WHY IS THE ITALIAN FURNITURE SECTOR RESILIENT TO THE GLOBAL ECONOMIC SLOW DOWN?

ISSUE

The world is in global economic crisis where all exports and imports slowed down in the first two months of 2009. In Malaysia there was a 30% drop of Sarawak logs and timber products exports compared to the same period in 2008 (NST April 15, 2009).

All the countries in the world witnessed a slow down of wood products exports. A notable exception is the Italian furniture sector which appears to be more resilient (ITTO MIS 16-30 April 2009).

PROBLEM / OPPORTUNITY

1. What are the reasons for this specific Italian resilience? In Italy, only the furniture sector proved to be resilient, while the other wood sectors showed a slow down. The furniture sector is less sensitive to the sudden decline of the construction activity. But according to International Tropical Timber Organisation (ITTO), the main factor for the Italian furniture sector’s resilience is its specialisation in quality niches (design and marketing).

The second key factor is the organisation of the sector into family businesses, which proves to be more adaptable, either by being able to “tighten the belt” or to find alternative sources of fund when the banks become more stringent.

2. Is it a temporary phenomenon or will the Italian model prove to be more “crisis-resistant”? One might think that this resilience is temporary. It is yet to be confirmed over the next few months. It could be only a delay effect caused by the downstream situation (such as stocks and committed contracts).

However, if this resilience is really an effect of the specific nature of the Italian wood sector, there would be some lessons to be learned for the Malaysian furniture industry.
OPTIONS

What are the lessons to be learned for Malaysia from the Italian experience?

Quality and design: Malaysia could give more emphasis in all aspects of quality and design R&D. In the same time some solutions to attract and hire world class designers to assist the Malaysian furniture sector should be sought, as well as enhancing the present curriculum in furniture design centre.

Family businesses: Malaysia has already a large pool of family managed furniture manufacturing firms. Incentives have to be specifically tailored to meet the needs of these family run enterprises, and for them to maintain their adaptable and innovative structure.

ADDITIONAL NOTES

Italian furniture companies have however certainly been hit by the crisis and small artisan businesses in particular have registered an overall decline of 2.6% in numbers. The resilience of their activity is underlined by the fact that the employment figures have been holding up nevertheless.


FURTHER INFORMATIONS

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