

CBI MARKET SURVEY

THE STATIONERY, OFFICE AND SCHOOL SUPPLIES MARKET
IN CZECH REPUBLIC

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Introduction

This CBI market survey gives exporters in developing countries information on some main developments in the stationery¹ market in Czech Republic. The information is complementary to the information 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

- The total consumption of stationery in 2005 in the Czech Republic amounted to € 131.3 million at Manufacturing Selling Prices² (excl. Greeting Cards and Cases & Satchels³).
- The Czech Republic market accounts for 1% of the total stationery consumption of the reviewed countries⁴. Compared to the other researched markets, the Czech Republic was one of the small stationery markets in Europe in 2005.
- Between 2004 and 2005, total stationery consumption increased by 1.3%.
- The Czech Republic's consumption of stationery products is forecast to grow by between 0.7 – 1% annually up to 2008.
- In 2005, Office furniture was the largest product group in the Czech stationery market, accounting for about 34% of the market and € 45.6 million at MSP. The next largest segment was Paper-based items with 20% of the total stationery market, worth € 26.1 million. In third and fourth places by market share were Writing & Drawing Instruments and Storage & Filling products with, respectively, 17% and 14% of the total market and values of about € 22.3 and € 18 million. Office & Desk Accessories and Presentation & Planning materials were the smallest segments with relative shares of 8% and 7% and values of consumption respectively of € 9.9 and € 9.4 million at MSP.

Production

- In absolute value the estimated total production of the Czech stationery industry for 2004 was € 105 million (including Cases & Satchels and Greeting cards).
- In 2004, the Czech Republic accounted for 0.5% of the stationery production of the reviewed countries, based on Eurostat statistics, which made it one of the smallest producers in the EU.
- In comparison to previous years, overall production is declining and since 2002 overall production has decreased by more than 10%.
- According to MPA International, the forecasts for 2007 onwards are brighter in terms of GDP growth and private consumption, which should impact positively on stationery

¹ Please, note that with 'stationery' in the whole survey, it is meant 'stationery, office and school supplies'.

² MSP (Manufacturing Selling Prices) – The price at which manufacturers sell products to resellers or direct to users

³ 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 is given later in the text.

⁴ The reviewed countries are: France, Germany, Italy, The Netherlands, Spain, UK, Austria, Belgium, Cyprus, Czech Rep., Denmark, Finland, Greece, Hungary, Ireland, Poland, Portugal, Sweden.

consumption and production. Steady economic growth is expected, assisted by a proposed reduction in taxes in the longer term.

Trends

- 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.
- While the population of the Czech Republic has increased in recent years due to positive net migration, the number of inhabitants is expected to decline to 10,175,000 by 2020 (MPA International). The school populations are also forecast to decrease which will affect school supplies demand negatively.
- Service industry employment in the Czech Republic has been increasing since 2002, and is expected to continue to do so in future, driving up demand for office products.

Opportunities and threats

- According to Datamonitor, one of the major trends in all of the countries admitted in the last EU enlargement is the low, almost zero, savings rate amongst the population and the overall expectations of brighter future. Therefore, Czech people are less reluctant to spend than their neighbours from Western Europe. This is one of the explanations for the higher growth rates in this country amongst the private stationery users.
- According to the Euro Area forecast, the investment opportunities and the real rate of return for the companies in the newly admitted EU countries are much higher, which could be an explanation for the higher Czech stationery consumption in the professional segment. This could present an opportunity for exporters from the developing countries, as this market is not mature, certainly not saturated and, what is more, it is expected to grow.

Useful sources

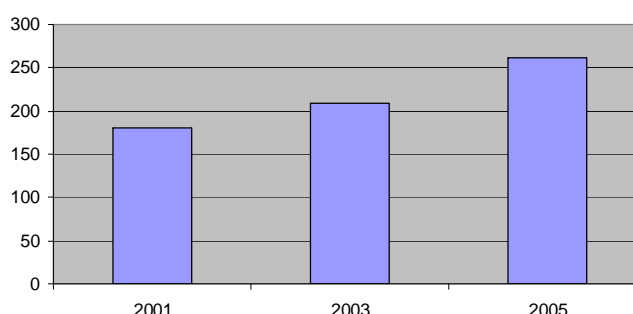
- MPA International - A global consultancy specializing in marketing research and analysis in the office products industry: (<http://www.mpainternational.com/>)
- Czech Republic International Chamber of Commerce (<http://www.icc-cr.cz/edalsi/bestpages.html>)
- Czech Republic per Industry (<http://www.czechindustry.cz/en/index.php>)
- Herlitz – producer operating also in this country (<http://www.herlitz.de/1535.html?&L=2>)

2. Trade: imports and exports

Imports

- Total imports into the Czech Republic in value and volume were respectively € 261⁵ (million) and 86 thousand tonnes in 2005.
- In 2005, the Czech Republic took 2% of the total EU stationery imports and was one of the small importers in the EU.
- In comparison to 2003, imports increased by more than 24%.
- Import growth is forecast to accelerate slightly into 2007, especially if imports maintain their price competitiveness.

Figure 2.1: Import in the Czech Rep.
Stationery market, total imports,
by value (€ millions)

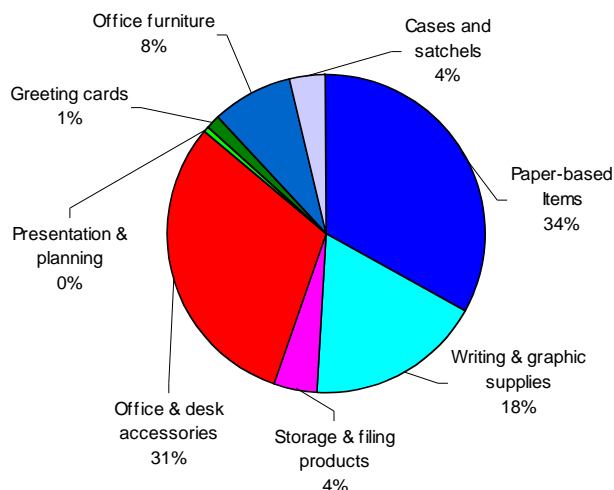


Source: Eurostat database

⁵ Including Cases & Satchels and Greeting Cards

- For the year 2005, the percentage of imports into the Czech Republic coming from the developing countries was around 7%. For a comparison, this percentage was 8.6% in 2003. This slight decrease in the imports from those countries is due to stiffer competition from Extra-EU suppliers (by Extra-EU countries is meant non-EU and non-DC ones, such as Romania, Bulgaria, etc).
- Major developing countries suppliers to the Czech Republic are: China (6.37%), Turkey (0.15%), India (0.14%), Thailand (0.09%), etc.
- For the relative size of the product groups in Czech imports see Figure 2.2.

Figure 2.2: Import in the Czech Rep. Stationery market, segmentation by product group, % share, by value, 2005



Source: Eurostat database

Exports

- Total exports from the Czech Republic in value and volume were respectively € 288 million and 123 thousand tonnes (including Cases & Satchels and Greeting cards) in 2005.
- In 2005, the Czech Republic supplied 2.6% of the total EU stationery exports and it one of the small exporters in the EU.
- In comparison to 2003, exports have increased by more than 40%.
- Vigorous export growth, boosted by EU accession, should continue, though in the coming years at a slower pace. Czech exports seem to be profiting from the German export boom and strong growth in Slovakia (the second biggest export market), as well as new markets to the east (Datamonitor).

Opportunities and threats

- The Czech Republic is a newly admitted EU country and the standard of living is not as high as in the longer-standing members, but stationery consumption in this country is steadily increasing. The need for imports is expected to further increase, especially for cheaper, non-branded goods, as the Czech consumer is price conscious (MPA International).
- The Czech government adopted a new state ICT policy in March 2004, which envisages 50% computer literacy in the Czech Republic by the end of 2006. Other government initiatives introduced during 2004 and estimated to have impact in the future, include the following:
 - Support for the spread of broadband Internet access
 - Provision of tax relief for computer equipment or Internet access services to households.
- According to MPA International, this will threaten some segments of the stationery sector, namely Writing & Drawing Instruments, Paper-based Items and Cases & Satchels (some of them very important for developing country exporters).

Useful sources

- EU Expanding Exports Helpdesk - <http://export-help.cec.eu.int/>
- Eurostat – official statistical office of the EU - <http://epp.eurostat.cec.eu.int>
- European Commission (http://ec.europa.eu/economy_finance/index_en.htm)
- Czech Trade Gate (<http://www.czechtradeoffices.com/Global>)

3. Trade structure

Traditionally, exports from the developing countries took place through a set of importers who have then marketed the product to wholesalers, end-users, or retailers. 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, most important 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 Office product dealers and the contract stationers having the largest share in the distribution structure in the Czech Republic. However, these two distribution channels compete fiercely with each other. Furthermore, it is possible that more international players will enter the Czech market in the future if the market shows more optimistic prospects. Since this is not the case yet this is not expected in the near future.

In retailing, High-street retailers are the ones with greatest impact and coverage of the market. They are expected to maintain their hold on the market, quite unchanged and even increase it slightly up to the end of the decade. For the rest, all the channels will keep their hold of the market constant over the next couple of years.

Exporters from the developing countries might find the retail channels some of the most important ones in the future. It is predicted that their advantages will ensure that retail will continue to gain market share in the Czech Republic in future.

Websites of important players in the Czech Republic are:

- Herlitz – producer operating also in this country (<http://www.herlitz.de/1535.html?&L=2>)
- Top - Office Furniture Supplier (<http://www.top-office.cz/en/kancelarsky-nabytek/profil/>)
- Helap – Office Superstore (<http://www.helap.cz/InfoPage.asp?TP=MN&ID=113>)
- List of companies dealing with Office Supplies (<http://www.prague.tv/prague/business/office-suupplies>)

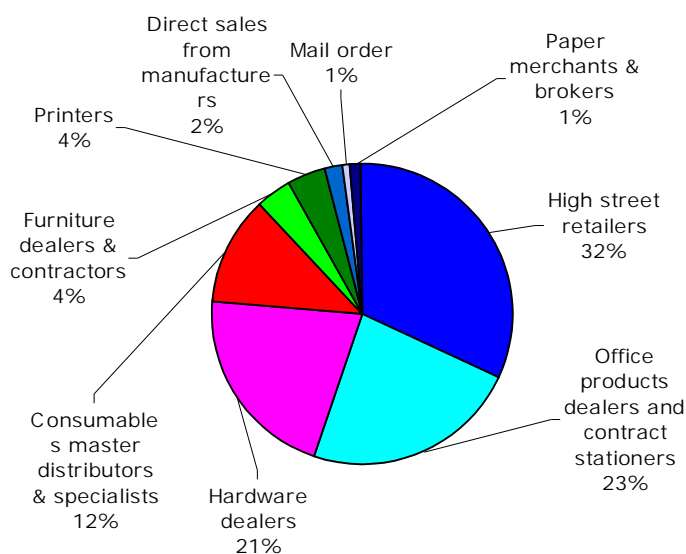
Websites with interesting information on the trade structure of the Czech Republic are:

- MPA International - A global consultancy specializing in marketing research and analysis in the office products industry (<http://www.mpainternational.com/>)
- Office Products International Magazine (<http://www.opi.net/index.asp?>)
- Czech Business Web Portal (<http://www.businessinfo.cz/en/>)
- Czech Trade Gate (<http://www.czechtradeoffices.com/Global>)

4. Prices

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.

Figure 3.1: Distribution of Stationery in Czech Rep., segmentation by format, % share, by value, 2005



Source: MPA International

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
N.A.	-10%	-0.10%	-17%	8.70%	N.A.	18%	N.A.

For examples of prices see for more information '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.

As far as up-to-date information about prices is concerned, below are mentioned 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, potential and existing customers, exporters in your own country that sell products in the same market
- Other sources of price information are the local producers. Below are some examples of the important producers and suppliers in the Czech Republic:
- List of companies dealing with Office Supplies (<http://www.prague.tv/prague/business/office-suupplies>)
- Top Office – Office Furniture Supplier (<http://www.top-office.cz/en/kancelarsky-nabytek/profil/>)

5. Market access requirements

- Manufacturers in developing countries should be aware of the market access requirements of their trading partners and the country government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns.
- For more information go to 'Search CBI database' at <http://www.cbi.nl/marketinfo>

A detailed overview of important packaging, marking and labelling aspects which are valid for all EU countries or for groups of EU countries as well as of more information about the countries to which tariffs apply, can be found in the CBI market survey 'The stationery, office and school supplies market in the EU' (2006). More information about packaging can be found as well in the web site of ITC Export packaging:

<http://www.intracen.org/ep/packaging/packit.htm>. The VAT rate in the Czech Republic is currently 19%.

Important sites:

Taric database at http://europa.eu.int/comm/taxation_customs/index_en.htm

European Union (<http://europe.eu.int/>)

European Committee for Standardization (<http://www.cenorm.be>)

European Committee for Standardization (CEN) and <http://www.iso.org/>

6. Business practices

- Trade shows in the Czech Republic (<http://www.biztradeshows.com/czech-republic/>)
- Czech Exhibitions, Conferences & Trade Shows (http://www.eventseye.com/fairs/event_1151.html)
- Czech Trade - Official Business and Trade Gate to the Czech Republic (<http://www.czechtradeoffices.com/Global>)
- For trade press and related articles: Office Products International Magazine (<http://www.opi.net/index.asp?>)
- Other sites for finding business partners (<http://www.planetbusiness.com/country/412.htm>)
- Czech Business Web Portal (<http://www.businessinfo.cz/en/>)

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