

DEESUP

White Paper

Letter from the founders

Dear design lovers,

we are glad to share Deesup White Paper Report, our first deep dive into the Furniture market and the resale opportunity.

We built this report with the aim to highlight the impact of furniture globally and the drivers behind the potential of resale furniture. This document was drafted in collaboration with LifeGate, a benefit corporation, point of reference for sustainability in Italy.

The European furniture industry represents over a quarter of global production and Italy represents the first country for furniture production in Europe. However each piece of furniture has its own environmental impact and the benefits of resale are enormous to mitigate this, as this report will show.

In the past 48 months shopping habits changed considerably, not only in the fashion and electronic markets but also in the furniture market.

In this new scenario resale has emerged as a mainstream alternative and Deesup acts as a circular economy player with the vision to innovate the consuming model.

As stated in our Manifesto we are involving the entire design furniture industry in our sustainable mission. We collaborate with users, retailers and brands in order to foster a more virtuous consumption model in respect of our planet.

Only together we can contribute to creating a better world with less waste. Spread the voice, let's make design be part of the change.

The founders

Valentina Carolini *Daniele Ena*

The furniture industry

The furniture market in the world
The furniture market in Europe
The luxury furniture trade in Europe
Drivers behind the furniture growth

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Understanding the impact of furniture

Consumption
Effects of the consumption of raw materials

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Make the difference

How can we reduce the consumption of raw materials?
A new life cycle for products
The re-use of luxury furniture

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The furniture industry

The furniture market in the world

According to a study of Business Wire, the global furniture market was valued at around **\$ 560 billion** in **2020** and is expected to reach around **\$ 850 billion** by **2025**.

"Furniture Global Market Report 2021: COVID-19 Impact and Recovery to 2030" report, ResearchAndMarkets.com

The **growth** will be mainly supported by a business **reorganization** of companies recovering from the **impact** of **Covid 19**, which led to restrictive containment measures regarding **social distancing**, **remote working** and the **closure** of many commercial activities.

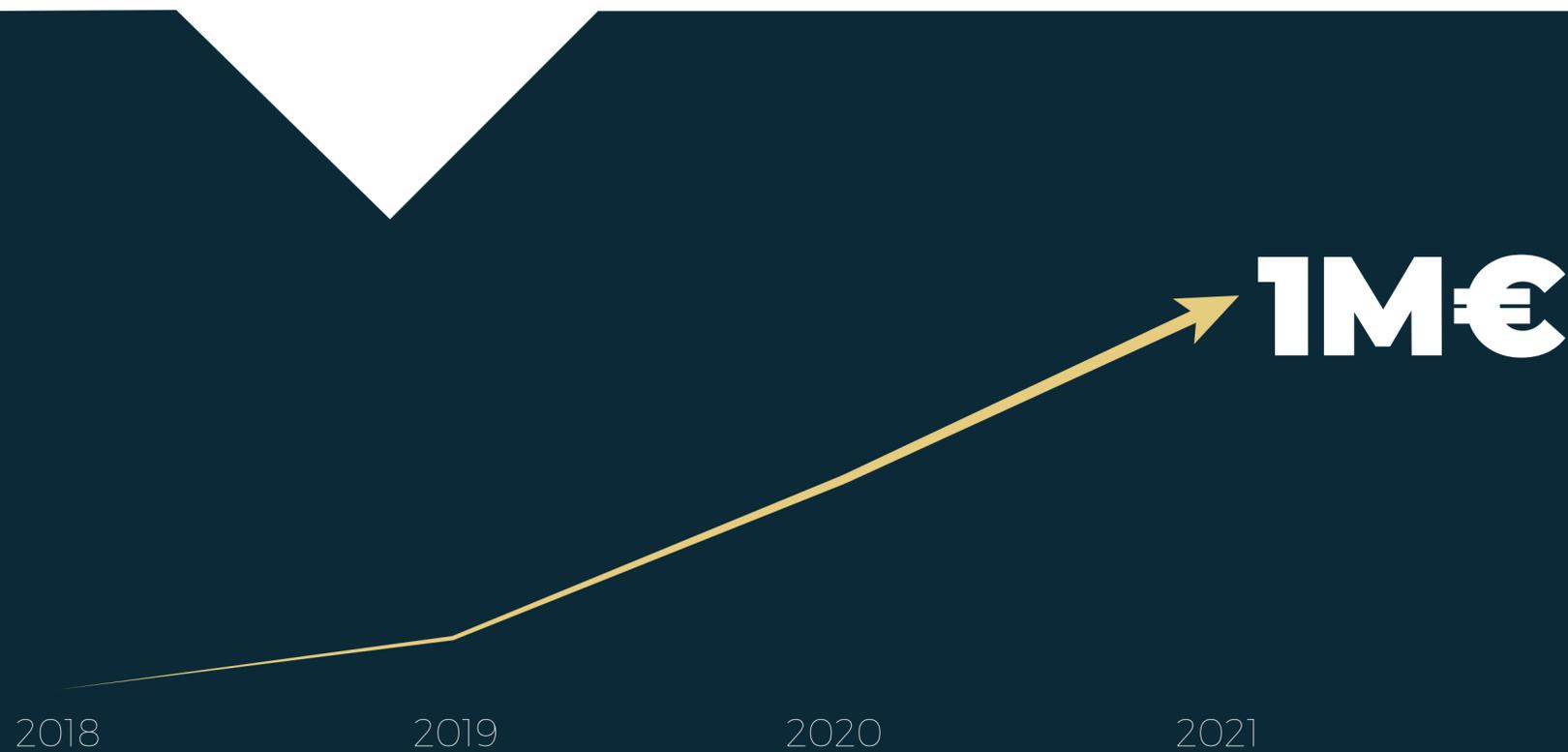


\$ 564 billion
2020

\$ 850 billion
2025



The production and trade of furniture is constantly growing”



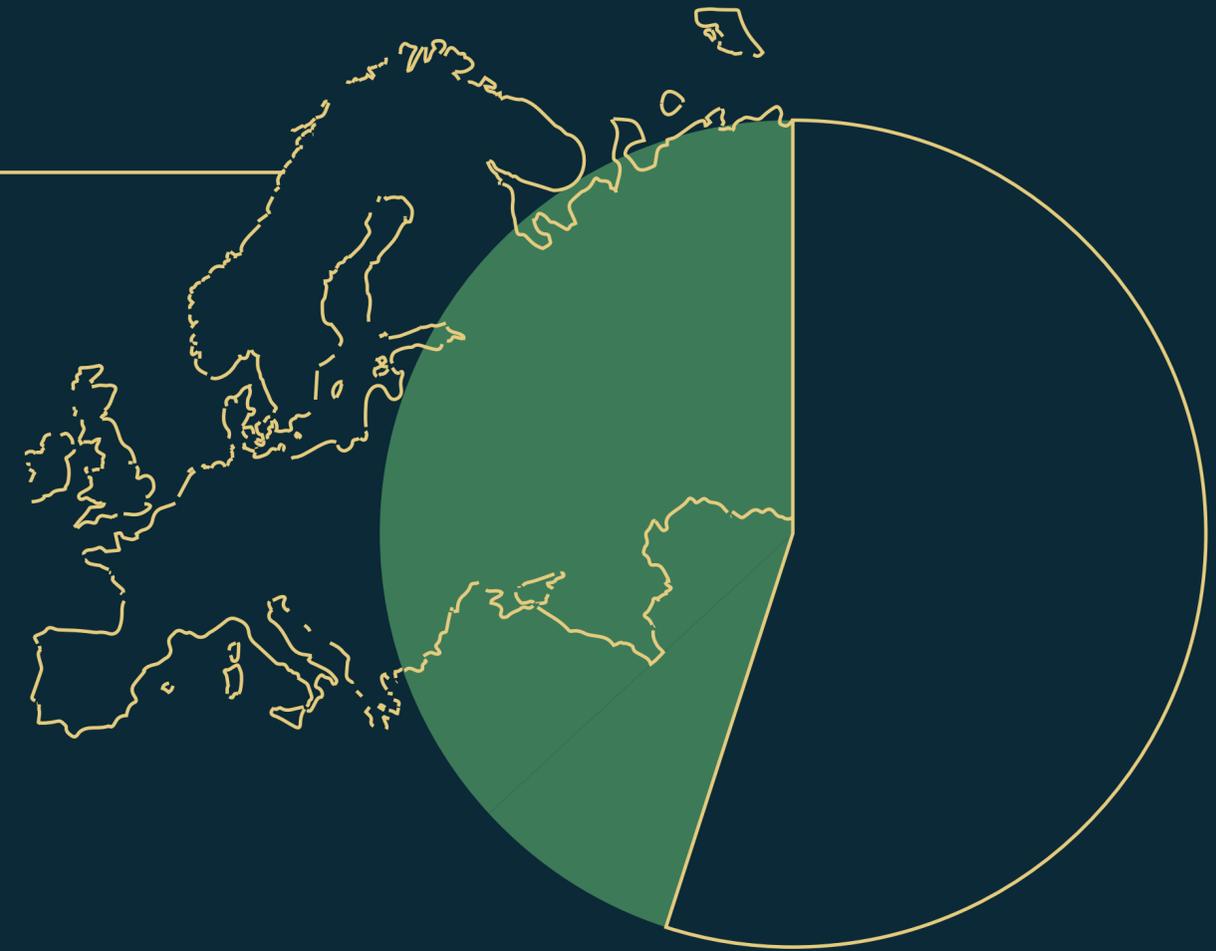
Deesup
Gross Merchandising Value
(GMV)

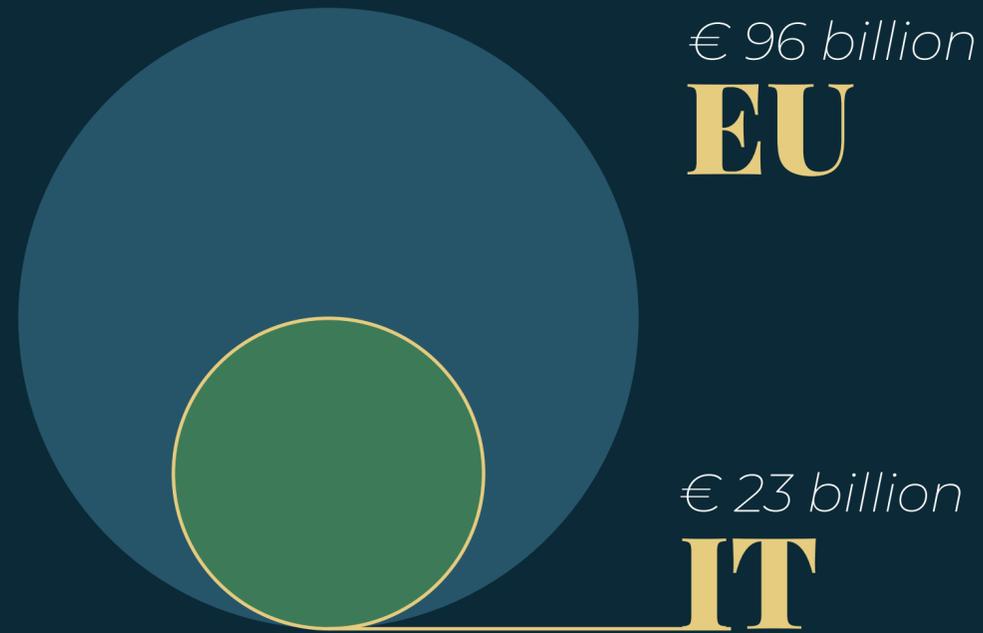
Following the market trend, Deesup has exponentially increased its sales and orders of second-hand furniture every year.

The furniture market in Europe

The EU accounts for about **45%** of total world furniture

EU furniture manufacturers are widely known and respected around the world, and the **EU furniture** sector still remains one of the **most integrated** and best **differentiated** in the world in terms of **product variety**.



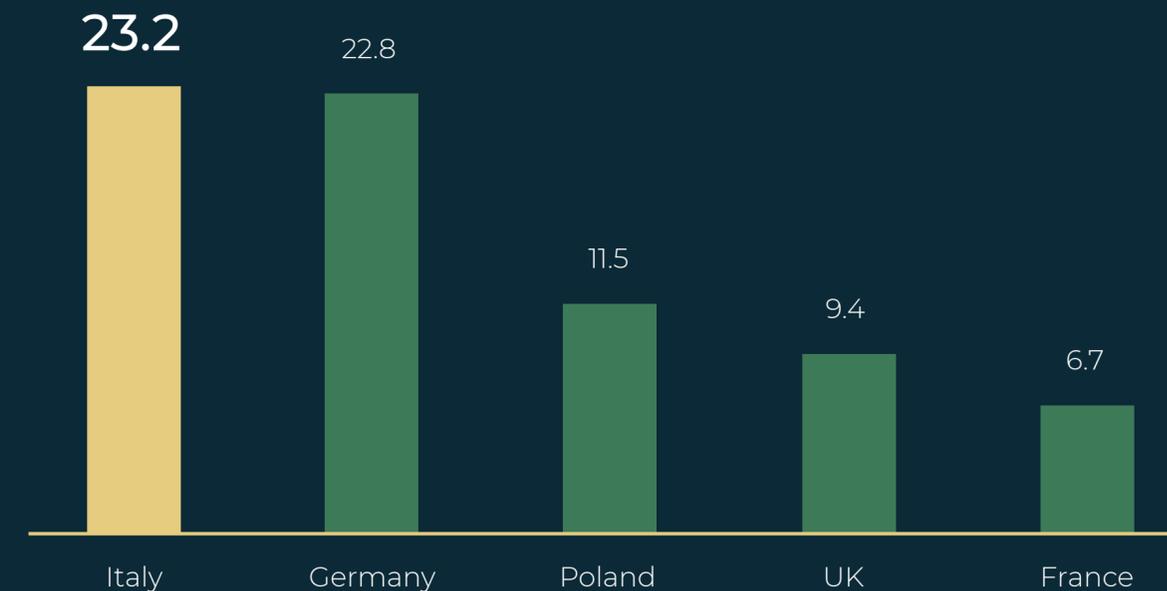


The European furniture industry represents **over a quarter of global production** and generates a turnover of approximately **96 billion euros a year.**

Italy represents the **first country** for furniture production in Europe in 2018 for a value of over **23 billion EUR.**

Furnishing production in Europe (€/billion, 2018)

Major European supply manufacturers



Source: Eurostat, 2020

Where do the products listed on Deesup come from?



In **2021**, **50%** of Deesup's transactions come from **European** trade. These have **grown 110%** since Deesup's inception.

Since it was born, Deesup has the goal of **extending its activities throughout Europe** in order to **promote second-hand** at European level.

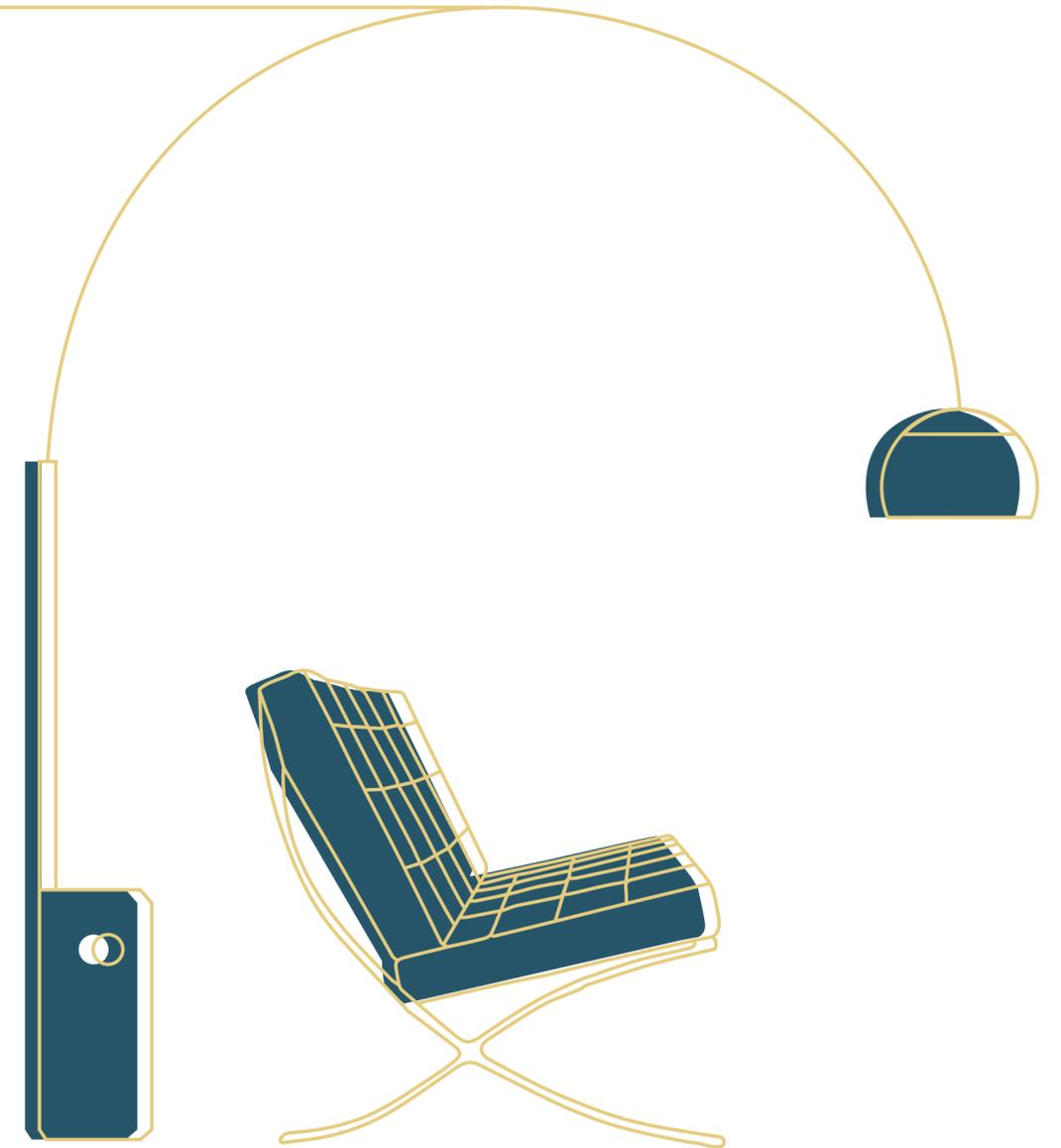


Supply: about **90%** from Italy and **10%** from abroad.

The luxury furniture trade in Europe

Luxury is a niche in the furniture industry, of which Deesup is a part as it focuses on **design icons**.

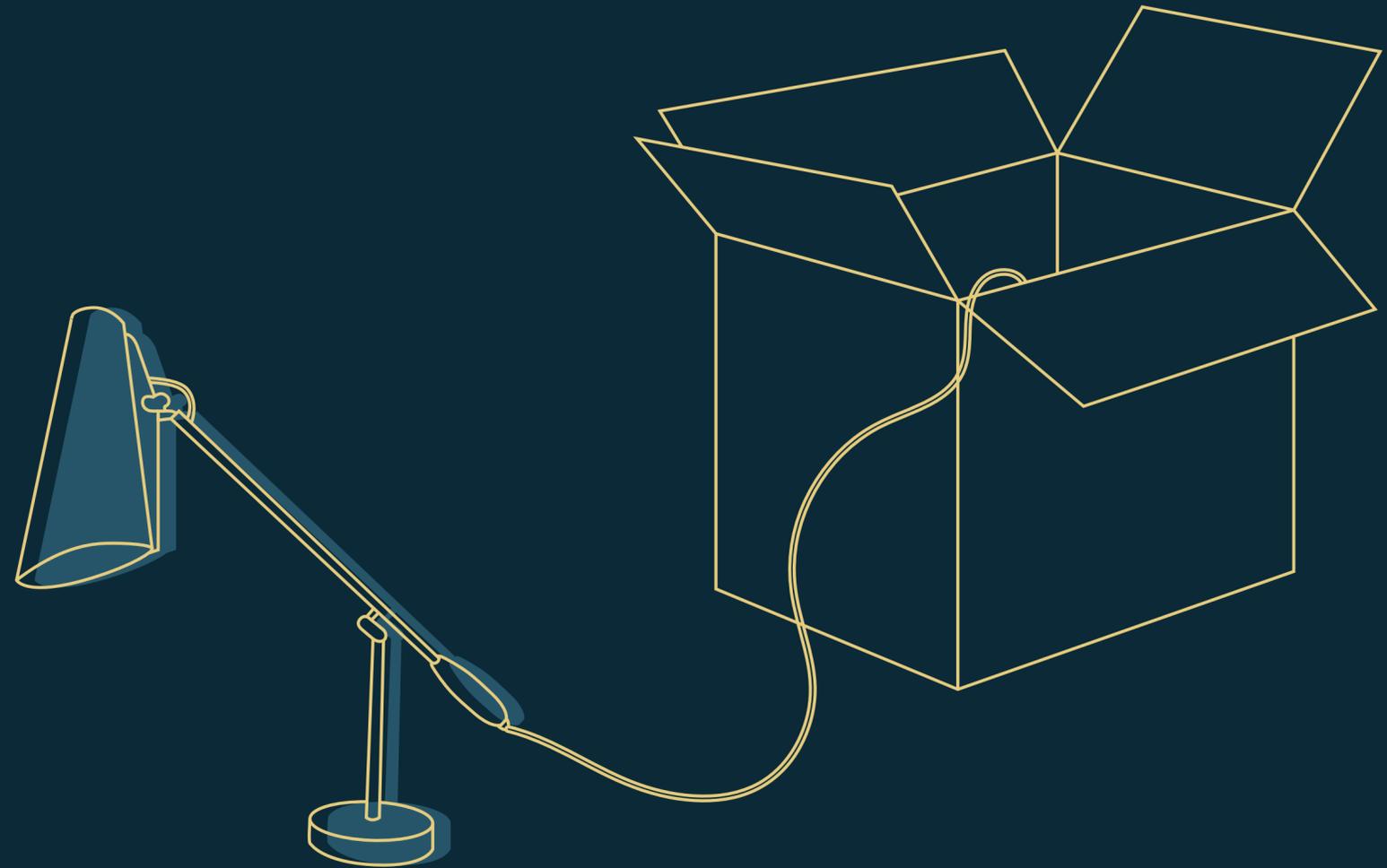
Nevertheless, this niche is experiencing **strong growth**. According to a report of Zion Market Research, in 2017, global trade of luxury furniture was valued around **\$ 23 billion** while Europe dominates the global market, with estimated revenue of **\$ 7,300 million**.



Drivers behind the furniture growth

The positive growth trend for the furniture sector is certainly driven by a **positive dynamic** at a global level. Phenomena such as **rising incomes** and **urbanization** have led to an increase, in the West, in **home renovations**, and in **real estate incentives**, thus benefiting the entire value chain.

But there are also other factors that push the purchase of **new** furniture.





The increased consumption can be linked to a *general craving of novelty* and how the brain is programmed to seek out *newness* which triggers a *dopamine rush*.

The furnishings on Deesup also represent this concept. If you think about it, buying something **used** can give you the **same emotion...** but in this way you do not contribute to **fueling consumption**.



**Understanding the
impact of furniture**

Consumption



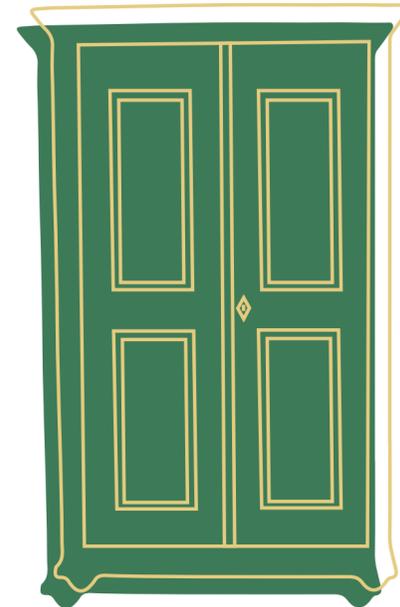
Plastic Chair

28 kg
of CO₂



Wooden Table

130 kg
of CO₂



Wardrobe

858 kg
of CO₂

Each piece of furniture, even if small, has its own **environmental impact**.
Let's see the **carbon footprint** of the most common furnishings.



Leather sofa

200 kg

of CO₂



86 L

Petrol*



1100 km**

Milan - Lecce

* Petrol 1 l → 2.33 kg CO₂ (www.spritmonitor.de)
** average of 13 km with one liter of petrol on urban road.

DEESUP

Leather sofa |



Leather sofas listed on Deesup
have already generated

29.184 CO₂ eq

*304 leather sofas x 96 kg CO₂ eq
(cradle-to-gate approach, Ademe)*

Thanks to this example, you can understand how important it is to **extend the life cycle of existing products**. Through the **reuse** and purchase of **second-hand** furniture we are able to give a **second life** to products, limit the **consumption and disposal** that each **new furniture** generates.

As the global middle class will double in size to nearly **5 billion by 2030**, material consumption and intensity will increase accordingly, increasing **input costs and price** volatility at a time when **access to new reserves of resources** is becoming more **difficult and expensive**.

"Furniture Global Market Report 2021: COVID-19 Impact and Recovery to 2030" report, ResearchAndMarkets.com

Effects of the consumption of raw materials

What kind of materials are used for the production of furnishings?

To make sofas, kitchen furniture, wardrobes or any other type of product that furnishes our homes, the main materials used are:



Raw materials

directly available in nature, such as wood and cotton, or obtainable from manufacturing processes, such as steel



Synthetic materials

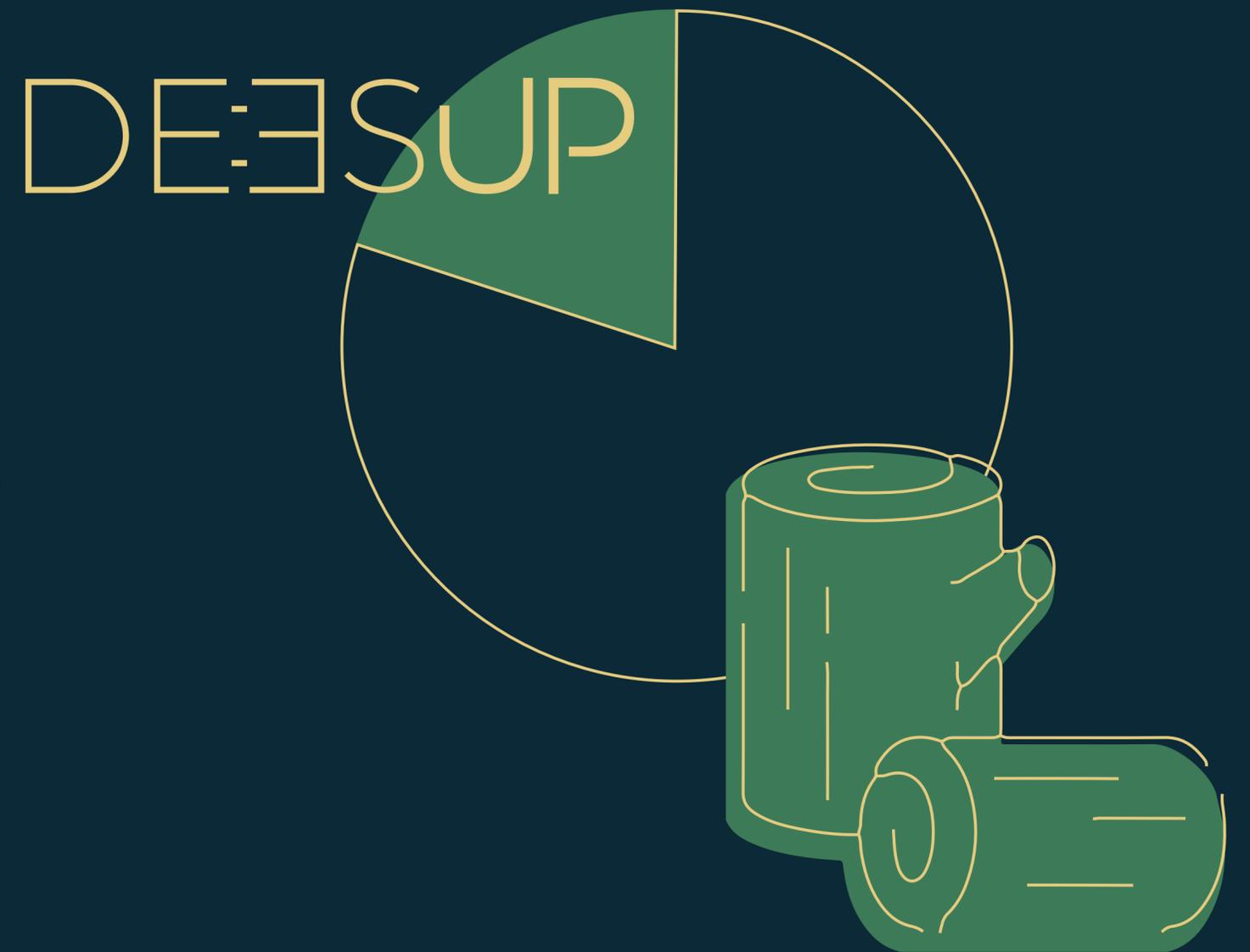
such as plastics, paints, and adhesives

Let's focus on **wood**, one of the **most used materials** in the production of furniture.

On Deesup, around **20%** of the **products** sold are **made up almost entirely of wood**.

Over the decades since 2010, the **net loss in forests** globally was **4.7 million hectares per year**.

The UN FAO estimates that **10 million hectares** of forest are cut down each year.



What are the effects of excessive consumption of wood?

Loss of tree cover has a number of **negative effects** on the planet, including the **destruction** of the natural habitat and the **loss** of species.

70% of the world's **plants and animals** live in **forests**



Wild animal populations have halved in the past 40 years, initiating a sixth mass extinction

- The Guardian, June 27, 2018

22,819,732.77

Hectares of forests cut down or burned

GROWTH, SO FAR IN 2022

As of Oct 25th

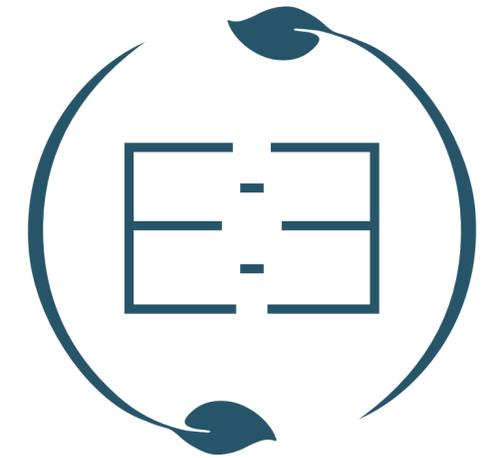
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Percentage of species in critical risk of extinction

GROWTH, SO FAR IN 2022

As of Oct 25th

Through the **Forest Month** Project, **Deesup preserves 100,000 m² of Amazon rainforest for one year.**



According to **Deesup**, managing **forest resources** with awareness means setting the **future economic sustainability** of the sector.



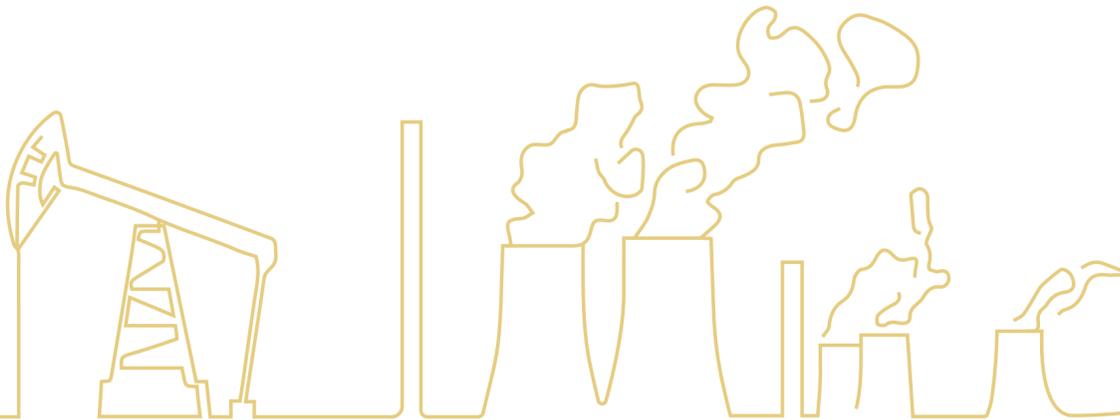
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Make the difference

How can we reduce the consumption of raw materials?

The **consumption** of **raw materials** is one of the main causes of **climate change**. This is why the new consumption models based on **second-hand** are important:

by buying **second-hand** items, you **extend** their **life**, indirectly contributing to a **lower impact** of **new production** in the **long term**.



Second-hand is a new consumption model based on the Principle of **circular economy**, namely:

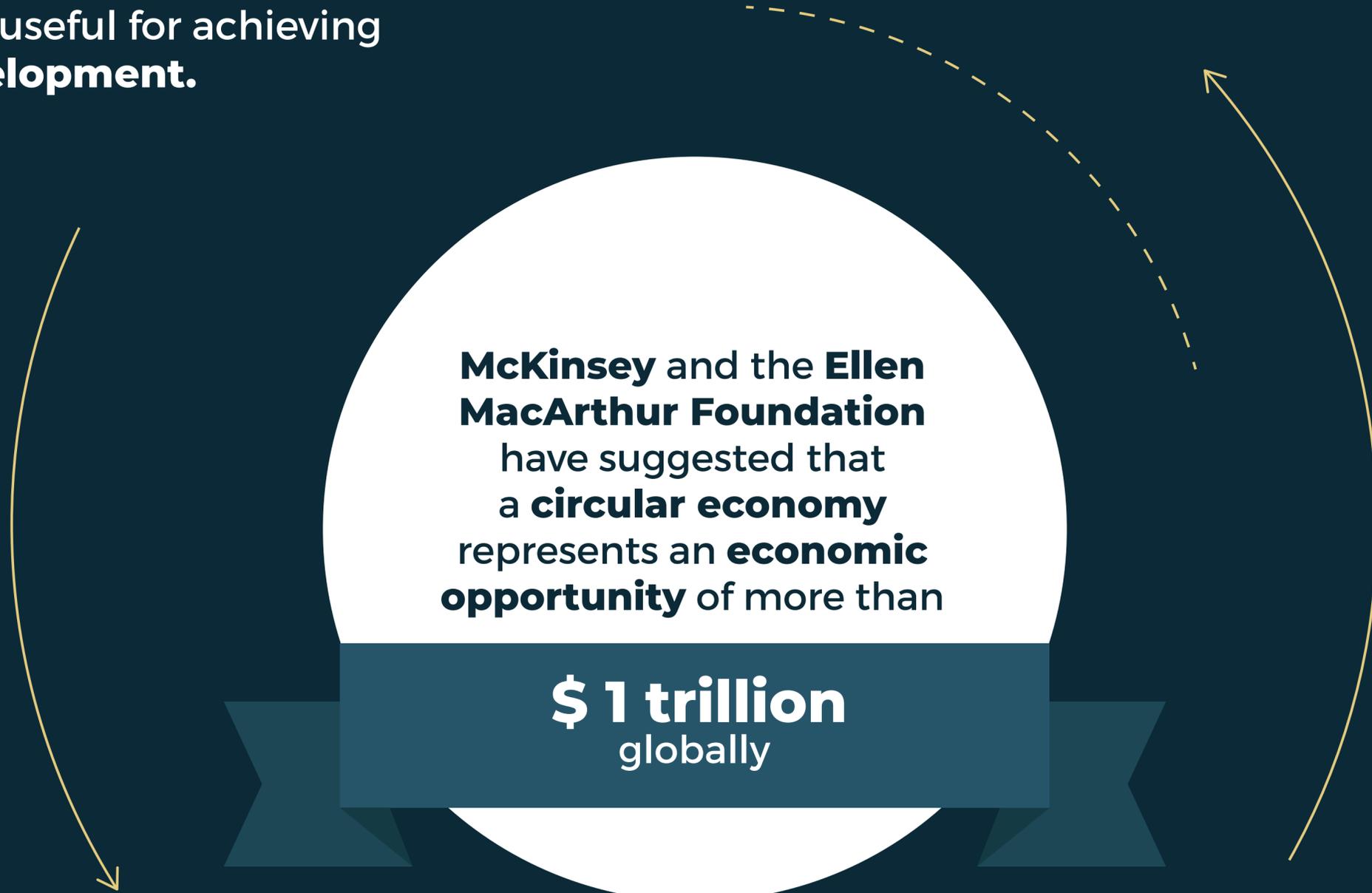
“an industrial economy that is restorative or regenerative by intention and design”

Source: "The Ellen MacArthur Foundation"

The circular economy represents a **new business model**, useful for achieving **sustainable development**.

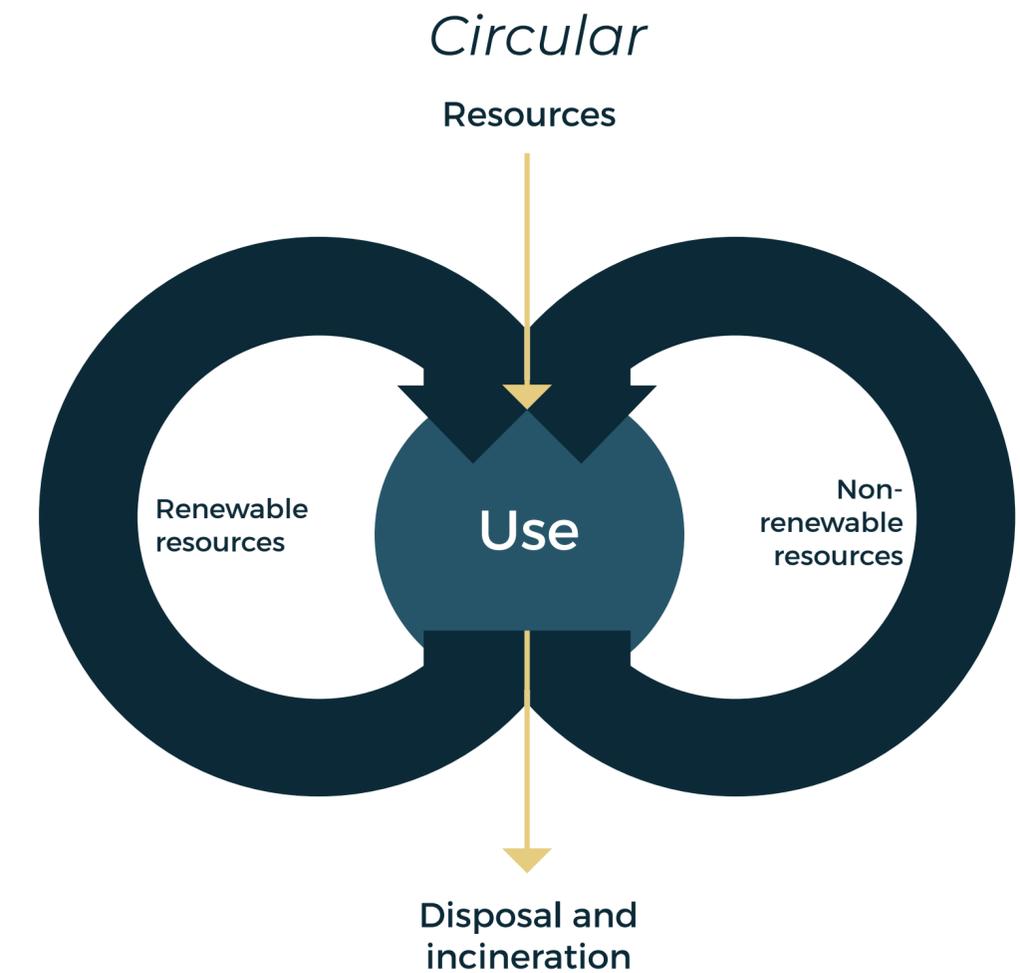
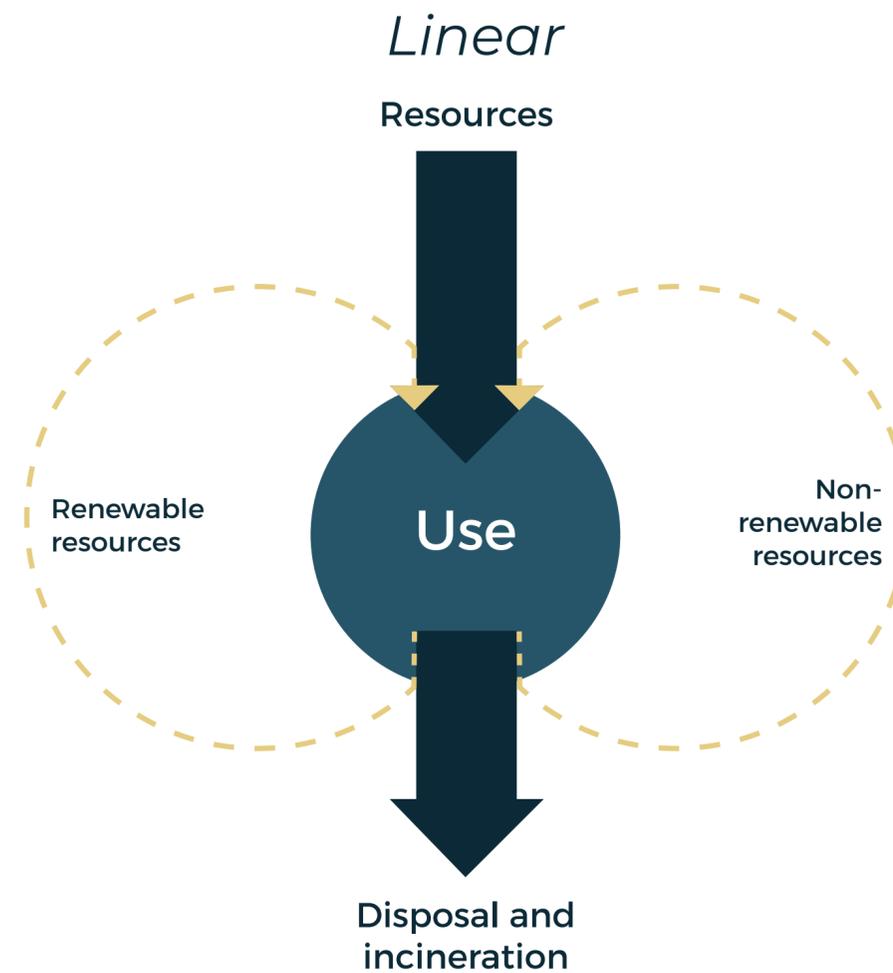
McKinsey and the **Ellen MacArthur Foundation** have suggested that a **circular economy** represents an **economic opportunity** of more than

\$ 1 trillion
globally



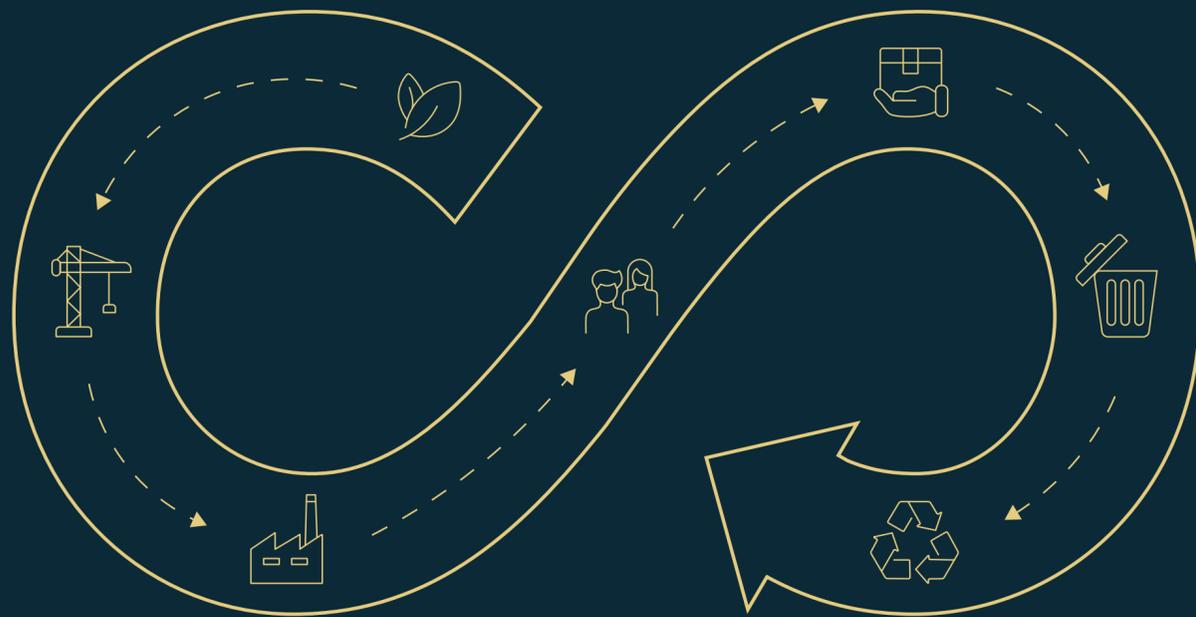
A new life cycle for products

How is a circular economy different from a linear economy?



—> **In a linear economy**
we extract raw materials and then transform them into a product that is used and subsequently thrown away.

—> **In a circular economy**
we close the cycles of all these raw materials. We keep finished materials in the economic cycle and safely return biodegradable materials to the earth.



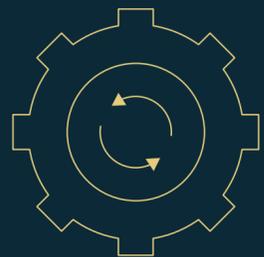
The circular economy changes the way value is created and preserved, making production more sustainable.

Benefits



**Eliminate waste
and pollution**

“The circular economy gives us the tools to tackle climate change and biodiversity loss together, while addressing important social needs”.

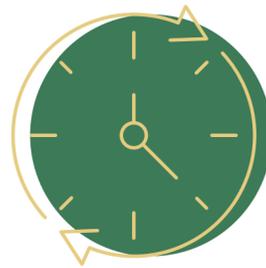


**Circulate products
and materials
(at their highest value)**

“The second principle of the circular economy is to circulate products and materials at their highest value. This means keeping materials in use, either as a product or, when that can no longer be used, as components or raw materials”.

The re-use of luxury furniture

Furthermore, the luxury furniture is characterized by **2 distinctive elements** which can favor the **circular economy**:



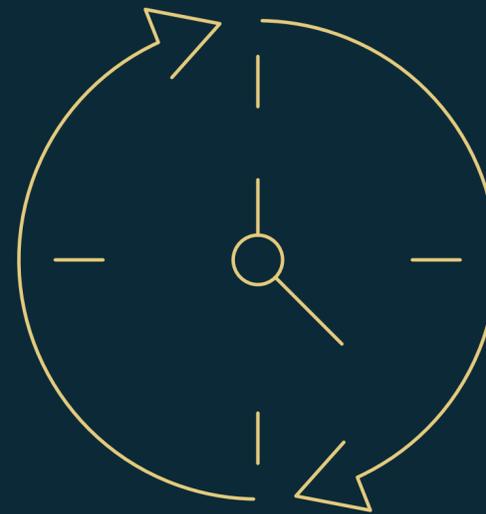
Physical durability (premium materials): durable products that can resist damage and wear over long periods of time requires designers to carefully combine material choices and garment construction, including component reinforcement.



Emotional durability (icons): timelessness, rarity, history, and meaning can make every product unique.

Compared to low-end furniture, the large use of **raw materials** and energy is generally recognized in the production of **luxury furniture**, given the production **quality** of these ones.

However, the large use of **natural resources** suggests the importance of moving towards **sustainable practices** to **reduce** both the environmental damage and the social impact of business production and highlights the **concept** of **durability** of this type of furniture.





When you purchase a luxury furniture piece, you're **investing** in something that's going to become a **pillar** of your **home**.

Luxury brands benefit from a healthy second-hand market

Sustainability

- Consumers appreciate purpose-led organizations that care about sustainability
- Brands can adopt a comprehensive sustainability approach and account for the full life cycles of products

62%

of consumers would be more willing to buy from fashion brands that partner with second-hand players

Customer acquisition

- Consumers discover brands through second-hand shopping
- A preowned market encourages consumers to purchase high-end brands

48%

of second-hand shoppers purchased a brand that was new to them; nearly all would consider buying these brands again

Customer Loyalty

- Brands can reward sellers with buy-back programs and exclusive loyalty benefits
- Sellers can shop for new items with the money they gain from selling old ones

31%

of second-hand sellers bought new high-end goods with the money they made selling preowned goods

4

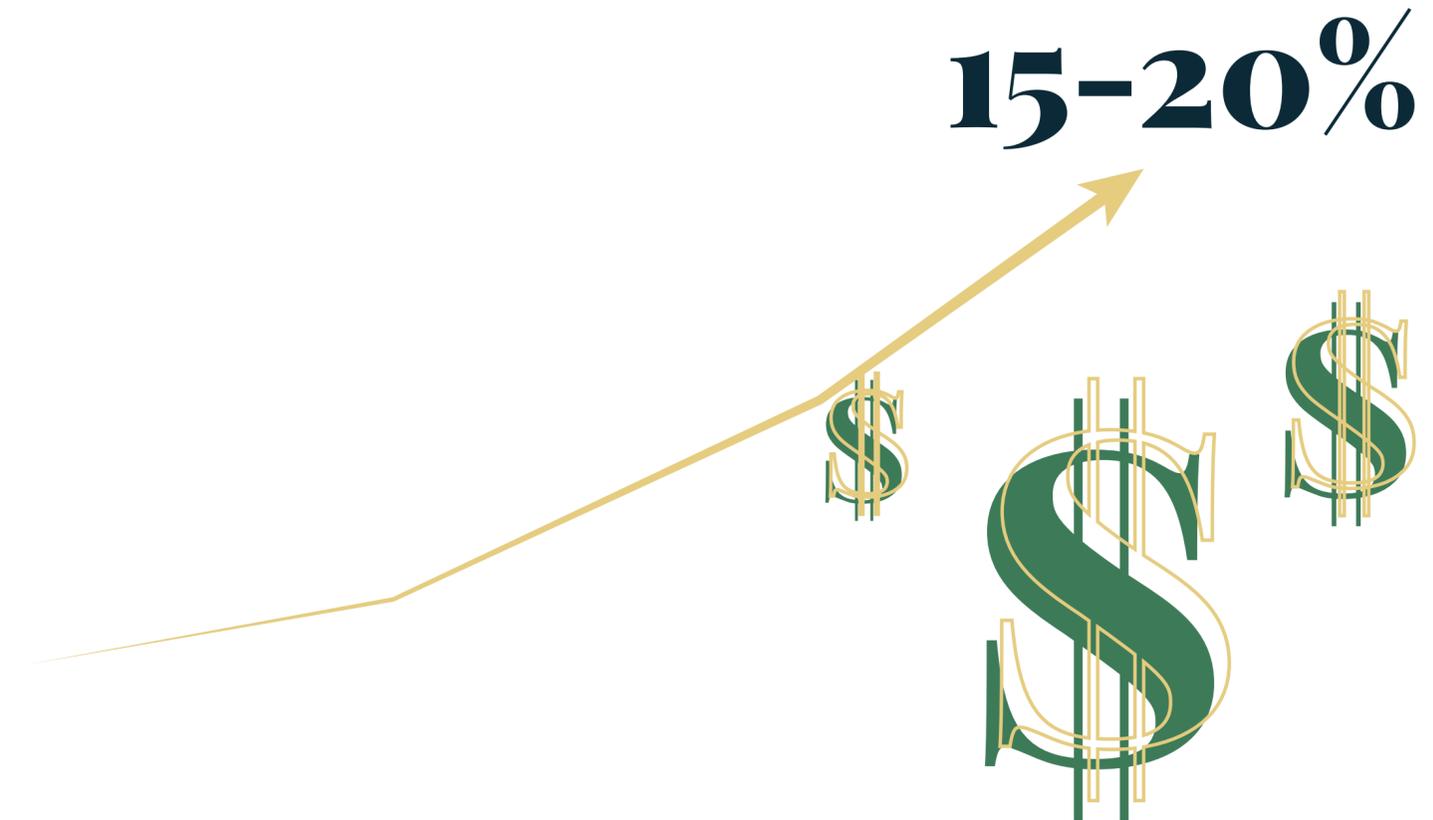
The second-hand trend

Second-hand: a new trend

According to a recent report of BCG, **second-hand apparel, footwear and accessories** represent \$ 30 billion to \$ 40 billion in value worldwide, showing a **fast growth**.

The global **second-hand market** will likely grow over the next five years by a compound annual growth rate (CAGR) of **15% to 20%**.

Second-hand is becoming a life philosophy: 60% of Deesup users buy and sell not only second hand furniture, but also clothing, embracing the full spirit of circular economy.



Second-hand consumption is increasingly driven by sustainability and affordability

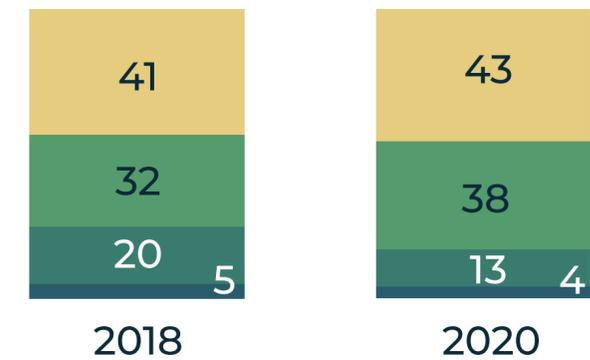
Affordability / purchase power

I buy items I can't afford at full price



Trend and uniqueness

I find unique pieces to enhance my style



Offer / choice

I am able to find a large selection of items and brands



Environmental consciousness

I like the sustainable aspect of purchasing second-hand items



■ Strongly agree
 ■ Slightly agree
 ■ Neither agree nor disagree
 ■ Slightly disagree
 ■ Strongly disagree

Today, **70%** of preowned buyers “like the sustainable aspect” of second-hand consumption

The future of furniture is **circular**:



5

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- <https://knowledge-hub.circle-lab.com/article/7900?n=Furniture-reuse-as-a-service>

This document has been drafted with:

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