CBI MARKET SURVEY

THE DOMESTIC FURNITURE MARKET IN GREECE & CYPRUS

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Introduction

This CBI market survey gives information on some main developments in the domestic furniture market in Greece & Cyprus. The information is complementary to the information provided in the CBI market survey 'The domestic furniture market in the EU', which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from http://www.cbi.eu/marketinfo.

1 Market description: consumption and production

Consumption

The domestic furniture market in Greece & Cyprus was valued at € 1.6 billion in 2008 in terms of retail sales. This represented an annual average increase of 2.1% since 2004, ahead of the EU average of 1.1%. **Greece** accounted for the majority of this as can be seen in Table 1.1. Greece was the tenth largest domestic furniture market in the EU and this medium-sized market was similar in size to Finland, Denmark and Poland. **Cyprus** was the second smallest market, after Malta but behind Luxembourg and the Baltic States.

Table 1.1 Consumption of domestic furniture in Greece & Cyprus, 2004-2008, € million

	2004	2005	2006	2007	2008	Average ann. % change	Popn. (million)	per capita in €	Occupants per household	Households (thousand)
Total	**1,486**	**1,525**	**1,554**	**1,586**	**1,617**	**2.1**	**12.0**	**135**	**3.0**	**4,050**
Greece	1,399	1,435	1,462	1,491	1,520	2.1	11.2	136	2.9	3,800
Cyprus	87	90	92	95	97	2.7	0.8	121	3.1	250

Source: Euromonitor, Verdict (2009)

Per capita consumption was higher in Greece than Cyprus, but both were lower than the EU average of € 161. Growth rates fell in 2008, but the market remained positive despite the impact of the global economic downturn.

Consumer trends

According to a recent study on **Greek** furniture consumers published by the trade magazine Epipleon, 57% of consumers are women, 39% are aged between 31-40 and 31% are married with 1 or 2 children. 60% of consumers have an average monthly income of between € 1,000 - € 2,000. The majority of consumers will pay between €2 – 5,000 for the item they want and 62% of consumers will pay up to 5% more than the budget they have set in order to get what they want.

Furniture colour is important. Over 28% of consumers prefer a red beech colour or dark walnut, while 20% prefer the colour of oak. 12% of consumers prefer a white fir colour, while just 8% prefer a very dark colour such as wengé. In terms of furniture styles, 43% prefer heavy traditional furniture with dark colours, while 40% want modern furniture with a simple design.

43% of furniture consumers say they are occasionally influenced by fashion trends when buying furniture, 26% are influenced and 9% are very influenced, while a further 9% say fashion makes no difference.

40% of Greek furniture consumers believe imported furniture is better than domestically produced furniture, while 32% think that Greek-made furniture is best. The remaining consumers have no preference.

Personal contacts and word of mouth are extremely important in determining where people buy their furniture. 27% use a recommendation from a friend or family member. 20% of shoppers are either related to, friendly with or are a client of the owner of the shop. 19% are influenced by advertising, while 18% say brochures are most important. Most consumers will visit a store between 2 and 3 times to find the item they want, but consumers today are smarter, more aware of what is available, more demanding and less forgiving if a retailer makes a mistake.

There is a relatively large expatriate population in **Cyprus**, many of whom wish to furnish their homes in modern contemporary design styles. This has put further pressure on local traditional producers to adapt to changing market trends. New arrivals from parts of Northern Europe have encouraged local retailers to stock new styles previously unavailable in Cyprus.

Consumption by product group
In terms of the respective product groups, dining/living room furniture represented the largest group (28%), followed by upholstered seating (24%); kitchen furniture (19%); bedroom furniture (15%) and other furniture (14% The main change is an increase in upholstered seating corresponding with a fall in other furniture.

Market outlook
The impact of the global economic downturn will affect the furniture market significantly in 2009. The market is expected to contract by at least 3% after years of strong growth. The main reasons for this are the slowdown in the housing market and the absence of consumer confidence, particularly in relation to spending on non-essential consumer goods items such as furniture. The market may stabilise in 2010, but stronger recovery is not expected before 2011.

Production
Domestic furniture production in Greece & Cyprus was valued at € 965 million in 2008. This represented a 6.5% increase over 2007 and an average annual increase of 6.7% since 2004, compared to the EU27 average of 0.9%. **Greece** accounted for the majority of the production, as well as industry growth, while in **Cyprus** production fell in 2008.

Most production of furniture in Greece is destined for the domestic market and carried out by small units, either single craftsmen working on their own or as a family business. However, there are some notable larger enterprises. The industry is becoming more efficient and the country is benefiting from the more general trend of a shift in production to the Balkan region.

Table 1.2 Production of domestic furniture in Greece & Cyprus, 2004-2008, € million

	2004	2005	2006	2007	2008	Average ann.% change	Number of companies 2006	Number of employees 2006
Total	**745**	**777**	**836**	**906**	**965**	**6.7**	**7,063**	**11,596**
Greece	667	698	755	823	889	7.4	6,643	10,603
Cyprus	78	79	81	83	76	-0.6	420	993

Source: National Statistics, Eurostat (2009)

The majority of furniture production in **Greece** is concentrated in the Attica, Macedonia and Thessaly regions, accounting for 72% of all production. Most producers are general furniture manufacturers rather than specialists. They also tend to work to custom orders, whereas it is the larger producers who specialise. One in three manufacturers is also involved in retailing and one in five manufacturers is also involved in wholesaling.

Although production is relatively low, this is an important industry in **Cyprus**, and the trade association is active in promoting the industry despite fierce competition from imports. Until recently, there has been little success by local companies in the export market, but this is now an important focus for the industry.

According to Eurostat, domestic furniture production segmentation in 2008 was: kitchen furniture 31%; dining and living room furniture 23%; furniture parts 18%; bedroom furniture 11%; other furniture 10% and non-upholstered seating 6%. Eurostat does not record information on the production of upholstered seating, but this is understood to account for between 5-10% of all production.

Some interesting manufacturers in Greece are:
- Neoset - http://www.neoset.gr - produces upholstered and living room furniture and office furniture, as well as other styles.
- Gerofokas, - http://www.gerofokas.gr - located in Thessalonica, designs and produces contemporary furniture for the bedroom and living room.
- Alexandros - http://www.epiplo-alexandros.gr - located in Gefyra, manufactures domestic furniture. Its style is modern and contemporary. This company was founded in 1974.
- Dritsoulas - http://www.dritsoulasfurniture.gr - is a manufacturer of a wide range of contemporary furniture items and ranges, trading since 1986.
- Varangis - http://www.varangis.com.gr - is a modern manufacturer of high quality furniture. It is a family business now in its fourth generation.

A list of furniture manufacturers in Greece can be found at the Chamber of Commerce - http://dir.icap.gr/acci/guide/12_in.asp.

Some interesting manufacturers in Cyprus are:
- Andreas Kounoupis - http://www.kounoupis.com.cy - is a family business, producing children's furniture since 1968.
- Panayiotis Kountourides - http://www.kountourides.com.cy - employs 50 people and manufactures a range of dining and living room furniture, as well as other types.
- Nora - http://www.nora.com.cy - located in Nicosia, is a manufacturer of home and office furniture. This company was established in 1967.
- Andreotti - http://www.andreotti-cy.com - located in Limassol, produces modern and contemporary furniture. It sells online.
- Estia - http://www.estia.com.cy - located in Limassol, designs and produces kitchen furniture and accessories. It also makes dining room and library furniture. The style is contemporary with wood, plastic and/or stone. Their designs use a combination of materials.

Details of other producers can be found at http://www.pasyvex.com and at http://www.cyprusfurniture.com.

Trends in production
Most producers are now following international design styles in furniture rather than relying on traditional styles. Minimalist designs are most popular and many manufacturers are basing their new product ranges on this design trend.

Opportunities and threats
+ Opportunities can be found for those exporters from developing countries who can meet the increasing aspirations of Greek and Cypriot consumers. These consumers have a growing appetite for more contemporary styles of furniture. Lifestyle changes are also fuelling demand for new styles of furniture to which local producers have been slow to respond.

+ Opportunities can also be found for those exporters who are able to understand the different consumer segments in the market and are able to translate this into clearly designed furniture that meets those consumer requirements.
+ Many local producers want to work with importers to improve the quality of their own production, and to help them improve their working practices. Developing country exporters can benefit from this situation.

Many exporters will also be viewing the opportunities available on the Greek and Cypriot markets. Any of these trends can equally be an opportunity for one exporter but a threat to another. Buyers are not always loyal to specific suppliers, so you could lose out to a supplier from your own country or another developing country.

More information on opportunities and threats can be found in Chapter 7 of the CBI market survey 'The domestic furniture market in the EU'.

2 Trade channels for market entry

Despite the continuing development of the retail sector, including the construction of new shopping malls and the arrival of international retailers, the market in **Greece** is still quite fragmented. It is dominated by a large number of small outlets. The various channels are not yet clearly defined, as a retailer can be both an agent and a distributor, and even a manufacturer.

Exporters from developing countries should identify specialist wholesalers and importers to reach the independent specialist trade. They should also consider approaching small manufacturers that may be interested in broadening their own ranges.

Cyprus has a small furniture market and many of the larger outlets serve the many overseas residents who live in the country for part or all of the year. However, there are many small, family-owned retail outlets, some of which are also producers, selling their own products.

Interesting wholesalers and importers in Greece include:
- Kourtis - http://www.kourtis.gr - specialises in the supply of imported furniture and is based in Athens.
- Furniture Giannousiades - http://www.giannousiadis.com - is both a manufacturer and importer, producing classical furniture of medium quality and looking for other products to extend its range.
- Savopoulos - http://www.savvopoulos.gr - located in Athens, is an importer of domestic furniture. It also supplies office furniture.
- Zaros - http://www.zarossa.gr - located in Rentis, imports and wholesales ethnic and colonial furniture, selling coffee tables and non-upholstered chairs. Many of its products are made of wood.
- Carteco - http://www.carteco.gr - located in Athens, deals with contemporary and innovative furniture. It supplies armchairs, sofas, tables, sofa beds and coffee tables.

A list of furniture wholesalers (and manufacturers) can be found by accessing http://www.greececonnect.com/industry/category_12/index_a.html.

Interesting wholesalers in Cyprus include:
- Bella Notte - http://www.bellacasa.com.cy - located in Limassol, deals with bedroom furniture, supplying different brands.
- Zarco - http://www.zarcofurnishings.com - located in Limassol, imports and wholesales domestic furniture. It supplies classic and modern styles. This company was founded in 1993.
- Marnico Furnishings - http://www.marnico.com.cy.
- A & F Steptoes - http://www.steptoes.biz.

Retail trade

According to market research specialist Mintel, there are 9,200 furniture, lighting and household goods retailers in **Greece**. There are few domestic specialist chains, but since the success of IKEA - http://www.ikea.gr - with 3 outlets and the wide availability of low cost imports from Asia, traditional companies have shifted their focus from production to retail and design, and to acquire new brands and develop an adequate sales network to promote them. Other retailers such as Andreadis Home Stores – http://www.homestores.gr - with 24 outlets, and Pallet Stores – http://www.pallet-stores.gr - are trying to emulate IKEA's success by opening large open-plan outlets.

Although the market remains fragmented, the recent expansion of international and local retail chains is leading to market concentration. Chains hold a competitive advantage over independent retailers as the latter cannot afford to compete in terms of pricing, credit facilities, marketing and advertising and are therefore limited to more niche markets or products.

The Neoset Group - http://www.neoset.gr - covers the entire furniture sector with its different retailing chains. Neoset is the principle low-value furniture chain, popular with students, while Neo Katoikein offers more sophisticated and higher value furniture. There are 65 outlets within the group. The Sato Group - http://www.sato.gr - acts as the Greek representative of Bo Concept, the Danish manufacturer of modern furniture, and Divani & Divani, part of the Italian-based Natuzzi Group. It has 22 showrooms, 45 dealerships and 18 franchisees.

Non-specialists include the department store chain Notos Home Galleries - http://www.notoscom.gr - and DIY chain Praktiker - http://www.praktiker.gr. Carrefour is the leading hypermarket, but furniture is not widely sold. The Internet is not a strong channel in Greece for furniture.

In **Cyprus**, there are a large number of furniture retailers, mainly in the capital. Local retailers tend to be individual stores rather than chains. IKEA - http://www.ikea.com.cy - has one outlet and also offers a mail order facility. The franchiser Singways - http://www.singways.com - has four outlets, and Bo Concept - http://www.boconcept.com.cy - has two outlets.

Price structure

Throughout the furniture trade different prices and margins apply. Retailers typically add a margin of between 80-120% to wholesale prices, excluding VAT of 19% in Greece (15% in Cyprus). Wholesale margins are much lower. With competitively priced imports, their margins have been coming down in recent years. The margin figures quoted in Table 2.1 are calculated as a percentage of the price purchased from whom they buy in the chain, not as a percentage of the CIF price.

Table 2.1 Overview of margins in domestic furniture

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

More information can be found in Chapter 3.2 of the CBI market survey 'The domestic furniture market in the EU'.

More information on trade structure and business contacts in **Greece** can be found at the Athens Chamber of Commerce and Industry - http://www.acci.gr - and Greece Connect – http://www.greececonnect.com. In **Cyprus**, a number of companies involved in importing furniture are featured at Cyprusnet - http://www.cyprusnet.com. More information on trade structure can be found at the Ministry of Commerce, Industry & Tourism - http://www.mcit.gov.cy.

3 Trade: imports and exports

Imports

In 2008, the combined value of Greek and Cypriot imports of domestic furniture were valued at € 614 million, or 221 thousand tonnes, of which Greece imported € 498 million or 186 thousand tonnes. Out of the 27 EU countries, **Greece** was ranked thirteenth largest in value and volume, and as such was regarded as a medium-sized country for domestic furniture imports. This was similar in value to a cluster of countries including Slovakia, Slovenia and Portugal, and similar in volume to Portugal. **Cyprus** was ranked sixth smallest in value and fourth smallest in volume and as such was a small-sized country for domestic furniture imports. This was similar in value to Lithuania and Bulgaria and similar in volume to Latvia.

Between 2004 and 2008, **Greek** imports increased by an average of 6.8% per annum in value (from € 383 million) and increased by 7.1% in volume (from 141 thousand tonnes). Import growth was particularly strong after 2006. Italy was the major source of imports, followed by China, Germany and Turkey. Meanwhile **Cypriot** imports increased by an average of 10.8% in value (from € 77 million) and increased by 21% in volume (from 16 thousand tonnes). Italy was also the major source of imports.

Combined imports were over sixteen times greater than exports in value, and 26 times larger in volume in 2008. Exports were increasing more rapidly than imports in Greece, although the opposite was the case in Cyprus. The same period has seen above average annual increases in consumption, while furniture production has also increased in Greece. Imports dominate the consumer markets.

By source, around 34% of Greek and Cypriot imports, valued at € 209 million or 97 thousand tonnes, came from developing countries in 2008 (44% by volume). This proportion was 27% in 2004 (37% by volume). China accounted for 53% of all developing country supplies by value to both countries in 2008, followed by Turkey (18%). Malaysia, Indonesia, Vietnam and India were also important suppliers. While China’s supplies increased by an annual average of 26% over the period, supplies from Turkey increased by 10%. Supplies from Indonesia fell over the period, but supplies from Malaysia and Vietnam increased.

By product group, Greek and Cypriot imports by value were sub-divided as follows:

- The leading two groups were dining/living room furniture representing 22% in value and 21% in volume (€ 138 million or 47 thousand tonnes) and other furniture with 19% in value and 24% in volume (€ 116 million or 52 thousand tonnes).
- Non-upholstered seating accounted for 15% of value and 13% of volume (€ 94 million or 29 thousand tonnes) and kitchen furniture was 14% of value and 15% of volume (€ 83 million or 33 thousand tonnes).
- The remainder was taken up as follows: furniture parts (€ 64 million), upholstered seating (€ 58 million), bedroom furniture (€ 47 million) and rattan furniture (€ 15 million).

Exports

Domestic furniture exports from Greece and Cyprus were valued at € 37 million in 2008, representing 8 thousand tonnes. Over a quarter of this was other furniture. Italy, Bulgaria and Portugal were the leading export destinations. Between 2004 and 2008, the average annual increase in exports was 3.9% by value but there was a 1.7% decrease by volume. This incorporates Greek increases but Cypriot decreases. There does not appear to be much re-exporting taking place from Greece. Cypriot exports were negligible.

Opportunities and threats

+ The main growth opportunities for developing country suppliers are in other and dining/living room furniture, upholstered and non-upholstered seating.
+ Other notable opportunities are in items for kitchen furniture. Furniture parts also represents a significant opportunity.

+ Bedroom furniture has not grown along with the average growth of imports, but DC exporters have nevertheless been showing some increases in share.
- Rattan furniture has experienced falling imports over the period, as has other furniture, although detailed statistics are not available.

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

Useful sources

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

4 Price developments

Consumer prices

Consumer prices of domestic furniture in **Greece** were above the European average. In terms of purchasing power, prices in Greece were similar to prices in **Cyprus** and Finland.

According to Eurostat, furniture retail prices in **Greece** increased by 9.4% between 2004 and 2008, but by 2.9% 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 Greece, which was 14.3% higher in 2008 than in 2004. Hence furniture price increases in Greece were above the EU average but below the all-price index in Greece.

In **Cyprus** furniture retail prices increased by 1.8% between 2004 and 2008, but decreased by 1% in 2008, indicating a small price decrease after a period of small price increases. 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 Cyprus, which was 11% higher in 2008 than in 2004. Hence furniture price increases in Cyprus were below the EU average and well below the all-price index in Cyprus.

The website of **Greek** National Statistics - http://www.statistics.gr - publishes harmonised price indices. Retail prices of furniture can be found at leading retailers Neoset - http://www.neoset.gr - and IKEA - http://www.ikea.gr. In a price comparison of the same IKEA products in 18 EU countries, Greece ranked the second most expensive, alongside Cyprus. See Chapter 5 of the CBI survey 'The domestic furniture market in the EU' for more details.

The website of **Cyprus**' National Statistics - http://www.mof.gov.cy - publishes harmonised indices of consumer prices. For up to date furniture prices, see leading retailers Bo Concept - http://www.boconcept.com.cy, franchise operation Singways - http://www.singways.net - and IKEA - http://www.ikea.com.cy. One vertical portal with several stores and small manufacturers in Cyprus, some of which feature prices, is http://www.cyprusstores.com.

Import prices

Although the industry does not make price agreements based on tonnage, it is useful to see how import prices compare. In **Greece**, as Table 4.1 highlights, developing country import prices have increased since 2004, although import prices from other sources increased since 2006. Developing country import prices to Greece were below the EU average. Please note these trends should be interpreted with care, as changes in imports do not always reflect changes in demand.

Table 4.1 Development in Greek 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	2.72	2.31	2.68	-0.4
Intra-EU	3.36	2.38	3.07	-2.2
Developing countries	1.99	2.18	2.17	2.2

Source: Eurostat (2009)

In **Cyprus**, as Table 4.2 highlights, import prices were starting to increase since 2006 after decreasing up to that point. Import prices to Cyprus were above the EU average, probably due to its position as a small island economy. Developing country import prices were less than half intra-EU import prices. 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 Cypriot 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	4.70	3.21	3.33	-8.3
Intra-EU	6.10	4.61	4.68	-6.4
Developing countries	2.72	1.99	2.05	-6.8

Source: Eurostat (2009)

5 Market access requirements

As a manufacturer in a developing country preparing to access Greece and/or Cyprus, you should be aware of the market access requirements of your trading partners and the Greek and Cypriot governments. For information on legislative and non-legislative requirements, go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select domestic furniture and Greece or Cyprus in the category search, click on the search button and click on market access requirements.

Detailed information on packaging can be found at the website of ITC on export packaging: http://www.intracen.org/ep/packit.htm. Information on tariffs and quota can be found at http://exporthelp.europa.eu/

6 Doing business

Information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) and cultural differences can be found in CBI's export manuals 'Export Planner', 'Your image builder' and 'Exporting to the EU'. These can be downloaded from http://www.cbi.eu/marketinfo - go to search publications. For more information on doing business in Greece and Cyprus, visit the following websites:

In Greece
- The Greek Federation of Woodworking Enterprises (POVSKX) - mailto:pobskxom@otenet.gr.
- The Greek Furniture Retailers Association - tel +30 944 347711; fax +30 10 995435.
- The Greek furniture trade portal - http://www.epipleon.gr.

- The main trade publication is called Epipleon (see above for contact). This portal also publishes a magazine called Deco. In addition, there is a publication called EBE, which covers Northern Greece - http://www.epiplo-voriou-ellados.gr/. Idani Kospiti is also a specialist furniture publication - http://www.idanikospiti.gr. Retail Business is a general retail publication that also covers this sector - http://www.direction.gr.
- Furnidec - http://www.helexpo.gr - takes place each May in Thessalonika. Modacasa and Decoland are organised by the same company. Intercasa - http://www.kanavopan.com - takes place in Piraeus in October. Medhome – http://www.medhome.gr - also takes place in October.
- The Greek Furniture Directory - http://www.greekfurniture.com.

In Cyprus

- The Cyprus Furniture and Woodworking Industry - http://www.pasyvex.com. It is a member of the Cyprus Employers and Industrialists Federation - http://www.oeb.org.cy - which represents trade associations in Cyprus.
- Cyprus Forest Industries – http://www.cfi.com.cy.
- The Ideal Home Exhibition, incorporating Furnifair - http://www.csfa.org.cy - takes place in Nicosia in September.
- There is no furniture trade publication, but information can be obtained from the Cyprus Furniture portal - http://www.cyprusfurniture.com.
- Cyprus Chamber of Commerce - http://www.ccci.org.cy - and Invest in Cyprus - http://www.investincyprus.gov.cy - the promotion agency for exporters who wish to invest in Cyprus, are good contacts. Cyprus Trade Centres - http://www.cyprustrade.info - help to promote trade with Cyprus around the world.

This survey was compiled for CBI by ***Searce***