CBI MARKET SURVEY

THE DOMESTIC FURNITURE MARKET IN DENMARK

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Introduction

This CBI market survey gives exporters in developing countries information on some main developments on the domestic furniture market in Denmark. 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 Denmark is valued at € 1,096 million in terms of retail sales.
- This is the fourteenth largest in the EU and is similar to a cluster of other countries, including Finland, the Czech Republic and Ireland. The introduction of the Euro caused price rises as the value of the Danish Krona is closely linked to the Euro.

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

	2001 €m	2003 €m	2005 €m	Population (million)	Consumption per capita €	Households (000's)	Occupants per h/h
Denmark	1,085	1,075	1,096	5.4	203	2,498	2.2

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

- Consumption is starting to increase again after falls in previous years. It is now higher than 2001 levels.
- Further sales increases are likely in the next few years, fuelled by continued consumer interest in home decoration and renovation.
- 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 19%; bedroom furniture 12% and other furniture 20%.

Production

- Denmark is one of the world's leading furniture producers with a strong reputation for quality and style. Its production was valued at € 2,025 million in 2005, of which over 80% is exported.

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

	2001 value	2003 value	2005 value*	Average % change in value	Number of companies 2004	Number of employees 2004
Denmark	2,022	1,982	2,025	0.0	1,000	16,470

Source: UAE
*estimated

- According to Eurostat, the volume of Danish production was 18.6 million items in 2003, of which 9.7 million were dining and living, 4.3 million other furniture and 2.6 million kitchen furniture items.

- Production levels have remained stable in recent years due to competition from lower priced competitors. This situation is forecast to continue.
- Production of other furniture is increasing while production of dining and living room furniture is decreasing.

Trends

- Danish consumers continue to be amongst the most demanding in Europe in terms of their environmental requirements. Naming and shaming retailers who sell furniture sourced from illegal tropical forests is not uncommon.
- Although the Danish furniture industry has been very focussed on exports, they have recently been focussing on domestic sales, achieving success in high-end products. In addition, recent mergers and acquisitions have consolidated the position of domestic producers.
- The use of robots has become more usual as a means of improving competitive advantage.

Opportunities and threats
- The growth in domestic consumption is the basis for more opportunities for exporters from developing countries. Although domestic production is very strong and a threat to exporters as they are also now concentrating on the domestic market, opportunities exist provided the high quality and environmental standards are met.
- Other opportunities may exist in becoming a partner with a domestic producer. Some producers are looking to outsourcing to supply components or ready-made furniture.

Useful sources
- The Association of Danish Furniture Industries – http://www.danishfurniture.dk - has consumption information as well as information on producers
- Danish National Statistics – http://www.statbank.dk
- The Copenhagen Furniture Fair – http://www.furniturefair.dk
- Danske Moebler trade magazine – http://www.danishfurniture.dk

2. Trade: imports and exports

Imports
- In 2005, Denmark's imports of domestic furniture were valued at € 823 million or 279,000 tonnes. Denmark was the tenth largest EU importer by value and by volume. This is broadly the same level of imports as Poland and the Czech Republic.
- Imports increased by a third in value and 17% by volume between 2001 and 2005. Exports exceeded imports by more than twice in value and by 150% in volume. Imports are increasing at a faster rate than exports, as production has been static. Although there is a significant production industry, imports are taking an increasing share of domestic consumption.
- Nearly 28% of Denmark's imports valued at € 232 million (38% by volume) come from developing countries. The leading developing country suppliers are China (€ 152 million), Indonesia (€ 27.5 million), Vietnam (€ 15.6 million), Malaysia (€ 9.8 million), Thailand (€ 9.8 million) and Turkey (€ 1.4 million). Smaller suppliers are India, Croatia, the Philippines, Brazil and Egypt. Importers registering large increases were China, Turkey and Thailand. Vietnam and Indonesia registered decreases.
- Upholstered furniture was the largest product group with imports valued at € 231 million (28% of total by value and 14% by volume). Imports were up over the period, particularly in volume terms. Furniture parts were the largest group by volume (29%), valued at € 190 million. Other (€ 147 million), dining and living room (€ 95 million), non-upholstered (€ 86 million), bedroom (€ 51 million), kitchen (€ 16 million) and rattan (€ 7.4 million) were the value of imports of the other product groups.

Exports
- In 2005, Denmark's exports of domestic furniture were valued at € 1,772 million or 697,000 tonnes. Between 2001 and 2005 the value of exports increased by 8%.
- Volumes were up by over 30%. Denmark is a significant exporter in relation to the size of the country.
- Around 75% of exports were intra-EU. Germany (28%) was the largest destination country, followed by the UK, Norway and Sweden. Re-exporting is not a major feature of Danish exports.
- Nearly 26% of Danish exports were bedroom furniture.

Opportunities and threats
- Opportunities for developing country producers exist in Denmark. Imports have been rising at a faster rate than exports and production is not increasing. Imports from developing countries are rising at a faster rate than other imports.
- Upholstered seating, furniture parts and dining and living room furniture offer the best opportunities, particularly as domestic production of these categories are all in decline.

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
- Danish National Statistics – http://www.statbank.dk

3. Trade structure

- The furniture distribution chain is very competitive. Exporters from developing countries look to purchasing agents and Danish manufacturers to import their products. Agents tend to be the main link to retailers (and sometimes wholesalers). Manufacturers of rattan, teak, mahogany and other types of tropical hardwoods rely almost entirely on foreign suppliers.
- Half of all imports are made by manufacturers. Agents, wholesalers and retailers make up the remainder. The Danish Furniture Agents Association (http://www.dm-agent.dk) is a good contact. Other importers and buying groups are Idé Møbler (http://www.ide.dk), Danbo Møbler (http://www.dan-bo.dk), Møbelkaeden (http://www.moebelkaeden.dk), Cane Line (http://www.cane-line.dk), Smag og Behag (http://www.smag-behag.dk) and Actona (http://www.actonacompany.com).
- IKEA with 4 outlets in 2005 is the leading retailer, followed by Jysk with 89 outlets (http://www.jysk.dk), Idé Møbler with 39 outlets (http://www.idemobler.dk), Ilva (http://www.ilva.dk) and BoConcept (http://www.boconcept.dk).
- More information on trade structure can be found at the Association of Danish Furniture Industries (http://www.danishfurniture.dk).

4. Prices

- Furniture prices in Denmark are currently lower than the European average. They are home to Bo Concept and Ilva, two trend-setters in the European market who are setting new standards and delivering competitive prices to match. IKEA prices are very competitive also, and other retailers are forced to be competitive.
- For up-to-date furniture prices, see IKEA (http://www.ikea.dk), Danish retailers Ilva (http://www.ilva.dk) and Jysk (http://www.jysk.dk).

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.

- With regards to environmental requirements, the Nordic Swan label is an independent label and well recognised in Scandinavian countries.
- For more information go to 'Search CBI database' at http://www.cbi.nl/marketinfo

6. Business practices

- Danes tend to be tolerant but like time to be spent efficiently at meetings, so presentations should be clear and concise. They may sometimes appear blunt and un-diplomatic, but that is their way. They appreciate things that impact positively on the environment, or have an ethical dimension.
- Usual terms of payment are 30 days open account.
- The main furniture trade fair is held in Copenhagen in May each year. For details see http://www.furniturefair.dk.
- More information on business practices in the furniture trade in Denmark can be found at http://www.danishfurniture.dk (Association of Danish Furniture Industries). The Danish Import Promotion Office is also a good point of contact (http://www.dipo.dk).
- There is one trade publication for furniture, called Danske Moebler (http://www.danishfurniture.dk).

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