

Kitchen and tableware suppliers in China will have to prove their mettle as 2012 brings both internal and external pressures affecting overseas sales.

The debt crisis in the US and Europe is putting a damper on demand. This is the main reason export growth is foreseen to slow down this year. Some product categories showed a minimal increase in the quantity of 2011 shipments. Others have begun to decline.

Pricing is another key factor contributing to fewer orders. Most suppliers are raising quotes to offset higher manufacturing expenses and the appreciation of the yuan, but meeting resistance from buyers.

In response, companies are adjusting their business strategies to prop up sales and remain profitable. R&D initiatives will center on value-added models. Cost reduction measures are also being introduced. With such efforts in place, makers are hopeful of moderate revenue gains in the next 12 months.

### Key findings

1. Export prices will be augmented by as much as 10 percent due to rising production outlay. Adjustments in the yuan-US dollar exchange rate are also considered.
2. Suppliers are developing upscale designs to justify higher quotes. They are using better inputs and improved structures. Some are taking advantage of the strong currency to purchase imported raw materials. A greater number of makers of glass tableware are utilizing tempered and borosilicate types for increased strength. Superwhite magnesian porcelain and durable cow-bone china are likewise employed more frequently.
3. To enhance efficiency and reduce the number of employees, several teams are merged into one department to have fewer managers in the organization. Manufacturers are also acquiring automatic equipment, which has the added benefit of boosting product quality. Upgraded kilns, particularly, yield high-gloss ceramic and porcelain models without discoloration.
4. The majority of featured suppliers are raising capital expenditure by more than 50 percent to support capability advancement efforts.
5. Although the majority of businesses will still be targeting the US and the EU, many will be exploring alternative shipping destinations. These include Latin America, Africa, the Middle East and Southeast Asia. Several will cater to the domestic market.
6. For differentiation in the OEM-oriented industry, a number of companies will be focusing on OBM sales.

### Scope & methodology

This report covers the major products of China's kitchen and tableware industry, namely baking and cooking containers, knives, utensils, storage, organizers, tabletop accessories, and dining items in glass, ceramic, metal and plastic.

The products and prices section discusses each category and design trends specific to the line, and describes the typical features and prices of low-end, midrange and high-end models. Manufacturing processes are also explained.

The Industry Overview touches on the challenges faced by the sector and details how makers are coping with the situation.

Guangdong and Zhejiang provinces are the main production centers for the line. The first location is represented by more than 40 percent of featured suppliers. About one-fourth of interviewees are from Zhejiang. The

majority of businesses are locally owned. Up to 25 percent are foreign-invested.

To produce this report, Global Sources interviewed a wide range of enterprises. Rather than focus simply on high-profile makers, we compiled a representative sample of large, midsize and emerging manufacturers. All profiled companies are export-oriented professional suppliers that are verified by Global Sources.

Each supplier is confirmed to be authentic with a legally registered business. All companies are visited three or more times by Global Sources to ensure they are export-ready and have real offices and products.

The listed contact person has been verified to represent the registered company. In each case, companies were required to answer specific questions designed to verify their manufacturing and export credentials.

All profiled suppliers participated in a survey designed to provide insight into price trends, sales outlook and target markets in the next six to 12 months. All survey questions are single choice. Results were calculated based on the actual number of valid responses to each question.

### Global Sources supplier rankings

★★★★★

Suppliers are ranked using a 6-star ranking system. Companies with a higher star ranking provide more business information and verification reports on their Global Sources online homepages.

Suppliers rated 5 or 6 stars have a Credit Check report from First Advantage or Sino-Trust and a Supplier Capability Assessment report provided by Bureau Veritas online.

The rankings are correct at the time of publication and may be subject to change.