Quality Inside – Made in Europe
Setback in Germany, growth in Italy

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In Europe, Germany and Italy continue to be the leading production countries for furnishing objects. Together, the two countries contribute about nine per cent of worldwide furniture production. However, in contrast to Italy, Germany was not able to increase its furniture production in 2017. On the other hand, 2018 started off successfully for both countries.

According to the surveys carried out by the CSIL market research institute (Italy), the value of worldwide furniture production (price ex factory) in 2016 was about US$ 420 billion (ca. EUR 358 billion). According to the market experts, China is the biggest production country with a share of 39 per cent, followed by the USA with a share of 12 per cent. The countries in third and fourth place, according to CSIL, are Germany and Italy. While Germany has a share of 5 per cent, Italy contributes about 4 per cent of worldwide furniture production. CSIL identified Poland and Great Britain as further important furniture production countries in Europe with shares of 3 and 2 per cent respectively.

Germany: slight setback

Germany is not only the most important furniture producer in Western Europe, but also the biggest furniture market. In 2017, however, the market development in the furnishing sector was not as satisfying as in previous years. According to an analysis by the Institute for Business Research (Institut für Handelsforschung – Germany) and BBE Business Consulting (BBE Handelsberatung – Germany), sole sales of furniture in shops sank by 2.3 per cent to EUR 20.18 billion at end consumer prices. Until 2016, sales had still risen annually – furniture sales in 2013 were only EUR 19.07 billion. If the electric built-in appliances, kitchen accessories and decoration articles that are sold by the furnishing trade are also taken into consideration, the ZGV (SME association) estimates the market volume for 2017 at EUR 34.04 billion at end consumer prices. A year earlier, it was EUR 33.73 billion. So more furniture was sold in Germany than in any other country in Europe. However, the market researchers are expecting the sales of furniture alone to stagnate or even to sink slightly in Germany in the coming years. In 2022, they expect a market volume of only about EUR 19.9 billion.

Slight decline in production turnover

The year 2017 was not as successful as the previous years for the German furniture producers either. According to statistics of VDM (association of the German Furniture Industry), there were 492 companies (≥ 50 employees) employing about 84,000 people. There was a turnover of EUR 17.83 billion, which was 0.74 per cent lower than in 2016. In the years 2015 and 2016, the furniture producers had still been able to register increases of 6.2 and 3.2 per cent respectively. The reason for the lower production turnover in 2017 is above all the decline in domestic sales. They were reduced by 1.08 per cent, and the foreign sales of the furniture factories also decreased slightly by 0.02 per cent. A look at the foreign trade figures, though, reveals that Germany was able to achieve an increase in exports of 0.14 per cent. Since imports sank by 0.27 per cent, the value of all furniture sold in Germany (production-exports+ imports) can be estimated at EUR 19.88 billion. That was a decrease of 0.41 per cent in comparison to the year before.

Another reason for the worse performance in the furniture industry is the insolvency of one of the biggest company groups in the kitchen furniture industry (Alno Group), which completely ended its production in the late summer of 2017, leading to a decline in production turnover for kitchens.
Kitchen furniture contribute about one quarter of total furniture production. Because of the insolvency of the Alno Group, the turnover in the segment sank for the first time – by 3.75 per cent to EUR 4.62 billion. Since 2010, the kitchen furniture producers had been able to consistently achieve increases in turnover; in 2015, the increase was even 7.25 per cent. In addition to kitchen furniture, mattresses (- 3.6 per cent) and office and upholstered furniture (- 2.8 and - 2.5 per cent) were on the losing side in 2017. In contrast, the "miscellaneous furniture" segment (living room, dining room, bedroom furniture as well as non-upholstered seating furniture and furniture parts) was able to achieve an sales increase of 1.6 per cent.

Better start in 2018

The German furniture industry started off the year 2018 much more successfully. During the first five months of the year, the furniture producers were able to register an increase in production of 0.22 percent to EUR 7.46 billion. Although domestic sales decreased slightly again by 0.38 per cent, the factories were able to increase their foreign sales by 1.5 per cent. Once again, the kitchen furniture industry was also thriving: During the period under report, it achieved an increase of about 3 per cent in production and had a turnover of EUR 2.02 billion. With those gains, it could almost make up for the losses in other production branches, because in the areas of living room, dining room and bedroom furniture (including furniture parts, occasional furniture and non-upholstered seating furniture), sales declined by 2.38 per cent to EUR 3.08 billion. In the upholstered furniture industry, sales sank by 5.23 per cent to EUR 402 million.

Italy: further recovery

In contrast to the German furniture industry, the Italian furniture producers did better in 2017 than in the year before. They had to struggle with decreasing sales for years. According to data from the CSIL market research institute (Italy), production turnover rose by 2.7 per cent to EUR 16.86 in 2017. That means the sector was able to increase its turnover for the third year in a row. In 2016, it had already been able to achieve a rise of 1.5 per cent. For the kitchen furniture industry, though, the year 2017 was not so successful. With sales of EUR 2.2 billion, it was able to surpass the production turnover of the previous year by only 0.5 per cent. The export business was more positive for the companies: Exports could be increased by 3.3 per cent to EUR 779 million. The entire furniture industry was able to expand its foreign sales by 3.4 per cent to EUR 9.58 billion.
The initiators for the recovery in domestic furniture sales were state support measures that were introduced for the first time under the name "Bonus mobili" in 2013. According to sector data, they have led to a cumulated additional turnover of EUR 4.5 billion since they have started, which would not have been realised without the state measures. Because of the furniture bonus, Italian consumers were able to deduct purchases of furniture and electric appliances up to a sum of EUR 10,000 from their tax statements.
According to calculations by the CSIL market research institute, domestic sales of Italian furniture factories thus rose by 1.8 per cent to EUR 7.28 billion in the year 2017. Furniture consumption, i. e. calculated domestic consumption (production-exports+imports) improved by 2 per cent to EUR 9.38 billion. According to information from the FederlegnoArredo sector association (Italy), the turnover in the entire furnishing industry was EUR 26.9 billion in 2017, which was an increase of 2.1 per cent in comparison to the year before. In addition to furniture, that includes bathroom furniture and fittings, lighting and furnishing accessories. With these products, the Italians were also successful outside of Italy. Exports increased in the period under report by 3.1 per cent to EUR 14.3 billion. The most important customers for furnishing objects "made in Italy" were France, Germany, the USA and Great Britain – together, they were responsible for about 44 per cent of the export sales.
The entire wood and furniture industry in the country achieved a turnover of EUR 41.5 billion in 2017,

which was 2 per cent more than in the previous year. Of that, EUR 16.3 billion were earned with exports. However, that figure and the data mentioned before can only be conditionally compared with the data from Germany, because in Italy companies with fewer than 50 employees are also taken into consideration. So almost 77,000 companies with a total of 318,000 employees are included in the statistics. In Germany, on the other hand, only companies with 50 employees or more are included in the production statistics. In 2017, in the wood and furniture industry, there were 931 of those companies in all. They achieved a turnover of EUR 35.6 billion (+ 1.7 per cent).

Moderate growth

The CSIL market research institute forecasts continued growth of about 2 per cent for Italian furniture production in 2018, because the country's furniture exports will continue to increase due to the economic recovery in important sales markets. The rise will probably be about 3 per cent, though. In domestic furniture consumption, an increase of about 1.3 per cent is expected. Market researchers are expecting consumer spending in Italy to be somewhat less in the years after that, so they don't think domestic furniture sales will increase to the same extent as they have up till now. *Richard Barth*

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Links

- VDM – Verband der Deutschen Möbelindustrie
- CSIL Milano – Centre for Industrial Studies
- EFIC – European Furniture Industries Confederation

Downloads

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