CBI MARKET SURVEY

The Sanitary Ware and Ceramic Tiles Market in the United Kingdom

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Report summary
This CBI market survey discusses the following highlights for the sanitary ware and ceramic tile market in the United Kingdom (UK):
- In 2005, British consumption of sanitary ware and ceramic tiles was a total of € 1,474 million and production was € 721 million in value.
- Between 2002 and 2005 total consumption of sanitary ware and ceramic tiles declined at a rate of 3.6% per year. Over the same period British production dropped significantly more at a rate of 11.3% annually.
- In 2006, the UK imported about € 1 billion worth of sanitary ware and ceramic tiles. British imports however increased at 6.3% per year between 2002 and 2006. The biggest growth was realized in the product categories unglazed ceramic tiles and ceramic sanitary ware.
- 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, Brazil, Malaysia and South Africa are the most important DC supplying countries to the UK.

This survey provides exporters of sanitary ware and ceramic tile with sector-specific market information related to gaining access to the UK. 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, British consumption of sanitary ware and ceramic tiles represented 980 thousand tonnes with a total of € 1,474 million (sanitary ware 65%; ceramic tiles 35%).
- The UK is one of the larger markets in the EU accounting for 9% of total EU consumption. The largest consumers are the Southern European countries: Italy (15%), Spain (12%), Germany (12%) and France (11%). The UK is ranked 5th based on consumption, above Netherlands and below France.

Table 1.1 British 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	
751	1,649	844	1,677	997	1,767	980	1,474	-3.6%

Source: Eurostat (2007)

- The market for sanitary ware and ceramic tiles slowed down in 2005, which can be attributed to rising interest rates which resulted in a cooling housing market. Between the years 2002 – 2005 the average growth has declined by 3.6% annually.
- Although the consumption value decreased by 11% between 2002 and 2005, volume increased 31%. This means that the average price of consumed sanitary ware and ceramic tiles has gone up.
- New construction activity and moderate home improvement projects will result in an increased demand for sanitary ware and ceramic tiles, especially fuelled by growth in the new build sector. Plans for around 1.2 million new homes by 2016 in the south east have been announced which will fuel growth in the market. Additionally, non-housing construction activity is expected to be buoyant, especially in education and health, which will require volumes of sanitary ware.
- Find below a table of the British sanitary ware and ceramic tiles consumption in the years 2002-2005 split into different product groups:

Table 1.2 British 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	16	485	13	464	27	527	19	471
Ceramic sanitary ware	55	429	91	439	111	466	106	226
Iron/Steel sanitary ware	25	216	36	224	37	247	56	256
Unglazed ceramic tiles	47	55	53	59	64	61	90	80
Glazed ceramic tiles	608	465	652	491	757	465	708	442

Source: Eurostat (2007)

- Growth in the sanitary ware segment was only realized for iron/steel products. In contrast to the more traditional products made of ceramics or plastic, this product group is heavily influenced by design trends.
- The growth in consumption of unglazed ceramic tiles is in line with a general European trend. UK home owners are now treating tiles more as the Spanish and Italians do by changing them every three to four years to keep in line with the latest in interior fashions. The wider utilisation of the tile in and around the house is another reason the market moved forward.
- The average price of sanitary ware increased more than that of ceramic tiles.

Market segmentation

The British 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 Do-It-Yourself (DIY) outlets. The professional market is characterized as non-residential, residential, and renovation markets. The application of the standards is important.
- **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 private market. Size of order is generally smaller; application of standards is less enforced, and is used primarily for renovation purchases.

With over 25 million homes in the UK, the private housing market is traditionally the driver of growth, providing strong opportunities for replacement sales as householders invest in property. However, substantial investment from government in the social housing sector, with a mandate to bring homes up to a `decent standard' by 2010, has also created replacement opportunities within the public housing sector. 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

- For wall tiles the trend is neutral tones with no or little patterns. The only decoration has been small decorated insets and borders. These remain popular mostly in metallic effect or glass teamed with large white tiles with an undulating surface or geometric textures. The main change in 2006 was the growing popularity of strong colours particularly in large floral panels.
- There is also a growing demand for larger format tiles and natural marbles and stone effects. UK consumers are gradually developing more cosmopolitan tastes, which benefits the ceramic tile market, since many other countries make more extensive and bolder use of tiles. The natural colours are expected to continue to be a popular colour palette. Because of the traditional nature of the British market white and naturally inspired tiles will still be popular. However, schemes that incorporate subtle elements of colour such as muted pastel shades will also be in demand.
- The increasing popularity of ‘wellness’ products has supported the whirlpool and spa sector, although its share within the bathroom market remains small. Whirlpools/spa’s, which have traditionally been viewed as an expensive luxury, are fast becoming more affordable for the mass market. Manufacturers are also adapting their products to confined spaces with the launch of whirlpool/spa shower-baths. As awareness and distribution expands, this market is likely to grow, albeit on a gradual basis.
- The UK market traditionally prefers showering over bathing partly because of its space-efficient qualities. However, space-saving solutions have influenced the bathroom market in recent years. As a result the market for irregular shaped standard baths has grown. Irregular baths, which are bigger at one end, are increasing their sales as they fit better with power showers, which are increasing sales.
- However, Britons are more and more getting warmed up to bathing as can be seen by the focus on en suite/additional bathrooms in new homes in recent years. The majority of new build properties, both small and large, include at least one bath, but 3 bedroom properties and larger usually incorporate two or more showers. In terms of the product mix in the bath sector, shower baths have increased in popularity.
- Sanitary ware and ceramic tile consumers in the private and professional segment are increasingly interested in sustainable production. Manufacturers and other players in the market are keen to capitalize on this trend. The British government is taking a pro-active approach toward the matter and is looking into ways on how it can purchase product from sustainable sources.

Production

- In 2005, the UK produced 31 tonnes of sanitary ware and ceramic tiles, which represented a total of € 721 million (91% sanitary ware; 9% ceramic tiles). Looking at volume/value ratio it shows that British producers are focusing on the high-end of the market.

Table 1.3 British 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	
23	1,037	43	1,005	36	1,013	31	721	**-11.3%**

Source: Eurostat (2007)

- British production has dropped significantly in 2005. This can be attributed to the fall of domestic demand together with the increased competition from DC and Eastern European countries. Declining demand in foreign markets also played a role.
- Following economical developments and especially the construction market, it is expected that British production recover in coming years. Positive production forecasts are also fuelled by the expected increase of exports caused by picking up markets of important trading countries.
- The UK accounts for 4% of EU production which makes it a middle-sized producer. UK is ranked 7th based on production, above Sweden and below France.

Table 1.4 British 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	12	467	10	454	11	480	11	427
Ceramic sanitary ware	1	336	9	312	7	305	1	65
Iron/Steel sanitary ware	2	141	16	146	13	167	13	166
Unglazed ceramic tiles	1	17	1	15	1	13	1	13
Glazed ceramic tiles	7	75	8	78	5	48	4	50

Source: Eurostat (2007)

- As can be seen from table 1.4 all product groups declined between 2002-2005, except for iron/steel sanitary ware which grew because of an increased demand in the domestic market.
- Despite the increasing importance attached to quality and design, the level of imports from low-cost countries has increased and a significant number of UK manufacturers have moved production facilities overseas in order to compete more effectively. The growth of lower cost imports has increased the level of price competition across all sectors of the market, with sanitary ware products from higher value EU sources such as Italy and France also experiencing a decline in average prices over the past three years.
- In the UK, as well as in other important producing countries, producers are forming alliances with other (European) producers to defend their market positions. In recent years several large British manufacturers have been taken over by large US manufacturers and European based companies. Advantages of working together include: being able to produce in larger quantities, streamline the production process and to offer a larger variety of products. The aim is to bring down production costs and be able to compete with cheap suppliers.
- However, emerging markets also create export opportunities for British 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.
- 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 British market:
  - Armitage Shanks - http://www.armitage-shanks.co.uk/index.html
  - Qualceram Shires - http://www.qualceram-shires.com/
  - Twyford Bathrooms - http://www.twyfordbathrooms.com/

Opportunities and threats

+ The consumption declined by an average of 3.6% annually. This is indicative of declining market opportunity. However, with a recovering construction market and positive economical forecasts the British market for sanitary ware and ceramic tiles is expected to increase in coming years.
+ 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 the UK 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.
- Price is not necessarily the most important factor when purchasing sanitary ware or ceramic tiles. 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 important for this segment.

Note that the above-mentioned opportunities and threats do 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 an example 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

- Kitchen & Bathroom Specialist Association - http://www.kbsa.co.uk/default.asp
- Bathroom Manufacturers Assocation - http://www.bathroom-association.org/
- The Tile Assocation UK - http://www.tiles.org.uk/
- The Bathroom.info - http://www.thebathroom.info/index.html

2 Trade channels for market entry

Trade channels

The most important trade channels in the UK are the wholesalers and importers. They supply the private as well as professional market. The increasing level of imports has also been driven by wholesaler and importers sourcing own brand products directly from lower cost sources. Price competition, particularly in the DIY sector, has been a major factor affecting value growth over the last two years, across baths and sanitary ware.

- Justiles - http://www.justtiles.co.uk/ - wholesaler/importer of ceramic tiles
- DTW Ceramics - http://www.tiles-ceramic.co.uk/ - importer and distributor of ceramic tiles
- City distribution - http://www.citydistribution.co.uk/ - importers of sanitary ware
- Davroc - http://www.davroc.co.uk/static/ - distributor of sanitary ware
- China Source and Supply - http://www.chinasourceandsupply.com/ - importer of a large variety of products from China including sanitary ware and ceramic tiles

Retailers mainly buy from wholesalers and importers, however large retailers (e.g. DIY stores) also buy from exporters directly. Retailers mainly focus on the private market but some installers and contractors also get their material from retailers.

The kitchen and bathroom retail specialists sector has been under pressure in the last two years reflecting the more cautious consumer environment, though they remain an important trade channel. However, this sector of the merchant industry is declining as the major regional and national chains take share and an increasing number of smaller merchants purchase direct, often using buying groups to get better terms.

The DIY market is becoming more important in the British bathroom market. Most large chains offer an increasing amount of products thereby targeting more market segments. DIY activity, however has been affected in recent years with several major stores reporting declining sales in the repair, maintenance and improvement sectors. DIY store MFI is even closing 11 stores and pulling out of the bathroom market. The overall market for DIY materials, which has grown strongly between 2001 and 2004, appears to have levelled off or taken a slight downturn in the first half of 2005. Growth in the tile market seems to have slowed following these background trends, although the longer-term pattern is for growth.

- B&Q DIY stores - http://www.diy.com - biggest DIY store in Europe
- Bathroom City - http://www.bathroomcity.co.uk/ - retailer specialized in bathrooms
- Aston Matthews - http://www.astonmatthews.co.uk/ - renonwend retailer of sanitary ware

Installers place small orders with wholesalers/importers and mainly service the private market. Installers are a relatively small player in the market.

- Walton Bathrooms - http://www.waltonbathrooms.co.uk/
- Hubbaerd Pluming and Heating - http://www.hubbardplumbingandheating.co.uk/

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

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 the UK please refer to chapter 3 of the CBI survey 'The Sanitary Ware and Ceramic Tiles Market in the EU'.

Selecting a suitable trading partner

An agency arrangement is often a cost-effective mechanism to enter the market but under British law it can be difficult and costly to terminate the arrangement. A representation or distributorship arrangement may be harder to arrange but the British associate will purchase the product which is to be sold, thus sharing the marketing risk. Of these options, the most effective is probably appointing a distribution partner. A UK distributor will understand how to best present your products, comment on changes to your packaging and will understand how to place the product in the market. UK-based companies expect to have long-term relationships with their suppliers working together to achieve sales targets.

Another option is to become a subsidiary of a British production company. A subsidiary will have to be able to produce according to the British manufacturer's quality standards and deliver on time. Although margins might be smaller it could result in a long-term business relationship with frequent orders.

In a market where competition is fierce and margins are small, it is becoming increasingly important to be a reliable partner. Delivering according to agreements and effective communication are crucial for your trading partner and necessary for developing a long-term business relationship.

There are various ways to come into contact with importers and other possible trading partners in the British 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 British 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). Contacting possible importers directly is only advised when preceding preparation has been sufficient.

Find below some links to website where you can find possible trading partners:

- Ceramic Tile Distributors - http://www.ctdtiles.co.uk/
- UK 250 - http://www.uk250.co.uk/Bathroom/

3 Trade: imports and exports

Imports

Total imports

- In 2006, the UK imported about € 1 billion worth of sanitary ware and ceramic tiles representing a volume of approximately 1,117 thousand tonnes.
- The UK is a middle-sized importer in the EU accounting for 5% of total import value. France, Germany and the United Kingdom are the largest EU importers by 19%, 14% and 14% respectively. The new EU countries are generally small importers. Rank it.
- For an overview of British import figures from 2002 to 2006, please refer to the table below:

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

2002		2004		2006		Average annual growth
Volume	Value	Volume	Value	Volume	Value	
788	812	1,040	972	1,117	1,033	+6.2%

Source: Eurostat (2007)

- Although the total value of British imports of sanitary ware and ceramic tiles increased between the years 2002-2006 by 27%, the total quantity of imports increased by 42%. When looking closer it becomes clear that the average price of imported ceramic tiles increased while that of sanitary ware dropped.
- Although consumption and production of sanitary ware and ceramic tiles in the UK decreased between 2002 and 2005, its imports went up by 6.2%. Therefore, increasing demand in the British market is likely to lead to more imports.
- 65% of the total value of British imports originated in EU countries representing more than € 668 million with a volume of over 679 thousand tonnes. The most important intra-EU suppliers in value are: Spain (22%), Italy (19%) and Germany (9%). The market share of Spain and Italy decreased drastically in contrast to that of Germany which went up by 6%. Intra-EU imports in general have gone down by 8%.
- Within the British import figure in 2006, more than € 295 million (29%) came from DC with a volume of more than 393 thousand tonnes (35%).
- The overall market share of DC in terms of value has grown from 16% to 29% over the period from 2002 to 2006. Growth of volume was similar implicating that the British market provides a stable market for DC exporters.
- Please find below a table with the most important DC supplying to the UK:

Table 3.2 Most important developing countries supplying to the UK in 2006

Developing country	€ million	% of British imports	Value '06/02
China	137	13	57%
Turkey	90	9	49%
Egypt	22	2	27%
Brazil	12	1	15%
Malaysia	11	1	7%

Source: Eurostat (2007)

Imports by product group

Table 3.3 Imports by and leading suppliers to the UK 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	615	668	668	Intra EU: Spain (22%); Italy (19%); Germany (9%): France (4%); Portugal (3%)	**64%**
Extra EU	66	67	70	Extra EU: Switzerland (3%): U.A.E. (1%); Bulgaria (1%); USA (0.7%); Taiwan (0.5%); Hong Kong (0.4%)	**7%**
DC*	131	236	295	DC*: China (13%); Turkey (9%); Egypt (2%); Brazil (1%); Malaysia (1%); South Africa (0.8%); Thailand (0.7%); India (0.2%); Indonesia (0.1%); Lebanon (0.1%)	**29%**
Plastic sanitary ware:					
Intra EU	77	91	89	Intra EU: Germany (14%); France (14%); Italy (11%); The UK (7%); Spain (3%)	**58%**
Extra EU	11	13	12	Extra EU: Switzerland (3%); Hong Kong (2%); USA (2%); Bahrain (0.2%); Taiwan (0.2%)	**8%**
DC*	15	30	52	DC*: China (21%); South Africa (5%); Egypt (4%); Turkey (3%); India (0.4%); Mexico (0.2%); Croatia (0.1%); Malaysia (0.1%); Brazil (0.1%); Siyt Korea (0.1%)	**34%**
Ceramic sanitary ware:					
Intra EU	74	100	115	Intra EU: Germany (56%), Belgium (16%), Italy (9%), Portugal (2%), Spain (1%)	**45%**
Extra EU	15	23	20	Extra EU: United Arabic Emirates (5%); Switzerland (3%); Norway (0.3%); Bulgaria (0.3%); USA (0.2%)	**8%**
DC*	55	104	118	DC*: China (19%); Turkey (17%); Egypt (6%); Thailand (2%); Malaysia (1%); Brazil (0.4%); Indonesia (0.3%); Lebanon (0.3%); Morocco (0.3%); Oman (0.2%)	**47%**
Iron/Steel sanitary ware:					
Intra EU	70	79	76	Intra EU: Germany (26%); Malta (8%); Portugal (5%); Spain (5%); Italy (5%)	**56%**
Extra EU	31	26	24	Extra EU: Switzerland (11%); Taiwan (4%); USA (3%); Hong Kong (0.4%); Canada (0.2%)	**18%**
DC*	8	14	36	DC*: China (26%); India (0.2%); South Africa (0.2%); Turkey (0.1%); Thailand (0.1%); Mexico (0.1%); Egypt (0.04%); Oman (0.01%); Pakistan (0.01%); Sout Korea (0.01%	**27%**
Unglazed ceramic tiles:					

Intra EU	40	47	72	Intra EU: Italy (55%); Spain (12%); Germany (8%); Ireland (5%); Greece (4%)	**93%**
Extra EU	1	0	0	Extra EU: USA (0.3%); Canada (0.02%); Israel (0.01%); Switzerland (0.01%); Quatar (0.01%)	**0.4%**
DC*	1	3	5	DC*: Turkey (4%); China (2%); Brazil (0.6%); India (0.2%); Indonesia (0.1%); Mexico (0.1%); Tunisia (0.1%); Malaysia (0.1%); Thailand (0.1%); Gaza and Jer. (0.1%)	**7%**
Glazed ceramic tiles:					
Intra EU	354	352	316	Intra EU: Germany (23%); Italy (13%); Spain (6%); UK (6%); Belgium (5%)	**78%**
Extra EU	8	4	3	Extra EU: San Marino (2%); Bahrain (1%): Switzerland (0.5%); Israel (0.3%); USA (0.2%)	**1%**
DC*	52	84	83	DC*: China (18%); Egypt (5%); Tunisia (2%); Turkey (0.9%); India (0.6%); South Korea (0.2%); Malaysia (0.1%); Morocco (0.1%); South Africa (0.04%); Vietnam (0.04%)	**21%**

Source: Eurostat (2007)
*Developing Countries

- Import of sanitary ware increased by 53% and that of ceramic tiles by 8%.
- Imports of all product groups increased between 2002 and 2006 except for glazed ceramic tiles (-3%). The biggest growth was realized in the groups of ceramic sanitary ware (76%) and unglazed ceramic tiles (85%).
- The most important products imported in the product category sanitary ware in 2006 were porcelain and china sanitary ware (€ 120 million); plastic baths, shower and washbasins (€ 70 million) plastic bidets, lavatory pans, flushing cisterns and similar sanitary ware (€ 89 million) and other ceramic sanitary ware (€ 110 million). The imports of ceramic tiles consisted for most part of glazed ceramic flags and paving, hearth or wall tiles (€ 41 million) and unglazed ceramic flags and paving, hearth or wall tiles (€ 74 million).
- The market share of DC has increased in all product groups. Market penetration of DC imports to the UK was 24% compared to market penetration into the EU which was 16%.

Exports

- In 2006, the UK exported a total of 73 thousand tonnes of sanitary ware and ceramic tiles which represented a value of € 258 million.
- The UK only accounts for 2% of total EU exports, which makes it one of the smaller exporting countries. In 2006, 86% of the total value of British exports came from sanitary ware.
- The EU market knows just two large exporters namely Italy (40%) and Spain (23%). The new EU Member States[1] hardly make an impact with a combined market share of 7%.

Table 3.4 British 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	
60	200	80	219	73	258	+6.6%

Source: Eurostat (2007)

[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.

- The price of British exports has gone slightly up over the years. This is due to fact that British producers are increasingly focusing on the higher end of the market. This is partly due to the increased competition from DC exporters who introduce low price/quality products.

Opportunities and threats

+ Imports are increasingly important to the British market as can be witnessed by its increase in the past years despite its declining consumption.
+ 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.
+ Even though consumption and production of sanitary ware and ceramic tiles in the UK decreased between 2002 and 2005, its imports went up by 6.2% thus indicating market potential.
- 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 analysis. For an example 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

- 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 British import figures it becomes clear that average price of sanitary ware and ceramic tiles has declined. 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 had a negative impact of the margins in 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 the UK 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:
    - Bathroom city - http://www.bathroomcity.co.uk/
    - Wall and Floors - http://www.wallsandfloors.co.uk/

5 Market access requirements

As a manufacturer in a DC preparing to access The UK, you should be aware of the market access requirements of your trading partners and the British 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 The UK 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.

Firms entering the British 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 British market and get a better understanding of the market.

Trade fairs

- The tile and stone expo - http://www.thetileandstoneshow.co.uk/
- UK based tiles expo - http://www.expotile.co.uk/
- Bathroom and kitchen expo - http://www.bkexpo.co.uk/
- British construction expo - http://www.interbuild.com

Trade press

- Tile UK magazine - http://www.tileuk-magazine.com/index.asp?
- Tile and stone journal - http://www.tileandstonejournal.com/
- Construction news UK - http://www.cnplus.co.uk/index.html

This survey was compiled for CBI by CREM BV