



Intro to Europe

the 10 major
European Design Markets

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Second edition, issued in London, June 2012
(numbers have not been updated for the second edition from the first edition, May 2011)
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An introduction to the European market for design products for beginning exporters from USA, Japan or elsewhere overseas

THE MAJOR WEST-EUROPEAN COUNTRIES

The European market for design products is huge; probably it is the single most important market for many design products. But it is split up between a lot of countries, each with their own cultural, historical, social, political, religious and economic background and reality. Also the attitudes to design, distribution structures and acquisition processes are often completely different from country to country. And even within countries, the differences may be important, in all senses. It is impossible to *explain* all this clearly on just a few pages, but we herewith help you to make a start. Get the big picture on European design business.

On these pages we focus on giving you some general information and opinions also describing some typical differences regarding the sizes of the markets, the commercial structures and typical problems one may expect. Thus we provide general indications regarding which markets might look most promising at first sight, but for instance also how many agents you will need to serve these markets (assuming you work with agents). Obviously, these generalised indications have to be combined with product and company specific considerations as well, in order to enable any kind of management decision.

We mainly focus on the 10 most important markets, with 13 countries (seeing Scandinavia as 1 market). They are all in Western Europe, they are all affluent and none of these countries is really small. They are also the 10 markets where MVDW LTD. regularly offers its Agent Search services. All 10 markets have a certain history on, awareness of and interest for design in and around their houses and at their work, in their hotels, etc. plus they all have well established commercial infrastructure to deal with the demands in their countries.

We don't provide many figures, just GDP, GDP/head and number of inhabitants. All together the 10 markets, 13 countries analysed

in more detail have 384,3 M. inhabitants representing only 47% of the European population, but they also represent 75,6% of the total GDP in Europe. Based on GDP/head Ireland should probably be added to this list, but considering the small population and the relatively undeveloped commercial structures of this relatively small market, we didn't add it.

We feel these numbers suffice for an introduction; additional information has to be related to the specific markets one operates on. We roughly rank the countries on total GDP. But this is only a very rough indication on the turnover you can possibly reach in a country. It is absolutely not uncommon for instance that the Dutch, Swiss or Belgian markets are each bigger markets for a company than let's say the Spanish, Scandinavian, Italian or English markets. This depends of course on a lot of factors, starting with the specific products.

By travelling yourself, a lot, you will talk to people. And also in Europe nowadays English is a language spoken by most important businesspeople. You may still have some difficulties in some of the major countries, especially Italy and France, but in general imperfect English is the standard. Talking you will slowly but surely discover the nuances and feel the limits of the stereotype-like summaries we necessarily provide you with here.

We are aware that we create stereotypes with this article/essay. We sincerely hope they will be seen in that way. They don't have any absolute value.

We try to give input for companies in order to get an idea on Europe. To develop some thoughts helping them decide where to get started. At MVDW we are well equipped to help design brands to get started or also to keep growing in Europe, based on experience and contacts and with a clear hands-on, results driven approach.

THE OTHER COUNTRIES

All the other countries in Europe, (22 if one only counts the countries with at least 2 M. inhabitants), are only roughly dealt with at the end. All together they represent 431,1 M. inhabitants, so more than the 10 major West European markets. But the total of their GDP's of this second group is less than that of Germany and Italy combined. Considering that the GDP of Russia is similar to Italy's, one may conclude that the other 21 countries together have a combined GDP slightly lower than that of Germany, Europe's single biggest economy. Russia is actually another major European market for many (not all) companies, depending on the specific offering. It is an important market but mainly restricted to just a few cities, GDP/head is actually still low, market structures are still relatively non-transparent,

not very developed, few independent Russian agents exist (many foreigners) and objective information is rare. Also Turkey and Poland are rather big economies, but their design-markets still tend to be rather limited. This second group also contains 3 smaller West European economies, meaning also rather W. European living standards, but all representing smaller design markets: Greece, Ireland and Portugal. Accidentally they are also 3 of the 5 so called PIIGS countries; the EU-countries with the worst economies, where governments risk defaulting (the other 2 being Spain and Italy). And then there are a whole lot of relatively small ex-communist countries especially but not only Czech Republic and Slovenia many of them offering good but limited extra markets, always completely restricted to their capital cities.

DIFFERENT PRODUCTS

"design-products" are obviously very different one from the other; a lamp is not a sofa, office system, bath, material, kitchen, carpet, fabric or outdoor table and each will have of its own situations.

A first example: in general Germany tends to be the biggest market, but for office furniture this may not be the case. The competition from extremely strong local suppliers (incl. Swiss Vitra located only 5 km. from the border and Austrian Bene which has strengthened its grip on the German market enormously after their acquisition of Objectform) is such that for a new company looking to enter the European market, France may offer much easier turnover possibilities. On these pages we will not be able to consider such "subtleties". Without a doubt these differences are of course of enormous importance for individual companies.

The different habits between countries as regards the different products may surely influence the commercial structures available as well. For instance in Italy, the commercial structures in the various contract markets tend to be less visible than in most other countries. Many operators run tiny businesses but manage just the same to guarantee service for major projects, through a network of equally small befriended companies. In this way they reduce fixed costs enormously, and so actually manage to be really competitive.

In some countries the role of interior designers / interior architects is commercially speaking

rather marginal, whereas in other countries they often buy and sell, or also even deliver and install the products as well. It depends on the national culture whether selling directly to interior designers is considered acceptable, in the eyes of the retailers. In many countries it is considered absolutely not acceptable at all, and companies engaging in these activities risk losing their position with the retailers in these countries where obviously retailers tend to be relatively powerful.

- websales

The role the web can play in the commercial plans, surely also strongly differs from product to product. Customers can hardly be expected to buy a kitchen or bathroom online; these products are simply too complicated, and require extensive consulting from and trust in the company customers are buying from. For a plastic chair this may of course be completely different and sales through the websites may be a vital part of total sales.

A completely different problem to tackle caused by these internet sales is the international competition that may result from differences in pricelists between various countries, and/or fluctuations of currencies like English Pounds or Swiss Francs.

DIFFERENCES PREFERENCES & REGULATIONS

National preferences differ; in Switzerland it is easier to sell chrome and black leather, in Scandinavia it is easier to sell wooden products. The interest for green, ecological products is more diffused in the northern part of Europe, whereas in the southern half this market still has to develop.

Attention to and specific laws on ergonomics in the workspace tend to be more stringent in northern Europe than in the South, but typically every country has its own rules (Dutch office furniture producer Ahrend once introduced, as a major R&D-achievement, a single chair that may meet with all the regulations in Europe,

made possible by just adding or leaving only a few parts of the same chair). England has the most stringent laws on flame retardant fabrics to be applied in homes, etc....

And then there may even be certain typical apparent preferences of the markets where products should come from. Scandinavians export especially to other Scandinavian countries and are very strong in the UK. Italians do very well in France, Greece, Spain and Russia. Germans are strongest in other German speaking countries and Holland. UK companies tend to be relatively absent on the continent, but extremely present in Ireland.

WHERE TO CREATE MY HUB TO EUROPE?

Here we simplify the choice between possible thresholds, naming only 4 choices, shortly summarising some general benefits and potential problems for each of them.

LONDON

Non-European companies tend to start in the UK, which for American and Australian companies is also the most obvious thing to do for cultural and linguistic reasons. The many companies based here include Bernhardt, Knoll, to name just a few. But in several ways, the UK is peripheral to Europe: currency wise, mentality wise and physically. The UK should be considered as a major island half way between North America and Europe. It absolutely makes sense to start here, with London being the absolute capital of Architecture, also to get accustomed to more or less European ways of doing things. But when starting in London one should be aware that it is rather peripheral to the rest of the European design business.

Shipping to a UK warehouse, and from there to Europe dramatically increases the handling and the transportation costs and thus quality risks, often an important factor with heavy, voluminous and/or breakable furniture. Add to that the currency exchange costs and risk and the UK may rather be considered damaging as a choice. Last but not least: London is extremely rich on designers but extremely poor on design companies / brands. This will make it extremely difficult to find experienced sales people here to target the European market. In terms of communication London does have an extraordinary communication infrastructure

with many opinion leading museums, magazines, PR-agencies, journalists, websites.

MILANO

Milano (= for instance chosen by Heller and recently by Mexican company Pirwi) is of course the city of the Salone, has the most important concentration of suppliers of design furniture and can thus be an interesting hub to start from for various reasons. Creating a showroom in Milano, you are sure to be able to use it well during the Salone, without a doubt THE moment when the European design world meets. Thanks to the enormous concentration of design-business here it is extremely easy to find good services and personnel, also at rather competitive prices.

A problem with Italy is that it may be rather costly to get products first to Italy and then to the rest of Europe as it is rather located on the Southern side of Europe, "cut off" by the Alpes and relatively far away from the centre of consumers and business. Italy itself as a market is a very tough one to deal with; not advisable as your first entry and finally it may not be too easy to deal with Italian bureaucracy.

GERMANY

Germany was for instance chosen by Toto, the Japanese bathroom giant; obviously the size of this market played an enormous role in their choice as also the presence of ISH the major

European fair for their (bathroom) products. Germany is a country of fairs, and in fact Cologne can be a good choice with their fairs for the general furniture industry IMM and Orgatec for office furniture. Frankfurt can for that reason be a choice for lighting companies (Light & Building), etc.

Surely Germany is very central in Europe, but apart from Hamburg up north, is not close to the sea. And as an absolute generalisation, Germans are excellent producers but considered lousy international managers. Flexibility and adaptation, key words when trying to understand the subtle differences in habits, expectations, local ways of doing business, and different preferences, are (again: in general) not exactly the biggest qualities of German managers.

BENELUX

The Benelux (= Holland & Belgium) is where in general most non-European companies create their first hub, regardless of what industry they are in. Some recent starters in Europe include Tuuci and the Indian company Bounce. 3 of the 4 main ports of Europe are here (Rotterdam, Antwerpen, Amsterdam), meaning this is normally where the products arrive to (mainland) Europe. And this on itself could be a good reason to start here, as it allows for

quality control of the products upon arrival. But there are other favourable factors to consider as well; these small countries offer relative huge commercial possibilities as markets, famed for their open mentality (esp Holland) and they are ideally situated.

In just a few hours' drive (or train) from Amsterdam you are in Paris, London or the area with the highest concentration of people in Germany (= Koeln, Duesseldorf, Ruhrgebiet). Going or shipping from the continent to the UK is surely also easiest and fastest from these countries, than from anywhere else. And finally, these countries (together with Scandinavia) are the easiest where to find people speaking all major European languages, obviously English but esp also the other main languages French and German.

Apart from Interieur in Kortrijk, the Benelux doesn't tend to have major fairs in terms of design, and apart from Frame, Mark and Objekt doesn't have many international press or PR.

OTHER COUNTRIES

Naturally it is possible as well to start in any other country, (France, Scandinavia, Spain) and some companies may have done so. But I don't believe any other country can compensate the concrete advantages the 5 countries I indicated can offer.

1 DE / Germany / inhabitants: 83 m / languages: German GDP: 3.127 bn / GDP/head: 37.680 \$

Germany surely is the biggest economy and for many companies also the biggest market in Europe, not just because of its inhabitants and relatively high GDP/capita, but also because of its relative openness to design, and the interest and importance for the environment in which people live and work. Germany has excellent design companies in all fields, but the market is surely also very open to products from other countries.

The GDP/head is rather low if one considers the still existing disparities in medium income between the west and the ex-DDR. In terms of design-market one may easily say that the German market has 60+ Million inhabitants, because the even the major East German cities (Dresden, Leipzig) will not represent major opportunities. The German economy, and surely also the various design markets had gone

through a long crisis from the beginning of this century, or in fact from after "buying" the relatively small eastern brother DDR away from communism. Germany's economy had been restructured and was just starting to recuperate when the worldwide crisis smashed in. This is probably also one important reason why it is the first major European economy recovering from that crisis, and considered again to be the motor of the European economy it used to be.

For distribution Germany is not the easiest country, as the country lacks a centre and is economically and culturally rather different from North to South (protestant vs catholic) and from West to East (rich vs poor). Adding to that, politically speaking the Bundeslaender (more similar to states than to regions) are rather important, and each has its own capital city, where a lot of economic power is concentrated.

Because of this relative independence, finding one central focus point in Germany is not easy, as compared to the UK or France.

The national capital and biggest city, Berlin, is located in the North East. The inhabitants are relatively poor (= partially Eastern Germany and partially isolated for many years), and in the surrounding areas the people are scars and even poorer. This doesn't make Berlin a major market, but Berlin is home to many (interior) architects. The very rich second and third cities Hamburg and Muenchen are surely interesting markets, but are located in the extreme North West and the extreme South East. Only the fourth city, Cologne, is located in the central and very densely populated state of Nord Rhein Westphalen, on the border with Holland and Belgium, where also Duesseldorf and the Ruhrgebiet are situated. And then Germany has some other centres, like Frankfurt (the financial centre), Stuttgart (another industrial centre), Hannover.... This doesn't make it easy do understand where to concentrate.

The German retailers (and architects) are considered rather demanding; they have been if you want "spoiled" for decades when Germany was the absolute number 1 export market for everyone. That special status was absolutely true until let's say 10 - 15 years ago, when the crisis began in Germany, while other European markets gained in importance. But also it is an inborn cultural attitude, which makes Germans accustomed to excellent and quick service. Germans are known for their precision and attention to detail, so never make a promise you will not be able to keep. Also the percentage of claims from German clients tend to be higher than elsewhere.

This means retailers practically need to be followed almost daily. If a client needs a sample chair or a meeting, he wants it now. This is practically impossible for one person alone, who is by definition far away.

So that is why also most foreign companies operating in Germany opt for a subdivision of agencies in 2 or even more often in 3 zones. To that extend the PLZ are used, the abbreviation of the German word for postal codes. The PLZ always exist of 5 numbers, and the first one or

two are normally used to subdivide areas. A rather common subdivision is:

North: PLZ 0 - 3 with 38,4% of the population (but 20 to 25% of market potential)
Centre: PLZ 4 - 6 with 32,9% of the population (but 35 to 40% of market potential)
South: PLZ 7 - 9 with 28,7% of the population (but 40% of market potential)

In spite of its sheer size + the presence of the 2 biggest cities (Berlin and Hamburg) the north normally really is by far the smallest market of the three (because all of Eastern Germany is part of this area). The South is the smallest region (in terms of inhabitants) but thanks to its richness and many middle sized cities tends to generate slightly higher turnovers than the central area, which for instance includes the densely populated Ruhrgebiet where a lot of people, but not so much turnover can be expected, as compared to the South..

Also a lot of other subdivisions exist, and a typical division in two could be:

North PLZ 0 - 5 South PLZ 6 - 9

The North in this case represents 62,1% of the population (the south 37,8%) and the turnovers are rather equally divided between the two, even though still the South will tend to prevail.

Especially for beginning exporters to Germany and for smaller companies, the option to start with one of the (also existing) agents operating on a national level obviously also exist. But either they are organised with more people, unmarried travelling cowboys with several houses, or you risk to have someone who will do their work to a large extend by mail or only for a restricted territory. Only few agents have managed to organise themselves and/or their clients in such a way to really be able to create growth on a national basis.

As customers, Germans are really interested and informed about design. It is part of their tradition, not just a whim (think of Bauhaus and Ulm as important forerunners on design). This makes Germany at least at first sight often the market promising the highest turnovers in Europe. However, this also means that competition is tough in Germany; not only from normally rather strong local suppliers, but also from other exporters just like you.

2 FR / FRANCE / inhabitants: 63,2 m / languages: French GDP : 2.490bn / GDP/head: 39.370 \$

France is the second biggest economy in Europe and for many products also the second biggest market. Even though the French are surely less interested in the looks of their living and working environment and maybe slightly more traditional in their preferences, the fact that for many products France traditionally lacks many strong national producers also offers good possibilities for foreign companies, especially considering that the last 20 years design-taste has developed enormously in France.

The French GDP/head is slightly higher than the other 3 big countries in W. Europe. And somehow the French economy has managed to isolate itself rather well to permit the economy to come out of the crisis relatively unharmed, especially in comparison to most other European countries.

France has its own extreme difficulty geographically speaking. It is the biggest country in Western Europe; the distances between the different cities to visit are enormous, at least for Europe. But there is one aspect of France that facilitates the work of an agent a lot: the capital. The political and economic power in France is still to a very large (though declining) sense concentrated in Paris. Practically all major architects are based here, where the major decisions are made also for many larger building projects in the rest of the country.

The last 20 years have however seen a rapid growth of retailers in the other cities all around the country. And more and more also regional architects manage to find their ways to larger projects, in their region and outside of that. So if, roughly speaking, 20 years ago Paris represented half of the turnover of a typical foreign company operating here for many years, now typically this percentage has shrunk to say one third. Still an enormous slice for 1 single city in a really big country, but anyway it also means that the “*provence*” is increasingly interesting and important to follow as well.

The French retailers are in general surely demanding; especially the Parisian ones may be tough negotiators on discounts. French clients are not known to pay punctually, making their special discounts especially tough. But if they

are understood and treated well, surely also they are less expectant than their German colleagues. For instance regarding quality, details and deliveries the Latin background makes them a bit, but only a bit, more tolerant than Germans. The retailers outside of Paris are in general much less demanding, only their payments have to be controlled even better, especially as many of them are really small companies, often still more driven by ideals than sound financing.

But surely, the last 20 years has seen an enormous positive development in France in terms of design, surely also in the major cities apart from Paris. This has also surely led to (or was pushed by) some growing important national producers, but especially also to growth of the design-market in general, which makes France a very important market nowadays. Cities like Lyon, Marseille, Lille, Toulouse, Nice, Bordeaux, Nantes, Strasbourg, Rennes, Toulon, Grenoble and Rouen are nowadays absolutely to be considered as important local markets, as many of the smaller cities all over France.

For several reasons there is a growing tendency amongst companies to subdivide France in two agencies, where the south often starts just below Paris (or even up to 5 agents), even though the predominant system for the moment remains that of 1 national agent only.

French customers are not traditionally impregnated by design as the Germans. It has come a bit slower. But the absolute tendency towards more design awareness among the general public is apparent and have led also to some rather big retailers even in the Provence.

Especially RBC, with extremely elegant showrooms by Citterio, Starck, Pillet, Nouvel in small cities like Montpellier, Nimes and Avignon, has shown that it is possible and profitable to sell design also in smaller cities. Frank Argentin, owner of RBC and considered a “guru” amongst French retailers, led the way again by recently opening a rather huge new design showroom in a for RBC completely new (and big) city of Lyon, an extraordinary structure by arch. Jakob + Mac Farlane with almost 1.000 sq.m.

In comparison, the memory of showrooms outside of the capital that rarely were bigger than 100 sq.m. looks far away.

Many companies use LCR in France to avoid clients forgetting to pay them. French hypermarkets and other major retail chains practically “invented” extremely long

payment terms as a way to make money, and many smaller French retailers like to follow that example. So they may “forget” to pay. LCR is a clear reminder, retailers have become so accustomed to that, in fact, others who just send regular invoices really tend to be forgotten.

3 UK / United Kingdom / inhabitants: 62,7 m / languages: English GDP: 2.403 bn / GDP/head: 38.360\$

The worldwide financial crisis couldn't but also hit hard in London, Europe's financial capital. And as long as the uncertainty remains there, it will be difficult to predict quick improvements in the economy. The budget cuts necessary to deal with the crisis are enormous and even though some parts of the economy are recovering, it is not likely that the UK market will start growing again rapidly. The GDP/head appears practically identical to that of France, but it should be reminded that the costs of living in London are extremely high and the disparity of incomes is also higher than in most other European countries.

In confrontation with France, the UK still surely is much more centralised regarding its design acquisitions. On one hand London is extremely important because of the concentration of architects operating worldwide: London is without a doubt Europe's Architecture capital. Also the mere amount of people living in and around London inevitably makes it the major market for design. 8 M. people in London itself and another 6 to 10 M. directly around it, who normally shop in London, create a market of some 16 million customers.

On the other hand the relative importance of London is also still determined by the fact that the market in the rest of England for design-products still tends to be limited. In England Tradition and History are imbedded in society in such a strong way, that design which is of course related to New and Innovative still needs to gain recognition and is considered a Yuppie luxury by many. The disparity of incomes surely also helps maintain this status quo.

A large and growing amount of exporters to the UK chose to open a showroom in London. For most the incredibly big architects and interior designer market is too interesting to ignore. It also is an excellent and often necessary way to

create visibility towards private customers. . Rents are extremely high, the private customer market is limited, and the amount of extremely small design retailers is actually enormous. As a result UK retailers tend to take just one or two small pieces of a supplier in their showroom, and it may even be difficult to convince them to pay for those pieces. So, retailers don't offer much possibilities for branding, and opening your own showroom becomes attractive, also because it offers the best way to control that the (interior) architects and interior designers prescribe and sell the brand's products.

The UK requires 1 agent living in or around London. That's really where everything happens. It is however normally important to stimulate this agent to really go out and visit the other important cities in the UK. The quality and quantity of retailers throughout the country surely is improving, but for agents it is not so attractive to go and visit them; long distances, many miles, and relatively small turnovers to come back with. But for the brand and anyway also for the development of turnover, it is important to motivate them to do it.

Reassuring for American companies may be, apart from the language, also the fact that the way the market functions resembles the US situation much more in the sense for instance that the role of *interior designers* is much more important in the UK than in the other European countries where the role of retailers is much more dominant as compared to the States.

Important to realise: London is absolutely a major shopping centre for anyone looking for architects. 30 of the 100 biggest architecture firms worldwide are based in London, as well as a lot of European HQ of major architects from elsewhere. But also an incredible amount of

(smaller) interior architects studios specialised on major international projects, is based in London. Clients from the Middle East, Russia, China, India and other places around the world astonishingly often assign architects from London for their major projects.

However, the expectations producers of design-products may get from that, have to be downsized realistically.

In most of these above indicated countries (foreign) architects are brought in to design an idea and make the drawings. After that their

contract and thus their involvement in the project is often terminated. This leaves the architects without control over who develops the project, what products are actually used inside and outside. And that means that absolutely not all products prescribed will actually be bought from the companies indicated. It takes good cooperation between the UK agent and local agents in the countries where the projects will be realised, with "good connections to the Sheikh" to actually get the turnover for your company.

4 IT / ITALY / inhabitants: 60,3 m / languages: Italian (1% German) GDP: 1.888bn / GDP/head: 31.320\$

The financial crisis has hit Italy hard as could have been expected, considering its structurally extremely high deficits and debts. Italy is one of the 5 PIIGS countries, meaning countries considered at high risk. And surely the sales in the design business are hurt extremely hard by this crisis, which in the case of Italy doesn't seem to be a phenomenon that will pass quickly.

In terms of distribution, Italy has many relatively independent regions. The market for design furniture is surely mature and tastes are developed, but the amount and sophistication of local suppliers is such that it may not be very easy for foreign companies to find place on the market, to create its own image and get through to the market with success.

The history, decision making, architects, economy etc. in Italy are all very regional if not local. The capital Roma surely isn't the biggest market for design, without a doubt Milano is. From region to region, the local market is different. This together with the overabundance of local producers and their management style has led to extremely fragmented areas for agents. Italian companies can easily have 30 agents. The amount of agents necessary is further also determined by the incredible amount of small retailers on the consumer market and the often rather invisible structures on the contract market side.

For foreign companies these agents are not an option. Fortunately alternatives to operate in Italy for foreign companies exist. There are

some (relatively costly) national agents, who have a network of sub-agents with whom they may more or less cover the complete nation. But pay attention, not all are as organised as they pretend to be.

Or alternatively, one may start in Lombardia (with Milano), maybe together with the Tri-Veneto (= North East), and then slowly work on the extension of a network adding Piemonte, Emilia-Romagna before moving southwards, to Toscane and Lazio (w. Roma). The north is absolutely more open to foreign brands. Many foreign companies chose not to work at all in the South of Italy (below Roma), for reasons of insecurity, unlawful behaviour (not paying and not really functioning judiciary system). Surely this is not an overreaction but just the same we think that a lot depends on choosing the right persons (agents) you work with, by really verifying them, asking for references and imposing clear rules.

Who has something special to offer to the Italians and create an image in the market here, supported by a good national chain of agents (direct or as sub-agents to one central agency) and retailers, may actually have an excellent market here. With Milano and Lombardia surely as the clear number one region, but in the end only one of 20 regions.

Special attention is needed to payments; the methods and time, especially in the South. The crisis hurts the market, just like in Spain.

5 SCAN / SCANDINAVIA / inh. 25,5 M / GDP 1.406 / (4 languages)*Denmark / inhabitants 5,6 M. / GDP: 297 / GDP/head: 52.320**Norway / inhabitants 5,0 M. / GDP: 431 / GDP/head: 86.740**Sweden / inhabitants 9,5 M. / GDP: 449 / GDP/head: 47.300**(& Finland / inhabitants 5,4 M. / GDP: 229 / GDP/head: 42.720)*

These 3 countries, or 4 including Finland, are 4 absolutely distinct countries in itself, but also they are strongly related in terms of history, economy and surely also design markets. Also linguistically Danish, Norwegian and Swedish are distinct language yet similar enough to allow each to speak in its own language and the other to understand them rather well. (Not by the way Finnish, a completely different language related only to Hungarian).

Surely they are rather different countries, and so are the mentalities; the immense oversimplification about them says Danes are commercial, Swedes are industrial and the Norwegians used to be the poor fishers and farmers, until oil and gas were found off shore making Norway the richest country in Europe.

In terms of design, these Nordic countries have an incredible history, which makes them extremely open for design. But, typically a Dane, when buying design, will first consider national products he knows, than he will happily look at products from other Nordic countries and only after that to products from other countries around the world. Exchange “Dane” for “Swede”, “Norwegian” or “Fin” and the story remains the same. That was the situation 20 years ago. Since then a lot has happened; nowadays design-products from elsewhere can more easily be found at many good retailers (retail, office, contract) also in medium size cities.

Still, however, individually each country with its limited amount of inhabitants, remains a relatively small market, also because the incredible local design tradition indicated above was enforced by extremely strong local brands. Many companies, also bigger foreign brands, therefore opt for 1 agent responsible for all 4 countries (often Danes). Other companies may have 1 agent per country and in between there all kinds of possible combinations.

Fact is that a lot of Norwegians and Swedes prefer to deal with someone from their own country, rather than having to deal with a (smart, commercial, foreign) Danish agent. But they are aware that the turnovers one can make from city to city in just one of these countries, doesn't always allow that kind of luxury, and so they will also work with a Dane.

1 agent doing all 4 countries means an agent travelling by plane rather than by car, in order to be effectively capable of servicing his clients, as the distances from city to city, country to country are such that travel by car is the exception, rather than the rule. Considering also the rather high costs for hotels and catering, it is often difficult to find and convince good agents that can really dedicate time to develop few brands; they need many and/or big brands. The alternative is that they don't travel, just work from behind their desk.

6 ES / SPAIN / inhabitants: 46,1 m. / languages: Spanish (& Catalan) GDP: 1.337bn / GDP/head: 28.990\$

Spain is the smallest of the big countries, with its 46 m. inhabitants, or it's the biggest of the smaller economies, considering that they have the lowest GDP per capital of the 10 markets in this overview. Additionally Spain is in crisis, at least apparently it is the country of our overview hardest hit by the crisis. The real estate crisis hurts so deep, that Spain will show a stagnant economy for a long time, just like Italy or maybe even longer.

In terms of agencies Spain is surely easier than Italy in the sense that Spain has two major centres: Madrid the national capital and Barcelona the capital of Cataluña, and the commercial capital. An agent from Madrid will have its difficulties to sell in Barcelona and the other way around. Valencia, the third economic centre is important but not that difficult to combine and the Basque region is difficult but too small in itself to justify an agent on its own, unless you really make millions in Spain. So,

many companies opt for two distinct agents, even though it really should not be considered a rule....

But it has to be worthwhile to have 2 distinct agents. The GDP/head is relatively low, and the country is in crisis. This in combination with the rather fierce and developed local competition also relatively aggressively competing on price, for many new entering companies doesn't create the prospects of enormous turnovers on this market. And thus 1 agent might be more suitable for many (smaller) brands, at least to start with. In this way many companies accept that their position will tend to grow faster in one of the centres, than in the other (Madrid or Barcelona).

In recent years, retailers in other areas than those mentioned above have started to develop. It remains to be seen if they will still exist once the current crisis has ended. For instance in the

more touristic areas of the country along the coast, where also incredible amounts of "pensionados" (= pensioned people from northern Europe) have bought a second house or even went to live, leaving their original country. These relatively rich, new citizens used to buy furniture in their home country, or take it with them when buying the house. They are often used to buy design and increasingly do so in Spain itself. This market apparently has dried out dramatically, as there is a reverse tendency (pensionados returning to their home country, rather than new ones arriving), also leaving a lot of homes unsold behind them.

The current crisis has to be taken seriously in Spain; it had already started before the world crisis started, which only helped to increase the magnitude and irreversibility of the crisis. This makes Spain probably the least interesting of the 10 major European markets nowadays.

7 NL / NETHERLANDS / inhabitants: 16,6 m. / languages: Dutch GDP: 743bn / GDP/head: 44.630\$

Holland, as it is often referred to, is extremely small, dense, rich, happy, interested in design and always open for anything new. The Dutch are commercial, so there are plenty of agents driving around and also the amount of relatively large retailers is astonishing. The Dutch are not known to be great producers (rather traders) so actually also in the design field there are not so many local producers, leading to an extremely interesting market.

Amsterdam, Rotterdam, Den Haag and Utrecht are all relatively big cities, but there is not really a concentration of economic power in any of these cities. Rather each of these cities is important as are the enormous amount of other middle sized cities, also attached one to the other. (in fact, in Holland people speak of Randstad as the major urban area, which by the way comprises all four of the above + some other 10 cities, all connected).

All over Holland you may find real design showrooms (up to 4.000 sq.m.) often without any compromise as regards the (highest) level of design companies represented. And not even only for the consumer market, also for the contract market there are rather huge showrooms of specialised retailers that may even quietly display more than just one eye

catching limited edition piece by Zaha Hadid, Ron Arad, Marc Newson or similar.

But mind you, there are so many agents and suppliers that the owners or buyers at these retailers use schedules when they may receive an agent. Agents can't just walk in without an appointment and a good agent gets a place in that schedule much more easily. A wrong agent risks not receiving getting appointments or time to organise a sales training for the sales staff at all, which is an absolute necessity as the person you speak with often doesn't even ever sell anything at all himself. So, all the information on how to sell has to come from the agents, directly to the (unfortunately often job-hopping) sales staff. This makes the choice of the right agent even more important.

The openness to new items, trends, companies may make them the first to buy your products, buy may also make them the first to abandon that same product again. The right agent knows this and will do everything he can to assure that the product gets a fair chance. This in part also explains the often rather clear opinions, straightforward critics on what doesn't function, what has to be solved immediately, companies tend to receive from their Dutch agents.

The Dutch market is ideal for new exporters to get started on, also as trial market to find out if your products might appeal to Europeans. If treated well the Dutch market also offers good possibilities to develop into a major export market.

Because of its size and openness you have to be extremely big in order to consider slicing this market up in more agencies. Hardly anyone, not even major brands, find this necessary.

8 CH / SWITZERLAND / inhabitants 7,9 M. / languages: German (60%), GDP: 513 bn / GDP/head: 65.050\$ / French (30%), Italian (10%)

The people in this small and second richest country of Europe are keen design buyers, and in spite of the amount of really extremely successful Swiss design-companies, this country offers excellent opportunities for exporters from all over the world, as long as the quality and the service are really excellent. Price is considered to be of less importance, as long as the product is really considered worthwhile.

Lombardia-region. This is neither so uncommon nor strange, as also the people in this region often tend to shop as well in Como or even Milano for their furniture.

All Swiss are used to speak with each other either in German, French and/or Italian, so that also considering the amount of people living here, hardly any exporter has to subdivide this market between French and German speaking areas, unless of course the market develops in such a way as to allow this. This in combination with the fact that it is actually rather easy to travel from one side to the other within the country, in spite of all the mountains, make Switzerland a country that can easily be dealt with by a single agent.

Swiss are known as the most precise of Europe, even more so than the Germans. Product specifications are read with attention and quality claims are most recurrent here and are always to be taken extremely serious. Arriving late with a delivery is not considered serious, nor to be repeated.

Some, especially Italian, companies do however add Ticino, the Italian speaking region, to their agent responsible for the adjacent northern

Companies, agents or retailers selling what are considered copies tend to be banned from the design market, and also companies and agents selling to what are considered not the right design retailers may be warned on beforehand and punished extremely hard afterwards by the other retailers, regardless of the importance of the specific brand for their business.

Seen from another side, the Swiss are also normally the most reliable in terms of payments.

9 BE / BELGIUM / inhabitants: 10 m. / languages: Dutch (60%), French (40%) GDP: 444 bn / GDP/head: 41.760\$

Belgium is really divided by their 2 languages in 3 regions: Vlaanderen (= Dutch), Wallonie (French) and Bruxelles/Brussel, the capital which is officially bilingual, but predominantly French. For design companies normally Vlaanderen en Bruxelles are (in relation to their size) extremely important markets while Wallonie is astonishingly irrelevant.

by the existing political hate. Flemish and Wallonians know they should not discuss politics with each other so they don't. A good relation will always prevail over such distant aspects of life as politics, a good agent will be accepted on both sides, regardless of his mother tongue and all agree anyway on the general notion that politics are rotten and negative for business.

This is not caused by the (absolutely existing) enormous political problems between the two language groups; at least on a political level. In business everybody is more or less bilingual, and personal relations are in general not hampered

Catholic Belgium is so near to (predominantly protestant) Holland and with the majority sharing the same language some exporters make the enormous mistake to appoint a single agent for both markets, referred to as Benelux. The

two rather befriended neighbouring countries couldn't be more distant from each other. Appointing 1 agent for both markets has been tried a hundred times, but in 90% of the cases it doesn't work! And if it works, normally the Belgian agent in effect has a Dutch sub-agent doing the job in Holland, or the other way around. In mentality, buying processes, design preferences, attitudes, paying mentality, eating they are so completely different that it doesn't work. And both markets should offer enough promising opportunities to allow for two distinct agencies.

Having said that, just the same the two markets are interrelated and there are similarities, for

instance also in Belgium you may find some relatively excellent, huge design-warehouses like Master, who by the way sells a lot in Holland (like Pot in Holland who sells mostly in Belgium).

The Belgian retailers see their existing suppliers as partners to which they are very faithful. This means they often are the last amongst Europeans to start with new suppliers, buy new products, but tend also to be the last to sell these same products off again when things go wrong. For a new entry, they will tend to think and think again, have lunch together a few times (well, also in Belgium those days have almost gone, but ...) before they may decide.

10 AT / AUSTRIA / inhabitants 8,4 M. / language: German GDP: 376bn / GDP/head: 44.520\$

Slightly less rich and in general more traditional in their taste, thus less interested in design, than their neighbours in Switzerland, make Austria a market that is in general substantially smaller for most companies than the Swiss market.

Wien is a major city, but in a small country. A quarter of the Austrian population lives in the urban area in or directly around Wien. There are only 4 other cities with more than 100.000 inhabitants in Austria (Graz, Linz, Salzburg and Innsbruck), each roundabout a tenth the amount of inhabitants of Wien. That obviously makes the grand old capital of a once huge empire the absolute center of all activities, in spite of the also in Austria rather powerful regions.

And because of all the mountains dividing the country, it may be difficult to motivate an agent from Wien, without a doubt the centre of the Austrian economy, to go every now and then also to remote regions like Tirol and Voralberg, on the other side of the country. Add to that the rather central-european / slavian / Viennese mentality that can exaggeratingly be summarised as "if you can do it today, you can also do it tomorrow", and it is clear that Viennese may neglect the rest of their country. These 2 remote regions are not interesting enough to allow thinking of appointing another agent for these few clients, also not when adding other regions in the western part of Austria. And interesting architects located in

these regions often tend to have at least also a small office in Wien as well...

In the rest of the country, outside Wien, the mentality is much more German / Bavarian like, based on hard working, keeping promises (from both sides). And so also all these relatively thin populated smaller regions tend to offer still very interesting markets, with small but dedicate retailers serving consumers and architects alike. By the way, these differences in mentality should not be overestimated; the Viennese also work hard and punctual, and get along perfectly with people in the rest of the country.

HOTELS No other country in Europe has such a concentration of hotels, especially in those remote areas used by tourists for skiing but also during the summer holidays. The amount is thus that also competition between these hotels is fierce, which has created an enormous development of small and also bigger design hotels.

An apparently strange but not unusual combination that may function very well is agents working in Austria and Bavaria (= S.E. Germany). The combination with Switzerland, which has also been tried rather often, doesn't work at all. There are too many mountains in between that really make the distances impossible to deal with.

11 ALL THE OTHER COUNTRIES IN EUROPE

For the countries in this chapter MVDW can only engage in promotion services as part of a bigger Contract; no single Agent Search assignments are accepted for these countries.

As written in the introduction, the countries where MVDW is most active in terms of Sales Management and Agent Search, as represented on the page above actually represent a (big) minority of the total population in Europe; 384 Million in these 13 West European countries, against 431 Million in the 23 countries in this chapter.

But surely the GDP tells another story, as the combined GDP of these other countries is substantially lower than the combined GDP of the countries Germany and Italy. With Russia alone having a GDP slightly less than that of Italy, this means the other 21 countries have a combined GDP almost as high as Europe's single biggest economy Germany.

The GDP per head is lower in practically all these other countries compared to any single of the 13 countries in the first group, with the sole exception of Ireland (GDP/head of 46.750). Greece and Slovenia come rather near the level of Spain, and also the GDP/head in Portugal and the Czech Republic is not too far from that level. In terms of population however these 5 latter countries combined have a population that is still substantially lower than that of Spain.

This other half of Europe is not to be forgotten when developing a mature export strategy and actually the economic growth prospects for 2011 are relatively positive ranging from 2,0% to 4,0% for all these countries, with the exception of the 3 dramatically declining economies in the small West European PIIGs (Portugal, Ireland and Greece).

RUSSIA

The only country where there is a sufficiently developed design infrastructure and market that may in future allow for professional Agent Search services to be offered is Russia.

Moscow is the absolute business centre of the Russian economy. Not any more like in the old times when ALL payments by law had to be effected in Moscow, but still the capital has an enormous grip on the economical live. Russia is the only East European country where also rather a lot of other cities have relatively small but thriving design markets. St. Petersburg is of the second most important city, but it's importance is only relative compared to Moscow.

Most agents active in Russia are actually foreigners; Italians working for Italian companies, finnish agents working for Nordic companies, germans for german companies,.... This is still coupled with a sense of lack of transparency on the Russian market, which would be necessary for us to guarantee a complete professional Agent Search service like in W. Europe.

The ex-USSR states Ukraine and Belarus are from a commercial point of view at least for design companies still rather connected to Russia. Very often Russian agents also do these

countries or even have their own people/office there. There are some independent design agents in Ukraine; so far I have never met any independent agent from Belarus.

OTHER COUNTRIES

Also other countries grossly left out on this analysis may offer interesting possibilities. Turkey, Poland and Ukraine are also big countries with lots of inhabitants, but a relatively low income and a limited market for high end design; Ireland, Greece, Slovenia, Portugal and the Czech Republic are all small economies but with a relatively high GDP/head and a well-developed sense for design.

3 of the 5 PIIGS

Portugal, Ireland and Greece are three relatively small West European economies of secondary importance to the general design market. Of those, the slightly bigger countries Greece and Portugal surely have a history in design buying. In Greece the major supplier is Italy, and in Portugal it is Spain who manages to export most design value to this country. Based on GDP/head Ireland should have been part of the 10 markets, but the Irish market is still relatively limited by traditional values, even though also here, the last few decades, strong positive developments were visible. Commercially speaking Ireland is rather

connected to the UK and many UK agents are also responsible for Ireland, meaning typically many companies have 1 client in Ireland who may once a year be visited by someone from London and or fly over himself to the UK capital in order to remain updated.

The current situation in these 3 countries is terrible, worse than anywhere else in Europe. And this doesn't make their future as design market look very bright.

TURKEY

This country on the boundary between Europe and the Middle East is a rather big economy, comparable to the Netherlands in GDP. This thanks to its enormous size and the third largest country in terms of inhabitants, The income per head is growing but still rather low, compared to other European countries..

Turkey has in recent years increasingly become an exporter of design furniture in various fields and thanks to initiatives like the Istanbul Design Week awareness for design is growing in this interesting and for some decades also relatively fast growing economy.

CENTRAL EUROPE, EX-YUGOSLAVIA & THE BALTICS

After the second World War we have grown accustomed to a division in West and East based on the apparent political ideology in these countries. Before the second WW however, the division was made in another way, based on the then cultural and economic development. The countries that before WWII were developed are also the ones where the design understanding and appreciation, and thus the market have flourished after the Berlin Wall has fallen.

This group includes first of all the 4 central European countries Poland, Czech Republic and (regarding design to a lesser extend) Hungary and Slovakia. Also the ex-Yugoslavian countries Slovenia, Croatia and Serbia know a rather well developed local design market. And finally the three tiny Baltic states Estonia, Lettonia and Lithuania should be reckoned to this group.

In these countries one can expect excellent, well prepared design shops with dedicated, culturally extremely refined sales people, most of them studied architects or designers themselves. But only in the capitals of these countries! Poland, a relatively large country of course, might be the only exception, in this

country you may find design shops, project retailers also in other cities. But also in Poland practically all the design business is done in Warszawa.

And the last 5 years also in less western countries like Romania and Bulgaria, and even Moldavia a rapid growth of several retailers concentrating on the more luxury design brands have appeared and flourish.

In general all these "other countries" are however not to be considered very interesting for a starting exporter to Europe. If one finds a qualified and interested importer / retailer for the capitals of any of these countries this is welcome and may be more than enough. Only once a position has been constructed in the main west European countries, will one typically expand the attention to these smaller markets.

DATASHEET

	COUNTRY	GDP	GDP/head	rank	inhabitants	rank
1	GERMANY	3.127	37.680	12	83	2
2	FRANCE	2.490	39.370	10	63,2	4
3	UNITED KINGDOM	2.403	38.360	11	62,7	5
4	ITALY	1.888	31.320	13	60,3	6
5	RUSSIA	1.737	12.280		141,5	1
6	SPAIN	1.337	28.990	14	46,1	7
7	TURKEY	760	10.270		74	3
8	NETHERLANDS	743	44.630	6	16,6	11
9	SWITZERLAND	513	65.050	2	7,9	
10	POLAND	469	12.310		38,1	9
11	SWEDEN	449	47.300	4	9,5	
12	BELGIUM	444	41.760	9	10,6	
13	NORWAY	431	86.740	1	5	
14	AUSTRIA	376	44.520	7	8,4	
15	DENMARK	297	52.320	3	5,6	
16	GREECE	290	26.350		11	
17	FINLAND	229	42.720	8	5,4	
18	PORTUGAL	211	19.810		10,7	
19	IRELAND	194	46.750	5	4,1	
20	CZECH REPUBLIC	184	18.050		10,2	
21	ROMANIA	166	7.740		21,4	10
22	UCRAINE	165	3.630		45,3	8
23	HUNGARY	127	12.910		9,9	
24	SLOVAKIA	85	15.540		5,4	
25	CROATIA	57	12.670		4,5	
26	BELARUS	49	7.092		9,7	
27	SLOVENIA	47	23.550		2	
28	SERBIA	46	11.255		7,3	
29	BULGARIA	46	13.500		7,4	
30	LITHUANIA	33	9.960		3,3	
31	LETTONIA	22	9.780		2,2	
32	BOSNIA ERZEGOVINA	17	6.600		4,6	
33	ALBANIA	12	8.000		3	
34	MACEDONIA	9	9.700		2,1	
35	MOLDAVIA	6	2.500		4,3	

All countries with less than 2 M inhabitants have been excluded: meaning the commercially independent countries Estonia, Cyprus, Malta and Iceland. And those, commercially speaking, considered part of bigger countries Luxembourg (BE), Monaco (FR), Andorra (ES), Liechtenstein (CH), Montenegro, Kosovo (Serbia), Vatican and San Marino (IT).

All data used in 2011 from Economist Intelligence Unit, CIA Factbook, Global Finance & Worldbank.