CBI MARKET SURVEY

THE DOMESTIC FURNITURE MARKET IN SLOVENIA

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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 Slovenia. 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 Slovenia is valued at € 218 million in terms of retail sales.
- This is the sixth smallest in the EU and is a similar size to Lithuania. The market is the closest of the new Member States to a Western European economy, and above average increases have been experienced since joining the EU.

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

	2001 €m	2003 €m	2005 €m	Population (million)	Consumption per capita €	Households (000's)	Occupants per h/h
Slovenia	185	204	218	2.0	109	700	2.8

Source: National Trade Associations, Eurostat, Csil, Trade Estimates (2006)

- Further sales increases are likely in the next few years, much of which will be as a result of price rises anticipated as a consequence of joining the Euro in 2007.
- In terms of the selected product groups, it is estimated that upholstered furniture is the largest group, accounting for 23% of sales; dining and living room furniture 20%; kitchen furniture 18%; bedroom furniture 13% and other furniture 26%.

Production

- Furniture production in Slovenia is valued at € 625 million, up from € 508 million in 2001.
- According to Eurostat, the volume of Slovenian production was 9.2 million items in 2003, of which 5.1 million were other furniture and 1.6 million non-upholstered furniture items.
- Increases in the production of furniture parts has grown at the fastest rate, followed by increases in kitchen furniture. Production of dining and living room and bedroom furniture has been decreasing.
- Production is expected to continue to increase in coming years, albeit at a slower rate.

Trends

- Environmental considerations are becoming more important in Slovenia and may soon impact on furniture choices in the domestic market.
- Slovenia is a relatively affluent country, so foreign retailers will continue to be attracted there. Slovenia is also seen as a strategic location to access the Croatian market.
- Most furniture producing companies are small. The trend has been for them to look abroad to make partnerships and other forms of co-operation.
- The furniture industry is modernising and hoping to further develop its exports.

Opportunities and threats

- Imports will become more important in the Slovenian market. Consumers already have relatively sophisticated tastes. Exporters from developing countries can find opportunities if they can produce high quality products at reasonable value.
- Other opportunities can be found by looking for partnerships with Slovenian manufacturers who are looking for low priced suppliers.

Useful sources

- Euromonitor International – http://www.euromonitor.com
- Chamber of Commerce – http://www.gzs.si/eng/article.asp?id=193&idpm=53
- Slovenian Statistical Office – http://www.stat.si/eng
- Slovenian Business Week – http://www.gzs.si/eng/news/sbw/

2. Trade: imports and exports

Imports

- In 2005, Slovenia's imports of domestic furniture were valued at € 335 million or 79,000 tonnes. Slovenia was the ninth smallest EU importer by value and eighth smallest by volume. This is broadly the same level of imports as Slovakia, Ireland and Finland.
- Imports increased by 179% in value and 102% by volume between 2001 and 2005. Exports exceeded imports almost three times in value and by more than double in volume. Exports are increasing as fast as imports. Production has also been growing, so rising imports and production have been satisfying the growing domestic consumption.
- More than 49% of Slovenia's imports valued at € 165 million (27% by volume) come from developing countries. The leading developing country suppliers are Bosnia and Herzegovina (€ 80.1 million), Croatia (€ 74.5 million), China (€ 5.4 million), Malaysia (€ 1.8 million), Serbia-Montenegro (€ 1.4 million) and Indonesia (€ 0.9 million). Smaller suppliers are Turkey, Brazil, India, Morocco and Mexico. Importers registering large increases were China, Malaysia and Indonesia, as well as the neighbouring Balkan states. Turkey and India registered decreases.
- Furniture parts was the largest product group with imports valued at € 241 million (72% of total by value and 51% by volume). Imports were significantly up over the period, particularly in value terms. Other furniture was the next largest group, valued at € 25.8 million. Upholstered (€ 20.1 million), non-upholstered (€ 16.2 million), dining and living room (€ 10.4 million), bedroom (€ 10.1 million), kitchen (€ 8.8 million) and rattan (€ 2.6 million) were the value of imports of the other product groups.

Exports

- In 2005, Slovenia's exports of domestic furniture were valued at € 959 million or 185,000 tonnes. Between 2001 and 2005 the value of exports increased by 190%. Volumes were up by 58%. Slovenia is now a relatively large exporter in relation to its size.
- Around 83% of exports were intra-EU. Some re-exports take place between Germany and Austria. Germany (44%) was the largest destination country; followed by Slovakia, Austria and the UK.
- Approximately 70% of Slovenian exports were furniture parts.

Opportunities and threats

- Opportunities exist for exporters from developing countries. Imports have been rising more quickly than exports, although exports are greater. Imports from developing countries have been rising more quickly than imports from other countries. This has been due to significant increases in supplies of furniture parts from Croatia and Bosnia and Herzegovina.
- Opportunities also exist in all other sectors, except for kitchen and rattan 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
- Slovenian Statistical Office – http://www.stat.si/eng

3. Trade structure

- There is a trend towards concentration of furniture retailing in Slovenia. Smaller independent retailers are rapidly losing share. This is having a significant impact on how furniture imports reach the end consumer.
- Some domestic manufacturers have their own outlets. These may be of interest to developing country exporters. Among possible contacts are Lip Bled (http://www.lip-bled.si), Lip Radomlje (http://www.lip-radomlje.si) and Gorenje (http://www.gorenje.com).
- Leading furniture retailers in Slovenia are Mercator with 43 outlets in 2005 (http://www.mercator.si), Lesnina (http://www.lesnina.si) with 52 outlets, Rutar (http://www.rutar.com), the Australian company Harvey Norman and Merkur (http://www.merkur.si). Multiple specialists account for approximately 80% of the furniture market in Slovenia.
- More information on trade structure can be found at the Slovenian Wood Association (http://www.zls-zvesa.si).

4. Prices

- Slovenia can expect furniture prices to rise from 2007 as the country joins the Euro. Of the new countries that joined the EU, Slovenia's economy was already closely linked. It borders Austria and prices are influenced by that market. It used to have some of the lowest prices for furniture in the EU, but prices are changing quite rapidly.
- For up-to-date furniture prices, see retailers Rutar (http://www.rutar.com), Lesnina (http://www.lesnina.si) and Merkur (http://www.merkur.si).

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

- Business customs are similar to Germany and Austria. English is widely spoken. The people are highly educated and attention is paid to business and academic titles.
- Letters of credit are often used, but with Slovenia joining the Euro in 2007, more usual payment methods will follow.
- The main furniture trade fair takes place in Ljubljana each November (http://www.ljubljanafair.com).
- Further information can be found at the Wood Processing Association (tel +386 1589 81 00) that is linked to the Chamber of Commerce (http://www.gzs.si). The Slovenian Trade & Investment Agency (TIPO) may also help (http://www.investslovenia.org).
- Les (WOOD) is the trade journal that covers furniture. Tel +386 1421 46 60.

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