



November 30th 2021
h 3.00 – 4.00 pm CET

WORLD FURNITURE OUTLOOK SEMINAR

The first virtual edition of the 'World Furniture Outlook Seminar', the CSIL event presenting the latest findings on the global furniture market, its recent development and the forecasted trends, was held on November 30, 2021, with the participation of around 300 furniture professionals from over 50 World countries.

The Webinar was chaired by **GIOVANNA CASTELLINA**, CSIL Senior Partner. After her opening remarks, the Seminar started with the presentation by **ALESSANDRA TRACOGNA**, CSIL Senior Partner, providing the **WORLD FURNITURE OUTLOOK: GLOBAL INDUSTRY AND MARKET DEVELOPMENT**.

According to her speech, the furniture industry size reached approximately 500 billion dollars in 2021, a value that is more than double the one of 20 years ago. If we look at the last few years more specifically, it is evident that the negative impact of the Covid pandemic was less severe if compared to the previous crisis. This time, the recovery was faster and the industry should meet (and surpass) the pre-covid level already in 2021.

The main driver of production was furniture demand. People spent more time at home and the importance attributed to home-related goods increased. But, if the context of furniture demand was positive, the same doesn't hold for production.

The furniture industry, similarly to many other industrial sectors, faced (and it is still facing) several challenges. Among them: lack of availability of raw materials and components (and in some cases also labour shortage), prices fluctuations, congested trade and logistics, etc.

The furniture industry is a globalized one. Around one-third of global production reaches other countries than the ones where it is produced. Exports have been an important driver of sector growth and import penetration keeps growing. Historically, the trend has been favoured by the emergence of new players

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particularly competitive on exports and the progressive markets opening, due to, among others, the expansion strategies of international retail chains.

Looking at recent trends, the positive news is that in 2021 international trade was going up again (at two digits) after being flat for the two years before. The competitive advantages of manufacturing countries are in continuous evolution, it relies among others on access to raw materials, the tradition in manufacturing, cost of labour, government support, trade measures encouraging or discouraging exports and so on.

The second presentation given by **GIULIA TAVEGGIA**, CSIL Partner and Furniture research expert, focused on **THE EVOLVING CONSUMPTION PATTERNS OF THE WORLD MATTRESS MARKET**, a large market reaching almost USD 30 billion.

From a ten-year perspective, mattress consumption is growing globally, particularly driven by a large increase in the Asia Pacific (mainly because of China and India). The area is now the main consuming one with a 40% weight on the world market and the highest per-capita consumption growth.

Looking at the more recent trends, the negative impact of Covid-19 on the mattress sector was much more limited if compared to what occurred in other industries. The main reasons are linked to some peculiarities of the mattress market: an overall increase in the importance attributed by people to the importance of sleep, a trend already on a growth trajectory, and, secondly, the online channel, registering a rapid increase during the pandemic.

According to CSIL estimates, the online channel accounts for 20% of the mattress market. The United States is the largest market for online mattress sales, two times the Chinese market, which is the second-largest market but with a lower incidence of online sales. Europe follows, accounting for about 15% of the world online mattress market, with Germany and the United Kingdom the largest marketplaces for online mattress sales across the area.

CSIL Partner and Furniture research expert **MATTEO GRIGOLINI** gave a speech on **UPHOLSTERED FURNITURE MARKET: THE NEED FOR COMFORT**.

The world market for upholstered furniture is worth about 70 billion dollars. Asia-Pacific is the largest market, followed by North America and Europe. Over the last ten years, the World market experienced double-digit growth. This was driven mainly by the growth of the Asia-Pacific market, where emerging middle classes are spurring the consumption of upholstered furniture, and the growth of the North American market, sustained by the healthy economy of the US.

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The 10 largest markets worldwide account for about 80% out of the global upholstered furniture market. Among them, there are both markets relying mainly on their domestic upholstery production, as China and India, and markets relying to a significant extent on imports, like the US, Germany, the UK, France and Canada. These 5 countries are the largest importers of upholstered furniture Worldwide.

Afterwards, the word spread to **AURELIO VOLPE**, CSIL Founding Partner and Kitchen and Lighting research expert, presenting the **KITCHEN FURNITURE MARKET AT THE FOREFRONT OF INNOVATION**

World kitchen furniture consumption (valued at production prices, excluding mark-up) was worth US\$ 55 billion (EUR 48 billion) in 2020. CSIL preliminary estimate for the year 2021 is showing a strong rebound, by 5.9%. Approximately 2.4 million units of kitchens were exported during the year 2020.

Looking at the ranking of the main exporting countries, Italy recovers the second position instead of China that ranks third. Canada moved from 4th to 6th position, Malaysia from 5th to 4th and Vietnam gained two positions and it ranks fifth. Germany is by far the leading exporter of kitchen furniture worldwide for a long time, exporting US\$ 2.4 billion worth of kitchen furniture in 2020. In 2021, the international trade of kitchen furniture is expected to grow up by +6.2%.

In the period 2012-2024, the world consumption of kitchen furniture is expected to grow from 22 to around 30 million units. The growth of world trade of kitchen furniture is expected to run faster than the overall worldwide kitchen furniture consumption.

The top 8 players hold almost 20% of the kitchen furniture market worldwide (among 30% and 80% of the market in selected geographies).

MAURO SPINELLI, CSIL Senior Partner and Furniture research expert, closed the group of panellists with a speech that focused on **OFFICE FURNITURE AND WORKPLACES**.

The world office furniture market is estimated at US\$ 49 billion in 2021, meaning an increase of +10% at current prices if compared to the previous year. The United States is still recovering slower than the average, while the European market and Asia-Pacific are showing a more marked rebound.

However, the office furniture potential demand is still constrained by the low office occupation rates and high level of Working from Home activity. This situation conducted to a redefinition of the customer demand and consequently of products and market approach.

From a pure B2B market towards the B2C in a few months; this is one of the major effects of the pandemic on the office furniture business. Companies are concentrated on reassessing distribution and logistics for a market that is becoming more fragmented, solving issues related to e-commerce and planning investments

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on that, communicating to the end customer (B2C) who commonly is not familiar with brands, features and quality of office furniture products. The penetration rate of e-commerce in the sector is equal to 4% with a total value that tripled if compared to 2018 when the online sales of office furniture represented only 1.7% of the total.

AMONG THE KEY FINDINGS AND TAKEAWAYS WHICH EMERGED IN THE 'WORLD FURNITURE OUTLOOK' SEMINAR 2021:

- A positive context of demand: the importance of home-related goods, consumers' needs for comfort and reorganization of spaces
- Product development drivers: smart, multi-functional, customizable products and innovative materials, circular and sustainable products
- The retail transformation: multiple distribution channels, online and offline, and re-thinking of companies' distribution approach
- Evolving companies' strategies dealing with uncertainties and price fluctuations, cooperation and competition along the value chain

Thank you by CSIL Team.

See you next year!

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