

# Entering the European market for decorative objects

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The European market for decorative objects offers opportunities, but competition is strong. The middle to high-end segments offer the most opportunities. In the middle market, decorative objects blend in with the general style of the home. At the higher end, they stand out and function as eye-catchers. Special techniques and designs, the story behind your product, and your sustainable values can add value. You must also comply with mandatory legal requirements, as well as any additional requirements your buyers may have.

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## 1. What requirements must decorative objects comply with to be allowed on the European market?

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

### What are mandatory requirements?

When exporting to Europe, you have to comply with the following legal requirements:

- General Product Safety Directive
- General Product Safety Directive/General Product Safety Regulation
- Restricted chemicals: REACH
- Packaging legislation
- Intellectual property rights

### General Product Safety Directive/General Product Safety Regulation

According to the [General Product Safety Directive](#) (GPSD, 2001/95/EC), all non-food products marketed in the European Union (EU) must be safe to use. In April 2023, the [European Council adopted a new regulation](#) to replace the GPSD. This [General Product Safety Regulation](#) (GPSR, EU 2023/988) will ensure that products in the EU comply with the highest safety requirements, regardless of whether they are sold online or in traditional shops. It came into force in June 2023, and it will apply from December 2024 onwards.

Unsafe products are rejected at the European border or withdrawn from the market.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.

## Tips:

Read more about the [General Product Safety Directive](#) and the new [General Product Safety Regulation](#).

Be sure that you are in compliance with the new General Product Safety Regulation by December 2024.

Use your common sense to ensure that normal use of your product does not cause any danger.

Search the [Safety Gate alerts](#) for decorative objects to get an idea of 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 decorative objects include:

- Lead in paints and glazing for ceramics
- Arsenic and creosotes as wood preservatives

## Tips:

Be sure that you are in compliance with the restrictions for the use of chemicals, as specified in [REACH](#).

Become familiar with the full list of restricted substances in products marketed in Europe through the [Access2Markets](#) platform.

Consult various sources for information and tips from the European Chemical Agency (ECHA), including the [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 minimise the use of packaging materials and/or to use sustainable (e.g. recycled) materials.

The EU's [Circular Economy Action Plan](#) identifies packaging as a sector that uses the most resources, with 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, a new [Packaging and Packaging Waste Regulation](#) (PPWR) is being developed.

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

### Tips:

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

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

## Intellectual property rights

When developing products for the European market, you must take care not to copy any existing designs. [Intellectual property \(IP\) is protected in Europe](#), and products that violate IP rights are banned from the market. The European Commission has adopted a new [IP action plan](#), which provides European companies with 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 through the [state-of-play of the implementation of the key actions](#) mentioned in the IP action plan.

## What additional requirements do buyers often have?

Buyers often have additional requirements on the following aspects:

- Sustainability
- Crystalline silica
- Labelling and packaging
- Payment and delivery terms

### Be sustainable (or more sustainable)

Social and environmental sustainability are becoming increasingly common requirements in the European HDHT market. Environmental sustainability focuses on your company's impact on the environment. Aspects include the sustainability of your raw materials and production processes. For example, you could minimise your negative impact by using renewable and sustainably produced natural materials and dyes.

Social sustainability focuses on your company's impact on the well-being of your workers and the community. Issues like fair wages and safe working conditions are key topics.

You can highlight your sustainable activities and policies in the 'story' behind your product and company. Buyers appreciate good storytelling, which helps their customers develop an emotional connection with your products.

## Consumers value sustainability

The increasing importance of sustainability is reflected in a recent Maison & Objet Barometer, in which [62% of responding HDHT retailers reporting noticing a growing interest in ethical products](#) amongst their customers. The survey further indicates that 92% of their customers consider natural materials important or very important, with 77% valuing socially responsible production methods and 71% caring 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. The ETI aims to improve the working conditions in global supply chains through its [ETI Base Code of labour practice](#).
- [Sedex](#): A membership organisation striving to improve working conditions in global sourcing chains. The [Sedex platform](#) allows you to share your sustainable performance, based on a self-assessment.

Various standards (e.g. [ISO 14001](#) and [SA 8000](#)) provide information on options for sustainability. Note, however, that only niche-market buyers demand compliance with such standards.

## Avoid greenwashing - Be honest about your sustainability

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

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

- [Guidelines regarding sustainability claims](#) by the Netherlands Authority for Consumers and Markets
- [Guidance for businesses on making environmental claims](#) by the British Competition and Markets Authority

## Tips:

Optimise your sustainability performance. Study the issues included various initiatives (e.g. [BSCI](#) and [ETI](#)) to learn what you should focus on.

If you can are able to demonstrate your sustainability performance, this could give you a competitive advantage. To do this, you could use self-assessments (e.g. through the [Sedex platform](#)) or codes of conduct (e.g. the [ETI base code](#) of labour practices).

For more information, see our special study on [sustainability in HDHT](#) and our webinar on [sustainability in the European HDHT market](#).

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, to prevent, eliminate or reduce the negative impacts of their activities on human rights and the environment.

## Handle crystalline silica with care

**Respirable crystalline silica** (RCS) can cause lung cancer through inhalation. In the ceramics industry, crystalline silica is used primarily 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 proper handling of crystalline silica during production.

### Tip:

See the [European Network on Silica](#) for access to various materials, including 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 following:

- Producer name
- Consignee name
- Quantity
- Size
- Volume
- Caution symbols

Buyers will specify the information they need on product labels or items (e.g. logos or 'made in...' information). This will be part of the order specifications. In Europe, [EAN or barcodes](#) are commonly used on product labels.

## Package your products properly

Packaging decorative items for export can be difficult. They are often fragile and do not easily fit into boxes for flat-packing. This can lead to transport damage or high transport costs, more so than with other home decoration products. Exporters of decorative objects are often very experienced in this regard, usually through trial and error. Consider transport needs when designing your decorative objects.

## Importer specifications

You should pack decorative objects according to the instructions of importers, who have their own specific requirements for packaging materials, filling boxes, palletisation and stowing containers. Always ask for the importer's order specifications. They will be part of the purchase order.

## Damage prevention

Proper packaging minimises the risk of damage caused by shocks. The way in which an item should be packaged for export depends on how easily it can be damaged. Packaging should ensure the items inside a cardboard box cannot damage each other. It should also prevent damage to the boxes when they are stacked inside the container. In most cases, therefore, packaging consists of inner and outer cardboard boxes. The inner boxes are filled with protective materials or clever partitioning with corrugated cardboard.

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

## Dimensions and weight

Packaging must be easy to handle in terms of size and weight. Standards are often related to labour regulations at the point of destination, and they must be specified by the buyer.

## Cost reduction

Boxes are usually palletised for air or sea transport, and you should maximise the use of pallet space. Nesting or stacking can reduce costs. Consider this when designing your products.

Although packaging should provide maximum protection, you should also avoid using excess materials or shipping 'air'. Waste removal is a cost to buyers.

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

- Using folded cardboard to create partitions inside the cartons
- Using standard sizes to match inner and outer boxes
- Considering packing and logistical requirements when designing your products
- Asking your buyers for alternatives

## Material

Importers are increasingly banning wooden crating and packaging. Economical and sustainable packaging materials are more popular. The use of biodegradable materials can be a market opportunity, and some buyers may even demand it.

## Consumer packaging

Decorative objects can be attractive gifts. If your buyer uses gift boxes, for example if branding is important, they will either request specific packaging design or take care of that themselves at destination. This generally depends on the cost involved and the quality of packaging you can offer.

### Tips:

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

See [Packaging Europe](#) for more information on the latest packaging developments

## Agree on payment and delivery terms with your buyer

Payment terms are usually agreed on with the buyer in the order contract. These terms vary from buyer to buyer, and they are related to the volume and value of the order, the type of distribution partner, the involvement of an agent and the applicable delivery terms.

Delivery terms (known as [Incoterms](#)) depend on the type of distribution partners and their preferences regarding physical distribution. In general, HDHT importers prefer Free On Board (FOB) or Free Carrier (FCA) arrangements.

### Tips:

See our [tips for organising your exports](#) for more information on payment and delivery terms.

Study the various types of Incoterms, including the rights and obligations of you and your buyers.

See our [study on terms and conditions](#) for a more elaborate overview, as well as information on how to work with them and the benefits of having your own.

## What are the requirements for niche markets?

Fair-trade practices and sustainability certification are the most common niche-market requirements.

### Fair trade

The concept of fair trade supports 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 often includes aspects of environmental sustainability as well.

Common fair-trade certifications are issued by the [World Fair Trade Organization](#) (WFTO) and [Fair for Life](#). For most European buyers who are oriented towards fair trade, however, it is usually sufficient to 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 most suitable for you, and apply for it if you can.

If certification is not feasible, work according to the WFTO [principles](#) without being officially guaranteed or certified. Carefully document your company processes in order to support your story.

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

## Sustainable wood

Certification from the Forest Stewardship Council ([FSC](#)) is the most common label for sustainable wooden

products. The [FSC chain of custody certification](#) guarantees that a product's source material comes from responsibly managed forests. These products are especially popular in Western European markets. Non-timber forest products (e.g. rattan and bamboo) can also be certified.

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

### Tips:

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

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

See the FSC brochure on [the value of FSC for furniture](#).

Read more about [FSC](#) and [PEFC](#) in the ITC Standards Map.

## 2. Through what channels can you bring decorative objects to the European market?

The European market for home decoration is generally segmented into low, middle and high-end (premium) market segments. The items are brought to the market through the traditional channels (e.g. importers/wholesalers supplying to retailers; retailers buying directly from suppliers).

### How is the end market segmented?

Figure 1: Segmentation of the European market for decorative objects



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



## Low-end market

In the low and mid-end segments, decorative objects add to the atmosphere of the home. They respond to trends in colour and theme as stimulated by the industry. Decorative objects in the low-end market segment are inexpensive knickknacks. Examples of retailers in this segment include [IKEA](#) and hypermarkets (e.g. [Carrefour](#)). In terms of volume, this segment is the largest. The mass market is dominated by China, however, which is hard to compete with. Instead, the middle and high-end segments are likely to offer the most opportunities for SMEs from other developing countries.

## Mid-end market

In the mid-end market, decorative objects cater to consumers' need to create a specific, coherent style in the home, such as romantic, baroque or classic. They also play into consumers' desire to follow specific short-term trends, such as putting a wooden goose in your windowsill. Working with natural materials and/or the current colour trends is popular in the mid-end market as well. [Zara Home](#) and online retailer [Wehkamp](#) are well-known players in this segment.

## High-end/premium market

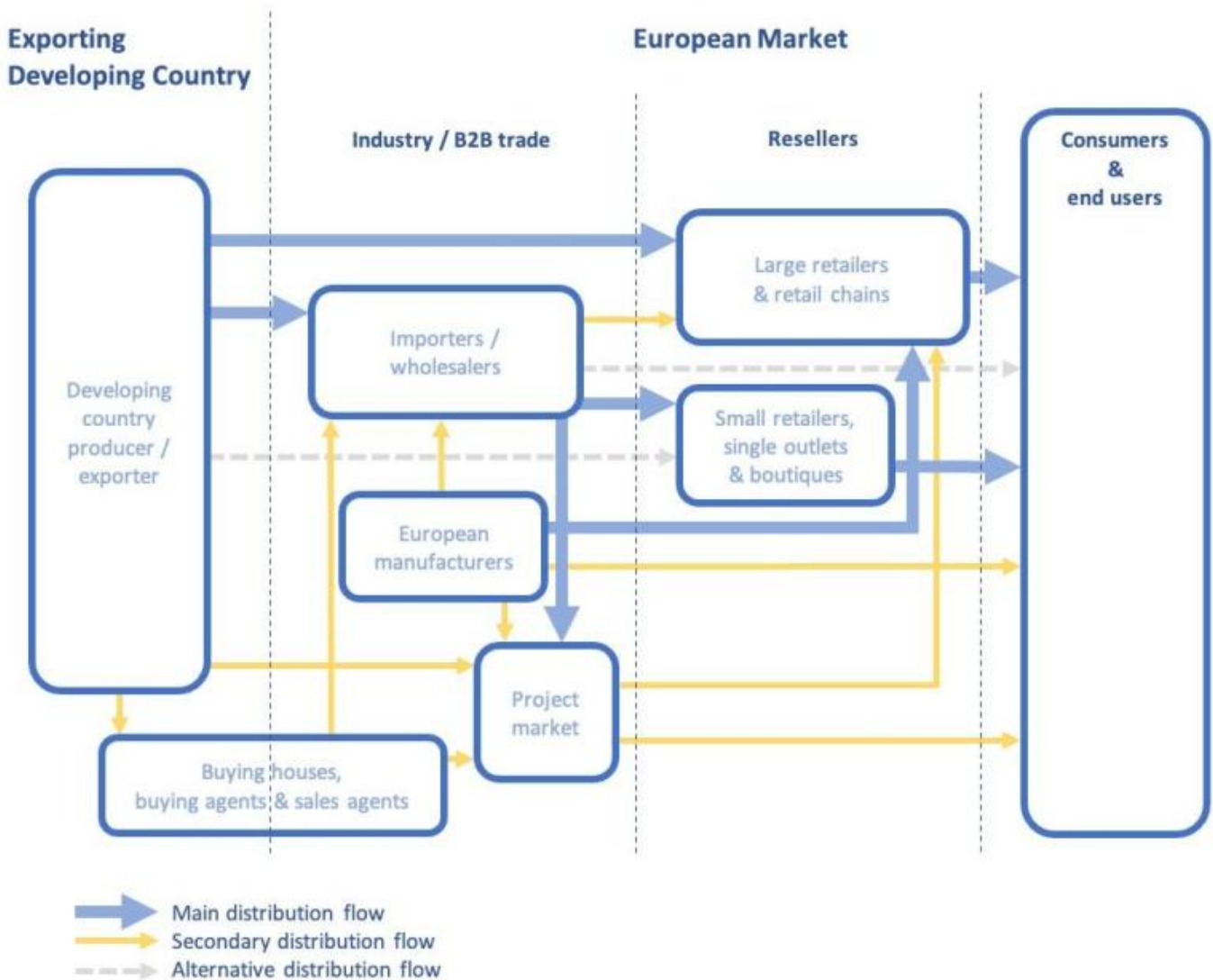
At the higher end of the market, decorative objects stand out rather than blend in, functioning as eye-catchers and talking points. Such items will keep their value and often become collectables. Items at the highest premium level are genuine design pieces that are limited edition objects with a timeless appeal. Luxury brands such as [Meissen](#) and London retailer [Liberty](#) are prime examples of this end of the market.

Whether the mid-end or high-end segment offers you the most opportunities depends on your production efficiency, level of craftsmanship and how well you are able to interpret and follow up the mood boards of buyers.

## Through what channels do decorative objects arrive on the end market?

The channels through which decorative objects are put on the market follow the traditional HDHT patterns: import takes place via importers/wholesalers that supply to retailers. Larger retail chains often bypass the importers/wholesalers and import themselves, and smaller retailers have also started buying directly from their suppliers. In some cases, buying agents are involved.

Figure 2: Trade channels for decorative objects in Europe



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

## Importers/wholesalers

Importers/wholesalers sell products to retailers in their own countries or regions, or they re-export across Europe. Some European markets are therefore supplied by importers/wholesalers from other European countries (internal European trade). Supplying to buyers in the project market (e.g. hotels and spas) can be considered a secondary distribution flow for European importing wholesalers.

Import procedures are handled by importers/wholesalers, who take ownership of the goods when they buy from you (as opposed to agents), thereby assuming the risks associated with the further 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, type of finishing, and quality requirements.

## Importing retailers

Retailers come in many sizes: large and part of a chain, or small and independent. Larger retail chains are particularly likely to import directly from their suppliers in developing countries. Many even have their own buying offices in developing countries. Others — mainly smaller independent stores — order from wholesalers in Europe.

There is a tendency towards consolidation in European retail, with large retail brands 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 are likely to encounter several types of intermediaries when doing business with European buyers:

- European buying agents represent European buyers in sourcing countries. They act as intermediaries, meaning they do not import products themselves. In some cases, their role is more limited (e.g. verifying the quality of products). They can work either individually or as part of a purchasing company.
- Buying houses are comparable to buying agents, but are based in your country and, in most cases, they offer more services. These services can range from the sourcing of raw materials to support in design and sampling.
- European sales agents can help you find European buyers. You should be cautious before entering into agreements with commercial agents, however, as their position is protected by [European legislation](#).

Most agents and buying houses work on commission. They may approach you directly, or your buyers may indicate prefer to use intermediaries. You should nevertheless always try to work directly with your buyers. This will save on commission and allow you to communicate directly with your buyers.

## E-commerce

E-commerce has been growing in recent years. It became particularly popular during the pandemic, which drove consumers to buy their HDHT products online. Your best opportunity for benefiting from this trend is by supplying to European wholesalers or retailers with a strong online presence. For most producers, this is not a separate channel. Although retailers often combine online and offline channels, the manner of supplying is the same for both types of sales. Companies that sell only online must also take stock before they can sell.

### Direct business-to-consumer (B2C) sales

Selling directly to European consumers through your own website can be complicated and costly. You are responsible for many factors, including aftersales obligations and payment systems for consumer use. For most exporters from developing countries, this is not feasible. In addition, according to the Dutch consumer association Consumentenbond, [Dutch consumers tend to buy less from non-EU webshops](#), due to the introduction of [new EU VAT rules](#) in July 2021. This makes direct online sales even less attractive.

### Tips:

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

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

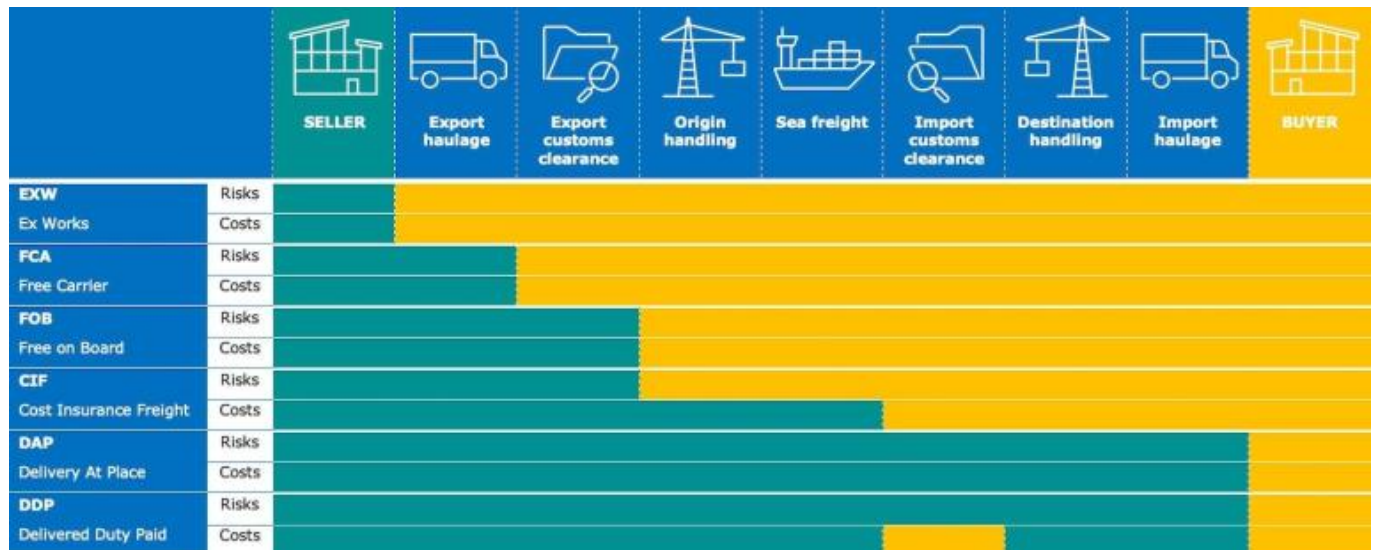
For more information about trading directly with smaller retailers and e-commerce, see our [study on alternative distribution channels](#).

## 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 would like to develop a long-term relationship. Because these importers usually know the European market well, 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

Large retailers are increasingly importing for themselves instead of through importers/wholesalers. The obvious advantages include eliminating the margins of the wholesaler and reducing delivery time to the market. In the lower-end market segments, the self-importing retailers might want to drive a much harder bargain with you, in order to keep prices as low as possible. Because prices are somewhat less sensitive in the middle to high-end segments, however, they are likely to offer the most opportunities.

Smaller, independent retailers continue to buy mainly from domestic importers/wholesalers. As is the case in other sectors, however, independent HDHT retailers struggle to compete with retail chains. They have to differentiate on value-added service, specialised offers and authenticity. One interesting way for them to do so is by buying directly from producers in developing countries. They typically prefer to order small quantities of each item, along with small total order volumes and delivery to their doorstep using Delivered Duty Paid (DDP) or Delivery At Place (DAP). Repeat orders are less likely.

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

### 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). If you are uncertain, ask your

existing buyers how they operate. The better informed you are, the better you will be able to set prices.

Build relationships based on mutual benefits by offering fast delivery and after-sales support or similar services.

If you are interested in selling to small independent retailers, make sure to have a policy for them when you participate in international (European) trade fairs. You should have appropriate terms of trading (e.g. low minimum order quantities or pre-stocking).

### **3. What competition do you face on the European market for decorative objects?**

China is Europe's leading supplier of decorative objects. Many of these supplies consist of mass-produced items for the lower-end segments. Instead of competing with these companies, your best opportunities are in the middle to high-end segments, where you can add value.

China is by far the main supplier of decorative objects to the European market, accounting for 61% of these imports. Germany follows at a distance, with 7.5%, followed by the Netherlands (5.0%), India (4.4%), Vietnam (3.3%) and France (1.8%).

#### **Re-exporters or producers**

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 countries, but distribute them across the continent.

European production takes place primarily in Eastern Europe, largely because of the relatively low cost of transport and labour. 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?**

Source: UN Comtrade

#### **China dominates the market (particularly the lower end)**

China is by far the leading supplier of decorative objects to Europe. Its supplies grew from €1.3 billion in 2018 to €1.9 billion in 2022. The country mainly supplies the lower-end market with low-priced items. This is reflected in the fact it supplies more than two thirds of Europe's total imports of plastic decorative objects, representing about 40% of China's exports. About one quarter of China's exports to Europe are ceramics. The country has become the 'ceramic factory of the world', handling the production of many European brands.

China is a competitive supplier of decorative objects because of its large-scale and highly mechanised production systems, 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 10 years have affected its price competitiveness. In the coming years, [China's trade war with the United States](#) and other disruptions may affect the country's exports. Moreover, European importers are seeking to become less dependent on China as a single supplier. This could benefit companies from other developing countries, like you.

Smaller importers are increasingly looking for second sources in Asia (e.g. India, Vietnam, Indonesia or Thailand). These smaller importers want to diversify their product collections, while simultaneously decreasing their dependence on Chinese suppliers. This also applies to importers whose designs require some handwork. To avoid having to compete with Chinese suppliers on costs, you should make your product offering stand out, and avoid mass-produced objects. Focus more on handmade products, sustainability, natural materials and the story behind your product.

## **India gains market share**

With skilled labour and transport at competitive costs, India is well-positioned to take a larger share of the market. Indian supplies of decorative objects to Europe grew from €88 million in 2018 to €134 million in 2022. This translates to an average annual rate (CAGR) of 11% between 2018 and 2022, resulting in a direct import-market share that grew from 3.9 % to 4.4%. These supplies consist mainly of metal objects.

India has a rich craft culture, with an abundance of producers and easy access to natural materials. This allows them to target higher market segments than those dominated by mass-produced products from China. In addition, India is increasingly offering an effective combination of handmade and more mechanised production techniques. Indian suppliers are increasingly complying with standards related to social and environmental sustainability and investing in relevant certifications and labels.

As it becomes more difficult for buyers to order short runs from China, India is becoming a popular alternative. This is especially the case because European lifestyle buyers have already been sourcing broad HDHT collections from India and are increasingly able to do one-stop shopping.

## **Vietnam is another low-cost producer**

Like suppliers from China, Vietnamese manufacturers are very productive and can produce at low costs. Their exports of decorative objects to Europe grew from €66 million in 2018 to €99 million in 2022, at a CAGR of 11%. With this, the country's direct import-market share increased from 2.9% to 3.3%. Most of these objects are ceramics.

Vietnamese suppliers generally have a good idea of what is commercially successful and trendy. This is because Vietnam's HDHT sector has been active on a professional level for a long time, and as such they have been working with the EU market for decades. They effectively combine handmade and mechanised production and can cater to a wide range of lower and mid-end markets. As such, they have been an effective second-sourcing alternative to suppliers from China for several years now. As a direct result of this, Vietnamese manufacturers are increasingly adopting practices related to social and environmental sustainability.

## **Poland is a regional supplier**

As an Eastern European country, Poland benefits from its geographic proximity to the Western European market, which 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 European consumers and have efficient, well-established production lines. In addition, products that are 'Made in Europe' are increasingly popular. This makes Poland an attractive partner in the trend of second-sourcing away from China.

Poland steadily increased its exports of decorative objects to Europe, until they peaked in 2021. They thus grew

from €42 million in 2018 to €48 million in 2022. This translates to a CAGR of 3.4%, making Poland Europe's eight-largest supplier of decorative objects.

About two fifths of all Polish supplies of decorative objects to the European market are made of plastic. They compete primarily in the more price-sensitive lower and lower-middle ends of the market. Instead, you should focus on the middle, high-end and premium segments by offering natural and sustainable materials, special design value, artisanry and the story behind your product. Make sure you offer a high level of service to build strong, lasting relationships.

### **Indonesia focuses on wooden objects**

Just behind the 10 leading suppliers of decorative objects to the European market, Indonesia is defending its position at number 11. Its exports grew from €28 million in 2018 to €32 million in 2022, at a CAGR of 3.8%. These supplies consist primarily of wooden objects, which probably include a large volume of teak wood (new or reclaimed). Indonesian producers have access to a variety of other natural materials as well, ranging from palm leaves to water hyacinth and several types of grass. Their ability to combine these materials (e.g. by decorating wooden or woven items with shells) is attractive to buyers.

Wages in Indonesia are relatively high for the region. Suppliers must therefore target the middle to high-end markets to be able to compete. They often offer a range of handmade (or other) home decoration made of a particular material. This allows lifestyle buyers to do some convenient one-stop shopping in Indonesia and fill containers with a complete range of accessories, storage and furniture. The logistical structure and business climate in Indonesia are good, making the country easily accessible to European importers.

### **Thailand is a traditional mid-market supplier**

Thailand is well-known for its ceramics, more in stoneware and earthenware than in porcelain, as well as for its artisanry in natural fibres and wood. Most Thai players are small and medium-sized manufacturers, exporting medium-grade products for the mid-end market. Thai manufacturers have nevertheless struggled to innovate, and they have become quite expensive for the country's original customer base. With their rich and varied craft sector, they should be able to reposition to the higher segments of the market.

Thai exports of decorative objects grew from €24 million in 2018 to €27 million in 2022, at a relatively modest CAGR of 2.5%. This makes Thailand Europe's 13<sup>th</sup>-largest supplier of decorative objects.

#### **Tips:**

Compare your products and company to the competition. You can use [ITC Trade Map](#) to find exporters from specific countries. You can compare on market segment, price, quality and target countries.

To stand out from your main competitors, focus on design, craftsmanship, quality and the story behind your products.

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

The following companies are examples of companies that have been successful in the European market for decorative objects.

#### **Undugu Fair Trade Ltd., Kenya**

[Undugu](#) is a social enterprise that targets wholesale and retail multiples. The company provides marketing

support to disadvantaged producers and artisans facing market access challenges, based on fair-trade practices. Its objectives include helping African producers to effectively compete in international markets. Undugu has applied the WFTO's [10 principles of fair trade](#) to achieve WFTO Guaranteed certification.

Figure 5: Sustainability at Undugu

Source: [World Fair Trade Organization Africa & Middle East @ YouTube](#)

The producers and artisans that Undugu works with use resources available in their environment. The company has become known for its decorative objects in the local soapstone, which is unique to Western Kenya. Undugu's all-time classic in soapstone is the '[mother and child](#)' figurine, which has found its way into broad global markets.

### **Everest Fashion, Nepal**

The Nepalese manufacturers [Everest Fashion](#) are well known for their figurines made of felted wool, knitwear or crochet. They are an active participant in [Ambiente](#), and they supply multiple wholesalers and retailers throughout the world. Although their styles are varied, ranging from ethnic to 'cute', importers have consistently chosen them for Christmas decorations.

Figure 6: The story of Everest Fashion



Source: [Everest Fashion @ YouTube](#)

Everest Fashion holds both WFTO Guaranteed and Fair Trade USA certification. The company aims to ‘make a high social impact by creating more job opportunities and empowering individuals with potential without opportunities’, and particularly women. Everest is also mindful of its impact on the environment, and it strives to reduce the use of resources (e.g. energy, water and raw materials) along the entire value chain. Because of its ethical approach, the company is included in Messe Frankfurt’s [Ethical Style Guide](#), which makes it easy for buyers who are looking for sustainable value to source them.

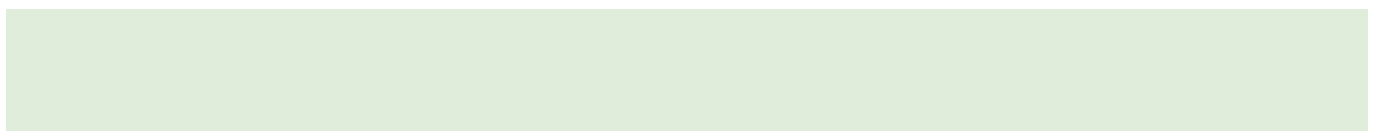
## **Harmoni Kreasi, Indonesia**

[Harmoni Kreasi](#) is based in Yogyakarta, the creative centre of Java’s artisanry. This is evident in the company’s broad use of natural materials for a wide range of items for the home, including decorative figurines and objects. These items are made of a wide variety of materials, including wood, natural fibres, stone and combined materials (in some cases, recycled).

The company demonstrates an awareness of the need to work according to the ‘3 P’s of sustainability’: people, planet and profit. Its products are manufactured in the villages, and Harmoni Kreasi is committed to creating an impact in the local artisan communities by providing meaningful work and income. The company is a typical Indonesian one-stop supplier for lifestyle importers.

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

Competition for decorative objects comes primarily from within the product category itself, and it can be fierce. Consumers can choose decorative objects in various materials and designs, based on their personal preferences. Special techniques and designs (e.g. added functionality and innovation), the story behind your product, and your sustainable values can make your product stand out.



### Tips:

Compare your products and company to the competition. The [ITC Trade Map](#) can help you to find exporters from specific countries and compare them in terms of market segment, price, quality and target country.

Focus on design, craftsmanship, quality and the story behind your products to stand out from your competitors.

## 4. What are the prices for decorative objects on the European market?

Prices for decorative objects 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 4-6.5 times your selling price.

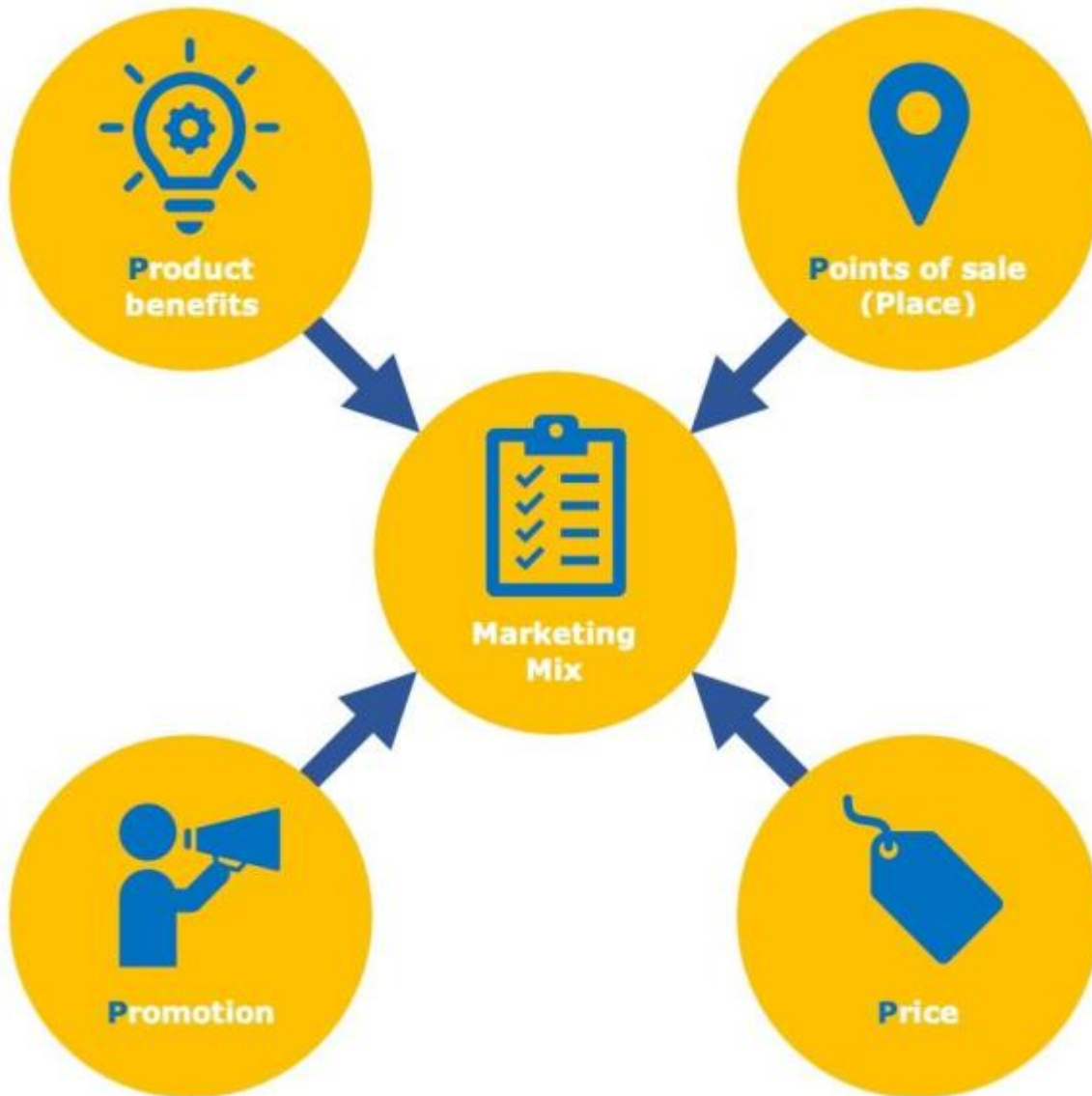
An overview of the prices of decorative objects in the low, middle and high-end market segments is provided in Table 1. These figures are intended purely as an indication, and prices for decorative objects vary depending on technique, size, material, design, brand and other forms of added value, including a strong sustainable concept.

Table 1: Indicative consumer prices for decorative objects in Europe

|                   | Low-end   | Mid-end | High-end/premium |
|-------------------|-----------|---------|------------------|
| Decorative object | Up to €15 | €15-75  | €75 and higher   |

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

Figure 7: Marketing mix - The 4 P's



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

The European consumer price for your product is about 4–6.5 times your **FOB** price. In addition to the costs of energy, labour and transport, FOB prices depend heavily on the availability and cost of raw materials. Because occasional cost increases are not passed directly on to the consumer, they exert pressure on the margins of exporters, importers and retailers. Recent disruptions have nevertheless resulted in longer-term cost increases. This continuing pressure has led many retailers to raise their consumer prices. As shipping rates begin to drop again, consumer prices may follow.

Consumer prices generally consist of the following:

- Your FOB price
- Shipping, import, handling costs
- Wholesaler margins
- Retail margins
- VAT - varies per country, about 20% on average

Figure 8: Indicative price breakdown for salad sets 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 for which your product is designed, the consumer price could range from €41 (low-end) to €65.50 (high-end).

Table 2: Example of the price breakdown by market segment

|  | Low margin       | Middle margin    | High margin      |   |
|--|------------------|------------------|------------------|---|
| FOB price  | €10              | €10              | €10              | Your FOB price  |
| Transport, handling charges, transport insurance, banking services (20/15/15%) | +2<br>€12        | +1.5<br>€11.50   | +1.5<br>€11.50   | Landed price for the wholesale importer                           |
| Wholesalers' margins (50/75/90%)   | +6<br>€18        | +8.60<br>€20.10  | +10.40<br>€21.90 | Selling price from the wholesale importer to the retailer         |
| Retailers' margins (90/110/150%)   | +16.20<br>€34.20 | +22.20<br>€42.30 | +32.70<br>€54.60 | Selling price excluding VAT from the retailer to the end consumer |
| Selling price including VAT (20%)  | +6.80<br>€41     | +8.50<br>€50.80  | +10.90<br>€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.

The following are a few examples of online prices for decorative objects (excluding shipment):

- Handmade doorknob shaped like a turtle, [Doing Goods](#), €10
- Hanging wall decoration set in the shape of two climbers, [Jotex](#), SEK 299
- Trio of designer brass bird figurines, [ArchitectMade](#), €269

**Tips:**

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

Understand your segment. Offer a correct marketing mix to meet consumer expectations. Adapt your business model to your position in the market.

[Globally Cool B.V.](#), in collaboration with GO! GoodOpportunity carried out this study on behalf of CBI.

Please read our [market information disclaimer](#).