

Entering the European market for occasional furniture

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The European market for occasional furniture offers good opportunities, but competition is strong. As volume-producing countries dominate the lower ends of the market, the mid- and higher-end segments are your best option. These segments require added value through design, craftsmanship, sustainability and showcasing the story behind your products.

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.

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1. What requirements must occasional furniture comply with to be allowed on the European market?

The following requirements apply to occasional furniture 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 Unsafe products are rejected at the European border or withdrawn from the market.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 common sense to ensure normal use of your product does not cause any danger.

Search the [Safety Gate alerts](#) for occasional furniture to see what issues may arise.

Restricted chemicals: REACH

The [REACH](#) regulation (EC 1907/2006) lists restricted chemicals in products that are marketed in Europe.

Restricted chemicals with regards to occasional furniture include:

- Arsenic and creosotes as wood preservatives; and
- [Azodyes](#) that release [prohibited aromatic amines](#).

Tips:

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

Do not use azo dyes that release forbidden aromatic amines. This includes checking your own suppliers and asking for certified azo-free dyes. Be aware that the legislation lists the aromatic amines, not the azo dyes that release them.

Follow developments in the field of flame retardants, as new alternatives are being developed. You can do so for instance through [pinfa](#).

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](#).

Timber Regulation

The European Union's [Timber Regulation](#) (EUTR) counters the trade of illegally harvested timber and products and covers a wide range of [timber \(wood\) products](#) listed in its Annex. Products with a [FLEGT](#) or [CITES](#) license comply with the EUTR.

Tips:

For more information, see the [EUTR Guidance Document](#).

See the [FLEGT License Information Point](#) and the [EU FLEGT Facility](#) for more information about FLEGT.

Contact your [National CITES Management Authority](#) for more information on CITES permits.

Textile Regulation

The European [Textile Regulation](#) (1007/2011) states that textile products must be labelled or marked, to ensure that consumers know what they are buying. The regulation applies to all products that contain at least 80% (by weight) of textile fibres, which may include poufs and beanbags.

These products must have a label that states their full-fibre composition and, if applicable, the presence of non-textile parts of animal origin. The label needs to be durable, easy to read, visible and accessible. It should be printed in all the official national languages of the European countries the product is sold in.

There is no EU-wide legislation on the use of symbols for washing instructions and other care aspects of textile articles. To give consumers clear information, you should follow the [ISO 3758:2012](#) standard for using graphic symbols in care labelling.

Tips:

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

Know your product and how it should be labelled in Europe. For example, if you use a cotton name, trademark, or other term that implies the presence of a type of cotton, the generic fibre name 'cotton' must be used. Find out more about [textile labelling rules](#) from Access2Markets.

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 et Objet Barometer, where 62% of HDHT retailers have noticed [growing interest 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](#). See an example of a [BSCI-compliant pouf](#) with built-in storage from Søstrene Grene;
- **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](#); and
- **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.

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.

Organic cotton is becoming an increasingly popular sustainable option for home textiles. Although this is not a mainstream requirement, you can study your options for certification from the [Global Organic Textile Standard \(GOTS\)](#). The easiest way to use certified organic cotton is by sourcing certified organic yarn or fabric.

The European Commission has adopted the [Circular Economy Action Plan](#), as a main building block of the [European Green Deal](#). The action plan includes the intention to launch a new [strategy for textiles](#). A goal of this strategy is to boost the European market for sustainable and [circular textiles](#).

Tips:

Optimise your sustainability performance. Study the issues included in the 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.

Outdoor furniture standards

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

For outdoor (garden) furniture specifically, the [European Committee for Standardisation](#) (CEN) has developed three product standards:

- EN 581-1: general safety requirements for outdoor furniture;
- EN 581-2: mechanical safety requirements and test methods for outdoor seating; and
- EN 581-3: mechanical safety requirements for outdoor tables.

Labelling

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;
- Material used;
- Quantity;
- Size;
- Volume; and
- 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. For more information on textile labelling, please refer to the labelling-specific rules under the Textile Regulation.

Packaging specifications

Importer specifications

You should pack occasional furniture 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.

If you produce wooden furniture, you need to properly dry the wood after production to prevent mould or cracks. Condensation inside the container during transport can also cause mould. This is due to humid air that becomes colder at night and warmer during the day. Good air ventilation inside the container can prevent this, so before shipment, you must inspect containers for air holes. You can also place products to reduce humidity amongst the cargo. Make sure to follow the importer's instructions.

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 occasional furniture inside the container reduces costs. Consider this when designing your products.

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; and
- 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

Consumer packaging for garden furniture should make it relatively easy to transport the product home from the retailer. It usually comes in the form of a carton, which can be the original export packaging, or a box provided by the retailer.

Tips:

Always ask for the importer's order specifications, with 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 if the production of your items is labour intensive, like hand-knitting, fair trade certification can give you a competitive advantage. This type of 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 wood

[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.

[PEFC](#) (Programme for the Endorsement of Forest Certification) is another option. Like with FSC, the [PEFC chain of custody certification](#) verifies that the forest-based material in a product comes from sustainably managed forests.

Because these certification programmes are aligned with the [Timber Regulation](#), they are also a way to show legal compliance.

Tips:

For more information, see the [five steps towards FSC certification](#) and/or [how to become PEFC Certified](#).

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

Sustainable textile certification

While sustainability is becoming more and more common in-home textiles, the actual use of certification is lagging behind. However, buyers are increasingly interested in certification to 'prove' their sustainability - especially organic certification.

Some of the most popular certifications for home textiles are:

- [Global Organic Textile Standard \(GOTS\)](#): A textile-processing standard for organic fibres that ensures environmental and social responsibility throughout the production chain of textile products; and
- [OEKO-TEX Standard 100](#): Certification that guarantees textile articles are free from harmful substances.

Other options include the [Nordic Swan eco-label](#) (used in the Nordic countries) and the [EU Ecolabel](#). The Ecolabel is awarded only to products with the lowest environmental impact in a product range.

Tips:

Check the possibility of sourcing organic cotton. The easiest way is to use certified organic cotton yarn if you weave fabrics, or certified organic cotton fabric if you are in cut, make and trim (CMT) only. Textile products that contain a minimum of 70% organic fibres can be [GOTS certified](#).

Read more about [GOTS](#), [OEKO-TEX](#) and the [EU Ecolabel](#) in the ITC Standards Map.

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

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

How is the end market segmented?

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

Figure 1: Occasional furniture market segmentation in Europe



Source: Globally Cool, GO! GoodOpportunity & Remco Kemper

Low-end market

The lower end of the market wants to keep prices friendly and design accessible. Items for this market are generally functional basics. Quality in terms of construction and design is limited. Typical retailers include hypermarkets such as [Carrefour](#) and department stores like [Leen Bakker](#). Because this segment is dominated by low-cost mass-produced items, opportunities are limited. Instead, the mid- and higher-end markets are most promising for you, as a small or medium-sized enterprise (SME) from a developing country.

Mid-end market

Items for the mid-end market come at a reasonable price. They should reflect the well-known styles, such as romantic or cottage. This segment follows trends, mainly through design and colour. The higher end of this segment (the mid-high market) also offers considerable craftsmanship. [H&M Home](#) and [Habitat](#) are examples of players in the mid-end market. Beanbags are typically a mid-end product because of their relatively young target group, whose budget for home decoration usually is not that high yet.

High-end/premium market

Occasional furniture items for the high-end/premium market are generally 'statement' pieces that draw attention. They often make a style statement with innovative materials and techniques. Luxury department stores such as [Harrods](#) play an important role in this segment. Because poufs rarely are eye-catchers, they move to premium when luxury materials are used and when they are part of a range of top-end, branded furniture pieces with a clear designer signature.

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

The channels through which occasional furniture is put on the market follow the traditional patterns: import takes place via importers/wholesalers that supply to retailers. Larger retail chains often bypass the importers/wholesalers and import themselves, while more and more smaller retailers have also started buying directly from the supplier. In some cases, buying agents play a role.

Figure 2: Trade channels for occasional furniture 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. Larger retail chains in particular 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 is no different 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 visit the main trade fairs in Europe: [Ambiente](#) (February) and [Tendence](#) (August) in Frankfurt, and [Maison&Objet](#) (January and September) in Paris.

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

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

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 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 (European) 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 occasional furniture market?

China supplies nearly a third of European home furniture imports and provides mainly mass-produced furniture for the lower-end segments. Instead, your best opportunities are in the mid- to high-end market.

(!) Because no specific trade data are available for occasional furniture, these statistics cover home furniture in general.

China is Europe's main home furniture supplier with 30% of the imports, followed by Poland (13%) and Germany (12%). Italy (6.4%), Lithuania (3.0%) and Vietnam (2.8%) 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 furniture is segmented in the lower ends of the market and produced in the most cost-effective countries. You do not compete with these countries, as your best chances are in the mid- to high-end market.

Which countries are you competing with?

Source: UN Comtrade

China dominates the low-end market

Chinese home furniture supplies to Europe grew from €8.9 billion in 2017 to €14 billion in 2021. The 2021 exports may include delayed shipments from 2020, when exports stayed fairly stable. More than half of these exports were metal furniture, for which China is Europe's leading supplier. About a third was wooden furniture, and a further 14% was made of materials like plastic.

Its low-cost workforce, availability of raw materials and efficient shipping to Europe (compared to other Asian countries) make China the most competitive supplier. 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 occasional furniture. Focus more on design, craftsmanship, sustainability and the story behind your product. This allows you to enter the mid- to high-end market, where your best opportunities are.

Poland is a key competitor within Europe

Polish home furniture supplies to other European countries grew from €5.1 billion in 2017 to €6.3 billion in 2021, at an average rate of 5.4% per year. About 80% was wooden furniture, for which Poland is Europe's leading supplier. Germany is Poland's main target market, accounting for about 40% of Polish furniture supplies to Europe.

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 in Poland 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 Poland's relatively cheap production, 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 long-lasting relationships.

Lithuania is strengthening its position as a regional supplier

Another upcoming European supplier is Lithuania, a Baltic country in North-eastern Europe. Lithuania's home furniture supplies to Europe grew from €0.9 billion in 2017 to €1.4 billion in 2021, at a strong average annual rate of 11%. This resulted in a direct import market share of 3.0%. Nearly all of Lithuania's home furniture exports to Europe were made of wood. The country has a long tradition of wood processing and furniture production, using both modern techniques and handcraft.

Like Poland, Lithuania benefits from its location close to the leading European markets and its relatively low-cost production opportunities. Lithuania's leading destination markets are its fellow Northern European countries Sweden, Norway and Denmark. The country produces a lot of furniture for IKEA. In 2017, IKEA decided to double the production capacity of its [furniture factory in Kazlų Rūda](#) from 2019 onwards.

Vietnam is another low-cost producer

Vietnamese supplies of home furniture to Europe generally are about €1.2 billion. They consist of about two-thirds wooden furniture and one-third metal furniture.

Like producers from China, Vietnamese suppliers are very productive and can produce at low cost. These suppliers often have a good idea of what is commercial and trendy. They effectively combine handmade and mechanised production and can cater for a wide section of lower- and mid-end markets. As such, they can be an effective alternative to China.

India doubles its home furniture supplies to Europe

India had a direct 1.7% share of the European home furniture import market in 2021, up from 1.2% in 2017. The country's supplies doubled from €0.4 billion to €0.8 billion in 2021, at an average growth rate of 16% per year. This was mainly due to a strong performance in 2021, which may include some delayed shipments from 2020.

With skilled labour and transportation at competitive costs, India could be well-positioned to take a bigger share of the market. Indian producers have easy access to natural materials and specialise in craftsmanship. This allows them to target higher market segments than the mass-produced products from China.

Indonesia leads in rattan furniture supplies

Indonesia's home furniture supplies to Europe grew from €0.4 billion in 2017 to €0.6 billion in 2021, at an average annual rate of 8.8%. Its strong performance in 2021 may include some delayed shipments from 2020. Most of these exports were wooden furniture. Indonesia is also famous for its rattan products, as it produces 80% of the world's rattan. It should come as no surprise therefore, that the country is Europe's leading supplier of rattan home furniture, directly providing nearly half of all imports.

Wages in Indonesia are relatively high for an Asian country. This means Indonesian suppliers have to target the mid- to high-end markets to be able to compete. They need to do so by delivering high quality items that are often handmade. The logistical structure and business climate in Indonesia are good, making the country accessible for European importers, many of whom already have a long-term base in the country. Several European entrepreneurs are active in Indonesia as designers or owners of a production facility.

Which companies are you competing with?

dBodhi, Indonesia/the Netherlands

Family-owned [dBodhi](#) is a furniture brand "with both nature and ancient culture at heart, using the art of

craftsmanship as a tool to honor both". Their production is based in Indonesia, following ancient knowledge and Javanese traditions. The company's commitment to nature and culture is reflected throughout their marketing, showcasing the techniques they use per material. dBodhi's main raw material is reclaimed teak. This wood comes from century-old houses from remote villages in East Java, giving the upcycled products a unique story.

Figure 4: dBodhi - Crafters of Origin

Source: [dBodhi @ YouTube](#)

In addition to some solid wooden stools and side tables, dBodhi makes flexible occasional furniture pieces with a mix of materials. The company combines the reclaimed teak with handwoven abaca and rattan, and hand-welded iron. Their offer includes a range of multifunctional pouf-style side/coffee tables with a removable top of reclaimed teak. This allows the occasional furniture to be used for storage purposes as well.

Panapufa, Poland

[Panapufa](#) is a Polish knitting studio, making home textiles and clothing. Their designs "reference Polish folk tradition with a wealth of colours, patterns and handicraft techniques". With their signature chunky knits, Panapufa creates cosy [poufs and beanbags](#). They use GOTS certified merino wool, recycled cotton rope and OEKO-TEX certified cotton yarn. Colours vary from natural and pastel to rich and bright. The range includes rugs, blankets and pillows in similar styles. Panapufa also sells yarns and tools for consumers who would like to give their knitting style a try.

H.M. International, India

Indian company [H.M. International](#) specialises in [metal handicrafts](#). They mainly produce home accessories and furniture. In their occasional furniture designs, they combine metal with materials like glass and wood. With a mix of "intricate manual processes" and "the latest technologies and finishing techniques", the company creates contemporary designs. H.M. International prides itself on its quality management. They are [ISO9001](#) certified, as well as Sedex and BSCI compliant.

Which products are you competing with?

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

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.

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

Prices for occasional furniture 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 occasional furniture in the low-, mid- and high-end market segments.

Table 1: Indicative consumer prices of occasional furniture in Europe

	Low-end	Mid-end	High-end/premium
Poufs	Under €65	€65 to €160	Up to €1,000
Beanbags	Under €65	€65 to €160	Up to €350
Stools	Under €55	€55 to €220	Over €220
Side tables	Under €55	€55 to €330	Over €330

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

Figure 5: Marketing mix – the four Ps



Source: Globally Cool, GO! GoodOpportunity & Remco Kemper

The European consumer price of your occasional furniture is about 4-6.5 times your selling price ([Free on Board - FOB](#)). Besides 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; and
- VAT - varies per country, about 20% on average.

Figure 6: Price breakdown indication for occasional furniture 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 occasional furniture prices across Europe are:

- Luxury designer pouf by Cecilie Manz, [Fritz Hansen](#) (Denmark), from €414;
- Velvet beanbag, [MADE.COM](#) (the Netherlands), about €214;
- Handmade rattan stool, [Baan](#) (France), €85-90;
- Fair trade wooden side table, [El Puente](#) (Germany), €159.

Tips:

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

Calculate your prices regularly and carefully, especially in the event that prices of your raw materials fluctuate. When raw material prices pressure 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 BV](#) in collaboration with GO! GoodOpportunity.

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