

# Entering the European market for cushion covers

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The mid- and higher-end segments of the European cushion cover market offer good opportunities, but competition is strong. These segments require added value through design, craftsmanship, sustainability and 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 cushion covers comply with to be allowed on the European market?

The following requirements apply to cushion covers 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 Unsafe products are rejected at the European border or withdrawn from the market.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 cushion covers 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 in the production of textiles include:

- [Azo dyes](#) that release [prohibited aromatic amines](#); and
- Certain flame retardants, such as TRIS, TEPA and PBBs.

### 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](#).

## 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. 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, easily legible, 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. The objective of this Directive is to prevent organisms that are harmful to plants or plant products from being introduced into and spreading within the European Union.

### 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 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.

## 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, only 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 research 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 up on 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.

## 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;

- Quantity;
- Size;
- Volume; and
- Caution signs.

The most important information on the product labels of cushion covers is composition, size, origin and care labelling. Your buyer will further 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, please refer to the labelling-specific rules under the Textile Regulation.

## **Packaging specifications**

### **Importer specifications**

You should pack cushion covers according to the importer's instructions. They have their own specific requirements for the use of packaging materials, filling boxes, palletisation and stowing containers. Always ask for the importer's order specifications. These are part of the purchase order. Packaging usually consists of plastic wrapping to protect the fabric from water, solar radiation and staining.

### **Damage prevention**

Proper packaging minimises the risk of damage by shocks, temperature or humidity. Packaging should make sure the items inside a cardboard box stay clean. For textiles, this is especially important. It should also prevent damage to the boxes when they are stacked inside the container. Packaging therefore usually consists of an outer cardboard box lined with protective material like plastic wrapping. The actual products are usually packed in polybags, either individually or in relatively small numbers, depending on the size of the product.

### **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. You have to maximise pallet space. Packaging has to provide maximum protection, but you must also avoid using excess materials or shipping 'air'. Waste removal is a cost for buyers.

### **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**

Cushion covers are usually displayed in stores without any packaging. They can come with gift wrapping, especially in the high-end segment. Consumer packaging for the middle and low-end segments can be simple in design, like a simple paper or plastic wrapper.

#### **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, with 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, like hand-knitting, 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 textile certification

While sustainability is becoming more and more common in this sector, 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
- [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 if possible.

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

The cushion cover market is segmented into low-, mid- and high-end (premium) market segments. Cushion covers 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: Cushion cover market segmentation in Europe



Source: Globally Cool, GO! GoodOpportunity & Remco Kemper

#### Low-end market

In the low-end segment, simple and inexpensive cushion covers are common. They are often made of man-made fibres. Typical retailers include [Aldi](#) and [HEMA](#). Adding value is very hard in this segment since the price is leading. Products from China generally dominate the low-end market. Competing with this type of cheap mass-production is almost impossible. Instead, the middle and high-end markets offer the most opportunities to you, as a small or medium-sized enterprise (SME) from a developing country.

#### Mid-end market

The middle segment puts more emphasis on design and finish, while prices are still reasonable. [Zara Home](#) is an

example of a key player.

The mid-high market responds well to local character, identity and craftsmanship. Sustainability is increasingly important to consumers in this segment. You can add value through special techniques such as block printing, applique and embroidery, and combining different materials or adding accessories such as fringes, pompoms or tassels. Instead of using woven fabrics to make a cushion cover, you can also knit or crochet them. An example is Kurami and its [handmade cotton bogolan \(mudcloth\) cushion covers](#).

## High-end/premium market

In the high-end segment, designer quality is common and private labels are the standard. Products for this market are relatively timeless. They can be made with high-end materials such as silk, cashmere, other high-quality wool, and blends of these fibres. Luxury department stores such as [Harrods](#) play an important role here.

## Through what channels do cushion covers end up on the end-market?

The channels through which cushion covers are 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 cushion covers 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 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 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 of your cushion covers, search the list of exhibitors or visit the main trade fairs in Europe: [Ambiente](#) (February) and [Heimtextil](#) (January) in Frankfurt, and [Maison&Objet](#) (January and September) in Paris.

Search the member lists of relevant industry associations to find potential buyers, such as [EURATEX](#) (European Apparel and Textile Confederation).

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

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- to high-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 and 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 cushion cover market?**

China and India supply nearly half of Europe's textile furnishing imports. These countries mainly provide mass-produced, low-cost items. As a result, your best opportunities are in the mid- to high-end market.

(!) Because no specific trade data are available for cushion covers, these statistics cover textile furnishing articles.

China is by far the main supplier of textile furnishings to Europe, providing 34% of the imports. India follows with 11%. Together, these countries supply nearly half of Europe's textile furnishing imports. Germany (8.9%), Turkey (6.3%), Poland (4.6%) and Tunisia (3.6%) 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 produces some high-end products from well-known premium brands with a long history.

Mass-produced cushion covers 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- to high-end market.

## Which countries are you competing with?

Source: UN Comtrade

### China dominates the low-end market

China's textile furnishing supplies to Europe were growing until the pandemic disrupted trade in 2020, and they fell by -14%. They bounced back to €330 million in 2021. This was comparable to 2019, but probably included delayed shipments from 2020.

China is the most 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 cushion covers. Focus more on design, craftsmanship, sustainability and the story behind your product. This allows you to enter the mid- and higher-end markets, where your best opportunities are.

### India is a leading cotton producer

Indian exports of textile furnishings to Europe steadily declined until 2021, when they surged to €109 million. This translated to an average annual growth of 4.2% since 2017.

With skilled labour and transport at relatively low costs, India could take a bigger share of the European import market. Indian producers have easy access to natural materials and specialise in craftsmanship. For example, India is one of the biggest cotton producers in the world, giving manufacturers direct access to high-quality cotton at relatively low prices. The combination allows them to target higher market segments than the mass-produced products from China. This approach is a good way to compete on the European HDHT market.

### Turkey produces traditional products with a story

Turkish supplies of textile furnishings grew from €27 million in 2017 to €61 million in 2021, at an average annual rate of 23%. This was mainly due to a strong performance in 2021, when supplies nearly doubled. Turkey's main European markets are France and Spain, where its supplies grew more than tenfold.

Turkish kilim cushion covers successfully tap into the increasing interest in ethnic motifs and traditional craftsmanship among European consumers. These unique, handwoven products with a story appeal to

consumers in higher-end markets. Turkey also offers low-cost labour and a convenient location close to the European market, allowing for short delivery times. This makes production in Turkey attractive based on cost and lead times.

## **Poland is a key competitor from within Europe**

Polish textile furnishing exports to other European countries were at about €41 million, peaking at €45 million in 2021. 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 Poland, 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.

## **Tunisia mainly supplies to France**

Tunisia's exports of textile furnishings to Europe grew from €26 million in 2017 to €35 million in 2021, at an average rate of 7.4% per year. France is Tunisia's overall main international trade partner. This is also reflected in Tunisia's exports of textile furnishings, three-quarters of which were destined for France. To become less dependent on the French market, Tunisian suppliers could consider diversifying into other European countries.

Like Turkey, Tunisia's strengths are its low-cost workforce and its location close to the European market, allowing suppliers to offer short delivery times. An additional advantage when it comes to trading with France, is the shared language.

## **Ukraine has steadily gained market share**

Another Eastern-European supplier is Ukraine. The country's textile furnishing supplies to Europe grew from €17 million in 2017 to €33 million in 2021, at an average annual rate of 17%. This nearly doubled Ukraine's direct import market share, from 1.8% to 3.4%. Most of these textile furnishings were exported to Denmark.

Whether Ukraine can sustain this supply in the coming years of course depends on the situation in the country. At the same time, Ukrainian suppliers that are able to produce and export could potentially benefit from the goodwill of European consumers towards the Ukrainian people.

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

### **Munkh, Mongolia**

**Munkh** is a woman-led family business, working with goat cashmere, yak wool and camel wool – materials from typically Mongolian livestock. They produce home textiles, garments and accessories. The company emphasises the quality of cashmere, as well as its sustainable advantages. They also look at sustainability from a broader perspective, including design, sourcing, production and the environment. 'Munkh' is Mongolian for 'eternity', reflecting the wish for their creations "to be a loving item and to be a long-lasting possession to its owner".

Figure 4: [Munkh – the story of Munkh](#)

Source: [Munkh @ YouTube](#)

Their home collection consists of throws and cushion covers, in matching and complementary styles. The designs are simple and contemporary, which is suitable for the sophisticated raw materials Munkh uses.

### **Artisan Hut, Bangladesh**

Committed to social and environmental responsibility, [Artisan Hut](#) is in the process of becoming WFTO Fair Trade Guaranteed. They strive to reduce poverty and increase the standards of living of disadvantaged people in Bangladesh. Over 250 rural artisans handweave, block print and hand-embroider the company's ethical women's wear and home textiles. Using their traditional skills, these artisans earn up to double of what they would in the commercial sector. They also have access to benefits such as women's empowerment schemes.

Artisan Hut's cushion covers (and throws) are relatively simple in design, making them easy to combine. They are woven on handlooms, using GOTS-certified organic cotton yarns and azo-free dyes. Waste fabric is recycled to make duvet or mattress filling, placemats, coasters and runners.

### **Safomasi, India and the United Kingdom**

[Safomasi](#) is an award-winning company from India that takes inspiration from all over the world to create its designs. They use natural materials and azo-free dyes to produce home textiles and lifestyle products. The main technique used is [screen printing with water-based inks](#), performed in a family-run workshop. This technique allows the company to tell visual stories on the fabrics it creates. With these fabrics, Safomasi designs collections of home textiles that include cushion covers and throws that consumers can freely mix and match.

The company beautifully describes the design and production processes in its communication. In comparison, the communication of more in-depth information about its values regarding people and planet is lagging behind.

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

Competition for cushion covers mostly comes from within the category itself and can be fierce. Buyers have enormous options in materials, designs and techniques - ranging from synthetic to natural materials and from

printed to embroidered, and in a wide variety of styles and designs. The lower the segment, the more important price is.

### 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 cushion covers on the European market?

Prices for cushion covers 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 indicative prices of cushion covers in the low-, mid- and high-end market segments. 'Indicative' is key here, since prices for cushion covers vary depending on composition, manufacturing technique, size, design, brand and other ways of value addition.

Table 1: Indicative consumer prices of cushion covers in Europe

	Low-end	Middle-low end	Middle-high end	High-end
Cushion covers	€4-10	€10-15	€15-50	€50 or more

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 cushion covers 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 increases in the price of raw materials 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 cushion covers 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 cushion cover prices across Europe are:

- GOTS-certified organic cotton cushion cover, [Dille & Kamille](#) (the Netherlands), €9.95

- jacquard-woven cotton cushion cover, [IKEA](#), €19
- nature-inspired linen cushion covers, [OKA](#) (United Kingdom), €58 - €65
- WFTO-certified alpaca wool blend cushion cover by Elvang, [Fiolini](#) (Germany), €67

### **Tips:**

Study consumer prices in your target segment to determine your price and adjust your cost accordingly. The quality and price of your cushion covers 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 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 B.V.](#) in collaboration with Remco Kemper.

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