

7th ANNUAL MEETING OF THE NORDIC-BALTIC NETWORK OF WOOD SCIENCE
AND ENGINEERING

A SITUATIONAL ANALYSIS OF THE FURNITURE MANUFACTURING INDUSTRY IN LATVIA

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INTRODUCTION

- Latvian forest industry is oriented to **quality and high value-added wood products productions** and delivery to the consumer. Wood and wood products in Latvia is increasing every year. However the production of **high value-added wood products is to low**.
- The **best year** for Latvian furniture industry was in **2007**, but already in **2008** a marked **decrease**. However, the last two year, i.e. **2009** and **2010**, were the **worst years**.
- **THE STUDY OBJECTIVE:**
... was to **investigate** and to **obtain** the **updated information** on the **furniture industry enterprises activity** in the Latvia, their products and potential for the future.

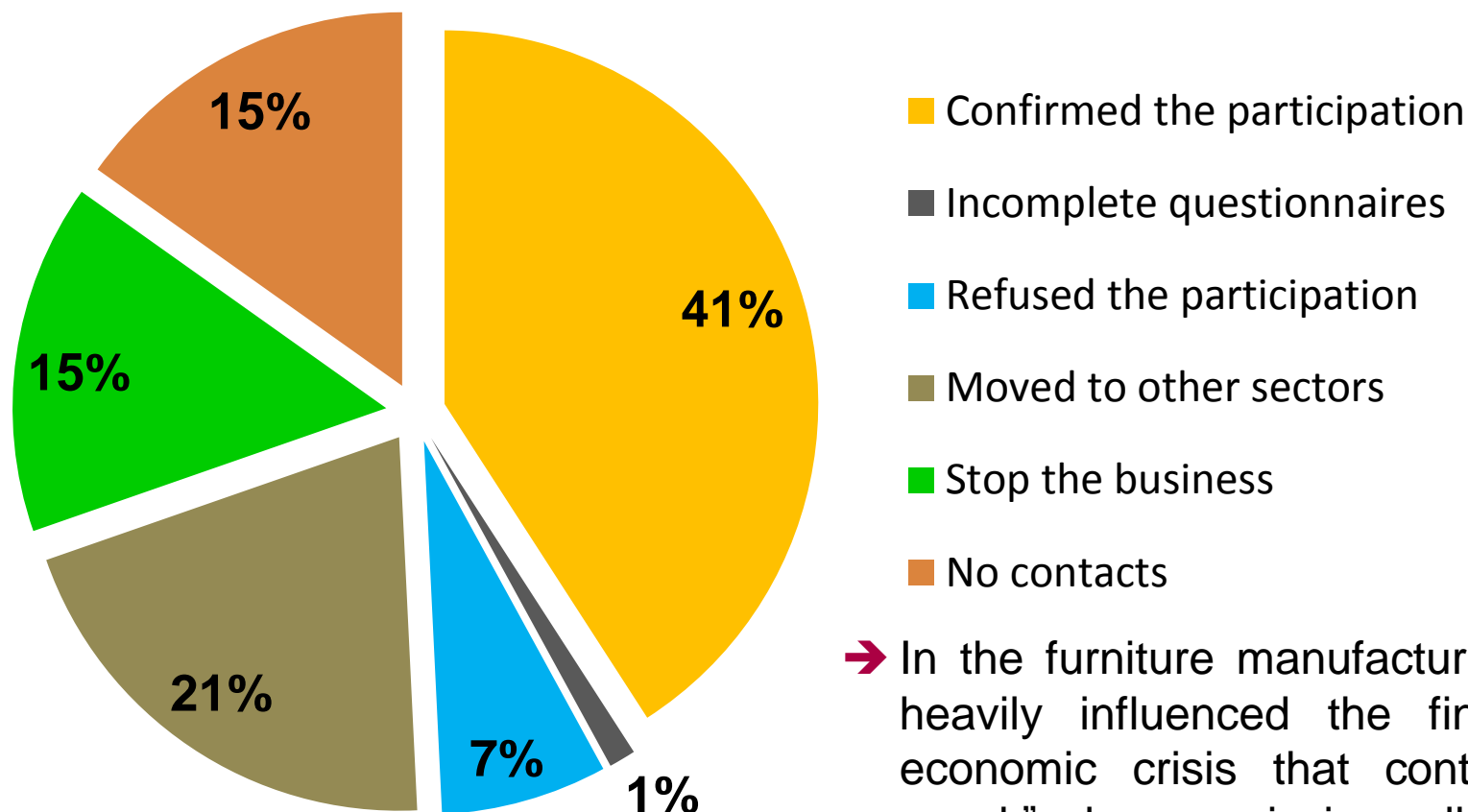


MATERIALS AND METHODS

- The study target group is the **Latvia`s furniture enterprises**.
- The planned sample size was **778 respondents**, where had submitted their annual report for the year 2009 in the Latvian companies public database „Lursoft” (The achieved sample size was 604 respondents).
- The study was carried out **in early 2011**.
- In the study, the respondent **interviewing method with telephone** was used that to ascertain the information to the pre-prepared questions.



RESULTS (1/8)

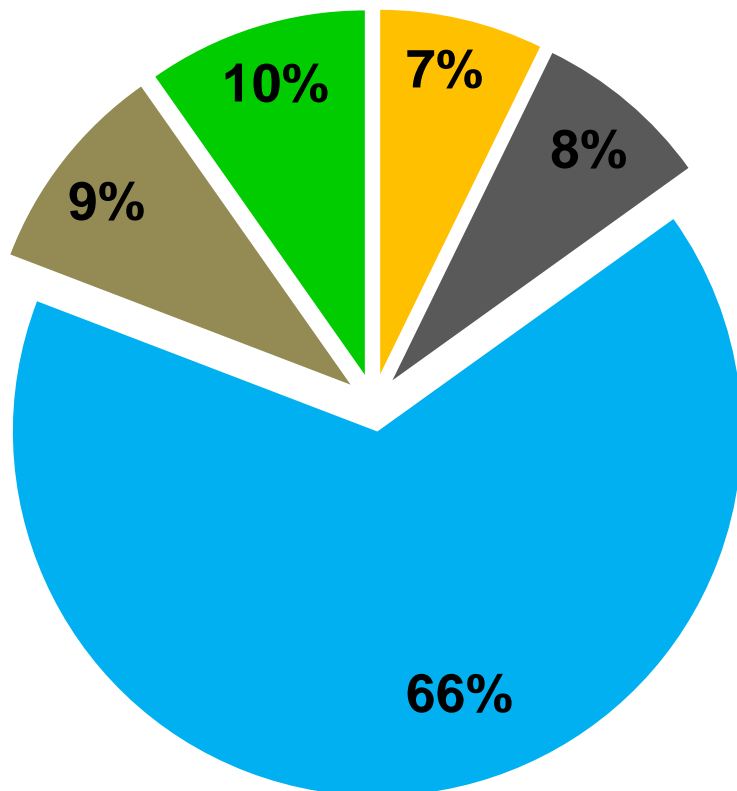


→ In the furniture manufacturing industry heavily influenced the financial and economic crisis that contributed the „weak” players missing, allowing other furniture enterprises to more easily overcome this crisis.



RESULTS (2/8)

REGIONAL DISPERSION



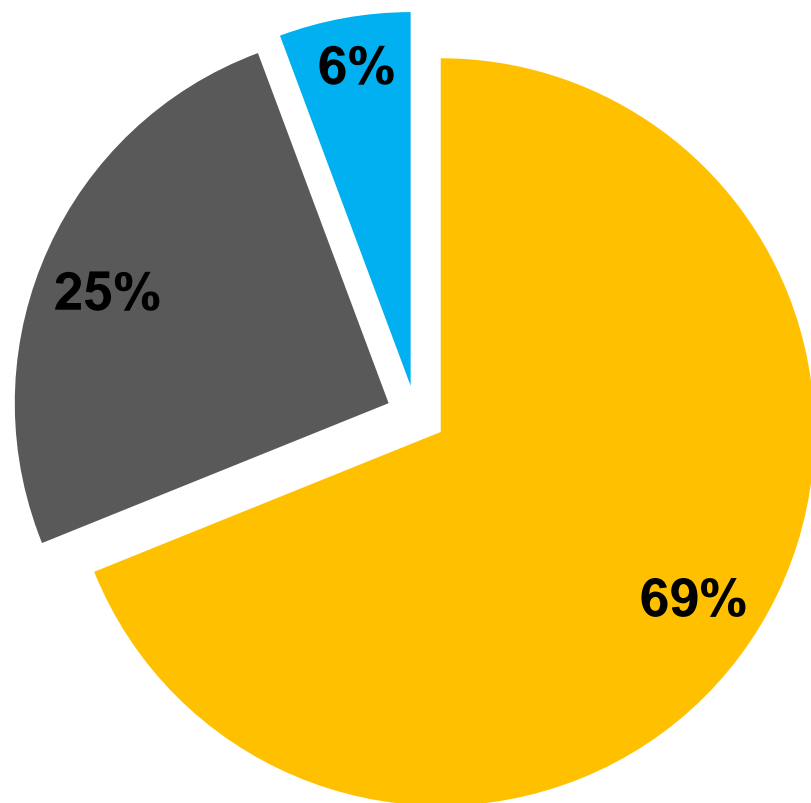
- KURZEME
- ZEMGALE
- RIGA AND ITS REGIONS
- VIDZEME
- LATGALE



➔ Top three cities, where located the most furniture enterprises, is Riga, Daugavpils and Jelgava. In Riga located 42% enterprises of all respondents, but in Daugavpils and Jelgava located 5% and 4% furniture companies.



RESULTS (3/8)



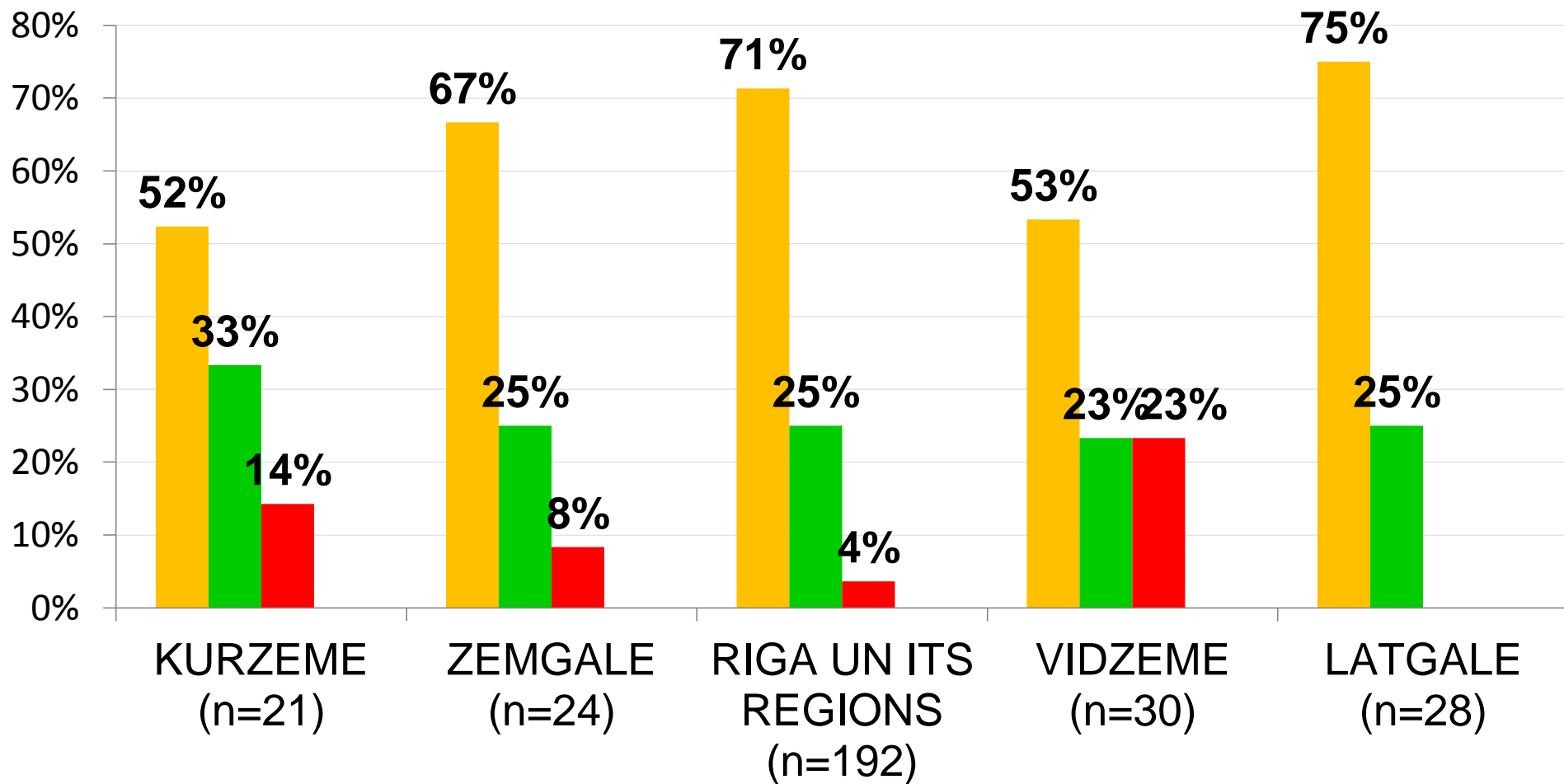
BREAKDOWN BY ENTERPRISES GROUPS

- Micro enterprises (1-9 employees)
- Small enterprises (10-49 employees)
- Medium enterprises (50-249 employees)

- ➔ In the Latvian furniture manufacturing industry dominated the micro enterprises.
- ➔ 79% of all enterprises was the joinery enterprises and only 21% was the industrial manufacturers.



RESULTS (4/8)

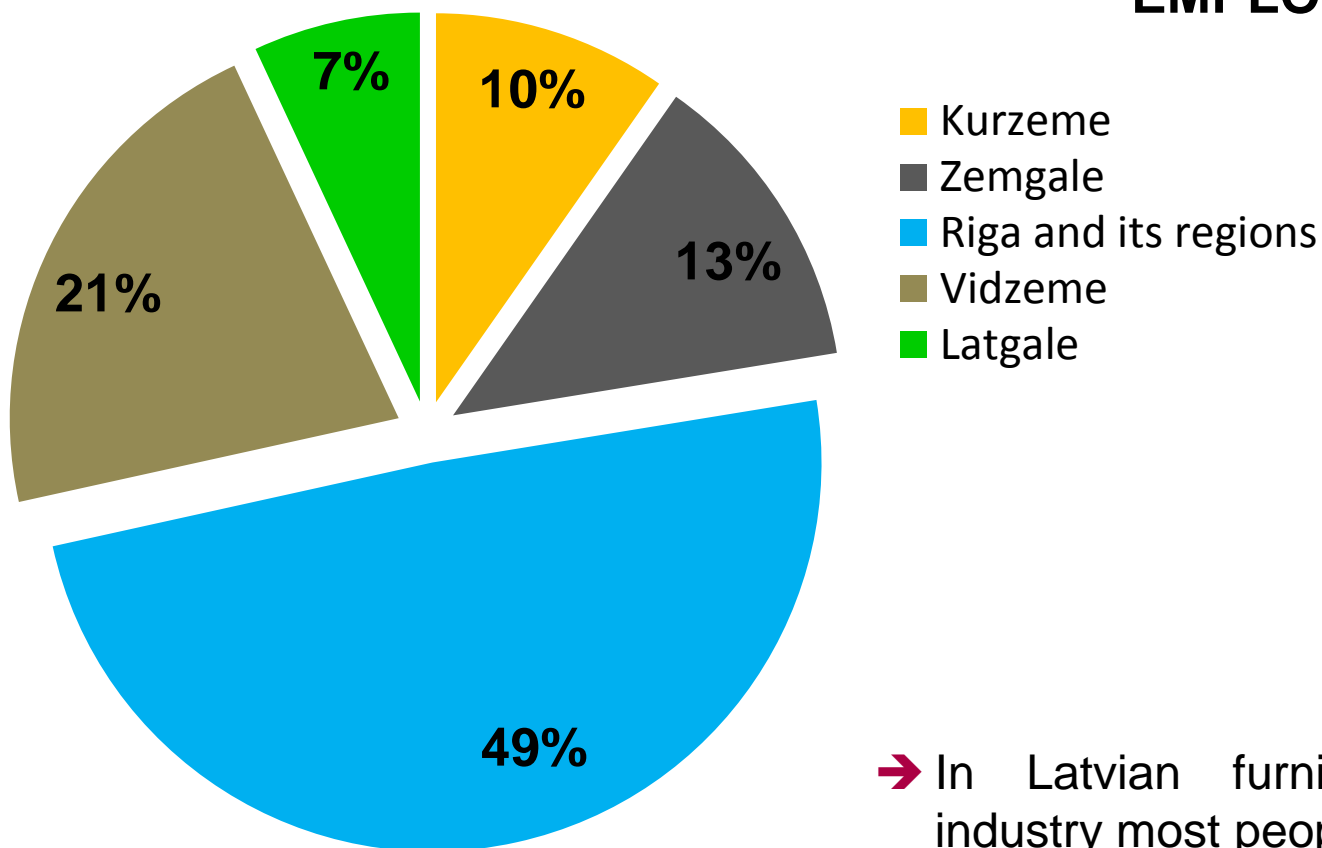


■ Micro-enterprises
 ■ Small enterprises
 ■ Medium enterprises
 ■ Large enterprises



RESULTS (5/8)

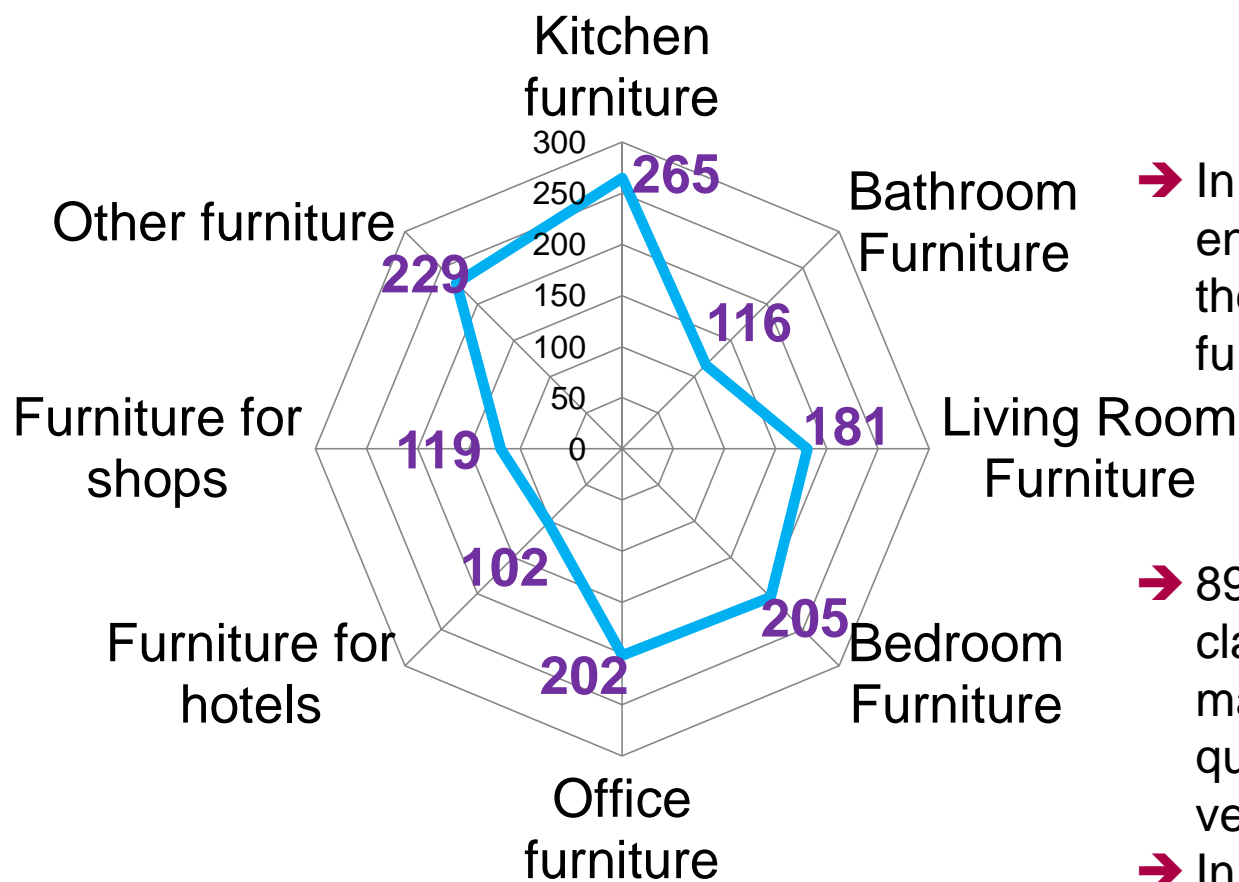
EMPLOYMENT



→ In Latvian furniture manufacturing industry most people employed in Riga and its regions, i.e. 49% of all respondents.



RESULTS (6/8)



PRODUCTION

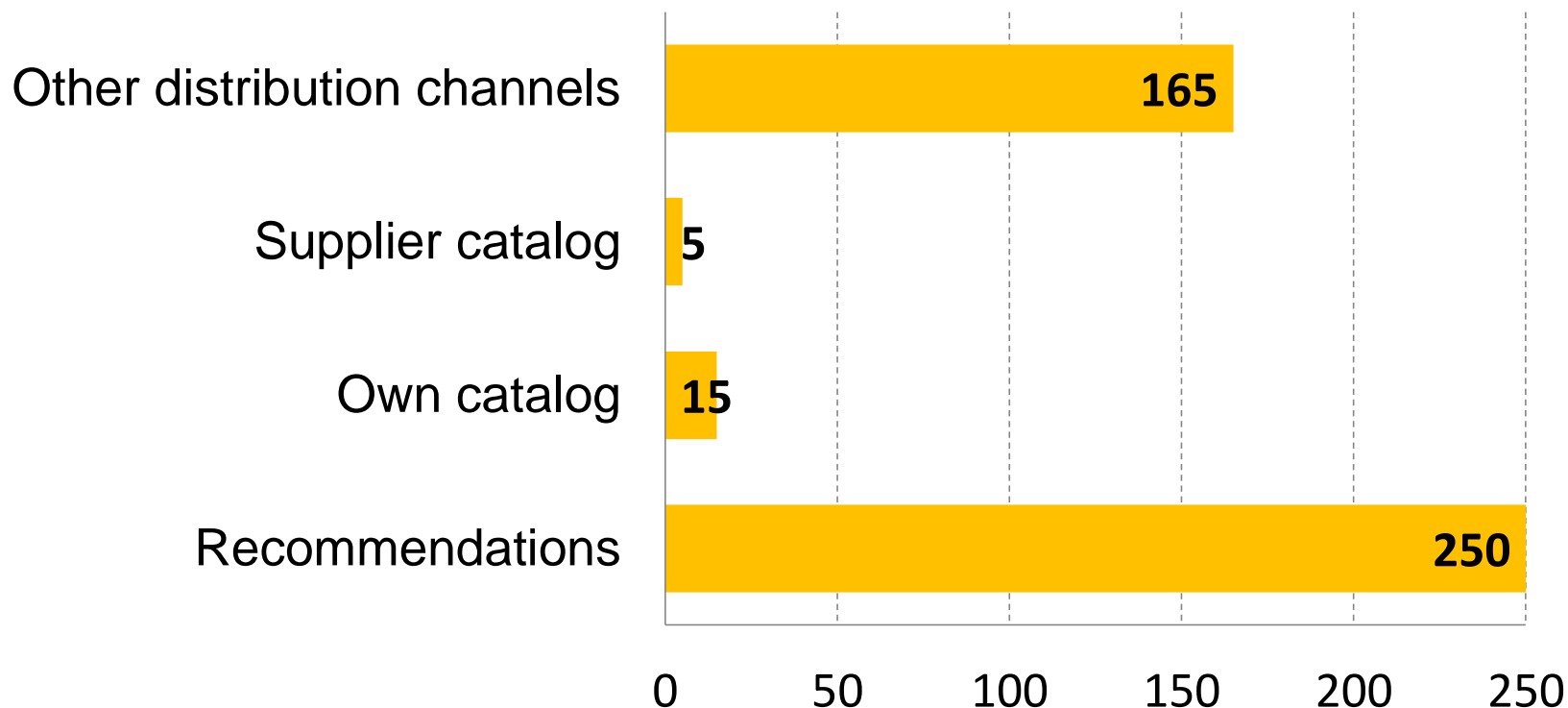
→ In Latvia the furniture enterprises most produced the kitchen furniture, bedroom furniture and office furniture.

→ 89% of all respondents claimed that their manufactured products quality level is the high and very high.

→ In furniture manufacturing industry is very closely related to the markets of furniture fittings.



RESULTS (7/8)



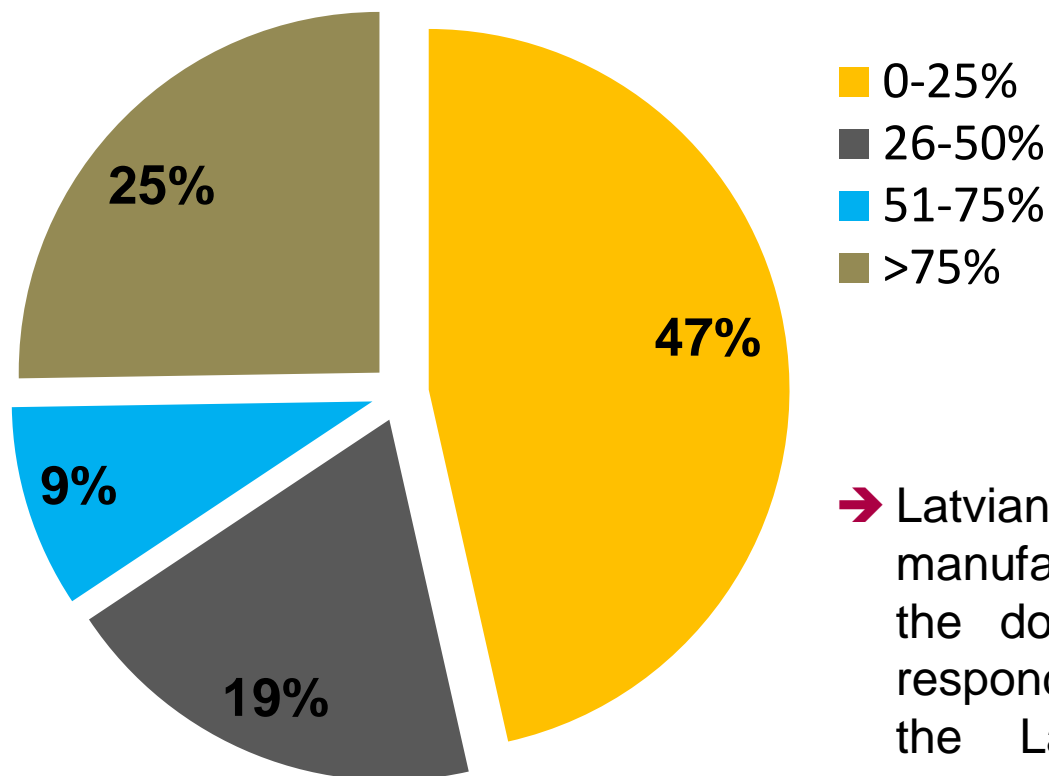
DISTRIBUTION CHANNELS

- ➔ The main products consumer group is the private persons.
- ➔ Latvian furniture manufacturing enterprises the main distribution channel of products is the consumer recommendations.



RESULTS (8/8)

EXPORT



→ Latvian furniture enterprises the manufactured products mostly realized on the domestic market and 56% of all respondents confirmed that works only in the Latvian markets, but 44% of respondents claimed that have founded the export markets for their products.



CONCLUSIONS

- In the furniture manufacturing industry is characterized the **regional dispersion** and the **largest volume of enterprises located in Riga and its regions**, it is nearly 66% of all respondents, but 34% located in other Latvian region.
- In the industry **dominated the micro enterprises**, which employed up to 9 employees and is 69% of all respondents.
- Latvian furniture enterprises **most produced the kitchen furniture, bedroom furniture and office furniture**. In the Latvian furniture manufacturing industry 89% of all respondents claimed that their manufactured products quality level is the very high and high.
- The **main products consumer group** is the **private persons** and as the second most important group are the juridical persons.
- Latvian furniture manufacturing enterprises **the main distribution channel** of products is the **consumer recommendations**.
- Latvian furniture enterprises the manufactured products **mostly realized on the domestic market** (56% of all respondents), but 44% of respondents claimed that have founded the export markets for their products.
- The furniture manufacturing industry is **very closely related to the markets of furniture fittings**, because often directly the furniture fittings increased the product price and quality.



CHALLENGES FOR THE FUTURE

- In the Latvia furniture industry the main problem is the **small domestic market**.
- The challenge for new businesses are **found the free niche place**. Yet shown that the free niche place – the products with high value-added with industrial design, handmade, its treatment and the small product line.
- Can predict the industry's output demand increases, especially after natural wood furniture, as demand for organic products in Europe is currently at a high level, as well as Latvian is a trend to **promote eco-lifestyles**, which can be a challenge for furniture enterprises to produce on the basis on **how to combine natural materials with style elements**.
- With a stable and good quality, a wide range of products and a competitive prices for the products the furniture enterprises can set up a successful business, to create the high value-added products and to influence the overall economic growth in the countru (**cluster and support tools**).



THANKS FOR YOUR ATTENTION!

