

## CBI MARKET SURVEY

# LUGGAGE AND (LEATHER) ACCESSORIES THE EU MARKET FOR WALLETS AND PURSES

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### Report summary

This CBI market survey discusses the following highlights:

- The EU market for wallets and purses was worth € 1,492 million in 2006. Approximately 89% of this was sold in the six selected countries, of which Italy was the largest.
- Production of wallets and purses decreased in the EU and was valued at € 717 million in 2006. Italy was the largest producer and made high quality and fashionable wallets and purses.
- More than three-quarters of all wallets and purses were sold through non-specialist outlets, especially department stores and market stalls. Specialist chain stores were still an important channel in Italy and Spain. A growing proportion of sales were sold through non-specialist outlets and direct (Internet).
- Imports of wallets and purses into the EU27 were valued at € 1,041 million in 2006 (66 thousand tonnes), an average annual increase of 4.4% since 2002. Volumes have increased by 6.8% since 2002.
- Although EU imports from developing countries increased between 2002 and 2006, the share of developing countries in EU imports decreased from 56% (75% by volume) in 2002 to 50% (73% by volume) in 2006. They were valued at € 519 million in 2006. Nevertheless, supplies of wallets and purses from developing countries, led by China and India, have an important impact on the operation of the consumer market in many EU countries.

This survey aims to provide developing-country exporters of wallets and purses with product-specific market information related to gaining access to the EU market(s). By focusing on the EU market(s) for one product group, this document provides additional in-depth information, complementary to the more general information and data provided in the CBI market survey 'The luggage and (leather) accessories market in the EU', which can be downloaded from <http://www.cbi.eu/marketinfo>. Detailed information on wallets and purses is given in Appendix A. This survey discusses the EU in general and the following markets in particular: Germany, France, the United Kingdom, Italy, Spain and the Netherlands.

## 1 Market description: consumption and production

### Consumption

In 2006, retail sales of wallets and purses in the EU was estimated at € 1,492 million, of which 89% was sold in the six selected countries.

**Table 1.1 Consumption of wallets and purses in the major EU markets in 2002 - 2006, € million / % change by value**

	€ million 2002	€ million 2006	Average ann. change	Population (million) 2006	Consumption per capita € 2006
<b>Total EU</b>	<b>1,308</b>	<b>1,492</b>	<b>+3.3%</b>	<b>496</b>	<b>3.0</b>
Italy	242	303	+5.7%	59.3	5.2
Germany	281	286	+0.4%	82.2	3.5
United Kingdom	223	254	+3.3%	60.4	4.2
France	219	251	+3.5%	63.7	4.0
Spain	146	172	+4.2%	45.1	3.8
Netherlands	64	67	+1.1%	16.4	4.1

Source: Euromonitor, Hong Kong Trade Council, Trade estimates (2007)

Between 2002 and 2006, total EU consumption has increased by 3.3% from € 1,308 million, particularly in Italy, the United Kingdom, France and Spain, as is shown in Table 1.1. Since 2002, the market has grown because of a boom in credit/bank, ID and loyalty card use, which require wallets to store these cards. Most wallets and purses have separate compartments to store cards. As people carry an excess of cards, there has been additional demand for credit card holders and larger slim-line wallets. Another impulse came from the introduction of the Euro in 2001 in 12 Member States, enabling the standardisation of size of wallets across these countries.

However, since 2003, value sales have dropped mainly due to the recession in 2004 which was coupled with the extremely large volume of low-priced items. This has resulted in price competition between retailers and market stalls. This has especially taken place in Germany and the Netherlands, where sales have only grown modestly. Other constraints in sales of wallets and purses were:

- Restrained volume sales of wallets and purses. The number of items per person remains limited. People prefer to use either one purse or one wallet to put in both their money and (bank) cards. Most people tend not to use several purses for different occasions. It is not practical to transfer money or cards from one purse to the other.
- The increased use of bank cards, credit cards, loyalty cards may suffer from the growth of e-commerce and of m-commerce (mobile phone payments) or payments by business navigators. The emergence of these new methods of payment implies less need to use cash, which restrains demand for wallets and purses.
- The increased sales of other small accessories such as mobile phone holders, iPod holders, camera cases, GPS holders, some of which also have storage for money.

Per capita consumption of wallets and purses is higher than the EU average in all selected countries, especially in Italy, the UK and France, where the style and brand play a more important role. However, most consumers in the other countries regard this less important, because wallets and purses are kept mainly out of sight in pockets or in bags.

Generally, most people in EU countries have a traditional taste and buy wallets and purses for practical reasons, or, when their existing one is worn out. Nevertheless, both wallets and purses remain popular gift items for birthdays and Christmas, especially for men.

### **Product groups**

There are no statistics available on the consumption by type of wallets and purses. However, the majority is made of leather, patent leather or a leather or vinyl finish. The EU imports of wallets and purses by sub-product group, given in Chapter 3 of this survey, provide some insight about their breakdown. Wallets and purses of leather were strongly represented in German, Italian, UK and French imports in 2006, whereas in most EU countries imports of non-leather wallets and purses grew quickly in the past 4 years.

The small accessories product group, which mainly includes wallets and purses, takes up a sizeable proportion of the whole luggage and (leather) accessories market in Spain (18%), Italy (17%), the UK (17%), France (16%) and the Netherlands (15%).

In the next few years, sales of wallets and purses are expected to grow modestly and will be mainly driven by:

- *Fashion*: The market has gained some fashion appeal recently. This has also encouraged even more impulse buying by fashionable women along with clothing. Recently, wallets and purses are more often a part of a total outfit and are matched up with handbag, belt and footwear designs.
- *Variety*: Along with the fashion appeal, there is more variety in designs and colours of wallets and purses. For example, purses are made of fur fabrics or velvet. Others are embroidered or are decorated with rhinestones, crystals or feathers.

In addition, wallets or purses with graphical or animal prints are popular among teens and young women. These are sold at chains such as Claire's Accessories and Accessorize,

well-represented in shopping centres in **the UK, France, Germany and the Netherlands**.

- *Material*: Leather remains the preferred material for wallets and purses, with softer leather worked leathers being more developed.

On the other hand, the sorts of non-leather materials such as micro fibres have expanded. These materials have improved in quality and offer more variety in colour and finish, especially in purses.

- *The Euro*: The introduction of the Euro in the new Member States is likely to be a reason for people to change their wallet or purse, due to different sizes from their own currency. See also 'Opportunities and threats'.
- *Technology*: New products such as 'smart cards' may replace a whole wallet with many different cards. Consequently, wallets or purses will become smaller in size, which should simulate consumers to replace their wallet or purse.
- *Give aways*: Wallets and purses remain a popular gift item in business. As the recession has ended in most countries since 2004, premium companies are looking for higher quality items. Another impulse is that premiums increasingly are linked to special events such as sports events (Olympic Games) or concerts.

### **Market segmentation**

The wallets and purses market is segmented in different ways in different EU countries, one of which is *by product*. It is very difficult to define the size of wallets and of purses segments as both are very fragmented. Another difficulty in defining the size is the lack of transparency, as many wallets and purses are sold at market stalls. However, in order to get an idea, shares are given of the UK market.

#### *Purses*

According to Mintel, purses accounted for 55% of the UK small accessories market (by value) in 2006. More than half was made of leather. However, the share of purses has declined, due to the boom in credit cards, which has fuelled the wallet segment. Many purses previously did not have space to hold credit cards.

Nowadays the purse segment has regained share by becoming more diversified. There are 'wallet style' purses, which have a credit card compartment and fit easily into a pocket. In addition, purses are made of different materials, which are popular among teens and young women. Purses with a metal frame are most common for women. There are also 'organisier style' purses, which keep together money, cards, and a diary or planner.

#### *Wallets*

Wallets accounted for 45% of the **UK** small accessories market (by value) in 2006 of which 60% were made of leather. The larger traditional style wallets remain a popular gift item for men. The size of wallets has become smaller with less space for cards. 'Billfolds' with compartments for coins and credit cards remain most popular for men.

Wallets and purses can be also segmented *by price/fashion level*.

#### *Low price/fashion*

People prefer a wallet or purse made of other material or made of leather in dark colours such as black or brown and do not pay attention to the brand.

In this segment imports from Asia dominate, with most non-leather items coming from China and cheaper leather items coming from India. Leather is still seen as a mark of quality and durability within this segment. There is a growing demand for items made of soft leather.

#### *Medium price/fashion*

People prefer a wallet or purse made of leather in dark colours such as black or brown or in other colours. Some people do pay attention to brands, especially in **Italy, UK, Spain and the Netherlands**. However, the majority of items sold are unbranded or are private labels of department stores.

Discretion and practicality are key elements and women especially prefer a wallet or purse with a separate zip section. For younger people style is more important and purses or wallets

should follow the seasonal fashion trends. According to a survey by Mintel done in 2007, 37% of British women aged between 15 and 24 years old, bought a purse or a wallet in that year.

Men regard practicality as most important. They generally keep change in pockets and prefer a slim-line wallet or billfold for credit cards and banknotes. Most wallets and purses have a transparent window for an ID card, bus/train pass or photo.

#### *High price/fashion*

At the higher end of the market, fashion and brand play a major role with influences from Italian and French couturiers. Well-known international brand names (Gucci, Hermes, Louis Vuitton, Kenzo, Fendi, Guess) and designer names (Versace, Dolce&Gabana, Armani, Hugo Boss, Simbolo) dominate this segment. In addition, fashion magazines such as Elle and Marie Claire have their own leather goods collections that include wallets and purses.

Items are made of high quality leather with a perfect finish and some of them include well-designed metal parts, zippers or clasps, while others are simple.

Consumers regard price to be less important and they are prepared to pay for the best or for a particular brand. In **Italy, France** and **the UK** this segment is important, as it sets the trends in the other segments, which is often followed with many cheaper imitations.

In other EU countries, this high price/fashion segment is smaller.

#### *Market trends*

The fashion element expected to be stronger and will create more variety in designs and colours of wallets and purses. There will be more graphic prints and combinations items made of non-leather material with rhinestones, crystals, beads, mirrors, feathers, chains or pendants with name tags, animal figures or zodiac signs.

In the medium and high price/fashion segments there is a trend to a convergence of wallets and purses styles and fashions in Europe. However, differences between the selected countries still exist. For example, styles in **Germany** and **the Netherlands**, and **the UK** to a lesser extent, are still more functional than the other countries. Fashion and variety are playing an increasing part in these countries, but styles in **Italy, France** and **Spain** are much more fashion-driven, more individualistic and less price sensitive.

Sophistication is also a term that consumers in southern Europe identify with more closely. The **German** and **UK** markets are the most demanding in terms of the trend to more environmentally friendly small accessories.

Brand names continue to be important. This trend has seen a parallel increase in the quality of counterfeit wallets and purses. Many consumers are unable to differentiate between an expensive designer wallet or purse, such as from Louis Vuitton, Dolce&Gabana, Miu Miu or Gucci, and a good counterfeit equivalent, but they are very happy to pay the lower prices for these products. It has become easier for women to downgrade to an imitation, as there are more counterfeits available, and it is more generally acceptable to own a counterfeit. The Internet has further stimulated the distribution of counterfeit products; it is an ideal medium to sell these products direct to consumers.

Leather materials still reflect quality. Consumers compare the quality of materials with the prices charged. Expensive leather accessories are often made of calf or of good leather from cattle hides. The quality of leather finish is becoming more important to consumers. The leather must be soft, natural coloured, pleasant to the touch and processing or manufacture should not impair its natural properties.

In addition to soft leather items, there are wallets and purses in which designs are worked in the leather, for example see the collection of the Italian manufacturer Braccialini at [http://www.braccialini.it/brand\\_braccialini\\_en.html](http://www.braccialini.it/brand_braccialini_en.html) and select 'small leather goods'. Check also their other collections. Another style can be found at <http://www.lecerf.net>



Black is the top-selling colour, followed by chocolate brown, red and metallic colours. Wallets of coloured leather follow the colours in fashion (green, yellow, turquoise in 2007). Embossed leather is only acceptable as a very good imitation of exotics. Fancy embossing is not accepted. An important consideration in some EU countries is the humid climate. The finish must be able to resist rain as well as sunlight.

Good imitations of exotic leathers (or exotic combined with smooth leather) are in demand for up-to-date fashion. Cheaper items may be made of lower quality cattle hides or goatskin. Split leather is often used for brightly coloured, low-budget fashion items. Some fashion items might be made of sheep leather.

In order to maintain sales, manufacturers, importers and retailers have to diversify to other small accessories such as mobile phone holders, spectacle holders, name card holders and holders for cameras, video games or cosmetic cases.

## Production

### Total production

Small (leather) accessories, which mainly consists of wallets and purses, is a small segment of luggage and (leather) accessories production in the EU. In 2006, it was valued at € 717 million. This figure includes the production in the major EU markets, accounting for around 90% of this value, as well as the production in Slovakia, Portugal, Denmark, Greece and Cyprus where wallets and purses are an important element.

Wallets and purses do not cost too much to produce and not too difficult to make; they are light in weight and easy to transport over long distances. This implies that production can be done wherever labour costs are lowest, which means in Asian countries or in (former) Eastern EU countries.

Nowadays the EU accounts for a small proportion of the production of small (leather) accessories, with modestly rising values between 2002 and 2006 in Italy and France (see Table 1.2). However, many of the major brands have moved production elsewhere. Still Italy is the leading producing country of high quality wallets and purses. Italy has a long tradition and many small specialised producers. Substantial falls in production have taken place in Germany and in the UK, both countries being affected by strict environmental legislation. There was also additional legislation for hides and skins due to the BSE crisis, a cattle illness, which resulted in the killing of many animals to prevent the spread of disease.

The general trend is that small leather accessories are taking a smaller share of total EU production of luggage and (leather) accessories, which has been in decline since 2002.

**Table 1.2 Production of wallets and purses in the major EU markets, 2002 - 2006, € million, % change by value**

	€ million 2002	€ million 2006	Average ann. change	Volume 2006 in tonnes
<b>Total EU</b>	<b>724</b>	<b>717</b>	<b>-0.3%</b>	<b>26,000</b>
<i>of which:</i>				
Italy	369	387	+1.2%	7,800
France	137	139	+0.4%	4,000
Spain	98	103	+1.0%	2,500
United Kingdom	59	37	-11.2%	1,800
Germany	17	12	-8.4%	1,000
Netherlands	0	0		0

Source: Eurostat, National Statistics, Trade estimates (2007)

In 2006, the share of small (leather) accessories in EU production averaged 15% of the total production value. There have been the following changes to the production in the selected countries since 2002.

- In **Italy**, wallets and purses production share in total EU production of wallets and purses has increased from 51% to 54%.
- In **France**, wallets and purses production share has remained at around 19%.
- In **Spain**, wallets and purses production share has increased from 13% to 14%.
- In **the UK**, wallets and purses production share has decreased from 8% to 5%.
- In **Germany**, wallets and purses production share has decreased from 2% to 1.6%.
- There was no production of wallets and purses in **the Netherlands**.

Eurostat does not provide information on the material used in the production of wallets and purses. Some national statistics provide more detail. Production statistics also do not provide information on the type of items produced. It can be assumed that much of EU production of fashionable and high quality wallets and purses comes from Italy and France, while other EU countries mainly produce the traditional classic styles such as Germany.

EU production of wallets and purses has slightly declined since 2002, partly due to significant volumes of lower-priced imports entering the market. These have been primarily products made of materials other than leather. However, there is an increasing trend of higher quality leather items also being produced outside of the EU. Therefore, EU producers increasingly have to specialise, or focus on the high-end of the market to survive, for example, by working together or by working with fashion houses or with designers.

It is expected that the **Italian** and **French** industries are in a stronger position to survive than other countries, although **Spain** also has a relatively strong production base. The size of their industries, their reputation in the global market and the appeal of their brands give these countries a distinct advantage over other countries that are less established in this industry. Other countries will face difficulties in the future to maintain their production. In addition, the whole luggage and (leather) accessories sector is expected to suffer from falling exports to non-EU destinations due to the stronger exchange rate of the Euro against the Dollar.

### **Main players**

Many manufacturers of wallets and purses act more as importers and produce their items elsewhere. Very often, they are also involved in the manufacture/imports of other small accessories such as belts, holders, pouches, folders and portfolios as well as handbags. In the selected countries, as well as the main trade associations, there are a number of companies that may be worth contacting, either to develop business, or for market advice:

- In **Italy**, Tuscany Leather is a company that presents leather accessories made from a range of producers in this important manufacturing area of Italy (<http://www.tuscanyleather.it>)
- In **France**, leading companies such as Chanel and Louis Vuitton (<http://www.louisvuitton.com>) are based. Another important producer of small leather accessories is Hermes (<http://www.hermes.com>). Goyard (<http://www.goyard.fr>) also offers small (leather) accessories in a classic/colonial style.
- In **Spain**, many manufacturers produce a range of leather products rather than specialising. Puntotres produces small (leather) accessories and handbags (<http://www.puntotres.com>).
- In **Germany**, many producers supply a wide range of leather-based items. One interesting manufacturer of small (leather) accessories is Bree (<http://www.bree.com>).
- In **the UK**, the most well-known brand is Burberry, but a number of wallets and purses producers are also based here, including Jane Shilton (<http://www.janeshilton.co.uk>) and the Tula Group of Companies (<http://www.tulagroup.co.uk>).
- Other manufacturers can be found at the Leather Goods Associations - see the CBI market surveys covering the market in individual EU countries.

- No further detail within **the Netherlands** is provided due to the very small size of their production industry. As Table 1.2 indicates, volume is negligible.

### Opportunities and threats

- + Fast changes in the technology sector will create a need for 'slimline' wallets or purses, being small in size, which is an opportunity for exporters. Nowadays people carry more electronic devices. So they are looking for wallets or purses which can be easily carried in pockets together with mobile phones, portable audio systems (ipods) and other electronic gadgets.
- + In the low fashion price segment, items of leather have a good chance to compete with other materials, especially softer types of leather, which is pleasant to touch and which ages beautifully. This offers an opportunity for exporters.
- + Another opportunity is to make wallets and purses (and handbags) from recycled material with original prints from your own country. For example see the site RUW Design, a Spanish importer at <http://www.ruw-design.org>
- + New markets for different target groups, such as men, teens, middle aged and baby boomers also provide opportunities for exporters if they can produce at the prices demanded. For example, pouches for men, which have become more popular. More variety in girls' purses in different fabrics/prints is expected. More variety and luxury in items for older people who still regard wallets and purses made of leather as a popular gift.
- + The introduction of euro (€) coins and banknotes in some new member states may be a reason for consumers to change their wallets. This will give a new impulse to the wallets and purses market in the following countries:
  - Cyprus and Malta joined the Euro on 1 January 2008.
  - Slovakia will join the Euro from 1 January 2009.
  - Lithuania will join the Euro from 1 January 2010, and Estonia from 2011.
  - Hungary, Poland will join the Euro in 2012, and Latvia, the Czech Republic from 2013.
  - Romania will join the Euro in 2014.
- + As the middle class is growing in all countries, especially the new Member States, demand for luxury goods is set to grow, including leather wallets and purses of a higher quality as well as other small leather accessories.
- + With more women in business, demand for feminine wallets and purses which go well with the trends in clothing or footwear is increasing. So far the image of wallets and purses has been quite dull, which implies an opportunity for more playful, fashion-led and eco-chic designs.
- + Opportunities can be found by selling direct to service companies (premiums), an important channel for wallets and purses.

More information on opportunities and threats can be found in chapter 7 of the CBI market survey 'The luggage and (leather) accessories market in the EU'.

### Useful sources

- There are a number of commercial research organisations that produce reports on the small accessories market, including wallets and purses, but these can only be obtained at a cost. They include Mintel (<http://www.mintel.co.uk>) and Keynote (<http://www.keynote.co.uk>).
- Note this market is often studied alongside the market for clothing or other fashion accessories. There are many similarities in the supply and the distribution chain.
- Production information can be obtained from Eurostat as well as National Statistics websites of the countries in question.
- The French Fashion Institute produces market reports on fashion accessories (<http://www.ifm-paris.com>), as well as producing a market review for Interselect, the international fashion show for multiple retailers (<http://www.interselection.net>).
- Seasonal trends of total outfits including small accessories can be found at the fashion forecasts that can be downloaded from the CBI site, at the sites <http://www.vogue.com> and <http://www.indiadesignclub.com>.

## 2 Trade channels for market entry

### Trade channels

Wallets and purses are essentially sold through department stores, variety stores, market stalls, luggage and accessories specialists. They are primarily purchased by women, so distribution tends to follow the pattern of department stores and women's wear retailing. The most important channel to enter the wallets and purses market in the EU is the *direct channel* (with **retailers**). The actual dominance of non-specialist retailers is strong, although this will vary between countries. Some large retailers and many of the service companies may import direct from manufacturers overseas. See Chapter 3 of the CBI market survey 'The luggage and (leather) accessories market in the EU' for more information on trade channels.

One advantage of working directly with large retailers is that you can get a better price than through an importer or agent. However, it will be more difficult to establish a relationship as they often change suppliers. Another disadvantage is they require special conditions in terms of fast delivery, labelling or packaging (special promotions).

The *indirect channel*, or via a wholesaler or importer, is still the most important channel to enter the wallets and purses market in **Italy** and **Spain**. In these countries, small wholesale and retail specialists should not be underestimated next to department stores. Unlike other parts of the EU, the major chains are not so dominant here. The wholesale sector serves these small retail specialists and they often do not require large quantities. If the working relationship is successful, more business will follow.

The role of **agents** is still important in the high price/fashion segment, where exclusivity is playing a role. However, in western and northern EU countries their influence has decreased due to a greater importance of large retailers. Still, **wholesalers** continue to be an alternative intermediary to large retailers. Here a number of independent specialist retailers usually are forming into buying groups or voluntary groups to help compete in terms of price.

Other important channels for wallets and purses are the **service companies**, such as premium companies, oil companies, airlines and credit card companies.

See the CBI market survey 'The luggage and (leather) accessories market in the EU' for general information on the distribution chain.

### Retail trade

In the low to middle segments, **department stores** remain the most important sales channel, as is shown in Figure 3.1. They are able to update regularly the ranges to reflect changing consumer tastes. They are also able to offer a wide range of items at various prices.

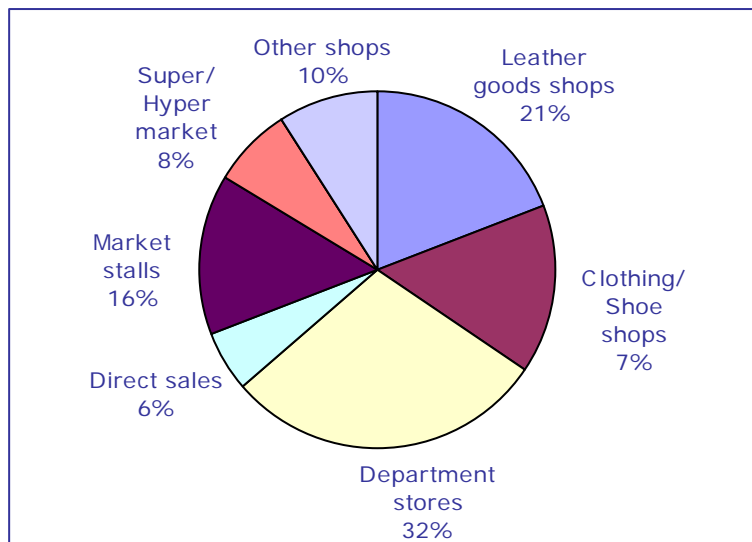
**Market stalls** remain a popular place by most consumers to buy wallets and purses. At each market there is at least one stall selling a full range of wallets, purses, handbags, rucksacks and shopping bags at low prices. It is very difficult to quantify the level of sales through this channel, but in 2006 it was estimated at 16% of EU retail sales of wallets and purses. Recently market stalls have to deal with competition from others, particularly from super and hypermarkets.

As wallets and purses are small in size, they take up little space in a shop. Other retailers increasingly stock a limited range of items, especially **clothing and shoe shops, other shops** (accessory chains, gift shops, perfumeries and stationery shops) which formed a substantial part of wallets and purses sales as is shown in Figure 2.1. Sales by **leather goods specialists** was confined to 21%, while **direct sales** are expected to grow further in the next few years.



In the middle and higher segments, celebrities exert a major influence in the wallets and purses market, but other media influences such as magazines also strongly affect what sells. In fact, women in particular have driven the growth of “own label” fashion.

**Figure 2.1 Wallets and purses distribution in the EU by different channel, % value 2006**



Source: Hong Kong trade Council (2007)

Retailers have been reducing lead times and improving procedures in buying and merchandising to bring products earlier to market, especially at the peak season (during Christmas). A particularly innovative initiative that has come from the UK retailer Topshop (<http://www.topshop.com>) is a new texting service whereby consumers can see a product in a magazine, text the product code to the retailer and they will hold it in stock for consumers.

### Key players in the selected markets

- In **Italy**, La Rinascente (<http://www.rinascente.it>), through the La Rinascente and UPIM department and variety stores are the leading names in the sector, followed by Gruppo Coin (<http://www.gruppocoin.it>).
- In **France**, Galeries Lafayette (<http://www.galerieslafayette.com>) is the leading department store group, Monoprix (<http://www.monoprix.fr>) a leading variety store, while Carrefour is the leading hypermarket (<http://www.carrefour.fr>).
- In **the UK**, Marks and Spencer (<http://www.marksandspencer.com>) and John Lewis (<http://www.johnlewis.com>) are the leading department stores, while accessory specialists include Accessorize (<http://www.monsoon.co.uk>) and Claire's Accessories (<http://www.clairs.com>). Wholesalers can be found at <http://www.thewholesaler.co.uk>
- In **Germany**, Karstadt (<http://www.karstadt.de>) and Kaufhof (<http://www.kaufhof.de>) are the leading department store chains. The leading buying group is Goldkrone (<http://www.goldkrone.de>).
- The dominant retailer in **Spain** is the department store chain El Corte Ingles (<http://www.elcorteingles.es>). Inditex (<http://www.inditex.es>), which includes Zara, and Cortefiel (<http://grupocortefiel.com>) are the other two leading fashion and clothing retailers that dominate the Spanish retail market.
- In **the Netherlands**, the main department stores are the Bijenkorf (<http://www.bijenkorf.nl>), V&D (<http://www.vroomendreesmann.nl>) and Hema (<http://www.hema.nl>).

### Price structure

Margins on small accessories, including wallets and purses have been falling in recent years. This has tended to result in producer prices being squeezed. However, it is not just producers

who have been hit. Many retailers have also had to reduce their margins, sometimes to levels they are unable to afford, in order to remain competitive. The ultimate beneficiary of these falling margins is the consumer.

In each trade channel different margins and prices apply. If wallets and purses are imported by a retailer who buys from a wholesaler, the multiples vary between 2.9 up to 3.9 of the export (CIF) price. Generally wholesalers' margins range between 30 – 50% of the export price, agents' margins are between 6 – 12%, while retailers' margins are between 95 – 120%.

**Table 2.1 Overview of margins in wallets and purses**

	Low	High
Importers/wholesalers' margins	30%	50%
Agents' margins	6%	12%
Retailers' margins	95%	120%
Mark-up Export (CIF) price - Consumer price	<b>2.9</b>	<b>3.9</b>

VAT is included in consumer prices: Germany (19%), France (19.6%), Italy (20%), the UK (17.5%), Spain (16%) and the Netherlands (19%).

These margins will vary depending on which market segment is being approached as well as on the kind of retailer. Department stores, clothing and variety chains or hypermarkets ask for large-volume discounts, which are then passed on to their affiliated stores.

More information can be found in Chapter 3.2 of the CBI market survey 'The luggage and (leather) accessories market in the EU', as well as in the CBI market surveys covering the market in individual EU countries.

### Selecting a suitable trading partner

The relationship and rapport you can establish between yourself and your partner is as important as finding a contact that is suitable for you in terms of the range of products that you can supply. The essential element of any trading relationship is trust. You must satisfy yourself that you will be happy to deal with the organisation in question over a long period. Your own judgement and instincts are most important in this respect.

The usual trade sources are the best starting points in your search for a trading partner. The trade association COTANCE (<http://www.euroleather.com>) and trade portals such as <http://www.leatherbiz.com> and <http://www.theleatherconnection.com> are important contacts. See the CBI market surveys on the individual countries for contacts in specific countries.

The best place to meet potential trading partners is at a luggage and (leather) accessory trade fair or leather goods trade fairs. There are several trade fairs such as the Bag Show in Milan, Italy, Le Salon de la Maroquinerie in Paris, France and the Lederwaren Show in Offenbach, Germany. For contact details see Chapter 6 of this survey.

It is best to first visit an exhibition a few times before participating yourself. During a visit you can extensively look around, at the stands of the main players and get a better idea of the latest fashion. At trade shows you have an opportunity to talk to potential partners on a face-to-face basis and better judge whether you would like to work with them. You could also identify potential partners from the exhibition website beforehand or from a catalogue. When selecting them (importer or wholesaler) try to find out:

- What sorts of wallets or purses they sell (highly or less fashionable).
- To which target groups they sell.
- In which areas they are well represented in their country. If they are exporting, to which other EU countries they sell.
- To whom they sell for example to small or large retailers, department stores or buying groups.

You could also find this out by looking at their website or try to find a company profile through other hosted sites such as trading platforms, or through exhibition catalogues. You can contact interesting trade partners by mail or e-mail and follow up by phone a few weeks later. See also Chapter 3.1.3 of the CBI Export manual 'Exporting to the EU'.

But before contacting them, try to find out as much as you can on selected companies. In this regard, you could also contact Business Support Organisations in the EU country or the commercial department of your own embassy who may even have some knowledge of these companies. You can also visit sites of local business communities or Institutes for Foreign Trade.

You should also do a credit check of your potential trade partner, especially when an investment from your side is involved. This could be done by a specialist company such as Dun and Bradstreet (<http://www.dnb.com>). A bank usually does not give credit ratings of its customers.

Some leather or fashion trade publications may also be useful (see Chapter 6). In the classified section you may sometimes find names of agents and distributors who are looking for a supplier.

### 3 Trade: imports and exports

#### Imports

Imports of wallets and purses, into the EU were valued at € 1,041 million in 2006 (66 thousand tonnes), an average annual increase of 4.4% since 2002 (6.8% by volume). The share of intra-EU imports has increased from 34% (17% by volume) to 42% (20% by volume). Although not featured in this report, import values in 2006 to Belgium (€ 48 million) were higher than the Netherlands (€ 41 million). This suggests that there may be a considerable amount of re-exporting by both countries and many of these imports may in fact have originated in the developing world.

EU imports from developing countries increased, as is shown in Table 3.3. However, the share of EU imports from developing countries decreased from 56% (75% by volume) in 2002 to 50% (73% by volume) in 2006. The main reason is a substantial increase in EU imports from other EU countries (see Table 3.1).

Within the developing countries, China is the dominant supplier. In 2006, EU imports from China were valued at € 373 million (42 thousand tonnes), an average annual increase of 2.2% since 2002, but a 5.9% increase in volume. Supplies from India rose by just 0.5% in value and by 4.9% in volume to reach € 110 million (4.5 thousand tonnes) in 2006. This may illustrate more EU imports of lower cost items and falling prices (see also section 4) of imported wallets and purses from DCs.

Of the other major developing country suppliers, EU imports from Vietnam, Turkey, Tunisia, Indonesia, Morocco, Nepal and Philippines have all decreased. On the other hand, supplies from Thailand, Mexico and Croatia have increased between 2002 and 2006.

EU production of wallets and purses was valued at € 717 million in 2006, compared to € 724 million in 2002, a slight average annual decrease of 0.3%. Exports are approximately 33% higher than imports, and exports are increasing at an average 9.0% per annum (higher than the rate of increases in imports). Consumption of wallets, purses and other small leather items is increasing slowly, but even so imports are expected to continue to account for an increasing share of the market, although most increase is coming from volume rather than value.

By **sub-product group**, EU imports of wallets and purses consisted of:

- Items made of leather or patent leather (47% value or € 488 million, 22% volume or 14.6 thousand tonnes, a decreasing share).

- Items made of plastic sheeting (22% value or € 226 million, 34% volume or 22 thousand tonnes, an increasing share).
- Items made of textile (21% value or € 204 million, 31% volume or 20 thousand tonnes, an increasing share).
- Items made of vulcanised fibre, paper or paperboard (10% value or € 102 million, 13% volume or 8.8 thousand tonnes, an increasing share).

Meanwhile, the selected countries had varying experiences of importing wallets and purses, over the period:

- **Italy** was the largest EU importer with imports valued at € 189 million of wallets and purses, in 2006 (13 thousand tonnes), an average annual increase of 2.8% over the period from € 169 million since 2002 (6.3% increase by volume from 10.2 tonnes). Italian imports from intra-EU sources increased considerably. The share of developing country imports slightly increased from 62.7% to 62.9% by value and from 82% or 8.3 thousand tonnes to 83% by volume or 10.8 thousand tonnes over the period. China's supplies increased by an annual average 2.8% from € 93 to € 104 million in 2006, as supplies by India rose from € 6.9 to € 8.5 million over the period.

Italian imports of wallets, purses consisted of items made of leather or patent leather (42% value or € 80 million, 15% volume or 1.9 thousand tonnes, a decreasing share); items made of plastic sheeting (28% value or € 54 million, 46% volume or 6 thousand tonnes, an increasing share); items made of textile (25% value or € 47 million, 31% volume or 4 thousand tonnes, an increasing share); and items made of vulcanised fibre, paper or paperboard (5% value or € 9 million, 8% volume or 1.1 thousand tonnes, an increasing share).

- **Germany** imported € 176 million in 2006 (9.8 thousand tonnes) an average annual increase of 1.6% over the period from € 164 million since 2002 (4.6% increase by volume from 8.2 tonnes). The share of developing country imports decreased from 65% to 62% by value but increased from 73% or 6.1 thousand tonnes to 80% by volume or 7.9 thousand tonnes over the period. By value, China's supplies decreased by an annual average 0.4% from € 53 to € 66 million in 2006, as those from India from € 39 to € 33 million, whereas by volume, supplies by China rose from 4.2 to 6.2 thousand tonnes.

German imports of wallets, purses consisted of items made of leather or patent leather (61% value or € 106 million, 34% volume or 3.4 thousand tonnes, an increasing share by volume); items made of plastic sheeting (16% value or € 27 million, 22% volume or 2.2 thousand tonnes, an increasing share); items made of textile (17% value or € 29 million, 26% volume or 2.5 thousand tonnes, an increasing share); and items made of vulcanised fibre, paper or paperboard (7% value or € 12 million, 17% volume or 1.7 thousand tonnes, an increasing share by volume).

**Table 3.1 Imports and leading suppliers of wallets and purses  
2002 – 2006, share in % of value**

	2002 € mln	2004 € mln	2006 € mln	Leading suppliers in 2006 Share in %	Share (%)
Total EU27	293	341	438	Intra EU: France (9.2%), Italy (9.1%), Germany (8.4%), Spain (4.8%), The Netherlands (3.3%), Belgium (2.8%). Extra EU ex. DC*: Hong Kong (2.9%), Switzerland (1.9%), Japan (0.6%), USA (0.5%), Taiwan (0.4%). DC*: China (35.7%), India (10.5%), Thailand (1.3%), Vietnam (0.5%), Turkey (0.4%), Tunisia (0.3%), Indonesia (0.1%), Mexico (0.1%), Morocco (0.1%), Croatia (0.1%).	42.1
	89	70	84		8.1
	492	402	519		49.8



	2002 € mln	2004 € mln	2006 € mln	Leading suppliers in 2006 Share in %	Share (%)
Italy	32	43	50	Intra EU: France (16.0%), Germany (3.8%), Romania (4.4%), Belgium (2.3%), UK (1.7%), Hungary (1.4%).	26.5
	31	22	20	Extra EU ex. DC*: Switzerland (2.5%), Hong Kong (1.8%), Japan (0.5%), USA (0.3%).	10.5
	106	70	119	DC*: China (54.7%), India (4.4%), Tunisia (1.5%), Thailand (0.5%), Indonesia (0.5%), Croatia (0.5%), Vietnam (0.3%), Turkey (0.2%), Brazil, Nepal, Pakistan, Sri Lanka.	63.0
Germany	42	46	57	Intra EU: France (12.0%), Italy (7.8%), The Netherlands (3.1%), Czech Republic (3.1%), Belgium (2.1%), UK (1.4%).	32.4
	16	11	10	Extra EU ex. DC*: Hong Kong (3.8%), Switzerland (0.8%), USA (0.4%), Taiwan (0.2%).	5.6
	106	90	109	DC*: China (37.6%), India (18.9%), Thailand (4.0%), Turkey (0.8%), Vietnam (0.3%), Pakistan, Bangladesh, Ukraine, Morocco, Tunisia, Guatemala, Mexico.	62.0
United Kingdom	29	45	68	Intra EU: Italy (19.0%), France (9.3%), The Netherlands (6.8%), Germany (2.7%), Spain (1.5%), Belgium (1.2%).	42.0
	10	11	14	Extra EU ex. DC*: Hong Kong (6.3%), Macao (1.4%), USA (0.8%), Switzerland (0.4%), Taiwan (0.4%), S Korea (0.3%).	9.3
	76	73	80	DC*: China (34.3%), India (13.0%), Turkey (1.0%), Thailand (0.2%), Brazil, Argentina, Vietnam, Philippines, Pakistan.	48.7
France	94	102	87	Intra EU: Spain (24.6%), Italy (14.9%), Belgium (7.7%), Germany (3.3%), The Netherlands (2.9%), UK (1.3%).	55.0
	9	8	21	Extra EU ex. DC*: Switzerland (7.6%), Japan (2.9%), USA (1.0%), Hong Kong (0.6%), S. Korea, Taiwan, Singapore.	13.4
	70	43	50	DC*: China (27.1%), India (1.4%), Mexico (0.8%), Morocco (0.6%), Mauritius (0.6%), Thailand (0.3%), Vietnam (0.3%), Tunisia (0.1%), Turkey (0.1%), Philippines, Indonesia, Colombia, Bangladesh, Argentina, Chile.	31.6
Spain	16	17	24	Intra EU: France (11.3%), Italy (9.0%), Germany (6.0%), Belgium (2.5%), The Netherlands (2.2%).	34.6
	3	2	2	Extra EU ex. DC*: Hong Kong (2.2%), Switzerland (0.2%), Taiwan (0.2%), USA (0.1%), Japan.	3.0
	30	32	44	DC*: China (40.6%), India (18.2%), Thailand (1.6%), Turkey (0.8%), Vietnam (0.6%), Indonesia, Nepal, Argentina, Mexico, Morocco, Guatemala, Brazil, Colombia.	62.4
The Netherlands	5	5	6	Intra EU: Germany (6.0%), Belgium (2.9%), Italy (2.4%), Ireland (0.1%), UK (0.1%).	14.6
	6	4	5	Extra EU ex. DC*: Hong Kong (7.8%), Taiwan (2.8%), USA (0.6%), Switzerland (0.4%).	12.3
	33	29	30	DC*: China (48.4%), India (22.7%), Vietnam (0.5%), Turkey (0.3%), Ukraine (0.2%), Thailand (0.1%), Mexico (0.1%), Indonesia (0.1%), Philippines, Pakistan, Nepal.	73.1

Source: Eurostat (2007)

\*Developing Countries

- **The UK** had imports valued at € 162 million in 2006 (11 thousand tonnes), an average annual increase of 9.2% over the period from € 114 million (volume was marginally higher). UK imports from Intra EU sources increased considerably. Whereas, the share of developing country imports decreased significantly from 66% to 49% by value, but increased from 5.2 thousand tonnes to 7.4 thousand tonnes by volume over the period. Supplies from China decreased by an annual average of 0.3% to € 55 million in 2006, but Chinese volume supplies rose from 5.5 to 6.4 thousand tonnes. Supplies from India rose substantially, particularly by volume from 0.6 to 1 thousand tonnes over the period.

UK imports of wallets, purses consisted of items made of leather or patent leather (47% value or € 76 million, 24% volume or 2.7 thousand tonnes, an increasing share); items made of plastic sheeting (23% value or € 37 million, 29% volume or 2.6 thousand tonnes, an increasing share); items made of textile (24% value or € 39 million, 32% volume or 3.5 thousand tonnes, an increasing share); and items made of vulcanised fibre, paper or paperboard (6% value or € 10 million, 15% volume or 1.6 thousand tonnes, an increasing share).

- **France** had imports valued at € 157 million in 2006 (6.2 thousand tonnes), an average annual decrease of 2.4% over the period from € 173 million (4.7% decrease by volume from 7.5 tonnes in 2002). The share of developing country imports decreased from 40% to 32% (or € 70 million) by value and from 66% or 5.4 thousand tonnes to 63% or 3.9 thousand tonnes by volume. China's supplies decreased by an annual average 8.2% to € 43 million in 2006, as by 6.4% in volume from 4.7 to 3.6 thousand tonnes.

French imports of wallets, purses consisted of items made of leather or patent leather (49% value or € 77 million, 22% volume or 1.4 thousand tonnes, a decreasing share); items made of plastic sheeting (27% value or € 43 million, 37% volume or 2.3 thousand tonnes, a decreasing share); items made of textile (20% value or € 31 million, 34% volume or 2.1 thousand tonnes, an increasing share by volume); and items made of vulcanised fibre, paper or paperboard (4% value or € 5.6 million, 7% volume or 0.4 thousand tonnes, a decreasing share by volume).

- **Spain** had imports valued at € 71 million in 2006 (7.6 thousand tonnes), an average annual increase of 10% over the period from € 48 million and a volume increase of 8% from 5.5 thousand tonnes. The share of developing country imports increased from 61.8% to 62.4% by value to € 44 million, and from 4.8 to 5.7 thousand tonnes. China's supplies increased by an annual average 6.9% from € 22 to 28 million in 2006 and from 4.5 to 5 thousand tonnes. Spanish imports from India have doubled from € 6 to 13 million over the period.

Spanish imports of wallets, purses consisted of items made of leather or patent leather (35% value or € 25 million, 15% volume or 1.1 thousand tonnes, an increasing share); items made of plastic sheeting (20% value or € 14 million, 40% volume or 3.1 thousand tonnes, an increasing share by value); items made of textile (27% value or € 19 million, 29% volume or 2.1 thousand tonnes, an increasing share); and items made of vulcanised fibre, paper or paperboard (18% value or € 13 million, 16% volume or 1.2 thousand tonnes, a substantial increasing share).

- **The Netherlands** had imports valued at € 41 million in 2006 (4 thousand tonnes), an average annual decrease of 1.8% over the period from € 44 million, but a 3.5% volume increase from 2.9 thousand tonnes. The share of developing country imports decreased from 75% to 73% by value, but increased from 2.9 to 3.2 thousand tonnes by volume. China's supplies increased by an annual average 1.8% from € 18 to reach € 20 million in 2006, while Dutch imports from India decreased from € 12.4 to 9.3 million in 2006.

Dutch imports of wallets, purses consisted of items made of leather or patent leather (41% value or € 17 million, 18% volume or 0.7 thousand tonnes, a decreasing share); items made of plastic sheeting (16% value or € 6.7 million, 26% volume or 1.1 thousand tonnes, an increasing share); items made of textile (34% value or € 14 million, 39% volume or 1.6 thousand tonnes, an increasing share); and items made of vulcanised fibre, paper or paperboard (8% value or € 3.4 million, 16% volume or 0.7 thousand tonnes, an increasing share by volume).

### Exports

- Exports of wallets and purses have increased over the period, as can be seen from Table 3.2. The increase in volume is slightly greater than the increase in value, indicating falling prices. However as EU production of wallets and purses in 2006 was just € 717 million, it would appear that almost half of all exports are in fact re-exports. Spain and the Netherlands were the only major countries to register falls in exports (by value). Around 77% of all exports are wallets and purses made of leather. Around 70% of EU exports went to Extra-EU destinations led by Hong Kong, Singapore, Switzerland, Japan, South Korea, Russia and USA.

**Table 3.2 Exports of wallets and purses 2002 – 2006,**  
**€ million / thousands of tonnes**

	2002		2004		2006		Average annual % change in value
	value	volume	value	volume	value	volume	
<b>Total EU, of which from</b>	<b>983</b>	<b>17</b>	<b>1,118</b>	<b>20</b>	<b>1,388</b>	<b>25</b>	<b>9.0</b>
France	424	3	538	3	731	4	14.6
Italy	237	3	216	4	271	4	3.5
Spain	102	1	119	1	95	1	-1.8
Germany	89	3	79	3	109	4	5.2
United Kingdom	23	1	40	1	52	3	22.6
The Netherlands	27	2	28	3	26	3	-1.0

Source: Eurostat (2007)

### Opportunities and threats

- + The EU presents a mixed picture of opportunities and threats for exporters of wallets, purses and other small (leather) accessories from developing countries. It has a growing domestic retail market, but local production has been falling. Imports have been increasing slowly in recent years, particularly since 2003. The drop-off in local production does not currently appear to be met by increases in imports, which would be expected.
- +/-The fact that the value share of imports from developing countries is up over the period while the volume share is up even more indicates strong downward pressure on prices. Nevertheless, exporters should take care not to trade at a loss or with unsustainably low margins. Once a price has been set, it is difficult to persuade a buyer to accept an price increase.
- + The larger Asian suppliers, especially China and, to a lesser extent, India have decreased their shares in the market. However smaller DC exporters can find opportunities in niche segments of this diverse market, for example products using a particular ethnic design.
- + The best opportunities appear to be in items made of textiles, and plastic to a lesser extent. Italy, Spain and the Netherlands have seen the biggest increases. Imports of leather-made items do not appear to be offering opportunities, with the exception of Spain and possibly the UK.
- + Italy and France have seen falling imports of leather items, but this may change as these countries start to see better-performing economies. In this respect, there are also good opportunities for leather wallets and purses in the new EU member states.

It is also important to note that an opportunity for one developing country can also be a threat to another. Many EU countries switch country sources purely for competitive advantage, rather than moving supplier because of changes in demand for other reasons. Exporters should read carefully the trends and developments outlined in other parts of this survey before establishing whether a genuine export opportunity exists. The outcome of this analysis will depend on the specific situation of each exporter.

See Chapter 7 of the CBI market survey 'The luggage and (leather) accessories market in the EU' for more information on opportunities and threats.

#### Useful sources

- EU Expanding Exports Helpdesk  
→ <http://exporthelp.europa.eu/>  
→ go to: trade statistics
- Eurostat – official statistical office of the EU  
→ <http://epp.eurostat.ec.europa.eu>;  
→ go to 'themes' on the left side of the home page  
→ go to 'external trade'  
→ go to 'data – full view'  
→ go to 'external trade - detailed data'
- Understanding eurostat: Quick guide to easy comext  
→ [http://epp.eurostat.ec.europa.eu/newxtweb/assets/User\\_guide\\_Easy\\_Comext\\_20080117.pdf](http://epp.eurostat.ec.europa.eu/newxtweb/assets/User_guide_Easy_Comext_20080117.pdf)

## 4 Price developments

Global pressures on prices in the EU leather industry have resulted in lower priced wallets and purses in the lower and middle segments in recent years. EU consumers are demanding and look for quality along with prices. Special price promotions are important elements of the marketing of wallets and purses, particularly in the summer period. Consumers are less price sensitive to fashion-driven products, although a price-conscious fashion segment of younger consumers for wallets and purses is developing, especially for items made of plastic sheeting, textile and paperboard. However, in the higher segment, items made of soft leather and fashion are strong determinants of prices and consumers are prepared to pay high prices for designer brands.

In the past few years, prices of wallets and purses have been polarising in most Western EU markets between high-end products and lower priced imported products. Nevertheless, prices have increased in some Eastern EU countries. With the internationalisation of retailing and the existence of the same retail chains in many EU countries, it is possible to compare prices between countries. This fact is also seeing a convergence of prices between countries.

When looking at the import prices of wallets and purses between 2002 and 2006, the prices of total EU imports fell substantially in 2004 and slightly rose thereafter, as Table 4.2 indicates. This trend was even stronger in EU imports from developing countries.

Intra-EU prices have been falling less. This may be explained by a stronger focus on fashion and by the fact that wallets and purses from EU suppliers, especially Italian or French, are approximately three times more expensive on average than developing country import prices. The rising prices from developing countries since 2004, suggesting perhaps that the continuing fall in the prices from wallets and purses may be coming to an end. Another reason might be the reduction of orders from imports of wallets and purses from China that were sold at dump prices. Please note that these trends should be interpreted with care, as changes in imports do not reflect the demand in the EU. There are a number of reasons why prices can apparently change, for example major buyers changing suppliers or changes in the composition of supply.



**Table 4.2 Development in the EU of average import values/prices, 2002 - 2006**

	2002	2004	2006	ave. Annual % change
	ave price per item	ave price per item	ave price per item	
Total imports	17.25	14.24	15.76	-2.3
Intra-EU	34.46	31.76	33.66	-0.6
Developing countries	12.92	9.55	10.83	- 4.4

Source: Eurostat (2007)

The position of prices varies between countries, as Table 4.3 demonstrates. It is interesting to note that Germany and the UK, the countries that had positive import growth over the period, are also the countries that registered the biggest decrease in import prices. This is despite the fact that German prices remained the highest among the selected countries. Hence, although the average EU developing country import prices are fairly consistent, quite wide variations in import prices can be seen between countries. Spanish import prices are almost half those of Germany and France. This may be partly explained by the relatively high share of wallets and purses made of leather in these countries.

**Table 4.3 Developments in average import prices from developing countries in major EU countries**

	2002	2004	2006	ave. Annual % change
	ave price per item	ave price per item	ave price per item	
Germany	17.50	13.36	13.80	- 5.8
UK	14.44	10.02	10.60	- 7.5
France	12.96	11.39	12.75	- 4.4
Italy	12.74	8.61	11.05	- 4.5
Netherlands	11.08	8.11	9.16	- 4.7
Spain	6.12	6.17	7.76	6.1

Source: Eurostat (2007)

Consumer price indices, including other small accessories, are published on National Statistics websites (see individual country reports). The consumer prices of wallets and purses differ much per item, material, brand and design. An idea of prices can be obtained at sites of online sellers such as:

<http://www.mywalit.com>

[http://homewares.abcaz.co.uk/4\\_1610/wallets-and-purses.html](http://homewares.abcaz.co.uk/4_1610/wallets-and-purses.html)

<http://www.ciao.co.uk> - select 'fashion' and 'fashion accessories'

<http://www.soproma.fr> - select 'collection'

<http://www.davidhampton.com>

A good link to wholesalers and wholesale prices in Italy, for example, are the directories <http://www.italianmoda.com> and <http://www.forzieri.com>. In Germany there is the site <http://www.lederwaren.com>.

You also can find prices in mail order catalogues, although the main source now is the Internet. There are also Internet websites of hypermarkets or large department stores, for example <http://www.elcorteingles.es> providing retail prices for small leather goods in Spain or <http://www.karstadt.de> in Germany. Sites of other department stores can be found in the CBI market surveys covering the market in individual EU countries. The sites of the following mail order companies are still offering good references:

- <http://www.otto.de>
- <http://www.wehkamp.nl>
- <http://www.laredoute.fr>
- <http://www.argos.co.uk>

- <http://www.quelle.es>
- <http://www.laredoute.it>

Prices of small accessories can also be found by looking at websites of major stockists, including department stores. You can compare them across different EU countries (see Chapter 2 for contact details). You can find some more addresses of on-line sellers in the individual country reports of luggage and accessories.

## 5 Market access requirements

As a manufacturer in a developing country preparing to access an EU country or countries, you should be aware of the market access requirements of your trading partners and the respective country government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns. You need to comply with EU legislation and have to be aware of the additional non-legislative requirements that your trading partners in the EU might request.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select luggage and (leather) accessories and your country of interest in the category search, click on the search button and click on market access requirements.

### Specific quality demands

When exporting wallets and purses, take care of the following quality demands:

- Wallets and purses have a compartment to accommodate both tiny coins alongside the big, heavy 2 Euro coins, as EU people handle a lot of coins.
- In both wallets and purses there should be at least four compartments: for bank cards, credit cards, club-member cards, whose size is international, like American Express or Mastercard.
- To avoid using embossed leather and stitching in contrasting colours.
- To finish the items smoothly by folding (including the skiving) instead of having cut edges.

With regards to the Euro, there are eight coins: of 1, 2, 5, 10, 20 and 50 cents and 1 and 2 euros, with diameters ranging from 16 to 25 mm. As there will be more different sizes of coins, manufacturers have already developed new products, such as key cases with holders for coins; talones (a purse in the shape of a shoe heel); men's wallets with enlarged coin holders and women's purses with bigger compartments. Euro banknotes, all of different sizes and colours, are issued in seven values in the following sizes:

Sizes of euro banknotes	
<ul style="list-style-type: none"> <li>• 5 euro = 120 x 62 mm</li> <li>• 10 euro = 127 x 67 mm</li> <li>• 20 euro = 133 x 72 mm</li> <li>• 50 euro = 140 x 77 mm</li> </ul>	<ul style="list-style-type: none"> <li>• 100 euro = 147 x 82 mm</li> <li>• 200 euro = 153 x 82 mm</li> <li>• 500 euro = 160 x 82 mm</li> </ul>

There are currently discussions in the EU parliament about a second generation of Euro banknotes, which may be launched in 2012/2013 that may be different in size and in values.

Information on packaging can be found at the website of ITC on export packaging:  
<http://www.intracen.org/ep/packaging/packit.htm>

Information on tariffs and quota can be found at <http://exporthelp.europa.eu>.

## 6 Doing business

### *General information*

General information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) can be found in CBI's export manuals 'Export Planner' and 'Your image builder'. Furthermore, cultural awareness is a critical skill in securing success as an exporter. Information on cultural differences in the EU can be found in chapter 3 of CBI's export manual 'Exporting to the EU'. These manuals can be downloaded from <http://www.cbi.eu/marketinfo> - go to search publications.

### *Developing a relationship*

The most important ways to develop a business relationship are to either exhibit at one of the main luggage and (leather) accessories trade fairs, or to make a direct approach to wholesalers or major retailers. There are different preferences in different countries within the EU, but many business people still prefer a formal style of communication, both in the way a presentation is put together, and in the way contact is made. A very aggressive price driven approach will not be effective, although price is a very important element in the marketing mix. The main materials you will need to support this are a colour brochure showing clear photographs and specifications for your products, and probably most importantly a user-friendly and professionally constructed website.

### *Trade fairs*

The leading trade fairs for the luggage and accessories industry, with specific focus on handbags in the EU are held in Italy (The Bag Show in Milan – <http://www.mipel.com>), France (in Paris – <http://www.lesalondelamaroquinerie.com>) and Germany (in Offenbach - <http://www.messe-offenbach.de>). In the UK, the Bag Show takes place in Manchester and Birmingham (<http://www.thebagshow.co.uk>). Iberpiel takes place in Spain (<http://www.semanapiel.ifema.es>) and details of relevant fairs in the Netherlands can be found at <http://www.schoenencentrum.nl>. See the individual country reports for more information.

### *Promotion*

Advertising in trade magazines can sometimes be an effective means of reaching a small target group. See individual country reports for trade press in each major EU country. An international publication is Leather International (<http://www.leathermag.com>).

### *Having a website*

Being online is fundamental, especially when taking into account that trust and credibility are major challenges for DC exporters, a good website can overcome this issue. A website offering well-defined products, competitive advantages (e.g. USP, quality, cost reduction and delivery reliability) and a list of other customers helps create a trusting environment.

### *Useful sources*

At an EU level, 'Euroleather', the former Confederation of European Leather Manufacturers (COTANCE) is the main trade association for the leather industry (<http://www.euroleather.com>). Some manufacturers featured may be looking to develop relationships with developing country exporters. Other useful contacts are:

- Leatherbiz.com, an information portal for the leather industry (<http://www.leatherbiz.com>)
- The Leather Connection (<http://www.theleatherconnection.com>).
- There is no specific source for small accessories, but see also trade associations for luggage and (leather) accessories in individual countries, listed in the CBI market surveys covering the market in individual EU countries.

This survey was compiled for CBI by **Searce**

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## Appendix A General product description

Wallets and purses fall into the product group 'small (leather) accessories' and are defined as any type of device that is capable of being carried in a pocket or in a (hand) bag. The focus in this survey will be on wallets and purses, which form the largest part of this product group. Wallets tend to be used primarily, but not exclusively by men, for carrying notes and credit cards. Purses are more generally used for carrying coins, although nowadays they can also be used for notes and cards. Women are the principal users of purses. Other small (leather) accessories are: key pouches, cigarette cases, toilet bags, holders for binoculars, cameras, spectacles, business cards, phones, portable music systems (ipods), maps, gps systems or video games. In this survey these items are included in all statistics, but are not covered in the explanations in the Chapters 1, 4 and 5 of this survey, which primarily focus on wallets and purses.

The product groups used for this survey for imports and exports statistics are classified according to the material used in their manufacture. They are categorized as 'other small accessories' when looking at production figures, imports and exports. In 2006, around 45% of EU imports of small accessories by value were made of leather.

	HS codes	Description	PRODCOM	Description
<b>Other small accessories</b>	42023100	Wallets, purses, key pouches, cigarette cases, tobacco pouches & similar, <b>of leather, composition or patent leather</b>	19201230	Articles normally carried in pocket or handbag
	42023210	Wallets, purses, key pouches, cigarette cases, tobacco pouches & similar, of plastic sheeting		
	42023290	Wallets, purses, key pouches, cigarette cases, tobacco pouches & similar, of textile		
	42023900	Wallets, purses, key pouches, cigarette cases, tobacco pouches & similar, of vulcanised fibre, paper or paperboard		