CBI MARKET SURVEY

THE DANISH LUGGAGE AND (LEATHER) ACCESSORIES MARKET

Publication date: June 2007

Introduction

This CBI market survey gives exporters in developing countries information on some main developments in the luggage and (leather) accessories market in Denmark. The information is complementary to the information provided in the CBI market survey 'The luggage and (leather) accessories 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.eu/marketinfo

1 Market description: consumption and production

Consumption

- The Danish market for luggage and (leather) accessories is valued at € 93 million in terms of retail sales.
- Danes spent € 17.2 per capita per year, which was less than the EU average of € 19.7 in 2005.
- Denmark is the fourteenth largest luggage and accessories market in the EU and this small-medium market is similar to a cluster of other countries, including Finland, Czech Republic, Ireland and Hungary.

Table 1.1 Consumption of luggage and (leather) accessories in Denmark, 2001-2005, € million

2001	2002	2003	2004	2005	Average ann. % change	Population (million)	Consumption per capita €
86	87	88	90	93	2.0	5.4	17.2

Source: ICEX, Trade Estimates (2006)

- Between 2003 and 2005, the sales of luggage and (leather) accessories rose by 5.6%, from € 88 to 93 million (see table 1.1).
- Danish consumers like to dress for the moment. The trend recently has been to purchase more products in this sector made of synthetic materials, as they cost less than leather. Demand is fairly flat. Two thirds of leather products are bought in November or December (as Christmas presents), the majority of the remainder are purchased in the January or summer sales.
- In general Danes look for products of mid-price, high quality and of contemporary design. The market can be segmented as follows:
  - Luxury products 15%, mainly 35-55 year old women, professionals with high disposable income, interested in fashion and trends. Brands are important for these people, price less so. Young professional men are also in this group. They tend to buy from exclusive boutiques and shopping centres.
  - Medium (58%) or medium-high quality (19%) products are purchased mainly by over 25 year olds, attracted to products for their practicality. Design and quality are as important as price, but brand names are not important. Their tastes are more simple and less sophisticated.
  - Low quality products (8%) are mainly bought by young women on low to average incomes, interested in fashion and renewing their outfits frequently.

- In terms of product segmentation, almost half the market consists of small accessories, luggage is over 20%, handbags 20% and belts account for the remainder.
- The trends seen in other western EU countries are also apparent in Denmark. Increased travelling is stimulating the market for luggage.
- The market is forecast to grow in coming years, but at a rate below the European average.
- The type of luggage consumers prefers items of soft material, compact and flexible. In addition, new technology is stimulating the demand for laptop cases and related products.

Production

- Denmark is a small producer of luggage and (leather) accessories compared to other EU countries.
- The value of production is estimated at € 0.4 million in 2005, down from its 2001 levels, when production stood at € 4.9 million, as table 1.2 indicates.
- Since 2002 production has fallen rapidly, largely as a result of companies closing as a result of competition from low cost imports.

Table 1.2 Production of luggage and (leather) accessories in Denmark, 2001-2005, € million

2001	2002	2003	2004	2005	Number of companies	Number of employees
					(2005)	(2005)
5	4	1	0.4	0.4	na	na

Source: Eurostat, National Statistics (2006)

- Production in Denmark used to be dominated by handbags and other bags, with some production of other small accessories. Now the remaining production consists of all bags (50%), belts (25%), wallets and purses (20%) and suitcases (5%).
- Some manufacturers outsource their production to stay in business as production costs in Denmark are high
- Leading companies in Denmark include Hansson Laedervarefabrik (http://www.hansson.dk) and Inter Leather (http://www.interleather.dk)

A list of producers of leathers, hides and furs can be found at the Danish Export website (http://www.danishexport.com/company.php?idxno=370 or http://www.danishexporters.dk)

Opportunities and threats

\+ Opportunities can still be found in the Danish market, particularly in the briefcases and laptops and schools bags sector.
\+ The Danes still prefer Italian handbags but exporters can find opportunities in this sector also if they are able to produce the quality that Danish consumers ask for. The same applies to belts.
\+ In a competitive market with growing supplies from India and China, exporters should seek opportunities in market niches, by offering e.g. computer cases, travel bags and small leather accessories, which are unique to their country to retailers or to Danish producers who want to specialize.
\- A Danish retailer or distributor will expect some form of comparative price advantage when buying from a developing country. While price is very important, it is equally important that you should not be perceived purely as a source of low cost product.

More information on opportunities and threats can be found in chapter 7 of the CBI market survey 'The EU market for luggage and (leather) accessories'.

2 Trade channels for market entry

- There are approximately 150 retailers in Denmark who are specialists in leather goods. Almost half of these outlets obtain their products directly from the manufacturer.

- The dominant specialist retailer is Neye-Fonden with over 30 outlets around Denmark (http://www.neye.dk). They operate at the higher end of the market, as do Mira, which was established in 2001, selling accessories and other ladies fashion items.
- Most small retailers supply the lower end of the market. They obtain their supplies from wholesalers or agents. The influence of wholesalers and agents is still important, although it is reducing as the trade slowly shifts towards larger retailers and big shopping centres. Smaller retailers include Helms Laedervarer and Alfred Lunds.
- Many agents can be contacted via the Scandinavian Shoe & Bag Fair at Copenhagen (details elsewhere in this report). The Danish Association of Commercial Agents and Exclusive Distributors can be reached at http://www.commercial-agents.dk.
- Important importers of leather goods into Denmark include Adax Scandinavia (http://www.adax.dk), Quentin (http://www.quentin.dk) and Uni-Leather (http://www.uni-leather.dk).
- The Internet is becoming an increasingly important trade channel in Denmark. Internet usage in Scandinavia is higher than anywhere else in Europe and consumers are very comfortable with using this medium.
- In each trade channel different margins and prices apply, with multiples of 2.6 up to 3.1 of the manufacturer's or importer's price. Agents' margins are between 8% and 15% depending on quality. Generally wholesalers' margins range between 30 – 40% of the CIF price, while retailers' margins are between 55 – 75%. More information can be found in chapter 3.2 of the CBI market survey 'The EU market for luggage and (leather) accessories'.

3 Trade: imports and exports

Imports

- In 2005, Denmark's imports of luggage and accessories were valued at € 151 million, or 14 thousand tonnes. Out of the 27 EU countries, Denmark is ranked tenth largest, and as such is regarded as a medium-sized country for luggage and accessories imports. (Note imports of "made of leather" items in this group were valued at € 57 million or 2 thousand tonnes.)
- Between 2001 and 2005, Danish imports grew by an average of 8.2% per annum in value and 11.1% in volume (19.7% and 30.6% respectively for "made of leather" items). Most of this growth occurred in the period after 2003.
- Imports exceeded exports by 2.5 times in value and five times in volume in 2005. Exports are increasing more quickly than imports. The same period has seen a decrease in luggage and accessories production and an average annual increase in consumption of 2%.
- Around 41% of Denmark's imports come from developing countries in 2005 (33% for "made of leather" items). This proportion was 37.7% in 2001 (28% for "made of leather"). China accounted for 77.7% of all developing country supplies by value in 2005, followed by India (14.8%) and Turkey (2.8%). Vietnam and Pakistan were also important suppliers. While China's supplies increased by 45% over the period, supplies from India and Turkey both increased by even more.
- By product group, Danish imports by value can be sub-divided as follows:
  - Around 58%, valued at € 88 million consisted of bags, of which € 21 million were "made of leather". Within this group travel bags (€ 36 million) was the largest sub-group, of which less than € 2 million were "made of leather".
  - More than 25%, valued at € 39 million consisted of small accessories such as belts, wallets, purses and pouches, of which € 31 million were "made of leather". Within this group, belts valued at € 24 million was the largest sub-group, all of which was "made of leather".
  - Around 16%, valued at € 24 million, consisted of cases, of which just € 4 million were "made of leather". Suitcases was the largest sub-group, valued at € 16 million. Of these over € 1 million were "made of leather".

Exports

- Luggage and accessories exports from Denmark were valued at € 62 million in 2005, representing 1 thousand tonnes.
- Between 2001 and 2005, the average annual increase in exports was 24.2% by value but

a decrease of 11.8% by volume.
- There appears to be re-exporting from Denmark, as there is a very limited amount of local production.

Opportunities and threats

+ The main growth opportunities for developing country suppliers are bags and small accessories, particularly handbags and belts. Developing country suppliers of cases are increasing in volume but values are decreasing, whereas supplies of other small accessories to Denmark have remained unchanged.

See Chapter 7 of the CBI market survey 'The EU market for luggage and (leather) accessories' for more information on opportunities and threats.

Useful sources

- EU Expanding Exports Helpdesk - http://export-help.cec.eu.int/
- Eurostat – official statistical office of the EU - http://epp.eurostat.cec.eu.int
- Danish National Statistics – http://www.statbank.dk

4 Price developments

- According to Statbank prices in Denmark indicate quite a difference between imported prices and prices of Danish goods. Prices of Danish goods have increased by approximately 5% in the last year, while prices of imported goods have increased by just 1%. As most luggage and accessory products are imported, they are relatively affordable to Danish people.
- The website of Danish National Statistics (http://www.statbank.dk) publishes harmonised indices of consumer prices. A useful website comparing luggage and accessories prices in Denmark is http://www.nextag.com. Prices of luggage and accessories can be found at http://www.euroleather.dk and at the global site of the major supplier Samsonite. Visit http://www.samsonite.com and select Denmark.

5 Market access requirements

As a manufacturer in a developing country preparing to access Denmark, you should be aware of the market access requirements of your trading partners and the Danish government.
For information on legislative and non-legislative requirements, go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select leather goods and Denmark in the category search, click on the search button and click on market access requirements.

Detailed information on packaging can be found at the website of ITC on export packaging: http://www.intracen.org/ep/packaging/packit.htm

Information on tariffs and quota can be found at http://export-help.cec.eu.int/

6 Doing business

Information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) and cultural differences can be found in CBI's export manuals 'Export Planner', 'Your image builder' and 'Exporting to the EU'. These can be downloaded from http://www.cbi.eu/marketinfo - go to search publications. For more information on doing business in Denmark, visit the following websites:

- There is no trade association in Denmark for these products. However the Danish Textile Industry (http://www.textile.dk) and the Association of Leather Goods Retailers (mailto:lars.hansson@hansson.dk) may be helpful. Many shoe retailers also sell leather goods. The Danish Shoe Retailers Association can be found at http://www.skohandlerforening.dk.

- The Scandinavian Bag Centre in Copenhagen is a permanent exhibition centre for suppliers to the bag trade (http://www.bellacenter.dk). There is a trade fair four times each year. Some bags and accessories are exhibited at the Design & Brugskunst fair in January (http://www.designogbrugskunst.dk).
- Shoe and Bag Trends is a quarterly publication for the leather trade, publication details can be accessed from the above website. A more general retail publication in Denmark is DetailBladet (http://www.detailbladet.dk)
- The Federation of Danish Industries (http://www.di.dk) and the Danish Association of Commercial Agents and Distributors (http://www.commercial-agents.dk) are important contacts in Denmark.
- The Danish Import Promotion Programme may be helpful (http://www.dipp.eu). They provide information on exporting to Scandinavia.

This survey was compiled for CBI by ***Searce***