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THE EUROPEAN MARKET FOR LIGHTING FIXTURES

Lighting is a relevant consumer of energy and a potential creator of wastes (as it could be said for any industrial product). Thus, the potential of energy saving included in the new related technologies (LEDification yesterday, Connected Lighting today, Horticultural and Humancentric Lighting tomorrow) will contribute to the efforts to achieve the NEXT Generation EU goals in the coming future.

A new challenge that the industry is going to face in the coming years is that of circular economy. Circular economy is set to drive change in the way lighting products are made, sold, and recycled or reused. One of the first possible changes is included in draft eco-design measures as a part of the Single Lighting Regulation.

These would require lighting producers to design luminaires that incorporate replaceable LED light sources, and drivers. A key requirement is that components should be replaceable without permanent damage to the luminaire. This change could extend the life of some lighting products and make their upgrading/recycling/reuse easier. However, if such modularity is mandatory, it would also add complexity and cost to many products, including simpler integrated light fittings for both business and consumer applications.

Serviceability is more important for products having longevity like street lighting and office lighting. Lighting is linked in many ways to the priorities of NEXT Generation EU, due to investments in offices, hospitals, public environments, street lighting etc.

MAIN FIGURES

In 2020, consumption of lighting fixtures in the EU30 countries registered a -8.8% decrease, thus reaching a total value of Eur 16.5 billion (previously Eur 18.1 billion). LED lamps registered a -7% decrease (additionally Eur 1.8 billion) while Conventional lamps registered a -28% (now around Eur 325 million). To be added also, to reach a grand total for the Lighting market (not considering only lighting fixtures), an estimate of European market for lighting controls of about Eur 610 million (+11% y-o-y).

Total lighting market for Europe in 2020 is worth around Eur 19.2 billion (-8.5% y-o-y). Germany is the major lighting market (fixtures, lamps, controls) with around Eur 4,130 million (factory prices), followed by the United Kingdom (Eur 2,520 million), France (Eur 2,170 million) and Italy (Eur 1.7 billion). Altogether, the 13 CEE countries are worth around Eur 2,770 million in term of lighting market. The decrease in consumption of lighting fixtures recorded double-digit rates for Commercial and Outdoor lighting fixtures, while it is relatively smaller for Residential (-5%) and Industrial (-5.8%) lighting fixtures. At the time of closure of the CSIL Report 'The European Market for Lighting Fixtures' (end March 2021), the overall expectation for the European economy (GDP) is of a rebound of 4.4% and 4.0% for 2021 and 2022 respectively; economic growth is then expected to slow down to 2.1% and 1.8% in 2023 and 2024.

CSIL forecasts a growth of 4% y-o-y for the European lighting market for the year 2021. A somewhat more robust recovery is expected for 2022 (+4.2%), followed by +3.0% in 2023 and +2.5% in 2024. If so, the market level of 2019 will be achieved again already by the end of 2022 and by the end of 2024 it will be somewhat 6% higher than it was in 2019. The lighting industry in Europe employs around 100,000 people. Estimated average turnover per employee is Eur 210,000.

TRADE

Germany is the first European exporter of lighting fixtures and the first importer country (Eur 2.5 and Eur 2.9 billion respectively). Italy is the second largest exporter of lighting fixtures in Europe and it ranks first as net exporter (exports less imports value, about Eur 670 million, around 100 million euros less than in the previous three years). France and the United Kingdom show the largest net deficit (almost Eur 1 billion more for imports in comparison with exports, a bit less than in the past), followed by Switzerland and Norway (Eur 600 and Eur 370 million respectively). Lighting fixtures exports reached Eur 11.9 billion in 2020 (-11.8% on 2019) while imports reached Eur 15.6 billion (-10% on 2019).

In 2020, the European trade balance recorded a deficit of Eur 3.7 billion (Eur 3.8 billion in 2019). Intra-European trade recorded an average yearly growth of +1% during the five year period considered (around -10% y-o-y in 2020).

A relevant slice of imports exceeeding 7 billion euros in 2020 comes from Asia Pacific with a reduction by -9%. (-0.6% in the yearly average of the period).

Net deficit with ASAP from EU30 is around 6.5 billion euros (7 billion euros in 2019). On the opposite side, there is a net surplus with North America of about Eur 404 million (previously Eur 497 million).

DISTRIBUTION

Lighting fixtures in Europe are distributed through the following channels:

• Specialist lighting stores usually do not have a very large display area but most of their turnover is generated from lighting fixtures. They represent 18% of the European market (previously 20%), some more in the residential lighting segment. This channel faces huge competition from architectural practices working directly on big projects, major wholesalers, e-commerce.

• 'Lifestyle' retailers (including small and medium furniture and lighting fixtures retailers, furniture and furnishings chains like IKEA, and department stores like BHV, El Corte Ingles, Kika) account for 13% of total lighting sales. On this aggregate, furniture chains weight around 65% (with IKEA being by far the main player), 25% small/independent furniture stores, 10% department stores such as El Corte Ingles, Kaufhof, and BHV.

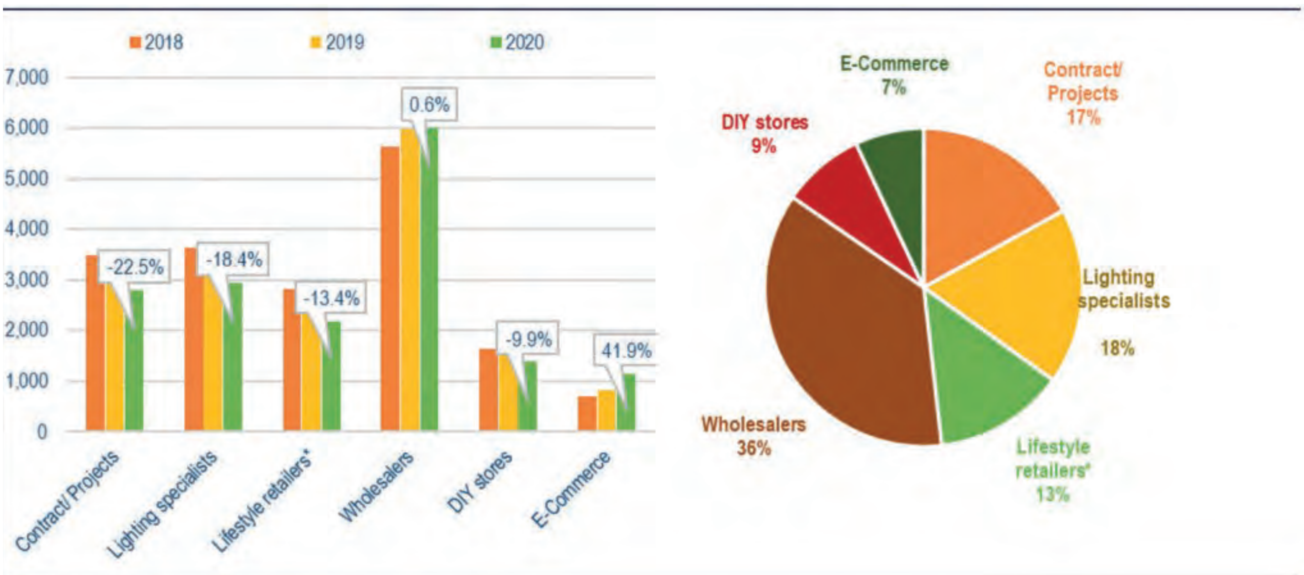
• Electrical wholesalers sell about 30% lighting fixtures and for the majority other electrical equipment. Their share is around 15% for residential lighting and over 40% for professional lighting (over 36% overall);

• DIY stores sell low-cost lighting fixtures, mainly imported, accounting for 19% of the residential lighting market (4% more than 10 years ago) and 3% of the professional lighting segment. Including both DIY stores (some 70%) and hypermarkets (30%), DIY has lost ground in the last years.

• E-commerce, both on residential and technical lighting fixtures markets, reached 7% of total sales with a robust +40% growth during 2020. Players in this segment include the big e-commerce specialists (Amazon) and single lighting stores.

• Contract and direct sales account for almost 30% of the Professional market and some percentage points for the Consumer market. Overall share 20% in 2019 and 17% in 2020. During the lockdown this channels recorded a major decrease, but a recovery is expected.

EUROPE. LIGHTING FIXTURES SALES BREAKDOWN BY DISTRIBUTION CHANNEL.
EUR MILLION 2018-2020, % CHANGE 2020/2019 AND % SHARE ON VALUE 2020



Source: CSIL processing