

CBI MARKET SURVEY

THE OUTERWEAR MARKET IN SLOVAKIA

Publication date: April 2006

Introduction

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

- Consumer spending on clothing in Slovakia amounted to € 703 million in 2005, an increase of 17.5% during the period 2002-2005. 88% of spending on clothing concerned outerwear. Slovakia ranked 19th in EU outerwear consumption and accounted for 0.3% of total EU consumption.
- The growth of the economy is supported by stabilisation of real wages growth and thus household consumption as well. A further growth on clothing expenditure of about 6.5% is expected for the coming years.
- The population size in the Slovak Republic grew from 5,379 thousand in 2000 to 5,385 thousand in 2005. Much of the minimal growth stems from immigration rather than natural increase. Like other EU countries the Slovak Republic also has an ageing population. The younger age group is in decline: 19.8% of the population was younger than 15 years in 2000 against 17.6% in 2005.

Table 1 Consumer expenditure on outerwear in Slovakia in value, 2002-2007
(in € million)

	2002	2003	2004	2005 e)	2006 f)	2007 f)
Women's outerwear	251	264	278	296	319	341
Men's outerwear	206	218	228	244	262	279
Knitwear	54	56	58	61	65	68
Clothing accessories	17	17	17	18	18	18
Total outerwear	528	555	582	619	664	706
Total clothing	598	628	662	703	749	798
Yearly growth in %	+ 3.0	+ 5.0	+ 5.4	+ 6.3	+6.5	+ 6.6

e) estimated f) forecasted

Source: Euromonitor and national statistics (SOSR)

Production

- Slovakian clothing output accounted for 0.4% of total EU turnover in clothing. The output in the first half year in 2005 was down by 6.9% compared to the equivalent period in 2004.

Table 2 Key figures of the Slovakian clothing sector, 2001-2004

	2001	2002	2003	2004
Turnover (€ million)	235	228	226	224
Employees ('000) *)	29.0	28.0	27.2	27.0

*) companies employing more than 20 people

Source: Statistical Office of the Slovak Republic

- Most clothing production is exported and accounted for 78% of sales in 2004.
- SMEs constitute a significant part of Slovakia's clothing industry. Companies with not more than 20 employees employ more than 8,000 people in the clothing industry.
- The competitiveness of the Slovak clothing industry is predominantly based on cost factors and the acceptance by foreign markets of its mostly standard production.
- An inability to compete with cheap imports from developing countries will lead to a focus on casual and sportswear production for some ranges of production,.
- The website of the national trade association <http://www.atop.sk> gives links to the websites of the major clothing companies

Trends

- Many Slovakian on lower incomes will continue to seek low price clothes in a steadily growing discount sector. On the other hand, quality and convenience will become more important, and the youthful appearance of the older consumers will boost designer and sports labels.
- The overall development of the market reflects the growing disparity between the different economic strata of Slovakia society and the increasing number of poor and relatively poor Slovakian residents.
- Outerwear will be the sector to suffer most as coats and jackets, traditionally costly items of clothes, will go down in price and be exchanged less frequently.

Opportunities and threats

- The growing consumer expenditure on outerwear make Slovakia an attractive trading partner for foreign manufacturers abroad.
- A further decrease in the number of manufacturing companies as a result of growing imports from low-cost countries.

Useful sources

Euratex Bulletins (<http://www.euratex.org>); Central and Eastern Europe Textile Business Review (<http://www.textilemedia.com/25701.html>); Retail Intelligence/Mintel (<http://www.mintel.com>); Euromonitor (<http://www.euromonitor.com>); national statistics and websites of organisations mentioned in this survey.

2. Trade: imports and exports

Imports

- In 2004, Slovakia imported 55,000 tonnes outerwear valued € 213 million, consisting of € 85 million of woven outerwear, € 118 million of knitted outerwear and € 10 million leather garments. Total imports showed a growth of 6.4% compared to 2003. Total imports grew 15% compared to 2002. Increasing imports led to a decline in production which indicates that the import share of the growing outerwear market increased.
- Imports of knitted outwear consisted of jerseys, pullovers etc. (47%); T-shirts (25%) and clothing accessories (11%).
- Imports of woven outerwear consisted of trousers, shorts etc (30%); coats and outdoor jackets (23%); blouses and shirts (10%) and sportswear (8%).
- The Czech Republic and Germany were the leading outerwear suppliers to Slovakia in 2004, with import shares for each country of 17 percent in terms of value, followed by Hungary (grew to an import share of 14%) and China (fell to 10%), Italy (fell to 9%), Austria (grew strongly to 5%). Imports from outside the EU countries concerned Turkey, Romania, Russia and India.
- Total imports by Slovakia from developing countries decreased in terms of volume (- 15%) and value (- 41%) in the period 2003-2004. This fall can for 67% be ascribed to China, and for the remaining part to falling imports from Turkey, India and Bangladesh.
- 24% of imported T-shirts, 8% of knitted jerseys, pullovers etc. and 34% of woven trousers came from developing countries. These three product groups covered 50% of total Slovakian imports from developing countries.

Exports

- Slovakia exported outerwear valued € 480 million in 2004, consisting of € 357 million of woven outerwear, € 122 million of knitted outerwear and € 2 million of leather garments.
- Total outerwear exports fell severely by 7.8% in 2003 and recovered slightly (+0.8%) in 2004.
- Destinations were mainly (89% in value) other EU countries, like Germany, Italy, Hungary, the Czech Republic, The Netherlands and Austria. Leading destinations outside the EU were Ukraine, Switzerland and the USA.

Opportunities and threats

- Almost 20% of Slovakian imports came from developing countries in 2004, this percentage was significantly higher in the following product groups: woven outdoor coats and jackets (27%), woven skirts (28%), woven shirts (34%) and woven trousers (33%) and significantly lower for woven suits (9%), indoor jackets (11%) and jerseys, pullovers etc. (8%).
- Imports of clothing decreased by 2.6% in the first half of 2005, while exports rose 1.2%. The trade surplus in clothing is likely to widen throughout the rest of the year.

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 Slovakian outerwear market can be entered in several ways, of which most interesting for exporters in developing countries are: exports to wholesalers, manufacturing companies and domestic multiples.
- The relatively small size of the Slovak Republic means that it has not attracted the same levels of foreign retail investments as its larger neighbour the Czech Republic. Therefore its retail sector has been slower to develop and economic growth has been slower.
- In 2001, 3,444 outlets sold textiles, clothing and footwear in Slovakia (recent figures are not yet available).
- The main groups of clothing retailer are domestic independents, domestic multiples and international multiples.
- International multiples includes specialised chains like 26 Kenvelo stores (Czech Rep.), 2 Pull & Bear stores (Inditex, Spain) and in the sports sector Intersport (4 sports stores) and Giga Sport (Austria, 2 stores).
- Non-specialised international multiples, mainly super- and hypermarkets, such as 51 Billa supermarkets (Rewe, Germany); 30 Tesco hypermarkets (UK); 5 Metro cash & carries (Germany); 20 Kaufland hypermarkets (Schwarz, Germany), 18 Lidl discounters (Germany).
- Wholesalers can be found at the general websites of trade directories.

4. Prices

- Analysis of clothing prices in 2004 relative to 2000:

Consumer prices	- 10.5%
Import prices	- 16.1%
- The drop in import prices stimulated a drop in consumer prices and a correspondent strong growth in retail sales.

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.

- Mandatory labelling requirements in Slovakia are valid for composition of textiles, origin marking, size marking and care-labelling/washing instructions (<http://www.ginetex.org>). Labelling has to be formulated in the Slovak language.
- 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 Textile and Clothing Association of the Slovak Republic ATOP (Asociacia textilneho a odevneho priemyslu SR) can be reached at <http://www.atop.sk>.

This survey was compiled for CBI by Fashion Research & Trends

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