

FOOTWEAR

A survey of the market for Footwear in Denmark

The Danish Import Promotion Programme DIPP offers free services to exporters in developing countries in terms of contact mediation to Danish importers and market information about the Danish market. DIPP is operated by The Danish Chamber of Commerce and financed by The Danish International Development Assistance, DANIDA

February 2006

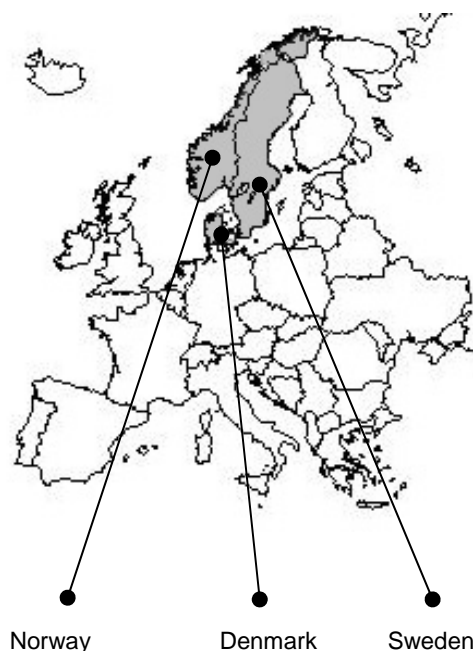
The Scandinavian Market

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 Scandinavian countries have import promotion facilities. Below you will find a short presentation of the import promotion organisations in Denmark, Norway and Sweden.

Inhabitants:	Denmark	5.4 million
	Norway	4.6 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.dipo.dk 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.

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The Norwegian Office for Import Promotion (OIP) operates under a contract between HSH (The Federation of Norwegian Commercial and Service Enterprises) and NORAD (Norwegian Agency for Development Cooperation). HSH OIP is integrated in HSH - but is fully sponsored by NORAD.

From the website www.hsh-org.no you can read more about HSH. HSH OIP promotes imports from developing countries. www.hsh-org.no gives access to 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.

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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 programme is funded by the Swedish International Development Co-operation Agency (Sida) and the Swedish Chambers of Commerce.

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DIPP

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The aim of DIPP is to provide service to exporters in the developing countries in their endeavours to enter the Danish market. The office can assist with market information and with establishing means of contact to Danish importers. Business offers are published free of charge at DIPP's website (www.dipo.dk) and/or directly mediated by email to relevant Danish importers.

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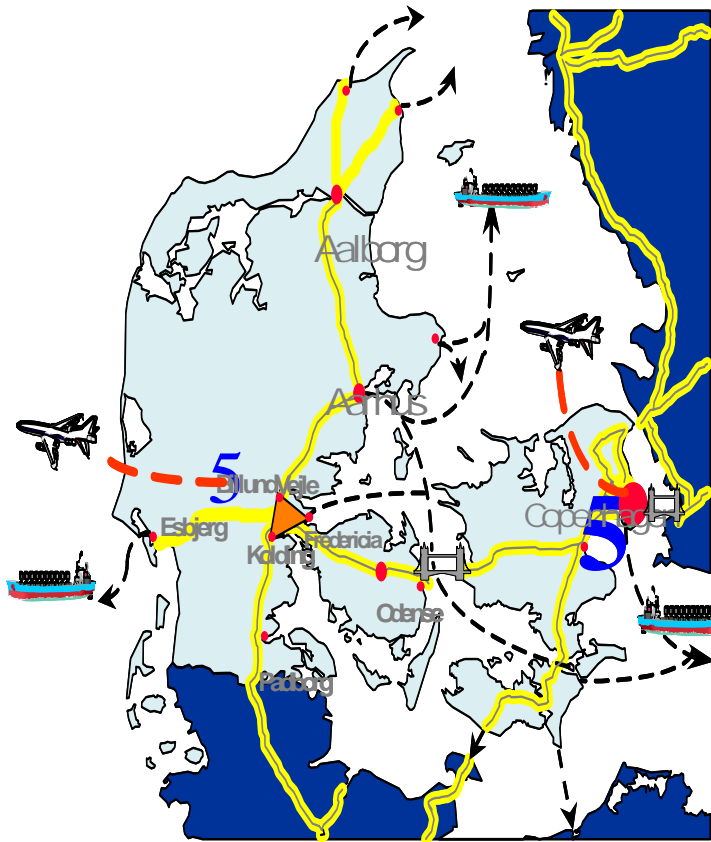
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Table of Contents

1. INTRODUCTION TO DENMARK.....	4
Standard of Living	4
Membership of the EU	4
General Trade Figures.....	4
Industrial Pattern	4
Infrastructure	5
Climate	5
Households.....	5
Visitor's Visa	5
2. MARKET DEFINITION	6
3. MARKET ANALYSIS	6
Market size	6
Market Structure	11
Distribution	12
Price and Mark-ups	13
4. TRENDS AND TENDENCIES	14
5. COMMERCIAL PRACTICE	15
Contacting the Importer.....	15
Meeting with the Importer	15
Ethics and Codes of Conduct	16
6. CUSTOMS DUTY AND IMPORT REGULATIONS.....	17
EU Trade Agreements and GSP	17
Rates of Duty	17
Labelling	18
7. OPPORTUNITIES FOR EXPORTERS FROM DEVELOPING COUNTRIES.....	18
8. TRADE FAIRS	18
9. IMPORTANT ADDRESSES.....	19
APPENDIX 1.....	21
APPENDIX 2.....	22

MAP OF DENMARK



The European Union:

Austria	Ireland
Belgium	Italy
Denmark	Luxemburg
Finland	Netherlands
France	Portugal
Germany	Spain
Great Britain	Sweden
Greece	Slovakia
Cyprus	Lithuania
Czech Republic	Malta
Estonia	Poland
Hungary	Slovenia
Latvia	

Facts about Denmark

Area: 43,095 sq. kilometers
Population: 5,411,405
Capital: Copenhagen: 1.5 million inhabitants
Language: Danish
Business Language: English
Government: Democracy
GDP (2004): Euro 194,680 million
GDP per capita (2004): Euro 35,976
Currency: Krone, DKK (1 DKK = 100 øre)

Other Large Cities:
 Aarhus: 500,000 inhabitants
 Odense: 200,000 inhabitants
 Aalborg: 160,000 inhabitants

Distances
 Copenhagen – Aarhus: 300 kilometers
 Copenhagen – Odense: 165 kilometers
 Copenhagen – Aalborg: 400 kilometers

Exchange Rate: Euro: 1 EUR = 7.43 DKK
 US\$: 1US\$ = 6.06 DKK (June 7 2005)
Time Zone: Central European Time Zone
 One hour ahead of GMT
Business Hours: Monday to Friday
 9.00 a.m. to 5.00 p.m.
Weight and Measures: The Metric System
Climate: 4 seasons: spring, summer, autumn, and winter
Member of International Organizations:
 EU, NATO, WTO, OECD, UN

Public Holidays, 2006:

New Year's Day	January 1 st
Maundy Thursday	April 13 th
Good Friday	April 14 th
Easter Monday	April 17 th
Prayer Day	May 12 th
Ascension Day	May 25 th
Whitsunday	June 4+5 th
Constitution Day	June 5 th
Christmas Eve	December 24 th
Christmas Day	December 25 th
Boxing Day	December 26 th

1. Introduction to Denmark

Standard of Living

With a high GDP per capita as well as a highly prioritized welfare system, the Danish standard of living is among the highest in the world. Income is evenly distributed among the population and, normally, both men and women work full time.

Membership of the EU

As a member of the EU, Denmark enjoys open market access to the other EU countries. Within the EU a Customs Union has been formed, allowing goods to move freely across borders without customs or taxes. For non-EU countries, however, specific rules apply regarding goods entering the Customs Union (please refer to chapter 7 “Customs Duty and Import Regulations”). By May 1st 2004 the EU was expanded with the following 10 countries: Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovenia, and Slovakia.

Denmark also enjoys membership of international organizations such as the OECD and the WTO and is traditionally striving to actively remove obstacles to free trade within these frameworks.

General Trade Figures

The Danish economy is highly dependent on trade with other countries due to the country's size and location in one of the world's most dynamic regions.

More than two thirds of the Danish foreign trade is carried out with other EU countries. With regard to total imports to Denmark in 2004, imports from other EU countries accounted for 72.3 per cent. Other European countries accounted for 9.2 per cent, Asia and Oceania accounted for 11.8 per cent, the Americas for 5.8 per cent, and only 0.9 per cent of total imports came from Africa.

Industrial Pattern

Small and medium-sized companies characterize the Danish industry. Compared to other industrialized countries, even the largest Danish companies are - with few exceptions - only medium-sized.

Except for heavy industries such as mining, car and plane industries etc., practically all business sectors exist in Denmark. Due to an increasing specialization, division of tasks, and seasonality, however, a large range of products is also imported to Denmark. The Danish industry is mainly constituted of light manufacturing and reprocessing, and production is often characterized by a high degree of specialization in a particular, well-defined field. Products, which have made Denmark known internationally, are primarily meat and dairy products, pharmaceuticals, furniture, beer, electronic products and advanced metal industry.

Infrastructure

The Danish infrastructure is highly developed. The road network is of a high standard, the railway system connects almost every town with more than 10,000 inhabitants, there are many easily accessible harbours, and Denmark has several domestic airports. Copenhagen Airport is the largest airport in Northern Europe being served by most international carriers. Ferries, tunnels and a number of bridges interconnect the islands of Denmark and furthermore, a bridge connects Denmark to Sweden (see map on page 3).

Means of communication are excellent as well. The postal service is efficient and reliable, and telephone, fax service and Internet access are widely available throughout the country.

Climate

The Danish climate consists of four seasons: spring, summer, autumn and winter. The average temperature in July ranges from 12 to 20 degrees Celsius, opposed to the average temperature of January, which ranges from -3 to +2 degrees Celsius. Some snow can be expected from December to March, and rainfall is common with about 700 mm precipitation annually.

Households

In 2003 the average Danish household spent approximately DKK 2.130 on footwear, corresponding to approximately 1 per cent of their total consumption.

Visitor's Visa

For visitors from overseas countries a visa is usually required to visit Denmark. A letter of invitation from the Danish business partner will often help in obtaining the visa. The exporter must apply for a visa at the Danish Embassy or Consulate in his or her home country. The visa issued will usually be for entry into the Schengen Area as a whole.

2. Market Definition

This market survey covers footwear.

The Combined Nomenclature (CN) is the 8-digit trade classification system used by the European Union for tariff purposes. The system is directly linked to the 6-digit Harmonized System (HS) used by the vast majority of trading nations throughout the world.

Footwear falls under chapter 64, subheadings 01 to 06 of the Combined Nomenclature. The main product groups within these categories are: Footwear with Leather Uppers, Footwear with Plastic-rubber Uppers, Footwear with textile uppers, Footwear with Other Uppers, Parts of Footwear and Others.

When exporting to countries within the EU, it is necessary to state the exact CN number of the specific category of footwear. More information and details on the Combined Nomenclature is available on: http://www.europa.eu.int/comm/taxation_customs/customs/index_en.htm#

3. Market Analysis

Market size

The total Danish market size of footwear is defined by the following formula:

$$\text{Market size} = \text{domestic production} + \text{imports} - \text{exports}$$

The estimation includes all categories of footwear, as described in section 2.

Table 3.1

Market Size, Developments 2000-04, EUR millions					
	2000	2001	2002	2003	2004
Domestic Production	276,2	79,8	78,6	68,0	49,2
Exports	277,2	211,0	332,7	340,2	371,2
Imports	473,4	471,1	501,8	531,2	523,3
Total market size	472,4	340,0	247,8	259,0	201,2
Developing countries share of import	26,6	24,4	21,0	23,6	28,0
Source: Statistics Denmark					

The value of the total consumption of footwear in Denmark has decreased significantly from 2000 to 2005. The home production has fallen as Danish companies during this period have increasingly been outsourcing their production to countries with low labour costs. The relatively high export from Denmark compared with the domestic production is primarily due to the effects from outsourcing and redistribution.

The value of imports has risen in the five-year period but not in the same proportion as exports due to lower prices from Eastern European and Asian producers. The low value of the American dollar has contributed to a lower value of the imported goods.

(The developing countries share of Danish imports has risen slightly through the period, as an effect of the increasing outsourcing of production from Denmark.)

Imports

The Danish footwear import has risen steadily the past few years primarily due to the outsourcing of production to low-cost countries.

The following table presents the countries that constitute close to all imports to Denmark.

Table 3.2

Danish imports by country 2000-2004, EUR

Country	2000	2001	2002	2003	2004	Share of total import
Italy	68,449,976	71,005,735	68,855,180	65,159,290	61,548,080	13.1
Thailand	38,817,877	30,651,891	27,922,079	39,915,116	50,340,628	10.7
Portugal	79,396,980	74,270,956	69,513,620	69,539,800	48,941,419	10.4
China	27,357,749	31,781,047	32,513,121	36,488,646	46,446,616	9.8
Germany	35,645,530	39,672,945	45,020,723	35,626,248	38,595,286	8.2
The Netherlands	18,668,151	15,370,616	37,150,068	49,342,807	34,743,891	7.4
Sweden	10,209,479	11,039,772	22,779,219	28,377,364	32,552,180	6.9
Vietnam	21,919,635	21,047,341	25,032,871	29,822,593	26,022,972	5.5
Belgium	18,391,154	22,505,243	20,093,473	18,686,032	23,168,012	4.9
Spain	16,153,786	18,487,387	21,498,990	18,857,531	18,980,931	4.0
Poland	16,156,811	15,089,102	18,635,298	11,982,046	13,846,208	3.0
India	7,494,369	9,323,762	7,107,041	9,876,167	13,476,594	2.9
Macao	3,079,562	4,233,811	8,906,114	9,509,906	10,923,067	2.3
UK	4,039,417	6,908,531	6,636,147	6,941,824	7,451,875	1.6
Taiwan	3,736,053	1,554,827	1,635,122	1,708,941	5,901,319	1.3
France	6,791,832	7,441,949	4,393,481	6,672,147	5,812,030	1.2
Hong Kong	4,835,609	7,105,184	5,511,286	10,511,156	5,397,367	1.2
Indonesia	22,640,338	13,433,648	7,107,442	3,236,597	2,938,029	0.6
Total	403,784,318	400,923,756	430,311,283	452,254,221	447,086,513	95.3
All countries	439,706,452	435,334,844	460,825,075	479,714,770	469,225,053	100
Percentage of all countries	92	92	93	94	95	

Source: Statistiscs Denmark

The above-mentioned countries cover about 95 per cent of the imports to Denmark while the last five per cent can be divided up on multiple smaller exporters with a market share that can only be calculated in per thousands. Besides volatility in exports of individual countries, the countries on the list have shown a rather stable dominance over the market for imports in the five-year period.

The member countries in the European Union: Italy, Portugal, Germany, The Netherlands, Sweden, Belgium, Spain, Poland and UK have a market share of more than 50 per cent. Thailand is the largest non-European single exporter to Denmark and accounts for almost 11 per cent of the total imports. In total, imports from the developing countries amounted to more than 30% of the total import.

Table 3.3 presents imports from developing countries by country.

Table 3.3

Danish imports by developing country 2000 – 2004, EUR

Country	2000	2001	2002	2003	2004	Per centage change 2000-04	Share of imports
Thailand	38,817,877	30,651,891	27,922,079	39,915,116	50,340,628	29	31.9
China	27,357,749	31,781,047	32,513,121	36,488,646	46,446,616	69	29.4
Vietnam	21,919,635	21,047,341	25,032,871	29,822,593	26,022,972	18	16.4
India	7,494,369	9,323,762	7,107,041	9,876,167	13,476,594	79	8.5
Indonesia	22,640,338	13,433,648	7,107,442	3,236,597	2,938,029	-87	1.8
Brazil	4,588,382	4,658,959	1,340,310	849,159	2,049,060	-55	1.2
Malaysia	1,946,283	1,939,402	1,714,553	2,211,631	1,757,505	-9	1.1
Cambodia	1,705,805	2,625,993	2,266,755	2,369,182	1,169,967	-31	0.7
Philippines	484,635	1,059,355	1,424,726	1,329,770	886,125	82	0.5
Bangladesh	9,336	59,669	17,586	182,420	557,748	5874	0.3
Pakistan	301,033	291,650	184,575	261,025	352,905	17	0.2
Marokko	60,604	54,976	90,151	520,694	258,388	326	0.1
Colombia	0	243,613	248,576	210,290	181,091	NA	0.1
Tunesia	101,209	120,383	74,038	159,732	150,244	48	0.1
Total	130,773,362	121,670,596	116,155,741	137,055,571	157,724,450	20	100

Source: Statistics Denmark

Imports of footwear from developing countries have grown significantly during the last five years with some irregularities in the growth pattern. While the import declined about 11 per cent from 2000-2002 it rose again from 2002-2004 with about 36 per cent. On the individual country level there has been great fluctuations ranging from a 87 per cent decrease in the import from Indonesia to a 5874 per cent increase in imports from Bangladesh. The fact that imports from Bangladesh, in spite of the immense growth, amounted to only some 0,3 per cent of total imports from developing countries in 2004. This was primarily due to the low level of imports in 2000.

Fluctuations can often be related to the quality of government and more competition within the developing countries on areas such as wages.

Indonesia, for example, has witnessed a tremendous decline in the demand of footwear due to a relatively unstable political environment.

Footwear

Close to all imports of footwear from developing countries to Denmark are included in the five categories: Footwear with leather uppers, Footwear with plastic-rubber uppers, Footwear with textile uppers, Footwear with other uppers and parts of footwear. Each category can be divided into multiple subcategories; for instance, Footwear with leather uppers contain more than 44 subcategories in the CN classification systems. For each category, it will be stated clearly which CN categories are subject for analysis.

Footwear with Leather Uppers

Footwear with leather uppers constitutes the leading product group exported to Denmark by developing countries. The growth pattern in the Danish market for footwear with leather uppers is somewhat unstable with a decline of some 4 per cent from 2000-2001 and a significant growth of 13,7 per cent from 2001-2003 and finally a decline in the amount of 5,4 per cent from 2003-2004.

All subcategories of footwear with leather uppers imported to Denmark are included in the following CN categories.

Table 3.4 presents the development in the market for footwear with leather uppers from developing countries. The market has seen a 3,3 per cent increase over the last five years equivalent to EUR 11 mio. In the same period imports from the developing countries rose 11,6 per cent extending the market share of the developing countries from 27 per cent of total imports to 29 per cent. This owes especially to the fact that developing countries are competitive on price when compared to traditional suppliers such as Spain and Portugal.

Table 3.4

Danish import of footwear with leather uppers 2000-04, EUR					
	2000	2001	2002	2003	2004
Total import	342,579,354	328,897,297	354,959,116	373,933,298	353,819,470
Import from developing countries	91,333,057	78,608,213	69,885,429	88,837,368	101,960,777
Developing countries' share in per cent	27	24	20	24	29

Source: Statistics Denmark

Footwear with Plastic-rubber Uppers

Footwear with Plastic-rubber Uppers is the second leading product group exported to Denmark by developing countries. All Footwear with Plastic-rubber Uppers from developing countries are included in the 18 CN categories presented in the table below.

In 2004 China was the main exporter accounting for 57 per cent of total exports in this category worth EUR 10 mio.

Table 3.5 presents the development in the market for Footwear with plastic-rubber uppers from 2000 to 2004. The table shows that the overall market development in the period has been almost unchanged. The market share of the developing countries has seen a decline of 4 percentage point.

Table 3.5

Danish import of footwear with plastic/rubber uppers 2000-04, EUR					
	2000	2001	2002	2003	2004
Total import	50,627,799	52,324,339	48,898,802	52,770,323	50,897,252
Import from developing countries	19,049,514	21,331,577	20,328,620	18,729,482	17,525,512
Developing countries' share in per cent	38	41	42	35	34

Source: Statistics Denmark

Footwear with Textile Uppers

The total market for footwear with Textile Uppers has almost been doubled in the last five years. This category includes, among other types of footwear, slippers and sports footwear.

Table 3.6 presents the development in the market for Footwear with Textile Uppers. China is the main exporter to the Danish market – accounting for around 31 per cent of total exports to Denmark or some 73 per cent of total exports from the developing countries in 2004.

Over the last five years the developing countries have increased their exports by more than 125 per cent. The market share of the developing countries rose from 36 per cent to 43 per cent. The rise was largely due to the import growth from the Chinese producers which in the same period was more than 230 per cent thereby increasing the market share of the exports from the developing countries from some 50 per cent in 2004 to around 73 per cent in 2004. Table 3.6 summarizes the market development within this category.

Table 3.6

Danish import of footwear with textile uppers 2000-04, EUR					
	2000	2001	2002	2003	2004
Total imports	41,687,333	50,805,904	56,310,922	66,383,197	78,318,589
Imports from developing countries	14,997,307	16,650,875	21,047,777	23,601,307	33,939,026
Developing countries' share in per cent	36	33	37	36	43

Source: Statistics Denmark

Footwear with Other Uppers

Footwear with Other Uppers represents a relatively small product group in the imports to Denmark. Even though, developing countries cover a high per centage of total exports. The market share of the developing countries amounted to 59 per cent in 2004.

China is the largest exporter of footwear with other uppers to Denmark accounting for 75 per cent of exports from the developing countries or 44 per cent of total Danish imports.

Table 3.7

Danish import of footwear with other uppers 2000-04, EUR					
	2000	2001	2002	2003	2004
Total import	4,077,516	3,646,958	5,798,915	6,752,871	4,548,611
Import from developing countries	2,177,957	2,055,217	2,925,502	4,280,121	2,668,491
Developing countries' share in per cent	53	56	50	63	59

Source: Statistics Denmark

Parts of Footwear

The developing countries' share of Danish imports of Parts of Footwear - though modest - has increased slightly over the last five year – from 4 per cent in 2000 to 5 per cent in 2004. The increase has taken place in a declining market and China accounted for 20% of the import from developing countries in 2004.

Table 3.8

Danish import of parts of footwear 2000-04, EUR					
	2000	2001	2002	2003	2004
Total import	11,510,792	11,492,768	10,821,118	11,035,122	10,224,612
Import from developing countries	498,050	484,984	255,082	371,715	531,048
Developing countries' share in per cent	4	4	2	3	5

Source: Statistics Denmark

Other Footwear

The most known product group by consumers within this category is removable in-soles, heel cushions and other removable accessories.

China accounts for almost 8 per cent of total exports and 67 per cent of total exports from the developing countries. The market share of the developing countries has seen a significant decline - from 36 per cent in 2000 to 20 per cent in 2004. As seen in table 3.9 the exports from the developing countries declined almost 60 per cent in the period.

Table 3.9

Danish import of other footwear 2000-04, EUR					
	2000	2001	2002	2003	2004
Total import	7,517,679	5,998,844	7,005,350	5,018,698	5,568,822
Import from developing countries	2,717,474	2,539,727	1,713,329	1,235,576	1,099,594
Developing countries' share in per cent	36	42	24	25	20

Source: Statistics Denmark

Market Structure

Consumer segments

The Danish climate with cold wet winters and relatively warm summers influences the footwear market profoundly. Different types of shoes are needed for the different seasons. Sandals for the summer months and warm boots for the winter are needed in addition to rubber boots and shoes for the spring and autumn season. The market can be divided into the following consumer segments: Men's shoes, women's shoes, sports shoes and footwear for children.

Most men and women have a selection of shoes fit for the different seasons as well as for different occasions, work, leisure, sports etc. However, one consumer segment - primarily young people - tend to prefer to wear sports shoes all year round.

Generally speaking Danish consumers are quality-conscious when it comes to footwear. Although price is an important aspect, cheap footwear - if of a low quality - will be difficult to sell.

Most parents place great importance on selecting footwear for their children. The design must be foot-shaped and of high quality and most parents are willing to pay a very high price to ensure this. Children will normally get a full set of footwear each year to fit their growing feet.

There is a segment of consumers who are very fashion and brand conscious and who are willing to pay high prices for the best and most fashionable design. This segment, however, is relatively small. Most footwear sold are of middle to upper price and quality.

The maintenance of footwear - for instant soling - is very expensive due to the high labour costs. Therefore people will often dispose of medium price/quality shoes when soling is needed, instead of spending maybe 1/3 of the price of a new pair of shoes on soling.

Danish people tend to have rather large and broad feet, and normally designs aimed at consumers elsewhere in the world will have to be adopted or modified, not only in relation to the look but also in relation to the size, in order to suit the market.

Distribution

Retail

There are some 1500 retailers of footwear and related products in Denmark. Included in this number are the large supermarket chains where an increasing part of the retail sales of footwear takes place.

However, the largest operators on the retail market are still the chain stores specialized in footwear, often with a large number of outlets covering the whole country as well as part of the neighbouring countries. It is estimated that about 60% of total retail sales of footwear in Denmark are covered by the chain stores.

A smaller part of the retail market is covered by individual shops which typically offer exclusive and expensive brands for a limited fashion conscious consumer segment.

Importers and agents

Imports of footwear from developing countries directly to the Danish market are primarily carried out by three groups of importers: Chain-stores accounting for approximately 60-70 per cent of total imports, large supermarket chains which have gained an increasing share of the total Danish market in recent years and "traditional importers" without retail outlets which have experienced a decline in their share of total imports.

The decline of the "traditional importers" market share is due to the fierce competition. Retailers with sufficient resources to handle their own import will save the expense the importers profit represents and will thus be able to offer the product at a cheaper price.

Individual retail shops will normally do their purchasing at the large European trade fairs.

Only a few agents are active at the Danish footwear market. Normally they work exclusively for international brands well established at the European market.

Approximately 150 – 200 suppliers of footwear operate in Denmark. This number covers all types of importers and exporters – from one-man companies to chain-stores that import directly from the producers in the developing countries.

The traditional distribution chain, where the import is handled by an import agency is on the decline and exporters in the developing countries will increasingly be dealing directly with representatives from the retail market.

Tendencies in the Distribution Chain

The Danish market for footwear is characterized by a relatively small number of suppliers, retailers with direct import and larger chain-stores. As it is the case in other EU countries, it is also expected that fewer players on the Danish market will be active in the future, thus leading to further centralization.

As seen in table 3.1 the Danish footwear market is totally dominated by imports. A large part of this import origin from Danish manufacturers who have, because of the lower production costs, outsourced their production primarily to Southeast Asia.

The Internet is increasingly considered to have many opportunities as means of communication between business partners. E-commerce transactions of footwear in Europe are increasingly gaining ground and new sites are registered frequently. In Denmark, the use of e-commerce transaction of footwear is growing and as a consequence e-commerce sales are likely to imply bigger and quicker profits. This type of transaction can be expected to become more important in the future.

Price and Mark-ups

Consumers of footwear meet relatively high prices in the Danish market. Risks met by the retailers such as changing weather conditions due to the four seasons (spring, summer, autumn, winter) and fashion trends induce relatively high mark-ups on the products. Estimates indicate a mark-up factor of 2-4 of ex-factory prices. Table 3.10 shows the mark-ups and margins throughout the distribution channel.

Table 3.10

Price development - From ex factory to retailprices		
Price ex factory	100	
Freight & Insurance, Duty etc.	20	20 pct. (duty amount to 5-17 pct.)
Landed Cost	120	
Importer/wholesaler's mark-up 25-30 pct.	36	
Price to retailer	156	
Retailer's mark-up 90-120 pct	187,2	
Consumer price excl. VAT	343,2	
VAT 25 pct.	85,8	
Consumer price incl. VAT	429	

4. Trends and Tendencies

Denmark has a climate with no extremes of heat or cold though the climate varies a lot. In the summer months of June to August, the average daytime temperature is 66°F (19°C) and in the coldest month of February the average is 34°F (1°C). As Denmark is a coastal country, it can be rather wet and windy in Denmark. This means that the Danish market for footwear is very broad. Many people have both winter boots, summer sport shoes, sandals and leather shoes, though some young people wear sports shoes with leather or plastic uppers, summer and winter. The relatively wet weather in Denmark takes and wears on the footwear, which leads to a frequent change in footwear among the Danish consumers.

Young people often only buy specific popular brands when it comes to sport shoes, while adults look for products they know and trust. Furthermore young people are considered to have the highest purchasing power among the Danish consumers. Though Danes, in comparison with other Europeans, spend a relatively small part of their income on clothes and footwear, young people tend to use a significant share of their income on these products.

Danish importers and agencies typically plan a year ahead. The trends and tendencies for the upcoming period are primarily based on the success models in the ongoing period. In addition, the general development in the market - to some extent - follow a few market leaders.

Success Factors

For the exporter it is important in the first place to find out whether the company should market itself as an exporter of complete collections ready for the Danish market or as a supplier to Danish manufacturers who wish to outsource their production.

In the first case design, marketing and presentation are essential. It is necessary with in-depth knowledge of European and Danish fashion trends, and in many cases it will be advisable to work closely with European designers.

In the case where the aim is to become a supplier to a Danish manufacturer it is important to communicate technical skills, access to hides and other raw materials as well as demonstrating the capability of following technical design specifications.

There is no doubt that the large potential in terms of profit can be achieved, if the exporter is able to offer a finished product which is right for the market. However, this demands substantial resources and know-how of Western markets and many companies prefer to start as sub-suppliers, gradually building up their know-how of the Danish market and its demands.

A strong marketing and communication effort of the exporter is recommended. In order to get the attention of the Danish importers, it is important that the supplier is able to actively and professionally communicate what his competencies are; often a well-designed company brochure containing a product description and a price introduction is of importance. This type of communication effort will help the professional and qualified exporter to stand out from the crowd.

Another way of getting the attention of Danish importers is to visit or exhibit at trade fairs. Most Danish importers visit different trade fairs all over the world to meet with potential suppliers and to get an impression of the market potential. As close, personal relationships are often stressed within the industry, this is a very good way to meet potential business partners for both importers and suppliers and moreover, the foreign supplier has the best possible opportunity to show the Danish importer his products and competencies. Please refer to chapter 8 "Trade Fairs".

5. Commercial Practice

Danish importers of footwear receive many offers on a daily basis from foreign suppliers who wish to do business in Denmark. The new supplier will often have to replace an already existing relationship with competent suppliers and therefore, the first impression and the first contact is of great importance to the subsequent success of entry into the Danish market.

Contacting the Importer

First step is to send a business offer containing precise information on the footwear products for sale. The exporter of footwear should also introduce a price for the products as close to the best price possible.

It is of vital importance that contact details such as phone and fax number and e-mail address are stated correctly as inaccurate information will give a bad first impression and might cause the Danish importer to immediately lose interest in the product. Some importers also stress that fast communication with the exporter through e-mails is important as well as English-speaking staff.

It should not be assumed that the Danish importer will follow up on the business offer – the follow up is always expected to be made by the exporter. A follow up call will give an idea of the need and purchase pattern of the Danish importer, which can help evaluate the compatibility of the product.

Meeting with the Importer

Danish importers travel widely and most likely will also at some point in time want to visit the exporter for an inspection of the location and facilities. If the product is of relevance to the importer's line of business, it will normally not be a problem to set up meetings directly. Danish business people are generally result oriented and well versed within their particular field. Therefore, it is advisable to be well prepared and ready to respond to very direct questions about quality, prices, quantities and deliveries.

It is often said that Danes are informal, which is true to some extent. The informality does not, however, apply to being careless in respecting appointments.

Quality

Once a business deal has been settled, it is important that the quality of the footwear corresponds to that agreed with the importer. Normally a quality sample will have been agreed upon and no variations in relation to this sample will be acceptable.

Delivery

Reliability concerning packaging standards and delivery time is another important factor in the business relationship with a Danish importer and therefore it is of paramount importance that the exporter states the realistic delivery time right from the beginning of a new co-operation. The tolerance towards delay and products that do not live up to agreements is very limited and may lead to orders being cancelled.

Ethics and Codes of Conduct

Over the last decade, consumers in Denmark have increasingly paid more attention to the ethical conduct of business, which has given rise to the term “political consumers.” This term implies that there is a strong tendency towards Danish consumers placing greater demand on Danish importers and manufacturers. They must be able to guarantee that the products imported from developing countries have not been subject to, for example, child labour, has caused pollution or otherwise harmed the environment when produced. Consequently, an increasing number of Danish companies set up codes of conduct for their suppliers, which, for example, provides guidelines for conditions in factories and for producing items in a socially and environmentally responsible way. Therefore, by getting involved with Danish importers, suppliers from developing countries may be asked to sign a contract or statement guaranteeing that the production is carried out without violating the above mentioned issues.

The Danish legal, regulatory and accounting systems for the business sector can be described as transparent and consistent with EU directives.

Recent studies have shown that Denmark is at the bottom of the list of countries in which bribery or corruption are found.

6. Customs Duty and Import Regulations

EU Trade Agreements and GSP

As a member of the EU, Denmark follows the rules and regulations and applies the Common Customs tariff of the EU. An extended set of trade agreements between the EU and the non-EU countries represent a complex set of exceptions to the general rules.

The EU grants a non-reciprocal trade preference to all developing countries. Under the General System of Preference (GSP) Least Developed Countries (LDC)* are granted duty free imports into the EU of all goods except from arms and ammunition as well as rice, sugar and bananas - see EBA (Everything but Arms): http://europa.eu.int/comm/trade/issues/global/gsp/eba/index_en.htm

Countries under the special program to fight narcotics also enjoy duty-free access to the EU markets for most goods. (Please refer to Appendix 1)

Moreover, the EU has also entered into separate agreements with different groups of countries in order for them to enjoy duty-free access for selected products into the EU, for example the ACP (African, Caribbean and Pacific) countries and the OCT (Overseas Countries and Territories).

*Classified by the OECD Development Assistance Committee, DAC. See www.oecd.org

Documentation

No import licenses are required by importers of footwear and related products into the EU market.

In order to obtain preferential customs treatment when importing into the EU, it has to be documented that the product originates in a country, which enjoys the preferential agreement with the EU. In order to claim GSP, a GSP certificate of origin (Form A), signed and stamped by the authorities in the beneficiary country, must accompany the products. Furthermore, as a general rule the goods have to be sent directly from the country of origin to the EU.

Rates of Duty

The rates for import duties as of January 2005 are shown in the following table. The rates of duty cover the sub-categories within the CN-number 6401-6406.

Table 6.1

Rates of Duty, June 2005

Footwear	CN-Number	Rate of Duty, %
Footwear with Leather Uppers	6403	5 – 8
Footwear with Plastic-rubber Uppers	6401	17
Footwear with Textile Uppers	6404	17
Footwear with Other Uppers	6402-5	3,5 – 17
Parts of Footwear	6406	3
Others	6406	0 – 10

It must be stressed, though, that rules and regulations regarding duty are frequently changed. It is therefore advisable always to check the rate of duty in the individual case, based on the product and the country of origin. GSP duty rates should, for example, be checked with your local customs authorities.

Antidumping duty

If the EU commission suspects that products are exported to the EU at a price which is lower than the normal value, it is considered unfair competition and the EU Commission can impose a special duty - a so-called antidumping duty on such goods. In the beginning of 2006 the EU Commission was in the process of investigating if there is ground for imposing antidumping duties on footwear with leather uppers from Vietnam and China, a conclusion has not been reached at the time of writing.

It is under all circumstances advisable to check the situation with regard to potential antidumping duties before starting new export activities to the EU.

Value Added Tax - VAT

The Danish VAT constitutes 25 per cent and is among the highest rates within the EU. The 25 per cent VAT is levied on all sales, regardless of product type, country of origin etc.

Labelling

The mandatory labelling is described in the EU shoe labelling Directive 94/11/EC. The directive specifies the demands to labels used on footwear sold in the EU. A label must convey information relating to the upper, the lining and the outersole of the shoe, with regard to materials used etc. The information must be given in the language in which the retail sale takes place or with the use of pictograms.

The Directive including images of the accepted pictograms is available at:

<http://europa.eu.int/comm/enterprise/footwear/documents/1994100p37en.pdf>

7. Opportunities for Exporters from Developing Countries

Due to low labour cost in developing countries compared with the Danish labour costs and high private consumption, imports of footwear are expected to grow further. Additionally the degree of outsourcing from Danish companies has risen significantly the past few years. This gives the developing countries a good position on the future market. However, it must be stressed that it will be a major challenge to meet the quality demands and fund the necessary investments to achieve these.

8. Trade Fairs

Participating in international trade fairs is an important activity in order to create contact to future business partners. Before exhibiting it is often advisable to visit the fair. A well-prepared and properly executed visit to a trade fair can constitute a very cost-effective market research. At the fair it is possible to meet future competitors and potential customers as well as gaining an idea of future market trends.

If you choose to exhibit in a trade fair it is important to know in advance who the target groups of the fair are. Moreover, relevant Danish importers should be contacted prior to the trade fair in order to set up meetings during the fair, as some of these importers are likely to exhibit themselves. By looking at the list of exhibiting companies printed in trade fair catalogues from previous years it is possible to get a good impression of which companies to contact in order to set up meetings. (The catalogue can often be obtained by contacting the trade fair organisers or via the Internet). Some of these companies might not have time for meetings during the fair if they are exhibiting themselves and therefore it is important to allow yourself to stay a few days prior to or after the fair in order to conduct these meetings.

Besides the Shoe & Bag Fair held in connection with The Copenhagen International Fashion Fair (CIFF) in Copenhagen in February and August, a number of important international footwear exhibitions are held in the EU. Danish companies frequently visit fairs outside Denmark, and therefore visiting these also represents a possibility for meeting Danish importers. Especially, the **Düsseldorf Fair** is an excellent place to meet Danish importers and wholesalers of footwear and related products as this fair is highly prioritized by Danish importers.

In order to ensure the best possible match between your products and the target group of the fair it is highly recommendable to investigate a fair closely before contemplating a visit.

9. Important Addresses

Organisations, institutions, ministries in Denmark:

DIPP –Danish Import Promotion Programme

Boersen

DK –1217 Copenhagen K

Phone: +45 70 13 12 00

Fax: +45 70 13 12 01

www.dipo.dk

Danish Ministry of Foreign Affairs

Asiatisk Plads 2

DK- 1448 Copenhagen K

Phone: +45 33 92 00 00

Fax: +45 33 12 37 78

E-mail: um@um.dk

www.um.dk

Statistics of Denmark

Sejrøgade 11

DK - 2100 Copenhagen Ø

Phone: +45 39 17 39 17,

Fax: +45 39 17 39 99,

E-mail: dst@dst.dk

www.statbank.dk

Scandinavian Shoe Centre

Center Boulevard 5

DK-2300 Copenhagen S

Phone: + 45 32 47 37 27

Fax: +45 32 50 37 87

E-mail: ssc@shoe-centre.dk

www.shoe-centre.dk

Trade Fairs for Footwear in Denmark and the EU:

Denmark:

February & August:

Copenhagen International Fashion Fair (CIFF)
Bella Center
Center Boulevard
2300 Copenhagen S.
Phone: +45 32 52 88 11
www.bellacenter.dk

March & September:

Scandinavian Shoe Centre A/S
Center Boulevard 5
2300 Copenhagen S.
Phone: +45 33 47 37 27
Fax: +45 32 50 37 87
e-mail: ssc@shoe-centre.dk
www.shoe-centre.dk

Germany:

March & September

GDS – International Shoe Fair
Messe Düsseldorf GmbH
P.O. Box 10 10 06
D-40001 Düsseldorf
Phone: +49 211 45 60 900
e-mail: gds@messe-duesseldorf.de
www.gds-shoe-fair.com

Italy:

March & September

MICAM
Via Monte Rosa
21 20 149 Milan
Phone: +39 02 438 29.1
Fax: +39 02 438 29 233
e-mail: segretaria@micamonline.com
www.Micamonline.com

January & June

Fashion Shoe
Via delle Fiera
20 – 40128 Bologna
Via della Fiera, 20 - 40128 Bologna
Phone: (+39) 051.282.111

Fax. (+39) 051.637.40.04
 E-mail: bolognafiere@bolognafiere.it
www.bolognafiere.it

Useful Internet Sites

www.shoeinfont.com

A worldwide information centre with news and information about all aspects of shoe production, leather, production techniques, trade fairs and other events, footwear fashion trends.

www.worldshoe.com

A large number of articles about the latest developments in the footwear industry, country profiles specified as to footwear and leather, trade fairs etc.

www.shoelinks.com

This website shows a collection of more than a hundred homepages of footwear brands. The site gives a good idea of the latest collections of a large number of manufacturers in Europe and the USA.

Appendix 1

Preferential Trade Agreements

Classification	Country
Least Developed Countries	Afghanistan, Angola, Bangladesh, Burkina Faso, Burundi, Benin, Bhutan, Chad, The Democratic Republic of Congo, The Republic of Central Africa, Cap Verde, Djibouti, Eritrea, Ethiopia, Gambia, Guinea, Guinea-Bissau, Haiti, Cambodia, Kiribati, Comoro, Laos, Liberia, Madagascar, Myanmar*, Mongolia, Montserrat, Maldives, Malawi, Mozambique, Niger, Nepal, Rwanda, Solomon Islands, Sierra Leone, Sudan, Senegal, Somalia, São Tomé and Príncipe, Togo, Tuvalu, Tanzania, Uganda, Vanuatu, Samoa, Yemen, Zambia
Other Developing Countries	Albania, Algeria, Antigua and Barbuda, Argentina, Armenia, Azerbaijan, Bahrain, Barbados, Belize, Bolivia, Bosnia-Herzegovina, Botswana, Brazil, Cameroon, Chile, China, Colombia, Cook Islands, Costa Rica, Côtes D'Ivoire, Croatia, Cuba, Dominica, The Dominican Republic, Ecuador, Egypt, El Salvador, Fiji, Gabon, Ghana, Georgia, Grenada, Guatemala, Guyana, Haiti, Honduras, India, Indonesia, Iran, Jamaica, Jordan, Kazakhstan, Kenya, Korea (North), Kyrgyzstan, Lebanon, Macedonia, Malaysia, Malta, Marshall Islands, Mauritius, Mexico, Micronesia, Moldova, Mongolia, Morocco, Namibia, Nauru, Nicaragua, Nigeria, Niue, Oman, Pakistan, Palau Islands, Panama, Papua New Guinea, Paraguay, Peru, Philippines, R.P. Congo, Saudi Arabia, Seychelles, Slovenia, South Africa, Sri Lanka, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Surinam, Syria, Swaziland, Tajikistan, Thailand, Tonga, Tunisia, Turkmenistan, Tuvalu, Uruguay, Uzbekistan, Venezuela, Vietnam, Yugoslavia, Zimbabwe
Countries under the special program to fight narcotics	Bolivia, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Peru, Venezuela, Pakistan
ACP Countries	Angola, Antigua and Barbuda, Bahamas, Barbados, Belize, Benin, Bot-

	swana, Burkina Faso, Burundi, Cabo Verde, Cameroon, Chad, Comoro, Congo, D.R. Congo, Cook Islands, Côte D'Ivoire, Djibouti, Dominica, Eritrea, Ethiopia, Fiji, Gabon, Gambia, Ghana, Grenada, Guinea, Guinea Equatorial, Guinea-Bissau, Guyana, Haiti, Jamaica, Kenya, Kiribati, Lesotho, Liberia, Madagascar, Malawi, Mali, Marshall Islands, Mauritania, Mauritius, Micronesia, Mozambique, Namibia, Nauru, Niger, Nigeria, Niue, Palau, Papua New Guinea, Dominican Republic, Rwanda, São Tomé and Príncipe, Senegal, Seychelles, Sierra Leone, Solomon Islands, Somalia, South Africa, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Sudan, Suriname, Swaziland, Tanzania, Togo, Tonga, Trinidad and Tobago, Tuvalu, Uganda, Vanuatu, Western Samoa, Zambia, Zimbabwe
OCT Territories	Anguilla, Aruba, British Antarctic Territory, British territories in the Indian Ocean, British Virgin Islands, Cayman Islands, Falkland Islands, French Polynesia, Greenland, Mayotte, Montserrat, New Caledonia, Pitcairn, St Helena, St Pierre and Miquelon, South Georgia and the South Sandwich Islands, The Dutch Antilles, Wallis and Futuna Islands,
OECD-Countries	Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States

*Myanmar is currently excluded from the EU's General System of Preference. Source: Customs & Excise, Denmark

Appendix 2

Abbreviations used in this Market Brief

- ACP countries: American, Caribbean, African Countries
- CN: Combined Nomenclature
- EBA: Everything But Arms initiative
- EU: European Union
- GSP: Generalized System of Preference
- HACCP: Hazard Analysis and Critical Control Point
- LDC: Least Developed Countries
- VAT: Value Added Tax



The Danish Chamber of Commerce (HTSi)
The Danish Import Promotion Programme (DIPP)
Boersen
Slotsholmsgade
1217 Copenhagen K.
Denmark
Phone: +45 7013 1200
Fax: +45 70 13 12 01
e-mail: dipp@hts.dk
www.dipo.dk