CBI MARKET SURVEY

The sanitary ware and ceramic tiles market in Ireland

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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 Ireland. 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[i]

- In the Irish sanitary ware and ceramic tiles market, about € 336 million or 133 thousand tonnes of product were consumed in 2005.
- Ireland is one of the smaller markets in the EU. It consumes about 2% of the total EU consumption.
- Total consumption grew at 17% per year. Ireland is ranked 13th based on consumption, above Slovakia and below Portugal.
- Irish consumption of sanitary ware and ceramic tiles consisted of plastic sanitary ware (9%); ceramic sanitary ware (20%); iron or steel sanitary ware (5%); unglazed ceramic flags and paving, hearth or wall tiles (14%); glazed ceramic flags and paving, hearth or wall tiles (53%).
- Glazed ceramic flags and paving, hearth or wall tiles followed by ceramic sanitary ware were the highest consumed product segment. The accessories and brassware sectors are growing in significance. As the popularity of showering increases, sales of showers and shower products continue to outperform the baths sector.
- Key drivers for the sanitary ware market include the current high levels of new housing completions, the trend towards more en-suites in new build homes and the higher specification of bathroom products now being used by house builders both to add value and in response to consumer demand.
- The residential construction sector is the main driver underpinning growth in the new sanitary ware sector and has experienced unprecedented growth in recent years. Residential completions currently total around 77,000 and over the past decade completion numbers have risen by around 200%, from less than 27,000 dwellings in 2004. The house building sector now accounts for over 60% of total construction output and completions in 2005, although not reaching the levels seen in 2004, are still forecast to reach 74,000.
- Developers have increased the quality of kitchen and bathroom fittings to add value, and regulations governing disabled access have lead to an increase user friendly, safe fitting.
- It is estimated that whilst the average life-span of a domestic bathroom is normally around 15 years, the relatively recent age of most housing stock in Ireland leads to consumers replacing sanitary ware on average, every 20-25 years. Around 44% of homes in Ireland have been built since 1981, which is reflected in the much lower replacement market share compared to the UK, for example.
- Furthermore, the maturity of Special Savings Investment Accounts (SSIAs) in 2006 will see the release of an estimated €6 billion of consumer funds into the economy, with many consumers using this money to remodel their homes with new bathrooms and kitchens.

- In addition the wide range of products now available through the DIY sector has also supported growth

Production

- In the Irish sanitary ware and ceramic tiles market, about € 229 million or 29 thousand tonnes of product was produced in 2005.
- Total production grew by 24% per year. Ireland is ranked 13th based on production, above Hungary and below Slovakia.
- Irish consumption of sanitary ware and ceramic tiles consisted of plastic sanitary ware (7%); ceramic sanitary ware (14%); iron or steel sanitary ware (4%); unglazed ceramic flags and paving, hearth or wall tiles (17%); glazed ceramic flags and paving, hearth or wall tiles (59%)
- Offsite manufacturing techniques in the Irish housing market have now risen significantly.
- The bathroom Pod[1] is already a growth market in Ireland and industry sources estimate that as many as 50% of new hotels rely on Pod construction, while between 40% and 50% of apartment schemes are benefiting from this method.
- Many house builders, including John Paul Construction, P J Hegarty and Pierse Contracting are now using pre-fabricated construction to install bathrooms in apartments and smaller housing projects.
- The bathroom products market in Ireland is highly fragmented, with just one indigenous major bathroom products manufacturer, Qualceram-Shires, dominating production in the country and estimated to account for 33% of the total market share.

Opportunities and threats

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

+ A number of smaller Irish companies manufacturing specific products collectively account for about 30% of the market, with imports making up the rest of the share.
+ Present growth rates of consumption as well as production indicate a substantial market potential.
+ It is forecast that the overall bathroom products market will continue to grow at a reasonably stable level in 2005 and 2006 at 4% per annum, and then by around 3% until 2009.
+ Providers of sleek, elegant, user friendly and safe designs are in high demand.

- The bathroom products market, as with most consumer durables, is highly responsive to fluctuations in the economic climate with consumer spending levels and confidence susceptible to interest rate rises and fluctuations in the economy.
- Being a fairly developed market competition both in price as well as in quality will be very strong.

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 market entry channels are quite a few for Ireland as it is a fairly developed market. Its possible to make initial trade contact with importers, wholesalers, retailers and suppliers as each have well established network. Listed below is information on different trade channels like importers, wholesalers, suppliers, retailers which are most relevant for Ireland for DC exporter to contact for market access.

Major importing companies include

- Armitage Shanks - www.armitage-shanks.co.uk/
- Ideal Standard -www.ideal-standard.co.uk/
- Jacuzzi - www.jacuzzi.com

[1] A factory finished bathroom/toilet module, with its own roof and cladding.

Leading suppliers to the Irish bathroom pod market include:
- Delta Off-Site Solutions - www.deltahomes.net
- Fusion Building Systems - www.fusionbuild.com/
- Polypod Ltd - www.polypod.ie
- Qpods Ireland - www.qpods.com

Some distributors for the Irish market are mentioned below and could be the starting point of contact for exporters from developing countries (DC).
- Salt Tech- http://www.saltech.ie
- Grafton Group Plc - www.graftonplc.com
- Wolseley Plc- www.wolseley.com/

Other channels of distribution, including mail order, catalogue sales and direct supply from the manufacturer.

Retailers in the Irish market are:
- Tubs and Tiles- http://www.tubstiles.ie
- Nationwide Tiles- http://www.nationwidetiles.ie
- Original Bath rooms- http://www.originalbathrooms.ie/
- Gilroy Tiling- http://www.gilroy-tiling.ie
- DPL group- http://www.dpl.ie
- Bathroom World- www.bathroomworld.com/
- Euro Bathrooms- www.eurobathrooms.net/
- Bathrooms and Tiles Direct- www.bathroomtiledirect.com/
- Irish International Trading Corp (IITC)- www.iitc.ie

The **DIY sector** accounts for an estimated 21% of bathroom products distribution in Ireland and has grown in recent years as a result of a buoyant house moving market and the competitive pricing strategy adopted by major outlets such as:
- Homebase- www.homebase.co.uk
- B&Q- www.diy.com/
- Woodies DIY- www.woodiesdiy.com/

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 Irish sanitary ware and ceramic tiles market- about € 171 million or 149 thousand tonnes of product were imported in 2006.
- Ireland is one of the smaller importers in the EU. Similar to Portugal and Sweden- Ireland imports about 2% of the total imports in the EU.
- Total imports grew by 11% per year. Ireland is ranked 12th based on imports, above Denmark and below Sweden.
- Of the total percentage of imports approximately 82% was imported from other EU countries 2% from other developed countries and 16% from DC. China followed by Turkey are the top two DC exporting to Ireland.
- Total imports in 2006 segmented into selected product groups: Irish importation of sanitary ware and ceramic tiles consisted of plastic sanitary ware (25%); ceramic sanitary ware (27%); iron or steel sanitary ware (8%); unglazed ceramic flags and paving- hearth or wall tiles (7%); glazed ceramic flags and paving- hearth or wall tiles (33%).

- Glazed ceramic flags and paving- hearth or wall tiles followed by plastic sanitary ware dominate the imports market.
- The share of imports from DC has been increasing over the years from 6% in 2002 to 11% in 2004 to 43% in 2006.
- Imports from DC have been growing however there is always concern for the quality-- being a fairly developed market DC exporters of high quality products tend to succeed.
- A rise in earnings growth and consumer spending- low inflation and low interest rates will all impact favorably on the bathroom products imports market over the next few years

Exports

- In the Irish sanitary ware and ceramic tiles market- about € 54 million or 24 thousand tonnes of product was exported in 2006.
- Ireland is one of the smaller exporters in the EU. It imports about 1% of the total exports.
- Total exports are growing. From 2002 to 2006 exports grew by 10% per year.

Opportunities and threats

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

+ The market is fairly developed but not mature so there is scope for further growth of imports.
+ Import growth by 11% is indicative of a substantial market for exporters from DC to tap into.
+ Exporters offering a wide range of products that can cater to different consumer segments are likely to be able to penetrate the market more readily.
+ The share of DC exports has been increasing steadily. Chinese exports dominate the market.
- Cheaper imports are not always the most successful ones; there is a strong demand for good quality products.

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

During 2004- the new build sector for bathroom products was estimated to be worth €84 million at manufacturers selling prices and approximately 65% of the overall total market bathroom products market. This share can be attributed to the increased volume of bathroom products being installed in new houses and the general shift to better quality and slightly higher value fittings. Cost of raw materials as well as energy has increased and these affect the production of ceramic tiles and sanitary ware significantly. The Irish inflation rate has been below 2% and that indicates that prices of most consumer products would not grow at any rate higher than 2% on an average http://www.finfacts.ie/inflation.htm.

For more information on import duties- tariffs and quotas please refer to the following website http://www.infoexport.gc.ca/ie-en/DisplayDocument.jsp?did=52403

5 Market access requirements

As a manufacturer in a developing country preparing to access Ireland- you should be aware of the market access requirements of your trading partners and the Ireland 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 Ireland 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 Ireland- visit the following websites:

Trade associations
- Construction Industry Federation (CIF)- www.cif.ie (this site has information on the Floor Covering and Tiling Contractors Association and Irish Kitchen & Fitted Furniture Association in Ireland)
- Irish Chamber of Commerce - www.chambers.ie

Trade shows
- Plan Expo – Construction & Building Materials - http://www.expo-events.com/planexpo/index.htm
- Spring House and Garden Show - http://www.expo-events.com/SHG/index.html
- IDEAL HOMES EXHIBITION - http://www.idealhome.ie/

Trade Press
- The Sunday Business Post Newspaper Online - www.sbpost.ie
- Irish business news - www.independent.ie/business/
- Online business news and directory based in Dublin - www.bizplus.ie/

This survey was compiled for CBI by CREM

[i] http://www.amaresearch.co.uk/- website used for trends in consumption.