

Entering the European market for decorative lighting

The European market for decorative lighting is promising, but competition is strong. China continues to be a strong competitor, as do suppliers of locally produced decorative lighting in European countries. To enter the European market, your products need to comply with mandatory (legal) requirements as imposed by the European Union. Moreover, there are additional requirements that can be demanded by European buyers and which may enhance your chances for success.

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1. What requirements must decorative lighting comply with to be allowed on the European market?

What are the mandatory requirements?

You as the original manufacturer of the decorative lighting cannot be held accountable for non-compliance with European Union regulations. It is the importing company that is liable. However, the importer will apply the same requirements to the exporter. To be able to do business with a European partner (whether this is an importer, wholesaler or retailer), your product will therefore need to comply with the following regulations:

CE marking

The CE ('Conformité Européenne' – or European Conformity) mark is the primary way for manufacturers to show compliance with European Union requirements. Importers and consumers alike are familiar with this mark, as it is a major requirement to eliminate hazards to consumers and appears on many different types of products, including decorative lighting (the electrical part of the lamp only) and other electrical appliances.

The CE mark itself does not represent any individual European Union directive. Rather, the CE mark indicates that the product complies with applicable European Union directives for that product. The CE mark must be accompanied by a Declaration of Conformity and a technical file.

The CE mark must be:

- Permanently applied to the product
- Visible, legible and impossible to remove
- At least 5 mm in height

Declaration of Conformity

In addition to the CE mark, importers must provide a Declaration of Conformity and a technical file to affirm that the product fully complies with European Union regulations. The Declaration of Conformity (DoC) is a document stating that the item is compliant with all applicable European Union directives. The DoC should list the applicable European Union directives that the product complies with.

For the electrical part of lighting products, the DoC will need to state compliance with four specific directives:

- [Directive 2014/35/EU](#) – Low voltage: Safety requirement for any lighting equipment with a voltage rating

between 50 and 1,000 V for alternating current and between 75 and 1,500 V for direct current.

- [Directive 2014/30/EU](#) – Electromagnetic compatibility (EMC): Safety requirement for a vast range of electrical products, including any equipment likely to generate or to be affected by electromagnetic disturbance.
- [Directive 2009/125/EC](#) – Eco-design of energy-related products: Environmental requirement for all products which have an impact on energy consumption during use, including products which use, generate, transfer or measure energy.
- [Directive 2011/65/EU](#) – Restriction of Hazardous Substances: Environmental requirement restricting the use of certain hazardous substances in electrical and electronic equipment.

The Declaration of Conformity must include:

- The name and address of the manufacturer
- Details of the product (model, description and serial number, where applicable)
- A list of applicable directives and standards for the product (see the four directives above), with a statement declaring that the product complies with all relevant requirements
- The name and position of the responsible person, along with their signature and the date
- Details of the authorised representative within the European Economic Area (EEA), where applicable

Technical file

In addition to the Declaration of Conformity (DoC), lamp exporters must provide the importer with a technical file regarding the electrical part of the lamp. The technical file should at minimum include:

- The item description
- Circuit diagrams
- Component schemes
- A list of standards applied in full or in part
- Part lists
- Testing reports (in-house or from a third party)
- Copies of markings and labels
- User instruction copies

The DoC and technical file can be issued without third-party verification of compliance for the four directives mentioned above, but the [European Commission expects importers to verify](#) that ‘the manufacturer outside the EU has taken the necessary steps to allow the product to be placed on the EU market’.

The Waste Electrical and Electronic Equipment label (WEEE)

Another key mark required to import decorative lighting into the European Union is the [Waste Electrical and Electric Equipment](#) label (or WEEE for short). This mark is mandatory for all electrical and electronic equipment under the European Directive 2012/19/EU. It is the responsibility of manufacturers or importers in the European Union to register the electrical and electronic equipment that they put on the market and to have it marked according to WEEE. The symbol for separated collection of electrical and electronic equipment shows a crossed-out bin on wheels. The marking should be visible, durable, legible and inerasable.

This requirement is part of a wider initiative to ensure that importers provide adequate information to guide consumers on recycling, sorting and handling certain products. However, the WEEE directive is not part of the requirements for the CE mark, and it is not included in the DoC for your products.

Energy-related products label (ErP)

The last key labelling requirement needed to put decorative lighting on the European Union market is the energy-related products (ErP) label, or energy label. This is a mandatory requirement for most electrical products under Regulation (EU) 2017/1369, which repealed Directive 2010/30/EU.

This label helps customers choose products that consume less energy and thereby save money on energy costs.

The label is mandatory for most electronic products, including LED, household and fluorescent decorative lighting, bulbs and luminaires. 'Decorative lighting' under the EU's definition includes:

- Filament decorative lighting
- Fluorescent decorative lighting
- High-intensity discharge decorative lighting
- LED decorative lighting and LED modules

Meanwhile, 'luminaire or lamp' refers to an apparatus which distributes, filters or transforms the light transmitted from one or more decorative lighting fixtures.

The [energy efficiency rating system](#) rates these products from 'A' to 'G' as a measure of luminous flux to the level of power consumption. Class A (green) is the most energy efficient, while Class G (red) is the least. A+, A++ and A+++ grades were previously added to the top of the scale but will be phased out in 2021 for greater consumer clarity.

You can find an [official label generator](#) on the EU website. Requirements for the label include:

- Minimum dimensions for decorative lighting: 50 x 100mm
- Supplier's name or trademark
- Supplier's model identifier (alphanumeric code)
- Energy efficiency class at the head of the arrow (on A to G scale)
- Energy consumption in kWh per 1,000 hours
- For luminaires, a written sentence in any European Union language with the bulb compatibility of the lamp

The label size may be reduced in some cases where the packaging is not large enough to contain it in its standard size.

Inspection

It is vital to follow these lighting label requirements in production, or you will face the consequences of non-compliance. Hiring a third-party inspection service can help verify whether your labels meet European Union requirements.

While on site, the inspectors will:

- Check lighting labels and packaging based on the provided requirements and artwork
- Visually check the products to ensure they meet the product specifications
- Conduct relevant on-site testing to confirm product function and electrical safety

Tips:

Understand the European Union requirements and regulations for your decorative lighting according to the CE marking, WEEE and ErP as outlined above. This is a major requirement that is key to exporting into the European market.

Read through the [frequently asked questions on Directive 2012/19/EU on WEEE](#).

Verifying compliance through a third party ensures that your products comply with all relevant directives and provides trust to your European business partner.

Provide your importer or wholesaler with all the requested paperwork.

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 CE marking listed above. It covers other safety aspects which 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](#).

Study the specific legal requirements, but also use your common sense to ensure that the product does not cause any danger in its normal use.

Check [the RAPEX database](#) for decorative lighting for an idea of what issues may arise.

Restricted chemicals: REACH

The [REACH](#) regulation lists restricted chemical residues in products that are marketed in Europe. In most cases, the regulation will not be applicable to the production of decorative lighting. However, such production may involve the use of chemicals that are on the candidate list of substances of very high concern.

Substances on the candidate list

Substances used for the production of decorative lighting might be on the [REACH candidate list](#). The candidate list is a list of substances that may have serious effects on human health or the environment. Substances on the candidate list are also known as substances of very high concern and are candidates for eventual inclusion on the [authorisation list](#). Once a substance on the authorisation list, producers or importers from the European Union will need to apply for permission to continue using the substance after the date it was placed on the list.

Companies may have legal obligations resulting from the inclusion of the substance on the candidate list. These obligations may apply to the listed substance on its own, in mixtures or in articles. In particular, any supplier of articles containing a candidate list substance above a concentration of 0.1% w/w (weight by weight) has communication obligations towards customers down the supply chain and towards consumers. In addition, importers and producers of articles containing the substance have six months from the date of its inclusion in the candidate list to notify ECHA.

Obligations of the supplier

If your decorative lighting contains substances on the candidate list in a concentration above 0.1% w/w, you must provide your customers with sufficient information to allow safe use of the article. Upon request by a consumer, you must provide the information within 45 days of the receipt of the request.

Furthermore, producers and importers from the European Union must notify the European Chemicals Agency (ECHA) if their article contains a substance on the candidate list. This obligation applies if the substance is present in those articles in quantities totalling over one tonne per producer or importer per year and if the substance is present in those articles above a concentration of 0.1% w/w.

The notification must be submitted no later than six months after the substance's inclusion in the candidate list. A notification is not required when:

- The producer or importer of an article can exclude the exposure of humans and the environment during the use and disposal of the article. In such cases, the producer or importer must nevertheless supply appropriate instructions to the recipient of the article.
- The substance has already been registered for that use.

Some of the substances might also have other restrictions; these substances are listed in [REACH Annex XVII](#), a list of restricted chemicals.

Tips:

Check the [REACH candidate list](#), the [REACH authorisation list](#) and [REACH Annex XVII](#) to see if any of the substances used for the production of your decorative lighting are listed.

The European Chemical Agency provides useful information and tips on REACH. See for instance: [Information on REACH for companies established outside Europe](#) and [Questions & Answers on REACH](#).

What additional requirements do buyers often have?

Packing and packaging

Decorative lighting should be packed according to the importer's instructions. Every importer will have its own specific requirements related to the use of packing materials, filling boxes, palletisation and the stowing of containers. Always ask for the importer's order specifications, which are part of the purchase order.

Properly packaging decorative lighting can minimise the risk of damage caused by impacts. The product's fragility determines the product packaging for export. Packaging should prevent individual items inside a cardboard box from damaging each other and prevent damage to the cardboard boxes when stacked inside the container.

Packaging must be easy to handle in terms of dimensions and weight. Such standards are often related to labour regulations at the point of destination and must be specified by the buyer. Cardboard boxes are usually palletised for air or sea transport, and exporters are requested to maximise pallet space. For decorative lighting, reducing transport and transportation emissions by flat-packing or efficiently stocking the items in the container is key. Such considerations need to be part of this product group's design phase.

With regard to packaging materials, there must be a balance between providing maximum protection and avoiding excess materials (waste removal is a cost for buyers) or shipping 'air'. You can reduce the amount and diversity of packaging materials by:

- Already considering packaging and logistical requirements in your product's design phase
- Asking your buyer for alternatives.

Using biodegradable or recycled materials in packaging may offer a market opportunity or be required by buyers.

Labelling

Information on the outer packaging of decorative lighting should correspond to the packing list sent to the importer. It should include the producer name, consignee name, materials used, quantity, size, volume and caution signs. Your buyer will also specify what information they need on the product labels or on the item itself (e.g. logos, 'Made in...'). This forms part of the order specifications.

Tips:

Ask your buyer for specific packaging and labelling requirements.

Use the English language for labelling unless your buyer has indicated otherwise.

Sustainability

Social and environmental sustainability make your products stand out on the European market. Examples include the use of sustainable raw materials like recycled paper and plastic or alternative natural fibres, and sustainable production processes.

European buyers increasingly 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.

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

Tips:

Optimise your sustainability performance. Consider using recycled material for your decorative lighting.

Reading up on the issues relating to the initiatives mentioned above will give you an idea of what to focus on.

Buyers appreciate a good story. If you can show that you are focusing on your company's performance, this may give you a competitive advantage. Options for doing so include a self-assessment like the [BSCI Self-Assessment for Producers](#), or a code of conduct such as the [BSCI Code of Conduct](#) and the [ETI base code](#).

Payment terms

Payment terms are usually agreed upon with the buyer in the order contract. Payment terms 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 acting as an intermediary, and what delivery terms apply. In general, the payment term will be 30 or 60 days after receipt of the goods or the date of the invoice.

Occasionally a deposit or advance payment can be agreed upon. This happens, for example, in Fair Trade business relations. Certain sourcing countries have regulations stipulating 100% prepayment before delivery. This can hamper business, as buyers usually shy away from such costs or will negotiate a harder price deal.

A special form of financial security is offered by Letters of Credit. A Letter of Credit is a letter from the buyer's bank to the seller's bank guaranteeing that the buyer's payment to the seller will be received on time and for the correct amount. The so-called L/C is often used in first transactions, but it is an expensive system and therefore not preferred by European buyers.

The payment terms are the outcome of your negotiations about the risks involved in export trade, particularly the following:

- financial risk (who funds what part of the production and transport process?)
- transportation risk (if damage or loss occurs, who pays?)
- the transfer of ownership (when do the goods change hands?)

A balanced outcome is in the interest of both the seller and the buyer and is the result of a process of negotiation.

If the payment term is not covered in the contract, you can refer to European Directive 2011/7/EU. This Directive was established to protect SMEs against late payment. Although in principle this Directive does not apply to companies outside the European Union, you can use these terms as covered in the Directive as a guideline:

- If no payment term is agreed to in the contract (or General Terms & Conditions), then 30 calendar days after receipt of the invoice.
- If the date of receipt of the invoice is not determined, then 30 calendar days after receipt of the goods and/or services.
- If the invoice is received before the goods and/or services, then 30 calendar days after receipt of the goods and/or services.
- If a verification or acceptance procedure is agreed to with regard to conformity, then 30 calendar days after the date this procedure is completed.
- A verification or acceptance procedure may not take longer than 30 calendar days.
- Payment terms in Europe that are set in a contract may not be longer than 60 calendar days unless otherwise expressly agreed.

Tips:

Carefully study the payment terms offered by your (potential) buyer, especially the number of days for delayed payment.

Always include the payment term in your negotiations about the price, as an advance payment can justify a lower price. On the other hand, a long credit period can justify a higher price.

Study [Directive 2011/7/EU](#) regarding payment terms and late payment regulations in case payment terms are not covered in the contract.

Delivery terms

Delivery terms depend on the type of distribution partner and respective preferences as to physical distribution. Importers will prefer FOB (Free On Board) or FCA (Free Carrier) 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. It means that the seller fulfils his obligation to deliver when he has handed over the goods, cleared for export, into the charge of the carrier designated by the buyer at the specified place or point.

Retail multiples can ask for CIF (Cost Insurance Freight). That means 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 for the goods to be delivered to their doorstep. The delivery terms for DDP (Delivered Duty Paid) may then be negotiated. For importers who consolidate orders in your country, Ex Works (EXW) terms are often best.

Details about the rights and obligations of the buyer and the seller under the respective terms can be found in the [Incoterms 2020](#).

Tip:

Study the rights and obligations of buyers and sellers for the different [Incoterms](#) and include these in your negotiations.

What are requirements for the niche market?

Fair trade

The concept of fair trade supports fair pricing and improved social conditions for producers and their communities. Especially for labour-intensive products like handmade decorative lighting, fair trade certification can give you a competitive advantage.

Common fair trade certifications are issued by:

- [World Fair Trade Organisation](#) (WFTO)
- [Fairtrade International](#)
- [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.

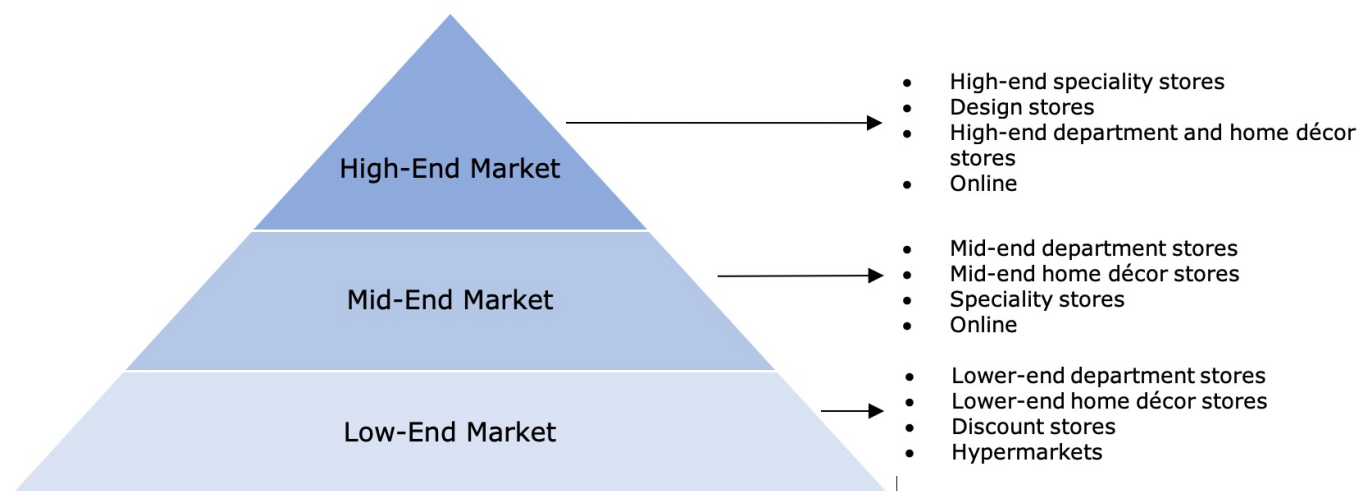
Check the ITC [Sustainability Map](#) database for more information on voluntary standards and their requirements, including fair production.

2. Through what channels can you get decorative lighting on the European market?

How is the end-market segmented?

The decorative lighting market is segmented into low-, mid- and high-end segments.

Figure 1: Decorative lighting segmentation in Europe



Low-end market

The lower end of the market aims to keep prices friendly and design accessible. It has to suit an average consumer profile. The focus is on the functionality of the product, and products are often offered at a lower price. Value addition is hard, and therefore this segment offers limited possibilities to differentiate from suppliers that excel in terms of cost. Decorative lighting in this segment is often sold in lower-end department stores, home décor stores and discount stores.

Mid-end market

The mid-end markets offer you the most opportunities. The middle segment puts more emphasis on design, material and finish. This segment follows trends and the prices are often reasonable. This consumer wants value for money and a trendy or accepted style. Decorative lighting in the mid-end segment is often sold at speciality stores, mid-end department and home décor stores and online.

High-end market / premium market

In the higher-end segments of the market, supreme craftsmanship, design, finishing, a luxury feel and brand are important. Sustainability also plays a role in this segment. This gives consumers an opportunity to express themselves. Distribution is often through design stores, high-end speciality stores, high-end department and home décor stores and online.

Through what channels does decorative lighting end up on the end-market?

The European market for decorative lighting for the consumer market (and part of the project market) is dominated by brands. These brands handle design and communication, but will outsource their production either to a European manufacturer or third party outside Europe (often China). In some cases, the European brand is also a manufacturer. In all of these set-ups, the electrical and technical components of the lighting will come from China, as the main and most efficient source of such parts.

European manufacturers

Rising production costs are increasingly challenging European manufacturers to assume the role of importer of all or most parts, assembling them into an end-product on site. This process takes place with orders from European brands (which are often lighting specialists) or larger retailers.

Agents

Agents are independent companies that negotiate on behalf of their clients and act as intermediaries between buyer and seller. They do not take ownership of the products or keep stock.

Buying agents are usually located in the supplying country and typically act on behalf of buyers. They fulfil an inspection role and act as communication intermediaries. Their commission fee must be added to the price.

Selling agents are located within the European market. They have good knowledge of the European market. If you have exclusive products, you could work with a selling agent. They charge commissions of 3–10%. However, the influence of agents is disappearing from the trade structure due to increased consolidation within the value chain.

You must carefully consider the disadvantages of working with agents. Under European legislation, agents (as opposed to importers/wholesalers) are very well protected. Once you engage with agents, it is very hard to bypass them and deal directly with your clients.

Importers/wholesalers

Importers and wholesalers sell products to retailers all over the world. 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, type of finishing and quality requirements.

Importers and wholesalers are interesting if you want to develop a long-term relationship. They usually have good knowledge of the European market and can supply you with valuable information and guidance on European market preferences. Please note that they often insist on a similar infrastructure on your side. Traditionally, importer and wholesaler margins range between 50% and 90%.

Importing retailers

Importing retailers are often larger retail organisations with large numbers of outlets, and department stores with sufficient knowledge to buy directly and a strong online presence. They are very demanding in terms of product standardisation, lead times and deliveries.

Importing retailers are increasingly integrating their suppliers into their value chain and selling internationally. They achieve this integration either by outsourcing production to selected manufacturers who produce according to their specifications, or by importing through buying groups. Importing retailers place orders directly with manufacturers and provide their specifications to produce their own private labels. Otherwise, they may buy 'off-the-shelf' items.

When trading directly with retailers, take into account the following:

- Selling price – when using traditional distribution channels, the Free on Board (FOB) price is around 20% of the consumer end price;
- Product development – wholesalers/importers often have a design department, implying that you produce a tailor-made product for them. When targeting a retailer, you must develop and design your own product range, and show that you can produce a certain product range. Larger importing retailers/chains in particular can develop their own products with you to coordinate your product with their range and distinguish themselves from the competition;
- You must meet the specifications provided by the importing retailer within the agreed lead time.

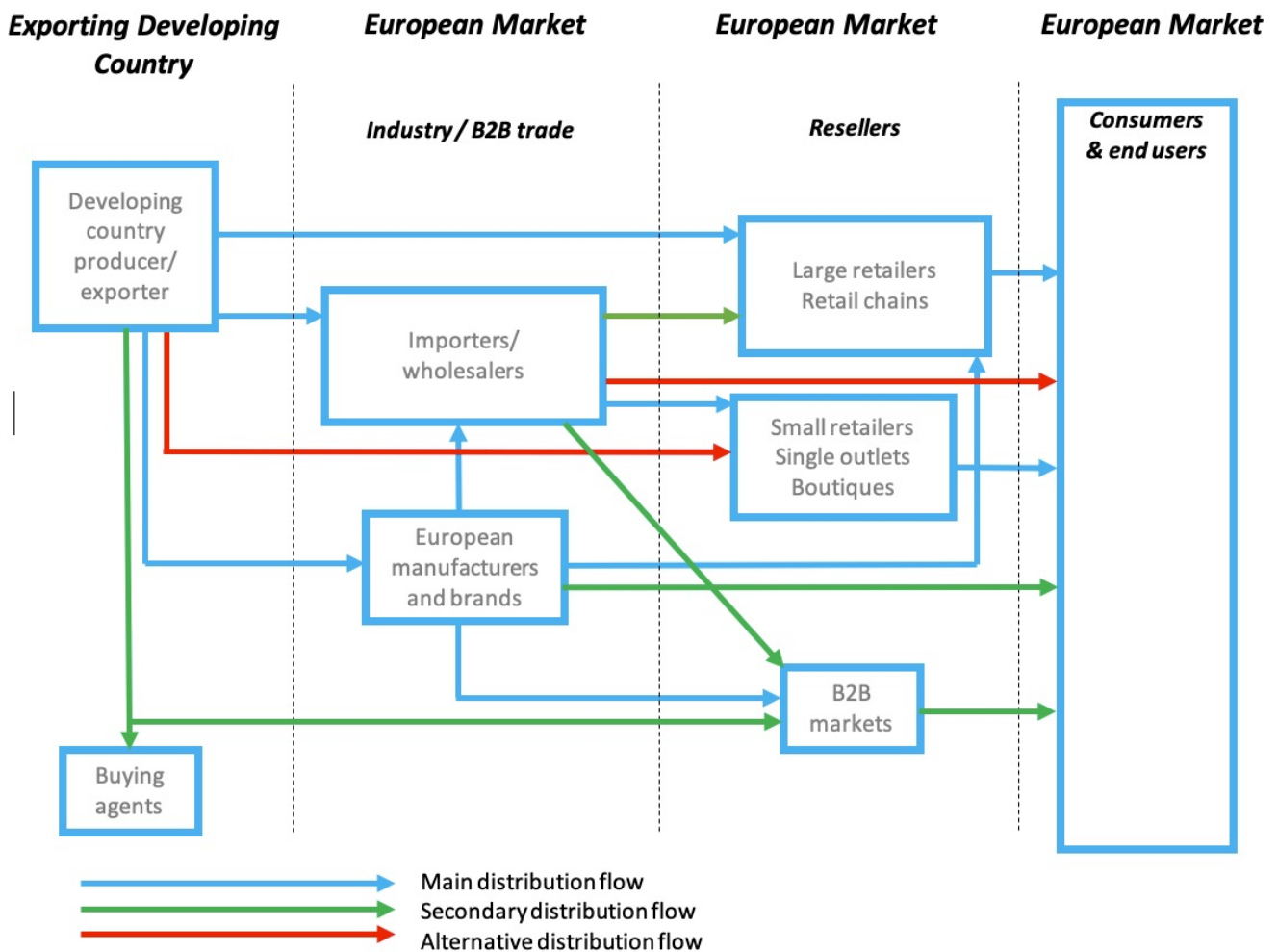
Non-importing retailers

Non-importing retailers are independent retailers and smaller retail chains that buy from you indirectly through wholesalers, agents or domestic manufacturers. High-quality and exclusive decorative lighting is mostly sold by speciality and department stores which also sell their products online. These stores still represent a significant proportion of the distribution network in most European countries and could be the best channel for selling your product to a targeted consumer group.

However, some of the non-importing retailers have slowly become interested in buying directly from smaller

producers as well, in order to distinguish their collection from the larger retail chains and create their own unique niche.

Figure 2: Trade channels for decorative lighting in Europe



Tips:

Focus on importing wholesalers when you want to establish long-term relationships with partners in the market. It can be rewarding to approach lighting brands that may be interesting in adding your design to their portfolio.

For more information on the pros and cons of supplying directly to smaller retailers, read our [trends special on alternative distribution channels](#).

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.

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 include cutting out the margins of the wholesaler and reducing delivery time to the market. Because of this trend, self-importing

retailers might want to drive a much harder bargain with you.

Smaller independent European retailers continue to purchase mainly from domestic wholesalers/importers. As in other European market sectors (such as food or clothing), independent retailers in home décor are struggling to compete with retail chains. They need to differentiate on value-added service, as well as specialised offers and authenticity.

These buyers typically prefer orders for small quantities of each item, small total order volumes and delivery to their doorstep, with a limited likelihood of repeat orders. You need to calculate whether such small orders are cost-effective for you.

In lighting, there are specialised brands that may be looking for new additions to their portfolio in order to add handmade and/or sustainable values to their brand identity.

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 importers/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.

Communicate 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.

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 and pre-stocking).

3. What competition do you face on the European market for decorative lighting?

As shown in Figure 3, China is by far the main supplier of lighting to Europe, followed at a considerable distance by Italy. While imports from China have shown a downward trend since 2016, imports from Italy are on the rise. Other smaller suppliers are Germany, the Netherlands, France and Belgium.

Which countries are you competing with?

China dominates the market

China has become the factory of the world, no less so in decorative lighting. China is the main supplier of lighting. In 2018, the country supplied these goods to Europe at a value of more than €263 million. Its low-cost workforce, nearby raw materials, lower costs and more frequent shipping to Europe compared to other Asian

countries make China the most attractive supplier.

Although China is dominating the market, imports showed a declining trend between 2015 and 2018. This is due to the supply of other upcoming markets such as Italy and Germany, which are becoming stronger players in the market for decorative lighting. In addition to this, products that are 'Made in Europe' are becoming increasingly popular. The disruptions following the trade war with the United States may have a further negative impact on the trade performance of China and benefit companies from other supplying countries.

Product development and creativity are not the core strengths of Chinese manufacturers. To compete with Chinese suppliers, you should differentiate and stay away from mass-produced decorative lighting. Focus more on products with high emotional value, typical design, sustainability and the story behind the product.

Italy responds to increasing demand for quality and design

Second in line when it comes to suppliers of decorative lighting to Europe is Italy. This is interesting, as Italy is a relatively expensive production country. However, it is in line with the trends in decorative lighting. Consumers are increasingly looking for quality, design and durability for their home decoration products, and Italy is known for its design, high value and quality products. In addition to this, products that are 'Made in Europe' are becoming increasingly popular.

Italian supplies of lighting reached a value of €78 million in 2018. Growth fluctuated between the years 2014 and 2017, but after 2016 there was a steady upward trend that reached an average growth of over 9% per year (2014-2018). To compete with Italy's quality production and proximity to the market, you should focus on original design, material use and sustainability while being competitive in terms of production cost.

German supplies in line with stable trend in Europe

Also in the top six leading suppliers is Germany. Like Italy, Germany is a relatively expensive production country. Between 2014 and 2018, German supplies fluctuated. Starting from 2016, exports of lighting to other European markets stabilised. This is in line with the overall trend in most European countries. However, the average growth rate over the five-year period was positive at 6% per year, reaching a value of €76 million in 2018.

German manufacturers benefit from their proximity to the market and are able to offer short delivery times. They are also benefiting from the increasing popularity of products that are 'Made in Europe'. However, Germany's high-cost workforce makes production relatively expensive. Your material use, unique design and story behind the product can make the difference.

Steady growth of Dutch supply stagnated in 2017

Like Germany, the Dutch supply of decorative lighting showed an increasing trend between 2014 and 2016, after which it stagnated. The last five years (2014 – 2018) showed an average increase of almost 10%. The country's geographical location strengthens its position within the European Union. The Netherlands is an important hub for distribution operations in Europe. Part of the export of decorative lighting is therefore likely to be re-exported. Although the Netherlands is a small player, on average it is the fastest-growing supplier of decorative lighting to other European markets.

France shows steady export growth, Belgium supply decreased in 2018

France is a smaller player on the lighting market but has shown steady growth in the last five years. The total supply reached €64 million in 2018, with an average yearly growth of almost 7%. Like most of the other European countries, France is a relatively expensive production country.

With almost €40 million worth of exports in 2018, Belgium is the smallest of the top six players in the European lighting market. Between 2014 and 2017, the Belgian supply value grew to €44 million. This dropped to less

than €40 million in 2018. As in the Netherlands, part of the Belgian export is likely to be re-exported.

Which companies are you competing with?

Companies from China

Although China is mostly known for its low-cost production, manufacturing has evolved over time and matured significantly. Factories have improved processes, quality management and training of their workers. Examples of Chinese producers of decorative lighting are:

- [Lonwing](#)
- [Kamable Lighting Co., Ltd.](#)

Companies from Italy

Italian companies are strong in design and quality. Moreover, their proximity to the market is an advantage and they have a good understanding of the European consumer. Examples of Italian producers of decorative lighting are:

- [Foscarini](#)
- [Lam SRL](#)

Companies from Germany

German companies, like Italian companies, are strong in design and robust quality. Examples of companies that champion these characteristics are:

- [Holtkoetter](#)
- [Escale](#)

Which products are you competing with?

Providing decorative lighting to the higher-end segments of the market as a specialist brings you into competition with suppliers of lighting that have a broader, more lifestyle-oriented offer. Some importers may find the opportunity to do 'one-stop-shopping' more attractive than dealing with a specialist. However, given the high degree of sophistication that is required to comply with legal standards and design expectations, specialists in lighting are often the preferred partners.

4. What are the prices for decorative lighting?

Decorative lighting is available in a wide range of product lines. Therefore, prices cover a wide range as well. As an example, compare the low-end and high-end segments for a table lamp. Table 1 gives an overview of the varying price ranges.

Table 1: Indicative consumer prices of a table lamp in Europe

Low-end	Mid-end	High-end
Up to €40	€40 - 200	€200 and over

Consumer prices depend on the value perception of your product in a particular segment. Your marketing mix influences this:

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

- price

Your products will be sold to European consumers for a price that is significantly higher than your selling price. The consumer price is approximately 4-7 times the FOB price in the country of origin. Incidental hikes in the price of raw materials are not directly passed on to the consumer, but exert pressure on exporters, importers and retailers' margins.

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

- Shipping, import, handling: +25%
- Wholesale: +100%
- Retailer: +100-150%
- Retail price (VAT)*: +20%

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

Tips:

The value perception of your product in the chosen segment determines its price. Your product quality and price must match what is expected in your chosen target segment. To determine your price, study consumer prices in your target segment and adjust your costing accordingly.

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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