

# Entering the European market for candles

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The European market for candles offers opportunities, but competition is strong. As mass-producing countries dominate the lower ends of the market, the mid and higher-end segments are your best options. To compete, you need to add value to your products. Entering the European market means you need to comply with the European Union's mandatory legal requirements, as well as any additional or niche requirements your buyers may have.

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## 1. What requirements must candles comply with to be allowed on the European market?

The following requirements apply to candles on the European market. For a more detailed overview, see our study on [buyer requirements for home decoration and home textiles \(HDHT\)](#).

### What are the mandatory requirements?

When exporting to Europe, you have to comply with the following legal requirements:

- General Product Safety Directive
- REACH
- Dangerous Products Resembling Foodstuffs Directive
- packaging and packaging waste legislation

### General product safety

Europe's [General Product Safety Directive](#) states that all products marketed in Europe must be safe to use. It provides a framework for all legislation regarding specific products and issues. If there are no specific legal requirements established for your product and its use, the General Product Safety Directive still applies. If specific requirements do apply, the Directive applies in addition to those, covering other safety aspects that may not have been described specifically.

Unsafe products are rejected at the European border or withdrawn from the market. The European Union has introduced a rapid alert system ([RAPEX](#)) to list such products.

#### Tips:

Read more about the [General Product Safety Directive in the EU Trade Helpdesk](#).

Use your common sense to ensure that normal use of your product does not cause any danger.

Search the [RAPEX database](#) for candles for an idea of what issues may arise.

Check out BSI's [voluntary standards for candles](#), including a specification for fire safety, for guidance on how to achieve candle safety.

## Restricted chemicals: REACH

The [REACH](#) regulation lists restricted chemicals in products that are marketed in Europe. REACH (EC 1907/2006) aims to improve the protection of human health and the environment through better and earlier identification of the properties of chemical substances. This is achieved through the four processes of REACH, namely registration, evaluation, authorisation, and restriction of chemicals. REACH also aims to enhance innovation and competitiveness of the European chemicals industry.

Candles are a combination of a carrier article (the wick) and a mixture (the wax, fragrance, colouring and other additives), so REACH also applies to candles. Candles are considered as articles that intentionally release a substance during use. Although waxes used to make candles are generally not harmful, the additives may be.

### Tip:

For useful information and tips from the European Chemical Agency, see [REACH Annex XVII](#) (a list of all restricted chemicals), [Information on REACH for companies established outside Europe](#) and [Questions & Answers on REACH](#).

## Does it look like food?

Some decorative items look so much like food, that consumers could mistake them for real food products (for instance, candles that look like candy canes). The European Union's Council Directive 89/357/EEC on [dangerous products resembling foodstuffs](#) bans these items from the European market. Keep this in mind when designing your candles. Make sure that they don't resemble food too closely in:

- appearance
- colour
- size
- form
- labelling
- scent
- packaging
- volume

### Tip:

Check 'Food-imitating products' in the [RAPEX database](#) for products that resemble food too closely. This gives you an idea of the designs to avoid.

## Packaging

Europe has specific [packaging and packaging waste legislation](#). This EU Directive 2015/720 was adopted to harmonise measures concerning the management of packaging and packaging waste and to prevent or reduce its impact on the environment at European level. Buyers may therefore ask you to minimise the use of packaging materials (paper, carton, plastic) or to use a different kind of (recycled) material.

Europe also has [requirements for wood packaging materials](#) (WPM) used for transport, such as:

- packing cases
- boxes
- crates
- drums
- pallets
- box pallets
- dunnage

All wood packaging material and dunnage from non-European Union countries must be:

- either heat treated or fumigated in line with ISPM15 procedures
- officially marked with the ISPM15 stamp consisting of three codes (country, producer and measure applied) and the IPPC logo
- debarked

These requirements do not apply to:

- wood 6mm thick or less
- wood packaging material made entirely from processed wood produced using glue, heat and pressure, such as plywood, oriented strand board and veneer
- wood packaging material used in trade within the European Union

The objective of this Directive is to prevent organisms that are harmful to plants or plant products from being introduced into and spreading within the European Union. It also regulates imports from third countries in line with international plant health standards. Keep this in mind when you decide on the packaging of your candles.

### Tip:

Read more in the [overview of EU rules on wood packaging material](#).

## What additional requirements do buyers often have?

### RAL Quality Mark for Candles

The [European Quality Association for Candles](#) has a RAL Quality Mark for Candles. This voluntary Quality Mark has standards for burning duration, raw material and burning behaviour. It also guarantees a limited use of azo dyes in the production process.

### Tip:

Study and meet the quality standards according to the [RAL Quality Mark for Candles](#).

## Sustainability

Social and environmental sustainability make your products stand out on the European market. Think of sustainable raw materials and production processes, as well as the impact your company has on the environment, the wellbeing of your workers and society as a whole. Buyers appreciate a strong story to create an emotional connection with their customers.

Nowadays, an increasing number of European buyers demand the following certification schemes:

- **Business Social Compliance Initiative (BSCI)**: European retailers developed this initiative to improve social conditions in sourcing countries. They expect their suppliers to comply with the BSCI Code of Conduct. To prove compliance, the importer can request an audit of your production process. Once a company is audited, it is included in a database for all BSCI participants.
- **Ethical Trading Initiative (ETI)**: This initiative is an alliance of companies, trade unions and voluntary organisations. It aims to improve the working lives of people across the globe that make or grow consumer goods.

Use standards such as [ISO 14001](#) and [SA 8000](#) to read up on sustainable options. These are particularly suitable for machine-produced products, like many candles are.

A recent study by the International Trade Centre concluded that, irrespective of the product, [retailers in the major European markets are putting more environmentally and socially sustainable products on their shelves](#). And that is simply because consumers are asking for it. According to the survey, 98.5% of retailers consider sustainability as a factor in their product sourcing decisions.

The Association of European Candle Manufacturers also requires its members to respect fundamental [Corporate Social Responsibility Principles](#). This applies to both European manufacturers and their suppliers.

### Tips:

Optimise your sustainability performance. Reading up on the issues included in initiatives such as [BSCI](#) and [ETI](#) will give you an idea of what to focus on.

If you can show your sustainability performance, this may give you a competitive advantage. For example, use a self-assessment like the [BSCI Producer Self-Assessment](#), or a code of conduct such as the [ETI base code](#).

For more information, see our special study on [sustainability](#).

## Labelling

The information on the outer packaging of candles should correspond to the packing list sent to the importer. The external packaging labels should include:

- producer name
- consignee name
- quantity
- size
- volume
- caution signs

Your buyer will specify what information they need on the product labels or on the item itself, such as logos or 'made in...' information). This is part of the order specifications. It is common in Europe to use [EAN or barcodes](#) on the product label. Labelling should be in English, unless your buyer indicates otherwise.

## Packaging

### Importer specifications

You should pack candles according to the importer's instructions. Importers have their own specific requirements for the use of packaging materials, filling boxes, palletisation and stowing containers. Always ask for the importer's order specifications. These are part of the purchase order.

## Damage prevention

Properly packaging candles minimises the risk of damage caused by shocks. How an item is packed for export depends on how easily it can be damaged. Packaging should ensure that the items inside a cardboard box cannot damage each other. It should also prevent damage to the boxes when they are stacked inside the container. Packaging therefore usually consists of outer and inner cardboard boxes filled with protective materials like bubble wrap or paper.

## Dimensions and weight

Packaging must be easy to handle in terms of dimensions and weight. Standards are often related to labour regulations at the point of destination and must be specified by the buyer.

## Cost reduction

Boxes are usually palletised for air or sea transport, and you have to maximise pallet space. Consider this when designing your products.

Packaging must provide maximum protection. However, you should also avoid using excess materials or shipping 'air'. Waste removal is a cost for buyers. You can reduce the amount and diversity of packing materials by:

- partitioning inside the boxes, using folded cardboard
- matching inner and outer boxes by using standard sizes
- considering packing and logistical requirements when designing your products
- asking the buyer for alternatives

## Material

Importers are increasingly banning wooden crating and packaging due to their unsustainability and high material and disposal costs. Economical and sustainable packaging materials are more popular. Using biodegradable packing materials can be a market opportunity. For some buyers, it can even be a requirement.

### Tips:

Always ask for the importer's order specifications, packaging and labelling requirements.

See [Packaging Europe](#) for more information on the latest packaging developments, including regular news articles about biodegradable packaging.

## Payment and delivery terms

Payment terms are usually agreed upon with the buyer in the order contract. They vary from buyer to buyer and are related to the volume and value of the order, the type of distribution partner, whether or not an agent is involved, and what delivery terms apply.

Delivery terms, officially known as Incoterms, depend on the type of distribution partner and their preferences regarding physical distribution. Importers generally prefer Free On Board (FOB) or Free Carrier (FCA) arrangements.

FOB is restricted to goods transported by sea or inland waterway. It means that the seller pays for transportation of the goods to the port of shipment, plus loading costs. The buyer pays the cost of marine freight transport, insurance, unloading and transportation from the arrival port to the final destination. FCA can

be used for any transportation mode. In this type of arrangement, the seller fulfils his obligation to deliver when he has handed over the goods, cleared for export, into the charge of the carrier named by the buyer at the specified place or point.

Retail multiples can ask for Cost Insurance Freight (CIF). That means that they will ask you to include the shipping and insurance charges in your quotation. Small retailers may go a step further and ask you to arrange that the goods will be delivered to their doorstep via a Delivered Duty Paid (DDP) arrangement. For importers who consolidate orders in your country, Ex Works (EXW) terms are often best.

### **Tips:**

For a more elaborate overview of the various terms and conditions, and how to work with these, see our study on [terms and conditions](#), which also explains the benefits of having your own terms and conditions.

Study the different types of [Incoterms](#), including what your and your buyer's rights and obligations are.

## **What are the requirements for niche markets?**

### **ECOCERT sustainability standard**

[ECOCERT](#) has a 'Natural origin and organic candles and home fragrances' standard. This voluntary standard applies to both scented and non-scented candles. It promotes the use of natural origin and/or organic ingredients. The standard also guarantees an environmentally friendly production process. ECOCERT certification is especially popular on the French market.

### **Tips:**

For more information, see the ECOCERT [Natural origin and organic candles and home fragrances standard](#).

Use the ECOCERT standard and/or its guidelines in your manufacturing process. Even if you do not apply for certification, being informed about sustainability standards is useful.

## **Fair trade**

The concept of fair trade supports fair pricing and improved social conditions for producers and their communities. Especially when the production of your candles is labour intensive, fair-trade certification can give you a competitive advantage. Common fair-trade certifications are issued by the [World Fair Trade Organisation](#) (WFTO) and [Fair For Life](#).

### **Tips:**

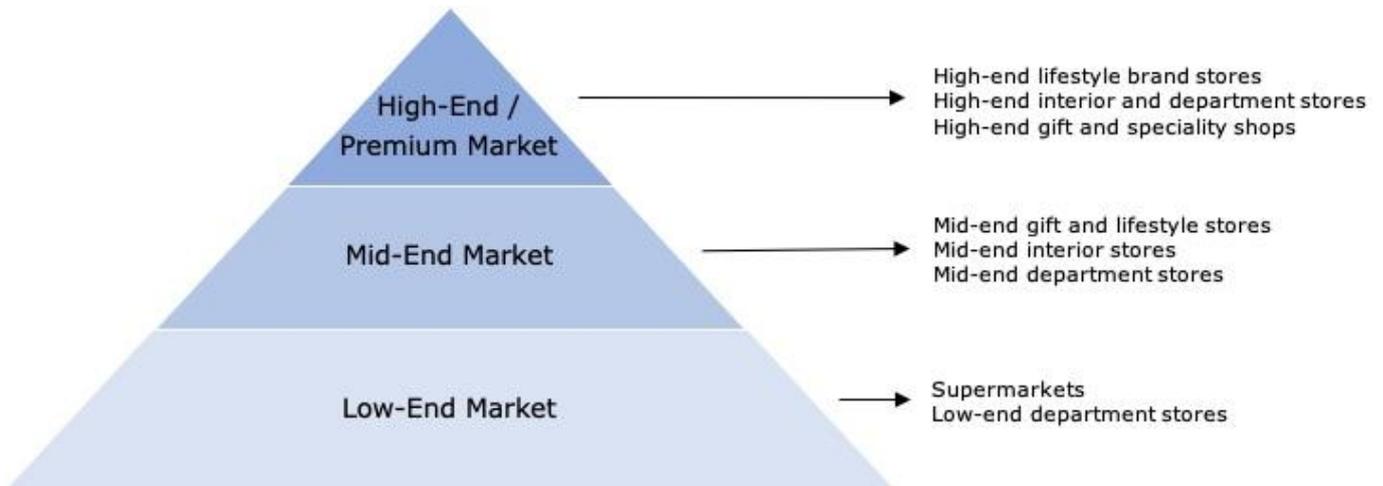
Ask buyers what they are looking for. Especially in the fair-trade sector, you can use the story behind your product for marketing purposes.

Check the ITC [Sustainability Map](#) database for more information on voluntary standards and their requirements, including fair production.

## 2. Through what channels can you get candles on the European market?

### How is the end-market segmented?

Figure 1: Candle market segmentation in Europe



### Low-end market

In this segment the focus is on functionality, such as burning hours and a stable flame. The candles often come in sets and at a low price. Because this segment is dominated by low-cost and mass-produced items, opportunities are limited for smaller manufacturers.

### Mid-end market

This segment follows trends, mainly through decoration and colour. Fancy candles are part of this segment. Prices are reasonable and the candles are often gift-packed. In the mid-high segment, craftsmanship, natural or sustainable values and branding play a role. Candles do not usually exceed this level, where prices remain affordable.

### High-end/premium market

Occasionally candles move into the premium direction, such as candles in containers/holders produced from precious materials or with superb craftsmanship. In this case the container is often what adds value, rather than the candle inside.

### Through what channels do candles end up on the end-market?

The channels through which candles are put on the market follow the traditional patterns: import takes place via importers/wholesalers that supply to retailers. Larger retail chains often bypass the importers/wholesalers and import themselves, while more and more smaller retailers have also started buying directly from suppliers. In some cases, buying agents play a role. Below, we highlight the main actors in the market for candles.

### Importers/wholesalers

Importers/wholesalers sell products to retailers in their own country or region, or re-export to the broader European continent. Some European markets are therefore supplied by wholesalers/importers from other

European countries (internal European trade). Supplying to buyers in the business-to-business (B2B) market can be considered as a secondary distribution flow for European importing wholesalers.

These importers/wholesalers take care of the import procedures. They take ownership of the goods when they buy from an exporter (as opposed to agents), taking on the risk of the onward sale of the products. Developing a long-term relationship can lead to a high level of cooperation on appropriate designs for the market, new trends, use of materials, type of finishing and quality requirements.

## Importing retailers

Some retailers, especially the larger chains, are importing directly from their suppliers in developing countries. Many large retail chains even have their own buying offices in developing countries, such as Ikea. Others, mainly the smaller independent stores, order in Europe from wholesalers.

Retailers come in many sizes: large and part of a chain, or small and independent. There is a tendency for consolidation in European retail, with large retail brands becoming more widespread in Europe and more 'lifestyle-centred' (offering home decoration and textiles as well as fashion accessories and furniture).

## Buying agents

Buying agents do not import, but instead represent European buyers in the sourcing country. Sometimes agents have a more limited role, such as checking the quality of the shipments in your warehouse on behalf of a specific importer or checking the codes of conduct that exporters have agreed with the buyer. Agents can work individually or as part of purchasing companies. They mostly operate based on commission.

## E-commerce

E-commerce in the HDHT sector is growing and can help you reach a broader range of customers. However, it is important to understand that for most producers this is not a completely separate channel in itself and that catering to buyers that sell online does not differ from your regular business. Retailers often combine online and offline channels but the way of supplying to them is the same. Companies that only sell online also need to take stock before they can sell.

Channeling online sales via your own website would mean:

- supplying small batches or individually packaged items, and being prepared to pre-stock and offer more just-in-time supply concepts;
- needing to be found in a crowded space of European and producer country wholesalers and retailers that are ahead of the game in understanding and responding to online consumers' needs;
- being able to deal with aftersales on a business-to-consumer (B2C) level, including returns and replacing items.

These circumstances make it unfeasible for most exporters from developing countries to sell online to consumers in Europe.

### Tips:

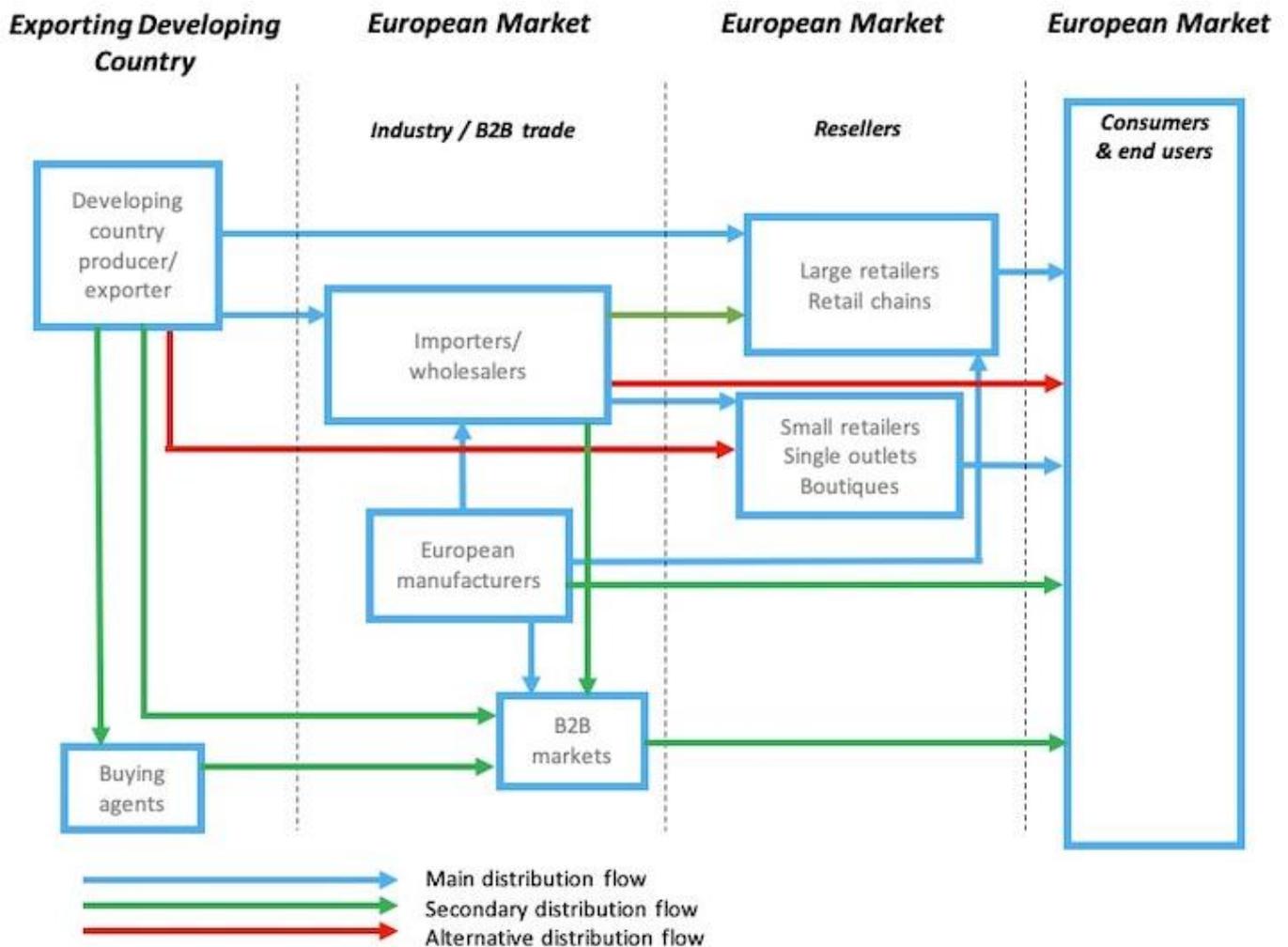
To find potential buyers, search the list of exhibitors or attend the main (online) trade fairs in Europe: [Ambiente](#) - Frankfurt (February), [Christmasworld](#) - Frankfurt (January), [Maison et Objet](#) - Paris (January and September), [spoga + gafa](#) - Cologne (August) and [Tendence](#) - Frankfurt (August).

Search the member lists of candle associations to find potential buyers, such as the [Association of European Candle Makers](#) (AECM), [European Candle Association](#) (ECA), [European Quality Association for Candles](#) (RAL Quality Mark for Candles).

See our [Tips for finding buyers](#) on the European market.

For more information about trading directly with smaller retailers, see our special study about [alternative distribution channels](#).

Figure 2: Trade channels for candles in Europe



## What is the most interesting channel for you?

Wholesale importers are the main channel between exporters in developing countries and European retailers. They are interesting if you want to develop a long-term relationship and they usually have good knowledge of the European market. They can provide you with valuable information and guidance on European market preferences and will normally provide you with design input.

However, as the market is becoming more and more competitive, large retailers are increasingly importing for themselves instead of through European wholesale importers. The obvious advantages are cutting out the margins of the wholesaler and reducing delivery time to the market. In the lower end market segments, the self-importing retailers might want to drive a much harder bargain with you. However, in the higher-middle segment, which offers you the most opportunities, price is less of an issue.

Smaller, independent European retailers continue to purchase mainly from domestic wholesalers/importers. As in other European market sectors (such as food or clothing), independent HDHT retailers struggle to compete

with retail chains. They need to differentiate on value-added service, as well as specialised offers and authenticity. They typically prefer small order quantities per item, small total order volumes and delivery to their doorstep, with a limited likelihood of repeat orders. You need to calculate if this is cost-effective for you.

The trend of direct sourcing is expected to continue in the future and may create more opportunities for you. The pool of buyers may increase if more retailers become importers, possibly resulting in an improvement of your bargaining position. Importing retailers order for their own shops and can therefore place orders much more quickly than some of the importers/wholesalers, who first need to show samples to their retailers before exporters receive their orders.

### **Tips:**

Consider targeting retailer multiples directly to improve your bargaining position and increase your chances of closing deals faster.

Relate your offer and terms to the targeted retailer (large/small). Ask your existing buyers how they operate if you are unsure. The more informed you are about this aspect, the better you will be able to set prices

For more information on the pros and cons of dealing directly with smaller retailers, read our study on [alternative distribution channels](#).

Offer suitable services such as fast delivery and after-sales support to build a relationship based on mutual benefits.

When you participate in international trade fairs, especially within Europe, make sure that you have a policy for small, independent retailers coming to your booth. If you choose to sell to them, you must have appropriate terms of trading (such as low minimum order quantities, delivery to the doorstep of the retailer or pre-stocking).

## **3. What competition do you face on the European candle market?**

Poland and China supply nearly half of Europe's candle imports. These countries mainly provide mass-produced, low-cost items. Instead, your best opportunities are in the mid-to-high end market, where you compete with manufacturers from countries such as India.

The [coronavirus pandemic](#) and the measures taken against it worldwide are expected to have a large impact on international trade and the European market for many products and services, including HDHT. Please note that the below analysis is based on the statistics that are currently available (2015–2019). Therefore, the expected impact of the pandemic on the European market and global supply chains have not been taken into account in this report. For the latest news in your sector, please check [CBI News](#).

Poland is Europe's main candle supplier with 27% of the imports, followed by China (17%) and the Netherlands (11%). Together, these countries supply more than half of the European imports. Germany (9%), Belgium (5%) and the United Kingdom (4%) are next on the list.

However, be aware that in the European market, different countries have different roles. You can make a rough distinction between countries that are mainly importers and countries that are mainly manufacturers. Most western European importing countries do not just import products for sales within their own country, but also to re-export to other countries in Europe. This explains why countries with small HDHT markets, like Denmark and the Netherlands, often import much more than the demand in their own domestic markets.

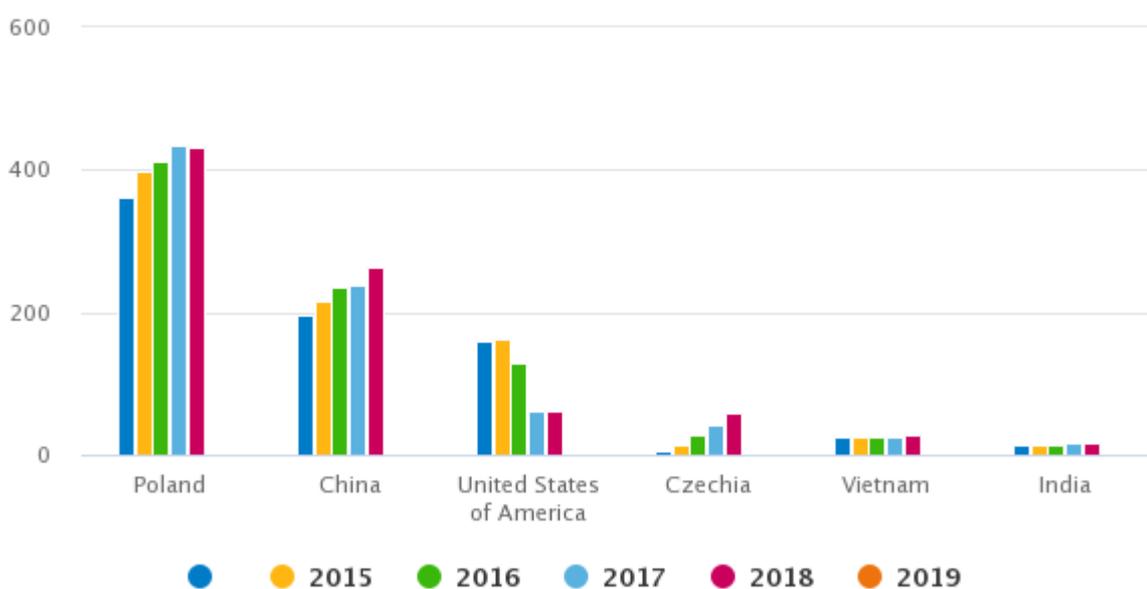
Large parts of European HDHT production (including candles) take place in eastern European countries, mostly because of their location within the European market and their relatively low labour costs, which sometimes make them a good alternative for sourcing from Asia.

In general, Western European countries are mainly, but not exclusively, re-exporters, Asian countries are the manufacturers and eastern European countries are the new manufacturers. Mass-produced candles are segmented in the lower ends of the market and produced in the most cost-effective country. You do not compete with these countries, as your focus should be on the mid-end market. Western European countries could therefore be interesting trading partners for you.

## Which countries are you competing with?

Figure 3: Competing candle suppliers to Europe

in € million



Source: Trademap

### Poland is your main competitor

Poland is Europe's main candle producer. Polish candle exports to other European countries increased from €362 million in 2015 to €432 million in 2019, at an average annual rate of 4.5%. This makes Poland your largest competitor.

The country's strength is its geographical proximity to the European market, allowing suppliers to offer short delivery times. Compared to western Europe, labour in Poland is relatively affordable. Polish suppliers have a good understanding of the European consumer and have well-established, efficient production lines. In addition, products that are 'Made in Europe' are increasingly popular.

To compete with Poland's relatively cheap production, you should focus on design, branding, material use and handmade candles. Make sure that you offer a high level of service to build strong relationships.

### China provides low-cost mass production

China increased its candle supplies to Europe from €196 million in 2015 to €263 million in 2019. Its low-cost workforce, availability of raw materials and efficient shipping to Europe compared to other Asian countries make China a fierce competitor. Chinese suppliers are constantly improving their technology, which further strengthens their position.

In the coming years however, disruptions following China's trade war with the United States and the Covid-19 pandemic may negatively impact the country's trade performance, which could create opportunities for companies from other developing countries.

Chinese producers mainly supply the lower ends of the market with low-priced products, as product development and creativity are not their core strengths. To avoid having to compete with Chinese suppliers on costs, you should differentiate and move away from mass-produced candles. Focus more on products with high emotional value, sustainability and the story behind the product. This allows you to enter the mid and higher end markets, where your best opportunities are.

## **The United States believes in brands**

The United States is home to some well-known candle brands, such as [Yankee Candle](#), [Capri Blue](#), and [White Barn by Bath & Body Works](#), usually in the upper ends of the market. These are brands with considerable marketing power that offer an expressive range of candles, often combined with fragrance, soap, and body care. Such brands are normally quite beyond the reach of a small manufacturer from a developing country but good to follow and learn from.

European imports of candles from the United States have plummeted between 2015 and 2019, at an average annual rate of -21%, from €159 million to €61 million. This may well be related to the opening of American candle brand Yankee Candle's first European production plant in Czech Republic in 2016.

## **Czech Republic increases its supplies tenfold**

Unsurprisingly then, Czechia's candle supplies to Europe soared between 2015 and 2019. At an average growth rate of 79% per year, Czech candle exports increased from €6 million to €60 million. A lot of these exports are likely to be Yankee Candle products produced locally for the European market in the American brand's new Czech plant.

## **Vietnam is a low-cost producer**

Vietnamese candle exports to Europe slightly fluctuated around €26 million between 2015 and 2019, resulting in an average annual growth of 2.3%. Like suppliers from China, Vietnamese producers are very productive and can produce at low cost. This puts them in a promising position to potentially benefit from the trade war between the United States and China.

In the low-end market these issues are less relevant, but for the higher-end market cooperation with European brands may be required. For example, the candles for Dutch luxury lifestyle brand WOO are produced in Vietnam through co-creation, with a strong focus on sustainable values.

## **India mainly exports candles to the United Kingdom**

Indian candle supplies to Europe increased from €14 million in 2015 to €17 million in 2019, at an average rate of 3.7% per year. This represents about 1% of the European import market for candles. Most of these candles were destined for the British market.

With skilled labour and transportation at competitive costs, India could be well positioned to take a bigger share of the European import market. Indian producers have easy access to natural materials and specialise in craftsmanship, allowing them to target higher market segments than the mass-produced products from China.

### **Tips:**

Compare your products and company to the competition. You can use the [ITC Trademap](#) to find exporters per country and compare on market segment, price, quality and target countries.

To differentiate from your main competitors, focus on design, quality, branding and handmade candles.

## Which products are you competing with?

### WOO (World of Opportunities), Netherlands

WOO is a young Dutch brand manufacturing in Vietnam within a community-based concept, putting great emphasis on fairness and diversity. They offer candles, home fragrances, body care, and, perhaps oddly, jewellery. Positioning as a 'premium lifestyle brand that gives back', WOO offers a socially sustainable alternative to the existing premium segments in candles.

### KOBO Pure Soy Candles, USA

KOBO offers a new direction in candles based on material innovation. Environmentally sustainable soybeans are made into candles that carry 'boutique' fragrances, resulting in a premium offer with 'bold pricing'. The sustainability claims that the brand makes include biodegradable and vegan products. KOBO is bringing wellness and sustainability to the premium end of candles. The company's Plant the Box collection takes things one step further, offering soy candles that come in plantable, seed-infused packaging that will grow the scent of the candle.

### Wax Design, Spain

Spanish brand Wax Design combines their local tradition in pottery with candle making, offering cottage-style candles in a decorative painted terracotta container. These candles are very Mediterranean and trendy in look, also available with a cork lid, and suitable for indoor and outdoor use. A very commercial candle in an accessible style, where the price makes it approach the higher end of the mid-market. A good example of using what you have available locally to add value to your candle.

## Which products are you competing with?

Ambience is also very much created by electric lighting. As such, candles are also competing with smart lighting concepts. Similarly, scented candles compete with a more industrial variety as well: diffusers and liquid-based room fragrances. Where scented candles are more tactile and authentic, diffusers are 'cleaner' and offer a perfectly adjustable scent experience. It is tradition versus modern, and the choice is up to the consumer to say what style suits their cocooning experience best. In hospitality settings, the industrial variety often wins.

### Tip:

Follow relevant trends and developments, for example via the [Christmasworld Trends](#).

## 4. What are the prices for candles on the European market?

Prices for candles vary across market segments, ranging from low end to high end. After adding logistics costs, wholesaler and retail margins, and VAT, European consumer prices amount to about 4-6.5 times your selling price.

Table 1 gives an overview of the prices of candles in the low-, mid- and high-end market segments.

Table 1: Indicative consumer prices of candles in Europe

	Low-end	Mid-end	High-end
Basic candle (taper)	around €4 for a set of 20	around €6 for a set of 15	around €9 for a set of 12
Fancy candle	up to €5	€5-€30	over €30
Scented candle (in container)	up to €7	up to €15	over €15

Consumer prices depend on the value perception of your product in a particular segment. This is influenced by your marketing mix:

- product benefits
- promotion (brand or not, communication of product benefits)
- points of sale (reseller positioning)
- price

The following percentages give an indication of a price breakdown for candles in the supply chain:

- shipping, import, handling costs: +25%
- wholesaler: +100%
- retail: +100-150%
- VAT\*: +20%

\*VAT percentages in Europe range from 18% in Malta to 27% in Sweden. On average, these percentages are around 20%.

For example, in Table 2, the FOB price is set at €10. Depending on the market segment your product is designed for, the consumer price ranges from €41 in the low-end market to €65.50 in the high-end market.

Table 2: Example of the price breakdown per market segment

	Low margin	Middle margin	High margin	
FOB price	€10	€10	€10	Your FOB price
Transport, handling charges, transport insurance, banking services (20%/15%/15%)	+ €2 €12	+ €1.50 €11.50	+€1.50 €11.50	Landed price for the wholesale importer

Wholesalers' margins (50%/75%/90%)	+ €6 €18	+ €8.60 €20.10	+ €10.40 €21.90	Selling price from the wholesale importer to the retailer
Retailers' margins (90%/110%/150%)	+ €16.20 €34.20	+ €22.20 €42.30	+ €32.70 €54.60	Selling price excluding VAT from the retailer to the end consumer
Selling price incl. VAT (20%)	+ €6.80 €41	+ €8.50 €50.80	+ €10.90 €65.50	Selling price including VAT from the retailer to the end consumer

Examples of candle prices across Europe (excluding shipment):

- Rustic square paraffin wax candle, [Kerzenwelt](#) (Germany): €3
- Scented soy wax candle in a glass jar, [Mokosh](#) (Poland): €22
- Gift set with handcrafted scented candle in refillable upcycled glass jar, [WOO](#) (Netherlands): €24.95
- Double-ended "Twist Candle", [Lex Pott](#) (Netherlands): €25 (approx.)

### Tips:

Study consumer prices in your target segment to determine your price and adjust your cost accordingly. Your candles' quality and price must match what is expected in your chosen target segment.

Understand your segment. Offer a correct marketing mix to meet consumer expectations. Adapt your business model to your position in the market.

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

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