

# "THE EU FURNITURE MARKET SITUATION AND A POSSIBLE FURNITURE PRODUCTS INITIATIVE"

## **EXECUTIVE SUMMARY**

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his study on "the EU furniture market situation and a possible furniture products initiative" aimed at analysing the situation of the EU furniture market and at identifying how improving information provided to consumers on furniture products could respond to some of the main challenges currently affecting the sector, as described below. The study was prepared by a team of researchers from the Centre for European Policy Studies (CEPS) in cooperation with the Centre for Industrial Studies (CSIL), Demetra and Economisti Associati.

One quarter of the world's furniture is produced in the EU. Furniture remains one of the most fragmented manufacturing sectors in Europe. In 2010, about 940,000 European workers were employed in approximately 130,000 firms. SMEs account for over 70% of total added value, of which a sizeable share is represented by small companies and micro-enterprises. In 2010, the sector's production amounted to around € 83 billion with a value added of nearly € 29 billion. Germany, Italy, Poland and France ranked among the top 10 furniture manufacturers worldwide, and held a combined share of 17% of world production and almost 60% of EU production. Moreover, the EU Single Market has resulted in a very high degree of business-to-business trade integration across the Member States both in terms of firm specialization and product differentiation. With over 500 million inhabitants, the EU accounts for roughly one quarter of the global world furniture market. Depending on the economic cycle and on increases in the housing stock, per capita furniture consumption in the EU can be as high as 1.5-2% of total household purchasing power domestically.

The furniture market has traditionally been very cyclical and is sensitive to the economic conjuncture. Indeed, the furniture industry has been one of the most severely hit by the recent economic downturn. After a peak in 2007, total industry production has decreased by more than 14% and total sector employment decreased by 20% between 2007 and 2011. This has accelerated an underlying restructuring process common to other low-tech industries (such as clothing and textiles). Commitment to open trade and globalization also impacted the EU furniture market in a notable way over the last decade. Since 2000, the EU has substantially increased its extra-EU imports of furniture from € 5 billion to € 10 billion. Most of these imports are based on price competition and come from low-labour cost countries. China alone accounts for about 60% of EU imports in furniture. Against this background, the competitive response of the European furniture industry centred around further quality upgrading, although this has occurred at different strengths and levels across the various segments of the industry. Yet, and despite the recent and strong reduction in workforce, furniture remains by all standards a labour-intensive sector.

The strengths, weaknesses, opportunities, and threats of the EU furniture industry are shown in Figure 1.

Figure 1 Strengths, weaknesses, opportunities, and threats of the EU furniture industry

## **Strengths**

- •All sections of the furniture production value chain are present in the EU
- The furniture sector can count on high quality raw materials and suppliers of components
- EU furniture production technology is advanced
- EU furniture products incorporate values other than price
- Leading design and research centres are located in the EU
- The furniture market in the EU is huge
- The EU furniture sector is ready to embrace principles of sustainability and environmental performance
- Cluster cooperation and interaction is ongoing

#### Weaknesses

- EU labour costs are relatively higher
- EU workforce in furniture is ageing
- •The main furniture demand determinants are weak
- EU furniture sector dominated by SMEs with limited access to finance
- Protectionist measures in export markets are still in force

## **Opportunities**

- New markets opportunities emerging at global level (e.g. Russia, China, the Gulf area)
- EU furniture exports are relatively limited in value, but increasing
- The construction and renovation sectors provide additional opportunities
  Changing patterns of furniture
- Changing patterns of furniture consumptions are generating "new" demand (e.g., ageing population)
- Integrating productive systems across the EU can enhance the overall level of EU furniture quality
- Demand for high technology and knowledge intensive jobs is growing

#### **Threats**

- Competition from Asia is growing
- Cost of raw materials complying with EU rules & standards is increasing
- The protection of IPRs is insufficient
- •The change in retailing format could further push the demand for overseas supplies
- Quality of foreign products is improving
- Sustainability initiatives still have a poor market response
- EU product, environmental, and health & safety regulation is relatively stricter

Source: Authors' own elaboration.

#### National measures promoting quality furniture products

At present, 19 measures promoting the quality of furniture products are already in force in the EU, in particular: five mandatory schemes; six voluntary schemes; and eight voluntary eco-labels. Three national initiatives (one in Germany and two in France) were still under discussion at the time of writing.

**These measures**, which generally aim at improving market transparency and increasing consumers' awareness in decision-making, **largely vary from one another**. Even when they are comparable in terms e.g. of goals and scope, they may diverge in terms of specific details/modes of implementation and potentially impose different obligations in different countries on companies producing and selling furniture. Table 1 summarizes the key features of the identified measures.

Table 1 Measures promoting quality furniture products

Measure	Country	Scope of the information provided	Product range involved	Card/ Label¹	Uptake (number of companies / number of products)		
		Mandatory schem	ies				
Decree on Trade in furniture products	France	General	All furniture	Card or label	Mandatory		
Decree on certain leather products and certain similar products	France	Leather	Furniture covered in leather or split leather	Label	Mandatory		
Industrial research and standards (fire safety) (domestic furniture) order	Ireland	Flammability	Upholstered furniture	Label	Mandatory		
Product sheet	Italy	General	Wood furniture	Card and label	Mandatory		
The Furniture and Furnishings (Fire) (Safety) Regulations	UK	Flammability	Upholstered furniture	Label	Mandatory		
Voluntary schemes							
Austria quality seal	Austria	General	All furniture	Label	19 / n.a.		
ÖNORM A 1650 tested	Austria	Safety	Seating and tables for general school education	Card and label	1 / 14		
Czech Quality – Furniture	Czech Republic	General	All furniture	Card and label	13 / 3,537		
German Furniture Quality Association - The Golden M	Germany	General	All furniture	Card and label	80 / n.a.		
M Simbolo calidad Mobelfakta	Spain Sweden	General General	All furniture All furniture	Label Label	133 / n.a. 31 / 330		
Austrian Eco-label	Austria	Eco-labels Environmental sustainability	All furniture	Label	15 / 46		
Nordic Ecolabelling (Svanen)	Denmark, Finland, Iceland, Norway, & Sweden	Environmental sustainability	All furniture	Label	25 / 233		
NF Environment	France	Environmental sustainability	All furniture	Label	51 / 482		
EU Ecolabel for wooden furniture	EU	Environmental sustainability	Furniture made of at least 90 % w/w solid wood or wood-based materials	Label	2 / 39		
EU Ecolabel for bed mattresses	EU	Environmental sustainability	Bed mattresses, materials filling the bed mattresses, wooden bed bases	Label	4 / 18		
The Blue Angel -	Germany	Environmental	All furniture	Label	46 / 125		
Environmental Label Jury  Milieukeur certification scheme for furniture	The Netherlands	sustainability  Environmental sustainability	Seats, Tables and desks, cupboards and shelves, kitchens, beds, bedsteads and cradles, bathroom furniture	Card and/or label	2/2		
EU Eco-label for bed mattresses (national implementation)	Romania	Environmental sustainability	Bed mattresses	Label	0 / 0		

Source: Authors' own elaboration.

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<sup>&</sup>lt;sup>1</sup> Whereas a "product card" is a sheet or booklet collecting relevant information on the characteristic of the item, a label is a small piece of paper, fabric, plastic, or similar material attached to an item and giving information about it.

In addition to the various measures presented above, several **EU rules** already impose **consumer information obligations** on companies that intend to sell products in the EU market, as illustrated in Table 2.

Table 2 Consumer information obligations included in EU consumer protection and product safety legislation

Directive	Consumer information obligations
Price Indication Directive 98/6/EC	• Price
UCP Directive 2005/29/EC	Material information that an average consumer needs
Consumer Rights Directive 2011/83/EU*	<ul> <li>Main characteristics of the good/service**</li> <li>Trader's name, address, and phone</li> <li>Price</li> <li>Arrangements for payment, delivery, performance, the lead time and trader's complaint handling policy</li> <li>Reminder of the conformity guarantee, after-sales services and commercial guarantees</li> </ul>
GPS Directive 2001/95/EC***	<ul> <li>Risk inherent in the product</li> <li>Identity and details of the producer (on the packaging)</li> <li>Details to univocally identify the product</li> <li>Warning consumers as a corrective action</li> </ul>

Notes: \*Additional information is required with regard to distance or off-premises contract (or any corresponding offer). Member States have been applying this directive since 13 June 2014. \*\* As regards the national implementation of the Consumer Rights Directive (currently transposed in some 18 countries), the transposition measures analysed so far do not go beyond or stipulate further details as to what constitutes "main characteristics". \*\*\* This Directive is likely to be repealed by the Regulation on Consumer Product Safety (CPS). The so-called "indication of the origin" is one of the most innovative consumer information obligations included in the draft CPS Regulation. Other information requirements currently foreseen by the draft CPS Regulation are: manufacturer's and/or importer's name and contact address, details to univocally identify the product, instructions, safety information, warning consumers as a corrective action.

Source: Authors' own elaboration.

### Highlights from the consumer survey

The consumer survey assesses the extent to which consumers can make informed choices about furniture products and are able to compare different products on the market. **5,072 consumers** from **ten EU Member States**<sup>2</sup> were consulted.

The results of the survey show that **price is not the main driving element** behind consumer choice when it comes to furniture products, although it remains the first factor for about 20-25% of respondents in the sample. This is in line with other estimations on the share of the purely price-sensitive consumers on the market. A "**design of the product fitting consumers' taste or purpose**" is ranked as the most important aspect, with over 60% of respondents indicating this item as their first choice. On the opposite end, product brand appears as the least relevant criterion for most of the surveyed consumers, with the exception of 10-15% of respondents that rank it as their first or second criterion for choice, roughly corresponding to what is normally considered the upper segment of the market. **Internet** is the **preferred source of information** prior to the purchase of a furniture item and is consulted *always* or *often* by almost 90% of the respondents, closely followed by the product label (slightly more than 80%). The support of shop assistants

<sup>&</sup>lt;sup>2</sup> I.e. Italy, Germany, France, Austria, United Kingdom, Poland, the Netherlands, Romania, Sweden, and Spain. Countries were selected on the basis of the following criteria: 1) consumption rate of furniture products; 2) presence of an initiative in the furniture sector; 3) geographical balance.

appears less relevant when compared to the first two sources of information (70% of respondents use it *always* or *often*). In terms of **satisfaction on the information received** prior to purchase, 26% of respondents declared to be fully satisfied and these are mostly found at the two extremes of the market, namely among the purely price-sensitive consumers and among the brandsensitive ones. Sixty-six per cent of consumers reported being satisfied only sometimes. Lack of satisfaction was found in particular among those that are interested in environmental features. Levels of satisfaction were lower in some Member States (Italy and Romania) and higher in others (Sweden and the Netherlands). We found however no specific links between the level of satisfaction and the means used to get the information (i.e., Internet, product label, shop assistant) and the type of product purchased.

Surveyed consumers were also asked whether they would be **willing to pay more** for a furniture product with certain characteristics. High standards of durability rank first (82% of respondents), followed by ease of maintenance (78% of respondents) and by the guarantee that the product is friendly to human health (75%). Sustainability requirements have an intermediate position, with 56% of respondents declaring that they would be willing to pay more for a product that was made respecting fair labour conditions and that is environmentally friendly. A lower share of respondents expressed willingness to pay a price premium for furniture products from a specific country of origin (20%) and the guarantee that the products respects design rights (23%). No significant differences were noted among countries.

As regards consumer **demand for some specific type of information**, product dimensions and technical performance (e.g. durability and resistance to wear and tear, hazardous substances contained in the product) top the rank, followed by materials used and instructions on use (e.g. instructions on cleaning and maintenance, safety precautions), then by sustainability information (environmental and social aspects of production) and by identification of the producer and origin of the product. The least sought after piece of information is the identification of design protection. Finally, consumers expressed strong support for **product information in a standardized format** to compare furniture products displayed in shops (86% of respondents).

#### Highlights from the public online consultation

An online consultation on the need for and potential impacts of enhanced information accompanying furniture products sold in the EU was undertaken between 11 December 2013 and 18 March 2014. **Ninety-four responses** were analysed. The majority of respondents were business-enterprises (32%), followed by industry federations-associations (28%), individuals (23%), public administrations and technology institutes/standardization bodies (10%), other stakeholders (5%, including a non-profit organisation, a university, two researchers, and a consultant), and consumer organisations (2%).

Figure 2 below provides a graphic summary of the main views that emerged during the consultation by the means of a matrix based on replies given to two selected questions.<sup>3</sup> Specifically, the x-axis measures the percentage of respondents included in each group that either "fully disagree" or "somewhat disagree" (bottom two boxes approach) with the following statement: "information displayed in shops to consumers on furniture products characteristics is sufficient to make informed choices". Accordingly, **stakeholders in the right part of the graph believe** 

<sup>&</sup>lt;sup>3</sup> Please note that individuals are not included in this matrix. Only 22 individuals submitted their contributions; hence, they cannot be considered a representative sample of EU consumers, whose views are better expressed by two consumer organisations (one European and one German) that provided their response to the consultation and are included in the matrix.

that the market for furniture is affected by an informational failure. The y-axis instead measures the percentage of respondents that either "fully agree" or "somewhat agree" (top two boxes approach) with the statement: "the requirements on information to be provided/displayed to consumers on characteristics of furniture products should be defined at the European level and apply on a mandatory basis". As a result, stakeholders in the upper part of the graph are those calling for an action by EU institutions to set out information requirements for furniture. Looking at specific groups, industry associations representing retailers/wholesalers see no need to change the status quo. Companies based in EU Member States other than Italy do not perceive a strong problem of asymmetric information in the market for furniture. Nonetheless, the majority of respondents in this group still advocated for EU intervention as they experienced problems with other actors in their supply chain as regards the provision of product information to consumers, and were also negatively affected by competitors' non-compliance with national requirements for consumer information obligations. Finally, stakeholders in the remaining groups (consumer organisations, public administrations and technical bodies, industry federations, companies based in Italy) indicated their perception of an informational failure and the need for an EU action.

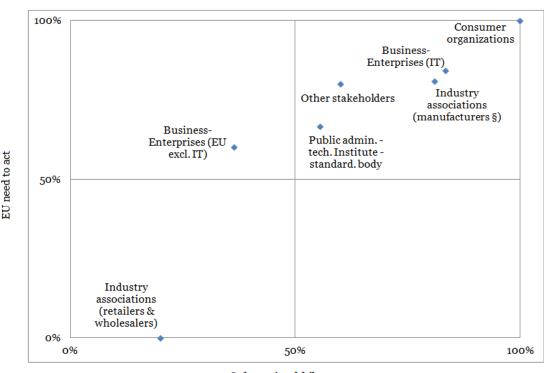


Figure 2 Stakeholder map

Informational failure

 $Note: \S$  This stakeholder group includes industry associations that represent also the interests of manufacturers. Source: Authors' own elaboration.

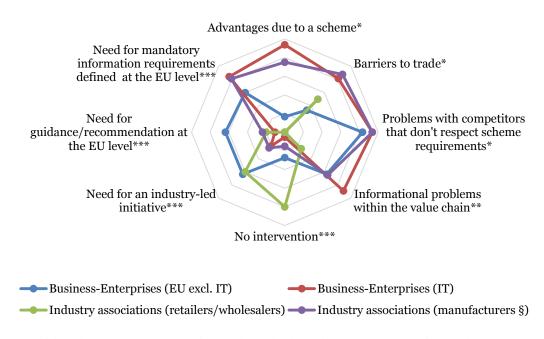
To better understand the potential problems affecting the EU furniture industry, Figure 3 focuses on the replies provided by companies and industry associations and shows: i) the impacts of existing schemes in terms of perceived advantages, barriers to trade, and problem with competitors that do not comply with existing information requirements; ii) informational problems experienced within the value chain; iii) the support for different forms of policy intervention at the EU level, ranging from no intervention to the introduction of mandatory information requirements defined at the EU level.

Companies based in Italy and industry associations representing also manufacturers provided comparable replies. They acknowledge some competitive advantages stemming from the presence of national schemes. Nonetheless these schemes reportedly create barrier to trade and can result in unfair competition when some competitors do not comply with mandatory requirements. Informational problems along the value chain also exist and impinge on the effectiveness of schemes when it comes to providing valuable information to consumers. As a result, these two groups of stakeholders asked for a strong EU intervention to set information requirements for furniture products to be applied on a mandatory basis.

Companies based in other Member States are also affected by problems with competitors that do not respect existing information requirements and by informational problems along the value chain; hence, they ask for changing the status quo, but they are indifferent between an industry-led initiative, guidance/recommendations at the EU level, and the introduction of mandatory requirements across the EU.

Conversely, retailer/wholesaler associations did not report any impact due to existing schemes (only one respondent reported experiencing obstacles to trade). As regards possible courses of action, retailer/wholesaler associations would like to keep the situation as it is or, to a lesser extent, would be in favour of an initiative taken by industry players together with relevant stakeholders.

Figure 3 Impacts of existing schemes, informational problems within the value chain, and need for intervention for companies and industry associations



Notes: The centre of the radar chart represents 0% of respondents, the chart edge represents 100% of respondents. \*Percentage out of respondents aware of informational schemes. \*\* Percentage out of total respondents. \*\*\* Top-two boxes. § This stakeholder group includes industry associations that represent the interests of manufacturers. Nonetheless, almost one third of the associations included in this group represent also other players (importer/exporters, wholesalers, retailers) of the furniture supply chain.

\*\*Source: Authors' own elaboration.

## Problems identified and objectives of a possible initiative

While the EU furniture industry has so far remained competitive worldwide, it has increasingly faced problems in signalling the quality and sustainability of its products at home and in using

these features as a competitive advantage vis-à-vis foreign competitors. In the long run, this shortcoming has the potential to erode some of the industry's factors of strength and its competitiveness. In particular, the consumer is often no longer in a position to recognise quality adequately. This development stems, among others, from the use of new retailing formats where information on product quality that consumers can recognize and react upon is not necessarily conveyed or easy to find. Moreover retailers might not always have incentives to display such information, as this can go against their marketing strategies.

Essentially, three problems affecting the provision of information on furniture product characteristics were identified: 1) the existence of an informational failure caused by the presence of information asymmetries between manufacturers, retailers and consumers of furniture products, particularly for product features that cannot be easily verified by consumers prior to the purchase (e.g., durability of use, environmental friendliness of the production process, hazardous substances contained in the product); 2) misaligned incentives along the value chain that make it more difficult for manufacturers and retailers to agree on "quality signalling" strategies, with negative repercussion on the competitiveness of some EU manufacturers and the availability of unbiased and comparable product information for consumers; and 3) a potential regulatory failure generated by the adoption of various mandatory or voluntary schemes at the national level to address this informational gap. While the first two problems emerged as being a concern (to different extents) for several stakeholder groups that responded to the public online consultation (i.e. the existence of an informational failure was reported more strongly by consumer associations and associations representing manufacturers; misaligned incentives along the value chain were reported mostly by manufacturers and their associations), the impact of a potential regulatory failure stemming from the coexistence of various schemes at the national level appears more limited.

In light of the above, the **general objective** of a possible EU furniture products initiative is enhancing the competitiveness of the EU furniture industry by establishing a level playing field in the EU consumer market. This general objective can be further specified and leads to different **specific** and operational **objectives**, and namely:

- 1) Improve market transparency and raise consumers' awareness about quality features when purchasing furniture. This objective leads to two **operational objectives**: i) increasing the quantity and quality of information on the features of furniture products provided to consumers before purchase; and also ii) increasing consumers' awareness of and willingness to pay for the quality features of furniture products made in the EU;
- 2) Support a coherent approach to the provision of information on furniture characteristics across the EU. This leads to the following **operational objectives**: 1) lowering administrative and compliance costs, thus eliminating actual and potential obstacles to intra-EU trade; 2) favouring economies of scale in quality signalling and therefore improving overall visibility of quality labels in the market.

#### **Policy options**

In turn, these policy objectives could be achieved by the following policy options:

**Option 1: No Action**. This option would require no policy change at the EU level and leave the situation as it is, with both mandatory and voluntary schemes coexisting across the EU. This approach would be in line with the preference of retailers' associations that do not perceive the existence of any policy problem. Under this option, one could expect that current regulatory

developments such as the forthcoming Regulation on Consumer Product Safety, other initiatives already in the pipeline (including the ongoing revision of EU voluntary schemes such as the Ecolabel) and the natural evolution of the e-commerce market will be the main forces impacting on quality signalling and consumers' behaviour.

**Option 2: Self-regulation**. This option refers to an initiative solely led by industry with relevant stakeholders (trade unions, standardisation bodies, etc) to develop a pan-EU voluntary scheme providing information on furniture product characteristics. This approach would be meant to address the current fragmentation of the national schemes by encouraging a pan-European initiative to reach a critical mass.

**Option 3: European Commission Soft Law Initiatives**. This option would entail a combination of EU soft-law initiatives on furniture products in addition to the existing Eco-labels. Three types of initiatives could be envisaged: 1) guidelines responding to growing consumer concerns for transparency in e-commerce and information displayed online; 2) initiatives aimed at building consensus among stakeholders on common definitions of individual product characteristics (e.g. durability, social sustainability) and how they could be measured and communicated to the consumer. These initiatives could also be supported by standardization; finally 3) once a technical agreement on how to define, interpret and communicate furniture product characteristics has been reached, an additional non-binding sectoral guidance that would function as a benchmark for reference in judging furniture retailers' compliance with the Consumer Rights Directive and the Unfair Commercial Practices Directive (in particular as regards the provisions on the main characteristics of the goods on sale) could be envisaged.

**Option 4: European Commission voluntary scheme**. This option would require the introduction at the EU level of a non-binding furniture products scheme containing a set of information requirements. In terms of content, this voluntary scheme could cover different combinations of all the product characteristics analysed in detail in the Study. This voluntary scheme would complement the existing EU eco-labels for furniture.

**Option 5: European Commission mandatory scheme**. This option would envisage the adoption at the EU level of a mandatory and harmonised information scheme for furniture products, to be displayed to consumers by means of a label or product card. In terms of content, this mandatory scheme could cover different combinations of all the product characteristics analysed in detail in the Study. Previous research found that when product information is provided on a label, the majority of consumers are likely to focus their attention on a limited set on information, usually between three and five. On this basis and drawing from the results of the consumer survey and other evidence gathered for this study, the table below lists the information requirements that are more likely to have a considerable impact on the market for furniture and could therefore be included in a voluntary/mandatory scheme for furniture products.

Table 3 Example of information requirements with potential impact on the furniture market

Quality features on a label likely to attract the attention of about 60-80% of consumers	Quality features on a label likely to attract the attention of about 50% of consumers		
Instructions on use / safety	Environmental friendliness		
Instructions on cleaning/maintenance	Conformity to fair labour conditions		
Materials used			
• Product safety (hazardous substances; compliance with safety requirements)			
Performance durability / resistance to wear and			
tear			

#### Comparison of options and conclusions

Table 4 below compares the three policy options retained for detailed analysis in the Study4 in terms of efficiency (i.e. how costs and benefits compare), effectiveness, proportionality and feasibility. Each cell of the table provides details on specific impacts that are relevant for this comparative analysis. There were insufficient elements to perform a full cost-benefit analysis. Feedback from the public consultation was also taken into account.

No option appears as clearly preferable when all elements are taken into consideration (see Table 4). This is even more evident when uncertainty about the materialization of impacts and about agreement on implementation modalities are considered. Indeed as regards consumers it is important to remember that the design of the product fitting consumer taste or purpose is the most important aspect.

Since a mandatory scheme (Option 5) is the preferred option for certain stakeholders (e.g., consumer organisations, business associations and enterprises headquartered in Italy), it is worth noting that several qualifications are relevant:

- Intra-EU barriers in the market for furniture are relatively marginal when compared to other markets. Reported problems are related to vertical relations along the value chain rather than to specific horizontal barriers between Member States;
- Experience in Member States indicates that signalling product performance and environmental and social sustainability to consumers in a clear and comparable manner is complex and costly;
- There is no automatic causal link between the provision of certain product information to consumers and their purchasing behaviour; and
- There is limited availability of relevant ISO and EN reference standards for some product features.

Therefore, a soft law approach (**Option 3**) including i) guidelines addressing transparency in ecommerce and information displayed online, ii) initiatives aimed at building consensus among stakeholders on common definitions of individual product characteristics, and iii) a non-binding sectoral guidance to function as a benchmark for reference in judging furniture retailers' compliance with the Consumer Rights Directive and the Unfair Commercial Practices Directive(in particular as regards the provisions on the main characteristics of the goods on sale) **appears as the preferred choice** at the time of writing, more in line with proportionality principle considerations. Specifically, Option 3 could pave the way to develop more-consumer friendly standards where needed and raise awareness among national authorities about best practices in fulfilling information requirements. It would also allow building on developments in the field of labelling that are likely to happen in any event. Finally, it would allow addressing some of the bottlenecks and problems along the value chain identified in the Study, depending on stakeholders' willingness to cooperate.

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<sup>&</sup>lt;sup>4</sup> Self-regulation (Option 2) and adoption of an EU voluntary scheme (Option 4) were not retained for further analysis. For more details, please refer to Section 9 of the Study.

Table 4 Multi-criteria analysis of policy options

	No action	Combination of Soft Law Initiatives	Mandatory EU scheme
Efficiency	<ul> <li>No significant impact on current costs and benefits for businesses, no major change for consumers</li> <li>Potential additional costs if revised Ecolabel is widely adopted</li> </ul>	<ul> <li>No major impact on business costs and on switching costs</li> <li>Reduced costs for businesses wishing to engage in cross-border trade, due to partial convergence of business conditions</li> <li>If cooperation is achieved, efficient outcome along the value chain might ensue</li> </ul>	<ul> <li>+/O</li> <li>Consumers would benefit from harmonization of product information</li> <li>Manufacturers gain due to enhanced transparency of information provided to consumers</li> <li>Compliance might prove costly for some businesses (including need to develop new standards), thus potentially altering the level playing field</li> <li>Enforcement costs for public authorities due to market surveillance</li> </ul>
Effectiveness	Current policy initiatives at the EU level might partly address problems of incomplete information and conflicting interests along the value chain     Fragmentation in the Internal Market may increase as a result of national initiatives     Adaptation costs for businesses might hamper cross-border trade     No major impacts on competitiveness	<ul> <li>+/O</li> <li>Unlikely to fully address problems of incomplete information and conflicting interests along the value chain</li> <li>Highly dependent on industry response (cooperation along the value chain)</li> <li>Unlikely to trigger full harmonization across Member States</li> <li>Likely to lead to some degree of convergence in the interpretation of quality features across the EU28</li> </ul>	+++  • Can address problems of incomplete information and conflicting interests along the value chain, particularly if all product features are covered by the scheme  • Increased transparency  • Some conflicts along the value chain would be solved  • Fully harmonizes a wide range of information requirements  • Reduced compliance and adaptation costs for businesses (in particular SMEs) might enhance intra-EU trade  • Can prevent national initiatives that would increase fragmentation for information items covered by the scheme
Feasibility	• <i>N.a.</i>	++  • Highly feasible, as it mostly depends on the initiative of the European Commission, but requires cooperation of value chain actors  • Possible non-binding instrument subject to political consensus among Member States	<ul> <li>Controversial to very controversial (depending on scope) among stakeholders, in particular retailers</li> <li>Might create problems of coherence with WTO rules</li> <li>Lack of fully developed standards on some aspects (e.g. sustainability)</li> </ul>
Proportionality	• N.a.	+++ • Fully compliant with the proportionality principle, as based on non-binding initiatives	<ul> <li>Difficulty to justify a furniture-specific intervention</li> <li>Mandatory scheme could conflict with general provisions on Consumers Rights or Unfair Commercial Practices stipulating that sector-specific matters are—as a rule - left to the appreciation of the Member States and local business practices.</li> </ul>