The European market potential for cutlery

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The European market for cutlery is growing. Almost half of Europe's imports come from developing countries, making Europe an interesting market for you. Market growth is driven by an increased interest in home cooking and social dining, as well as casual dining, particularly among younger consumers. For disposable cutlery, there is a strong trend towards sustainable materials instead of plastic.

Contents of this page

1. Product description
2. What makes Europe an interesting market for cutlery?
3. Which European countries offer most opportunities for cutlery?
4. What trends offer opportunities on the European cutlery market?

1. Product description

Cutlery is used to prepare, serve and eat food. In Home Decoration and Home Textiles (HDHT), it falls under the category of homeware and its two sub-categories: dinnerware (flatware) and cookware (kitchen utensils). The main cutlery items for the European market are knives, forks, and spoons, which may be sold in sets or as individual items.

This study uses the following codes to indicate trade in cutlery:

Table 1: Product codes for cutlery

Harmonised System (HS)	Prodcom	Description
8211 10		Sets of assorted articles of knives of heading 8211; sets in which there is a higher number of knives of heading 8211 than of any other article
8211 91	25 71 11 20	Table knives having fixed blades of base metal, including handles (excluding butter knives and fish knives)
8211 92	25 71 11 45	Knives with fixed blades of base metal (excluding straw knives, machetes, knives and cutting blades for machines or mechanical appliances, table knives, fish knives, butter knives, razors and razor blades and knives of heading 8214)

8211 93	25 71 11 60	Knives with blades other than fixed blades, of base metal, including handles (excluding razors)
8215 10		Sets of spoons, forks or other articles of heading 8215, which may also contain up to an equivalent number of knives, of base metal, containing at least one article plated with precious metal
8215 20		Sets consisting of one or more knives of heading 8211 and at least an equal number of spoons, forks or other articles of heading 8215, of base metal, containing no articles plated with precious metal
8215 91	25 71 14 80	Spoons, forks, ladles, skimmers, cake servers, fish knives, butter knives, sugar tongs and similar kitchen or tableware of base metal, plated with precious metal (excluding sets of articles such as lobster cutters and poultry shears)
8215 99	25 71 14 30	Spoons, forks, ladles, skimmers, cake servers, fish knives, butter knives, sugar tongs and similar kitchen or tableware of base metal, not plated with precious metal (excluding sets of articles such as lobster cutters and poultry shears)

Functionality

Ergonomics, for flatware, and optimal performance, for kitchen knives, are the main characteristics in terms of functionality. For kitchen knives, the sharpness is the main quality concern, besides grip. Kitchen knives come in a variety of shapes and sizes. The shape of a knife makes it suitable for a particular job (such as paring, carving, boning, cleaving). Consumers can opt for a general-purpose knife or specialist knives.

Material

Traditionally, flatware was manufactured from silver and electroplated nickel silver (EPNS). Nowadays however, most cutlery, including high-quality designs, is made of stainless steel. Another option is sterling silver, which contains nickel and copper alloy. Good quality cutlery does not easily tarnish or scratch – it retains its lustre and will not quickly corrode.

Kitchen knives are mostly made from carbon or stainless steel, and increasingly from ceramics (zirconia). Knives made of super-hard ceramics are available in an increasing variety of shapes and sizes. They are all thin and incredibly sharp, with precise blades that stay sharp longer than steel blades do. Although larger ceramic knives are very versatile, they are still more complementary to rather than a replacement for steel blades. They do not handle food items such as hard squash, raw potatoes very well.

Cutlery for informal meals, picnics and party dinners can be made from synthetic materials (such as melamine), paper or wood (bamboo). These items are convenient to use, wash and/or dispose of. Biodegradable materials are increasingly popular for disposable cutlery, either in the form of bamboo or starch-based materials.

"*Please be aware that food contact materials made of plastics with added natural fibres such as bamboo ("bamboo melamine") or corn starch are not biodegradable and can even be unsafe due to high levels of formaldehyde. These types of additives have not been approved by the European Union, and such products are being removed from the European market.*"

Durability

Cutlery for the European market must be dishwasher proof. Stainless steel is the most common material used as it meets the need for cutlery to be tough and strain resistant. Cutlery made from high-quality metals tends to be low maintenance and has long-lasting features.

Material and durability are closely linked:

- stainless steel: contains a high percentage of chrome for durability and protection against corrosion, and a lower percentage of nickel for lustre and resistance to high temperatures
- silver-plated: consists of a mixture of copper, zinc and nickel, with a silver coating, making it corrosion-resistant but sensitive to sulphides in the atmosphere and certain foods, such as egg
- sterling silver: contains high percentage (sometimes nearly 93%) of pure silver, also making it corrosion-resistant but sensitive to sulphides
- silver: is a soft metal that scratches easily, but develops a beautiful sheen with proper care

For kitchen knives, ceramic blades offer superior sharpness. Ceramics are much harder than steel, making these knives more durable and longer lasting.

Design

In addition to providing superior grip and functionality, cutlery has to look good. For flatware, the shape of the set is what makes it look more contemporary or traditional. In flatware and kitchen knives, design aspects are often related to the shape and material of the handles. Especially in the mid-market, colouration of the handles (and sometimes the entire item) can add design value, both in flatware and kitchen knives. Gift packaging can add design value, too, in all types of cutlery.

For chef's knives, the weight, weight balance, and length of the knife are important factors. Preference is subjective, so you need to offer a range of options. In terms of length, 8 inches is common.

2. What makes Europe an interesting market for cutlery?

The European market for cutlery has grown in recent years. Almost half of the import value is sourced from developing countries, making Europe an interesting market for you.

The coronavirus pandemic and the measures taken against it worldwide are expected to have a large impact on international trade and the European market for many products and services, including HDHT. Please note that the below analysis is based on the statistics that are currently available (2015–2019). Therefore, the expected impact of the pandemic on the European market and global supply chains have not been taken into account in this report. For the latest news in your sector, please check CBI News.

The pandemic is expected to affect demand for HDHT products. The current crisis results in very low consumer confidence globally. In addition to worrying about their health, consumers also worry about whether they will have work and income, and to what extent their livelihood will be under pressure. This scenario obviously does not stimulate sales in HDHT. Many brick and mortar retail businesses in HDHT have been forced to close under local government public health rules (being non-essential), and many will not survive the crisis for financial reasons. In addition, the distribution chain in HDHT has also been also severely affected.

Between 2015 and 2019, European cutlery imports increased from €1.4 billion to €1.5 billion at an average annual growth of 2.3%. After a dip in 2017, imports from developing countries reached €693 million in 2019, which is comparable to their value in 2015. This value accounts for an import market share of 46% of European imports. These numbers indicate that Europe is an interesting market for you, as an exporter from a developing country.

Market growth in Europe is driven by increased interest in home cooking and social dining, as well as casual dining. For more drivers of demand, see 'which trends offer opportunities?' below.

Tip:

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

3. Which European countries offer most opportunities for cutlery?

The larger western European economies are the main importers of cutlery. 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.

Germany is the leading European importer of cutlery with 23% of the market, followed by the Netherlands (12%) and France (11%). Together, they accounted for approximately half of the total European cutlery imports. Smaller markets with a share smaller than 10%, but still in the top-six leading importing countries, are the United Kingdom (9%), Spain (6%), and Poland (6%).

However, be aware that in the European market, different countries have different roles. You can make a rough distinction between countries that are mainly importers and countries that are mainly manufacturers. Most western European importing countries do not just import products for sales within their own country, but also to re-export to other countries in Europe. This explains why countries with small HDHT markets, like Denmark and the Netherlands, often import much more than the demand in their own domestic markets.

In terms of marketing, take into account also that a specific country does not necessarily correspond to a target market. In HDHT, each European country has different market segments, ranging from low to high (see also our study on market entry for cutlery), although their sizes 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 focusing on a specific country. These distributors will then sell in that segment, not only in their own country but in other countries in Europe.

Real private consumption expenditure

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

In recent years, real private consumption expenditure in the leading European markets grew at annual growth of 1%–3%. Previous forecasts for the coming years suggested this positive trend would continue, but the coronavirus pandemic has made any predictions all but uncertain. The HDHT market responds to economic cycles, so demand is expected to reflect any potential economic fluctuations.

Germany: Europe's largest importer

German cutlery imports fluctuated slightly after 2015 at an average annual growth rate of 0.9% to reach €343 million in 2019. Approximately 52% (€115 million) comes from developing countries, in line with the European average. With €128 million, China is Germany's leading supplier by far. Vietnam follows with €41 million.

Germany is the largest economy in Europe, 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. In fact, according to The Economist, Germany will be the first major European economy to recover from the pandemic crisis. This expectation is based on the country's healthy finances before the crisis and the sheer size of its large industrial sector, whose reboot will consequently benefit suppliers abroad.

In addition to having a large domestic market, Germany is also a key trade hub within Europe. Combined with a good-sized market for developing countries and the forecast economic recovery, this scenario makes Germany an interesting market for you.

The Netherlands is an important European trade hub

Dutch cutlery imports grew considerably from €131 million in 2015 to €177 million in 2019, at an average annual rate of 7.8%. This performance reflects a long period of consecutive economic growth for the Netherlands. More than two-thirds of these imports (€115 million) were sourced from developing countries, which is the largest such import share in Europe. China is the Netherlands' leading cutlery supplier, providing nearly half of the Dutch imports. Vietnam follows with 16%.

Brexit, the Covid-19 pandemic, the international trade dispute between the United States and China, and the trade dispute between the United States and Europe, all are expected to have a big impact on the Netherlands. Because the country heavily depends on international trade, negative developments in that area strongly affect its economic performance, which in turn would affect cutlery sales.

Since the Netherlands is a big re-exporter of goods, the impact on HDHT imports goes beyond the Dutch market itself to include developments in other European countries. Given the economic slowdown in Europe as a whole, a significant increase in imports is not expected for the coming year. However, the Netherlands' strong performance as a trade hub continues to make it a relatively interesting market.

France shifting towards intra-European imports

Like Germany's, France's cutlery imports fluctuated in recent years at an average annual growth rate of 2.7% to reach €170 million in 2019. In the same period since 2015, French cutlery imports from developing countries decreased at an average rate of -4.1% per year, shrinking the developing countries' import market share from 50% to 38%, which is considerably below the European average. This scenario indicates a shift towards indirect intra-European supplies. Although China remains France's leading supplier with 35% import share, the Netherlands (17%) is catching up fast.

France's economic growth has slowed down recently after a gradual recovery in previous years. Global uncertainties and the effects of social unrests weighed on consumer confidence and sales of non-essential products. This negative scenario combined with the decrease in imports from developing countries, is expected to be reflected in the country's cutlery imports, likely limiting your opportunities in France in the coming years.

Brexit may negatively impact UK demand

British cutlery imports decreased from €159 million in 2015 to €137 million in 2019, at an average rate of -3.8%. Much like the Netherlands, the United Kingdom sources about two-thirds of its cutlery imports from developing countries, which added up to a value of €89 million in 2019.

Although China continues to be the United Kingdom's leading cutlery supplier, Chinese supplies dropped from €97 million in 2015 to €74 million in 2019. Meanwhile, British cutlery imports from other developing countries increased from €12 million to €15 million, particularly from Vietnam and India, with €7.1 million and €4.4 million respectively.

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 HDHT product sales, including cutlery. As such, your prospects in the UK for the next few years may be modest, despite the high import share of developing countries.

Spain's economy expected to recover particularly slowly

Spain's cutlery imports grew from €80 million in 2015 to €86 million in 2019, at an average yearly rate of 1.9%. Cutlery imports from developing countries to Spain increased at a similar rate, reaching €45 million and making up 53% of all cutlery imports, which is slightly above the European average. Most of these imports come from China, the leading cutlery supplier to Spain with an import market share of 46%.

Whether Spain can sustain demand for HDHT products largely depends on the effects of the coronavirus pandemic. At the moment, The Economist expects the Spanish economy to experience the deepest contraction in Europe and be among the least recovered European economies by the end of 2021, which of course limits your opportunities in Spain for the coming years.

Poland a quickly emerging import market

Although Poland is the smallest importer among the top-six in Europe, it is catching up quickly. Polish cutlery imports grew from €61 million in 2015 to €83 million in 2019, at an average annual growth rate of 8.4%. Although the share of imports from developing countries is below average at 41%, it is growing at an impressive 11% per year, reaching €34 million in 2019.

China (38%) and Germany (34%) are Poland's leading cutlery suppliers, accounting for more than two-thirds of imports. Considering neighbouring Germany is an important European trade hub, supplying to German traders may be a good way for you to reach the Polish market.

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. What trends offer opportunities on the European cutlery market?

Cutlery follows some of the major consumer trends in HDHT, particularly the Home Sweet Home trend. For more information on this and other trends, see our study about trends in HDHT. We outline each trend below, starting with the potential effects of the Covid-19 pandemic on the HDHT market.

The pandemic and trends in HDHT and cutlery

It is hard to forecast post-pandemic consumer trends in HDHT in the short and long terms. However, early trends that are already visible include:

- more consumers ordering more online;
- consumers spending more time at home are looking for entertainment and comfort;
- consumers are renovating their homes, including the garden.

These short-term trends can be considered a continuation of consumer trends that were already ongoing, but some may accelerate.

A major factor in post-pandemic consumer spending is an expected reduction in disposable income, causing economic recession and job losses. Consumer confidence, a strong indicator of consumer spending, is at an almost historically low.

Tips:

- Follow the international news, for example on The Economist, especially on consumption, work, and travel patterns. Reflect on the possible short- and long-term effects on HDHT and your business.
- See how big global companies are responding to the pandemic, both at contributing positively to society, and at shielding themselves from financial losses. Look for possible changes you can implement in your post-crisis domestic and international marketing. For example, Ikea responded to the crisis by producing personal protective equipment and assisting suppliers with loans, swift invoice payments and help with accessing government support packages.

Home Sweet Home and Social Dining

Gone are the days of the 16- or 24-piece cutlery set that made the ideal wedding gift and would last the couple a lifetime. These days, family units tend to be smaller and have a different composition. Family life has also changed, as there are more dual income families and more families live in urban settings.

Boxed cutlery sets are still available, but younger consumers in particular are now more eclectic in their choice of cutlery and tend to replace it much faster under the influence of changes in taste, trends and the need for different cutlery for different occasions.

A broad range appeals to the gourmet consumer, who likes to stand out by setting the table in a luxurious manner, having different cutlery for every dish, however exotic, and for every occasion. Materials other than metal are well suited for such ranges. Whilst the core product for social dining remains firmly mass-produced and industrialised, niches based on handmade, natural materials and design statements are opening up, as there is room for design innovation, especially in the higher segments.

A particular element in social dining is the children's cutlery (and dinnerware) segment. It plays an important role with mums, dads and grandparents, displaying pride in buying distinctive and fun children's flatware (with matching dinnerware). This category has moved from cutlery or tableware specialists towards more general providers of children's home accessories and toys, as well as lifestyle brands, thus expanding the platform for marketing children's cutlery.

'Master Chef'

Northern European countries are increasingly developing a dining culture. French and Italian food cultures, for example, but also non-European cultures like Morocco and Japan have all influenced this trend. This means consumers are taking more time to sit and enjoy dinner. Dinner time has been turning into a social event with family and friends, when people will use their best flatware. As such, these consumers have learnt to identify and appreciate good cutlery and are increasingly making individual choices.

Social dining, or ‘slow’ dining, has been much stimulated by the ‘master chef’ trend, which is characterised by consumers taking pride in developing and showing off their cooking skills. As these European consumers are rediscovering their joy of cooking, they also want to use the tools that the master chefs use on television and other media. This makes them slightly less price-sensitive, and more susceptible to branding.

Picture 1: Set of specialised kitchen knives

Tips:

Invest in design. Craftsmanship is a firm basis for differentiation, for instance through the use of flowing curves or minimalist lines, handles made of natural materials or with imaginative decorations or colours.

Diversify your range of flatware to include items such as cheese and butter knives, cook’s knives, palette knives, filleting knives, poultry shears and mezzalunas, coffee and teaspoons, serving spoons etc.

Incorporate the children’s segment into your range. Children’s cutlery has obvious functional characteristics related to the child’s way of eating and diet. Ergonomics are therefore a focal point, as well as health and safety aspects and durability.

Offer different choices, smaller units and price differentials to cater to different consumers. Include kitchen knives for the beginner as well as for the more advanced home chef, in sets ranging from a few basics for everyday use to specialist knives like a paring knife, bread knife, or carving knife. Study food preparation to understand the exact functions and requirements for each type of knife.

Distinguish yourself with superior consumer knowledge, new insights into user moments or functions, or gift value (by offering packaging in the form of wooden boxes, matching knife blocks and sharpening tools). European heritage brands such as Zwilling or Wusthof, or European regions that traditionally produce professional knives (such as Solingen, Laguiole or Sheffield), are hard to beat in terms of customer loyalty and trust.

Millennials: casual dining

At the same time, there are trends that counteract the trend towards more quality in dining. Millennials will soon make up the dominant consumer group and most professional HDHT buyers. They are often associated with increased urbanisation, the need for instant gratification, eagerness not to miss out on anything, multi-tasking and being online 24/7.

Casual dining, or “fast” dining, is particularly associated with Millennial consumers. Instead of the set-piece family dinner, casual diners opt for of TV dinners, casual meals (individually, not at set times and in a set arrangement at a set table) and eating out (often at fast-food restaurants). They favour functional, affordable cutlery that can be bought at nearby supermarkets and convenience stores.

This casual dining trend also drives the demand for disposable and hybrid cutlery, combining the functionality of different eating utensils. Examples are the spork (spoon/fork), spife (spoon/knife), knork (knife/fork) and the sporf, which combines all three.

Picture 2: Example of a sporf, a combination of a spoon, fork and knife

However, today’s consumers are flexible: they can be ‘casual diners’ on worknights but turn into ‘social diners’ on the weekend. This creates a need for both cutlery for special occasions and cutlery for everyday use.

Tip:

- Research your target segment’s dining culture and market your cutlery accordingly.

Sustainability

The demand for sustainable cutlery is growing, along with European consumer awareness of social, environmental and economic issues in the sector. Concerns about working conditions and fair wages in factories are becoming mainstream. However, in cutlery, the trend is slow to catch on. We do see consumers embracing the idea of abandoning single-use plastic for picnic and travel.

The upcoming European ban on single-use plastics by 2021 is completely transforming the landscape for suppliers of this kind of cutlery, closing the door to plastics and opening it up to biodegradable cutlery made of bamboo or starch, or recycled material. Suppliers from countries like China have been quick to respond to this trend, especially in bamboo cutlery.

Picture 3: Eco-friendly wooden cutlery

Tips:

- Consider how you could incorporate sustainability values into your cutlery. In a category not known for it, developments in cooking and dining in general suggest an opportunity seems just waiting to happen for differentiating by using environmental materials, recycling, and adopting more sustainable production processes.
- Clearly communicate your sustainability values through your marketing materials.
- If your importer is interested, consider certification options such as fair trade. For more information, see our study about buyer requirements.

Jagdamba is a premium brand selling to consumers directly online and offline in India. The company is a private label supplier in exports, catering to a broad consumer and hospitality market through importing wholesalers and retailers. Using stainless steel allows them to market to a broad spectrum of the mid-market. In line with the category, sustainability values are not part of their positioning yet, but might need to be soon, to differentiate from the growing competition in the mass market, especially from producers in eastern European countries.

This study was carried out on behalf of CBI by Globally Cool B.V. in collaboration with GO! GoodOpportunity.