

CBI MARKET SURVEY

The sanitary ware and ceramic tiles market in Poland

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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 Poland. 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 Polish sanitary ware and ceramic tiles market, about € 809 million in 2005 were consumed.
- Poland is one of medium-sized markets in the EU. It consumes about 5% of the total EU consumption.
- Total consumption grew by 24% per year. Poland is ranked 8th based on consumption, above Sweden and below Belgium.
- Polish consumption of sanitary ware and ceramic tiles consisted of plastic sanitary ware (13%); ceramic sanitary ware (32%); iron or steel sanitary ware (2%); unglazed ceramic flags and paving, hearth or wall tiles (16%); glazed ceramic flags and paving, hearth or wall tiles (37%).
- Glazed ceramic flags and paving, hearth or wall tiles followed by ceramic sanitary ware are the highest consumed product groups.
- The Polish bathroom market may face difficulties in the coming year. The consequences of the strong rise in VAT in 2004 (introduced in order to become a member state of the European Union) were felt in 2005. The VAT rise – from 7% up to 22% - made it difficult for customers to keep up spending levels and this had a negative effect on the refurbishment market.
- Despite the rise in VAT there are other strong economic factors like rising disposable income that will help maintain the current rate of growth in this segment.

Production

- In the Polish sanitary ware and ceramic tiles market, about € 845 million or 104 thousand tonnes of product were produced in 2005.
- Total production grew by 25% a year. Poland is ranked 5th based on production, above France and below Netherlands.
- Polish consumption of sanitary ware and ceramic tiles consisted of plastic sanitary ware (20%); ceramic sanitary ware (36%); iron or steel sanitary ware (2%); unglazed ceramic flags and paving, hearth or wall tiles (15%); glazed ceramic flags and paving, hearth or wall tiles (34%).
- Ceramic sanitary ware and glazed ceramic flags, paving & hearth or wall tiles are the highest produced product category.
- The current growth rates in consumption as well as production indicate that the local production is able to cater to most of the local consumption.

Opportunities and threats

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

- + Due to an improvement in standard of living and reduced interest rates the housing sector is likely to boom and thereby create demand for sanitary ware.
- The markets for baths, shower trays and ceramic sanitary ware and alternatives decreased in 2005, as the markets were still affected by the price hike with the increase in the VAT from 7% to 22% in May 2004.
- Competition from local manufacturers would continue to be stiff for low end product categories.
- + Production as well as consumption are growing at the same steady pace and there are no shortfalls that are evident that could be exploited by DC exporters. However, due to the economic growth as well renewed interest in investment opportunities in the country coupled with increase in disposable income, the demand in all the product segments would rise.
- + There is a rise in demand for latest textures and finishes in the higher end segment like uses for high-gloss silky smooth finishes or rich natural woods for glamorous modern luxury
- Manufacturing of ceramic tiles in Poland is highly concentrated.

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

For Poland the most relevant trade channels are distributors and retailer. They work in closed network which are built through credibility and reference.

The following are some distributors for sanitary ware and ceramic tiles in Poland.

- Hiperglazur - <http://www.hiperglazur.com.pl/>
- Opoczno- <http://www.opoczno.com>
- Sigma - <http://www.sigma.pl/english/>

Retailers in the Poland market include:

- Muratordom - <http://www.muratordom.pl/>
- Gedeon - <http://www.gedeon.com.pl>
- Landom - <http://www.landom.pl>
- Cemar - <http://www.cemar.waw.pl/>
- Paradyz - <http://www.paradyz.com.pl>

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 Polish sanitary ware and ceramic tiles market, about € 218 million or 223 thousand tonnes of product were imported in 2006.
- Poland is one of the medium-sized importers in the EU. Like Ireland, Poland imports about 3% of the total imports in the EU. France and Germany import the most with 19% and 14% respectively.
- Total imports grew on an average by 24% per year. Poland is ranked 10th based on imports, above Sweden and below Greece.
- Of the total percentage of imports, approximately 83% was imported from other EU countries, 1% from other developed countries, and 16% from developing countries (DC). China, followed by Turkey, is the top DC exporter to Poland.
- Total imports in 2006 segmented into selected product groups: Polish imports of sanitary ware and ceramic tiles consisted of plastic sanitary ware (23%); ceramic

sanitary ware (15%); iron or steel sanitary ware (14%); unglazed ceramic flags and paving, hearth or wall tiles (17%); glazed ceramic flags and paving, hearth or wall tiles (31%).

- Glazed ceramic flags and paving, hearth or wall tiles followed by the plastic sanitary ware are the highest imported product segments.
- The share of cheaper exports from DC has been increasing and the trend is supposed to continue.
- The share of Imports from DC has been increasing over the years from 9% in 2004 to 46% in 2006.
- The imports from DC are increasingly becoming price competitive, especially Chinese goods seem to be flooding the market thus there is scope for further growth in imports in lower price segment.
- Due to higher levels of aspiration there is a growing demand for imports of functional designs in sanitary ware. Since providers of these designs price products high, relatively cheaper imports from DC may get preference.

Exports

- In the Polish sanitary ware and ceramic tiles market, about € 328 million or 481 thousand tonnes of product were exported in 2006.
- Poland is one of the medium-sized exporters in the EU. Like France, Poland imports about 3% of the total exports. Poland is the largest exporter of sanitary ware and ceramic tiles of the new EU member states¹.
- Total exports are growing. From 2004 to 2006 exports grew by 52%.

Opportunities and threats

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

- + It is indicated that Chinese imports are very competitively priced thus competition too would be higher from such imports.
- + For DC that do not have labour intensive production processes it is likely that price competition would not be favourable vs. countries like China etc. Thus the best strategy would be to aim for better quality products that are differentiated in other ways like anti slip tiles or moss-resistant tiles etc.
- + Share of exports from DC has been increasing steadily.
- + Imports grew at an impressive rate of 24% indicating a substantial market for exporters from DC to tap into.
- The market is dominated by strong network of dealers/ distributors and retailers thus pose difficulties in penetrating the market.

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

Prices within most categories have increased due to the increasing cost of raw materials, labour as well as energy. The high end segment has witnessed the largest increase in prices due to higher margins. However competition from cheaper exports from DC specifically China has kept a strong check on indiscriminate increase in prices. Inflation too is rising and indicative of an upward movement in prices. Inflation rate is below 2% thus the increase in prices for most consumer products would be within that range

[http://www.indexmundi.com/poland/inflation_rate_\(consumer_prices\).html](http://www.indexmundi.com/poland/inflation_rate_(consumer_prices).html)

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.

Since price information is not easily available thus it can be inferred through the rates of inflation.

For some information of tariffs, quotas and duties please refer to the following website <http://www.infoexport.gc.ca/ie-en/DisplayDocument.jsp?did=63952>

5 Market access requirements

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

Trade associations

- DOM - Residential Building Materials and Interior Fitments - <http://www.targikielce.pl/targi/dom/en/>
- World Trade Center Poznań- www.wtc-poznan.com.pl

Trade Shows

- <http://www.mtp.pl/en/menu.htm>
- <http://www.homedecor.pl/>

Trade press

- Parkiet - <http://www.parkiet.com/>
- Puls Biznesu - <http://www.pb.pl/>
- Warsaw business Journal - <http://www.wbj.pl/>
- Business Portal for Poland - <http://www.polishmarket.com/>

This survey was compiled for CBI by CREM

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