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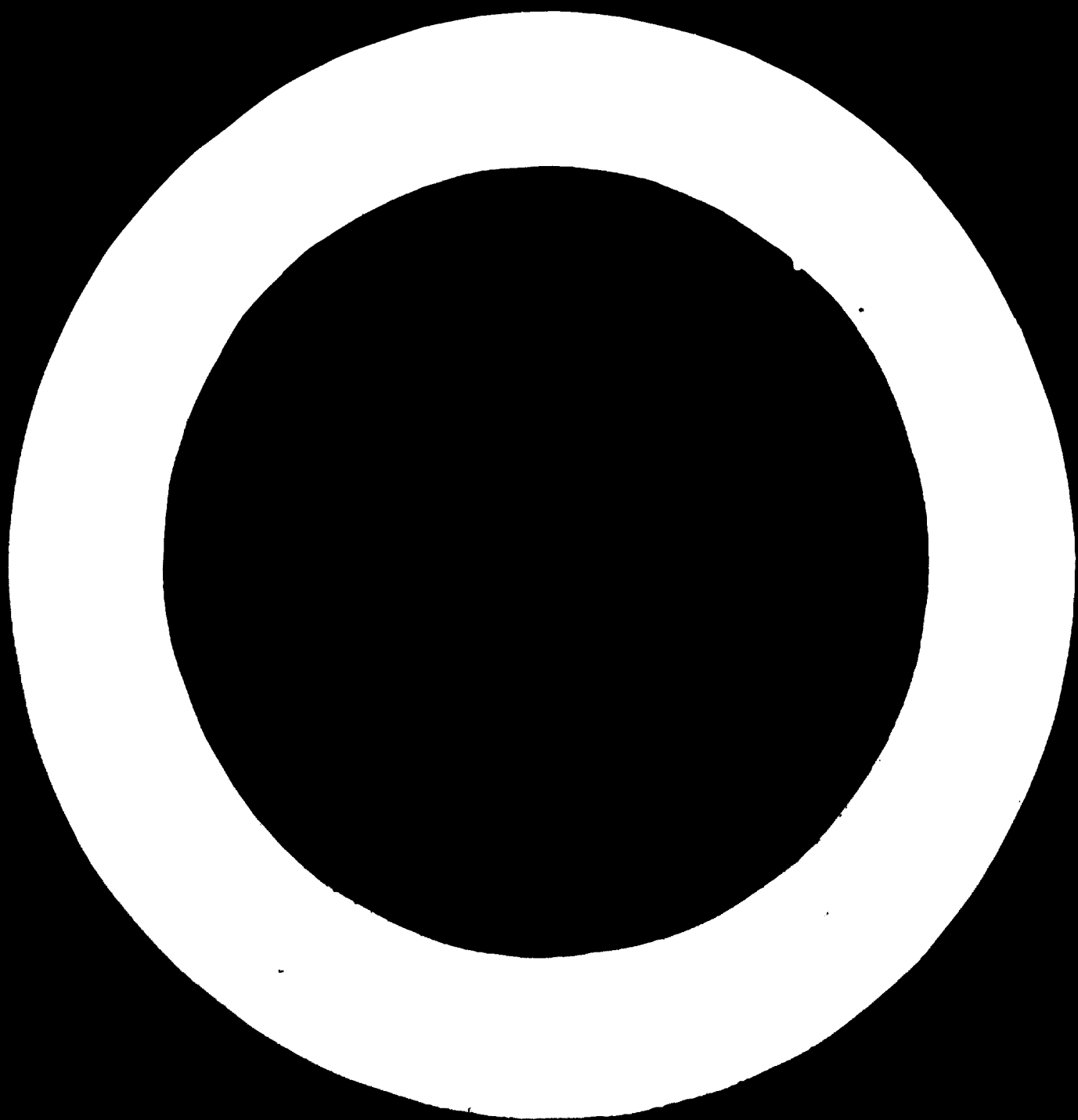
THE FURNITURE INDUSTRY IN INDONESIA ^{1/}

Country paper
presented
by

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The manufacture of furniture in Indonesia has shown quite a tremendous progress in the latter years in comparison with 20 years ago.

What we mean by progress is not only its manufacture, but also its architectural design, construction, quality and even choice of upholstery material.

The most astonishing fact is that nowadays at least 75% of this business is in the hands of Indonesians. whereas before the 2nd world-war and shortly after this, it was historically the monopoly of the Chinese inhabitants of Indonesia, even though the carpenters employed were Indonesians.

What has awoken Indonesians to enter into the furniture industry has been the fact that handicraft and carpentry skills are intern to the Indonesian people.

In prewar days furniture production was on an artisanal basis, because, besides Western antique furniture like Queen Anne, Raffles, Old Dutch antique furniture from the East, like old Chinese, - old Javanese (Djepara), Balinese, South Sumatran (Djambi) had been the most popular furniture styles in those days.

What has also been popular even until today has been rattan furniture, which is within the means of the lower-income people.

After 1950 modern influences from the West entered Indonesia and this led to the acceptance of modern furnishing.

Books, brochures and pamphlets freely found their entrance into Indonesia and the resettling of westerners in many big cities encouraged the development of modern furniture in this country.

By the late 1950's old antique furniture began to lose its market; because of the complete acceptance of modern furniture, especially in big cities in Indonesia, where development has started to take place.

New home and office buildings began to rise everywhere at the same speed as the flourishing import and export business, so that having new and modern furniture became a must for rich people.

Yet in those days the furniture business had grown fast just to meet demands; style and models are chosen from what books and pamphlets can offer.

In architectural line there is no preference and sales promotion was considered to be unnecessary.

But since the beginning of 1960 - when buildings were erected with new progressive architectural style, people demand furniture with better design and more attention is also paid to interior decoration.

The customer is now more choosy and individual taste for interior decoration and furniture design has developed quite a bit - which means that interior decoration and furniture is now a really competitive field.

For the average Indonesian, modern furniture is still a luxury - however there is also mass-produced furniture of lower class and made of lower quality material, so as to make it possible for the middle-class man to buy. In this category, we cannot talk about style or model, or even quality, because it is just functional and attainable in price by the lower-income people.

Present Market for Furniture

If we look over the situation in general in Indonesia, taking into consideration that the economic stabilisation now is a fact, and the speed of development in most parts of Indonesia is very promising, we obtain the following analysis.

- a) The market for furniture at present is very good and will be good for some time to come.
- b) The results of the Government's 5 year plan on development, which started in late 1969, is now seen everywhere. In the city of Djakarta, only office buildings, 4 to 10 storeys high are to be seen - some already occupied and many still in construction. Besides, many other buildings like hotels, theatres, shopping centres, hospitals, factories and many private houses are now in construction. Other parts of Indonesia are also following in the steps of Djakarta in development, though not as fast. Worth mentioning are the areas of West-Mid and East Java, North and South Sumatra, North and South Sulawesi.
- c) We notice also that to fulfil the demands of some hotels and office buildings, furniture has been imported from Singapore and Hongkong; this is due to the fact that there is not enough stock on the market and to manufacture it takes some time, while some of these building projects cannot wait that long to start business operations.

Shortcomings in the Present Manufacture of Furniture

There are only a few furniture factories operating with machine tools, and even if they have these machine tools, most of them are out of date, so that a big part of the work is still done by hand.

On the other hand, there are thousands of furniture workshops in towns and villages where everything is done by hand.

There are enough good carpenters, but to get quality work, there is more to be done than just carpentry skill, and precision in joints and good finishing can only be done on machines. Another handicap is that the wood being used is only partly seasoned; in many cases even this is not possible because of setting a time for delivery that the customers request.

We don't have kiln-dried wood for local use for furniture. There are some kilns operating, but only for planks to be exported, and they are located in the forests of Kalimantan.

The problems mentioned above are the main ones and in fact the ones that hinder the production of good quality furniture. These shortcomings have to be overcome, and it has to be done very soon, because the rate of development is great and besides, there must be a start to upgrade product quality.

Board of Quality Examiners - a must

Another necessity to assure good quality products - especially in a non-competitive market as presently the situation is in Indonesia, is the organising of a "Board of Quality Examiners". If this Board is not set up as soon as possible, the situation will be more destructive to the country because opportunism, corruption and mental degradation will increase, Indonesians will be still import-oriented with respect to furniture, and since the country is a Djati teak producing country it in fact should start exporting furniture instead of lumber.

A Board of Quality Examiners will save the Government and population a lot of money and soon could produce a lot of foreign exchange from furniture export, since the foreign buyers would be assured of the quality of their purchases and consequently risks in introducing Indonesian furniture abroad will be smaller.

Sales Promotion - Advertisement and Displays

There are no real big furniture shops yet because of the considerable space needed to display the products for sale. There are also not many furniture shops with showrooms; the majority of sales being done in furniture workshops which are scattered everywhere in towns and villages, most of them even are primitive sheds where a few carpenters work.

Because the demand on furniture is so big, many people are interested in this business - even though they do not have the knowledge about furniture and that is why shops or showrooms are full of furniture, heaped or scattered around without any art or display.

Advertising the product seems to be considered as throwing away money and they would rather wait for customers to come by to have a look, which is bad from a sales promotion point of view.

These shortcomings are the result of the fact that there are more furniture companies who have no showrooms of their own but only workshops and are depending on orders or on Government tenders for furniture.

Only a few furniture companies are well organized and operating with their own design-room, workshop - showrooms and sales advertising organisation.

Other furniture shops only take merchandise in from small workshops to sell and are thus not depending on a particular style/design or quality.

If the market becomes more competitive and customers demand guarantee of quality and the existence of the Board of Quality Examiners will become a reality, then more attention might be paid to advertisement and displays for sales promotion.

Furniture Factories

Considering the present demand and future possibilities and to stop imports of furniture, we believe that the existence of big furniture factories operating on an industrial basis is exactly what Indonesia needs now, but this requires large investments. This is the weakest point for the Indonesian businessman and that is why the Government of Indonesia in determining its economic policy will welcome any foreign investment to Indonesia, especially investments based on co-operation or joint-operation with local enterprises.

With the existence of such a furniture factory we can be certain of the following:

A. Production

Two types of furniture must be produced:

1. Luxurious
2. Standard or middle-class
 1. Luxurious furniture - though luxurious - yet with certainty of precision and improved planning, production will be increased and delivery times shortened, leading to production at competitive prices.
 2. Standard or middle-class .. furniture will certainly have a big market among medium and even low-income people, especially when its design is simple but attractive enough and even the use of non-solid wood such a veneer plywood or other wood-based panels can be used in its production.

B. Market

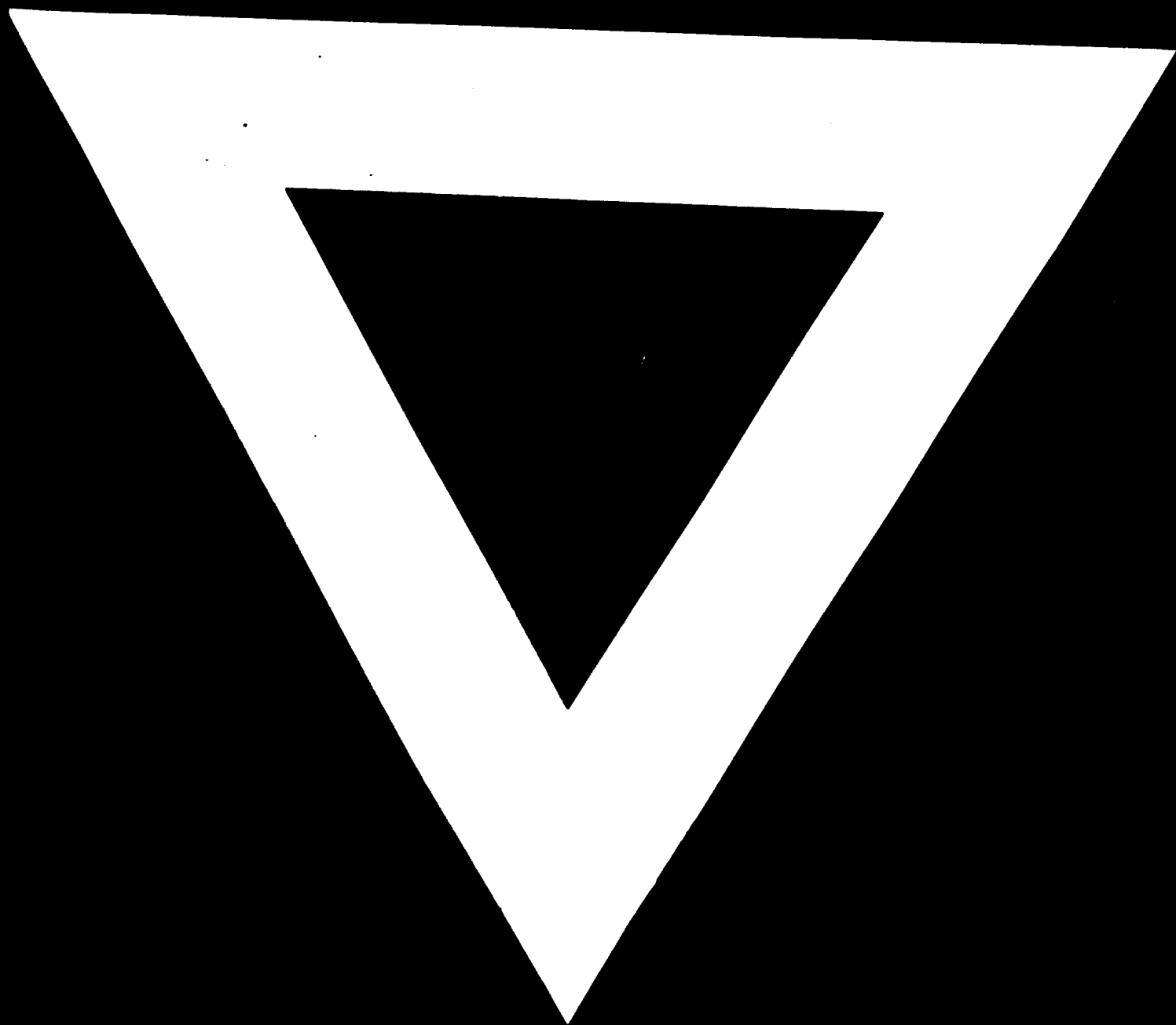
1. Since the Government of Indonesia is working under an austerity plan in all its expenditure, a certain market will be the Government itself and its policy of purchase on tender basis might be stopped because of assurance of low prices, quality and short deliveries of factory made furniture.
2. There will be more foreign enterprises, factories as well as offices in Indonesia which will be a market for this furniture.
3. The present local market will be the most widespread market either for luxurious or standard factory made furniture.

C. Advertisement

The most common advertisements are:

1. Advertisements in newspapers and magazines
2. Television shows and movie theatres ads.
3. Neonlit boards
4. Pamphlets/brochures and booklets

Advertising has started to make an impact just since about a year ago, and for good and exclusive products there surely will be no difficulties to get this impact through any kind of advertisement.



10.8.73