

Entering the European market for decorative lighting

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The European market for decorative lighting offers opportunities, but the competition is strong. Low-cost mass production from China dominates the lower ends of the market, so the mid-end to high-end segments are your best option. To appeal to consumers in these segments, you should focus on design, craftsmanship, sustainability and the story behind your lighting. The most interesting trade channels for you are importers/wholesalers and importing retailers. You must meet the mandatory legal requirements, as well as any additional requirements your buyers may have.

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1. What requirements and certifications must decorative lighting meet to be allowed on the European market?

The following requirements apply to lighting in the European market. For a more detailed overview, see our study on [buyer requirements for Home Decorations and Home Textiles \(HDHT\)](#).

What are the mandatory requirements?

When exporting to Europe, you must meet the following legal requirements:

- General Product Safety Directive;
- Restricted chemicals: REACH;
- Packaging legislation;
- Intellectual property rights.

Other legislation may also apply, depending on your specific product. Examples are:

- Textile Regulation;
- CE marking;
- Waste Electrical and Electronic Equipment Directive.

General Product Safety Directive

Europe's [General Product Safety Directive](#) (2001/95/EC) is a framework legislation. It states 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 Unsafe products are rejected at the European border or withdrawn from the market.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 this new regulation is approved, it 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 your common sense to ensure that normal use of your product does not cause any danger.

Read the [Safety Gate alerts](#) for lighting to find out what the possible dangers are.

Restricted chemicals: REACH

The [REACH](#) regulation (EC 1907/2006) lists the chemicals that are restricted in products that are marketed in Europe. The relevant restrictions for lighting depend on the materials you use.

For example, REACH restricts the use of:

- Some azo dyes often used in textiles;
- Lead in paints and ceramic glazes;
- Arsenic and creosotes used as wood preservatives;
- Flame retardants, such as TRIS, TEPA and PBB.

Tips:

Make sure you meet the [REACH](#) restrictions.

Check the [Access2Markets](#) platform to make sure that you are aware of the full list of substances that are restricted in products marketed in Europe.

For information and tips from the European Chemical Agency (ECHA), see [REACH Annex XVII](#) (a list of all restricted chemicals), [information for non-EU companies](#) and [questions & answers](#).

Packaging legislation

The EU's [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 use less packaging and/or to use sustainable materials.

The EU's [Circular Economy Action Plan](#) states that packaging is the sector that uses the most resources. It also states that packaging has a high potential for circularity. By 2030, all packaging on the EU market should be reusable or recyclable in an economically viable way. To help achieve this, experts are preparing a new Packaging and Packaging Waste Regulation (PPWR).

Europe also has [requirements for the wood packaging material and dunnage](#) (WPM) used for transport, such as packing cases and pallets. The goal of these requirements is to stop organisms that are harmful to plants or plant products from entering the EU and spreading.

Tips:

For more information, see the EU's [packaging and packaging waste legislation](#) and [wood packaging material factsheet](#).

Stay up to date on the [proposal for a new regulation](#).

Intellectual property rights

When you develop lighting for the European market, you must make sure that you do not copy an existing design. [Intellectual property \(IP\) is protected in Europe](#), and products that violate IP rights are banned from the market. In November 2020, the European Commission adopted a new [IP action plan](#). The goal of this plan is to give European companies easier access to fast, effective and affordable protection tools.

Tips:

For more information, see the [European Union Intellectual Property Office \(EUIPO\)](#) and the [World Intellectual Property Office \(WIPO\)](#).

Keep track of developments in Europe via the [state-of-play of the implementation of the key actions](#) mentioned in the 2020 IP action plan.

Textile Regulation

The European [Textile Regulation](#) (1007/2011) states that textile products must be labelled or marked so that consumers know what they are buying. The regulation applies to all products that contain at least 80% (by weight) textile fibres. These products must have a label that states their full fibre composition. If applicable, it must also state the presence of non-textile parts of animal origin. The label must be durable, legible, visible and accessible. It must be printed in all the official national languages of the European countries the product is sold in.

Tips:

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

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

Legislation for electrical products

CE marking

The [European Conformity \(CE\) mark](#) indicates that a product meets high safety, health and environmental protection requirements. However, it does not indicate that a product has been approved as safe. CE marking is compulsory for products covered by the [New Approach Directives](#), including lighting.

Importers who import products from non-EU countries must ensure that the products comply fully with all EU safety, health and environmental protection requirements. They must also provide the necessary [technical documentation](#) and a [Declaration of Conformity](#) to confirm compliance.

Electrical lighting products must conform to the following New Approach Directives:

- [Low Voltage Directive \(LVD, 2014/35/EU\)](#);
- [Electromagnetic Compatibility \(EMC\) Directive \(2014/30/EU\)](#);
- [Restriction of Hazardous Substances \(RoHS\) Directive \(2011/65/EU\)](#).

Standards such as [EN60598](#) (LVD) and [EN63000](#) (RoHS) can help you meet the requirements of these directives.

Waste Electrical and Electronic Equipment

The [Waste of Electrical and Electronic Equipment \(WEEE\) Directive \(2012/19/EU\)](#) promotes the collection, treatment and recycling of electrical and electronic equipment (EEE) at the end of their life. These products must get the [WEEE label](#), including lamps. RoHS also promotes the recyclability of EEE, by restricting the use of hazardous substances such as heavy metals and flame retardants that have safer alternatives. This directive is included in the CE marking requirements.

Tips:

To get CE marking for your products, follow the steps outlined in [CE marking for manufacturers](#).

Study the [LVD](#) and the [EMC](#), [RoHS](#) and [WEEE](#) directives and related standards to find out which requirements your lighting product must meet.

Read the most recent [WEEE evaluation](#) and [RoHS review](#).

Cooperate with your buyer on the technical documentation and Declaration of Conformity. Discuss whether they require a third-party conformity assessment. If they do, agree on who is responsible for the costs.

What additional requirements do buyers often have?

Buyers often have additional requirements relating to sustainability, crystalline silica, labelling and packaging, and payment and delivery terms.

Be more sustainable

Social and environmental sustainability are becoming more and more common requirements in the European HDHT market. Environmental sustainability focuses on the impact your company has on the environment. For example, how sustainable are your raw materials and production processes? You can use renewable and sustainably produced natural materials and dyes to minimise the negative impact your company has on the environment.

Social sustainability focuses on the impact your company has on the wellbeing of your workers and the

community. Key topics include fair wages and safe working conditions.

You can highlight your sustainable activities and policies in the “story” behind your product and company. Buyers appreciate good storytelling because it helps their customers to develop an emotional connection with your products.

Consumers value sustainability

The increasing importance of sustainability is shown in a recent Maison et Objet Barometer. [62% of HDHT retailers said they have noticed that their customers are becoming more interested in ethical products.](#) They indicate that 92% of their customers think natural materials are important or very important, 77% value socially responsible production methods, and 71% care about recyclable/recycled materials.

A growing number of European buyers will expect 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. You can self-assess your sustainable performance and share it on the [Sedex platform](#).

You can learn about sustainable options by studying standards such as [ISO 14001](#) and [SA 8000](#). However, be aware that only niche market buyers demand compliance with such standards.

Avoid greenwashing - be honest about your sustainability

It is very important to be honest about your sustainability. Buyers and consumers must be able to trust you. Unfortunately, companies often pretend to be doing more for the environment than they really are. This is called greenwashing. In a recent European screening of websites, [many green claims appeared to be exaggerated, false or deceptive](#). This explains why [Europeans do not have much faith in sustainability claims](#).

Sources that can help you communicate your sustainable performance honestly and effectively include:

- The [guidelines on sustainability claims](#) published by the Netherlands Authority for Consumers and Markets;
- The [guidance for businesses on making environmental claims](#) published by the British Competition and Markets Authority.

Tips:

Optimise your sustainability performance. Study the issues referred to in initiatives such as [BSCI](#) and [ETI](#) to learn what to focus on.

If you can present your sustainability performance, this may give you a competitive advantage. You can use self-assessments like the [BSCI Producer Self-Assessment](#) 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 any negative impacts of their activities on human rights and the environment. It then requires them to prevent, end, or reduce those negative impacts.

Handle crystalline silica with care

[Respirable Crystalline Silica](#) (RCS) can cause lung cancer if you inhale it. The ceramics industry uses crystalline silica in the form of quartz and cristobalite. If you work with ceramics, you should be aware that European buyers care about worker safety and may demand that you handle crystalline silica responsibly in ceramics production.

Tip:

See the [European Network on Silica](#) for access to materials such as a [Good Practice Guide](#).

Label products and packaging correctly

The information on the outer packaging should match the packing list sent to the importer.

Outer packaging labels should include the:

- Producer's name;
- Consignee's name;
- 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 information is part of the order specifications. In Europe, [EAN or barcodes](#) are commonly used on the product label.

Package your products properly

Importer specifications

You should pack lighting 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. The packaging should stop the items inside a cardboard box from damaging

each other. It should also prevent damage to the boxes when they are stacked inside the container. That is why packaging usually consists of outer and inner cardboard boxes. The inner boxes are filled with protective materials or corrugated cardboard partitioning.

Dimensions and weight

Packaging must be easy to handle. It should not be too big or too heavy. Packaging standards are often related to the labour regulations at the point of destination. The buyer needs to tell you which standards apply.

Cost reduction

Boxes are usually palletised for air or sea transport. You need to maximise pallet space. Nesting, stacking and flat packing can reduce costs. Consider this when designing your products.

Packaging should provide maximum protection, but you should avoid using excess materials or shipping 'air'. It costs buyers money to dispose of the waste.

You can reduce the quantity and diversity of packing materials by:

- Placing partitioning inside the cartons, using folded cardboard;
- Matching inner and outer boxes by using standard sizes;
- Taking packing and logistical requirements into account when designing your products;
- Asking your buyer about alternatives.

Material

More and more importers are banning wooden crating and packaging. Economical and sustainable packaging materials are becoming more popular. Using biodegradable materials can be a market opportunity. Some buyers may even require it.

Consumer packaging

At retail level, lighting is usually displayed unpacked. Consumer packaging often consists of a carton box, with a picture of the lamp and general information on the outside. A gift box can add value, especially in the higher mid-end to high-end segments. You can usually develop gift packaging in close cooperation with your buyer. Showing your buyer what kind of gift packaging you can offer will make you more interesting as a partner.

Tips:

Always ask for the importer's order specifications, including their packaging and labelling requirements.

See [Packaging Europe](#) for more information on the latest packaging developments, including updates about biodegradable packaging.

Agree payment and delivery terms with your buyer

The order contract usually specifies the payment terms you have agreed with the buyer. Order contracts vary from buyer to buyer, depending on 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. HDHT importers generally prefer Free On Board (FOB) or Free Carrier (FCA) arrangements.

Tips:

See our [tips 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.

See our study on [terms & conditions](#) for a more detailed overview. This document also explains how to work with terms and conditions and what the benefits are of having your own terms and conditions.

What are the requirements for niche markets?

The most common requirements for niche markets are fair trade practices and sustainability certification.

Fair trade

Fair trade means supporting fair pricing and improved social conditions for producers and their communities. Fair trade certification can give you a competitive advantage, especially if the production of your items is labour intensive. This certification is often also linked to environmental sustainability.

2 organisations that regularly issue fair trade certifications are the [World Fair Trade Organisation](#) (WFTO) and [Fair For Life](#). Most fair trade-oriented buyers in Europe do not require certification. They will be satisfied if you comply with the WFTO's [10 principles of fair trade](#).

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 the WFTO's [principles](#). Carefully document your company processes so that you can support your story.

Check the ITC Standards Map database for more information on [Fair for Life](#).

Sustainability certification per material

Depending on the material you use for your lighting products, you can apply for certifications such as:

- Wood or paper: [FSC](#) and [PEFC](#) chain of custody certification;
- Recycled wood or paper: [FSC Recycled](#) label;
- Textiles: [GOTS](#) (organic) and [OEKO-TEX](#) Standard 100 certification.

See an example here: [Kovac Family – FSC-certified foldable flat-pack lamp](#)

Tips:

For wood or paper, see the [5 steps towards FSC certification](#) and/or [how to become PEFC Certified](#).

For textiles, check the possibility of sourcing certified organic cotton yarn or fabric instead of applying for your own certification.

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

2. Through what channels can you get decorative lighting on the European market?

Lighting is put on the market through the traditional channels. Either importers/wholesalers supply to retailers or retailers buy directly from suppliers. There are different segments. The mid-end to high-end segment offers you the most opportunities.

How is the end-market segmented?

The market for lighting consists of low-end, mid-end and high-end (premium) market segments.

Figure 1: Lighting market segmentation in Europe



Source: Globally Cool, GO! Good Opportunity & Remco Kemper

Low-end market

The low-end market focuses on functionality, simpler designs and cheaper materials, at relatively low prices. This means that there is limited room to add value. Typical retailers include general department stores like [HEMA](#) and [Action](#). Competing with the often mass-produced items in this segment is difficult. The mid-end and higher-end markets offer you the most opportunities.

Mid-end market

In the mid-end market, there is more emphasis on design, material and finish. Lighting for this segment is trendier but prices are still accessible. [Zara Home](#) and [Habitat](#) are examples of players in the mid-end. Sustainability, handmade craftsmanship and products with a story play a role in this segment, especially at the higher end. Consumers in this mid-end market are a little less focussed on price and more focussed on expressing their identity.

See an example here: [The Secret of Ogimi – handmade rattan pendant lampshades](#)

Source: [The Secret of Ogimi @Instagram](#)

High-end/premium market

In the high-end/premium market, lighting is characterised by high-quality design, craftsmanship and brand names. High-end lighting can be an eye-catching home accessory. Luxury department stores such as Harrods

and specialised lighting stores play an important role in this segment. Classic lighting designs from the 20th century are still well represented in this segment.

Through what channels does decorative lighting end up on the end market?

The channels through which lighting is put on the market follow the traditional HDHT patterns.

Importers/wholesalers import the products and supply them to retailers. Larger retail chains often bypass the importers/wholesalers and import products themselves. Recently, 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 lighting in Europe



Source: Globally Cool, GO! Good Opportunity & Remco Kemper

Importers/wholesalers

Importers/wholesalers sell products to retailers in their own country or region, or re-export across Europe. This means that some European markets are supplied by wholesalers/importers from other European countries. This is referred to as 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 importers/wholesalers.

The importers/wholesalers handle the import procedures. They take ownership of the goods when they buy them from you and take on the risk of the onward sale of the products. If you develop a long-term relationship with importers/wholesalers, this 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. Some retailers are large and are part of a chain. Others are small and independent. Larger retail chains often import directly from their suppliers in developing countries. Many even have their own buying offices in developing countries. 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, furniture and lighting.

Buying agents, buying houses and sales agents

When doing business with European buyers, you may encounter several types of intermediaries. In your own country there may be buying houses. In Europe, there are both buying agents and sales agents.

- European buying agents represent European buyers in sourcing countries. They act as intermediaries, meaning that they do not import products themselves. Some buying agents have a specific, 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. These services can range 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 usually 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 has grown in recent years. It became particularly popular during the pandemic, which forced consumers to buy their HDHT products online. The best way for you to benefit from this trend is to supply to a European wholesaler or retailer with a strong online presence. For most producers, this is not a separate channel. 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. The Dutch consumer association *Consumentenbond* has identified another problem: since [new EU VAT rules](#) were introduced in July 2021, [Dutch consumers have started buying less from non-EU web shops](#). This makes direct online sales even less attractive for you.

Tips:

To find potential buyers, search the list of exhibitors and/or attend the main trade fairs in Europe online: [Ambiente](#) (February) in Frankfurt and [Maison et Objet](#) (January and September) in Paris.

Read 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?

The most interesting trade channels for you are importers/wholesalers and importing retailers.

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. They generally prefer Free on Board (FOB) or Free Carrier (FCA) Incoterms.

Figure 3: Incoterms



Source: Globally Cool, GO! Good Opportunity & Remco Kemper

More and more large retailers are now importing for 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 fight very hard with you during negotiations

because they want to keep prices as low as possible. Price is a bit less sensitive in the mid-end segment, so the mid-end segment offers you better opportunities. Large retailers may prefer Cost Insurance Freight (CIF) Incoterms.

Most smaller, independent retailers still buy most of their products from domestic importers/wholesalers. But independent HDHT retailers are finding it difficult to compete with retail chains. They need to differentiate on value-added service, specialised offers and authenticity. An interesting way for them to do this is by buying directly from producers in developing countries. They usually prefer small order quantities per item, small total order volumes, and delivery to their doorstep via Delivered Duty Paid (DDP) or Delivery At Place (DAP). The likelihood of repeat orders is limited.

The trend of direct sourcing is expected to continue and may create more opportunities for you. The pool of buyers will grow if more retailers become importers. This could improve your bargaining position. Importing retailers order for their own shops. This means that they can place orders much more quickly than some importers/wholesalers, who may need to show samples to their retailers before ordering. You need to calculate whether trading directly with smaller retailers is cost-effective for you.

Tips:

Consider targeting retailers directly to improve your bargaining position. This may also help you to close deals faster.

Make sure that your offer and terms are appropriate for 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, prepare a policy before you participate in international trade fairs. You will need appropriate terms of trading, such as low minimum order quantities or pre-stocking.

3. What competition do you face on the European decorative lighting market?

China supplies more than half of Europe's lighting imports. Most Chinese producers provide mass-produced lighting for the lower-end segments. Instead of competing with them, your best opportunities are in the mid-end to high-end market. There, you will be competing with manufacturers from countries such as Poland and India.

China is by far Europe's leading lighting supplier. It provides 51% of the imports. Germany follows with 10%. Italy (5.2%), Austria (4.9%), Poland (4.4%) and Spain (2.8%) are next on the list.

Re-exporters or producers

Different European countries have different roles in the HDHT market. Some are mainly importers and others are mainly manufacturers. Western European countries are mainly importers. Most Western European importers are re-exporters. They do not just sell their products in their own country. They also distribute them across the continent.

Most European production takes place in Eastern Europe, where transport and labour costs are relatively low. 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.

Which countries are you competing with?

China dominates the lower-end segments. Your best opportunities are in the mid-end to high-end market, where you will be competing with manufacturers from countries such as Poland and India.

Source: UN Comtrade

China dominates the lower-end market

Chinese lighting exports to Europe rose fast in 2021. They grew from €3.7 billion in 2017 to €4.4 billion in 2021, at an average annual rate (CAGR) of 6.9%. China may be especially dominant in these statistics because they include electrical products, which China specialises in.

China is a competitive supplier because of its low-cost workforce, availability of raw materials, and efficient shipping to Europe compared to other Asian countries. However, rising labour costs in the last 10 years have affected China's price competitiveness. In the coming years, China's trade war with the United States and other disruptions may affect the country's exports. European importers also want to become less dependent on China as a single supplier. This could benefit companies from other developing countries, like you.

Product development and creativity are not China's core strengths, so Chinese producers mainly supply the lower ends of the market with low-priced products. To avoid having to compete with Chinese suppliers on costs, you should stay away from mass-produced lighting. Focus more on design, craftsmanship, sustainability, and the story behind your product. This will allow you to enter the mid-end to high-end market, where your best opportunities are.

Poland is strengthening its position as a regional supplier

Polish lighting exports to other European countries grew from €233 million in 2017 to €374 million in 2021, with a CAGR of 13% per year. About a third of this was exported to Germany, Poland's direct European neighbour and an important trade hub.

As an Eastern-European country, Poland benefits from being located close 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. Polish 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 Polish suppliers, 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.

India is struggling to keep its market share

India's lighting exports to Europe were already declining before the pandemic. A rebound in 2021 led to a small increase from €77 million in 2017 to €78 million in 2021, with a CAGR of 0.4%. As a result, the country's direct import market share declined from 1.1% to 0.9%.

India could be well-positioned to take a bigger share of the market because its skilled labour and transportation are relatively cheap. Also, 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. And India is becoming better and better at offering an effective combination of handmade and mechanised craftsmanship. This can help the country to act as an alternative to China for importers who want to diversify.

Serbia is focussing on German-speaking markets

Serbia is an emerging supplier from Eastern Europe, classified as a developing country with an upper middle income. Like Poland, Serbia can benefit from its location close to the Western-European markets and its relatively low-cost production opportunities. The country's lighting exports to other European countries have grown fast in recent years. They increased from €4.2 million in 2017 to €74 million in 2021, with an impressive CAGR of 105%. This means that Serbia's direct import market share grew from 0.1% to 0.9%

Almost all of these exports were destined for the so-called DACH countries – Germany (16%), Austria (64%) and Switzerland (14%). Serbia's trade relations with these countries have been strong for years.

Turkey also benefits from being close to Europe

Like Poland and Serbia, Turkey also has the advantage of being located close to the European market. Its lighting exports to Europe grew from €28 million in 2017 to €44 million in 2021, with a CAGR of 12%. This resulted in a direct import market share of 0.5%.

Turkey is still a relative newcomer to the lighting market. It is still exploring whether its main focus should be on price/volume or on design value. Some of Turkey's glass producers are also venturing into lighting. To compete, you should focus on your own unique strengths and occupy the right niches before others do.

Vietnam is another low-cost producer

Between 2017 and 2021, Vietnamese lighting exports to Europe nearly doubled from €16 million to €30 million. This included a strong growth of 24% in 2020, resulting in an overall CAGR of 18%. This means that Vietnam's direct import market share grew from 0.2% to 0.3%.

Like producers from China, Vietnamese suppliers are very productive and can produce at low cost. They generally understand what is commercial/trendy and have broad access to natural and recycled raw materials. Vietnamese suppliers effectively combine handmade and mechanised production and can serve a wide range of lower-end and mid-end markets. This makes them a potential alternative to this type of supplier from China.

Which companies are you competing with?

In the mid-end to high-end segments, you are competing with companies that excel in aspects such as sustainability, craftsmanship, design and/or storytelling. The companies outlined below are good examples.

Duc Phong Co., Vietnam

Duc Phong Co. specialises in handmade bamboo lampshades. The company sources bamboo locally from smallholder groups in Nghe An. This partnership was facilitated by the [FLOURISH](#) project, an initiative of the [Regional Community Forestry Training Center for Asia and the Pacific](#) (RECOFTC). Working together with local government and businesses, the project aimed to combat climate change and restore degraded forests. The goal of the project was to improve the wellbeing of forest communities, especially ethnic minorities.

Figure 5: RECOFTC – the FLOURISH initiative in Vietnam's Nghe An province

Source: [RECOFTC @ YouTube](#)

As part of FLOURISH, RECOFTC and Duc Phong Co. trained 121 smallholders in Lung bamboo forest management and primary processing techniques. About 360 local community members have benefitted directly, including people from the local ethnic Thai minority. Their incomes have increased significantly, and sustainable practices have improved the quality and availability of Lung bamboo.

Arte Cebuana, Philippines

The Philippines has a good reputation for product design. The lighting fixtures produced by [Arte Cebuana](#) are a good example. Arte Cebuana produces several types of lighting, ranging from pendant lights to floor lamps and tabletop lamps. The company focuses on the EU and Japan as its markets. They use locally available sustainable materials like rattan, raffia and lampakanay. In the production of their collection, Arte Cebuana provides work for rural families.

Atisan, Germany & Indonesia

[Atisan](#) sells handmade home products made from natural materials, focusing on both environmental and social sustainability. The company uses fast-growing materials, some of which were originally considered weeds, by-products, or waste. atisan's minimalistic designs are characterised by organic shapes, clean lines and natural colours. They co-create these designs with their partners in countries such as Ethiopia, Indonesia and Nepal. Their artisans use traditional techniques which have been passed down from generation to generation.

See an example here: [artisan – ethically made linen and rattan pendant lampshade](#)

Source: [artisan @ Instagram](#)

Their lampshades are ethically produced by a small family business in Indonesia, from materials like rattan and linen. The artisans use natural dyes and glues.

Which products are you competing with?

Most competition for lighting comes from within the lighting category and can be fierce. Competition for lampshades and bases/frames is mainly based on consumers' material and design preferences. Lighting specialists in the mid-end segments compete with 'one-stop-shopping' suppliers that have a broader, more lifestyle-oriented offer. However, importers often prefer specialists that can meet the high legal and design requirements in this industry.

Tips:

Compare your products and company to the competition. You can use the [ITC Trade Map](#) to find exporters per country and compare by 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 decorative lighting on the European market?

Prices for lighting vary across market segments, ranging from low-end to high-end. After adding logistics costs, wholesaler and retail margins, and Value Added Tax (VAT), European consumer prices amount to about 4.0 to 6.5 times your selling price.

Table 1 gives an overview of the prices of types of lighting in the low-end, mid-end and high-end market segments. Be aware that these are just an indication. Prices for lighting vary depending on technique, size, material, design, brand, and other ways of value addition.

Table 1: Indicative consumer prices of decorative lighting in Europe

	Low-end	Mid-end	High-end / premium
Table lamps	Up to €45	€45 to €200	€200 and over
Lampshades	Up to €60	€60 to €250	€250 and over

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

Figure 6: Marketing mix – the 4 Ps



Source: Globally Cool, GO! Good Opportunity & Remco Kemper

The European consumer price of your lighting is about 4.0 to 6.5 times your [FOB](#) price. FOB prices depend on energy, labour and transport costs, but also on the availability and cost of raw materials. Occasional cost increases are not passed on directly to the consumer, so they put pressure on the margins of exporters,

importers and retailers. However, recent disruptions have resulted in longer-term cost increases. This continuing pressure has forced many retailers to raise their consumer prices. Now that costs like shipping rates are dropping again, consumer prices may also drop.

Consumer prices generally consist of:

- Your FOB price;
- Shipping, import and handling costs;
- Wholesaler margins;
- Retail margins; and
- VAT – this varies per country but is about 20% on average.

Figure 7: Price breakdown indication for lighting in the supply chain



Source: Globally Cool, GO! Good Opportunity & 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. Margins in the lower segment, which deals with high volumes for low prices, are generally smaller than those in the middle and higher segments.

Some examples of lighting prices across Europe are:

- Bamboo table lamp, [Action](#), €9.95;
- Jute lampshade, [HKliving](#), €74.95;
- Fairtrade handwoven paper lampshade with brass ring, [Mifuko](#), €143.

Tips:

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

Calculate your prices regularly and carefully, especially if the prices of your raw materials fluctuate. When raw material prices put pressure on 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 on behalf of CBI.

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