

**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 FURNITURE EXPORT INDUSTRY

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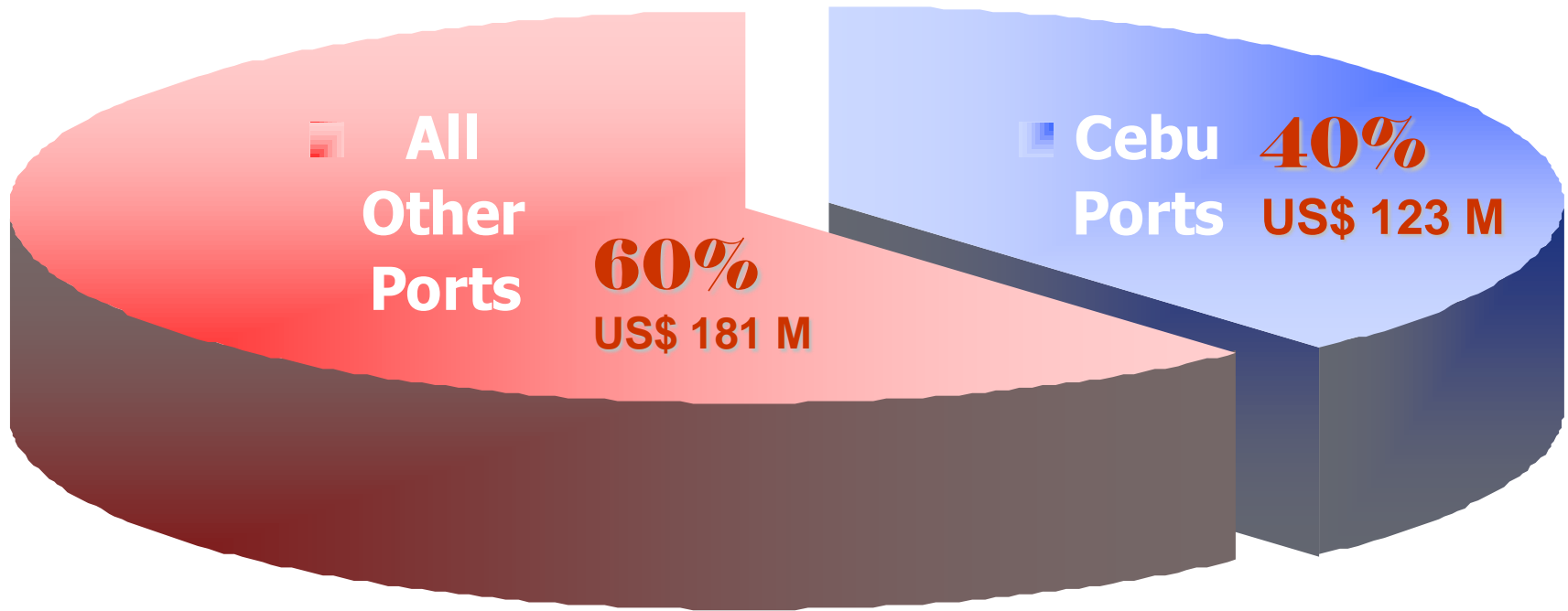
# CFIF

Cebu Furniture Industries Foundation, Inc.

cebu   
Cebu International  
Furniture & Furnishings  
Exhibition

CFIF-IC  
INFORMATION CENTER

# 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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# 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:**

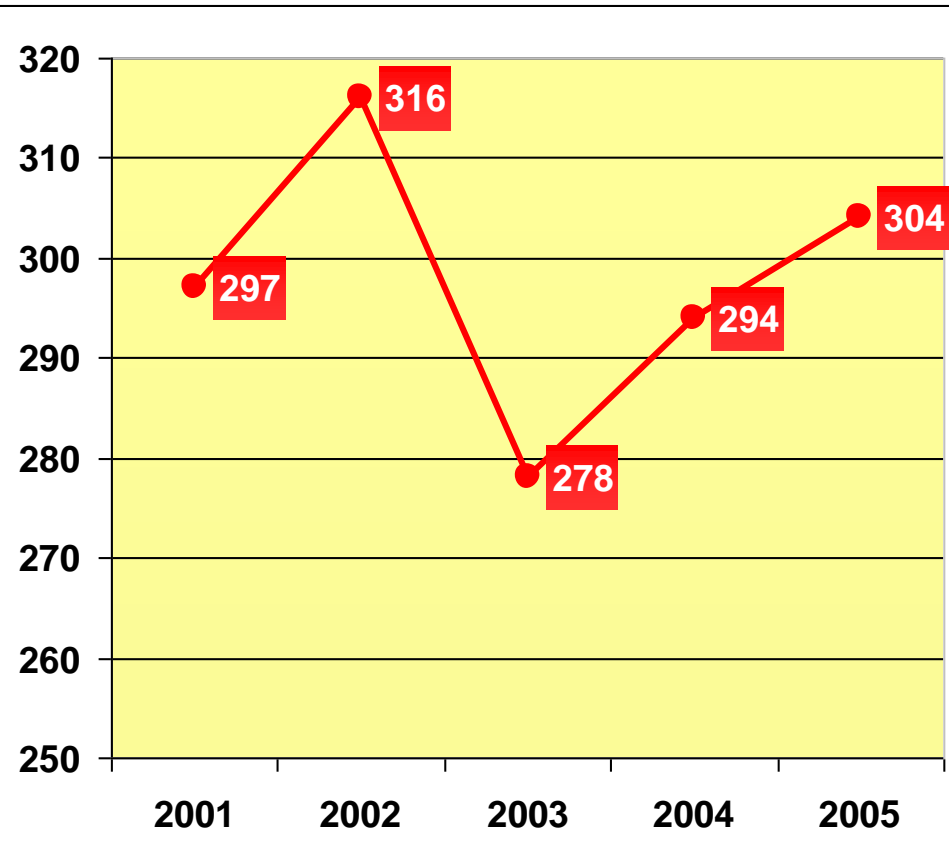
**Rattan, wood stone, wrought iron, sea grass, abaca (manila hemp) arorog and butay (coconut twig), shells, seeds, leaves, tree barks termite mounds**

**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.cebuexhibition.com](http://www.cebuexhibition.com)**

**[www.furniturecebu.com](http://www.furniturecebu.com)**

**[www.cfif-ic.com](http://www.cfif-ic.com)**

## **WEBSITES**





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