

CBI MARKET SURVEY

The sanitary ware and ceramic tiles market in Finland

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Introduction

This CBI market survey gives exporters in developing countries information on some main developments in the sanitary ware and ceramic tiles market in Finland. The information is complementary to the information provided in the CBI market survey 'The Sanitary Ware and Ceramic Tiles 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.eu/marketinfo>.

1 Market description: consumption and production

Consumption

- In the Finnish sanitary ware and ceramic tiles market, about € 196 million or 101 thousand tonnes of product were consumed in 2005.
- Finland is one of the smaller markets in the EU. It consumes about 1% of the total EU consumption.
- Total consumption grew by 10% per year. Finland is ranked 17th based on consumption, above Denmark and below Austria.
- Finnish consumption of sanitary ware and ceramic tiles consisted of plastic sanitary ware (3%); ceramic sanitary ware (27%); iron or steel sanitary ware (15%); unglazed ceramic flags and paving, hearth or wall tiles (30%); glazed ceramic flags and paving, hearth or wall tiles (24%).
- Unglazed ceramic flags and paving, hearth or wall tiles followed by ceramic sanitary ware dominate the market although in general the trends indicate a preference of ceramic sanitary ware over plastic and iron.
- Finland has a large aging population which indicates that the demand for ultra modern sanitary ware is likely to be low as they prefer to stay with older vintage designs.
- Remodelling of kitchen or bathroom is not high on their list of preference.
- Wellness products like whirlpool and shower systems are in high demand.

Production

- In the Finnish sanitary ware and ceramic tiles market, about € 128 million or 9 thousand tonnes of product was produced in 2005.
- Total decreased by 2% per year. Finland is ranked 18th based on production, above Austria and below Latvia.
- Total production in 2006 segmented into selected product groups: Finnish production of sanitary ware and ceramic tiles consisted of plastic sanitary ware (2%); ceramic sanitary ware (32%); iron or steel sanitary ware (20%); unglazed ceramic flags and paving, hearth or wall tiles (39%); glazed ceramic flags and paving, hearth or wall tiles (7%).
- Unglazed ceramic flags and paving, hearth or wall tiles followed by ceramic sanitary ware are the highest produced product category.

Opportunities and threats

Please note that an opportunity for one exporter might be a threat to another.

- + Due to a large aging population the demand for anti slip tiles and sanitary ware that are user friendly for the use of the aged will be in demand.
- + Present growth rates in consumption indicate a substantial market for exporters to tap into.
- + The current preference for matt colours, neutral shades in sanitary ware and ceramic tiles would dominate.

- The trends in consumption as well as production indicate that the market is mature and that there won't be significant growth opportunities in the short run.

Refer to chapter 7 of the CBI market survey 'The Sanitary Ware and Ceramic Tiles Market in the EU' for more information on opportunities and threats.

2 Trade channels for market entry

The best channel of market entry in Finland is through the well established chain of retailers and distributors. Some distributors of ceramic and sanitary ware in the Finland for exporters in developing countries (DC) are the following

- Sanitec – <http://www.sanitec.com>
- Prointerior – <http://www.prointerior.fi/haku.html?lobID=441>
- Picard – <http://www.picard.fi/en/>

Retailers in the Finland market include:

- Pukkila – <http://www.pukkila.com>
- Grohe – http://www.grohe.fi/t/31_14620.html
- Sinoco – <http://www.sinoco.fi/products.php?page=products>

For additional information on the important trade channels please consult the CBI market survey 'The Sanitary Ware and Ceramic Tiles Market in the EU'. Included is information such as the price margins and how they differ per trade channel.

3 Trade: imports and exports

Imports

- In the Finnish sanitary ware and ceramic tiles market, about € 82 million or 97 thousand tonnes of product were imported in 2005.
- Finland, like most EU member states is one of the smaller importers in the EU. It imports about 1% of the total imports in the EU. France imports 19% and Germany imports 14%.
- Total imports grew by 5% per year. Finland is ranked 17th based on imports, above Slovakia and below Hungary.
- Of the total percentage of imports, approximately 83% was imported from other EU countries, 2% from other developed countries, and 15% from DC. Turkey and China are the top two DC exporting to Finland.
- Finnish importation of sanitary ware and ceramic tiles consisted of plastic sanitary ware (10%); ceramic sanitary ware (14%); iron or steel sanitary ware (12%); unglazed ceramic flags and paving, hearth or wall tiles (14%); glazed ceramic flags and paving, hearth or wall tiles (50%)
- Imports of glazed ceramic flags and paving, hearth or wall tiles clearly dominate the market.
- The share of imports from DC has been increasing over the years from 9% in 2002 to 12% in 2004 to 14% in 2006.
- As the share of DC in total imports has been growing especially due to decline in production; the local demand is largely met through imports.

Exports

- In the Finnish sanitary ware and ceramic tiles market, about € 15 million or 6 thousand tonnes of product was exported in 2006.
- Finland is one of the smallest exporters in the EU. Its exports were a very small percent of total exports.
- Total exports are declining. From 2002 to 2006 exports declined by 28% per year.

Opportunities and threats

Please note that an opportunity for one exporter might be a threat to another.

- + The decline in exports is consistent with the decline in production, however due to positive growth in consumption it seems there is an opportunity for exporters to tap into this market.
- + Providers of a range of well differentiated products catering to various customer needs would be able to penetrate the market with greater ease.
- + Chinese exporters are increasingly becoming competitive and it would be worthwhile for other DC exporters to study their competitor strategies before entering the market.
- It is likely that due to such an import dependent market the competition is fairly high within all product groups.

Refer to chapter 7 of the CBI market survey 'The Sanitary Ware and Ceramic Tiles Market in the EU' for more information on opportunities and threats.

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>

4 Price developments

In general the prices have risen due to increase in the cost of raw materials, labour and energy. Sanitary ware and ceramic tile industry is particularly sensitive to these increases. Since 2000 inflation rate has been declining indicating that the growth potential in the economy needs some reforms to provide incentives for production. From the inflationary trend one can infer that the price rise will not be significant http://www.worldwide-tax.com/finland/fin_infl.asp.

Some more information on trade tariffs, regulation and duties can be found in the following website <http://formin.finland.fi/public/default.aspx?nodeid=37788&contentlan=2&culture=en-US>.

5 Market access requirements

As a manufacturer in a developing country preparing to access Finland, you should be aware of the market access requirements of your trading partners and the Finland government. For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select sanitary ware and ceramic tile products and Finland in the category search, click on the search button and click on market access requirements.

Detailed information on packaging can be found at the website of ITC on export packaging: <http://www.intracen.org/ep/packaging/packit.htm>

Information on tariffs and quota can be found at <http://export-help.cec.eu.int/>

6 Doing business

Information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) and cultural differences can be found in CBI's export manuals 'Export Planner', 'Your image builder' and 'Exporting to the EU'. These can be downloaded from <http://www.cbi.eu/marketinfo> - go to search publications. For more information on doing business in Finland, visit the following websites:

Trade associations

- Building Information Group - <http://www.rakennustieto.fi/>

Trade shows

- Own Home - <http://www.finnexpo.fi/>
- RAKSA – Building & Construction - <http://www.lahdenmessut.fi>
- HABITARE - Furniture, Interior Decoration and Design Fair for Professionals and Public Visitors - <http://www.finnexpo.fi/>

Trade presses

- Kodin Rakennustieto - Building Information for Home Owners - <http://www.rakennustieto.fi/index/english/productsandservices/magazines.html>
- Rakennustaito - Finnish Construction <http://www.rakennustieto.fi/index/english/productsandservices/magazines.html>

This survey was compiled for CBI by CREM

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