

Furniture & Furnishings



June 2010

US\$395



Essential sourcing intelligence for buyers

China manufacturer profiles

Detailed profiles of 37 verified suppliers and contact details of an additional 37 exporters

Product & price trends

Prices and specifications of 125 top-selling export products

Supply centers & market trends

Coverage of leading and emerging supply centers, plus insight into capacity, output and R&D

FURNITURE & FURNISHINGS

Supplier capability in China

EXECUTIVE SUMMARY

In China's furniture and furnishings industry, production expenses are rising as suppliers face higher material and labor costs.

As a response to these challenges, a number of makers are now maintaining large material stockpiles to hedge against sudden outlay increases. Others have begun streamlining their operations to improve manufacturing efficiency.

The imposition of such measures coupled with strengthening demand from key markets is leading to a generally optimistic export outlook, with most companies anticipating a sharp rise in overseas shipments across the next 12 months.

The following are some of the key trends we see in the furniture and furnishings industry:

- The utilization of materials and finishes that, while costly, enable compliance with various safety standards is growing in popularity. Examples of these include E0-grade panels that emit only small amounts of formaldehyde and water-based treatments with low VOC output.
- Bamboo is proving to be a viable alternative to solid wood because of its sustainable properties and abundant supply.
- The use of environment-friendly materials and functional fabrics is among the top R&D concerns of most suppliers.
- The current workforce shortage is having a detrimental effect on this labor-intensive industry. To cope, a growing number of makers are now employing custom software while boosting salaries to keep staff at existing levels.
- Prices are expected to rise in the various categories as material and production costs grow. Such increases, however, will typically be restrained to 10 percent as companies attempt to keep quotes at levels attractive to buyers.

- The EU and North America will be the major export destinations in coming months, as their long-term potential is as yet unrivaled by the current market alternatives.

- Suppliers will be increasing capital expenditure in line with the positive expectations for overseas sales.

This report covers the major categories exported from China: living room, dining, bedroom, children's, outdoor and office furniture, lamps, and home textiles and accents.

For each product, the report describes the latest designs, materials, finishes and treatments employed by makers. It also highlights the factors that are key in determining the price and quality of low-end, midrange and high-end releases.

Projections for the next 12 months for overseas sales, capacity expansion plans and R&D focus are detailed in the Supplier Survey.

The Industry Overview section looks into the key issues faced by manufacturers of furniture and furnishings, and their methods of coping with such challenges. The industry composition and export hubs for each major category are also discussed here.

Reflecting the industry structure, about 81 percent of the enterprises interviewed for this report are mainland-China owned. The rest is backed by Hong Kong, Taiwan and Western investors. Most are manufacturers with direct export rights, and have at least 11 years of industry experience.

The provinces of Guangdong, Zhejiang and Fujian are the key manufacturing centers for China-made home furnishings. To represent this accurately, 76 percent of profiled suppliers are from these centers.

Companies based in other hubs such as Anhui and Shandong provinces, and Tianjin are also featured.

In this report

- 37 in-depth company profiles
- 37 additional suppliers
- 125 top-selling export products
- Supplier demographics
- Supplier survey
- Industry statistics & charts

METHODOLOGY

To produce this report, Global Sources surveyed a wide range of suppliers. Rather than focus simply on high-profile makers, we compiled a representative sample of large, midsize and emerging manufacturers. All profiled companies are export-oriented professional suppliers that are verified by Global Sources.

Each supplier is confirmed to be authentic with a legally registered business. All companies are visited three or more times to ensure they are export-ready and have real offices and products.

The listed contact person has been verified to represent the registered company. In each case, companies were required to answer specific questions designed to verify their manufacturing and export credentials.

All profiled suppliers participated in a survey designed to provide insight into product and price trends, and challenges facing the industry. All survey questions are single choice.

Suppliers are ranked based on a 6-star ranking system. Companies with a higher star ranking provide more business information and verification reports on their Global Sources online homepages.

Suppliers rated 5 or 6 stars have a Credit Check report from First Advantage or Sino-Trust and a Supplier Capability Assessment report provided by Bureau Veritas online.

The rankings are correct at the time of publication and may be subject to change.

CONTENTS

INDUSTRY OVERVIEW	7
Supplier summary	
Export statistics	
Main production centers	
Supplier demographics	
Bedroom furniture	13
Children's furniture	14
Dining furniture	15
Living room furniture	17
Office furniture	18
Outdoor furniture	19
Carpets & rugs	20
Home accents	21
Home textiles	23
Supplier survey	25
Export prices, export sales, target markets, capital expenditure, challenges, capability, R&D focus	
SUPPLIER PROFILES	29
Supplier locations	
Industry composition	
Exporter ranking	
Supplier matrix	
Production checklist	
Supplier profiles	
PRODUCT GALLERY	115
Top-selling export products	
ADDITIONAL SUPPLIERS	141
Key products, contact details	

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INDUSTRY OVERVIEW

Despite challenges arising from higher raw material outlay, stricter safety standards and labor scarcity, the outlook of China's furniture and furnishings industry for 2010 is vibrant.

More than half of the companies interviewed for this report anticipate export sales to grow at least 20 percent in the next 12 months. This is a stark contrast to the general viewpoint in our June 2009 report, wherein one-third of the featured suppliers did not expect overseas earnings to rise at all.

The optimism is partly attributed to the improving discretionary spending of the EU and US markets, which are now on a recovery path after the 2009 economic recession.

On China suppliers' side, strategies such as price adjustments, expenses cutbacks and manufacturing upgrades are set in place to overcome industry roadblocks and eventually cause a revenue upturn.

Customs statistics for key categories are also encouraging.

In the first quarter of 2010, the country exported more than 6.4 million pieces of wooden bedroom furniture worth \$482 million. This represents 12 and 26 percent increase in volume and value from the previous corresponding period, indicative of buyers' purchasing patterns returning to normal.

Material costs push up prices

Many China companies in the line have raised prices by 5 to 10 percent in the past quarter, and are still likely to do so in the next three to six months.

Such measure is a reaction to the 10 to 30 percent upswing in material outlay. For some solid wood varieties, the rates have even doubled. Mahogany, which is typically used in high-end furniture, now goes for \$12,000 per ton. Last year, suppliers could purchase it for \$6,000.

MDF costs have also increased. The engineered wood is \$0.20 to \$0.40 more expensive per piece in 2010 than in the last few months of 2009.

In terms of metal outlay, steel tubes in April 2010 were \$830 to \$870 per ton, up 15 to 20 percent from December 2009.

Other furniture manufacturing inputs such as paint and glass also climbed 10 and 30 percent, respectively.

In the furnishings line, candle makers are likewise dealing with the 5 to 10 percent rise in paraffin wax costs.

Compounding the situation is the need to spend extra for material expenditure, as suppliers follow stricter environment-protection standards in key markets.

For one, companies have to revamp their network of providers to include only those that offer conformant materials. Further, such manufacturing inputs are 40 to 50 percent more expensive than noncompliant variations.

To address the Formaldehyde Standards for Composite Wood Products in the US, for example, suppliers have to adopt E0-grade panels, which are 55 to 65 percent costlier, compared with ordinary counterparts.

Most companies are using water-based finishes as well. Although 30 to 50 percent more expensive, these are odorless and emit smaller amounts of VOC than solvent variants.

Supplier summary

Suppliers surveyed	37
Export sales	\$369.5mn
Export ratio	81%
OEM business	54%
Capacity utilized	73%
Annual R&D spending	\$22.2mn
Full-time employees	20,550

Data: All surveyed suppliers

Machinery utilized to apply UV paint, meanwhile, necessitates heavy outlay even though the actual coating costs 10 to 50 percent less. The procurement and installation of local equipment require a budget of \$70,000 to \$150,000, while imported versions need at least \$2 million.

Efforts to curb outlay

To control escalating expenditure, many living room furniture companies are sourcing manufacturing inputs in large volumes, keeping their stocks full to protect against a sudden surge in costs.

Suppliers are also expediting payment periods from 90 to 60 days to avail of substantial discounts. Some midsize and large enterprises opt to settle purchases in cash, obtaining a 1 to 3 percent markdown.

In addition, makers are boosting manufacturing efficiency to keep expenditure low.

Companies are investing in worker

Major customers

Company	
Aroma	Ikea (EU), Target (US)
Foshan Nanhai Jinxianhua	Conforama, Carrefour (France); JYSK (Denmark); Kika (Austria); Steinhoff (Germany); Ikea (Sweden)
Innotech	Wal-Mart, Avon, Kmart, Disney, Target, Sears (US); Spearmark (UK)
Jiangmen Lihua	Ikea (Sweden); Conforama (France), Wal-Mart, Zenith (US); Artex (Italy)
Paramount	Telecom (US)
Wide Cross	American Signature (US)
Zhuyi	Target, Wal-Mart (US); Red Cat (France)

Data: All surveyed suppliers

Anhui Honren Co. (Group) Ltd



Anhui Honren generates \$60 million worth of sales from its bedding line each year. Eighty-three percent of the 300,000 pieces the company turns out in a month are exported, with down and microfiber quilts the key products.

OEM contracts make up 90 percent of overseas shipments, while the rest are ODM orders. Other releases from Anhui Honren include beach towels, camping mats and down shoes.

The EU accounts for 55 percent of foreign receipts and will continue to be the main market in coming months. North and South America, Eastern

Europe and Africa are the other destinations.

Founded in 1991, the SA8000-certified supplier runs four Anhui province-based factories with a total area of 600,000sqm.

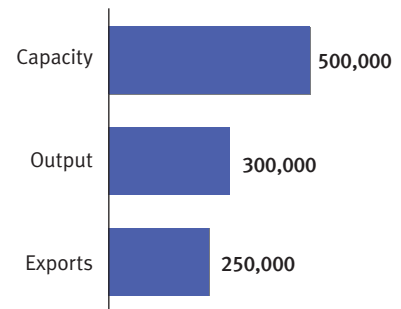
There are 2,900 full-time employees, 120 of whom handle R&D. Operating on an \$800,000 annual budget, the department will give more attention to the use of environment-friendly materials.

The QC team is composed of 300 members who make sure procedures meet ISO 9001:2000 standards.

Profile

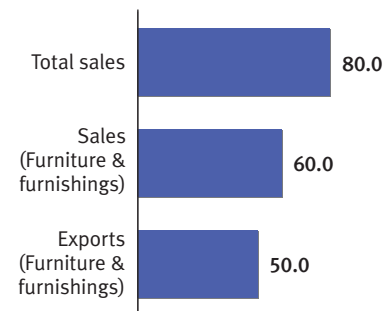
Production

pieces/mth



Sales

\$mn/year



Contact details

Business contact

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URL

www.globalsources.com/hongrun.co

Address

18 Xingyuan East Road, Economic Development Zone, Tongcheng, Anqing, Anhui, China

Company facts

Year established	1991
Business type	Manufacturer
Company ownership	Mainland China-owned
Head office location	Anqing (Anhui)
Number of factories	4
Factory location(s)	Anqing (Anhui)
Total factory area	600,000sqm
No. of full-time employees	2,900
No. of R&D/design staff	120
No. of QC staff	300
Annual sales (all products)	\$80.0mn
Annual R&D spending	\$800,000
ISO certification	Yes

Sales & output: Furniture & furnishings

Annual sales	\$60.0mn
Share of total sales	75%
Annual export sales	\$50.0mn
Total monthly capacity	500,000 pieces
Average monthly output	300,000 pieces
Capacity utilized	60%
Average monthly exports	250,000 pieces
Export ratio	83%
OEM % of exports	90%
ODM % of exports	10%
OEM % of exports	—
Other products made	Beach towels, camping bags and mats, down shoes

Capability

Production checklist

Air filtration system	—
Glass-blowing machines	—
Edge-banding machines	—
Metal-tooling machines	—
Tube-bending machines	—
CNC routers	—
Tempered-glass processing in-house	—
Painting lines	—
Sewing machines	1,500
Needle detectors	6

Exports by product

Living room furniture	—
Dining furniture	—
Bedroom furniture	—
Children's furniture	—
Outdoor furniture	—
Office furniture	—
Lamps	—
Home textiles	100%
Home accents	—

Exports by market

North America	25%
European Union	55%
Europe (non-EU)	—
Asia-Pacific	15%
Middle East	—
Other	5%

Survey

- **Export prices**
Increased
- **Export price increase**
5-10%
- **Export sales**
Increase less than 10%
- **Target market**
European Union
- **Capital expenditure**
Increase up to 50%
- **Major challenge**
Cost of raw materials
- **Export capability**
Reduce production costs
- **R&D focus**
Environment-friendly materials

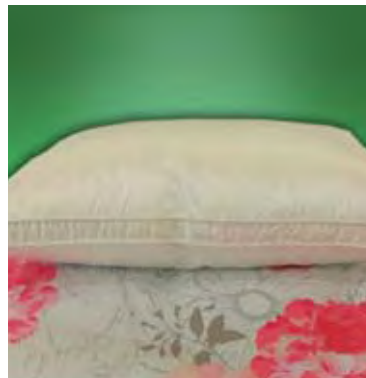
Popular export models



Home textile

Model	HR002
MOQ	300 pieces
Packaging	Carton
Delivery	45 days
Price	•

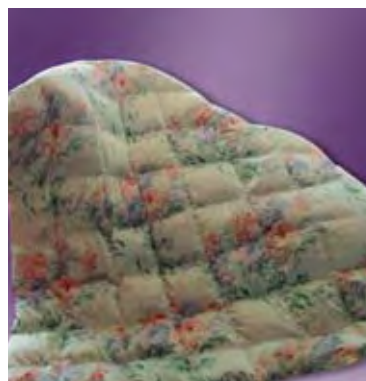
Description: Microfiber quilt; 100% cotton; 100% microfiber filling; 200x230cm; 1,800g; Oeko-Tex Standard 100



Home textile

Model	HR004
MOQ	300 pieces
Packaging	Carton
Delivery	45 days
Price	•

Description: Down pillow; 40:60 silk-cotton; 90% white goose down, 10% white goose feather filling; 48x74cm; 700g; Oeko-Tex Standard 100



Home textile

Model	HR001
MOQ	300 pieces
Packaging	Carton
Delivery	45 days
Price	•

Description: Down quilt; 40:60 silk-cotton; active printing; 95% white goose down, 5% white goose feather filling; 200x230cm; 1,380g; Oeko-Tex Standard 100

• Information not disclosed

PRODUCT GALLERY

Bedroom furniture



Foshan City Nanhai Kingtinto

(profile page 48)

Model: 6W01

MOQ: 5 sets

Packaging: Carton

Delivery: 30 days

Price: \$100.00

Description: 5-drawer chest; E1 MDF, rubberwood; white PU coating; 93x47x96cm; 35kg; CE, CARB



Qingdao Sinoah

(profile page 80)

Model: 301

MOQ: 100 sets

Packaging: Carton

Delivery: 15 days

Price: •

Description: Set of 1,610x2,090x1,100mm bed, 590x400x1,150mm 6-drawer dresser, 500x400x590mm 3-drawer dresser, 1,150x580x1,950mm wardrobe, 1,150x425x760mm dressing table, 420x400x465mm chair, 530x550x100mm mirror; oak; NC lacquer finish



Qingdao Sinoah

(profile page 80)

Model: 723

MOQ: 100 sets

Packaging: Carton

Delivery: 15 days

Price: •

Description: Set of 2,055x1,520x990mm bed, 445x370x745mm 3-drawer cabinet, 900x475x930mm 5-drawer dresser, 1,060x590x1,960mm wardrobe; pine; white



Today

(profile page 88)

Model: WD115

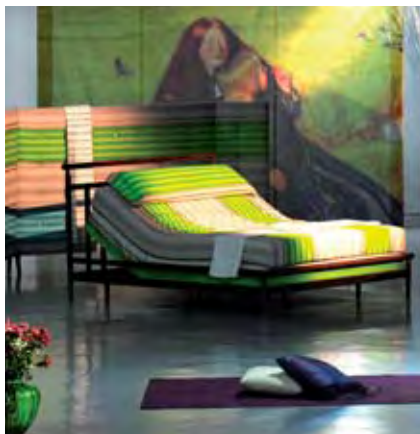
MOQ: 1 piece

Packaging: Carton

Delivery: 30 days

Price: •

Description: Egg-shaped bed; handmade solid wood base; foam mattress; pure cotton; 260x190x146cm; 300kg



Today

(profile page 88)

Model: WD110

MOQ: 1 piece

Packaging: Carton

Delivery: 30 days

Price: •

Description: Bed; solid wood painted frame, foam mattress; cotton; adjustable via remote control; 160x200cm; 180kg



Xiamen Kunxiang

(profile page 94)

Model: KXTC-G-001

MOQ: 1,000 pieces

Packaging: Carton

Delivery: 30 days

Price: \$17.60

Description: KD nightstand; two drawers; powder-coated steel; 43.5x49.5x57.5cm; 13.1kg

• Information not disclosed

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