

CBI MARKET SURVEY

THE FINNISH LUGGAGE AND
(LEATHER) ACCESSORIES
MARKET

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Introduction

This CBI market survey gives exporters in developing countries information on some main developments in the luggage and (leather) accessories market in Finland. 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 Finnish market for luggage and (leather) accessories is valued at € 90 million in terms of retail sales.
- Finns spent € 17.3 per capita per year, which was less than the EU average of € 19.7 in 2005.
- Finland is the sixteenth largest luggage and accessories market in the EU and this small-medium market is similar to a cluster of other countries, including Denmark, Czech Republic, Ireland and Hungary.

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

2001	2002	2003	2004	2005	Average ann. % change	Population (million)	Consumption per capita €
78	76	79	84	90	3.8	5.2	17.3

Source: Trade Estimates (2006)

- The Finnish economy is strong at the moment and consumers' confidence and disposable incomes are rising. Sales of luggage and (leather) accessories increased since 2003 and rose by 14%, from € 79 to 90 million between 2003 and 2005 (see table 1.1).
- As confidence remains high, this market is predicted to increase in the coming years.
- Sales of bags in particular were very strong in 2006 and this part of the sector is likely to drive most of the growth.
- Approximately two thirds of the bags market consisted of handbags and other bags. The remainder was broadly equally divided between luggage and small accessories including belts.
- Finns are very up-to-date with the latest technologies, and as such there is a high ownership of laptops, mobile phones and other such devices. This means there is also a healthy market for cases and covers for these products.

Production

- Finland is a small producer of luggage and (leather) accessories compared to other EU countries, but is the largest Scandinavian producer.
- The value of production is estimated at € 6.7 million in 2005, down from its 2001 levels, when production stood at € 9.2 million, as table 1.2 indicates.
- Production fell in 2002 only to rise again in 2003 and 2004, but then it has fallen back in 2005 as a result of competition from low cost imports.

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

2001	2002	2003	2004	2005	Number of companies	Number of employees
					(2005)	(2005)
9	7	8	9	7	na	na

Source: Eurostat, National Statistics (2006)

- Two thirds of production in Finland is dedicated to handbags or other types of bags, up from 50% in 2001. Meanwhile production of cases accounted for 20% of production in 2005 compared to 13% in 2001. The other major sector of production was wallets and purses, which used to account for one third of Finnish production. That had fallen to 13% in 2005.
- Some manufacturers outsource their production to stay in business as production costs in Finland are high.
- Leading companies in Finland include Nahka-Asema who produce small leather goods and belts (<http://www.nahka-asema.fi>), Marimekko who produce bags (<http://www.marimekko.fi>) and Matex who produce belts (<http://www.matex.fi>).

A list of producers can be found at the Federation of Finnish Textiles and Clothing Association website (<http://www.finatex.fi>).

Opportunities and threats

- + As in many other EU countries there is a trend in Finland towards smaller households, with single person households being the most prevalent, and their number also increasing most rapidly.
- + In a growing Finnish market, the changing styles of the Finnish people may provide opportunities for exporters from developing countries who are able to meet the quality standards and aspirations for higher fashionability, at an attractive price. While price is very important, it is equally important that you should not be perceived purely as a source of low cost product.
- The major threat is competition from other importers such as the Baltic States and Russia.
- Exporters should seek opportunities in market niches, by offering e.g. mobile phone cases which is unique to their country to retailers or to Finnish producers who want to specialise.

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

2 Trade channels for market entry

- The retail market is quite developed in Finland. Department stores and large chains dominate sales in this sector. In addition, the mail order market as a result of the importance of the Internet in Finland is also growing at the expense of small specialist retailers such as AB Trading in Tampere.
- Buying groups are important in Finland. Ariston-Nord-West-Ring (German owned) is the main buying group with 42 outlets and sales of € 29 million in 2005.
- Chain stores account for almost 40% of the market. Kesko is the leading player.
- Department stores represent over a quarter of the market. The main department stores are Stockmann, Antilla, Euromarket and Skos.
- Most importers are members of the Federation of Finnish Commerce (<http://www.suomenkauppa.fi>). Within the Finnish Foreign Trade Agents Federation <http://www.agenttiliitto.fi> is a section on business partners for fabrics, leather and accessories.
- Although agents and wholesalers represent a shrinking part of the market, they are still important contacts for exporters from developing countries. A list of wholesalers and

retailers can be found on the website of the Association of Textile and Footwear Importers and Wholesalers (<http://www.teja.fi>)

- 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. 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, Finland's imports of luggage and accessories were valued at € 69 million, or 7 thousand tonnes. Out of the 27 EU countries, Finland is ranked fifteenth largest, and as such is regarded as a small-sized country for luggage and accessories imports. (Note imports of "made of leather" items in this group were valued at € 19 million or 1 thousand tonnes).
- Between 2001 and 2005, Finnish imports grew by an average of 7% per annum in value and 10% in volume (15.5% and 12.5% respectively for "made of leather" items). Most of this growth occurred in the period after 2003.
- Imports exceeded exports by almost six times in value and ten times in volume in 2005. Imports are increasing while exports are decreasing. The same period has seen a decrease in luggage and accessories production and an average annual increase in consumption of 3.8%.
- Around 36% of Finland's imports come from developing countries in 2005 (27.5% for "made of leather" items). This proportion was 37.3% in 2001 (26.9% for "made of leather"). China accounted for 80% of all developing country supplies by value in 2005, followed by Turkey (7.5%) and India (6.7%). Vietnam and Thailand were also important suppliers. While China's supplies increased by 17% over the period, supplies from Turkey and India both increased by greater amounts.
- By product group, Finnish imports by value can be sub-divided as follows:
 - Around 64%, valued at € 44 million consisted of bags, of which € 8 million were "made of leather". Within this group travel bags (€ 19 million) was the largest sub-group, of which less than € 1 million were "made of leather".
 - More than 18%, valued at € 13 million consisted of cases, of which just € 2 million were "made of leather". Suitcases was the largest sub-group, valued at over € 9 million. Of these less than € 0.5 million were "made of leather".
 - More than 17%, valued at € 12 million consisted of small accessories such as belts, wallets, purses and pouches, of which € 9 million were "made of leather". Within this group, other small accessories (wallets, purses and pouches) valued at € 6 million was the largest sub-group, of which € 3 million were "made of leather". The remainder of this group is belts, valued at € 6 million, all of which was "made of leather".

Exports

- Luggage and accessories exports from Finland were valued at € 13 million in 2005, representing less than 1 thousand tonnes.
- Between 2001 and 2005, the average annual decrease in exports was over 1% by value and 3.1% by volume.
- There appears to be some re-exporting from Finland, as exports are double the level of domestic production value.

Opportunities and threats

- + Most growth has come from increases in products made of leather. The main growth opportunities for developing country suppliers are bags and small accessories, particularly handbags, other bags and belts. Developing country suppliers of cases are increasing in volume but value increases are less spectacular, whereas supplies of other small accessories to Finland have also increased only marginally.

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>
- Finnish National Statistics – <http://www.stat.fi>

4 Price developments

- Prices in Finland are one of the highest of all EU countries, and this includes the prices of luggage and accessories. Prices of all products increased by 1.6% in 2006 but it is likely that luggage and accessories prices increased by more than the average.
- The website of Finnish National Statistics (<http://www.stat.fi>) publishes harmonised indices of consumer prices. A useful website comparing luggage and accessories prices in Finland is <http://www.nextag.com>. One of the main Finnish leather goods manufacturers is PT Design (<http://www.pt-design.fi>). They feature trade prices on their website. Consumer prices can be found at <http://netanttila.com> and <http://www.quelle.fi>.

5 Market access requirements

As a manufacturer in a developing country preparing to access Finland, you should be aware of the market access requirements of your trading partners and the Finnish government.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select leather goods and Finland 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 Finland, visit the following websites:

- The Association of Finnish Leather Industries can be reached via tel +358 (0)9 172 84250 or fax +358 (0)9 179 588. Email sari.vannela@ryhma.fi. They are affiliated to the Confederation of Finnish Industries (<http://www.ek.fi>).
- The Federation of Textile and Footwear Wholesalers has a website at <http://www.teja.fi>. This is linked to the Federation of Finnish Textiles and Clothing Industries (<http://www.finatex.fi>).
- The Finnish Shoe and Bag Fair is held twice a year in Helsinki in February and August (<http://www.finnexpo.fi>).
- The retail luggage and accessories trade is represented by the Association of Fashion Retailers in Finland (<http://www.muotikaupanliitto.fi>).
- The above association publishes a trade magazine called Modin.
- More general information on doing business in Finland can be found at <http://www.finpro.fi> and the Chamber of Commerce at <http://www.keskuskauppakamari.fi>.

This survey was compiled for CBI by *Searce*

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