CBI MARKET SURVEY

THE DOMESTIC FURNITURE MARKET IN AUSTRIA

Publication date: September 2006

Introduction

This CBI market survey gives exporters in developing countries information on some main developments on the domestic furniture market in Austria. The information is complementary to the information provided in the CBI market survey 'The domestic furniture market in the EU' 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 domestic furniture market in Austria is valued at € 2,175 million in terms of retail sales.
- This is the ninth largest in the EU and is similar to a cluster of other countries, including Belgium, Poland and Sweden.
- The introduction of the Euro caused price rises and the sector has faced declining revenues due to market saturation.

Table 1.1 Consumption of domestic furniture in Austria, 2001-2005, € million

	2001 €m	2003 €m	2005 €m	Population (million)	Consumption per capita €	Households (000's)	Occupants per h/h
Austria	2,195	2,120	2,175	8.2	265	3,342	2.4

Source: National Trade Associations, Euromonitor, Eurostat (2006)

- Consumption is starting to slowly increase again after falls in previous years. Further small increases are likely in the next few years, although the low price strategy adopted by a number of major retailers will limit the value of any increases in volume.
- In terms of the selected product groups, it is estimated that upholstered furniture is the largest group, accounting for 27% of sales; dining and living room furniture 22%; kitchen furniture 20%; bedroom furniture 10% and other furniture 21%.

Production

- The value of domestic furniture production in Austria was estimated at € 1,760 million.
- Production is starting to increase slowly after some years of decline.

Table 1.2 Production of domestic furniture by Austria, 2001- 2005, € million

	2001 value	2003 value	2005 value*	Average % change in value	Number of companies 2004	Number of employees 2004
Austria	1,765	1,720	1,760	0.0	750	6,780

Source: UAE
*estimated

- According to Eurostat, the volume of Austrian production was 22.8 million items in 2003, of which 21.4 million were other furniture and 0.9 million kitchen furniture items.

- The largest category is other furniture, which are also growing. Wooden kitchen furniture production is in decline.
- The industry is forecast to continue to grow, albeit slowly, underpinned by research into further adding value to wood-based furniture products.

Trends

- As well as pursuing low price strategies, the main trends include a move to large size outlets to create cost savings; the need for sophisticated retailing to match the aspirations of sophisticated consumers and the creation of lifestyle themes and products in order to make the purchase experience easier and more enjoyable.
- The production industry is confidently moving forward on the basis that new designs should reflect Austrian culture, building on the old traditions of craftsmanship combined with industrial precision.
- The use of natural materials processed to meet high environmental standards is also encouraging consumers to buy Austrian-produced furniture.

Opportunities and threats

- Austria is a challenging market for exporters from developing countries. The strength of domestic production makes it difficult to enter the market.
- However, opportunities can be found if the high quality standards demanded in this market can be achieved at a lower price, or other point of difference (such as furniture made of special types of wood e.g. of rose oak, palm fibre etc..) which will interest consumers.

Useful sources

- The Austrian Furniture Industry – http://www.moebel.at
- Austrian National Statistics – http://www.statistik.at
- Markant Market Research – http://www.markant.cc
- Information on producers can be found at http://www.timber-online.net
- The main furniture trade fair sometimes provides relevant information – http://www.messe.at

2. Trade: imports and exports

Imports

- In 2005, Austria's imports of domestic furniture were valued at € 1,408 million or 344,000 tonnes. Austria was the seventh largest EU importer by value and ninth largest by volume. This is broadly the same level of imports as Italy, the Netherlands and Sweden.
- Imports were down by 7.7% in value, but up by 1.5% in volume between 2001 and 2005. Exports were at similar levels to imports and production was higher. A large proportion of production is taken up by domestic consumption. The relationship between Austria's imports and exports is fairly stable and consistent.
- Around 6% of Austria's imports valued at € 85 million (8% by volume) come from developing countries. The leading developing country suppliers are China (€ 21.3 million), Croatia (€ 20.7 million), Turkey (€ 13.4 million), South Africa (€ 6.6 million), Indonesia (€ 5.7 million) and Bosnia-Herzegovina (€ 4.2 million). Smaller suppliers are Serbia and Montenegro, Vietnam, the Philippines and Brazil. Importers registering large increases were China, India and Brazil. Thailand and Indonesia registered decreases.
- Furniture parts were the largest product group with imports valued at € 361 million (26% of total by value and 20% by volume). Imports were significantly down over the period. Other furniture was the next largest group by value (€ 328 million) but the largest group by volume (93,000 tonnes or 27%). Upholstered (€ 207 million), dining and living room (€ 186 million), bedroom (€ 122 million), non-upholstered (€ 97 million), kitchen (€ 91 million) and rattan € 16 million) were the value of imports of the other product groups.

Exports

- In 2005, Austria's exports of domestic furniture were valued at € 1,302 million or 345,000 tonnes. Between 2001 and 2005 the value of exports was broadly unchanged, but volumes were up by almost 60%.
- Around 79% of exports were intra-EU and Germany was the largest partner. Some
- re-exporting took place with Germany in particular. Italy and Switzerland were the other major trading destinations.
- Almost 60% of Austrian exports were furniture parts.

Opportunities and threats

- Imports are an important part of the Austrian furniture trade, but domestic production is well-established, so competition is strong. Although imports are down over the period, imports from developing countries are down even further. This is due to significant falls in imports of furniture parts.
- Opportunities exist for developing country exporters of other furniture (e.g. open shelving systems, wicker baskets, bathroom cabinets, baskets etc...), non-upholstered furniture and dining and living room furniture. Note increased domestic production of other furniture, but decreases in the other two categories.

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
- Austrian National Statistics – http://www.statistik.at

3. Trade structure

- Furniture distribution in Austria is more concentrated than in any other EU country. The tradition of furniture manufacturing has created a significant distribution channel of cabinet makers who make and sell their own furniture from their own workshops.
- Much furniture is imported through agents that usually specialise in particular types of furniture. These can be found via http://www.commercial-agent.at. Increasingly, agents are being overlooked and exporters to Austria are approaching the major furniture retailers directly. Other furniture importers include http://www.moebel-ludwig.at, http://www.proform.at, and http://www.austrianfurniture.com.
- Lutz is the leading Austrian furniture retailer with 95 outlets in 2005 (http://www.lutz.at) and is followed by Kika with 50 outlets (http://www.kika.at) and Leiner with 17 outlets (http://www.leiner.at). IKEA is present in Austria with 6 outlets (http://www.ikea.at). The leading furniture buying group is Garant Moebel (http://www.garant-moebel.at).
- More information on trade structure can be found at the Austrian Furniture Industry (http://www.moebel.at) or the Austrian Economic Trade Chamber (http://www.wko.at/einrichtungsfachhandel).

4. Prices

- Austria has traditionally been one of the higher priced countries in the EU for domestic furniture. However, in recent years prices have remained stable or even have decreased as a result of the economic recession. This has been further affected by Austria's proximity to Germany where prices have generally fallen.
- For up to date furniture prices, see IKEA (http://www.ikea.at), leading retailer KIKA (http://www.kika.at) and buying group Garant Moebel (http://www.garant-moebel.at).

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

6. Business practices

- Austrians tend to be punctual and fairly formal when doing business, particularly in the use of titles. They are direct and more old-fashioned than other Western European countries.
- Payment terms are 30 days. A discount may be given if payment is made within 10 days.
- The main furniture trade fair is called CASA and usually takes place in Salzburg each February. More details can be found at http://www.casa-messe.at.
- More information on business practices in the furniture trade in Austria can be found at the Austrian Furniture Industry (http://www.moebel.at) and at the Austrian Federal Economic Chamber (http://wko.at/awo/chamberinfo.htm).
- The main trade publications are Wohnkultur (http://www.verlag-lorenz.at) and Tischler Journal (http://www.wirtschaftsverlag.at). Additional information can also be found at http://www.timber-online.net.

This survey was compiled for CBI by ***Searce*** in collaboration with Mr. Johan Jonkers