



DOING BUSINESS WITH FURNITURE SECTOR IN EUROPE

LEVERAGE ON SKYMINDER SOLUTIONS

MAY 2025 SKYMINDER NEWSLETTER

Furniture Sector Overview



Design is a key aspect for the furniture industry and the protection of intangible contents remains a priority to preserve its competitiveness. High quality and design are major assets considering the growing competition the industry has faced over the past decade from third countries. Intellectual Property Rights (IPRs) infringements are a major detriment to both the industry and the economy at large, as they jeopardise the significant benefits of innovation and creativity. Furniture products and new prototypes are especially vulnerable at trade fairs, in particular when their design has not been registered in advance thereof.

The manufacturers embrace sustainability and the opportunities that the twin transition will bring, including new products in line with lifestyle changes and sustainability trends, as well as new business models. Some best practices already exist and many more are to come as with a transition to a more circular economy, our main expected contribution to climate neutrality objectives.

The European furniture industry is ready to contribute to making sustainable products the norm in the EU. Furniture is generally well suited for a circular economy. Furniture products can be designed for longevity and one of the most prominent raw materials for the industry is wood, which is renewable.

Harmonised circular economy rules at the EU level are essential to effectively transition to a more circular economy, prevent fragmentation and ensure consistency across Member States.

Legislation such as the Ecodesign for Sustainable Products Regulation (ESPR) are pivotal.

To fully close the loop in the sector, a holistic approach to circular economy is needed, based on a combination of tools, including appropriate ecodesign requirements that truly support lifetime extension and harmonised Extended Producer Responsibility Schemes across the EU for furniture, incentives, stimulating demand for circular products and providing SME support.

SOURCE: EFIC



The furniture industry is a labour-intensive and dynamic sector dominated by small and medium-sized enterprises (SMEs) and micro firms. EU furniture manufacturers have a good reputation worldwide thanks to their creative capacity for new designs and responsiveness to new demands. The industry is able to combine new technologies and innovation with cultural heritage and style, and provides jobs for highly skilled workers.

Why the EU furniture industry is important

Employment - the sector employs around 1 million workers in 130 thousand companies generating an annual turnover of around €96 billion;

Trend setting - EU furniture manufacturers set global trends. About 12% of designs registered in the European Union Intellectual Property Office relate to this sector;

High-end segment - the EU is a world leader in the high-end segment of the furniture market. Nearly two out of every three high-end furniture products sold in the world are produced in the EU.

Main figures

- 1 Million Employees
- 120,000 enterprises, mainly SMEs and Microenterprises
- Production: 116 billion US\$ (24% of world furniture production)
- Export: 71 billion US\$ (38% of world furniture exports)
- Imports: 73 billion US\$ (47% of world furniture imports)
- Consumptions: 117 billion US\$ (27% of world furniture consumption)

SOURCE: EFIC



Opportunities and Challenges in Europe

Challenges faced by the furniture sector

The furniture sector has been severely hit by the recent crises and has faced a significant drop in the number of companies, jobs, and turnover. The main challenges are:

- **Competition** – the EU furniture sector faces enormous competition from countries having low production costs. China's penetration into the EU market is growing rapidly and it is now the largest furniture exporter to the EU, accounting for over half of total furniture imports to the EU.
- **Innovation** - the reliance on innovation and design combined with an increase in global trade and digitalisation, makes the sector more vulnerable to weak protection of intellectual property rights. Boosting research and innovation also requires finance that is often inaccessible to SMEs.
- **Structural problems** - the ageing workforce combined with difficulties in attracting young workers may lead to disruptions in maintaining skilled workers and craftsmanship.
- **Trade** - protectionist measures on international markets create market distortions and decrease the sector's competitiveness. EU furniture producers face both duties on imports of raw materials and tariffs on exports of finished products. Moreover, operational costs in the EU are higher due to high environmental, sustainability, and technical standards.

Opportunities for the furniture sector

The EU furniture sector has undergone significant changes to make it more export-oriented and to focus on upgrading quality, design, and innovation. These changes include restructuring, technological advances, and business model innovations. The main opportunities ahead lie in:

- **Investment** - continuing investment in skills, design, creativity, research, innovation, and new technologies can result in new products which are in line with the changing population structure, lifestyles and trends, as well as with new business models and supplier-consumer relationships.
- **Research** - research in advanced manufacturing technologies can result in the creation of high technology and knowledge intensive jobs, which would give the sector the attractiveness it needs to attract employees from younger generations. This could help rejuvenate the sector while keeping it highly competitive on the world stage.
- **Access to new markets** – EU furniture manufacturers are recognised worldwide for their quality and design. This creates opportunities for the sector to further seize other markets, in particular in high-end segments and emerging economies.

- **Synergies** - with construction and tourism could also be exploited, building on the sector's excellent track record in sustainability. Specifically, the reliance on raw materials from sustainable sources used in the furniture production could have a positive impact on sales among environmentally concerned end-users.

SOURCE: European Commission



Focus on European Furniture Industries Confederation

EFIC is the European Furniture Industries Confederation, representing over 70% of the total turnover of the European Furniture Industries.

The EFIC membership is composed of 18 national associations, one individual company member and several clusters.

SOURCE: EFIC



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SkyMinder is the worldwide CRIF platform helping you to take decisions based on high-quality information. If you are required to evaluate a business partner in the Furniture Sector, a customer or a supplier, in a risk evaluation process or for compliance requirements or a cyber risk assessment, SkyMinder is the right solution.

| Requirement | SkyMinder Solution | Description |
|--|--|--|
| Know business partners and risk level <ul style="list-style-type: none">- have on board new suppliers- understand in depth customers creditworthiness | Full Report, Quick Report, Slim Report | Information, with different level of details, related to all companies in the world, including firmographics, credit limit, risk indicator, management, shareholders, negative events etc. |
| Receive immediate notification with related details if a change affects a company | Full Monitoring | Detailed information about changes affecting a company as soon as happened. Combined possibility to request for free updated report. |
| Be alerted if there is change in company's information | Alert | Information related to the area involved by a change as soon as an event happened. |
| Periodically checks if there are changes involving companies | Planned Revision | Scheduled revision with updated report including company's changes if applicable |
| Obtain documents from Official Registry and LEI repository | Official Registry and LEI | Product range including documents coming from public sources or from LEI Registry |
| Company ownership overview | Verification Report | List of shareholders to understand company's structure |
| Compliance requirements and fraud checks | Compliance Report and Extended Check Report | Anti-Bribery and Money Laundering lists checks related to financial crimes. |
| Risk of Cyber attack | Cyber Risk Report | Assess the level of risk related to a business partner in being involved in a cyber attack |