Swedish Chambers

TRADE PROMOTION PROGRAMME
OF THE SWEDISH CHAMBERS

Market Brief

Focus on the Swedish Market

Workwear and Promotional Clothing

June 2008

Facts about Sweden

Area: 449,964 sq.km
Population: 9.1 million

Capital: Stockholm.
Stockholm city: 780,800 inh.
Greater Stockholm: 1.9 mil. inh.

Business language:
Swedish, English

Religion:
Lutheran

Largest cities:
Stockholm city: 780,800 inh.
Gothenburg 489,400 inh.
Malmö 275,100 inh.
Uppsala 185,200 inh.
Linköping 138,400 inh.
Västerås 132,800 inh.
Örebro 128,700 inh.
Norrköping 125,300 inh.
Helsingborg 123,100 inh.
Jönköping 121,300 inh.

Form of government:
Constitutional monarchy,
parliamentary democracy

Some distances:
Stockholm-Malmö 640 km
Stockholm-Gothenburg 490 km
Stockholm-Sundsvall 400 km
Stockholm-Kiruna 1310 km

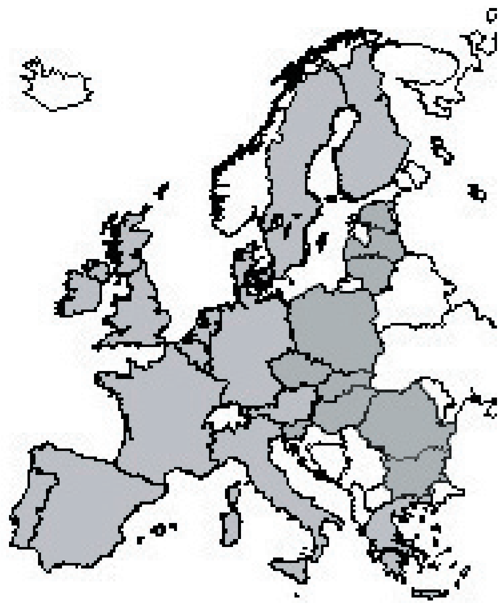
Currency:
1 krona (SEK) = 100 öre

The European Union

- Austria
- Belgium
- Bulgaria
- Cyprus
- Czech Rep.
- Denmark
- Estonia
- Finland
- France
- Germany
- Great Britain
- Greece
- Hungary
- Ireland
- Italy
- Latvia
- Lithuania
- Luxemburg
- Malta
- Netherlands
- Poland
- Portugal
- Romania
- Slovak Rep.
- Slovenia
- Spain
- Sweden

The EES/EEA area
EU-countries, Iceland,
Liechtenstein and Norway

EFTA
Iceland, Liechtenstein,
Norway and Switzerland



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1 General Background and Definitions

This Market Brief deals with ready-made workwear in textile materials. Workwear made of leather, plastic or rubber is not included, neither are hats, caps, gloves or hosiery.

In this survey, the term workwear is used for all kinds of clothes that are intended to be used at work. Workwear is usually divided into the following four subgroups;

- traditional workwear, mainly light garments for use in stores, restaurants and hospitals, and for cleaning
- uniforms, mainly heavy garments
- protective clothing with extra protection when working with fire, cold, water, chemicals, etc.
- promotional clothing, also called promowear or corporate workwear, a term used for garments specially designed to promote a company. The main garments in this category are shirts, t-shirts and sweaters.

Note that there is no sharp line between what is defined as workwear and promotional clothing.

Garment Categories

Traditional Workwear
Mainly used in:
- Stores
- Kitchens
- Restaurants
- Hotels
- Cleaning
- Medical care & Social work
- Industry
- Workshops & Garages
- Warehouses & Distribution
- Construction work
- Agriculture and Forestry

Uniforms
Mainly used by:
- Police force
- Customs staff
- Security guards
- Military officers and conscripts
- Postmen
- Telecommunication staff
- Railway and Bus staff
- Taxi personnel
- Airline staff
- Clergy and church staff
- Marching bands

Protective Clothing
Attire made for extra protection when working with e.g.:
- Fire & Rescue work
- Welding
- Sawing
- Electric installations
- Cold environments
- Water
- Oil, Gas & Chemicals
- Sanitation

Promotional Clothing (Promowear)
Attire that is specially designed to promote companies. The most important customers include:
- Hotels & Conference halls
- Restaurants & Fast food chains
- Retail store chains
- Trade fair exhibitors
- Sports and Tournament

2 The Market for Workwear

Sweden is regarded as the leading per capita consumer of workwear in Europe and the Swedish market therefore account for a comparatively large share of the total European workwear market. Furthermore, Swedish based companies are among the leading distributors, marketers and developers of workwear in Europe, which also explains their high market share on the domestic market.

2.1 Market Size

In Sweden, the sectors where workwear are normally used make up approx. 70% of the total work force, or 3.0 million people. For 2007, it was estimated that employees in these sectors consumed on average 4 pieces of workwear per year.

According to trade estimates, the consumption of ready-made workwear amounted to approx. 13 million pieces (excluding promotional t-shirts) during 2007. The estimated market value at wholesale level was about SEK 4.5 billion which means a consumption of about SEK 1500 per employee and year.

The workwear market is cyclical and very much dependent on the overall economic development within the country. Since the end of the 1990's, the market has shown a steady yearly increase, about 5-10%, reflecting the economic growth that the country has seen in recent years. During 2007, the workwear market grew over 20%, when measured by quantity. However, when measured by value, the market increase was more modest, around 5%.

While the market volume has increased over 60% between 1990 and 2007, imports have risen about 250% during the same period. This means that imports now account for almost the entire market supply, 96-97%. The main reason for the rise in imports is mainly due to the high labour costs in Sweden.

The table below shows the estimated market development for working clothes from 1990 to 2007, by pieces of workwear.

Consumption of Workwear 1990-2007
By volume, 1000 pieces.
Excluding promotional t-shirts.
Note that figures from year 2000
are based on trade estimations.

	1990	2000*	2005*	2006*	2007*
Domestic Production	4 400	500	500	500	500
Imports	4 200	10 000	11 500	12 000	14 500
Exports/Re-exports	- 600	- 1 500	- 1 500	- 1 500	- 2 000
Swedish Market	8 000	9 000	10 500	11 000	13 000
Import share	41%	53%	95-96%	95-96%	96-97%

* Estimations

Sources: SIND/Teko 1989, Strömbäck Konsult 1990, Fox Research 2000-2007

2.2 Market Segments

Workwear can be divided in four different sub-markets; traditional workwear, uniforms, protective clothing, and promotional clothing.

As seen in the table below, the traditional workwear and promotional clothing categories each constitute a little less than 50 percent of the market. The other two categories, uniforms and protective clothing, equally account for the remaining part.

If also promotional t-shirts are included, promotional clothing account for a much larger share. However, since it is very difficult to estimate how large share promotional t-shirts have of overall sales of t-shirts, this item is not included in the market data for workwear.

Market Segments
Estimations year 2007

Segment	Market 1,000 pieces	Share %
Traditional Workwear	6 000	46
Uniforms (heavy garments)	500	3-4
Protective Clothing	500	3-4
Promotional Clothing (mainly sweaters and shirts)	6 000	46
• Sum	13 000	100
Promotional T-shirts	5 000 - 10 000	--
• Total	18 000 - 23 000	--

Source: Fox Research, based on trade sources

The workwear market can also be divided according to buyer categories. The largest category consists of buyers within the manufacturing, construction, workshops, garages, and agricultural sectors, accounting for over half of the total market. On average, employees in these sectors use 4.5 pieces of workwear per year.

The service sector, which account for about one fifth of the market, consists of service companies within retailing, restaurants, hotels, cleaning, etc. However, since employees within the service sector only use on average 2.5 pieces of clothing per year, compared to 3.5 to 4 in other sectors, there exist a large potential for expansion here.

The remaining 25-30% of the market is made up by public authorities and travelling companies, and hospitals and other medical institutions, see also the table below.

The market may also be divided according to private and public sectors. The public sector as a whole, including national, regional and local authorities, as well as hospitals and most other medical institutions, account for some 25% of the total market, while private, non-institutional buyers account for the remaining 75%.

Market for Workwear by Buyer Sectors
Estimations year 2007 (based on import data
and revised 1985/1990 market data)

Buyer Sector	Market 1,000 pieces	Share %	Pieces per employee
Manufacturing, Construction, Workshops & Agriculture	7 000	54	4.5
Service sector	2 500	19	2.5
Public Authorities & Travelling Companies	2 000	15	3.5 - 4
Hospitals & Medical Institutions	1 500	12	3.5 - 4
• Total	13 000	100	4

Source: Fox Research,
Strömbäck Konsult

2.3 The Market for Traditional Workwear

The market for traditional workwear was estimated at roughly 6 million pieces of clothing during 2007, equaling a little less than half of the total market.

This market consists of light and medium-heavy garments such as overalls, dungarees, trousers, jackets, waistcoats, coats, aprons, long shirts, skirts, blouses, shirts, and sweaters. An item showing high demand in recent years is canvas and chinos styled trousers, which have been designed with extra leg pockets.

Areas, in which these clothes are mainly used, include: retail stores, kitchens, restaurants, hotels, cleaning, hospitals & medical care, social work, industry, construction work, workshops, garages, warehouses & distribution, agriculture and forestry.

Common Types of Traditional Workwear

- Overalls
- Dungarees
- Trousers
- Waistcoats
- Aprons
- Shirts (incl. flannel shirts)
- Skirts
- Long shirts
- Blouses
- Sweaters
- Jackets
- Coats
- T-shirts (most common with promotional clothing)

2.4 The Market for Uniforms

The market for uniforms is estimated at roughly 0.5 million pieces of clothing per year, equaling approx. 3-4% of the total market.

Uniforms are used by the police force, customs staff, guards, military officers, personnel, and conscripts, postmen & telecom staff, railway, bus, taxi, airline and merchant navy staff, clergy and church staff, marching bands, etc.

This market consists mainly of heavy garments such as coats, jackets, and trousers, but also includes shirts that are specially made for uniforms. Fabrics in heavy garments are often wool or mixtures of wool and terylene (polyester).

Due to small series and complicated designs and patterns, a uniform sample is considerably more expensive than ordinary working clothes. Because of the high costs for manufacturing uniforms, many customers, especially those within the private sector, such as travelling companies and security firms, have more and more gone over to buying profile clothing.

2.5 The Market for Protective Clothing

Protective clothing is made for extra protection when working in cold environments, e.g. with water, fire & rescue work, electric installations, sawing, welding, oil, gas & chemicals, and sanitation.

The market for protective clothes is estimated at roughly 0.5 million pieces of clothing per year, equaling approx. 3-4% of the total market.

Due to the strict rules and regulations regarding the protective clothing, the woven fabrics used must be manufactured according to standards set up by various test institutes and authorities. This results in very high demands of quality for these types of clothing.

It should be noted that ordinary working clothes can also be made protective. Examples of this are clothes that have been chemically prepared to be water and flame resistant.

2.6 The Market for Promotional Clothing

Promotional garments are specially designed to promote a company's image. Important customers for these types of clothes are travel companies (airlines, ferries, railways, buses, etc.), hotels, restaurants, conference facilities, and retail chains. Other potential buyers include personnel working to promote a company in large industrial, trading and computer companies.

The market for promotional clothing has expanded rapidly during the last decades and is now estimated to have reached 6 million pieces of clothing, equaling almost half the total market for workwear.

However, as pointed out before, promotional t-shirts are not included in this figure. The overall market for t-shirts amounts to about 50 million pieces per year. According to trade sources, company profiled t-shirts could account for as much as 10 to 20% of total sales of t-shirts, equaling 5 to 10 million pieces.

At the same time it should be noted that all market data concerning promotional clothing must be read with cautions; partly because of the difficulty to differentiate profiled clothing from other types of workwear, and partly because company promotional garments are also used in other activities than work; especially in leisure and sport activities.

An obvious trend is that buyers of promotional clothing are looking more and more for high quality items. The expansion of the promotional clothing market can also be explained by the fact that in recent years both companies and organizations have seen it necessary to strengthen or upgrade their image. Especially profiled or designed clothing for staff members is one way of reaching that goal. Another reason is that promotional activities have become more common.

Promotional clothing usually consists of ordinary workwear that have been altered in one or several ways;

- Re-creation of an existing model, through adding of embroidered logos, changing of pockets, length of sleeves, etc.
- change of colours and/or textiles on one or more models.
- complete new design, made exclusively for one company.

For promotional activities, the garments most commonly used are t-shirts, dress shirts, sweaters, sweat shirts, tennis shirts, college shirts, jogging suits, blouses, nylon jackets and caps. Other items are aprons, ties, scarves and blazers.

Due to the extra costs, new designs are only possible for larger companies. It is necessary to order at least 200-300 garments before the price reaches the same level as ordinary working clothes.

2.7 General Market Characteristics

The most important factors for the workwear trade are price, quality and design. Price has traditionally been the key factor, but at times when the economic conditions are good, quality and design have become more important. Another important factor is high availability, making fast and reliable deliveries very important.

The market requirements for workwear are different from ordinary clothing in that they must in many circumstances fulfill rigorous standards concerning models, construction, durability, colour fastness, wash ability, etc.

Testing and research institutes, as well as certain public and branch authorities determine the specifications by which some working clothes are made. Even though these specifications are not always mandatory, they are generally followed.

The main fabrics used for the manufacturing of workwear are pure cotton, mixtures of cotton and polyester, and 100% polyester. Other common fabrics are mixtures of cotton and nylon, and wool and terylene (Dacron).

Pure cotton is popular, since it is comfortable and has good absorption power. Combining cotton with polyester creates a light and durable fabric that creases less and is more easily maintained than pure cotton. For extra durability, 100% polyester is commonly used.

Sweden's climate, with its cold winters, calls for warm clothing, which generally is more expensive. Thus, a comparatively high proportion in value is spent on wool sweaters and heavy garments such as winter coats.

The chart below shows some characteristics of the fabrics used. See also **Appendix 1.**

Example of Textile Materials used in Workwear

Material %		Characteristics
100	Cotton	Comfortable, but needs ironing. Good absorption power.
60/40 50/50 35/65	Cotton/Polyester	Easy to maintain, durable. Keeps colours
100	Polyester	Very easy to maintain, keeps colours and shape very well.
55/45	Cotton/Nylon	Very durable. Not as comfortable as cotton/polyester.
100	Wool Wool/Terylene	Common in uniforms and cardigans. Common in heavy garments and uniforms.

3 Domestic Supply and Imports

3.1 Domestic Manufacturing

In late 1980's, there were about 40 plants for manufacturing workwear in Sweden. The number of domestic manufacturers has since then decreased substantially, mainly due to high domestic labour costs. The only remaining manufacturing left within the country are either small, specialized in-store shops intended for sewing trial collections, service plants for customers needing fast deliveries of certain items, or specialized plants for certain semi-finished items.

As a result, trade sources believe that the share of the domestic production of workwear has been cut down to approx. 3-4% of the total market supply, or even less.

Even though domestic manufacturing has been strongly reduced in recent years, many of the larger companies in this sector still maintain manufacturing activities, either by having relocated manufacturing to foreign countries, or by using subcontractors.

3.2 Imports and Exports

The total Swedish market for workwear has since 1990 expanded over 60% in volume, from 7.3 million pieces to about 13 million pieces. At the same time imports have risen about 250%, from 4 million pieces to approx. 14.5 million pieces in 2007.

The import share has thus increased from approx. 41% to about 96-97%. This means that imports of workwear have now reached almost the same share as for imports of all types of clothing (which is 98-99%).

Due to the fact that domestic manufacturing has been strongly reduced, exports are no longer of any significance. However, since Swedish based workwear companies also are active in other countries, a small part of imports is re-exported to other markets, mainly to neighboring Scandinavian and Baltic countries.

Official import data on workwear do not register all type of items included in this category, only traditional workwear and uniforms. During 2007, imports of these items amounted to SEK 731 million, which was about 1% less than the preceding year. In terms of volume, however, imports rose 22% to 6,100 tons.

These figures mean that Sweden accounted for about 4 - 5% of the registered workwear imported into the EU that year, more than twice as much as Sweden's share of the total EU population (which is about 2.0%). This also suggests that Sweden is one of the larger importers of workwear within the EU.

The most imported items were trousers (60% by quantity) and shirts, aprons, etc. (30%). About 60% of imports are in synthetic fibers and the remainder mostly in cotton. For further details on imports of workwear, see **Appendix 2.**

There are numerous countries supplying the Swedish market. Due to lower labour costs, countries in South East Asia have in recent years increased their share of the market, especially China, Vietnam, Bangladesh and India. Several of the large workwear companies have actually established their own sourcing offices in this region.

Another large and increasing supplier is Russia and several countries in the Mediterranean Rim area, most noteworthy Turkey, Tunisia and Morocco.

However, a few EU-countries still have a relatively large share of the supplies, especially the nearby countries Estonia, Latvia and Lithuania, as well as Portugal.

Imports of Workwear 2003-2007, by Value
Excluding protective and promotional clothing.

Product type	Value SEK '000 2003	2006	2007	±	03-07	%
Ensembles	9 611	11 244	10 014	+	403	4
Jackets and blazers	105 379	90 056	92 909	-	12 470	12
Trousers	369 657	387 110	421 521	+	51 864	14
Bib & Brace Overalls	36 048	28 413	33 578	-	2 470	7
Shirts, Aprons and Other	214 337	185 683	173 001	-	41 336	19
• Total	**735 032**	**702 506**	**731 023**	**-**	**4 009**	**1**

Source: SCB

Imports of Workwear 2003-2007, by Quantity
Excluding protective and promotional clothing.

Product type	Volume (tonnes) 2003	2004	2005	2006	2007		03-07	%
Ensembles	50	60	79	63	84	+	34	68
Jackets and blazers	538	551	546	514	556	+	18	3
Trousers	2460	2592	2589	2853	3552	+	1092	44
Bib & Brace Overalls	209	167	177	182	218	+	9	4
Shirts, Aprons and Other	1452	1301	1357	1380	1691	+	239	16
• Total	**4709**	**4671**	**4748**	**4992**	**6101**	**+**	**1392**	**30**

Source: SCB

4 Distribution Channels

Exporters of workwear can choose between different channels when selling to Sweden:

• Specialized workwear and promotional clothing companies
These companies design, develop, market and distribute their own line of items. The garments are imported either from wholly-owned foreign plants, subcontractors or independent suppliers. Several of the largest companies also have their own buying offices abroad, including South East Asia. The garments are distributed both through independent wholesalers, retailers and directly to large end-users.

• Wholesalers, retailers and screen printers
Independent wholesalers, retailers and screen printers are generally furnished by the specialized workwear and promotional clothing companies, but sometimes also have their own import activities.

• Commission agents
Agents that represent one or more foreign manufacturer, are not common within the workwear sector. Delivery is usually directly from the factory to the buyer.

• Large end-users
Direct purchase from large end-users (laundries, hospitals, travelling companies, etc.) is possible when buying large quantities each time.

The specialized companies have in recent years taken a large share of the imports of workwear. Although independent wholesalers, retailers, agents and direct deliveries to large end-users are options, they are not commonly used when importing these types of clothes.

4.1 Specialized Companies

There are about 100 companies active in the creation, design, marketing and distribution of workwear in Sweden. They are as a rule specialized in traditional workwear, uniforms or protective clothing. In addition, there is a large number of companies dealing with promotional clothing, both small and large companies.

Four companies, all part of multinational operations, have in recent years taken a large share of both the Swedish and the European workwear market:

The **Kwintet Group**, with headquarters in Sweden, is with a turnover of about EUR 700 million the leading provider of workwear in Europe. The Group has through acquisitions of four large companies - Fristads, Hejco, Johan Skoglund and Martinson - also become the largest distributor of workwear on the Swedish market. Sales of the Swedish subsidiaries amounted to about EUR 130 million in 2007 (including exports).

The **New Wave Group,** based in Sweden, has through extensive acquisitions become one of the leading suppliers of promotional clothing, workwear and leisure wear in Europe. The group also imports and distributes promotional gift articles. For 2007, total sales of workwear and promotional clothing were estimated at about EUR 300 million, of which the largest share was outside Sweden.

Berendsen, with headquarters in Denmark, owns Björnkläder, one of the leading suppliers of traditional workwear and protective clothing in Sweden. However, all manufacturing has been moved to the company's outlet in Estonia.

The group also operates Berendsen Textile Service, the largest garment rental and laundry network in the country, as well as the workwear retailer chain Grolls. Berendsen is part of the Davis Service Group Plc in the UK, a leading European provider of textile rental services. Total sales amounted to about EUR 1,000 million in 2007, of which in Scandinavia about EUR 330 million.

PF Concept (part of the Polyconcept Group), with headquarters in the Netherlands, is regarded as the leading European distributor of promotional gift items. PF Concept has acquired two companies within the Swedish promotional sector, PF Concept Clipper and PF Jersey. Total sales of PF Concept amounted to about EUR 260 million in 2007, of which sales within Sweden was about EUR 30 million.

While these large companies carry a large assortment within their field, there are also many small and medium-sized companies that generally provide specialty lines of workwear consisting of limited series directed towards specific occupational categories or the promotional market.

Salesmen are commonly used for reaching larger buyers, specifically industry, trade firms, and public institutions. Some of the large distributors also send mail order catalogues to potential buyers, usually once or twice a year.

Large Swedish Distributors of Workwear and Promowear

	Business Area		Sales SEK million		
Company	**Workwear**	**Promowear**	**2005**	**2006**	**2007**
Kwintet Group	x	-	3 666	5 325	6 480
- Kwintet Fristads	*x*	-	*742*	*794*	-
- Kwintet Corporate	*x*	-	*187*	*212*	-
New Wave Group*	x	x	1 976	2 146	2 476
PF Concept (Polyconcept)	-	x	2 144	2 334	2 414
- PF Concept Clipper	-	*x*	*200*	-	-
- PF Jersey	-	*x*	*60*	*64*	-
Björnkläder (Berendsen)	x	-	459	413	-
Snickers	x	-	336	395	-
Blåkläder	x	-	218	227	-
G Ess Yrkesklader	x	-	160	153	-
Tranemo Workwear	x	-	96	100	-
Wackes (Janbell)	-	x	76	80	-
Procurator Textiles	x	x	50	-	-
Sandryds Handel	-	x	51	49	-
Textilhuset/Vezzla	-	x	40	-	-
Eiser Trikå	x	x	34	26	-
Sten Oscar Design	x	x	18	25	-

* Corporate Promo business area (workwear, promowear, promotional gifts)
* Estimations

Sources: Fox Research, Habit Modemarknaden

4.1.1 Traditional Workwear Companies

Traditional workwear for shops, restaurants, hotels, cleaning activities, hospitals, warehouses, workshops, manufacturing outlets, farming, etc. are sold and marketed directly to the customers, through mail order catalogues, or through specialized retailers.

The market is dominated by a few large companies, of which the three most important are Kwintet, Berendsen/ Björnkläder and New Wave:

- The Kwintet Group, Europe’s largest workwear company, owns four Swedish companies within the work clothing sector: Fristads (traditional workwear), Hejco (light garments for hotels, restaurants, hospitals etc.), Johan Skoglund (heavy workwear and uniforms) and Martinson (hospital clothing).

- Björnkläder is part of the Berendsen Group in Denmark. In Sweden, activities include wholesale and retailing of traditional workwear and protective clothing, as well as garment rental and laundries.

- The New Wave Group, until recently mainly engaged in promotional clothing and leisure wear, has acquired several companies within the workwear sector, e.g. Jobman, Projob and Seger.

Other important companies in this sector are Snickers, Blåkläder, G Ess, Procurator Textiles, Tranemo Workwear, Gulins Business Design and Toni Lee.

4.1.2 Uniform Apparel Companies

The largest distributors of uniforms are Johan Skoglund (known as Kwintet Corporate Wear), Procurator Textil and Gulins Business Design. Companies selling other type of working clothes also usually supply uniforms. There are also several specialized uniform shops, but they rarely import themselves.

These companies sell their clothes either directly to the large buyers or through specialized retailers for uniforms.

In this category, the public sector is the largest purchaser, with bidding as the main form of buying.

4.1.3 Protective Clothing Companies

This subsection is dominated by a few distributors specialized in selling industrial welfare products, either directly to the end-users, or to retailers and wholesalers of general work wear. Some of them are also engaged in manufacturing, both in Sweden and abroad.

The largest companies specialized in selling protective clothing are Procurator, Björnkläder, Taiga, Proffsman, and Tuvab. Wholesalers and retailers of general working clothes generally also sell protective clothing.

The buyers of protective clothing are mostly found among heavy industries and workshops, as well as public authorities working for example with rescue work, public works, and sanitation.

4.1.4 Promotional Clothing Companies

Two multinational companies, the New Wave Group and PF Concept, dominate the market for promotional clothing. However, there are also numerous small and medium-sized companies within this sector, often distributing both promotional clothing and advertising gifts.

- The New Wave Group holds more than 30% of the promotional clothing market. The company has expanded rapidly in recent years and is now one of the leading European suppliers of promotional and leisure clothing. Among companies recently acquired within Sweden are Craft, Hefa and Texet.
- PF Concept, with headquarters in the Netherlands, owns two Swedish companies within this sector, PF Concept Clipper and PF Jersey.
- Other important companies offering profile clothing are Ago Reklam, Wackes, Sten Oscar, Sandryds, and Vezzla.

Some of the companies within the promotional clothing market are screen printers who print on textiles such as t-shirts, college shirts etc. Some are companies that do embroidery on clothing items. However, only a few of these companies import themselves.

It is interesting to note that most companies selling workwear to some degree also sell promotional clothing.

Due to the relatively high extra costs of profile clothes, mainly larger companies buy these clothes. One can, however, sell large amounts of promotional t-shirts to all types of customers, big and small.

4.2 Wholesalers and Retailers

In addition to the specialized workwear and promotional clothing companies, which as a rule only market their own brands, there are also about 1,500 of independent wholesalers and retailers distributing and selling work clothes from different sources.

They are usually specialized in a special workwear category, whether general workwear, uniforms, or protective clothing and safety articles. The largest resellers are Grolls (part of Berendsen), De Facto and Arbetsklädshuset. Wholesalers and shops selling hardware, auto-parts, building materials and agricultural products, generally also carry workwear.

It should be noted that several of the large specialized workwear companies have their own retail outlets, as well as show-rooms in the largest cities.

Promotional clothing is very often distributed together with advertising articles. The largest distributor in this field is the Profile Professionals chain, linked to the New Wave Group, which includes resellers such as Wackes (which also carry their own line), Lehmanns, Gewe Promotion, Top Print, Just in Time and Master Design.

4.3 The Public Sector

With a 25% share, the public sector as a whole represents the largest buyer group for workwear. Among the largest public buyers are national authorities like Swedish National Police Board, the Post Office, Board of Customs, the National Railways and FMV (military clothes), as well as regional authorities (hospital clothes) and local authorities (clothes for public works, canteens and social and medical institutions).

A characteristic within the public sector is the practice of bidding. Distributors compete to offer the best prices and in return are awarded large contracts. These contracts usually extend from periods of 1-4 years.

A few, large wholesalers specialized in importing work clothes in large quantities usually supply the public sector.

4.4 Garment Rental and Laundries

In addition to the ordinary distribution channels, workwear for hotels, restaurants and hospitals are leased to customers by special garment rental and laundry chains, of which the largest ones are Berendsen Textile Service, the leading laundry chain in Sweden, and Rikstvätt, a voluntary chain of independent laundries. There are also several laundries run by regional authorities.

Laundries account for approx. 10% of the market, thereby constituting an important buyer group. However, the laundries supply of clothes is as a rule furnished by the specialized workwear companies.

5 General Information on Imports

5.1 General Aspects

Imports of workwear are dependent on several factors. Since the market for each type of workwear is relatively small, they are rather expensive to manufacture and distribute, especially heavier garments and protective clothing. Another key aspect is fast and reliable deliveries, which explain why nearby suppliers are sometimes chosen, even if suppliers in more distant countries offer lower prices.

Strict regulations and standards regarding textile materials, models, construction and manufacturing of clothing like hospital clothes, military uniforms, and protective wear, for example, could make it difficult for manufacturers to meet the necessary material specifications. Distributors of these items have therefore been interested to maintain control of the manufacturing process. This is why fabrics may sometimes be cut or woven in Sweden, and sown in nearby countries abroad.

Due to these factors, imports of clothing from faraway countries have largely been restricted to uncomplicated and standardized series in large volumes. However, in recent years, increasing labour costs in Europe have made suppliers in Asia more competitive for all types of working clothes, both finished and semi-finished items, including those in smaller volumes.

5.2 Quality Aspects

In general, since working clothes must meet specific standards regarding the quality and composition of materials, it is important for the buyer that the goods supplied meet agreed upon specifications. Therefore, not only price, but quality and function as well, are of importance when deciding where to make a purchase.

Should the garments, after having been washed in accordance with the instructions, shrink, bleed, twist or otherwise become unusable, the buyer is entitled to reimbursement.

In order to avoid claims, the importers often carry out tests on wash ability, colour fastness and fit before placing an order. Many importers have their own test laboratories where they can ascertain the quality of the goods. Importers can also test fabrics and ready-made clothing at TEFO - the Swedish Institute for Textile Research.

5.3 Marking of Products

All working clothes, as with all other clothes sold in Sweden, must be properly marked as to composition of material, washing and care instructions, size, and country of origin. It is also preferable to have markings in Swedish, although English is sometimes acceptable. Washing and care instructions must be given using the international symbols.

The National Board for Consumer Policies recommends standard temperatures of 40, 60 and 95°C although other temperatures may be used. Another recommendation is that cotton in garments should withstand machine wash at 60°C. This means that garments worn in a normal way must become clean when washed according to instructions. All materials used in the garments - dyestuffs, linings, buttons, zippers, etc. must also withstand the same treatment.

Cadmium and dyestuff based on benzidine are forbidden in garments sold in Sweden. There is also a recommendation to minimize the use of formaldehyde. Furthermore, highly inflammable garments are not permitted on the Swedish market.

A guide intended to provide producers and merchants with information on how to fulfill the buying terms for the chemical content in clothing and textiles can be downloaded from the homepage of the Textile Importers´ Association in Sweden, see **Appendix 3**. The distinguishing properties of the chemicals and the processes in which they are used are described in the guide. The terms have been adopted to promote imports of clothing, textiles, leather goods and shoes to Sweden and the European Union (EU).

Some buyers require that the goods are marked with their own brand names. The importer can supply this, but sometimes the importer expects the manufacturer to have the labels printed or woven according to his drawing.

Sizes are standardized, but there are several systems in use. Size markings may vary from one customer to another. However, it is important to follow the instructions given by the buyer.

5.4 Packaging Requirements and Transportation

Labour costs in Sweden are high, and that results in high handling costs for storage, repacking, distribution and price-tagging. Therefore, the importers would like as much of this work as possible to be carried out by the foreign manufacturers in accordance with their instructions. Specifications may vary from one buyer to another.

Different importers have different requirements with regard to the maximum weight per box and how the goods are to be packed. If the goods are packed flat, paper may be needed between the garments, or if it is a question of exclusive sets (skirt plus sweater, for example), perhaps they must be transported hanging on clothes-hangers.

The importer usually orders containers, but also smaller quantities may be an alternative. Transportation may be by sea, by lorry, or in a few cases, by air, depending on time and the geographical proximity of the exporting country to the Swedish market.

Most garments can be shipped flat-packed, either in individual poly bags or in cardboard boxes, with several garments in one plastic bag. It is important that garments should not need ironing after unpacking. The boxes are often distributed directly to the depots, in which case they must be assorted according to size and colour.

5.5 Buying Routines

The big buyers seldom buy from a new and unknown manufacturer on his first visit. One of the reasons is the great importance Swedish importers attach to timely deliveries since the goods always must be at hand in storage or for the carefully scheduled promotions or other activities that may take place throughout the year. The Swedish importers must be absolutely certain that their suppliers are able to meet agreed-upon delivery dates.

Before placing a major order the importer tests samples for size, wash ability, colour fastness, durability and fit.

It is not unusual for up to two years to pass, with at least two collections presented to the buyer, before sales efforts lead to an order. As the purchaser has invested time and work, testing the garments and travelling to the exporter's factory, it is in his interest to continue an established collaboration as long as price, quality and deliveries remain satisfactory.

5.6 Time Aspects of Purchase

The time between the placing of the order by the importer and the actual delivery differs according to the exporting country. In the case of exports from Southern Europe, 6-8 weeks may be sufficient; whilst in the case of South East Asia it may be a question of 4-5 months. Before the order is placed, however, extensive cooperation is carried out on the design and production of a collection. A trial collection may then be produced and tested on the Swedish market.

5.7 Terms of Payment

Payment is either against documents or by means of invoice with 30-60 days for payment. If the supplier fails to meet the promised quality, the price is either re-negotiated or the goods are returned.

5.8 Trade Margins and Pricing Structures

It is not possible to generalize about trade margins and mark-ups for this category of products. Sales aimed at public authorities and at the industry have an entirely different structure than sales to retail outlets.

Furthermore, purchasing associations for different occupational groups have a price policy different from the rest of the market. Also, the price of working clothes varies widely depending on the product, the quality and the country of origin.

A discount is usually given when ordering a large quantity of garments. For example, when ordering 50 garments, a 15-25% discount is made from the list price.

Wholesalers that sell directly to customers add 20-50% of the CIF-price plus import cost, i.e. landed cost. Mark-ups by these importers/wholesalers when selling to large industrial clients may be substantially lower, and vary from case to case.

Retailers normally add a mark-up of about 100% to their purchase price. The mark-up may be somewhat lower on goods with a rapid turnover, but is rarely less than 80%. A rule of thumb is normally that the retail price is 3-4 times the landed, sometimes more.

It is important to know, however, that prices include value-added tax, which currently amounts to 20% of the sale price.

To give an example of the costs for workwear, one retail chain reports that the average cost for a new set of four pieces is around SEK 1,700 per employee. The set consists of a pair of trousers, a shirt, an apron and a waistcoat in 70% cotton and 30% polyester.

5.9 Customs Duties

Sweden is a full member of the European Union (EU). As a member of the EU, Sweden is automatically part of the EU customs union. This means that there are no trade barriers between countries within the EU and Sweden.

EU customs regulations contain both customs tariffs and quotas. However, certain countries in Eastern Europe and the Mediterranean area, as well as ACP-countries and Least Developed Countries, enjoy reductions and exemptions from duty. For other developing countries, GSP agreements may lower the applicable tariffs.

Exporters are therefore advised to check customs tariffs with the EU or the Swedish Customs (for address, see **Appendix 3**).

6 Summary and Recommendations

There is a large market in Sweden for workwear of different kinds, supplied by the employers to the employees. The largest market segments are for traditional workwear and promotional clothing, whereas the ones for uniforms and protective clothing are substantially smaller.

Imports of workwear have increased drastically since the beginning of the 1990's and now account for almost 100% of the total supply. This means that imports of workwear now have reached the same share as for imports of all types of garments.

A few large distributors, many with their own manufacturing abroad, and many large buyers, especially within the public sector where bidding is the main form of buying, characterize the Swedish workwear market. There are also many smaller distributors, which generally are directed towards specific occupational groups or types of clothing, such as promotional clothing.

Due to the rigorous demands of workwear - concerning models, quality, and fit - it is necessary for a new exporter to convince the buyer that he can deliver goods in accordance with the required specifications. It is also important that the buyer is reassured that the manufacturing will run smoothly and that exports shipments will pose no problems. Although price is a very important factor for buyers, it is subject to both the quality requirements and timely deliveries.

New suppliers to the Swedish market have the best prospects of entering the Swedish market in the segments for traditional workwear and promotional clothing. This is because of the higher volumes and less restricted requirements.

The conclusion is that exporters ought to be able to find buyers in Sweden, provided they are able to live up to the high demands on reliable deliveries and maintain an acceptable and uniform quality at competitive prices.

Appendix 1

Fabrics used in Workwear

Garment	Textile Material	%	Weight gram/m2	Characteristics
Light garments	Cotton	100	180	
	Cotton	100	220	
	Cotton	100		Crinkle Structure
	Cotton	100		Piqué
	Cotton	100	270	
	Cotton	100	300	Over shrunken
	Cotton Domestic	100	165	
	Cotton Satin	100	220	
	Cotton Twills	100	240	
	Cotton Twills	100	270	Over shrunken
	Cotton Twills	100	275	Sanfor shrunken
	Cotton Twills	100	300	Over shrunken
	Cotton Twills	100	350	Over shrunken
	Cotton Denim	100		Stone washed
	Cotton/Polyester	60/40	185	
	Cotton / Polyester	60/40	245	
	Cotton / Polyester	60/40	310	
	Cotton / Polyester	50/50	160	
	Cotton / Polyester	50/50	200	
	Cotton / Polyester		220	Cotton Satin
	Polyester / Cotton	65/35	210	
	Polyester / Cotton	65/35	240	
	Polyester / Cotton	65/35	300	
	Polyester	100	235	
	Polyester	100	250	
	Nylon / Cotton	52/48	240	
Shirts	Cotton	100	115	
	Cotton / Polyester	50/50	200	
	Polyester / Cotton	65/35	110	
Sweaters, cardigans	Cotton	100		Piqué
	Wool / Acryl	50/50		
	Wool / Acryl	55/45		
	Acryl / Wool	70/30		
	Wool	100		
Flame protected clothes	Cotton Twills	100	350	Flame protected

Appendix 2

Imports of Workwear 2003-2007

Volume by tonnes. Value by SEK 1000
CN, Combined Nomenclature

	Product Group		Volume (tonnes)					Value (SEK 1000)	
CN-Code	**Style**	**Fiber**	**2003**	**2004**	**2005**	**2006**	**2007**	**2006**	**2007**
	Ensembles								
6203 2210	Men	Cotton	22	19	22	22	48	2 448	4 313
6203 2310	Men	Synthetic fibers	9	17	21	7	8	4 346	2 407
6203 2911	Men	Artificial fibers	1	3	4	2	4	598	627
6204 2210	Women	Cotton	16	13	20	22	12	2 304	1 482
6204 2310	Women	Synthetic fibers	2	6	7	3	7	514	845
6204 2911	Women	Artificial fibers	0	2	5	7	5	1 034	340
	• Sum		**50**	**60**	**79**	**63**	**84**	**11 244**	**10 014**
	Jackets and Blazers								
6203 3210	Men	Cotton	137	124	126	110	122	14 916	18 825
6203 3310	Men	Synthetic fibers	360	386	357	347	391	66 459	65 231
6203 3911	Men	Artificial fibers	0	0	2	10	0	1 053	65
6204 3210	Women	Cotton	23	20	32	11	6	1 542	2 547
6204 3310	Women	Synthetic fibers	18	21	29	32	37	5 325	6 203
6204 3911	Women	Artificial fibers	0	0	0	4	0	761	38
	• Sum		**538**	**551**	**546**	**514**	**556**	**90 056**	**92 909**
	Trousers								
6203 4211	Men	Cotton	854	944	830	1029	1362	121 286	140 753
6203 4311	Men	Synthetic fibers	1390	1445	1585	1557	1945	215 795	238 941
6203 4911	Men	Artificial fibers	3	0	1	1	1	199	231
6204 6211	Women	Cotton	92	90	83	92	70	22 274	14 641
6204 6311	Women	Synthetic fibers	120	112	90	171	172	26 192	26 049
6204 6911	Women	Artificial fibers	1	1	1	3	2	1 364	906
	• Sum		**2460**	**2592**	**2589**	**2853**	**3552**	**387 110**	**421 521**
	Bib & Brace Overalls								
6203 4251	Men	Cotton	83	60	65	64	80	7 651	10 500
6203 4331	Men	Synthetic fibers	120	105	111	116	135	20 309	22 663
6203 4931	Men	Artificial fibers	2	2	0	1	2	32	221
6204 6251	Women	Cotton	3	0	0	0	1	0	144
6204 6331	Women	Synthetic fibers	1	0	1	1	0	420	47
6204 6931	Women	Artificial fibers	0	0	0	0	0	1	3
	• Sum		**209**	**167**	**177**	**182**	**218**	**28 413**	**33 578**
	Shirts, Aprons and Other Occupational Clothing								
6211 3210	Men	Cotton	294	252	253	259	288	33 760	38 336
6211 3310	Men	Man-made fibers	587	496	599	562	748	84 938	101 945
6211 4210	Women	Cotton	328	306	266	270	346	27 204	33 094
6211 4310	Women	Man-made fibers	243	247	239	289	309	39 781	37 588
	• Sum		**1452**	**1301**	**1357**	**1380**	**1691**	**185 683**	**173 001**
	• Total		**4709**	**4671**	**4748**	**4992**	**6101**	**702 506**	**731 023**

Source: SCB

Appendix 3

Useful Internet Links

Organization/Agency	Internet	E-mail
Information about the TextileTrade		
Textile Importers Association in Sweden	www.textileimporters.se	info@textileimporters.se
Swedish Promotional Products Association	www.sbpr.se	info@sbpr.se
Swedish Distance Sellers (SDS)	www.postorder.se	bo.lindell@distanshandel.se
Swedish Association of Agents	www.agenturforetagen.se	mail@agenturforetagen.se
General Information about Sweden		
Official gateway to Sweden	www.sweden.se	see internet site
Open Trade Gate, *Trade rules and requirements*	www.opentradegate.se	see internet site
Statistics Sweden, *Statistical Information about Sweden*	www.scb.se	see internet site
Swedish Customs	www.tullverket.se	see internet site
Swedish Consumer Agency	www.kov.se	see internet site
Swedish Standards Institute (SIS)	www.sis.se	see internet site
Swedish Chambers of Commerce	www.cci.se/trade	see internet site
Swedish Federation of Trade	www.svenskhandel.se	see internet site
Information about the European Union		
European Union (EU), *Homepage for the European Union*	http://europa.eu.int	see internet site
EU Export Helpdesk for Developing Countries *- Duty rates, customs preference and HS codes.*	http://exporthelp.europa.eu	see internet site
EU Bilateral Trade Relations, *EU Preference Programmes*	http://ec.europa.eu/trade/issues/bilateral/index_en.htm	
EU Statistics (EuroStat), *Import and other trade statistics*	http://europa.eu.int/comm/eurostat	
CBI Market Information for Developing Countries	www.cbi.nl	see internet site

Appendix 4

Currency Conversion

Average exchange rate of
the Swedish currency SEK

	Average rate in SEK						
	2000	**2003**	**2004**	**2005**	**2006**	**2007**	**January - June 2008**
1 US Dollar $	9.17	9.72	8.09	7.35	7.48	6.76	6.14
1 Euro € *	8.45	9.13	9.13	9.28	9.26	9.25	9.38

* The following 15 EU-countries use the Euro as their currency:
Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxemburg, Malta, Portugal, Slovenia, Spain, The Netherlands.

Source: Swedish Central Bank (Riksbanken)

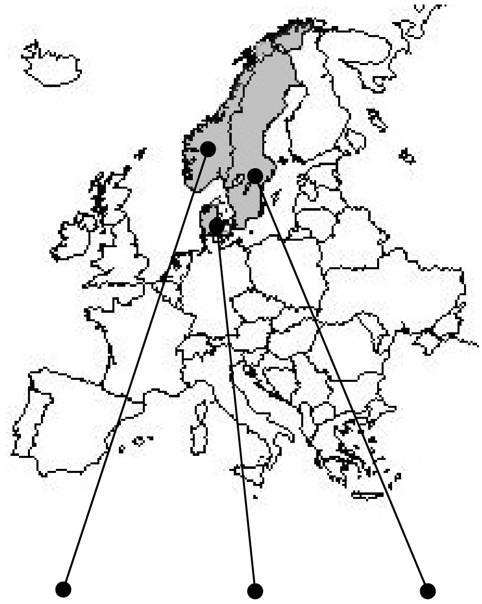
The Scandinavian Market

There are many similarities among the Scandinavian countries with regard to culture, language, political and social systems etc. Also when it comes to consumer behaviour and product preferences you find many similarities.

When entering one of the Scandinavian markets it therefore might be relevant to consider the possibilities in the other Scandinavian countries as well.

All three Scandinavian countries have import promotion facilities. Below you will find a short presentation of the import promotion organisations in Denmark, Norway and Sweden who have jointly published "Exporting to Scandinavia - a guide for exporters from developing countries".

Inhabitants:	Denmark	5.4 million
	Norway	4.7 million
	Sweden	9.1 million



Denmark

The Danish Import Promotion Programme (DIPP) is integrated in the Danish Chamber of Commerce and operates under a contract between the Danish International Development Assistance (DANIDA) and the Danish Chamber of Commerce.

The objective of DIPP is to assist exporters/producers in Africa, Asia and Latin America to enter the Danish market.

At DIPP's website www.dipp.eu you can read more about DIPP and its activities, download or order market information material regarding the Danish market or register your business offer to be advertised on the website.

Contact details:

The Danish Chamber of Commerce / DIPP
Boersen, Slotsholmsgade
DK-1217 Copenhagen K, Denmark
Phone: +45-3374 6000
Fax: +45-3374 6080
E-mail: dipp@danskerhverv.com
Internet: www.dipp.eu

Norway

Department of international trade cooperation (DITC), is established according to an agreement between NORAD (Norwegian Agency for Development Cooperation) and HSH (Federation of Norwegian Commercial and Service enterprises). DITC is integrated in HSH - but is fully sponsored by NORAD. DITC promotes imports from developing counries.

From the website www.hsh-org.no you can read more about the programme. Through the website you can also access a database where suppliers in developing countries interested in the Norwegian market can register. Studies of the Norwegian market for specific sectors can be downloaded from the website.

Contact details:

HSH – Department of International Trade Promotion
P.O. Box 2900 Solli,
NO-0230 Oslo, Norway
Tel: +47-2254 1700
Direct tel: +47-2254 1752
Fax: +47-2256 1700
E-mail: edg@hsh-org.no
Internet: www.hsh-org.no

Sweden

Within the trade promotion programme of the Swedish Chambers assistance is provided to exporters from Africa, Asia and Latin America. The overall aim of the programme is to contribute to sustainable economic growth in developing countries by strengthening the capacity and competitiveness of exporters.

From the website www.cci.se/trade you can learn more about the programme, download or order market reports as well as register your business inquiry free of charge in the database Chamber Trade (www.chambertrade.com).

The prgramme is funded by the Swedish International Development Cooperation Agency (Sida) and the Swedish Chambers of Commerce.

Contact details:

Swedish Chambers of Commerce
Trade Promotion
PO Box 16050
SE-103 21 Stockholm, Sweden
Phone: +46-8-555 100 00
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