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Furniture industry seeks bigger market share

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KUCHING: The furniture industry is proactively seeking a larger market share in the domestic and international segments as it explores the challenges and avenues laid out for local entrepreneurs.

A furniture entrepreneurs development seminar jointly organised by the Ministry of International Trade and Industry (Miti), the Ministry of Natural Resources and Environment, Sarawak Timber Industry Cooperation (STIDC), Forestry Research Institute Malaysia (FRIM) and University Malaysia Sarawak (Unimas) was held here recently to delve into the current issues to be taken into consideration by the industry players.

For the year 2010, RM6.52 billion worth of timber-based furniture exports accounted for 32 per cent of the total of RM20.52 billion exported timber products, according to data by the Department of Statistics and the Malaysian Timber Industry Board (MTIB).

The US, Japan and the UK were the top three destinations for furniture exports last year, accounting for 31.9 per cent, 9.3 per cent and 6.9 per cent of the market share respectively.

Malaysia was ranked eighth in the top furniture exporting countries in the world and third in Asia after China and Vietnam whereas within the Association of Southeast Asian Nations (Asean), the country's output of US\$2.4 billion earned the second ranking after Vietnam.

At the seminar attended by

120 registered participants, an exploratory forum by representatives of STIDC, FRIM, Unimas' Institute of Design and Innovation (Indi) and Furniture Industry Technology Centre (Fitec) focused on the criteria to be addressed by industry players.

Chief executive officer of Fitec Sarimah Sabuddin outlined the challenges to be addressed by the industry which were marketing, promotion, design, research, product development, manufacturing technology, and Bumiputera branding.

She expressed the industry's proverbial hopes of Bumiputera furniture entrepreneurs transforming themselves into a dynamic business community, raising their market share within the overall furniture industry, creating new jobs and careers for the upcoming industry workforce and as viable contributors to the nation's economy.

Sarimah urged the entrepreneurs to be forward thinking, well informed and innovative, outlining the message by quipping, "Don't think out of the box. Throw the box out and embrace globalisation."

Director of FRIM's Forest Products Division Dr Rahim Sudin remarked, "The furniture segment at present is the most dynamic timber-based industry, contributing RM7 billion to RM8 billion per annum since 2004 and contributing tax revenue of more than RM100 million per year.

"It is also a high value industry, contributing towards the development activities of downstream small and medium sized entrepreneurs and employing 75,000 workers."

With regards to the challenges in the industry, he emphasised

the need for transformation to practices such as value-based production versus volume-based manufacturing, collaboration amongst local players as opposed to competition and the development of branding in the industry.

Concurrently, entrepreneurs should change their mindsets and strategy of being original equipment manufacturers (OEM) and strive to transform themselves to original design manufacturers (ODM) to boost the market appeal and value of their products.

He also stressed the importance of collaborative and dynamic promotional practices as well as penetration in new markets such as Eastern Europe, Central Asia, South America and China.

In addition, industry players should also actively participate in trade missions and international exhibitions to increase exposure and awareness in global markets.

Director of Indi Dr Khairul Aidil Azlin Abd Rahman outlined the design and innovation aspects of the industry and illustrated the strong relationships in the design and creativity culture as demographics, production, ideologies and the business environment were correlated and interactive.

He emphasised that 'design is value and it is the engine of industrial development' while noting former UK Prime Minister Margaret Thatcher's catch phrase 'Design or resign' as part of the government's drive to revitalise the sluggish economy in the 1980s.

As such, he highlighted the challenges to be addressed in the design and innovation aspects such as identity, market tastes, mass customisation, local raw materials and quality control of the finished products.

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Sarimah Sabuddin, Fitec chief executive officer



COLLABORATING FORCES: (From left) Sarimah, Dr Rahim and Dr Khairul accompany STIDC Furniture Vendors Association chairman and forum moderator Bahaman Mohd Sulaiman for a group photograph after the forum. Also in the group are FRIM director general Dato' Dr Abd Latif Mohmod and STIDC senior assistant general manager (international trade) Dayang Nena Abang Bruce.