

# The European market potential for decorative lighting

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The European market for lighting is growing. Consumers use decorative lighting to set the mood and express their personal style. This provides you with opportunities to offer them something special. Interesting designs and materials can help you to attract customers. Good craftsmanship, working sustainably, and sharing stories about your business can also boost sales. European importers often distribute products across the continent, so you should focus on buyers in a specific segment, not on individual countries.

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## 1. Product description

In Home Decoration and Home Textiles (HDHT), there are several [categories, consisting of various product groups](#). Lighting belongs to the sub-category 'furniture and lighting'. It includes lamps and lampshades. These lamps can be standing (table and floor lamps), hanging (pendant), or wall-mounted. They generally consist of a base (or frame) and shade (or cover), with a holder/socket for the light bulb.

Lampshades are often sold without the lamp holder. This allows producers to avoid having to deal with the requirements and legislation involved in electrical products. Please note that this is not possible for all lampshades. You should always discuss the options with your buyer.

This study uses the following codes when referring to trade in lighting:

Table 1: Product codes for lighting

Harmonised System (HS)	Description
940510	Chandeliers and other electric ceiling or wall lighting fittings (excluding those designed for lighting public open spaces or thoroughfares)
940520	Electric table, desk, bedside, or floor-standing lamps

## Tip:

Focus on decorative lampshades/pendants without lamp holders if you have no experience in electrical products.

## Functionality

As well as providing light to illuminate a room, lamps also create an atmosphere. Lampshades can soften the light to set the desired mood. They diffuse and direct the light from the bulb and can add decorative value to the lamp.

## Material

Lighting is made from a wide range of materials.

The base (or frame) can be made of materials such as:

- Wood;
- Ceramics;
- Metal;
- Glass;

Shades are commonly made from:

- Textiles;
- Rattan or bamboo;
- Glass;
- Paper

The materials must be able to withstand the heat coming from the lightbulb. They must not catch fire or melt.

## Design

Lighting has developed from a purely functional product to an eye-catching home accessory with design value, especially at the higher ends of the market. More and more handmade lighting is being produced, adding unique touches to the items. Innovative designs and special materials are increasingly important if you want to add value and differentiate yourself from your competition. Otherwise, you may have to compete on price alone, which is only possible if your focus is on cheaper raw materials and efficiency in production.

See an example here: [Let's Pause - handmade vegetable leather \('couro' palm leaf\) pendant lampshade](#)

Source: [Let's Pause @ Instagram](#)

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

Source: UN Comtrade

European imports of lighting grew from €7.1 billion in 2017 to €8.9 billion in 2021, at an average annual rate (CAGR) of 5.3%. This was mainly due to a strong performance in 2021, which may include delayed shipments carried over from 2020. In 2021, European lighting imports represented 48% of worldwide imports.

More than half of the total European lighting import value came directly from developing countries. These imports grew from €3.5 billion in 2017 to €4.7 billion in 2021. Altogether this makes Europe an interesting market for you, as an exporter from a developing country.

The effects of the COVID-19 pandemic and the war in Ukraine have disrupted international trade. At the same time, lockdowns have led to an increased focus on the home and trends like 'home sweet home'. Lighting is part of this trend, as it helps consumers create a cosy atmosphere. This may help to compensate for the pressure that the [cost of living crisis](#) is putting on consumer spending. For more information on drivers of demand, see the section below: 'which trends offer opportunities on the European decorative lighting market?'

#### **Tip:**

Be prepared for potential future trade disruptions. See our study on [how to respond to COVID-19](#) for information on how to future-proof your business.

### **3. Which European countries offer most opportunities for decorative lighting?**

The larger Western European economies are the main importers of lighting. 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.

Source: UN Comtrade

In 2021, Germany was still Europe's leading lighting importer with 18% of imports, followed by France (12%). The United Kingdom (9.5%), the Netherlands (6.9%), Spain (5.9%) and Austria (5.7%) complete the list of the top 6 leading importing countries. All these markets performed well in 2021, but it is not yet clear whether they will continue to perform well in the future.

#### **Focus on segments**

Different European countries have different roles in the market. Some are mainly importers and others are mainly manufacturers. Western European countries are mainly importers. Most Western European importers are re-exporters. They do not just sell their products in their own country, but they also distribute them across the continent. This explains why in HDHT, small countries like the Netherlands often import much more than they consume.

Be aware that countries are not markets. The HDHT market consists of different segments, ranging from low-end to high-end segments (see our study on [market entry](#) for lighting). Every European country has these segments, but the size of the segments may vary. Therefore, it makes much more sense for you to focus on a segment in your product group and to connect to importers in that segment. These importers will then sell your products in that segment across Europe.

## Consumer spending is under pressure

Sales of decorative lighting are sensitive to economic cycles. When economic circumstances and prospects are poor, consumers postpone buying items that they do not urgently 'need'. When economic conditions are good, purchases of non-essential products tend to rise.

[European consumer confidence fell sharply in March 2022](#) due to the situation in Ukraine and the related energy crisis. Households' expectations about the general economic situation in their country and their own future financial situation were severely impacted. Consumers' willingness to make major purchases also fell. This lower consumer confidence may well lead to lower spending, which is why the forecasts for 2023/2024 are modest.

Source: OECD

\* 2023 and 2024 are forecasts

Before the COVID-19 pandemic, consumer spending ('private consumption expenditure') in the leading European markets grew by about 1% to 3% per year. This trend changed in 2020, due to the pandemic. In 2021, growth returned to positive figures. Forecasts for 2023/2024 are modest, in line with consumer confidence.

## Germany is the largest European importer

Europe's leading lighting importer is Germany. Germany has a large domestic market, is a key trade hub, and has relatively high lighting imports from developing countries. All this means that Germany may be an interesting market for you.

German lighting imports grew from €1.4 billion in 2017 to €1.6 billion in 2021, with a CAGR of 4.1%. This included 2.9% growth in 2020, despite the global trade disruptions. Germany's role as a key trade hub in Europe may have helped the country maintain a strong performance.

About two thirds of Germany's import value came directly from developing countries. This is well above the European average. These imports grew from €808 million in 2017 to €1.0 billion in 2021, with a CAGR of 6.2%. China is by far Germany's main lighting supplier (about 60%), followed by European neighbour Poland (7.2% in 2021). These statistics include electrical products, which China specialises in. As a result, the percentages quoted for China are even stronger. Industrial production is also well developed in China.

## France is shifting its focus from developing countries to intra-European imports

Europe's second-largest lighting importer is France. However, France appears to be importing more and more from European trade hubs like Germany and Belgium. This may limit your opportunities to enter the French market directly.

France's lighting imports have fluctuated in recent years. Overall, they grew from €956 million in 2017 to €1.1 billion in 2021, with a CAGR of 2.4%. However, the 2021 import figures probably include delayed shipments following a -15% dip in 2020.

The direct import market share of developing countries dropped from 53% in 2017 to 45% in 2021, which is relatively low. China (43%) and Germany (12%) are still France's leading suppliers.

## Brexit may stimulate direct trade with the United Kingdom

The United Kingdom (UK) may offer you interesting opportunities, due to its high imports from developing countries and potentially increased interest in direct sourcing. [The UK's withdrawal from the European Union](#) (Brexit) has led to relatively low consumer confidence levels since 2016. At the same time, Brexit may result in

British buyers importing more products directly from developing countries, rather than from European importers. This allows them to avoid additional fees now that they are no longer part of the European Union's single market.

After some fluctuations, British lighting imports increased from €741 million in 2017 to €823 million in 2021. The relatively strong performance in 2021 followed a dip of -18% in 2020. 76% of these imports came directly from developing countries, which hold the largest market share in Europe. China supplied most of the 76%.

## **The Netherlands is an important European trade hub**

The Netherlands is an important European trade hub. It maintained a strong performance during the pandemic. This could make the Netherlands an interesting market for you.

Dutch lighting imports grew from €430 million in 2017 to €603 million in 2021, with a CAGR of 8.8%. This included a relatively modest decline of -5.5% in 2020. In the same period, developing countries' direct market share grew from 49% to 56%, which is comparable to the European average. China (52%) and Germany (10%) are the leading suppliers.

The Netherlands depends heavily on international trade, so Brexit and international trade disputes may have a big impact on the country. This makes Dutch imports difficult to predict.

## **Spain is facing economic struggles**

Spain is the fifth largest European import market for lighting. The Spanish economy experienced the largest drop in Europe between 2017 and 2021, with a decrease in GDP of -11% in 2020. A return to pre-pandemic levels is expected in the second half of 2023, making the Spanish economy the slowest to recover in Europe. This, of course, could limit your opportunities in Spain for the coming years.

Spain's lighting imports increased significantly in 2021, growing from €443 million in 2017 to €511 million in 2021. The 2021 imports probably include delayed shipments from 2020, as the strong 46% growth in 2021 followed a dip of -19% in 2020.

In 2021, about 71% of Spain's lighting imports came directly from developing countries. This is above the European average. China supplied almost all of the 71%.

## **Austria imports via European trade hubs**

Austria is another large European lighting market, but most of its imports come from within Europe. Austria's imports grew from €291 million in 2017 to €498 million in 2021, with a CAGR of 9.3%. This included a relatively modest decline of -3.6% in 2020.

Developing countries' import market share dropped from 46% in 2017 to just 37% in 2021. Austria's leading supplier is its neighbour and European trade hub, Germany (35%). This suggests that indirect trade via Germany could be your best route to the Austrian market.

### **Tip:**

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

## 4. Which trends offer opportunities on the European decorative lighting market?

The market for lighting is shaped by various trends, often related to the [trends for HDHT](#) at sector level. Key topics are sustainability, atmosphere and playfulness.

### Sustainability: people and planet

Social and environmental sustainability are quickly becoming central consumer needs, also in HDHT. European consumers are increasingly adopting more sustainable lifestyles. The COVID-19 pandemic has boosted this trend. At the same time, the current cost-of-living crisis is driving the need for sustainable products to be affordable.

The pandemic has led consumers (especially younger consumers) to put sustainability higher on their list of priorities. A remarkable [86% of European consumers consider sustainability to be important](#) or very important. 29% deliberately and consciously buy sustainable products. In addition, [most consumers say that they want significant changes that will make the world fairer and more sustainable after COVID-19](#). Millennials will soon be the dominant generation of consumers. They care about sustainability and express this by buying products from companies that contribute to a better world.

In lighting, sustainability often focuses on the use of energy-efficient (LED) lightbulbs. The recent surge in energy prices has boosted consumer interest in such energy-saving options. In this context, enhanced sustainability is a bonus rather than the main goal.

In the overall category of lamps, sustainability is a much broader concept. It includes handmade and socially responsible (fair trade) production, and environmentally friendly (recycled) materials. The main sustainability issues relating to lamp bases and lamp shades are:

- The choice of materials;
- Renewable resources;
- Water treatment;
- Dyeing;
- Labour conditions;
- Packing (such as flat packing) and packing materials; and
- Recycling possibilities.

Transport, energy consumption, consumer use, and waste/disposal also play a role. Taking steps towards a more sustainable product and process may add value to your lighting.

See an example here: [Simhome - fairly traded handmade seagrass lampshade with ceramic base](#)

Source: [Simhome @ Instagram](#)

Every consumer needs multiple light fixtures around the house, so lighting is essentially a mass-market product. This has led to a lot of mechanical production, but interest in handmade items is growing. These products tell a story and allow consumers to express their personal style. Small, customised runs help independent retailers to differentiate. This offers opportunities for small-scale, design-led concepts from developing countries.

### Tips:

Use sustainable solutions for raw materials, production, transport and distribution, consumer use, and waste disposal.

If your products have a unique origin and/or story, communicate the special techniques, materials,

producers, processes, or meanings. This may add value to your concept, and your importer's concept.

If your importer is interested, consider certification options such as fair trade or [BSCI compliance](#). For more information, see our studies about [market entry for lighting](#) and [buyer requirements for HDHT](#).

See also our special study on [sustainability in HDHT](#) and our webinar on [sustainability in the European HDHT market](#).

## Home Sweet Home: dimming the lights

This trend focusses on the home as a shelter for slightly older, [baby boomer](#) consumers. These consumers want to make their home into a retreat with a comfortable, quite luxurious interior. 'Home Sweet Home' is also about families and friends enjoying each other's company, entertaining each other, cooking and dining, or just relaxing. The COVID-19 pandemic has strengthened these 2 aspects of life inside the home.

Lighting plays a key role in achieving this "cocooning" effect in the following ways:

### Setting the mood

Dimmed lights can help consumers create a cosy atmosphere of togetherness, romance and warmth. This requires lamps and shades that diffuse the light, project shadows and provide warm colours.

### Nostalgic styles

Nostalgic consumers want to recreate the past, when life seemed less hectic and more stylish. They like designs in the style of periods and movements such as the 1920s, Art Deco, or the 1970s. Lighting can reflect these styles via the replication or modern interpretation of classic designs.

### Branding

Slightly older and wealthier consumers like the status associated with branded products. They are generally not interested in trends and prefer to invest in timeless lighting from heritage brands.

Figure 4: Louis Poulsen - iconic designs

Source: [Louis Poulsen @YouTube](#)

### **Tips:**

Create coherent ranges of pendants and floor and table lamps in a consistent style. This allows consumers to mix and match products with complementary designs.

Communicate your values and stories clearly, especially on your website. As a developing country exporter, you are probably not (or not yet) an established brand in the competitive European market. However, your stories and identity elements are very welcome, even if you supply to an existing, established European brand name. They might not use your company's branding, but your content will add value to their brand.

Study nostalgic style periods and their expression in lighting so that you can add your own touch.

### **Playfulness: fun designs**

Play is a deeply rooted human desire, putting the consumer in a light-hearted, relaxed mood. Today's consumers – both young and old – play a lot, in private and in public, online and offline, in teams, alone, or with virtual friends. They also use play to acquire new insights at work and at school.

Lighting has a strong segment based on playfulness. Light-hearted lamps can be figurative, with surprising or funny shapes and/or projections of light or shadow. Lighting for special occasions such as Christmas often has a playful element.

Consumers can also play with lighting themselves. They can “design” their own lamp by mixing and matching a base and shade in their preferred colour combination or shape.

See an example here: [De CAMER – handwoven silk lampshades with brass base](#)



### Tips:

Be aware that humour is personal and varies from 1 culture to another. Your idea of what is funny may not match your target market. You should also be aware that playfulness does not suit every company. If you adopt a style just because it is a trend, it may not feel authentic.

If you do use playfulness in your designs, be original and creative. For example, use bold colours and shapes, or add a twist to your own cultural patterns.

If you offer lighting components for mixing and matching, communicate clearly about how the consumer can play with them.

### Sculptural pieces

Over the years, lighting has increasingly become the focal point in a room. Lighting fixtures have become popular as statement pieces.

If you are able to make larger pieces, you can add some larger designs to your collection. When doing so, you should also pay attention to shape and special materials. This will allow you to create signature pieces that add variation to your collection and attract buyers that are looking for more sculptural, oversized lamps.

### Tip:

Focus on techniques and materials that you have experience with. This will help you to succeed in producing these larger statement pieces.

### Example

Philippine producer [Indigenous](#) taps into various key trends. They source local, responsibly grown raw materials such as abaca for the production of their home items. The company actually started with the vision of a plastic-free environment. Indigenous also treats its artisans fairly and provides scholarship funds for their children.

See an example here: [Indigenous - hand-sewn and hand-painted lampshades made from leatherised handmade paper](#)

Source: [Indigenous @ Instagram](#)

Indigenous' lighting fixtures have a sculptural quality, especially the range inspired by sea creatures. They also produce stitched paper lamps, decorated with hand-drawn Baybayin script. Baybayin is the pre-colonial ancient writing script of the Philippines.

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