CBI MARKET SURVEY

THE DOMESTIC FURNITURE MARKET IN SWEDEN

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 Sweden. 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 Sweden is valued at € 1,871 million in terms of retail sales.
- This is the tenth largest in the EU and is similar to a cluster of other countries, including Greece, Portugal and Austria. Sweden has not suffered to the same extent as other major European economies in recent years. Domestic consumption has continued to increase albeit slowly.

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

	2001 €m	2003 €m	2005 €m	Population (million)	Consumption per capita €	Households (000's)	Occupants per h/h
Sweden	1,760	1,796	1,871	9.0	208	4,379	2.1

Source: National Trade Associations, Eurostat (2006)

- 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 26% of sales; dining and living room furniture 21%; kitchen furniture 18.5%; bedroom furniture 13% and other furniture 21.5%.

Production

- Sweden is an important furniture manufacturer on the global stage. This reputation has been largely gained due to the success of IKEA. Production was valued at € 1,700 million in 2005.

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

	2001 value	2003 value	2005 value*	Average % change in value	Number of companies 2004	Number of employees 2004
Sweden	1,668	1,648	1,700	+1.9	2,770	16,380

Source: UAE
*estimated

- This reflects a small increase after some recent falls in production. Competitive pressures are putting pressure on domestic production. Nevertheless production is expected to increase at a slow rate in coming years.
- Upholstered seating is the largest group, but this is in decline. Production of kitchen

furniture is increasing.

Trends
- The trend towards environmentally friendly furniture products continues and various consumer labels exist to identify these products.
- As well as only using wood from certified tropical forests, retailers also have to demonstrate that products are made from chemical-free materials.
- While the dominant material preference is for lightwoods, there are indications that Swedish tastes are broadening to embrace other materials. Being at the forefront of modern design is also important in furniture purchasing in Sweden.
- Many companies produce furniture parts abroad. This trend continues in an attempt to keep prices competitive. Production costs in Sweden are relatively high, in part due to increasing costs of environmental legislation and investments necessary to keep pace with the legislation.

Opportunities and threats
- The trend for producing furniture parts abroad provides opportunities for those developing country exporters with skilled labour and suitable raw materials.
- The success of Swedish exports is well known, but Swedish consumers – previously very supportive of Swedish design – are now exhibiting wider tastes. This provides opportunities for outside producers to enter the market, presuming the quality, design and environmental criteria can be met.

Useful sources
- The Swedish Furniture Federation - http://www.mobelindustrin.org
- Euromonitor International – http://www.euromonitor.com
- Swedish International Cooperation Agency in conjunction with the Chamber of Commerce – http://www.cci.se
- The Economic and Commercial Office of the Spanish Embassy in Stockholm has produced a report on the Swedish furniture market – http://www.infurma.es
- The German Office for Foreign Trade has produced a report on the furniture market in Sweden – http://www.bfai.de
- Statistics Sweden – http://www.scb.se

2. Trade: imports and exports

Imports
- In 2005, Sweden's imports of domestic furniture were valued at € 1,082 million or 477,000 tonnes. Sweden was the ninth largest EU importer by value and eighth largest by volume. This is broadly the same level of imports as Italy, the Netherlands and Austria.
- Imports increased by 26% in value and 75% by volume between 2001 and 2005. Imports and exports were the same value but exports were 15% higher in volume. Imports are growing at a faster rate than exports. Production has also started to grow, so rising imports and production have been satisfying the growing domestic consumption.
- Approximately 20% of Sweden's imports valued at € 221 million (21% by volume) come from developing countries. The leading developing country suppliers are China (€ 141 million), Indonesia (€ 15.7 million), Vietnam (€ 15.1 million), Thailand (€ 10.4 million), Malaysia (€ 10.2 million) and Turkey (€ 8.6 million). Smaller suppliers are Croatia, India, Bosnia-Herzegovina, Brazil and the Philippines. Importers registering large increases were China, Vietnam and India. Brazil and Indonesia registered decreases.
- Furniture parts were the largest product group with imports valued at € 328 million (30% of total by value and 24% by volume). Imports were fairly static over the period, particularly in value terms. Other furniture was the largest group in volume terms (26%), valued at € 212 million. Upholstered (€ 175 million), dining and living room (€ 145 million), non-upholstered (€ 106 million), kitchen (€ 53.1 million), bedroom (€ 53 million) and rattan (€ 9.6 million) were the value of imports of the other product groups.

Exports
- In 2005, Sweden's exports of domestic furniture were valued at € 1,076 million or 550,000 tonnes. Between 2001 and 2005 the value of exports increased by 10%. Volumes were up by 20%. Furniture is one of Sweden's most significant exports.
- Around 53% of exports were intra-EU. Norway (29%) was the largest destination country, followed by Denmark, Germany, the UK and Finland. Some re-exporting takes place between its Scandinavian neighbours.
- Almost 56% of Swedish exports were furniture parts or other furniture.

Opportunities and threats
- Imports to Sweden are rising more quickly than exports. Opportunities will increasingly exist for exporters from developing countries. Imports from developing countries are increasing at a faster rate than imports from other countries.
- The greatest opportunities exist in other furniture and upholstered seating, but opportunities also exist in furniture parts and dining and living room 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
- Statistics Sweden – http://www.scb.se

3. Trade structure

- Most furniture distribution is through large companies or retailers, but there are still a number of small independent furniture shops. Furniture retailers from Norway and Denmark have set up operations in recent years. Mail order is strong in Sweden.
- Retailers who do not belong to large chains import via about 30 importers who belong to the Furniture Importers Trade Organisation. This would be of interest to developing country exporters (http://www.moblermiljo.se). This is part of the Swedish Furniture Retailers association that can be found at the same website. A list of furniture agents can be found at http://www.agenturforetagen.se.
- IKEA is the biggest retailer with 14 outlets in Sweden in 2005, followed by the buying groups Mio (http://www.mio.se), EM Home Interior (http://www.europamobler.se), Svenska Hem (http://www.svenskahem.se) and Mobelmastarna (http://www.mobelmastarna.se). Major furniture retailers include Jysk with 112 outlets (http://www.jysk.se), Duka with 105 outlets - household goods - (http://www.duka.se) and Bo Concept (http://www.boconcept.se) with 4 outlets.
- More information on trade structure can be found at the Swedish Furniture Federation (http://www.mobelindustrin.org).

4. Prices
- Since 2004, furniture prices in Sweden have experienced a gentle fall after years of increases. There is a wide contrast between retailers, where prices in Ligne Rochet are the highest of any in Europe, whereas prices in Bo Concept are competitively priced compared to equivalent prices elsewhere in Europe.
- For up-to-date furniture prices, see IKEA (http://www.ikea.se), EM Home Interiors (http://www.europamobler.se) and Mio (http://www.mio.se).

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.
- The *Mobelfakta* label in Sweden was originally created as a system for furniture quality determination.

- With regards to environmental requirements, GEC (Good Environmental Choice) label and the Nordic Swan label are well recognised.
- For more information go to 'Search CBI database' at http://www.cbi.nl/marketinfo

6. Business practices

- Punctuality and firm handshakes on greeting are important. The Swedes are very direct, but methodical and detailed. They are slow to change their positions, but move quickly when they have made up their mind. English is widely spoken in business.
- Payment is usually prompt, less than 30 days. 2.5% of invoice value can be charged for late payment.
- The well-established Stockholm Furniture Fair takes place each February. Contact http://www.stockholmfurniturefair.com.
- More information on business practices can be found at the Swedish Furniture Federation (http://www.mobelindustrin.org). SIDA, the Swedish International Development Cooperation Agency, works in cooperation with the Swedish Chambers of Commerce. Contact http://www.cci.se.
- The main trade publication is Mobler & Miljo (http://www.moblermiljo.se).

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