CBI MARKET SURVEY

THE DOMESTIC FURNITURE MARKET IN FRANCE

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Report summary
This CBI market survey discusses the following highlights for the domestic furniture market in France:

- The French market for domestic furniture was valued at € 9.6 billion in 2008, an average annual increase of 3% since 2004. Domestic furniture production was estimated to be € 6.7 billion in 2008, representing an average annual decrease of 0.8% since 2004.
- In 2008, France imported domestic furniture valued at € 4.7 billion, or 1.6 million tonnes. This represented an average annual increase in value of 3.1% since 2004. In terms of volume, the annual increase was 2.9%.
- 21% of French imports by value (€ 955 million) came from developing countries and 25% (402 thousand tonnes) by volume. The share of supplies from developing countries was up from 18% in value (€ 760 million) in 2004, and up from 24% in volume terms (from 340 thousand tonnes). France had a below average share of developing country imports compared with other EU countries for this sector. This was partly because some supplies come from other transit countries such as Belgium.

This survey provides exporters of domestic furniture 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 domestic furniture 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

Total market size

The French market for domestic furniture was valued at € 9.6 billion in 2008. This represented a small decrease compared to 2007 but an average annual increase of 3% since 2004. This was above the EU average of 1.1% growth over the same period. France was the fourth largest EU market, well behind the UK, 40% behind the Italian market size and approximately half the size of Germany, the largest market. The French market was 50% larger than the next country, Spain. Per capita consumption of € 152 was just below the EU27 average of € 161.

Table 1.1 Consumption of domestic furniture in France, 2004-2008, € million

2004	2005	2006	2007	2008	Average ann. % change	Population (million)	per capita in €	Occupants per household	Households (thousand)
8,575	8,787	9,016	9,670	9,641	3.0	63.6	152	2.3	27,045

Source: Ipéa (2009)

The slight fall in market value in 2008 has accelerated in 2009. The market was down 5% in the first seven months of 2009 compared to the equivalent period in 2008. The downward trend is also continuing.

There does appear to be some latent demand building up. According to the barometer-Sofinco Ipea, 44.3% of households intend to buy an item of household equipment (primarily furniture, sofa or bed) by the end of 2009, an increase of 20.2% over the year. If households who have moved within the last two years remain the biggest buyers of furniture (40.4% of purchases), those who have moved between two and six years ago (27.9% of purchases) also represent a large potential.

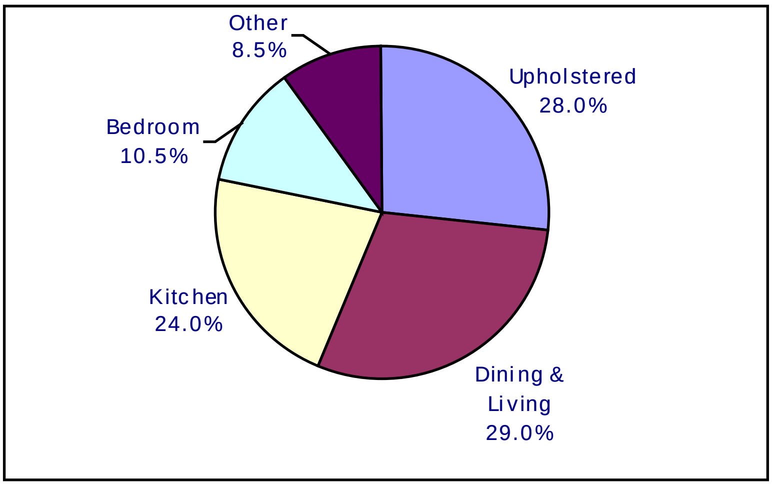
The only product group that has kept its head above water is bedding. On the other hand sofas and armchairs are considerably down. The increasing uniformity of supply can explain some of this and some consumers now go shopping with a maximum price they are prepared to pay. Bathroom furniture is suffering even more than kitchen furniture because of the lower housing transactions made despite the sharp increase in retail space in recent years.

The market is now characterised by special sales, massive price reductions and other promotional techniques designed to attract a smaller number of customers who have less money to spend. Many retailers have become desperate.

In terms of value, each segment was valued according to percentages outlined in Figure 1.1, based on the total market size described in Table 1.1. Hence, dining and living room furniture was valued at € 2.8 billion; upholstered seating was € 2.7 billion; kitchen furniture was € 2.3 billion; bedroom furniture was € 1 billion and other furniture was € 819 million.

Within each of these groups there are some products that provide some basis for hope. Contemporary items of ready to assemble furniture, particularly chests, cabinets and shelving used for storage, and desks to facilitate working from home have maintained or even increased their share. Occasional tables also benefit from the increased casual dining that for example needs more surfaces for plates and drinks next to sofas while people eat and watch TV. Although sales are down, individual items in the bedroom, such as wardrobes and bedside tables have been preferred to complete bedroom suites.

Figure 1.1 French domestic furniture consumption by product group, % value, 2008



Source: Eurostat, Ipéa (2009)

Market outlook

The property boom of recent years, which has helped the strong growth in sales of domestic furniture during 2006 and 2007 has come to an end. Market research specialist Xerfi has prediced that property prices will fall by 17% by 2010 as a result of the economic downturn in 2008. This will also signal continuing contraction in the domestic furniture market as households defer sales of high value items during this period of uncertainty.

The market in 2009 is likely to contract by up to 5% as the negative economic environment continues to depress consumer spending. The market may start to recover towards the end of 2009 and sales in 2010 will benefit from the delayed demand for new kitchens, new living room suites and other items of furniture that have been postponed during the global economic slowdown.

Market segmentation

The most commonly used means of segmenting the market is by room. It is used widely in the trade, partly because furniture retailers tend to present furniture ranges in the context of where they will be used, by building 'room sets' so that consumers will more easily visualise how the item of furniture will appear. In France, the 35-49 years age group represents the heart of the market. These people tend to have the highest spending power and attach great importance to their home interior. Their choice of purchase tends to be geared to the long term. Two other forms of segmentation are illustrated here to highlight the benefit of looking more closely at different consumer types.

- <u>*Segmentation by lifestyle*</u>

Market analyst Sofres has identified six key consumer segments in the furniture market. The age and behaviour of each group determines the type of furniture they will buy:

  - *Young people on a budget*. The value of furniture purchases of this group takes account of their restricted spending power. Most young consumers belong to this segment. Consequently, they will tend to buy lower priced furniture. This does not necessarily mean lower quality. Many of these consumers will shop at IKEA or similar types of stores.
  - *The Aesthetics*. The principle object of this group is the interior decoration of their home. Whatever their budget, the key motivation is the pleasure of furnishing and decorating their home.
  - *The Indecisives*. This group has no pre-conceived idea of what they want to buy. They will look around different categories of products and different types of retail outlets, before deciding what they want to buy.
  - *The Traditionalists*. This group of consumers puts quality before price. Product reliability and level of product guarantee are the decisive criteria for these people. They will tend to prefer more traditional styles of furniture and brands they have come to trust over the years, but they will also purchase contemporary designs if they are reassured by the product reliability and quality.
  - *The Opportunists*. Contrary to traditionalists, opportunists put price above everything. They do a lot of research and look for the best relationship between price and quality – what they perceive as the best value. This is more important than purchasing any particular type or style of furniture.
  - *The visuals*. Like the indecisives, this group has no pre-conceived ideas about what they will buy. Their choice of purchase is ultimately determined by how something will look and how comfortable it is.

- <u>*Geographic segmentation*</u>

France is a large country. There are different furniture preferences in different parts of the country, and there are some regions where more money is spent on furniture than others. In recent years, consumption of furniture has tended to decline in areas where it was traditionally strong, while it has increased in areas of high population growth as the Loire region. The Île de France alone accounts for nearly a quarter of the market.

Table 1.2 highlights the different levels of household expenditure between the different regions and the proportion of the market that each region represents. It indicates that the west and Île de France (Paris) are the regions with the highest number of households, and the south east and south west are the regions with the lowest per capita expenditure on furniture.

Table 1.2 Consumption of domestic furniture by region, 2008, €

	Number of households	Budget per household €	Total consumption €m
South west	3,243,617	288	981
West	3,737,663	327	1,283
North	3,241,539	320	1,089
South east	3,543,290	261	971
East	2,880,937	382	1,155
Centre	2,288,118	307	737
Centre east	3,298,353	339	1,174
Île de France	5,135,481	418	2,250
Total	27,369,000	336	9,641

Source: Cetelem (2009)

Market trends

A wide range of factors are impacting on how demand for domestic furniture is changing. This can range from simple changing tastes for particular furniture designs to more fundamental lifestyle changes that determine the type of furniture that is required in homes.

- ***The growing importance of storage***. Storage in the home is becoming a big issue, particularly as homes are becoming smaller and people are spending more time in their homes. This has created demand for a wide range of furniture items that can provide flexible and space saving storage solutions, such as storage boxes and crates, wall mounted shelving, towers for CDs/DVDs, bookcases, hanging units, under bed storage, home office storage, children's storage.
- ***Trading down in the recession***. Many consumers have stopped buying furniture, but for those consumers that have to make a purchase, they are trading down to lower cost products. However these consumers still expect to find good value and quality even when they are paying less.
- ***Growth of the eco-consumer.*** The environment is playing a more important part in the purchasing of furniture. Many consumers now want to see that the furniture they purchase is eco-friendly both in its design and how it has been manufactured. This has resulted in an increase in the number of products using lighter hardwoods and a decline in products using tropical hardwoods. The NF Environment eco-label (see Chapter 5) is addressing these consumer demands.
- ***More time at home***. According to Euromonitor there has been a 'cocooning' trend, which means that French people prefer to stay at home and entertain their guests in their own houses. Due to the worsened economic situation this trend is growing stronger. This increases the importance of home decoration. Women in particular are particularly interested in how their home looks.
- ***Increasing use of the Internet***. The furniture market has been slower than some other sectors at adopting the Internet as a purchasing medium. However consumers now regularly use the Internet as a source of price comparison. Furniture retailers now have websites that consumers trust. This medium is more popular for lower priced furniture items than premium priced products.
- ***Demographic changes***. The composition of the French population is changing. The key demographic trends that impact on the furniture market are the growing numbers of young people choosing contemporary, budget furniture; the growing number of older people that do not change their furniture very often; and the increase in consumers from outside of France, particularly from Africa and the Middle East that bring design influences from their countries of origin.

Production

Total production

The value of domestic furniture production in France was € 6.7 billion in 2008, representing an average annual decrease of 0.8% since 2004. This compared with a 0.9% average increase in the EU, indicating that French furniture production was losing its relative position within the EU. France was the fourth largest domestic furniture producer in the EU, well behind the size of the German and Italian industries, but close to that of Spain and the UK. France accounted for approximately 9% of all EU domestic furniture production in 2008.

Table 1.3 Production of domestic furniture in France, 2004-2008, € million

2004	2005	2006	2007	2008	Average ann.% change	Number of companies 2006	Number of employees 2006
6,930	6,794	6,759	7,069	6,708	-0.8	18,220	72,893

Source: National Statistics, Eurostat, Ipéa (2009)

Production of domestic furniture decreased by 5% in 2008 and this situation has worsened in 2009 as the export markets slowed and sales on the domestic market were also adversely affected. Although there are many small companies, just 555 enterprises with 20 employees or more accounted for 77% of all production. These companies employed 69% of the total workforce.

The industry is spread throughout the country. 30.2% of the industry is located in the west of the country; 21.8% in the south-east; 19.5% in the east; 11.5% in the north; 9.6% in the south-west and 7.4% in Île de France.

According to Eurostat, kitchen furniture was the largest segment of domestic furniture production, representing a 27% share, valued at € 1.8 billion, followed by other furniture (€ 1.7 billion or 25%); bedroom furniture (€ 1.3 billion or 20%); dining and living room furniture (€ 765 million or 11%); non-upholstered furniture (€ 599 million or 9%) and furniture parts (€ 508 million or 7.6%). Eurostat does not provide information on production of upholstered seating, but this accounted for 16% of all production in 2005. While all production is down by 5% in 2008, production of chairs has fallen by most and kitchen furniture has decreased the least.

Some interesting manufacturers in France include:

- Roset - http://www.roset.fr - is the leading manufacturer of contemporary furniture, which is sold under the Ligne Roset and Cinna brands.
- Steiner - http://www.steiner-paris.com - has been one of the premier furniture brands for over 80 years and today is one of the leading manufacturers of contemporary furniture.
- The Gautier group - http://www.gautier.fr - has 3 production sites in France, employing over 1,000 people. Over 30% of production is exported.
- Groupe Jacques Parisot - http://www.parisot.com - specialises in RTA furniture, upholstered and solid wood furniture.
- Girardeau - http://www.meubles-girardeau.com - located in Saint Michel Mont Mercure, is a manufacturer of country oak furniture since 1966. It specialises in dining room furniture and bedroom furniture including beds, headboards and bedside tables.
- Forège - http://www.forege.com - located in Montaigu, designs and produces contemporary furniture. It sells furniture for open living spaces: television storage units, coffee tables.

Trends in production

The industry is increasingly under pressure to compete in the global furniture trade. In attempting to do so, a number of trends are developing.

- ***Specialisation and concentration***. There are a number of manufacturers that produce a wide range of products, but increasingly manufacturers are specialising in particular market sectors or styles. The industry has been challenged by increases in the costs of raw materials and transportation. This has resulted in companies striving for greater efficiencies, primarily by concentrating into larger production units. An important aspect of this is sharing the cost of new research and technological developments.
- ***Outsourcing***. Semi-finished parts are now being imported from Italy, China and Brazil. Component factories are in place but this is less important in France than other countries.
- ***Vertical integration***. Manufacturers are now working more closely with leading players in the distribution chain. Although some manufacturers have their own retail outlets, there is a

closer collaboration with retailers to ensure that some of the higher costs experienced by manufacturers are more fairly shared with distributors and consumers.

Opportunities and threats

+ Opportunities exist for exporters from developing countries, particularly in the sectors related to ready to assemble furniture, furniture for home storage and contemporary furniture aimed at younger people.
+ With the trend to smaller homes and more time spent at home, there are opportunities for practical, flexible and multi-functional furniture that can be used in smaller accommodation.
+ Opportunities can be found in the eco segment. More consumers are demanding to know where their furniture comes from and how it has been produced.
+ The decrease of production in France and growing demand for lower-priced furniture will lead to a further sourcing of products in low-cost countries. Besides the lower range market segment, the large mid-market segment may also offer good opportunities for exporters in DCs.
+ Outsourcing provides opportunities for exporters from developing countries. French manufacturers have had to adapt their systems to remain competitive. They have forged partnerships with domestic and overseas suppliers. They will particularly appreciate input from suppliers who can demonstrate design flair and innovation.
- However, the French have also been turning to Poland, a historical partner, for collaborations in furniture manufacturing. This poses a threat to exporters from developing countries.

Equally any of these trends can be an opportunity for one exporter, but a threat to another. The outcome of this analysis will depend on the specific situation of each exporter. French buyers are not always loyal to particular overseas suppliers, so you may lose out to a supplier from your own country or neighbouring country.

See Chapter 7 of the EU survey ‘The domestic furniture market in the EU’ for more information on opportunities and threats.

Useful sources

- Details of commercial research organisations that produce market reports can be found in Chapter 1 of the CBI market survey ‘The domestic furniture market in the EU’. Xerfi – http://www.xerfi.fr - and Eurostaf – http://www.eurostaf.fr - have produced reports of relevance.
- As well as Eurostat, production figures can be obtained from the National Institute for Statistics and Economic Studies - http://www.insee.fr.
- The Service des Etudes et des Statistiques Industrielles (SESSI) - http://www.industrie.gouv.fr/sessi/.
- A web magazine for decorating trends can be reached at http://www.source-a-id.com.
- Euromonitor - http://www.euromonitor.com - publishes country-specific reports on retailing, and also focuses on the home furniture sector.
- Mintel - http://www.mintel.com - has information on the structure of the French trade in its European retail directory.
- L’Observateur Cetelem - http://www.observateur-cetelem.com - produces information on various markets, including furniture. Information on the furniture sector can be found at http://www.cession-commerce.com and at LSA – http://www.lsa.fr - a news service for consumption and distribution across most major markets.
- The Furniture Industry Research Institute - http://www.csilmilano.com - publishes reports on the furniture market in France.
- Details on other important trade associations can be found in Chapter 6.

2 Trade channels for market entry

Trade channels

Furniture distribution in France is dominated by specialists, which accounted for 86% of total furniture sales in 2008, as is shown in Table 2.1. It is characterised by concentration in large furniture chain stores and household goods stores, which sell furniture next to audio equipment, household equipment and electronics. Within the furniture chains, the 'jeune habitat' with large stores in the out of town shopping centres is rapidly increasing.

This trend towards fewer but bigger outlets has an important impact on how exporters from developing countries can access the French furniture market. There are many furniture agents and distributors in France but their influence is reducing as more retailers buy direct from manufacturers.

Some importers specialise in a particular type of furniture, whereas other general importers, suffer from growing competition from large retailers. In order to survive, importers and wholesalers have to choose between:
- Creating or reinforcing their brand identity
- Specialise further in terms of furniture items, styles or type of customer
- Looking for or creating niches in the furniture market.

Importers, wholesalers and agents remain the most interesting trade channels for exporters from developing countries. France is a fairly large country, so some agents and importers may just work on a regional basis. Agents are still important in the furniture trade in France. Furniture agents can be found at the Federation of Agents - http://www.comagent.com - or from the site http://www.net-opportunity.com.

Interesting wholesalers and importers include:
- La Baie d'Halong - http://www.labaiedhalong.com - located in Cessy, deals with furniture from China, Vietnam or Indonesia. It has an online shop.
- African Concept - http://www.african-concept.com - located in Champigny-sur-Marne, is an importer of African items including furniture such as chairs.
- DPI Import - http://www.dpi-import.com - located in Bourguebus, imports colonial-inspired furniture from Indonesia, made with teak, seesham or acacia.
- Cap Meubles - http://www.cap-meubles.com - deals with a wide range of furniture such as beds, tables, sofas, chairs and kitchen furniture. Its furniture is both contemporary and rustic style.
- Planete Cocoon - http://www.planete-cocoon.com - located in Saint Marcel, deals with objects from around the world. It offers modern teak furniture or wrought iron furniture. It has an online shop.
- Indonesia Import - http://www.indonesia-import.fr - is a company that creates and imports furniture from Indonesia, China, Thailand, Vietnam and Myanmar. The company was founded in 1987. It makes maximum use of materials and renewable timber.

Retail trade

Furniture was sold through 9,356 outlets, of which specialists accounted for approximately 60% of sales. However, household goods chain stores still represented one quarter of furniture sales, but Jeunes Habitat outlets are catching up. This is the most dynamic segment, offering moderate prices and good, modern design. IKEA leads this segment but Fly and Alinéa are catching up. IKEA, Conforama and But account for two thirds of the Jeunes Habitat market between them.

Table 2.1 Share of Retail Distribution in France, 2008, % value

Outlet Type	% share	% change vs 2007
Specialists	**86.2%**	**+1.4%**
Household goods stores (Conforama, But etc..)	25.1%	-2.4%
Jeunes habitat (IKEA, Fly, Alinéa etc..)	21.4%	+16.2%
Chain stores middle segment (Mobilier de France, Monsieur Meuble, Atlas etc..	13.5%	-6.6%
Chain stores higher segment (Roche Bobois, Rost, Cina etc..	4.4%	+0.4%
Kitchen specialists	10.1%	+0.8%
Decorative furniture outlets	2.3%	-2.0%
Artisans, furniture workshops	4.3%	-7.9%
Other specialists	5.1%	-1.1%
Non-specialists	**13.8%**	**-9.3%**
Mail order	4.6%	-18.3%
DIY sector	4.0%	+1.5%
Hypermarkets	1.4%	-13.5%
Department stores	0.6%	-12.5%
Others	3.2%	-1.8%
Total	**100%**	**-0.3%**

Source: IPEA (2009)

Leading specialists are IKEA - http://www.ikea.com/fr - with 26 outlets and sales approximately € 2 billion. Conforama - http://www.conforama.fr - with 179 outlets and Mobilier Européen who own three specialist facia totalling 239 outlets, including Fly - http://www.fly.fr, Atlas - http://www.meublesatlas.com - and Crozatier - http://www.crozatier.com - are the next largest retailers in this category and are represented in almost all out-of-town shopping centres in France. Conforama have nine million visitors per annum and sell four million items of furniture each year, one million kitchens and 20% of all bedroom furniture sold in France. BUT – http://www.but.fr - has 221 outlets across the country.

Buying groups are important in the furniture sector. Maxiam - http://www.maxiam.fr - is the largest group with 388 outlets, including Les Authentiques, Maxiam, Ambia, Instal, Les Docks du Meuble and Maxiliterie. The Union Commerciale pour L'Equipement Mobilier (UCEM) is also a buying group with 211 outlets, which includes Monsieur Meuble - http://www.monsieur-meuble.com - and Mobiclub - http://www.mobiclub.tm.fr. Another buying group is Promotion Européene Du Meuble – http://www.groupe-pem.com.

Mobilier de France - http://www.mobilierdefrance.com - with 103 outlets and Meublena - http://www.meublena.fr - are important specialists. Other chains in the category 'jeune habitat' are Alinéa - http://www.alinea.fr - with 19 outlets, Habitat - http://www.habitat.net - with 24 outlets and Story with 19 outlets. The Spanish group KA International - http://www.kainternational.com - has 33 outlets.

Interesting outlets for exporters from developing countries, which are specialised in exotic or colonial style furniture are Maisons du Monde - http://www.maisonsdumonde.com - with 54 outlets, Nomadis - http://www.nomadis.fr - with 21 outlets, Pier Import (113 outlets) and international oriented furnishing chains such as Casa (252 outlets) and Ambiance et Style (150 outlets).

Within the non-specialist sector, *mail order* represents 5% of the market. La Redoute - http://www.laredoute.fr, Trois Suisses - http://www.3suisses.fr and Camif - http://www.camif.fr - are the main players. Mail order is reducing, partly due to a general increase in Internet shopping. Many specialists now also sell online. There is a trend to consumers visiting stores, and then making the actual purchase online, sometimes at the site of the retailer they visited, sometimes not.

The *DIY sector* is growing. This is led by Castorama (98 outlets), Bricomarché (539 outlets), Mr. Bricolage (367 outlets) and in the middle-higher segment Lapeyre (176 outlets) and Leroy Merlin (106 outlets). This sector tends to be highly price sensitive. *Hypermarkets* are losing position in the furniture market. Carrefour (194 outlets), Auchan (121 outlets), Géant (129 outlets) and LeClerc (96 outlets) dominate the market. Many hypermarkets do their own importing and have production out-sourced abroad.

Additional information on distribution channels in France can be found at the sites of the Institute of Furniture Promotion - http://www.ipea.fr - and at the French Furniture Retailing Federation - http://www.fnaem.fr.

Price structure
Due to pressure from low cost imports, margins throughout the furniture supply chain have been under pressure. This has led to intensified competition between furniture retailers. Many wholesalers have ceased to trade as well as retailers.

In each trade channel different margins and prices apply, with a total mark-up (including VAT) of 2.6 up to 3.5 of the Cost Including Freight (CIF) price, depending on which channel the furniture items are sold through. The margin figures quoted in Table 2.2 are calculated as a percentage of the price purchased from whom they buy in the chain, not as a percentage of the CIF price. VAT of 19.6% is added to the retail sale of furniture.

Table 2.2 Overview of margins in domestic furniture

	Low	High
Importers/wholesalers' margins	20%	35%
Agents' margins	10%	15%
Retailers' margins	80%	100%
Multiples CIF price - Consumer price	**2.6**	**3.5**

Generally speaking, higher margins are applied in specialist independent retailers and lower margins will be found in large retailers, particularly non-specialist retailers. You may find that some retailers that deal exclusively via the Internet may operate with lower margins, as they do not carry the same overheads as traditional retailers.

More information can be found in Chapter 3.2 of the CBI market survey ‘The domestic furniture market in the EU’. An example of a calculation of a final consumer price, including import duties is given in Table 3.2.

Finding a suitable trading partner
There are a number of ways to look for a suitable trading partner in France. The first place to look would be to contact the main trade association(s), followed by trade fairs, which tend to feature a list of exhibitors, many of which may be potential partners. In addition to these sources, there are often a number of general or specific information portals that will be useful. The following organisations may be worth looking at:

- There are several associations for domestic furniture and some of their members could be interested in establishing contact with exporters from developing countries. Addresses and websites of these associations can be found in Chapter 6.
- French contacts can also be found at trade magazines for the furniture industry, which are mentioned in Chapter 6.
- The French Furniture portal http://www.mobilier.com or http://www.ameublement.com.
- The French Chamber of Commerce - http://www.cci.fr - is a good source of general advice.

3 Trade: imports and exports

Imports

Total imports

In 2008, France imported domestic furniture valued at almost € 4.7 billion, or 1.6 million tonnes. This accounted for 14% of all EU imports by value and by volume. This represented an average annual increase in value of 3.1% since 2004 from € 4.1 billion (2.9% in volume from 1.4 million tonnes). France was the second largest importer of domestic furniture by value (after Germany) and third largest in volume (also after the UK). In value and volume terms, its imports are close to those of the UK.

This growth in imports contrasted with a 0.8% growth in exports. Import values were 2.5 times bigger than export values and well over three times the size of export volumes. Production in France has been decreasing, and re-exporting was not a significant factor. At the same time, the consumer market has been showing an above average annual increase over the period. Despite the large domestic industry, imports are taking an increasing share of the market. They are growing more quickly than domestic consumption.

Around 21% of French imports by value (€ 955 million) came from developing countries and 25% (402 thousand tonnes) by volume. Italy was the largest supplier (20% of total value imports and 14% of total volume imports), with supplies valued at € 907 million or 219 thousand tonnes. The next largest supplier was Germany (15% of total value imports and 17% of total volume imports), with supplies valued at € 708 million or 272 thousand tonnes. The next two largest suppliers to France were China and Poland. China had supplies valued at € 488 million or 207 thousand tonnes (11% of value and 13% of volume). Poland had supplies valued at € 417 million or 179 thousand tonnes (9% of value and 11% of volume).

The share of supplies by developing countries was up from 18% in value (€ 760 million) in 2004, and up from 24% in volume terms (from 340 thousand tonnes). Supplies from China, the leading developing country supplier increased by an annual average of 21% (13% by volume) over the period from € 231 million (128 thousand tonnes), while Indonesia's supplies increased by an average of 0.2% per annum by value but decreased 0.4% by volume. Supplies from Belgium and Spain were down. Meanwhile, supplies from Brazil and Tunisia were down, while supplies from Vietnam, Malaysia and India were up in value.

Imports by product group

The five selected product groups are shown in this table in detail. Import values of other product groups are mentioned in the text for completeness.

Table 3.1 Imports by and leading suppliers to France 2004 - 2008, share in % of value

Product	2004 € mln	2006 € mln	2008 € mln	Leading suppliers in 2008 Share in %	Share (%)
Total domestic furniture	2,984	3,204	3,633	Intra EU: Italy (19.5%), Germany (15.2%), Poland (9.0%), Belgium (7.4%), Spain (6.7%)	78.0
	375	214	70	Extra EU ex. DC*: USA (0.4%), Russia (0.3%), Switzerland (0.2%), Taiwan (0.2%), Hong Kong (0.1%)	1.5
	760	816	955	DC*: China (10.5%), Indonesia (2.2%), Vietnam (2.0%), Brazil (1.4%), Tunisia (1.1%), India (0.7%), Malaysia (0.7%), Turkey (0.4%), Belarus (0.3%), Croatia (0.2%)	20.5
Furniture parts	920	1,156	1,211	Intra EU: Germany (19.7%), Italy (16.4%), Poland (14.0%), Spain (9.4%), Portugal (9.1%)	89.2

Product	2004 € mln	2006 € mln	2008 € mln	Leading suppliers in 2008 Share in %	Share (%)
	110	47	26	Extra EU ex. DC*: USA (0.7%), Taiwan (0.3%), Russia (0.3%), Hong Kong (0.2%), Japan (0.1%)	1.9
	143	114	121	DC*: China (3.3%), Tunisia (3.2%), Turkey (1.0%), Croatia (0.5%), Malaysia (0.3%), Bosnia Herzegovina (0.2%), Morocco (0.2%), Vietnam (0.1%), India (0.1%), Indonesia (0.1%)	8.9
Upholstered seating	545	599	643	Intra EU: Italy (38.0%), Belgium (11.1%), Germany (8.0%), Poland (7.4%), Denmark (3.4%)	77.7
	18	14	6	Extra EU ex. DC*: Switzerland (0.3%), USA (0.2%), Hong Kong (0.1%), Taiwan (0.1%), Russia	0.8
	65	122	178	DC*: China (18.0%), Malaysia (1.3%), Vietnam (0.6%), Indonesia (0.5%), Ukraine (0.2%), Turkey (0.2%), Thailand (0.1%), India (0.1%), Bosnia Herzegovina (0.1%), Morocco (0.1%)	21.5
Dining/living room furniture	288	320	413	Intra EU: Italy (16.0%), Belgium (11.5%), Poland (7.8%), Portugal (7.4%), Romania (7.2%)	76.6
	101	72	6	Extra EU ex. DC*: Russia (0.6%), USA (0.3%), Switzerland (0.1%), Taiwan, Singapore	1.2
	108	112	120	DC*: China (8.3%), Indonesia (2.9%), Brazil (2.5%), India (1.7%), Vietnam (1.6%), Belarus (1.5%), Tunisia (1.1%), Malaysia (0.9%), Bosnia Herzegovina (0.3%), Ukraine (0.3%)	22.2
Non-upholstered seating	231	253	326	Intra EU: Italy (19.7%), Belgium (9.0%), Germany (5.9%), Spain (5.1%), Poland (5.1%)	65.3
	26	24	10	Extra EU ex. DC*: Russia (0.6%), Taiwan (0.4%), Israel (0.3%), Hong Kong (0.2%), USA (0.2%)	2.0
	106	149	164	DC*: China (20.3%), Vietnam (5.9%), Indonesia (3.6%), Malaysia (0.7%), India (0.5%), Brazil (0.3%), Belarus (0.2%), Turkey (0.2%), Bosnia Herzegovina (0.1%)	32.7
Rattan furniture	47	51	53	Intra EU: Italy (19.3%), Spain (14.5%), Belgium (7.7%), Germany (4.1%), The Netherlands (1.8%)	50.2
	10	6	2	Extra EU ex. DC*: USA (0.5%), Hong Kong (0.3%), Taiwan (0.3%), Canada (0.2%), Switzerland (0.2%)	1.9
	49	53	50	DC*: China (24.8%), Indonesia (12.5%), Vietnam (7.1%), Morocco (0.6%), Philippines (0.6%), Turkey (0.6%), India (0.4%), Malaysia (0.4%), Thailand (0.4%), Brazil (0.1%)	47.9

Source: Eurostat (2009)
*Developing Countries

Furniture parts
This was the largest of the selected product groups. Valued at almost € 1.4 billion in 2008 (363 thousand tonnes), this represented 29% of all domestic furniture imports to France (23% by volume). This compared with a share of 28% in 2004 (20% by volume or 281 thousand tonnes). Hence, this product group was marginally increasing in significance in its contribution to imports. Intra-EU trade represented almost 90% of the value of supply (also 90% by

volume), and this increased from 78% in value and from 80% in volume in 2004. The German, Italian, Polish and Spanish shares increased compared to 2004, while the Portuguese share of supplies decreased.

Developing country suppliers represented around 9% of all imports by value (7.9% by volume or 29 thousand tonnes), down from 12% (€ 143 million) in 2004, and from 8.3% by volume or 23 thousand tonnes. China (€ 45 million or 13 thousand tonnes) was the leading developing country supplier of furniture parts. China's share increased compared to 2004. Of the other developing country suppliers, values from Malaysia increased, while values from Turkey, Croatia and Morocco decreased and supplies from Tunisia were broadly unchanged.

In terms of product groups, other parts of seats represented 55% of the product group (€ 743 million or 110 thousand tonnes), down from 65% in 2004, while wooden parts of furniture were 22% (€ 297 million or 150 thousand tonnes), metal parts of furniture were 14% (€ 184 million or 59 thousand tonnes), other parts of furniture were 8.3% and wooden parts of seats were 1.5%.

Upholstered seating
This was the second largest product group. Valued at € 827 million in 2008 (152 thousand tonnes), this represented 18% of all domestic furniture imports to France (9.5% by volume). This compared with a share of 15% in 2004 (6.8% by volume or 97 thousand tonnes). Hence, this product group was increasing in significance in its contribution to imports. Intra-EU trade dominated the value supply (over 77% by value and 64% by volume), and this decreased from 87% in value and 70% in volume in 2004. The Italian and Belgian shares of imports decreased compared with 2004, while of the other leading intra-EU importers, the German, Polish and Danish shares of supplies increased.

Developing country suppliers represented over 20% of all imports by value (35% by volume or 53 thousand tonnes), up from 10% (€ 65 million) in 2004, and up from 25% by volume or 24 thousand tonnes. China (€ 149 million or 44 thousand tonnes) was the leading developing country supplier of upholstered seating. However, whereas the value of China's supplies increased by an annual average of 37% over the period, supplies from Malaysia increased by 19%, supplies from Vietnam increased by 9.4%, but values from Indonesia increased by just 2.5%.

In terms of product groups, upholstered seats with wooden frames at € 694 million (121 thousand tonnes) represented 84% of the value of all upholstered seating (down marginally from 85% in 2004); upholstered seats with metal frames (€ 133 million or 31 thousand tonnes) accounted for the remainder, an increasing share since 2004.

Dining/living room furniture
Dining/living room furniture was valued at € 539 million in 2008 (211 thousand tonnes). This represented 12% of all domestic furniture imports to France (13% by volume). This compared with a share of 12% in 2004 (16% by volume or 222 thousand tonnes). Hence, this product group was decreasing in significance in its volume contribution to imports. Intra-EU trade represented over three quarters of the value and 71% of the volume supply, and this increased from 58% in value and from 50% in volume in 2004. The Italian, Belgian, Polish and Portuguese shares increased, while the Romanian share decreased.

Developing country suppliers represented 22% of all imports by value (28% by volume or 59 thousand tonnes), up from just below 22% (€ 108 million) in value and 24% by volume or 54 thousand tonnes in 2004. China (€ 45 million or 22 thousand tonnes) was the leading developing country supplier of dining/living room furniture, up an annual average of 16% compared to 2004, while Indonesia's share fell by 7.6%. Supplies from the other leading developing country suppliers all increased, with the exception of Brazil.

Non-upholstered seating
This was the next largest of the selected product groups. Valued at € 500 million in 2008 (158 thousand tonnes), this represented 11% of all domestic furniture imports to France (9.8% by volume). This compared with a share of 8.8% in 2004 (9.2% by volume or 132 thousand tonnes). Hence, this product group was increasing in significance in its contribution to imports. Intra-EU trade represented almost two thirds of the value supply (58% by volume), and this increased from 64% in value and from 54% in volume in 2004. Germany, Belgium and Poland increased their shares over the period, while Italy, Spain and Portugal all experienced a decrease in their share of imports.

Developing country suppliers represented almost one third of all imports by value (41% by volume or 64 thousand tonnes), up from 29% (€ 106 million) in value, and from 38% by volume or 50 thousand tonnes in 2004. China (€ 102 million or 41 thousand tonnes) dominated the developing country supply of non-upholstered seating. China increased its share by an annual average of 28% since 2004. Of the other developing country suppliers, values from Vietnam and India increased, but supplies from Indonesia, Thailand and Brazil decreased. Supplies from Malaysia were broadly unchanged.

In terms of product groups, metal seats accounted for 29% of the group (€ 147 million or 52 thousand tonnes); seats with wooden frames were valued at € 146 million (48 thousand tonnes); other seats were valued at € 140 million (34 thousand tonnes) and seats convertible into beds were € 67 million (24 thousand tonnes). There was a major move towards metal seats, particularly away from wooden seats. The share of seats convertible into beds and other seats also increased.

Rattan furniture
Rattan furniture was valued at € 105 million in 2008 (43 thousand tonnes). This represented 2.3% of all domestic furniture imports to France (2.7% by volume). This compared with a share of 2.6% in 2004 (3% by volume or 43 thousand tonnes). Hence, this product group was marginally decreasing in significance in its contribution to imports. Intra-EU trade represented half of the value supply and 37% by volume. The intra-EU share increased from 44% in value and 32% in volume in 2004. The shares of imports from Italy, Spain and Germany increased, while the Belgian share decreased and the Dutch share was broadly unchanged.

Developing country suppliers represented 48% of all imports by value (62% by volume or 27 thousand tonnes), up from 46% (€ 49 million) in value and from 60% by volume or 26 thousand tonnes in 2004. China (€ 26 million or 17 thousand tonnes) was the leading developing country supplier of rattan furniture, followed by Indonesia, which was the leading value (but not volume) supplier in 2004. China increased its supplies by an annual average of 3.7% since 2004. Vietnam and Turkey increased their supplies, while Indonesian, Tunisian, Philippine and Moroccan supplies decreased.

Rattan furniture represented 80% of this product group (€ 84 million or 37 thousand tonnes), a share that has increased since 2004. Rattan seats represented a diminishing share, accounting for € 21 million or 6 thousand tonnes in 2008.

Other product groups
The values of other product groups not selected were as follows in 2008: other furniture* (€ 678 million or 382 thousand tonnes), kitchen furniture (€ 379 million or 156 thousand tonnes), and bedroom furniture (€ 271 million or 143 thousand tonnes).

* excludes other metal and plastic furniture. Note that other wooden furniture has increased by an annual average of 9.1% from € 478 million (11% by volume from 249 thousand tonnes) compared with 2004. 63% of value (67% of volume) was intra-EU and 35% of value (31% of volume) was from developing countries. China (€ 92 million and 53 thousand tonnes), Indonesia (€ 48 million or 20 thousand tonnes) and Vietnam (€ 39 million or 17 thousand tonnes) were the leading DC suppliers. Germany (€ 83 million or 58 thousand tonnes), Poland

(€ 65 million or 43 thousand tonnes) and Italy (€ 64 million or 27 thousand tonnes) were the leading intra-EU suppliers.

Exports

In 2008, France exported domestic furniture valued at over € 1.8 billion, or 517 thousand tonnes. This represented an average annual increase of 0.8% in value and an increase of 4% in volume since 2004.

In 2008, France was the fourth largest exporter by value, after Italy, Germany and Poland, but the sixth largest by volume, also after Denmark and Sweden. It was well behind the top three in value, but relatively close to Denmark. It was also close to Denmark in volume. 70% of French exports by value were intra-EU (83% by volume), the majority of which went to Spain and Germany, followed by Belgium, the UK, Switzerland and USA.

In terms of product groups, furniture parts accounted for 35% by value (€ 640 million or 183 thousand tonnes), up from 31% in 2004. The main destinations were Spain, Germany, Poland, Portugal, Belgium and the UK. The next largest group of exports was other furniture, which accounted for 20% of all exports (€ 357 million or 158 thousand tonnes), down from 23% in 2004. Spain was the main destination.

Dining/living room furniture represented 13% of all exports (€ 248 million). This was down from 14% in 2004. USA, Spain, Switzerland and the UK were the leading destinations, followed by Germany. Upholstered seating was the next largest product group of exports at 11% (€ 202 million).

The remaining groups of exports were as follows: non-upholstered seating (€ 148 million), bedroom furniture (€ 125 million), kitchen furniture (€ 81 million) then rattan furniture (€ 31 million).

Opportunities and threats

+ France is an interesting market for exporters from developing countries. Traditionally France has had a strong domestic furniture industry, but despite its size this has suffered recently with increasing lower priced imports. However, this is a mature market and sophisticated consumers are looking for interesting imported products.
+ The fact that the value share of imports from developing countries was up over the period by marginally more than the volume share indicates upward pressure on prices. This indicates that more opportunities may be found in the mid-higher market segments.
+ Upholstered and non-upholstered seating were the best performing groups of imports where most opportunities could be found. There were also increased opportunities with furniture parts.
- There are wide differences in the performance of the various product groups. Decreases in volume share were experienced by dining/living room furniture, while rattan furniture continues to offer fewer opportunities.

It is also important to note that an opportunity for one developing country can also be a threat to another. Many EU countries switch country sources purely for competitive advantage, rather than moving supplier because of changes in demand for other reasons. Exporters should read carefully the trends and developments outlined in other parts of this survey before establishing whether France offers a genuine export opportunity.

See also Chapter 7 of the CBI market survey 'The domestic furniture market in the EU' for a more general analysis.

Useful sources

- EU Expanding Exports Helpdesk
  ➔ http://exporthelp.europa.eu/
  ➔ go to: trade statistics

- Eurostat – official statistical office of the EU
  ➔ http://epp.eurostat.ec.europa.eu;
  ➔ 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'
- Understanding eurostat: Quick guide to easy comext
  ➔ http://www.eds-destatis.de/en/database/download/Handbook_Comext_Database.pdf

4 Price developments

Consumer prices
Furniture prices in France were close to the EU average. In terms of purchasing power, the price index in France was similar to that in Portugal, Sweden and Belgium.

According to Eurostat, furniture retail prices increased by 5.9% between 2004 and 2008, but by 2.2% in 2008, indicating rising prices after a period of relatively limited price movements. This compared to furniture retail price increases of 6.7% for the EU as a whole, but 2.6% for 2008. This also compares with the all-price index in France, which was 8.7% higher in 2008 than in 2004. Hence furniture price increases in France were below the EU average and below the all-price index in France.

Consumer prices of various furniture items vary widely, depending on the market segment or type of retailer. The following Table 4.1 highlights the price differences between similar types of products. It can be seen that for double beds and TV/HiFi furniture, prices at the specialist retailer Crosatier are considerably higher than that of other more mainstream furniture retailers. In a price comparison of the same IKEA products in 18 EU countries, France was ranked sixth least expensive. See Chapter 5 of the CBI survey 'The domestic furniture market in the EU' for more details.

Table 4.1 Comparative retail prices of furniture in France, July 2009

Retailer	Double bed	TV table
Atlas	Galaxie € 525	Aviator € 255
IKEA	Aspelund € 119	Benno € 129
Conforama	Trio € 199	Extenso € 89
Crosatier	Occitane € 1,990	Planet € 665

Source: Retailer websites

The website of French National Statistics - http://www.insee.fr - publishes information on consumer prices. The Bank of France - http://www.banque-france.fr - also provides some pricing information. More details on the consumer prices provided above can be found at the retailer websites of Atlas - http://www.meublesatlas.com, IKEA - http://www.ikea.com/fr, Conforama - http://www.conforama.fr - and Crozatier - http://www.crozatier.com.

Import prices
Although the industry does not make price agreements based on tonnage, it is useful to see how import prices compare. As Table 4.2 highlights, developing country import prices were over 20% lower than intra-EU prices. This may explain the trend to more purchases from developing countries. Developing country import prices to France were below the EU average, while intra-EU import prices were above the EU average. Please note these trends should be interpreted with care, as changes in imports do not always reflect changes in demand.

Table 4.2 Development in French average import values/prices, 2004 – 2008, €

	2004 ave price per '000 tonnes	2006 ave price per '000 tonnes	2008 ave price per '000 tonnes	ave. annual % change
Total imports	2.88	2.82	2.90	0.2
Intra-EU	3.21	3.01	3.06	-1.2
Developing countries	2.24	2.34	2.38	1.5

Source: Eurostat (2009)

5 Market access requirements

As a manufacturer in a developing country 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 domestic furniture and France in the category search, click on the search button and click on market access requirements.

NF ENVIRONMENT FURNITURE – http://www.marque-nf.com - is an eco-label attesting to the environmental quality of a product**.** Established in 1998, and consistently improved, the eco-label relies on published certification rules.

Quality requirements
Quality requirements in France are almost identical to the European Norms (EN) that have replaced national standards (NF Ameublement). You can check at the Wood and Furniture Technical Centre (CTBA) which standards are relevant for your product. Many standards are on safety and give rules and test guidelines for raw material and for furniture items (e.g. beds or children's furniture) for 'normal use' and for 'long-term use'.

- Social and environmental related market requirements are of growing importance in France and may be requested by French buyers through certificates (e.g. ISO 14001, EMAS) and management systems.
- In France the FSC label is not as well recognised as in other EU countries. Instead, furniture or wood with a PEFC label (Programme for the Endorsement of Forest Certification schemes) is more popular, especially by DIY stores such as Castorama and Leroy Merlin.

The new EU regulation on chemical substances, called REACH, has been in force since 2007. For more information on REACH, see the document on the CBI website at http://www.cbi.eu/marketinfo.

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

Information on tariffs and quota can be found at http://exporthelp.europa.eu/

6 Doing business

The most important ways to develop a business relationship are to either exhibit at one of the main furniture trade fairs, or to make a direct approach to wholesalers or major retailers. In France business people prefer a more stylish form of communication, both in the way a presentation is put together, and in the way contact is made.

The French are very interested in price, but it is also important to appreciate from the outset the importance of retaining your customers. Many buyers are not always loyal and it is much easier to lose a customer than to find a new one. It is also extremely important that you have a ***professionally produced website***, so that potential partners are able to independently see for themselves the type of organisation that you represent. They may well make an evaluation of you on this basis. Your website may also enable you to contact consumers directly. See also the CBI publication 'Website promotion - How to promote your website in the EU'. http://www.cbi.eu/marketinfo/cbi/docs/website_promotion_how_to_promote_your_website_in_the_eu?via=pub

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.

Trade magazines

Advertising in trade magazines can sometimes be an effective means of reaching a small target group.

- Le Courrier du Meuble et de L'Habitat – mailto:courrierdumeuble@hotmail.com - is the main trade publication for the furniture industry. It is published by Editions du Tigre, which also produces an annual Furniture Review.
- France Ameublement - http://www.franceameublement.fr - is an annual directory for the furniture industry.
- Home Magazine – http://www.homemagazine.fr.
- Points de Vente is a general retail magazine – http://www.pointsdevente.fr.

Trade Fairs

- Meuble Paris - http://www.meuble-paris.net - is the main trade fair for the furniture industry in France, which takes place each January. Maison & Objet takes place each September. Details of each can be found at this website.
- Journées d'Octobre - http://www.parcexpo.fr - in Mulhouse.
- The Home Furnishing Show - http://www.toulousexpo.com - in Toulouse in September.
- The Paris Fair – http://www.foiredeparis.fr - each May, and organised by http://www.comexposium.com.

Trade associations

The main trade associations for this sector are:

- The National Union of Furniture Industries - http://www.unifa.org.
- The Furniture Retailing Federation - http://www.fnaem.fr.
- The Institute of Furniture Promotion - http://www.ipea.fr.
- The Wood and Furniture Technical Centre - http://www.ctba.fr.
- French Furniture Exporters - http://www.thefrenchfurniture.com.
- VIA – http://www.via.fr - promotes French design and creativity as it applies to contemporary living, including furniture.
- The National Union of Kitchen Equipment Suppliers – http://www.snec.org.

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