

Furniture industry clusters in Italy

Dott. Paolo Gardino Consulting Company



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Assistance to



Sawmills

Re-man plants

Veneer mills

Wood panels producers

Associations

30 years experience

**A large and experienced professional team in
Southern and Central Europe, Mediterranean and
Middle East countries**



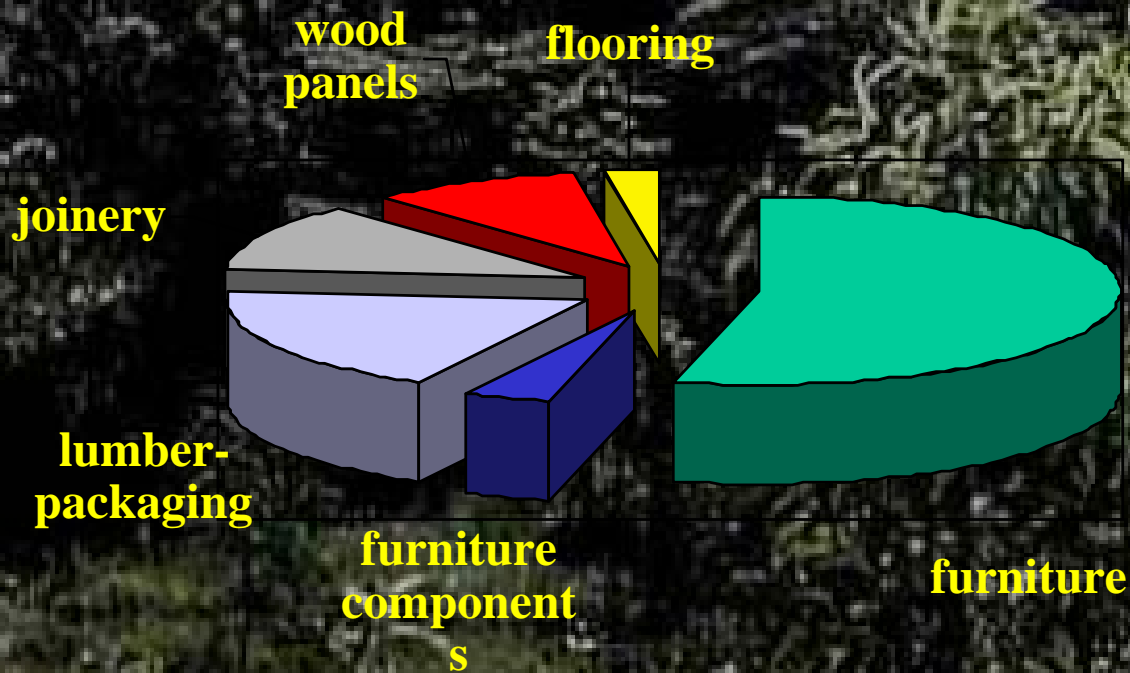
Market research

New product development

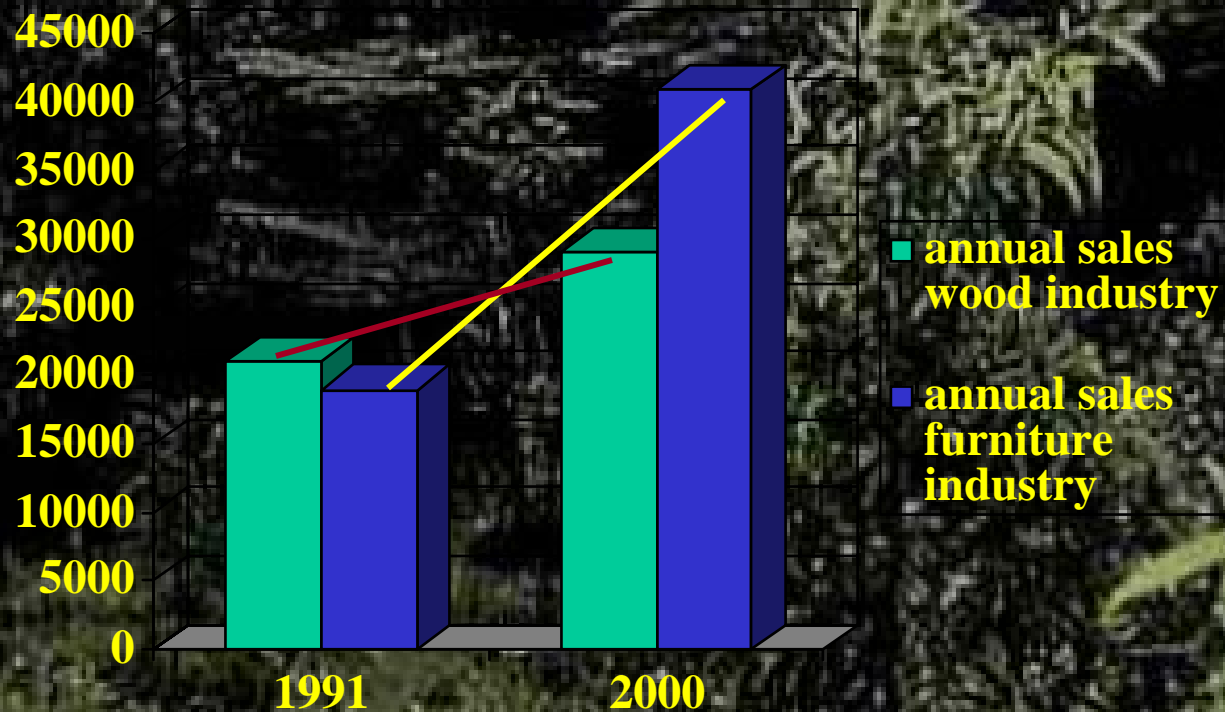
Strategic planning

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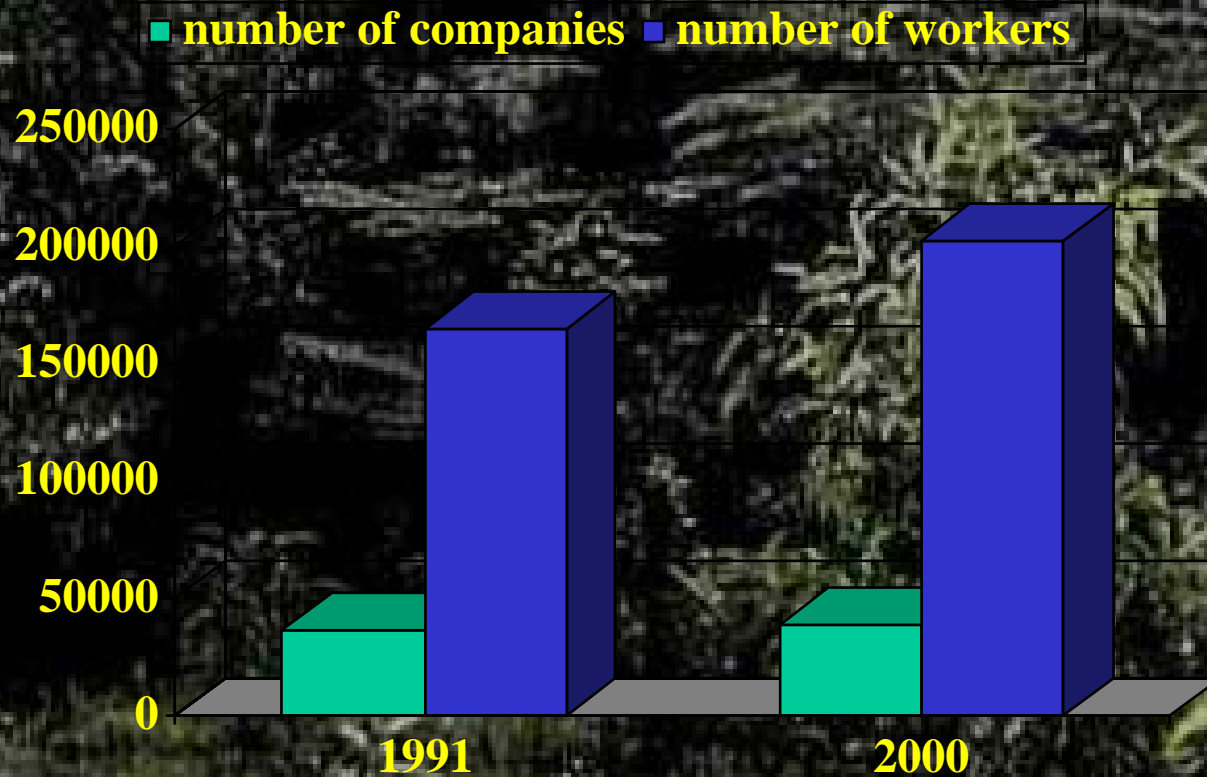
Italian wood industry: its main sectors (BN lira)



Italian wood industry (BN lira)

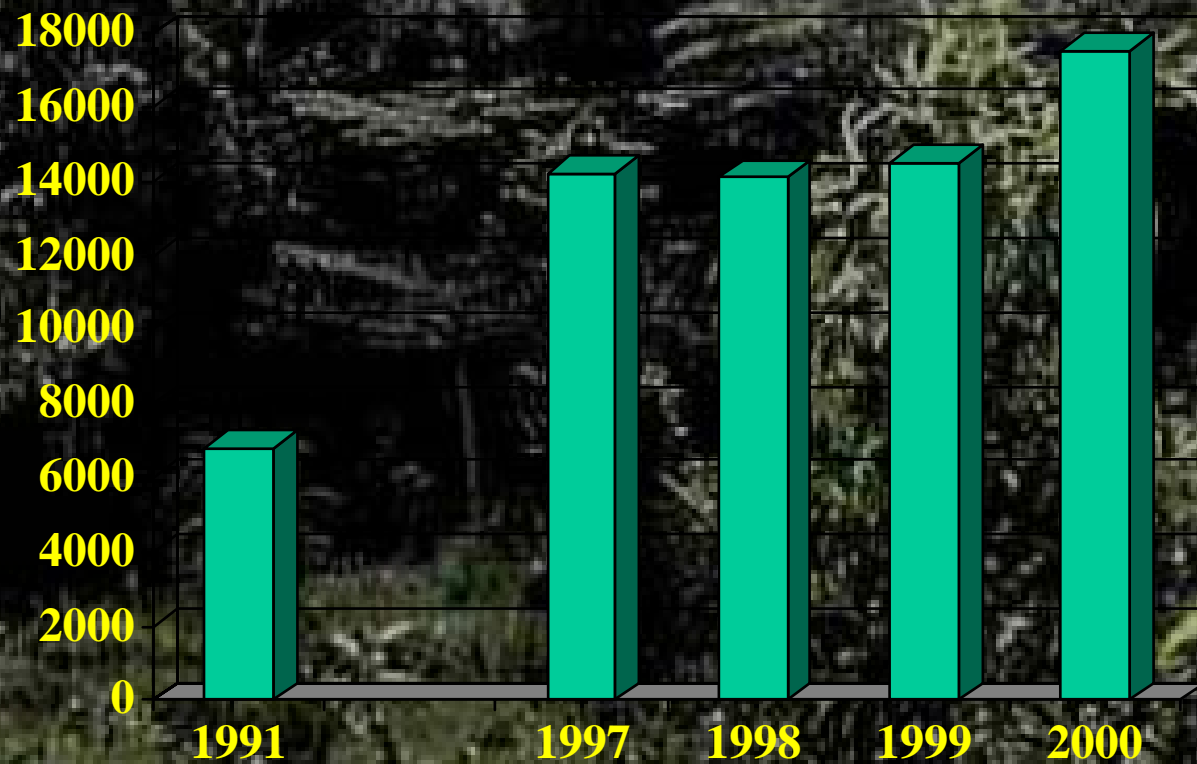


Number of furniture industries

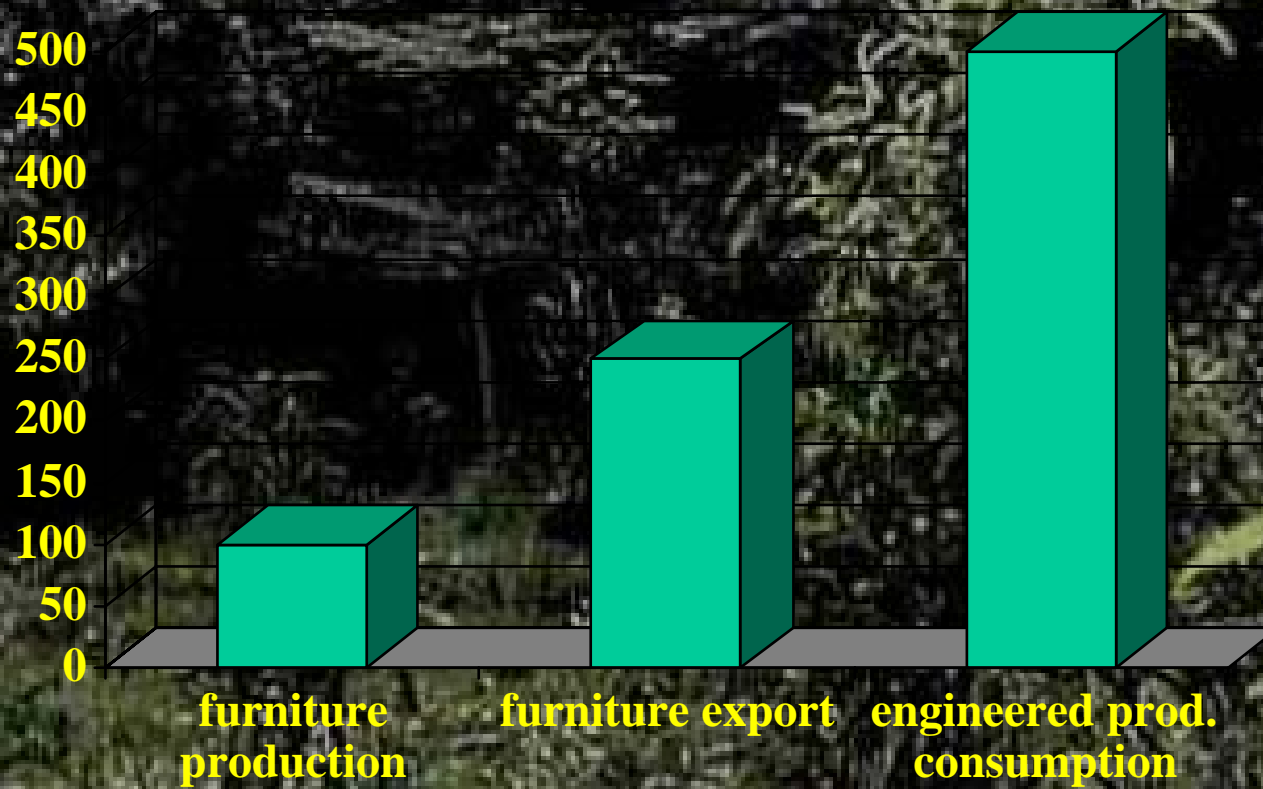


Number of companies with more than 20 workers: about 4%, stable

Furniture export (BN lira)



Production or consumption of some sectors grow more than others (1991-2000 % growth)



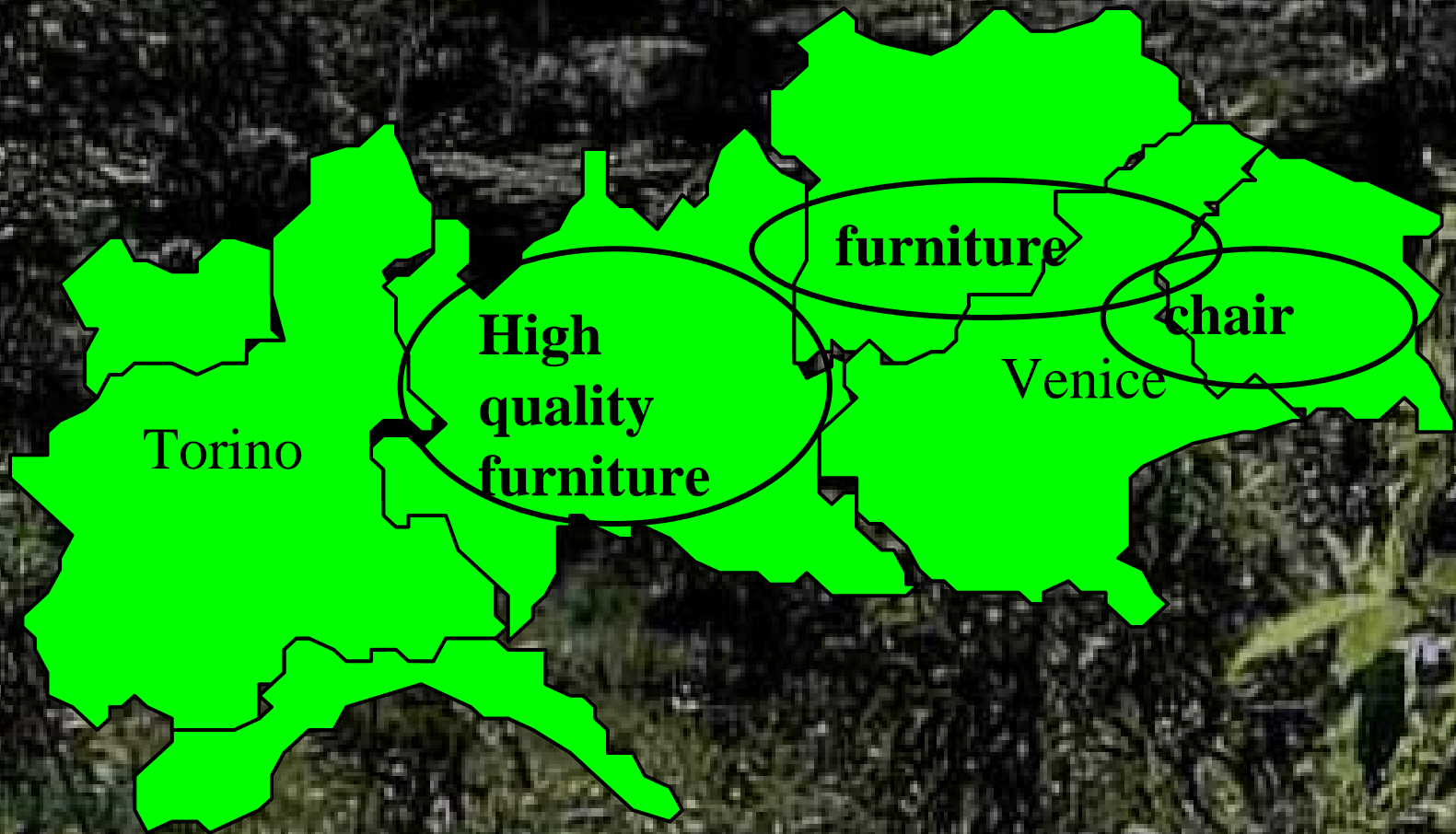
The importance of furniture industries on Italian economy

- **6% of added value of industry**
- **30% of Italian trade surplus**
- **32% of European furniture export**
- **Innovation-oriented: 51% of companies introduced technological innovation in last 3 years**

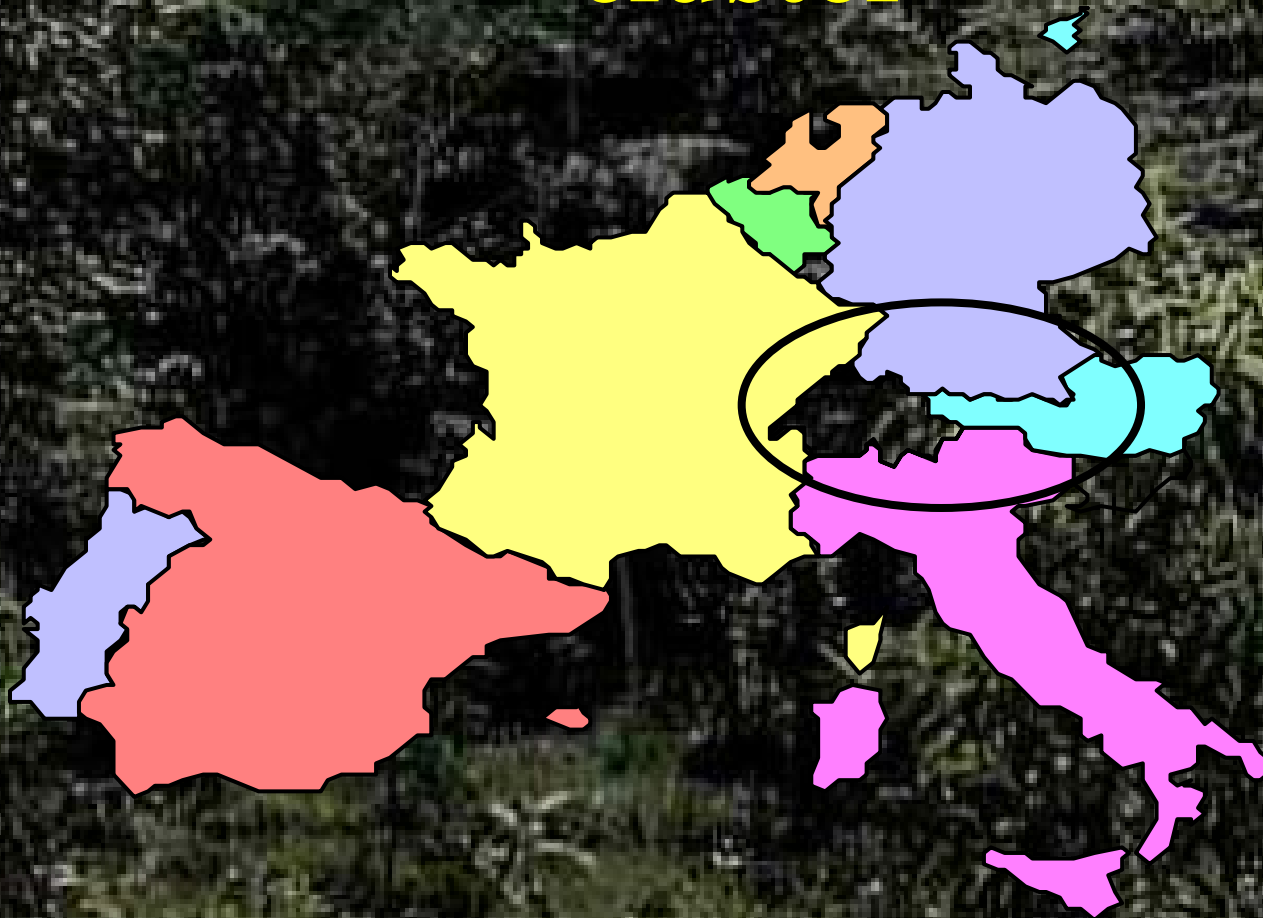
Italian furniture industry relocation



Furniture industries clusters



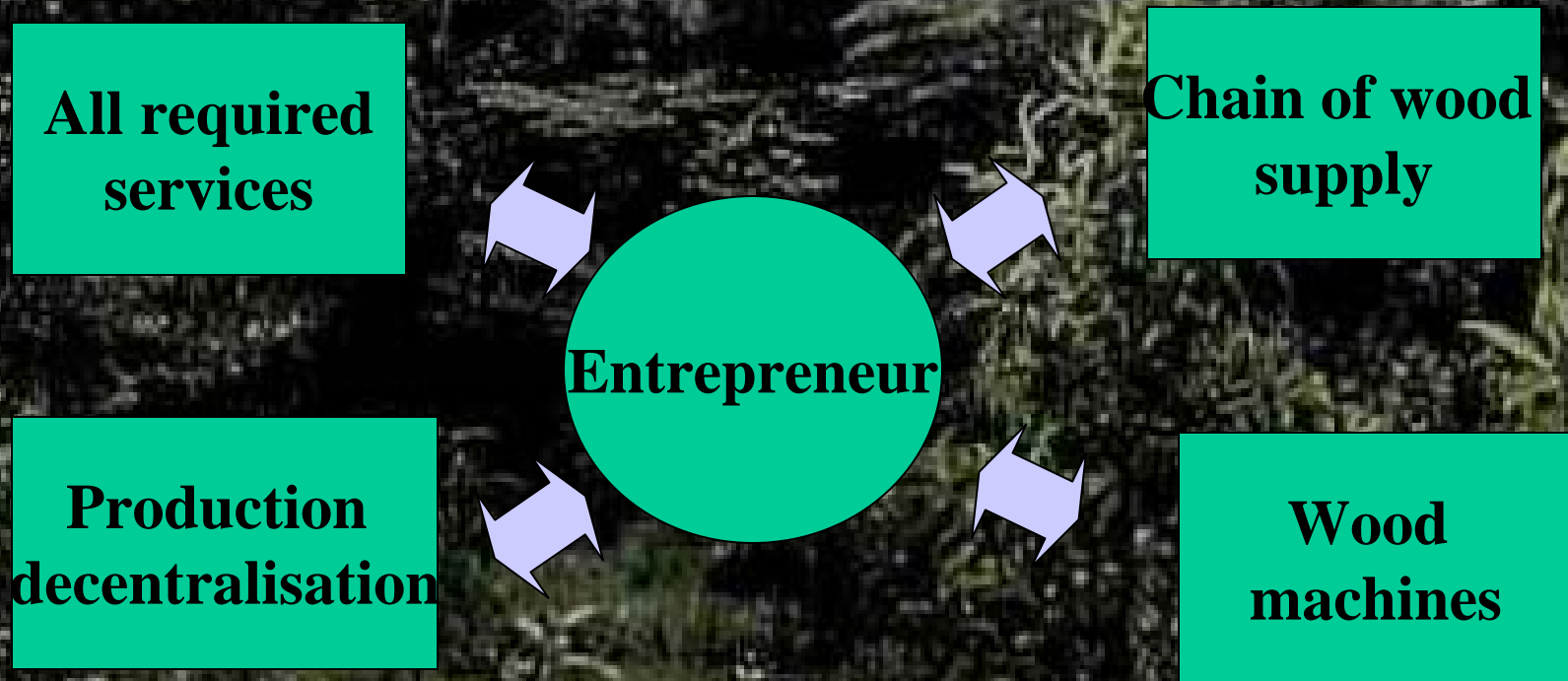
Engineered products alpine cluster



Austria: + 100% - Italy: + 150% - Germany: + 200%

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Drivers of furniture cluster



Entrepreneurs

- **Small size favours direct knowledge of production and market**
- **High competition**
- **High interchange**
- **Large exchange of information**
- **High mortality of companies**
- **Companies are always “young”**

Chain of wood supply

- **Extreme specialisation**
- **Just in time deliveries**
- **Stock reduction**

Wood machines

- **Machines are made in the same district**
- **No distance**
- **Machines expressly made for each individual company**
- **High flexibility**
- **Low cost**

Production verticalization

- **High quality components**
- **Great specialisation**
- **Extreme flexibility**
- **Product innovation**
- **Process innovation**
- **Small size of companies is equivalent to bigger size**

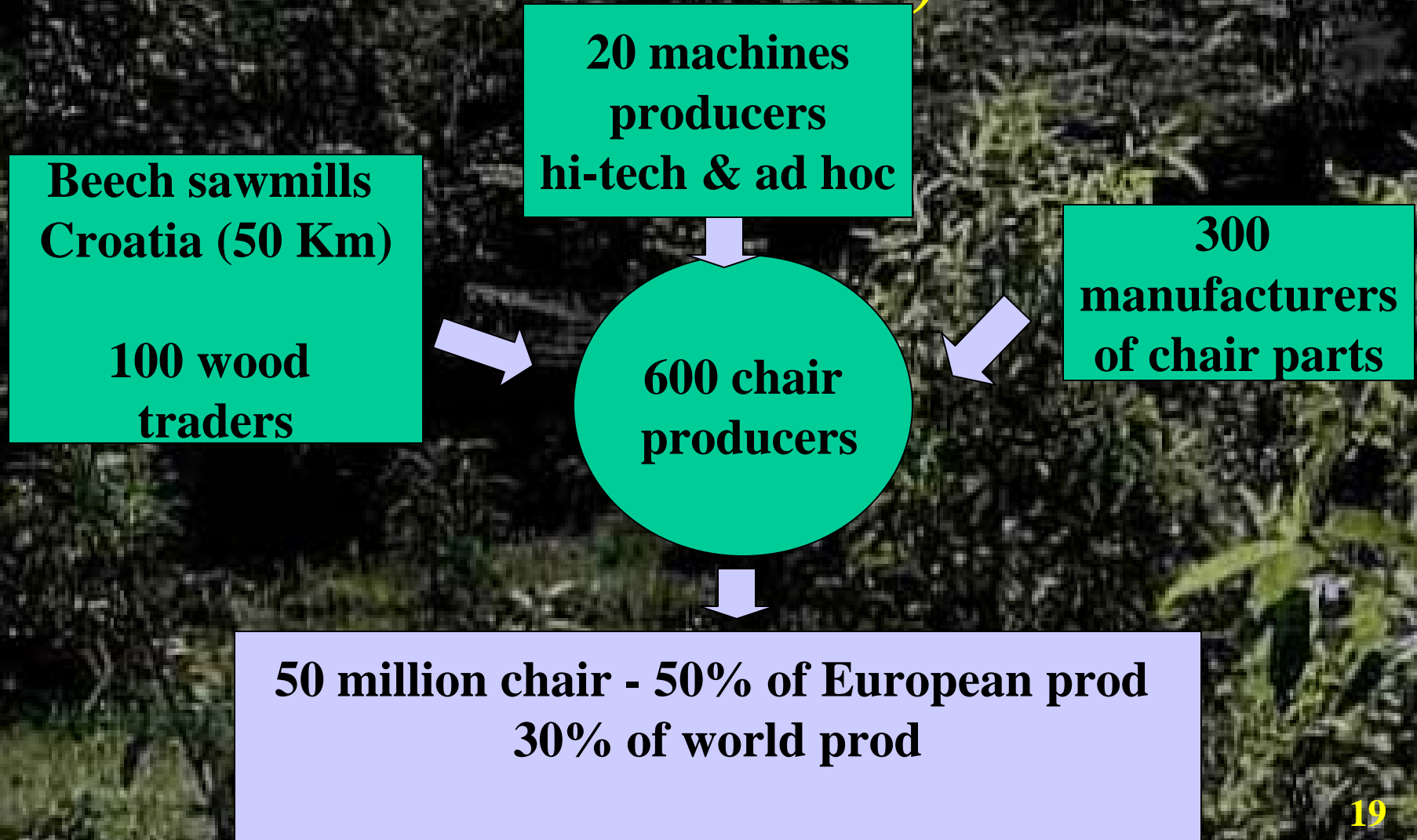
All required services

- **Local authorities extremely sensitive to problems of industries**
- **Architects in the same district**
- **Banks are ready to finance innovative companies**
- **Professional schools**
- **Unions have a personalised approach**

Other characteristics of furniture cluster

- **An initial driver can be availability of cheap handwork**
- **There can be other drivers (earthquake, fiscal exemption)**
- **Black economy ???**

Example: chair industry (area 20 x 30 km)



Chair cluster strengths

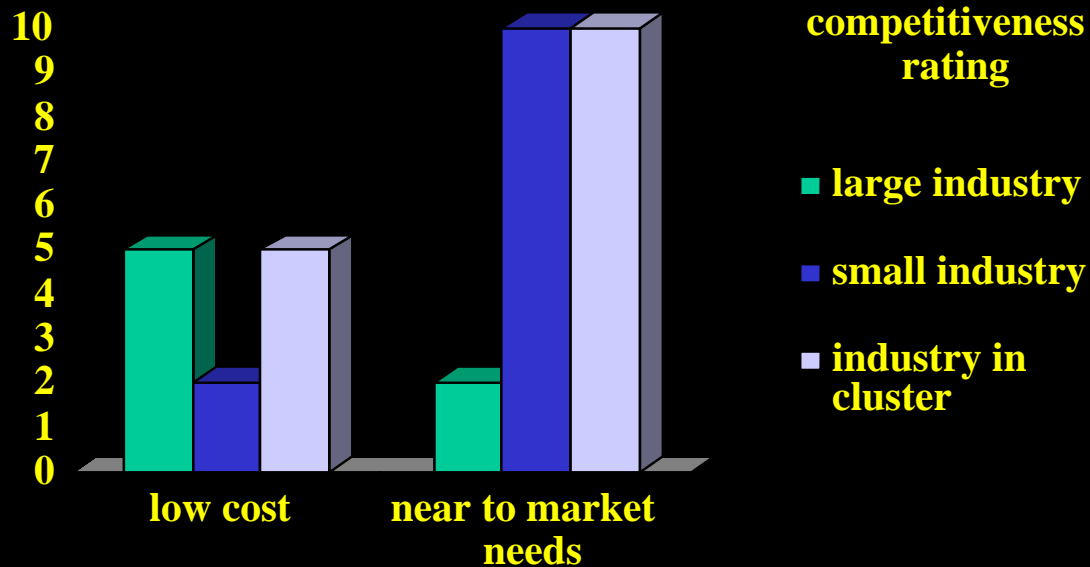
- **Low cost**
- **High productivity (pro-capita sales almost double than Italian average)**
- **Innovation**
- **Design**
- **Export all over the world**
- **Flexibility**
- **Capacity to react to changes (200 companies have invested in East Europe)**

Chair cluster weaknesses

- **Small size of companies**
- **Low profit due to competition**
- **Difficult access to markets too far away**

Are Italian clusters positive for the industries of the segment?

- Yes
- Industries are not forced to grow in size



Cluster leads to other advantages

- **Small companies know all elements of their costs and of selling prices**
- **Favourable quality/price ratio**
- **Continuous improvement of design**

Possible future dangers

- **Competition from Eastern Europe**
- **Competition from South East Asia**
- **Currency fluctuations (production is too large for domestic market and must be exported)**
- **Lack of handwork**

Is there a way of assisting wood industry to create clusters?

- **Very difficult**
- **Are there the first requisites in the analysed location?**
 - **Entrepreneurs**
 - **Relatively cheap handwork**
 - **A first inducement**
- **Favour companies' interchange**

Is there a way of assisting wood industry to create clusters?

- **(Assistance) to technical and design innovation - schools - export**
- **Favour aggregation and exchange of communication (anti-trust local legislation)**

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plugin del compressore GIF.

Thank you !