CBI MARKET SURVEY

THE OUTERWEAR MARKET IN THE UNITED KINGDOM

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Report summary
This CBI market survey discusses, amongst others, the following highlights for the outerwear market in the United Kingdom:
- The total consumption of outerwear in 2005 in the UK amounted to € 44.8 billion, while for 2006 a growth of 2.3% is expected. Spending on outerwear has continued to increase but at a reduced rate compared to previous years.
- The UK is the second largest EU outerwear importer with € 12.8 billion, accounting for 17% of EU imports in 2004. British importers sourced 56% of outerwear in developing countries (DCs), which was only 2% more than in 2000.
- Imports from DCs came for 67% from Asian DCs and for 29% from Mediterranean countries and for 3% from ACP countries. Imports from Asian DCs showed the biggest growth 12%, mainly caused by increased imports from China and Bangladesh; followed by Mediterranean countries (+5%, mainly Turkey) and ACP countries (+3%, mainly Mauritius and Madagascar).

This survey provides exporters of outerwear with sector-specific market information related to gaining access to the United Kingdom. By focusing on a specific country, this 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
- The total consumption of outerwear in 2005 in the UK amounted to € 44.8 billion, while for 2006 a growth of 2.3% is expected. Spending on outerwear has continued to increase but at a reduced rate compared to previous years.
- This lower growth can partly be explained by further decreasing prices (-2% in 2003 and -1% in 2004), which were the result of: developments in the retail sector, like a wide availability of clothing at competitive prices and significant changes in retailing (value chains, discounters and hypermarkets); aggressive expansion by many specialist chains; increased penetration of imports from low-cost countries replacing the reduced national production.
- But also by factors like: stronger fashionability across the retail spectrum; a wider distribution and appeal of designer labels and exclusive collections and a wider choice of fitting and sizes.
- The UK remained the second biggest clothing market in the EU behind Germany. UK consumers, just as Austrian citizens, belong to the bigger spenders per capita on clothing in the EU.
- In recent years, the UK economy has been among the strongest in Europe. Consumer confidence has been high as a result of low interest rates, low level of unemployment and strong increases in house prices. Growth in household expenditure was the driving force behind the UK’s GDP growth. In several European markets, demand for clothing has struggled to keep pace with growth in all retail sales: the UK has been one of the strongest performers in this respect.

Table 1.1 Consumer expenditure on outerwear in United Kingdom in € million, 2002-2007

	2002	2003	2004	2005	2006 f	2007 f
Women's outerwear	21,442	22,461	23,561	24,207	24,890	25,420
Men's outerwear	12,293	12,891	13,522	13,663	13,895	14,480
Children's outerwear	5,964	6,252	6,558	6,683	6,760	6,810
- Girls' outerwear	*3,180*	*3,342*	*3,497*	*3,536*	*3,545*	*3,560*
- Boys' outerwear	*1,888*	*1,962*	*2,076*	*2,098*	*2,115*	*2,150*
- Babies' outerwear	*896*	*948*	*985*	*1,049*	*1,100*	*1,100*
Leather garments	329	298	284	280	300	320
Total outerwear	**40,028**	**41,829**	**43,925**	**44,833**	**45,845**	**47,030**
Yearly change in %	**2.5%**	**4.5%**	**5.0%**	**2.1%**	**2.3%**	**2.6%**

f= forecasts
Source: Euromonitor and Office for National Statistics (ONS)

The UK market for women's outerwear grew by 13% in the period 2002-2005, to reach a value of € 24.2 billion and is, also in the UK, the largest sector, accounting for 54% of the UK outerwear market. The men's outerwear market grew by 11% to € 13.5 billion in the same period. Growth in volume was more than in value in the period 2002-2005, which indicates lower average prices (3-4% annually). This can be ascribed to the success of value retailers and discounting in the men's wear sector. The casual wear segment grew further, at the expense of formal wear.
Despite decreasing numbers of children, the market for children's clothing is buoyant and has shown strong growth since 1998. The market for children's outerwear grew by 12% during the period 2002-2005 to € 6.7 billion. Infants' wear is the best performer within the market as a whole: a growth of 17% in the period under review. This segment is helped by indulgent gift buying, especially for newborn babies, as clothes are a popular gift.
Consumers are having smaller families, but spending more per child on children's clothes. Meanwhile children are having a greater influence on the styles they want and the amount of clothes in their wardrobes. These factors are key in stimulating more demand.

Forecasts for women's wear show a higher growth in volume than in value, which follows the current trend of falling unit values in the women's sector, particularly in the case of casual wear. However, the women's wear market is less price-sensitive than that for men's wear. The market for children's clothing is forecast to grow because of the influence of fashion and continuing consumer confidence, as personal disposable income continues to rise. Although the number of children will decrease, this will be more than offset by a higher amount spent per child. The UK outerwear market is estimated to reach a value of € 47 billion in 2007.

Product groups

According to ONS, the largest segment remained formal or classic wear in 2004, of which in value terms the major product groups were coats and outdoor jackets, suits and indoor jackets, skirts and dresses. The increasing trend away from formal wear favoured sales of casual wear and sportswear. Market shares for women and girls of casual trousers (except jeans) rose, as did T-shirts. Other knitted casual items like tops, jumpers, sweat shirts and cardigans increased too but to a smaller degree than in the previous years.
The children's clothing market is growing in core garments. The market is strongly shaped by fashion, with some styles being miniaturised versions of adult ranges. Meanwhile youth styles and fashions are opening up a new children's niche, with its own flavour and inspirations.
The trends show that the purchasing of girls' dresses has declined, while there has been a higher rate of purchasing of jeans. Coats and jackets have also been increasing in popularity. Comfortable casual dressing is the most influential factor for younger boys, with tracksuits and sweatshirts more popular among younger than older children, while coats and jackets are more popular among older girls.

Table 1.2 Development in consumption of specialised product groups in the UK, 2003-2004 (in % of value)

Product groups	Change in %
Women's coats	+11
Trousers	+ 3
T-shirts	+ 8
Blouses	- 3
Shirts	- 5
Jerseys, pullovers etc. for women	+ 3
Jerseys, pullovers etc. for men	+ 1
Skirts	+ 4
Anoraks	+ 1
Indoor jackets	+ 2
Dresses	- 1
Jeans	+ 1
Other trousers	+ 3

Source: Eurostat and BATC

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 UK population increased very slightly from 58.8 million in 2000 to 60.0 in 2006. The population in the UK is projected to increase to 61.9 million by 2015 and 64.3 million in 2050, an increase of around 7%.
- Just like in other major EU countries, the category below 15 years has decreased in UK, while the categories 40 and older have increased substantially.
- In 2000, 15.6% of the UK population was 65 or over and in 2005 this percentage was 16.0.
- 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 4% of total women's outerwear market) will continue to expand its influence on the leisure (22% men's and 20% women's) and casual (resp 31 and 32%). Formal wear (resp 41% and 44%) will lose out to these sectors but 'smart casual' will be further influenced by the workplace.
The opinion of some experts is that the move in clothing behaviour from formal to casual and from formal and casual to leisure and active sportswear in the UK will be continued in the coming years.

Trends in consumption

- Recent years have seen a trend towards purchasing casual wear for the office and leisurewear for home, and away from buying formal wear. However, in the review period, formal wear still represented a higher part of the market in the UK than in other major EU countries. The growing number of women in the workforce, in particular at managerial levels, has helped support sales of formal wear. According to experts, a balance is being reached between sales of women's formal, smart casual and casual wear.

- Influences on children's fashion from the sports world and the entertainment sector will continue, even from an increasingly young age.
- Babywear will be the most dynamic sector registering growth of 12% in the period 2004-2007. Although birth rates are forecast to decline, sales of babies' clothing will be boosted by offering new brands with more trendy clothing for newborns. In the past, the baby collections were more classic and romantic.
- An increasing group of consumers is more critical about fittings and looking for better (greater) choice of fashion collections, because much of Britain's high street and even the department stores offer is geared to younger fashions.
- School uniforms make children, more than in other countries which have no school uniform system, want to distinguish themselves from others after/outside school.
- Influences of media, especially magazines, TV and Internet, make consumers more conscious about the latest fashion trends and prices, so they will be better informed to make a choice than before.

Production

Total production
Production in the UK apparel sector fell 20% in the period 2001-2002, of which more than half in 2004. Order books remain depressed during the first half of 2005. It seems very likely that production and employment will continue to fall and imports will continue to rise.

Table 1.2 Key figures of the United Kingdom clothing sector, 2001-2004

	2001	2002	2003	2004	% change 2003/2004
Production value, € million	9,040	8,742	8,009	7,160	- 10.6%
-- *Woven clothing,* € million	*6,566*	*5,939*	*5,601*	*4,965*	- 11.4%
-- *Knitwear,* € million	*2,474*	*2,803*	*2,408*	*2,195*	- 8.9%
Index total clothing production	100.0	97.2	89.0	79.6	
Index outerwear production	100.0	91.0	86.3	74.5	
UK employment in '000	242	225	199	182	- 8.5%

Italy is the dominant clothing producer in the EU with 36% of total EU turnover in 2004, followed by France (12%), Germany (11%), Spain (8%) and UK (7%), which indicates that 74% of the EU garment industry is concentrated in these five countries.

Major players
Major clothing manufacturing companies in the United Kingdom are among others:
Coats Clothing (http://www.coats.com); Burberrys (http://www.burberry.com); Barbour (http://www.barbour.com); French Connection (http://www.frenchconnection.com); Pentland (http://www.pentland.com); Ben Sherman (http://www.bensherman.co.uk); Dawson International Clothing (http://www.dawson-international.co.uk).

Trends in production
- Several manufacturers of outerwear for men and/or women specialised themselves in corporate clothing, while other manufacturers shift from manufacturing private labels to own branded business.
- The pressure on UK manufacturers to shift production abroad has been growing in recent years. Manufacturing companies have suffered from reduced competitiveness as a result of falling clothing prices and rising energy and environmental costs.

Opportunities and threats
- United Kingdom ranked 2nd in EU clothing expenditure and, despite a slower growth in 2005, demand for outerwear in United Kingdom will continue to increase in the coming years for several reasons like: demographic developments, growing interest of consumers in fashion and expected growth of consumer expenditure.

- To satisfy the requirements of importing companies in United Kingdom (and other EU countries), exporters in developing countries will be faced with increased demands for higher quality and environmentally friendly products.
- The strong decrease of production in United Kingdom has led to further sourcing of products in low-cost countries and, probably, of products with a higher design content. Besides the traditional lower range market segment, also 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 UK is the second largest EU importer in terms of value with € 12.9 billion, accounting for 17% of the EU total imports of outerwear in 2004. British importers sourced around 72% of outerwear in non-EU countries in 2004, while this percentage was 75 in 2000. 56% of the total imports came from developing countries, which was only 2% more than in 2000.
After many years of growth, UK imports of outerwear decreased by 6% in terms of value in 2003, followed by an increase of 5% in 2004 and still under the level of 2002. Production for the domestic market decreased while the share of imports in the increasing consumption grew. Average import prices fell considerably: 2.4% in 2003 and 10.1% in 2004.
Imports of knitted outerwear showed a growth of 6% in the period 2001-2003, while imports of woven outerwear grew by a limited 2%. Imports of leather garments decreased considerably (-31%) in the same period.

Table 2.1 Outerwear supplied to United Kingdom, 2000–2004, € million/'000 tonnes

	2000		2002		2004		DC* share in %
	value	volume	value	volume	value	volume	of value, 2004
Total outerwear	**11,209**	**633.6**	**12,925**	**646.1**	**12,758**	**839.1**	**56%**
Knitted outerwear							
- overcoats/outdoor jackets	159	8.3	207	10.5	198	12.7	59%
- suits/jackets/trousers	622	30.9	713	40.2	679	45.0	66%
- shirts/blouses	532	30.9	578	32.7	504	33.9	61%
- T-shirts	1,026	80.5	1,527	88.5	1,869	134.2	61%
- jerseys/pullovers	1,700	79.9	1,935	99.9	1,694	128.8	51%
- babies' garments	266	10.8	324	17.6	311	21.4	86%
- sportswear	88	4.1	101	5.6	134	8.9	65%
- accessories	127	10.9	128	11.4	148	15.4	60%
Total knitted outerwear	**4,520**	**256.3**	**5,513**	**306.4**	**5,537**	**400.3**	**60%**
Woven outerwear							
- overcoats/outdoor jackets	690	31.2	710	34.2	750	47.7	58%
- suits/ensembles	364	12.8	410	14.3	399	14.9	32%
- indoor jackets	583	27.5	651	23.6	646	46.3	34%
- trousers	2,098	146.2	2,456	125.5	2,486	156.4	55%
- dresses	330	13.5	298	8.9	296	10.4	54%
- skirts	352	17.1	427	19.1	543	39.8	61%
- shirts/blouses	1,222	80.6	1,403	68.4	1,229	74.9	55%
- babies' garments	110	4.1	142	6.9	140	8.4	77%
- sportswear	160	8.1	180	6.3	150	8.3	56%
- accessories	185	9.4	175	10.8	166	10.3	47%

- other	328	15.5	275	14.6	254	15.5	51%
Total woven outerwear	**6,422**	**366.0**	**7,127**	**332.6**	**7,059**	**432.9**	**53%**
Leather garments	**267**	**11.3**	**285**	**7.1**	**162**	**5.9**	**69%**

* deloping cuntries
Source: Eurostat, 2005

Some developments in area of origin for UK imports were:

- Imports from other EU countries grew 6% in 2004 compared to the previous year, which is above the average growth, mainly caused by increased imports from Italy, France, Germany, Spain and The Netherlands.
- Imports from developing countries increased 9% during the same period accounting for 56% of total imports.
- Imports from DCs came for 67% from Asian developing countries and for 29% from Mediterranean countries and for 3% from ACP countries.
- Imports from Asian DCs showed the biggest growth 12%, mainly caused by increased imports from China and Bangladesh; followed by Mediterranean countries (+5%, mainly Turkey at distance followed by Morocco) and ACP countries (+3%, mainly Mauritius and Madagascar).

Table 2.2 Imports of product groups and leading suppliers to the United Kingdom, 2004, share in % of value

	Total share
Total outerwear	
Intra EU : Italy (6%); France (5%); Germany (4%); Portugal (3%); Belgium (3%).	28%
Extra EU excl DCs* : Hong Kong (5%); Romania (5%); South Korea (1%); UA Emirates (1%); USA (1%).	16%
DCs* : China (14%); Turkey (11%); Bangladesh (6%); India (4%); Morocco (4%); Sri Lanka (3%); Indonesia (2%); Pakistan (2%); Mauritius (1%); Cambodia (1%).	56%
Woven outerwear	
Intra EU : Italy (7%); Germany (5%); France (5%); Belgium (3%); Netherlands (2%).	28%
Extra EU excl DCs* : Romania (8%); Hong Kong (5%); Bulgaria (1%); USA (1%); UA Emirates (1%).	19%
DCs* : China (16%); Turkey (9%); Morocco (6%); Bangladesh (5%); India (4%); Sri Lanka (3%); Indonesia (2%); Pakistan (2%); Myanmar (1%); Vietnam (1%).	53%
Knitted outerwear	
Intra EU : Italy (5%); France (5%); Portugal (4%); Germany (3%); Belgium (3%).	28%
Extra EU excl DCs* : Hong Kong (5%); South Korea (1%);Taiwan (1%); Macao (1%); Romania (1%).	12%
DCs* : Turkey (15%); China (12%); Bangladesh (8%); Sri Lanka (4%); India (3%); Mauritius (3%); Indonesia (3%); Cambodia (2%); Pakistan (2%); Thailand (2%).	60%
Leather garments	
Intra EU : Italy (15%); France (4%); Germany (4%); Belgium (2%); Netherlands (2%).	27%
Extra EU excl DCs* : Switzerland (2%); USA (1%); Hong Kong (1%); other countries such as Romania and South Korea less than 1%.	4%
DCs* : China (22%); Pakistan (18%); Turkey (15%); India (12%); and other DCs such as Philippines, Mauritius, Uruguay, Indonesia, Sri Lanka and Vietnam < 1%.	69%

* developing countries
Source: Eurostat, 2005

China and Turkey remained the main suppliers of outerwear to the UK. China was the leading supplier of woven outerwear and leather garments and Turkey of knitted outerwear.
Fast-growing suppliers (exports valued more than € 25 million and growth of more than 10%) of outerwear during the period 2003-2004 were (ranked in size of total imports): China, Bangladesh, Sri Lanka, Pakistan, Cambodia, Spain, Myanmar, Egypt, UA Emirates, Philippines, Vietnam, Bulgaria, Ukraine and Laos.
Very fast-growing other suppliers were (among others): Madagascar, Belarus, Honduras, North Marina Islands and Botswana.

Imports by product group

Analysis of import figures indicated an increasing demand for cotton products to the detriment of products made of man-made fibres. An exception was formed by imports of woven anoraks for both sexes. Cotton trousers for men, skirts, T-shirts and jerseys for men showed the biggest increase.
The volume of UK imports of outerwear products which grew significantly more than average during the period 2000-2004 are mentioned in table 2.3.

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

	2000	2002	2004
KNITTED			
Cotton indoor jackets for men	0.4	0.9	2.0
Cotton shorts for men	6.6	11.5	18.5
Synthetic suits for women	0.2	0.5	0.9
Cotton skirts	1.7	2.3	5.6
Cotton trousers for women	13.5	23.2	23.7
Cotton T-shirts	227.7	326.4	475.6
Cotton jerseys etc. for men	17.3	28.9	38.0
WOVEN			
Anoraks for men *)	10.3	13.0	16.9
Cotton coats for women	1.1	2.5	4.2
Anoraks for women *)	9.2	15.9	25.8
Denim trousers for men	22.8	35.6	38.5
Other cotton trousers for men	24.2	32.6	42.9
Cotton suits/ensembles for women	6.9	11.2	14.7
Cotton skirts	18.5	21.9	50.3
Synthetic skirts	26.5	23.9	33.1
Cotton trousers for women **)	34.3	39.0	51.6

*) all materials, especially man-made fibres
Source: Eurostat, 2005

Products with falling imports during the period 2000-2004 were man-made coats, indoor jackets and woollen jerseys.

Exports

United Kingdom ranked 5th in EU outerwear exports, after Italy, Germany, France and Belgium. Exports amounted to € 3.3 billion or 7% of total EU exported value in 2004.
UK exports declined 2% in terms of value in 2002-2004.
Woven outerwear accounted for 54% of United Kingdom's exports (in terms of value), knitted outerwear for 45% and leather garments for 1% in 2004.

Table 2.4 United Kingdom exports of product groups by destination, 2004 (in € million)

	Intra-EU	Extra-EU	Total
Woven outerwear	1,217	565	1,782
Knitted outerwear	1,098	376	1,474
Leather garments	26	7	33
Total	**2,341**	**948**	**3,289**

Source: Eurostat, 2005

A share of 29% went to countries outside the European Union, which is just above the EU average. Just like other exporting countries in the EU, exporters suffered, as they did in 2002, from the appreciation of the Euro against the US dollar.
Leading destination of UK exports remained Ireland (22% of total exports), followed by other EU countries such as Germany (14%), France (11%), Spain (6%) and Italy (5%). The main destinations outside the EU were USA (5%), Japan (3%), Morocco (3%) and UA Emirates (3%). Other less important EU countries were: The Netherlands and Belgium and other

destinations outside the EU were Hong Kong, Saudi Arabia, Romania, South Korea and Switzerland.
Exports by the UK, as described above, include the so-called re-exports: imported products, which are exported to other (mainly to Ireland and 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.

Opportunities and threats

- An increasing share of 56% of outerwear imports into the United Kingdom came from developing countries in 2004, this percentage was significantly higher in the following product groups: knitted and woven garments for babies (resp 86 and 77%), knitted shirts and blouses (61%), T-shirts (61%), woven outdoor coats and jackets for men (60%), woven skirts (61%) and leather garments (69%) and lower for the product groups: jerseys, pullovers etc. (51%), woven suits and ensembles (32%), woven indoor jackets (34%) and woven clothing accessories (51%).
- Imports of clothing increased by 1.9% in the first half of 2005, while exports increased by 1.6%. The trade deficit is likely to widen throughout the rest of the year. In the case of imports of knitted garments, imports dropped marginally (by 0.04%) while imports of woven garments increased by 3.5%. Exports of knitted garments fell by 0.2% in the six month period from January to June, whereas exports of woven garments increased by 3.2%.
- Total imports will grow slightly. Imports from developing countries will grow faster than total imports, mainly to the detriment of other (EU and non-EU) countries.
- Import prices will be under pressure and the decrease in average import prices will put further pressure on UK producers and force them to pare margins and/or to source abroad.

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

The importance of central buying organisations in the UK is low. In the UK, importers/ wholesalers have often taken over the buying functions for smaller retailers, as the latter mentioned do not have the know-how and the means to import clothing products on their own. For most suppliers to the UK market, indirect selling is the first way to go for. However, UK wholesalers are infrequently mentioned and are rarely visible, so that searching for them on Internet proves to be very difficult. Some of them ask for payment, like http://www.britishcompanies.co.uk other are free but limited, like http://www.startups.co.uk.

Retail trade

The structure of clothing retailing in the UK is one of the most concentrated in the world. The largest player in the market is the Arcadia Group, which operates with 2,560 clothing multiple stores (of which 2,203 in the UK) and includes, besides home service activities, the women’s wear chains Dorothy Perkins, Evans, Topshop, Miss Selfridge, Wallisand Outfit, the men’s wear chains: Burton Menswear and Topman. Since 2002, this group has been owned by Philip Green, who already owned variety store Bhs. In 2005, it has bought the Etam chain (213 stores). Most of these stores will be converted to existing Arcadia fascias, but 47 outlets have been sold. The second clothing supplier in the UK is variety store Marks & Spencer (M&S)
During the period 2000-2005, the discount and value clothing retailers grew rapidly at the expense of mid-market retailers such as the variety stores (M&S, Bhs and Littlewoods), and clothing multiples (the Arcadia Group and Next).

Table 3.1 Market shares for retail distribution of clothing in UK, 2001-2005

	2001	2003	2005
Specialists	**47**	**48**	**49**
- Independent retailers	15	14	12
- Clothing multiples *)	32	34	37
Non-specialists	**53**	**52**	**51**
- Variety stores	17	18	18
- Department stores	10	10	9
- Sports shops	7	6	6
- Hyper- and supermarkets	5	5	6
- Home shopping companies	9	8	7
- Street markets and other	5	5	5
Total	**100**	**100**	**100**

*) including discounters and value retailers
Source: Euromonitor and national statistics (ONS)

It should be noted that in statistics based on national statistics, retailers like Marks & Spencer and Debenhams are classified as clothing specialists. In that case market shares of specialists are about 67-68%.
In the UK, about 15,000 businesses operate with 32,000 outlets, of which an estimated 10,000 can be classified as **independent specialists**. However, independent specialist stores have a share of only 14%, which is rather low compared with the much higher percentages in France and Germany. Except in the sports branch, there are no important buying groups active in the UK clothing sector. However, in the sports sector a part of the independent sport shops has joined a buying group. The most important are the strong growing Intersport: 64 members with 196 stores and Sport 2000 with 108 stores.
The following overview gives the leading national chains, operating in the mid and lower market segments in the UK besides foreign chains such as Hennes & Mauritz from Sweden (102 stores), Zara (46 stores) from Spain and Gap from the USA.

Table 3.2 Major specialised clothing and sports chains based in the United Kingdom, 2005

Clothing retail chain	Parent company	Website	Number of outlets
General			
Next	Next PLC	http://www.next.co.uk	384
Monsoon	Monsoon	http://www.monsoon.co.uk	300
Women			
Dorothy Perkins	Arcadia Group	http://www.dorothyperkins.co.uk	578
Evans	Arcadia Group	http://www.evans.ltd.uk	317
Wallis	Arcadia Group	http://www.wallis-fashion.com	299 a)
New Look	New Look	http://www.newlook.co.uk	522
Alex & Co.	Alexon Group	http://www.alexon.co.uk	214
Miss Selfridge	Arcadia Group	http://www.missselfridge.co.uk	138
Topshop	Arcadia Group	http://www.topshop.co.uk	303
Men			
Topman	Arcadia Group	http://www.topman.co.uk	172
Burton	Arcadia Group	http://www.burton.co.uk	379
Children & maternity			
Mothercare	Mothercare	http://www.mothercare.com	231
Outdoor/sports			
JJB Sports	JJB Sports	http://www.jjb.co.uk	430
Millets	Blacks Leisure Group	http://www.millets.co.uk	240
Blacks	Blacks Leisure Group	http://www.blacks.co.uk	104
JD Sports	John David Group	http://www.jdsports.co.uk	152

a) including concession outlets

Just like in other European countries, the mid-market global fashion brands of the foreign companies H&M, Zara and Mango are strengthening their hold on the UK market.

In the UK clothing retail sector a distinction is made between discount retailers, which sell branded clothing at below recommended prices and value retailers, which sell own label clothes at low prices. The market share of these retailers, in particular value retailers, increased strongly in the period under review and included outerwear.

Table 3.3 Major value and discount retail chains in the UK, 2005/2006

Retail chain	Assortment	Website	Number of outlets
Value retailer			
Matalan	Family clothing etc.	http://www.matalan.co.uk	190
Peacock	Clothing, footwear etc.	http://www.peacocks.co.uk	425
Bonmarché	Women's wear	http://www.bonmarche.co.uk	360
Primark	Clothing, footwear etc.	http://www.primark.co.uk	126
Ethel Austin	General clothing etc.	Unknown	302
Mackays	Women's and children's wear	http://www.mackaystores.co.uk	250
QS	General clothing	http://www.qsgroup.co.uk	180
Discount chain			
TK Maxx (USA)	Fashion and giftware	http://www.tkmaxx.com	170
The Officers Club	Men's wear	http://www.theofficersclub.co.uk	180

The most important **variety chain** is Marks & Spencer (M&S) with 400 stores nationwide and selling clothing besides food and homeware (http://www2.marksandspencer.com). In addition, M&S has 150 stores worldwide, including 130 franchise businesses operating in 30 countries. M&S is UK's leading household and furnishing retailer, and an important retailer of foods, clothing and footwear. Other variety chains selling outerwear are Bhs (160 stores; http://www.bhs.co.uk), active in adults' wear and even more important in children's wear also through the formula Tammy; Littlewoods (119, of which 97 include Index outlets; http://www.littlewoods.co.uk), Index operates also with 65 stand-alone outlets and Woolworth (802 stores; http://www.woolworthsgroupplc.com), which ranks second after Marks & Spencer in children's wear.

Department store Debenham (90 stores) is the UK's third largest clothing retailer and the leading department store in selling clothing. Other department stores, selling outerwear are: House of Fraser (47), Allders (37) and the John Lewis Partnerhip (25; http://www.johnlewis.com).

Home shopping: Over 40 companies are active in the home shopping sector (operations via direct-mail, catalogues, television and Internet) like: Argos, just like Wehkamp in The Netherlands part of Great Universal Stores; Grattan and Freemans (both part of the German mail-order giant Otto Versand); Empire Stores owns by the French PRP. Many retail organisations operate also via home shopping, like Next, Monsoon, M&S, Debenhams and John Lewis.

Super- and hypermarkets: The two major retailers in the supermarket sector are ASDA (part of American Wal-Mart; http://www.asda.co.uk) and Tesco (http://www.tesco.com). They increasingly follow the trend of offering non-food products as do, for instance, the leading French hypermarkets. ASDA's assortment includes its successful George clothing range, which is also sold by Wal-Mart. Tesco sells outerwear and bodywear in their outlets. The market share in clothing sales of the leading grocery retailers is growing, thanks to their strong clothing brands delivering good quality at value prices with an increasing element of fashionability.

Trends

- Retailers have to become ever more efficient in order to make sure that sharper prices are not synonymous with deteriorating margins, and this applies to retailers at all market levels, not just those in the value sector;
- Ongoing expansion by many of the majors and smaller chains and development of larger store formats;
- Development of designer collections by specific retailers (ie Debenhams, Top Shop and H&M);
- Stronger ranges of complementary accessories and footwear;

- Specialist retailers have been the biggest exponents of the fast fashion phenomenon, which encourage more frequent purchasing.

Opportunities

- Wholesalers, importing manufacturers, clothing multiples, value retailers and non-specialised chains, like hypermarkets, home shopping companies, discounters, 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 in 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 - 22.9%
  Import prices - 12.5%
  Developments in the period 2004-2005 are given in the previous chapters.
- In the UK, the drop in import prices stimulated a drop in consumer prices and a corresponding strong growth in retail sales.

Price is an important selling factor, especially in the lower segments of the clothing market (value retailers, variety stores, hypermarkets), 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.
An indication of differences in price levels by types of outlets has been given in chapter 4 of *The outerwear market in the EU* and an overview of margins valid for the levels distinguished in the clothing market can be found at chapter 9 and 11.5 of the same survey.

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 web sites. For websites we refer to the previous chapter.

5. Market access requirements

As a manufacturer in a developing country preparing to enter the UK market, you should be aware of the market access requirements of your trading partners and the United Kingdom 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 in United Kingdom for clothing for adults is 17.5% and for clothing for children 0%.

Useful sources
Euratex Bulletins (http://www.euratex.org); National Customs of 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 on several websites providing practical and up-to-date tips on United Kingdom business culture and etiquette.

Selecting a suitable trading partner
First contacts with potential trading partners can be made by direct mail, contact details can be found in this survey, in business directories, CBI, trade promotion offices and search engines on Internet etc.
A detailed explanation of this has been given in CBI's export manuals. A good place to make contacts is trade fairs, such as Pure London (http://www.purewomenswear.co.uk) and Premier Kids in Birmingham (http://www.premierkids.co.uk). The lists of exhibitors of several trade fairs are mentioned at the website of the fairs. Clothing trade associations will also be able to provide advice on selecting the type of contacts best suited to your own business.

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.

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 United Kingdom. You may also wish to run a credit check on the organisation. Before agreeing on 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 made 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 SMEs 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
In the clothing trade, personal communication is highly rated. This is not a substitute for formal
written or printed communication, but it is an important part of the overall sales and communication process. The communication value of a website cannot be understated, but the printed medium is particularly well used.
Major trade magazines in the UK (all in the English language) are: International Textiles (http://www.itbd.co.uk); Textile Outlook International (http://www.textilesintelligence.com) and Knitting International (http://www.world-textile.net).

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.