinfo, select your market sector and the EU country of your interest, click on the search button and click on 'market size, distribution, prices and margins' for an overview of documents on the country of your interest. For more information about the countries to which tariffs apply, please, see Chapter 10 'Market Access Requirements' of the *'The stationery, office and school supplies market in the EU' (2006)*.
For Germany the VAT is 16%. However, rates within the EU will gradually be harmonized. Between EU countries there is free movement of goods. With the single European market, no VAT is levied on trade between EU-countries. Up-to-date information on import tariffs can be obtained from the TARIC database of the European Union (http://europe.eu.int/).

Useful sources

- International Standardisation Institute (ISO) (http://www.iso.org/)
- Comité Européen de Normalisation (CEN) - European Normalisation Committee (http://www.cenorm.be/)
- SGS Société Générale de Surveillance (SA) (http://www.sgs.com/)
- International Labour Organization (http://www.ilo.org/)
- Deutsches Institut für Normung (DIN) (http://www.din.de/)

6. Business practices

Selecting a suitable trading partner

A possible way of finding a business partner is the CBI Company Matching Tool, which can appropriately match your company to a German partner. This can be the case only if your company meets the criteria of CBI for an eligible candidate and if you produce products that correspond to the eligible product groups. For more information on that and further procedures, consult the CBI site http://www.cbi.nl. Other suitable ways of finding a business partner are given in Chapter 5 of the CBI's Export planner, namely 'Selecting trade partners'. Possible ways of searching are through Internet, short-listing possible partners. You should travel around, pick up information, compare and select. An idea here is the Paperworld Fair in Frankfurt, which can turn out to be the most suitable place to identify future partners (http://paperworld.messefrankfurt.com/frankfurt/en/home.html).

Reaching an agreement with your trade partner

- The common practice of drawing up an offer in Germany is through negotiations and quotations. Germans as trading partners behave formally and politely. Negotiations usually continue for a long time and all factors and conditions should be clearly and explicitly stated. Quantitative data, product analysis, results from market research and other proven information is of a great value for the German business people.
- Usual methods of payment in Germany include those that are most commonly used in the EU in general. The 'open account' method can be considered the most often used one. However, the exact method of payment depends exclusively on the relation between buyer and seller and the trust between them. Young business relations with little knowledge between the business partners are determined by the position and the strength of the partners. Usually the one with a stronger position and longer experience in the field is the one setting the conditions, not only of payment but also of delivery. For general information on payment and delivery options please refer to CBI's Export planner Appendices 1 & 2, namely 'Terms of payment 'and 'Terms of delivery'.

- 'Allgemeine Geschäftsbedingungen' is the general notation for delivery and payment conditions in Germany. Those conditions concern in general the terms of payment, place and time of shipment, terms of ownership and liability. In Germany free negotiations about ways of payment and delivery are fully accepted. As far as the shipment terms are concerned, the Incoterms are employed everywhere in the country. As for the payment terms, they are those generally agreed in the German 'Allgemeine Geschäftsbedingungen'. Namely, in case of premature payment discount /'Skonto'/ is given for cash payments. In cases of long production time, payments in advance are generally accepted, for instance one third at the time of order, at the time 'ready for shipment' and at shipment.

Sales promotion

Germans view participation in trade fairs and workshops as very useful. The biggest fair for stationery is Paperworld in Frankfurt. The next fair is in 2007 and is called Internationale Frankfurter Messe "The World of Office & Paper Products". The exact dates are Jan 24, 2007 - Jan 28, 2007, the fair is held annually and the organizer is Messe Frankfurt Exhibition GmbH, website: http://paperworld.messefrankfurt.com/. Such trade fairs are the most interesting medium for producers from the developing countries.

For more information about trade fairs in Germany visit the web sites giving more details on that:

- Another address giving more information about trade shows in Germany (http://www.biztradeshows.com/germany/)
- More on German Exhibitions, Conferences & Trade Shows (http://www.eventseye.com/fairs/event_l161.html)

For more information about trade press in Germany visit the web sites giving more details on that:

- Office & Paper (http://www.officeandpaper.de/)
- BOSS Magazin für die PBS/BBO-Branche (http://www.bitverlag.de/)

This survey was compiled for CBI by DCT B.V. in collaboration with Ms. Y.Netto