Market Development

MARKET BRIEF ON

WOMEN'S BLOUSES

AN OVERVIEW OF THE EUROPEAN COMMUNITY

1994

ITC

INTERNATIONAL TRADE CENTRE UNCTAD/WTO

Women blouses - EC overview

Product description

HS 61.06	Women's or girls' blouses, shirts and shirt blouses, knitted or crocheted 6106.10 Of cotton 6106.20 Of man-made fibres 6106.90 Of other textile materials
HS 62.06	Women's or girls' blouses, shirts and shirt blouses, not knitted or crocheted 6206.10 Of silk or silk waste 6206.20 Of wool or fine animal hair 6206.30 Of cotton 6206.40 Of man-made fibres 6206.90 Of other textile materials

Imports and exports (Q: millions of pieces; V: ECU'000)

Total EC trade in women's blouses

Q: millions of pieces
V: ECU '000

	1990		1991		1992	
	Q	V	Q	V	Q	V
Total imports	308.3	2,383.3	349.9	2,701.6	352.9	2,783.9
HS 61.06	84.7	381.0	99.5	445.4	95.6	472.0
HS 62.06	223.6	2,002.3	250.4	2,256.2	257.3	2,311.9
Total exports	139.4	1,483.7	138.8	1,530.4	155.7	1,609.7
HS 61.06	59.1	349.6	54.7	349.1	67.2	421.1
HS 62.06	80.3	1,134.1	84.1	1,181.3	88.5	1,188.6

Source: Eurostat.

Among EC member countries, Germany is by far the largest importer followed by the United Kingdom and France. Major suppliers among developing countries are Hong Kong, China, India, Turkey, Poland, Malaysia, Morocco and Tunisia.

Production

During the period under review, the EC production of women blouses declined, especially in the medium and low segments of the market where there was an increase in imported products.

According to the United Nations Statistical Office (Industrial Statistics Yearbook, 1991) EC production of women blouses of all types and fibres amounted to 128.3 million units in 1991, down from 129.1 million units in 1990. Italy, Germany, France, Greece and the United Kingdom are the major producers.

In recent years the EC clothing industry has been increasingly involved in sub-contracting agreements for the manufacturing of blouses in low cost labor countries. Specifications on fabrics, colors and models are normally given by the buyer. High fashion garments, however, are for the most part designed and manufactured locally.

Market characteristics

The economic recession experienced by EC countries over the past few years has greatly influenced trends and priorities in consumer spending, negatively affecting the clothing sector. A recent study conducted in Germany shows that expenditure on clothing ranked twelfth in 1993 (down from the tenth place in 1992) on the European household budget list.

Although more price sensitive in respect to the past, the EC market for clothing remains fashion and quality conscious. Fashion is not only meant as "Haute Couture" or stylist fashion, but in a larger sense as a distinctive style which harmonizes fabrics, colors and cuts. The approach to the EC markets for ready-to-wear blouses should be based on simple models rather than on ever-changing "latest fashion" designs. Color charts should also be simple and each item should be part of a collection inspired by a specific theme.

While plain white women's shirts and blouses are still in great demand, natural themes and exotic designs have become quite popular in recent stylists' collections. Ecology-consciousness, in particular, appears to significantly influence consumer buying patterns for the time being, both as a concept reflected in themes and colors, as well as in the choice of the fabrics.

A number of public institutions along with private firms supply information on future fashion trends. Among them are some Import Promotion Offices which disseminate publications on fashion forecasts/trends to developing countries.

Market access

A quota system, the Multifibre Arrangement (MFA), which has been governing the world's textile trade since 1974, was extended in December 1993 for a further period of 12 months. The implementation of the GATT Uruguay Round Agreement on Textiles and Clothing will gradually phase out the MFA quota system during a period of ten years, starting from early 1995. It should be noted that women blouses accounted for 5.8% (by value) of MFA clothing imports into the EC in 1992.

The conventional rate of duty on imports of women blouses is 14%. Imports from developing countries under the Generalized System of Preferences (GSP) or under specific EC agreements are granted a preferential rate. Imports from ACP (African, Caribbean and Pacific) countries signatory to the Lomé Convention, and from the Maghreb and Mashraq countries enter duty free.

Packaging

Blouses are normally packed in polyethylene bags and put into cartons. The number of blouses per bag depends on the type, market segment and other elements of the marketing mix; highly priced blouses supported by a brand name are normally packed individually.

Labelling

EC regulations generally require indications of size, origin, composition, washing and ironing instructions to be labelled on clothing and apparel.

Distribution channels

Specialized importers, manufacturers, department stores and mail-order houses are major importers of women blouses into the EC, the importance of each varying depending on the country.

Social, economical and cultural differences among EC member states are also reflected at the retail level. For example, in Italy 70% of clothing items are sold through independent stores, while in the United Kingdom they account for only 20%.

The trend, however, is towards concentration. Buying groups, large department stores and multiple stores will play an increasingly important role in importing and retailing garments.

A list of importers/wholesalers and large retail chains can be provided against payment (free of charge to least developed countries).

Prices

Prices are influenced by factors such as quality, design, brand, origin and prices of fabrics.

According to a survey conducted by "Textile Outlook International" (Nov.1993), the average EC import price for women blouses was ECU 5.82 in 1992, slightly higher than in 1991. Prices have remained stable ever since.

Among the major EC suppliers, imported blouses from Hungary were the more highly priced (ECU 12.3 per blouse, on average) followed by those from Hong Kong, Turkey and Poland (about ECU 8). Morocco, Cyprus and Tunisia supplied blouses at medium price levels (from ECU 5 to ECU 8) while blouses from India, Malaysia and Sri Lanka were imported at less than ECU 5 per piece.

Wholesaler and importer prices are generally marked up by 100%. Retail mark up can be as high as 150% of the wholesale price.

Mail-order catalogues in EC countries give retail prices together with a detailed description of the products.

Commercial practices

Clothing collections are generally created 18 months ahead of the retail selling season; they are then presented to the buyers (importers, wholesalers, buying groups, etc.) normally in shows, exhibitions and specialized fairs. Orders are placed during these events or afterwards, however, well ahead of the delivery date (usually six months). Prompt delivery schedules are essential in this sector.

As for the form of payment, the letter of credit remains the usual method, especially for transactions among distant countries. More flexible forms can be granted once the commercial relationship is consolidated.

Trade promotion

A number of trade fairs on fashion, clothing and apparel take place in the EC throughout the year constituting a privileged point of observation for fashion trends. These events are very useful for establishing business contacts and promoting sales (see Useful addresses).

A large number of specialized fashion magazines and trend reports are published in EC countries. They are good vehicles for fashion information and product promotion. However, given the high costs, advertising in these publications are carefully planned as part of a global marketing strategy.

Market opportunities

Although the demand decreased significantly over the past two years, the EC market for clothing is attracting new suppliers from developing countries.

The EC production has been declining as a consequence of reduced competitiveness, as well as imports from traditional suppliers, such as NICs (Newly Industrialized Countries) which are less competitive than alternative emerging exporters.

So far MFA quotas have not only helped local EC production but also exporters in NICs (which, over the years, have gained large quota access to the EC) in competing with new suppliers from other developing countries. However, declining exports and reduced rate of utilization of the quotas by traditional suppliers will cause the falling of their quota rents.

Moreover the implementation of the GATT Uruguay Round Agreement on Textile and Clothing will gradually phase-out the quota system, thus favoring exports from emerging suppliers.

Sources of information

- Eurostat, Statistical Office of the European Communities, Luxembourg
- United Nations, Industrial Statistics Yearbook, 1991, New York NY
- Textile Outlook International, various issues, The Economist Intelligence Unit, London
- Marketing in Europe, May 1993, The Economist Intelligence Unit, London
- International Customs Bulletin, Brussels
- GATT Press Release No. 1601 12/93, Geneva

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Women blouses - Germany

Production

Q: million pieces V: DM million	1990		1991		1992	
	Q	V	Q	V	Q	V
Cotton	14.9	611.8	14.7	605.6	13.5	574.5
Man-made fibres	12.7	515.0	9.8	433.7	8.7	379.2
Other fibres	9.9	374.5	9.8	382.3	8.5	361.6

Source: Produzierendes Gewerbe, Statistiches Bundesamt.

Trade

Q: million pieces V: ECU million	1990		1991		1992	
	Q	V	Q	V	Q	V
Imports						
61.06	31.9	157.5	37.3	183.0	36.1	205.5
61.06-10§	23.2	104.8	26.5	119.4	25.8	134.3
61.06-20	8.2	47.5	10.5	59.5	10.1	66.2
61.06-90	0.4	5.1	0.3	4.0	0.2	4.9
62.06	109.7	1,026.4	121.7	1,126.1	110.1	1,045.7
62.06-10	9.7	142.4	12.2	181.3	7.7	121.9
62.06-20	0.3	5.3	0.3	5.6	0.2	3.9
62.06-30	27.1	227.3	28.6	227.5	22.5	188.2
62.06-40	71.6	635.5	79.2	691.1	78.0	708.7
62.06-90	0.9	15.7	1.2	20.3	1.3	21.7
Exports						
61.06	3.8	34.1	36.6	36.6	3.8	36.7
62.06	20.2	427.2	431.8	431.8	19.3	422.3

Main origin of imports (million of pieces, 1992)

HS 6106 Total imports 36.1 of which: Turkey 5.7, Greece 3.7, Hong Kong 2.6, India 2.6, Malaysia 2.2, Portugal 1.8, Pakistan 1.7, Brazil 1.6 and Poland 1.4. Other suppliers among developing countries include: Morocco, Singapore, Prov. of Taiwan (China), Philippines, Thailand, China, Bangladesh, Mauritius, Tunisia, Sri Lanka and twenty other developing countries.

HS 6206 Total imports 110.1 of which: Hong Kong 12.6, India 12.6, China 8.0, Poland 7.8, Greece 7.8 and Turkey 7.3. Other suppliers among developing countries include: Morocco, Tunisia, Ex-Yugoslavia, Hungary, Sri Lanka, Bangladesh, Bulgaria, Pakistan, Indonesia, Romania, Thailand and thirty other developing countries.

Market characteristics

The German market for clothing, especially women's outwear, is generally fashion and quality conscious. Natural fibres and simple cuts are preferred. In former East Germany, however, the demand for low price garments is higher and ordinary quality and designs more readily accepted.

With imports totalling ECU 1,250 million, Germany was by far the largest EC importer of women blouses in 1992, despite the economic recession, higher taxes and unemployment which have had a negative impact on consumer purchasing power. Due to a more cautious attitude of consumers concerning their spending, particularly for clothing, during the period under review overall sales in the clothing sector decreased as did production and imports. This trend is expected to continue in 1994.

German clothing manufacturers have for some years been subcontracting production in low cost labour countries in order to compete in a market which is increasingly price conscious. Imports from developing countries cover the low and medium segments of the market. On the other hand, the local production tends to concentrate on up market garments identifiable through well-known brands such as Escada, Mondi, Einhorn, Otto Kerr, etc.

Distribution channels

There are five major channels for the distribution of clothing in Germany. Some of them deal directly with foreign suppliers carrying out import operations and subcontracting agreements, while others import through intermediaries such as agents or buy from specialized importers.

Major changes in the distribution system have occurred in former East Germany where state-owned stores of the pre-reunification period are gradually being replaced with department and chain stores. Mail-order houses have immediately benefited from the reunification by enlarging their range of operations to about 17 million new potential customers.

Distribution channels in the clothing sector, with an overall value of merchandise handled of DM 128 billion in 1992 are as follows:

Department stores	DM 16 billion	Chain stores	DM 34 billion
Buying groups	DM 25 billion	Mail-order houses	DM 23 billion
Independent retailers	DM 30 billion		

(**Source:** Protrade)

Market opportunities

The German market for clothing is not expected to grow significantly in the short and medium term, although it is gradually recovering from the recession. Imports, however, should increase their market share. Subcontracting agreements for production in low cost labor countries are expected to continue and to expand. In addition, the increasing concentration in the distribution system will stimulate competition thus favoring moderately priced imported products from developing countries.

The gradual phasing out of the MFA quota system (*refer to "Women blouses* **-** *EC overview*) and the opening of new market niches in former East Germany, will also offer new opportunities to exporters in developing countries.

Useful addresses

1. **Trade fairs** (non-exhaustive list)

SALON PAPF
International Ladies' Ready-to-Wear Exhibition with Section Boutique
Frequency: twice per year
Organizer: SODES
5, rue de Caumartin
75009 PARIS, France
Tel: (1) 42.68.08.40
Fax: (1) 42.65.06.45

INTER SELECTION GRANDE DIFFUSION
Apparel Trade Fair
Frequency: twice per year
Organizer: Interselection,
B.P. 249,
92113 CLICHY CEDEX, France
Tel: (1) 47.56.32.85
Fax: (1) 47.56.32.99

MODIT-MILANOVENDEMODA
International Presentation of Women's Wear Collections
Frequency: twice per year
Organizer: EXPO CTS
Via Serbelloni, 2
20122 MILAN, Italy
Tel: 02/77181
Fax: 02/781 828

MODAM
International Fashion Trade Fair for Men's and Women's Wear, Jeans Sports and Leisure Wear, Children's Wear
Frequency: twice per year
Organizer: Vereniging Nederlandse Modebeurs,
Postbus 9920
1006 AP AMSTERDAM
The Netherlands
Tel: 020/669 0469
Fax: 020/617 4679

IGEDO
Igedo International Fashion Fair
Frequency: twice per year
Organizer: IGEDO Internationale Modemesse
Kronen GmbH & Co. KG
Danziger Strasse 101
40468 DÜSSELDORF, Germany
Tel: 0211/439 601
Fax: 0211/539 6345

MODE-WOCHE-MÜNCHEN
International Fashion Fair
International Fashion Fair
Frequency: twice per year
Organizer: Mode-Woche-München GmbH,
Theresienhöhe 15,
80338 MÜNCHEN, Germany
Tel: 089/519900
Fax: 089/5024570

SEMANA INTERNACIONAL DE LA MODA
INMODA/ANIMODA
International Ladies' Fashion Week
Frequency: twice per year
Organizer: IFEMA
Parque Ferial Juan Carlos I,
Apdo. de Correos 67067
28067 MADRID, Spain
Tel: 01/722 5000
Fax: 01/722 5799

PREMIER COLLECTIONS
International Fashion Exhibition
NEC Birmingham
Frequency: twice per year
Organizer: Blenheimer Premier Ltd.
71-73 Great Portland Street
LONDON W1N 5DH, U.K.
Tel: 071/323 3302
Fax: 071/631 1722

2. **Sources of fashion forecast** (non-exhaustive list)

CARLIN
5, rue Les Cases
75007 PARIS, France
Tel: (1) 45511717
Fax: (1) 45519921

CITER
Via A. Costa, 39
41012 CAPRI (MO), Italy
Tel: 059/681 398
Fax: 059/682 151

Design Intelligence
14, Baltic Street
Barbican
LONDON EC1Y 0TB, U.K.
Tel: 071/490 5842
Fax: 071/490 5120

DMI Deutsches Mode-Institut
Mainzer Landstrasse 251
6000 FRANKFURT, Germany
Tel: 069/75 952 861
Fax: 069/75 952 999

Dominique Peclers
23, rue du Mail
75002 PARIS, France
Tel: (1) 40.41.06.06
Fax: (1) 42.36.12.76

MODOM
18, rue des Bons Enfants
75001 PARIS, France
Tel: (1) 49.27.08.14
Fax: (1) 49.27.07.17

PROMOSTYL
31, rue de la Folie-Méricourt
75002 PARIS, France
Tel: (1) 43.38.50.79
Fax: (1) 43.38.22.59

SCOTDIC
Lindenstrasse 19
5000 COLOGNE, Germany
Tel: 0221/219 207
Fax: 0221/234 245

SEASONS
21, rue des Jeûneurs
75002 PARIS, France
Tel: (1) 40.39.99.39
Fax: (1) 40.39.99.36

STYLING NEWS
Mode...Information
Heinz Kramer GmbH
Pilgerstrasse 120
51491 OVERATH, Germany
Tel: 02206/60070
Fax: 02206/600717

CBI Fashion Forecast
Centre for the Promotion of Imports
from Developing Countries
Trade Promotion Section
Beursplein 37, 5th floor
P.O.Box 30009
3001 DA ROTTERDAM,
The Netherlands
Tel: 03110/201 3434
Fax: 03110/411 4081

PROTRADE/GTZ
German Agency for Technical
Cooperation
Fashion News and Market Information
Dag-Hammarskjöld-Weg 1-5
P.O.Box 5180
65726 ESCHBORN, Germany
Tel: 06196/790
Fax: 06196/797414