The European market potential for decorative objects

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The European market for decorative objects is growing, with almost two thirds of these imports coming directly from developing countries. Demand is driven by consumers' desire to decorate their homes and surround themselves with things they love. Key trends include adding functionality, humour, collectability and cultural touches. While decorative objects are often made of non-sustainable composite materials, environmentally friendly options are on the rise.

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1. Product description

The market for home decoration and home textiles (HDHT) comprises several categories of product groups. Decorative objects are a type of home accessories. They include standing or hanging ('wall decoration') figurines and abstract objects used to accessorise the home. Different styles allow consumers to choose items that match their taste and fit in with the overall style of their home or room. This makes decorative objects in the home rather personal.

Although themes vary, they include primarily:

- Animals, especially birds, cats, elephants
- Human or humanoid figures, especially Buddhas and fantasy figures (e.g. fairies)
- Abstract objects

Most decorative objects have a relatively permanent place in the home, except for accessories related to specific occasions (e.g. Christmas), which are usually removed after the event. Souvenirs are another specific category. These are visual memories of the places people have visited, such as Delft Blue objects from the Netherlands.

This study uses the following Harmonised System codes (HS codes, used by customs authorities to classify products) to indicate trade in decorative objects:

Table 1: Product codes for decorative objects

Harmonised System (HS)	Description
3926 40	Statuettes and other ornaments, made of plastics
4420 10*	Statuettes and other ornaments, made of wood (excluding wood marquetry and inlaid wood)
4420 11**	Statuettes and other ornaments, made of tropical wood (excluding wood marquetry and inlaid wood)
4420 19**	Statuettes and other ornaments, made of wood (excluding of tropical wood, wood marquetry and inlaid wood)
6913 10	Statuettes and other ornamental ceramic articles, made of porcelain or china, not elsewhere specified
6913 90	Statuettes and other ornamental ceramic articles, not elsewhere specified (excluding porcelain or china)
8306 21	Statuettes and other ornaments, made of base metal, plated with precious metal (excluding works of art, collectors' pieces and antiques)
8306 29	Statuettes and other ornaments, made of base metal, not plated with precious metal (excluding works of art, collectors' pieces and antiques)

* 2018–2021

** 2022

Although these codes use the term 'statuettes', this product group is known as 'decorative objects' in the trade. European consumers use decorative objects in any room in the house. This study focuses on indoor decorative objects. It discusses items produced in series (from mass to limited edition), rather than one-offs and art.

Functionality

Decorative objects have no specific function, other than being beautiful. As this depends on personal taste, consumers often buy these items for themselves. However, decorative objects can also be nice gifts.

Material

Decorative objects come in a wide variety of materials, from natural materials such as ceramics, glass, metal and wood, to synthetic materials such as plastics, resins, or composite materials. They can be produced industrially, by hand, or with the help of simple power tools.

Design

Most importantly, decorative objects are designed to be beautiful. Innovative design can increase the value of a decorative object. At the same time, the items have to be well-constructed and should not come apart easily. Especially in mature markets like Western European countries, in which these products are mainstream, consumers can choose the level of quality that suits them.

2. What makes Europe an interesting market for decorative objects?

European imports of decorative objects have grown considerably, especially those coming directly from developing countries. Almost three quarters of the import value now come directly from developing countries.

Source: UN Comtrade

European imports of decorative objects grew from €2.2 billion in 2018 to €3.0 billion in 2022, at an average annual rate (CAGR) of 7.6%. Almost three quarters of the import value came directly from developing countries. These imports grew from €1.6 billion in 2018 to €2.2 billion in 2022, at a CAGR of 9.0%. Taken together, these developments make Europe an interesting market for you, as an exporter from a developing country.

The COVID-19 pandemic and the war in Ukraine have disrupted international trade, affecting the cost and availability of raw materials, energy and transport. At the same time, lockdowns drew increased focus towards the home and trends like 'home sweet home'. One core aspect of this trend is the notion of 'cocooning' — the need people have to surround themselves with the things and people they love. Decorative objects are well suited to this trend. This could at least partially compensate for the pressure that the cost-of-living crisis is exerting on consumer spending. For information on other factors that are driving demand, see 'Which trends offer opportunities?'.

Tips:

- Be prepared for potential future trade disruptions. See our study on how to respond to COVID-19 for information on how to prepare your business for the future.
- Study and apply the trends in the market for decorative objects to appeal to European consumers.

3. Which European countries offer most opportunities for decorative objects?

The larger Western European economies are the main importers of decorative objects. 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 2022, Germany remained Europe's leading importer of decorative objects, accounting for 23% of its imports, followed by the Netherlands (13%), France (12%) and the United Kingdom (11%). Together, these countries accounted for more than half of the European total. Smaller markets with shares of less than 10%, but still in the six leading importing countries, are Italy (5.5%) and Spain (4.2%).

Focus on segments

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 most Western European importers are re-exporters. They do not sell their products only in their own countries, but distribute them across the continent. It is for this reason that small countries (e.g. the Netherlands) often import much greater volumes of HDHT products than they consume.

In terms of marketing, you should be aware that countries are not markets. The HDHT market consists of different segments, ranging from low-end to high-end (see our study on market entry for decorative objects). Every European country has these segments, although their size may vary. It therefore makes much more sense to focus on segments within which your product groups fall and connect to importers in those segments. These importers will then sell your products within those segments across Europe.

Consumer spending is under pressure

Decorative object sales are sensitive to economic cycles. When economic circumstances and prospects are down, consumers postpone buying items that they do not urgently 'need'. When economic conditions are good, purchases of such non-essential products tend to rise.

European consumer confidence fell sharply in March 2022 due to the situation in Ukraine and the subsequent energy crisis. This reflected a large drop in the expectations of households concerning the general economic situation in their country, as well as their own future financial situation. Consumer intentions to make major purchases (e.g. furniture) also fell. In an Autumn 2022 European consumer survey, about half of the respondents reported a decrease in spending on home and furniture. This lower consumer confidence may well lead to lower spending, as reflected in the modest forecasts for 2023/2024.

Source: OECD

* forecasts

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

Germany is the largest European importer

Germany is Europe's leading importer of decorative objects. The country's large domestic market, role as a trade hub and its relatively high volume of imports of these product groups from developing countries make this an interesting market for you.

Germany's imports grew from €501 million in 2018 to €694 million in 2022, with a CAGR of 8.5%. This was due primarily to strong growth in 2021 and 2022. Germany's role as a key trade hub in Europe may have helped boost the country's performance.

In 2022, 87% of Germany's import value came directly from developing countries. This is the largest market share in Europe. These imports grew from €405 million in 2018 to €603 million in 2022, with a CAGR of 10%. China is Germany's main supplier of decorative objects, accounting for more than two thirds of these imports, followed by India (6.9% in 2022) and the Netherlands (4.1%).

The Netherlands is an important European trade hub

The Netherlands is an important European trade hub, with a growing import market for decorative objects. is the case with Germany, the country's role as a key trade hub may have helped boost its performance. This could make the country an interesting market for you.

Dutch imports grew from €281 million in 2018 to €403 million in 2022, with a CAGR of 9.5%. Growth was particularly strong in 2021. More than three quarters of this came directly from developing countries, which is above the European average. These imports grew from €220 million in 2018 to €311 million in 2022, with a CAGR of 9.1%. China (63% in 2022), Germany (12%) and India (7.1%) are the leading suppliers, followed by Vietnam (2.9%) and Indonesia (2.2%). The latter two countries are rapidly increasing their exports to the Netherlands.

Given that the Netherlands is heavily dependent on international trade, Brexit and international trade disputes could potentially have a major impact on the country. For this reason, Dutch imports are difficult to predict.

France increases its imports from developing countries

In 2020 and 2021, France turned to European trade hubs (e.g. the Netherlands, Germany and Belgium) for its imports of decorative objects. This may have been an effect of the international trade disruptions following the outbreak of the COVID-19 pandemic. France increased its imports from developing countries again in 2022.

The country's imports of decorative objects grew from €255 million in 2018 to €368 million in 2022, with a CAGR of 9.6%. This included particularly strong growth in 2021. The direct import-market share for developing countries returned to 59% in 2022, which continues to be below the European average. These imports grew at a CAGR of 6.9%, from €167 million in 2018 to €218 million in 2022. Leading suppliers include China (47% in 2022) and the Netherlands (12%). Vietnam (6.5%) is rebounding strongly after dropping in 2020.

Brexit may stimulate direct trade with the United Kingdom

The United Kingdom is likely to offer opportunities, given its high level of imports from developing countries and its potentially increased interest in direct sourcing. The United Kingdom's withdrawal from the European Union (Brexit) has been accompanied by relatively low levels of consumer confidence since 2016. At the same time, Brexit has led British buyers to increase their direct imports 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.

British imports of decorative objects grew from €256 million in 2018 to €333 million in 2022, at a CAGR of 6.8%. In 2022, 85% of these imports came directly from developing countries. This is one of the largest market shares in Europe. China (76%) is the leading supplier, followed by India (4.0%) and Portugal (3.8%).

Italy's imports recover from dip

Italy could offer opportunities, considering the recovery of its decorative-object imports. Having been particularly affected by the pandemic, Italy experienced a GDP drop of -8.8% in 2020. Although the country's decorative-object imports fell by 18% in 2020, strong performance in 2021 and 2022 led to an overall increase from €126 million in 2018 to €167 million and 2022. This translates to a CAGR of 7.4%.

Direct imports from developing countries made up about three quarters of the market, which is comparable to the European average. These imports grew from €95 million in 2018 to €126 million in 2022, at a CAGR of 7.2%. Most of these imports come from China.

Spain increases its imports despite economic struggles

Spain is the sixth-largest European import market for decorative objects. In 2020, the Spanish economy experienced the largest drop in Europe, with a decrease in GDP of -11%. A return to pre-pandemic levels is expected in the second half of 2023, making the Spanish economy the slowest to recover in Europe. Although this could obviously limit your opportunities in Spain for the coming years, the country's imports of decorative objects are recovering well.

After an extraordinary drop of 18% in 2020, strong performance in 2021 and 2022 led to an overall increase from €106 million in 2018 to €127 million and 2022, at a CAGR of 4.5%. In 2022, more than three quarters came directly from developing countries, which is slightly above the European average. Most of these imports were supplied by China.

Tip:

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

4. Which trends offer opportunities or pose threats on the European market for decorative objects?

The market for decorative objects is shaped by various trends, often related to the trends for HDHT at the sector level. Key themes include 'home sweet home', playfulness and sustainability.

Home sweet home: Decoration and playfulness

In HDHT, trends and countertrends happen. On the one hand, there is a strong tendency among consumers to want to 'declutter' the home. This is expressed by buying only what is functional and essential, and by the large demand for storage products. At the same time, there is a countertrend based on the need to decorate the home with objects that are not strictly necessary, but that fulfil a strong and deep-seated need amongst consumers. Their need to surround themselves with beautiful decorative objects is consistent with the 'home sweet home' trend.

One core aspect of this trend is the notion of 'cocooning' — the need people have to surround themselves with the people and things they love, inside the warmth and familiarity of their own homes. Decorative objects that consumers have chosen themselves or received as gifts from loved ones are items that are placed on display throughout the home. Such objects are valued for what they represent (e.g. fantasy figures or a favourite animal), or for the artisanry or special materials used to create them. Their appeal is emotional, which is extremely well suited to the cosiness of cocooning.

Figure 4: Lovi – Flat-packed wooden sea turtle figurine in plastic-free consumer packaging

Source: Lovi @ YouTube

‘Home sweet home’ is an ongoing trend, and the underlying need to connect with one’s fellow human beings and feel secure in one’s own home are deep-seated drivers. Decorative objects take a central place in this theme, making the product group a lasting but competitive market segment.

From functional to decorative

Playfulness is a powerful form of escapism, distracting consumers from worries in their daily lives. This can be a particularly pressing need in times of crisis, as was the case during the COVID-19 pandemic. One common way for European consumers to express this need in their interior spaces is by buying functional objects with decorative designs.

Examples include:

- Door handles shaped like birds
- Wall hooks in the shape of branches
- A desk tidy/organiser shaped like a ship
- A cable container in the shape of a dog

From decorative to functional

In the same way, European consumers like decorative objects to be functional. They have a rational need for interior products to ‘work’.

For example, figurines can function as:

- Tea lights or candle holders
- Lamps
- Clocks
- Plant pots

As decoration merges with functional areas like cooking, decorative objects become more and more cross-category.

Humour

Decorative objects are also a way to express playfulness and humour. European consumers like fun and light-hearted objects. If done well, humour can be a good way to connect with consumers. However, it is not easy to apply humour, as it is often personal or cultural.

Good options include the use of:

- Quirky shapes
- Parody
- Subtle or risqué (design) jokes

Collecting

There is perhaps no stronger emotional appeal than objects that are part of a collection. Completing a set and displaying collectables in a special cabinet can provide an additional emotional charge to a decorative object. European consumers like to create their own collections, and they will often try very hard to find missing items through offline and online auctions.

Seasonal decoration

Public and private celebrations can be occasions for displaying decorative objects and presenting them as gifts. Christmas, in particular, is the time of year when European consumers make a real effort to decorate their homes and gardens. During the festive season, consumers usually go to great lengths to decorate their homes with standing or hanging items.

Tips:

Use design to make your decorative objects stand out. This can go any direction, from figurative to abstract, in any material, across all market segments. You can offer your objects as single items or in sets, and you can specialise in decorative objects or include them in a broader offering. A focus on Christmas and specific occasions or target groups (e.g. nursery decoration) can be part of your marketing.

For more information on Christmas-related items, see our studies on nativity sets and Christmas tree decoration.

Develop separate lines of functional products, using your specific materials and techniques. For instance, manufacturers offering wooden figurines can add wooden doorknobs in decorative shapes.

Sustainability: Towards a more sustainable value chain

Both the HDHT industry and consumers as a whole are becoming more concerned about the environmental and social effects of production and consumption. Social and environmental sustainability are quickly becoming central consumer needs, including within the HDHT market. European consumers are increasingly adopting more sustainable lifestyles, and the COVID-19 pandemic boosted this trend. At the same time, the current cost-of-living crisis is driving a need for sustainable products to be affordable.

Especially for younger generations, the pandemic has made it more important for consumers and companies to improve their sustainability. Millennials and Gen Z people 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. Overall, an impressive 86% of all European consumers consider sustainability important or very important, with 29% buying sustainable products deliberately and consciously.

After a slow start, this trend is now influencing decorative objects as well. Decorative objects are often made of non-sustainable composite materials, but environmentally friendly options are becoming more widely available. The fair-trade segment also continues to be strong in this product group. This fits in well with the general trend that most people want significant change to make the world fairer and more sustainable after COVID-19.

Figure 5: WFTO's 10 principles of fair trade

Source: WFTO

Preserving cultural heritage

A renewed interest in culture leads to ethnic influences in decorative objects. Examples include traditional patterns and designs, or actual cultural objects (e.g. Japanese Kokeshi good-luck dolls). The fair-trade segment offers decorative objects close to the traditional designs of particular ethnic groups (e.g. African statuettes or masks).

Figure 6: West Elm – Artisan traditions and craft techniques

Source: West Elm @ YouTube

Decorative objects related to cultural occasions and celebrations (e.g. Easter) are also popular. An example is the traditional Peruvian retablo, a piece of folk art in the form of a colourful box depicting religious, historical or everyday events with the help of handmade figurines in a traditional setting.

Tips:

- Use sustainable solutions for raw materials, production, transport and distribution, consumer use and waste disposal. Slow down the lifecycle of your items by offering designs that are more timeless and less based on short-lived trends. Creating collectables also gives them a longer lifespan.
- Add a touch of your local context or culture to your decorative objects. However, be aware that the more ethnic your items, the more niche they will be.
- Clearly communicate your sustainable values through your marketing materials. 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, as well as to that of your importer.
- If your importer is interested, consider certification options (e.g. fair trade or BSCI compliance). For more information, see our studies on market entry for decorative objects[CM2] and buyer requirements for HDHT.
- See our special study on sustainability in HDHT for more information, as well as our webinar on sustainability in the European HDHT market.

Example company:

Peru’s Casa del Retablo is completely committed to preserving the region’s unique cultural heritage: that of the famous Ayacucho *retablo*. This is a portable altar in the form of a box with two doors, which hide a colourful, often unusual religious scene represented by tiny figurines and objects. *Retablos* are on display in museums across the world.

Casa del Retablo is trying to preserve the tradition and craftmanship of this folk art by offering *retablos* that can be traditional (religious/spiritual) or depict scenes of everyday Peruvian life (e.g. street scenes and musical groups). Consumers like them for their expressive and colourful style. Each piece is made by hand and reflects the specific style and imagination of the maker. Casa del Retablo also offers a broader collection of products for the home based on the same folk tradition. The company caters to both an exclusive international market and a domestic tourist market, in addition to managing a museum.

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