

# Entering the European market for occasional furniture

The European market for occasional furniture offers good opportunities, but competition is strong. As countries that produce in great volumes dominate the lower ends of the market, the mid and higher-end segments are your best option. To target these segments, you need to add value to your products through design, craftsmanship, sustainability and showcasing the story behind 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 occasional furniture comply with to be allowed on the European market?

### What are mandatory requirements?

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

- General Product Safety Directive
- REACH
- Timber Regulation
- packaging and packaging waste legislation

### General Product Safety Directive

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: 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Unsafe products are rejected at the European border or withdrawn from the market.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](#).

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

Check the [RAPEX database](#) for occasional furniture 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 the better and earlier

identification of the properties of chemical substances. This is done by the four processes of REACH, namely the registration, evaluation, authorisation and restriction of chemicals. REACH also aims to enhance the innovation and competitiveness of the European chemicals industry.

Restricted chemicals with regards to occasional furniture include:

- cadmium compounds in various applications
- arsenic and creosotes as wood preservatives
- lead in paints and ceramic glazing

### Tip:

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

## Timber Regulation

The European Union's [Timber Regulation](#) states the obligations of operators who place timber products on the European market. The regulation counters the trade of illegally harvested timber and products through three key obligations.

When placing timber on the European market for the first time:

1. Illegally harvested timber and products derived from such timber are prohibited
2. European traders must exercise 'due diligence'

Once on the market, the timber and timber products may be sold and/or transformed before they reach the final consumer. To facilitate the traceability of timber products, economic operators in this part of the supply chain (referred to as traders in the regulation) have an obligation to:

3. keep records of their suppliers and customers

The Regulation covers a wide range of [timber products](#) listed in its Annex, using EU Customs code nomenclature. It also applies to small wooden furniture. Products with a [FLEGT](#) or [CITES](#) license comply with the Timber Regulation.

### Tips:

For more information, see the [Frequently Asked Questions about the Timber Regulation](#).

The [EU FLEGT Facility](#) has more information about FLEGT licensing.

For more information on CITES permits, you can contact your [National CITES Management Authority](#).

## 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 the European level. Buyers may therefore request that you 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 3 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 occasional furniture.

### 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 and buyers appreciate a good story. 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

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.

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 [retailers in the major European markets are putting more environmentally and socially sustainable products on their shelves](#) in all product groups, simply because consumers ask 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 the 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 be a competitive advantage. For instance with a self-assessment like the [BSCI Self-Assessment for Producers](#), or a code of conduct such as the [ETI base code](#).

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

In addition to the requirements mentioned in the section above, please refer to our study about [buyer requirements for Home Decoration & Home Textiles](#) for a general overview of European buyer requirements in the sector.

## Durability standards

Since furniture that is used outdoors is exposed to natural elements, buyers may have specific quality requirements in terms of durability and resistance to temperature and humidity. As such, they may request test results and guarantees.

Specific standards have been developed by the [European Committee for Standardisation \(CEN\)](#) to cover durability for outdoor furniture:

- EN 581-3 provides mechanical testing procedures for outdoor tables.
- EN 581-4 determines durability testing of outdoor furniture when exposed to environmental factors such as rain.

## Labelling

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

- producer name
- consignee name
- material used
- 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 the English language, unless your buyer indicates otherwise.

## Packaging

## Importer specifications

You should pack occasional furniture 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. These are part of the purchase order.

## Damage prevention

Properly packaging occasional furniture 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 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.

Wooden furniture can mould or crack, so you need to properly dry the wood after production. Condensation inside the container during transport can cause mould. This is caused by humid air that becomes colder at night and warmer during the day. You need proper air ventilation inside the container to prevent this. Before shipment, you must inspect containers for air holes and you can place products to reduce humidity amongst the cargo. Make sure to follow the importer's instructions here.

## Dimensions and weight

Packaging must be easy to handle in terms of size and weight. Standards are often related to labour regulations at the point of destination. The buyer must specify these.

## Cost reduction

Boxes are usually palletised for air or sea transport. You have to maximise pallet space. For occasional furniture, flat packing the items inside the container reduces costs. Consider this when designing your products.

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 its 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 demand. You can read more on the latest packaging developments on the website of [Packaging Europe](#). They publish regular news articles with regards to biodegradable packaging.

### Tip:

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

## Payment terms

The payment term is 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 involved, and what delivery terms apply. In general, the payment term will be 30 or 60 days after receipt of the goods or date of invoice.

Occasionally a deposit or advance payment can be agreed upon. This happens for example in case of 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 so-called LC is often used in first transactions, but it is an expensive system and hence not preferred by European buyers.

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

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

A balanced outcome of these negotiations is in the interest of both the seller and the buyer

If the payment term is not covered in the contract, you can refer to [European Directive 2011/7/EU](#). This Directive protects SMEs against late payment. Although in principle it 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), 30 calendar days after receipt of the invoice
- if date of receipt of invoice is not determined, then 30 calendar days after receipt of 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 that 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 are not allowed to take any 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 negotiation in relation to the price, where 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 their preferences regarding physical distribution. Importers generally 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. 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 named place or point.

Retail multiples can ask for CIF (Cost Insurance Freight). 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 DDP (Delivered Duty Paid) arrangement. For importers who are consolidating orders in your country, Ex Works 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](#).

### **Tips:**

Study your and your buyer's rights and obligations for the different Incoterms and make this part of your negotiation.

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

## **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 occasional furniture is labour intensive, fair trade certification can give you a competitive advantage. The common fair trade certification scheme for occasional furniture is from the [World Fair Trade Organisation](#) (WFTO).

### **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 Standards map database](#) for more information on voluntary standards and their requirements, including fair production.

### **FSC certification**

[FSC](#) (Forest Stewardship Council) certification is the most common label for sustainable wooden products, including wooden furniture. The FSC label guarantees that a product's source material comes from responsibly managed forests. These products are especially popular in Western European markets.

### **Tips:**

For more information, see the [three steps towards FSC certification](#).

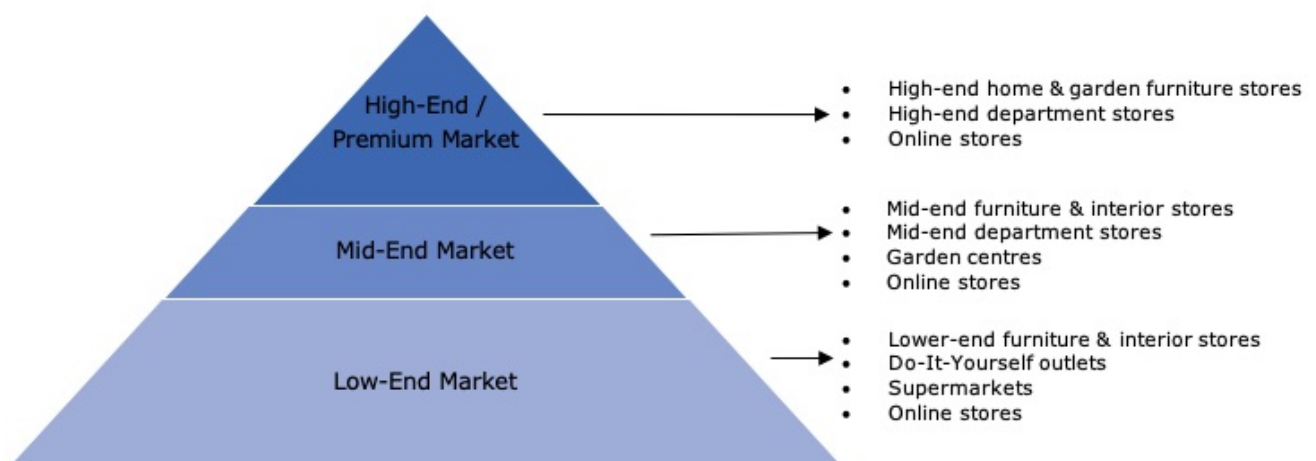
For more information on requirements, see our study about [buyer requirements for Home Decoration & Home Textiles](#).

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

### How is the end market segmented?

The occasional furniture market is segmented into low, mid and high-end (premium) market segments.

Figure 1: Occasional furniture market segmentation in Europe



### Low-end market

The lower end of the market wants to keep prices friendly and design accessible. Items for this market are generally functional basics without much visual impact. Quality in terms of construction and design is limited. Because this segment is dominated by low-cost, mass-produced items, opportunities are limited. The mid and higher-end markets are most promising for you.

### Mid-end market

Items for the mid-end market come at a reasonable price and should reflect the well-known styles (such as romantic or cottage style). This segment follows trends, mainly through design and colour. The higher end of this segment (the mid-high market) also offers considerable craftsmanship. Bean bags are typically a mid-end product because of their relatively young target group, whose disposable incomes reserved for interior decoration usually are not that high yet.

### High-end/premium market

Occasional furniture pieces for the high-end/premium market are generally 'statement' pieces that draw attention. Designers and brands welcome products that are innovative in the use of materials and techniques and make a style statement. Because poufs rarely are eye-catchers, they move to premium when luxury materials are used and when they are part of a range of top-end, branded furniture pieces with a clear designer signature.

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

The channels through which occasional furniture is 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 the supplier. Online platforms, such as online marketplaces, social media and price comparison websites are becoming increasingly prominent. In some cases, buying agents play a role. Below, we will highlight the main actors in the market for occasional furniture.

## 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).

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 themselves. 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 increasingly importing directly from their suppliers in developing countries. 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 spread out over Europe and becoming more “lifestyle”-centred (offering home decoration and textiles as well as fashion accessories and furniture).

## Buying agents

Buying agents do not import, but they represent European buyers in the sourcing country. Sometimes, agents have a more limited role. For instance, checking the quality of the shipments in your warehouse on behalf of a specific importer, or checking the codes of conduct that exporters agreed with the buyer. Agents can work individually or as part of purchasing companies. They mostly act on the base of commission. This channel, however, is not very common in the occasional furniture trade from developing countries.

## E-commerce

E-commerce in the HDHT sector is increasing and can help you reach a broader range of customers. Retailers often combine online and offline channels. Consumers research and purchase products online, shopping around and comparing prices on HDHT items. Relatively small and lightweight furniture pieces such as poufs, bean bags, stools and side tables are especially suitable for this. To supply e-commerce, you must offer small batches, fast delivery and be able to work with individual packing and labelling.

### Tips:

To find potential buyers, search the list of exhibitors or visit the main trade fairs in Europe: [Ambiente](#) - Frankfurt (February), [IMM](#) - Cologne (January), [Maison et Objet](#) - Paris (January and September), [Salone del Mobile](#) - Milan (April), [Spoga + gafa](#) - Cologne (August) and [Tendence](#) - Frankfurt (August).

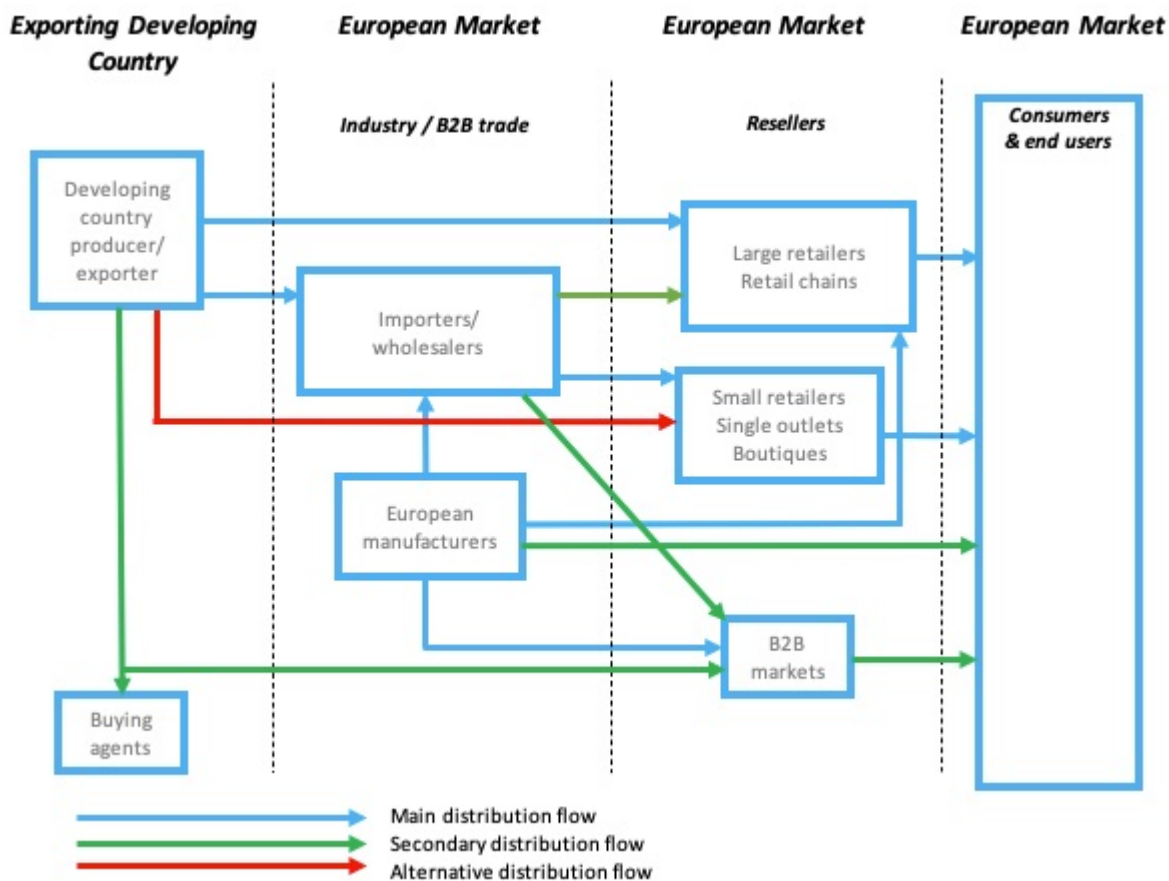
Search the list of members of Furniture Associations to find potential buyers, such as: [EFIC](#) (European Furniture Industries Confederation), [FENA](#) (European Federation of Furniture Retailers) and [UEA](#) (European Federation of Furniture Manufacturers).

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

To help you enter the market, consider working with an agent or representative with a good reputation. You can look for commercial agents on the website of [Internationally United Commercial Agents and Brokers \(IUCAB\)](#).

For more information about trading directly with smaller retailers, see our special study about [alternative distribution channels](#). See our special study about [E-commerce in Home Decoration & Home Textiles](#) for more information on online retail.

Figure 2: Trade channels for occasional furniture 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. Because of this trend, the 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 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 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 chance to close 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 better 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.

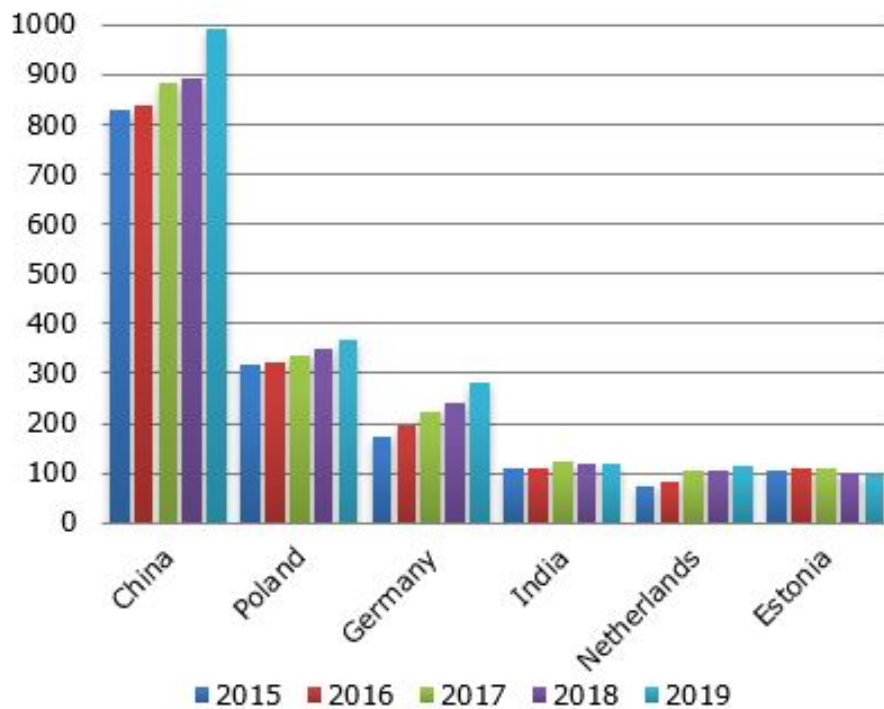
When you are participating in international trade fairs, especially within Europe, make sure that you have a policy for small, independent retailers coming to your booth. If you choose to sell to them, you must have appropriate terms of trading (such as low minimum order quantities, delivery to the doorstep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

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

The recent [outbreak of the coronavirus](#) 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 coronavirus 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](#).

(!) Because no specific trade data are available for stools, side tables or occasional furniture in general, these statistics cover stuffed or internally fitted articles of bedding/furnishing.

Figure 3: Main suppliers of stuffed or internally fitted articles of bedding/furnishing to Europe (in million €)



Source: Trademap

China is by far the biggest supplier of occasional furniture to Europe, providing 34% of stuffed or internally fitted articles of bedding/furnishing imports. Poland (13%) and Germany (9.6%) follow at a distance. Together, these countries supply more than half of the European imports. India, the Netherlands and Estonia are next on the list with about 4% market share each.

With €991 million out of €1.3 billion, China is responsible for 75% of the imports coming from developing countries. Promising however, is the average annual growth rate of the other developing countries (6.6% between 2015 and 2019) is higher than that of China (4.5%). This indicates opportunities on the European market despite China's dominance.

You must be aware that in the European market, countries have different roles. You can make a rough distinction between countries that mainly import and countries that are mainly manufacturers. Most Western-European importers do not just sell their products in their own country, but across the European continent. This explains why in HDHT, small countries like Denmark and the Netherlands can import much more than the demand in their own domestic market.

The European producing countries are located for the biggest part in the Eastern part of Europe. This is mostly because of their closeness to the core European market and the favourable labour cost. This sometimes makes them a good alternative for sourcing from the Far East.

In general, the Western European countries are mainly re-exporters, the Far East countries are the manufactures and Eastern European countries are the new manufacturers. Mass-produced occasional furniture is segmented in the lower end of the market and produced in the most cost-effective country. You, as an exporter from developing countries, are not competing with these countries, as your focus should be on the mid segment of the market. Western European countries could therefore be interesting trade partners for you.

## Which countries are you competing with?

### China dominates the market

As discussed, China is Europe's main supplier of occasional furniture. With a share of more than a third, the country dominates the market. Its 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 such as the China's trade war with the United States and the effect of the coronavirus may negatively impact the country's trade performance. This could benefit 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 stay away from mass-produced occasional furniture. Focus more on design, craftsmanship, sustainability and the story behind your product. This allows you to enter the mid and higher-end markets, where your best opportunities are.

## **Poland is a key competitor within Europe**

Poland is Europe's second largest occasional furniture supplier. Polish exports of stuffed or internally fitted articles of bedding/furnishing imports to Europe grew from €319 million in 2015 to €368 million in 2019, with a relatively modest average annual growth rate of 3.6%.

The country's strength is its geographical proximity to the European market, allowing suppliers to offer short delivery times. Polish suppliers also have a good understanding of the European consumer and have well established and efficient production lines. In addition, products that are 'Made in Europe' are increasingly popular. To compete with Poland, you should focus on design, craftsmanship, material use and the story behind your product. Make sure you offer a high level of service to build a strong relationship.

## **Germany functions as a European trade hub**

Germany has strongly increased its supplies of stuffed or internally fitted articles of bedding/furnishing to Europe. They grew from €174 million in 2015 to €282 million in 2019, with an average annual growth rate of 13%. This strengthened the country's position as one of Europe's main suppliers.

Like Poland, Germany benefits from proximity to the market and is able to offer short delivery times. However, as in most Western European countries, its high-cost workforce makes production relatively expensive and mainly suitable for higher-end markets. This means that a lot of Germany's supplies to the European market are actually re-exports of products manufactured in other (developing) countries. This role as a European trade hub is further illustrated by the country's position as leading importer of occasional furniture.

## **India, the Netherlands and Estonia**

India, the Netherlands and Estonia are the smallest among Europe's leading suppliers of stuffed or internally fitted articles of bedding/furnishing.

Indian exports of stuffed or internally fitted articles of bedding/furnishing to Europe increased from €109 million in 2015 to €120 million in 2019. With skilled labour and transportation at competitive costs, India is 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. This approach is a good way to compete on the European HDHT market.

The Netherlands is Europe's fastest growing supplier of occasional furniture, along with Germany. Its exports of stuffed or internally fitted articles of bedding/furnishing to Europe increased from €72 million in 2015 to €115 million in 2019, at an average annual growth rate of 13%. Like Germany, the Netherlands is an important hub for distribution within Europe with a leading role in both imports and exports. This means that Dutch supplies to other European countries mainly consist of re-exports.

Estonia is a relatively small player, with exports of stuffed or internally fitted articles of bedding/furnishing to

Europe fluctuating around €100 million. As an Eastern European country, like Poland, Estonia benefits from its geographical proximity to the European market and the popularity of products that are 'Made in Europe'. Rising labour costs in Estonia may make it more difficult for the country to compete in the lower and middle segments of the European HDHT market.

### **Tips:**

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

To differentiate yourself from your main competitors, focus on design, craftsmanship, quality and the story behind your products.

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

### **Hilo by Libra Sofa - Poland**

This is a new consumer brand by Polish manufacturer [Libra Sofa](#). They have surprised the market with a 'pop'-style collection of upholstered poufs and informal seating items.

The surprise comes from the fact that, as an established furniture manufacturing destination, Polish companies usually work strictly private label. Independently, or in co-ownership to European importers, they typically supply to wholesalers or retailers in Western Europe with an established brand and reputation in the HDHT market. As such, they are hidden to the eye. Consumers and single retailers may enjoy the wider choice, importers may fear price competition in the chain and may consider terminating their relationship with this specific manufacturer.

Poland has a long and strong tradition in manufacturing, especially in furniture. This helps the brand in meeting quality demands and legal requirements.

The design base is local and it may take time to find the most effective balance between an own design DNA and Western-European consumer needs. The existing offer stands out for its expressive style. The collection of occasional furniture is flexible, has USB portals for additional convenience, and can be used in consumer and project environments.

To become a consumer brand takes time, investment and closeness to the consumer. This therefore may not be a viable approach for a brand that positions itself in the mid-high segment, where margins may be there, but volumes are limited. Whether this improves profitability over a private label strategy can be questioned.

### **Bellus Furniture - Estonia**

The Estonian company [Bellus](#) has a history of almost 25 years in the manufacturing of upholstered furniture, including stools and footstools. Their main sales are in Scandinavia, a regional market for them, where they have begun to establish their name. This has allowed them to become one of the largest manufacturers in Estonia.

Estonia is a sourcing destination for importers of upholstered furniture, and as such Bellus found their place in the private label halls of those HDHT trade fairs. Upholstering is an appreciated, mainly manual, skill in Estonia, and it helps that the labour costs are limited, making the furniture affordable for importers. The company reports an annual production over 100,000 pieces of furniture, with the help of 250 employees.

Bellus has a self-proclaimed Scandinavian style with a Nordic touch. To a Western-European consumer it would qualify as a clean mid-market look. Warm, but certainly not exclusive.

They were happy with the traffic in their first European show, they inform us. For a longer-term, more structural market development strategy (aiming at a larger share in their under-served, non-Scandinavian regions), a sustained presence at fairs needs to be budgeted for.

## **Ceejay International - India**

As a family company, under a larger umbrella, [Ceejay](#) is an example of a typical textile-based manufacturer from India. They have access to a wide variety of materials, from mainstream options such as cotton and leather to more special fibres such as hemp and recycled fabrics. With a huge heritage (88 years) in textile manufacturing, a low wage bill, and a “quality products at reasonable price” attitude, they have cemented their way into the global HDHT market as a private label supplier to importers looking for a bit more service and reliability.

They are experienced exporters, which also gives buyers confidence, and they make sure not to be seen as a discounter in their trade fair presentation. Another strength is their ability to present an almost complete lifestyle offer in textile for the home, ranging from floor and wall decoration to poufs and stools, and cushions and throws.

Boasting no less than 400 looms (both powered and manual) and 2000 weavers, they can deliver volume. And they need to, as they are in that end of the market: container load business that goes into a complete middle segment. In their trade fair presentations, their focus is on showing a full range of products, techniques and materials, as well as a hint of design, although the latter will be brought in mostly by their buyer.

Ensuring exclusivity to such buyers is part of the game in this end of the market, and that is what has kept their reputation up, along with a decent supply history. What you see is what you get with this supplier, and that is what mid-market buyers are looking for.

It is disappointing for a company with such heritage that forms of social and environmental-friendliness do not seem to enter the DNA of this business easily. There is no communication, either online or offline, about any sustainability values, and that may turn into a threat in a market that is rapidly showing that sustainability is becoming a vital business value.

### **Tips:**

If you are a start-up or new exporter, try to work from your sector's strengths. The examples here all come from a sector with a specific strength in manufacturing, materials, and/or as a sourcing destination for specific product categories. That ensures a mix of solid quality (the experience is there), buyer confidence in the country as a sourcing destination, and a relevant, export-oriented design tradition.

Know that design is a key aspect in any export marketing approach. Even with a long-standing experience in export marketing, the look and feel that consumers in Western-European markets need may still be hard to understand. For private label suppliers, buyers often take care of design, otherwise you may need to hire external designers with experience in the target markets. Both come at a cost.

Focus on your story instead of becoming a consumer brand. Many exporters dream of becoming a consumer brand. Be aware that this is a costly, sustained effort, and that you would be competing with established brands in Europe that have taken years and years to become that name to the consumer. And they still continue to budget for it. Consumers in HDHT are more interested in your stories than in a new brand.

If you do not come from a strong ethical tradition, you should develop and communicate these values during your first market entry and be authentic. Sustainability is no longer a niche value in HDHT. Consumers are demanding transparency, ethical behaviour and a future-oriented attitude behind the products they buy for the home. This is especially true for the new, dominant Millennial consumer (born between 1980 and 1994).

## Which products are you competing with?

Occasional furniture mainly competes with larger furniture pieces. The main advantage of occasional furniture is that it offers consumers flexibility and/or multifunctionality. What is more, it can be mixed and matched with the rest of the interior and does not require the consumer to buy a full set (like dining chairs).

Occasional furniture items are also more affordable than formal pieces. They can be used as (temporary) seating, displays, or even storage space, both in the home and in the outdoor space. Consumer trends such as those related to playfulness and shared living, both driven by the Millennial consumer, stimulate the sale of smaller furniture pieces over larger chunky pieces.

### Tip:

Keep track of global trends in urbanisation and social design, to anticipate future structural changes in your sector. An interesting resource to monitor is [Trendwatching.com](https://www.trendwatching.com).

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

Table 1 gives an overview of the prices of occasional furniture in the low, middle and high market segments.

Table 1: Indicative consumer prices of occasional furniture in Europe

	Low-end	Mid-end	High-end / premium
Poufs	Under €60	€60 to €150	Up to €1,000
Beanbags	Under €60	€60 to €150	Up to €350
Stools	Under €50	€50 to €200	Over €200
Side tables	Under €50	€50 to €300	Over €300

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

- product benefits (design, material, techniques, brand value, dimensions)
- promotion (brand or not, sustainable values, designer names)



- points of sale (reseller positioning)
- price

The following percentages give an indication of a price breakdown for occasional furniture 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%.

Some examples of online occasional furniture prices (excluding shipment) across Europe are:

- luxury designer pouf by Cecilie Manz, [Fritz Hansen](#) (Denmark), price range between €387 and €443
- polyester outdoor bean bag, [Intratuin](#) (the Netherlands), €89.99
- bamboo round stool, [Argos](#) (United Kingdom), around €39.50
- fair trade wooden side table, [El Puente](#) (Germany), €139

### Tips:

Adjust your cost to the consumer prices in your target segment. The value perception of your product in the chosen segment determines its price. Your occasional furniture' 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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