

FURNITURE INDUSTRY OVERVIEW 2012

“SFIC believes that local furniture companies will be able to develop strong business capabilities and bring the Singapore furniture industry to the next level.”

The past year has been a challenging one for most businesses across many industries. Yet, Singapore’s furniture industry has continued to thrive amidst the rising business costs and uncertainty within the global market. Reputable for their strong market capabilities and brand equity, the industry players have demonstrated tenacity and resilience as the total furniture trade amounted to S\$5.74 billion in 2012. While this sum represents a 2.5% decline compared to the previous year, it remains a credible performance during a time of unstable economic conditions.

The bulk of Singapore’s furniture industry players can be segmented into four main groups - manufacturers, contract manufacturers, retailers/wholesalers and designers. Comprising of 1,921 companies and accounting for 19,700 people within the workforce, the strength of the industry lies in the ability and agility of its industry players to anticipate and adapt to rapidly changing trends and market conditions. In order to reduce operational costs, many companies have shifted their production centres to neighbouring countries including



Malaysia, Indonesia, Myanmar, Thailand, Vietnam and China. Yet, the corporate headquarters of many of these companies continue to remain in Singapore so as to leverage on Singapore's reputation for quality and sound business practices. This strategy has helped to enhance the competitiveness of Singapore's furniture industry players, thereby allowing expansion into more than 80 countries globally.

It has been predicted that market conditions will continue to be challenging for the next two to three years. Global market shares within the furniture industry will continue

SINGAPORE FURNITURE MARKET SIZE (In SGD Billions)



Source: SFIC, SPRING Singapore 2012 Furniture Industry Survey



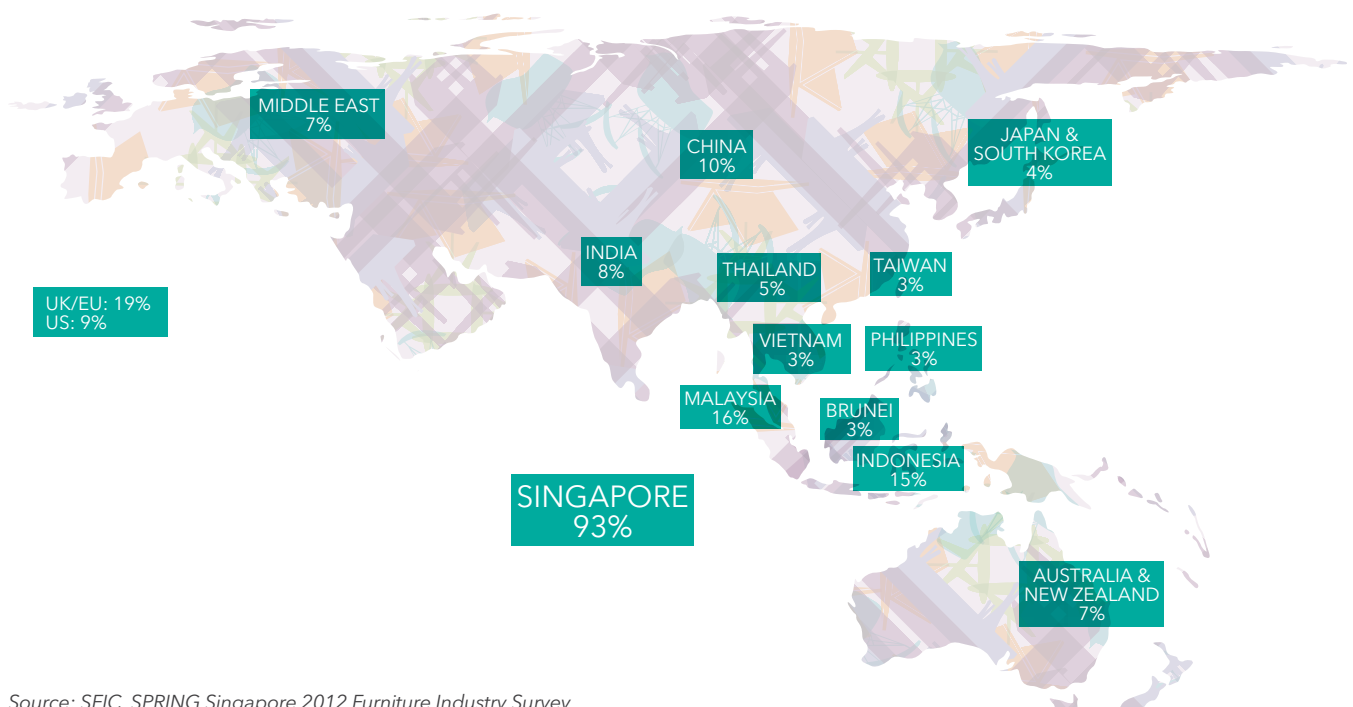
“Good design and conscious efforts to create sustainable green products improve consumer experience and quality of life, in turn projecting a strong image for the Singapore furniture industry.”

to shift and industry players will need to constantly innovate and keep ahead of trends in order to retain and grow market share. Over the past year, mature markets such as Europe and USA have seen a decline in market share, while emergence of high-growth markets such as South America, China, India and other parts of Southeast Asia have evidently opened up new opportunities for Singapore’s furniture companies as market sales in Singapore continues to rise to a respectable 93%. It is therefore important for furniture companies which traditionally export to mature markets to consider venturing into growing markets, by tapping on Singapore’s strategic location on the world map.

To stay competitive and relevant, Singapore furniture companies need to look beyond operational issues and turn their attention to what is important for the industry amidst global trends. As design and sustainability appears to be more important to modern day consumers, conscious effort should be placed on branding; designing and eco-friendly capabilities in order to enhance consumer experience and quality of life. These elements, coupled with the reputable quality and reliability of Singapore’s furniture industry, will assist local furniture companies to compete amongst global competitors and bring Singapore’s furniture industry to the next level.

TOP SALES MARKETS CURRENTLY

(% is based on Top 5 sales market mentioned)



Source: SFIC, SPRING Singapore 2012 Furniture Industry Survey