THE MARKET FOR BATHROOM EQUIPMENT. THE NETHERLANDS.

The market report gives the US exporter a clear overview of the Dutch market for Bathroom Equipment. Information is given on trends and developments; best opportunities for US exporters and the major competitors.

SUMMARY

The general trend towards increased spending on home interiors includes increased expenditure on bathrooms. Consumer spending on bathroom products amounted to $800 million in 2003. The number of new products on the market underlines the importance of the bathroom as an area of relaxation. Shower cabins, massaging showerheads, steam cabins and saunas are all products that have potential in the market. Besides upgrading the bathroom with new products, consumers also want to personalize the area and use materials other than ceramics.

U.S. products contribute a small percentage to the sanitary ware market in the Netherlands. Major competitors are Germany, Italy and Belgium. There is significant market potential for US manufacturers of luxury sanitary ware, trendy bathroom accessories, and products aimed at the elderly.

Definition

Bathroom and bathroom products as referenced in this report, consists of the following HTS categories:

39221000: Baths, shower baths, washbasins, made of plastics

39222000: Seats and covers, made of plastics

39229000: Bidets, lavatory pans, flushing cisterns and similar sanitary ware, of plastics

69101000: Porcelain sinks, washbasins and pedestals, baths, bidets, water closet bowls and flush tanks, urinals and similar sanitary fixtures

69109000: Ceramic sinks, washbasins and pedestals, baths, bidets, water closet bowls and flush tanks, urinals and similar sanitary fixtures

73241090: Sinks and washbasins made of stainless steel

73242100: Baths made of iron

73242900: Baths made of steel

73249090: Sanitary ware and parts thereof, of iron or steel

74182000: Sanitary ware and parts thereof, of copper

76152000: Aluminum sanitary ware and parts thereof

84818011: Combined hot & cold faucets

84818019: Faucets

A. MARKET HIGHLIGHTS & BEST PROSPECTS

1. Market Profile

Bathrooms have increased in household importance because consumer perception has shifted from bathrooms being 'purely functional' to 'comfortable and relaxing'. The shower space is increasingly considered to be a relaxing area. Consequently, in new houses, shower spaces tend to be much larger than in old houses, where frequently the shower has the size of an average toilet space.

The table below indicates the number and type(s) of washing facilities in Dutch households in 2001.

Bath or bath & shower in one	1,741,300
Shower	1,291,700
Bath and shower separately	3,857,200
Other washing facilities	1,448,700
No washing facilities	29,200

At present the style is minimalist, with materials such as glass, sandblasted details and stuccowork. Consumers most often choose timeless colors and designs for sanitary items, tiles and decorations. Good examples are natural stone tiles on the floors. Most sanitary ware used in the bathroom is still made of ceramics, but there is an increase in usage of other materials. Designer-toilets are now available in stainless steel and come with a matching washbasin. Other natural materials like wood, stone and glass are also used. Noticeable is that developments in fashion are becoming increasingly important in sales of bathroom products. U.S. companies must keep in mind that trends in styling, shapes and materials may be different in the Netherlands.

Dutch consumers are opting more frequently for (luxurious) shower cabins than baths. Baths are still considered to be a luxurious item in the bathroom, especially if it is a Jacuzzi. However, market research has shown that 70 percent of the Dutch population prefers a shower instead of a bath. Factors related to the increased consumer preference for showers include the larger range of products and features to choose from (like massaging showerheads and steam cabin/sauna functions) and the practicality of their size although Dutch consumers generally prefer the larger shower cabins. In general, Dutch people tend to choose more standard products with high quality. The Dutch consumer is therefore not that eager to buy a shower cabin with features such as music and light therapy or extra elements that require more cleaning. One of the forecasts is that customers will want to have a faucet outside the cabin for regulating the water temperature.

Current figures indicate that most people design their own shower; separately choosing the tiles, faucets, et cetera instead of buying an all-in-one system. The all-in-one concept however is attracting more interest lately. The primary disadvantage of the all-in one-products is that these systems have acrylic resin, whereas the Dutch prefer the 'old fashioned' tiles.

The toilet located in the bathroom used to be a standard sanitary facility. Nowadays, households choose to equip their bathroom without it and have a separate toilet built. The toilet is still appreciated in the bathroom when the bathroom is located on the same floor as the bedroom, and the separate toilet is on another floor.

'Floating' toilets (attached to a wall, rather than resting on the floor) are very popular compared to traditional toilets, as these are easier to clean, consume less space and are very modern looking. Building constructors however still tend to install traditional toilets in new houses, as this is less time-consuming and cheaper.

Cisterns and "duo blocs" originally flushed with 2.4 gallons of water. Due to the influence of environmental awareness and improved flushing-techniques, there are a lot of models available that don't flush more than 1.6 gallons of water. Some models are equipped with a stop-function, through which the user can realize an extra saving.

Moreover there is a good market potential for bathroom illumination. The spot light is used most often and other than that there is not much choice. Bathroom accessories are another growing market. Examples are: trendy radiators, washbasins, faucets and floor heating systems.

2. Statistical Data

The statistics in the table below underline the importance of the import market for sanitary products in the Netherlands. Projections indicate an overall increase of 2.7% in 2004.

MARKET SIZE (US DOLLARS MILLIONS)

	2003	2004*	2005*	Projected Average Annual Growth Rate for following 2 years (%)*
Import Market	253	260	265	2.0%
Local Production	98	101	103	2.0%
Exports	72	74	76	2.0%
Total Market	279	287	292	2.0%
Imports from U.S.	6	6	7	5.0%

* = Unofficial estimates

Exchange Rate: 1 Euro = 1.21236 USD

Estimated Future Inflation Rate 2%

Last Year's Import Market Share (Percent for US and Major Competitors):

US: 2.4%; Germany: 54.6%; Italy 13.6%; Belgium: 7.2%

The following product categories dominate the import market:

39221000: Baths, shower baths, washbasins, made of plastics

39229000: Bidets, lavatory pans, flushing cisterns and similar sanitary ware, of plastics

69101000: Porcelain sinks, washbasins and pedestals, baths, bidets, water closet bowls and flush tanks, urinals and similar sanitary fixtures

84818011: Combined hot & cold faucets

SOURCES: Central Bureau of Statistics

3. Best Sales Prospects

The following market opportunities can be defined, based on the recent developments, trends and expectations in the sanitary market:

<u>Market opportunities:</u>

- Luxurious showers instead of baths;
- Increasing demand for sauna and infra-red cabins;
- Trendy radiators and washbasins in the bathroom;
- Floor heating;
- Products aimed at senior citizens;
- Use of wood in bathroom products;
- Bathroom illumination.

B. COMPETITIVE SITUATION

1. Domestic Production

Domestic production accounts for almost a third of the market. There are a few local companies that produce bathroom equipment and accessories. The following companies are the main manufacturers in the Netherlands: Royal Sphinx BV, Balance Nederland BV, Bogart BV, Geesa BV, Ucosan BV, Saninova BV.

2. 3rd-Country Imports

The import market accounts for almost two-third of the market. As indicated before Germany, Italy and Belgium are the main competitors to the United States. These countries are responsible for 75 percent of the import market. The top three imported products from Germany, Italy and Belgium are: baths, faucets, and washbasins.

3. U.S. Market Position

The Netherlands conducts most of its import/export trade with other European countries. The fact that U.S. bathroom (-related) products account for 2.4 percent of total imports only indicates that the Dutch market has excellent potential for U.S. exporters. Supplementary statistics also reveal that the Dutch market is receptive to the following U.S. product categories:

7324 1090 Sinks and washbasins made of stainless steel

7324 9090 Bathroom and toilet products (and parts thereof) made of cast iron, iron or steel
7418 2000 Bathroom and toilet products (and parts thereof) made of aluminum
3922 9000 Bidets, toilet bowls, and similar products made of composite materials

(Except bathtubs, shower basins, sinks, toilet seats and toilet lids)

C. END-USER ANALYSIS & nbsp;

Considering the relatively large cash outlay associated with the purchase of a new bathroom, most prospective buyers tend to do a lot of research and price comparison prior to purchase. Consumers tend to collect many brochures from different suppliers, ask for opinions from relatives and friends, read home and interior magazines and guides with product information, consult the Internet, speak with the homebuilder and/or visit an exhibition on home interiors. At the end of the orientation process, consumers tend to request an average of two or three price quotations before making a purchasing decision.

Perhaps the most interesting target group for the coming years is the generation known as the baby boomers who are now approaching retirement age and increasingly have the time and money to redecorate and customize their homes. There are 16 million people living in the Netherlands, of which 14 percent is 65 years or older. By 2010 at least 20 percent of the population will be retired. The senior citizens will need special products, adjusted to the potential needs in the future. Important for this target group is that the products are not similar to the special products for handicapped people.

D. MARKET ACCESS

1. Import Climate

The Dutch market for bathroom equipment is open for all other European and non-European countries. Although the Netherlands conducts most of its import/export trade with other European countries, the Dutch market is open for U.S. products. The Value-Added Tax (BTW) on bathroom equipment is 19 percent.

2. Distribution

Bathroom products reach consumers through a variety of distribution channels.

Three channels stand out:
1. Specialized and parallel retail stores (2,447 outlets) *
2. Installation companies (971 outlets) **
3. Wholesalers (298 outlets)

* The first channel can be split into the specialized retail (including bathroom specialty stores, bathroom and kitchen stores, and tile specialty stores) and the parallel retail (including DIY centers, and department stores).

** The second channel consists of installation companies with or without a showroom.

1. Specialized and parallel retail stores

Bathroom Specialty Stores
The bathroom specialty stores have large showrooms, an average of 380 m² / (4,009 sq. feet). A large number of bathrooms are displayed (an average of 20) in the showrooms. Most of their sales come from bathroom products (58%) and tiles (17%). End consumers make up 89 percent of their clientele. Most bathroom specialty stores (38%) are located in industrial areas. Only a few (5%) are located in a shopping mall.

Bathroom and Kitchen Stores
The core business of the kitchen and bathroom stores is the sale of kitchens. However, sales and installation of bathroom products makes up least 35 percent of store sales. Few stores have less than 30 percent of sales coming from bathroom related products. On average, kitchen products generate 42 percent of sales, while bathroom products generate 29 percent.

Bathroom installation and repair only makes up 5 percent of their business while kitchen installation and repair makes up 11 percent. A large number of stores are part of a franchise retail chain (31 percent).

Tile Specialty Stores
Tile specialty stores make up at least 50 percent and at most 75 percent of their sales from the sale of tiles. The bulk of their non-tile sales come from the sale and installation of bathroom products. There are approximately 100 tile specialty stores in the Netherlands, which are mostly retailers.

2. Installation Companies

The companies with a showroom hold a market position between the retailers and the installation sector, which is reflected in some of their characteristics, namely:

- Like most retail stores, the showroom of the installation company is relatively small, an average of 170 m² (1,830 sq. feet) and few bathrooms are displayed (an average of seven)
- Similar to traditional installation companies, a large part of the bathroom installation work (28%) is outsourced to third parties or left up to the customer.
- The ratio between consumer and business clientele is 80:20.

The largest franchise organizations are:

Bad en Body (Bath and Body): 100 stores
Baderie: 62 stores
Sanidrõme: 30 stores

Brugman: 30 stores

Horn: 30 stores

Installation Companies Without a Showroom
These companies make use of showrooms from wholesalers, bathroom specialty stores and other companies.

Do-It-Yourself (DIY) Centers

The DIY centers sell to both household consumers and a small part of the business market. The smaller companies work under contract of consumers and the larger companies (building contractors, installation companies, etc.) carry out work for mostly businesses.

In the past, DIY centers focused primarily on cheaper bathroom products. Currently, more emphasis is placed on upgrading the range of products. In addition, the increasing consumer interest in bathrooms has led to larger bathroom departments. An increasing number of DIY centers without a showroom are creating space for one. From time to time, DIY centers also get involved in the product installation process. Some stores have their own employees to perform the installation service. Other stores refer customers to a third party.

Other Retail Channels
Department stores are the main sales outlets in this category. The department stores vary though in those that specialize in household goods (like IKEA) and stores that sell diverse product lines. Department stores tend to focus on the sale of bathroom accessories.

Wholesalers

In the past, wholesalers limited their sales to consumers because it undermined business for their target customers (mostly installation companies without a showroom). Over the past few years' wholesalers have created a sales channel to sell to consumers. This was achieved by opening a consumer-oriented showroom. Alternatively, wholesalers would develop a consumer-oriented retail formula to complement their wholesale activities.

3. Trade Promotion Opportunities

Baden In Holland

Show Organizer: VNU Exhibitions

Location: &n bsp; Jaarbeurs Utrecht

Address: &nb sp; P.O. Box 8800

Postal Code/City: 3503 RV Utrecht

; & nbsp; Tel: +31 - (0) 30 – 295 - 2700

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; & nbsp; Email: info@vnuexhibitions.com

; & nbsp; Web site: www.badeninholland.nl

This fair takes place every other year (the even years), at the beginning of the year. It is the largest Bathroom and Design Show in the Netherlands.

VSK – Vakbeurs voor Verwarming, Sanitair en Klimaatbeheersing

Show Organizer: VNU Exhibitions

Location: &n bsp; Jaarbeurs Utrecht

Address: &nb sp; P.O. Box 8800

Postal Code/City: 3503 RV Utrecht

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This fair takes place every other year (the even years), at the beginning of the year. This show focuses among other things on heating equipment, sanitary equipment and air-conditioning.

4. Contact Information:

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