CBI MARKET SURVEY

THE OUTERWEAR MARKET IN SPAIN

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

- Outerwear expenditure by Spanish consumers was worth € 19.3 billion in 2005 (8% of the EU market) and grew 11% during 2002-2005. However, consumption remains rather low for 43 million Spaniards, resulting in an average consumption of € 520 per capita which is still below the EU average of around € 600.
- Spain ranked 7th in 2002 and ranked 5th in 2004 as EU importer of outerwear at an import value of € 5.3 billion in 2004, of which 50% came from developing countries (DCs), against 45% in 2002.
- The strongest growth was for imports from developing countries (DCs) in Asia (+21% in 2004 compared to 2003), mainly China, Bangladesh, Indonesia, Pakistan and Vietnam. Imports from Asian DCs grew to almost 60% of total Spanish imports from DCs.

This survey provides exporters of outerwear with sector-specific market information related to gaining access to Spain. 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

Real GDP growth was 3.1% during 2001-2005 in Spain and is expected to remain around this level for the next couple of years. Spanish consumers have been spending at above average rates compared to much of Europe, thanks to relatively low inflation, falling unemployment and rising house values. However, private spending and retail sales slowed in the period under review. In the table below forecasts for the outerwear sector are based on estimated historic data, and therefore must be viewed as no more than an indication of a broad trend.
Growth in clothing spending in Spain has been high during the last decade. In 2005, the total Spanish outerwear market was worth € 19.3 billion, or 8.3% of the EU market.
Spanish clothing consumption grew 11% during 2002-2005 but remains rather low for 43 million Spaniards, resulting in an average consumption of € 520 per capita which is still below the EU average of around € 600.
The Spanish market for women's outerwear grew by 11% in the period 2002-2005, to reach a value of € 10.0 billion. The children's outerwear market showed the biggest growth (14%) increasing to € 2.9 billion in the same period.

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

	2002	2003	2004	2005 e	2006 f	2007 f
Women's outerwear	8,990	9,446	9,714	9,984	10,255	10,560
Men's outerwear	5,768	5,977	6,163	6,265	6,460	6,740
Children's outerwear	2,494	2,647	2,753	2,853	2,865	2,900
- Girls' outerwear	*1,094*	*1,170*	*1,205*	*1,262*	*1,260*	*1,275*
- Boys' outerwear	*790*	*835*	*872*	*902*	*900*	*915*
- Babies' outerwear	*610*	*642*	*676*	*689*	*705*	*710*

Leather garments	159	156	154	148	150	160
Total outerwear	**17,411**	**18,226**	**18,784**	**19,250**	**19,730**	**20,360**
Yearly change	+ 6.4%	+ 4.7%	+ 3.1%	+ 2.5%	+ 2.7%	+ 3.0%

e= estimated f= forecasts
Source: CMT Espana and Euromonitor

At the time of compiling this survey, statistics for Spanish consumption in 2005 by product or product groups were not available. Nevertheless, the demand for young fashion, sportswear, children's wear and in particular babies' wear performed well.

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 Spanish population increased from 40.0 million in 2000 to 43.0 million in 2005. Growth was much higher than in other major EU countries. Spain has the highest population change (including natural increase and net migration) in the EU, followed by Italy. The Spanish population is projected to increase to 45.3 million by 2015, an increase of 5.3% since 2005.
- Just like in other major EU countries, the category below 15 years has decreased in Spain but at a much lower pace. In 2005 16.8% of the population in Spain was 65 or over. In general among the western European countries the proportion of those aged 65 plus is around 14-18%.
- Unlike many EU countries, Spain has a balance between small and medium sized households. In 2001 Spain was dominated by one-, two-, three- and four-person households, each accounting for around a fifth of all households. However, of note is that there has been a shift towards smaller households of two or three persons, caused by a fall in the number of marriages. Another demographic development is the increase of one- and two-person households. The persons in such households have rather high incomes, which stimulates 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 (segments of 21% men's and 19% women's outerwear) and casual (segments of each 30%). Formal wear (resp 43% and 47%) will lose out to these sectors but 'smart casual' will be further influenced by the workplace.
The increasing demand for jeans and other cotton trousers, knitted products like T-shirts, sweaters, jumpers, pullovers etc. and sportswear illustrates the popularity of casual/leisure wear.

Trends in consumption

- Globally spoken, the Spanish clothing market can be characterised by two types of consumers: an older traditional consumer mainly active in agriculture in western Spain with a rather low expenditure on clothing of less than € 350 per capita, as opposed to a modern fashionable consumer living in big cities like Madrid, Barcelona, Valencia etc. or regions like Catalonia and Basque land, with an average of more than € 700 expenditure per capita.
- The value-for-money concept is still an important factor in purchasing decisions for Spanish consumers. They are equally concerned with the quality of the products, projecting a sophisticated outward appearance and are brand-conscious.

- Spanish men aged over 40 are classic dressers and reserve the greatest part of their annual clothing budget for a smart suit, while younger men in Spain are more fashion conscious and spending more on clothing in the last few years than before. The fact that casual wear is more common for the office is a particular trend which has grown over the last few years. Older men (over 40) are still classically dressed and often wear a suit.
- Spanish women wear often feminine and stylish clothes, but are critical about comfort and quality. Spanish women have higher preferences for national brands and are interested, in order of importance, in: comfort, quality and design.
- The Spanish birth rate will increase over the period 2005-2009, which will enlarge the growth of the baby wear market. Babies' wear is still classic and follows the trends of adult clothing to a lesser degree. Newborn collections are mainly plain or have childlike decorations and are less influenced by the casual trends as in adult fashion.
- Children's wear is more classical and formal for special occasions than in Northern EU-countries. Although younger fashion brands have been growing the last few years, and have more and more an adult look. Also because of the obligation to wear a school uniform, children, more than in other countries which have no school uniform system, want to distinguish themselves from others after/ outside school.

Production

Total production
Spain is the 4th manufacturing country in the EU, behind Italy, France and Germany and just before United Kingdom, accounting for almost 9% of total EU production. Around 5,100 garment manufacturing companies were active in Spain in the first months of 2005, against 5,300 in 2002. Most of these companies are SMEs averaging 34 employees. The Spanish garment sector generates employment for 170,000 people.
Total clothing production fell for several years, of which 2002 showed the biggest fall (-22.4%). In 2004, the fall was limited to 2.8%, turnover of the clothing industry valued € 7,800 million, while for 2005 and 2006 a bigger fall is expected.

Major players
Besides the major players on the retail front in Spain, all companies which were originally manufacturers and vertically integrated, operate the following companies among many others: Saez Merino (sportswear - http://www.saezmerino.es) ; Confecc. Mayoral (children's wear – http://www.mayoral.com) ; San Patrick (bridal wear – http://www.pronovias.es) ; Caramelo (men's and women's wear – http://www.caramelo.com) ; Italco (men's wear – http://www.zegna.com) ; S.T. Lonia (women's wear – http://www.purificaciongarcia.es).
A very detailed overview of Spanish suppliers of clothing can be found at http://www.fashionfromspain.com.

Trends in production
- A growth in the delocalisation of the production of outerwear to North Africa (especially Morocco) and Eastern Europe. This strategy, started by the large vertically organised companies, has spread to medium-sized companies which, faced with the pressure of imports, have transferred part of their production to countries offering cheap labour.
- The efforts of Spanish companies are focused on increasing their competitiveness in a context of globalisation. This requires greater flexibility and innovation in products, a significant commitment to quality, design and creativity.

Opportunities and threats
- The development of the 'verticalisation' concept implemented by certain specialist chains, controlling all processes, from product design and manufacturing to marketing, distribution and sale to the end consumer, influenced the structure of the industry. It was followed by a delocalisation to cheaper production facilities.

- Expectations for consumer expenditure on outerwear in Spain for the period 2005-2007 are optimistic and despite a lower growth rate in consumption, this country remained a strong and attractive market for exporters.
- The focus on casual and leisurewear will be continued for the coming years, but to a much smaller degree; besides the general trend to more casual wear, there is a tendency to more natural fibres, mainly cotton and blends with cotton at the expense of man-made fibres. However, for some product groups like jerseys, pullovers etc. (among others viscose) for women and outerwear jackets for both sexes, man-made fibres are increasingly popular.

Useful sources
An impression of Spanish fashion can be formed by a look at the catwalks of several Spanish trade fairs at http://www.fashionfromspain.com , reports for the clothing sector are also available on this site.
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
Spain ranked 7th in 2002 and ranked 5th in 2004 as EU importer of outerwear with an import value of € 5.3 billion in 2004, of which 50% came from developing countries, against 45% in 2002.
Spanish imports of total outerwear grew 14% in value terms in 2003 and by 7% in 2004; in volume terms imports increased by 65% during the review period, which indicates 26% lower import prices in 2004 than in 2002. Growth in consumption and growing imports resulted in a decrease of the output of the Spanish clothing industry, despite higher exports.
Imports of knitted outerwear showed a growth of 26% in the period 2002-2004, while imports of woven outerwear grew by 19%. Imports of leather garments increased by 3% in the same period.

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

	2000		2002		2004		DC*) share in %
	value	volume	value	volume	value	Volume	of value, 2004
Total outerwear	**3,468**	**142.1**	**4,359**	**183.7**	**5,294**	**304.0**	**50%**
Knitted outerwear							
- overcoats/outdoor jackets	28	1.2	27	1.0	52	2.2	37%
- suits/jackets/trousers	192	7.4	184	14.6	245	39.6	52%
- shirts/blouses	133	4.9	150	5.0	191	6.8	35%
- T-shirts	367	14.1	544	19.6	733	31.5	43%
- jerseys/pullovers	504	11.6	638	22.3	709	30.8	45%
- babies' garments	76	4.2	101	4.6	120	7.6	49%
- sportswear	126	5.0	131	2.3	173	14.7	53%
- accessories	41	4.3	41	4.3	60	13.5	53%
Total knitted outerwear	**1,467**	**52.7**	**1,816**	**73.7**	**2,283**	**146.7**	**45%**
Woven outerwear							
- overcoats/outdoor jackets	297	15.5	361	18.8	416	28.7	60%
- suits/ensembles	118	4.8	136	5.4	159	7.2	23%
- indoor jackets	140	6.1	146	4.5	292	10.4	38%
- trousers	542	26.6	763	35.7	964	54.2	54%
- dresses	84	2.1	84	2.3	94	2.6	59%
- skirts	66	2.9	99	4.0	146	8.2	60%

- shirts/blouses	316	13.8	445	17.3	420	18.9	48%
- babies' garments	38	2.1	53	31	60	3.1	53%
- sportswear	67	2.7	101	2.6	95	4.3	42%
- accessories	109	5.4	107	5.2	105	10.5	38%
- other	61	3.7	84	11.1	91	9.3	22%
Total woven outerwear	**1,838**	**85.7**	**2,379**	**110.0**	**2,842**	**157.4**	**52%**
Leather garments	**163**	**3.7**	**164**	**4.0**	**169**	**4.3**	**79%**

*) developing countries, Source: Eurostat, 2005

Main developments in area of origin of Spanish outerwear imports in 2004 compared to 2003 were:

- Strongly increased imports from DCs in Asia (+21%), mainly China, Bangladesh, Indonesia, Pakistan and Vietnam. Imports from these countries grew to almost 60% of total Spanish imports from DCs;
- Imports from the Mediterranean Rim (+17%) covered 36% of Spanish imports from DCs, mainly from Turkey and Tunisia, while imports from the most important supplier in this area, Morocco, stabilised;
- Imports from DCs in Central and South America increased 42%, mainly growing imports from Brazil and Peru, to a limited import share of 2% of imports from DCs;
- Imports from ACP countries remained limited despite a growth of 4%, mainly caused by Mauritius;
- A diminishing import share for other EU-15 countries: 48% in 2002 and 44% in 2004, particularly imports from Belgium, United Kingdom and The Netherlands decreased;
- Decreasing imports from non-developing countries outside the EU, such as Hong Kong, Switzerland, and Macao compared to growing imports from CEECs such as Bulgaria and Romania.

In 2004, most Spanish imports of outerwear came from China, Italy, Morocco and Portugal. Fast-growing suppliers (exports valued more than € 20 million and growth of more than 10%) of outerwear during the period 2003-2004 were (ranked in size of imports): China, Turkey, Germany, Bangladesh, Indonesia, Bulgaria, Pakistan, Vietnam, Tunisia, Romania, Myanmar, Brazil, Cambodia and UA Emirates.
Very fast-growing other suppliers were (among others): Peru, the Philippines, Sri Lanka, Mauritius and Austria. New suppliers were (among others): Bahamas and Uzbekistan.

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

	Total share
Total outerwear	
Intra EU : Italy (11%); Portugal (10%); France (8%); Germany (5%); Belgium (4%).	44%
Extra EU excl DCs : Bulgaria (1%); Hong Kong (1%); South Korea (1%); Romania (1%); Switzerland (1%).	6%
DCs : China (14%); Morocco (10%); Turkey (7%); Bangladesh (5%); India (4%); Indonesia (1%); Pakistan (1%); Vietnam (1%); Thailand (1%); Tunisia (1%).	50%
Woven outerwear	
Intra EU : Italy (12%); France (8%); Portugal (8%); Germany (6%); Belgium (4%).	42%
Extra EU excl DCs : Hong Kong (1%); Bulgaria (1%); Switzerland (1%); South Korea (1%); Romania (1%).	6%
DCs : China (16%); Morocco (15%); Turkey (7%); Bangladesh (3%); India (3%); Vietnam (1%); Indonesia (1%); Pakistan (1%); Myanmar (1%); Tunisia (1%).	52%
Knitted outerwear	
Intra EU : Portugal (13%); Italy (11%); France (8%); Germany (5%); Belgium (5%).	48%
Extra EU excl DCs : Bulgaria (2%); South Korea (1%); Hong Kong (1%); Romania (1%); UA Emirates (1%).	6%
DCs : China (12%); Bangladesh (7%); Turkey (6%); Morocco (5%); India (2%); Indonesia (2%); Thailand (2%); Cambodia (1%); Tunisia (1%); Pakistan (1%).	46%

Leather garments	
Intra EU : France (6%); Italy (5%); Germany (3%); Denmark (2%); UK (1%).	19%
Extra EU excl DCs : Switzerland (1%); other countries such as Taiwan, Japan, Hong Kong and UA Emirates less than 1%.	2%
DCs : India (33%); China (16%); Pakistan (12%); Turkey (8%); Morocco (7%); Uruguay (1%); Ecuador (1%); other DC < 1% such as Argentina, Vietnam and Malaysia.	79%

* developing countries
Source: Eurostat , 2005

Imports by product group

Analysis of import figures indicated an increasing demand for knitted cotton shirts and blouses, T-shirts, jerseys for women and woven cotton trousers and cotton skirts.
The volume of Spanish imports of outerwear products which grew significantly more than average during the period 2000-2004 is mentioned in table 2.3

Table 2.3 Imports into Spain of products with growing import shares, 2000- 2004

in million units	2000	2002	2004
KNITTED			
Man-made anoraks for men	0.5	0.4	1.4
Cotton ensembles for men	0.7	1.1	4.0
Synthetic ensembles for men	2.8	3.1	9.1
Cotton trousers for women	4.0	7.8	12.2
Cotton shirts for men	15.4	13.2	21.3
Cotton blouses for women	3.5	6.6	15.4
T-shirts	105.8	136.9	222.5
Cotton jerseys etc. for men	7.1	11.6	16.9
Cotton jerseys etc. for women	9.1	19.9	25.4
Man-made jerseys etc. for women	16.1	21.8	41.8
WOVEN			
Man-made anoraks for men	3.5	4.9	9.2
Man-made anoraks for women	1.9	4.2	9.3
Denim trousers for men	7.1	7.4	10.8
Other cotton trousers for men	17.0	21.6	28.5
Cotton skirts	2.5	6.3	16.4
Denim trousers for women	3.0	7.1	13.2
Other cotton trousers for women	5.8	11.6	27.8
Cotton shirts for men	18.2	22.8	27.0
Cotton blouses/shirts for women	7.5	19.9	21.8

Source: Eurostat, 2005

Exports

Spain ranked 7th in EU outerwear exports, after Italy, Germany, France Belgium, United Kingdom and The Netherlands. Exports amounted to € 2.6 billion or 6% of total EU exported value in 2004. Exports by Spain increased 36% in terms of value during the period 2000-2004, of which 5% during 2002-2004.
Woven outerwear accounted for 60% of Spanish exports (in terms of value), knitted outerwear for 38% and leather garments for 2% in 2004.

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

	Intra-EU	Extra-EU	Total
Woven outerwear	1,101	447	1,548
Knitted outerwear	772	224	996
Leather garments	34	18	52
Total	**1,907**	**689**	**2,596**

Source: Eurostat, 2005

A share of 27% went to countries outside the European Union, which is almost equal to the EU average. Leading destinations of exports remained neighbour countries Portugal (21% of total exports) and France (16%), followed by some other EU countries: Italy (7%), United Kingdom (6%), Germany (6%), Greece (5%) and Belgium (4%). The main destinations outside the EU were Mexico (ranked 8th with 4%), Turkey (ranked 9th with 2%), Japan (2%), Switzerland (2%) and Morocco (2%). Re-exports play a limited role in Spanish exports.

Opportunities and threats

- A strongly increasing share of 50% of outerwear imports into Spain came from developing countries in 2004. This percentage was significantly higher in the following product groups: woven outdoor coats and jackets (60%), woven skirts (60%), woven dresses (59%) and leather garments (79%) and lower for the product groups: knitted blouses and shirts (35%), T-shirts (43%), jerseys, pullovers etc. (45%), woven suits (23%), woven indoor jackets (38%).
- Imports of clothing increased considerably in the first half of 2005. Imports from China rose by 45%, from India by 36%, from Turkey by 17% and from Belgium by 8%. Exports rose by a mere 2%, so the trade deficit will be widened during this period.
- 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 Spanish producers.

Useful sources

- 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'.
- Euratex-bulletins (http://www.euratex.org)

3. Trade structure

Trade channels

The important role of independent specialist stores and specific business practices, like terms of payment, makes the intermediation of an agent or wholesaler necessary for effective clothing distribution in the Spanish market. Wholesalers play an important role in imports and distribution, accounting for approx. 40-50% of the purchases of independent retailers. Manufacturers of branded garments sell directly to retailers or indirectly through agents. Information about Spanish wholesalers cannot be found on a specific website. Possibilities include searching for general websites as mentioned in appendix 3.6 or through http://www.apparelsearch.com.

Retail trade

Historically, the Spanish clothing market was dominated by small family-owned businesses, which controlled two thirds of all clothing sales. However, the situation is changing due to the development of large shopping centres, modern hypermarkets and the success and rapid expansions of specialist multiple chains.
Vertically integrated groups controlling both production and distribution have played a key part in this development. There are four main vertically integrated distribution groups in Spain: Inditex, Cortefiel, Punto Group and Induyco.
Inditex (http://www.inditex.com) operates with formula, like: Zara, Pull & Bear, Massimi Dutti, Bershka, Stradivarius and Kiddy's Class; Cortefiel (http://www.grupocortefiel.com) operates under its own name and with, among others, the formula Springfield; the Punto Group with Mango and Induyco (http://www.induyco.es) with Tintoretto, Sintesis and Amitié.
They compete with multiple chains (in some cases including franchise formula) from abroad, such as C&A (besides 38 stores, 12 Kids stores), Hennes & Mauritz (50 stores), Prenatal (102), Pimkie (92), Promod (51), Benetton, Alain Manoukian and others.

Table 3.1 Market shares of retail distribution of clothing in Spain, 2001-2005 in % of value

	2001	2003	2005
Specialists	**63**	**63**	**62**
- Independent retailers	41	38	36
- Clothing multiples	22	24	26
Non-specialists	**37**	**37**	**38**
- Department/variety stores	13	13	12
- Hyper- and supermarkets	10	10	11
- Sports shops	5	5	6
- Home shopping companies	1	1	1
- Street markets and other	8	8	8
Total	**100**	**100**	**100**

Sources: Retail Monitor and Mintel

Specialised retailers dominate the Spanish clothing retail sector and account for 62% of clothing sales, of which independent retailers accounted for a sharply decreasing share of 36% in 2005. Independent retailers include textile shops, of which sales include dress fabrics, made-to-measure and ready-to-wear garments, all of which are categorised as part of the clothing market. Textile specialists are a much larger retail sector in Spain than in most other European markets.
The decreasing but still important market share of independent retailers was realised by around 42,400 companies. Important buying organisations are mainly active in sports goods and include Intersport (330 stores) and Sport 2000 (410). They compete, among others, with the French sports chain Decathlon (44).
Each year, small independent multi-brand stores steadily lose market share to other more dynamic retail channels, like specialised clothing chains, and this trend will continue because of limited capabilities to respond quickly to changing trends.

Table 3.2 Major specialised clothing chains from Spanish origin in Spain, 2005/2006

Clothing retailer	Parent company	Website	Number of outlets
General clothing			
Zara	Inditex	http://www.zara.com	263
Men and women			
Pull & Bear	Inditex	http://www.pullbear.com	276
Massimi Dutti	Inditex	http://www.massimidutti.com	210
Adolfo Dominguez	Adolfo Dominguez	http://www.adolfodominguez.com/default_flash.asp	230*)
Women			
Bershka	Inditex	http://www.bershka.com	212
Stradivarius	Inditex	http://www.e-stradivarius.com	204
Mango	Mango Holding	http://www.mango.com/paises.htm	228
Cortefiel	Cortefiel	http://www.cortefiel.com	194
Amitié	Induyco	http://www.induyco.com	94
Sintesis	Induyco	http://www.sintesis.es	116
Tintoretto	Induyco	http://www.tintoretto.org	138
Men			
Springfield	Cortefiel	http://www.spf.com	206
Children			
Kiddy's Class	Inditex	http://www.kiddysclass.com	130

*) of which 137 franchised

The sector department stores is dominated by El Corte Ingles (http://www.elcorteingles.es/actualidad/EN/actualidad.asp).
Home shopping activities are relatively weak in Spain. The major German and French players are present in Spain but their progress has been slow. Spanish leading mail-order companies with sales in clothing besides general goods are Venca (http://www.venca.es; part of Otto

Versand), Distribucion Quelle (http://www.quelle.es) and La Redoute Catalogue (http://www.laredoute.es).
Hyper- and supermarkets grew in number, as did textiles sales by these channels.
Major national hypermarket chains are: Hipercor (part of El Corte Ingles Group) and Eroski (http://www.eroski.es);
Major international hypermarket chains: Alcampo (part of Auchan) and Carrefour.
Major national supermarket chains are: Supercor (part of El Corte Ingles Group), Consum (part of Eroski group), Comptin, Superbravo, Supermercados ALVI, Supercomprin and Unico (IFA group);
Major international supermarket chains: Sabeco (part of Auchan), Champion (part of Carrefour), Leclerc, Aldi, Lidl and Spar.

Trends
- In recent years the Spanish market has witnessed the relentless growth of clothing multiple chains and franchised outlets, leading to the decline of the formerly strong independents' sector. This trend will be continued in the coming years.
- The hypermarket format with its strong non-food component and international character plays an increasingly important role in clothing sales in Spain.
- Most of the retail chains have expanded their activities abroad, some of them even operate globally.

Opportunities
- Wholesalers, importing manufacturers, clothing multiples and non-specialised chains, like hypermarkets and department stores 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 + 9.8%
  Import prices - 32.2%
- The Spanish clothing market have shown a declining growth in consumption, with consumer price increases well above EU average accompanied by a relatively sharp cut in import prices.

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 in the EU* and an overview of margins valid for the distinguished levels in the clothing market can be found in 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 websites. For websites we refer to the previous chapters.

5. Market access requirements

As a manufacturer in a developing country preparing to enter the Spanish market, you should be aware of the market access requirements of your trading partners and the Spanish 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 Spain is 16%.

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 in CBI's *Export planner.*
Knowledge of English is reasonably extensive in Spanish business but it is advisable to arrange means of communicating in Spanish with potential trading partners. Clothing exporters to Spain need to be aware of cultural issues when doing business in Spain and to establish an effective and committed relationship at a personal level.

Several websites, providing practical tips on Spanish business culture and etiquette, can be found, such as http://www.kwintessential.co.uk/resources/global-etiquette/spain-country-profile.html.
The Spanish prefer to do business with people they know and trust. It is important to spend sufficient time letting business partners get to know you. Trust and personal relationships are the cornerstone of business in Spain.

Selecting a suitable trading partner
Important trade fairs in Spain are Barcelona Fashion Week for men's and women's wear (http://www.moda-barcelona.com); Fimi Valencia for children's fashion (http://www.feriavalencia.com); SIMM in Madrid covering women's fashion (Imagenmoda), ready-to-wear (Intermoda), jeans and streetwear, and sportswear (http://www.semanamoda.ifema.es)
These fairs are a good place to make contacts. The clothing trade association will also be able to provide advice on selecting the type of contacts best suited to your own business.
Another possibility for selecting potential trading partners is an orientation on Internet and/or consulting the general trade directories.

Reaching an agreement with your trade partner
Decision-making is held at the top of the company, since this is a hierarchical country. Spaniards do not like to lose face, so they will not necessarily say that they do not understand something, particularly if you are not speaking Spanish. You must be adapt at discerning body language. Spaniards are very thorough and will review every minute detail to make certain it is understood. First you must reach an oral understanding. A formal contract will be drawn up at a later date.

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 Spain. 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), bank draft (letras or efectos) 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
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. Make sure all your printed material is available in both English and Spanish. Not all business people speak English, so it is wise to check if you should hire an interpreter.

The trade association in Spain, Fedecon, can be reached at http://www.fedecon.es
Websites of clothing trade journals in Spain are among others: http://www.diffusionsport.com and http://www.intermoda.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.