

# The European market potential for decorative lighting

Europe offers a substantial €14 billion import market for decorative lighting. A large share of these imports are supplied by developing countries. The European market for decorative lighting saw steady growth between 2014 and 2018. This offers opportunities for developing countries, which are most commonly found in the mid-range segment, in which the consumer is sensitive to trends and is therefore willing to purchase new items more frequently. The leading markets in Europe tend to also be producing countries that either do not produce enough to meet the demand or that outsource production.

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## 1. Product description

When we refer to decorative lighting or lamps in this study, we mean the entire unit surrounding the light source. It consists of several components such as the mounting, lamp holder, reflector and shade or glass cover. The actual light source, which is referred to as the illuminant, is inside the lamp.

Within the home sector, decorative lighting is categorised under furniture and lighting. Decorative lighting is a group of products, which include the following:

- Table lighting
- Desk lighting
- Bedside lighting
- Floor lighting
- Pendant lighting
- Ceiling lighting

The following HS codes are used for this study on decorative lighting within Europe:

Table 1: HS codes and product description

Harmonised System Code (HS)	Description
940510	Chandeliers and other electric ceiling or wall lamp fittings (excluding for lighting public open spaces or thoroughfares)
940520	Electric table, desk, bedside or floor-standing lamps
940540	Electric lamps and lamp fittings, n.e.s. (not elsewhere specified)
940591	Parts of lamps and lighting fittings, illuminated signs and nameplates and the like, made of glass, n.e.s.

940592	Parts of lamps and lighting fittings, illuminated signs and nameplates and the like, made of plastics, n.e.s
940599	Parts of lamps and lighting fittings, illuminated signs and nameplates and the like, n.e.s.

## Functionality

In terms of functionality, all decorative lighting has the same function: to provide light. It can be either for lighting up a room, creating a certain atmosphere in a room or providing light for reading or performing other activities.

The purpose of the decorative lighting shade is to protect the eyes from the bulb's glare and to direct light from the bulb in the lamp into the room. A common form of the decorative lighting shade on a floor lamp, for example, is made of loose-weave fabric or paper to block significant amounts of light in a horizontal direction. A decorative lighting shade softens the light and creates a certain ambience.

## Material

Decorative lighting can be made of various raw materials, such as:

- wood
- resin
- ceramics
- metal
- glass
- marble
- bamboo

The decorative lighting shades can be made of:

- various fabrics including silk, linen and cotton
- parchment
- glass
- paper
- plastic
- metal

## Design

Innovation is increasingly important in terms of new materials and design. However, the lamp still needs to provide a certain ambience or functional light. Decorative lighting is an important aspect of interior design as it enhances the aesthetic appeal and creates the mood and ambience of a living space.

## 2. What makes Europe an interesting market for decorative lighting?

The European market for lighting is significant and growing and in the home sector, the lion's share consists of decorative lighting. Between 2014 and 2018, total imports of lighting into the European Union increased from €12 billion to €14 billion. The average annual growth between 2014 and 2018 was 5.1%. By comparison, global imports of lighting grew at an average rate of 6% between 2014 and 2018, reaching almost €37 billion in 2018.

In 2018, 44% of the total European import value came from developing countries. Imports from developing

countries grew significantly between 2014 and 2017, after which they remained relatively stable in 2018, reaching €6.3 billion. The average yearly growth rate stood at 6.4% between 2014 and 2018. As shown in Figure 1, the bulk of the trade takes place between European countries and this trend has been increasing. This shows that the market for decorative lighting between European countries is a lively one.

The European market for decorative lighting is expected to continue to offer interesting opportunities. The rising popularity of LED lighting as an energy efficient and green solution, drives the demand for new lighting concepts and lamp designs. On top of that, the “home sweet home” trend is driving market growth for decorative lighting to enhance room ambience.

Moreover, European consumers are increasingly bringing nature into their homes. Using decorative lighting in natural shapes and produced with natural materials is an ideal way to create this feeling in their homes. These, amongst others, are strong drivers that will stimulate growth of the lamp market in Europe.

#### **Tip:**

Keep track of European trends in decorative lighting as well as interior design, to anticipate future changes in your sector by visiting European trade fairs such as [Ambiente](#) in Frankfurt (Germany), [Maison & Objet](#) in Paris (France), [Tendence](#), Frankfurt, Germany (August).

### **3. Which European countries offer most opportunities for decorative lighting?**

In 2018, Germany remained the main market for lighting in Europe with 20% of imports, followed by France with 11% and the Netherlands with 10%. Together they accounted for 41% of the total European lighting imports. Smaller markets with less than 10% of the European market, but which are still in the top six importing countries are the United Kingdom (9.6%), Italy (6.2%) and Spain (5.7%).

#### **Forecast of real private consumption expenditure growth is modest at best**

Private consumption expenditure includes all purchases made by consumers, such as food, housing (rents), energy, clothing, home accessories, health, leisure, education, communication and transport as well as hotel and restaurant services. It is an important indicator for the European home accessories market. The sector is closely linked to economic conditions. When economic circumstances and prospects are dim, consumers postpone buying non-essential items or opt for cheaper ones. Conversely, when economic conditions are favourable, private consumption expenditure and purchases of non-essential home accessories surge.

Especially in emerging markets, consumers will have more money available to spend on these products. Consumers in mature markets already spend a fair amount of money on luxury items, so growth in their consumption is expected to be moderate.

Looking at the main decorative lighting markets in Europe, we see that private consumption expenditure growth is forecast to be most pronounced in Germany. A slightly upward trend is expected over the next few years in the French and Italian economies. In the United Kingdom, the Netherlands and Spain, the opposite is expected, largely due to the uncertainty and loss of consumer confidence because of the withdrawal of the United Kingdom from the European Union ([Brexit](#)).

## Housing construction expected to have a positive influence on demand for decorative lighting

A macro figure to take into account is the new housing construction forecast. New housing tends to drive consumption of decorative lighting. In line with the data shown in Table 2, France and Germany are expected to complete a very sizeable number of houses over the next few years. Spain, in particular, is expected to experience a significant hike in housing completions from 2019 to 2021.

Table 2: Housing completions in the top six European import countries (2019 - 2021)

	Forecast			
	2019	2020	2021	Growth 2019-2021
Germany	310	315	320	3.2%
France	430	399	376	-12.6%
Netherlands*	67	69	74	10.4%
United Kingdom	190	195	203	6.8%
Italy	87	89	92	5.7%
Spain	85	95	110	29.4%

*\*Due to the recent implementation of environmental regulations, housing construction is expected to be lower than the projected figures*

Source: EUROCONSTRUCT, June 2019

### Germany: the main market with potential

Representing 20% of European imports, Germany is Europe's largest market for lighting. As shown in Figure 2, German imports of lighting reached almost €3 billion in 2018. Between 2014 and 2018, German imports of lighting grew moderately at an average rate of 3% per year. It is noteworthy that the German lighting market is well integrated with developing country supply chains, as over 60% of its imports of lighting come from developing countries. At the same time, Germany is one of the leading producers and suppliers to the European Union. That means that German production does compete with developing country suppliers.

Germany is the largest economy in Europe and is home to 16% of the European Union's population. The German economy is widely considered the stabilising force within the EU. Between 2010 and 2018, the German economy grew at a rate of more than 2%. This is a higher rate than that observed in the United Kingdom, France and Italy.

Housing construction and private consumption expenditure in Germany are both forecast to increase, which means that conditions are favourable for an increased consumption of decorative lighting, offering opportunities to exporters from developing countries.

## **France sees positive growth in imports from developing countries**

Accounting for 11% the total European imports of lighting, France is the number two importer. As an import market, it is significantly smaller than Germany, although imports increased at an average rate of 6.7% between 2014 and 2018, reaching €1.6 billion in 2018. Some 48% of the imported lighting comes directly from developing countries. Between 2014 and 2018, imports from developing countries grew at an average rate of 9% per year.

The economic growth in France has slowed down after a gradual recovery. Global uncertainties and the effects of social unrest weighed on consumer confidence and consumption of luxury products in 2018. However, 2019 saw a considerable increase in private consumption expenditure growth compared to 2018. In 2020 growth is expected to stabilise and a slight increase is expected. While housing construction is projected to slow down, France will still lead in Europe when it comes to new housing construction. The impact on consumer spending on products such as decorative lighting will likely be moderate.

## **The Netherlands: significant growth in imports and large share from developing countries**

Dutch imports of lighting grew significantly between 2014 and 2018, at an average rate of 13%, reaching an import value of €1.4 billion in 2018. This favourable trend runs parallel to a long period of uninterrupted economic growth. The Netherlands is responsible for almost 10% of the total European imports of lighting. The strong and stable growth of imports makes the Netherlands an interesting market. Moreover, the Netherlands sources 70% of its lighting from developing countries.

However, private consumption expenditure growth in the Netherlands is forecast to drop from 2.5% in 2018 to 1.1% in 2019. The Brexit as well as the international trade disputes between the United States and China, have a big impact on the Netherlands. The country relies heavily on international trade and negative developments in that respect area have an amplified effect on the economic performance of the country. This will likely have an effect on economic growth, consumer confidence and resulting consumption of decorative lighting in the country.

Due to the implementation of strict environmental regulations, the growth in housing construction will also be lower than projected, which will also dampen the growth in demand for decorative lighting.

At the same time, it should be noted that the impact on imports of decorative lighting extends beyond the country itself, since the Netherlands is a big re-exporter of goods. As such, developments in other European countries will also play a role. Given the economic slowdown in Europe as a whole, a sharp increase in imports is not expected. On the other hand, a decrease is not likely, either, since the economies are still growing, albeit at a slower pace.

## **The United Kingdom relies heavily on imports from developing countries**

A downward trend in imports of lighting in the United Kingdom was seen starting from 2015 (€1.6 billion), with the import value falling to €1.4 billion in 2018. Of the top six leading importers, the United Kingdom ranks highest in terms of imports from developing countries, accounting for with 78% of these imports. However, it is the only country in the top six that saw a decline over the 2015 to 2018 period. The main reason for the decrease is the economic fallout, depreciation of the British Pound and loss of consumer confidence due to the Brexit. This trend is not expected to be reversed anytime soon.

Although projections point to modest economic growth in 2019 and 2020, Brexit is expected to continue to have a negative impact on the United Kingdom's consumer confidence throughout 2019 and 2020. This is also reflected in the private consumption growth, as shown in Figure 3. The decreasing growth in consumer expenditure is likely to have an impact on the demand for decorative lighting.

While the share of developing countries in imports of decorative lighting is high, the prospects for exporters

from developing countries over the next few years are uncertain and may be modest at best.

## **The Italian market sees steady growth in imports, but the economy is stagnating**

Italy saw steady growth in its imports of lighting between 2014 and 2018, which averaged almost 7% per year. In 2018, the total import value of lighting was €888 million. Like Germany, Italy obtains over 60% of its imported lighting from developing countries.

However, the Italian economy has been broadly stagnant for the last five quarters and projections for the near future are not very cheerful. The European Commission's forecast indicates that Italy will record economic growth of just 0.1% in 2019 and 0.7% in 2020, which would make it the slowest-growing EU economy in both years.

In line with the economic performance, Italian private consumer expenditure growth is forecast to increase slightly in 2020 compared to 2019. Since the difference is minimal, it is not expected to have a significant impact on imports of decorative lighting. Considering the weak economic forecasts, it is expected that opportunities for exporters from developing countries in the short term are likely to be modest at best.

## **Spanish growth in housing construction is favourable for imports of decorative lighting**

Spain is the smallest importing country of lighting of the six countries but experienced the same steady growth as Italy. Between 2014 and 2018, Spain saw an average growth rate of 7%, reaching a total import value of €819 million in 2018. The country is responsible for almost 6% of the total European imports of lighting.

With regard to the country's private consumer expenditure, growth in 2020 is forecast to stabilise at a reasonable level, the highest of the top six import markets. In addition, the projected growth in housing construction in Spain is the highest of the top six. As such, the conditions seem favourable for a growth in demand for decorative lighting.

Spain sources over 65% of its lighting from developing countries and imported €457 million worth of lighting in 2018. On average, imports from developing countries grew by almost 12% between 2014 and 2018. Spain is therefore an interesting country to target.

### **Tips:**

Check the [latest developments regarding the import of decorative lighting](#) in the European markets on ITC Trademap. ITC Trademap offers details of trade volumes and values, per year and per importing and exporting country.

Target leading Western European importing countries of decorative lighting. The most interesting are Germany, France and the Netherlands.

## **4. Which trends offer opportunities on the European decorative lighting market?**

### **From functional basics to design statements: handmade!**

Especially in the higher segments, lighting has developed "statement" value. That is, consumers make their main pendant and standing lamps into a focal point by choosing special designs and placing them where they can be seen as easily as possible. That way, they can be a conversation piece with visitors and enable

homeowners to show off their good taste.

From the end of the 19th century to the present day, designers and brands have taken pride in bringing innovative lighting to the market. Lighting has gone from being purely functional to serving as an eye-catching home accessory.

Essentially, lighting is a mass market item – every consumer in every home around the globe has a need for multiple light fixtures around the house. This means that it has also been quite an industrial product, for which mechanical production processes are favoured. Recently, a handmade niche has been growing, in order to cater to such typically premium values as personalisation, limited editions and design excellence. Small, customised runs are increasingly important, as well, in order to cater to the retail sector which requires differentiation. This trend towards handmade products offers opportunities for small-scale, design-led concepts from developing countries.

### **Tips:**

Study European design history in lighting. This will help you understand essential consumer needs in lighting, help you gain an understanding of style and what design elements work. In marketing lighting to Europe, be aware that this category has an enormous heritage in design. From as early as the 1890s up until the present day, famous lamps by famous designers for famous brands have dominated the upper segment of the consumer market.

Focus on the handmade niche in the upper segments. Consider where you can make a difference: special materials, techniques or styles linked to your local context will help you differentiate your range from the existing offering.

Comply with the legal requirements for the product group. There is no way you can enter the European market without meeting the legal requirements, no matter how nice your design is. Because lighting involves electricity, the requirements for this product group are extra strict.

## **Home sweet home: dimming the lights**

This trend is about a slightly older consumer retreating into the safety and security of their own home, and making it a perfect, luxurious oasis. Home is also where genuine connection takes place with close friends and relatives. This is done by eating, cooking and enjoying entertainment together. Lighting plays a key role in this “cocooning”, in the following ways:

### **Atmosphere and mood**

When the lights are dimmed, and the music is aimed at an atmosphere of togetherness, romance and warmth are created. Generally, this calls for lighting that, when switched on, can diffuse the light, project some shadows, and has warm colours.

### **Nostalgic styles**

This consumer has a tendency to long for or daydream about a time in the past when life, to them, was perhaps somewhat less hectic, more stylish and balanced than today. This nostalgia is fed by a decorating style that goes back to certain style periods, such as the 1920s, Art Deco, or the 1970s. The lighting is an important element in emphasising that style in the living room and other rooms of the house such as the bedroom. The consumer can choose to collect vintage items from auctions and antique shops, buy replicas or opt for modern interpretations of period lighting.

## Branded

This older, slightly more affluent consumer is quite open to the status associated with branded products. If they have the disposable income, they will invest in timeless lighting from brands with a heritage. Needless to say, trends are not a relevant buying motive for this consumer.

### Tips:

Study European design history if you want to play a role in this segment. It is vital that you understand the style periods and their expression in lighting. It is then important to add your own design elements to this.

Clearly communicate your values and stories. Your website is the number one place to do so. As a developing country exporter, you are not likely to be or become an established brand in the competitive European market. However, your stories and identity elements are very welcome. Even if you supply to an existing, established European brand name. Even if they do not use your [visual brand identity](#), your content will add value to the importer's brand.

Make sure you create coherent ranges in lighting. This not only means being consistent in the style you select, for example, but also offering a coherent range of products including pendants and floor and table lamps.

## Playful lighting

Play is a deeply-rooted human desire. Today's consumers, young and old, play a lot: in private, as well as in public places, both off- and online, to acquire new insights at work and at school, in teams, alone or with virtual friends.

There is a robust segment in lighting based on playfulness. Lighting can be figurative, have surprising or funny shapes and project light or shadow in funny way. Such light-hearted design can be found in various segments, which is perhaps linked to nature of the jokes that can range from quite "flat" to sophisticated and design-related.

Besides designers poking fun, consumers can also play with lighting. This can take the form of consumers selecting the main components of the lamp themselves, such as the base and shade, to create their own colour combination or shape. In this way, consumers can also "design".

Lighting intended for special occasions, especially for Christmas, often incorporates this playfulness.

### Tips:

Study your end market and what playful lighting is successful. To be playful in lighting, the entrepreneur, any designers that are commissioned, or your business "DNA" needs to be playful in nature. Be aware that to you can strike a strong chord with consumer using humour, but that joking has a strong cultural aspect, too, and that your humour may not match with that of your target market.

If your concept is based on playing with components, communicate your ideas and use your website to show how the consumer could play with your items. Remember that safety comes first with these products due to the use of electricity. To be allowed into Europe, the products will need to meet the standard legal requirements applying to all lighting.



## Sustainability: people and planet benefits

Because of the internet and the social media, today's consumer is more aware of production processes and working conditions. And Millennials, in particular, favour products and brands that have superior people-and-planet values.

Social and environmental sustainability can relate to:

- the use and sourcing of raw materials
- processing/manufacturing of lighting
- transport
- usage
- waste
- disposal

To improve the sustainability of lighting, much of the effort has been focused on energy-saving light sources. This has successfully lowered the consumer's energy bill and our drain on the earth's resources. Other environmental aspects, not to mention social values, have received less attention. This may be related to the fact that the lighting industry is quite industrialised, where the introduction of a more sustainable value set may require costly system changes.

However, it has also not been a key focal point in the communication of lighting brands and, as such, has not resulted in mainstream consumers of lighting associating lighting with sustainability. Given the increasing mainstreaming of sustainability in the home market, we can expect more and more companies to position themselves as sustainable, including in lighting. The first examples of social concepts, or concepts based on recycling and up-cycling are already appearing at the major trade fairs such as [Salone del Mobile](#) (Milan, Italy), which are expected to trickle down to the mainstream commercial segments for lighting over the coming years.

### Tips:

Consider using sustainable materials, repurposing urban or consumer waste in lighting or ensuring that lighting can be disposed of in an environmentally-friendly way at the end of its life cycle. Manufacturers in lighting have not paid much attention to this yet, so this may be an opportunity to gain a first-mover advantage. Especially in the more niche, handmade segments of lighting this will produce very significant added value.

Small-scale producers in developing countries may be a shining example of adapting to social values by being community based, offering perfect working conditions and embracing diversity and fair remuneration.

If your importer is interested, consider obtaining certification. For more information on this, see our study about [buyer requirements for Home Decoration & Home Textiles](#).

[Duc Phong Co.](#) is a company from Vietnam that combines handmade products and sustainable values in lighting. The company produces handmade bamboo lamps that are sold at IKEA, amongst others. The company also contributes to the livelihood, stability and development of the ethnic community in Vietnam.


Image 1: Decorative lighting made of bamboo using natural shapes




*This study was carried out on behalf of CBI by [Globally Cool B.V.](#) in collaboration with GO! GoodOpportunity.*

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