

CBI MARKET SURVEY

THE STATIONERY, OFFICE AND SCHOOL SUPPLIES MARKET
IN CYPRUS

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Introduction

This CBI market survey gives exporters in developing countries information on some main developments on the stationery¹ market in Cyprus. 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 Cyprus amounted to approximately € 29.5² million at Manufacturing Selling Prices³ (excl. Greeting Cards and Cases & Satchels⁴).
- In comparison to the other researched markets⁵, the Cyprus market was on the last place with its scarce marginal share of the total EU stationery market in 2005.
- Between 2004 and 2005, total stationery consumption increased marginally according to Datamonitor EU cumulative report.
- Cyprus consumption of stationery products is forecast to grow steadily until the end of the decade. According to the Datamonitor report, this will be mainly due to positive wage developments and employment growth on the island.

Production

Unfortunately, in the Eurostat database there is no available information concerning production in this country. According to the Dutch Agency for International Business and Cooperation (EVD), around about 80% of Cyprus's GDP is generated by services, mainly tourism services (about 20%) and financial and offshore services (also about 20%). The industrial part of the economy is about 11% of total GDP, which amounted to about 7,216 million euros at current prices in 2004. In short, industrial production is about € 790 million per annum for all sectors. Moreover, the most important sectors are the food, drinks, clothing and metal industries. The stationery sector is only small, as is the stationery production in this country.

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.

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

² None of the research agencies is gathering consumption information for Cyprus. The method left as a last resort so to say is the so-called "per capita consumption method" which takes the average consumption per person from the weighted average of the EU countries and applies that to the population of the specific country. In this sense, the consumption figure given in this survey is just an indicative and rough number.

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

- The share of people of working age (between 15 and 64 years) has increased in recent years to 67.7% in Cyprus (CIA: The World Factbook, 2005). A higher-than-average proportion of the population is of school age and this will have a positive effect on school and office supplies in the coming years as students from secondary and higher education are the main drivers for stationery consumption (Euromonitor).
- Moreover, as mentioned above, services make up to 80% of the economy and continue to experience higher growth than industry sectors because of rising cost levels, absence of raw materials, high number of independent SMEs and a small domestic market. According to MPA International, the growing service sector has a positive effect on Office Furniture and Office & Desk Accessories consumption.

Opportunities and threats

- A threat in this market is its relatively small stationery consumption. The limited size of the market reduces the possibilities of exports to Cyprus.
- Demand for stationery will grow in the coming years for several reasons, such as demographic developments, growing interests of consumers in fashionable and trendy items, especially among younger people, and expected growth in consumer expenditure.

Useful sources

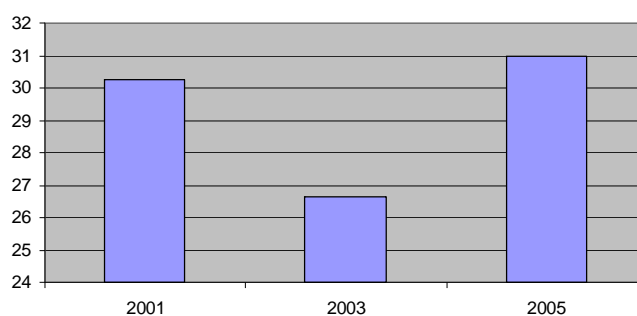
- Cyprus Chamber of Commerce and Industry (<http://www.ccci.org.cy/>)
- Office Products Magazine (<http://www.opi.net>)
- Statistical Service - Ministry of Finance (<http://www.pio.gov.cy/dsr/index.html>)
- Trade Department of the Ministry of Commerce, Industry and Tourism of the Republic of Cyprus (www.mcit.gov.cy/ts)
- Euromonitor – Research agency (<http://www.euromonitor.com>)

2. Trade: imports and exports

Imports

- Total imports into Cyprus in value and volume were respectively € 31⁶ (million) and 13 thousand tonnes in 2005.
- In 2005, Cyprus took 0.4% of the total EU stationery imports and was the smallest importer in the EU.
- In comparison to 2003, imports have increased by more than 16%.
- Import growth is forecast to accelerate slightly into 2007 in line with the projected pick-up in consumer expenditure and overall economic growth.⁷
- For the year 2005, the percentage of imports into Cyprus coming from the developing countries was more than 38%. For a comparison, this same percentage used to be 27% back in 2003.
- Major developing countries suppliers to Cyprus are: China (32.3%), India (0.7%), Turkey (3.05%), Indonesia (1.30%), etc.
- For the relative size of the product groups in Cyprus import see Figure 2.2.

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



Source: Eurostat database

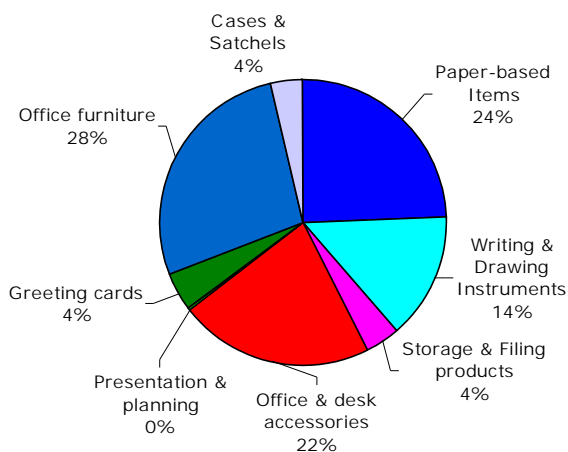
⁶ Including Cases & Satchels and Greeting Cards

⁷ The island relies on imports for a lot of consumer goods (including stationery).

Exports

- Total exports from Cyprus in value and volume were respectively € 2 million and 330 thousand tonnes (including Cases & Satchels and Greeting cards) in 2005.
- In 2005, Cyprus was the smallest stationery exporter in the EU.
- In comparison to 2003, exports have considerably increased.
- With a service-dependant domestic market, stationery exports are not of vital importance to the Cyprus economy. The external sector is projected to contribute marginally to GDP growth in the coming years (Datamonitor).

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



Source: Eurostat database

Opportunities and threats

- In general, the share of imports coming from developing countries is considerable and those suppliers account for more than one-third of the market.
- In almost all product groups developing countries suppliers are increasing their share. Exporters should pay special attention to the segments Cases & Satchels, Presentation & Planning materials and Writing & Drawing Instruments, where developing countries suppliers have best positions.

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)

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.

- Wholesalers and importers are potential trade channels for exporters in developing countries.
- Just like in Greece, the domestic retailers compete with foreign chains and sometimes this leads to acquisitions of local players. In 2005, Carrefour Marinopoulos entered into a partnership agreement with Andreas Andreou to acquire control of Chris Cash & Carry in Cyprus (<http://www.ccc.com.cy>).
- Important news on the Cyprus market is the building of IKEA's first Cyprus store (<http://www.ikea.com>), which is expected to be ready by June 2007 and to generate annual sales of between EUR 40-50 million, according to the head of the Greek franchise owner Furlis, the Cyprus Financial Mirror reports.
- Websites of important players in Cyprus are:
- Greece-based OP operator Plaisio (<http://www.plaisio.gr/>)

- Lyreco (<http://officeproducts.lyreco.com/LGWStaticContent/page/index.htm>)
- Office1 Superstore (<http://www.office1.gr/>)
- MACRO Superstores (<http://www.makro.gr/>)

Websites concerning interesting information on the trade structure of Cyprus are:

- Office Products International Magazine (<http://www.opi.net/index.asp?>)
- Trade Department of the Ministry of Commerce, Industry and Tourism of the Republic of Cyprus (www.mcit.gov.cy/ts)
- Euromonitor – Research agency (<http://www.euromonitor.com>)

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.

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
-7%	N.A.	-10%	N.A.	-14%	-15%	N.A.	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 local players. Above are some examples of the important producers and suppliers in the Cyprus.

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 Cyprus is currently 15%.

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 Cyprus (<http://www.biztradeshows.com/cyprus/>)
- Cyprus Exhibitions, Conferences & Trade Shows (http://www.eventseye.com/fairs/event_1281.html)
- For trade press and related articles: Office Products International Magazine (<http://www.opi.net/index.asp?>)
- For more information on trade practices and culture in Cyprus as well as the business etiquette in the country, check: (<http://www.kwintessential.co.uk/resources/global-etiquette/cyprus-country-profile.html>)

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

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