CBI MARKET SURVEY

THE DOMESTIC FURNITURE MARKET IN IRELAND

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Introduction
This CBI market survey gives information on some main developments in the domestic furniture market in Ireland. 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 Ireland was valued at € 584 million in 2008 in terms of retail sales. This represented € 133 per capita, which was below the EU average of € 161. Ireland was a small market, ranked seventeenth in size in the EU. This was close to a cluster of other countries including the Czech Republic and Hungary, although on a per capita basis, it was close to Greece and Spain.

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

2004	2005	2006	2007	2008	Average ann. % change	Population (million)	per capita in €	Occupants per household	Households (thousand)
549	579	625	641	584	1.5	4.4	133	2.9	1,430

Source: Irish National Statistics, Trade estimates (2009)

The Irish economy has been particularly badly hit by the global economic downturn in 2008 after strong growth in previous years. The furniture market experienced a significant contraction in 2008 as the housing market collapsed and consumer spending on household goods and large purchases in general came to a halt. The economy has been dependent on the property boom. The downturn will be particularly painful here and consumer confidence is at a very low level.

Consumption trends
Irish consumers have embraced more contemporary furniture and interior design styles in recent years. This is a change from households holding on to old pieces of traditional furniture that have been passed down between families. Now consumers are looking for lighter and more stylish designs.

Imported furniture has been popular for a number of years, the majority of which has come from England, Italy, Germany and Scandinavia. Dublin is the centre for new design trends and most fashionable retailers are located there. There is a wide difference between the east of the country, which is more receptive to new styles, and the west of the country, which is more conservative.

The population has grown in Ireland in the last few years. The growing economy has encouraged Irish people to return home and encouraged new immigrants to move there. Most of the increase has been in single person or smaller households. This has resulted in increased demand for smaller, flexibly designed furniture items of contemporary style for young people.

The other key trend is minimalism. This can be seen in home interior magazines and is a further indication of the move away from heavy, dark furniture towards a brighter and simpler decoration.

Consumption by product group

In terms of the respective product groups, upholstered seating was the largest, accounting for 27% of the value of all sales, followed by dining and living room furniture (25%); kitchen furniture (20%); bedroom furniture (17%) and other furniture (11%). The kitchen is becoming an increasingly important room in the house.

Market outlook

The furniture market will contract further in 2009 as the global economic slowdown continues to have an effect on consumer confidence and spending. There are some signs that the downturn may have reached its low point and small growth may return to this market in 2010. However, this is by no means certain and any market growth will be fragile.

Production

Furniture making is one of Ireland's traditional craft industries, but it has suffered in recent years due to the arrival of low cost imports into the domestic market. Nevertheless, local production still accounts for approximately 30% of the domestic market.

Irish domestic furniture production was valued at € 345 million in 2008. This represented a reversal after strong growth in 2007. The furniture industry has suffered along with many other industries in 2008 as the economy contracted for the first time in a number of years. Ireland was one of the smaller producers in the EU, and was similar in size to a cluster of countries including Lithuania, Estonia and Bulgaria.

Table 1.2 Production of domestic furniture in Ireland, 2004-2008, € million

2004	2005	2006	2007	2008	Average ann.% change	Number of companies 2006	Number of employees 2006
334	335	340	360	345	0.8	348	4,241

Source: Eurostat, National Statistics (2009)

Most production of furniture in Ireland is carried out by small units, employing a few people, although there are some larger enterprises. The industry is concentrated in the north east of the country and in Monaghan and Meath.

According to Eurostat, the majority of Irish production was in kitchen furniture (58%), followed by bedroom furniture (28%), dining and living room furniture (6%), furniture parts (4%) and other furniture (3%). Other production was negligible. Eurostat does not provide information on upholstered furniture, although this represented 7% of production in 2005.

Some interesting manufacturers in Ireland include:

- Alfrank - http://www.alfrank.ie - located in Dublin, designs and produces traditional and contemporary furniture. It sells wooden tables, chairs and dining and living room furniture.
- Fineline Furniture - http://www.finelinefurniture.com - is based in Kilkenny and produces chairs, tables and dressers in beech, oak, ash, walnut and other species.
- Connolly Furniture - http://www.connollyfurniture.com - located in Emyvale, manufactures classic wooden furniture and sofas.
- Kingsriver Furniture - http://www.kingsriverfurniture.ie - uses hardwoods and is quite unique in that some of its timber is processed on-site using its own facilities.

More manufacturers can be found at http://www.furniture.ie/directory/furniture-companies/irish-furniture-manufacturers/.

Trends in production
The industry has been investing in new technologies and focusing on environmentally sustainable production techniques.

Opportunities and threats
+ Ireland offers good opportunities to exporters from developing countries. Despite the current economic difficulties, it is a developing market, receptive to new design styles, and consumers welcome imports from new suppliers.
+ Specific opportunities can be found in the home office segment to meet the demand for the number of young professionals who are now working from home, particularly in Dublin.
+ There are opportunities for exporters who can meet the growing Irish demand for fairly traded and environmentally friendly furniture. A major focus on these products is now given at the Dublin Furniture Fair.
+ Domestic manufacturers may want to enter into dialogue with DC exporters who may wish to form a partnership or collaboration, based on supplying partially finished product based on Irish design.

Many exporters will also be viewing the opportunities available on the Irish market. 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

The Irish system of furniture distribution is quite complicated, not because there is an excess of intermediaries, but because there are a growing number of points of sale in the country. Independent retailers dominate the market. These traditional outlets deal directly with manufacturers, distributors and importers. There are strong supply links with the United Kingdom (UK), particularly from manufacturers and distributors based in Northern Ireland.

Exporters from developing countries should identify appropriate importers and wholesalers to access this market, although there is a growing trend of some small retail chains to import directly. There are some furniture agents still active in Ireland, but many of them represent UK companies supplying the Irish market.

Interesting wholesalers and importers include:
- Furniture Link - http://www.furniturelink.ie - is an importer and supplier of quality furniture with two distribution centres in Ireland and the UK supplying a network of dealers.
- Brackvoan - http://www.brackvoan.ie - located in Limerick, imports and wholesales designer and classic furniture and accessories for home decoration.
- Creative Cane - http://creativecane.com - located in Dublin, is an important wholesaler of cane and Celtic furniture. It also sells colonial furniture.
- Holroyd and Jones - http://www.hjfurniture.ie - located in Dublin, is a wholesaler of modern, rustic and contemporary furniture. It sell beds, sofas, tables and chairs.

A list of other wholesalers and importers can be found at http://www.furniture.ie/directory/furniture-companies/wholesale-and-trade/.

Retail trade
Market research specialist Mintel reported 687 retail enterprises of furniture and homewares. The top 50 accounts for over 37% of the market. Dunnes Stores - http://www.dunnesstores.ie - is the largest Irish retailer and the majority of its 150 outlets sell furniture. There are no large specialist chains although Instore - http://www.instore.ie - has six outlets around the country, and Classic Furniture - http://www.classicfurniture.ie - has four outlets. The Spanish

retailer KA International - http://www.kainternational.ie - has five outlets. The UK retailers Land of Leather (11 outlets) and Reid (8 outlets) are well represented in Ireland. There is now one IKEA outlet in Dublin – http://www.ikea.com/ie. Other smaller specialists include Inreda – http://www.inreda.ie - and Living – http://www.living.ie.

Other important non-specialists are the department stores Arnotts, Clerys and Brown Thomas. UK retailers Homebase, Debenhams and Marks & Spencer are strong. Irish consumers have indicated that they prefer to buy from a catalogue than from the Internet. The UK mail order company Argos - http://www.argos.ie - is popular in Ireland.

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 21%. 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, agents and business contacts can be found at the Irish Chamber of Commerce - http://www.chambers.ie, at Enterprise Ireland - http://www.enterprise-ireland.com, at the Department of Enterprise, Trade and Employment – http://www.entemp.ie - and at http://www.indexireland.com.

3 Trade: imports and exports

Imports

In 2008, Irish imports of domestic furniture were valued at € 347 million, or 105 thousand tonnes. Out of the 27 EU countries, Ireland was ranked tenth smallest in value and ninth in volume, and as such was regarded as a small-sized country for domestic furniture imports. This was similar in value to Hungary and Finland, and similar in volume to Hungary and Slovakia.

Between 2004 and 2008, Irish imports increased by an average of 0.2% per annum in value (from € 345 million) and by 1.4% in volume (from 99 thousand tonnes). The UK, China, Italy and Germany were the major sources of imports.

Imports were over eight times the value of exports, and nine times the volume in 2008. Imports were marginally increasing while exports were decreasing. The same period has seen a marginal increase in domestic furniture production value and an above average annual increase in consumption. Imports dominate the market.

By source, around 35% of Irish imports, valued at € 121 million or 50 thousand tonnes, came from developing countries in 2008 (48% by volume). This proportion was 28% in 2004 (44% by volume). China accounted for 59% of all developing country supplies by value in 2008, followed by Vietnam (15%) and Malaysia (11%). Indonesia and Thailand were also important suppliers. While China’s supplies increased by an annual average of 17% over the period, supplies from Vietnam increased by 26%. Supplies from Malaysia and Indonesia decreased over the period, while supplies Thailand were broadly unchanged.

By product group, Irish imports by value were sub-divided as follows:
- The leading two groups were dining/living room furniture with 26% of value and 29% of volume (€ 89 million or 30 thousand tonnes) and upholstered seating with 19% of value and 13% of volume (€ 66 million or 14 thousand tonnes).
- Bedroom furniture represented 14% of value and 16% of volume (€ 48 million or 17 thousand tonnes) and other furniture accounted for 13% of value and 14% of volume (€ 46 million or 15 thousand tonnes).
- The remainder was taken up as follows: furniture parts (€ 41 million), kitchen furniture (€ 27 million), non-upholstered seating (€ 24 million) and rattan furniture (€ 7 million).

Exports

Domestic furniture exports from Ireland were valued at € 43 million in 2008, representing 11 thousand tonnes. Dining/living room furniture was the largest group of exports. Between 2004 and 2008, the average annual decrease in exports was 11% by value and 7.5% by volume. There may be a limited amount of re-exporting from the Irish market, primarily to the UK, which received 87% of all Irish exports.

Opportunities and threats

\+ The main growth opportunities for developing country suppliers are in furniture parts. This has seen impressive DC growth in recent years.
\+ Other notable opportunities are kitchen furniture and non-upholstered seating.
\- Although it is the largest group of imports, dining/living room furniture has not grown along with the average growth of imports, but DC exporters have nevertheless been showing some increases in share.
\- Bedroom furniture and upholstered seating also had fewer opportunities. Imports of other furniture decreased, although detailed figures are not available for this group.

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 Ireland were well above the European average. In terms of purchasing power, prices in Ireland were similar to prices in Italy and the UK.

According to Eurostat, furniture retail prices decreased by 11.4% between 2004 and 2008, and by 3.7% in 2008, indicating that the rate of decline is continuing. 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 Ireland, which was 11% higher in 2008 than in 2004. Hence furniture price decreases in Ireland contrasted with EU average price increases and increases in the all-price index in Ireland.

Import prices

Although the industry does not make price agreements based on tonnage, it is useful to see how import prices compare. There is an upward trend in developing country import prices since 2004. As Table 4.1 highlights, import prices from other sources were still decreasing. However, intra-EU import prices to Ireland were well above the EU average, but they were decreasing. 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 Irish 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	3.47	3.25	3.30	-1.2
Intra-EU	4.61	4.04	4.17	-2.5
Developing countries	2.24	2.43	2.40	1.7

Source: Eurostat (2009)

The website of Irish National Statistics - http://www.cso.ie - publishes harmonised price indices. Retail prices of furniture can be found at the leading department store Dunnes stores - http://www.dunnesstores.ie, as well as the specialist retailer Reid Furniture - http://www.reidfurniture.ie, Clery & Co - http://www.clerys.com - and the retail portal Buy4Now – http://www.buy4now.ie.

5 Market access requirements

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

Detailed information on packaging can be found at the website of ITC on export packaging: http://www.intracen.org/ep/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 Ireland, visit the following websites:

- The National Furniture Manufacturers' Association is affiliated to the Construction Industry Federation - http://www.cif.ie. The Interiors Association - http://www.theinteriorsassociation.ie - has links to furniture designers and architects.
- The Irish Furniture portal (consumer focused) - http://www.furniture.ie.
- The Furniture and Home Accessories Fair - http://www.irishfurniturefair.com - takes place each March and September. The Ideal Home Show - http://www.idealhome.ie - takes place in Dublin in October.
- Intertrade Ireland - http://www.intertradeireland.com - and InvestNI - http://www.investni.com - have both published information on the furniture industry.
- Furniture News Ireland - http://www.furniturenews.net - is the main trade publication. Irish Woodworking & Furniture News – http://www.nelton.co.uk - is published four times a year. Nelton also organises the exhibition Woodworking Ireland every year in March, as well as producing an annual Buyers Guide.
- Good information about media in Ireland can be found at http://www.medialive.ie.

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