

# Entering the European market for cutlery

The European market for cutlery offers opportunities, but competition is strong. Mass-producing countries dominate the lower ends of the market, so the mid-high segment is your best option, demanding specific design values. In the lower segments, eastern European suppliers are becoming key players, as they have the technology and productivity to compete on price. 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 cutlery comply with to be allowed on the European market?

The following requirements apply to cutlery 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:

- Food Contact Materials Directive
- General Product Safety Directive
- REACH
- Ban on single-use plastics
- Packaging and packaging waste legislation

### Food contact materials

Food safety is a major concern in Europe, and safety measures go beyond food itself to cover dinnerware, packaging and cutlery that comes into direct contact with food. Cutlery for the European market must comply with the European legislation on [Food Contact Materials](#). This legislation states that the packaging of products that come into contact with food must be labelled with specific symbols, such as the food safe symbol.

Regulation [\(EC\) No 1935/2004](#) also requires that materials do not:

- release their constituents into food at levels harmful to human health
- change food composition, taste and odour in an unacceptable way

While aluminium, zinc and even copper can be used for food-safe metal components, each has to be coated after casting, which could potentially leach into foods. This is why stainless steel is the most popular metal used in the food industry.

The Food Contact Materials legislation also contains specific Directives for items made of [plastic](#), [recycled plastic](#) or [ceramics](#). These Directives sets out rules for the composition of these materials, permitted substances and Specific Migration Limits (SMLs).

In addition, Regulation [\(EC\) No 2023/2006](#) on good manufacturing practices ensures that the manufacturing process is well controlled. Good manufacturing rules apply to all stages in the manufacturing chain of food contact materials, except the production of starting materials.

### Tip:

For more information, see the European Food Safety Authority's [Frequently Asked Questions on the Food Contact Materials 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. The Directive applies in addition to the Food Contact Materials Directive in case of additional safety issues that may not be specifically described. 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 cutlery for an idea of what issues may arise.

## 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.

For example, the use of the following substances is restricted:

- cadmium
- lead
- mercury
- nickel

### 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](#).

## Single-use plastics ban

In 2019, the [European Council adopted the Single-Use Plastics Directive](#). [Directive \(EU\) 2019/204](#) bans selected

single-use plastic products for which alternatives exist on the market. These products, including disposable plastic cutlery, will be banned by 3 July 2021. Several European countries are already rolling out their national legislation on this topic.

**Tip:**

Stay up to date on the rollout of the [European strategy for plastics](#), including the Single-Use Plastics Directive.

## Packaging

Europe has specific [packaging and packaging waste legislation](#). 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 cutlery.

**Tip:**

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

## What additional requirements do buyers often have?

### 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 well-being of your workers and society as a whole. Buyers appreciate a strong story to create an emotional connection with their customers.

A growing number of European buyers now require 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.

You can use standards such as [ISO 14001](#) and [SA 8000](#) to read up on sustainable options. However, only niche market buyers demand compliance with such standards.

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.

#### 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 tool like the [BSCI Producer Self-Assessment](#), or a code of conduct such as the [BSCI Code of Conduct](#) and the [ETI base code](#).

### ISO standards for cutlery

The [ISO 8442 series](#) provides specific product standards for various types of cutlery, including cutlery made of stainless steel, silver-plated or gold-plated cutlery and ceramic knives. The standards specify material and performance requirements (such as corrosion resistance, sharpness and edge retention) and testing methods for metal cutlery. For example, the standards include grades of cutlery with corrosion-resistant blades or prongs that can withstand activities ranging from dishwasher cleaning procedures to sterilisation processes.

#### Tip:

Study the [ISO 8442 series](#) product standards to determine your product quality grade and produce in accordance with European market demands.

## Labelling

The information on the outer packaging of cutlery 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 cutlery according to the importer's instructions. They 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, which are part of the purchase order.

### Damage prevention

Properly packaging cutlery can minimise the risk of damage caused by shocks. How an item is packed for export depends on how easily it can be damaged. Packaging should make sure 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. Packaging has to provide maximum protection, but you also have to avoid using excess materials or shipping 'air'. Waste removal is a cost to buyers. You can reduce the amount and diversity of packing materials by:

- partitioning inside the cartons, 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.

## Consumer packaging

As cooking and eating together is a major trend, flatware and kitchen knives have become (precious) gifts. Consumer packing has therefore become important. Kitchen knives in particular often come in high-quality wooden boxes or other types of gift-wrapping.

### Tips:

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

See [Packaging Europe](#) for more information on the latest packaging developments, with 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?

### 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 cutlery 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 cutlery on the European market?

The cutlery market is segmented into low, mid and high-end or premium market segments. The products are put on the market through the traditional channels: importers and wholesalers that supply to retailers, as well as retailers that buy directly from suppliers.

### How is the end-market segmented?

Figure 1: Cutlery market segmentation in Europe



### Low-end market

The lower ends of the market offer inexpensive cutlery made of stainless steel. These items are mainly functional. They have limited design value and are easy to clean. Mass-produced cutlery from countries such as China and those in eastern Europe dominate this segment. To compete, highly efficient production and a low-cost marketing strategy are required.

### Mid-end market

Products for the mid-end market are trendier, especially through the use of decorative handles, but shapes are generally unadventurous. They often come in small sets, at accessible prices. This segment offers room for value addition through uniqueness and design (both in style and material).

Children's cutlery sets are typically mid-market and will be colourful and affordable. At the higher end of the mid-market there are interesting niches to explore, such as biodegradable disposable cutlery and specialised cutlery for home cooks. For flatware in particular, there are niche segments related to handmade items, original designs and special-function cutlery. These segments are very much open to producers from developing countries, like you.

## High-end/premium market

The top end of the market features designer cutlery, from brands with heritage or luxury status. It is very hard to compete with the products of these reputable, well-established brands. Effective branding for the high-end segment requires not only excellent quality, but also a big marketing budget. However, small niches based on supreme craftsmanship and, lately, sustainability values, are possible as the luxury market becomes more segmented all the time. Small players that are gift-oriented may well find a niche.

## Hospitality market

Besides the consumer market, the hospitality market (hotels, restaurants, and catering) represents a separate segment, especially for the kitchen knives category. It is also dominated by well-known brands. Key features here include durability (as the frequency of use is very high), optimal functionality and price.

## Through what channels does cutlery end up on the end-market?

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

A specific feature of the cutlery market is the fact that a lot of manufacturing still takes place in Europe by old and reputable brands. Especially in the premium segments, much is still 'made in Europe', while the bulk of the more price sensitive mid and lower ends has been outsourced to private label suppliers in Asia, and increasingly eastern Europe. Below, we highlight the main actors in the market for cutlery.

## Importers and wholesalers

Importers and 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 and importers from other European countries (internal European trade). Supply to buyers in the project market can be considered as a secondary distribution flow for European importing wholesalers.

Importers and wholesalers normally handle the importation 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, types of finishes, and quality requirements.

The hospitality industry is also fed by importer/wholesalers. Several wholesalers, such as [Gastro-Inn](#) in Germany, are specialised in supplying to hotels and restaurants.

## Importing retailers

Some retailers, especially the larger chains, import 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 increasing 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.

Online sales have become an increasingly prominent sales channel for cutlery, via well-established and quite diversified web shops. Specialised providers offer multiple brands of cutlery (such as Oldenhof's [kookwinkel](#) in the Netherlands), while some brands also have their own channels (such as [Villeroy & Boch](#)). Mega-furniture stores like [IKEA](#) and multi-brand, multi-product online retailers like [Amazon](#) mainly focus on the low- and mid-end segments. Department stores also sell their offer online, usually in the mid- and higher-end segments.

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 B2C level, including returns and replacing items.

For these reasons, selling online to consumers in Europe is not feasible for most exporters from developing countries.

### Tips:

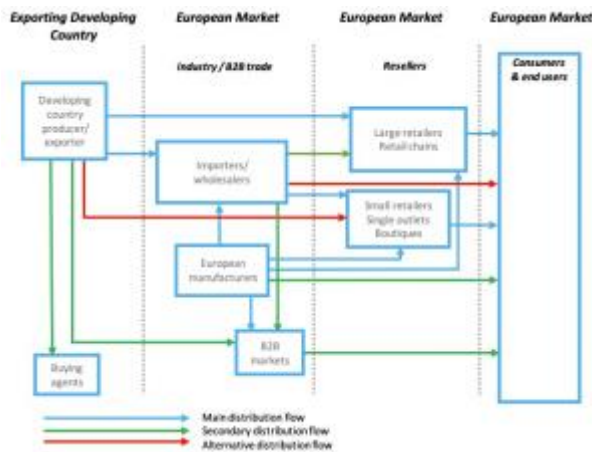
To find potential buyers, search the list of exhibitors or attend the main trade fairs in Europe: [Ambiente](#) in Frankfurt (February), [Maison et Objet](#) in Paris (January and September) and [Tendence](#) in Frankfurt (August).

Search the member lists of relevant associations to find potential buyers, such as [FEC](#), the Federation of European Manufacturers of Cookware and Cutlery.

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 cutlery 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 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, 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 and 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 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 and wholesalers, who first need to show samples to their retailers before exporters receive their orders.

### Tips:

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

Relate your offer and terms to the targeted retailer (large or small). Ask your existing buyers how they operate if you are unsure. The better 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 small 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 cutlery market?

China and Vietnam supply almost half of European cutlery imports, mostly with mass-produced items for the lower-end segment. Eastern European countries are also emerging as strong competitors. 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](#).

China is Europe's main cutlery supplier with 37% of the imports, followed by Germany (15%). Together, these countries supply more than half of the European imports. Vietnam (7%), the Netherlands (7%), Switzerland (4%) and France (3%) 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.

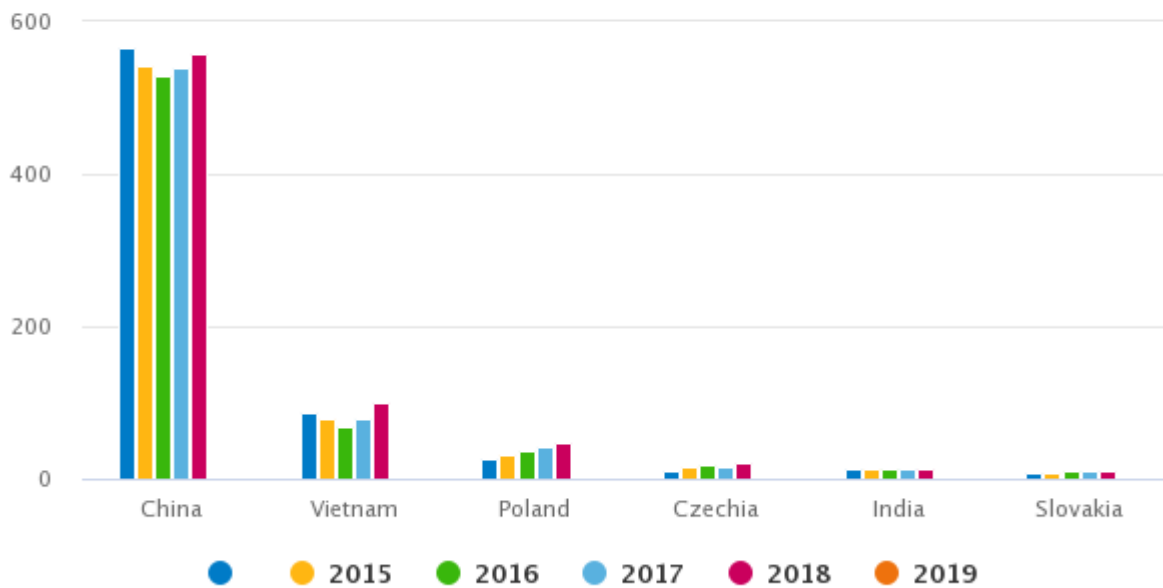
European production mainly takes place in eastern European countries. This is mostly because of their location already in the European market and their relatively low labour costs. This sometimes makes them a good alternative to sourcing from Asia.

In general, western European countries are mainly re-exporters, countries in Asia are the manufacturers and eastern European countries are the new manufacturers. Mass-produced cutlery is 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- to high-end market. Western European countries could therefore be interesting trading partners for you.

#### Which countries are you competing with?

Figure 3: Competing cutlery suppliers to Europe

in € million



Source: Trademap

### China dominates the low-end market

China has become Europe's mega supplier of cutlery and cooking knives, with a large emphasis on low-cost contract manufacturing (according to buyers' design specifications). Chinese cutlery supplies to Europe fluctuated considerably after 2015, reaching €558 million in 2019, at an average annual decrease of -0.4%.

With China's abundance of suppliers and highly developed supply chain centred in Guangdong, the country's one-stop cutlery exporting hub, Chinese suppliers are able to fulfil huge amounts of orders with shorter product lead times. The multitude of small and medium-sized suppliers are capable of catering to smaller-scale orders, allowing clients to adjust their order sizes based on consumer demand. However, only a limited number of suppliers can produce very specific and specialised cutlery.

The country's low-cost workforce, availability of raw materials and efficient shipping to Europe compared to other Asian countries, make China the most competitive supplier. 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. This could create opportunities for companies from other developing countries.

### Vietnam is another low-cost producer

Vietnam is a relatively new player in cutlery, but the country is already exporting substantial volumes to Europe, reaching €101 million in 2019. Like China, Vietnam's focus is on low-cost production and original equipment manufacturers. This puts the country in a promising position to potentially benefit from the trade war between the United States and China. Vietnam is also rising as a supplier of bamboo cutlery.

However, Vietnamese suppliers often lack creativity when it comes to new concepts and design, and have difficulties understanding the European culture and consumer. In the low-end market, these issues are less relevant, but cooperation with European brands may be required for the higher-end market.

### Poland is a quickly emerging competitor

Although Poland is still at an early stage in the game, the country is growing quickly as a supplier. This is not to say that Poland did not already have a cutlery industry of its own, as well-established brands like [Gerlach](#) have

been around for centuries. Polish cutlery supplies to Europe increased from €26 million in 2015 to €47 million in 2019, at an impressive average rate of 16% per year. More than half of these exports are destined for Germany.

Poland's strength is its geographical location within 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, you should focus on design, branding, material use and handmade cutlery. Make sure that you offer a high level of service to build strong relationships.

### **Czech Republic has more than doubled its supplies**

Another strongly emerging competitor is the Czech Republic. Between 2015 and 2019, Czech cutlery supplies to Europe surged from €10 million to €21 million at an average rate of 21% per year. About a third of these supplies are exported to Germany.

Czechia's supplier profile is similar to that of Poland. The country also benefits from its convenient location, relatively affordable labour and the popularity of 'Made in Europe' concepts.

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

Indian cutlery supplies to Europe were fairly stable at €14 million between 2015 and 2019, representing about 1% of the European import market for cutlery. Around a third of this was destined for the British 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. While the country offers skilled labour and transportation at competitive costs, it faces strong competition from emerging eastern European players.

### **Slovakia focuses on neighbouring countries**

The smallest of your six main competitors is Slovakia, the third eastern European country on the list. Slovakian cutlery supplies increased from €7.7 million in 2015 to €10 million in 2019. Although the country's exports are not growing as fast as those of Poland and Czechia, its average annual increase of 7.4% is impressive, nonetheless. Most of Slovakia's efforts are focused on its direct neighbours: Czechia, Austria, Poland, and Hungary.

This clearly illustrates how the country uses its location within the European market to its advantage. Like Poland and Czechia, Slovakia also benefits from its relatively affordable labour and the popularity of 'Made in Europe' concepts.

#### **Tips:**

Compare your products and company to the competition. Use [ITC Trade Map](#) to find exporters per country and compare them by market segment, price, quality, and target countries.

To differentiate from your main competitors, focus on design, craftsmanship, quality, and storytelling.

### **Which companies are you competing with?**

#### **De Kulture, India**

India has a long-standing craft culture which includes a metalware industry with a good skill base, raw materials

and a complete supply chain. It seems to make sense, therefore, that [De Kulture](#) offers hand-beaten brass flatware.

The company positions itself as a brand, named DK. However, cutlery is a category that is dominated by European manufacturer brands with enormous heritage. Given the competition, it may be hard to build sufficient brand awareness amongst consumers. For the global market, a private label strategy seems more promising.

## **Zanchi 1952, Italy**

A lot of cutlery is still manufactured in Europe. This is possible as the industry is quite high tech, with a limited proportion of labour costs involved, which is often a major reason for outsourcing manufacturing to Asia.

[Zanchi](#) (established in 1952) are by no means the oldest of manufacturers in a category in which the brands are often also manufacturing and can date back to the 19<sup>th</sup> century. They are an example of how specialisation can help you differentiate. Zanchi only have one material: horn. Their flatware is handmade, luxury, with the finest of horn handles. They have successfully created a niche for themselves in this crowded category — when consumers think horn cutlery, they think Zanchi 1952.

## **L'Atelier PEV, France**

[L'Atelier PEV](#) are a refreshing example of how luxury and sustainability can come together. They offer one-off kitchen and table knives with recycled stainless steel blades and recycled wooden handles in a variety of local woods. Almost functional pieces of art, these knives are extremely desirable gifts (including to oneself). Limited edition, supreme craftsmanship and environmentally friendly — a combination we have not encountered before in a category that has not yet woken up to the idea of sustainability.

## **Which products are you competing with?**

Cutlery consists of serveware (such as salad sets), kitchen knives, flatware (dinner services) and pocket knives. Each respond to their own specific needs, linked to specific indoor and outdoor cooking uses and eating occasions. Cutlery holds a firm place of its own in consumer spending and is not easily replaced by something else outside of the category.

In flatware, however, we see an interesting competition between luxury and everyday cutlery. Dinner services (including cutlery) used to be handed down from older generations to the younger, or would be the ultimate wedding gift, lasting a lifetime. Today's younger consumers, however, seem to care less for complete sets, even if it is from the family. They add and replace cutlery more often, create mix-and-match sets, and generally rotate their cutlery more frequently, creating a faster and more mid-market selling cycle in cutlery.

### **Tip:**

Focus on a low-cost, private label strategy, or on specialisation (such as special materials, techniques, sustainability). In a competitive category with lots of European manufacturing and sophisticated branding, such niches can still be opened and occupied by newcomers.

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

Prices for cutlery 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 indicative prices of cutlery in the low, mid and high-end market segments. 'Indicative' is key here, since prices for cutlery vary depending particularly on material, design, functionality and brand.

Table 1: Indicative consumer prices of cutlery in Europe

|                        | Low-end   | Mid-end  | High-end      |
|------------------------|-----------|----------|---------------|
| Tableware 24-piece set | Up to €50 | €50–€150 | €150 and over |
| Chef's knife*          | €20-30    | €30–€80  | €80 and over  |

\*Kitchen knives vary in type and use, and their prices vary accordingly. The chef's knife is an example, which can be used by amateurs as well as the more professional home 'master chef'.

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 cutlery 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<br>€12 | + €1.50<br>€11.50 | +€1.50<br>€11.50 | Landed price for the wholesale importer |

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

Examples of cutlery prices across Europe (excluding shipment) are:

- Recycled stainless steel fork, knife, spoon or coffee spoon, [Sola](#) (Netherlands): €3.30
- 4-piece reusable organic bamboo cutlery set in pouch, [Jungle Straws](#) (United Kingdom): €10 (approx.)
- 24-piece stainless steel engravable cutlery set, [Gerlach](#) (Poland): €70 (approx.)
- 24-piece stainless steel designer cutlery set, [Stelton](#) (Denmark): €439

### Tips:


Study consumer prices in your target segment to determine your price and adjust your cost accordingly. Your cutlery's 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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