

# Israel:

## A SOURCING GUIDE

Israel might not be on your radar for sourcing new lines or finding innovative products, but, as *DIY Week* found out, there's no need to go to the Far East, when the Middle East has so much to offer.

When thinking about overseas sourcing it's difficult not to immediately think of China and the Far East. After all, we are reminded on a daily basis of China's dominance in the world manufacturing market and the effect that has on domestic production, prices and the international supply chain.

Undoubtedly, cheaper Far Eastern imports have changed the face of manufacturing and retailing in the UK, creating a polarised market of smaller independents, who don't have the scale to source direct from the Far East, and huge national sheds that can use all their leverage to ship cheaper product in by the container load.

The supply chain is changing however. As the cost of raw materials rises and the cost of shipping increases, thus putting pressure on its availability for all but the biggest firms, then so rises the cost of the products being imported.

Couple this with rising labour costs in China and, for some, the Far East is no longer so attractive a prospect as it once was.

Retailers and wholesalers need to spread the search for new and innovative products, find exporters who can guarantee quality and service and, crucially, forge business partnerships that are economically advantageous.

Step forward Israel. Not perhaps the first country in buyers minds', but one with a mature and sophisticated manufacturing market, particularly in sectors relevant to our industry, such as plastics.

Caroline Nave, business development manager for home & family products for the Israel Export and International Cooperation Institute, explains to *DIY Week* some of the advantages of switching supply from the Far East to the Middle East.

The reasons, she says, are not hard to find: "A tradition of innovation, marketplace awareness and re-

sponsiveness to customer demands rank high on the list," she says. "The synergies uniquely available in a small country have enabled the rapid adoption of locally-developed technologies."

Indeed, she says, the DIY and hardware industry has "consistently demonstrated high growth over the past two decades". Of course, like many global markets, it has suffered over the past 18 months, with an approximate 30% decline in exports in 2009, as the global financial crisis struck. However, she adds that the first three quarters of 2010 have seen a 21% increase on the same nine months last year – although export levels are yet to return to those of 2008.

There are, says Ms Nave, about 400 DIY and hardware manufacturers currently active in the Israeli market, exporting to more than 100 countries worldwide. In 2006 for example, Israel exported \$1.5bn of DIY and hardware goods. More current figures are unavailable, but the decline last year is likely to have wiped out much, if not all, of the growth between 2006 and 2008, so it's reasonable to assume the market is still at a similar level. The vast majority of these exports are bound for Europe (78%, with a further 19% going to the USA and the remaining 3% to ROW).

A large percentage of exports are manufactured for brands and retailer's private labels, including Black & Decker, Stanley, Home Depot, Castorama, Leroy Merlin, Lowe's and Wal-Mart, says Ms Nave.

This relationship with overseas retailers is also altering the retail landscape in Israel, she continues, as the country is "moving quickly to US-style superstore chains, several of which bear American brand names including Home Center and Ace Hardware".

But, getting back to the central issue – why should UK retailers and wholesalers source from Israel, and why should suppliers be looking at strategic partnerships?

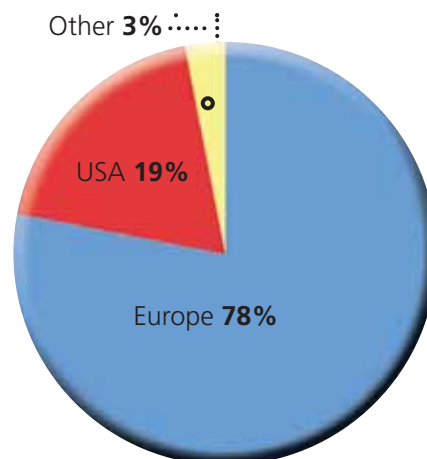
The answer appears to be a commitment to design, R&D and quality – the lack of which are three common charges levelled at Far Eastern manufacturers. As the following pages show, Israeli companies have a strong heritage of innovative design, and an ongoing commitment to improving existing lines and developing new products for market.

And the nuts and bolts are there too. "all Israeli manufacturers exporting to Western markets meet required UL and CE standards," says Ms Nave, and, "in addition, many bear ISO or GMP designations, attesting to Israeli firms' commitment to universally-accepted quality standards."

They can deal in relatively low volumes, compared with the Far East, meaning they can meet niche market needs and can be "fast and flexible" when it comes to meeting changing consumer needs. And finally, there's the financial aspect. Shorter distances to ship, shorter lead times and quicker delivery, all make sure you can have the product when you need it. But, says Ms Nave, there is another element to consider. "Israel is unique in having free trade agreements with the EU, the USA and Canada," she says. That means that Israeli DIY products enter the UK free of import duties.

So, if Israeli suppliers can be more flexible in product development and manufacture, more innovative in design, quicker in fulfilment and delivery and competitive in terms of price, is it time to investigate Israel?

### Israeli exports of DIY and hardware products



**Caroline Nave is the business development manager for home & family products for the Israel Export and International Cooperation Institute. More than 1,500 member firms, private-sector bodies and the Israeli government support the institute and its mission is to advance business relationships between Israeli exporters and overseas businesses.**

**The institute is committed to bringing UK DIY and hardware buyers and Israeli suppliers together, building successful joint ventures, strategic alliances and trade partnerships.**



The Israel Export & International Cooperation Institute  
www.export.gov.il

## Supplier guide continued... Israel's leading manufacturers tell *DIY Week* what they can offer the UK market

### Palram Applications Ltd

With almost 50 years of experience, Palram is one of the world's largest and most advanced manufacturers of polycarbonate, PVC, acrylic, and other thermoplastic sheets for a variety of industries including construction, graphics and display, architecture, and for the do-it-yourself market (DIY). The company has manufacturing facilities in Israel (a 12,500sq m facility in the Galilee Heights area), USA, England, Germany, China, and Russia.

The Israeli industry is driven by factors which are part of the Israeli spirit – creativity, daring and suppleness – all of them lead to innovation. Sometimes, the easiest way to think out of the box is by not seeing the box. The deep belief that there is a way to reach the target, always leads to finding new paths. Courage and quick adjustability are required to go all the way through these lanes or any other path that will pop up during the journey to the goal.

Palram Applications is an agile company even by Israeli standards. Its products offer creative design, the use of innovative materials and excellent value for money.

The products are based on integration of high quality materials and wide range of technologies that by advanced manufacturing know-how allows Palram to give quick and specific responds to customers' demands.

The agility is also based on a complete supply chain's control from the raw materials (that are supplied by the mother company) through the developing and manufacturing to the sales and distribution, which are done by Palram's own representative company in the UK.

Therefore raw materials availability, high standards manufacturing, quality control, pricing, short delivery time, and locally-based after sale service are part of the package that we offer the customer.

The systematic strict QA processes start at the raw materials manufacturing and do not end until the consumers' responses are received and analyzed.

In the last 12 months Palram Applications entered the solar products market and developed new products in all its categories. As a result, its manufacturing facility this year has almost doubled.

• **Thanks to Yoav Yuval, marketing manager**

**[www.palramapplications.com](http://www.palramapplications.com)**