CBI MARKET SURVEY

THE OUTERWEAR MARKET IN THE NETHERLANDS

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Report summary
This CBI market survey discusses, amongst others, the following highlights for the outerwear market in The Netherlands:

- Consumer expenditure on outerwear increased by 1.1% in value to € 9.0 billion in 2005 compared with 2004, while prices were still under pressure.
- The Netherlands ranked 7th as EU importer of outerwear with an import value of € 4.4 billion in 2004, of which 53% came from developing countries (DCs). Germany, China and Turkey were the leading suppliers of outerwear to The Netherlands.
- In the period 2003-2004, imports from DCs grew almost 4% while total Dutch imports decreased. Imports from Asian developing countries grew by 6% (mainly caused by China, but also Bangladesh, Thailand, Vietnam and Cambodia). Imports from Mediterranean countries decreased very slightly, while the limited imports from ACP countries decreased considerably.

This survey provides exporters of outerwear with sector-specific market information related to gaining access to The Netherlands. By focusing on a specific country, the survey provides additional information, complementary to the more general information and data 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

Total market size

As an open and export-oriented economy, The Netherlands has been heavily impacted by the economic depression in Europe. The economy in The Netherlands was confronted with low consumer confidence and spending and unemployment on the rise. Cuts on spending have particularly affected durable goods such as clothing and home furnishings and were also influenced by much higher expenditure on housing and energy costs and health care. This resulted in a fall in total clothing consumption in 2004. For 2005 as a whole, clothing expenditure increased 1.6% in value and 2.7% in volume; it is predicted to grow slowly over 2006 and 2007, as slow job creation and rising unemployment are offset against rising levels of disposable income and wage levels.
The clothing market in The Netherlands amounted to € 10.2 billion in consumer prices (including tax) in 2005, of which 88% concerned outerwear. Outerwear consumption increased by 1.1% in value in 2005 compared with 2004, while prices were still under pressure.
In 2005 compared to the previous year, expenditure on:

- women's outerwear decreased 1.0% in value and increased 4.5% in volume;
- men's outerwear increased in value (4.4%) and in volume (3.5%);
- babies' and children's outerwear increased 6.1% in value and 5.5% in volume.

Average prices of women's outerwear fell considerably (-5.3%) in 2005, while prices of men's outerwear (+1.1%) and prices of babies' and children's wear (+0.6%) increased slightly.

Table 1.1 Consumer expenditure on outerwear in The Netherlands, 2002-2007 in € million

	2002	2003	2004	2005	2006 (f)	2007(f)
Women's outerwear	4,641	4,757	4,750	4,703	4,810	5,015
Men's outerwear	2,785	2,893	2,856	2,983	3,037	3,150
Children's outerwear	1,395	1,277	1,200	1,273	1,305	1,370
- Girls' outerwear	*703*	*653*	*616*	*654*	*655*	*685*
- Boys' outerwear	*411*	*369*	*341*	*363*	*370*	*385*
- Babies' outerwear	*281*	*255*	*243*	*256*	*280*	*300*
Leather garments	85	80	77	75	85	90
Total outerwear	**8,906**	**9,007**	**8,883**	**8,977**	**9,237**	**9,625**
Yearly change in %	**, + 2.0%**	**+ 1.1%**	**- 1.4%**	**+ 1.1%**	**+ 2.9%**	**+ 4.2%**

f= forecasts
Source: Gfk and CBS

Forecasts for women's and men's outerwear show a higher growth in volume than in value. Growth in the smart casual wear segment grew further, at the expense of formal wear, while growth in leisurewear and sportswear will increase to a lower degree than in the period 2002-2004. Expenditure on outerwear in The Netherlands is forecast to grow by 7.2% during the period 2005-2007, resulting in € 9.6 billion in 2007, of which women's outerwear will reach € 5.0 billion. Intense competition is also likely to continue to put pressure on clothing prices.

Product groups

Women:

- In the slightly decreasing expenditure in the women's sector, the skirt can be described as bestseller. In all segments (young fashion, trendy and classic) this product group was very popular and according to Gfk-figures sales boomed in 2005 (+82%!), while sales in volume increased by 6%.
- Consumer expenditure on more formal products like coats, suits and ensembles decreased during 2004 and stabilised in 2005.
- Expenditure on leisurewear varied strongly between the several products; jeans increased (+4%) while expenditure on trousers (other than jeans) fell considerably (-9%). Outdoor T-shirts and polo shirts stabilised during the whole period under review; jerseys, sweaters, cardigans etc. stabilised in 2005 after a strong growth in 2004. Spending on indoor jackets grew in 2004 as well as in 2005. These jackets are increasingly worn outdoor, especially in summer months.
- Lower average prices as mentioned above were valid for all product groups except skirts.

Men:

- The increased focus on casual wear in The Netherlands led to further increased consumer purchases of men's trousers, almost 20% during the period 2003-2005. Growth in 2005 was much higher than in 2004, of which jeans increased by 16% and other cotton casual trousers by 18%. Average consumer prices of jeans remained rather stable at € 38. Knitted items like T-shirts, polo shirts increased almost 30% during the same period (of which 7% in 2005) to the detriment of shirts (-6%).
- Consumer expenditure on more formal products like coats and suits decreased 20% during 2004 and stabilised in 2005, while casual products like cotton jerseys and cotton and linen indoor jackets (without lining) increased stronger in 2004 than in 2005.
- Purchases of outdoor jackets stabilised in 2005 after growth in 2004 caused by the popularity of indoor jackets, which are also worn outdoor in summertime.
- Prices of all product groups, especially T-shirts and polo shirts, were under pressure; higher volumes were bought against lower prices. Prices of most product groups slightly decreased, except prices of jeans.

Children:

- Sales of babies' wear grew to a lesser degree than boys' and girls' wear;

- The slower growth in expenditure on babies' wear was caused by trousers (-7%), while T-shirts/polos (+4%), suits (+5%) and coats/cardigans (+1%) showed a positive development;
- Sales of outdoor jackets for children aged 2-11 years showed the biggest growth in 2005 (+35%) at an average price of just over € 25. Other product groups stabilised or slightly increased. However, average prices varied strongly: T-shirts (-5%) and jeans (-6%) decreased while coats/jackets (+22%) and skirts (+4%) increased;
- Among boys, the popularity of sports and skatewear brand is growing;
- The bright and clear colours will be replaced by more modest colours, like bottle-green and dark turquoise;
- Experts expect positive developments in spending on children's outerwear including babies wear or the coming years.

Market segmentation

The general criteria for market segmentation of outerwear are: by demographic factors, such as age, gender etc.; by type of product and type of activity resulting in specific clothing behaviour, like formal, casual, leisure and active sports dress; and by product/quality ratio. Other criteria are based on special events (weddings, parties, communion etc. in these cases dress can be considered as formal wear) or other circumstances, like maternity wear.

Segmentation by demographic factors

The size and age structure of the population is one of the basic determinants of how much will be spent on clothing.

- The Dutch population is increasing at a steady pace from 15.8 million in 1999 to 16.3 million in 2006 and is projected to increase to 16.9 million by 2050, an increase of 3.7%.
- Just like in other major EU countries, the category below 20 years has decreased in The Netherlands, while the categories 40 and older have increased substantially. In 2000 about 46% of the total population was older than 40. Following the trend in other European countries of an ageing population, in 2006 14.3% of the Dutch population is 65 or over. In general among the western European countries the proportion of those aged 65 plus is around 14-18%.
- Another important demographic development is the increase of one- and two-person households. The persons in such households do not have many household or family obligations, so they have a lot of leisure time. Besides that they have rather high incomes. Both factors are stimulating clothing consumption.

Segmentation by type of product and type of activity

In general, the outerwear market can be divided into several segments based on type of product combined with type of activity, resulting in a specific clothing behaviour.
The active sports segment (now 6% of total men's and 5% of total women's outerwear market) will continue to expand its influence on leisure (segments of 25% men's and 21% women's outerwear) and casual (segments of resp 35 and 37%). Formal wear (resp 34% and 37%) will lose out to these sectors but 'smart casual' will be further influenced by the workplace.

Trends in consumption

- The focus on casual and leisurewear for men and children's wear will be continued in the coming years, but to a much smaller degree.
- The women's wear market in coming seasons will be less casual and sporty. after a few seasons of sportive and casual influences on women's wear. Collections are forecasted to become more feminine and will have less casual details.
- Babies' and children's wear are becoming as susceptible to fashion trends as adult clothing. Collections include sportswear items and trendy garments with an adult look.
- Women's outerwear is the largest sector in The Netherlands. The women's outerwear market has also been subject to the severest price competition as the mass middle market becomes overcrowded. Therefore, growth will be modest for the coming five years.

- Men's outerwear has suffered from increased price competition. However the extent of this competition has been lessened by a greater shift towards fashion and branded goods across the sector. The value of men's outerwear sales is expected to grow faster than that of women's outerwear.
- Future growth in children's wear and infant's wear is for an important part undermined by long-term demographic trends, which lead to a small growth in volume but a greater increase in value.
- A growing number of consumers is environment-minded and several manufacturers of trendy and fashionable brands have expanded their collections with products made of organic cotton and/or claims regarding '100% child labour free' products.

Production

Total production

Clothing production in The Netherlands is limited to 1.2% of EU production (valued € 3,300 million) and includes production abroad. The Netherlands ranked 10th in EU outerwear production. Nearly all manufacturers in The Netherlands have developed an outsourcing policy. In 2004 turnover was 41% lower than in 1996. In the first nine months of 2005 turnover fell by another 4% compared to the same period in 2004. This decrease was mainly due to substantial drop in turnover (-20%) on the international market. In the same period domestic turnover was just over 3% higher than twelve months previously.
The lacklustre production in the clothing industry and the increasing imports have resulted in a sharp reduction in the number of companies manufacturing clothes. This number fell by 41% from 1996 to 2005 to 1,275. More than 78% of these companies employ only one or two people.

Major players

Highest turnovers in the Dutch clothing industry were reached by: Mexx-Holding, casual wear for the whole family (http://www.mexx.com; Oilily, mainly children's but also women's wear (http://www.oilily.nl)); Secon Grooup, fashion for women (http://www.secon.nl) and the Mc Gregor Fashion Group (http://www.mcgregor-fashion.com).
All the major companies, mentioned above, developed retail activities: especially Mexx, a global lifestyle brand, owned by Liz Clayborne USA.
A more or less complete overview of manufacturers in The Netherlands can be found in the directory of the trade association Modint at http://directory.modint.nl/zoekaanbieder.asp.

Trends in production

- A high degree of integration in the value chain. More and more manufacturers of brands open their own brand stores.
- A further decrease in the number of manufacturing companies as a result of growing imports from low-cost countries.

Opportunities and threats

- The Netherlands ranked seventh in EU clothing expenditure and, after a slight recovery in 2005, a stronger recovery is expected for the coming years. There are several reasons like demographic developments, growing interests of consumers in fashion and expected growth of consumer expenditure;
- The number of garments purchased per head of population will continue to rise but prices will not follow this growth rate;
- To satisfy the requirements of importing companies in The Netherlands and other EU countries, exporters in developing countries will be faced with increased demands for higher quality and environmentally friendly products;
- The diminished presence of production in The Netherlands has led to a further sourcing of products in low-cost countries and, probably, of products with a higher design content. The largest middle range market segment may offer good opportunities for exporters in developing countries.

Useful sources
Euratex Bulletins (http://www.euratex.org); Apparel Retailing in Western Europe, Retail Forward (http://www.retailforward.com); 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

Total imports
The Netherlands ranked seventh as EU importer of outerwear with an import value of € 4.4 billion in 2004, of which 66% came from non-EU sources and 53% from developing countries. In 2002, 49% of the Netherlands imports came from developing countries.
Between 2002 and 2004, Netherlands imports of outerwear decreased by 4.2% in terms of value. During this period, imports in terms of volume decreased by 1.5%, which indicates that import prices decreased by 2.8%.
Imports of knitted outerwear showed a growth of 1.3% in the period 2002-2004, while imports of woven outerwear fell by 7.2% and imports of leather garments fell by 23.4% in the same period.

Table 2.1 Outerwear supplied to The Netherlands, 2000–2004, € million / '000 tonnes

	2000		2002		2004		DCs share in % of value, 2004
	value	volume	value	volume	value	volume	
Total outerwear	**4,828**	**312.0**	**4,644**	**379.6**	**4,447**	**462.7**	**53%**
Knitted outerwear							
- overcoats/outdoor jackets	33	1.3	37	4.6	55	5.5	64%
- suits/jackets/trousers	196	8.1	147	13.5	161	12.1	68%
- shirts/blouses	151	6.5	159	7.3	139	5.7	51%
- T-shirts	570	25.8	522	46.1	614	60.9	59%
- jerseys/pullovers	805	29.5	775	30.7	656	35.8	48%
- babies' garments	83	4.1	73	6.5	72	6.6	78%
- sportswear	70	3.4	56	3.5	89	5.8	70%
- accessories	41	11.6	41	12.8	48	6.7	67%
Total knitted outerwear	**1,949**	**90.3**	**1,810**	**125.0**	**1,834**	**174.1**	**57%**
Woven outerwear							
- overcoats/outdoor jackets	475	24.6	425	45.8	414	40.2	64%
- suits/ensembles	144	4.7	131	4.9	102	4.9	40%
- indoor jackets	193	26.1	205	25.1	227	34.4	26%
- trousers, shorts etc.	1,003	110.7	1,047	109.5	995	151.1	48%
- dresses	71	2.2	49	5.0	42	2.9	50%
- skirts	120	14.6	98	13.1	127	11.8	46%
- shirts/blouses	426	17.4	467	25.6	357	19.3	50%
- babies' garments	32	1.6	41	6.2	42	4.0	76%
- sportswear	113	5.7	90	4.7	73	4.9	64%
- accessories	59	4.1	49	3.5	47	3.2	57%
- other	139	7.0	125	7.4	105	9.0	52%
Total woven outerwear	**2,775**	**218.7**	**2,727**	**250.8**	**2,531**	**285.7**	**50%**
Leather garments	**104**	**3.0**	**107**	**3.8**	**82**	**2.9**	**77%**

Source: Eurostat, 2005

Main developments in area of origin of outerwear imports by The Netherlands in the period 2003-2004 were:

- Imports from developing countries grew (+3.9%) to the detriment of imports from other EU countries (-3.8%) as well as from developed non-EU countries (-30.3%);

- Imports from Mediterranean developing countries decreased very slightly (caused by a considerable fall in imports from Morocco), while the limited imports from ACP countries decreased sharply (mainly caused by reduced imports from Mauritius and Jamaica);
- Imports from Asian developing countries grew by 6.2% (mainly China, but also Bangladesh, Thailand, Vietnam and Cambodia) imports from Central and South America (mainly Mexico) grew; imports from developing CEECs grew too, although imports were very limited.

Table 2.2 Leading suppliers to The Netherlands in 2004, share in % of value

	Total share
Total outerwear	
Intra EU : Germany (17%); Italy (4%); Belgium (3%); Denmark (3%); Poland (2%).	34%
Extra EU excl DCs* : Hong Kong (4%); Romania (2%); Bulgaria (1%); South Korea (1%); Taiwan (1%).	13%
DCs* : China (16%); Turkey (13%); Bangladesh (6%); India (4%); Indonesia (2%); Tunisia (2%); Thailand (2%); Pakistan (1%); Vietnam (1%); Philippines (1%).	53%
Woven outerwear	
Intra EU : Germany (19%); Italy (4%); Belgium (4%); Poland (3%); Denmark (3%).	36%
Extra EU excl DCs* : Hong Kong (4%); Romania (2%); Bulgaria (2%); Canada (1%); Ukraine (1%).	14%
DCs* : China (18%); Turkey (11%); Bangladesh (5%); India (3%); Tunisia (3%); Indonesia (2%); Vietnam (1%); Morocco (1%); Cambodia (1%); Sri Lanka (1%).	50%
Knitted outerwear	
Intra EU : Germany (15%); Italy (4%); Portugal (3%); Belgium (3%); Denmark (3%).	32%
Extra EU excl DCs* : Hong Kong (4%); South Korea (2%);Taiwan (1%); Macao (1%).	11%
DCs* : Turkey (15%); China (13%); Bangladesh (9%); India (5%); Indonesia (3%); Thailand (3%); Pakistan (2%); Philippines (1%); Egypt (1%); Vietnam (1%).	57%
Leather garments	
Intra EU : Germany (11%); Italy (4%); Denmark (2%); Belgium (2%); Spain (2%).	20%
Extra EU excl DCs* : Hong Kong (2%); South Korea (1%); USA (1%); other countries such as Switzerland and Norway less than 1%.	3%
DCs* : China (36%); Turkey (19%); India (12%); Pakistan (9%); and other DCs such as Vietnam, Indonesia, Ivory Coast and the Philippines less than 1% .	77%

*Developing Countries
Source: Eurostat, 2005

Germany (including re-exports), China and Turkey were the leading suppliers of outerwear to The Netherlands.
Fast-growing suppliers (exports valued more than € 20 million and a growth of more than 10%) of outerwear during the period 2003-2004 were: China, Denmark, Tunisia, Thailand, Vietnam, Cambodia and Myanmar.
Very fast-growing other suppliers were (among others): Canada, UA Emirates, Mexico, Moldova, Madagascar, Syria and Brazil. A significant new supplier to The Netherlands was Uzbekistan.

Imports by product group

During the period 2002-2004, the volume of Netherlands imports of the following outerwear products increased significantly, of which the growth in imports of cotton T-shirts was the most outstanding.
The volume of Netherlands imports of outerwear products, which grew significantly more than average during the period 2000-2004, are mentioned in table 2.3.
Imports of clothing dropped slightly (-0.2%) in 2005 compared to 2004.

Table 2.3 Imports into The Netherlands of products with growing import shares, 2000-2004 (in million units)

	2000	2002	2004
KNITTED			
Cotton anoraks for men	0.1	0.4	0.9

Cotton anoraks for women	0.3	0.6	1.5
Cotton ensembles for men	0.3	0.1	0.7
Cotton ensembles for women	0.8	0.5	2.3
Synthetic ensembles for men	0.1	0.4	0.7
Synthetic ensembles for women	0.7	0.9	2.5
Cotton shorts for men	1.4	1.7	5.3
Cotton trousers for women	5.5	5.6	8.6
Cotton shirts for men	9.9	10.5	12.0
Cotton blouses for women	5.5	10.5	13.3
Cotton T-shirts	128.6	139.2	187.1
WOVEN			
Man-made anoraks for men	7.4	8.1	10.0
Cotton anoraks for women	1.2	3.7	5.5
Man-made anoraks for women	5.7	7.5	11.7
Cotton trouser for men (other than denim)	19.3	23.6	24.6
Cotton trouser for women (other than denim)	146	26.0	28.6
Cotton skirts	3.6	6.1	10.5
Cotton shirts for men	22.5	28.1	29.4
Cotton blouses for women	6.4	14.2	12.0

Source: Eurostat, 2005

During the same period, the volume of Netherlands imports of the following outerwear products decreased significantly:

- Denim trousers for men, from 13.7 million in 2002 to 10.8 million in 2004;
- Woven cotton blouses, shirts etc. for women, from 14.2 million in 2002 to 12.0 million in 2004;
- Woven blouses etc. of man-made fibres for women, from 13.1 million in 2002 to 8.5 million in 2004;
- Knitted blouses etc. of man-made fibres for women, from 6.4 million in 2002 to 3.0 million in 2004.

Exports

The Netherlands ranked 6th in EU outerwear exports, after Italy, Germany, France Belgium and United Kingdom. Exports amounted to € 2.7 billion or 6% of total EU exported value in 2004. Exports by The Netherlands decreased 8% in terms of value during the period 2002-2004. Woven outerwear accounted for 57% of Netherlands exports (in terms of value), knitted outerwear for 41% and leather garments for 2% in 2004.

Table 2.4 Exports by The Netherlands of product groups and by destination, 2004 in € million

	Intra-EU	Extra-EU	Total
Woven outerwear	1,416	145	1,561
Knitted outerwear	1,032	103	1,135
Leather garments	39	4	43
Total	**2,487**	**252**	**2,739**

Source: Eurostat, 2005

A very small share of 9% went to countries outside the European Union, which is far below the EU average. Leading destinations of exports remained EU countries, such as Germany (32% of total exports), France (15%), Belgium (15%), United Kingdom (7%) and Spain (4%). The main destinations outside the EU were Switzerland (ranked 9th with 2%), Russia (ranked 12th with 1%) and Norway (ranked 15th with 1%).

Exports by The Netherlands include the so-called re-exports: imported products, which are exported to other (mainly other EU) countries. The volume of re-exports can be calculated when national production statistics are available and destination of production can be divided into domestic sales and exports by industry. Available production figures in The Netherlands are rather limited and include production abroad by manufacturers. For that reason, re-exports by The Netherlands cannot be exactly determined, however, it can be assumed that about

40% of Netherlands outerwear imports is re-exported or that almost 80% of exports of outerwear consists of re-exports.

Opportunities and threats

- Expectations for consumer expenditure on outerwear for the period 2006-2007 are moderately optimistic, for several reasons like demographic developments, growing interest of consumers in fashion and expected growth of consumer expenditure;
- Developments in Netherlands production led besides sourcing of basic products in low-cost countries also to sourcing of products with a higher design content. The largest middle range market segment may offer good opportunities for exporters in developing countries;
- The focus on casual and leisurewear will be continued for the coming years, but to a much smaller degree. Besides this trend, there is a tendency to more natural fibres, mainly cotton and blends with cotton at the expense of man-made fibres;
- Imports from developing countries of casual/leisure product groups like T-shirts, sweaters, sportswear, jeans and other cotton trousers increased considerably in volume but against much lower prices.
- The fast changing demand in the clothing market is a significant factor. Because of the higher dynamics of the clothing markets in terms of more rapidly changing consumer preferences and more seasons per year, there is a general tendency in the clothing branch to demand shorter delivery times and smaller volumes of series and orders.

Useful sources

- Euratex bulletins(http://www.euratex.org).
- EU Expanding Exports Helpdesk - http://export-help.cec.eu.int/ Go to: trade statistics.
- Eurostat – official statistical office of the EU - http://epp.eurostat.cec.eu.int Go to: ‘themes’ on the left side of the home page - ‘external trade’ - ‘data – full view’ - ‘external trade - detailed data’.

3. Trade structure

Trade channels

Importers on the outerwear market in The Netherlands are:

- domestic manufacturers, often with production activities abroad (see chapter 2);
- agents or selling offices for foreign manufacturers;
- wholesalers/importers, selling to retail organisations;
- retailers, of which the larger players or buying groups of independents import by themselves.

For more general information we refer to the market survey *The outerwear market in the EU* .

Wholesale trade

About 3,000 wholesalers, of which 900 are of considerable importance, are active in imports in The Netherlands in the clothing sector. A number of them is member of the FTGB (textiles wholesalers association); information about them can be found on http://www.nvg.nl while another part can be found on the website of the NVKT (agents and importers of clothing and textiles) on http://www.nvkt.nl.

Retail trade

The clothing retail structure in The Netherlands differ greatly from those found in other major EU countries. Specialists face limited competition, mainly from department and variety stores, with home shopping and grocery operators playing a minor role.
Many multiple chains trade within buying groups and the sector is led by two buying groups: Euretco and Intres.
The holding Vendex/KBB (new name: Maxeda; http://www.maxeda.com) is the largest non-food retailer selling fashion in this country and includes the department stores Vroom & Dreesman and Bijenkorf; variety store Hema and the fashion multiples M&S Mode (women’s wear), Claudia Sträter (women’s wear) and Hunkemöller (body wear).

Many Netherlands retail organisations have set up chains abroad: M&S, We Men/Women and Cool Cat are other examples of international-oriented chains, just like variety chain Hema and textile discounters Zeeman and Wibra.
There is an increasing number of outlets, mainly clothing multiples, including strongly expanding chains from abroad like Hennes & Mauritz (71 stores) from Sweden, Vögele Mode (118) from Switzerland and Vero Moda (75) from Denmark. Other foreign retailers are rather small in The Netherlands, such as Zara (6) and Mango (15) from Spain, Gant (12) from the USA, InWear (10) and Cottonfield (10) from Denmark.

Table 3.1 Market shares for outerwear by type of retailers in The Netherlands, 2001-2005 (in % of value)

	2001	2003	2005	2005		
				Women	Men	Children
Specialists	**66**	**65**	**66**	**66**	**68**	**56**
Independent retailers	32	30	28	28	33	17
Clothing multiples	34	35	38	38	35	39
Non-specialists	**34**	**35**	**34**	**34**	**32**	**44**
Department and variety stores	11	10	10	10	9	12
Textile supermarkets	3	4	4	4	2	10
Sports speciality stores	5	5	4	3	6	5
Home shopping companies	4	5	5	6	3	5
Super- and hypermarkets	1	1	1	1	1	2
Street markets	2	2	2	2	1	2
Other	8	8	8	8	11	9
Total	**100**	**100**	**100**	**100**	**100**	**100**

Sources: Retail Monitor. GFK and CBS

In The Netherlands, there are around 10,700 outlets in the outerwear sector exploited by 6,400 companies, of which 60% can be classified as independent retailers. 40-50% of Netherlands independent retailers are organised in central buying organisations and, to a lesser degree, franchise organisations. The main operations of independent retailers lie in the middle and upper sections of the market.
The leading **buying organisations** are Intres (http://www.intres.nl) and Euretco (http://www.euretco.nl). Intres has the following formula: selling formula First Lady (45 women's wear stores) and First Man (17 men's wear stores), buying formula in men's wear like Alpha (69); in women's wear: Ladies Department (26) and Forum (80); in children's wear: Get Smart (20), Ministars (60) and AUB stores (25). The sport division of Intres covers Intersport (117 stores), Coach (47) and Gos Sport (independents operating under own name via 120 stores). Totally, 1,474 independent retailers operating via 2,194 sales outlets are member of Intres, of which almost half in fashion retail.
Euretco Fashion was the owner of several clothing multiples, besides the buying activities for members/retailers, like Adams, Witteveen, Bemore and Jeans Centre. However, in 2005, Euretco changed its strategy, sold these formula and now concentrates itself on the buying actuivities for its members in the fashion branch. The sport division of Euretco includes Sportpoint (85) and Sport 2000 (130).

C&A sells clothing for the whole family and operates mainly in the middle of the market, but is also active in both the upper and the lower price brackets. Market shares of C&A Nederland have decreased since the entrance and expansion of foreign concerns like Hennes & Mauritz and Vögele. The retail market for women's outerwear has many players, while the number of chains in the babies' and children's wear sector is very limited. The following overview gives the important Dutch chains, operating in The Netherlands.

Table 3.2 Major specialised clothing and sports chains from Dutch origin in The Netherlands, 2005/2006

Retail chain	Parent company	Website	Number of outlets
General clothing			
C&A	C&A	http://www.c-and-a.com	108
Duthler	Brova	http://www.duthler.com	29
We Men/Women	WE Europe	http://www.wefashion.com	160
Shoeby Fasion	Shoeby	http://www.shoebyfashion.nl	100
Cool Cat	Cool Cat Fashion	http://www.coolcat.nl	77
Men's wear			
Adam	Mc Gregor Group	http://www.adam.nl	45
Women's wear			50
Didi Fashion	Coltex	http://www.didi.nl	101
M&S Mode	Vendex/KBB	http://www.msmode.com	134
Miss Etam	Etam Groep	http://etamgroup.com	126
Promiss	Etam Groep	http://www.promiss.nl	59
Steps	NFD	http://www.steps.nl	86
Pulls	Van der Wijk	http://www.pulls.nl	31
SPS (Superstar)	Coltex	http://www.sps-superstar.nl	66
Witteveen	Witteveen	http://www.witteveen-mode.com	75
Wonder Woman	Cool Cat Fashion	http://www.wonderwoman.nl	34
Claudia Sträter	Vendex/KBB	http://www.claudiastrater.com	30
Leisure wear			
Vet	Coltex	http://www.vet.nl	45
Jeans Centre	Jeans Centre	http://www.jeanscentre.nl	87
Newport Blue	Newport Blue	http://www.newportblue.nl	31
Score	Score Group	http://www.score.nl	56
Babies'/maternity			
Prenatal	CVC	http://www.prenatal.nl	67
Outdoor and sports			
Perry Sport	CVC	http://www.perrysport.nl	41
Aktie Sport	Bron Beheer	http://www.aktiesport.nl	117
Bever Zwerfsport	Bever Zwerfsport	http://www.bever.nl	26

There are two **department stores** of importance, Vroom & Dreesman (http://www.vroomendreesmann.nl) and De Bijenkorf (http://www.bijenkorf.nl). Both are part of Vendex/KBB and both sell outerwear. De Bijenkorf has 13 stores and stocks high quality, stylish and appropriately priced products. V&D operates in the middle of the market with 60 outlets of different sizes.
The **variety store** Hema (Vendex/KBB) has 336 sales outlets, of which 46 in Belgium and 3 in Germany. The Hema (http://www.hema.nl) is market leader, among others in baby clothing. All articles are sold under the private label Hema.
Due to the extended network of retail shops in The Netherlands, **home shopping** has a much lower market share than most other EU countries. Mail-order houses operate via catalogues and Internet and in some cases teleshopping, mainly in the middle ranges as regards price, quality and fashion. The most important companies are Wehkamp (http://www.wehkamp.nl), Otto Nederland (part of Otto Versand from Germany), Neckermann Postorders, Quelle, Peter Hahn (all part of the German Karstadt/Quelle) and La Redoute (from France).
Important **discount chains** in textiles (often indicated as textile supermarkets) are Zeeman Textielsupers with 930 outlets, of which 479 in The Netherlands, 242 in Germany, 174 in Belgium, 29 in France and 6 in Luxembourg (http://www.zeeman.com), Wibra with 225 outlets: 162 in The Netherlands and 63 in Belgium (http://www.wibra.nl), Hans Textiel & Mode (204 outlets;
(http://www.hanstextiel.nl), Henk ten Hoor (70 outlets; http://www.henktenhoor.nl) and Bentex (45 outlets; http://www.bentex.nl).
Most products under review in this survey are part of the assortment of the above-mentioned textile discounters. Discounters, which originally only sold footwear like Scapino (184 outlets; http://www.scapino.nl) and Bristol (126 outlets; http://www.bristolonline.nl) have expanded

their assortment to include outerwear and sportswear. This example has been followed by other footwear discounters, like Schoenenreus (197 outlets; http://www.schoenenreus.nl).
The main activities of grocery **supermarkets** are in the provisions sector, however, super- and hypermarkets have (mainly low-priced) clothing incidentally in their assortment. Supermarket chains are Albert Heijn, Aldi, Vomar, Lidl and Edah, of which the market shares of the German originated Aldi (strongly expanded to 406 outlets in The Netherlands) and Lidl (208 outlets) are highest.
Part of the category '**Other**' is taken by the Makro (a cash and carry formula, part of the German Metro Group), a wholesaler with retail activities, but which also includes factory outlets. Companies in this category (with the exception of the Makro) are not themselves involved in importing.

Trends
- The non-food offer in the groceries sector is limited in The Netherlands. The hypermarket format with its strong non-food component plays a smaller role in clothing sales than in rest of the EU. However, a limited growth is expected for the coming years.
- The specialist clothing sector in the Netherlands is becoming more concentrated. The leading buying groups: Euretco and Intres, of which most of the members are independent retailers hold a strong position in the national market.
- Most of the retail chains have expanded their activities abroad, mainly to Belgium and Germany but other

Opportunities
- Wholesalers, importing manufacturers, clothing multiples, buying organisations and non-specialised chains, like hypermarkets, discounters, home shopping companies, department and variety stores and sports chains are potential trade channels for exporters in developing countries.

The decision of an exporter, as to which market entry strategy can be chosen, depends on many internal (own manufacturing and organisational capabilities etc.) and external factors (direct or indirect exporting and in the latter case which intermediaries are the most suitable).
Nearly all of the above mentioned retail organisations are active in the mid-market and/or lower-market segments. Chapters 8 and 11 of CBI's *The outerwear market for the EU* give detailed information on this subject.

Useful sources
Apparel Retailing in Western Europe, Retail Forward (http://www.retailforward.com); 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.

4. Prices and margins

Prices and margins
- Analysis of clothing prices in 2004 relative to 2000:
  Consumer prices - 2.3%
  Import prices - 14.6%
  Developments in the period 2004-2005 are given in the previous chapters.
- The Dutch clothing market have shown a decrease in consumption in despite small drop in consumer prices that were much lower than the import price reductions.

The market is intensively competitive and prices vary widely according to the product and type of outlet. A rough indication of differences in price levels by types of outlets has been given in chapter 4 of *The outerwear market for the EU* and an overview of margins valid for the distinguished levels in the clothing market can be found at chapter 9 and 11.5 of the same survey.

Below, an overview is given of (average) retail prices in The Netherlands. Retail prices include Value Added Tax/VAT (19%) and are given for summer 2005.

- Prices of jeans vary from € 10-18 in textile discounters; from € 15-30 for private labels; from € 25-50 for cheap brands; from € 50-100 for leading brands and € 90 and more for designer brands. Average price is € 38.
- Average prices of other cotton trousers vary from € 12 in textile discounters, to € 26 for private labels, to € 35 for cheap brands and € 60 for leading brands and higher for designer brands. Average price is € 33.
- Prices of pullovers, sweaters etc. vary from € 10 in textile discounters, € 20 for private labels, to € 40 for cheap brands and € 60 for leading brands and even higher for designer brands. Average price is € 28.
- Average prices for T-shirts (uni-colour of reasonable quality cotton) vary from € 4 in discounters to € 8 for private labels and € 16 in speciality stores. Prices for leading brands (incl. logo) start from € 18. Average price is € 7.

Price is an important selling factor, especially in the lower segments of the clothing market, whereas in the higher segments (higher added value) factors like quality and fashion are more important than price. In the lower segments of the clothing market, retailers have little room to manipulate prices because competition is very fierce and margins are low.

Useful sources

Window-shopping in the prospective market place, at several retail shops is a good way of obtaining information about prices at retail or consumer level, but also about fashion, colours and qualities.
Alternatively, an impression of average prices can be formed by browsing through the catalogues of home shopping companies on Internet. Comparisons can also be found in the prices given in catalogues from large multiples, department stores or from company websites. For websites we refer to the previous chapter.

5. Market access requirements

As a manufacturer in a developing country preparing to enter the market in The Netherlands, you should be aware of the market access requirements of your trading partners and the Netherlands 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

Legislative requirements

National legislation in EU countries is compulsory for all products traded within the country concerned. Therefore, as an exporter in a developing country you have to comply with the legislative requirements that are applicable to your products. For information on legislation for outerwear go to 'Search CBI database' at http://www.cbi.nl/marketinfo, select your market sector, and the EU country of your interest in the category search, click on the search button and click on legislative requirements for an overview of all documents on legislation in your country of interest.

Non-legislative requirements

Social, environmental and quality related market requirements are of growing importance in international trade and are often requested by European buyers through labels, codes of conduct and management systems. For information on non-legislative requirements applicable to outerwear, go to 'Search CBI database' at http://www.cbi.nl/marketinfo, select your market sector and the EU country of your interest in the category search, click on the search button and click on your subject of interest under non-legislative requirements for an overview of all documents on the subject concerned in your country of interest.

Packaging, marking and labelling
An overview of these aspects, including the differences between countries or cluster of countries, is given in chapter 10.3 of the CBI survey *The outerwear market in the EU* .

Tariffs and quota
Detailed information about tariffs and quota can be found in the CBI market survey 'The outerwear market in the EU' The VAT tariff for clothing for adults and for children in The Netherlands is 19%.

Useful sources
Euratex Bulletins (http://www.euratex.org); National Customs of the European Committee (http://ec.europa.eu).

6. Business practices

General information on business practices can be found in the CBI market survey *The outerwear market in the EU* and in CBI's *Export planner.*
Many Dutch people are familiar with doing business with foreigners, since The Netherlands has a long history of international trade. The business community is rather close and most senior level people know one another. Communication is direct and to the point, and may seem blunt. Knowledge of English is extensive in business in The Netherlands and is normal way of communicating with potential trading partners. Clothing exporters to The Netherlands need to be aware of cultural issues when doing business in this country and to establish an effective and committed relationship at a personal level.
Several websites, providing practical tips on business culture and etiquette in The Netherlands can be found, such as http://www.kwintessential.co.uk/resources/global-etiquette/netherlands.html.

Selecting a suitable trading partner
The trade fairs in The Netherlands are Modefabriek (http://www.modefabriek.nl) and Amsterdam Fashion Week (http://www.amsterdamfashionweek.com) and the children's fair No Kidding (http://www.nokidding.nl). These would be possible places to make contacts, however, these fairs have a local and modest character.
Another possibility for selecting potential trading partners is an orientation on Internet; the websites of branch organisations as mentioned in chapters 1 and 3 supply opportunities.

Reaching an agreement with your trade partner
Ensure that you are confident and know the organisation you are dealing with before you attempt to finalise any agreement. Decision-making is consensus driven. Anyone who might be affected by the decision is consulted, which greatly increases the time involved in reaching a final decision.

Drawing up an offer
Provide as much detail as possible when drawing up the offer. A sample may be required, depending on the specification of the items. This is preferable for the first order, but good photography of items may be acceptable thereafter.

Methods of payment
It is advisable to obtain bank references before undertaking business in The Netherlands. You may also wish to run a credit check on the organisation. Before agreeing a method of payment, contact the international division of your bank. Payment can sometimes be secured in 60 days or less. The payment method depends on the degree of trust between the parties.

- Open account is the simplest and most flexible method. Payments are via electronic funds transfer (e.g. SWIFT), bankers draft or the buyer's own cheque.
- Cash against documents is done through a bank and is a more secure method. Documents are only released in accordance with the exporter's instructions.

- Letters of credit are the most effective way of ensuring payment, in particular for SME's and doing business for the first time.

Terms of delivery
FOB (Free on Board) terms and CIF (Cost, Insurance, Freight) terms are the most usual terms of delivery in the outerwear sector, as discussed in chapter 14.4 of CBI market survey *The outerwear market in the EU* . For details on delivery terms please check appendix 2 of CBI's *Export planner*.

Sales promotion
Trade fairs, as mentioned above, have a local character. Many independent retailers, and most of the multiples and other retail organisations visit trade fairs in Germany, France and Belgium. The trade association in The Netherlands, Modint can be reached at http://www.modint.nl
There are several clothing trade journals in The Netherlands (all in the Dutch language) such as: Textilia (http://www.textilia.nl) and Texpress.

More information can also be found in CBI's *Export planner* and *Your image builder.*

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