

# Entering the European market for basketry

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The European market for basketry is dominated by low-cost mass production. The mid-mid and mid-high segments offer you the most opportunities. To appeal to consumers in these segments, you should focus on design, decoration, craftsmanship and the story behind your baskets. Sustainability can also add value. Entering the European market means you must comply with the European Union's mandatory legal (and other) requirements, as well as any additional or niche requirements your buyers may have.

## Contents of this page

1. [What requirements must basketry comply with to be allowed on the European market?](#)
2. [Through what channels can you get basketry on the European market?](#)
3. [What competition do you face on the European basketry market?](#)
4. [What are the prices for basketry on the European market?](#)

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

The following requirements apply to basketry on the European market. For a more detailed overview, see our study on [buyer requirements for Home Decorations and Home Textiles \(HDHT\)](#).

### What are mandatory requirements?

#### General Product Safety Directive

Europe's [General Product Safety Directive](#) (2001/95/EC) is a framework legislation, stating that all products marketed in the European Union (EU) must be safe to use. Unsafe products are rejected at the European border or withdrawn from the market. The EU uses the [Safety Gate](#) system to list and share information about such products.

In 2021, the European Commission adopted a [proposal for a General Product Safety Regulation](#), to replace the current directive. When approved, this new regulation will apply across the EU.

#### Tips:

Read more about the [General Product Safety Directive](#) and stay up to date on the proposed rollout of a new [General Product Safety Regulation](#).

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

Search the [Safety Gate alerts](#) for basketry for an idea of which issues may arise.

## Restricted chemicals: REACH

The [REACH](#) regulation (EC 1907/2006) lists restricted chemicals in products that are marketed in Europe. For basketry, chemicals are mainly used in dyes and paints.

### Tips:

Make sure you comply with the restrictions for the use of chemicals as laid down in [REACH](#).

Familiarise yourself with the full list of restricted substances in products marketed in Europe via the [Access2Markets](#) platform.

For information and tips from the European Chemical Agency (ECHA), see for instance [REACH Annex XVII](#) (a list of all restricted chemicals), [information for non-EU companies](#) and [questions & answers](#).

## Packaging legislation

The [Packaging Directive](#) (94/62/EC) aims to prevent or reduce the impact of packaging and packaging waste on the environment. Buyers may therefore ask you to minimise the use of packaging and/or to use sustainable recycled (and other) materials. The EU's new [Circular Economy Action Plan](#) identifies packaging as a sector that uses the most resources, with high potential for circularity. By 2030 all packaging on the European market should be reusable or recyclable in an economically-viable way. To help achieve this, the Packaging Directive is under review.

Europe also has [requirements for wood packaging materials](#) (WPM) used for transport, such as packing cases and pallets. The goal is to prevent organisms that are harmful to plants or plant products from entering and spreading within the EU.

### Tips:

For more information, see the EU's [packaging and packaging waste legislation](#) and [wood packaging material factsheet](#).

Stay up to date on the [review of the Packaging Directive](#).

## What additional requirements do buyers often have?

### Sustainability

Social and environmental sustainability are becoming more and more common requirements on the European market. Think of sustainable raw materials and production processes, as well as the impact your company has on the environment, the wellbeing of your workers and the community. You can use these topics in the “story” behind your product and company. Buyers appreciate good storytelling to create an emotional connection with their customers.

## Consumers value sustainability

The increasing importance of sustainability is reflected in a recent Maison&Objet Barometer, where [62% of HDHT retailers have noticed growing interest from their customers in ethical products](#). They indicate that 92% of their customers think natural materials are important, 77% value socially responsible production methods and 71% care about recyclable/recycled materials.

A growing number of European buyers would like you to comply with the following schemes:

- [Business Social Compliance Initiative \(BSCI\)](#): an initiative of European retailers to improve social conditions in sourcing countries. They expect their suppliers to comply with the [BSCI Code of Conduct](#).
- [Ethical Trading Initiative \(ETI\)](#): an alliance of companies, trade unions and voluntary organisations. ETI aims to improve the working conditions in global supply chains via their [ETI Base Code of labour practice](#).
- [Sedex](#): a membership organisation striving to improve working conditions in global sourcing chains. The [Sedex Advance](#) platform lets you share your sustainable performance, based on a self-assessment.

You can study sustainable options by reading about standards such as [ISO 14001](#) and [SA 8000](#). However, only niche market buyers demand compliance with such standards. See an example of [BSCI-compliant seagrass storage baskets](#) from Søstrene Grene.

## Greenwashing - be honest about your sustainability

[Half of green claims lack evidence](#), according to a recent screening of websites by the European Commission and national consumer authorities. Via this so-called 'greenwashing', companies pretend to be doing more for the environment than they really are. In 42% of cases the claims were believed to be exaggerated, false or deceptive and could potentially qualify as unfair commercial practices under EU rules. Unsurprisingly, many consumers (and importers) do not trust generic sustainability claims. In a 2021 study, [just 20% of Western European respondents had a great deal/a lot of trust in claims about sustainable business practices](#).

Clearly, being honest yet effective is key. For help with communicating your sustainable performance, you can use the [guidelines sustainability claims](#) by the Netherlands Authority for Consumers and Markets. The British Competition and Markets Authority's [guidance for businesses on making environmental claims](#) also lists six principles to follow.

## Tips:

Optimise your sustainability performance. Study the issues included in initiatives such as [BSCI](#) and [ETI](#) to learn what to focus on.

If you can show your sustainability performance, this may give you a competitive advantage. You can use self-assessments like the [BSCI Self-Assessment for Producers](#) and [Sedex' Self-Assessment Questionnaire](#), or a code of conduct such as the [ETI Base Code of labour practice](#).

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

See the ITC Standards Map for more information on [BSCI](#), [ETI](#), [Sedex](#) and [SA8000](#).

For more information on European developments in the field of human rights and sustainability, see the [proposal for a Directive on corporate sustainability due diligence](#). This Directive requires larger companies to identify and – where necessary – prevent, end or reduce, negative impacts of their

activities on human rights and the environment.

The information on the outer packaging should correspond to the packing list sent to the importer.

External packaging labels should include:

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

Your buyer will specify what information they need on the product labels or on the item itself, such as logos or 'made in...' information. This is part of the order specifications. In Europe it is common to use [EAN or barcodes](#) on the product label.

## Packaging specifications

### Importer specifications

You should pack basketry according to the importer's instructions. They have their own specific requirements for 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

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

### 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 and must be specified by the buyer.

### Cost reduction

Boxes are usually palletised for air or sea transport, and you have to maximise pallet space. Nesting, stacking or flat-packing baskets inside the container reduces costs. Consider this when designing your products. See an [example of nestable baskets](#) from Zara Home.

Packaging has to provide maximum protection, but you must also avoid using excess materials or shipping 'air'. Waste removal is a cost for buyers.

You can reduce the amount and diversity of packing materials by:

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

### Material

Importers are increasingly banning wooden crating and packaging. 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.

#### Consumer packaging

At retail level, baskets usually come without any packaging. This allows consumers to try the item out and feel the material. Basketry can also function as packaging itself – for foodstuffs such as tea or wine, or for gifts like teapots or nativity sets.

#### Tips:

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

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

## Payment and delivery terms

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

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

#### Tips:

See our [tips on how to organise your export](#) for more information on payment and delivery terms.

Study the different types of Incoterms, including what your and your buyer's rights and obligations are.

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

## What are the requirements for niche markets?

### Fair trade

According to the World Economic Forum, [86% of people want significant change to make the world fairer and more sustainable after COVID-19](#). The concept of fair trade supports fair pricing and improved social conditions for producers and their communities. Especially in the event that the production of your items is labour intensive, fair-trade certification can give you a competitive advantage. This certification often includes aspects of environmental sustainability as well.

Common fair-trade certifications are issued by the [World Fair Trade Organisation](#) (WFTO) and [Fair for Life](#). For most fair-trade oriented buyers in Europe however, simply complying with WFTO's [fair trade principles](#) is

enough.

### 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.

Determine which certification programme would be the best fit for you and apply for it if you can.

If certification is not feasible, work according to [fair-trade principles](#) without being officially guaranteed or certified. Carefully document your company processes so you can support your story.

Check the ITC Standards Map database for more information on [Fair for Life](#).

## Sustainable rattan and bamboo

[FSC](#) (Forest Stewardship Council) certification is the most common label for sustainable wooden products. The [FSC chain of custody certification](#) guarantees that a product's source material comes from responsibly managed forests. These products are especially popular in Western European markets. Non-timber forest products like rattan and bamboo can also be certified. See an [example of FSC-certified rattan baskets](#) from H&M Home.

### Tips:

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

If you use recycled wood or paper, you can apply for the [FSC Recycled label](#).

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

The market for basketry is segmented into low-, mid- and high-end (premium) market segments. Baskets are put on the market through the traditional channels: importers/wholesalers that supply to retailers, as well as retailers that buy directly from suppliers.

### How is the end market segmented?

Figure 1: Basketry market segmentation in Europe



Source: Globally Cool, GO! GoodOpportunity & Remco Kemper

## Low-end market

In the low-end market, the focus is on convenience and high volumes. Baskets in this segment are purely functional. Shapes, materials and prices are basic. Typical retailers include hypermarkets such as [Carrefour](#) and general department stores like [HEMA](#).

A few large-scale suppliers from Asia dominate this segment. In exchange for volume, they can accept small margins by fine-tuning their processes and/or squeezing production costs. This has driven overall price levels down and has led consumers to see these baskets as low-priced items, expecting to get 'a lot for little' (sets). Such low-cost production makes the room to stand out in the low-end market very small. Instead, the mid-end market offers opportunities to you, as a small or medium-sized enterprise (SME) from a developing country.

## Mid-end market

Products for the mid-end market are trendier, following general colour and decoration trends in HDHT. Innovative shapes and handmade effects play a role in this segment. [H&M Home](#) and [Habitat](#) are examples of players in the mid-end market.

Prices are also under pressure in the mid-end market. These baskets have become image items for typical mid-market styles like cottage, colonial or romantic/nostalgic. Players in this segment often struggle to stand out from their competitors. As a result, products in this segment tend to look alike – with their typical whitewash, lettering and inside fabric lining. This has resulted in price pressure, a marked decrease in product quality and a lower value perception.

Despite this pressure, the mid-mid and mid-high markets offer you the most opportunities. For a competitive edge you need to pay special attention to design, decoration, handweaving and sustainability.

## High-end/premium market

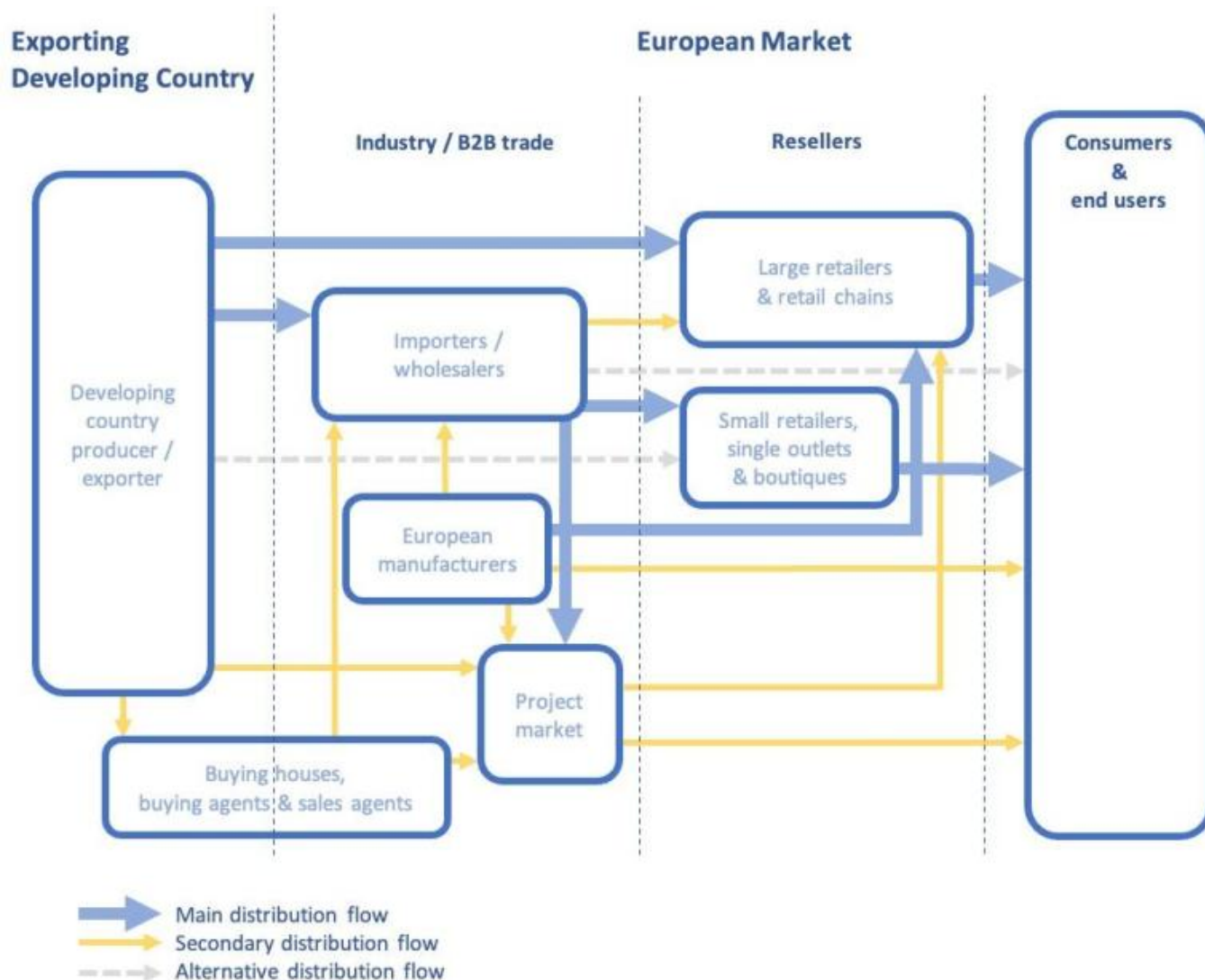
Design, decoration and brand names are the main sales arguments in the high-end/premium market. Baskets for this segment are decorative pieces in their own right. They can almost lose their practical function and just become a fun or beautiful object to look at. Luxury department stores such as [Harrods](#) play an important role in this segment.

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

The channels through which basketry 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. In some cases, buying agents play a role.

Figure 2: Trade channels for basketry in Europe



Source: Globally Cool, GO! GoodOpportunity & Remco Kemper

## Importers/wholesalers

Importers/wholesalers sell products to retailers in their own country or region, or re-export across Europe. Some European markets are therefore supplied by wholesalers/importers from other European countries (intra-European trade). Supplying to buyers in the project market (such as hotels and spas) can be considered as a secondary distribution flow for European importing wholesalers.

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

## Importing retailers

Retailers come in many sizes: large and part of a chain, or small and independent. Especially larger retail chains often import directly from their suppliers in developing countries. Many even have their own buying offices in



developing countries. Others, mainly the smaller independent stores, order in Europe from wholesalers.

There is a tendency towards consolidation in European retail. Large retail brands are becoming more widespread and more 'lifestyle-centred', offering home decoration and textiles as well as fashion accessories and furniture.

## Buying agents, buying houses and sales agents

You can encounter several types of intermediaries when doing business with European buyers. In your own country there may be buying houses, and in Europe there are both buying agents and sales agents.

- European buying agents represent European buyers in sourcing countries. They act as intermediaries, meaning they do not import products themselves. Sometimes they have a more limited role, such as checking the quality of the products. They can work individually or as part of a purchasing company.
- Buying houses are comparable to buying agents, but they are based in your country and usually offer more services, ranging from raw material sourcing to design and sampling services.
- European sales agents can help you find European buyers. However, you should be careful before entering into agreements with commercial agents, because [European legislation protects their position](#).

Agents and buying houses mostly work on commission. They may approach you directly, or your buyer may indicate that they prefer to use an intermediary. However, you should always try to work directly with your buyer. This saves on commission and allows you to communicate with your buyer directly.

## E-commerce

E-commerce is growing, especially since the COVID-19 pandemic. Your best way to benefit from this, is by supplying to a European wholesaler or retailer with a strong online presence. For most producers, this is not a separate channel. Catering to buyers that sell online does not differ from your regular business. Retailers often combine online and offline channels, but the way of supplying to them is the same. Companies that only sell online also need to take stock before they can sell.

### Direct business-to-consumer (B2C) sales

Selling directly to European consumers via your own website can be complicated and costly. You are responsible for factors like aftersales obligations and payment systems for consumer use. For most exporters from developing countries this is not feasible. In addition, according to Dutch consumer association Consumentenbond [Dutch consumers buy less from non-EU web shops](#) since [new EU VAT rules](#) were rolled out in July 2021. This makes direct online sales even less attractive.

### Tips:

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

See our [tips for finding buyers](#) in the European HDHT market.

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

## What is the most interesting channel for you?

Importers/wholesalers are the main channel between exporters in developing countries and European retailers. They are interesting if you want to develop a long-term relationship. These importers usually know the European market well, so they can provide you with valuable information and guidance on market preferences.

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

Smaller, independent European retailers continue to buy mainly from domestic importers/wholesalers. As in other sectors, independent HDHT retailers struggle to compete with retail chains. They need to differentiate on value-added service, specialised offers and authenticity. These buyers 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 and may create more opportunities for you. The pool of buyers grows if more retailers become importers, which could improve your bargaining position. Importing retailers order for their own shops and can therefore place orders much more quickly than some importers/wholesalers, who may need to show samples to their retailers before ordering.

### **Tips:**

Consider targeting retailers directly to improve your bargaining position and potentially 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, the better you will be able to set prices.

Build a relationship based on mutual benefits by offering services such as fast delivery and after-sales support.

If you are interested in selling to small independent retailers, make sure to have a policy for them when you participate in international trade fairs. You must have appropriate terms of trading, such as low minimum order quantities or pre-stocking.

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

China and Vietnam supply more than half of European basketry imports. These countries mainly provide mass-produced baskets for the lower-end segments. Instead of competing with them, your best opportunities are in the mid-end market. There, you compete with manufacturers from countries such as Indonesia, Bangladesh and Madagascar.

China is by far the leading basketry supplier to Europe, providing 45% of the imports. Vietnam follows with 17%. Together, these countries directly supply more than half of Europe's basketry imports. Indonesia (7.5%), Bangladesh (4.0%), the Netherlands (3.8%) and Germany (3.7%) are next on the list.

## Re-exporters or producers

Be aware that European countries have different roles in the HDHT market. Some are mainly importers and others are mainly manufacturers. Western European countries are mainly importers (and re-exporters). Most Western European importers do not just sell their products in their own country, but they distribute them across the continent.

European production mainly takes place in Eastern Europe, mostly because of relatively low transport and labour costs. This can make these countries a good alternative for European buyers to source low- to mid-end products. Western and Southern Europe also produce some high-end products from well-known premium brands with a long history.

Mass-produced baskets are segmented in the lower ends of the market and produced in the most cost-effective country. You do not compete with these countries, as your best chances are in the mid-end market.

## Which countries are you competing with?

Source: UN Comtrade

### China dominates the lower-end market

Chinese basketry supplies to Europe have fluctuated in recent years, but they performed strongly in 2021, showing a growth from €261 million in 2017 to €362 million in 2021, at an average annual rate of 8.5%.

China is a competitive supplier because of its low-cost workforce, availability of raw materials and efficient shipping to Europe (compared to other Asian countries). However, the country's rising labour costs in the last ten years have affected its price competitiveness. In the coming years, disruptions following China's trade war with the United States and the COVID-19 pandemic may negatively impact the country's trade performance. This could 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 stay away from mass-produced basketry. Focus more on design, craftsmanship, sustainability and the story behind your product. This allows you to enter the mid-end market, where your best opportunities are.

### Vietnam is another low-cost producer

Vietnamese basketry exports to Europe grew from €84 million in 2017 to €137 million in 2021, at a strong average rate of 13% per year.

Like producers from China, Vietnamese suppliers are very productive and can produce at low cost. These suppliers generally have a good idea of what is commercial and trendy. They effectively combine handmade and mechanised production and can cater to a wide range of lower- and mid-end markets. This puts them in a promising position to benefit from potential disruptions in trade with China.

### Indonesia is leading in rattan basketry

Indonesia has strongly increased its basketry supplies to Europe, from €36 million in 2017 to €60 million in 2021. This translates to an average annual growth rate of 14%. About a third of these exports were destined for

the Netherlands, a country that Indonesia has historical ties with.

Indonesia is famous for its rattan products. The country is the leading supplier of rattan basketry to Europe, providing about 40% of all imports of these items. Indonesian basketry producers also have access to a variety of other natural materials, ranging from water hyacinth to Pandanus and several types of grass. Unlike Chinese and Vietnamese producers, they hardly export any synthetic basketry.

Wages in Indonesia are relatively high for Asia. This means suppliers have to target the mid- to high-end markets to be able to compete. They do so by delivering high-quality, decorative and functional baskets that are often handwoven. Indonesian basket makers are known for their quality weaving. The logistical structure and business climate in Indonesia are good. This makes the country accessible for European importers and many of them already have a long-term base in the country.

## **Bangladesh more than triples its basketry exports to Europe**

Another supplier quickly increasing its basketry exports to Europe is Bangladesh. The country's supplies more than tripled from €8.8 million in 2017 to €32 million in 2021, at an impressive average annual growth rate of 38% (!).

Basketry from Bangladesh is mostly made of natural materials such as jute, hogla (sea grass), kaisa grass and mela grass. Recycled materials are also possible, such as cotton and even plastic. Bangladesh is especially leading in jute, being responsible for about three-quarters of global jute exports. The country produces the highest quality jute and is home to the world's best jute processing industry. This allows producers to create beautifully soft yet strong home products.

Bangladesh' main selling points are its reasonable prices, large skilled workforce and abundance of renewable natural materials. Importers generally perceive the country as accessible and customer oriented. However, freighting can be relatively expensive. Because the Bay of Bengal is shallow, ships to Europe must make a detour via Colombo. The damage to Bangladesh's reputation from previous safety issues in the textile sector also poses a challenge, although the HDHT sector has a history of ethical business.

## **Poland is strengthening its position as a regional supplier**

Although Poland is a relatively small player on the basketry market, the country is steadily increasing its exports. Polish supplies to other European countries grew from €12 million in 2017 to €18 million in 2021, at an average rate of 11% per year. This has resulted in a direct import market share of 2.3%.

As an Eastern-European country, Poland benefits from its closeness to the Western-European market. This allows suppliers to offer short delivery times. At the same time, labour is relatively affordable compared to Western Europe. Suppliers 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 Polish suppliers, 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 strong relationships.

## **Madagascar's basketry supplies to Europe are booming**

Since 2017, Madagascar has more than doubled its basketry exports to Europe, from €5.6 million in 2017 to €13 million in 2021, at another strong average rate of 23% per year. Although this may include some delayed shipments carried over from 2020, Madagascar's performance is impressive.

Most of Madagascar's basketry supplies were destined for France (€7.1 million), as well as Italy, Spain and Denmark. The baskets are mainly made of natural materials such as raffia, grasses like vetiver, sisal and even silk (possibly ethically sourced).

## Which companies are you competing with?

### **Halinh Rattan & Bamboo, Vietnam**

[Halinh](#) is an example of a company that can supply large quantities for reasonable prices in the mid-mid segment. The company uses locally sourced natural raw materials that include bamboo, rattan and seagrass. Its designs are well executed but not exceptional, in line with what other volume producers in this product group develop. The company has been BSCI-certified since 2018 and works with artisan producer groups (villages) in rural Vietnam.

Figure 4: Halinh Rattan & Bamboo – company introduction

Source: [Halinh Rattan & Bamboo @ YouTube](#)

### **Mifuko, Finland/Kenya**

[Mifuko](#) is a WFTO Fair Trade Guaranteed collaboration between two Finnish designers and rural Kenyan women. They specialise in Kiondo baskets, made from sustainable local materials such as sisal, unbleached paper and recycled plastic. Handles are locally sourced, vegetable tanned leather. The combination of Finnish design, traditional Kenyan handcraft and the use of sustainable materials results in contemporary products with a strong story. To give this story something extra, each product carries the name of the artisan who made it.

Figure 5: Mifuko – the story of Mifuko

Source: [Mifuko @ YouTube](#)

The company directly supplies to retailers and actively helps them promote their products by providing high-quality images and the stories behind the products. They also offer the possibility of customisation (co-creation). Mifuko has expanded its operations to other countries as well. For example, they produce milulu grass Iringa baskets in Tanzania and elephant grass bolga baskets in Ghana. In Kenya, the company has founded a trust to improve the living conditions of local artisans.

## **MANAVA, Cambodia**

Cambodia's [MANAVA](#) is a relatively new company. The social enterprise was created in 2016 to [support rural female Cambodian artisans](#). The name is Sanskrit for humankind, reflecting a focus on “love, people and culture”. MANAVA's founder uses her background as a designer to combine the traditional weaving craft with the demands of the modern market. This helps preserve part of Cambodia's culture, while also providing local women with a sustainable income, education and empowerment in a safe working environment.

MANAVA's craftswomen use local renewable rattan palm and willow grass to weave baskets, homeware products and fashion accessories. The designs are inspired by Cambodian Kbach symbols and the shapes of traditional jars, bowls and trays. As part of MANAVA's storytelling, the maker's name is written on the product tag. This creates a strong emotional connection with the European consumer who buys the basket.

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

At the lower to lower-middle ends of the market you compete with industrially produced baskets, usually made of plastic. When moving towards the higher-middle segment, you compete with baskets made from other materials such as felt and mesh metal. Competition in this segment also comes from other storage solutions, like small storage furniture.

### **Tips:**

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

Focus on design, craftsmanship, quality and the story behind your products to stand out from your competitors.

Try to stay away from competing on price only, since the competition is particularly fierce in basketry, both from handmade and industrially produced items.

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

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

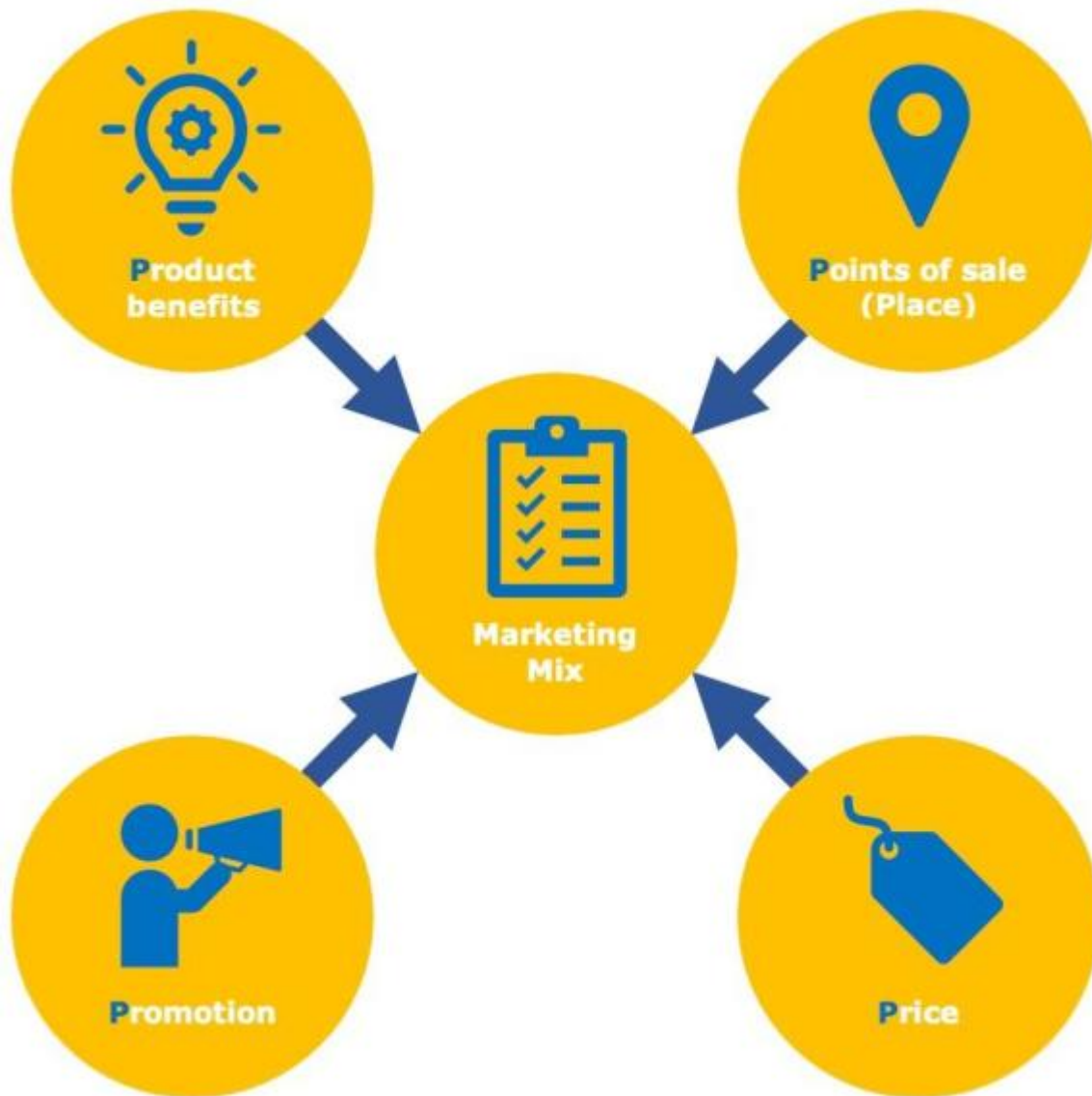
Table 1 gives an overview of the prices of basketry in the low, middle and high market segments. 'Indicative' is key here, since prices for baskets vary depending on technique, size, material, design, brand and other ways of value addition.

Table 1: Indicative consumer prices of basketry in Europe

	Low-end	Mid-end	High-end/premium
Basket	up to €10	€10-60	€60 or more

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

Figure 6: Marketing mix – the four Ps



Source: Globally Cool, GO! GoodOpportunity & Remco Kemper

The European consumer price of your baskets is about 4-6.5 times your selling price ([Free on Board - FOB](#)). In addition to energy, labour and transport costs, FOB prices depend heavily on the availability and cost of raw materials. Occasional cost increases are not directly passed on to the consumer, so they put pressure on exporters', importers' and retailers' margins. Current pandemic-related disruptions have resulted in longer-term cost increases. Because of this continuing pressure, some European retailers have now decided to increase their consumer prices.

Consumer prices generally consist of:

- your FOB price
- shipping, import, handling costs
- wholesaler margins
- retail margins
- VAT – varies per country, about 20% on average

Figure 7: Price breakdown indication for basketry in the supply chain





Source: Globally Cool, GO! GoodOpportunity & Remco Kemper

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

Table 2: Example of the price breakdown per market segment

	Low margin	Middle margin	High margin	
FOB price	€10.00	€10.00	€10.00	Your FOB price
Transport, handling charges, transport insurance, banking services (20/15/15%)	+2.00 €12.00	+1.50 €11.50	+1.50 €11.50	Landed price for the wholesale importer
Wholesalers' margins (50/75/90%)	+6.00 €18.00	+8.60 €20.10	+10.40 €21.90	Selling price from the wholesale importer to the retailer
Retailers' margins (90/110/150%)	+16.20 €34.20	+22.20 €42.30	+32.70 €54.60	Selling price excluding VAT from the retailer to the end consumer
Selling price incl. VAT (20%)	+6.80 €41.00	+8.50 €50.80	+10.90 €65.50	Selling price including VAT from the retailer to the end consumer

The FOB price of €10 includes your own margins as a producer. These margins depend on your efficiency and price setting. Generally, margins in the lower segment, that deals with high volumes for low prices, are smaller than those in the middle and higher segments.

Some examples of basketry prices across Europe are:

- seagrass and cotton storage basket, [HEMA](#) (the Netherlands), €15
- beaded palm leaf basket, [The Basket Room](#) (United Kingdom), €21
- fair trade kaïsa grass and recycled cotton sari laundry basket, [GEPA](#) (Germany), €74.95

### **Tips:**

Study consumer prices in your target segment to determine your price and adjust your cost accordingly. The quality and price of your basketry must match what is expected in your chosen target segment.

Calculate your prices regularly and carefully, especially if prices of your raw materials fluctuate. When raw material prices put pressure on your margin for a longer period, consider increasing your price or finding an alternative.

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

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

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