The European market potential for carpets made of natural materials

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Europe sources more than half of its natural fibre carpet imports from developing countries, making it an interesting market for exporters in developing countries. Both environmental and social sustainability are highly relevant in the production of natural fibre carpets. A story can also be added to the products that relates to the use of traditional techniques and designs, possibly with a more contemporary twist. As customisation and co-creation have become increasingly important, offering these options will make an exporter more attractive to work with.

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1. Product description

Within the Home Decoration and Home Textiles (HDHT) sector, carpets are categorised under ‘home textiles’. Carpets are textile floor coverings, made of woven, knotted or tufted yarns. They can be produced using machines or made fully or partly by hand. Carpets are bigger than rugs, and they can also be heavier and thicker – sometimes due to the use of a backing material. This helps to keep them (relatively permanently) in place, whereas rugs are more flexible and can easily be moved. These area carpets are different from wall-to-wall carpeting, which is mainly machine-made.

This report focuses on carpets made of natural (and recycled) materials. It uses the following product codes to refer to trade in these products:

Table 1: Product codes

Harmonised System (HS)	Prodcom	Description
5701 10		Carpets and other textile floor coverings, of wool or fine animal hair, knotted, whether or not made up
5702 20		Floor coverings of coconut fibres "coir", woven, whether or not made up

5702 31		Carpets and other floor coverings, of wool or fine animal hair, woven, not tufted or flocked, of pile construction, not made up (excluding Kelem, Schumacks, Karamanie and similar hand-woven rugs)
5702 39		Carpets and other floor coverings, of vegetable textile materials or coarse animal hair, woven, not tufted or flocked, of pile construction, not made up (excluding Kelem, Schumacks, Karamanie and similar hand-woven rugs, and floor coverings of coconut fibres "coir")
5702 41		Carpets and other floor coverings, of wool or fine animal hair, woven, not tufted or flocked, of pile construction, made up (excluding Kelem, Schumacks, Karamanie and similar hand-woven rugs)
5702 49		Carpets and other floor coverings, of vegetable textile materials or coarse animal hair, woven, not tufted or flocked, of pile construction, made up (excluding Kelem, Schumacks, Karamanie and similar hand-woven rugs, and floor coverings of coconut fibres "coir")
5702 91		Carpets and other floor coverings, of wool or fine animal hair, woven, not tufted or flocked, not of pile construction, made up (excluding Kelem, Schumacks, Karamanie and similar hand-woven rugs)
5702 99		Carpets and other floor coverings, of vegetable textile materials or coarse animal hair, woven, not tufted or flocked, not of pile construction, made up (excluding Kelem, Schumacks, Karamanie and similar hand-woven rugs, and floor coverings of coconut fibres "coir")
5703 10		Carpets and other floor coverings, of wool or fine animal hair, tufted "needle punched", whether or not made up

5703 90		Carpet and other floor coverings, of vegetable textile materials or coarse animal hair, tufted "needle punched", whether or not made up
	13 93 11 00	Carpets and other textile floor coverings, knotted
	13 93 12 00	Carpets and other textile floor coverings, woven
	13 93 13 00	Carpets and other textile floor coverings, tufted

Tip:

For more information specifically about (smaller) handmade floor coverings , see our study about handwoven rugs. This discusses products in the category of “Kelem, Schumacks, Karamanie and similar hand-woven rugs”.

Functionality

Most carpets are purchased to enhance the ambience in the home, meaning that decorativeness is their most important quality. They can also be used to provide warmth and reduce noise. Given that they will be walked on, carpets must be durable. They are generally intended to stay in one designated place, unlike the more flexible and lighter ‘throw rugs’.

Material

Carpets are often made of wool, or other natural materials like cashmere, jute, sisal, seagrass, and coir. Blends of different fibres are available as well. This report focuses on natural and recycled materials. Synthetic woollen carpets are much cheaper than those made of natural wool, but they are usually also less durable. See an example of handmade cashmere and wool blend carpet.

The same applies to carpet backings, which can be made of natural materials such as jute or cotton. Reinforcing latex backing is particularly important for tufted carpets.

Size

Sizes are usually indicated in feet (1 foot = 30.48 cm). Typical sizes include:

- 6’ x 9’ ≈ 180 x 270cm
- 6.5’ x 10’ ≈ 200 x 300cm
- 9’ x 12’ ≈ 250 x 350cm
- 10’ x 10’ ≈ 300 x 300cm
- 10’ x 14’ ≈ 300 x 400cm

Ask your European buyers in the early stages of collaboration what specific sizes they may be looking for.

Design

Carpets come in a wide variety of designs, styles and patterns, both traditional and contemporary. They can range from colourful to plain, to suit consumers' personal tastes. Carpets can also be printed to add patterns and colours.

Different techniques exist for making carpets, from weaving or knotting to tufting. The fineness of the work is a key quality aspect that is reflected in the fineness of the design. The price is largely determined by the type and quality of the materials used. Yarns vary from jute, sisal and cotton to wool, silk and blends. The finer the yarns, the higher the quality and sales price. Other elements that influence the cost of a carpet are the production methods, the nature of the pattern, and the size of the carpet.
See an example of handwoven woollen carpet.

The finishing is also important. A well-finished carpet lies flat and straight on the floor in a reasonably regular shape. It should not be unnaturally shiny or too bright and harsh, nor should the colours fade or bleed.

Contemporary carpets with a vintage look are popular, meaning the fabric is stonewashed. A combination of printing and subsequently stonewashing also creates a popular vintage look. Stonewashed traditional carpets are in demand as well. However, you should avoid using acid to create the stonewashed look, as this process is not environmentally friendly.

The European market for carpets made of natural materials is growing. More than half the import value comes directly from developing countries, making Europe an interesting market for exporters in developing countries.

The European natural fibre carpet market accounts for more than a third of worldwide natural fibre carpet imports. Between 2017 and 2021 European imports increased from €845 million to €929 million, at an average annual rate of 2.4%. The direct market share of developing countries grew from 51% to 55%, with imports reaching €508 million in 2021. This makes Europe an interesting market for exporters in developing countries.

The COVID-19 pandemic and the war in Ukraine continue to disrupt international trade. At the same time, lockdowns have resulted in an increased focus on the home and trends like sustainability. For more drivers of demand, see 'which trends offer opportunities?' below.

Tip:

For more information on the short- and long-term impact of the COVID-19 pandemic on the sector, see our publication on how to respond to COVID-19 in the HDHT sector.

3. Which European countries offer most opportunities for carpets of natural materials?

The larger Western and Northern European economies are the main importers of natural fibre carpets. However, importers in these countries generally sell their products throughout Europe. It is therefore best to focus on a particular segment, rather than a specific country.

In 2021, Germany remained Europe's leading importer of natural fibre carpets with 19% of imports, followed by the United Kingdom (18%). The remaining top 6 importing countries were France (8.7%), the Netherlands

(8.3%), Italy (6.5%) and Sweden (5.7%). There was a clear decline in imports in all of these markets in 2020, but 2021 saw strong recovery. Some of these imports may have consisted of delayed shipments that carried over from 2020. Whether new patterns from 2021 are here to stay or are just short-term effects of pandemic-related disruptions, is not yet clear.

Focus on segments

Be aware that European countries have different roles on the market. Some are mainly importers and others are mainly manufacturers. Western European countries are mainly importers (and re-exporters). Most Western European importers do not just sell their products in their own country, but they also distribute them across the continent. This explains why in the HDHT sector, small countries like Denmark and the Netherlands often import much larger quantities of goods than they consume.

In terms of marketing, it is important to note that countries are not the same as markets. In the HDHT sector there are different market segments, ranging from low to high end (see our report on market entry for exporters of carpets made of natural materials). Every European country has these segments, although their size may vary by country. Therefore, it makes much more sense for exporters looking to enter the market to select a segment that fits with their product group and contact the importers and distributors in that segment, instead of in a specific country. These distributors will then sell in that segment across Europe.

Consumer spending and confidence are under pressure

An important indicator for growth in demand is general consumer spending (‘real private consumption expenditure’). The HDHT sector is 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.

Until the outbreak of COVID-19, the leading European markets recorded annual growth in consumer spending of around 1% to 3%. Due to the pandemic, this trend was broken in 2020. In 2021, growth moved back into positive figures.

In December 2021 the forecasts for 2022 and 2023 were also positive, particularly for 2022. However, in March 2022 European consumer confidence plummeted due to the situation in Ukraine. This reflected a sharp drop in households’ expectations about the general economic situation in their country, and their own future financial situation. Consumers’ intentions to make major purchases also fell. This lower consumer confidence may well lead to lower spending, and lower demand for HDHT products.

Germany continues to be Europe’s largest importer

Germany, which is home to nearly a fifth of the European Union’s population, is the largest economy in Europe. The European Commission projects that German GDP will return to pre-COVID-19 levels by the fourth quarter of 2022. This is somewhat later than most other Northern and Western European countries, where economies recovered in 2021.

German natural fibre carpet imports decreased from €185 million in 2017 to €174 million in 2021, at an average yearly rate of 1.6%. However, after a sharp drop in imports in 2020, the market recovered strongly in 2021. Germany sources about three-quarters of its import value directly from developing countries, more than any other leading European market. These imports increased from €119 million in 2017 to €127 million in 2021, at an average annual rate of 1.6%. Germany’s main supplier of natural fibre carpets is India, followed by Iran.

In addition to having a strong domestic market, Germany is also one of Europe’s key trade hubs. Combined with a its large market for developing countries, this makes Germany an interesting market for exporters in developing countries.

Brexit may stimulate direct trade with the United Kingdom

The United Kingdom’s imports of natural fibre carpets were relatively stable at around €160 million from 2017 to 2021, except in 2020, when they fell to €130 million. About half of these imports came directly from developing countries, which is in line with the European average. Its leading supplier was India, followed by the Netherlands.

The United Kingdom's withdrawal from the European Union (Brexit) has led to relatively low consumer confidence levels since 2016. At the same time, Brexit may result in British buyers importing more goods directly from developing countries, rather than from European importers. This would allow them to avoid additional fees now that they are no longer part of the European Union’s single market. The lower value of the British Pound since the Brexit referendum also makes direct trade more appealing.

British GDP decreased by 9.9% in 2020, a record decline. As in most Northern and Western European countries, the British economy returned to pre-pandemic levels by 2021. Combined with the potential increased interest in sourcing directly from developing countries, the United Kingdom could well offer opportunities for exporters in developing countries.

France keeps its imports from developing countries relatively stable

French imports of natural fibre carpets increased from €69 million in 2017 to €81 million in 2021, at an average annual rate of 8.7%. This was mainly due to strong performance in 2021. The imports from developing countries remained relatively stable at about €40 million, except in 2020. This amounts to a direct share of around 50%, which is slightly below the European average. India and Belgium are France’s leading suppliers.

Economic growth in France had already slowed down before plummeting to -8.3% in 2020 due to the pandemic. Global uncertainties and the effects of social unrest weighed on consumer confidence and the consumption of non-essential products. However, French GDP returned to its pre-pandemic level by 2021. Considering the country’s relatively stable market for goods from developing countries, France may well offer opportunities for these exporters.

The Netherlands is an important European trade hub

Dutch natural fibre carpet imports surged to €77 million in 2021, leading to an average increase of 8.3% per year since 2017. The Netherlands sourced 36% of its natural fibre carpets directly from developing countries, which is well below the European average. This smaller share is mainly due to a particularly sharp rise in imports from Germany and Denmark. At the same time, imports from developing countries such as India and Bangladesh also grew. India remains the Netherlands’ main supplier, now followed by Germany and Denmark.

As in other Western European markets, Dutch GDP returned to 2019 levels by 2021. Brexit and various international trade disputes may have a big impact on the Netherlands, since the country relies heavily on international trade. Because developments in other European countries play a key role, Dutch imports are difficult to predict. However, the Netherlands’ strong performance as a European trade hub continues to make it an interesting market for exporters in developing countries.

Italy’s economy is expected to recover particularly slowly

Having been particularly hard hit by the pandemic, Italy experienced a GDP decline of 8.8% in 2020. As the Italian economy continues to be forecast as one of the slowest to recover in Europe, Italian GDP is now projected to reach its 2019 level by the fourth quarter of 2022.

After falling by 32% in 2020, the country’s natural fibre carpet imports returned to pre-pandemic values by 2021

(€60 million). Overall, this resulted in average annual growth of 3.1% from 2017 to 2021. Direct imports from developing countries accounted for around 60% of the market and followed a similar pattern. India and Portugal are Italy's leading suppliers of natural fibre carpets, with direct import market shares of 28% and 11%, respectively. Opportunities in this market may be limited for the coming years due to the slow economic recovery.

Sweden becomes a leading importer

Sweden became one of the top 6 importers in 2021, when its natural fibre carpet imports reached €53 million. This amounted to average annual growth of 6.3% between 2017 and 2021. About two-thirds of these imports came directly from developing countries, which was well above the European average. India dominates this market, especially since nearly doubling its supplies to €31 million in 2021.

Like most Northern and Western European economies, Swedish GDP returned to 2019 levels by 2021. Combined with its growing market for natural fibre carpets, this could make Sweden an interesting market for exporters in developing countries.

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 on the European market for exporters of carpets made of natural materials?

The market for carpets made of natural materials is shaped by various trends, which often follow the trends in the HDHT sector. The main developments are outlined below, starting with the effects of the COVID-19 pandemic on the HDHT market.

COVID-19's effect on trends in HDHT

The COVID-19 pandemic has increased the focus on the home. Wellness and working from home became hot topics after lockdown measures were introduced.

Spending a lot of time at home has also encouraged consumers to:

- make their homes more pleasant, practical and comfortable
- merge outdoor and indoor areas
- declutter
- care more about sustainability

These are mainly consumer trends that already existed and may have been strengthened.

Environmental and social sustainability are key

European consumers and designers are making more and more sustainable choices, especially in the mid-high to high end market. They are increasingly aware of and concerned about the negative impacts of production and consumption. This is driving the popularity of sustainability labels and commitments in the textile industry.

Using natural materials such as wool or jute as your main raw material fits in well with this trend. Another option is to use recycled fibres or leftovers from the production of other textile products. Natural dyes add an extra sustainable feature to your carpets. See an example of carpet made from recycled plastic bottles.

Social responsibility is another key aspect of sustainability, particularly in the production of handmade items. Banning illegal child labour is especially relevant in the carpet sector. Initiatives such as GoodWeave, Care & Fair and Label STEP address this issue.

The COVID-19 pandemic has further emphasised the delicate balance of the planet. It has highlighted the need for more sustainable production practices – taking account of our resources, our people and the planet in general. This has boosted the importance of this trend. For most consumers (particularly the younger generations), the COVID-19 pandemic has made it more important for both consumers and companies to improve their sustainability. In addition, most people want significant change in order to make the world a fairer and more sustainable place after COVID-19.

Tips:

- Use natural, recycled or leftover raw materials and natural dyes.
- Promote the sustainable aspects of your carpets as an added benefit and emphasise the story behind your product in your promotion strategy.
- Do not use illegal child labour in the production of your carpets.
- For more information, see our special study on sustainability and our webinar on the sustainable transition in apparel and home textiles.
- See our study on market entry for exporters of carpets of natural materials for more information about ethical initiatives in the carpet industry.

Traditional craftsmanship and design

Ethnic motifs and traditional craftsmanship are popular in the European market. This is a long-term trend. Carpets and rugs in particular are known for their long tradition and history, which ties in well with consumers' increasing interest in the story behind the product.

The basis always lies in the traditional production techniques and materials that have not significantly changed in the long history of carpet production. Ethnic designs, which have often been produced by the same peoples for centuries, are seen as 'floor art' in Europe. Some producers play into this trend by experimenting with traditional designs and reworking them in a contemporary manner, including playing with colours and patterns.

Tips:

- Promote your culture's traditional production method and design, adding a background story to your product. Make sure that it comes across clearly to the consumer, for example by including a card describing the product's unique story.
- Consider experimenting with your traditional designs, reinventing them in a more contemporary manner.

Co-creation

European buyers are increasingly trying to distinguish themselves from their competitors. To do so, they focus on their own image and design. They look for producers they can cooperate with to develop their own products. This cooperation is referred to as ‘co-creation’. This makes it extra important to showcase your special skills, production techniques and the variety of raw materials you work with.

Tip:

- Make sure your collection showcases the different materials and production techniques you have to offer.

Smaller quantities and shorter lead times

European buyers are changing their collections with increasing frequency. As a result, they are looking for shorter lead times and lower minimum orders. This is a distinct advantage for small to medium-sized producers, as they are more flexible and can generally supply smaller quantities than larger manufacturers.

Tip:

- If your production is flexible and you can supply smaller quantities, emphasise this in the promotion of your products.

Example company

Figure 4: Nodus – conception and handmade production

Source: https://youtu.be/7WeU_doOsF4

Italy-based supplier Nodus offers an exclusive collection of handmade carpets and rugs, produced in Nepal, Pakistan, India, Turkmenistan, China and Turkey. To create its items, “the oldest traditions and knowledge in the art of carpet design are reinterpreted using the vision of the most innovating designers and architects”. Nodus works according to fair trade and ethical principles. Its website provides a detailed description of its materials, dyes and techniques. It also highlights the characteristics of their production locations and their personalisation services.

This study was carried out on behalf of CBI by Globally Cool B.V. in collaboration with Remco Kemper.