

Baskets & Boxes

Market Opportunities in EU

The European market for baskets and boxes is growing. Germany and the United Kingdom are especially interesting target markets for exporters with the mid-mid and mid-high segments offering the maximum opportunities. To appeal to consumers in these segments, one should pay attention to design, decoration, craftsmanship and the story behind one's baskets and boxes. Sustainability can also add value.

In home decoration, baskets and boxes range under the category of "storage". Broadly speaking, they can be split into more decorative storage (basketry) and more functional storage (boxes). Both are containers used for putting loose things out of the way and keeping the home tidy. Besides this functional use, baskets in particular have become decorative objects in their own right, sometimes to the extent that their decorative value

has become more important than their primary storage function. Besides regular storage use, baskets and boxes are often used as packaging material for food items (such as culinary products or wine), picnic hampers or gift boxes.

European imports of baskets and boxes have been growing steadily after a slight dip in 2013. The majority are sourced from developing countries. Europe's main importers of baskets and boxes are Germany and the United Kingdom. Their strong market makes them especially interesting focus countries for developing countries. Europe's demand for baskets and boxes is much higher than its production. This drives imports and makes Europe an interesting market. European production of baskets and boxes also recovered from a dip between 2012 and 2016. With an average annual growth rate of 0.8%, it reached Euro 50 million in 2016. Poland is Europe's main baskets and boxes producer, responsible for 42% of production. Italy follows with 22% and France with 10%.



Trends that offer opportunities

Baskets and boxes offer good solutions for de-cluttering homes

European consumers increasingly struggle with the combination of small urban living spaces and high levels of consumption. They are embracing baskets and boxes as a welcome aid in achieving and maintaining a tidy home. With excess items neatly stored in boxes, consumers create physical space as well as “headspace,” helping them to relieve stress. The functional segment requires practical storage solutions. Important aspects include a good price, easy availability (intensive distribution), as well as durability and cleaning options in case of natural materials. The decorative segment places beauty above functionality and is less price-sensitive. Consumers of these products are willing to shop around and pay attention to the stories behind the products.

Tip: Decide on your position in the market for storage and basketry and develop your marketing mix accordingly. Your choice will affect margins, order volumes, communication strategies and logistics.

The global citizen is open to unheard stories

As European consumers are increasingly travelling to more distant places, they are exposed to new stories. Due to its very nature, basketry has always had a strong link to the origin of ethnic groups or regions. Africa has a strong tradition in basketry, from the Kenyan kiondo to the Ghanaian bolga basket, the Zulu graphics or the raffia basketry from Madagascar. Asia also has a tradition in basketry, as do some Latin American cultures. In short, basketry embodies “origin” in its materials, techniques and meanings. It has cultural stories to tell. The modern-day consumer has a renewed interest in producers’ stories, meaning you can create added value.

Tips: Use local materials, techniques and designs in your products. If your products have a unique origin and/or story, communicate the details in terms of special techniques, materials, producers, processes or meanings. This may add value to your concept and your importer’s.

Handmade can go premium

A similar source of added value is the European home decoration market’s renewed appreciation of handmade techniques in natural materials. This may be strengthened by the loss of craft skills in Europe, as well as a growing weariness with standardised, mass, industrial products. Therefore, handmade has the potential to go premium.

Tips: Show your craftsmanship by using intricate weaves, patterns or shapes. Clearly communicate the creative process in your

promotion (catalogue, website, product tags, trade fairs). Invest in experimentation to increase the levels of the craftsmanship of your artisans and your products, as well as to expand and refresh your range. In decorative basketry, quality perception is directly related to your product’s aesthetic level. Showcase the handmade aspect of your products by using organic, free shapes rather than rigid forms that resemble industrial production.

Downward price spirals are a challenge

A specific countertrend is the commoditisation of baskets and boxes, especially in the functional segment. Particularly in the lower ends of the market this is due to the dominance of a few largescale suppliers from the Far East. In exchange for volume, they are able to accept small margins by fine-tuning their processes and/or squeezing production costs. This has driven down overall price levels and led the consumer to see storage boxes, in particular, as low-priced items, expecting to get “a lot for little” (sets of boxes). This makes the room for distinction in the lower-end market very small. Prices are also under pressure in the mid-end market. Here the basket has become an image item for some typical mid-market styles like cottage, colonial or romantic/nostalgic. Players in this segment often struggle to distinguish themselves from their competitors. As a consequence products in this segment tend to look alike, with their typical whitewash, lettering and inside fabric lining. This has resulted in price pressure, a marked decrease in product quality and a lower value perception.

Tips: If you wish to target the volume market despite the strong competition, focus on operational excellence. Be efficient in your purchasing, inward and outward logistics, productivity and overhead management. Create economies of scale. Wickerwork is used indoors and outdoors throughout the seasons, but the raw materials are seasonal. If you can overcome the materials’ seasonality through effective drying and curing facilities, you will have a competitive advantage. Be meticulous and consistent in your style if you target the mid-end market. Study the relevant style(s) and assist your main buyers by taking the initiative in product development to help them stand out in a market under pressure.





The project market provides opportunities

The European hospitality market appears to be healthy enough and storage products have a firm place in it. This segment offers opportunities in both functional inexpensive basketry and statement pieces. Functional items include laundry baskets or tissue boxes, whereas oversized or extravagant shapes can be used to decorate hotel lobbies or other settings. The catering and food market has also discovered hand-made packaging as an added value to food ingredients, such as loose tea or gift boxes for consumers or employees, a boxed teapot and cups, or a Christmas hamper.

Tips: Study developments in tourism to understand where the market for hotels and resorts is heading. When focusing on the project and gift market, make sure to meet the functional and health and safety requirements, especially when the storage product comes into contact with food.

Artificial fibres threaten natural materials in lower-end segments

Baskets and boxes come in many materials, from plastic to wicker, wood, paper, metal or fabric, depending on the exact application. Two current opposing trends are the appreciation of natural products and materials, and the use of artificial fibres. This is especially the case for furniture, but increasingly also applies to woven items like basketry. Weaving is popular, but technical expertise can also be demonstrated using artificial fibres. These materials offer increased durability and resistance to dust, dirt and climatic influences, while having the aesthetics of a natural product. This type of replacement is a particularly important issue at the lower ends of the market, where function & price are key.

Tips: Bring out the design value and aesthetic benefits of your natural fibres in the look and feel and communication of your product. Add synthetic fibres to your core materials or focus on natural fibres, depending on your target market. Consider the implications of your choice in terms of positioning, costs, margins and production process.

New, upcoming markets

Within Europe, Eastern European countries are slowly developing an appreciation for decorating the home. Globally, the BRICS (Brazil, Russia, India, China and South Africa) are often mentioned as the places destined for future demographic and economic growth. Clearly, the huge urban conglomerates expected in the coming decades will be mainly concentrated in the southern hemisphere. This will also “re-map” consumer power. At European trade fairs, we are already witnessing an influx of commercial buyers from such “new” consumer countries as India, South Africa, Russia and China, as well as countries in the Middle East. Consumers in these markets value imported goods, but still tend to spend cautiously on home decoration. They are price-sensitive and first and foremost looking for functionality.

Tips: Consider regional sales by participating in nearby trade fairs. Work out new strategies with your European buyer(s) for penetrating new, global markets. They are already well equipped in marketing and often already have a reputation (“brand”) and foothold in such emerging markets, which may create a win-win situation.

Interest in sustainability is increasing

A major trend in storage is the product’s sustainability. Consumers are increasingly aware of the environmental impact of their purchases. For baskets and boxes in natural materials, sustainability issues are related to: natural, renewable resources water treatment dyeing and labour circumstances and/or conditions of weavers and producers the production process transport and energy consumption use and waste/disposal practices. Steps towards a greener product and process are possible and may add value in marketing. Sustainability projects have also taken place, to make the entire value chain of basketry and furniture made of natural fibres environmentally and socially sustainable. Attempts by WWF, ITC, UNIDO, TU Delft and CBI in the Vietnamese Mekong area are an example.

Basketry is traditionally an integral part of the fair-trade segment, especially handmade items with a sense of origin, depicting ethnic patterns, weaving techniques or unique materials. Such basketry is often made by women in rural areas. It lends itself well to telling the story about the importance of meaningful work and income in developing countries. This has undoubtedly kept interesting weaving skills alive in parts of Africa, Asia and Latin America.

Tips: Assess what you are already doing in terms of sustainability and communicate this to your importer. Make an action plan for further improvements. Consider certification where it makes commercial sense.

Packaging & Legal Requirements

General product safety

The European Union's General Product Safety Directive applies to all consumer products, including baskets and boxes. It states that all products marketed in Europe must be safe to use.

Tips: Read more about the General Product Safety Directive. Ensure normal use of your product does not cause any danger. The RAPEX database lists products that the European Union has rejected at the border or withdrawn from the market. Check the database for similar products for an idea of what issues may arise.

Packaging legislation

Europe has specific packaging and packaging waste legislation. It for instance restricts the use of certain heavy metals. Europe also has requirements for wood packaging materials (WPM) used for transport, such as packing cases, boxes, crates, drums, (box) pallets and dunnage.

Restricted chemicals: REACH

The REACH regulation lists restricted chemicals in products that are marketed in Europe. For example, REACH restricts the use of arsenic and creosotes as wood preservatives.

Tip: The European Chemical Agency provides useful information and tips on REACH. See for instance REACH Annex XVII for a list of all restricted chemicals. Also check out the Information on REACH for companies established outside Europe and the Questions & Answers on REACH.

Wildlife Trade Regulations and the Timber Regulation

The Wildlife Trade Regulations restricts the international trade in specimens of wild animals, plants and derived wildlife products. This is the European Union's strict implementation of the Convention on International Trade in Endangered Species (CITES). According to the Timber Regulation, you must prove any timber used was harvested legally. Products with a FLEGT or CITES licence comply with the Timber Regulation.

Tips: For more information, see the Reference Guide to the Wildlife Trade Regulations and the Frequently Asked Questions about the Timber Regulation. For more information on CITES permits, you can contact your National CITES Management Authority. For more information about FLEGT licensing, see the FLEGT licence information point.

Sustainability & Fair Trade

Social and environmental sustainability make your products stand out on the European market. Consider sustainable raw materials and production processes. European buyers increasingly demand the following certification schemes. Business Social Compliance Initiative (BSCI): European retailers developed this initiative to improve social conditions in sourcing countries. They expect their suppliers to comply with the BSCI Code of Conduct. To prove compliance, the importer can request an audit of your production process. Once a company has been audited, it is included in a database for all BSCI participants.

Ethical Trading Initiative (ETI) is an alliance of companies, trade unions and voluntary organisations. It aims to improve the working lives of people across the globe who make or grow consumer goods. You can use standards such as ISO 14001 and SA 8000 to read up on sustainable options. However, only niche market buyers demand compliance with such standards.

Tips: Optimise your sustainability performance. Reading up on the issues included in the initiatives will give you an idea of what to focus on. Buyers appreciate a good story. If you can show that you value your company's environmental and/or social performance, this may be a competitive advantage. Consider a self-assessment like the BSCI Self-Assessment for Producers,



or a code of conduct, such as the BSCI Code of Conduct or the ETI base code.

The concept of fair trade supports fair pricing and improved social conditions for producers and their communities. Especially when the production of your baskets and boxes is labour-intensive, fair-trade certification can give you a competitive advantage. Common fair-trade certifications are from World Fair Trade Organisation (WFTO); Fairtrade International; and Fair For Life.

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. Check the ITC Standards map database for more information on voluntary standards and their requirements, including fair production.

FSC (Forest Stewardship Council) certification is the most common label for sustainable wooden products, including wooden boxes. The FSC label guarantees that a product's source material comes from responsibly managed forests. These products are especially popular in western European markets.

Market Channels & Segments and Pricing

Baskets and boxes are commonly imported by importers in lifestyle segments. That is to say importer-wholesalers who offer a full collection for the home, across the various categories and for inside and around the home. They resell through general retailers and department stores. A particularly strong role is played by garden centres, who usually stock plenty of basketry. Storage is also sold through online business-to-consumer platforms. E-commerce in home decoration is increasing and can help you reach a broader range of customers. Retailers often combine online and offline channels. Consumers research and purchase products online, shopping around and comparing prices on home decoration items. To supply e-commerce retailers you must be able to work with individual packing and labelling, as well as limited minimum orders.

The following trade fairs are useful sources for finding trading partners in Europe: Ambiente, Frankfurt, February; Christmas World, Frankfurt, January; Maison et Objet, Paris, January (main fair) and September; Tendence, Frankfurt, August.

The market for baskets and boxes is segmented into a low, mid and high-end market. In the low-end market the focus is on convenience and high volumes. Baskets and boxes in this segment are purely functional, with a basic shape, material and price.

Low-end market: products can be found in many different types of outlets, from general interior stores to supermarkets and lower-end department stores.

Mid-end market: Products are trendier, responding to colour and decoration trends in the general home decoration sector. Some attention is devoted to new innovative shapes or handmade effects. These products are mainly sold at general "lifestyle" stores and mid-segment department stores.

High-end/premium market: Design, decoration and brand names are the main sales arguments. Higher-end storage turns the box or basket into a decorative piece in its own right, where it can almost lose its practical purpose and just becomes a fun or beautiful object to look at.

The mid-mid and mid-high markets offer the most opportunities. To enter these segments you need to pay special attention to design, decoration and hand weaving. Consumer prices depend on the value perception by the consumer in a particular segment. This is influenced by your marketing mix:

product benefits, promotion (brand or not, communication of product benefits), points of sale (reseller positioning), and a matching price. Shipping, import and handling add 25% to the price of your baskets and boxes. Wholesalers account for a further 100% markup. Finally, retailers may add another 100–150%.

Tips: The value perception of your product in the chosen segment determines its price. The quality and price of your baskets and boxes must match what is expected in your chosen target segment. To determine your price, study consumer prices in your target segment. Adjust your cost accordingly. Understand your segment. Offer a correct marketing mix to meet consumer expectations. Adapt your business model to your position in the market. ■

Source: CBI

