

# Carpet sector faces credit crunch crash

THE UK carpets market will plunge by a 9% this year and plunge a further 4% in 2009, according to a new forecast by MBD (Market & Business Development).

The real term decline in the carpet market between 2007 and 2012 is predicted to be 10% in contract and 11% in domestic.

This is a shocking turnaround after optimistic expectations less than 18 months ago. The latest disappointing figures are blamed on the current economic slump, the drastic slowdown in the housing market as well as a fall in new construction output.

Carpets also continue to face the threat of substitution by smooth floorcoverings, according to MBD. However, the move towards home improvement is seen as a glimmer of hope for carpets.

UK construction output is expected to return to growth by 2012, providing a positive impetus for UK carpets demand.

Demand from the domestic sector is expected to continue to account for the largest share of the UK carpet market, representing an estimated 58% in 2012.

In the domestic sector, in particular, carpets will continue to face strong pressure from smooth floorcoverings, including engineered and solid wood, vinyl and ceramic tiles.

The tufted carpet sector is expected to continue to dominate the carpet market, accounting for a projected 73% of total sales in 2012.

However, MBD anticipates that between 2007 and 2009, sales of tufted carpets will decline by a significant 12% in real terms, reflecting the uncertain economic conditions.

However, moderate growth is

## UK carpet imports

2003	£734.4m	+6%
2004	£835.6m	+14%
2005	£787.8m	-6%
2006	£825.5m	+5%
2007	£856.1m	+4%

## UK carpet exports

2003	£229.9m	-2%
2004	£228.2m	-1%
2005	£229.6m	+1%
2006	£251.9m	+10%
2007	£271.6m	+8%

Source: MBD analysis of international trade statistics

## UK carpet imports (and exports) are rising

WITH the exception of 2005, carpet imports into the UK have continued to rise, reaching £856.1m in 2007. Importers were encouraged by the strength of Sterling, but its weakening last year caused a slowdown in imports.

Most imported carpet comes from Belgium and Holland, with China supplying a rising volume.

Tufted carpets accounted for 72% of the total of UK carpet imports in 2007, up from 70% in 2003. Tufted imports hit £618.5m in 2007, 20% up on 2003.

In 2007 woven carpet imports reached £127.4m, slightly down on the figure of £135.1m in 2004. Woven carpet imports actually declined from 17% in 2003 to 15% in 2007.

The good news is that exports of

carpets from UK producers has also been increasing, reaching £271.6m in 2007. In that year, international sales increased by 8%, consolidating growth of 10% recorded in the previous year. This is in contrast to moderate declines reported during the early part of the five year review period.

Overall, UK manufacturers have achieved international sales growth despite difficult trading conditions, exacerbated by a strong pound Sterling which has prevailed during much of the review period.

Exports have also increased partly due to a growing number of UK companies turning towards export markets during a time when demand in the domestic market declined.

forecast for the following three years, with sales expected to reach £888.3m at 2007 prices in 2012, partly reflecting the predicted return to growth in the construction market.

Demand for woven carpets is forecast to fluctuate, with an overall downward trend anticipated. Between 2007 and 2012, sales are likely to decline by 12% in real terms, according to MBD.

The proportional importance of fibrebonded (needle point) carpets is predicted to remain at 4%

through to 2012. Fibrebond sales are expected to decline between 2008 and 2011, with moderate growth in 2012 when the product sector is forecast at £53.6m at 2007 prices.

The fibrebonded sector is anticipated to be curbed by a potential slowdown in UK automotive production, due in large part to the economic decline.

For further details and to purchase a full copy of the report:

■ T: 0161 233 7092  
■ www.mbdLtd.co.uk

## Business in brief

### 'Brighter outlook'

Despite the economic gloom, 41% of construction industry bosses claim to be optimistic about business prospects in the next 12 months, according to a Chartered Management Institute survey. Over 80% of the 1,118 senior executives questioned say now is the time to focus on product innovation.

### Fraud losses up 69%

The average builder's loss to fraud has increased by 69% largely driven by the credit crunch, according to a new report. Common types of fraud include theft of stock (32%) and financial mismanagement (31%).

### Floor firm is upbeat

Flooring company EnDesign, which makes the mFLOR range, reports 30% growth in the first half of 2008 compared with 2007. It says the vinyl flooring industry overall has seen a rise in sales, mainly due to the downturn in the laminate flooring market. Linoleum, cork and rubber are also reportedly enjoying growth.

### Schools work to rise

The Government has announced the next stage of the Building Schools for the Future programme will double in value to £4bn and be opened to all contractors. Bids will be invited with a notice to be published in the Official Journal of the European Union in March 2009.

### More builders go bust

Builders' insolvencies increased by 11.7% between the first and third quarters of 2008, while 13.8% manufacturers went bust, says business information provider, Equifax. However, failures in the services and wholesale sectors fell by 4.2% and 2.6% respectively.

### Minimum wage warning

Many flooring contractors don't know the national minimum wage increased last month, according to new research. This is despite more than 1m people being affected. The minimum wage for adults aged 22 and over is now £5.73, up 3.8%.

### Adhesives slip forecast

The UK adhesives market will fall by 13% in the next two years to £654m, down from £750m in 2007, predicts a new report by AMA Research (priced at £625). T: 0871 3103450 www.amaresearch.co.uk

### Bosses disqualified

In the year to April 2008 a total of 1,145 individuals were disqualified from being company directors.

## UK carpet market by construction type (£m at 2007 prices)

	2008	2009	2010	2011	2012
Tufted	£897.3m	£864.6m	£868.5m	£876.7m	£888.3m
Woven	£215.5m	£205.5m	£205.4m	£206.6m	£209.1m
Fibrebonded	£53.6m	£51.9m	£52.2m	£52.9m	£53.6m
Rugs	£16.7m	£16.2m	£16.3m	£16.7m	£16.8m
Other	£51.7m	£49.7m	£50.0m	£50.3m	£50.7m
<b>TOTAL</b>	<b>£1,234.8m</b>	<b>£1,187.8m</b>	<b>£1,192.6m</b>	<b>£1,203.3m</b>	<b>£1,218.6m</b>

Source: MBD forecasts

## Flooring supplier is oar-right!

**KENT FLOORING SUPPLIES** (KFS), the Chatham based flooring distributor, came first in a charity raft race to raise funds for Macmillan cancer care recently.

Sponsors of the KFS team included F Ball and Tarkett. The event raised £6000 as part of a project to build a new Macmillan cancer care unit for Medway.

Organised by MHS homes and held at the Chatham



The Kent Flooring Supplies team paddling to victory in the Macmillan cancer care charity raft race recently

Dockyard, the event attracted nine enthusiastic teams. The three finalists were MHS homes, Kent Police and Kent Flooring Supplies.

Rob Stewart md of KFS for 25 years and skipper of the raft accepted the winner's trophy and thanked F Ball and Tarkett for their generous sponsorship and the KFS staff for all their support.

## Industry in brief

### Online payment pack

The National Specialist Contractors Council has launched an online payment pack suitable for flooring contractors. It gives expert advice to all common payment problems, standard letters, and much more. [www.fairpaymentcampaign.co.uk](http://www.fairpaymentcampaign.co.uk)

### More new CFA members

The Contract Flooring Association has just welcomed two new members: Tilemaster Adhesives of Chorley, Lancashire and Brooks Bros (UK) of Maldon, Essex. [www.tilemasteradhesives.co.uk](http://www.tilemasteradhesives.co.uk) [www.brookstimmer.co.uk](http://www.brookstimmer.co.uk)

### Van identity theft warning

As the credit crunch bites, flooring contractors are being warned of van cloning – the vehicle equivalent of identity theft. To avoid being caught, check the Vehicle Identification Number (VIN) and Vehicle Registration Mark (VRM) ([www.hpcheck.com](http://www.hpcheck.com)); be suspicious if it's less than 70% of the market price; and don't pay cash.

### Check for migrants

Flooring firm bosses could face jail or heavy fines unless they can prove that they took all reasonable steps to prove that their staff are entitled to work in the UK under the new law which recently came into force.

### Asbestos removal alert

The Health and Safety Executive is urging flooring contractors to employ only licensed companies to remove asbestos insulation board or asbestos lagging. This follows the prosecution of a man who was fined £44,000 for unlicensed removal of asbestos.

### Unsafe working for 2m

Over 2m UK workers describe their jobs as 'unsafe', a new TUC study has revealed. Meanwhile, 46% of workers face rising workloads and 3.5m are bullied at work.

### Carpet museum boost

A planned carpet museum near Kidderminster has received £1.7m from the Heritage Lottery Fund. The 14,000sq ft museum will feature a working power loom and displays on the development of the carpet industry from the 18th century.

### New FITA sponsor

Balterio will sponsor FITA for a full year, making its laminate flooring products available for training purposes.

### Keeping schtum!

Only a third of workers will blow the whistle if their boss breaks health & safety laws, a new poll has found.

# Change of minister sparks anger

THERE is anger in the construction industry over the appointment of the eighth minister in seven years.

Baroness Shriti Vadera, who was construction minister for just nine months, was replaced by Ian Pearson, MP for Dudley South, in the recent cabinet reshuffle.

Mr Pearson becomes minister for competitiveness and small business (working jointly with the Treasury), which includes responsibility for construction as well as a raft of other industry sectors.

However, he brings to his new position a considerable amount of ministerial experience plus a 'green' perspective, having been a former minister of state for climate change

## Out



Shriti Vadera

## In



Ian Pearson

at the Department of Environment.

His other ministerial jobs have included economic secretary to the treasury; minister for science and innovation; minister for trade; and

parliamentary under secretary of state at the Northern Ireland Office.

Before being elected as an MP, he worked for a firm of strategic policy consultants, later to become joint chief executive at WMEB, a West Midlands-based economic development company.

■ Another fact we have learned about the new construction minister, which may help him tackle his new job, is that he is an ex-rugby player, a member of Stourbridge RFC. And if that's not enough, he also supports West Bromwich Albion FC.

## Builders take longer to pay

UK companies settle bills nearly four weeks beyond agreed terms, according to a new survey by Experian, the global business information provider.

As a result of the credit crunch many firms already use extended payment terms as a form of short term funding. This means that some smaller businesses could wait five months for payment from the point of invoice for goods and services.

Days Beyond Terms (DBT) are the terms within which an account must be paid, i.e. 30 days or 60 days. Any period after this time is DBT.

The figure for the construction industry was up from 14 days in July 2007 to 20 days a year later. The July 2008 figures for property, building materials production and wholesale were 38, 23 and 21 days respectively.

To avoid becoming a late payment casualty, Experian recommends that businesses confront otherwise credit worthy and sound business, that have a culture of late payment.

## Retailer stops supplying illegal rainforest flooring

RETAILER Next has stopped selling merbau hardwood flooring online following claims that it may come from illegally logged rainforest timber.

The Environmental Investigation Agency (EIA) surveyed 16 UK retailers this year, of which 12 reportedly made bold 'green' assurances about the wood's origins, but none, bar one, gave satisfactory evidence that the timber was from a legal forest source.

Merbau, a wood prized for its dark red colour and durability, has been illegally looted to feed international demand for flooring.

It is not currently an offence in the UK to trade in imported timber known to have been cut illegally in its country of origin.

EIA's campaign director Julian Newman urges the British government to enact measures to outlaw the sale of timber derived



Merbau logs from the rainforests set to be made into flooring

from illegal logging.

'These forests form part of the last remaining tracts of intact rainforests in the Asia Pacific region, provide essential livelihoods for local communities and support a wealth of biodiversity.'

The EIA says the UK imported 3m sq m of Chinese-made flooring in the first six months of 2008 – a 58% increase compared with 2007 – more than any other country in the EU. [www.eia-international.org](http://www.eia-international.org)



## PEOPLE ● PEOPLE ● PEOPLE ● PEOPLE ● PEOPLE ●



Peter Kubermann



Markus Burkhardt



Jim Osborne



Alan Blay



Chris Murphy



Michelle Pagett



Andy Griffiths



Norman Beck



Simon Jenkins



Nick Widlinski



Paul Hussey



Sean Sohrabkhani

InterfaceFLOR has recruited **PETER KUBERMANN** as senior vice president of sales & marketing. Peter comes from Electrolux where he worked for five years as sales director for central and eastern Europe and md for Electrolux Professional Germany.

Prior to his work at Electrolux, he spent 10 years at the leading German catering equipment company Rational. There he gained valuable international sales and marketing experience, working in an EMEA-wide role, with responsibility for the development of Rational's sales and marketing channels. Peter holds a masters degree in business and administration from Munich University.

Westco has promoted its marketing development controller **MARKUS BURKHARDT** to director of operations. Markus, from Germany, joined Westco two years ago and was responsible for the company's marketing and new product development. In his new role, he will take charge of logistics, purchasing and the overall marketing for the company. Markus began his career with flooring manufacturer Hamberger in Germany before moving to the UK to join FN Profile. He has over 20 years of experience in the flooring industry.

Edel Telenzo Carpets has appointed **JIM OSBORNE** as its first full-time sales rep to cover the East Midlands. Jim has been in the carpet trade since 1973 and in sales since 1985, working for companies such as Mr Tomkinson and Brockway Carpets.

Flowcrete has appointed **ALAN BLAY** as director responsible for Flowfast in the UK, as well as overseeing its global growth.

Instar mac has appointed **CHRIS MURPHY** as technical manager for its specialist brands. Chris has

worked in manufacturing for over 32 years, 28 of which in a technical role developing specialised construction products. Trained as a development chemist and then promoted into technical management, he spent the first 11 years of his career with Lanstar Coatings, Liverpool, developing construction coatings and sealants.

As a technical manager for Croda Hydrocarbons, Yorkshire, in the next five years, he worked towards setting up this company's new division and developing their products. He joined Laybond in 1996 as a technical manager and became technical director in 1999, and a board member in the year 2000. Following Laybond's takeover by Bostik, he was involved in the integration of the two businesses.

Instar mac has promoted **MICHELLE PAGETT** to area sales manager for the Midlands Region. She has extensive product and customer knowledge, having worked for the group over the last three years as the Midlands internal sales coordinator. She takes over the position from **ANDY GRIFFITHS**, who has been promoted to new business manager for the group. Andy has 25 years of experience in the construction industry, 15 within the Instar mac Group.

Gerflor, has recruited **NORMAN BECK** as regional sales manager for the North of England. Norman was previously national corporate manager for ICI plc (paints division), which was acquired by Dutch chemicals and coatings giant, AkzoNobel in January 2008. He had worked for ICI for over 12 years. He has further experience in telecommunications where he worked as a director responsible for new business development within

the retail sector. At Gerflor he will manage an experienced team working across the North of England.

**SIMON JENKINS** is F Ball and Co's new technical representative in North London. Starting with Pat Hayes, Simon has been involved in the flooring industry all his working life. This has included three years as technical sales manager with Uzin and, immediately prior to joining F Ball, he was area sales manager with Instar mac.

James Latham welcomes two new members of staff in **NICK WIDLINSKI** and **PAUL HUSSEY** to its depot in Yate. Nick, who becomes panel sales manager at James Latham Yate, lives in Frome in Somerset. He has been in the timber trade for the past 11 years at both William T Eden and Anglo Welsh Timber. Paul, who was appointed panel salesman, has 14 years in the industry, most recently at William T Eden.

INVISTA Antron carpet fibre has appointed of **SEAN SOHRABKHANI** as fibre consultant. Working alongside Harwinder Bhamra, Sean will present CPD and colour point of view seminars. He is responsible for the UK alongside Ireland, South Africa and Scandinavia. In addition, he will provide UK carpet manufacturers with tailored support regarding both product development and implementing marketing initiatives.

With experience of large-scale projects in the residential and commercial interiors sector including One Hyde Park, Riverbank Plaza and Marriot Canary Wharf in London as well as Joel's Hotel in Dublin, Sean has the affinity to understand the needs of specifiers and designers operating within the sector and he makes a natural addition to the team.

## Industry in brief

## Recycling carpet aid

Battery operated portable hand-held instruments from two US firms are now available in the UK to identify the fibre content of recovered carpets to facilitate recycling. [www.carpetrecyclinguk.com](http://www.carpetrecyclinguk.com)

## Trade price guide is out

Atkinson & Kirby has a new trade price guide including its Caledonian range of solid and multi-layer flooring and more number of species in the Platinum Clic Range. The company also stocks accessories, including Bona seals, abrasives and maintenance products. T: 01695 573234

## Timber species research

TRADA is collating information on 20 new commercial wood species. Many come with FSC or other chain of custody certification. [www.trada.co.uk](http://www.trada.co.uk)

## 220% more hits on site

Timber distributor Timbmet claims a 220% in hits to its new website, which features special offers, an 'ask the expert' function and a regular blog written by Timbmet CEO, Simon Fineman. [www.timbmet.com](http://www.timbmet.com)

## China wood floors

China produced 361m sq m of wood flooring, mostly laminate, in 2007, a 9.4% increase on the previous year, according to a new report.

## Concrete comments

The Concrete Repair Association is inviting industry comments on its 'standard method of measurement for concrete repair' document now being reviewed. T: 01252 357835 E: [admin@cra.org.uk](mailto:admin@cra.org.uk)

## FRP brochure released

Specialist main contractor Concr ete Repairs Limited (CRL) has a new brochure on beam strengthening using Fibre Reinforced Polymer (FRP) Plates (composite materials from a combination of fibres and an epoxy matrix). T: 020 8288 4848 [www.concrete-repairs.co.uk](http://www.concrete-repairs.co.uk)

## Golfers hit record

Around 60 industry golfers raised a record £12,700 at the Furnishing Trades Benevolent Association's golf championship recently.

## Travel to Domotex

Pressplan offers accommodation and travel arrangements for visitors to Domotex in Germany (January 17-20), including the cheapest flights from UK airports. T: 0845 6441381 [www.pressplantravel.com](http://www.pressplantravel.com)