

CBI MARKET SURVEY

THE OUTERWEAR MARKET IN SLOVENIA

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Introduction

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

- Compared to the other new EU member states, people in Slovenia have an open attitude to new fashions and fabrics and many cultural overlaps with nearby Austria and Italy. This resulted in a per capita expenditure on clothing of almost € 400, which is below the EU average but higher than the other new EU members.
- Slovenia ranked 18th in clothing consumption after the Czech Republic (16th) and Hungary (17th).
- Slovenia has approximately 2 million inhabitants. Its population is slowly declining as in several other European countries, like the Czech Rep., Denmark, Estonia, Hungary, Latvia and Portugal.
- Expenditure on clothing and footwear amounted to 6.1% of total household expenditure, which is equal to the EU average.

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

	2002	2003	2004	2005 e)	2006 f)	2007 f)
Women's outerwear	263	289	315	334	355	381
Men's outerwear	202	217	237	252	269	289
Knitwear	81	87	96	102	109	116
Clothing accessories	16	18	20	21	22	24
Total outerwear	562	611	668	709	755	810
Total clothing	613	669	734	790	847	905
Yearly change in %	+ 8.5%	+ 9.1%	+ 9.7%	+ 7.6%	+ 7.2%	+ 6.8%

e) estimated f) forecasted

Source: Euromonitor and Statistical Office of the Rep. of Slovenia

- The very strong growth in clothing expenditure will be continued; an annual average of around 7% is expected for the coming years.

Production

- Production capacities in the clothing sector exceed demand on the home market, so that 70% of domestic products are exported mainly to the EU countries and former Yugoslavian countries. The biggest problems faced by the clothing sector are high labour costs and strong competition from third countries, in particular the strong growing imports from China.
- Turnover of the Slovenian clothing industry accounted for 0.3% of total in the EU production in 2004 and has reduced its volume by half in the last ten years. In 2004, the volume of output and the number of employees was cut down by 9% each. Statistical data for the first half year show that production and employment fell even stronger than in 2004.

- Because of the high labour costs, as mentioned above, several Slovenian producers have closed their mills and moved production to the countries with the cheapest work force. The surviving companies are oriented mainly towards the enhancement of the quality of their business in the widest meaning. A specific advantage is their capability to quickly adapt to the market changes connected with fashion trends and competition.
- Leading companies are, among others: Labod (<http://www.labod.si>), IUUV (leather wear, <http://www.iuuv.si>), Muva, Gorenjka Oblacila and Krohja Skofja Loka.

Trends

- Slovenian youth follows trends and is focussed on all developments in casual and streetwear. Decorated jeans and colourful designs are popular, influenced by several forms of media, such as runner-up Internet and fashion-tv.
- The capital of Ljubljana has a lot of shops in high fashion segments and many Slovenians (of all ages) are interested in fashion trends.

Opportunities and threats

- Growing prosperity and changes in lifestyle are the main drivers of change which are certain to continue. Therefore Slovenia is a small but lucrative market.
- Slovenian clothing manufacturers are confronted with competition from countries which have lower labour costs, while wages in own country grow to a less competitive level.

Useful sources

- The website <http://www.3d-fashion.net/ENG> gives an overview of fashion in Slovenia, including links to clothing manufacturer's sites.
- 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, Slovenia imported 9,000 tonnes outerwear valued € 211 million, consisting of € 130 million of woven outerwear, € 78 million of knitted outerwear and € 3 million of leather garments. Total imports fell 29 percent (in terms of value) compared to 2002.
- Imports of knitted outerwear consisted of jerseys, pullovers etc. (39%); T-shirts (39%); sportswear (10%); blouses and shirts (7%); clothing accessories (5%).
- Imports of woven outerwear consisted of trousers, shorts etc (33%); blouses and shirts (11%); indoor jackets (11%); coats and outdoor jackets (15%); suits and ensembles (11%); skirts (4%); sportswear (5%).
- Italy was the leading outerwear supplier to Slovenia in 2004. However, imports from this neighbouring country were almost halved in 2003-2004 to an import share of 26 percent in terms of value, followed by Germany (import share of 16%), Turkey (fell 30% to an import share of 9%), Austria and China. Countries with strongly increasing exports to Slovenia, besides Germany, were: Austria, Spain, Macedonia and United Kingdom.
- 27% of Slovenian imports came from developing countries in 2004. Total Slovenian imports from developing countries decreased in terms of value (- 35%) in the period 2003-2004. This fall can for 57% ascribed to the decreasing imports from Turkey and China. Other developing countries with falling imports to Slovenia were Bangladesh, India, Indonesia, Morocco, Vietnam and Tunisia.

Exports

- Slovenia exported outerwear valued € 199 million in 2004, consisting of € 164 million of woven outerwear, € 31 million of knitted outerwear and € 4 million of leather garments.
- Total outerwear exports fell strongly by 23% during the period 2002-2004.
- Destinations were mainly (87% in value) other EU countries, like Germany (57% of total exports), France (5%), Italy (4%), Austria (4%) and The Netherlands (3%). Leading destinations outside the EU were Croatia (9%), Switzerland (4%), Serbia/Montenegro (4%) and Bosnia and Herzegovina (3%).

Opportunities and threats

- In the first seven months of 2005 Slovenian clothing exports increased by 7.1%, while clothing imports fell by 10.6%.
- Analysis of import figures learned that import shares of developing countries varied strongly between the product groups: 40% of imported T-shirts came from DCs while this percentage for jerseys, sweaters etc. was 16%.

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 outerwear market in Slovenia can be entered in several ways, of which most interesting for exporters in developing countries are: exports to manufacturing companies, either or not vertically organised; wholesalers or domestic multiples.
- The retail sector in Slovenia is well developed and resembles a typical European retail market rather than an East-European one. The Slovenian clothing retail market is also transforming rapidly, through growth and the entrance of foreign clothing chains such as Benetton (16 stores); Inditex (4 Zara and 1 Stradivarius store), H&M (2 stores), one variety store of Marks & Spencer and several internationally operating sports retail organisations.
- Domestic manufacturing company Labod (<http://www.labod.si>) offers men's and women's wear through 40 stores (partly franchised) in Slovenia and some foreign countries.
- Super- and hypermarket chains with textile and sports in their assortment are: Mercator (<http://www.mercator.si>), Era (<http://www.era.si>) and Rudnidis (E. Leclerc) (<http://www.rudnidis.si>).
- Sports chains are Hervis (part of food-chain Spar, <http://www.hervis.at>), market leader in the sports sector and operating through 11 stores; Intersport (5). Several other foreign chains are active with only one store, like Sport 2000, Giga Sport, Tomas Sport and Giacomelli.

4. Prices

- The Slovenian market increased considerably in the period 2002-2004 despite a relatively high increase in consumer prices. Consumer prices increased while import prices dropped.
- Analysis of clothing prices in 2004 relative to 2000:

Consumer prices	+ 13.0%
Import prices	- 6.1%
- In 2005, the annual growth of prices was lower than in the previous years, while prices of clothing and footwear dropped by 2.2%.
- The VAT tariff in Slovenia for clothing is 20%.
- An impression of average prices can be formed by browsing through the catalogues of multiples or from 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.
- Mandatory labelling requirements in Slovenia are valid for composition of textiles, origin marking, size marking and care-labelling/washing instructions (see: <http://www.ginetex.org>). Note that labelling has to be formulated in the Slovenian 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:

- Trade association in Slovenia is GZS (Gospodarska Zbornica Slovenije), the Textiles, Clothing and Leather Processing Association, which is part of the Slovenian Chamber of Commerce. Internet: <http://www.gzs.si>.
- Tekstilec is the Slovenian journal of textile and clothing technology, design and marketing, website can be found on <http://www.tekstilec.itt-drustvo.si>.

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

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