CBI MARKET SURVEY

The Sanitary Ware and Ceramic Tiles Market in France

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Report summary

This CBI market survey discusses the following highlights for the sanitary ware and ceramic tile market in France:

- In 2005, French consumption of sanitary ware and ceramic tiles was € 1,759 million and production was € 745 million in value.
- Between 2002 and 2005 total consumption of sanitary ware and ceramic tiles increased at a rate of 7.5% per year. Over the same period French production grew only 1% annually.
- In 2006, France imported about € 1,363 million worth of sanitary ware and ceramic tiles in 2006 representing a volume of approximately 378 thousand tonnes.
- French imports have increased at 6.3% per year between 2002 and 2006. The imports of the product group's unglazed ceramic tiles, iron/steel sanitary ware and plastic sanitary ware witnessed highest growth.
- Developing countries (DC) are becoming increasingly important as suppliers of low priced products. However prices from products from DC are dropping due to an increase in the number of suppliers. China, Turkey, Egypt and Tunisia are the most important DC exporters supplying to France.

This survey provides exporters of sanitary ware and ceramic tile with sector-specific market information related to gaining access to France. By focusing on a specific country, this survey provides additional information, complementary to the more general information and data provided in the CBI market survey 'The Sanitary Ware and Ceramic Tiles Market in the EU', which covers the EU market 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 and production data and trends are presented below. Consumption is inferred from production, imports and exports data made available through Eurostat. Production data is catalogued using Prodcom codes, and imports and exports are catalogued using HS codes. Estimating consumption from two different classifications implies that consumption data is indicative only and should be used in conjunction with additional research.

Consumption

- In 2005, French consumption of sanitary ware and ceramic tiles represented 1,759 thousand tonnes worth € 1,759 million (43% sanitary ware and 57% ceramic tiles).
- France is one of the larger consumers of sanitary ware and ceramic tiles accounting for 11% of total EU consumption. Other big consumers are Italy (15%), Spain (12%) and Germany (12%). France is ranked 4th based on consumption, above the UK and below Germany.

Table 1.1 French consumption of sanitary ware and ceramic tiles between 2002 – 2005, value in € million, volume in 1,000 tonnes.

2002		2003		2004		2005		Average annual growth
Volume	Value	Volume	Value	Volume	Value	Volume	Value	
1,227	1,413	1,409	1,552	1,622	1,656	1,759	1,759	7.5%

Source: Eurostat (2007)

- The French market has shown a significant and steady growth over the years; between 2002-2005 it has grown on average at the rate of 7.5% annually. 2004 was a good year for both the French economy and the bathroom market. The bathroom market achieved slightly higher growth, supported by improved economic conditions, higher renovation and maintenance expenditure and a significant increase in the number of construction starts in the housing sector. However, these positive conditions failed to continue into 2005 and the overall bathroom market experienced lower growth. This was due to a slowdown in the economy, static levels of renovation and maintenance expenditure and a slowdown in the growth of construction starts compared to 2004. In addition, the increasing strength of the Do-It-Yourself (DIY) sector, along with the growth of lower cost imports also influenced the value growth of the bathroom market.
- The bathroom market should remain stable in 2007 and in the following years as the construction sector recovers from a slight fall-back in 2006. However many macro-economic factors, including potential further interest rate rises, energy costs, could have an impact on consumer confidence and spending.
- Find below a table of the French sanitary ware and ceramic tiles consumption in the years 2002-2005 split into different product groups:

Table 1.2 French consumption split into product categories 2002 - 2005, value in € million; volume in 1,000 tonnes

	2002		2003		2004		2005	
Product group:	**Volume**	**Value**	**Volume**	**Volume**	**Value**	**Volume**	**Volume**	**Value**
Plastic sanitary ware	27	244	33	253	36	278	47	291
Ceramic sanitary ware	48	327	56	348	65	355	72	361
Iron/Steel sanitary ware	8	40	6	67	5	78	13	97
Unglazed ceramic tiles	164	151	180	184	180	193	199	207
Glazed ceramic tiles	980	651	1,132	700	1,335	752	1,428	802

Source: Eurostat (2007)

- All product groups have increased steadily over the reviewed period, most notably that of iron/steel sanitary ware. In contrast to the more traditional ceramic and plastic products this product group is most influenced by design trends.
- As a result of increased competition the average price of both sanitary ware as well as ceramic tiles has gone down significantly.

Market segmentation

The French sanitary ware and ceramic tiles market can be divided into the professional and the private market. A further useful division can be made by classifying products according to three price ranges: high-, mid- and low-range products.

- **Professional market**: consists mainly of (large) construction companies and various types of contractors. Their main activities are building new buildings and restoring and modernising existing buildings. The professional market tends to strive for efficiency, while respecting official quality standards. Low (purchasing) price is an important factor determining demand, thus making the professional market a potential buyer of low and mid-range products. The professional market is largely supplied by importers and wholesalers but is also known to buy from third countries directly. The smaller construction companies and contractors might also be supplied by the DIY outlets. The professional market is characterized as non-residential, residential, and renovation markets. The application of the standards is important for this market.
- **Private market**: is covered to a large extent by sales through the DIY outlets and to a lesser extent through bathroom boutiques and installers. The DIY-market is a potential buyer of products in the low and mid price ranges. Brands do not generally play a major role in the DIY segment, whereas price and aesthetics are generally regarded to be the most important attributes influencing the purchase of goods. Bathroom boutiques focus on the high end of the market emphasizing on quality and brands. The DIY segment covers most of the market. Size of order is generally smaller; application of standards is less enforced, and is used primarily for renovation purchases.

Traditionally the bathroom market is subdivided in to low, middle and high segments of the market. Industry experts indicate that the middle segment will continue to lose ground to both the lower and the higher segments of the market. The lower segments of the market will mainly be served by manufacturers from East Europe, Turkey, the Middle East and the Far East. The higher segments of the market will be supplied by the (traditional) European and American manufacturers.

Trends consumption

- Customers in France nowadays prefer wall-hung toilets. In public applications the ceramic "French" toilet (a ceramic tray with footholds and waste outlet) is loosing market share but is still in use. France is one of the few countries in the EU where bidets are frequently sold. It is estimated that around 25 percent of French households have a bidet.
- The household penetration of bathroom products increased considerably in the last decade. Before the bathroom largely remained a secondary and somewhat neglected room, with the main focus on the kitchen. Nowadays the French tend to spend a lot of money on enhancing bathroom and kitchen areas. Many homes, not necessarily luxury homes, have both a main and a second bathroom. If they are set in residential areas or small villas in panoramic areas, they will even have a third bathroom for guests.
- In contrast to the more northern situated European countries, the warm weather in France allows for ceramic tiles to be used widely in and around the house. The ceramic tile, together with natural stone, is a very popular flooring material.
- A greater focus on natural atmosphere in the tile market which can be seen in ceramic tiles that echo wooden flooring, in large sizes and infinite variations, as well as all the varieties of natural stone.
- Sanitary ware and ceramic tile manufacturers are increasingly interested in sustainable production. Manufacturers and other players in the market are keen to capitalize on better informed customers.

Production

- In 2005, France produced 47 tonnes of sanitary ware and ceramic tiles, which represented a total of € 745 million (74% ceramic tiles; 26% sanitary ware). Looking at volume/value ratio it shows that French producers are focussing on the high-end of the market.

Table 1.3 French production between 2002 – 2005, value in € million, volume in 1,000 tonnes.

2002		2003		2004		2005		Average annual growth
Volume	**Value**	**Volume**	**Value**	**Volume**	**Value**	**Volume**	**Value**	
58	726	55	751	45	777	47	745	**1%**

Source: Eurostat (2007)

- Between 2002-2004 production grew by 1% per year. In 2005, production declined by 4% reconfirming negative developments in the construction and renovation and maintenance markets.
- In coming years French production is expected to recover slightly because of positive forecasts for the construction market and the French economy.
- France accounts for 4% of EU production which makes it a middle-sized producer. France is ranked 20th based on production, above the UK and below Poland.

Table 1.4 French production split into product categories 2002 - 2005, value in € million; volume in 1,000 tonnes

	2002		2003		2004		2005	
Product group:	**Volume**	**Value**	**Volume**	**Volume**	**Value**	**Volume**	**Volume**	**Value**
Plastic sanitary ware	9	181	10	168	3	184	4	180
Ceramic sanitary ware	6	316	7	323	7	325	6	316
Iron/Steel sanitary ware	9	26	5	44	2	48	6	53

	2002		2003		2004		2005	
Product group:	**Volume**	**Value**	**Volume**	**Volume**	**Value**	**Volume**	**Volume**	**Value**
Unglazed ceramic tiles	10	72	12	95	13	101	13	90
Glazed ceramic tiles	23	130	22	121	20	119	18	106

Source: Eurostat (2007)

- The production of glazed ceramic tiles witnessed a slight increase over the years.
- In response to cheap imports from DC countries, especially China, French manufacturers have been focussing on the higher end of the market. In order to defend their market positions, French manufacturers will have to heavily invest, innovate and adapt.
- In France, as well as in other important producing countries, producers are forming alliances with other (European) producers to defend their market positions. Advantages of working together include: being able to produce in larger quantities, to streamline the production process and to offer a larger variety of products. The aim is to bring down production costs and to be able to compete with cheap suppliers.
- However, emerging markets also create export opportunities for French manufacturers. As a result mergers and acquisitions will continue over the next few years, to take advantage of these markets and to stave off competition. Outsourcing is also becoming popular among French manufacturers as a way to bring down production costs.
- Producers are increasingly incorporating materials from sustainable sources and implementing environmental management systems in their production process.
- Find listed below the major players active in the French market:
    - Novellini - http://www.novellini.com – producer of sanitary ware active in the French market
    - Gerard Preti http://www.gerard-preti.com - sanitary ware manufacturer

Opportunities and threats

\+ The prospects for the French sanitary ware and ceramic tiles market are positive with annual average growth rate of 7.5%; it shows potential for DC exporters to tap into.

\+ The production of glazed ceramic tiles witnessed a slight increase over the years. It would be worthwhile for exporters from DC to focus on this segment as it shows higher growth potential.

\+ The growth of consumer awareness has lead to an increased interest in products from sustainable sources. DC manufacturers who can prove that their production complies with environmental and social norms will have a competitor-advantage.

\+ Outsourcing of production from France to low-wage countries may open up opportunities for DC. Competition can still be felt from Eastern Europe, including the new member states, and the products from DC must be able to compete with these countries.

\- Specific markets, such as the DIY market, are under threat from an ageing population that is seen to be less interested in the adventures of remodelling than the younger aged groups. The older segment of the population, who have higher disposable income, is likely to favour spending on more sophisticated products that are available outside of the DIY market.

\- Price is not necessarily the most important factor for French consumers. Being able to deliver out of stock and delivering the same product for a long period of time is important for the replacement market in the professional segment. DC exporters often are not able to meet these demands as well as the after sales service is important for this segment.

Note that the above-mentioned opportunities and threats may not necessarily apply to your situation and an opportunity for an exporter may be a threat to another. Therefore, please use the developments and trends discussed in the previous chapters to make your own analyses. For a wider view of such an analysis, please refer to chapter 7 of the CBI market survey 'The Sanitary Ware and Ceramic Tiles Market in the EU'.

Useful sources

- French Bathroom Federation - http://www.salledebains.fr/
- Confederation of the Craft industry and the Small Companies of the Building industry – http://www.capeb.fr

2 Trade channels for market entry

Trade channels

Although they have lost share in recent years, wholesalers and importers remain the main trade channel for sanitary ware and ceramic tiles in France. Wholesalers and importers supply the private as well as professional market.

BIGMAT, GEDIMAT and SOCODA have joined together to create TIMOLIA, the first buying group for independent wholesalers. The group will be specialised in independent wholesaling of building materials, but also sanitary products. Each company will keep its brand name and will remain autonomous in terms of commercial activities, marketing and business development.

- Jaques import - http://www.jacques-import.com – importer of sanitary ware
- Mac'Caro - http://www.magcaro.com/ - imports sanitary ware and ceramic tiles
- Apiman - http://www.apiman.fr/ - wholesaler of sanitary ware
- LG industry - http://www.lg-industries.fr/ - sanitary ware importer

Retailers like DIY stores or bathroom specialists buy mainly from wholesalers/importers, although the larger DIY are also know for buying from exporters directly. Retailers mainly focus on the private market but some installers and contractors also get their material from retailers.

The French DIY market remains less developed than its German and British counterparts. However, the market is increasing every year fuelled by the increase in leisure time but also by product innovations. With the development of the market and the increasing expertise of DIY stores, the market for products used for major projects, including remodelling the bathroom, is expanding fast. The development of assistance provided by most of the large DIY retailers has served to convince the French to enhance their home themselves. However, the primary driver of the market remains to be consumers' willingness to save money on home improvements by carrying it out themselves rather than by contracting a professional. In recent years DIY sector has become more important as a trade channel at the expense of other trade channels. The growth of DIY stores has been at the expense of multiple grocers and small independent stores. Leroy Merlin and Castorama dominate the market totalling almost half of total sales.

As in the other trade channels the DIY market is increasingly focusing on sustainable development. Mr. Bricolage has recently made changes in its policy to reconcile economic, social and environmental aspects. For example, it now includes information on the environmental impact on the labels of the products sold in the store. For more information go to http://www.mr-bricolage.fr/developpement_durable/ecologie/index.html.

Builder's retailers have successfully maintained their market positions as they are able to offer professional products at competitive prices. Retailers are usually stronger in the distribution of heavy bathroom products which require professional installation, while the DIY multiples focus on the distribution of lighter bathroom products which can be easily installed by individuals. Point P remains the leader of this market segment.

Boutiques tend to offer higher quality products, compared to DIY multiples, which are more focused on the lower end of the market. Both merchants and DIY multiples however have been expanding their catalogues in order to reach a wider range of consumers.

- Leroy-Merlin - www.leroymarlin.com - DIY store active in France and throughout Europe
- Mr. Bricolage - http://www.mr-bricolage.fr – DIY store
- Espace Aubade - http://www.espace-aubade.fr/ - bathroom specialist
- Aquabains.fr - http://www.douche-luxe.com/
- Point P - http://www.pointp.fr – retailer of construction materials.

Installers place small orders with wholesalers/importers and mainly service the private market.

- Siehr - http://www.siehr.fr/ - installer of sanitary ware

Independent buyers are usually large (e.g. building) or governmental organisations buying directly from supplying countries for large residential, non-residential and civil engineering projects.

- French Government Building Agency - http://www.btp.equipement.gouv.fr
- Bouygues construction - http://www.bouygues-construction.com/en - big French building company
- Vinci - http://www.vinci.com – large construction company

Price structure

Throughout the various trade channels different prices and margins apply. The prices per trade channel in the EU are almost identical among the different EU Member States. Therefore, to learn more about the price structure in France please refer to chapter 3 of the CBI survey 'The Sanitary Ware and Ceramic Tiles Market in the EU' which includes a discussion applicable to France.

Selecting a suitable trading partner

Selecting a suitable trading partner can be started by contacting the chamber of commerce or a related business support organization. Deciding what kind of partner you want is important. Forming partnerships with well established French organisation is highly advisable. Local presentation or market presence is essential in the French market. French partners can advise on how to best present your products, comment on changes to your packaging (with translations in French) and will understand how to place the product in the market. French companies expect to have long-term relationships with their suppliers working together to achieve sales targets.

An agency arrangement is often a cost-effective mechanism to enter the market. An agent's commission is usually about 15-20 percent, and agents will frequently request exclusive representation. Several laws in France protect agents. Before you are allowed to terminate your business relationship prior to the expiration of the contract, the agent must first be contacted and given the opportunity to improve his/her performance. If you want to terminate the contract after these steps have been followed, the agent has a right to retain the names of all contacts, clients and related sales information. This information can be bought from the agent but is often very expensive. Lastly, you could also be required to pay a severance fee, ranging from one to two years of the agent's anticipated future commission.

A representation or distributorship arrangement may be harder to arrange but the French associate will purchase the product which is to be sold, thus sharing the marketing risk.
A distribution partner usually adds 30 to 50 percent to cover commissions, credit risks, after-sales service and the cost of carrying local inventory to meet small orders. French distributors also often require exclusive contracts. The distributor shares much of the same legal protection as the agent. If termination occurs prior to the contract expiration, the usual termination fee equals the value of the distributor's expected profit margin over a two-year period. Furthermore, the distributor representing you controls the product's marketing and image. The distributor is also not obliged to share market research information with you. It is therefore important to find a distributor who has the same objectives as you.

Another option is to become a subsidiary of a French production company. A subsidiary will have to be able to produce according to the French manufacturer's quality standards, meet deadlines and effectively communicate with its partners. Although margins might be smaller it could result in a long-term business relationship with frequent orders.

While many French business people speak English, it is crucial that manufacturers' commercial product literature is translated into French.

There are various ways to come into contact with importers and other possible trading partners in the French market. Attending trade fairs is one of the most important ways to get exposure. Because of the continuing globalisation of the sanitary ware and ceramic tiles market visiting trade fairs in related markets is also a way to get into contact with French companies. You can either choose between specific trade fairs for the sanitary ware and ceramic tile products or more general fairs (e.g. construction, home decoration).

3 Trade: imports and exports

Imports

Total imports

- In 2006, France imported about € 1,363 million worth of sanitary ware and ceramic tiles in 2006 (32% sanitary ware; 68% ceramic tiles) representing a volume of approximately 378 thousand tonnes.
- France is the biggest importer in the EU accounting for 19% of EU imports. France is followed by Germany and the UK with a market share of 14% each. Neighbouring country Belgium accounts for 7%. The new EU countries[1] are generally small importers.
- For an overview of French import figures from 2002 to 2006, please refer to the table below:

Table 3.1 French imports between 2002 – 2006, value in € million; volume in 1,000 tonnes

2002		2004		2006		Average annual growth
Volume	Value	Volume	Value	Volume	Value	
1,523	1,068	1,919	1,252	378	1,363	6.3%

Source: Eurostat (2007)

- Although the total value of French imports of sanitary ware and ceramic tiles increased between the years 2002-2006 by 28%, the total quantity of imports decreased by 75%. The average price of ceramic tiles increased significantly while that of sanitary ware virtually remained the same.
- Imports increased on average at the rate of 6.3% annually. The growth in the French market has mainly benefited imports while production only increased moderately. Therefore, increasing demand in the French market is likely to lead to more imports.
- 86% of the total value of French imports originated in EU countries representing more than € 1,175 million with a volume of over 148 thousand tonnes. The most important intra-EU suppliers in value are: Italy (44%), Spain (19%) and Germany (10%). Imports from Italy decreased by 3% between 2002-2006. Intra-EU imports in general have gone down by 2%.
- Within the French import figure in 2006, more than € 132 million (10%) came from DC with a volume of more than 188 thousand tonnes (49%). DC are especially important suppliers of high volume/low value products.
- The overall market share of DC in terms of value has grown from 6% to 10% over the period 2002-2006. Remarkably however is that volume expanded from 7% to 49%. This shows that prices are under pressure due to products from DC.
- Please find below a table with the most important DC exporters supplying to France:

Table 3.2 Most important developing countries supplying to France in 2006

Developing country	Value (in € million)	% of French imports	Average annual growth
China	55	4	64%
Turkey	34	3	10%
Egypt	14	1	1%
Tunisia	11	1	-4%

[1] The ten new Member States are: Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia. Bulgaria and Romania have not yet been included in this market survey because they just entered the EU in 2007 and are therefore considered to be Extra-EU countries.

Developing country	Value (in € million)	% of French imports	Average annual growth
Morocco	5	0.3	10%

Source: Eurostat (2007)

Imports by product group

Table 3.3 Imports by and leading suppliers to France 2002 - 2006, share in % of value

Product group	2002 € mln	2004 € mln	2006 € mln	Leading suppliers in 2006 Share in %	Share (%)
Total sanitary ware and ceramic tiles					
Intra EU	940	1,087	1,175	Intra EU: Italy (44%); Spain (19%); Germany (10%); Portugal (6%); Belgium (3%)	**86%**
Extra EU	62	52	55	Extra EU: Bulgaria (2%); Romania (0.4%); San Marino (0.3%); United Arabic Emirates (0.3%); Switzerland (0.2%)	**4%**
DC*	66	114	132	DC*: China (4%); Turkey (3%); Egypt (1%); Tunisia (0.8%); Morocco (0.3%); Brazil (0.3%); India (0.1%); Vietnam (0.1%); Thailand (0.1%); Indonesia (0.1%)	**10%**
Plastic sanitary ware:					
Intra EU	100	121	131	Intra EU: Germany (23%); Italy (13%); Spain (6%); UK (6%); Belgium (5%)	**67%**
Extra EU	20	14	13	Extra EU: San Marino (2%); Bahrain (1%); Switzerland (0.5%); Israel (0.3%); USA (0.2%)	**7%**
DC*	22	54	56	DC*: China (18%); Egypt (5%); Tunusia (2%); Turkey (0.9%), India (0.6%); South Korea (0.2%); Malaysia (0.1%); Morocco (0.1%); South Africa (0.04%); Vietnam (0.04%)	**28%**
Ceramic sanitary ware:					
Intra EU	90	103	113	Intra EU: Germany (17%); Spain (13%); Belgium (10%); Italy (10%); Portugal (6%)	**65%**
Extra EU	33	25	34	Extra EU: Bulgaria (16%); Switzerland (0.3%); United Arabic Emirates (0.2%); USA (0.1%); Israel (0.01%)	**19%**
DC*	13	22	27	DC*: China (5%); Turkey (5%); Egypt (2%); Morocco (2%); Tunisia (0.6%); Thailand (0.2%); Iran (0.1%); India (0.04%); Syria (0.03%); Brazil (0.02%)	**16%**
Iron/Steel sanitary ware:					
Intra EU	44	54	60	Intra EU: Italy (26%); Spain (17%); Germany (16%); Greece (10%); Belgium (4%)	**86%**
Extra EU	3	3	3	Extra EU: Switzerland (2%); Taiwan (2%); USA (0.5%); Japan (0.03%); Canada (0.01%)	**4%**

DC*	3	4	6	DC*: China (8%); Turkey (0.7%); South Africa (0.4%); Vietnam (0.1%); India (0.1%); Tunisia (0.1%); Thailand (0.1%); Brazil (0.1%): Mauritius (0.01%); Mexico (0.01%)	**9%**
Unglazed ceramic tiles:					
Intra EU	112	132	173	Intra EU: Italy (79%); Spain (7%); Germany (6%); Portugal (4%); The Netherlands (1%)	**98%**
Extra EU	1	1	1	Extra EU: United Arabic Emirates (0.5%); Switzerland (0.02%); Hong Kong (0.002%); USA (0.001%)	**1%**
DC*	1	2	2	DC*: China (0.6%); Morocco (0.1%); Bosnia and Herz. (0.1%); Turkey (0.1%); Brazil (0.02%); Trinidad and Tob. (0.02%); Indonesia (0.02%); Egypt (0.01%); Mexico (0.01%)	**1%**
Glazed ceramic tiles:					
Intra EU	594	677	699	Intra EU: Italy (54%); Spain (26%); Portugal (8%); Germany (4%); Belgium (0.6%)	**94%**
Extra EU	5	8	5	Extra EU: United Arabic Emirates (0.3%); Bulgaria (0.3%); Switzerland (0.01%); USA (0.005%); Japan (0.004%)	**1%**
DC*	26	33	41	DC*: Turkey (3%); Tunisia (0.7%); Brazil (0.6%); China (0.5%); Indonesia (0.1%); Vietnam (0.1%); Thailand (0.1%); Morocco (0.1%); India (0.03%); Uruguay (0.01%)	**5%**

Source: Eurostat (2007)
*Developing Countries

- Import of sanitary ware increased by 35% and that of ceramic tiles by 24%.
- Imports of all product groups increased between 2002 and 2006; however the biggest growth was realized in the groups unglazed ceramic tiles (53%), iron/steel sanitary ware (38%) and plastic sanitary ware (38%).
- In 2006, the most important products imported in the product category Sanitary ware were plastic baths, shower and washbasins (€ 112 million); china or porcelain sanitary ware (€ 92 million); and plastic bidets, lavatory pans, flushing cisterns and similar sanitary ware (€ 69 million). The imports of ceramic tiles consisted for most part of glazed ceramic flags and paving, hearth or wall tiles (€ 722 million) and unglazed ceramic flags and paving, hearth or wall tiles (€ 175 million).
- The market share of DC has increased in all product groups. Market penetration of DC imports to France was 13% compared to penetration of DC imports into the EU which was 16%.

Exports

- In 2006, France exported a total of 101 thousand tonnes of sanitary ware and ceramic tiles which represented a value of € 368 million.
- France accounts for 3% of total EU exports, which makes it a middle-sized exporting country. In 2006, 74% of the total value of French exports came from sanitary ware.
- The EU market knows just two large exporters namely Italy (40%) and Spain (23%). Neighbouring countries Belgium and Germany account for 1% and 10% respectively. The new EU Member States hardly make an impact with a combined market share of 7%.

Table 3.4 French exports of natural stone 2002 – 2006, value in € million; volume in 1,000 tonnes

2002		2004		2006		Average annual growth
Volume	Value	Volume	Value	Volume	Value	
354	381	342	373	101	368	-1%

Source: Eurostat (2007)

- The price of French exports has gone up over the years. This is due to the fact that French producers are increasingly focussing on the higher end of the market. This is partly due to the increased competition from suppliers DC with low price/quality products.

Opportunities and threats

+ As witnessed by the increase in imports, French production is gradually moving to foreign countries and opportunities for relationships with manufacturers and distributors in DC are becoming increasingly feasible.
+ Imports of sanitary ware increased by 35% and those of ceramic tiles increased by 24%. The 6.3% average annual increase of total imports makes France an attractive market for importers.
+ The French market is increasingly becoming dependant on imports. Therefore, growth in the French market is most likely to benefit third country exporters.
+ The significant size of the French market provides an opportunity for exporters from DC.
+ In all markets but the DIY market, there has been a greater focus on quality with the aim of positioning products in a more profitable segment of the market. DC that can compete in terms of quality will find increased competition but also increased rewards.
+ The overall market share of DC in terms of value grew 6% to 10% over the period 2002-2006. Remarkably, the volume expanded from 7% to 49% showing significant market opportunities for low cost products.
- Although the market share of DC has doubled over the years, the average price of imported products has dropped significantly. This is expected to continue as the lower segment of the market will become more saturated in coming years.

Note that the above-mentioned opportunities and threats do not necessarily apply to your situation. Therefore, please use the developments and trends discussed in the previous chapters to make your own analyses. For a wider view of such an analysis, please refer to chapter 7 of the CBI market survey 'The Sanitary Ware and Ceramic Tiles Market in the EU'.

Useful sources

- French industrial statistic site http://www.industrie.gouv.fr/portail/chiffres/index_som.html ➔ search: 'construction', Go to 'Fournisseurs de la construction'.
- UNICEM (Union Nationale des Industries de Carrières et Matériaux de Construction) http://www.unicem.fr/ ➔ go to: 'Activités'
- EU Expanding Exports Helpdesk http://export-help.cec.eu.int/ ➔ go to: trade statistics
- Eurostat – official statistical office of the EU http://epp.eurostat.cec.eu.int ➔ go to 'themes' on the left side of the home page ➔ go to 'external trade' ➔ go to 'data – full view' ➔ go to 'external trade - detailed data

4 Prices developments

- When looking at the total French import figure it becomes clear that the average price of sanitary ware and ceramic tiles has dropped. This especially applies to goods imported from DC.
- Margins in the industry have also decreased due to rising raw material and energy costs, and intense price competition. Raw material prices are likely to remain high over the next year or two, driven by supply shortages, which will continue to add pressure to margins. These factors are likely to maintain pressure on price levels in the market. The rising energy costs have especially negatively influenced the ceramics industry.
- In reaction to cheap imports from DC and the growing importance of the DIY market, domestic producers and multinational subsidiaries present in France are focusing on the higher-end of the market to gain better margins and are focusing on products that have added value. As a result the middle segment has been slowly declining.
- Listed below are a few websites where up-to-date prices are provided:
  - Espace Aubade - http://www.espace-aubade.fr/
  - Jacques import - http://www.jacques-import.com

5 Market access requirements

As a manufacturer in a DC preparing to access France, you should be aware of the market access requirements of your trading partners and the French 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. You need to comply with EU legislation and have to be aware of the additional non-legislative requirements that your trading partners in the EU might request.

For information on legislative and non-legislative requirements, go to ‘Search CBI database’ at http://www.cbi.eu/marketinfo, select sanitary ware and ceramic tiles products and France in the category search, click on the search button and click on market access requirements.

Packaging
There are many ways of packaging sanitary ware and ceramic tiles, depending on the product, the buyer and the legislation. The exporter should reach an agreement with the importer as to which package to use. Intermediate traders sometimes repackage products.
As there are no standards for packaging sanitary ware and ceramic tiles a few general remarks concerning packing the products for shipment are provided. In general the products are stacked on pallets. Each pallet should not weigh more than 1,500 kilograms since forklift truck are often not capable to lift pallets exceeding this amount. The so-called Euro-pallet (120 cm x 80 cm) is commonly used for relatively small products.
The overall trend in Europe is towards facilitating re-use and recycling of packaging through incentives. In order to harmonise the different forms of legislation, the EU has issued a directive for packaging and packaging materials (Directive 94/62/EC) in which minimum standards are regulated. With effect from 30 June 2002, maximum concentrations of lead, cadmium, mercury and hexavalent chromium allowed in packaging are 100 ppm.

Marking and labelling
CE-marking system with regard to construction products (incl. sanitary ware and ceramic tiles) is being regulated by Directives 89/106/EEC and 93/68/EC and by decision 93/465/EC concerning the modules for the various phases of the conformity assessment procedures and the rules for the affixing and use of the CE conformity marking. The CE marking is neither a mark of origin, nor a quality mark, and producers from third countries are enabled to label their products with CE mark. The CE-marked product may also bear different marks arising from other systems, such as a voluntary quality mark or a voluntary standardization mark concerning non-harmonized aspects.

Green Dot
The Green Dot label is increasingly essential for marketing products in the EU countries due to growth of waste and disposal problem concerns. The license fees to use the symbol finance the separate collection, sorting and – in the case of plastics – recycling of sales packaging. France, together with 18 other EU countries, is using the Green Dot as financing mark for the collection, sorting and recycling of sales packaging. According to Green Dot classification, sanitary appliances and ceramic tiles fall under "Do-it-yourself articles, paints, tools, etc" product group. Exporters from third countries cannot apply for a license by Dual System and they should have recourse to the importer from the European economic area, the latter being enabled to apply. More information on Green Dot can be found at http://www.greendot.ie/specs.html.

Firms entering the French market are strongly advised to examine EU as well as national law. As much as the legislation regarding labelling is still in the development stage, EU labelling regulations and standards need to be carefully monitored.

Additional 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/

Information on eco-labelling and packaging legislation is included in the CBI market information database.

6 Doing business

General 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) can be found in CBI's export manuals 'Export Planner' and 'Your image builder'. Furthermore cultural awareness is a critical skill in securing success as an exporter. Information on cultural differences in the EU can be found in chapter 3 of CBI's export manual 'Exporting to the EU'. These manuals can be downloaded from http://www.cbi.eu/marketinfo - go to search publications.

Advertising
Advertising and communication are crucial for establishing and maintaining business relationships. The Internet is playing an increasingly important role to share and exchange information. In particular, the development of business-to-business portals (B-to-B) and having your own well-maintained website can promote interest in your company and product. Moreover, attending specialized trade fairs is a good way to be introduced to the French market and get a better understanding of the market.

Trade fairs
- Ideo Bain - http://www.pro.ideobain.com/ - bathroom exhibition
- Sanipolis - http://www.sanipolis.net/2007/ - bathroom and sanitary fittings trade fair
- Salon de l'Habitat - http://www.toulouse-expo.ddo.net/fr/presse/salon-habitat.htm - expo on home decoration
- Trade fair organiser Sepelcom - http://www.sepelcom.com/2005/ -

Trade press
- French Bathroom magazine - http://www.reponsesmaison.com/rbain/rbain.html
- Batiforum - http://www.batiforum.com/

This survey was compiled for CBI by CREM BV

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