

LEATHER GOODS

VOLUME I



EU STRATEGIC MARKETING GUIDE 2002

LEATHER GOODS

Compiled for CBI by:

NEI B.V.

in collaboration with
Mr. B.E. Taggenbrock

October 2002

DISCLAIMER

The information provided in this guide is believed to be accurate at the time of writing. It is, however, passed on to the reader without any responsibility on the part of CBI or the authors and it does not release the reader from the obligation to comply with all applicable legislation.

Neither CBI nor the authors of this publication make any warranty, expressed or implied, concerning the accuracy of the information presented, and will not be liable for injury or claims pertaining to the use of this publication or the information contained therein.

No obligation is assumed for updating or amending this publication for any reason, be it new or contrary information or changes in legislation, regulations or jurisdiction.

New CBI publication with new format and contents partly replacing CBI market survey 'Leather goods', August 1999.

Photo courtesy:

ECORYS-NEI

CONTENTS

INTRODUCTION	6
1 DOING BUSINESS IN THE EU: REQUIREMENTS FOR ACCESS	7
1.1 Non tariff trade barriers	7
1.1.1 Quality and grading standards	7
1.1.2 Trade related environmental, social and health issues	8
1.1.3 Packaging, marking and labelling	10
1.2 Tarrifs and quotas	11
2 TERMS OF THE TRADE AND TRADE PROMOTION	12
2.1 Terms of the trade	12
2.1.1 The contract	12
2.1.2 Payment methods and delivery terms	12
2.1.3 Business practice	14
2.2 Trade Promotion	15
2.2.1 Trade fairs and other fora	15
2.2.2 Trade press	16
2.2.3 Assistance with market entry	17
3 MARETING GUIDELINES	19
3.1 Product profiles	20
3.2 Market analysis	25
3.2.1 Country evaluation	25
3.2.2 Sales channel assessment	27
3.2.3 Company assessment	29
3.2.4 Determining the most suitable sales channel(s) and opportunities for strategic alliances	30
3.3 Building up a business relationship	31
3.3.1 Reviewing the products and the product range	32
3.3.2 Identifying a suitable trading partner	33
3.3.3 Drawing up an offer	33
3.3.4 Handling the contract	34
3.3.5 Sales promotion	34

INTRODUCTION

This Strategic Marketing Guide aims to offer a practical handbook for exporters engaged, or wishing to engage in exporting leather goods to the European Union. It aims to facilitate exporters in formulating their own markets and product strategies through the provision of practical information and a methodology of analysis and ready-to-fill-in frameworks.

It is of vital importance that exporters comply with the requirements of the EU market in terms of product quality, packaging, labelling and environmental standards. These items and other issues, which seriously have to be taken into account when entering the EU market, are covered in Chapter one.

Chapter two offers a “Business Guide” or checklist for exporters wishing to engage in exporting leather goods to Europe. The guide consists of three parts: Product profiles (in which a few interesting products are highlighted), a market opportunity analysis to determine suitable sales channel(s), and a checklist for building up a trading link.

Statistical market information on consumption, production and trade, and information on trade structure and prices and margins, which is required for the ready-to-fill in frameworks, can be found in the matching EU Market Survey Leather Goods. The EU Market Survey also includes contact details of importers, trade associations, and other relevant organisations.

Market research

This EU Strategic Marketing Guide and the EU Market Survey serve as a basis for further market research: after you have read the market survey and filled in the frameworks in this strategic marketing guide it is important to further research your target markets, sales channels and potential customers.

Market research depends on secondary data (data that have been compiled and published earlier) and primary data (information that you collect yourself). An example of secondary data is the EU Market Survey. Primary data are needed when secondary data are falling short of your needs, for example when researching your specific type of consumer about the acceptance of your specific product. Sources of information are among others (statistical) databanks, newspapers and magazines, market reports, (annual) reports from branch associations, but also shops in target countries, products or catalogues from your competitors, and conversations with suppliers, specialists, colleagues and even competitors. After you received/collected your information you should analyse

the information. In order to judge the attractiveness of the market, sales channel or customer you should use/develop a classification or score system.

For more detailed information on market research reference is made to CBI's Export Planner (2000).

1 DOING BUSINESS IN THE EU: REQUIREMENTS FOR ACCESS

1.1 Non tariff trade barriers

1.1.1 Quality and Grading Standards

The term “leather goods” covers a very wide range of products. Few other industries produce products which, apart from the basic material, differ so much in size, construction, production methods and supplementary materials. For this reason, it is impossible to give general guidelines on quality and grading standards for all these different kinds of leather goods. In trade, buyers are concerned with the five following points linked like a chain, which will snap if one of them is too weak: **P** = Price; **Q** = Quality; **R** = Reliability; **S** = Speed; **T** = Technology. **P-Q-R-S-T** is a yardstick in the leather industry for evaluating suppliers. Although buyers are always looking for new and better lines of merchandise, they tend to stay with their established suppliers. Exporters must prove that their company and products are absolutely reliable before buyers will consider them as new suppliers. In addition, there are restrictions to the use of the term “leather”, which are usually defined by the trade. Next to the P-Q-R-S-T chain, buyers may check if the product adheres to international standards or to the standards in their own country. Contrary to the many international regulations which apply to imported hides and skins and those produced by EU tanners, there are almost no international rules on imported leather goods. When rules exist, most EU countries apply their national legislation. However, there is one EU standard (Directive 92/59/EC), which aims to guarantee product safety on the use of specific materials (e.g. nickel) in leather goods that will come into contact with human skin. In the leather industry, there are quality standards with international certificates or labels and as long as these are met, the product definitely has a competitive advantage. International, European, and national standards will be elaborated below.

International Standards

There are very few international or EU rules on imported leather goods, contrary to the many international regulations which apply to imported hides and skins and those produced by EU tanners.

On a worldwide basis, the ISO 14001 standard provides guidelines for the tanning and production of leather. When producers of leather goods apply these guidelines to the leather they use in their production, the high quality of their products will be recognised by the trade. The ISO standard is not a law but is regarded more as general advice. However, in individual EU countries there is legislation related to this ISO 14001 standard. Tanners in EU member states for example are obliged to invest in expensive water purification installations to

meet the strict environmental standards in their own country. In this respect there is an enormous difference between the production methods and waste treatment in western and in developing countries.

Further information can be obtained from the ISO, whose address can be found in Appendix 3 of the Market Survey for leather goods.

Imports of leather goods made from the skins of endangered species are strictly controlled. Documentation must be supplied to the Customs authorities showing that the exported skins meet the protection of species regulations of supplying countries. Some animals are protected by the Convention of Washington on International Trade in Endangered Species of Wild Fauna and Flora (CITES). CITES will supply information on the export of these kinds of leather goods. The address can be found in Appendix 3 of the Market Survey Leather Goods.

EU Standards

There is no EU legislation or standard which applies specifically to imported leather goods. However, there is one EU standard (Directive 76/769/EEC), which aims to protect the general public and the environment from certain dangerous substances (chemical elements) and preparations, which may be used in consumer products. Although this standard applies to all consumer goods, it is also very relevant for the leather goods sector. Examples are restrictions to the use of certain metals (such as nickel, chrome and cadmium), azo dyes or pentachlorophenol (PCP) in the processing of leather. Cadmium is for example used in certain dyes and stabilising agents in raw material and leather. Moreover, Directive 92/59/EC aims to guarantee product safety regarding the use of specific harmful materials possibly present in leather goods, that will come into contact with human skin. This directive requires that all consumer goods must bear a safety guarantee. Because EU standards regarding consumer safety and environmental protection are continuously developing, it is necessary for exporters to the EU to keep oneself informed about these developments. For further information on European standards, one can contact either CEN (Comité Européen de Normalisation) or the European Commission. The addresses can be found in Appendix 3 of the Marketing Survey for leather goods. Information on EU standards can also be found on the website of the European Commission at <http://europa.eu.int/comm/enterprise/leather> Although the above-mentioned standards are not legally binding, they are often related to national legislation in EU member states. Moreover, European buyers will most often require that the leather goods they import adhere to these standards.

National standards of EU Member States

Most EU countries still apply their own set of standards, although there is a definite trend towards harmonisation of standards in the EU. Often, national legislation is also related to EU standards. The standards authorities of the different member states can provide more information on national standards in EU member states. Addresses can be found via the website of the “Comité Européen de Normalisation” on: <http://www.cenorm.be/>. The full address of this organisation can be found in Appendix 3 of the EU Market Survey for leather goods.

In addition to standards relating to consumer and environmental protection, some EU countries have national marketing and labelling legislation/standards which impose restrictions to the use of the term “leather”. For instance a product made of leather and other materials (e.g. of paper with an upper layer of leather) may not be marketed as a leather good; suede may not always be called leather, etc. , in order to avoid that consumers are misled.

1.1.2 Trade-related Environmental, Social and Health & Safety issues

Growing awareness of environmental pollution and hazardous ingredients, particularly in the (final) processing of leather goods, has led to reductions in the use of chemicals dangerous to human health. As well as the quality and price, importers and consumers are taking increasingly more notice of the environmental aspects of the product. Environmental issues mainly concern the production process, the recycling of waste water, preservation methods used on hides and the level of chemicals which remain in the final (leather) product.

Sustainable development

The concept of sustainable development, adopted by nearly all the countries in the world at the 1992 Rio de Janeiro Conference, represents the philosophy that economic development should automatically take into account environmental issues. In this respect all parties, from the general public to manufacturers, are asked to accept their social responsibility and minimise the environmental impact of their activities. This is called sustainability and the following tools can assist manufacturers in achieving it:

Life Cycle Assessment (LCA)

LCA is also called “the cradle to grave” approach. Manufacturers (have to) look at the total environmental aspects of their products. A material which is very environmentally sound when the product is used could be very polluting, energy consuming or difficult to break down in the excavation, refining, production or discard stage of the life cycle. Thus the use of a material which is less environmentally sound when the product is used, could be justified because the impact on the environment is less in another stage of the life cycle. On a European scale the European Commission decided that the LCA method will be the technique to decide if a product is produced environmentally conscious or not. The LCA technique is therefore used by the EC in the setting of criteria for ecolabels.

Cleaner production

Cleaner production is the conscious use of products and processes to prevent the pollution of air, water and land. This means that a careful look is taken at the overall processes and waste materials. A process liquid could be re-used instead of being discarded, simple measures could increase the efficiency of a machine, toxic process liquids could be replaced by non-toxic etc.

Ecodesign

Ecodesign means basically giving the environment a place in product development. This implies that during product design, efforts are made to reduce the use of raw materials, minimise waste, energy used and toxic emissions. This will ultimately lead to a reduction of material and energy used. Although these tools are used by manufacturers to reduce the impact of their product(ion) on the environment, it is known that other benefits can arise, like a reduction of product(ion) costs.

Environmental labels

In Europe, some “green” marketing labels (for products) and environmental management standards (for the whole organisation) have been created both by governments and by private parties. The labels most relevant to leather goods are the:

- **Ecolabel**, which is voluntary and is found mainly on the packaging of the final product. At present there are ecolabels for footwear. In The Netherlands, the “Stichting Milieukeur” (the Dutch Ecolabelling Foundation) is planning to develop criteria for leather goods in the longer term. For more information, interested parties should contact the Stichting Milieukeur (see Appendix 3).
- **SG label or Schadstoffgeprüft label**, which stands for “tested for dangerous substances”, is not only created for leather goods but it also defines norms for textiles, pulp, paper, wood, cork, glue, plastics, rubber and synthetic leather. Limits are being set for

dangerous substances to human health, like: Formaldehyde, Pentachlorophenol (PCP), Chlorified phenols (non-PCP), Arsen, Lead, Cadmium, Mercury, Nickel and Chromium.

In addition to the listed standards, other norms have to be fulfilled like the minimum colour fastness grades for staining.

The testing authorities are three recognised institutes: TÜV Rheinland Sicherheit und Umweltschutz GmbH, Institut Fresenius Gruppe and Prüf- und Forschungsinstitut Pirmasens. Addresses can be found in Appendix 3.

Environmental standards

Ecolabelling procedures are aimed purely at products and indicate that products carrying an ecolabel have a reduced impact on the environment. If a manufacturer wants to publicise the fact that he is manufacturing in an environmentally sound way, he can comply with standards, which have been developed for this purpose. There are now two general, but voluntary, standards with which manufacturers can comply: BS 7750 and ISO 14001. Both standards are based on the ISO 9000 series of standards for quality management. One norm

currently being developed is the EU Ecological Management and Audit Scheme (EMAS), but as this only applies to companies with production facilities within the EU, it is usually not relevant for manufacturers in developing countries. So far, EMAS registration is widely accepted only in Germany. It is therefore expected that other EU companies will favour ISO 14001.

Issues related to leather goods

In many EU countries, producers of leather goods are increasingly looking for environmentally sound production methods. For instance, Dutch manufacturers now use water-based lacquers and similar measures to deal with the drainage of waste water. Improvements are still being made for soil protection, hazardous production equipment and working conditions. The association of the Dutch leather industry (address: see Appendix 5 of the EU Market Survey.) has established guidelines for a standardised environmental management system, to be implemented by leather producers. When producing leather or plastic the following points should be taken into account at the different stages of the production process:

Environmental issues in the production of leather	
In the beamhouse	→ the use of chemicals during the cleaning of the skin.
Tanning process	→ consider organic tanning instead of chrome tanning.
Finishing process	→ reduce the waste coming from residues of finishing materials, finishing solvents, solvent vapour and water.
Waste treatment	→ reduce waste during all stages of the production process, such as: <i>waste-water, solid waste and atmospheric emissions.</i> This can be achieved by: <ul style="list-style-type: none"> - Process integrated improvements - Re-use of wastes - End-of pipe treatment - Reduce azo dyes in leather goods
Environmental issues in the production of plastic	
<ul style="list-style-type: none"> • Find environmentally sound alternatives for cadmium. It may not be used as a pigment in concentrations exceeding 0.01 per cent weight in a wide range of materials. In The Netherlands the standard is 50 mg/kg cadmium (50 ppm). • Find less flammable retardants, like polyamide (PA), polyamideimide (PAI), polyetherimide (PEI), (PEI) or polyimide (PI). • Find alternatives for asbestos, as its use in products is strictly prohibited in the EU. • Find alternatives for CFCs and halons, like nitrogen and carbon dioxide, which are prohibited. • Check the latest EU legislation on: <ul style="list-style-type: none"> - the use of cadmium (Directives 76/769/EC and 91/338/EC); - bromated flame retardants (an EU ban is being considered); - asbestos (Directive 76/769/479 and amendments); - CFCs and halons (Directive 594/91 and amendments). 	

The manufacturer is always held responsible for the environmental standards of his product, even if he purchases leather from tanneries in other countries, which may not comply with the stricter standards in EU countries (especially Germany is very strict). Therefore, exporters are advised to ask tanneries or traders to declare in writing, that their leather meets the EU environmental standards or the standards of the consuming country. Such written declaration does not safeguard exporters from their environmental responsibility, but it enables them to claim damages from tanneries when their leather goods are rejected by the inspection authorities or importers in consuming countries. When tanneries make incorrect statements in their declaration, exporters can hold them responsible for rejection of goods.

Information

For detailed information about environmental aspects relevant to trade, please refer to the Eco Trade Manual, which can be obtained from CBI. This publication has been jointly developed by CBI and the other business support organisations NORAD, DIPO and SIDA; the addresses can be found in Appendix 7 of the EU Market Survey for leather goods. CBI has also published an Environmental Quick Scan for the product group leather. Its purpose is to inform individual companies about relevant environmental standards in trade and to offer them solutions for meeting these standards. Another option is to use CBI's AccessGuide, which is CBI's database on European non-tariff trade barriers related to environmental, social and health and safety issues. CBI's website provides more information.

Child labour and leather goods

Next to environmentally sound leather goods, consumers have a negative attitude to the use of child labour in the production of leather goods and it is expected that publicity will increase the consumer's awareness of this issue in future. There is growing concern among buyers of leather goods on the use of child labour in the factories of new suppliers. Exporters who can guarantee and prove that their products are made without child labour will not only have a competitive advantage over other products, but will also have a much better chance of establishing a long-term business relationship.

As in other industrial sectors, trade associations of leather goods in most EU countries are currently exploring the possibilities of developing a model code of ethical conduct for the production of all leather goods. Control programmes to eliminate child labour from the leather goods industry are now being discussed. In future, this may result in the establishment of a label, to be used by leading manufacturers, which guarantees that their leather goods are made without child labour. Some well-known brand

manufacturers/importers are expected to establish their own standards.

1.1.3 Packaging, Marking and Labelling

Deliveries from developing countries generally have a long distance to go before reaching their destination. Therefore, it is very important that close attention is paid to seaworthy and solid packaging. Items which can easily be damaged, moulded or chapped must therefore be packed carefully and securely.

Points to consider when packaging

- do not to fill up the cardboard boxes just with the products, but pack a number of similar items in a smaller box, or use some cardboard layers;
- clearly indicate which products and in which quantity is packed in each box, so that this won't be a mystery to the importer;
- before packing, products should be protected by plastic bags in order to avoid damage from rain or moisture;
- each box should have a packing list, which gives a specification of all products in terms of quantity, types, colors etc..

Large importers often have their own requirements as to how the goods should be packed. The original packaging of leather goods is especially important for department stores and mail-order houses. Here, large quantities are usually involved and buyers want to be able to transfer the goods from the shipping box straight onto the display shelves of their retail outlet, or in case of a mail-order company, to be able to forward the item as originally packed to its customers by mail. In both cases, there should be no need for buyers to correct or, even worse, to change the factory packing. The International Trade Centre (ITC) has published an international packaging guide for the leather sector, which serves as a guideline for exporters. For further details the ITC can be contacted; the address can be found in Appendix 2 of the Market Survey for leather goods.

Environmental considerations have become more important for all products in the European Union, in determining the legal requirements for packaging and labelling. The EU Directive 94/62/EC on Packaging and Packaging Waste sets common objectives for all member countries for the recovery and the recycling of packaging. By law, from July 1996 onwards, all EU member states had to have a packaging waste recycling system in operation. Moreover, since June 2001, maximum concentrations of lead, cadmium, mercury, and chromium allowed in packaging are set at 250 ppm and 100 ppm, respectively. In general, an exporter can

make his contribution by taking the following measures:

- take care that packaging materials (transport packaging) are limited and as much as possible of the same kind and could be re-usable or recyclable;
- try to combine products and make larger shipments, instead of frequently shipping small quantities;
- try to develop re-usable and multi-functional foils with, for example, snap fasteners so that the same foil can be used again for (domestic) packaging purposes.

All main boxes should bear the precise address of the receiver and sender. In case of sending several boxes to one receiver, each main box should be marked individually. The documentary requirements for shipping may vary from country to country and should be always cleared with buyers before the goods are shipped. The bill of lading (or consignment note), a copy of the invoice, the packing list, certificate of origin and an insurance certificate are the usual minimum documents required. On the consignment note and on the invoice the following should be mentioned:

Information on the consignment note

- address of the receiver
- quantity of the boxes
- markings on the boxes
- total gross weight
- description of contents
- address of the sender
- sizes of the boxes
- date of sending
- total net weight

Information on the invoice

- all information as indicated above
- prices of the goods (per product and in total)
- materials used to manufacture the goods
- payment condition
- description of the products and HS code (see chapter 2.2)

1.2 Tariffs and Quotas

In general, all goods, including leather goods, entering the EU are subject to import duties. If there is no special trade agreement in force between countries, the general import tariffs apply. For developing countries however, different kinds of preferential trade agreements may be in place.

Import tariffs for leather goods may be reduced under the Renewed Generalized System of Preferences (RGSP), which aims to stimulate exports from developing countries. Under this system, reduced tariffs apply to goods from most developing countries, whereas goods from the least developed countries may enter duty-free. However, leather goods originating in

China, Thailand and Malaysia are excluded from the RGSP. To benefit from RGSP treatment, exporters have to provide a Customs Authority Certificate of Origin ('Form A') certificate, which is issued by the appropriate authorities in the respective country. Detailed information on these tariffs can be obtained at the Central Customs Administration in Rotterdam, the Netherlands (or at Customs of any other EU member state) or from the Internet site http://europa.eu.int/comm/taxation_customs/dds/cgi-bin/tarchap?Lang=EN

In addition, a Movement Certificate EUR 1 is required to show where the products have been produced (the country of origin). Most imported goods are subject to an "ad valorem" duty, which means that the duties are levied as a percentage of its value. The general and RGSP tariff for leather goods are both shown in table 1.1 on the next page.

In addition to RGSP, the EU has established several trade agreements for different groups of partners, which result in deviation from the above-mentioned general rates of duty. The most significant group of countries with which the EU has a special trade agreement is the group of African, Caribbean and Pacific countries (the so-called ACP countries) under the Cotonou (formerly Lomé) Convention. Over the years more countries of the Asian, Pacific and African region have joined the ACP Group. The ACP Group now consists of 77 countries. For an overview of the members of the ACP Group please refer to <http://www.acpsec.org/>. According to this agreement, goods originating in the ACP countries are subject to lower import tariffs. To obtain this lower tariff, an 'EUR 1' form is needed, which is issued by the Customs of the exporting country.

Moreover, the EU Council of Ministers approved the "Everything But Arms (EBA)" initiative, which eliminates duties and quotas on all products except arms from the 48 least developed countries. This duty- and quota-free access started in March 2001.

Other countries, which can benefit from duty-free entry into the EU are (among others) the Mashraq and Maghreb countries, Turkey, Cyprus, Israel and CEECs like Albania, the Baltic states, Bosnia/ Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, Slovakia, Slovenia and Fed. Rep. of Yugoslavia.

Please note that if the leather goods are made of hides and skins, which originally come from endangered species, no preferences are granted and the exporter should contact the CITES or the Ministry of Agriculture in The Netherlands (or any other EU country); addresses see Appendix 9 of the EU Marketing Survey Leather Goods.

Table 1.1 EU import duties by product group (in per cent of the CIF value)

HS Codes	Product description	General tariff	RGSP tariff
4202 11 10/90	Briefcases, suitcases, <i>leather</i>	3	0
4202 12 11/19	Briefcases, suitcases, <i>plastic</i>	9.7	3.3 or 0
4202 12 50	Suitcases, <i>moulded plastic</i>	5.2	1.7 or 0
4202 12 91/99	Briefcases, suitcases, <i>fibre or textile</i>	3.7	0
4202 19 10	Suitcases, briefcases, <i>aluminium</i>	5.7	1.9 or 0
4202 19 90	Suitcases, briefcases, <i>other material</i>	3.7	0
4202 21/91 10	All bags, <i>leather</i>	3	0
4202 2210/92 11/19	All bags, <i>plastic</i>	9.7	3.3 or 0
4202 92 91/98	All bags, <i>textile</i>	2.7	0
4202 22 90/29/99 00	All bags, <i>fabric, fibre, paperboard</i>	3.7	0
4202 31 00	Small leather goods, <i>leather</i>	3	0
4202 32 10/90	Small leather goods, <i>plastic, textile</i>	9.7	3.3 or 0
4202 21/31	Belts, <i>leather</i>	3	0

Note: 1. The RGSP tariff of 0 is valid for all least developed countries
2. Value Added Tax (VAT) for all leather goods is in The Netherlands 19 %. VAT differs for all EU countries

Source: Belastingdienst Douane (2002)

Regarding up-to-date information on import tariffs, please contact the Customs authorities in Rotterdam, The Netherlands (or in any other EU country). Information can be also obtained by telephone. The relevant information numbers are given in Appendix 9 of the EU Market Survey for leather goods. The HS code of the product concerned must be always mentioned; a detailed list of HS codes can be found in chapter 2 of the EU Market Survey for leather goods. Other information sources are the European Commission, branch organisations importers.

There are no quota applicable for imports of leather goods. However, other non-tariff barriers that may occur are anti-dumping measures, countervailing procedures, sanitary sanctions, environmental clause and intellectual property rights. For example, as a result of the EU Council regulation 1567/97 of 1 August, anti-dumping duties for handbags (in leather or in artificial) coming from China have been imposed. These duties may vary from US\$ 1 even up to US\$ 65 per piece. More detailed information on this issue can be found at the CBI trade documentation centre or at the European Commission, DG III; address see Appendix 3 of the EU Marketing Guide Leather Goods.

2 TERMS OF THE TRADE AND TRADE PROMOTION

2.1 Terms of the trade

2.1.1 The contract

Differing customs, habits and traditions can cause problems in business relationships, even after both partners have carried out sound preliminary investigations. A contract is not necessarily a document. If two parties agree on something verbally, this verbal agreement is a contract according to most European laws. Since it is difficult, in the case of a verbal contract, to prove that something in particular has been agreed upon, the agreement should always be confirmed in writing.

Details to be mentioned in a contract

1. The contract parties: the seller, the buyer, the broker and/or buying/selling agent, with all names and addresses correctly spelled.
2. The product, price and quality of the product must be sufficiently specified, so that no misunderstandings can arise.
3. The quantities must be mentioned. If the buyer and the seller agree to more or less than the agreed quantity, this should be specifically mentioned.
4. The delivery terms are mentioned according to the description of the Incoterms 2000 (available at the International Chamber of Commerce).
5. The payment terms are to be spelled out in detail.
6. The delivery time is a vital piece of information on which the seller and the buyer will have to agree.
7. Packaging details, including measurements and weights.
8. If one of the parties has negotiated special conditions, this is to be mentioned in the contract.
9. What will be done if the two parties disagree with each other? To which arbitration court/district they will go?

After deduction of the commission and expenses for handling, transport etc., importers or agents generally transfer payment within 30 days. A Letter of Credit is common practice, but is often considered cumbersome and prevents the option of retaining the money if the consignment does not prove to be as good as expected. When relations are established, cash against documents (CAD) is also a method used. After the sale is concluded, the importer can determine the levy with the Customs, and pay a deposit.

If the products are not imported within two months after this has been done, the fixed levy is no longer valid anymore and the importer loses his deposit. This means that on-time delivery is vitally important.

Another possibility for the importer is to pay the current levy at Customs clearance.

A contract is of importance if there is a disagreement. A dispute may arise for example because:

- the buyer is of the opinion that goods/equipment are delivered late;
- the agreed quality level has not been met;
- the seller is of the opinion that the buyer does not live up to his financial commitments.

Failure to deliver on time is likely to be subject to penalties. Exporters should be absolutely sure they can meet delivery dates without delays, before they enter into a contract. Trading relations between exporter and importer are based on trust, and they can only be built up by meeting the high expectations of the importer.

2.1.2 Payment methods and delivery terms

In the leather goods trade, the method chosen will depend on negotiations between buyer and seller in which both will try to achieve the best conditions for themselves. In general, this means that exporters prefer to be paid before shipment of the goods (by confirmed irrevocable letter of credit at sight), while buyers prefer to pay as late as possible, after arrival, inspection or even sale of the goods.

A detailed explanation of the payment terms can be found in CBI's manual "Exporting to the EU", which is available at CBI. When dealing with every (new) supplier, the importer considers very carefully which method of payment should be agreed upon. The same applies to the delivery terms.

Most common delivery terms

- **FOB** (Free on Board): the buyer arranges for transportation and insurance. FOB must specify the port of departure.
- **CFR** (Cost & Freight): the exporter pays the freight, the buyer arranges for the insurance.
- **CIF** (Cost, Insurance & Freight): the exporter pays the freight and the insurance.

Common methods of payment

Clean payment

This is the most common method and is used when both parties know each other well. The process is fast and reliable, depending on the credit worthiness of the importer. The bank carries out the transactions through swift electronic data system and the transfer costs are not very high.

Documents against payment (D/P)

Also known as cash against documents (CAD). The buyer takes possession of the goods only after payment. Although this method is not very popular, it is very safe and the costs are about one pro mille.

Letter of credit (LC)

The irrevocable LC is very often used at the beginning of a business relationship when the importer and exporter do not yet know each other very well. The LC is irrevocable and will always be paid. The costs, namely five pro mille, are higher than the D/P method. This method is widely used in the EU when dealing with exporters from outside Europe.

Bank guarantee

The buyer's bank will present a bank guarantee for the amount of the invoice.

Cheques

Bank guaranteed cheques are generally no problem, though cashing them may take some time, up to six weeks. Not all personal cheques are accepted.

Payment on consignment basis

Payment on consignment basis is often used in the trade of perishable products and not for leather goods.

2.1.3 Business practice

In order to establish a successful long-term business relationship, the exporter's first offer should be interesting in the field/market of the buyer. Importers complain that product ranges offered have no direct relation to their business and are therefore not interesting. Before making contact with importers, it is advisable for exporters to research the market thoroughly to find out more details of importers and their consuming industries. Prospective exporters to The Netherlands or other EU countries could use the following resources to do their own desk research:

Resources for your desk research

- Business support organisations in your country, as well as chambers of commerce and banks;
- Trade magazines, catalogues from mail-order houses and department stores;
- Reports on markets for leather goods published by the other (commercial) agencies;
- International Trade Centre (ITC), (for address see Appendix 8 of the Market Survey);
- Import promotion organisations such as CBI to check if export promotion programmes in your field are being organised.

The next step is to select potential trade partners in EU countries. Names and addresses of relevant importers

and traders in The EU can be found in Appendix 10. Do not expect that buyers are waiting just for you or your company, or that you can book orders right away. Exporting is a long-term business!

When visiting Europe

- Pay a visit to Europe during the year you are planning to export.
- Inform selected prospective buyers of your intended visit by letter, fax, or e-mail two to four weeks before leaving. This can be accompanied by a trade offer. Giving information to buyers beforehand will increase the chance of making appointments by telephone when in The Netherlands or other EU countries.
- Inform CBI beforehand. Visit CBI to obtain latest information and advice.
- Plan a visit during a period in which a trade fair is being organised somewhere in Europe.
- Visit important shopping centres.

Having followed the steps mentioned above, you can select a number of appropriate prospective buyers for your products and try to make an appointment. There are no general guidelines for approaching a buyer, but the following information about business practices in The Netherlands and other EU countries should be helpful.

Some important factors to keep in mind when doing business in EU countries

- Suppliers should accompany their offers to buyers with samples. Quotations should be made on C&F, CIF or FOB basis, depending on the location of the producer and the habits of the importer. Prices should be mentioned in Euros or US\$.
- In the leather goods sector, there are many imitations of imitations of imitations etc. This makes life easy for the importer of “copying” producers, but rather frustrating for creative manufacturers. Regarding fashion items, there is a two-way stream of models: either the importer hands the model to the producer or the producer offers a collection to the importer. The search for “something new” at “a good price” is an all-pervading theme in the selection of models. It is very important for manufacturers in developing countries either to have a western-designer style in their collection or to follow the models as indicated by the importer. In the latter case, every importer will insist on exclusivity.
- Large retailers buying high volumes usually expect to obtain a price which is lower than the best wholesale price. Suppliers must take this into consideration when setting their prices, after making their own “mixed calculations”. Importers normally start by placing trial orders, if good samples of the desired models have been received. If the first trial order proves to be successful, more substantial orders may follow. Delivery should then be made in a rather short time!
- The delivery date of an order is always specified at the time of purchase. Suppliers should be aware that failure to meet the specified delivery will usually result in cancellation of the order.
- Never ship poorer quality goods than those demanded and agreed upon. Importers reserve the right to return merchandise which does not conform to the sample they were shown or is not up to the standards of quality they expected. In some cases, the logistics of returning an order may make it unfeasible, but the importer will surely never place a new order from the same supplier.
- Avoid bad packaging of the goods. Research packaging problems (mutually) to reduce transportation costs and improve product quality and appearance.
- Depending on the size and market of the importer and the success of an item, the number of items of one model may vary from fifty to several thousand. The latter figure indicates a fairly successful product in, for example, the Dutch market. Appointments are carefully planned in diaries, leaving little or no room for individual discussions on a spontaneous basis, so: always make appointments ahead of time.
- Communication and speaking the right language is very important. If you cannot finish something by a deadline, say so early on. Doing your best (though not keeping a deadline) is not enough. Also, answer questions as soon as possible. Telephone and fax are indispensable; telex is hardly used anymore. E-mail and Internet are rapidly gaining popularity.
- People are frequently in meetings and therefore often unavailable.
- Everything is highly planned in detail.
- It takes a considerable time to gain confidence as a new supplier.
- Little business is done in July and August (holidays).
- Individual opinion is important. In all instances directness is preferred.
- Women can occupy high executive positions.
- Do not go “European”; stick to your own identity. Use “culture” as an asset, rather than a burden.

2.2 Trade promotion

Promotional activity is basically carried out by importers and traders; here personal contacts and long-established relationships are most important. Advertising is done in international trade magazines. However, the emphasis in promotion will be in personal selling at trade shows/events, as well as during international trade conferences.

2.2.1 Trade fairs and other fora

There are no specific fairs for leather goods at industrial or trade level. Most trade fairs are mainly organised for the retailers in leather goods. Trade fairs for leather goods are organised in almost all EU countries. Some of these fairs are internationally orientated, while others are just of national importance. Special attention should be given to the fairs in Germany (Offenbacher Messe and Modeforum). The Offenbacher Messe gives a good overview of all leather goods available on the international market and

is held twice a year. The Modeforum, held in Offenbach twice a year, gives a good impression of the latest fashion for the season to come, where women’s handbags are the main item in new collections. Recently the Modeforum has grown in importance and most of the goods shown here are ordered at the next Offenbacher Messe. Foreign manufacturers may participate in the Offenbacher Messe. The organisers of the Modeforum, however, are extremely selective in choosing their exhibitors and new companies, e.g. exporters in developing countries, do not stand a chance of exhibiting, which shows the protectionist attitude of the EU market.

Another trade fair in Germany is the Frankfurter Messe, which is a large show for all types of consumer goods, held at the same time as the Offenbacher Messe. There is less variety in leather goods at the Frankfurter Messe and the goods displayed are meant for a specific target group. Most exhibitors also have a stand at the

Offenbacher Messe, where they show their complete product range. For exporters in developing countries, the Frankfurter Messe could be a good alternative to the Offenbacher Messe. However, participation costs are high and the waiting lists for participation are rather long.

In Italy the Mipel, which is visited by buyers from all over the world, is the largest and most important international trade show and sets the trends for fashion in leather goods. This fair provides the best opportunities for international orientation on fashion, styles, colours etc. It is difficult for exporters from developing countries to participate. If a stand can be negotiated, it will be in the "Overseas hall". Because visitors primarily aim to obtain information on the latest trends, this hall is visited by fewer people. It should be noted that French and Belgian consumers have their own interpretation of fashion and styling, therefore visiting the fairs in Paris and Brussels is recommended. For information about developments in tanning and leather finishing, it might be wise to visit the special fair for leathers and accessories in Pirmasens (Germany).

In The Netherlands, a permanent fair building for leather goods and other consumer goods has been established in Utrecht in the center of The Netherlands. This permanent exposition is called "Trade Mart" and is a national fair, which is not open to foreign participants. Manufacturers and exporters have their permanent stands in this building. Very often, these stands are used as their main showroom or even as a warehouse, where retailers can buy from stock. Leather goods are concentrated on the sixth floor. Retailers are welcome every first and third Monday of the month. Special appointments can be made. Stand owners have access to their own stand whenever they want to welcome visitors. Season Fairs of several days are held twice a year, which are not strictly for national participants. The most important international trade fairs for leather goods are:

A large conference for the African leather industry was organised by the International Trade Centre (ITC) for the first time in Cape Town in November 1998. The purpose of this initiative was to create a permanent event for the African leather industry, which will be a major tool in the development of African exports. The conference covered one week and included seminars, buyer-seller meetings, factory visits and a trade fair (on raw materials, chemicals, equipment components, accessories and finished leather goods). The conference was sponsored by the CBI and co-organised by the SIC (Semaine International de Cuir). Detailed information can be obtained by contacting the ITC and additional information can be found on the Internet; addresses are given in Appendices 5 and 11 of the Market Survey for leather goods.

2.2.2 Trade press

There are many national periodicals giving information about the national production of leather goods, some of which are of international standard. However, most of these periodicals are only in the national language, without a translation into English. On the other hand, they give a lot of visual and valuable information about fashion and colours for the next season. The German and Italian periodicals are the most internationally orientated sources of information. Leading international trade magazines for leather goods are listed on the next page.

Trade fair	Location	Date	Visitors
Offenbacher Messe	Offenbach, Germany	February/August	5,000
Modforum	Offenbach, Germany	April/October	5,000
Frankfurter Messe	Offenbach, Germany	February/August	105,000
Mipel	Milan, Italy	March/September	10,000
Campionare di Firenze	Florence, Italy	September	4,000
Trade Mart	Brussels, Belgium	May/ November	8,000
Iberbiel	Madrid, Spain	February/September	5,000
Trade Mart	Utrecht, Netherlands	March/September	9,000
Linea Pelle *	Milan, Italy	September	5,000
Pirmasens *	Pirmasens, Germany	March/October	4,000
Asia Pacific Leather fair	Hong Kong, China	April	10,000

Note: * more focused on raw material and finished leather

Title	Frequency	Language	Coverage
Lederwaren Report	Monthly	German	German/Int. leather goods industry (quarterly special on production)
Lederwaren Zeitung	Monthly	German	German trends in leather goods
Arpel	Monthly	Italian/English	Italian/Int.fashion in leather goods/clothing
Leather	Monthly	English	International leather industry
Filiere Cuir	Fortnightly	4 languages	International leather trade and industry
Trend Boutique	Monthly	Dutch	Dutch/Int.trends in leather goods
Lederwaren Tribune	Monthly	Dutch/French	Belgian leather goods industry
Sko & Laedervarer	Monthly	Danish	Danish leather goods industry

The Italian magazine Arpel and the German magazines not only give information about leather goods, but also on the trends and colours in fashion for the new season. For exporters in developing countries, these periodicals could be of interest for orientation on the market, but not for advertising. In order to keep well up to date, buyers and retailers also read the international trade press. The Internet gives the latest information on the leather sector at the site <http://www.leathernet.com>. This site also offers the opportunity to get in contact with trade partners. Another international site is related to the Filiere Cuir magazine, called leathermarkets. This is written in French, English, Chinese and Arabic; the address is <http://www.leathermarkets.com>. The contact details of the publishers of the above-mentioned magazines can be found in Appendix 6 of the Market Survey, whereas other useful Internet addresses can be found in Appendix 11.

2.2.3 Assistance with market entry

Before approaching organisations abroad, potential exporters are recommended to check with the local business support organisations, Chambers of Commerce and foreign representatives in their country as to whether the information required is readily available. There are many organisations in EU countries, which are important in the field of general representation, promotion and public relations activities for exporters from developing countries.

Import Promotion Organisations:

In most EU countries, there are organisations (for example CBI in The Netherlands) which support imports from developing countries, through a specific export promotion programme. They can provide the following services:

- supplying information about:
 - statistics and publications about the national market
 - regular news bulletin
 - database of importers
 - product market opportunities

- Check the European quality and grading standards for leather goods (see section 1.1.1).
- Determine for which end-use a particular product in leather or in artificials is supplied (see section 1.1.1).
- Conduct market research on leather goods and your product in particular: market size; segmentation; imports; main competitors; consumption patterns and trends.
- Be aware of the importance of environmental measures and check the opportunities and threats linked to environmental topics (see section 1.1.2.).
- Check that packaging, marking and labelling meet the requirements of individual trading partners and any applicable legislation (see section 1.1.3).
- Check the tariff and non-tariff barriers for your products (see section 1.2).
- Verify the conditions of contracts (see section 2.1.1).
- Verify the payment methods used (see section 2.1.2).
- Study the business practices in The Netherlands and the EU (section 2.1.3).
- Check the trade fairs which maybe of interest for you (section 2.2.1).

→ *Most important:* If necessary, see if you can adapt your product or production process to meet the requirements indicated above.

- giving individual assistance, such as:
 - management training
 - testing products by display
 - product adaptation services
- establishing contacts by means of:
 - collective trade fair missions
 - selling missions

Branch organisations:

In most European countries, producers, wholesalers and retailers are organised in branch organisations or trade associations. These organisations can help new exporters to the EU, by supplying information about the market. For addresses, telephone and fax numbers of Import Promotion Organisations and other organisations, which can be of assistance in entering the European Union market, see list in Appendix 7.

Finally, the checklist on the next page can be used to verify the subjects mentioned in the previous chapters.

3 MARKETING GUIDELINES

This Chapter offers a “Business Guide” or checklist for exporters wishing to engage in exporting leather goods to the European market. The Business Guide aims to facilitate exporters in formulating their own market and product strategy, through a methodology of analysis and ready-to-fill-in frameworks.

This Business Guide consists of three parts:

- 1. Product profiles, in which a selection of products will be highlighted.**
- 2. A market opportunity analysis to determine the suitable sales market(s) and the suitable sales channel(s) for leather goods**

Market opportunity analysis:

1. Selection of target markets
2. Sales channel assessment
3. Company assessment
4. Supply and demand comparison

- 3. A checklist for building up a trading link**

Building up a trading link:

1. Reviewing the products and the product range
2. Identifying a suitable trading partner
3. Drawing up an offer
4. Handling the contract
5. Sales promotion

Statistical market information on consumption, production and trade, and information on trade structure and prices and margins, which is required for the ready-to-fill-in frameworks in the “Business Guide”, can be found in the EU Market Survey “Leather Goods”. The EU Market Survey also includes contact details of importers, trade associations, and other relevant organisations.

3.1 Product Profiles

PRODUCT PROFILE Billfolds

1. Product name: Bollfolds

2. Market requirements:

Quality standards:

No European standards have yet been set. However, consumers prefer billfolds as mentioned underneath. Billfolds, first of all, are designed and purchased for their functionality. The materials used should be soft and rather flexible. Items should be finished by skiving and folding. At least 2 or 3 compartments for banknotes. (Pay attention to the sizes of the euro banknotes!) Partitions for credit cards are essential. Some additional compartments for other documents like driving-license or club-member cards are advisable. Billfolds with a compartment for coins and credit cards are the most popular items. The compartment for coins should be rather wide. This compartment should have a push-button for closing.

Minimum labelling:

- Product name and identification number:
- name and address of the producer / exporter.

Packaging:

Large importers often have their own requirements for packaging but some advices underneath.

- Each item to be wrapped in tissue paper or plastic pocket;
- a limited number (6 - 12) in little cardboard boxes;
- mention the number of the item and the colour of the item on this little box;
- for packing the small boxes do use solid boxes
- before packing the small boxes make sure that the products inside the main box are protected by plastic bags order to avoid damage from rain or moisture;
- each main box should have a packing list with specification of the products inside in terms of quantity, types, colours etc.

Import regulations:

Relevant import documents:

- EUR 1 form for ACP countries;
- FORM A for other developing countries.

5. How to improve the quality:

Special attention for cleanliness of the items. Regular and fine stitching is preferred. Corners to be rounded.

3. Market structure:

Export price

Lower segment of the market: US\$ 2,00 - 3.50
Middle segment US\$ 3.50 - 5.00
Upper-middle segment US\$ 5.00 - 8.00
High segment US\$ 8.00 and above.

Main markets:

The main European importers are The Netherlands and Germany, followed by the UK.

Market trends:

The market is rather stable but there is an increasing demand in the lower and middle segment by mail-order houses.

4. Main suppliers:

The leading supplying countries to the European Union are China, India and Italy.

PRODUCT PROFILE Suitcases (Trolleys)

1. Product name: Trolley

2. Market requirements:

Quality standards:

No European standards have yet been set. On the other hand there are some general guidelines for the quality control of standard suitcases.

These guidelines can be ordered from:

T.N.O. Institute for Packing and Packaging

P.O. Box 71

2600 AB Delft

The Netherlands

Tel.: +31 15 2696900/2696444

Fax: + 31 15 2 566308

Trolleys (upright luggage) now hold the major share of the suitcase segment. The trolley should have two "skate" wheels at the rear and an extendible handle. This handle should be rather long, making it much easier to transport.

The best materials are polyester or super fibre nylon. Frames should be strong and wheels of good quality. Zippers in nylon or optilon.

Metal zippers are not accepted. An additional fixed handle at one of the sides is a point in favour.

Design some compartments (with easy accessibility) on the outside are preferred.

Airline companies use different maximum sizes for cabin-luggage, depending on the aircraft.

In general, a size of 115 cm as total for length+height+width is the maximum acceptable size. The 115 cm. can be divided as 55+40+20 cm or 55+35+25 cm. respectively.

Minimum labelling:

- Product name and identification number - name and address of the producer/export;
- Name and address of the producer/exporter.

Packaging:

Large importers often have their own requirements for packaging. Some general advices:

- Design your trolleys in sizes that will fit into each other (Less volume);
- Each item (or set of items) to be packed in a solid cardboard box;
- Mention the article or set-number and the colour on the box;
- Make sure that the contents of the box is protected by a plastic bag in order to avoid damage from rain or moisture;
- Give each box a successive number.

Import regulations:

Relevant import documents:

EUR 1 form for ACP countries

3. Market structure:

Export price:

Because of the different sizes, materials and all elements mentioned, a general guideline cannot be given on prices.

To give some indication about

Cabin-Luggage:

Lower segment US\$ 12.00 - 20.00

Middle segment US\$ 20.00 - 30.00

Upper-middle segment US\$ 30.00 - 45.00

High segment US\$ 45.00 and above.

Main markets:

The main European importers are:

Belgium, France, followed by Germany, and The Netherlands

Market trends:

At the expense of traditional suitcases, there is an increasing demand for trolleys all over the European Union.

4. Main suppliers:

The leading supplying countries to the European countries are China, Belgium and France.

5. How to improve the quality:

Don't use inferior materials. Wheels should be "built-in". A simple but effective lining will improve your trolley. Handles should be fixed properly.

PRODUCT PROFILE Business Bags

1. Product name: Business Bags

2. Market requirements:

Quality standards:

There are no European standards for business bags. However: First of all, the business bag should be functional but needs to show the professionalism of the owner as well. Inexpensive materials can be used for the lower end of the market but in case of leathers used, make sure that you use good quality with luxury look. Consumers need to show their success in business by presenting documents out of a sophisticated bag. The bags should have compartments for documents and/or laptop. Fixed to one of the dividers there should be little compartments for credit cards, company cards, mobile phone, ball-pens and other small utensils used in business practise. The best items are with a flap-over, closed by one or two solid locks. Top-quality with code-locks. The materials used should be strong enough for save transportation of heavy documents and/or laptop. Use reinforcements for the dividers and make sure that the top-handle is fixed as strong as possible. The top-handle should feel comfortable in the hands, even by very heavy-loaded bags. Besides, many customers prefer an adjustable and detachable shoulder strap. (Use snap-hooks of good quality An outside zip-compartment in the backside of the bag is for safety reasons and in order to have quick access to personal belongings without being forced to open the bag. The bag need to be wide enough for standard writing papers (31 x 21 cm)

Minimum labelling:

- Product name;
- Name and address of the producer/exporter;
- Of which material it is.

Packaging:

Very often importers will give instructions about packaging. If not any instruction:

- Each bag in a polyethylene bag or "cloth" satchel;
- The in this way protected bag in a simple cardboard box, marked with the identification number of the bag and the colour of the bag;
- A limited number (5 - 10) of the individual boxes should be stowed in a solid cardboard box;
- Protect the corners of the box from indenting;
- Mention the quantity etc. on the outside of the main box. (e.g. 6 x Nr. 3712 Black);
- Protect the contents from moisture.

Import regulations:

Relevant import documents:

- EUR 1 form for ACP countries
- FORM A for other developing countries.

3. Market structure:

Export price:

To give a general indication of export prices is quite impossible because of the variety in materials, styles, sizes and compartments. To give one example: Leather bag with two compartments, some inside pockets and zip-compartment in the backside:

Lower segment: US\$ 12.00-15.00

Middle segment: US\$ 15.00-25.00

Upper-middle segment US\$ 25.00-35.00

High segment US\$ 35.00 and above

Main markets:

The main European importers are the United Kingdom and Germany, followed by Italy and France.

Market trends:

The business bag has been increasing in appeal to young dynamic men and women but at the expense of traditional attaché cases.

5. How to improve the quality:

Make sure that all materials used fulfil the requirements of intensive use. Linings and zippers in the same or matching colours of the leathers used. Solid metal accessories are a must.

4. Main suppliers:

The leading supplying countries to the European countries are China and France followed by The Netherlands.

PRODUCT PROFILE Ladies Handbags

1. Product name: Ladies handbags

2. Market requirements:

Quality standards:

Ladies handbags can be divided into two categories viz, classical handbags and fashionable handbags. There are no European standards concerning the quality of ladies handbags.

Classical handbags are usually made from leather and consumers appreciate a durable bag that can be used for many years. Fashion bags on the other hand are offered in a large variety of materials or combination of materials and the durability of the bag is considered to be less of an issue. For manufacturers in developing countries it is essential to be informed about the latest fashion trends, which can be found in international magazines, such as 'Arpel', 'Lederwaren Report' and 'Lederwaren Zeitung'. In practise manufacturers in developing countries will be informed by potential buyers or be invited to produce on buyer's specification.

Minimum labelling:

- Product name and identification number;
- name and adress of the producer/exporter.

Packaging:

- Each bag to be packed in a polyethylene bag. The more expensive ones in little boxes or cloth satchels;
- By packing the bags in solid make sure that e.g. metal parts can't damage the other bags in the box;
- Use cardboard layers for protection;
- Take care that the bags can't be damaged by rain or moisture;
- Each main box should have a packing list with specification of the products inside in terms of quantity, types, and colours.

Import regulations:

Relevant import documents:

EUR 1 form for ACP countries

FORM A for other developing countries.

3. Market structure:

Export price:

For this diversity in materials, styles, sizes etc. a general guideline on export prices cannot be given.

Main markets:

The main European importers are France, the U.K. followed by Germany

Market trends:

The market for classical leather handbags is rather stable. In fashion however, the market for handbags in leather in the middle and upper-middle segment is declining. In this part of the market there is an increasing demand for fashion bags in leather imitating materials, synthetics and fabrics or combinations of these materials.

4. Main suppliers:

The leading supplying countries to the European countries are Italy and Germany followed by China.

5. How to improve the quality:

Use matching colours for linings and zippers. All metal parts should be clean and not too bulky.

Follow carefully instructions of your prospective buyers and don't produce a look-a-like as counter sample.

PRODUCT PROFILE Manicure Set

1. Product name: Manicure Set

2. Market requirements:

Quality standards:

There are no European standards for manicure sets. However manufacturers should be aware that the quality of the set is mainly determined by the quality of the accessories of the manicure set. In case the manicure set is closed by a zipper make, the zipper must allow that the set can be fully opened in order to have access to the accessories. Top-quality accessories are produced by manufactures such as “Zwilling”, “Pfeilring”, “Kreuzbube”, and “Windrose”. All four manufacturers are located in Solingen, Germany. Note that the quality of the outside material of the manicure set should match the quality of the accessories. Premium leather sets with low-quality accessories will not sell in the EU market.

Minimum labelling:

- Product name and identification number;
- Name and address of the producer/exporter;
- Of which material it is.

Packaging:

Large importers often have their own requirements for packaging. Some general advice on packaging is:

- Inexpensive manicure sets should be packed in simple polyethylene pockets;
- Better quality manicure sets should be packed in simple cardboard boxes;
- Premium quality manicure sets should be packed in good-looking cardboard boxes;
- A limited number of manicure sets per box.
- The contents of the boxes have to be protected from rain / moisture;
- Each box should have a packing list with specifications of the articles in terms of quantity, type, colour, etc.

Import regulations:

Relevant import documents:

- EUR 1 form for ACP countries
- FORM A for other developing countries.

3. Market structure:

Export price:

To price of manicure sets depends for a substantial part on the quality of the accessories inside and the quality of the outside materials. The price indication given below is for a manicure set containing two pairs of scissors, nail file, pair of tweezers and two other instruments.

Lower segment: US\$ 6.00 - 8.00

Middle segment: US\$ 8.00 - 12.00

Upper-middle segment US\$ 12.00 - 15.00

Premium segment US\$ 15.00 and above

Main markets:

The main European importers are Germany and United Kingdom, followed by France.

Market trends:

The market for manicure sets is rather stable. However there is an increasing demand in the lower and middle segment by mail-order houses.

4. Main suppliers:

The leading supplying countries to the European countries are Germany, the United Kingdom, followed by China for the lower and middle segment.

5. How to improve the quality:

Manufacturers have to make sure that the accessories in the manicure set are spotless. The quality of the accessories should match the quality of the leather used for the set. The costs involved in the leather outside material are just a minor part in the total cost price of the manicure set. Therefore cost savings should not be sought after in the quality of the outer material.

3.2 Market analysis

In this section a market opportunity analysis is conducted through a methodology of ready-to-fill-in frameworks. The analysis consists of four parts:

1. Selection of **target markets**, to identify suitable markets for selling leather goods.
2. **Sales channel assessment**, to estimate the requirements of potential sales channels in respect to product standards, logistics and marketing.
3. **Company assessment**, to assess your company's performance in respect to product standards, logistics and marketing.
4. **Supply and demand comparison**, to compare the requirements of the sales channels with your own company performance, so as to identify the most suitable sales channel(s).

The basic questions a future exporter must ask himself are:

- Is there a market for my products?
- Can I reach this market?
- Can I offer my product at an acceptable and competitive price?

3.2.1 Selection of target markets

This section helps to quickly determine particularly attractive markets. Exporters can complete the ready-to-fill-in framework for each country they intend to export to. Markets are assessed on five criteria:

1. Market potential
2. Product standards
3. Trade situation
4. Export conditions
5. Exporting experience

- There are three possible answers to each question, which are awarded 1, 2 or 3 points each. If there is no exact answer to a question, it should always be awarded 2 points, to avoid distorting the statistics of the overall results.
- The points awarded for each criterion and the total points awarded are entered in a table for the final results.
- The total points awarded give a ranking for the markets analysed (top ranking for the country with the highest number of points, etc.).
- Finally, the markets can be evaluated relatively (ranking) and absolutely (each market individually), in order to assess the opportunities and constraints within each market.

Subject evaluated			
points			
1	Market potential		
1.1	What is the estimated market size for leather goods?		
	<input type="checkbox"/> large (3 pts.)	<input type="checkbox"/> average (2 pts.)	<input type="checkbox"/> small (1 pt.)
1.2	How has the market volume developed during the last 3-5 years?		
	<input type="checkbox"/> grown(3 pts.)	<input type="checkbox"/> unchanged (2 pts.)	<input type="checkbox"/> declined (1 pt.)
1.3	How have imports of leather goods developed during the last 3-5 years?		
	<input type="checkbox"/> grown(3 pts.)	<input type="checkbox"/> unchanged (2 pts.)	<input type="checkbox"/> declined (1 pt.)
Evaluation of the market for leather goods			
<i>continued</i>			

2 Product standards

2.1 What standards are set on the quality of leather goods?

- low standards (3 pts.) medium (2 pts.) high standards (1 pt.) —

2.2 To what degree are regulations in force?

- low (3 pts.) medium (2 pts.) high (1 pt.) —

2.3 How high are the standards demanded on packaging methods?

- low (3 pts.) medium (2 pts.) high (1 pt.) —

2.4 How high is the demand on environmentally sound production methods ?

- low (3 pts.) medium (2 pts.) high (1 pt.) —

Evaluation of product standards

3 Trade situation

3.1 How high is the demand for new suppliers?

- large (3 pts.) average (2 pts.) small (1 pt.) —

3.2 How many producers (sellers) are there in the country concerned?

- few (3 pts.) average (2 pts.) many (1 pt.) —

3.3 At what price level EU importers are interested in developing country exports?

- high (3 pts.) medium (2 pts.) low (1 pt.) —

3.4 Is there a clear trade structure allowing for easy identification of trade partners?

- very clear (3 pts.) more or less clear (2 pts.) not at all (1 pt.) —

Evaluation of the trade situation

4 Export conditions

4.1 Are there import restrictions that limit sales opportunities?

- none (3 pts.) few (2 pts.) many (1 pt.) —

4.2 How high are the import duties?

- low (3 pts.) average (2 pts.) high (1 pt.) —

4.3 To what degree is the domestic industry subsidised?

- not at all (3 pts.) somewhat (2 pts.) strongly (1 pt.) —

4.4 Can I reach the market easily (cost of freight)?

- Competitive (3 pts.) possible (2 pts.) difficult & expensive (1 pt.) —

Evaluation of export conditions

5 Exporting experience (of potential exporter)

5.1 What is the level of information available on this market?

- high (3 pts.) average (2 pts.) low (1 pt.) —

5.2 Do (or did) trade relations exist with the country concerned?

- yes, at present (3 pts.) yes, in the past (2 pts.) no, never (1 pt.) —

5.3 Is language a problem?

- not at all (3 pts.) somewhat (2 pts.) very much (1 pt.) —

Evaluation of exporting experience

Total evaluation of the individual market

points	appraisal
18-29	Either there are certain difficulties in trading with these markets or countries, or their attraction rating is under-average. Examine individual cases to see whether special circumstances might have a positive effect on trade with some markets or countries.
30-41	These markets or countries have an average attraction for trade. Examine individual low-rating criteria to see whether, in special cases, they might have a decisive influence on building up a trading link.
42-54	These markets or countries are highly attractive. Building up or expanding trade relations could prove to be worthwhile.

3.2.2 Sales channel assessment

After evaluating the prospective countries and markets, the particular sales channels within these markets must be assessed. After assessment of the performance of your own company (next section), comparison of the requirements of the sales channels with your company's performance will enable you to identify the most suitable sales channel(s) (Section 3.2.4). Each sales channel is appraised on three criteria:

1. Product standards
2. Logistics
3. Marketing

The final evaluation of the sales channels takes place after the evaluation of your own company performance.

1 Product standards			
1.1 What quality standards does this sales channel demand?			
<input type="checkbox"/> low	<input type="checkbox"/> average	<input type="checkbox"/> high	
1.2 What package sizes does this sales channel demand?			
<input type="checkbox"/> no specific	<input type="checkbox"/> standard packaging sizes:	<input type="checkbox"/> specific sizes:	
	
	
1.3 What packing materials does this channel demand?			
<input type="checkbox"/> not specific	<input type="checkbox"/> specific packing:		
1.4 What are the requirements of this sales channel regarding production?			
<input type="checkbox"/> no special requirements	<input type="checkbox"/> country-specific regulations		
1.5 What product groups does this sales channel demand?			
<input type="checkbox"/> no specific requirements			
<input type="checkbox"/> specific requirements:			
	not required	required	products required:
Briefcases	<input type="checkbox"/>	<input type="checkbox"/>
Suitcases	<input type="checkbox"/>	<input type="checkbox"/>
Handbags	<input type="checkbox"/>	<input type="checkbox"/>
Travel bags	<input type="checkbox"/>	<input type="checkbox"/>
Other bags	<input type="checkbox"/>	<input type="checkbox"/>
Small leather goods	<input type="checkbox"/>	<input type="checkbox"/>
Belts	<input type="checkbox"/>	<input type="checkbox"/>

continued

2 Logistics

2.1 How often does this sales channel normally require deliveries?

- seldom (approx. once a year) average (approx. 2-3 times a year) often (more than three times a year)

2.2 What formalities does this channel demand from the exporter?

- none complete shipping documents without Customs declaration
 complete shipping documents including Customs declaration

3 Marketing

3.1 Where do negotiations for this sales channel take place?

- in the producer country in a third country:
 in the country of destination

3.2 Which persons influence business contacts in this sales channel?

- head of company/general buyer product group buyer sales manager marketing manager

3.3 How often does this sales channel expect a personal visit from the exporter?

- seldom between once a year more than once a year and once per 2 years

3.4 What cycles of delivery does this channel demand?

- none seasonal emphasis equally distributed throughout the year

3.5 What quantities are demanded by this channel?

	not required	lowest quantity	normal quantity
product group:			
Briefcases	<input type="checkbox"/>	<input type="checkbox"/>
Suitcases	<input type="checkbox"/>	<input type="checkbox"/>
Handbags	<input type="checkbox"/>	<input type="checkbox"/>
Travel bags	<input type="checkbox"/>	<input type="checkbox"/>
Other bags	<input type="checkbox"/>	<input type="checkbox"/>
Small leather goods	<input type="checkbox"/>	<input type="checkbox"/>
Belts	<input type="checkbox"/>	<input type="checkbox"/>

3.6 What sales support material is necessary for business contacts with this sales channel?

- none price list sales statistics
 sales brochure campaign brochure

3.7 What promotional material is necessary in this sales channel for the further sale of the products?

- none product information
 special packaging and/or packaging size
 product samples and/or sample packs
 special marking: bar-codes
 other:

3.8 Which references are needed to guarantee my payment?

- none usual strong references

3.9 Which are the usual methods of payment? (see Section 1.5.2)

- letter of credit document against payment other:

3.10 Which are the usual terms of payment? (see Section 1.5.2)

- FOB CFR CIF

3.5 What quantities do you generally produce?

product groups	product	not produced	lowest quantity	normal quantity
Briefcases		<input type="checkbox"/>	<input type="checkbox"/>
Suitcases		<input type="checkbox"/>	<input type="checkbox"/>
Handbags		<input type="checkbox"/>	<input type="checkbox"/>
Travel bags		<input type="checkbox"/>	<input type="checkbox"/>
Other bags		<input type="checkbox"/>	<input type="checkbox"/>
Small leather goods		<input type="checkbox"/>	<input type="checkbox"/>
Belts		<input type="checkbox"/>	<input type="checkbox"/>

3.6 What sales support material is available for your product?

- none
- price list
- sales brochure
- campaign brochure

3.7 What promotional material is available for the further sale of the products?

- none
- product information
- special packaging and/or packaging size
- product samples and/or sample packs
- special marking
- other:
-

3.8 What is my financial availability for meeting the proposed terms of payment?

- good
- acceptable
- insufficient

3.9 Which are my usual methods of payment? (see Section 1.5.2)

- letter of credit against payment
- document
- other:

3.10 Which are my usual terms of payment? (see Section 1.5.2)

- FOB
- CFR
- CIF

3.2.4 Determining the most suitable sales channel(s) and opportunities for strategic alliances

Using the checklists in the previous sections, you can now compare the corresponding checklists of the sales channel assessment and the company assessment, so as to identify the most suitable sales channel(s) for your products.

- Use the table below to record the number of answers for each sales channel which agree with one another and those that do not.
- The sums of corresponding and non-corresponding answers show which sales channel is the most suitable. Non-corresponding answers represent problems that must be solved, before you can sell your products through a particular sales channel.

	conditions agree	conditions disagree
1 Product standards		
1.1 Quality standards	<input type="checkbox"/>	<input type="checkbox"/>
1.2 Package size	<input type="checkbox"/>	<input type="checkbox"/>
1.3 Packaging materials	<input type="checkbox"/>	<input type="checkbox"/>
1.4 Production techniques	<input type="checkbox"/>	<input type="checkbox"/>
1.5 Product range	<input type="checkbox"/>	<input type="checkbox"/>
2 Logistics		
2.1 Delivery frequencies	<input type="checkbox"/>	<input type="checkbox"/>
2.2 Formalities	<input type="checkbox"/>	<input type="checkbox"/>
3 Marketing		
3.1 Place of negotiations	<input type="checkbox"/>	<input type="checkbox"/>
3.2 Decision-makers	<input type="checkbox"/>	<input type="checkbox"/>
3.3 Frequency of visits	<input type="checkbox"/>	<input type="checkbox"/>
3.4 Delivery cycles	<input type="checkbox"/>	<input type="checkbox"/>
3.5 Quantities required	<input type="checkbox"/>	<input type="checkbox"/>
3.6 Sales support material	<input type="checkbox"/>	<input type="checkbox"/>
3.7 Sales support material for further sale	<input type="checkbox"/>	<input type="checkbox"/>
3.8 Guarantee	<input type="checkbox"/>	<input type="checkbox"/>
3.9 Payment terms	<input type="checkbox"/>	<input type="checkbox"/>
	conditions agree	conditions disagree
Number of answers	.....	.....

3.3 Building up a business relationship

The Business Guide for building up a trading link consists of five sections:

<p>1. Reviewing the products and the product range:</p> <ul style="list-style-type: none"> (a) specifying range, width and depth; (b) specifying the product characteristics; (c) packaging design. <p>2. Identifying a suitable trading partner:</p> <ul style="list-style-type: none"> (a) filling out a contact exchange form; and (b) evaluating the information. <p>3. Drawing up an offer:</p> <ul style="list-style-type: none"> (a) drawing up a general offer; (b) drawing up a specific offer; and (c) general remarks. 	<p>4. Handling the contract:</p> <ul style="list-style-type: none"> (a) contract terms; and (b) contract fulfilment. <p>5. Sales promotion:</p> <ul style="list-style-type: none"> (a) advertising and communication; (b) sales organisation; and (c) participation in trade fairs (d) Internet.
--	--

3.3.1 Reviewing the products and the product range

(a) specifying range, width and depth

Definition

A product range consists of several product groups (range width), each with several different products (range depth).

Example:

- The product range consists of leather articles.
- This product range consists of the following product groups: handbags, small leather goods, travel bags.
- The product group small leather goods includes wallets, ladies' purses, key-holders, coin-purses, manicure sets.

Rationale

A supplier can only select a suitable business partner if he/she knows exactly what range he/she can offer. A precise review of the product range, therefore, aims at identifying the most **suitable** candidate(s) out of the many **potential** customers.

Procedure

(b) Specifying the product characteristics

Enter in the list below for each product group, which products you produce, together with their characteristics. Furthermore, state the packaging method and the quantities that you can supply:

Special remarks:

- The reviews must enable potential customers to make an appraisal of your complete product range.
- The reviews must therefore always be kept up-to-date.
- The products and the range should be flexible so that adjustments and changes can be made, if the need arises.

(c) Packaging

Special transport packaging is necessary to ensure that the products arrive in perfect condition at their destination. Unsuitable packaging often causes damage to the product. The packaging design should take the following into account:

- Proper storage and transport
- Standard packing sizes
- Environmentally friendly materials

The following questions aim at assisting you in designing your packaging:

Proper storage and transport

(1) Have your importers ever complained about the quality of your products?

Possible causes:

- Unsuitable packaging material
- Unclean packaging
- Insufficient protection during transport
- Too many products in each packaging

(2) Do your importers use special transport packaging?

Reasoning:

- Perhaps you could use this special transport packaging as well.
- You may also be able to make use of the importer's packaging know-how.

Standard packing sizes

(1) Does your importer use standard sizes?

Reasoning:

- Using the wrong package size can have a negative effect on your business.

Recyclable materials or two-way systems

(1) Fully recyclable packages must be used when trading with certain business partners. When doing so, please observe the following:

- Minimise the use of plastic by using alternative environment-friendly materials such as carton.
- Colouring materials used should not be harmful to the environment
- In the case of metal packaging use no (or as little as possible) cadmium, mercury or chromium (maximum concentrations allowed in packaging are: 250 ppm and 100 ppm after 30 June 2001).

product group	product	characteristics	packaging	quantity

3.3.2 Identifying a suitable trading partner

Definition

Among the many potential customers, you must identify those who match your own company profile and product range and are therefore most suited for building up a trading link.

Check your potential buyers' financial status, credibility.

At the end of the identification phase, the supplier should have selected the names and addresses of suitable trading partners.

(a) Contacting one or more sources of information

In the **producer country:**

- The foreign-trade chamber of commerce of the country of destination.
- The Economic Affairs departments of the official representative (Embassy or Consulate) of the country of destination.

In the **country of destination:**

- Business support organisation
- Trade associations
- Your own country's public and private business support bodies
- Your own country's diplomatic and consular representatives
- Chambers of commerce
- Trade fair organisers (catalogues)

Points of attention:

- Many sources of information only answer written inquiries!
- As a general rule: a concise but detailed inquiry improves the chances of precise identification.

(b) Evaluating the information

Evaluate the names and addresses you receive, using the following criteria:

- Is the information complete?
 - full address;
 - telephone and fax number;
 - name of the person to contact;
 - e-mail address of the contact person.
- Is the importer active in the country you have selected?
- Does the importer focus his activities on the corresponding product groups?
- Do I have enough sound information about the reliability of this partner?

Using these criteria, draw up a priority list of the contact addresses you have received.

3.3.3 Drawing up an offer

There are two different kinds of offers:

1. a general offer;
2. a specific offer.

(a) drawing up a general offer

The purpose of a general offer is to make the first contact with potential trading partners with whom the supplier is not yet personally acquainted.

A general offer consists of sending a short profile of your own company and a summary of your product range.

In a personal letter, briefly introduce your company and tell what you have to offer.

(b) drawing up a specific offer

A specific offer is legally binding for a certain period of time. You must therefore be capable of fulfilling the terms of contract. You should make up a specific offer only when you know the business partner personally or after you have made the initial contact.

When sending a specific offer, it should consist of two parts:

(1) **written offer:**

- Name of the person responsible in your company;
- Exact description of the goods offered (preferably using an internationally valid quality standard specification);
- Price of the goods offered in accordance with the Incoterms 2000 (ICC publication; if applicable, split up by delivery quantities or quality); and
- Possible delivery date and terms of delivery.

(2) **product samples:**

- Product samples must correspond to the goods available for delivery (if they don't this can have a lasting negative effect on business relations);
- State the treatment methods used (if possible, provide quality certificates from an internationally recognised inspection organisation and send a reference list of existing customers).

(c) General remarks

Recommendable action for both kinds of offer:

- A telephone call to ask whether the offer (and the samples, if applicable) has/have arrived.
- An invitation to visit your company.
- Possibly propose a visit to the country of destination.
In that case:
 - If necessary, hire an interpreter.
 - Ask your own consulate or other intermediaries for assistance.

3.3.4 Handling the contract

When handling the contract, you should consider the terms and the fulfilment:

(a) Contract terms:

- Conclude the delivery conditions according to international guidelines (e.g. Incoterms 2000)
- Particularly when delivering for the first time, it is usual to deliver the goods free on commission and freight-paid.

(b) Contract fulfilment:

- Procure the delivery documents in good time.
- Comply strictly with all parts of the supply agreement.
- If you cannot comply with any part of the agreement (e.g. delivery delays or quality problems), inform the customer clearly and in good time, ask if he is prepared to accept this unforeseen deviation.
- Co-operate on a partnership basis and seek a common solution even if conflicts arise.
- Fulfilling the contract should have a high priority, particularly when delivering for the first time.

3.3.5 Sales promotion

Sales promotion measures relate to developing and expanding the following:

- customer relations;
- supply quantities.

Developing customer relations:

- Take good care of existing customers. This includes for example expressions of thanks to business partners, regular information on the product range, etc.
- Brochures on your company and the product range can be useful for promoting sales.
- Ask existing customers for letters of reference. Such recommendations are particularly important when making new initial contacts.

Expanding supply quantities:

- In some cases, you may be able to increase supply quantities to existing customers.
- The product range should be guided by the demand. Changes to the product range may become necessary.
- If you can increase the present quantities produced, you could look for new sales outlets.
- You can use your existing export experience to trade with other importing countries.
- Always answer a letter of inquiry. If you cannot supply this contact, say so, explaining that you will get in touch with him if/when the supply situation changes.

(a) Advertising and communication

Definition

Advertising refers to communication measures with the aim of increasing the sales of your products. The prerequisites for successful communication measures are:

A clearly defined target group	→ “Who buys my products?”
A well-formulated message	→ “What do I want to tell message the customer?”

Costs and dispersion losses

Two parameters are used to measure the costs of any communication measure:

Cost per contact	→ “How much does it cost to convey the message to one target company/person?”
Total costs	→ “How much does the whole campaign cost?”

It must be borne in mind that not all messages sent actually reach the addressees (target persons). The costs for messages that do not reach the right addressee are called dispersion losses.

Recommendations

It is advisable to commence with communication measures which only require a small amount of planning and co-ordination, such as revising the company’s standard printed matter:

Criteria	Target group	Amount of planning and Co-ordination	Cost per contact	Total costs	Dispersion losses
Measures					
Standard printed matter (letterheads etc.)	Existing customers	+	+	+	+
Telephone and mailing campaigns	Existing and potential customers (known by name)	++	++	++	+
Advertising in trade journals	Existing and potential customers (partly unknown)	++	++	++	++
Promotion through an Internet site	Existing and potential customers (partly unknown)	+++	+	++	+

+++ = high ++ = medium + = low

- Standardise all printed paper used outside the company (letterheads, visiting cards, fax form, etc.).
- Prepare long-term sales documentation (company brochure, product range reviews, etc.).
- Prepare product-specific sales folders.

If your company has an Internet site, you can make sales documentation and folders available electronically. By making sales documentation available electronically, you can reduce the amount of printed documentation you need to send, as well as the related costs.

Constant, prompt and reliable communication is a vital prerequisite for maintaining a long term business relationship with a customer.

(b) Sales organisation

The term “sales organisation” refers to the organisational system that carries out the sales of the company’s products and pursues quality control. A sales organisation usually consists of office personnel and a field force.

Organising sales

Business with partners overseas is often concluded on the telephone, by fax or by e-mail. A well-functioning sales department is therefore an absolute prerequisite for successful market participation.

Office personnel	Field force
<ul style="list-style-type: none"> • Handling correspondence • Handling offers and orders • Issuing forwarding instructions • Issuing and checking invoices • Controlling schedules • Keeping customer records • Expediting product samples • Keeping sales statistics • Evaluating markets • Dispatching goods • QUALITY CONTROL 	<ul style="list-style-type: none"> • Selling • Visiting customers • Presenting new products • Discussing and implementing campaigns • Discussing listings • Holding yearly reviews with customers • Implementing selling prices

- The essential tool used in the sales department is a detailed and up-to-date customer data base. The customer data base contains the following information:
 - Basic data on the customer (e.g. long-term data such as name, address, telephone number, e-mail, etc.);
 - Changing data on the customer (data resulting from business with the customer such as telephone calls, offers, sales statistics, etc.).
- The customer data base gives a sales person a quick review of the most important customer data when planning to contact the customer whether by telephone, fax or e-mail.
- If possible, the customer data base should be computerised, because this simplifies changes, updating, sorting and selection procedures, etc. If computerisation is not possible, the customer data should be kept on file cards (see samples).

Customer Data Sheet			
Company:			
Company:	Customer No.:	Customer class*:	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C
Street:	Customer class*:	First contact date:	___/___/___
P.O. Box:	First contact date:	Sales person:	.....
Postal code:	Sales person:	Customer type:	.....
Town:	Customer type:	(agent, importer, manufacturer)	
Country:	(agent, importer, manufacturer)	Sales last year:	.....
Tel.:	Sales last year:	Sales planned this year:	.....
Fax:	Sales planned this year:	Method of payment:	.....
E-mail:	Method of payment:	Delivery conditions:	.....
Internet:	Delivery conditions:	Remarks:	.....
Bank:	Remarks:		.....
Bank address: .....			.....
Account No: .....			.....
Business partners:			
1	Title:	First name:	Name:
	Function:	Tel.:	Fax:
			E-mail:
2	Title:	First name:	Name:
	Function:	Tel.:	Fax:
			E-mail:
3	Title:	First name:	Name:
	Function:	Tel.:	Fax:
			E-mail:
4	Title:	First name:	Name:
	Function:	Tel.:	Fax:
			E-mail:

* Classify customers by importance to your company (sales, quality of relation, etc).

Customer contact record			
Date	Contact person	Topic / Offer	Contract

(c) Participation in trade fairs

Participation in national and international trade fairs can be a useful sales promotion tool in the trade of leather goods. It should be noted though that in order to be successful one should participate more than once in these trade fairs. In the leather sector results may be expected after one has participated around three times in a trade fair. In addition, one should take into account that trade fairs for the leather sector are primarily aimed at retailers. Thus, in this case the exporter should be able to deliver small orders at low prices in spite of relatively high transportation costs.

Another disadvantage of selling directly to retailers is that wholesalers and domestic manufacturers might become less interested, because the demand of the retailers has already been fulfilled at prices which are lower than they would pay to the wholesalers or domestic manufacturers. In order to overcome this problem the developing country exporter could apply different prices for different buyers, possibly depending on the quantities bought.

Participation in trade fairs requires a comprehensive and detailed preparation regarding:

- selection of a suitable trade fair and preparations for participation;
- participation;
- follow-up.

Trade fairs, in the same way as a promotion campaign, need thorough preparation, viz.:

Before the trade fair:

- up-date your customer files
- prepare all documentation (business cards, company brochures, product range, etc.)
- make a preparatory mailing, informing your present and potential customers of your booth number and inviting them to visit you in the booth and/or propose to visit them (i.e. the existing clients).

During the trade fair:

- register all contacts

After the trade fair:

- enter all your contacts in a data base
- answer the contacts to thank them for their visit and send the information you promised
- you can make a second mailing several months after the first one, to remind your contact that you are at his disposal to answer any inquiry.

Business Support Organisations in the European Union can be of help in providing information about relevant trade fairs. They can also advise and/or assist the exporter with participation in a trade fair.

For more information about this subject refer to Section 2.2.3.

(d) Internet

Internet is generally considered to have many opportunities as a new means of communication between people and organisations.

The advantages of the Internet are:

- low cost of communication
- fast delivery
- independence of distance and timeline
- hardly any limits in size
- multimedia possibilities
- etc.

Besides one-to-one communication, Internet offers opportunities for presentation, (market) research, distribution, sales and logistical improvements. If your target group consists of importers/industries in overseas countries, you can advertise for (new) clients on your Internet site, showing your product line and indicating the conditions. A good Internet site can present your company to every potential client in any country with access to the Internet. You must realise, however, that your organisation must be thoroughly prepared for requests from all over the world.

To find the right site offering the right product is very time-consuming. Internet users are increasingly looking for sites that offer a line of products around a certain theme or area of interest. Consequently, unlike traditional marketing, export marketing through Internet should focus on themes or areas of interest.

If you include links to other interesting sites on your site to other interesting places on the Internet, your site might add value as well. If other sites put a link to your site, you will also attract more visitors.

As each customer decides by himself where he browses at the Internet, it is important to address him personally. Internet offers many opportunities to personalise your offer. You need to keep in mind that Internet is a 'pull medium' so you have to attract the customer to your site with a good offer. The visitor will choose his own way in the structure of your site. Therefore, you have to facilitate this through easy access to your message, by adding the most important issues to your homepage and providing easy-to-use search engines, good keywords for your database selections and a fast but attractive lay-out. By adding 'cookies' (small software tools that register and recognise a customer when he comes back) you can give your customer a personal welcome.

Besides the Internet, there are other electronic media which can be used in export marketing such as video, CD-rom and diskette. In the box below, an overview of the value of a number of carriers is presented. For further information about electronic media in export marketing, please refer the CBI News Bulletin No. 263

of March 1999. Information on setting up an Internet site can be found in the CBI Bulletins No, 273, 274 and 275 issued in 2000.

Value Carrier	Multi-media	Inter-activity	Multi-lingual	Capacity bility	Compati-of market	Penetration	Price
Diskette	++	++	++	--	+	++	+
Video	-	--	--	+	--	++	0
CD-rom	++	++	++	+	++	+	-
DVD	++	++	++	++	-	--	--
Hard disc	++	++	++	++	++	++	0
Internet	+	++	++	++	++	+	+

DVD: Digital Versatile Disc
 ++ very good; + good; 0 reasonable; - average; -- poor

CBI puts you in touch with the markets of Europe

CBI, the Centre for the Promotion of Imports from developing countries, is an agency of the Netherlands Ministry of Foreign Affairs. Since its establishment in 1971, CBI operates within the policy framework set by the Minister for Development Co-operation. Its mission is to contribute to the economic independence of developing countries. To fulfil this mission, CBI aims at strengthening the competitiveness of companies in those countries on international markets, primarily the West-European market, by improving conditions in enterprises and business support organisations. CBI considers social values and compliance with the most relevant environmental requirements to be an integral part of its policy and activities

CBI offers various programmes and services to its target groups:

Market information

- CBI News Bulletin (6 times annually);
- CBI guide "Exporting to the European Union";
- Market surveys and strategic marketing guides covering the EU including The Netherlands;
- Quick scans on environmental, social and health issues;
- Manuals on subjects such as technical and environmental regulations, trade fair participation, Fashion Forecast etc.;
- CBI's extensive Web site at www.cbi.nl providing general information about CBI, details about CBI programmes, CBI publications (downloadable free-of-charge) and the GreenBuss database on European trade-related environmental policy and technology;
- CBI's Trade Documentation Centre offering supply-related information to importers, such as exporters' directories, country and sector information, periodicals from developing countries, and - to visiting exporters - demand-related information such as market information, trade magazines, address books of European companies etc.

Matching services

CBI's computerized exporters' and importers' databases, containing around 3,500 regularly updated company profiles, are instrumental in providing buyers and suppliers with relevant company data on potential trade partners.

Export promotion programmes (EPP)

Step-by-step approach providing intensive assistance to selected exporters in developing countries in order to obtain a firm and lasting position on the EU market. Made to measure, demand-driven and flexibility are combined with fixed elements such as:

- pre-selection of candidates based on written documentation;
- technical assistance during company visits and distance guidance by CBI branch experts;
- export marketing training (for instance through the EXPRO seminars);
- market entry (for instance via participation in European trade fairs);
- market consolidation by way of follow-up support, further technical assistance and/or repeat market entry activities.

Human resources development

- BSO MARKET INTEL: five-day seminar in Rotterdam for relevant middle management staff of BSO's, aiming at supporting BSO's in establishing or improving a Market Information Service (MIS);
- CAPITA: two-week seminar in Rotterdam for specific industry & trade associations. Aims to provide -through their associations- specific industries or sectors in developing countries with tools to engage in business relations with importers and/or manufacturers in the EU;
- BSO-FAME: two-week seminar in Rotterdam for project managers of BSOs focusing on practical knowledge and applicable tools in export promotion to international markets in general and the European market in particular;
- IntFair: two-week seminar in Rotterdam for BSO staff members on the organization of collective participation in European trade fairs;
- Expro: seven-day seminar in Rotterdam on export marketing and management for selected exporters participating in a CBI export promotion programme;
- Workshops in developing countries: 2-4 days for BSOs and/or exporters, focussing on general export marketing and management, a specific product sector or on specific subjects.

Multilateral co-operation

CBI co-operates with the International Trade Centre (ITC/WTO) to globalize trade promotion and with other European import promotion organizations to increase efficiency and effectiveness by combining efforts.

Please write to us in English, the working language of the CBI.

Centre for the Promotion of Imports from developing countries
Centrum tot Bevordering van de Import uit de ontwikkelingslanden


Mailing address:

CBI
P.O. Box 30009
3001 DA Rotterdam
Phone +31 (0) 10 201 34 34
Fax +31 (0) 10 411 40 81
E-mail cbi@cbi.nl
Internet www.cbi.nl

Office and showroom:

WTC-Beursbuilding, 5th Floor
37 Beursplein, Rotterdam,
The Netherlands.

No part of this publication may be sold, reproduced in any form or by any means without the prior permission of CBI



Mailing address: P.O. Box 30009, 3001 DA Rotterdam, The Netherlands
Phone: +31 10 201 34 34 Fax: +31 10 411 40 81
E-mail: cbi@cbi.nl Internet: <http://www.cbi.nl>
Office and showroom: WTC-Beursbuilding, 5th floor
37 Beursplein, Rotterdam, The Netherlands