

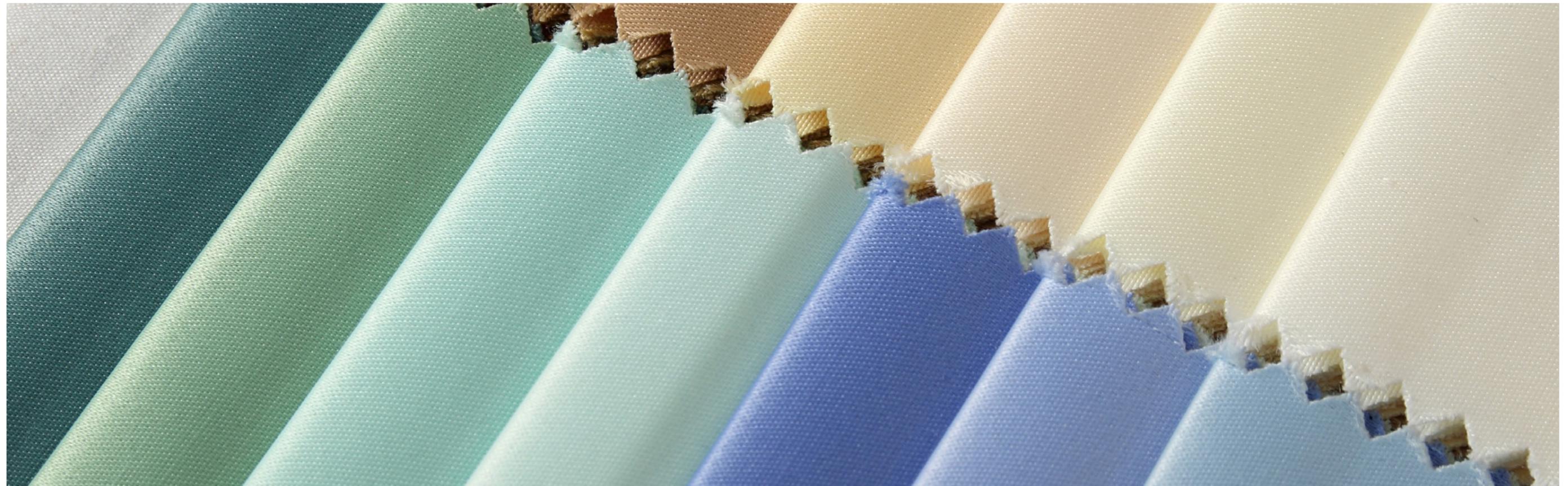
Exporting Home Decor & Home Textiles from Cambodia to Europe



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The EU market for HDHT

Valued at US\$682 billion in 2021, the global home decor market (which includes household furniture, floor coverings, textiles, lamps, candles, pots, artifacts, etc) is expected to reach approximately \$900 billion by 2027, growing at a compound annual growth rate (CAGR) of 4.8% during 2022-2027.¹

Accounting for approximately 38% of total global imports, the European Union is one of the world's largest markets for Home Decoration and Home Textiles (HDHT) products.² As import volumes gradually increase, the region offers great opportunities for exporters based in developing countries aiming to expand their businesses.

Following the global trend, the European market for HDHT products is growing rapidly. This increased demand benefits developing countries, where a significant proportion of the goods originate. With millennials becoming the largest consumer group in the continent, the HDHT market is sustained by a desire to consume new and more eco-friendly products. In Cambodia, this creates great opportunities for producers, especially in mid to high-end markets.

This guide highlights stone carving, jewellery, rattan, and bamboo, as they are the most used materials for home decoration products in Cambodia and have huge potential in Europe.

The objective of this guide is to raise awareness regarding opportunities in the European market for HDHT products from Cambodia. It aims to support exporters on the basic steps required to position their products in the market.

Product definition

1 Presentation of the HDHT sector

The large and diverse HDHT industry can be divided into two sub-sectors: home textiles and home decoration.

Decorating one's home is important in the minds of Europeans as it is a simple and effective way to showcase a consumer's lifestyle.

Decorative items are widely available both in developing and developed countries. Consumers are increasingly prioritising these products to add a personal touch to their homes.

The HDHT sector's growth largely profits from increasing urbanisation and rising disposable incomes. Today, more than half of the world's population is concentrated in urban areas. This share is expected to grow substantially in the future, further benefiting the industry.

2 Cambodian product offerings³

Cambodian handicrafts date back centuries, reflecting the nation's rich cultural and historical heritage. Popular handicraft activities include basket weaving and pottery, among others. The height of Khmer arts and handicrafts came during the Angkor period, around the 12th century. The city of Siem Reap, the location of the great Angkor temples and the royal residence, became the epicentre of the movement. Arts and crafts were produced either by rural non specialists or by skilled artists working at the Royal Palace. Throughout the centuries,

Siem Reap has retained its pivotal role in the safeguarding and production of traditional Khmer art and culture. It remains the main destination to buy traditional handicrafts and has been recognised by the Cambodian government as a strategic destination for the development of the nation's cultural tourism industry. Alongside government institutions and development partners, several local and foreign NGOs base their operations there to protect and promote this cultural heritage.

This section focuses on the following three products as they are the most widely available in Cambodia.

- Home accessories and handicrafts
- Rattan and bamboo
- Stone carving and jewellery



Source: Unsplash

¹Source: OnSpain

Rattan and bamboo

Both plants are native to Cambodia, whose climate is favourable to their growth. They have been recognised by the International Bamboo and Rattan Organisation (INBAR) – a multilateral organisation that promotes environmentally sustainable development using bamboo and rattan – as unique opportunities to tackle poverty, counter natural resource challenges, and provide a livelihood to local rural communities. The Cambodian government has recently made available about 40,000 hectares of land for the production of rattan and has planned to promote its products on international markets. Government officials have stated that the initiative will help curb deforestation – a serious problem in the country – and empower rural communities. The World Wildlife Fund (WWF) and European Union are also providing support, through the Sustainable Rattan Project and the Switch Asia programme, respectively.

In Cambodia, there are 21 species of rattan, five of which are suitable for commercial use. The plant plays an important role in the country's

rural economy, as it can provide up to 50% of a village's cash income in some cases. It is used mostly to make furniture such as beds, chairs, and sofas. It is also used to weave baskets and as a building material for rural homes. Cambodian rattan and bamboo are still mostly sold locally

One hectare of a bamboo plantation has also been shown to capture up to 60 tonnes of CO₂, offering a valuable carbon sink.

International Trade Centre export data shows that rattan and bamboo products do not have their own Harmonised System (HS) codes, but are distributed across several entries, making exact calculations of the market difficult. Nevertheless, a useful proxy is the size of furniture exports, which is after all the main end-products created from rattan and bamboo. Furniture items are covered under HS code 94. The total value of furniture exports amounted to \$638.3 million in 2020. The top destination was by far the USA, accounting for \$611.9 million, followed by Thailand (\$9.4 million) and Canada (\$6.3 million).

Stone carving and jewellery

Cambodian stone carving has a rich history dating back thousands of years. From small, handcrafted statues to the majestic carvings at Angkor Wat, they are an essential expression of Khmer art. As Cambodia opened up international trade routes with India, its artistic style became profoundly influenced by Hindu and Buddhist cultures. During the Angkor period, Cambodian stone carving fully matured as an art form.

More recently, however, Cambodian stone carving – together with arts in general – is making a comeback. Handicrafts such as Khmer statues are greatly appreciated by tourists. Cambodia also features rich gemstone deposits, including amethyst, ruby, sapphire, zircons, aquamarines, and topaz.

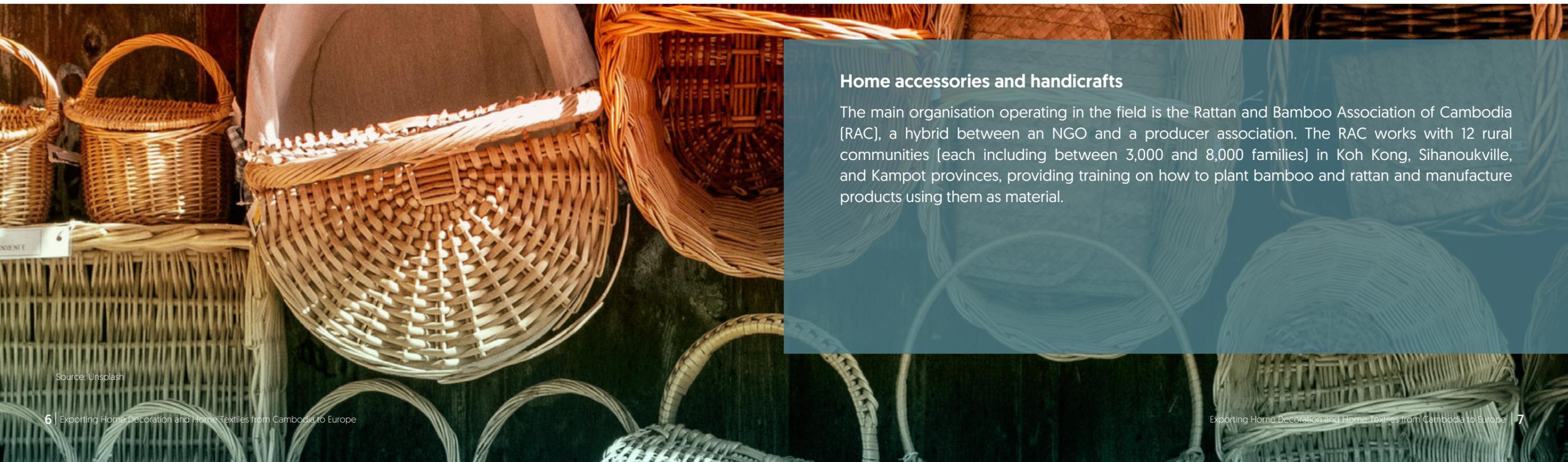
Home accessories and handicrafts

Home accessories include a wide range of products, such as handmade toys, non-textile fashion products, home décor products and nursery items. The supply of Cambodian home accessories is notable because many of the producers use sustainable materials and

On a related note, the Cambodian jewellery sector often works to promote traditional art motifs and social projects. Notable Cambodian jewellers, some of whom are showcased below, employ women and members of disadvantaged communities, while also helping to revive the nation's artistic heritage.

Similar to rattan and bamboo, stone carving and jewellery products are hard to categorise under HS codes. However, the export data for HS code 71 – precious stones, pearls, precious metals, and jewellery – provides a rough estimate of the overall market. The total export value in 2020 reached \$3 billion, with the top destination being by far Singapore (\$2.4 billion), followed by Thailand (\$300 million), and Hong Kong (\$200 million).

processes, and are keen promoters of social responsibility principles. These producers are mainly artisan boutiques and NGOs. They provide compelling stories of fine craftsmanship, women empowerment, and the preservation of ancient traditions.



Home accessories and handicrafts

The main organisation operating in the field is the Rattan and Bamboo Association of Cambodia (RAC), a hybrid between an NGO and a producer association. The RAC works with 12 rural communities (each including between 3,000 and 8,000 families) in Koh Kong, Sihanoukville, and Kampot provinces, providing training on how to plant bamboo and rattan and manufacture products using them as material.

II Introduction to the EU Market

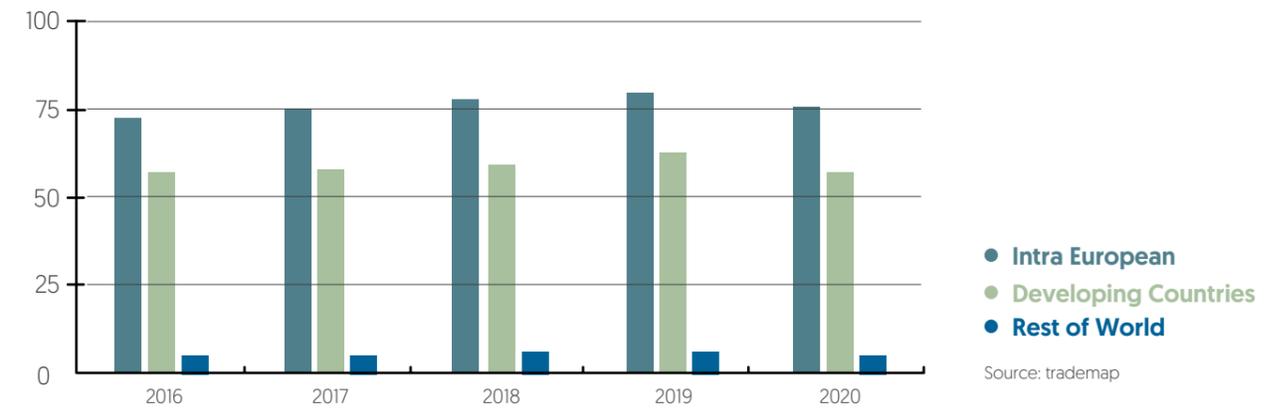


1 The European demand⁴

After years of strong growth, COVID-19 has had a significant impact on European HDHT imports, which stalled in 2020. In the meantime, the crisis and subsequent lockdowns have persuaded European consumers to focus on their homes, a situation that is expected to drive demand

for HDHT items higher in the coming years. The European HDHT market is largely supplied by producers in developing countries, with China dominating the low-cost/mass market. This leaves room for good opportunities in the mid to high-end market.

Figure 1: European imports of HDHT products, in € billion



Before experiencing a 7% decrease in 2020, European HDHT imports experienced strong growth, from €133 billion in 2016 to €149 billion in 2019.

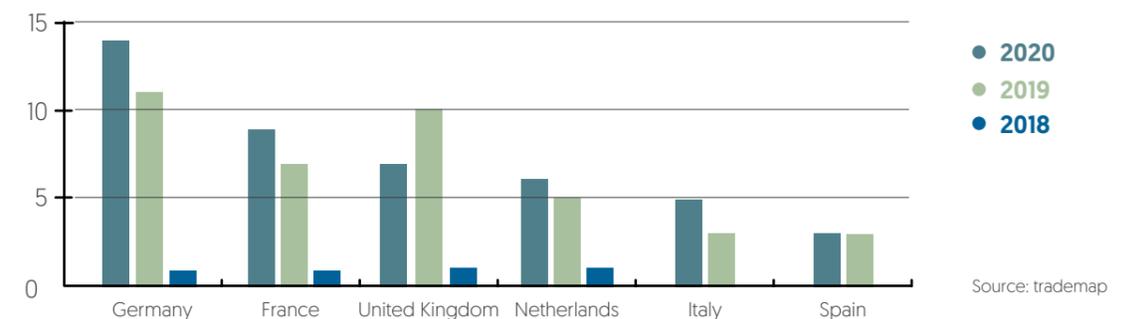
Imports from developing countries represent on average 41% of total HDHT imports. These imports reached €63 billion in 2019 before falling back to €57 billion in 2020.

Much of the intra-European trade actually consists of products imported from developing countries which are then re-exported throughout Europe. The actual market share owned by producers in developing countries is

therefore significantly higher, making Europe an important market for new entrants.

Although the largest European economies are by far the main importers of HDHT products, keep in mind that importers usually distribute their products across the whole continent. Rather than focusing on a specific country, your best option is to develop a segment-based strategy. Indeed, although their size may vary, all European countries have the same sector. It makes more sense to identify a specific sector and approach its respective importers and distributors.

Figure 2: leading European importers of HDHT products, in € billion



With a 18% share in 2020, Germany is the largest European importer of HDHT products, followed by France and the United Kingdom (UK). Smaller markets include the Netherlands (8.1%), Italy (5.9%) and Spain (5.0%).

As stated previously, European importers often re-export their products to other EU countries, which explains why relatively small countries like the Netherlands import much more items than needed to meet its domestic demand.

Germany

In 2020, Germany imported €22 billion of home decoration products (87% of total HDHT products), of which 40% originated from developing countries, and €3.4 billion of home textiles (13%), of which 63% originated from developing countries.

China, Turkey, Vietnam, India, Pakistan, Indonesia, and Bangladesh are Germany's main

France

In 2020, French imports of HDHT products amounted to €18 billion, of which 41% (€7.4 billion) of products were directly imported from developing countries.

French imports on average consist of 90% home decoration products and 10% home textiles. France imported 69% of its home textiles from developing countries and 37% of its home

The United Kingdom

In 2020, British imports of HDHT products amounted to €18 billion, of which 57% were imported directly from developing countries.

British imports consist on average of 85% (€15 billion) home decoration products and 15% home textile products (€3 billion).

China, India, Vietnam, Pakistan, Turkey, Malaysia,

The Netherlands

Although it's relatively small size, the Netherlands is the fourth-largest European importer of HDHT products. It is a key trade hub within the continent, re-exporting much of its imports to other EU countries.

Prior to COVID-19, Dutch imports were growing at an average of 8.6% per year, reaching €12 billion in 2019, of which 43% (€4.9 billion) originated in developing countries.

developing country suppliers.

Although Germans consume most of their HDHT imports, the country also re-exports €19 billion worth of HDHT products, mostly to other European countries.

Its large domestic market and its rapid recovery from COVID-19 makes Germany an interesting market for new entrants.

decoration products from developing countries.

China, Vietnam, India, Turkey, Pakistan, Tunisia, and Indonesia are the main developing country suppliers to France.

France is expected to recover from COVID-19 in 2022, which offers good opportunities for businesses interested in exporting HDHT products.

Bangladesh, and Indonesia are the main developing country suppliers to the UK.

Considering its large market size and increasing interest in sourcing from developing countries, the UK offers great opportunities for producers in developing countries.

The Netherlands imported 42% of its home decoration products imports from developing countries and 54% of its home textiles products.

China, Vietnam, India, Pakistan, Indonesia, and Turkey are the Netherlands' main developing country suppliers.

The Netherlands' role as a European trade hub for HDHT products as well as its significant share of imports from developing countries makes it an interesting market for new entrants.

Spain and Italy

Spain and Italy represent large markets but they are expected to recover at a slower rate compared to other European economies. This is expected to affect consumer spending on non-essential items and limit opportunities in the coming years.

Tips:

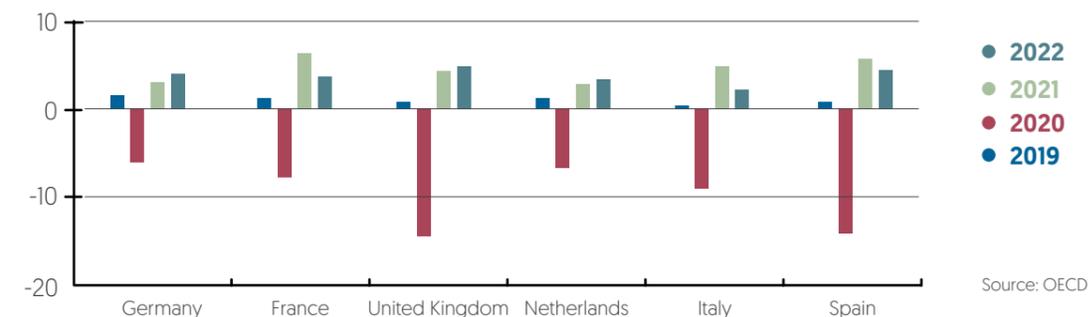
- Check HDHT trade associations to search for importers. Main associations include [EFIC](#) [furniture] and [EURATEX](#) [textiles].
- Use online European shows and trade fairs to find partners and learn more about new trends. The most famous trade fairs in Europe are [Heimtextil](#) and [Ambiente](#) in Germany and [Maison et Objet](#) in France.
- Check CBI's [studies per HDHT product group](#) to go more in depth on specific products.

Consumer spending is slowly bouncing back

Real private consumption expenditure is an interesting indicator for growth in demand for HDHT products. Indeed, the HDHT sector is highly sensitive to changing economic circumstances. When conditions are favourable,

private consumption expenditure and purchases of (non-essential) HDHT products tend to increase. Conversely, consumers tend to postpone these purchases when prospects are rather pessimistic.

Figure 3: Real private expenditure growth



Until 2020, leading European countries were all showing an annual growth in real private consumption expenditure of around 1% to 3%.



Eastern European markets experienced the highest growth rates in the region and should be prioritised by producers in developing countries.

The 2020 disruption has had a limited effect on HDHT spending habits thanks to lockdowns that increased consumer interest in their homes and well-being. Growth is expected to return to similar rates in the coming years.

2 Distribution channels⁵

The HDHT market is divided into low, mid, and high-end (premium) market segments. Products commonly enter the market via large retail chains that directly buy from suppliers or importers/wholesalers that supply retailers.

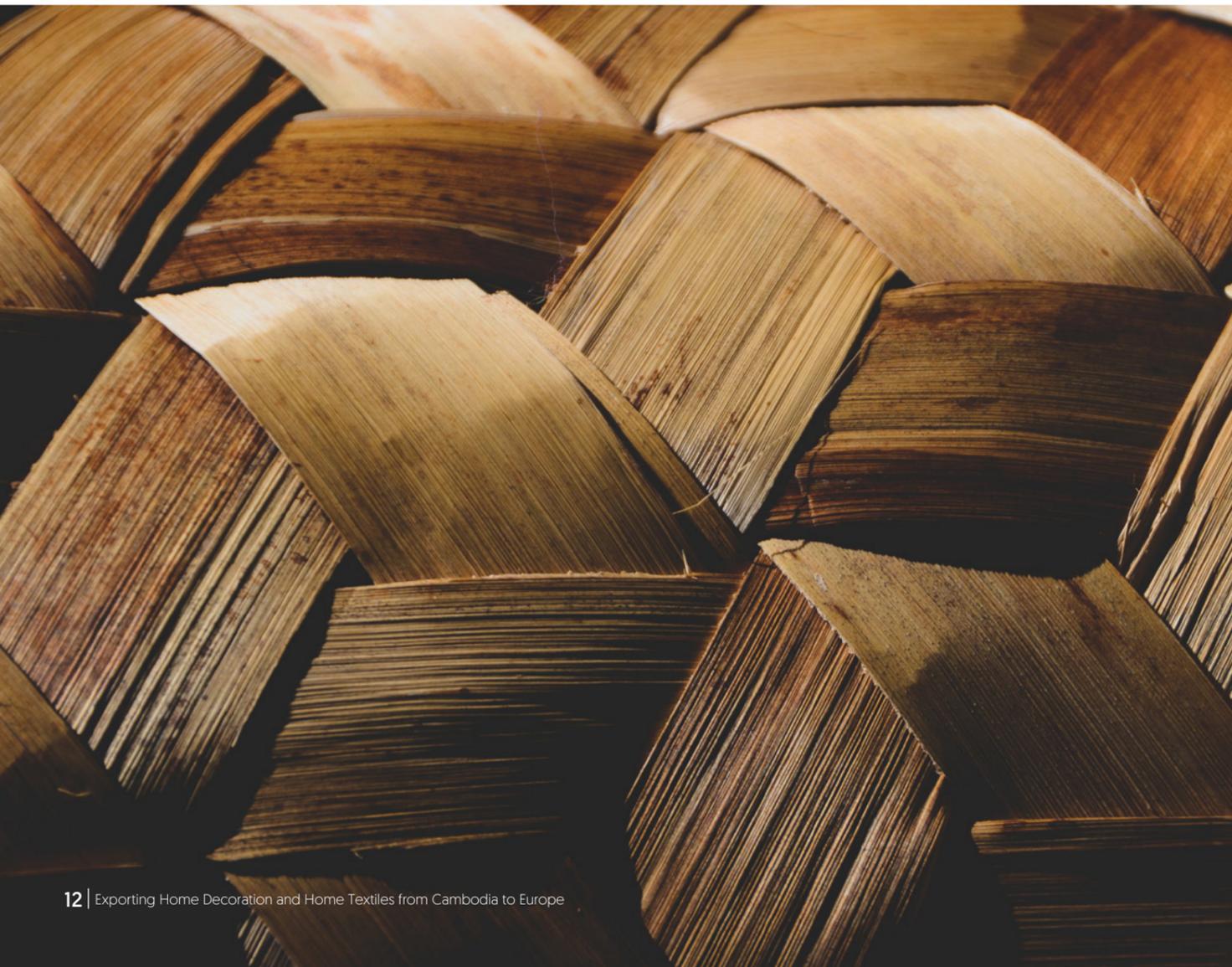
As online sales rapidly increase, e-commerce is another interesting channel to consider.

However, distribution strategies that save time and money are quickly gaining importance. Smaller retailers have started to bypass importers/wholesalers and import themselves, while wholesalers are increasingly directly approaching end consumers.

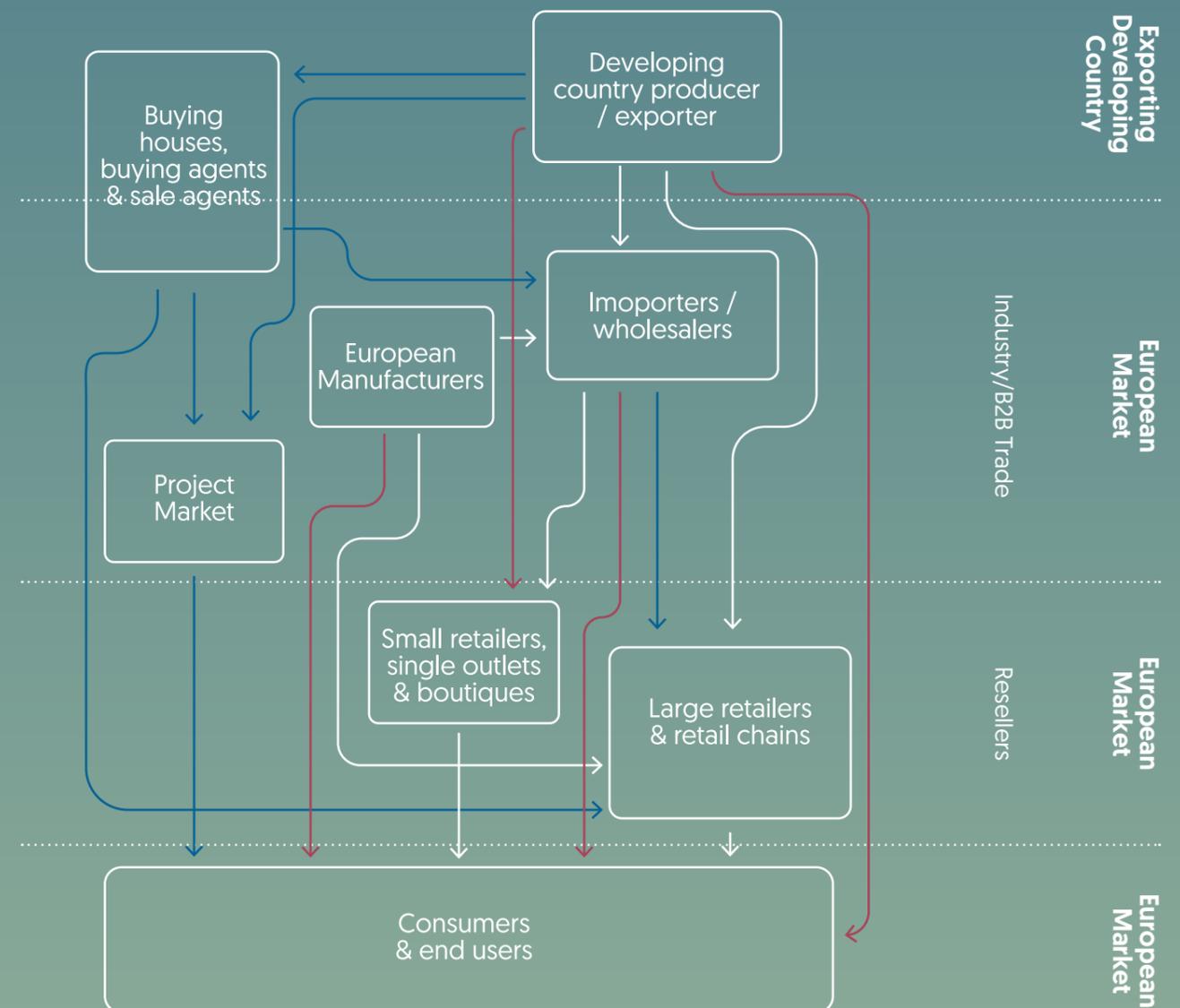
When implementing your distribution strategy, you should ask yourself:

- Am I producing small quantities or larger volumes?
- What are the logistical options in Cambodia?

Targeting wholesalers/importers would be wiser if you produce high volumes and are able to ship with Free On Board (FOB) terms, while single retailers are more interesting if your volumes are low (Delivery Duty Paid / DDP terms).



Trade channels for HDHT in Europe



Source: Autentika Global

- Main distribution flow
- Secondary distribution flow
- Alternative distribution flow

Importers/wholesalers



Importers/wholesalers can supply retailers in their own country or choose to re-export to other European countries, which explains the huge importance of internal European trade.

Importers/wholesalers usually assume responsibility for import procedures. As opposed to agents, they take ownership of the goods they purchase from producers/exporters. You should aim to develop long-term relationships with buyers because they can potentially lead to a high level of cooperation on designs, use of materials, new trends, and quality requirements.

Importers usually have a good knowledge of the European market and may have access to market segments and nationwide markets that would otherwise be difficult for exporters to reach.

Note that wholesalers in Europe are increasingly interested in selling directly to end consumers, which can lead to more sales of a specific product and provide you with bigger orders. E-commerce surely plays a role in this relatively new trend.

Retailers

Small and independent retailers and large retailers with multiple chains typically act as the intermediaries between wholesalers/importers and final consumers. Generally, the larger a retailer is, the larger volumes it imports from developing countries. Smaller independent shops are usually supplied by European importers.

Independent HDHT retailers struggle to compete with the large retail chains. To differentiate themselves and gain competitive advantages, these retailers are increasingly looking to import directly from developing countries. This distribution channel can be interesting if you produce small quantities. By skipping the importer/wholesaler, you could expect a slightly higher margin.

Agents/brokers

You can work with two kinds of agents.

- European buying agents represent their buyers in sourcing countries and act as intermediaries, meaning they do not import themselves. They sometimes have a relatively limited role, such as checking the codes of conducts or the quality of your products.
- European sales agents can help you find buyers in the European market. Be aware that the European legislation is very protective regarding commercial agents. You should consider this option very carefully.

Read more about EU's legislation for commercial agents

<https://www.osborneclarke.com/insights/appointing-an-eu-sales-agent-what-to-look-out-for>



Closing a contract with a European HDHT buyer can be difficult. Your success will depend on various factors, such as the competitive landscape, the number of suppliers already in the market and of course, the quality of your products.

Tips

- When participating in European fairs, do not only focus on large buyers. Make sure you have a proper policy for small/independent retailers who may show up to your booth. You must have appropriate terms of trading such as delivery to the doorstep of the retailer, pre-stocking, or low minimum order quantities.
- You should support your buyer in both its B2C and B2B sales by having relevant photos and materials on hand for online marketing and promotion.
- Be different. Make sure to propose materials and techniques that are not yet available on the European market.

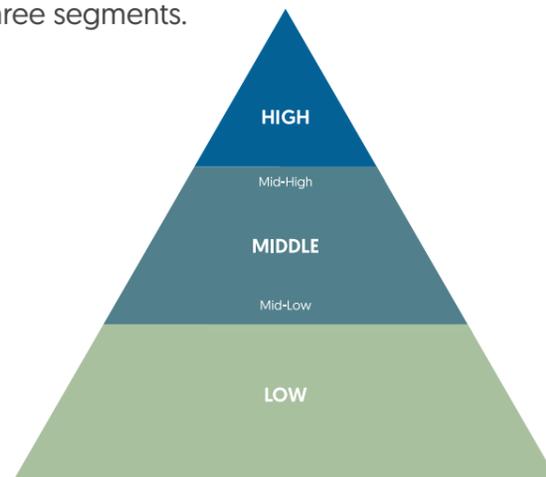
3 Segmentation⁶

The European HDHT market is segmented into low, mid, and high-end (premium) market segments, each of them fulfilling specific needs.

Which market segments should you target?

Generally, each product type can be divided into three segments.

- The bottom of the pyramid has a large base and narrows towards the middle market.
- The mid-market is ample and spacious and is therefore usually subdivided into a mid-low, mid-mid and mid-high segments.
- The top end is generally flat and narrow. It contains a restricted number of premium brands and products.



The “4 Ps” of marketing is a good way to describe each market segment. They refer to product, price, place, and promotion and together form what is called a “marketing mix”. When targeting a specific segment, it is crucial to create a marketing mix that meet this segment’s needs.

According to the Centre for the Promotion of imports from developing countries (CBI), for each segment, the marketing mix is divided into:

LOW	<ul style="list-style-type: none"> • Product: everyday basics, functional but not always durable (limited originality); • Price: available to all, discounted, a price-sensitive consumer, impulse buying; • Place: offline and online, always around the corner, supermarkets and hypermarkets as well as other one-stop stores and discount outlets; • Promotion: door-to-door leaflets, direct mail; focus on more for less.
MIDDLE	<ul style="list-style-type: none"> • Product: mass (but with some design added), functional as well as decorative, trendy, for aspirational consumers; • Price: good value for money, consumers shop around for alternatives; • Place: offline and online lifestyle home stores, private label and retail brands, gift shops, malls; • Promotion: focus on trendiness and lifestyle, affordability, via home magazines.
HIGH	<ul style="list-style-type: none"> • Product: exclusive (or limited edition), innovative, top design, a statement piece in the home; • Price: premium, the consumer is price insensitive; • Place: offline and online brand stores, design stores, higher-end department stores; • Promotion: brand communication, personalised communication.⁷

A large group of European consumers make “value for money” their top priority and prefer goods from the lower-end markets. Competition is harsh in this segment and you should only target the lower-end market if you are able to compete with extremely competitive countries such as China, India, Vietnam, and Indonesia.

On the other hand, some Europeans value differentiation. They appear to save up for products with ‘added value’ that are found in higher-end segments.

Differentiation is a broad term, it can be based on multiple characteristics including:

- Design (innovative or experimental use of material or techniques);
- Origin (cultural traditions in a contemporary styling);
- Values (such as sustainable, fair trade, ethical offers);
- Functionality (superior ergonomics or professional quality);
- Handmade (supreme craftsmanship)

These two major consumption habits in Europe put pressure on the mid-market, although there will always be opportunities there too.

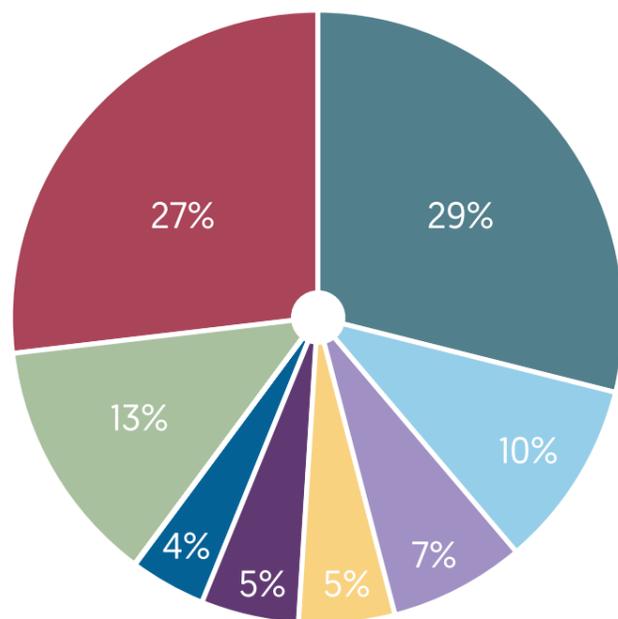
Tips

- Be special and find ways to differentiate yourself. What is already on the market does not need to be duplicated.
- Learn consumers’ perception of ‘low’, ‘mid’ or ‘high’ value by studying competition in your product category. You can do so by analysing offline or online trade fairs, selected retailers, and sales platforms.



Source: Unsplash

4 Main suppliers of HDHT products to Europe⁸



Source: Trademap

- China
- Other
- Developing Countries
- Netherlands
- France
- Italy
- Poland
- Germany

Figure 4: Leading suppliers of HDHT products to Europe, in value

Accounting for 29% of total HDHT import value in 2020, China is by far Europe's main HDHT supplier. For comparison, other developing countries combined make up 13% of European imports, less than half of China's share.

The remaining leading suppliers are all intra-European suppliers with Germany being the largest, accounting for 10% of HDHT imports. Poland accounts for 7%, followed by Italy and France with 5% each, and the Netherlands with 4%.

Other developing countries are strengthening their position

Due to its availability of raw materials, efficient shipping to Europe and low-cost workforce, China's supremacy as the most competitive supplier is incontestable.

However, this superiority is expected to fade away as Chinese manufacturers are expected to focus more on their domestic market in the coming years. Combined with the COVID-19 pandemic and trade war disruptions, this **could offer great opportunities for competitors to gain ground on China.**

This shift is already visible, as European HDHT imports from developing countries showed an average annual increase of 3.3% between 2016 and 2020, while those from China decreased at an average annual rate of 0.8%.

In 2020, Europe imported €18 billion worth of products from developing countries (excluding China).

Leading suppliers from developing countries are:

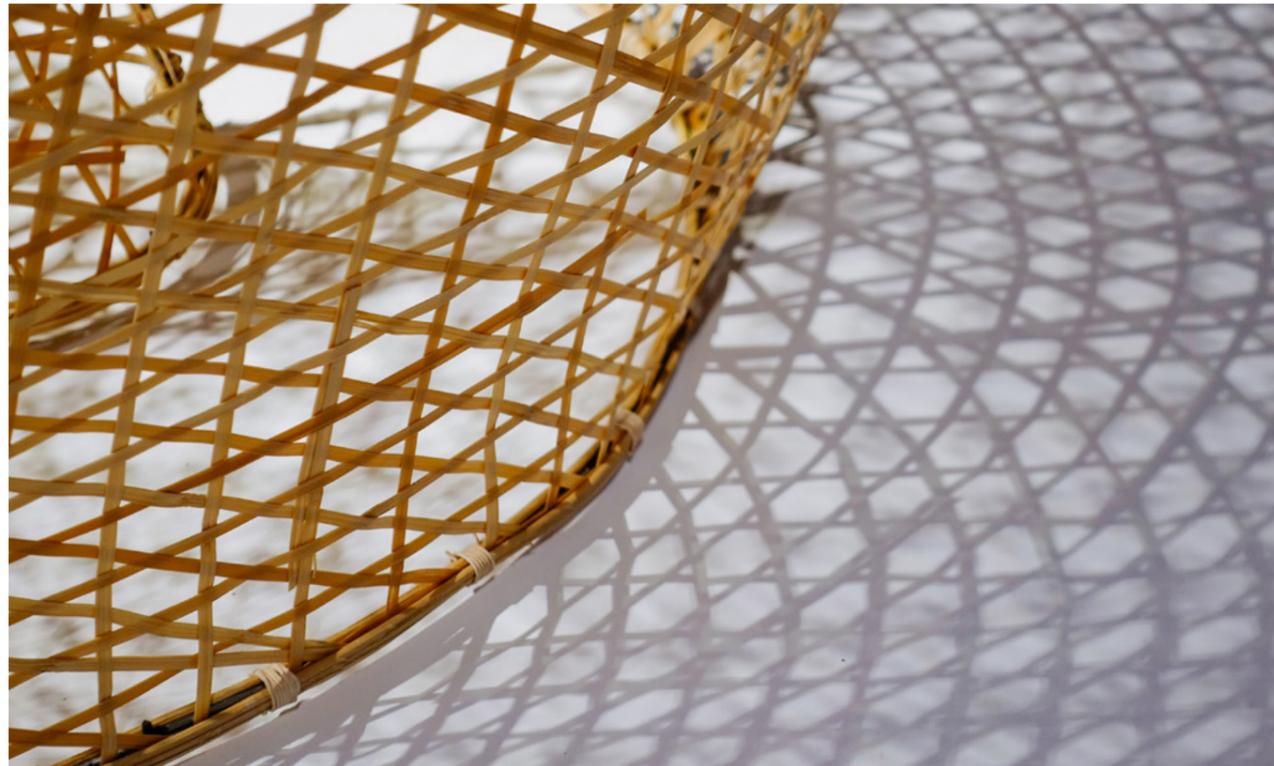
- India - €3.2 billion
- Vietnam - €3.2 billion
- Turkey - €3.1 billion
- Pakistan - €2.2 billion
- Indonesia - €1.1 billion
- Bangladesh - €0.9 billion

In-depth analyses of these imports show that China largely focuses on home decoration [92%], while other developing countries' supplies are more evenly distributed between home textiles [39%] and home decoration [61%] products.



As stated previously, the mid- to high-end markets offer good opportunities in terms of value-added products. By focusing on these markets, you avoid competition from mass-producing countries that dominate the lower ends of the market.

III Trends and consumer needs⁹



The European HDHT market is affected by multiple trends with most of them related in some way to sustainability.

Millennials and Gen Z consumers will soon be the major European consumer group and as such, they exert a strong influence on popular brands and their strategies in the market.

Today's consumers are more socially and environmentally conscious than previous generations. They have a growing awareness of the origin, composition, and carbon footprint of products they purchase, which strongly influences the following trends.



Although precise long-term market implications are difficult to anticipate, it is clear that COVID-19 both confirmed and accelerated previous HDHT trends.

HDHT Market Trends

Driver	MEGATREND	CONSUMER TREND	MARKET TREND
Social	Rapid urbanisation	Shared living	<ul style="list-style-type: none"> • Convenience, multipurpose • Differentiation, eclecticism, personal taste and style
Social, environmental, demographical	Wellness	In search of mental and physical wellbeing	<ul style="list-style-type: none"> • Themes: spa and yoga, garden and balcony, celebration, master chef, sleeping, decorating, and decluttering • Natural materials and styles
Environmental and social	Sustainability	Less wasteful consumption, more fairness	<ul style="list-style-type: none"> • Reuse, recycling, and upcycling • Equality in production and trade • Respect for culture
Social and demographical	Millennial style	Trend-followers and rebels	<ul style="list-style-type: none"> • Mid-market or alternative
Environmental, social, economic	Sustainability and the circular economy	Contributing to a better world	<ul style="list-style-type: none"> • New, more circular, and fair business models
Social	Playfulness	Consumers looking for an opportunity to play, imagine, escape, explore, create, and connect	<ul style="list-style-type: none"> • Playful styles and playful interaction
Social and political	Home sweet home	Disconnection, cocooning	<ul style="list-style-type: none"> • Nostalgic, luxury marketing

Four trends will be briefly presented: Wellness, Sustainability and New Circular Economy, Millennial Style, and Playfulness.

1 Wellness

Health and happiness are increasingly important in the eyes of Europeans and are becoming significant areas of focus and spending habits. Consumers in Europe feel a need to develop their mind and body as well as foster a better connection with themselves.

This search for wellness empowers several HDHT market trends:

- yoga – focusing on spirituality (for example with yoga kits)
- spa – creating a spa experience at home (for example with bathroom accessories)
- garden – feeling closer to nature and relaxing outdoors in an active or passive way
- sleep – sleeping better (for example with bedding and bedroom accessories)
- master chef – cooking and dining together to practise new cooking skills and connect with each other
- cultural products and stories – being open to new stories to increase your knowledge and experience, thus appreciating products reminiscent of their origin
- decorating – creating empty spaces in the home to create mental space or surrounding yourself with things you don't need but love, such as decorative accessories

Tips and recommendations:

- Consider using natural materials (natural does not always mean socially responsible/sustainable).
- Add a touch of Khmer culture to differentiate your products in this increasingly competitive market.

2 Sustainability and new circular economy

People are increasingly interested in consuming in a more sustainable manner. As consumers become more aware and concerned with the long-term impacts of their consumption habits, they are trying to reduce their waste and pay more attention to ethics and fairness.

The sustainability trend is one of the main drivers for the emergence of new circular business models that focus on extending the life cycle of HDHT products.

A typical product lifecycle consists of:

- material sourcing and selection
- production
- transport
- consumer use
- end-of-life

True circularity aims to regenerate materials at the end of their useful life into a new material to be used in a new process. Full circularity is generally not yet achievable for SMEs in developing countries, but there is a lot of innovation in the HDHT industry aimed at achieving this goal. As we have seen, recycling, upcycling, and experimentation with alternative materials are popular ways to move towards circularity.

Retail concepts such as sharing, leasing, and buy-back represent other related methods of achieving circularity. These business models aim to minimise environmental impacts by keeping products in service as long as possible. These methods have the added benefit of providing flexibility and making products more readily available to budget-conscious consumers.

Tips and recommendations:

- The **history of your value chain** is important to modern consumers. Beyond the satisfaction of purchasing recycled products, it's also an interesting selling point to know that an item was once part of a billboard, a piece of office furniture, or used clothing, for example. Good storytelling is an important piece to making this marketing strategy succeed. Even without certifications, traceability of raw materials adds value. Actively promote the environmental and social sustainability of your products. This will help you stand out from your competitors. Use your website, social media pages, and trade shows to tell your sustainability story.
- **Turn your waste into cash** by leveraging low-cost waste for recycling and upcycling. Recycling and upcycling materials from consumption and production in Cambodia offers a major opportunity. Waste or scrap materials from are often readily available and relatively inexpensive and the market is ready to embrace these concepts.
- Make your products unique by using your cultural heritage to introduce new colours and patterns to buyers and consumers.
- Use **vintage and recycled materials** for "limited editions".



Source: Unsplash

Popularity of ethical products among customers of HDHT retailers



65%

Have noticed growing interest from their customers in ethical products



65%

Sell ethical products



37%

Percentage of ethical products out of total sales

When choosing ethical products, customers value:

● Very important ● Important ● Not very important ● Not important at all

Local manufacturing (“Made In...”)



Socially responsible modes of production



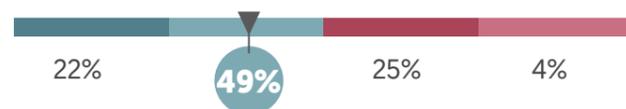
Natural materials



Product durability



Recycled/recyclable materials



Source: Maison et Objet barometer – Issue 1

3 Millennial style

Millennials are more than just one uniform group.

While most of them usually follow trends, a significant group rebels against conformism and values individuality.

Two countertrends have emerged from this difference among millennials.

- The first - conformist - group follow trends and make purchases in line with dominant styles. This benefits the mid-market which suffers from its inability to offer differentiation.
- The less conventional millennials want their brands to stand for something. They want their interior decoration to be more personal and more expressive. This benefits the higher ends of the market.

Tips and recommendations:

- Prioritise colours. The conformists are subject to periodical changes as pushed by the industry and influencers. The less-conventional ones are more original and less impressionable. To attract them, you need to use your intuition rather than market trends.
- Have a strong online presence. Follow influencers and sell your products online.
- Study best practices of conformist brands (such as Dutch brand [VT Wonen](#), British department store [M&S](#) and German glassware brand [Leonardo](#)) and of alternative brands (like designer brand [PO! Paris](#), Belgium’s [When Objects Work](#) and the basketry of [Best Before](#) (France)).

4 Playfulness

HDHT is a unique sector that allows brands to experiment by offering playful designs and unique characteristics with their products. These kinds of characteristics can stimulate social connection and reduce isolation and loneliness in the home. Indeed, HDHT products can provide an escape from everyday life and its worries.

Therefore, millions of consumers worldwide are embracing new opportunities to make their home more playful and personal.

Daring and provocative products, often with a touch of humour, express this trend.

Tips and recommendations:

- Use odd shapes, bold colour, and humour.
- Put yourself in the shoes of a child when designing this trend.
- Analyse good practices of brands such as [Alessi](#) (kitchenware), [Seletti](#) (home accessories) and [Jonathan Adler](#) (lifestyle collection).

IV Requirements

To be able to sell your HDHT products in the European market, you need to comply with several requirements.

Legal requirements for HDHT products largely focus on consumer health and safety. Products should work well and risks should be kept to a minimum. Wildlife and timber products are subject to restrictions and both social and environmental sustainability are becoming increasingly important.

1 Mandatory legal requirements

A. Tariffs and rules of origin

The rules of origin determine the origin of goods, and their place of production and/or manufacture.

Cambodia is part of the EU's Generalised Scheme of Preferences, which aims to help developing countries expand their exports.

Thus, Cambodia enjoys preferential origin rules.

- 0% tariff - if imported directly
- 5.8% - if imported through a third country

To benefit from a 0% tariff, the product must:

- Be wholly obtained and originate from Cambodia.
- Its sugar weight must not exceed 40% of the final product weight.

B. Value-added tax

Textiles and clothing are subject to a 7% value-added tax when entering the European Union.

C. General product safety

The European Union's General Product Safety Directive (GPSD: 2001/95/EC) applies to all consumer products. It mandates that all products marketed in Europe must be safe to use.

- EU's General Product Safety Directive (GPSD: 2001/95/EC)

<https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:32001L0095>

D. REACH Regulationst

REACH (Registration, Evaluation, and Authorisation of Chemicals) secures the manufacture and use of chemical substances in the European industry. Leading apparel companies are constantly pressured by this strict regulation to diminish or remove toxic chemicals from their supply chain and are therefore gradually using new and more sustainable techniques to more efficiently manage their use of water and limit the use of harmful chemicals.

More than 20,000 chemical substances have been identified as hazardous and their potential risks have been established.

- Make sure you comply with the EU's REACH Regulation : [EC 1907/2006]

EUR-Lex - 32006R1907 - EN - EUR-Lex (europa.eu)

E. Food contact materials regulation

Food safety is a major concern in Europe. It is important to ensure that materials are not sources of health risks.

Thus, you should:

- Comply with the European Food Contact Materials Regulation, which ensures that products do not release any substances into food.
- Label your products subject to the Food Contact Materials Regulation (kitchenware, tableware etc) with specific symbols, such as the food safe symbol.
- Follow FCM legislation on plastic, recycled plastic, and ceramics if your items contain these materials.
- Comply with Regulation [EC] No 2023/2006 on good manufacturing practices, which ensures a well-controlled manufacturing process.

Tips:

- See Frequently Asked Questions on the Food Contact Materials legislation.
- See the roadmap on the initiative to lower metal limits for ceramic food contact materials to keep up to date on the potential new limits for lead and cadmium in ceramics.

F. Timber Regulation

The EU Timber Regulation (EUTR) applies to HDHT items that contain wood.

You must be able to provide your buyer with information such as the origin of the wood, the tree species, and be able to prove your compliance with national laws and regulations.

Products with a CITES or FLEGT license already comply with the EUTR and are therefore exempt from the due diligence obligation.

G. CITES (Convention on Trade in Endangered Species)

Some species of animals and plants are excluded from use in items, so you cannot use them in your products. Others are subject to severe importing restrictions.

- See the EU wildlife regulatory measures EC 338/97. <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31997R0338&from=EN>

H. Dangerous products resembling foodstuffs

The EU bans decorative items that could be confused with food products. Food-shaped soaps and candles fall within this category.

- Directive 87/357/EEC on dangerous products resembling foodstuffs.

I. Labelling and packaging requirements

Textile Regulation

Textile products must have their fibre composition displayed in the language of the country they are sold. These labels should be durable and tear-resistant, easily legible, securely attached, accessible, and visible.

- EU Textile regulation: https://ec.europa.eu/growth/sectors/fashion/textiles-clothing/legislation/index_en.htm

Packaging

Your outer packaging should display the information requested on the packing list sent to the importer. It should include:

- producer name
- consignee name
- quantity
- size
- volume
- caution signs

Wood packaging materials

Europe has requirements for wood packaging materials (WPM) used for transport such as boxes, packing cases, drums, crates, dunnage, and pallets.

All non-EU countries' wood packaging must be

- marked with the ISPM15 stamp and the IPPC logo
- heat treated or fumigated in line with International Standards for Phytosanitary Measures (ISPM15)
- debarked
- caution signs

Tips:

- Ask your buyer for their specific packaging and labelling requirements.
- See Packaging Europe for the latest packaging developments.
- see the overview of EU rules on wood packaging material for more information.
- Check the ISPM15 procedure for more detailed information.

V Certifications and certifiers

As buyers and consumers increasingly demand standards above EU regulations, obtaining the proper certifications is an essential piece of getting export-ready.

A certification provides certainty to customers worldwide. It proves that your management system, processes, and products meet objective and internationally recognised criteria.

Additionally, certifications improve your overall efficiency by helping your operations become more sophisticated and easier to control.

Certification processes serve as company assessments that highlight areas for improvement.

Certifications provide assurances to relevant authorities because they guarantee your are in compliance with related rules and legislation.

Getting certified will help earn your product a good reputation in the international market and certifications also serve as excellent marketing tools.



Source: Unsplash

Table 1: Most important certifications requested by European HDHT buyers

Name	Type	Cost for companies	Tips
 <p>WFTO</p>	Fair-Trade	Use the fee calculator to determine your annual fee, which depends on your turnover and location. You also have to pay for a monitoring audit upon application and every 2-6 years after becoming guaranteed.	Comply with the WFTO's fair trade principles , even if you cannot afford to become officially guaranteed or certified to show your commitment.
 <p>Fair for Life</p>	Fair-Trade	Certification costs vary depending on factors including company size and location. You have to apply to get an exact offer.	Familiarise yourself with the Fair for Life standard.
 <p>FSC</p>	Sustainable Wood	The first step towards FSC certification is to contact an FSC accredited certification body for a quote.	Follow the 5 steps towards FSC certification .
 <p>GOTS</p>	Sustainable textiles	Companies with 1 facility can expect annual certification costs of €1,200-€3,000, plus an annual license fee of €150.	Use GOTS-certified organic yarn or fabric instead of applying for your own certification. Make sure to communicate clearly that the certification applies to the yarn or fabric and not to the rest of the product's components and related production processes.
 <p>OEKO-TEK</p>	Sustainable textiles	The cost of STANDARD 100 certification includes the costs for the license, a company audit, and laboratory and administrative tests. You can obtain a cost estimate from your appointed OEKO-TEX institute.	Use OEKO-TEX-certified yarn or fabric instead of applying for your own certification. This can significantly reduce the costs for laboratory tests by avoiding duplicate tests.

Source: Globally Cool

1 General sustainability certifications

Sustainability is a great way of standing out in the European market. Raw materials used in your products should ideally be sustainable. Fair working conditions and sustainable production processes are also expected if you wish to earn a sustainability certification.

Among the various sustainable certification programmes and schemes you can find on the European market, buyers are increasingly demanding these two:

Amfori Business Social Compliance Initiative (BSCI)

This initiative has been developed by European retailers to improve social conditions in sourcing countries. Buyers often request an audit of factories they are working with to prove compliance. Once audited, a company is included in the BSCI database.

Ethical Trading Initiative (ETI):

The ETI is an alliance of trade unions, companies, and organisations that aim to improve the lives of workers who produce consumer goods around the globe.

To learn more about sustainable practices for companies, look into the following standards:

ISO 14001

For companies and organisations of any type that require practical tools to manage their environmental responsibilities.

Sedex

a membership organisation that provides one of the world's leading online platforms for companies to manage and improve working conditions in global supply chains.

SA 8000

an international certification standard that encourages organisations to develop, maintain, and adopt socially acceptable practices in the workplace.

Tips:

- Buyers appreciate companies that have a story to share. Showing that your company values social and environmental performance will provide you with a competitive advantage.
- Self-assess your factory by using tools like the BSCI Self-Assessment for Producers or the [ETI base code](#) to evaluate your performance.

2 Fair trade certifications

Fair Trade concepts aim to support improved social conditions and fair pricing for producers and their communities. Getting fair trade certified gives you a competitive advantage in the European market, especially if your production is labour intensive.

The most common fair-trade certifications include:



Fairtrade
International



World Fair Trade
Organisation
(WFTO)

3 Sustainable wood certifications

Here are two of the most common certifications for sustainable wooden products, which verify that your products come from sustainably managed forests:



Forest Stewardship
Council (FSC)

especially popular in Western
European markets.



Programme for the
Endorsement of
Forest Certification
(PEFC).

Source: Unsplash

4 Sustainable textile certifications

Sustainability is one of the most important concerns among home decoration actors and is increasingly demanded by buyers.

Here are some of the most popular sustainable textile certifications:

- The Global Organic Textile Standard (GOTS) certifies social and environmental responsibility at every stage of the supply chain. Your textile products must have at least 70% of organic fibres.
- The OEKO-TEX Standard 100 certification ensures the responsible use of chemicals.
- The Sustainable Textile Production (STeP) by OEKO-TEX® certification ensures that textile manufacturing and processing take place in a sustainable manner.
- The EU Ecolabel “certifies products with a guaranteed, independently verified low environmental impact. To be awarded the EU Ecolabel, goods and services should meet high environmental standards throughout their entire life cycle: from raw material extraction through production and distribution to disposal.”¹⁰



Source: Unsplash

5 Main guidelines to get certified

1. Find a buyer.
2. Select a certification scheme that suits operational and EU requirements.
 - Make yourself familiar with the target market. Which certifications are required by your potential customers? Which may offer promising value-added?
 - Determine the next steps. Assess the finance required to upgrade to such certification. (Price of the certification, modification of the production set up, future plans etc)
 - To get yourself familiar with standards, you can use this website:
<https://standardsmap.org/en/identify>
 - The Standards Map provides online access to a wide range of information related to sustainability initiatives, standards and trends, allowing businesses to pick the right certification or follow the right standards.
3. Develop and implement the certification system requirements in your organisation.
4. Conduct an internal audit.
5. Conduct a management review.
6. Adjust according to the output of the internal audit and management review.
7. Verify the corrective actions.
8. Contact a certification body that has the accreditation to issue a valid certificate.
9. Send an application to a certifying body (e.g., Control Union)
10. The application is reviewed by the certifying body.
11. Preparation of the contract.
12. Reviewing of the contract by the applicant.
13. Sign and send back the contract to the certifying body.
14. The certifying body officially registers the applicant as a 'client' and arranges the audit.

Before the audit

Some documents need to be sent to the certifying body. These are meant to provide a basic understanding of the company's operation and its current quality management system. This information will be verified during the onsite inspection.

Factory audit

- 3 components
- Observation of the factory
 - Worker interviews
 - Documents check

If the client complies with the standards, the certificate is issued.
If not, some corrective actions need to be implemented.



Time limit:

Minor non-compliance:
2 months

Major non-compliance:
1 month

The certificate is then issued.

Potential certifiers are Control Union and Bureau Veritas.

Table 7: Potential certifiers in Cambodia

ControlUnion



- N°28, Street 288, Sangkat Olympic, Chamkarmon, 12312 Phnom Penh
- 023 966 496
- cambodia@controlunion.com
- <https://www.petersoncontrolunion.com/en>



Bureau Veritas

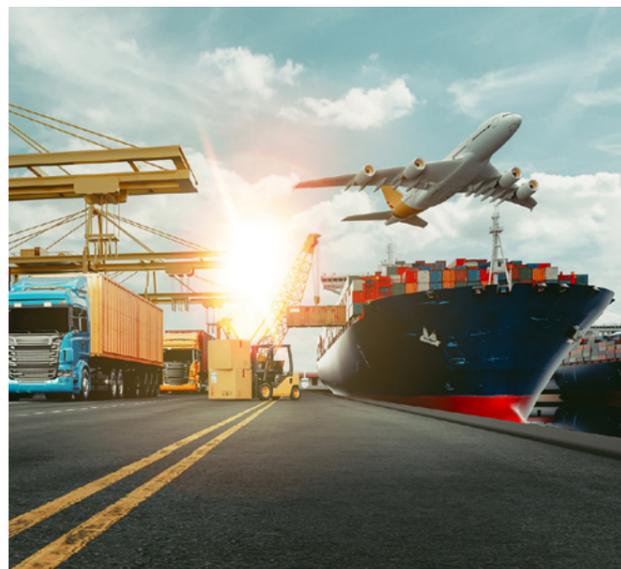
- #1186, St.371, Sangkat Steung Meanchey, Khan Meanchey, Phnom Penh, Cambodia.
- 017 555 638 / +85523 962 280
- sreymarch.seng@vn.bureauveritas.com
dwijenayaka@controlunion.com
- <https://group.bureauveritas.com/>

VI Logistics

Goods are subject to risks while being transported. To avoid the many pitfalls in logistics and get your products on the markets on the conditions agreed on, working with a good logistical operator is crucially important.



Source: Unsplash



1 Transport/incoterms

Incoterms (international commercial terms) are a system of international rules that govern international trade operations.

These rules define the distribution of costs, risks, and import and export formalities between the seller and the buyer in the process of delivering the goods. It allows each party to make the necessary arrangements related to its obligations: insurance, costs (logistics, taxes...) and formalities (regulatory, customs...). Above all, it allows you to avoid disputes.

The most common incoterms are **FOB** and **CIF**.

- **FOB/Free on Board.** The seller must clear the goods through customs and deliver them on board a vessel designated by the buyer. The transfer of costs and risks takes place when the goods are on board the vessel at the port of departure.
- **CIF/Cost Insurance and Freight.** This incoterm requires the seller to conclude the contract of carriage on behalf of the buyer, but also to take out insurance on behalf of the buyer to cover the goods during the carriage. Thus, the goods are transported at the buyer's risk. According to this organisation, there is a gap between the transfer of the expenses which takes place at the port of arrival and the transfer of the risks which takes place at the port of departure.
- It is frequently used because it allows the exporter to provide a complete solution (customs clearance, transport and insurance) without engaging its responsibility since it is the buyer who is responsible for the goods during transport.

FOB - INCOTERM® 2020



CIF - INCOTERM® 2020



Important:

- CIF price is higher than FOB
- FOB or CIF is negotiated between the buyer and seller.
- Factors to choose FOB or CIF include the relations between the producer and the shipping companies, geostrategic location etc.
- It is recommended for companies to have both prices ready (FOB and CIF) when beginning to negotiate with buyers. Price is indicated usually in container loads.
- Usually, importers in Europe are happy to take over shipments at big ports.
- Big ports include Rotterdam, Hamburg, and Antwerp in continental Europe, other ports in the Mediterranean (Valencia, Genoa).

2 Logistics steps

Do your research to identify the right logistics provider. Competitive pricing, good services, reliability, and the ability to provide good insurance providers (if CIF) are parameters to look for. It is crucial that you familiarise yourself with some basic information before engaging with a potential buyer. How long does it take to ship to EU? What is the best route or port of destination for your target market? How about combined loads, etc? Importers may have a lot of questions related to shipping options.

1. Do your research to identify the right logistics provider. Competitive pricing, good services, reliable, on time, and good insurance provider (if CIF) are parameters to look for
2. Before negotiating with your buyer, be sure to have FOB and CIF quotations ready. You may request these quotations from your logistics provider.
3. Negotiate with the buyer the terms of the shipment: products, volume, frequency of shipments, delivery time, testing, and payment. Importers often start with small orders (just a few pallets) as they want to run a trial first.
4. Usual payment instalment: 50% with all documents ready and product ready to ship, the other 50% when the product is sold.
5. Do your homework before negotiating with the buyer. Know the common length of the logistics process, how long does it take to produce one container load etc.
6. Understand the packaging. Good logistics depends on good packaging.
7. Arrange basic testing on anything relevant before shipping (MRLs, contaminants etc., organic if needed), to avoid liability issues and reinforce goodwill with the buyer.
8. Sign a contract with the buyer with payment and shipment terms.
9. Package the goods correctly (in compliance with EU law).
10. Send goods. You may have to track them. Be aware of when the product will arrive at the port of destination.

Tip:

- For more information on incoterms: <https://www.velotrade.com/guides/what-is-incoterms-2020/>

3 Freight forwarding companies



DHL Express

🏠 571, 575 Russian Federation Blvd. (110), Phnom Penh, Cambodia
🌐 <http://www.dhl.com.kh/>



World Bridge Group of Companies

🏠 The Bridge level 38, Village, No 14 National Assembly Street, Phnom Penh, Cambodia
🌐 <https://www.worldbridge.com.kh/>



DHL Global Forwarding

🏠 11th Floor, Heng Asia Building #22, Mao Tse Toung Boulevard (245), 12305, Cambodia
🌐 <http://www.dhl.com.kh/>



CFS Cam Freight Services Co., Ltd.

🏠 313 Street, 85c Phnom Penh, 12152, Cambodia
🌐 <https://www.ups.com/kh/en/contact.page>



UPS Express Cambodia

🏠 Camkocity R1, Camko Street Kongkeo Phos Village 2 Commune, Phnom Penh, Cambodia
🌐 <https://www.ups.com/kh/en/contact.page>



Maersk (Cambodia) Ltd.

🏠 No. 298, Mao Tse Toung (St. 245), Next to InterContinental Phnom Penh, Room 8A, Mao Tse Toung Boulevard (245), Phnom Penh, Cambodia
🌐 <http://www.maerskline.com/>



SRVC Freight Services Cambodia Co., Ltd.

 Tuol Kouk District Hall, Phnom Penh 12150, Cambodia
 <http://www.srv-cambodia.com/>



DB Schenker (Cambodia) Limited

 Ty Thai Heng Long Building, No. 78, 7th Floor, Mao Tse Toung Boulevard (245), Phnom Penh, Cambodia
 http://www.dbschenker.com.kh/log-kh-en/company/contact_us.html



Swift Freight Logistics Limited

 Plot 61, 570- St 331, Phnom Penh, Cambodia
 <https://www.swiftfreightlogistics.com/>



CSKHA LINES CO., LTD.

 2nd Floor, Kim Hap Bldg., #86EA2, Street 388, Sangkat Prey II, Toul Svay, Cambodia
 <http://www.heung-a.com>

Endnotes

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