

The European market potential for handwoven rugs

Europe sources approximately two-thirds of its handwoven rug imports from developing countries, making it an interesting market for you. For the production of handmade rugs, both environmental and social sustainability are highly relevant. You can further add a story to your products by using traditional techniques and designs, possibly with a more contemporary twist. As customisation and co-creation have become increasingly important, offering this possibility makes you more attractive as a supplier.

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1. Product description

Within the Home Decoration and Home Textiles (HDHT) sector, handwoven rugs are categorised under the ‘home textiles’ category. These handwoven textile floor coverings are produced all over the world under different names, like kilim, soumak, jajim, and sotronji, or simply as hand or flatwoven rug.

This study uses the following codes to indicate trade in handwoven rugs:

Table 1: Product codes

Harmonised System (HS)	Prodcom	Description
5702 10		Kelem, Schumacks, Karamanie and similar handwoven rugs, whether or not made up
	13 93 12 00	Carpets and other textile floor coverings, woven

Functionality

Most handwoven rugs are purchased to enhance the atmosphere of the home, making decorativeness their most important quality. Rugs can also serve to provide warmth and noise reduction. Given that they will be walked on, rugs must be durable. Some rugs are also used as wall decoration, but this is a relatively small part of the market.

Material

Most handwoven rugs are made of wool or other fine animal hair like alpaca, llama, and yak. They can also be made of cotton, silk, and recycled materials. Blends of different fibres are possible as well, just as the use of materials like jute, hemp, viscose, and leather.

Size

Sizes are usually provided in feet (1 foot = 30.48 cm). Typical sizes are:

- 2' x 3'
- 4' x 6'
- 9' x 12'
- 6' x 9'
- 3' x 3'
- 5' x 5'
- 10' x 14'
- 10' x 10'

The sizes of smaller rugs are often indicated in centimetres. Ask your European buyers what specific sizes they may be looking for in the early stages of collaboration.

Design

Handwoven rugs come in a wide variety of designs, styles, and patterns, both traditional and contemporary. They can be colourful or plain to match consumers' personal taste. You can also print on rugs to add pattern and colour.

The fineness of the weave is a key quality aspect, reflected in the fineness of the design. The finer the yarns, the higher the quality and sales price. The finishing is also important. A well-finished carpet lies flat and straight on the floor in a reasonably regular shape. It should not be unnaturally shiny or too bright and harsh, nor should colours fade or bleed.

Modern carpets with a vintage look are popular, meaning the fabric is stonewashed. A combination of printing first and then stonewashing also creates a popular vintage look. Stonewashed traditional carpets are in demand as well. However, you should avoid using acid to create the stonewashed look, as this process is not environmentally friendly.

Tip:

For more information about carpets in general, see our study on [woven and knotted woollen carpets](#).

2. What makes Europe an interesting market for handwoven rugs?

The COVID-19 pandemic and the measures taken to try to control it worldwide are having 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 COVID-19 pandemic on the European market and global supply chains has not been taken into account in this report. For the latest news in your sector, please check [CBI News](#).

The pandemic is expected to affect demand for HDHT products. In times of economic crises, consumers postpone buying non-essential items. This means new rug purchases may be limited to replacements for broken or worn items. On the other hand, the lockdown in many countries has increased the attention people have for their homes, so this growing focus may also have a positive effect. At this stage, it is very hard to predict the exact consequences of the pandemic for people's buying decisions.

European imports of handwoven rugs peaked in 2017 at €59 million. By 2019, they dropped back to €47 million, which is comparable to the 2014 level. Worldwide handwoven rug imports showed a similar pattern, reaching €185 million in 2019. This means the European market accounts for approximately a quarter of the total worldwide handwoven rug imports.

As European production of handwoven rugs is minimal, demand has to be met with imports from developing countries. After peaking in 2017, these imports added up to €32 million in 2019, which translates to a market share of 67% for developing countries. This makes Europe an interesting market for you, despite its fluctuations.

The increasing interest in sustainably produced items and traditional craftsmanship and design can stimulate the handwoven rug market. For more drivers of demand, see 'which trends offer opportunities?' below.

Tip:

For more information on the short- and long-term impact of the COVID-19 pandemic on the sector, see our study on [how to respond to COVID-19 in the HDHT sector](#).

3. Which European countries offer most opportunities for handwoven rugs?

The larger Western and Northern European economies are the main importers of handmade rugs. However, importers in these countries generally sell their products across Europe. Your best strategy therefore is to focus on a particular segment, rather than a specific country.

Figure 2 clearly shows that handwoven rug imports tend to fluctuate per year and per country. This could well be caused by the strong influence large retail chains and their changing collections can have on this relatively small market.

In 2019, Germany remained Europe's leading importer of handmade rugs with 22% of imports, followed by the United Kingdom (16%), Denmark (12%) and France (10%). Sweden (8.7%) and Italy (5.8%) complete the top six leading importing countries.

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

In terms of marketing, you need to understand that countries are not the markets per se. In HDHT, there are different market segments, ranging from low to high (see also our study on market entry for handwoven rugs). Every European country has these segments, although their size may vary per country. Therefore, it makes much more sense for you to identify a particular segment in your product group and connect to the importers and distributors in that segment, instead of a specific country. These distributors will then sell in that segment across Europe.

Real private consumption expenditure

An important indicator for growth in demand is real private consumption expenditure. The HDHT sector, which includes the handwoven rug market, is sensitive to economic cycles. When economic circumstances and prospects are dim, consumers postpone buying non-essential items. The other way around, when economic conditions are favourable, private consumption expenditure and purchases of non-essential HDHT products surge.

In recent years the leading European markets showed an annual growth in real private consumption

expenditure of approximately 1%–3%. Forecasts for the coming year showed a continuation of this positive trend up until the COVID-19 pandemic. Now, the predictions are uncertain. Because the HDHT market responds to economic cycles, demand is expected to reflect any potential economic fluctuations.

Germany is the largest European importer

Germany, Europe's leading importer of handwoven rugs, is also the largest economy in Europe. It is home to 19% of the European Union's population. The German economy is widely considered the stabilising force within the European Union, historically showing a higher growth rate than other member states.

German imports of handwoven rugs decreased from €14 million in 2015 to €10 million in 2019, at an average yearly rate of -7.7%. However, after a considerable drop in imports in 2018, the market showed some recovery in 2019. Again, these fluctuations could well be caused by the influence of large retailers on a relatively small market.

Germany consistently sources about 87% of its import value from developing countries, more than any other European country. These imports decreased from €13 million in 2015 to €9 million in 2019, at an average annual rate of -8.4%. Again, these imports slightly recovered after dropping in 2018. Germany's main supplier of handwoven rugs is India, followed by Iran and Pakistan.

Despite the fluctuating imports, the combination of a strong market for developing countries and its relatively stable economy makes Germany one of the most interesting markets for you in these uncertain circumstances.

Brexit may negatively impact UK demand

The United Kingdom's imports of handwoven rugs increased from €7 million in 2015 to €8 million in 2019, peaking at €9 million in 2017/18. The UK sources approximately two-thirds of these imports from developing countries, which is average for Europe. Most of them come from India.

[The United Kingdom's withdrawal from the European Union \(Brexit\)](#) may have a major impact on consumer confidence. The uncertainties related to Brexit, the COVID-19 pandemic and the resulting economic slowdown are expected to affect the consumption of HDHT products, including handwoven rugs. As such, your prospects for the next few years are modest. At the same time, to prepare for Brexit and deal with the devaluation of the pound, some British buyers that used to purchase from Europe have started importing directly from Asia.

In Denmark, world-class design drives demand for rugs

After peaking at €6.6 million in 2018, Danish imports of handwoven rugs returned to €5.7 million in 2019 — the same value as in 2015. Similarly, in 2019, imports from developing countries returned to their 2015 value of €5 million after peaking in 2018. This represents 85% of the country's total handwoven rug imports, mainly sourced from India.

Denmark is a well-known player in the HDHT sector, driven by its [renowned design](#). Many of Dutch design companies outsource part or all of their production to developing countries, which could offer you opportunities. For example, [Massimo](#) produces rugs in India. However, economic instability, such as the COVID-19 pandemic, affect both the Danish national market and the country's export markets. Given the economic slowdown in Europe as a whole, an increase in imports is not expected for the coming year.

France's growth is slowing down

French imports of handwoven rugs increased from €4 million in 2015 to €5 million in 2019, at an average annual rate of 5.4%. Imports from developing countries were relatively stable at €2.4 million, accounting for a relatively low share of approximately 50%. India and Germany are France's leading suppliers. Germany does not produce handwoven rugs, so the rugs it exports to France are probably manufactured in developing countries as well.

France's recent economic growth has slowed down after a gradual recovery. Global uncertainties and the effects

of domestic social protests weighed on consumer confidence and the consumption of non-essential products. Adding the COVID-19 pandemic to these makes imports unlikely to increase in 2020.

Sweden is an interesting market for sustainable products

Swedish imports slightly decreased from €4.6 million in 2015 to €4.1 million in 2019, after peaking at €6 million in 2016/17. Sweden sources approximately two-thirds of its handwoven rug imports from developing countries, matching the European average. These developing country imports also peaked in 2016/17, returning to €3 million in 2019. India is Sweden's leading supplier of handwoven rugs, followed by Denmark.

Sweden has a relatively strong economy and Swedish importers are well integrated in global value chains. The Swedish government focuses on the sustainable development of the country, making Sweden a particularly interesting market for sustainable products. If you are interested in sustainability certification, rug industry-specific initiatives [GoodWeave](#) and [Care & Fair](#) could be good options, in addition to [World Fair Trade Organisation](#) (WFTO) and [Fair For Life](#) certification, which are internationally recognised.

Developing countries gaining ground in Italy's imports

Italian imports of handwoven rugs decreased from €4 million in 2015 to €3 million in 2019, at an average annual rate of -7.4%. Interestingly, this decrease seems to come mainly from a drop in German imports (-26% per year). Imports from developing countries just decreased at an average annual rate of -3.5%, from €2.6 million in 2015 to €2.2 million in 2019. India remains Italy's leading supplier of handwoven rugs, but where Germany used to follow, it has now been overtaken by Pakistan and Turkey, which suggests a shift to direct sourcing.

Despite these promising developments, Italy's economic growth is likely to slow down, since the country has been particularly affected by the COVID-19 pandemic. This is expected to affect consumer confidence and the consumption of luxury products in 2020.

Tip:

Do not just focus on specific European countries. Instead, identify the appropriate segment and let your buyers distribute your products across Europe within this segment.

4. Which trends offer opportunities on the European handwoven rug market?

Handwoven rugs play a strong role in some of the major consumer trends that dominate the HDHT sector, especially sustainability and authenticity. Other key trends are buyers' interest in co-creation and their need for smaller quantities and shorter lead times. For more information, see our study about [trends for home decoration and home textiles](#). We will outline each trend below, starting with the potential effects of the COVID-19 pandemic on the HDHT market.

The COVID-19 pandemic and the trends in HDHT and handwoven rugs

It is hard to predict what direction consumption will take in HDHT in the short and long terms. An expected outcome of the COVID-19 pandemic is that people may become more focused on the home, given the restrictions to social and public gatherings, which may become permanent.

Home decoration generally is not considered essential shopping and large parts of the retail in this industry have been forced to or decided to close due to reduced traffic. Consumers lack confidence now that their income and livelihood are under pressure, so they are also careful to spend beyond food, cleaning products, and

other household essentials.

However, some areas and product groups could benefit:

- wellness and fitness (due to the pandemic restrictions)
- working from home
- cooking

Spending time at home, a direct imposition of the COVID-19 restrictions, has also moved consumers towards:

- re-appreciating their homes and the desire to make them more pleasant, practical and comfortable overall
- bringing the outdoors inside and vice versa
- cleaning out clutter

These short-term trends are partly a continuation of consumer trends that were already ongoing, but some may have been now accelerated. In addition, the pandemic has also demonstrated the fragile balance of the planet, demonstrating further the need to produce more sustainably, to use resources responsibly, and to care for people in general, which further emphasise the existing trends of both environmental and social sustainability in the handwoven rugs market.

Tip:

For more information on the impact of the pandemic on consumer trends, see our study on [how to respond to COVID-19 in the HDHT sector](#).

Sustainability: Environmental and social performance are key

Consumers and designers are shifting their preferences towards more sustainable choices, especially in the mid-high to high-end market segments. There is an increasing concern and awareness of the negative impacts of production and consumption. This is driving the popularity of sustainability labels and commitments in the textile industry.

Using natural materials, such as wool, as your main raw material fits in well with this trend. Another option is to use recycled fibres or leftovers from the production of other textile products. Natural dyes add an extra sustainable feature to your rugs.

Social responsibility is another key aspect of sustainability, particularly in the production of handmade items. Refraining from using child labour is especially relevant in the carpet and rug sector.

Tips:

Use natural, recycled or leftover raw materials and natural dyes.

Promote the sustainable aspects of your rugs as a premium.

Do not use child labour in the production of your rugs.

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

Traditional craftsmanship and design

Ethnic motifs and traditional craftsmanship are popular in the European market. This is a long-term trend. Carpets and rugs in particular are known for their history. This matches well with consumers' increasing interest in the story behind the product, which adds to its uniqueness. Ethnic designs, often produced by the same peoples for centuries, are seen as 'floor art' in Europe. Some producers play into this trend by experimenting with traditional designs and reworking them in contemporary or westernised ways, including playing with the colours.

Tips:

Promote your culture's traditional production methods and designs, adding a background story to your product. Make sure that it comes across clearly to the consumer, for example, by including a card describing the product's unique story.

Consider experimenting with your traditional designs, reinventing them in a more contemporary manner.

Co-creation

European buyers are increasingly trying to distinguish themselves from their competitors. To do so, they focus on their own image and design. They look for producers they can cooperate with to develop their own products through co-creation. This makes it extra important to showcase your special skills, production techniques, and the variety of raw materials you work with.

Tips:

Make sure your collection showcases the different materials and production techniques you have to offer.

Emphasise the story behind your product in your promotion strategy.

Smaller quantities and shorter lead times

European buyers change their collections at an increasing pace. As a result, they are looking for shorter lead times and lower minimum orders. This is a distinct advantage for small to medium-sized producers like you, since you are more flexible and can generally supply smaller quantities than bigger producers.

Tip:

If you are flexible in production and can supply smaller quantities, emphasise this in your promotion.


[Classical Handmade Products](#) from Bangladesh is an example of a company that has successfully tapped into these trends. They specialise in handwoven carpets and rugs, made from natural and recycled materials. The company works via small production units in rural villages, allowing their employees — who are mostly women

— to work close to home. This means they can spend their income on improving their quality of life and sending their children to school, in an excellent example of both environmental and social sustainability.


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

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