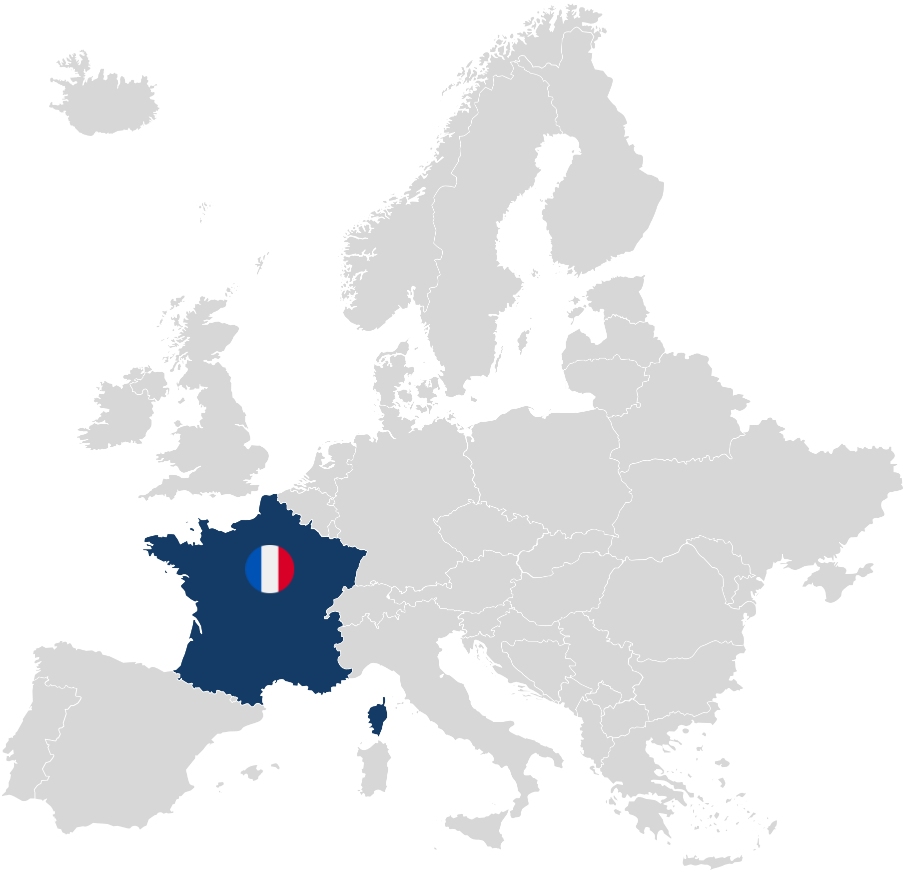
Analysis of France for Trä- och Möbelföretagen (TMF)

October 2021
Business Sweden – UK, France, Germany and USA

Agenda

- **Summary**
- Country capabilities
- Sales of furniture
- Requirements to compete
- Recommendations
- Appendix

A global team developed insights into the furniture industry in four key markets



France

CARL-PHILIP SONDÉN
PARIS

SOFIA KRISTENSSON
PARIS

France is a large and attractive market for European furniture manufacturers

COUNTRY CAPABILITIES

- The French market is dominated by 40 large producers, while it is still highly fragmented
- The market segments can be classified into 5 main categories
- The demand for medium-range to high-end products is rising
- Market trends include tough times for office furniture, while stronger performance for specialty stores (as kitchen furniture), E-commerce and DYI furniture

SALES PROCESS

- Interior designers/architects are important actors in the sales process
- Companies often go through intermediaries to reach end-clients
- In both the private and public professional sectors, framework agreements are common
- Public entities have more rigid demands than private businesses
- Local market presence in France is important

REQUIREMENTS TO COMPETE

- The market and sustainability frameworks in France are built around compulsory regulations and optional standards
- Requirements vary based on the type and functionality of the product, the end-user, where it was produced, and the material used to produce it
- Environmental regulations and standards that promote sustainable practices focus on eco-design and circular economies
- Market requirements of furniture feature rules related to fire compliance and planned obsolescence

RECOMMENDATIONS

- Focus on marketing and local market presence for sales and exposure in France
- Get acquainted with the public purchasing code and procedures to reach public buyers
- Establish relationships with intermediaries to reach private buyers efficiently
- Adapt to the business culture by focusing on networking and creating personal contacts

Source: Business Sweden Research, Ameublement Francais, Eurostat, CSIL

2020

Market size
SEK 180 Bn

Forecasted YoY growth
5%

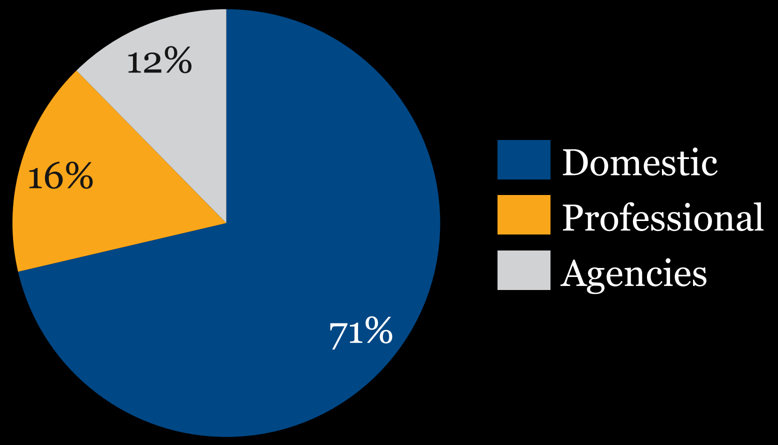
Imports size
SEK 56 Bn

Export size
SEK 14 Bn

E-commerce market share
8.1%

Number of firms
14,944

Product segments



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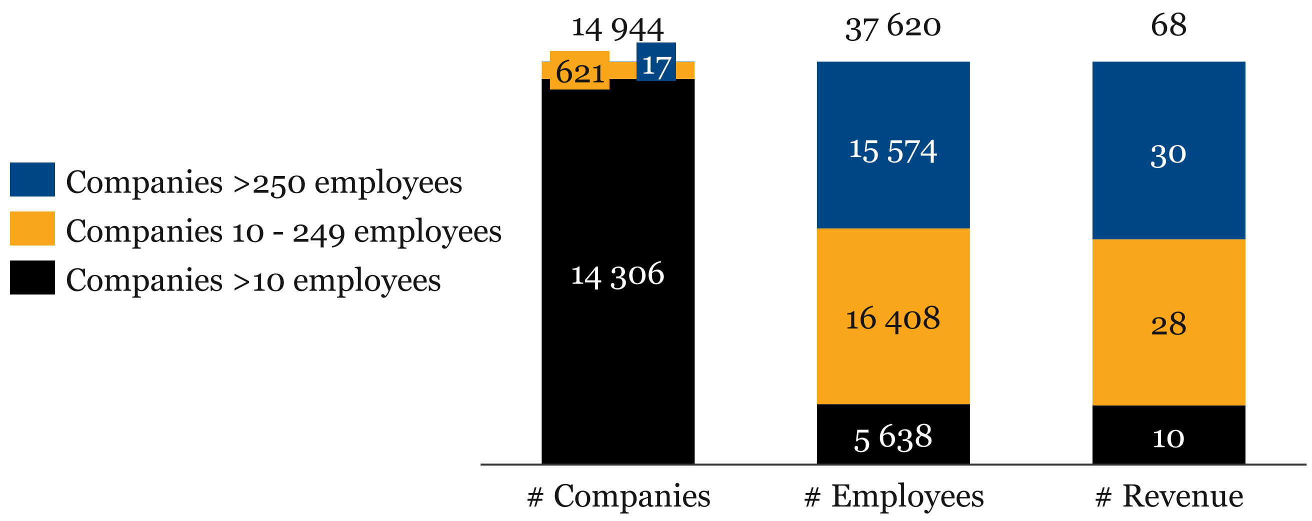
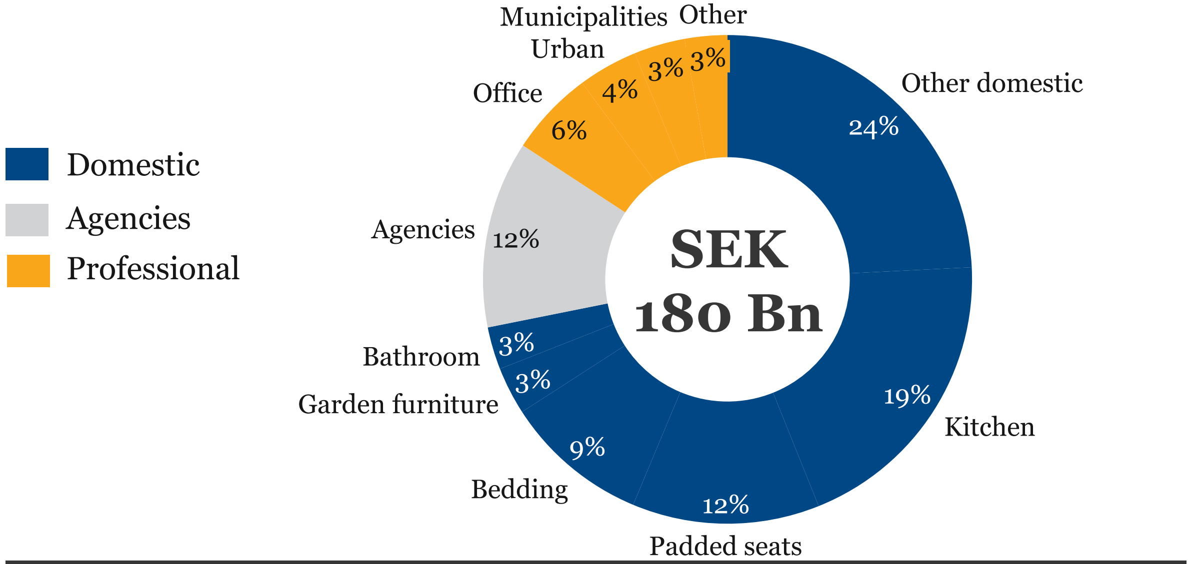
5% of companies represent 85% of jobs and total revenue of the furniture sector in France

Value creation of furniture manufacturing in 2020 (# and SEK Bn)



Total market size by product segment in 2020



Comments

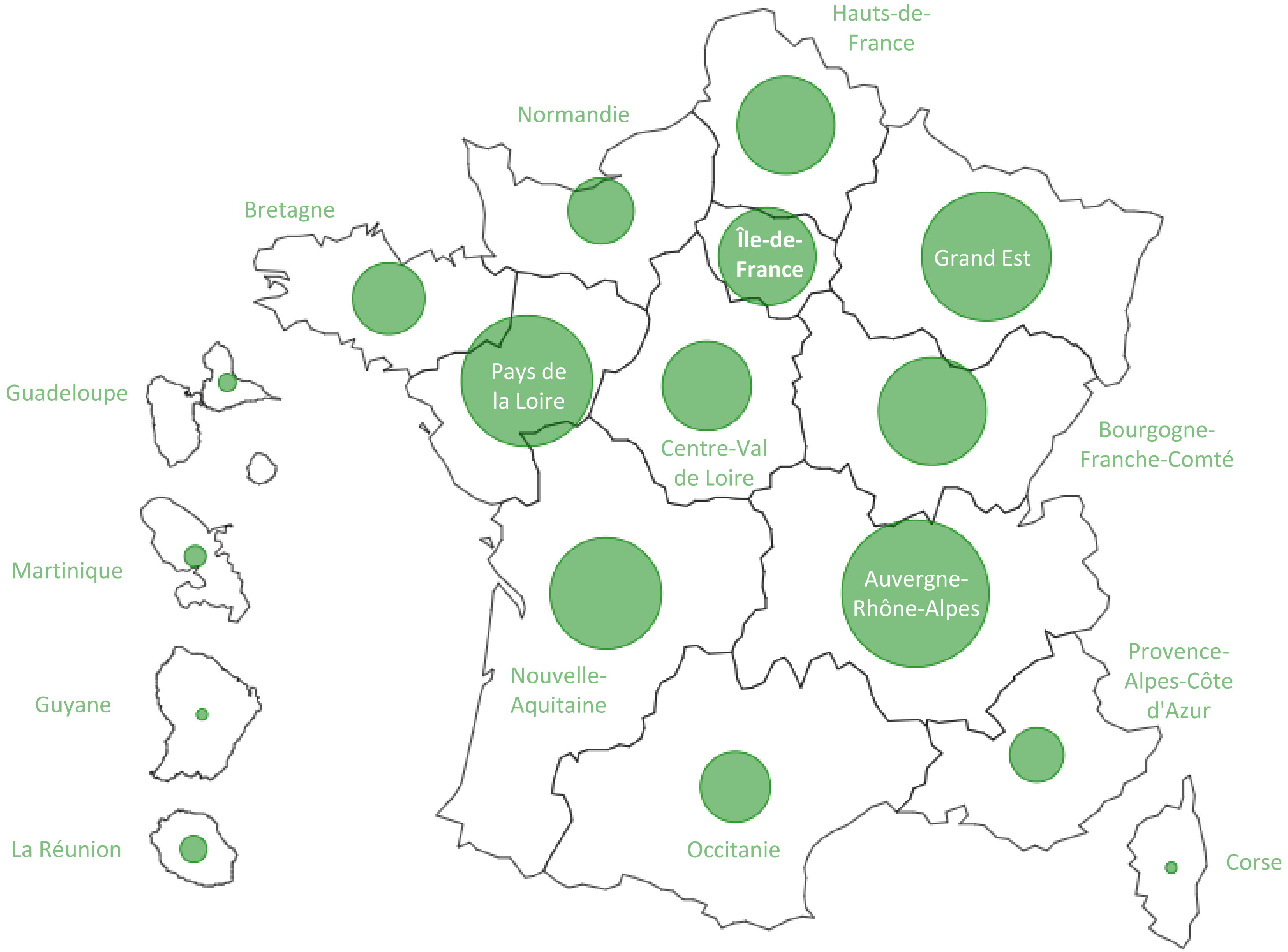
- The very large majority of furniture manufacturing companies are small companies with less than 10 employees, but they only represent 15% of the total workforce and the total revenue
- Domestic furniture represents 70% of the total market size
- The revenue from furniture manufacturing has been largely impacted by the Covid-19 in 2020, especially for offices
- Garden furniture is the only segment for which the revenue has increased during that period in France

Evolution of the revenue for each product segment (%)

	Domestic furniture							Professional furniture
	Total domestic	Other domestic	Kitchen	Padded seats	Bedding	Garden furniture	Bathroom	Offices
2019 vs 2018	4,1%	3,4%	6,2%	2,9%	4,0%	3,1%	2,8%	3,3%
2020 vs 2019	-4,8%	-6,3%	-2,9%	-5,3%	-7,6%	4,2%	-3,7%	-23,0%

Source: Business Sweden Research, Ameublement francais, Eurostat, CSIL

The French furniture manufacturing industry is well-established across the country and overseas

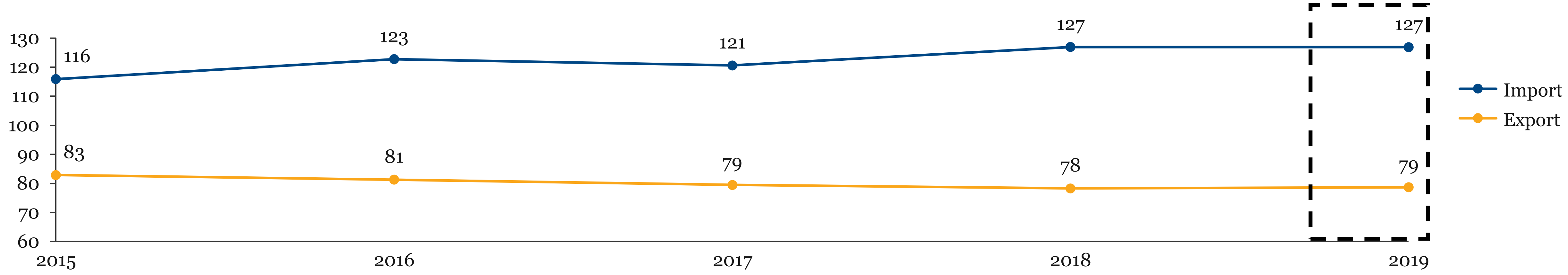


Region	Employees
Auvergne-Rhône-Alpes	7 010
Pays de la Loire	5 600
Grand Est	5 390
Nouvelle-Aquitaine	4 040
Bourgogne-Franche-Comté	3 770
Hauts-de-France	3 090
Île-de-France	3 080
Centre-Val de Loire	2 580
Bretagne	1 680
Occitanie	1 610
Normandie	1 410
Provence-Alpes-Côte d'Azur	950
La Réunion	230
Martinique	150
Guadeloupe	100
Guyane	40
Corse	40
France	**40 770**

Source: INSEE (2015)

France is the 3rd largest furniture market in Europe and the 2nd largest importer, with more than 60% of consumption satisfied by imported products

Import/export developments in France (SEK Bn)



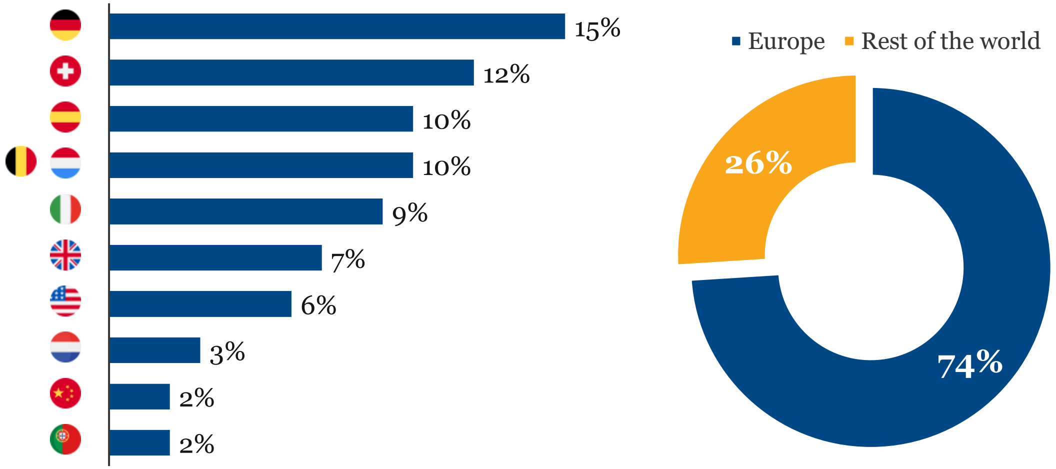
-1.0%
5-YEAR CAGR OF IMPORTS OF FURNITURE

-0.5%
20-YEAR CAGR OF EXPORTS OF FURNITURE

Comments

- France is the seventh furniture market and third importer worldwide. China is the first country of origin for French furniture imports; however, the bulk of imports originates from other EU-countries which satisfy 44% of internal consumption
- Imports have grown steadily since the year of 2000 at rate of 3.1% and 1.9% since 2016. The slower increase is explained by the drop in imports due to the Covid-19 in 2020. On the other hand, French exports have decreased slowly since 2000, which indicates that the market is increasingly dependent on foreign products
- 74% of total French exports of finished furniture products are towards European countries

Top export partners for finished furniture goods (2020)



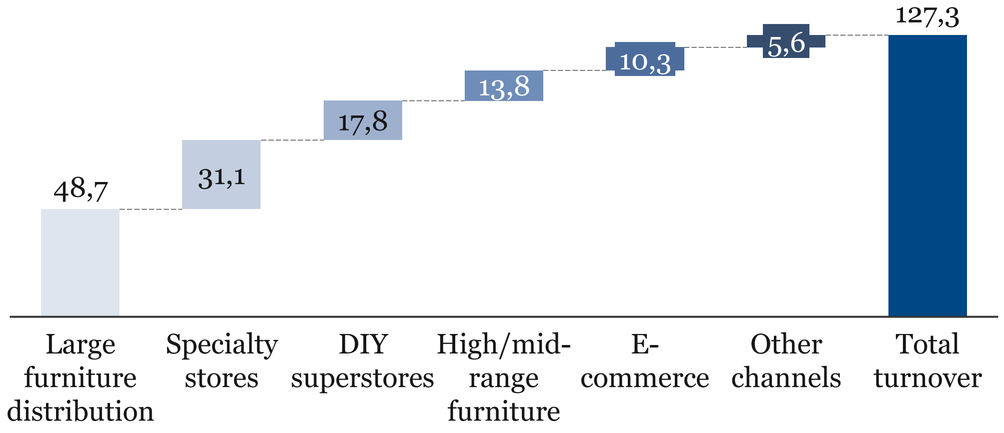
Source: Business Sweden Research, Ameublement francais, Eurostat, CSIL
* Based on the average exchange rate of EUR to SEK 2015-2020 (EUR 1 = 9.97 SEK)

Covid-19 impact and E-commerce growth

Comments

1. **Large furniture distribution companies** have been the most impacted by the Covid-19 with over 10% decline in the activity and turnover for this segment. Aside from the closure of the stores during several months, these companies faced inventory issues and lost customers to both specialist- and more high-end stores
2. **Specialty stores** have been able to limit the decline in activity in 2020, helped by the desire of French consumers to move upmarket. Sales fell by 2% but overall results are positive
3. **DIY superstores** have recorded a growth of almost 3% in 2020. During the lockdown, French households launched home improvement projects and the traffic in DIY departments benefitted their furniture segments. It should also be noted that large DIY stores remained open during the second lockdown while the competition, all stores not selling essential goods, was closed
4. **High/mid-range furniture** brands are benefiting from the desire of many consumers to move upmarket. The circuit fell a little more than 5% in value over the year but will have recorded double-digit growth in its two major markets (furniture and upholstered seats) between the two lockdown periods
5. **E-commerce** brands are recording the largest growth of +6.5%. Online sales were already increasing in France pre-Covid-19, particularly with regards to padded seats and bedding, and the two periods of lockdown have increased sales drastically. However, online sales have not been spared from inventory problems as some sites rely heavily on imports for their furniture offers
6. **Other channels** (supermarkets, discount shops, etc.) showed a poor performance in 2020. In particular, large food supermarkets, which remained open during Covid-19, focused on essential goods rather than furniture due to selling restrictions on non-essential goods

Turnover of the furniture industry for domestic customers by distribution channel in SEK Bn (2020)



	1	2	3	4	5	6
Market share	38.2%	24.4%	14.0%	10.8%	8.1%	4.5%
Examples	alinea, BUT, Conforama	Cuisine Plus, Maison de la Literie, Janijura	Brico Marché, Mr.Bricolage, Leroy Merlin	ligne roset, Mobilier de France, roche bobois	amazon, camif, MADE.COM	Action, Centrakor, GiFi
Δ 2019 / 2020	-10.4%	-2.1%	+2.8%	-5.2%	+6.5%	-7.7%

Source: Business Sweden Research, Ameublement francais, Eurostat, CSIL

Customer and product categories

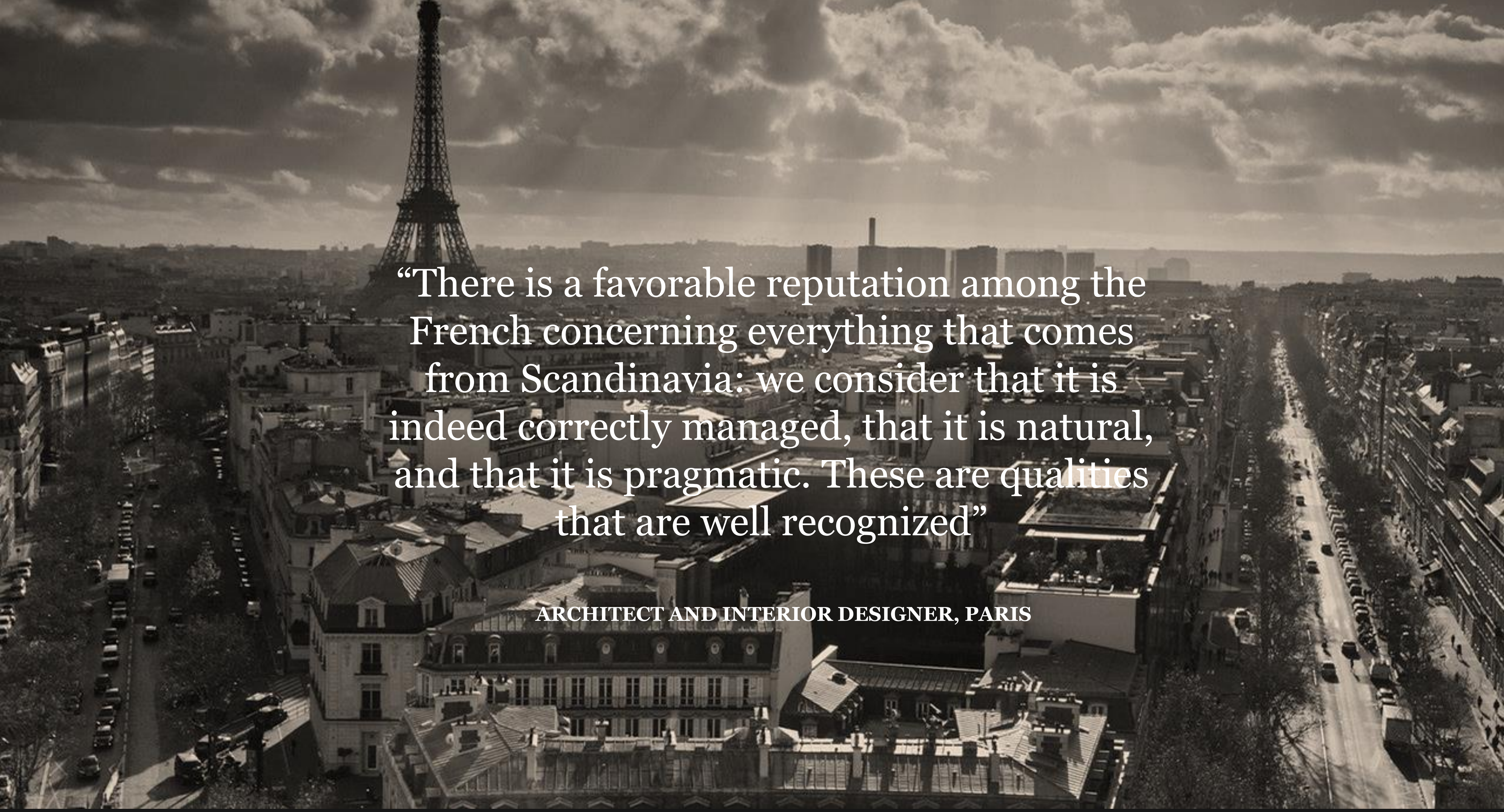
Source: Business Sweden Research, France Collectivités

“Mass market often refers to premier equipement (first equipment) for residential customers. E.g., furniture used when a person or couple is moving in to an apartment”

AMEUBLEMENT FRANCAIS

General takeaways from the competitive environment in France

- **Market overview:** Whilst being dominated by ca. 40 large manufacturers, the market remains highly fragmented and in particular the B2C market
- **Mass market:** more than 50% is dominated by IKEA, But and Conforama, while large retail distributors have faced tough times during Covid-19 closures
- **Mid-quality products:** the demand is declining
- **Mid-towards high-end market:** has been facing customer demand to move up-market, in particular for specialty stores. Kitchen furniture (Schmidt, Fournier, Perenne) has, for example, experienced a good rebound during the Covid-19 pandemic
- **DIY products:** belong to a prolific specialized sub-segments with a good rebound during Covid-19. Stores remained open during lockdowns, so long-term effect to-be-determined
- **Office furniture**: has faced very tough times. There is more demand for adaptable objects that suit both home and office environments
- **E-commerce** (Amazon, Cdiscount, La Redoute): has been growing massively during Covid-19. Long term effects of the dependence of digital purchasing will await the re-opening of stores. It has, however, remained heavily on foreign inventory with (often) weeks of waiting



“There is a favorable reputation among the French concerning everything that comes from Scandinavia: we consider that it is indeed correctly managed, that it is natural, and that it is pragmatic. These are qualities that are well recognized”

ARCHITECT AND INTERIOR DESIGNER, PARIS

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BUSINESS SWEDEN
THE SWEDISH TRADE & INVEST COUNCIL

"The architect designs, the designer adds volume. Each year, 40,000 fitting operations are carried out in France (e.g., fitting out of shops, offices, hospitals and even private homes)"

AMEUBLEMENT FRANÇAIS

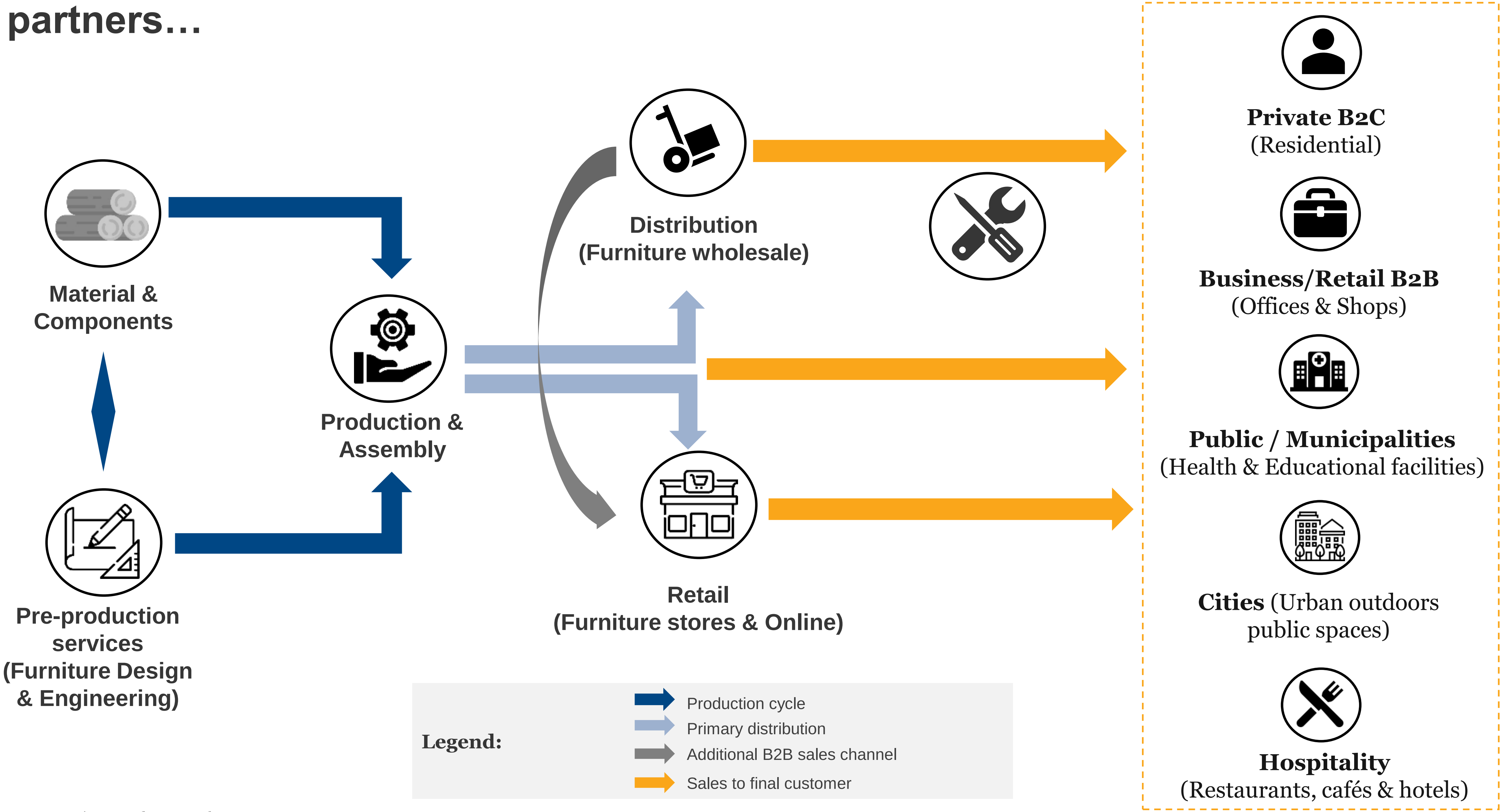
Stakeholders involved in the sales process will depend on service needs and the identified end user

	Description	Importation	Warehousing	Distribution	Sales	Marketing
RETAILER (IN-STORE & ONLINE)	*Purchase products from manufacturers which they sell under the original brand or White Label. Market and sell furniture to final users in retail stores*	✔	✔	✔	✔	✔
SALES AGENT	*Sell furniture to final clients or intermediaries for a commission. They often have strong retailer networks and contact with manufacturers. Especially beneficial for new brands on the market since the agents' connections can be utilised*	✘	✘	✘	✔	✔
3RD PARTY LOGISTICS PROVIDER	*Offer storage and distribution solutions, especially common for brands which have recently started their own web shop. Some offer importing services. No sales or marketing*	(✔)	✔	✔	✘	✘
INTERIOR ARCHITECT / SPACE PLANNER	*Act as intermediary between clients (public or private) and furniture suppliers (manufacturers or distributors). Will sometimes charge a commission on the furniture they select. Takes charge of the fitting of the furniture*	(✔)	✘	✘	✔	✘
DISTRIBUTOR (WHOLESALE)	*Sell products for a mark-up to retailers, often using online-based stores. Niched distributors can offer importation services and some sales. Can offer advisory services*	✔	✔	✔	✔	(✔)

✔ Typical service offered   (✔) Service sometimes offered   ✘ Service not offered

Source: Business Sweden Research

A traditional approach to selling furniture requiring the participation of several partners…



Source: Business Sweden Research

…but for which procurement methods and stakeholders differ significantly

Architects and Interior designers
- Are central in the purchasing of furniture (mainly for larger projects). Direct contact and relationships with the manufacturers

Social circle
- "Soft" recommendation to end-users

Space Planners
- Organize complex project where many actors/consultants participate

Ministry of ecological transition
- Maintains & develops the green regulation that has a direct impact on furniture production

Commercial publishers/ designers
- Design furniture but do not manufacture themselves. Very developed in France (works a lot with MEDEF)

Furniture Manufacturers

Consultants
- Advisory services to large groups, may also refer to known manufacturers

Furniture brokers
- Direct buyer with contact and relationship with manufacturers, architects, & clients

Purchasing departments
- Key relationship for furniture manufacturers as they will include the known suppliers in the tenders

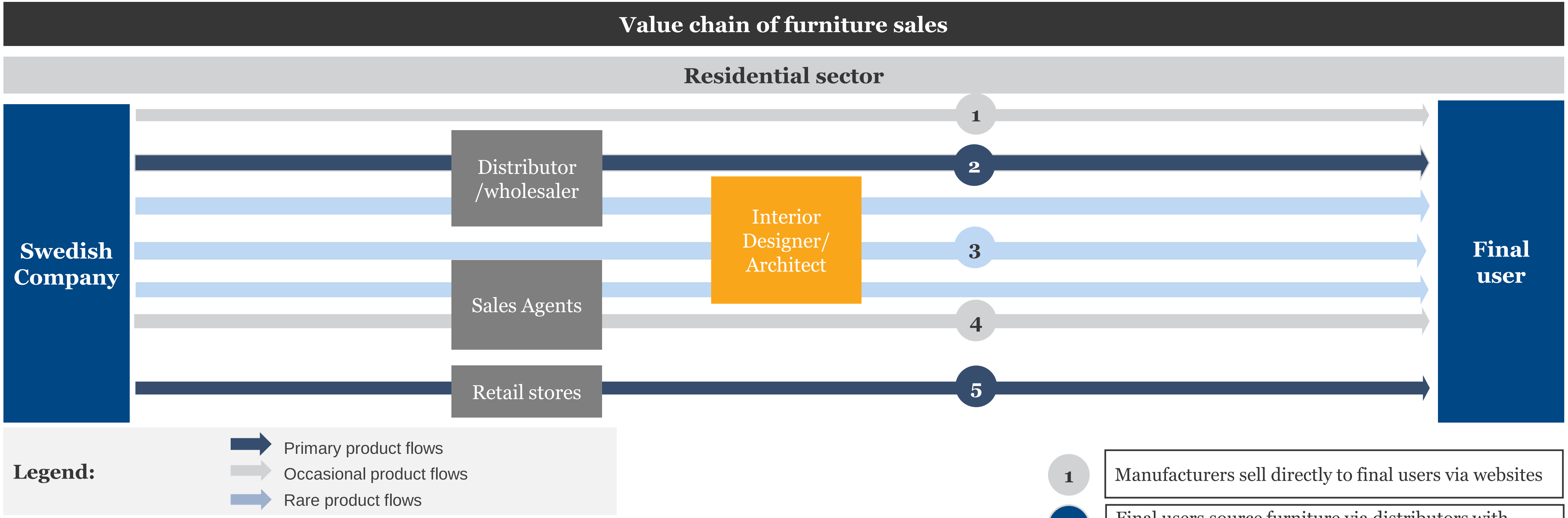
Online platforms
- Creates price pressure for B2C

Industry organizations
- Promotion, certification and testing

End-users
- Direct buyers of residential furniture from retail shops, wholesale distributors or even furniture manufacturers

Source: Business Sweden Research

For residential customers, the sale process is straightforward with most homes buying furniture from retail stores and wholesale distributors



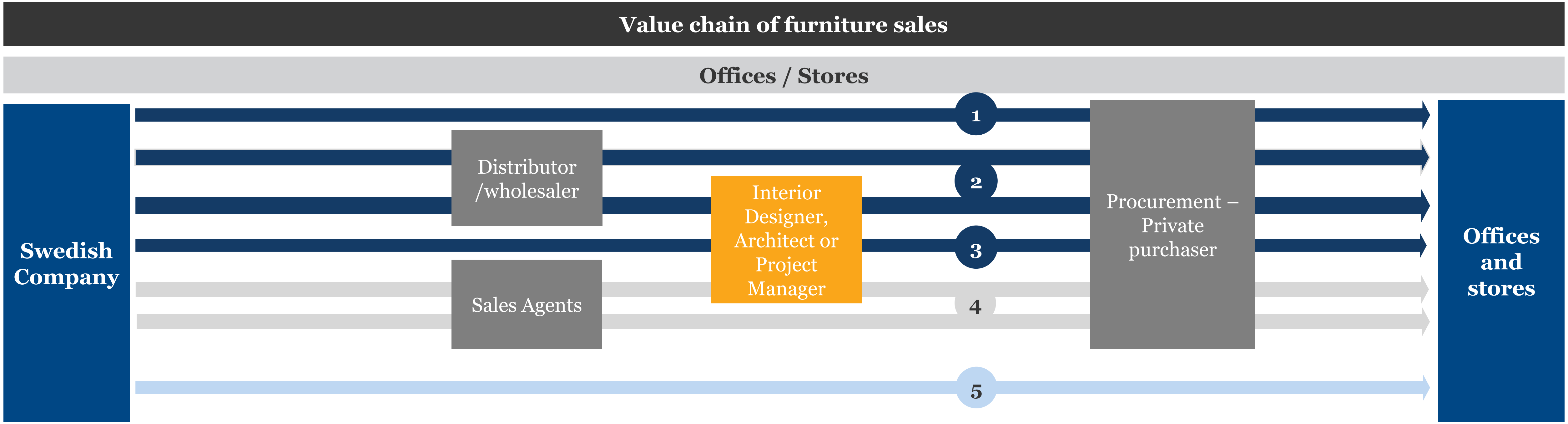
1	Manufacturers sell directly to final users via websites
2	Final users source furniture via distributors with access to various brands and logistics solutions
3	Projects for high-end clients can involve an interior designer, that plans and purchases furnishings from an intermediary, or directly from the manufacturer
4	Sales agents are used as intermediaries to market Swedish companies. They can provide the customer with selected product brands
5	Direct sales to final users through retail stores

Key insights from interviews:

- Residential homes generally buy directly from retail stores (in-store or online) or from wholesale distributors
- Manufacturers can also sell directly via their own website, but that requires their brand to be known and to have the right logistics processes in place
- Swedish companies may also go through intermediaries as sales agent, who will market their products for them
- Interior designers/Architects can be hired to take charge of residential home projects with higher budgets. They may use tenders to have different options available

Source: Business Sweden Research

For offices and stores, sales are mostly done via intermediaries or interior designers



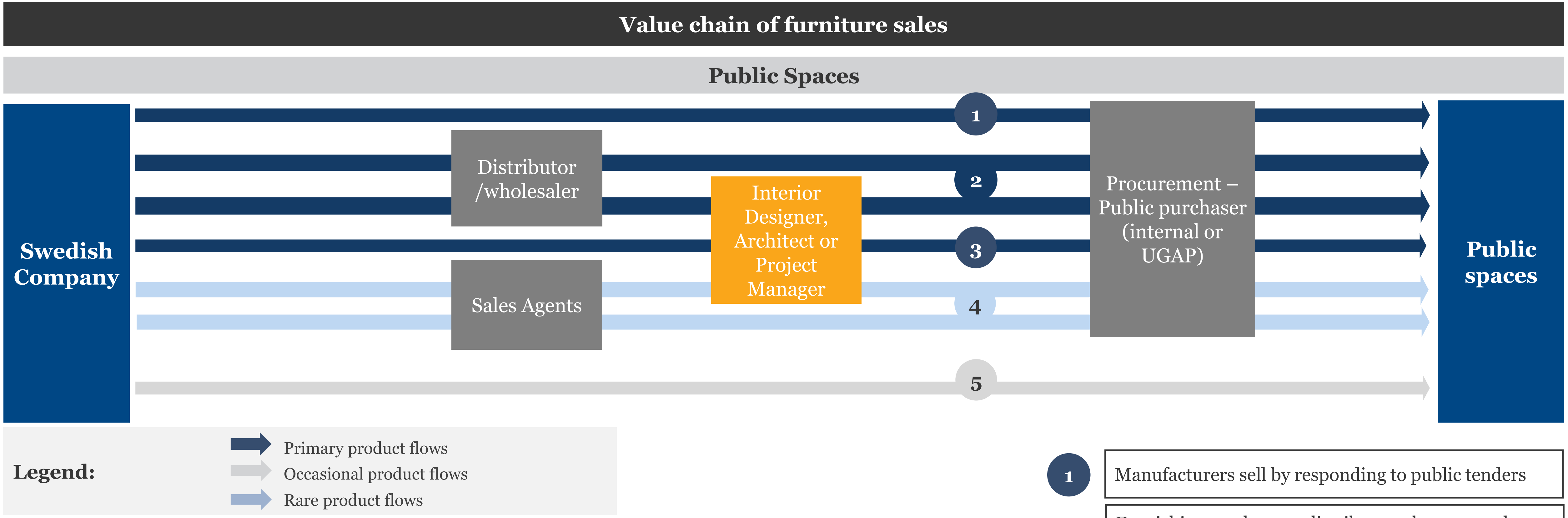
Legend:
- Primary product flows
- Occasional product flows
- Rare product flows

Key insights from interviews:
- For small 1-store only: furniture is purchased by an intermediary
- For stores with more than one location, they will go through an interior designer or intermediary
- Most companies have framework agreements with distributors or manufacturers of furniture
- Firms have tenders to source interior designers/architects/project managers, and to purchase furniture

1. Manufacturers sell to firms' purchasing departments (via tenders or framework agreements)
2. Furnishing products to distributors that respond to firms' tenders. Interior architects can also be involved in the purchasing process
3. Large projects involve an interior designer/architect that will plan the project and buy furniture from an intermediary, or directly from the manufacturer
4. Sales agents can also be hired as intermediaries to source Swedish companies' products, directly to
5. Direct sales to buyer without answering to tenders

Source: Business Sweden Research

For public spaces, furniture producers would reach end-clients by public purchasers, with or without answering to public tenders



1. Manufacturers sell by responding to public tenders
2. Furnishing products to distributors that respond to public tenders. Architects can be involved before the public purchaser
3. Large projects involve an interior designer that will plan and purchase the furnishings
4. Sales agents are used as intermediaries to market Swedish companies' products, either to interior designers or public purchasers
5. Direct sales to buyer without answering to tenders

Key insights from interviews:

- Public purchasers often prefer purchasing from, and having direct contact with, manufacturers
- For large projects, they will generally be planned by an interior designer/architect
- They may also source furniture from distributors/sales professionals
- Procurement departments are required to go through tenders if they pass the SEK 410k threshold
- From SEK 1.4 Mn for the government and its establishments, the public purchaser must comply with a formalized procedure: call for tenders, competitive procedure (with negotiation), competitive dialogue, etc.

Source: Business Sweden Research

French public procurement codes comply to EU regulations

- **Regarding public procurement codes, there is no negotiation possible**. In France, these comply to EU regulations which are consolidated in the French "*Code de la commande publique*" (link)
  - The French Association for Public purchasing and Ameublement francais have launched the Public Furniture Purchasing Charter, explaining "good practices" (link)
- Local authorities are not subject to public rules when purchasing under the threshold of SEK ~400 k.
  - In other cases, they would need to purchase through public tenders
- **A public tender is often made up of mandatory and optional offers.** Suppliers can answer to mandatory, or to both mandatory and optional offers (preferred by the purchaser). E.g., the mandatory offer is 100 chairs with an option to also respond to 50 desks
- **The main criteria for tenders are:**
  - Price (often the most important criteria)
  - Technical merit (e.g., quality of the product, country of origin)
  - Environmental benchmark (e.g., material used, labels)

Foreign actors should be well-read on the French practices, and not hesitate to call the public purchaser to clarify any uncertainties

They should also focus on the quality of their customer service (in addition to the product), and documents need to be translated in French

"*As a supplier to be registered on the UGAP catalogue, the service must be of high quality, the documents must be in French and the company should always contact UGAP in case of any doubt. Especially for a foreign company, as 99% of suppliers for city/municipality furniture are French*"

Purchaser UGAP, Urban furniture

Source: Business Sweden Research, Ameublement français, Legifrance

Public buyers can be reached by various sales channels where tenders are not necessarily published at the same platform

To buy furniture, public buyers can:

- Have direct contact with manufacturers and search product in their catalogues
- Have framework agreements with a selection of furniture providers (distributors, wholesalers, manufacturers)
- Source furniture from distributors/sales professionals in industrial furnishing
  - For very large projects, the municipalities will generally call on architects and/or project managers to draft the projects and furnishings

Public tenders can be found via the website BOAMP

- It disseminates notices of public tenders launched by the State, the army, regions, departments, municipalities and their establishments
- In other cases, public tenders can be found at regions or cities' websites. In order to stay up-to-date with these publications, firms should establish contact with local administrators ("conseillers départementals")
- Mandatory to publish the public tender on BOAMP for all projects over SEK 900k

Selling to public entities is highly impacted by the local politics = their overall political orientation

- This will this determine how they e.g., prioritize the environmental/sustainably conditions
- Regions or counties with certain natural resources may prioritize related materials (as wood furniture)
- Others may have a focus on solidarity/social cohesion where they may ask that % of a company's workforce have been hired to support people in difficulty
- Favorable recycling conditions and the reuse of old furniture may also be demanded (trend)

Public buyers can be approached at:

1. Specialty shows ("salons")
   1. E.g., city-council salons
2. Organized demonstrations
3. At regional, county or city level
   1. Can be quite informal modes, as "speed dating" among purchasers and potential suppliers
4. Conferences:
   1. By sector of public procurement
   2. By theme (as "green spaces")

Events are often organized by:

1. Ameublement français
2. Chambers of commerce
3. Business federations (e.g., the FNB)
4. Professional organizations (incl. unions, associations)

CHAMBRE DE COMMERCE ET D'INDUSTRIE
1er ACCÉLÉRATEUR DES ENTREPRISES

Source: Business Sweden Research, IPEA, Businesscoot. *National interpretation of EU Building Directive (2010/31/EU EPBD)

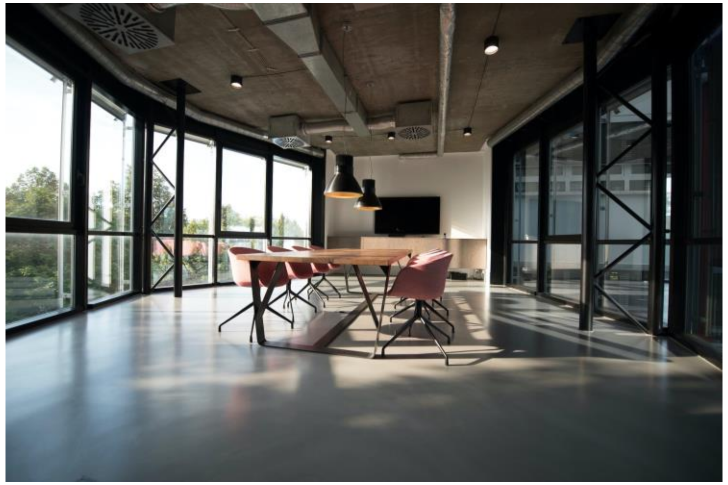
Businesses and stores turn to intermediaries where firm-size will determine the complexity of the sales process and numbers of actors involved

Market demand:

- Demand for offices focuses on quality, ergonomics (comfort), design and optimization, with a trend to move upmarket. Producers that insist on design, height-adjustable desks progress, ergonomic seats and executive chairs see positive demand (e.g., French elite producers: Caray, France bureau)
- Stores, on the other hand, will often demand tailored products to fit their layouts
- Sustainability is not necessarily important for manufacturers, as long as they must compete with foreign firms that do not have the same requirements (e.g., suppliers from China)
  - It may be important to their end clients, but they are not necessarily willing to pay more for it
  - For very large B2B customers which are constantly analysed on their environmental impact, it is important to provide investors with ambitious objectives. This is particularly true for companies that are listed on the stock exchange and must provide a yearly ESG report

Sales process:

- Larger businesses (e.g., actors as Carrefour, Chanel, L'Oreal) will generally, like public-owned firms, turn to tenders with the aim to sign "framework agreements" with a few furniture providers (distributors, manufacturers, etc) that will be the chosen supplier over a defined period (maximum 4 years)
  - Framework agreements can be very beneficial for both the customer and the supplier
  - Smaller businesses (e.g., independent 1-locations stores and boutiques) will rather turn directly to a distributors or sales agents and purchase on-demand



"*Swedish firms should invest in marketing, communications, and outreach to sell or collaborate with intermediary agencies*"

Furniture Agency, Paris

Source: Business Sweden Research, IPEA, Businesscoot

To enter the French market, Swedish firms should identify and source intermediaries that provide strong sales networks and online sales opportunities

Sales distribution:

- In recent years, there has been a trend towards re-intermediation in sales distribution. As for the case with small firms, manufacturers may not source their end client directly
  - Around 55% of manufacturers' total office sales were completed through intermediaries, against 45% for direct sales (2019)
- The office market is thus dominated by resellers (41%) with strong sales networks, while direct purchases from manufacturers (33%) have weakened. Mass retail sales (21%) and online sales (5%) share the remaining volume in the sales channels (2019)
- Among sales by large professional retailers, the weight of office furniture sales via the Internet reaches nearly a third of sales (passing the SEK 1 Bn mark)

Actors involved in the sales process:

- Depending on the size of the project and size of the business. Business and retail sales can involve intermediaries (distributors/resellers/sales agencies), manufacturers, service providers ("Tout corps d'état", TCE's: installing subcontractors) and interior designers/architects
  - Some agencies also take care of the services (TCE), entailing all the works, supervision and coordination of interventions in buildings
    - If Swedish firms do not have partners/intermediaries that handle this work, then they will not be able to sell to the end-client.
    - Partnerships with TCE firms, intermediaries as agencies, or other local actors taking part in the work is recommended

Services and planning advice during the sales process are trending and expected to grow

Resellers and intermediaries play important roles: they may search for products similar to what designers or final clients want and provide suggestions in different price ranges

Source: Business Sweden Research, IPEA, Businesscoot

The residential sector follow trends where social media and communication campaigns are important to attract interest and attention

- Innovative furniture, as convertible sofas and tables with several (sometimes changeable) functions, are demanded for consumers for space optimization
- Consumers want what is “trendy”. Marketing and French media exposure is essential to be “seen”
  - **9 / 10** French people relies on at least one source of influence to find their decorating ideas (2014)
  - In-store furnishing, and store catalogues are prime sources of influence
  - Online and social network presence, websites, marketing, sponsored ads, and influencers are other ways to reach consumer demand in the residential sector
- When selling online, the User Experience (UX) is important to optimize the customer journey from choosing furniture to purchasing methods and delivery options
  - Use an adapted (catalogue-friendly) site structure, invest in high-quality visuals and communication tools
  - If possible, manufacturers should offer a virtual application that dynamically can present the product (E.g., 3D graphic design and “Place” application by IKEA)

Consumers want to purchase enduring furniture that will last in the long run.
- 88% of French people pay attention to the lifespan of a piece of furniture

80% of consumers want sustainably friendly products/materials that are made in France
- 84% of French people pay attention to the materials used
- 82% want information on the manufacture of their furniture and its recyclability
- However, only ~30% are willing to pay more for it
- Consumers in certain cities (as Marseille) are also more price sensitive compared to cities as Paris

Source: Business Sweden Research, Forbes, Ipsos, Courrierdumeuble.fr, FSC

“*French consumers want what is trendy and they find this in magazines and social media*”

Interior Architect, Marseille

“*56% of French people find their decorative inspiration in stores*”

Market study, IPSOS

Architects serve as important intermediaries and point-of-contacts to projects

- Interior designers/architects serve as important gateways to the "*prescription market*": public places, office lobbies, restaurants, hotels, etc.
- They often take care of complete projects: from design to the installation of furniture. They may ask manufacturers to accompany them to make sure that the furniture is installed correctly
- In agreement with their end-clients, they will select furniture, place orders, and pay for it
- Architects can work direct with manufacturers/producers. They may also collaborate with distributors/intermediaries that disseminate magazines and sales catalogues where they can find inspiration for project designs
- They may, however, prefer working directly with manufacturers to avoid losing a margin from the commission charged by distributors
  - They maintain contact and relationships with the producers
  - Architects communicate amongst each other and can serve as good reference points as soon as contact is established

While Swedish companies can be in contact with the final client, e.g., an hotel owner, they should consider the architect as their main point-of-contact

If dialogues are taken with the client, it is common curtesy that the architect is "kept in the loop" as he/she is responsible for the project as a whole

"*Interior designers in France, both independent or agencies, generally take a commission on the furniture sold and at a first instance: this may come as shocking to foreign firms*"

Interior Architect, Paris

"*I do not often have time to take meetings or look at company product presentations. I find my inspiration in magazines that present new trends, which finally will be demanded by clients or consumers*"

Interior Architect, Marseille

Source: Business Sweden Research

When selling to architects, Swedish companies should maintain a personal approach

1) Initiate contact

- As a first step, invest time in understanding the style of the architect to evaluate potential interest
- Contact by email, follow up by phone. Make sure to have a booklet (in French) that presents your products
- Architects also like to network, visit trade fairs and show rooms to be inspired
- Invite to inspiring webinars where they can be intrigued to “hear more" by learning about companies’ creative processes
- Architects are often “on the move”. Do not expect to get a “last minute” meeting if that means that they would need to adjust to your trip to France (it is, rather, the other way around!)

2) First meeting

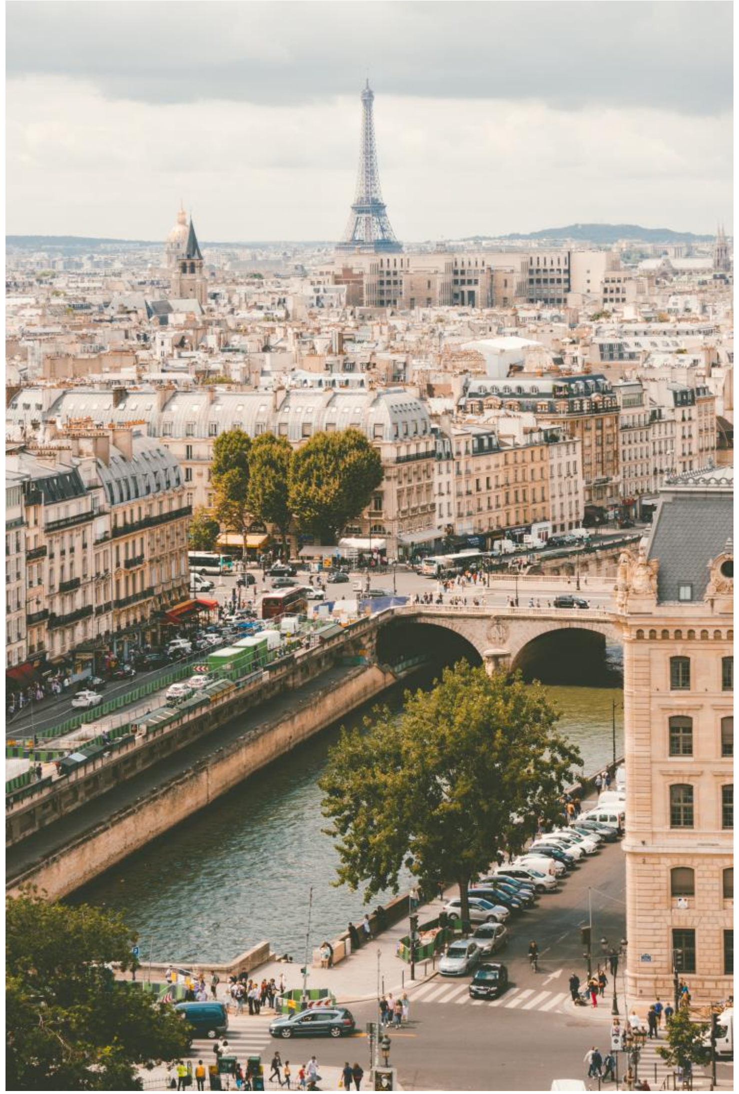
- Should not be too commercial: preferably over a lunch or a personal meeting
- See is as an opportunity where the architect can get to know you a bit better: who you are, how you work and the purpose of your company
- Finally, you can discuss business and show communications (as booklets) or smaller samples (as fabric/materials used)

3) Follow up

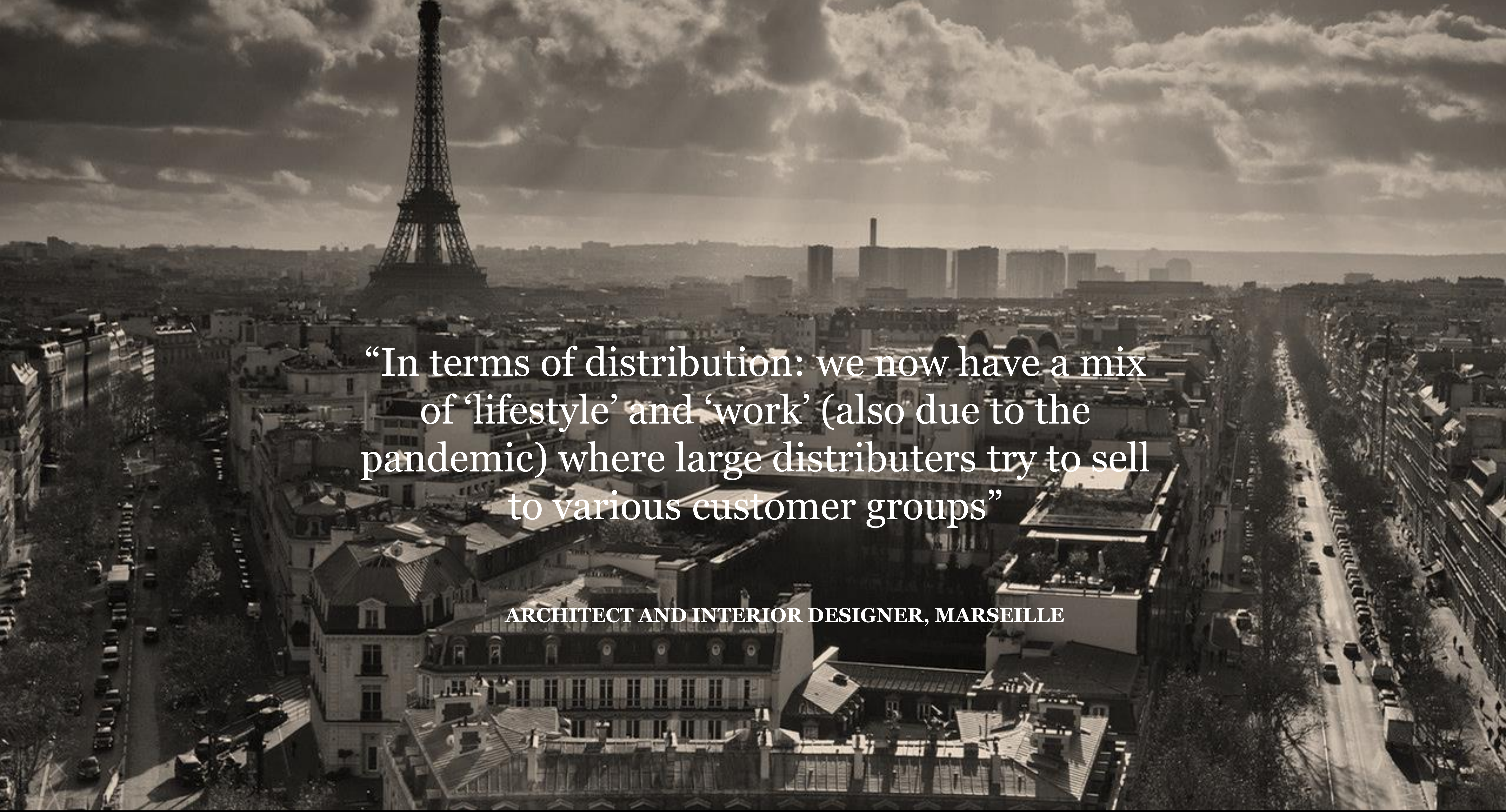
- Invite to an organized road show to exhibit products and production
  - It is important for architects to see how products are produced and to be able to closer examinate details/finishes
- Interior designers work with different departments of a company
  - This includes the sales representative but also marketing and production.
  - For them, understanding the ”whole package” of an organization is important

4) Sales

- Tenders (although informal for private sector) are often used in the last aspect of the sales process
- An architect would generally want (at least) 3 offers to choose between
- However, if they already have contact with a manufacturer, they may be inspired to use the products in their designs
- Already established trust helps facilitate the sales process and chances to win sales



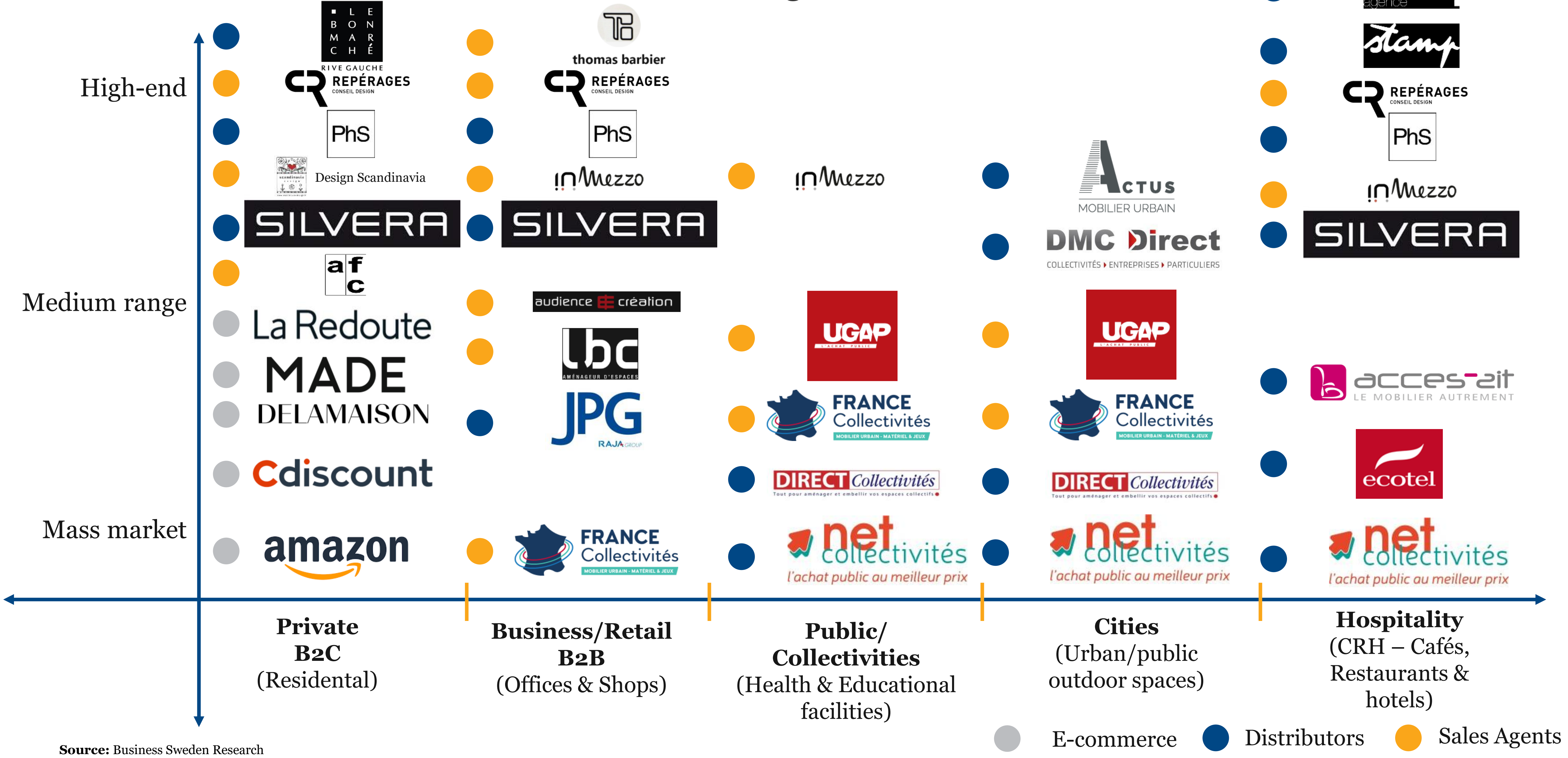
Source: Business Sweden Research



"In terms of distribution: we now have a mix of 'lifestyle' and 'work' (also due to the pandemic) where large distributers try to sell to various customer groups"

ARCHITECT AND INTERIOR DESIGNER, MARSEILLE

Wholesale distributors, selected sales agents and e-merchants



Source: Business Sweden Research

DISTRIBUTOR PROFILES

Distributor	Market presence	Target market segment	Sales channels (online/ physical)	Product range	Brand range	Price range	Website
SILVERA	France & International	Professionals (office, tertiary) and residential housing	13 Showrooms, Website (E-shop)	- Contemporary and design furniture: tables, chairs, shelves - Office layouts	500 French and Int. design brands	Medium-range	Link
PhS	France	Professionals (office, tertiary), residential housing	Wholesale: Showroom (Paris), Website	- Contemporary furniture: chairs, tables, outdoor furniture	8 FR and Int. luxury brands	High-end	Link
MADE.COM Different by Design	France and International	Residential housing	Wholesale: Showroom (Paris), Website (100% E-shop)	- Furniture, sofas, tables & beds	High-end Design and independent brands	Medium range	Link
La Redoute	France, UK, Russia, Switzerland, Belgium, Spain, Portugal	Professionals (office, tertiary), residential housing	Wholesale: Showroom (Paris), Website (100% E-shop)	- Furniture, home decor, linens, bedding	70% of its collections is created in-house	Medium range	Link

Source: Business Sweden Research, Company information: Silvera, Phs, Made.com, La Redoute

"Furniture planning remains a business of contacts, where real meetings are essential for a good understanding of projects, which will once again become the norm after the crisis. In other words, not everything is seen through a screen, we need meetings and exhibitions, to see and touch the products, the finishes, the types of wood, the materials"

AMEUBLEMENT FRANÇAIS

Relevant "Meeting points" to consider

- **Digital activities:**
  - Invite to webinars that present the products but also the conception. Should be from a creative perspective with an intellectual angle, not only commercial
- **Physical events:**
  - Trade fairs: to see and touch the products, finishes, types of wood, and materials
  - Road shows: select targeted customer groups (as architects) and organize a program that involves both networking and product/production exhibitions. Can be organized together by several producers together, but max 2-3 days
  - Expositions/show rooms: "salons", e.g., in *Paris, Nice and Nantes* to have a place to show products and materials. Can be organized locally by both public and private actors
- **New trends emerged due to Covid**
  - E-services (3D Virtual Design) to facilitate customer/agency conceptions, showing details as depth and light in various applications
    - Suppliers offering online services for custom-cut, furniture body design where architects or agencies can communicate directly with manufacturers

Exhibitions and events connected to the furniture industry

MAISON&OBJET

Recurring date: 9 - 13 Sept, 2021
Location: Paris, Parc des Expositions de Paris Nord
Focus: Home and accessory objects
Website

WORKSPACE expo

Recurring date: 5 - 7 Oct, 2021
Location: Paris, Porte de Versailles
Focus: trade fair for furniture, design, and workspace layout
Website

esprit Meuble PARIS – LE RDV INTERNATIONAL DES PROFESSIONNELS DE L'AMEUBLEMENT

Recurring date: 20 - 23 Nov, 2021
Location: Paris, Porte de Versailles
Focus: 4-sector trade fair for furniture professionals (industrialists)
Website

FOIRE DE PARIS – DU 28 AVRIL AU 09 MAI 2022 – PARIS EXPO PORTE DE VERSAILLES – #FOIREDEPARIS

Recurring date: 28 April - 9 May, 2022
Location: Paris, Porte de Versailles
Focus: Furniture and decorations
Website

SALON DU mobilier

Recurring date: 28 - 30 Mar, (TBA)
Location: Nantes, Parc des expositions
Focus: Professional furniture fair
Website

foire internationale bordeaux

Recurring date: 6 – 14 Nov, 2021
Location: Bordeaux, Parc des expositions
Focus: Furniture
Website

Source: Business Sweden Research, Courrier du meuble

The tender process in the private market is not mandatory but often used, except for B2C customers

Private Customers

- Tenders are not mandatory for private customers, but may be used more often than not, depending on the customer group:
  - B2C: very rare (if so, generally informal)
  - B2B: happens but mostly at the discretion of the interior designer or the architect
  - Hospitality: very often, published by the purchasing department

Public customers

- For all public customers (e.g., hospitals, police stations, elderly homes, nurseries, schools) tenders are mandatory
- The results of all tenders in France are published, which ensures that the best supplier is chosen and that there is no fraud
- In order to increase efficiency, there is no need to proceed with a formal public tender for all orders under €40,000 (since Jan 2020)
- From €40,000 to €90,000, tenders are mandatory but at the discretion of the purchaser. No need to market the tender
- From €90,000 to €139,000, marketing is mandatory. Publication on the BOAMP or another journal that publishes public tenders
- From €139,000, fully formal procedure is mandatory: marketing, competitive tender, negotiation, publication of the results

Source: Business Sweden Research, French Government

French companies follow a clearly defined tender process

Only public actors in France have to abide by a strict and detailed tender process regulations
Some private actors use tenders for larger contracts but do not need to apply the lengthy public procedures

Who?

- **Public actors** - Subject to principles set by law: freedom of access to public procurement, equal treatment of candidates, transparency. Purchasers must comply with different procedures depending on the estimated value of the order and the nature of the contract (works, supply, or services)
- **Private actors** - There is no legislation imposing the need for tenders in the private sector. Nonetheless, they are often used for larger B2B contracts

What?

A distinction is made between 3 types of goods and services:

Construction	Supply work and services	Social services & specific projects
Construction, maintenance or removal of a building or structure	*Procurement of goods and services*	*Tenders related to social security, religion, penitentiary structures, etc.*

How?

Tenders are published in daily newspapers but also in special tender papers as well as several online tender forums.
Some online platforms combine tenders from hundreds of sources (e.g., francemarchés.com)

francemarchés.com TOUS LES JOURS, TOUS LES MARCHÉS PUBLICS
BOAMP.fr Bulletin officiel des annonces des marchés publics
LACENTRALEDESMARCHÉS.COM Votre prochain marché est ici

- Since January 2020, public purchasers can negotiate with suppliers directly without the need for advertising or competitive bidding ("Fast Procedure"). No need to proceed with a formal public tender

40,000€

- All tender processes have to be digital. Tenders are mandatory but at the discretion of the purchaser

90,000€

- Purchasers can use the fast procedure for school furniture. Over €90,000, marketing of the tender becomes mandatory. Publication on the BOAMP (official journal for public tenders) or another journal that publishes tenders. These rules are part of the "Adapted Procedure"

139,000€

- Formalised procedure becomes mandatory for the government and public establishments

214,000€

- Formalised procedure becomes mandatory for municipalities and health establishments

428,000€

- Formalised procedure becomes mandatory for public purchasers in companies handling distribution and transmission of networks (electricity, gas, water, etc.)

Source: French Government, BOAMP, Francemarchés

Framework agreements for purchasing can be used by both public and private entities, but mainly by very large actors

- The framework agreement is a procurement planning instrument, which is a contract by which the public or private purchaser undertakes to enter into contracts with the holder(s) of the agreement, for a given period and for defined benefits. These markets are called subsequent contracts of the framework agreement
- The duration of framework agreements may not exceed four years for contracting authorities and eight years for contracting entities, except in exceptional cases duly justified, in particular by their object or by the fact that their execution requires investments depreciable over a period of time
- These agreements are complex and include a large range of rules and obligations for both parties
- Framework agreements are very often used by public entities and very large companies as it has several benefits:
    - Much faster response time from suppliers
    - Low procedure costs and long-term visibility on prices, that otherwise are volatile
    - For suppliers, it allows a guaranteed number of orders over a long period of time

Both distributors and manufacturers have framework agreements with large entities for the supply of furniture, but Swedish manufacturers should focus on distributors and wholesalers in order to benefit from the pre-existing contracts

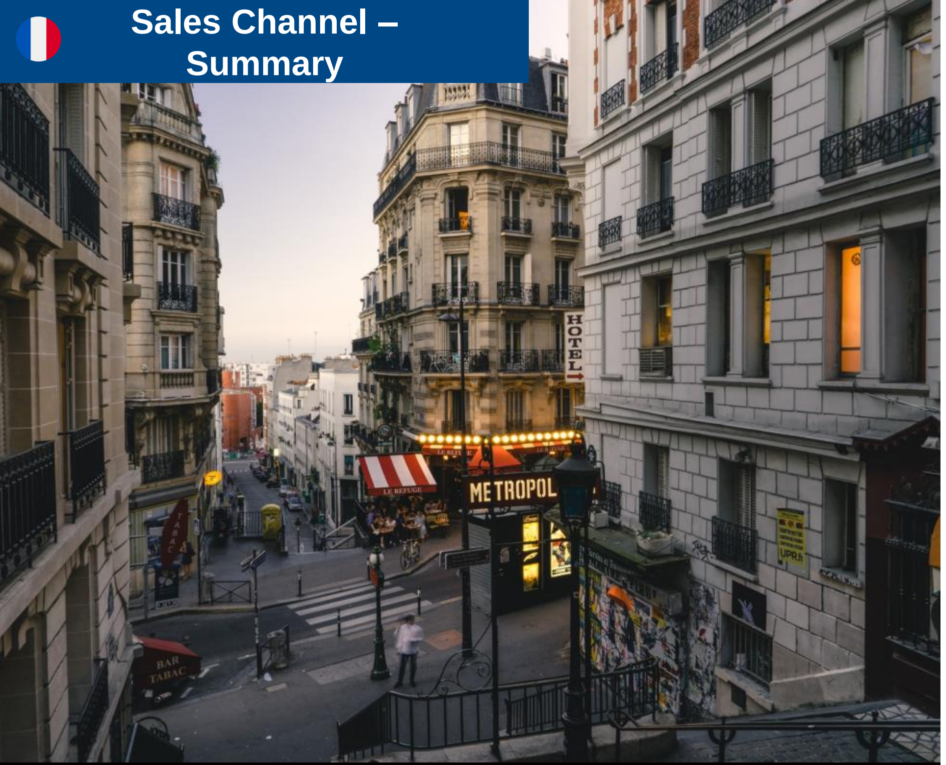
The most important criteria in these contracts are the lifespan of the furniture, the environmental quality and the price, but there are other criteria such as acoustics, health, hygiene

Previously, the purchasing department used to handle the framework agreements alone as it was mostly a pricing issue, but now other departments such as Real Estate, ESG, etc. are getting involved

"Most companies have framework agreements with furniture distributors or manufacturers. For these companies, being part of this type of agreement is extremely lucrative"

Director Innovation and Workplace Environment, Orange

Source: Business Sweden Research



"Active market presence, whether digitally (communications, social media) or in person (trade shows, conferences) is essential to stay relevant to multiple consumer segments"

INTERIOR ARCHITECT, PARIS

General takeaways from the sales process

- **To reach the private "prescription" market, Swedish manufacturers should target:**
  - Architects and distributors/sales agents for larger projects (public and private)
  - Distributors/sales agents for smaller projects (private)
- **Public entities have more rigid demands**: depending on the size and cost of the project, Swedish companies may need to pass by tenders, where different marketing necessities apply:
  - Swedish companies should monitor the platform BOAMP to stay up-to-date with tenders (apply to projects >SEK 900k)
  - For other projects, they can also invest in out-reach to local administrators to be updated on where and when upcoming tenders will be posted
  - Identify regions or cities' political agendas, as their sustainability focus may translate into requirements or preferences when they purchase furniture
- **Larger companies also have tenders:** they may, for example, contract their furniture supply for a maximum of 4 years (through the use of framework agreements)
- **Swedish companies can invest in communication and social media:** this will help them attract both the residential and private prescription market segments
  - Consumer demand is built around what can be found in catalogues, magazines and social media
- **Local market presence in France is important:** in particular, to reach interior architects and public buyers who network and get inspired by trade shows, showrooms and conferences
  - Swedish companies may also need local partners that can help with installations if an architect is not present
- **Distributors and sales agents:** are important sales channels for all customer segments mentioned

Agenda

- Summary
- Country capabilities
- Sales of furniture
- **Requirements to compete**
- Recommendations
- Appendix

Sustainability trends in France focus on innovative design, locally produced goods and the sales boost of wood products

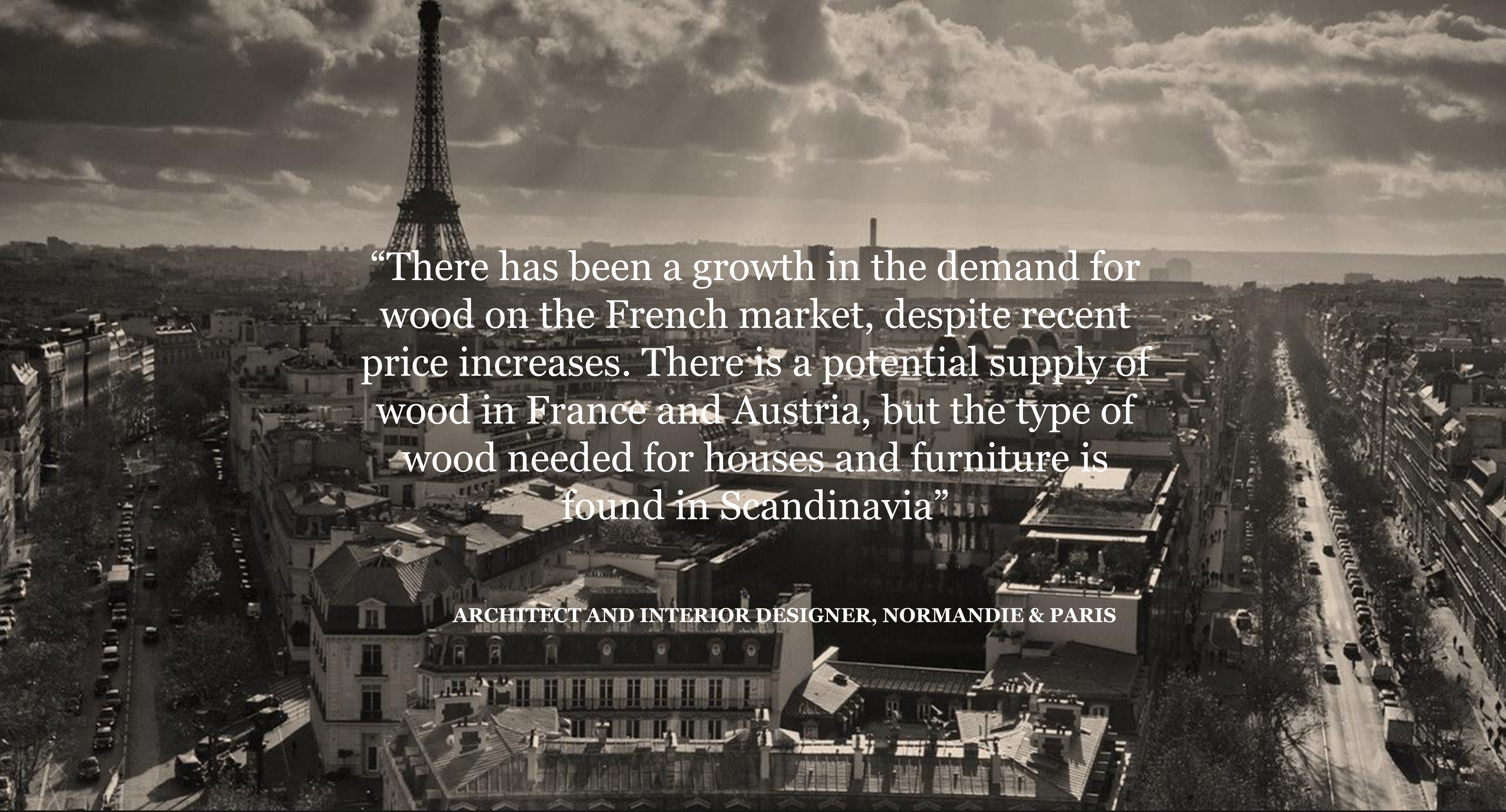
Sustainability Trends

- **Increase in the demand for products made in France (short-circuits)**
  - Trend that was highly boosted by the pandemic and supported by:
    - "Made in France" label
    - "Consume local" initiatives (promoted by the French regions) both economic and social cohesions benefits
  - There is a cultural shift in price sensitivity: the older generation of French consumers are willing to pay slightly more to support local companies, while younger consumers are more likely to be influenced by affordability

- **Increase the use of wood**:
  - France has always been a consumer of wood, with a historically important framing sector
  - Very high demand for wood in the furniture sector, specifically in the residential customer segment
  - A survey showed 35% participants declared wanting to redesign their home during the pandemic, so it is likely that we will see this demand for wood continue from residential customers

- **Eco-design:**
  - Particularly promoted by eco-participation scales that encourage manufacturers to turn more towards eco-design
  - Products composed of more than 75% of selected materials (without disrupting recycling processes) can benefit from a lower eco-participation
  - Recycling & Upcycling (recycling "from the top"): innovative start-ups collaborate with industry to collect and transform materials or products that are no longer used into something useful of higher quality

Source: Business Sweden Research, Eco-mobilier, Ademe, Euromonitor International, La Croix



“There has been a growth in the demand for wood on the French market, despite recent price increases. There is a potential supply of wood in France and Austria, but the type of wood needed for houses and furniture is found in Scandinavia”

ARCHITECT AND INTERIOR DESIGNER, NORMANDIE & PARIS

Upcycling is a trend that is supported by legislation and a new generation of buyers

- Used furniture represents 10% of the French market
- Ameublement français funded the **Club UPER** with the goal to join the actors in circular economies, social and environmental responsibility (CSR) and design
  - Its mission is to structure and help the development of upcycling companies within a strong collective
  - Upcoming actions: company catalogue, joint meetings, professional trainings, R&D, label coordination etc.
- **Examples of Ameublement français' member companies that work with this trend:**

Working Internationally

Source: Ameublement français

NOMA EDITIONS

noma

Product information/Unique Selling Proposition (USP)

Sofas, upholstered armchairs, seats, furniture and other decoration/accessories with sustainable friendly design

Online — Physical

National — International

Eco-design and upcycling. Favors the use of recycled and bio-based materials.

Using Life cycle analysis (LCA) and eco-design

Origin: France

Website: link

Sales Channels: online store or direct sales

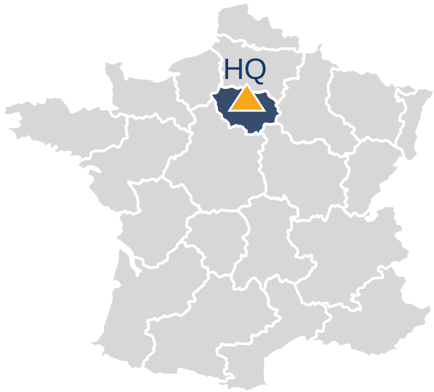
High-end/luxury brand

Production: in France & Belgium

Environmental French Code (art. L541-1)
European directive (2009/125)
Eco-Participation

MARKET PRESENCE

Export zones: EU and Switzerland



2

EMPLOYEES

NA

TURNOVER - MILLION SEK

Source: Ameublement Français. NOMA Editions. Data from own website.

DIZY Design

Designs eco-responsible furniture

The furniture can be dismantled and it is transposable to be transformed into new furniture

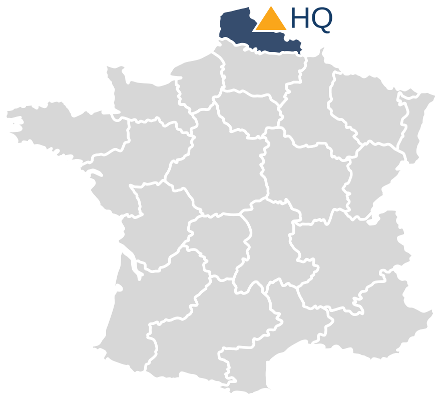
Origin: France

Website: link

Sales Channels: online store or direct sales

MARKET PRESENCE

Export zones: France & EU Union (with limitations)



60

EMPLOYEES

20

TURNOVER - MILLION SEK

DATA FROM 2019

Product information/Unique selling Proposition (USP)

Sustainable friendly desks, tables and shelves that can be used for multiple purposes

Online — Physical

National — International

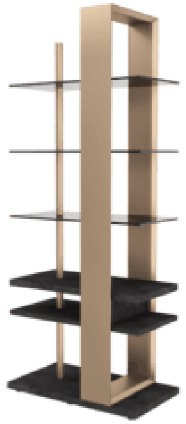
Start-up brand

Production: in France

Only materials that are 100% from the circular economy

Source: Ameublement Français. DIZY Design. Data from societe.com

Gautier



Meublez, Vivez

Product information/Unique selling Proposition (USP)

Desks, tables and shelves made in France

Online — Physical

National — International

Medium/high end brand

Production: in France

Aims to use a full-cycle by using recycled wood, recycled/recovered wood and final transport

Promoters of local production "Made in France"

Produces with short-circuits to preserve resources by using materials from local forests (>300km distance) or recycled wood. Certain production sites use renewable energies (as wood boilers)

Origin: France

Website: link

Sales Channels: online store or sales from their own retail stores

MARKET PRESENCE

Export zones: France, French Islands and Canada. Stores and resellers in Africa and Asia

750

EMPLOYEES

1,1

TURNOVER - BN SEK

DATA FROM 2017

Source: Ameublement Français. Gautier. Data from societe.com

French organisations promoting sustainability trends

French Competitiveness cluster: Eco-design

- The national centre on eco-design and life-cycle performance analysis
- Website

CD2E: Accelerator for Eco-transition

- Supports businesses and communities in developing their expertise and projects that can promote eco-transition
- E.g., with eco-design, life cycle analysis, and environmental and health declaration sheets
- Website

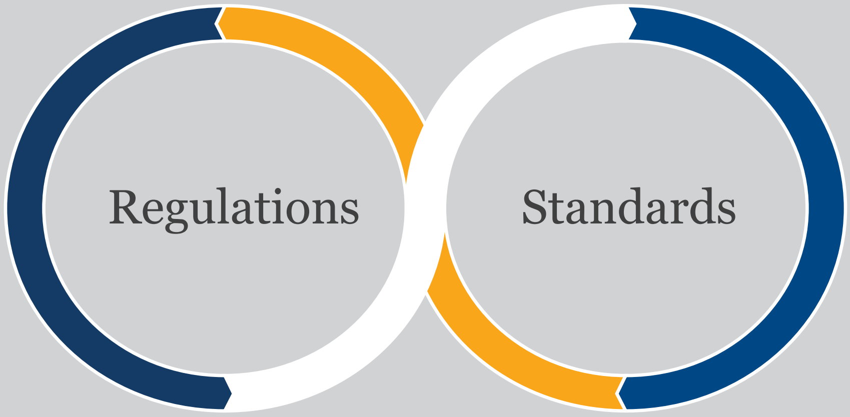
Valdelia: circular economies from MPSs

- Eco-organization with the mission to collect and recycle waste of non-household furnishing items
- Contributes to the establishment of a circular economy that capitalizes on recycling, reuse, reuse and eco-design from so-called Secondary Raw Materials (MPS)
- Website

Eco-Mobilier: recycling organization

- Eco-organization in charge of collecting, sorting, recycling and recovering used furniture, mattresses and bedding
- Eco-Mobilier also supports the marketers of eco-design furniture, in particular to take into account the reuse and recycling of products
- Website

The market and sustainability frameworks in France are built around compulsory regulations and optional standards



- In France, the regulatory framework is built around having **regulations**, which are compulsory, and **standards**, which are optional
- **The private sector** is free to choose what standards they want to follow, which generally is determined in function of the preferences of the final client
- **The public sector** is more demanding: it is bureaucratic and more regulated. In addition to the non-voluntary requirements as fire compliance, they may require that products fulfill certain standards regarding accessibility or environmental impacts

Source: Business Sweden Research

Environmental regulations and standards promoting sustainable practices focus on eco-design and circular economies

Environmental Eco-contribution
Regulation=compulsory

- Since 2013, a very important cost has been put in place to ensure a more ecological impact of furniture, the participation is shown on the products
- Applied to: new furniture and bedding
- Purpose: used to finance the collection, sorting and recycling when they reach the end of their life. Waste from furniture amounts to ~2M tons, of which 80% comes from individuals
- Amount: depends on the weight, size and volume (national scale link)
  - €20c for a chair, €1,5 for a table, €4 for a mattress, €18 for a large closet

AGEC Law
Regulation=compulsory

- The anti-waste law for a circular economy programs a yearly gradual ban of disposable plastic objects, with the objective of achieving zero single-use plastic by 2040
- Very important law according to French organizations. It supports the deployment of environmental labelling to encourage companies to eco-design

Life-cycle analysis
Standard=optional

- Method used for the purposes of eco-design or communication purposes
- Assessments: ISO 14040/14031 standards and the organizations environmental footprint

Source: Business Sweden Research, Eco-mobilier, Ademe

A wide range of national and local environmental standards specific to wooden products are present

PEFC Certification
Standard=optional

- Certification affixed to all products using raw materials from forests (e.g., paper, wood)
- Guarantees that a product bearing the PEFC mark is part of a responsible approach to sustainable forest management

FSC Certification
Standard=optional

- Environmental label by the Forest Stewardship Council (FSC) with the aim to ensure that the production of wood or wood-based products complies with the procedures that guarantee sustainable forest management
- Helps meet growing consumer demand of more sustainable product- and forest management, and the traceability of materials used

Other certifications related to wooden products

- Bois de France: brand that is marked on the products coming from French forests, transformed and assembled in France
- Regional certifications such as Bois des Alpes, Bois Qualité Savoie, Bois Sud de France, Bois des territoires du Massif Central seek to promote the goods from the region and boost the circular economy and local economy

Source: Business Sweden Research, National federation of wood, Eco-mobilier, Ademe, Woodia

"1 out of 1000 will ask about where the furniture come from and environmental aspects. They say that it is important, but when hearing the price of buying from a local manufacturer, they generally change their mind and accept furniture even of its not made in France or transported in a sustainable manner"

FURNITURE AGENCY, PARIS

Market requirements depends on various elements, both regulatory and demand-based

Market requirements are based on:

The <u>type and functionality</u> of the product

- For example, the size of the furniture

The <u>final end-user</u>: where the product destined to be used

- For instance for nurseries, the product has to respect specific regulations adapted to the children (NF certification)

The <u>location</u> where the product was produced

- France, EU or outside

The <u>material used</u> for the product: EU/FR/non EU

- Not harmonized policies at the EU level
- The RBUE (Réglement sur le Bois de l'Union Européenne) has the objective to remove wood and derived products from illegal harvest from the collective wood market. In place since 2013

Source: Business Sweden Research, Ministry for the Economy and Finance, Ministry for Agriculture

Market requirements of furniture include specific rules related to fire compliance and planned obsolesce

FURNITURE REQUIREMENTS: REGULATIONS (NON-VOLUNTARY)

European Commission (EC):

- *General product safety* link

France (FR):

- *General safety requirements (French Consumer Code)* link
    - Specific regulations apply to deck chairs, high beds and bedding items
- *Fire compliance (can be compared to the European classification "Euroclasses")* link
    - The interior design and furniture present at Establishments Open to the Public (ERP) are subject to the *Safety regulations against fire and panic risks in ERPs* (Decree of June 25, 1980, amended)
    - Establishments are categorized into "types" (with an assigned letter). Materials are classified into 5 categories based on their fire resistance (M0-M4)
    - Ordinary objects do not have any particular requirements. Large furniture must, however, be made out of minimum M3 "*moderately flammable*" materials
    - Additional fire restrictions related to seat-padding, armchairs and benches apply to establishments that accommodate a certain number of people
    - Type M buildings (sales stores, shopping centres) all furniture must be made from maximum category M3

FURNITURE DEFINITION

Includes all furniture and furnishings (such as bedding), crafted elements or panels, kit-furniture and kitchen furniture

ANTI WASTE LAW - PRODUCT LIFESPAN

Planned changes to act against planned obsolesce (link):

- 2021: the availability of spare parts (within 15 days) indicated to consumers on product/at point of sale
- 2022: extend of legal guarantee of conformity. It is currently two years, which will be extended by six months
- 2022: to enable the use of 3D printing when spare parts are no longer available on the market, manufacturers or importers will be subject to provide drawings or technical information to vendors or repairers. Legal framework to-be determined
- TBA: repair funds. Extended Producer Responsibility (EPR) schemes will have to finance "repair funds" via their Producer's Responsibility Organization (PRO)

Source: Business Sweden Research, Ministry for the Economy and Finance, Légifrance, European Commission, ska-France, Bureau Professionnel, US Int. Trade Administration

Relevant industry organizations to keep in mind for market requirements

FRENCH INDUSTRY ORGANIZATIONS

FCBA
INSTITUT TECHNOLOGIQUE

l'Ameublement français

Cnefoy
Confédération Nationale de l'Équipement du Foyer

Liberté • Égalité • Fraternité
RÉPUBLIQUE FRANÇAISE
MINISTÈRE DE L'ÉCONOMIE ET DES FINANCES

Liberté • Égalité • Fraternité
RÉPUBLIQUE FRANÇAISE
MINISTÈRE DE LA TRANSITION ÉCOLOGIQUE ET SOLIDAIRE

ADEME
AGENCE DE LA TRANSITION ÉCOLOGIQUE

FONDATION infa
RECONNUE D'UTILITÉ PUBLIQUE
la formation, l'emploi, la vie

Source: Business Sweden Research, Ministry for the Economy and Finance, Légifrance, European Commission, ska-France, Bureau Professionnel, US Int. Trade Administration

French labelling obligations require full translations in French, its price, and its environmental eco-contribution

LABELING OBLIGATIONS

- French translation: it is compulsory to use French (no abbreviations unless prescribed) in all designations, labels, practical sheets, advertising offers, presentations, user manuals, and terms of service. Invoices and receipts must also be in French
- Specify the essential characteristics/dimensions of the product: indicate the nature and textiles used. According to the EU rules, the labelling must show the name and the percentage by weight of all the fibres which constitute the textile parts, in descending order
  - Special mentions apply, e.g., "*to assemble yourself*", if the furniture is sold as a kit, and "*imitation*" , indicate that the furniture replicate an essence or a material
- Display a product's price and its environmental eco-contribution: under the price, the costs related to the waste disposal of a product need to be displayed
- Creation of a technical identification sheet (1986 Decree): to include a user and maintenance manual, and the precautions to be taken (can be replaced by the NF labeling)
- Additional labelling: for substances that are explosive, flammable, harmful, toxic irritant or harmful to the environment
- Exceptions: apply to leather or similar products, furniture containing electrical/biocidal substances/ components (amongst others)
- There are also prohibited terms and business practices: as the use of distorted wording or tampering of materials to be expressed on the label, of which could misrepresent the product or confuse the consumer

OPTIONAL LABELING

- CE label when applicable: to demonstrate that the products sold (in the EEA) have been assessed to meet high safety, health, and environmental protection requirements

PAYMENT REGULATIONS

Payment regulations follow EU standards

- Since 2008, The French law on the modernization of the economy (LME) caps payment delays to suppliers at 60 days, starting from the date of issue of the invoice (or 45 days until the end of the month)
  - The penalties for exceeding these deadlines were also reinforced
  - Public entities only have 30 days, while hospitals have 50 days

Source: Business Sweden Research, Ministry for the Economy and Finance, European Commission, US Int. Trade Administration, jesuisentrepreneur.fr

In addition to the labelling requirements, there are various optional labels to take into account

	LABEL	DESCRIPTION
1	EU ECO-LABEL	Demonstrates that products meet strict ecological criteria, which is verified by a third-party and is recognized in all EU countries
2	NF CERTIFICATION	A guarantee of quality, safety and reliability for the consumer. Can replace the technical product identification sheet (1986 decree), including instructions for use (NF D 60-020 standard)
3	MADE IN FRANCE LABEL	A mark that indicates a product's French nationality. Based on "*non-preferential origin*" where the product must have undergone its last "substantial" transformation in France
4	ENVIRONMENTAL IMPACT	A label that allows consumers to know the environmental impacts of the products they buy. Calculated over the entire life cycle of the product. Currently being tested in France since 2020

Source: Business Sweden Research, Ministry for the Economy and Finance, US Int. Trade Administration, FCBA, Schroll, European Union

"Of course that sustainability is more important nowadays in France, but there is also a lot of Greenwashing. Today, a B2C customer will try to get an eco-friendly product, but only if it fits his budget"

INTRERIOR ARCHITECT, PARIS

Cultural differences affect Swedish companies' opportunities to engage with French Stakeholders

- **Differences in how you conduct business**
  - The French generally have a steep hierarchy where communication and social interactions with French professionals are formal
  - Public buyers: interest influenced by political orientations
  - Architects: business relationships should be taken as normal relationships. These take time to build and should initially not only be business-oriented

- **Language**
  - Materials or presentations should always be in French
  - Swedish firms should have a French-speaking interlocutor. Sometimes, it can be seen as impolite if they must do business in English
  - Other countries (as Ukraine, Poland and Italy) all communicate with them in French. It is also a question of fluidity and understanding, as it could be difficult to them to understand or ask technical questions in English

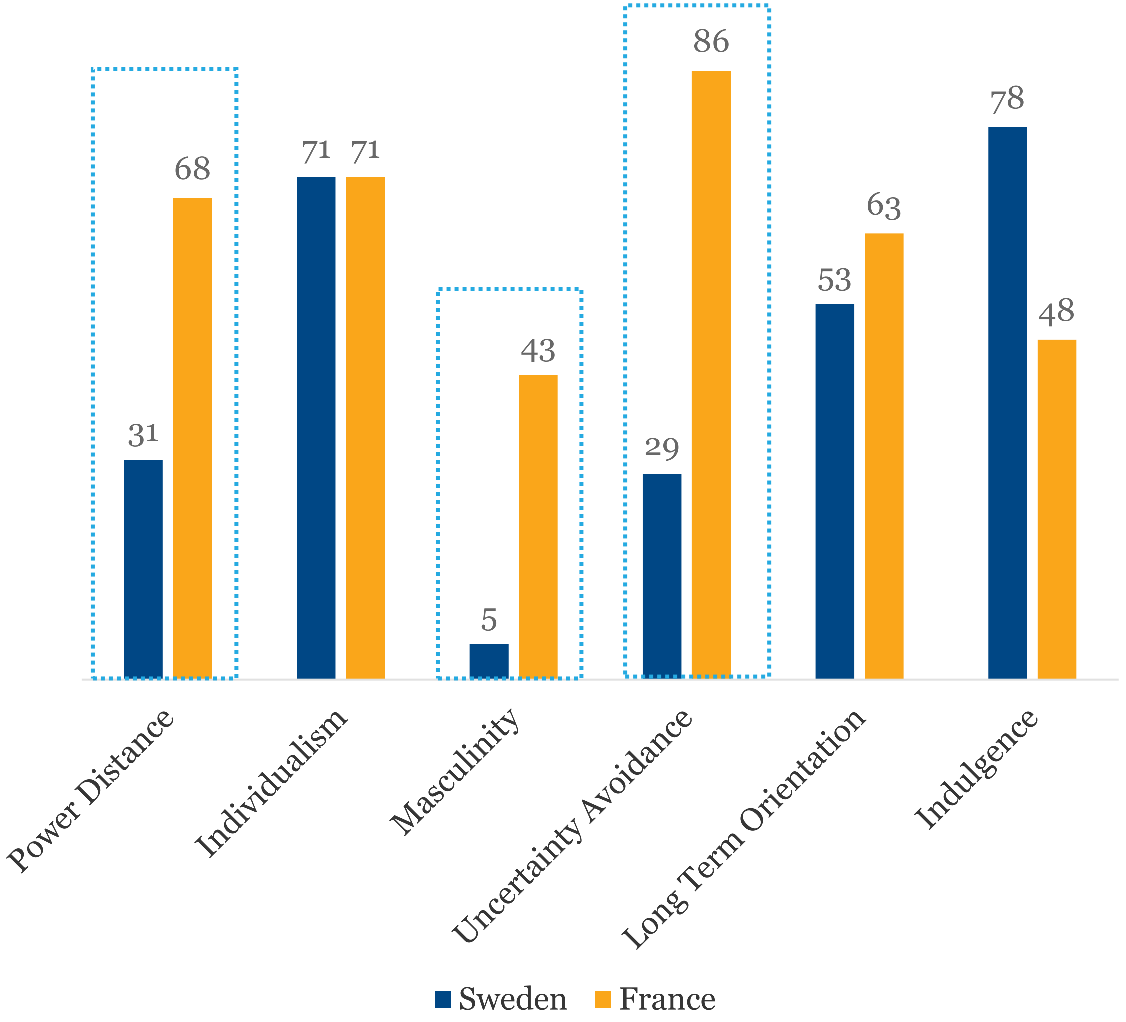
- **There is a positive attitude towards Swedish brands and companies**
  - Represent qualitative and well-manufactured furniture
  - However, there is an impression that Swedish furniture is expensive due to the high cost of labour. "*Quality can also be offered in Poland but probably not cost us as much*“

- **Common mistakes made by Swedish companies when entering or expanding into the FR market:**
  - Projects in France are often complex and involve various actors. Swedish companies should always involve the interior designer that is managing the project and not only go directly to the final client
  - Not understanding the importance placed on networking and networks: to meet and engage with potential purchasers/architects
  - Going "straight to business" rather than engaging in "real conversation" to get to know potential partners to establish initial trust
  - Managing operations from far: Swedish companies still need to be "present" on the French market
  - Marketing efforts can help Swedish companies build their brands and local awareness in France, which often is neglected
  - Too fact-focused: it is still a creative industry and presentations should be interesting and attractive, positive and sympathetic
  - When selling large quantitates to the same client, French distributors or interior designers will expect a decent discount ("*3% discount for 100 chairs is not enough*")

Source: Business Sweden Research

Differences of values impacts the preferred way of communication

Country Comparison



Cultural Differences

- The most stark difference is in terms of Uncertainty Avoidance – French society finds deviance from the norm a lot more intolerable. They believe in rules, schedules, precision and punctuality
- France is a Masculine society - highly success oriented and driven, Sweden's a Feminine society –caring for others, quality of life, work/life balance
- The French society also holds Power Distance in high regard –Hierarchal, prefer to have control and recognise that individuals are not equal

Cultural Definitions

- ***Power Distance***
  The extent to which the less powerful members of organisations within a country expect and accept that power is distributed unequally
- ***Individualism***
  The degree of interdependence a society maintains among its members (I or We)
- ***Masculinity***
  The fundamental issue here is what motivates people, wanting to be the best (Masculine) or liking what you do (Feminine)
- ***Uncertainty avoidance***
  The extent to which the members of a culture feel threatened by unknown situations and have created beliefs and institutions that try to avoid these
- ***Long term orientation***
  How every society has to maintain some links with its own past while dealing with the challenges of the present and future
- ***Indulgence***
  The extent to which people try to control their desires and impulses

Source: https://www.hofstede-insights.com/country-comparison/france,sweden/

Agenda

- Summary
- Country capabilities
- Sales of furniture
- Requirements to compete
- **Recommendations**
- Appendix

Recommendations for the French market

Market recommendations

Residential sector
- Focus on targeting the high-end market and approach intermediaries, as online retailers or distributors, as gateways to end consumers
- Work on market presence and communication

Public sector
- Target interior architects and intermediaries (distributors, sales agents) that can have agreements with public buyers
- Bulk purchases should have competitive pricing with decent discounts
- Communicate with public purchasers to stay up-to-date on demands

Businesses and offices
- Mainly target interior architects and intermediaries
- For larger customers, key is to sign a framework agreement to secure long-term supply

Trends and requirements

- Marketing and local market presence is important for sales and exposure
- Growing interest in medium- to high-end furniture
- Intermediaries (distributors and sales agents) are important entry points for all customer segments
- To pursue the public market, there is a strict purchasing code to follow
- The business culture has a focus on networking where personal contacts come before business


BUSINESS
SWEDEN
BATEAUX MOUCHES

Agenda

The study has been carried out by a mix of desktop research and the following qualitative interviews

Actor	Person	Type	Website
Knoll Architectures	Founder	Architect/Interior designer	https://dfknoll-architecturedesign.com/
Ameublement Francais (Af)/Codifab	International Director	Industry Association	https://www.ameublement.com/
L’institut technologique bois-ameublement (FCBA)	Director of Planning of Living Spaces	Research Institute	https://www.fcba.fr/
Julien Fuentes	Founder	Architect/Interior designer	https://www.julienfuentes.com/
Inshops	CEO	Retail Furniture Agency	www.inshops.fr
Orange	Director of Innovation & Work Environment Development	Company – Publicly owned	https://www.orange.fr/portail
Per Rasmusson Architecte	Founder	Architect/Interior designer	https://perrasmusson.com/
L'Union des Groupements d'Achats Publics (UGAP)	Buyer (urban furniture)	Public purchaser	https://www.ugap.fr/
Association des Acheteurs Publics (AAP)	Director (Public Purchasing)	Industry Association	https://www.aapasso.fr/

Competitors and their distribution channels - Information for all markets

Company	Origin	Legal trading name and UK presence	Legal trading name and DE presence	Legal trading name and FR presence	Legal trading name and US presence	Target Customer	Comments	Website
Zanotta	Italy	Simon Cook Agencies (agent)	Renè Kaven, Frank Reimann, Stefan Treuer (agent)	100x100 Design Srl (agent)	Zanotta US / Canada (subsidiary)	Upmarket	The commercial distribution is supported by 4 Flagship Stores and more than 800 selected resellers, with a presence in over 60 countries and a quota of exports exceeding 80% of turnover.	https://www.zanotta.it/
Knoll	US	Aram Store (premium dealer), Chaplins (premium dealer), Conran Shop Fulham (premium dealer), Living Space (premium dealer)	Behr Einrichtung GmbH (premium dealer), Bohmler Einrichtungshaus GmbH (premium dealer), Dopo-Domani (premium dealer), Estivale GmbH Dresden (premium dealer)	2B Design (premium dealer), Agora Mobilier (premium dealer), Arrivetz (premium dealer), Belle Epoque (premium dealer), By Loft (premium dealer)	B. Stanley Gill, Inc. (workplace dealer), Design Within Reach (residential retailer), Debner+Company (workplace dealer), CI Select (workplace dealer)	Upmarket (residential and workplace)	Knoll offer classic and contemporary furniture and accessories for living, dining and working. They also offer products and resources for planning a workplace for a commercial, education, healthcare or government organisation.	https://www.knoll.com/
Wittmann	Germany	Alveena Casa (dealer)	Behr Einrichtung (dealer), Oliver Von Zepelin (premium partner), Einrichten Schweigert (dealer)	N/A	INEX (dealer), Scott & Cooner (premium partner), Switch Modern (premium partner)	Mid to upmarket	Wittmann combine distinctive design with craftsmanship - they offer products within the realms of novelties, living, sleeping and material	https://www.wittmann.at/en/
&tradition	Denmark	Ahrend (professional stockist), By Form (professional stockist), Aram (professional stockist),	Connox GmbH (private stockist), Dopo Domani International Interior Design e.K. (private stockist), Behr Einrichtung (private stockist)	Alibabette (private stockist), Aussih (private stockist), Bel Oeil (private stockist)		Upmarket	Professional, private and online distributors - worldwide	https://www.andtradition.com/
Vitra	Switzerland	Heal's (showroom), The Conran Shop (distributor), Nest (official stockist)	Ambiente Direct (international distributor)	N/A	N/A	Upmarket	Vitra focuses on long lasting relationships with clients. The Vira Campus and the Vitra Design Museum provide exhibiting opportunities.	https://www.vitra.com/en-de/home
Fritz Hansen	Denmark	No concept store in the UK. 37 local retail stores as dealers	No concept store in Germany. Around 150 retail stores as dealers.	No concept store in France. Around 55 retail stores as dealers.	Regional office in New York, as well as concept stores in New York and San Francisco. Around 50 retail stores as dealers.	Upmarket	Works mainly with own concept stores, regional sales offices and a quite well covered range of inhouse sales reps.	https://www.fritzhansen.com/

Competitors and their distribution channels cont. - Information for all markets

Company	Origin	Legal trading name and UK presence	Legal trading name and DE presence	Legal trading name and FR presence	Legal trading name and US presence	Target Customer	Comments	Website
e15	Germany	Utility Retail Ltd (retailer), Atomic Interiors Ltd (retailer), The Conran Shop Ltd	Handelsagentur Lothar Vollert (representative), Wohnstudio Wonnemann (retailer), Andrea Busch Inneneinrichtung (retailer)	Comédi Sarl (representative), Angle Droit (retailer)	Studio Como (retailer), Centro Modern Furnishings (retailer), Scott + Cooner Inc. (retailer)	Mid to upmarket	Large global presence - high quality materials (mainly within the realm of fine woods)	https://www.e15.com/en/
Carl Hansen & Son	Denmark	Holloways of Ludlow (dealer), Bulthaup Winchester (dealer), Heals & Son (dealer)	Mooris.de (dealer), Minimum einrichten (dealer), smow Berlin (dealer), Andreas Murkudis (dealer)	2B Design-Galvani (dealer), Andre Gilbert (dealer)	Design within reach (dealer)	Upmarket	2020 - pre tax profits of DKK 93 million. 13 flagship stores which account for 7% of revenue.	https://www.carlhansen.com/en
Gubi	Denmark	Clippings (store), Haus (store), Twenty Twenty One (store)	The Qvest Shop (store), Light11 (store), Loeser Braunschweig (store)	Piece Unik (store), le bon marché (store), fleux (store), silvera (store)	SMINK Art + Design (dealer), Wilder (dealer), Design Lab (dealer)	Upmarket	In excess of 100 locations across the world - flagship store in Copenhagen	https://www.gubi.com/
Muuto	Denmark	Tea and Kate (store), Vanil (store), Papillon (store)	Stoll Forum (store), Goldkant (store), Smow Dusseldorf (store)	Le Cédre Rouge Seclin (store), Le Bon Marche (store), Muuto (flagship store)	Design Within Reach (store) Ember Audio + Design (store)		132 stores worldwide including a flagship store in Paris, France, 56 contract dealers worldwide and 100+ online stores	https://www.muuto.com/
Ercol	United Kingdom	Choice Furniture (store), Martin & Frost (store), John Lewis (store), Forrest Furnishing (store), Barker & Stonehouse (showroom), Elys of Wimbledon (showroom)	N/A	N/A	N/A	Midmarket-upmarket	Stores across the UK - not beyond this	https://www.ercol.com/
Artifort	Netherlands	Urbansuite Manchester (dealer), Jane Richards (dealer), Catalog Interiors (dealer), Crest Contract Interiors (Agent and Import)	Designfunktion GmbH Essen (dealer), Das Moebel GmbH (dealer)	Forma Design (dealer), Lignes (dealer)	N/A	Midmarket	Dealers, Agents & Import and showrooms across Europe	https://www.artifort.com/
La Palma	Italy	Caroline Calvert (agent)	Oliver Scherdel (agent), Peter Wulff (agent), René Willberg (agent)	Laurence Decoulibeouf (agent), Daniel Wagemans (agent)	N/A	Midmarket	Agents and dealers across Europe and Canada	https://www.lapalma.it/en
Rolf Benz	Germany	hulsta Bournemouth (retail partner), hulsta Esher (retail partner), Tamaru (retail partner)	Rolf Benz World, Nagold (Showroom)	SAS Henri Canu (retail partner)	studio 2b (retail partner), Divine Design Center (retail partner), Rolf Benz Flagship by STUDIOANISE (flagship retail store)	Upmarket	Retail Partners in parts of Europe and US	