

CBI MARKET SURVEY

THE OUTERWEAR MARKET IN IRELAND

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Introduction

This CBI market survey gives exporters in developing countries information on some main developments on the outerwear market in Ireland. 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

- After several years of robust growth, consumer expenditure growth slowed between 2001 and 2003. Overall consumer spending grew modestly in 2004, although it is projected to rise rapidly over 2005 and 2006 as confidence lifts on the back of high employment, rising disposable income and low inflation. This will have a positive impact on retail sales, which will rise by some 20% in the period from 2005 to 2009 and which will influence the clothing sales.
- Clothing expenditure grew 8.7% during 2002-2005 to € 3.1 billion, of which 90% outerwear. Ireland ranked 14th in clothing consumption.
- Expansion by domestic and especially foreign clothing multiples will help to drive the clothing sector and it is expected that clothing expenditure by Irish consumers will grow by a similar rate over the same period.
- Ireland's population is increasing strongly, from 3.8 million in 2000 to 4.1 million in 2005. In 2010 the population will have grown to 4.3 million and is projected to grow further by 2050 to 5.5 million. The relatively small size of the Irish population limits the clothing market size, because the per capita expenditure on clothing is far above the EU average.

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

	2002	2003	2004	2005 e)	2006 f)	2007 f)
Women's outerwear	1,374	1,317	1,336	1,381	1,440	1,510
Men's outerwear	889	852	903	941	985	1,030
Knitwear	360	330	313	313	320	325
Clothing accessories	115	108	119	125	130	135
Total outerwear	2,538	2,607	2,671	2,760	2,875	3,000
Total clothing	2,796	2,855	2,933	3,070	3,200	3,340
Yearly change in %	+ 1.9%	+ 2.1%	+ 2.7%	+ 4.7%	+ 4.2%	+ 4.3%

e) estimated f) forecasted

Source: Euromonitor and national statistics (CSO)

Production

- The clothing sector in Ireland continued to decline in terms of production volume and numbers employed, reflecting the increasing importance of outsourcing.
Index of clothing production (in volume): 2000=100; 2003=53.1; 2004= 45.8.
The number of employees fell from 3,000 in 2001 to 2,000 in 2004.
- The volume of clothing production dropped in the first half year of 2005 by 6%. This decline reflect a worsening trade deficit in clothing of 16% in the first 6 months of 2005.
- The limited clothing production can be illustrated by the fact that turnover in 2004 covered only 0.1% of EU turnover or € 71 million.

Trends

- Clothing companies continue to operate the outsource model, while focusing on building brand and marketing capability. Domestic demand for clothing is strong, however, prices fell during recent years.
- In Ireland the demand for clothes for the full figured women is increasing. Many companies started new collections for bigger sized clothing which is a growing sector in Ireland.
- Ireland has a tradition in fashion of homespun knitwear and knitted goods/fabrics manufacturer, such as aran sweaters and cable cardigans.
- Younger fashion and consumer behaviour is similar to UK, older consumers are less conservative and more casual than in the UK.

Opportunities and threats

- The increase in population combined with a high per capita spending on clothing make Ireland an attractive trading partner for foreign manufacturers abroad. However, it should be noted that the size of Irish population remains limited.
- Consumer expenditure is expected to grow further in the longer term, caused by a continuing interest in more fashionable outerwear, while older people tend to spend more on comfortable clothing including outdoor clothing.

Useful sources

- The Irish trade association published a member's directory on <http://www.ibec.ie/icata> including links.
- 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, Ireland imported 23,000 tonnes outerwear valued € 1,069 million, consisting of € 573 million of woven outerwear, € 488 million of knitted outerwear, and € 8 million leather garments. Total imports showed a decrease of 7% compared to 2002.
- Imports of knitted outerwear consisted of jerseys, pullovers etc. (32%); T-shirts (27%); blouses and shirts (10%); sportswear (6%); babies' garments (5%).
- Imports of woven outerwear consisted of trousers, shorts etc (37%); blouses and shirts (18%); coats and outdoor jackets (10%); indoor jackets (9%); skirts (6%) sportswear (6%); suits and ensembles (6%).
- United Kingdom remained by far the leading outerwear supplier to Ireland in 2004 with an import share of 58% in terms of value, followed by Germany (import share of 6%) and China (grew 9% to an import share of 5%). Imports from other major countries varied strongly: Denmark (+15% compared to 2003), Bangladesh (+ 31%), India (- 20%) and Spain (grew 91%, but has a limited share).
- Total imports of outerwear from developing countries decreased in terms of value (- 3%) in the period 2003-2004 to € 162 million, caused by sharply decreased imports from India, Morocco and Pakistan, while imports from China, Bangladesh, Cambodia and Sri Lanka grew.

Exports

- In 2004, Ireland exported € 221 million, consisting of € 140 million of woven outerwear, € 79 million of knitted outerwear and € 2 million of leather garments.
- Total outerwear exports fell by 16% during the period 2002-2004.
- 63% (in terms of value) of destinations were other EU countries, like United Kingdom (56% of total exports in 2004), Spain and Germany. Leading destination outside the EU were Morocco (mainly OPT), the USA, Japan, Canada and Switzerland.

Opportunities and threats

- In the first half year of 2005, clothing shipments into Ireland jumped by 11%, while exports were down by 4%, so the trade deficit widened up.
- Share of developing countries in Irish imports accounted for 16% in 2004, despite a small decline (EU average: 46%!). Import prices fell strongly during the period under review. The decrease in average import prices will put further pressure on Irish producers and force them to source abroad.
- Import shares from developing countries was much lower than average in knitted and woven product groups like suits, indoor jackets, dresses and skirts.

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

- Most interesting trade channels for exporters in developing countries are: exports to wholesalers, clothing multiples and to a lesser degree department stores and manufacturing companies.
- Ireland is the most concentrated clothing market in Europe.
- Specialist clothing retailers account for the bulk of the clothing market (68% in 2004, of which 11% independent retailers and 57% clothing multiples).
- Dunnes Stores (<http://www.dunnesstores.com>) and Penneys (<http://www.primark.co.uk>) lead the specialist sector; together they captured a significant 43% market share. Dunnes (152 stores, of which 111 in Ireland) is by far the largest retailer of clothing in the country and is often classified as a clothing specialist because its clothing offer represents an important part of its sales mix, although strictly spoken Dunnes Stores is a mixed goods store. Penneys (34 stores, including UK 126 stores), owned by Associated British Foods (ABF) which operates Primark in the UK, is similar to Dunnes Stores in that it operates at the value end of the market.
- After Dunnes Stores and Penneys the clothing retail market becomes more fragmented; chains are: all brands accounting for 60 stores of the Arcadia Group (UK); Heatons (48 stores, <http://www.heatons.ie>); the Danish Bestseller with 66 stores under several brand names, among others Vero Moda, Jack & Jones (Denmark); Next (12 stores, UK); Barry & Sons Fashion Stores (34 stores, mainly franchising, <http://www.barryandsons.com>); A-Wear (24 stores and owned by Brown Thomas, <http://www.awear.ie>) and River Island (17 stores, UK).
- There is also inward investment coming from retailers based elsewhere in Europe i.e. other than the UK. Notable examples are, besides Denmark's Bestseller, Mango and Inditex (Zara, Pull & Bear, Massimo Dutti and Bershka) of Spain, and H&M of Sweden since March 2005 and one year later 4 stores.
- Non-specialists accounted for 32% of the clothing market in 2004, of which 17% department/variety stores, 6% sports shops, 2% home shopping companies and 7% other retailers, like food retailers, market stalls and other.
- Leading department and variety stores are Roches Stores (6 department stores, <http://www.roches-stores.ie>) Arnotts, Brown Thomas (<http://www.brownthomas.com>), Clery & Co, Shaw & Sons and Debenhams. UK based Marks & Spencer operates with 18 stores in the Irish Republic.
- The two largest chains of sports goods shops in Ireland are Lifestyle (73 stores, <http://www.lifestylesports.com>) and Champion Sport.
- The mail-order sector is small and underdeveloped compared to other Western European countries and the leading catalogue players – N Brown and Damart (<http://www.damart.co.uk>) – are foreign companies.

4. Prices

- Analysis of clothing prices in 2004 relative to 2000:
Consumer prices - 13.7%
Import prices - 14.4%
- The drop in import prices in the Rep. of Ireland caused a drop in consumer prices and a corresponding strong growth in retail sales.
- The VAT rate for clothing for adults in Ireland is 21% and for children's clothing 0%.
- An impression of average prices can be formed by browsing through the catalogues of large multiples, department stores, mail-order companies 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 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.
- Requirements for clothing sold in Ireland are assigned by the National Standards Authority Ireland and can be found on <http://www.nsai.ie/Standards/upload/Standards/Index.html>.
- 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 trade association in Ireland is the Irish Clothing & Textiles Alliance (ICATA), which can be reached at <http://www.ibec.ie/icata>.
- The Futura Fair in Dublin is the international clothing trade fair at which more than 600 brands from Europe and the USA were presented in spring 2006. For more information and a list of exhibitors we refer to <http://www.futurafair.com>.

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

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