GIFTS AND DECORATIVE ARTICLES

The EU Market for Ceramic gifts and decorative articles

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Report summary
This CBI market survey discusses the EU market for ceramic gifts and decorative articles, including the following highlights:

- The EU-27 is one of the leading markets in the world for ceramic gifts and decorative articles (statuettes, vases and pots), valued at € 858 million in 2005, of which € 493 million for 'Statuettes' and € 365 million for 'Pots and vases'.
- The ceramic gifts and decorative articles production in the EU-27 countries represented a value of approximately € 637 million in 2006, of which € 278 million for 'Statuettes' and € 358 million for 'Pots and vases'.
- Total EU-27 ceramic gifts and decorative articles imports for the year 2006 amounted to € 958 million, of which € 606 million for 'Statuettes' and € 352 million for 'Pots and vases' (pots and vases). Imports from developing countries accounted for 49.5% of total imports in 2006. The main developing country suppliers were China (30.2%), Vietnam (10.7%), Thailand (1.6%), Malaysia (1.5%) and Turkey (1.2%),
- The distribution structure for the selected ceramic gifts and decorative articles group does not differ substantially from the distribution structure for the complete gifts and decorative articles sector. The most important intermediaries for developing country exporters are agents, wholesalers, importers and local export organisations.
- As an exporter from a developing country, you will have to comply with the legislative requirements that are applicable for your products.

This survey aims to provide developing-country exporters of ceramic gifts and decorative articles with product-specific market information related to gaining access to the EU market(s). By focusing on the EU market(s) for selected products, this document provides additional in-depth information, complementary to the more general information and data provided in the CBI market survey 'The gifts and decorative articles market in the EU' (2008), which can be downloaded from http://www.cbi.eu/marketinfo.

Detailed information on ceramic gifts and decorative articles is given in Appendix A. This survey discusses the EU in general and the following markets in particular: France, Germany, the United Kingdom, Italy, the Netherlands and Spain.

1 Market description: consumption and production

Please note that by the 'Total ceramic and decorative articles market' is meant the summation of the markets for statuettes, pots and vases. The sub-group 'Statuettes' refers to the total statuettes market and the sub-group 'Pots and vases' refers to the total pots and vases market. This product survey does not discuss the market for tableware (e.g. ceramic plates and glasses).

The statistics on production and consumption of ceramic gifts and decorative articles should be treated with some caution. Consumption can only be calculated as 'apparent consumption': a construction of production + imports – exports, which unavoidably gives some distortions. Not all countries supply production data, and the countries that do report their production tend to under-report production where there are many smaller producers. Both production and consumption data give only a general picture.

Consumption
The EU-27 is one of the leading markets in the world for ceramic gifts and decorative articles (statuettes, vases and pots), valued at € 858 million in 2005, according to Eurostat. Please

note that the Eurostat database is not completely exhaustive in its information and one should be careful interpreting the data. The ceramic gifts and decorative articles market has decreased by about 1 - 2% annually over the last 2 years, according to Euromonitor. As for the future, the total EU ceramic gifts and decorative articles market is projected to increase marginally (changes of about 1-2%) every year until the end of the decade.

Table 1.1 Consumption of ceramic gifts and decorative articles in the reviewed countries, value € million

		2001	2003	2005	Share of sector in 2005	Average % change
EU-27	Statuettes	729.0	554.6	493.3	57.5%	-9.2%
	Pots and vases	333.1	329.8	364.6	42.5%	2.4%
Germany	Statuettes	183.7	111.4	96.1	34.2%	-14.4%
	Pots and vases	196.8	191.3	185.0	65.8%	-1.5%
France	Statuettes	50.4	50.0	64.1	60.8%	8.5%
	Pots and vases	30.3	28.7	41.4	39.2%	12.2%
Italy	Statuettes	194.9	122.9	99.7	N.A.	-14.4%
	Pots and vases	N.A.*	N.A.	N.A.	N.A.	N.A.
Spain	Statuettes	4.2	16.1	18.8	67.1%	N.A.
	Pots and vases	15.1	5.8	9.2	32.9%	5.9%
UK	Statuettes	171.4	128.0	97.4	63.1%	-12.8%
	Pots and vases	34.8	46.8	56.9	36.9%	14.0%
Netherlands	Statuettes	27.7	19.2	7.6	N.A.	-21.4%
	Pots and vases	N.A.	N.A.	N.A.	N.A.	N.A.

Source: Eurostat database (2008) *Not available

- In **Germany**, the apparent consumption of ceramic gifts and decorative articles amounted to € 281 million in 2005. German consumption of ceramic gifts and decorative articles decreased by 3.9% between 2004 and 2005 and it is forecast to decline at the same pace (about 4% annually at real prices) until the end of the decade.
- In **France**, apparent consumption in 2005 amounted to € 105 million. French consumption of ceramic gifts and decorative articles decreased by 0.2% between 2004 and 2005. Nevertheless, trade organisations' forecasts for the market are slightly more optimistic. Consumption is expected to increase by about 0.6% annually at real prices until 2009.
- In **Italy**, the apparent consumption of 'Statuettes' amounted to € 100 million in 2005. Between 2004 and 2005, consumption increased by 2.4% (Euromonitor). Until 2009, retail sales of ceramic gifts and decorative articles are projected to increase by 3% annually at real prices.
- In **Spain**, consumption is estimated to be around € 30 million. According to Euromonitor, the Spanish consumption of ceramic gifts and decorative articles has decreased by 0.3% between 2004 and 2005. On the other hand, Spanish consumption is expected to increase by about 0.2% annually at real prices until 2009, a slight improvement compared to the previous years.
- In the **UK**, the apparent consumption of ceramic gifts and decorative articles amounted to € 154 million in 2005. Between 2004 and 2005, consumption increased by 2.1%, according to Euromonitor data. Forecasts for the UK ceramic gifts and decorative articles market are quite positive according to trade associations' statistics. Up to 2009, retail sales of ceramic gifts and decorative articles are projected to increase by about 5.4% annually at real prices.
- For **the Netherlands**, the ceramic gifts and decorative articles (apparent) consumption is significantly underestimated (€ 7.6 million for 'Statuettes' in 2005) due to lack of information in the Eurostat database. According to Euromonitor, the market grew by about 1.9% in 2005.

To the end of the decade, Dutch consumption of ceramic gifts and decorative articles is projected to remain stable.

Market segmentation
In general, the ceramic gifts and decorative articles market can be segmented roughly into upper, middle, and lower segments. This segmentation applies not only to the retail level, but also to the other levels in the market, such as wholesalers and importers.

Table 1.2 Segments in the ceramic gifts and decorative articles market

Segment (market share)		**Market Criteria**	**Product Criteria**	**Examples of brands and shop names**
Upper segment Estimate 5-10%		Exclusive distribution Best locations Glossy promotion Presentation important Brands	High-quality materials First class workmanship Perfect design High price level Also European products	http://www.roche-bobois.com http://www.cassina.com/ http://www.flamant.com/ http://www.harrods.com http://www.harveynichols.com/ http://www.maupertuus.nl/ http://www.matser.nl/ http://www.eckhart.nl/ http://www.lambert-home.de/ http://www.lambert-store.de/
Middle segment Estimate 50-70%	**Upper-middle segment Estimate 20-30%**	Many chains Department stores Large assortment Coordinated collections Large-scale promotion	Shop brands High-quality materials Good design and workmanship Fashionable collections Mostly non-European products	http://www.habitat.net/ http://www.conran.com/ http://www.bijenkorf.nl http://www.galerieslafayette.com http://www.sia-collection.com http://www.rinascente.it/
	Lower-middle segment Estimate 30-40%	Uniform shops High street locations Large assortment Large-scale promotion	Shop brands Reasonable quality Fashionable Lower price level Mostly non-European products	http://www.ikea.com http://www.neckermann.com/ http://www.conforama.fr/ http://www.hema.nl http://www.next.co.uk/
Lower segment estimate 20-40%		Intensive distribution High traffic locations Aggressive marketing Bulk sales	Basic quality Focus on low price Special sales/ offers Brands less important Products mostly from Far East	http://www.casashops.com/ http://www.metrogroup.de/ http://www.carrefour.com/ http://www.kwantum.nl/ http://www.blokker.nl/ http://www.xenos.nl/ http://www.intratuin.nl/ https://www.hipercor.es/ http://www.woolworths.co.uk/ http://www.argos.co.uk/ http://www.gifi.fr http://www.monoprix.fr http://www.intermarche.com/ http://www.e-leclerc.com/ http://www.woolworth.de/ http://www.lidl.de

Source: Various industry sources

The different market segments require different selling approaches. For instance, selling to the top end of the market requires less emphasis on pricing than on high quality and unusual design. Selling to large department stores in the middle segment of the market means that, apart from reasonably sharp pricing, the greatest attention should be given to logistics, labelling, packaging and timely transportation, and to offering easy-to-sell products. And for clients in the lowest price-segment of the market, it is important to strip the offered products and services to the bone, to be able to offer the lowest possible price. In the higher segments of the market, vases and bowls are experiencing increasing demand, and no longer items that need to be strictly part of collections (e.g. the vases by Hella Jongerius for IKEA). They are allowed to stand out, make their own statement, and attract attention for their technique or shape. This higher-end trend is supported by the bigger brands and will trickle down into the lower segments, making vases, and bowls in particular, sought-after objects in their own right. In almost all the EU countries, the full range of low, middle and high-end segments exists. Chinese and Far-eastern producers dominate the cheaper offering in ceramic gifts and decorative articles, and the more value-added segments are dominated by the major Western brands, who source their needs from a variety of manufacturers. An interesting sub-trend in segmentation is the re-invention of big brands of figurines (Alessi, IItala, the ubiquitous babushka dolls), which is likely to spill over to ceramics as well. It will revitalise the traditional collectable ceramics figurines, familiar from Austrian and UK culture, for instance. This way, the market for figurative decoration will extend from middle class and older age groups to somewhat higher-priced and younger segments.

General trends on the market

- For all EU countries, white is currently one of the trendiest colours together with floral prints. The latter are state-of-the-art for spring-summer 2008.
- Important shapes are octagons and ovals together with raised decorations.
- Other trendy products are vases and pots from different materials, in black and black with platinum edge, and vases incrusted with black chequer mosaic. Other trendy items are pots and vases in dark blue, in gloss brown with details in silver and in oxidised brown, as well as square vases with wood-look.
- Ceramic gifts with extra workings and shine were and still are among the most favoured items in the last couple of years.
- Trends in interiors are rapidly becoming influenced by what is happening in the fashion sector. That also has implications for ceramic gifts and decorative articles, in two important and potentially contradictory ways. Firstly, trends will be (even) shorter and so innovation will become even more important in differentiating oneself from one's competitors. At the same time, however, consumers are tired and stressed-out, and that is leading to the so-called 'slow' movement. At product level, it means fewer gadgets, but designs with longevity, using sustainable materials and designs that continue to please even after the buying season is over. This might even translate into fewer decorative knick-knacks and more emphasis on functionality. In both trends, however, design is of prime importance.
- According to Euromonitor, public interest in interior design has surged across much of Europe, led by a rash of interior decoration magazines and the popularity of television programmes featuring creative ideas for interiors, home improvement suggestions, interior architects, "home make-overs" and designer talk-shows. In addition to the annual national home interiors fairs for consumers, there are numerous regional home and garden fairs, which serve as a source of inspiration to many people.
- Gardening has also benefited from the increasing interest by European people in their homes and their general living situation. Europeans often treat their garden as an extension of their house. It is considered to be a place of peace and relaxation. Gardening is also considered to be one of the most popular hobbies amongst European people. In Spain and Italy, because of the climate, fewer people tend to have gardens. On the other hand, in the UK special attention is paid to the garden. Pots suitable for use in the garden are a very important issue in this survey. Those pots should be water-resistant and should be able to be left outside (weather-resistant).
- In **Spain**, the fall in the average number of inhabitants per household and the sharp decline in weddings are expected to reduce the importance of ceramic gifts and decorative articles. Moreover, 'pretty, cheap and useful' is going to be the major mood amongst

Spanish customers. Colour and new shapes continue to stimulate more frequent purchases of ceramic gifts and decorative articles.

- In **Germany**, there is an ongoing rise in the number of (especially single) households, due to new generations of Germans setting up home or additional homes, as a result of the continually rising divorce rate. Therefore ceramic gifts and decorative articles are expected to benefit from some duplication in demand. In other words, if a family had 1 ceramic statuette and 2 porcelain vases in their house, after divorce some of these items were divided, but in some newly established single-households there was a need for new ceramic gifts and decorative articles. Due to the emerging ethnic trend, there is likely to be a greater interest in ceramic gifts and decorative articles with a rough, almost hand-made quality.
- In **Italy,** design will play an even more crucial role in the future. The lower ends of the market will see improvements in design standards that reduce the differences between low and middle segment products. The direct result of this trend will be a similarity of products of different quality. Moreover, Italians are turning again to individual/family issues, among them cooking, attention to home aspects and in general a widespread tendency to spend more time at home. This trend should positively affect the purchases of goods related to the home.
- In the **Netherlands**, the trend of consumer price consciousness will continue for the coming years. China and porcelain items tend to be among the more expensive ceramic gifts and decorative articles and consumers will continue to spend with caution on such goods in the future.
- In the **UK**, changing consumer preferences and the increased importance of beauty are continuously mentioned as the most important trends in this country. Less spare time and better lifestyles mean spending increasing amounts of disposable incomes on both leisure and on the home.
- In the **EU** and especially in **France**, the ageing trend is continuing to change developments in the market. Not only are older generations more willing to have fine ceramic gifts and decorative articles in terms of lifestyle, but one in four people lives in an independent home and 21% own a second house. Hence this group has the time to entertain and the space to store expensive (sets of) statuettes and china.

Production

The ceramic gifts and decorative articles production in the EU-27 countries represented a value of approximately € 637 million in 2006, according to the Eurostat database, and showed a 26.5% decrease over the years 2002-2006. Currently, the prospects for EU production are more positive due to the overall economic revival in the region, but this is mainly true for the upper segment of the market. As far as the lower segment is concerned, imports are becoming more important and are likely to replace European production.

Table 1.3 Production of ceramic gifts and decorative articles in the reviewed countries, value € million

		2002	2004	2006	Share of sector in 2006	Average annual % change
EU-27	Statuettes	504.0	375.1	278.4	43.7%	1.4%
	Pots and vases	361.5	333.4	358.1	56.3%	-15.5%
Germany	Statuettes	65.1	65.1	19.2	8.6%	19.5%
	Pots and vases	190.4	14.0	203.9	91.4%	N.A.
France	Statuettes	N.A.	14.0	49.6	64.4%	N.A.
	Pots and vases	30.8	30.4	27.4	35.6%	22.9%
Italy	Statuettes	178.7	94.7	64.1	56.9%	N.A.
	Pots and vases	74.5	48.3	48.5	43.1%	-7.4%
Spain	Statuettes	97.8	83.1	67.3	80.5%	19.0%
	Pots and vases	25.2	20.0	16.3	19.5%	-4.1%
UK	Statuettes	80.8	59.9	23.8	83.2%	-11.0%
	Pots and vases	22.9	11.0	4.8	16.8%	-28.7%

Netherlands	Statuettes	9.4	10.8	8.2	N.A.	N.A.
	Pots and vases	N.A.	N.A.	N.A.	N.A.	N.A.

Source: Eurostat database (2006)

- In **Germany**, production of ceramic gifts and decorative articles amounted to € 223 million. Between 2002 and 2006, Germany continued to under-perform in comparison to the rest of Europe. There was a notable drop in the production of ceramic gifts and decorative articles over the reviewed period 2002 – 2006, namely -12.7%, as consumption was very low - part of the general attempt by the Germans to "tighten their belts". Forecasts for German production are not very positive, especially for those manufacturers who focus on the lower segment of the market.
- In **France**, production of ceramic gifts and decorative articles amounted to € 77 million. During the period 2002-2006 the production of ceramic gifts and decorative articles increased considerably. The negative repercussions of international economic events began to be felt in France primarily in 2002. International crises played a particularly negative role in 2003 with the Iraq War, which hit French production of luxury china and crystal exports. The Middle East accounts for some 15% of French exports. Nevertheless, ceramic gifts and decorative articles production in France is expected to increase in the coming years, mainly in the upper segment.
- In **Italy**, production of ceramic gifts and decorative articles amounted to € 113 million. During the period 2002-2006 the production of ceramic gifts and decorative articles decreased substantially. The Italian ceramics industry once dominated the production of ceramic gifts and decorative articles but 'Made in Italy' products have registered a marked slowdown over the last years. At the same time, foreign (non-Italian) manufacturers (mostly German) who had partially relocated their production base to China were introducing competitive quality in the middle market range, with good results. Italian manufacturers had to respond with repositioning of several brands, from the medium-high end of the market to the mass retail channel. 'Made in Italy' products are projected to regain higher market share in the future.
- In **Spain**, production of ceramic gifts and decorative articles amounted to € 84 million. During the period 2002-2006 the production of ceramic gifts and decorative articles decreased by 32.0%. In Spain, the sharp increase of Asian imports has had huge repercussions for the Spanish ceramic gifts and decorative articles manufacturing. Producers have strengthened their drive for added value, quality and design and, to a lesser extent, outsourced production. Small companies with limited financial resources have been the main victims, many of them having to close down during the review period. Spanish production is forecast to further decrease in the coming years, mainly due to the continuing rise in Asian imports, which has caused a sharp fall in prices and widespread company closures.
- In the **UK**, production of ceramic gifts and decorative articles amounted to € 29 million. During the period 2002-2006 the production of ceramic gifts and decorative articles decreased substantially. In the UK, the manufacturing sector is very competitive and that may further increase the need of outsourcing.
- In the **Netherlands**, production of 'Statuettes' amounted to € 8.4 million in 2006. Growth in the Dutch economy came to a standstill in 2002.. During the period 2002-2006 the production of ceramic gifts and decorative articles decreased by 12.0%. The low cost of ceramic gifts and decorative articles meant that the recession was felt later in this market than in others and a sharp decrease in production was not experienced in this country. The Dutch economy is very export-dependant. The projected revival of the surrounding markets should have positive effect on Dutch ceramic gifts and decorative articles' production.

Major players in the 6 selected markets (names of producers and their websites):

- **Emsa**, an eminent **German** ceramic gifts and decorative articles producer, established in 1949. (http://www.emsa.de/english/index.php)
- German ceramic gifts and decorative articles manufacturer - **Rosenthal** (http://www.rosenthal.de/)
- Within the **German** ceramic gifts and decorative articles market, **Villeroy & Boch** is active

in a number of product areas and produces porcelain, crystal, cutlery and giftware products. (http://www.villeroy-boch.com/)
- One of the major ceramic gifts and decorative articles producers in **Spain** is **Grupo Enériz**. Currently, the company is present in all market segments, from production to distribution. (http://www.eneriz.com/index.html).
- Holding **Gruppo Pagnossin** is a large producer of terracotta gardening and pottery products for domestic use in **Italy**. Web sites of the Holding and its subsidiary, **Richard Ginori,** are (http://www.pagnossin.com/) and (http://www.richardginori1735.com/).
- **Fratelli Guzzini S.p.a.** is one of the local leaders for ceramic gifts and decorative articles in **Italy** (including ceramic articles) (http://www.fratelliguzzini.com/).
- **Arc International** has been a specialist in glass, crystal production and other ceramic gifts and decorative articles in **France**. It has a very broad range of products, which cover a spectrum of price ranges (http://www.arc-international.com/accueil/index.html).
- Important **UK** ceramic gifts and decorative articles manufacturer **Royal Doulton** (http://www.royaldoulton.com/) has shifted some of its production to low-wage countries in the Far East.

General trends in production
- An important trend in the ceramic gifts and decorative articles market is the emergence of ethnic products in recent years. Ethnic goods have their origins in Asian, African or Latin American cultures. However, in the last few years ethnic products have been copied by Chinese producers and sold as items with African, or Latin American inspiration.
- Moreover, ethnicity is taking another step: top designers are looking for new inspiration in traditional techniques, from home or abroad, and adding a contemporary relevance. Developing-country suppliers can benefit from this new and growing curiosity for their cultures. The hand-made aspect is closely related to this trend and can add value to ceramic gifts and decorative items.
- Sustainability is a huge influence in the interiors business, as it is in the ceramic gifts and decorations sector. Environmentally and socially sensitive production is a growing concern, , and the consumer is more and more willing to make that a leading choice in his buying decisions. Suppliers and distributors will increasingly find good emvironmental credentials make good business sense, too.
- Related to sustainability,a strong trend in recycling is also visible in the ceramic gifts and decorations sector. Not only are consumers intensively checking out the markets for second-hand goods or auctions, to find vintage vases, ceramic lamp bases or to complete their collection of figurines, but they also continue to be interested in retro styles.
- Another important trend in the decoration of ceramic gifts and decorative articles is that manufacturers try very often to give ceramics the effect of wood. This is done by modifying the texture of the product, adding a relief on the surface and giving the appearance of a rough ceramic structure.
- A general issue in the whole EU is the awkward position of the middle segment in the ceramic gifts and decorative articles market. In the lower segment, goods are distinguished according to price. In the upper segment, they are distinguished according to quality. However, in the middle segment it is not very easy to differentiate one product from another. Nevertheless, according to Euromonitor, the middle segment is the one offering most opportunities in the future (probably because the lower and the upper segments have been over-supplied in the past).

Opportunities and threats
- Outsourcing in lower and higher segments will continue to grow, although, with the re-appreciation of craftsmanship and culture, the higher segment may continue to find better quality and service nearer to home (e.g. Makkum).
- In **Spain**, the increase in disposable incomes and the continuing increase in immigrants may lead to an increase in the range of products on the market. Ethnic products can be driven by this trend, giving more space for developing country manufacturers to express their culture.
- In **Germany**, the growing interest in exotic cuisine and designer ceramic gifts and

decorative articles could potentially create more opportunities for smaller and more flexible companies which can cater for niche segments such as fruit pots.
- In **Italy**, the low growth rates of more expensive products like glassware and ceramic gifts and decorative articles will contribute to the weakness of the overall market in value terms.
- In **the Netherlands**, the outlook for ceramic gifts and decorative articles market in the foreseeable future is not very positive. The market will remain almost static and will offer few opportunities for growth or expansion.
- In **France**, the ceramic gifts and decorative articles market is a mature market, but that is not to say that the industry is discouraged. According to branch-specific trade organizations, if exciting designs and pleasing interiors are presented to the French market that may revitalise and inspire French shoppers to renew their ceramic gifts and decorative articles more regularly.
- The strategies of **UK** manufacturers have led to further sourcing of products in low-cost countries and, probably, of products with a higher design content. The largest middle range market segment may offer good opportunities for exporters in developing countries.
- Refer to chapter 7 of the CBI market survey 'The gifts and decorative articles market in the EU' for an example of a similar, more detailed analysis.

Useful sources
- Euromonitor Research Agency (http://www.euromonitor.com/)
- Market Reseach.Com – Research Agency (http://www.marketresearch.com)
- Datamonitor – research Agency (http://datamonitor-market-research.com/)
- European Commission - official publication (http://ec.europa.eu/economy_finance/index_en.htm)
- Confédération des industries Céramiques de France (Confederation of Ceramic Industries of France), (E-mail : ceramique@wanadoo.fr);
- BKG Bundesverband Kunstgewerbe, Geschenkartikel und Wohndesign e.V. (National Association of gifts and living design), (mailto:info@bkg.org)
- Verband der Keramischen Industrie E.V**.** (Association of German Manufacturers in the Ceramic Industry), (http://www.keramverband.de/)
- Associazione Nazionale Commercianti Vetro e Ceramica (National Association of Glass and Ceramic Dealers) *(*http://www.assoceramvetro.it),
- Confederazione Nazionale dell'Artigianato e delle Piccolae Media Impresa (National Confederation for the Craft Sector and Small and Medium Enterprises), (http://www.cna.it/).
- Vereniging GEBRA, (Mixed Branch Association), (http://www.gebra.nl/)
- Stichting Max Havelaar, (Max Havelaar Foundation, fair trade organisation) (http://www.maxhavelaar.nl/)
- UK Giftware Association (http://www.ga-uk.org/)

2 Trade channels for market entry

Extensive information about the distribution chain in the gifts and decorative articles sector is given in the CBI market survey 'The gifts and decorative articles market in the EU' (2008). The distribution structure for the specific ceramic gifts and decorative articles group does not differ substantially from the distribution structure for the complete sector. Nevertheless, a brief overview of the most important distribution intermediaries in the ceramic gifts and decorative articles market is given below.

Trade channels
Products can go through different channels to reach the end customer in Europe. The most common are:
- **Retail chain.** The largest chains of shops, whether department stores, furniture retailers, garden centres or hypermarkets, usually have their own buying staff. The number of links in the chain from producer to consumer is thus limited to one, resulting in high cost efficiency and control over the buying process. Examples are **Ikea** from Sweden (http://www.ikea.com) and **Marks and Spencer** from the UK

(http://www.marksandspencer.com/). Retail chains offer items either under private label, or have shop-in-shop arrangements, or a combination of both.
- **Buying group.** As the purchasing of a whole product range is very time-consuming and knowledge-intensive, individual retailers often work together in a buying group. The buying group can offer different forms of co-operation, from simple buying and importing to offering a complete shop formula in a franchise structure. An example in The Netherlands is **EURETCO Wonen** (http://www.euretco.nl/)
- **Importer/wholesaler.** The integration of the formerly separate functions of importer and wholesaler has become very common in the EU. Although there are still some separate importers and wholesalers, they form only a small percentage. The importer/wholesalers have become a dominant factor in the market for ceramic gifts and decorative articles. They are the link between producer and retailer, who usually are both smaller than the importer/wholesaler. They are very knowledgeable about fashion and trends, have an extensive buying and sales staff, and often hold stock. Importer/wholesalers sell to both individual shops and retail chains. An example is **Hoff Interior** in Germany (http://cms.aso.de/de/hoff/cms.aspx).
- **Agent.** The agent is an intermediary between buyer and seller, usually working on commission and representing either the producer, the export marketing organization (selling agent), the importer/wholesaler or the retailer (buying agent). Agents can range in size from a single person, representing only a few companies, to a large organisation working for large retail chains or importers, managing hundreds of suppliers and with a full sales staff. Usual tasks for an agent are production control and ensuring smooth logistics. Agents are often combined with importer/wholesalers, acting as an agent for some products or producers, and as an independent importer for others. An example is **Arte Import** in Germany (http://www.arte-import.de/).
- **Export marketing organisation**. When individual producers are too small to contact foreign buyers, they can bundle their efforts into an export marketing company. This can be a separate company, buying from the producers and selling to the importer/wholesaler, or an initiative by the producers, in the form of a cooperative or a company jointly owned by the producers. An example is the ceramics industry in Columbia, where companies join in their export efforts.

Trends in the distribution
- There is a definite trend towards the shortening of the distribution chain in order to cut costs, especially for the larger organisations. Shortening of the chain means cutting out partners in the chain altogether, or taking over parts/responsibilities of segments of the chain oneself (e.g. merging imports and wholesale), and essentially represents a form of vertical integration.
- At the same time, there is an opposite trend of enlarging the distribution chain. Both producers and importers see advantages in outsourcing labour- and cost-intensive activities. It can be worthwhile to work with an export marketing organisation or selling agent instead of employing an in-house sales staff. On the buying side, we see a trend towards outsourcing the buying efforts to buying agents.
- Many importers, whether they are retailers, importer/wholesalers or agents, ask for exclusivity when they buy a product. They do this to reduce the possibility of the same product appearing on the market in other retail outlets, possibly for a lower price. Against this exclusivity, the buyer usually offers a large order, or regular repeat orders. Exclusivity is usually limited in time and/or to a specific country.
- Another important cost factor is the cost of holding stock. To minimise these costs, importers often choose to split up an order into several consignments, if the costs of transport and handling are cheaper than stock-holding costs.
- There is a movement towards ever-shorter lead times. To be able to react rapidly to the changing market, importers tend to place their orders as late as possible or require that producers maintain a certain stock level, to be shipped on demand.
- There is a trend of consolidation of the distribution, with independent specialists being the main victims due to their lower purchasing power and lack of specialisation. Other factors influencing this will be the aggressive pricing policy and promotions in the grocery channel,

the expansion of the multiple specialists, such as Ikea and the market entry of large multinationals such as Inditex – under Zara Home (http://www.zarahome.com/shop/worldwide). The last example is also indicative of the trend of many fashion brands entering in the market (e.g. Zara Interior, Next, Esprit.
- Big furniture brands are now also offering ceramic interior accessories in order to add value to their overall offer.
- Increasingly, distributors of ceramics make use of forms of branding in order to differentiate and add value. Various forms of endorsement can be seen (e.g. celebrity endorsement with Royal Doulton), and branding as a way of creating a new or extra identity, catering to new target groups (e.g. Wedgwood's 'Vivo' brand). For suppliers this means that, increasingly, they will be private label suppliers and will find increased pressure on the prices, or will have to start building brands themselves.
- Outside and inside have now become quite merged, and that is reflected in the growing trend of garden centres offering interior items, and in garden products becoming trendy as interior items, for use both indoors and outdoors.
- In the US, retailers increasingly import themselves, i.e. deal on an FOB basis with exporters/suppliers. This might point to a future trend in the EU as well. It needs good and reliable shipping structures (courier facilities as well) and sharper FOB offers from suppliers.
- Exclusivity and copying. Suppliers with large oversees customers increasingly break up their production chain, buying in semi-finished items and doing the 'final mile' (decoration, finishing, packing, branding) themselves. This is to prevent suppliers downstream from copying.
- Concentration in the sense of one-stop shopping – also due to fashion and interiors merging and becoming 'lifestyle' brands, offering 'total' looks and ranges for the entire interior and apparel. Garden centres are also adding to the trend of branch diversification: garden centres offer in- and outdoor products, chemists offer bodycare products and toys. Consumers want convenient, one-stop shopping and want to be able to fulfil their all their shopping needs under one roof.

There are a large number of useful sources giving more information on trade structure and distribution intermediaries, and these can be found in Appendix B (at the end of this report).

Price structure
Prices depend mainly on the target group (especially their purchasing power), but also on:
- buying motive (e.g. collectors' items are less price sensitive than a cheap ceramic souvenir from Amsterdam),
- price points in a distributor's range. For strategic marketing reasons, a distributor might want to offer a full range of price points for all types of customers or just cater for one target group – 'early adopters' will pay a higher price to be the first)
- the nature of the item: convenience goods have to be cheap and close by; speciality goods (Villeroy & Boch porcelain) will attract people from further afield, and command a much higher price.
- branded or unbranded. Products from strong brands fetch premium prices. An anonymous 'Made in China' vase will not fetch as much as one from Rosenthal.

As the number of links in the export chain can differ, as can the quality and contents of each link, it is impossible to give a standard overview of costs and margins for the different phases in the import process. However, there is a rule of thumb in the market for interior articles and gifts that an article with an FOB price of 1 Euro will retail for around 4 to 5 Euros in the shop in Europe. This makes for an average import/wholesale ratio of 2, and an import/retail ratio of 2.4. Transport costs (usually 10–15% of the FOB price) are included in the mark-up of the importer/wholesaler. The rule of thumb is based on the assumption that costs vary with the price of the product along the complete distribution chain. It is clear that for the more expensive product not only will the costs of transport be higher, because the product is more delicate or bigger and insurance will be more expensive, but also the margins of the importer, wholesaler and retailer will be higher, because marketing a more expensive product requires higher investment in all the elements of the marketing mix. The FOB-consumer price ratio for the absolute bottom of the market will be around 3 and for the top end of the market it will be closer to 6. One should also take into account the relative price levels of the individual countries. As the retail prices in the various EU countries differ, but the buying prices generally do not, the margins vary per country. In the more expensive countries like the UK, Ireland and the Scandinavian countries a mark up of 6 to 6.5 (instead of 5) is more common, going up to 8 for the high end of the market. Be aware that this is only a rule of thumb: exceptions are frequent.

FOB price	**1,-**
Plus mark-up importer/wholesaler 60-120% makes:	
Imported in Europe (wholesale value)	**2,-**
Plus mark-up retailer 100% makes:	
In Shop (retail value)	**4,-**
Plus VAT 20 % makes:	
Consumer price	**4,80**

Useful sources
Window-shopping in the prospective market place, at several retail shops, is a good way of obtaining information about retail prices, and also about fashion, colours and qualities. Moreover, by regularly checking the websites of the large retail chains, you can also obtain valuable information. Not all websites give price information, but more and more retailers feature their own web shops (especially in the UK), and these are a very valuable source of price information. These retail prices, and the table of mark-ups, and the table of regional differences, make it possible to deduce the target FOB prices for each segment and niche of the market. Examples of retailers with extensive price information on their web sites are (http://www.neu.heine.de/), (http://www.ikea.com), (http://www.elcorteingles.es/), (http://www.johnlewis.com/).

Selecting a suitable trading partner
Among the many trading partners, you must identify those who match your own company profile and product range and are therefore most suitable for building up a relationship with. Check your potential trade partners' financial status, credibility, and reliability. A good source for information about your (potential) trading partners is Dunn & Bradstreet (http://www.dnb.com/). This company specialises in sourcing reliable, consistent and objective credit information about potential trading partners.

At the end of the identification phase, it should be possible to select the names and addresses of suitable trading partners. Check the following sources of information to find information on your trade partners. Note that many sources of information only answer written inquiries! Generally, a concise but detailed inquiry improves the chances of precise identification.
- The foreign–trade Chamber of Commerce of the country of destination.
- The Economic Affairs department of the official representative (Embassy or Consulate) of the country of destination.
- Import promotion organisations
- Trade associations
- Own company's public and private trade promotion bodies
- Own country's diplomatic and consular representatives
- Trade fair organisers

Possible ways of searching are through Internet, short-listing possible partners. You should travel around, pick up information, compare and select. It will be a good idea is to visit trade fairs and exhibitions in one of the selected countries.

3 Trade: imports and exports

Imports
Total EU-27 ceramic gifts and decorative articles imports for the year 2006 amounted to € 958

million. In comparison to 2002, imports have decreased by about 3.2% in total. At the same time, the ceramic gifts and decorative articles import volume for the year 2006 was 747 thousand tonnes. In comparison to 2002, the volume of imports has decreased by about 1.4% in total. Since the decrease in the volume of imports is lower than the decrease in the euro value of imports (compare 3.2% to 1.4%), a possible explanation for the decrease in imported value is the tough competition and the declining prices as well as the substitution of middle-segment goods with lower-segment ones.

Table 3.1 Imports of ceramic gifts and decorative articles in the reviewed countries, value € million, volume - tonnes (x 1000)

		2002		2004		2006		Share 2006	
		value	vol.	value	vol.	value	vol.	Value	Vol.
EU-27	Statuettes	718	502	662	467	606	409	63.2%	54.7%
	Pots and vases	271	255	299	303	352	338	36.8%	45.3%
Germany	Statuettes	160	107	140	96	116	85	63.5%	59.3%
	Pots and vases	59	55	67	65	67	58	36.5%	40.7%
UK	Statuettes	121	106	95	68	77	47	50.1%	30.2%
	Pots and vases	46	59	57	75	76	107	49.9%	69.8%
Italy	Statuettes	91	51	68	41	71	30	75.9%	67.5%
	Pots and vases	23	12	27	20	23	15	24.1%	32.5%
France	Statuettes	76	47	71	47	69	49	64.2%	57.9%
	Pots and vases	31	29	37	35	39	36	35.8%	42.1%
Netherlands	Statuettes	69	82	66	83	67	80	80.4%	78.8%
	Pots and vases	13	14	12	16	17	22	19.6%	21.2%
Spain	Statuettes	40	20	41	31	25	17	67.5%	47.1%
	Pots and vases	17	11	9	12	12	19	32.5%	52.9%

Source: Eurostat database

Table 3.2 Imports and leading suppliers of ceramic gifts and decorative articles 2002 – 2006, share in % of value

Product	**2002 € mln**	**2004 € mln**	**2006 € mln**	**Leading suppliers in 2006 Share in %**	**Share (%)**
Total EU-27	437	446	430	Intra EU: Germany (9.2%), Netherlands (7.0%), Italy (5.8%), Portugal (3.5%), Spain (3.5%).	44.9%
	43	36	54	Extra EU ex. DC*: USA (3.3%), Japan (1.0%), Switzerland (0.4%), Hong Kong (0.4%), Canada (0.1%).	5.7%
	510	478	474	DC*: China (30.2%), Vietnam (10.7%), Thailand (1.6%), Malaysia (1.5%), Turkey (1.2%), Croatia (0.5%), Indonesia (0.6%), Morocco (0.3%).	49.5%
Germany	97	104	81	Intra EU: Netherlands (17.0%), Italy (7.8%), Portugal (5.3%), Austria (4.6%), Belgium (2.9%).	44.5%
	7	6	9	Extra EU ex. DC*: USA (1.9%), Switzerland (1.4%), Japan (0.9%), Taiwan (0.2%), Hong Jong (0.2%).	4.7%
	113	96	93	DC*: China (30.6%), Vietnam (14.5%),	50.8%

				Thailand (2.0%), Sri Lanka (0.6%), Turkey (0.6%), Philippines (0.4%), Indonesia (0.3%).	
UK	58	51	36	Intra EU: Spain (5.1%), Portugal (4.4%), Germany (4.1%), Italy (4.1%), Netherlands (3.3%).	24.0%
	16	13	24	Extra EU ex. DC*: USA (10.6%), Japan (2.9%), Hong Kong (0.9%).	15.8%
	93	88	91	DC*: China (30.9%), Vietnam (11.2%), Turkey (6.1%), Malaysia (4.6%), Thailand (3.2%), Sri Lanka (0.5%), Indonesia (0.4%).	60.2%
France	69	75	70	Intra EU: Belgium (14.3%), Spain (12.5%), Italy (10.0%), Netherlands (9.1%), Germany (6.6%), Portugal (5.6%).	65.8%
	4	3	5	Extra EU ex. DC*: USA (3.4%), Japan (0.4%), Switzerland (0.2%), Hong Kong (0.2%), Taiwan (0.1%).	4.4%
	34	29	32	DC*: China (12.5%), Vietnam (11.5%), Thailand (1.4%), Morocco (1.0%), Tunisia (0.7%), Indonesia (0.5%).	29.7%
Italy	28	19	20	Intra EU: Germany (6.7%), Austria (2.8%), Romania (2.4%), France (1.9%), Spain (1.6%), Sweden (1.5%).	22.1%
	4	4	3	Extra EU ex. DC*: USA (1.6%), Japan (1.3%), Taiwan (0.2%), Hong Kong (0.1%).	3.6%
	81	72	69	DC*: China (57.2%), Vietnam (4.8%), Croatia(3.5%), Tunisia (1.5%), Thailand (1.4%), Indonesia (1.2%), Philippines (0.6%).	74.3%
Netherlands	19	16	17	Intra EU: Germany (8.8%), Portugal (4.0%), Belgium (2.9%), Romania (2.2%), Italy (1.6%).	20.8%
	3	3	2	Extra EU ex. DC*: USA (0.8%), Hong Kong (0.7%), Japan (0.4%), Taiwan (0.3%).	4.4%
	60	58	63	DC*: China (51.4%), Vietnam (16.0%), Malaysia (2.5%), Indonesia (1.5%), Thailand (1.3%), Philippines (0.7%), Mexico (0.5%), Tunisia (0.4%), Turkey (0.4 %).	29.7%
Spain	22	15	13	Intra EU: Italy (8.2%), France (7.8%), Portugal (6.6%), Germany (6.2%), Netherlands (4.4%).	36.6%
	2	1	1	Extra EU ex. DC*: USA (1.7%), Japan (0.9%), Australia (0.8%), Taiwan (0.2%), Hong Kong (0.1%).	3.7%
	32	32	22	DC*: China (31.7%), Vietnam (17.3%), Thailand (2.6%), Indonesia (2.0%), Morocco (0.9%), India (0.9%).	59.7%

Source: Eurostat (2007) *Developing Countries

Table 3.3 Overview of the imports of ceramic gifts and decorative articles 2002 – 2006: country figures and interpretation

Germany	- Intra-EU trade has decreased substantially, however Extra-EU

The relative importance of Germany has decreased (from 22.0% in 2002 to 19.0% in 2006).	imports have increased while DC imports have decreased. - Strongly growing suppliers: Austria, Sri Lanka, Belgium and Japan. - Growing suppliers: Philippines, Switzerland, Netherlands and USA. - Stable suppliers: China and Hong Kong. - Declining suppliers: Italy, Portugal, Taiwan, Thailand and Vietnam.
UK The relative importance of UK has decreased. (from 16.8% of the total EU-27 imports in 2002 to 15.9% in 2006).	- Intra-EU trade has decreased as well as the imports from the developing countries. Imports from Extra-EU increased. - Strongly growing suppliers: Japan, Hong Kong and Turkey - Growing suppliers: USA and China. - Stable suppliers: Netherlands - Declining suppliers: Spain, Portugal, Germany, Italy, Vietnam, Malaysia, Thailand, Sri Lanka and Indonesia.
France The relative importance of France has increased (from 10.7% in 2002 to 11.1% in 2006).	- Intra–EU and Extra–EU imports have increased slightly in France. Imports from developing countries have decreased, also slightly. - Strongly growing suppliers to the country: Netherlands, Switzerland and Hong Kong. - Growing suppliers: USA, Taiwan, Vietnam and Indonesia. - Stable suppliers: China, Germany, USA. - Declining suppliers: Spain, Italy, Portugal, Japan, China, Thailand, Morocco and Tunisia.
Italy The relative importance of Italy has decreased (from 11.5% in 2002 to 9.6% in 2006).	- Intra–EU, Extra–EU and DC imports have all decreased . - Strongly growing suppliers to the country: Romania, Taiwan, Hong Kong, Vietnam, Croatia, Indonesia and Philippines. - Growing suppliers: Austria and Thailand - Stable suppliers: Germany and Tunisia. - Declining suppliers: France, Spain, Switzerland, Japan and China.
Netherlands The relative importance of The Netherlands has increased (from 8.2% of the total EU-27 imports in 2002 to 8.6% in 2006).	- Intra-EU and Extra – EU have slightly decreased and DC imports are increasing. - Strongly growing suppliers to the country: Italy and Japan. - Growing suppliers: Belgium, Romania, USA and China. - Stable suppliers: - - Declining suppliers: Germany, Portugal, Hong Kong, Taiwan, Vietnam, Malaysia, Indonesia, Thailand, Philippines, Mexico, Tunisia and Turkey.
Spain The relative importance of Spain has decreased (from 5.6% in 2002 to 3.8% in 2006).	- Intra-EU and DC import trade has decreased in Spain. However, the imports from the Extra – EU have shown slight growth. - Strongly growing suppliers to the country: France, Netherlands, Japan, Vietnam, Indonesia and India. - Growing suppliers: Italy and Thailand. - Stable suppliers: Portugal - Declining suppliers: Germany, USA, Taiwan, Hong Kong, China and Morocco.

Source: Eurostat database (2007)

Exports

Table 3.4 below contains the export information (values and volumes) for all of the HS codes researched in this survey. The figures are separate for 'Statuettes' and 'Pots and vases'. Total EU-27 ceramic gifts and decorative articles exports for the year 2006 amounted to € 763 million of which € 479 million for 'Statuettes' and € 284 million for 'Pots and vases' (pots and vases). In comparison to 2002, total exports have decreased by 20.5%.

Table 3.4 Exports of ceramics gifts and decorative articles in the reviewed countries, value € million, volume - tonnes (x 1000)

		2002		2004		2006		Share 2006	
		value	vol.	value	vol.	value	vol.	Value	Vol.
EU-27	Statuettes	632	154	561	135	480	126	62.8%	37.8%

	Pots and vases	329	282	314	294	284	207	37.2%	62.2%
Germany	Statuettes	94	16	80	15	83	19	54.7%	32.9%
	Pots and vases	52	51	58	48	68	38	45.3%	67.1%
Spain	Statuettes	126	13	92	11	79	8	82.2%	31.5%
	Pots and vases	21	24	23	20	18	18	17.8%	68.5%
Netherlands	Statuettes	53	20	70	20	61	19	77.8%	79.7%
	Pots and vases	19	6	20	8	18	5	22.2%	20.3%
Italy	Statuettes	81	22	51	14	40	11	39.1%	12.2%
	Pots and vases	105	142	84	126	63	75	60.9%	87.8%
UK	Statuettes	36	6	37	5	31	5	62.6%	54.7%
	Pots and vases	21	3	17	3	19	4	37.4%	45.3%
France	Statuettes	38	5	28	4	27	4	54.0%	39.8%
	Pots and vases	28	12	24	10	23	7	46.0%	60.2%

Source: Eurostat database

Overview per country
Table 3.5 provides exporters from developing countries an easy-to-read overview of the situation in each major EU market. The abbreviations '+' and '-' indicate 'increasing' and 'decreasing' respectively. Assumptions about consumption are not based on apparent consumption figures, but on research agencies' forecasts. The remaining data is based on the Eurostat database.

Table 3.5 Overview of consumption, production, import and export developments per country

	Total Consumption	Production		Imports		Total DC Imports	Exports	
		St**	Pots and vases	St	Pots and vases		St	Pots and vases
Germany	-	-	+	-	+	-	-	+
UK	0	-	-	-	+	-	-	-
France	+	N.A.*	-	-	+	-	-	-
Italy	-	-	-	-	+	-	-	-
NL	-	-	N.A.*	-	+	+	+	-
Spain	+	-	-	-	-	-	-	-

*Not available **Statuettes

Opportunities and threats
A number of emerging economies in Asia, such as China, Vietnam, India, with natural resources and low labour costs, have a gifts and decorative articles industry strongly dedicated to low-priced exports. At the same time, many EU manufacturers have shifted their production to these countries to benefit from these advantages. They combine their efficient and high-quality production systems with the low labour costs in the developing countries. Outsourcing their production to cheap(er) contract manufacturers was also a popular way to benefit from the more favourable conditions in these countries. This development, in turn, has offered the local producers in developing countries a chance to copy the new technologies and production systems. Therefore, the quality of their products has improved considerably. Especially China has taken advantage of these developments and therefore poses an increasing threat to EU manufacturers. Furthermore, the outsourcing trend gave the manufacturers in these countries the opportunity to learn about the preferences of the EU market consumers. Eastern European

countries such as Poland, Czech Republic, Romania and Hungary, though not considered to be developing countries, have also benefited from the outsourcing by EU-manufacturers. These countries are therefore considered to be the most important competitors of the developing countries. The producers in Eastern European countries distinguish themselves by employing a differentiation strategy based on superior quality in each segment and product, since they are not able to compete with the low Asian prices. The same development or trend can be an opportunity for one exporter and a threat for another; exporters should analyze if these developments represent an opportunity or a threat and the outcome of this analysis depends on the specific situation of an exporter. We refer to Chapter 7 of the EU survey 'The gifts and decorative articles market in the EU', (2008) for more information on opportunities and threats.

- In **Spain**, the ceramic gifts and decorative articles market will be very much affected by imports coming from the developing countries (especially Asia), according to Euromonitor.
- In **Germany**, the ceramic gifts and decorative articles market is set to experience greater concentration among fewer large multinational companies in the near future, which could make it harder for smaller (DC) companies to penetrate the market.
- In **Italy**, the china and porcelain markets will be characterised by the growth in imports from Eastern European countries and China.
- In **the Netherlands**, the outlook for the ceramic gifts and decorative articles market in the foreseeable future is not very positive. The market will remain almost static and will offer few opportunities for growth or expansion.
- In **France**, the ceramic gifts and decorative articles market is a mature market, but that is not to say that the industry is discouraged. According to branch-specific trade organizations, if exciting designs and pleasing interiors are presented to the French market that may revitalise and inspire French shoppers to renew their ceramic gifts and decorative articles more regularly.
- In the **UK,** exporters from developing countries will be faced with increased demands for higher quality and environmentally and socially friendly products, with improved design.

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://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20080117.pdf
- European Commission - official publication (http://ec.europa.eu/economy_finance/index_en.htm)

4 Price developments

As can be seen in the preceding chapters, the ceramic gifts and decorative articles market is being increasingly penetrated by low-priced articles from Asia and Eastern Europe. Combined with sluggish economic growth, the EU ceramic gifts and decorative articles market has become more competitive in the reviewed period. Another notable development which has influenced prices was the increasing penetration of budget retailers in the gifts and decorative articles market. Furniture retailers like, for example, Ikea and Habitat are increasingly tapping into the gifts and decorative articles market, selling quality, trendy gifts and decorative articles at competitive prices. These formats have been especially popular amongst young families, students and single households.

Consumer trends discussed in this survey have created a polarisation of the gifts and decorative articles market into low-priced and premium-priced products. The former price segment is becoming increasingly important because of Europeans' tendency to change the interior decoration of their homes more often, leading to an increasing demand for low-priced, fashionable interior products. This trend is especially seen amongst youngsters. In this segment the price is the decisive factor rather than quality. The latter segment consists of high-quality, product brands like, for example, Roche Bobois and Cassina. The high prices in this segment will largely be untouched by economic developments and will only strengthen the status of the products. The sluggish economy in the past couple of years has, however, negatively influenced the demand for these high-priced articles, as consumer confidence is an important determinant for the expenditure on these products. The medium market segment, which was traditionally the largest sector, is disintegrating into numerous small niches, each having its distinct identity. The forming of these smaller niche consumer groups with distinctive preferences has created a demand for different styles of home and garden decoration products, ranging from classic, modern, modern-classic, minimalist, industrial look, ethnic look to mixed interiors with African art, Asian interiors, interiors with high-technology and the Mexican look. The impact of changes in the economy will be predominately felt in this mid-price segment, when people tend to spend more in economically buoyant periods and economise in less prosperous times.

As the group ceramic gifts and decorative articles contains many varieties of products, in all possible sizes, materials and finishes, and as the European market for these products contains a great variety of shops and other outlets in many segments, it is not possible to give a good overview of the level of consumer prices. It is possible, however, to give some idea of average indicative retail prices for the different segments. These are only indications, on which large variations are possible, both within the segments and between them. Also price ranges can be very broad, even reaching into other segments. See under ‘Useful sources’ for further information.

Table 4.1 Indicative retail prices of ceramic gifts and decorative articles, 2008, in Euros incl. VAT

	High segment	Higher middle segment	Lower middle segment	Low segment
Statuettes	> € 60	€ 40	€ 25	< € 15-5
Vases and pots	> € 50	€ 40	€ 20	< € 10

Source: various websites (2008)

Comparative price levels
In order to help assess the purchasing power and to show the differences in price levels between countries, Table 4.2 below gives a general overview of the comparative price levels in the six selected countries. The table should be read vertically. Each column shows the number of specified monetary units needed in each country to buy the same representative basket of consumer goods and services. In each case the representative basket costs a hundred units in the country whose currency is specified at the top of the column. Please note that these are the *general* price levels, i.e. for *all* the products and services that are traded within a country (including for example cars, electricity, bread and dry-cleaning). There are no data available on the relative price levels for ceramic gifts and decorative articles as such, but these will in most cases be in accordance with the general price levels. The reason for this difference in price level lies in national circumstances (general level of wealth, costs of logistics, tradition), and not necessarily in differences in buying prices. The truly international chains of shops like Ikea, Habitat or Casa usually have only marginal differences in price level between the countries. It should also be noted that VAT (Value added tax) levels differ between countries.

Table 4.2 Comparative price levels in the six selected markets, 2008

Country	**FRA**	**GER**	**ITL**	**SPA**	**NL**	**UK**
Currency	EUR	EUR	EUR	EUR	EUR	GBP
France	100	103	103	112	104	111
Germany	97	100	99	108	100	107
Italy	98	101	100	109	101	108
Spain	90	93	92	100	93	99

The Netherlands	97	100	99	108	100	107
The UK	90	93	92	101	93	100

Source: OECD

Import statistics show declining import prices for gifts and decorative articles
Eurostat statistics show that in almost all of the researched countries import prices have fallen considerably between 2003 and 2005, but with the smallest declines in the more luxurious segments of the market. Design, special features, fashionable finishes and materials have enabled suppliers of the luxury segments to offer innovations valued by the end users, who are willing to pay for the added value. Detailed overviews of import price developments are given in the CBI “Gifts and decorative articles market” surveys covering the market in individual EU countries.

Useful sources
The best way to obtain information about price levels in the EU is by visiting one of the major trade fairs. Alternatively, comparisons can be found in the prices given in catalogues from mail-order houses, large department stores and from the internet sites of companies. Window-shopping in the prospective market place, at several retail shops, is another good way of getting information about prices. Apart from prices, window-shopping gives you a good impression of the wide variety of products, qualities, fashions, colours and promotions. The internet is also a good source of price information, for example the Ikea online-store gives information on retail prices of Ikea products, including its gifts and decorative articles. Catalogues from mail-order houses like Neckermann, OTTO and Wehkamp, and advertising, also offer a useful opportunity to gain an insight into consumer prices. Other useful sources of price information are trade fair names given in the CBI sector surveys covering the market in individual EU countries and Eurostat database.

5 Market access requirements

As a manufacturer in a developing country preparing to access the EU market, you should be aware of the market access requirements of your trading partners and their governments. Requirements are defined 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 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 ceramic gifts and decorative articles and a country in the category search, click on the search button and click on market access requirements.

Packaging, marking and labelling
General information on packaging, marking and labelling can be found in the CBI market survey ‘The Gifts and decorative articles market in the EU’ (2008). Commonly used packaging materials include corrugated cardboard, excelsior (wood wool), jute, paper, plastics, including expanded polystyrene, wood and bubble wrap. The type of material chosen depends on the sensitivity of the product, the types of damage that are likely, the value of the product, the size and weight of the product, the length of time the product will be packaged, and the method of shipping being used. Specific comments for ceramic gifts and decorative articles are:

- REDUCING THE RISK OF BREAKAGE is the most important aspect of packaging for ceramic gifts and decorative articles. Investing in good packaging is essential in this niche as consequences for the product itself might by ‘destructive’ and ceramic articles might lose their value. Excelsior (wood wool), bubble wrap or dividers should be used when packaging ceramic articles, as they are highly fragile. Moreover, they should be properly labelled as such. Note that the breakage percentage in some of the bigger retail chains can be as high as 25%!
- When packaging small ceramic articles of light weight, the method of ‘agglomeration’ can

be used. Small objects are typically grouped together in one package for reasons of efficiency (mostly in a group of 6 with dividers between them). Individual packaging is used mainly for large ceramic gifts and decorative articles.

- Moisture does not generally affect ceramic articles, but it affects the boxes in which the items are packed, so reducing the risk of wet boxes or very heavy boxes is important as well. The method of shipping should also be considered (means of transportation providing the least physical movement or shock would be most suitable for ceramic articles).
- Barcoding is important for large and more professional customers. It helps importers and wholesalers to capture the information concerning products in their computer systems automatically. Information concerning products is put on a label in a number of thick and thin lines. Barcoding is becoming a necessity, and needs to be offered by exporters. The buyer will ask for barcoding and labelling on the items/packings specifically for the user at the end of the chain: the individual retailer selling to the consumer, or the regional distribution centre distributing to that retailer. In that sense it is part of the buyer's Business to Business marketing. More information can be found on the following site, (http://www.ean-int.org).

There is an increasing concern for environmental considerations in packaging and packing materials. This also means that the buyer does not want too much material either, as he has to dispose of it at a cost. The key issue here is that the buyer will stipulate how he wants his packing done, and will detail that out in terms of items per inner packing and number of inner packings in an outer carton. Branch experts advise the exporter not to assume anything, but to ask for detailed packing instructions/specs. Every buyer has his own system and so his needs for packing and logistics will to a certain extent be specific, and different from others.

With regards to child labour, one can refer to ILO (International Labour Organisation) (http://www.ilo.org/). Recently, some products are labelled as child labour-free and many consumers patronize only such goods. With regards to international standardisation, one can refer to International Standardisation Institute (ISO) E-mail: (mailto:central@iso.org) Internet: (http://www.iso.org/). Standardised products are substantially easier to sell and market compared to unstandardised ones.

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

Tariffs and quota

Table 5.1 Import duties on ceramic gifts and decorative articles, 2008

HS codes	HS description	From DC
6913 10 00	Statuettes and other ornamental ceramic articles of porcelain or china N.E.S.	3.5%
6913 90 10	Statuettes and other ornamental articles of common pottery N.E.S.	3.5%
6913 90 93	Statuettes and other ornamental articles of earthenware or fine pottery N.E.S.	6%
6913 90 99	Statuettes and other ornamental ceramic articles (excl. Of porcelain or china, common pottery, stoneware, earthenware or fine pottery).	6%
6914 10 00	Ceramic articles of porcelain or china N.E.S.	5%*
6914 90 10	Ceramic articles of common pottery N.E.S.	3%*
6914 90 90	Ceramic articles N.E.S (excl. Of porcelain or china and common pottery).	3%*

* Airworthiness tariff suspension is possible here. Airworthiness tariff suspension is conditional upon presentation of an airworthiness certificate or invoice declaration or a document annexed thereto (Reg. (EC) n°°°r. 1147/2002, OJ L170/2002).

Table 5.2 VAT Tariffs EU-countries

Country	VAT tariff
France	19.6%
Germany	19.0%
Italy	20.0%
The Netherlands	19.0%
Spain	16.0%
United Kingdom	17.5%

Information on tariffs and quota can be found at http://exporthelp.europa.eu/. There are no quotas for the selected products in this survey.

Useful sources

- TARIC: Information concerning custom tariffs can be found in the Taric database at (http://ec.europa.eu/taxation_customs/dds/en/tarhome.htm). TARIC is an acronym for Tarif Intégré de la Communauté, created at the same time as the Combined Nomenclature (CN). The TARIC contains a nomenclature in 11 official languages. It shows all third country and preferential duty rates actually applicable as well as commercial policy measures.
- Comité Européen de Normalisation (CEN) - European Normalisation Committee E-mail: (mailto:infodesk@cenorm.be), Internet: (http://www.cenorm.be/)
- SGS Société Générale de Surveillance (SA) E-mail: (mailto:enquiries@sgs.com), Internet: (http://www.sgs.com/)

6 Doing business

General information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) can be found in CBI's export manuals 'Export Planner' and 'Your image builder'. Furthermore cultural awareness is a critical skill in securing success as an exporter. Information on cultural differences in the EU can be found in chapter 3 of CBI's export manual 'Exporting to the EU'. These manuals can be downloaded from http://www.cbi.eu/marketinfo - go to search publications.

CBI's Market Survey 'The Gifts and decorative articles market in the EU' (2008) contains information on both international business practices (logistics, terms of payment and delivery, terms of trade and general recommendations), and on the various aspects of sales promotion for producers in developing countries. There are no specific business practices for ceramic gifts and decorative articles different from those described in the market survey.

Sites of trade organizations:

E-shop
http://www.traidcraftshop.co.uk
http://www.onevillage.org/
http://www.el-puente.de/
Europe
http://www.worldshops.org/
http://www.eftafairtrade.org/
http://www.rice.dk/
France
http://www.solidarmonde.fr/
http://www.altermundi.com/
http://www.ccequitable.com/
Netherlands
http://www.fairtrade.nl
http://www.twinningcompany.nl/
http://www.evenaar.org
http://www.todomundo.nl/

UK
http://www.traidcraftshop.co.uk
http://www.onevillage.org/
Germany
http://www.gepa3.de
https://shop.dwshop.de/
http://www.el-puente.de/
Spain
http://www.intermon.org/
http://www.ideas.coop/
Italy
http://www.altromercato.it/
http://www.scambisostenibili.it/
http://www.equomercato.it/
http://www.latortuga.net/
http://www.liberomondo.org/

Sales promotion

Trade press

http://www.elledecor.com/
http://www.marieclairemaison.com/
http://www.wallpaper.com/
http://www.interdeco.es/ (Nuevo Estilo, Casa Diez)
http://www.haus.de
http://www.wohnidee.de
http://www.elle.de
http://www.art-decoration.fr
http://www.cuisinebain.com
http://www.casadiez.wanadoo.es/
http://www.worldofinteriors.co.uk/
http://www.livingathome.de/ (Schöner Wohnen)
http://www.vtwonen.nl/
http://www.livingathome.de
http://www.meisenbach.de
http://www.dmgworldmedia.com
http://www.international-homes.com
http://www.theenglishhome.co.uk
http://www.spazio-casa.it
http://www.homeandgarden.nl

Trade fairs

http://ambiente.messefrankfurt.com/
http://tendence-lifestyle.messefrankfurt.com/
http://macef.fmi.it/
www.homeandgift.co.uk
http://www.maison-objet.com/
http://www.springfair.com/
http://www.expohogar.com/
http://www.florencemart.it

Appendix A General product description

Ceramic gifts and decorative articles can be made from different types of ceramic material. There are high and low temperature ceramics. Low temperature ceramics are commonly called earthenware or terracotta. Specific for this type of ceramic is that it is produced below 1200 degrees Celsius. On the other hand, high temperature ceramics are produced at temperatures from 1200 to 1315 degrees Celsius. Above 1200 degrees Celsius, the clay becomes harder and more water-resistant. This type of ceramic is called stoneware. Porcelain is another type of even higher temperature ceramic. After the low / high temperature ceramic item is produced, it can be covered with a glaze or a coating and then is put back into the oven. Glazing is the process of coating the piece with a thin layer of shiny material, called glaze. After application and after the ceramic item is fired again, the powdered / liquid coating melts into a hard, glass-like coating. Glazing is functionally important for earthenware, which would otherwise be unsuitable for holding liquids, due to porosity. Glaze is also used on functional and decorative ware made of stoneware and porcelain. In addition to the functional aspect of glazes, aesthetic benefits include a smooth pleasing surface, the degree of gloss and finished colour. Glazes may also enhance an underlying design or texture, which may be either the natural texture of the clay or an inscribed, carved or painted design.

Special attention should be paid to 3 specific ceramic products, namely: statuettes, pots and vases. Please note that the term “ceramic” covers non-metallic materials whose formation is due to the action of heat. The most important of these are the traditional clays, made into pottery, bricks, tiles and the like, along with cements and glass.

- **Statuettes** are small statues to be put on a table or a shelf with a purpose of enhancing the interior of a room (their primary objective is representational decoration). Statuettes can be of any shape and colour and can depict a person, event, animal and object. However, there is a main distinction between figurative products and non-figurative products (abstract forms and shapes). The size of a statuette depends on its functionality. Generally, statuettes used for interior decoration range up to a height of approximately 40 centimetres. Statuettes used for garden decoration are generally bigger, ranging from 30 to more than 150 centimetres in size.
- **Vases** are open containers, which can be made from a number of materials including ceramics (e.g. porcelain and china) or glass. There are two types of vases, water-resistant and non-water-resistant. The first have both a decorative and a functional use (flowers and water can be put in them). Water-resistant vases are often sold in the florists sector. Non-water-resistant vases have a much more restricted market in Europe as their use is only decorative.
  Today, the shapes of vases have evolved from the conventional ones to modern designs and shapes. The vase has also developed as an art medium. It is often decorated and sometimes given one or more handles, in order to make it more attractive.
- **Pots** can have many different shapes and applications. The same division between water-resistant and non-water-resistant products is also valid for pots. The market for non-water-resistant pots is much more restricted as they have only decorative use and lack functionality. The most common pots (according to their application) are:
  - pots for plants – a container for a plant usually made of baked clay used at home or in gardens for practical and decorative purposes
  - pots used as bowls – a dish, bowl, plate or other container that is made by shaping clay, usually used for storing different types of food and for aesthetic reasons

The 3 products presented above are very often used as gifts and decorative articles. They are also part of the CBI survey ‘The Gifts and decorative articles market in the EU’ (2008).

<u>Scope of the survey and statistical nomenclature</u>
Market and statistical information is not available per separate product, namely: pots, vases and statuettes. This market survey is divided into two product sub-groups: ‘Statuettes’ and ‘Pots and vases’ (vases and pots are treated together under this name). Annually, the European Statistical Institute collects production and trade information for variety of products.

The data for each one of these products can be accessed through the use of the so-called HS and PRODCOM codes. The HS groups for 'Statuettes' and 'Pots and vases' are respectively, 6913 and 6914. The researched PRODCOM codes are in Group 26.21 for 'Statuettes' and 26.25 for 'Pots and vases'.

Table 1.1 Statistical codes for ceramic gifts and decorative articles

HS codes	PRODCOM codes	HS description
6913 10 00	26.21.13.30	Statuettes and other ornamental ceramic articles of porcelain or china N.E.S.*
6913 90 10	26.21.13.50	Statuettes and other ornamental articles of common pottery N.E.S.
6913 90 93	26.21.13.50	Statuettes and other ornamental articles of earthenware or fine pottery N.E.S.
6913 90 99	26.21.13.50	Statuettes and other ornamental ceramic articles (excl. Of porcelain or china, common pottery, stoneware, earthenware or fine pottery).
6914 10 00	26.25.12.30	Ceramic articles of porcelain or china N.E.S.
6914 90 10	26.25.12.55	Ceramic articles of common pottery N.E.S.
6914 90 90	26.25.12.59	Ceramic articles N.E.S. (excl. Of porcelain or china and common pottery).

Source: Eurostat database (2008) * Not Elsewhere Specified

Appendix B

Wholesalers

Netherlands: individual wholesalers
http://www2.haans.com/
http://www.polspotten.nl/
http://www.beldeco.nl/
http://www.spilt.nl/
http://www.studiobazar.com/
http://www.eichholtz.com/
http://www.todomundo.nl/
http://www.kaemingk.nl/
http://www.kerstenbv.nl/
http://www.klevering.nl/
http://www.koopmanint.com/
http://www.wegter.nl/
http://www.thegoround.nl
http://www.Pakhuisoost.com
http://www.beriva.com/

Netherlands: wholesale centers
http://www.tica.nl/
http://www.homedecocenter.nl/
http://www.trendstrade.nl/
http://www.htc.nl/

Germany
http://www.lavida.de/
http://www.konert.biz/
http://www.gustocologne.de/
http://www.arte-fusion.de/
http://www.lambert-home.de/
http://www.arte-import.de/
http://www.leupoldt-interieur.de/
http://www.hoff-interieur.de/
http://www.schubert-varia.de/
http://www.nic-duysens.com/
http://www.intacado.de/
http://www.abels-handelsbuero
http://www.o-living.de/

Italy
http://www.taditaly.com/
http://www.ilrustico.it/
http://www.asiaimport.it

UK
http://www.mastrading.co.uk/
http://www.puckator.co.uk/
http://www.malini.com/
http://www.life-style.co.uk/
http://www.ganesha.co.uk/
http://www.lemontreewholesale
http://www.somethingdifferentwholesale
http://www.parlaneinternational
http://www.ochre.net/

France
http://www.socadis-cadeaux
http://www.vincentcadeaux.com/
http://www.globe-trotter.fr/
http://www.arakari.com
http://www.tohubohu.com/
http://www.asiatides.fr/
http://www.passport-france.com/
http://www.msk-france.com
http://www.matflor.com/

Spain
http://www.becara.com
http://www.guadarte.com/
http://www.banak.com/

Belgium
http://www.woestijnroos.be/
http://www.Eurofashion.be
http://www.luz-interiors.com/
http://www.myhome.be/
http://www.dmdepot.be/
http://www.heytens.com/
http://www.jolipa.be/
http://www.HH.be
http://www.out-standing.be/
http://www.pomax.com
http://www.tulipa.net/
http://www.ad-home-fashion.be/

Buying groups

Netherlands
http://www.intres.nl/
http://www.euretco.nl/
(see also www.Decorette.nl)

Retailers high segment

Europe
http://www.roche-bobois.com
http://www.cassina.com/
http://www.flamant.com/

UK
http://www.harrods.com
http://www.harveynichols.com/

Netherlands
http://www.maupertuus.nl/
http://www.matser.nl/
http://www.eckhart.nl/

Germany
http://www.lambert-home.de/
http://www.lambert-store.de/

Retailers middle segment

E-shop
http://store.monsoon.co.uk/
http://www.cotswoldco.com/
http://www.littlewoods.co.uk
http://www.neu.heine.de/
http://www.additionsdirect.co.uk/
http://www.shopsafe.co.uk/
http://www.lauraashley.com
http://www.kzuid.nl/

Mail order
http://www.kayslifestyle.co.uk/
http://www.otto.de/
http://www.neckermann.com/
http://www.quelle.de
http://www.wehkamp.nl/
http://www.laredoute.fr

European chains
http://www.habitat.net/
http://www.ikea.com
http://www.sia-collection.com/

Fashion to interior
http://www.zarahome.com/
http://www.sissyboy.nl/
http://www.benetton.com/

Netherlands
http://www.bijenkorf.nl
http://www.vd.nl/
http://www.hema.nl
http://www.decorette.nl/
http://www.polspotten.nl/
http://www.lifestylewonen.nl/
http://www.trendhopper.nl/
http://www.nijhof-baarn.nl/

Spain
http://www.elcorteingles.es/
http://www.cortefiel.com/
http://www.portico.es/

Germany
http://www.karstadt.de
http://www.galeria-kaufhof.de/
http://www.das-depot.com/
http://www.neu.heine.de/
http://www.kare-design.de/

UK Department stores
http://www.marksandspencer.com/
http://www.bhs.co.uk/
http://www.debenhams.com/
http://www.selfridges.co.uk/
http://www.heals.co.uk/
http://www.johnlewis.com/
http://www.littlewoods.co.uk

UK Shops
http://www.conran.com/
http://www.pier.co.uk/
http://www.next.co.uk/
http://www.cargohomeshop.com/
http://www.theholdingcompany.co
http://www.thewhitecompany.com/
http://www.okadirect.com/

France
http://www.printemps.com
http://www.galerieslafayette.com
http://www.pierimport.fr
http://www.ambianceetstyles.com
http://www.conforama.fr/
http://www.lebonmarche.fr/

Italy
http://www.oviesse.it/
http://www.coin.it/
http://www.rinascente.it/
http://www.upim.it/
http://www.migliore.it/

Belgium
http://www.inno.be/

Retailers low segment

European chains
http://www.casashops.com/
http://www.metrogroup.de/
http://www.carrefour.com/

Netherlands
http://www.kwantum.nl/
http://www.blokker.nl/
http://www.xenos.nl/
http://www.intratuin.nl/

Spain
https://www.hipercor.es/

UK
http://www.woolworths.co.uk/
http://www.argos.co.uk/

France
http://www.gifi.fr
http://www.monoprix.fr
http://www.intermarche.com/
http://www.e-leclerc.com/

Germany
http://www.woolworth.de/
http://www.lidl.de

This survey was compiled for CBI by DCT B.V. in collaboration with TuYu and Mr. Kees Bronk.