GOOS COMMUNICATION

PRESS INFORMATION:

International Press Conference 2020 – New developments and trends in the European furniture industry

Hamburg, September 2020

The international press conference that took place on September 18th 2020 was jointly organized by GOOS COMMUNICATION and INSIDE in the context of the INSIDE Seller Days. Seven guests, all of them renowned representatives of the European furniture industry, were invited. They gave insights on how they assess the current situation of the industry and reported on important developments and changes, new trends and product developments.

The European furniture industry is currently doing extremely well – even in times of the Corona pandemic. The reason for it having experienced strong growth is the consumers' need for cozier homes, as the home has reached a new level of importance. While each country's furniture industry has been hit by the pandemic in its own way, and some countries – such as France or the UK – are still not doing well, there is a common ground: While in the earlier stages of the crisis, the industry suffered from a high decrease in sales and turnover, in the months following an even stronger demand for furniture could be seen, with a focus on domestic and especially kitchen and bathroom furniture.

Below you will find the most important key statements of each speaker. If you want to watch the conference in full length, you will find access to the video stream in the IPC content hub at the website of GOOS COMMUNICATION. Every minute is worth it if you are searching for a deeper understanding of the current developments and challenges within the European furniture industry: You will learn more about the development towards sustainability within the industry, gather insights on how the speakers assess the role of current and future trade fairs and new formats of the manufacturers to launch new product lines, understand which role digitalization plays for B2C-business, what "industry 4.0" means for the furniture industry and more.

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In addition, you can experience and interact with over 90 companies and brands in the virtual showrooms of the INSIDE Seller Days. Find out more at https://insidesellerdays.expo-ip.com/.

Maria Porro, president of the Italian association of furniture producers Assarredo:

- The Italian factories were forced to be closed for 35 days, so the furniture industry faced bad months in April and May.
- However, in June, the furniture production was already the same as in 2019.
- The forecast for 2020 is a decrease in revenue of the producers of around 16%.
- Export plays a key role: companies that were already strong on the international market are suffering less from the crisis.
- Two key aspects have been highlighted in the Italian furniture industry recently due to the changing perspective on the home: sustainability and quality.

Cecilia Ask Engström, director Industrial Development at the Swedish Federation of Wood and Furniture Industry (TMF)

- Since May, there have been a lot of positive signs, especially the domestic market (and here especially the kitchen and bathroom segments) has been doing well.
- The kitchen and bathroom segment has increased around 10% compared to 2019.
- There is a lot of discussion on the future office, e.g.: an increased need for conference room furniture and maybe less need for traditional office furniture.
- There is also a lot of development of Corona-safe furniture that is easily separated and sanitized.
- Another important discussion in the industry is the future of customer meetings – how will we meet in the future and will the traditional fairs be entirely replaced by digital alternatives?
- This fall, Amazon will enter the Swedish market and TMF foresees a huge price pressure for domestic furniture.
- Sustainability has always been a very important factor for the Swedish furniture industry and this has even increased during the crisis.

Markus Wiesner, chairman of the European Furniture Industries Confederation (EFIC)

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- Across Europe, there are mainly problems in the sectors of office furniture and hospitality – certainty with regard to the future is needed when it comes to investments in office furniture, which is not existent now.
- On the other hand: the current discussions around a new office culture, home office and remote work may also be a chance for the industry.
- During the first half of the year, there was a significant decrease in import and export in the statistics of most of the countries.
- CSIL from Milano forecasts that the world trade of furniture will decrease by 15% compared to 2019, which means decreasing from 151 to 128 billion dollars.
- Sustainability and a circular economy are among the top priorities of the European Commission, and within the European furniture industry there is a special task force attending these matters.

Dr. Georg Emprechtinger, owner of TEAM 7 and chairman of the Association of the Austrian furniture industry

- In Austria there was a shutdown between mid-March and mid-April, which was only for the retail industry but not for the producers, but in fact, many producers lacked their distribution channels due to this situation, so a lot of those also shut down their production, usually for several weeks.
- After that, the Austrian furniture industry experienced a very strong growth, in particular when it comes to the kitchen segment, while contract business is still suffering.
- The growth was particularly driven by the German market.
- The consumer is currently mainly asking for premium quality furniture, while the situation is more difficult for cheap mass products.

Jan Kurth, managing director of the Association of the German Furniture Industry (VDM)

- When the retail furniture stores were closed and at least some parts of the production were shut down, the industry went down quite fast, there was a decline of 60% of incoming orders especially in April.
- But: sales went up in May as fast as they had gone down in April.
- Incoming orders went up by 50% in May, in some market segments it was even 70-80%, at least for domestic furniture → development in V-shape
- The turnover of January-June had decreased by 9% by the end of June, but the industry foresees a positive development for the rest of the year.

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- There are also positive developments in some export markets, such as the Netherlands or Switzerland.
- The general economy in Germany is catching up again and what helps here is the reduction of the VAT since the beginning of July.
- The forecast for 2020 overall is a decline of turnover by 5% – a bad result in normal times, but much better than expected in this particular year.

Stefan Waldenmaier, chairman of the Association of the German kitchen furniture industry (VdDK)

- In the first quarter of 2020 there was a growth of almost 10% of turnover in the kitchen industry.
- Then, there was a decline in sales by up to 30%, especially in April.
- After the lockdown, the market caught up fast, so that for the whole first six months of 2020, there was still a slight growth of 1%.
- During the lockdown, there was already reliable evidence for a growing demand, primarily because retail stores registered a significant increase in the number of requests for consulting appointments.
- Another aspect is the trend for healthier nutrition and cooking, which developed faster than before during the crisis, when people had to cook more at home.
- There is also a continuously high level of construction activities in Germany for residential houses, which is the second biggest market for the kitchen industry.
- Overall, the kitchen industry is benefiting from:
    - The increased market for renovations
    - The continuously high level of construction activities
- For the whole year 2020 the kitchen industry expects a growth in a single digit range – mainly from the domestic market, since the export market is still weak.

Volker Irle, managing director of the Arbeitsgemeinschaft Die Moderne Küche e.V. (AMK)

- In Germany, the suppliers and the manufacturers did a great job in supporting the retailers, who faced a major challenge due to the lack of sales during the lockdown.
- The kitchen industry is concerned about the development in the UK in the context of Brexit – some clarity and rules are needed for companies to plan their future activities.

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- Not only is (kitchen) furniture important, but also the electronic appliances needed for modern built-in kitchens – so other markets outside of Europe are very important as well.
- The electronics industry is developing well, parallelly to the kitchen furniture market – in this context, the current development in China is especially positive.
- The same can be said for the U.S.: the numbers seem very optimistic (BUT: there are several discussions with regard to the reliability and stability of the U.S. market).

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