CBI MARKET SURVEY

THE DOMESTIC FURNITURE MARKET IN IRELAND

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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 Ireland. 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 Ireland is valued at € 796 million in terms of retail sales.
- This is the tenth smallest in the EU and is similar to a cluster of other countries, including Hungary, Denmark and the Czech Republic.
- The introduction of the Euro caused price rises but the market has avoided much of the recession in recent years that has affected much of mainland Europe. Hence the market has continued to grow.

Table 1 Consumption of domestic furniture in Ireland, 2001-2005, € million

	2001 €m	2003 €m	2005 €m	Population (million)	Consumption per capita €	Households (000's)	Occupants per h/h
Ireland	650	750	796	4.1	194	1,400	2.9

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

- Further sales increases are likely in the next few years, driven by massive media coverage of programmes that encourage home improvement and decoration.
- In terms of the selected product groups, it is estimated that upholstered furniture is the largest group, accounting for 25% of sales; dining and living room furniture 19%; kitchen furniture 18.5%; bedroom furniture 15% and other furniture 22.5%.

Production

- Production of furniture in Ireland is valued at € 348 million, unchanged broadly over the last few years. The volume of Irish production was 5.8 million items in 2003, of which 3.9 million were other furniture items.
- There is a slowdown in production since the late nineties due to falling export volumes. Limited increases are expected in future years.
- Kitchen furniture and bedroom are also important sectors. Production of other furniture and furniture parts are on the increase.

Trends

- Lifestyle changes and the move to single person households have seen a reduction in the demand for fitted bedroom furniture and an increase in demand for more modular, flexible items.
- Low interest rates are also fuelling demand by encouraging first time buyers into the property market.
- The use of the Internet for purchasing is stimulating consumption, but has put pressure on manufacturers and retailers to be more consistent in their prices.

- Most production enterprises are quite small, which has been seen as a drawback to developing exports. However, a variety of collective marketing programmes have been established to improve export sales. This is helping to boost the country's international competitiveness.

Opportunities and threats
- Ireland is a growing market for domestic furniture. Consumption has been growing at a faster rate than production, so opportunities exist for exporters from developing countries. Some imports are as a result of re-exports from the UK.
- Opportunities will be found by those exporters who can recognise and respond to the rapid demographic changes taking place in
- Ireland today. Greater affluence does not necessarily mean more expensive furniture. New buyers are looking for good value functional products.

Useful sources
- The National Furniture Manufacturing association is affiliated to the Construction Industry Federation (http://www.cif.ie)
- InterTradeIreland has produced a comprehensive report on the furniture market – http://www.intertradeireland.com
- Euromonitor International – http://www.euromonitor.com
- The Central Statistics Office – http://www.cso.ie
- Enterprise Ireland – http://www.enterprise-ireland.com

2. Trade: imports and exports

Imports
- In 2005, Ireland's imports of domestic furniture were valued at € 384 million or 111,000 tonnes. Ireland was the tenth smallest EU importer by value and by volume. This is broadly the same level of imports as Hungary, Finland, Greece, Slovakia and Slovenia.
- Imports increased by 65% in value and 91% by volume between 2001 and 2005. Imports exceeded exports over six times in value and nine times in volume. Imports are increasing while exports are declining. Production has not been growing, so rising imports have been satisfying the growing domestic consumption.
- Nearly 32% of Ireland's imports valued at € 123 million (47% by volume) come from developing countries. The leading developing country suppliers are China (€ 59.3 million), Malaysia (€ 22.3 million), Vietnam (€ 11.2 million), Indonesia (€ 10.4 million), Thailand (€ 6.1 million) and Brazil (€ 5.8 million). Smaller suppliers are India, South Africa, Turkey and Mexico. Importers registering large increases were China, Vietnam and Thailand. Brazil and South Africa registered decreases.
- Dining and living room furniture was the largest product group with imports valued at € 91.4 million (24% of total by value and 27% by volume). Upholstered furniture was the next largest group, valued at € 73.4 million. Imports were up over the period, particularly in value terms. Other furniture (€ 67.6 million), bedroom (€ 58.7 million), furniture parts (€ 31.3 million), kitchen (€ 30.6 million), non-upholstered (€ 22.9 million) and rattan (€ 7.9 million) were the value of imports of the other product groups.

Exports
- In 2005, Ireland's exports of domestic furniture were valued at € 59 million or 13,000 tonnes. Between 2001 and 2005 the value of exports decreased by 28%. Volumes were down by 35%. Although Ireland is a relatively small exporter, this was the worst performance in the EU.
- Around 83% of exports were intra-EU. The UK (80%) was the largest destination country, followed by Hong Kong, the USA and Germany. Some re-exporting takes place with the UK.
- Almost 56% of Irish exports were dining and living room and other furniture.

Opportunities and threats

- Significant opportunities exist for exporters from developing countries. In the last few years, imports have been rising rapidly while exports are declining and production is just starting to recover.
- Imports from developing countries have been rising more quickly than imports from other countries. Opportunities can be found in upholstered and non-upholstered seating, as well as bedroom and other furniture.

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
- The Central Statistics Office – http://www.cso.ie

3. Trade structure

- Of the 580 outlets selling home furniture, just 80 of them represent over half the trade. Key independent retailers include Arnott's, Clerys and Casey's department stores, Classic Furniture, Diamond, Wogan's and In Store. There are also many leading UK multiple retailers operating in Ireland. They tend to focus their sourcing on low-cost supply countries in the Far East and Eastern Europe.
- Retailers expect more from their suppliers in terms of service, so there is pressure to drive costs out of the distribution chain. Further pressure is coming from increased use of the Internet to purchase furniture. Developing country exporters should consider contacting http://www.zocalo.ie, http://www.flanagans.ie or http://www.zinsay.net amongst others.
- Harvey Norman, an Australian furniture multiple has opened in Ireland, and IKEA is planning to enter the market. Leading retailers are Reid Furniture with 6 outlets in 2004 (http://www.reidfurniture.ie), KA International with 4 outlets (http://www.kainternational.ie) and Habitat with 3 outlets (http://www.habitat.net).
- More information on trade structure can be found at http://www.intertradeireland.com.

4. Prices

- Furniture prices in Ireland are generally somewhat higher than the major countries of mainland Europe. This is in line with the Irish economy in general. Many leading retailers are from the UK, where furniture prices are also high. IKEA has not yet entered the Irish market (for land planning reasons). If they do, expect a general downward trend.
- For up-to-date furniture prices, see retailers Reid Furniture (http://www.reidfurniture.ie), KA International (http://www.kainternational.ie) and Habitat (http://www.habitat.net).

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

- Irish business culture is open and friendly. Irish people are very generous with their time but also very shrewd and accustomed to buying.
- Usual terms of business are 30 days open account.
- The main furniture trade fair takes place in Dublin each March. Contact http://www.irishfurniturefair.com.

- More information on business practice can be found at http://www.enterprise-ireland.com. The National Furniture Manufacturing association is affiliated to the Construction Industry Federation (http://www.cif.ie).
- Furniture News Ireland (http://www.nigelgearing.com) and an Irish edition of the UK publication Furniture Today (http://www.furnituretoday.org) cover the trade press. House and Home magazine covers consumer interest in furniture (http://www.houseandhome.ie).

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