

## CBI MARKET SURVEY

# THE OUTERWEAR MARKET IN GREECE

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### Introduction

This CBI market survey gives exporters in developing countries information on some main developments on the outerwear market in Greece. The information is complementary to the information provided in the CBI market survey 'The outerwear market in the EU' which covers the EU in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used as well as information on other available documents for this sector. It can be downloaded from <http://www.cbi.nl/marketinfo>

## 1. Market description: consumption and production

### Consumption

- Clothing experienced significant growth during the review period, with 27% during the period 2000-2004. However, 2000 was the year when clothing showed the highest annual increase of nearly 10%, followed by a decreasing trend that was caused mainly by the introduction of the single European currency (Euro).
- In 2005, a growth in clothing expenditure is expected of 4.8% to a value of € 6.2 billion.
- Greece ranked 10<sup>th</sup> in clothing consumption after Austria (8<sup>th</sup>) and Sweden (9<sup>th</sup>).
- Growing competition and diminishing demand is predicted to force price cuts and diminish retailers' margins. This situation is expected to eventually stabilize clothing prices to lower levels in conjunction with those in other European countries like Great Britain and Italy.

**Table 1 Consumer expenditure on clothing in Greece in value (€ million), 2002-2007**

	2002	2003	2004	2005 e)	2006 f)	2007 f)
Women's outerwear	2,337	2,418	2,529	2,628	2,708	2,770
Men's outerwear	1,758	1,769	1,821	1,905	1,968	2,010
Knitwear	439	443	448	468	488	500
Clothing accessories	472	516	557	597	623	635
<b>Total outerwear</b>	<b>5,006</b>	<b>5,146</b>	<b>5,355</b>	<b>5,598</b>	<b>5,787</b>	<b>5,915</b>
Total clothing	5,470	5,658	5,901	6,185	6,415	6,570
Yearly change in %	+ 6.3	+ 3.4	+ 4.3	+ 4.8	+ 3.7	+ 2.4

e) estimated f) forecasted

Source: Euromonitor and National Statistics Service (NSSG),

- The total value sales of clothing are expected to grow by 10% over the forecast period 2005-2008, which is less than the value growth experienced during 2002-2005. 2005 is estimated to be a favourable year for clothing expenditure, following the declining growth in previous years. However, the years that follow will be characterized by diminishing rates until 2008, when it is estimated that clothing expenditure will experience positive developments again.

### Production

- In 2004, the production in volume of the Greek clothing industry decreased by 4.5% compared with the year 2003. At the end of 2004 the number of employees in clothing was 44,000 and had fallen by 6.1% in comparison with 2003. A further decrease in production is expected as a result of growing imports from low-cost countries.
- In an attempt to overcome intensifying competition, some Greek producers are investing in technology or even in cotton ginning plants.

### Trends

- During the last few years, consumers switched their interest towards the famous brands sold by chain outlets and garments that provide good value for their money. Consumers have become more price-sensitive, but at the same time they are seeking higher quality.
- Greeks follow international fashion trends very closely as it denotes, to a large extent, their social status. This is the reason why many consumers, particularly those in the high-income segment, are keen to buy popular and expensive brand names, most of them imported from Italy, France and the US. Brand awareness is quite strong, and designer clothes are very popular.

### Opportunities and threats

It should be noted that for some statements, it is a case of: an opportunity if you can respond, a threat if you can't!

- Grecian clothing manufacturers are still attractive for smaller European brands operating in the medium price level, especially in knitwear. They acquired new technical processes faster than Asian developing countries. However, the global problem of price sensitivity is present in Greece and prices have been depressed by cheap Asian imports.
- Because of the warmer climate in the Southern Europe, the difference in seasons is limited. Collections remains quite similar in the seasons spring, summer and fall. Therefore Grecian consumer behaviour is different from consumers in Northern and Western EU countries.
- Trends in fashion for more casual and sporty are less strong in Greece than in other EU countries. Consumers, men as well as women, are more formal and colourful than in the North and West Europe.
- A large part of Greece is visited by many tourists, which also influences buying behaviour of the younger Greeks in particular. Greeks follows trends of worldwide brands and chain stores such as Zara.

### Useful sources

Euratex Bulletins (<http://www.euratex.org>); Clothing Retailing Europe and European Retail Handbook 2005/6, Retail Intelligence/Mintel (<http://www.mintel.com>); Euromonitor publications (<http://www.euromonitor.com>); national statistics and websites of organisations mentioned in this survey.

## 2. Trade: imports and exports

### Imports

- In 2004, Greece imported 57,000 tonnes outerwear valued € 1,049 million, consisting of € 598 million of woven outerwear, € 384 million of knitted outerwear and € 7 million of leather garments. Total imports showed a growth of 48% compared to 2002 and of 14% to the previous year.
- Imports of knitted outerwear consisted of jerseys, pullovers etc. (29%); T-shirts (24%); blouses and shirts (15%); sportswear (9%); trousers, shorts etc. (5%).
- Imports of woven outerwear consisted of trousers, shorts etc (31%); blouses and shirts (20%); suits and ensembles (9%); coats and outdoor jackets (8%); skirts (6%); dresses (5%) and sportswear (3%).
- Italy remained by far the leading outerwear supplier to Greece in 2004, with an import share of 33% in terms of value, followed by Spain (import share of 11%), Germany (import share of 10%) and China (grew 25% to an import share of 9%). Other countries with more than the average increasing exports to Greece were: Turkey, UK, India, Bangladesh, Bulgaria and Thailand.
- 22% of Grecian outerwear imports came developing countries in 2004 and increased in terms of volume (+ 45%) and value (+ 28%) in the period 2003-2004. This growth can mainly be ascribed to the growing imports from Turkey and China. The share of developing countries in total outerwear imports in Greece was less than the total EU average of 45%.

### Exports

- Greece exported outerwear valued € 1,093 million in 2004, consisting of € 148 million of woven outerwear, € 942 million of knitted outerwear and € 3 million of leather garments.
- Total outerwear exports decreased slightly by 0.2% during the period 2002-2004.
- Destinations were mainly (70% in value) other EU countries, like Germany (27% of total exports), United Kingdom, France, Italy, The Netherlands and Cyprus. Leading destination outside the EU was Bulgaria (17% of total exports) at distance followed by Macedonia and Albania.

### Opportunities and threats

- Greece's clothing imports increased by 8% during the first half of 2005, meanwhile clothing exports dropped by 17% during the same period. The drop in exports is blamed on intensified competition in international markets from low labour cost countries, as well as a rise in clothing imports from China.
- The growth in imports and the decline in exports in the first half of 2005 represents a continuation of the trend witnessed by Greek companies in 2004, when imports of outerwear grew and exports and production dropped as described above.
- Based on the value-for-money concept, the traditional lower range market segment, but also the largest middle range market segment, may offer good opportunities for exporters in developing countries.

### Useful sources

- EU Expanding Exports Helpdesk - <http://export-help.cec.eu.int/>
- Eurostat – official statistical office of the EU - <http://epp.eurostat.cec.eu.int>
- Euratex Bulletins (<http://www.euratex.org>)

## 3. Trade structure

- The Grecian market can be entered in several ways, of which most interesting for exporters in developing countries are: exports to wholesalers, manufacturing companies or retail chains in clothing. Choice of strategy depends on the resources available and the priority given to the Grecian market.
- Specialist clothing retailers account for the bulk of the clothing market: 62% in 2004 of which 28% independent retailers and 34% clothing multiples, however they face increasing competition from other channels.
- The Greek clothing market is one of the most fragmented in the EU, with the top six retailers collectively holding less than 11% of the sector, in terms of sales. Despite the very low concentration levels, only a few foreign retailers have attempted aggressive expansion into the market, like Inditex (Spain), Benetton (Italy), Marks & Spencer (UK).
- There is a growing importance in the development of retail chains in clothing: market leader is Zara (30 stores). Important national chains are Glou (30 menswear stores and 15 of other formula; <http://www.glou.gr>); Spider (22 stores); Vardas (28 stores; <http://www.vardas.gr>) and Prince Oliver (27; <http://www.princeoliver.com>). International chains are: Benetton (131) and Stefanel (35) from Italy; Marks & Spencer (mainly selling clothing and footwear in 19 stores) and Mothercare (29) from United Kingdom; Mango (9) from Spain.
- There are no discount clothing multiples active on the Greek market, Glou being the only retailer operating at the low end of the market.
- However, a significant percentage of clothing items is still sold through specialised shops. In 2004, 62% of garments and accessories were sold in small boutiques or apparel chains. However, other types of outlets also attract consumer's interest, the market share of 38% is for the half filled in by supermarkets, hypermarkets and department stores all operating under the general concept of "one-stop shopping". Greeks enjoy the Western shopping style of self-service, where one can pick and try on as many items as he or she likes. On the other hand, some consumers remain loyal to the traditional small boutiques where there is personal service and mending or tailoring services are offered for free.

- Market stalls are still very common and attract a significant share of the Greek market, of which market share can be estimated at 10%.
- The remaining part of the non-specialists market includes mainly sports speciality shops (9%).
- Clothing is mainly characterised by an increasing concentration of major retail chains, loss of competitive advantage by independent retailers and extensive development of the franchising method. Moreover, the expansion of international retail chains, apart from enhancing competition, has brought in lower-priced garments to the previously overpriced clothing retail market in Greece.

#### 4. Prices

- Analysis of clothing prices in 2004 relative to 2000:  
Consumer prices                   + 12.2%  
Import prices                       - 11.8%
- Retail sales increased while consumer prices increased rapidly despite a drop in import prices.
- VAT rate for clothing is 19% in Greece.
- An impression of average prices can be formed by browsing through the catalogues of large multiples, department stores or from other company websites. For websites we refer to the previous chapter.

#### 5. Market access requirements

- Manufacturers in developing countries should be aware of the market access requirements of their trading partners and the country's government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns.
- For more information go to 'Search CBI database' at <http://www.cbi.nl/marketinfo>

#### 6. Business practices

Try the following websites for information on business practices:

- The website of the Greek trade association SEPEE is <http://www.greekfashion.gr>
- The international fashion fair Finex-Intermoda, held twice a year in Athens, would be a good place to make contacts with potential trading partners. The website is <http://www.expotim-int.com/finex>

This survey was compiled for CBI by Fashion Research & Trends.

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