

**PRESENTATION GIVEN AT THE TRANSLINKS CEBU
VALUE CHAIN WORKSHOP ENTITLED:**

**“Improving Value Chain Dynamics for Natural Products in
the Furniture, and Gifts and Home Décor and Fashion
Accessories Industry”**

CEBU CITY, PHILIPPINES

JULY 2-3, 2008

**HOSTED BY ENTERPRISEWORKS/VITA AND THE
CEBU FURNITURE INDUSTRIES FOUNDATION**



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Cebu International
Furniture & Furnishings
Exhibition

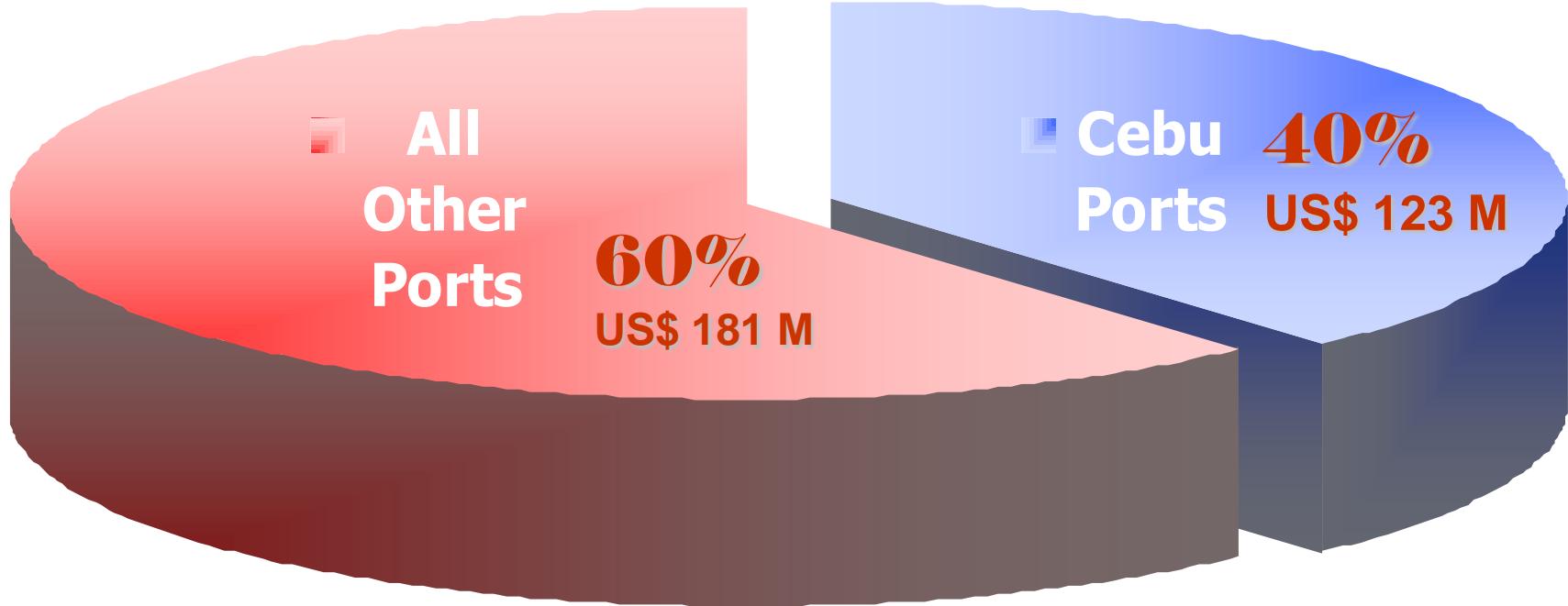
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CEBU FURNITURE EXPORT INDUSTRY

Presented by :



Share of Cebu Furniture Exports vs. All other Ports



Total Furniture Export : US\$ 304 M

SOURCE: Bureau of Export Trade and Promotions (BETP)



How Big is the Cebu Furniture Industry?

Cebu Companies comprise
20% of the Philippine
Furniture Industry

Over **300** furniture
manufacturers and
exporters are located in
Cebu.

80% of Cebu furniture
companies are small or
medium scale enterprises



Employment of the Cebu Furniture Industry

DIRECT EMPLOYMENT:
80,000

INDIRECT EMPLOYMENT:
140,000

**The industry employs not only elementary and high school graduates but even the unschooled who have the skills passed down to them from generations.*

Capacity of Cebu furniture industry



Can accommodate
approximately
**29,000 40 footer
containers a year.**

Design Capabilities of Cebu Furniture and Furnishings Companies

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TRANSITIONAL



TRANSITIONAL

CLASSICAL / TRADITIONAL



CLASSICAL / TRADITIONAL

ACCESSORIES



ACCESSORIES



ACCESSORIES



ACCESSORIES



Price positioning of Cebu companies

Because of their innovative furniture designs with a lot of value adding inputs that make them a cut above the rest of their Asian neighbors, Cebu furniture manufacturers target the medium to high end market for exports where price is not the primary factor for sales.



Strengths of the Cebu furniture industry

- Skilled labor force
- Excellent craftsmanship
- Reputation for innovative design; design capability
- Good mix of materials in products
- Availability of special indigenous materials

Source: Pearl 2 State of the Sector Report



Raw Material Strength

- Indigenous and traditional materials are available either raw or semi-processed

Examples of these materials include:

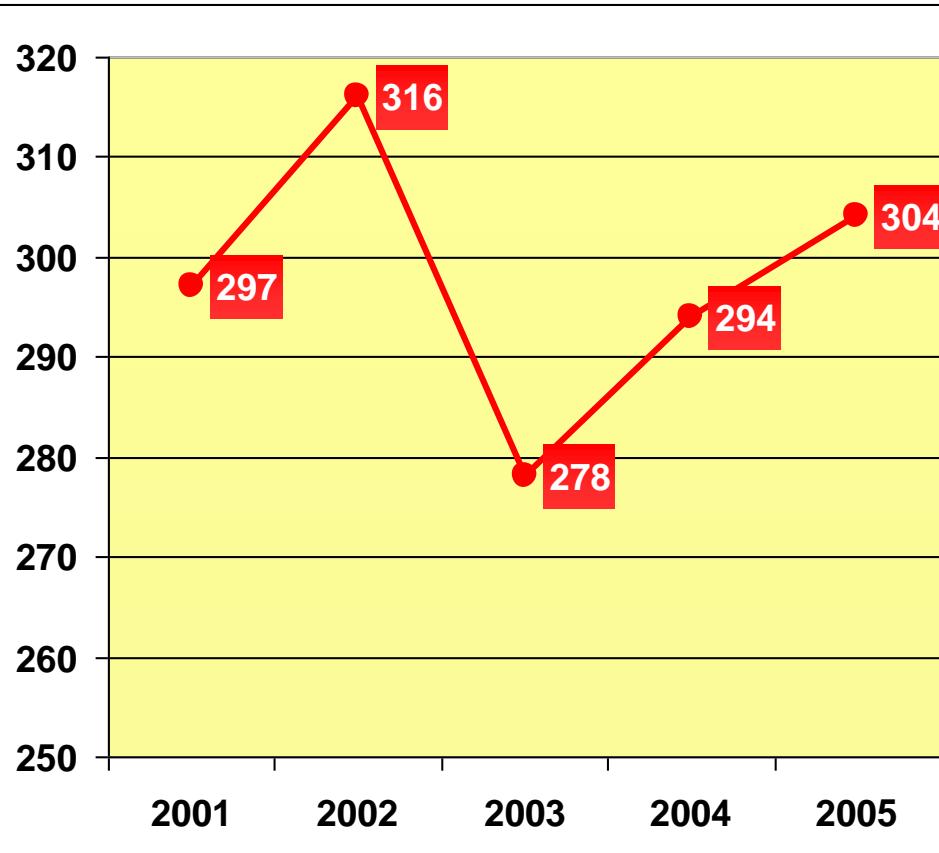
Rattan, wood stone, wrought iron, sea grass, abaca (manila hemp) arorog and butay (coconut twig), shells, seeds, leaves, tree barks termite mounds

Source: Pearl 2 State of the Sector Report



The CFIF Information Center Website contains a comprehensive listing of natural materials with photos and suppliers.

Weaknesses of the Furniture Industry



Export of Cebu furniture have remained erratic, averaging a negative growth of almost 6% yearly from 2000 to 2004

Generally low productivity which reduces the competitiveness in the global market

Source: Pearl 2 State of the Sector Report

Weaknesses of the Furniture Industry



Lack of adequate capitalization among smaller players in the industry

Lack of R&D and information on alternative wood species that could ease the supply constraint on wood

Manufacturing processes are still mainly manual with some mechanization

Source: Pearl 2 State of the Sector Report

Weaknesses of the Furniture Industry

Lack of investments in modern machinery, tools and other production facilities which could improve manufacturing productivity and lower costs

Very limited government support



Source: Pearl 2 State of the Sector Report

OPPORTUNITIES

The country's furniture exports is only about 1% of the vast total US furniture imports

Global or international furniture trade is estimated to increase 71/2% to reach US\$86 billion in 2006 from US\$80 billion the previous year or more than double global trade from a decade ago

Effective use of ICT could be an alternative marketing tool



Source: Pearl 2 State of the Sector Report

OPPORTUNITIES

Huge market of China & other growth areas can be penetrated



Source: Pearl 2 State of the Sector Report

THREATS

**Weakening of the US Economy
(declining demand for exports in the
US)**

China competition too strong

**Increasing competition with other
Asian neighbors**

**Dwindling supply of
furniture/industrial designers**

Source: Pearl 2 State of the Sector Report



THREATS

Design Piracy from other countries

Increasing cost of primary raw materials

Unfriendly and expensive business environment of the country



Source: Pearl 2 State of the Sector Report

DESIGN AND MARKETING PLANS OF CFIF FOR THE NEXT 5 YEARS

Over all marketing objective:



To increase market share by strengthening Cebu X as the ultimate Design Destination of Asia and as the main marketing tool of the industry.



1. Aggressive Design & Product development programs for all exhibitors

2. Develop a Brand Management Program for Cebu X

3. Conduct of Market Studies through:

International Study Missions

**Dubai Hospitality Show
India Hotel Show
Valencia
New York Show**





4. Creation of a Designer's Organization to drive and sustain the design initiative and positioning.



5. To grow the show in terms of exhibitor's number and space by rationalizing exhibitor packages to entice more exhibitors.

6. To grow buyer attendance.

YOU ARE INVITED ...

**The Furniture Industry Forum
“Sink or Swim: the Furniture Industry
Riding the Waves”**

July 10, 2007 | USC Talamban, Cebu City

**Cebu International Furniture and
Furnishings Exhibition (Cebu X 2008)**

March 6 – 9, 2008

Waterfront Cebu City Hotel and Casino
Cebu City, PHILIPPINES

MUST KNOW ...

www.cebuxhibition.com

www.furniturecebu.com

www.cfif-ic.com

WEBSITES



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