CBI MARKET SURVEY

THE FRENCH MARKET FOR LUGGAGE AND (LEATHER) ACCESSORIES

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Report summary
This CBI market survey discusses the following highlights for the luggage and (leather) accessories market in France:

- The French consumption of luggage and (leather) accessories was € 1,413 million in 2005, up 0.8% per annum on average, while production slightly rose to € 1,142 million.
- In 2005, France imported luggage and (leather) accessories valued at € 1,352 million, or 132 thousand tonnes. Since 2001 values increased by 5.2%, and volumes were up by an average annual rate of 3.6%.
- Around 42% of imports by value came from developing countries (69% by volume). The share of imports by developing countries is down from 46.7% in 2001 in value, and up from 61.8% in volume terms.

This survey provides exporters of luggage and (leather) accessories with sector-specific market information related to gaining access to France. 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 luggage and (leather) accessories market in the EU', which covers the EU market 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 market for luggage and (leather) accessories was valued at € 1,413 million in 2005. France is the third largest EU market, after Germany and Italy. However the market is one third less than the size of the biggest EU market Germany.

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

2001	2002	2003	2004	2005	Average ann. % change	Population (million)	Consumption per capita €
1,369	1,395	1,408	1,405	1,413	0.8	61.0	23.1

Source: Euromonitor (2006)

The per capita consumption of € 23.1 was above the EU average of € 19.7. In the period under review, between 2001 and 2005, the French market increased by an average 0.8%, a figure below the EU average of 2.9%. Since 2003, French sales have remained more or less static, due to a crisis in the luxury goods market, which was affected by less international travel by air, and consumers have preferred to travel by land in their own or other EU countries. This has resulted in less demand for suitcases and travel bags. As a result of the economic recession, unemployment remained high between 2003 and 2005, which has affected sales of briefcases.

Hypermarkets, clothing and footwear discounters have benefited from the ever price conscious French by selling cheap imported luggage and bags from China, Vietnam and India, which have restrained value sales within the whole sector.

It was not until the end of 2005 that French consumption slowly started to pick up and travel started to increase. This was especially felt in the suitcases and travel bags segments, due to the rapid expansion of budget airlines. In the other segments, value sales have grown as well, due to an increased demand for luxury and fashionable handbags and for small leather accessories.

When buying luggage or (leather) accessories, French consumers tend to pay more attention to style and design, next to functionality. They are critical buyers, who are used to a highly sophisticated home industry and they carefully consider price, quality and fashion before making a purchase. In the middle-higher segments, most French consumers are prepared to pay high prices for well-known brands and items made in France or in Italy.

The market is expected to grow in 2006 and beyond, and will be mainly driven by:
- More international travel, which will stimulate the suitcases and travel bags segments.
- Fashion-aware women who will look for medium-priced, fashionable handbags and belts that are as close as possible to the haute couture items.
- New markets for men, teens and baby boomers (people between 50 and 60). For example, pouches for men, instead of briefcases, which have become more popular.
- More variety in girls' purses in different fabrics are expected to expand.
- Fast changes in the technology sector will boost the small accessories segment, as consumers buy new mobile phones, portable audio systems (ipods), personal GPS systems, with or without holders.

On the other hand, luggage and accessories in low-to-medium price ranges are gaining importance. The French market will continue to be affected by cheap Chinese imports, especially counterfeit items such as handbags and belts.

- *Segmentation by product group*
  There are a number of ways that the market can be segmented. Most analysts use the traditional product based segmentation. This indicates that in 2005 in France
  - Handbags accounted for 43% of the market (€ 608 million),
  - Suitcases for 20% (€ 283 million),
  - Small (leather) accessories for 17% (€ 241 million),
  - Travel and other bags for 6% (€ 82 million),
  - Briefcases for 6% (€ 86 million),
  - Belts for 8% (€ 113 million).

  Handbags represented 43% of the total French luggage and accessories market. As consumer confidence has been on the increase, designer handbags e.g. Hermes, Louis Vuitton, Longchamps, Chanel, Delvaux, Gucci and Prada have been in vogue. Sac Story and Le Tanneur are popular brands in the middle-range market. In addition there are many lower-priced, fashionable handbags available at department stores and clothing chains. Handbags are part of a total outfit and they change along with the seasonal fashion. The most recent handbags have become larger in size.

  Handbags also use a wider range of materials. Microfibre was quite widely used in France, while recently bags made of fabrics, crochet, beading and studs are popular. By using combinations of fabrics (wool, cotton, string, silk), which are cheaper than leather, manufacturers can offer them at lower prices. In contrast to fashion-conscious women, older people tend to be somewhat conservative, with an exception of the baby boomers who live in the major cities. Older people, generally, are likely to purchase leather bags made in traditional styles. Hand-held or under-arm bags are common and the smaller the bags are, the more precious the material used. Similar developments are taking place in the *belts* segment, which represented 8% of the market in 2005.

  Suitcases represented 20% of the total French market. As airfares have become cheaper, the increasing frequency of short trips has seen a parallel increase in demand for smaller suitcases, particularly by business travellers. Smaller suitcases can be taken as a large piece of hand luggage, which can contain a lap-top computer, the necessary stationery, some clothing etc. By having one piece of hand luggage, damage or theft can be avoided and as well as waiting time at the baggage carousels.

However, because of intensified security (terror alerts) at airports, there are restrictions to the size of hand luggage and its contents. So now manufacturers are looking for more lightweight features and compactness in hand luggage and also in all other types of suitcases. Some popular brands include Longchamp, Lacoste, Samsonite and Delsey as well as the private brands from department stores.

Small (leather) accessories includes wallets, purses, key pouches, passport folders and holders for personal organisers, ipods, personal GPS systems etc. This segment represented 17% of the total market. Rapid changes in technology have stimulated this segment, as customers' need for protective cases for all these gadgets has created new demands with designs changing frequently.

Other bags include travel bags, holdalls, backpacks, rucksacks, sports bags, shopping bags and all kinds of other bags. In 2005, this segment represented 6% of the total French market. The revival in overseas tourism has stimulated sales of travel bags, holdalls and backpacks. Designs of backpacks have become more fashionable, with products available in leather or in different fabrics.

Demand for sports bags was more or less static, as fitness participation did not grow much and people do fitness more at home. Next to Adidas, Reebok, Coq Sportif and Eastpack are well-known brands. Cross over bags for laptops have gained popularity, especially among men, which has been at the expense of briefcases. These bags are safe to carry computers and have several compartments for all other necessary stationery items.

Briefcases represented 6% of the total market. Briefcases and computer cases both include compartments for laptop computers. Computer cases are increasingly made of synthetic materials, are lightweight and less expensive than traditional leather briefcases. During the unemployment period, the need for laptop computers and cases has stimulated demand in this segment.

- *Segmentation by region and style*
  France is a large country, and many regional styles still exist in different parts of the country. Differences in particular continue to exist between luggage and accessories purchasing in urban as opposed to rural areas.
    - In rural areas, especially in the middle of France, the population is ageing and unemployment remains high. In these areas people tend to use items longer, are more rational and price conscious.
    - In urban areas, people pay more attention to their appearance and style. They follow the latest trends in fashion, especially for handbags, travel bags and other bags and they look for compact and comfortable luggage.

Market trends

- Handbags, belts and small accessories are part of the fashion business, which is one of the main drivers of the French economy, especially after the regained consumer confidence in 2005. The French are generally conscious about their "total look". Clothing and footwear stores in particular have taken advantage by offering total outfits for different occasions.
- Another trend is towards increased volume sales of lower-priced products, which is likely to continue. This is part of an overall fashion trend reflected by the success of companies like Promod, Kookaï, Zara and H&M. These companies are characterised by high volume, quick turnover, a youthful clientele and a constant renewal of styles, in which they have been successful.
- This implies that luggage and accessories won't grow much in value. Even if the economy

improves further, retailers of luxury handbags will not be looking for French consumers. Instead they will appeal more to wealthy tourists, who are attracted by the international reputation of French brands, which they bought in fashionable boutique in France.
- In the luggage and accessories business, marketing has become increasingly focussed on consumer target groups, with brands associated with particular segments. For example. *Lollipops*, founded in 1999, has been a successful brand for handbags, briefcases and small accessories, targeted at extremely fashion-conscious professional women aged between 25-33 years old. Other target groups with potential are teens, men and older people, all of who are becoming increasingly fashion conscious.
- For other trends - see previous section, market segmentation by product group.

Production

Total production

After Italy, France is the second largest producer of luggage and (leather) accessories in the EU. In 2005, the value of luggage and accessories production was € 1,142 million. As table 1.2 indicates, this is up by 9% from € 1,044 million in 2001.

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

2001	2002	2003	2004	2005	Number of companies	Number of employees
					(2005)	(2005)
1,044	1,008	1,017	1,088	1,142	1,500	18,300

Source: Eurostat, INSEE (2006)

France, together with Italy, is the undisputed joint world leader in terms of fashion and quality of luggage and leather accessories. Many of France's famous fashion designers produce their own lines of accessories. Some well-known names are: Cartier, Dior, Hermes, Lancel, Chanel and Yves Saint-Laurent.

The leather industry consists of around 1,500 companies, which according to INSEE (French national Statistics) can be sub-divided as follows:
- 196 companies with more than 10 employees – total 14,800 employees
- 150 companies with between 6 - 9 employees – total 1,200 employees
- 370 companies with between 1 - 5 employees – total 1,500 employees
- 800 companies with 1 employee – total 800 employees.

The long-established domestic leather industry is highly skilled and specialised. Most companies are small family businesses, sometimes producing for only one or two retailers (their own) and are specialising in one or two types of luggage or accessories.
In 2005 the total luggage and leather accessories production can be subdivided as follows:
- Handbags – 63% of total value, € 719 million
- Small leather accessories (wallets, purses) – 13% of total value, € 149 million.
- Other bags – 12% of total value, € 137 million.
- Suitcases and briefcases – 7% of total value, € 80 million.
- Belts – 5% of total value, € 57 million.

The increase in luggage and accessories production is generally forecast to continue. Early signals of the EU anti-dumping measures for handbags are starting to reduce the increasing rates of imports. This is important in helping production to recover. Between 2004 and 2005, the French production of handbags increased by 5% from € 684 to € 719 million. Also small leather accessories production increased by 8% from € 138 to € 149 million. On the other hand, production of cases and belts fell by 12% and 5% respectively.

The French leather industry is based on qualitative competition, implying that it will not be trying to compete on price with low cost manufacturers in India or China. Some manufacturers and tanners are surviving by specialisation or by producing items made of vegetable tanned leather.

Main players

- The main manufacturers in France are
  - Hermès (http://www.hermes.com), with an international sales figure of € 1,515 million and with over 80 retail outlets in France, Italy, Switzerland, Germany, Belgium and The Netherlands, as well as in the USA, Japan, China and many other countries. Next to their well-known saddlery-leather goods ranges (leather bags and small leather accessories) they sell silk and textile products. They also sell clothing, fashion accessories (hats, scarfs, belts), jewellery, watches, perfumes and tableware. In 2007 – the year dedicated to Dance – Hermès will continue its strategy based on creativity, product quality, enhanced know-how and the spirit of craftsmanship. A great part of their products are made in Asian or North African countries.
  - Louis Vuitton (http://www.louisvuitton.com), with around 70 outlets worldwide and which offers purses, handbags, luggage, wallets, briefcases and a range of other products, capitalising on their international brand recognition.
  - Goyard (http://www.goyard.fr), around 10 outlets worldwide and a long history. They offer a classic/colonial style of luggage, handbags, wallets and briefcases.
  - Tanneries du Pays produces fine calfskins for handbags and small leather accessories.

- The above manufacturers are mentioned because they have a website, so that you can see what major types/models of luggage and accessories are made in France according to which standards etc.. and possibly at what prices. It is very subjective to mention which manufacturer might be of interest to an exporter from developing countries. Therefore it is recommended that you find out interesting players from the directory of the French luggage and accessory manufacturers. This directory of can be found at the French Leather Confederation (http://www.leatherfrance.com). Some manufacturers can be reached at the portal for the leather and footwear industries, the CTC Group at (http://www.ctcgroupe.com and http://www.ctc.fr).

Opportunities and threats

\+ In the handbags, belts and briefcases segments, there is definitely a "French style", as French designers produce their own lines. Nowadays there is more variety in styles, which includes the classic French style. This style is mainly characterised by relatively simple designs, which are perfectly finished. When exporting to France, you should keep this style in mind.

\+ However, as the French population is becoming more internationally oriented and more diverse with immigrants, there are opportunities for other styles. However, stay aware of the latest trends in fashion. If in doubt, you could consider co-operating with an importer.

\+ In the middle-higher segments, most French consumers are prepared to pay high prices for well-known brands and items made in France or in Italy. As an exporter from a developing country, you will therefore find more opportunities in the low-medium segments and approach the French market with less fashion-sensitive lines such as travel bags or small leather accessories.

\+ The ageing of the French population offers opportunities for suitcases with ergonomic elements, especially with regard to comfort - easy to carry, easy to store - which is important for older people.

\- There is also a growing demand for handbags and belts. However there is a danger in becoming too reliant on this sector of the market. If you are not able to supply quickly and change production at the short-term whim of the fashion market, you could find yourself exposed to the dangers of overtrading.

\- Outsourcing also provides opportunities. French manufacturers have had to adapt their systems to remain competitive. They have forged partnerships with domestic and overseas suppliers. They will particularly appreciate input from suppliers who can demonstrate design flair and innovation. Try to avoid competition on price, but offer something different that is unique to your country in terms of design, material or craftsmanship.

\- Equally any of these trends can be an opportunity for one exporter, but a threat to another. French buyers are not always loyal to particular overseas suppliers, so you may lose out to a supplier from your own country or neighbouring country.

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'.

Useful sources
- There are a number of commercial research organisations that regularly produce reports on the French market for luggage and accessories, but these can only be obtained at a cost. They include the Market Research Bureau Euromonitor (http://www.euromonitor.com), as well as Mintel (http://www.mintel.co.uk) and Just Style (http://www.just-style.com).
- Production information can be obtained from Eurostat as well as the French National Statistics-INSEE (see later in this report for contact details).

2 Trade channels for market entry

Trade channels
- The majority of luggage and accessories in France is sold by the specialised (retail) trade, but the share of non-specialists is significant and still grows steadily. Around one third is sold by non-specialists such as department stores and hypermarkets, which mainly sell handbags, belts, small leather accessories and luggage, and usually do so under their private brands. The large hypermarkets have benefited from price competition. In addition, clothing and footwear retailers are expanding their range of handbags and belts.
- The role of importers, wholesalers and agents continues to be important, although their influence is decreasing as the power of large retailers has increased. Some major importers include:
    - Givenchy (http://www.givenchy.com)
    - Longchamp (http://www.longchamp.com)
    - Yves Saint Laurent (http://www.ysl.com)
    - Delsey (http://www.delsey.com)
    - Andrelux S.A.
- For smaller exporters from developing countries, the wholesale sector that serves smaller outlets, or the use of an agent, who would also work for other manufacturers, would be the most appropriate channels. They often do not require large quantities and if the working relationship is successful, usually more business will follow.
- Wholesalers and importers can be found at the CTC Group, the French Leather Confederation or at the French Leather Goods and Luggage Association – addresses see at the end of this report. Agents can be found via the Federation of Agents in France at http://www.comagent.com

- The nature of France, with large differences in the north and in the south also impacts on the way the trade works. Importers, agents and distributors will have similar links and relationships. Some luggage and accessories are imported through agents that usually specialise in particular types of luggage, accessories or region.
- Some disadvantages in working with an importer/wholesaler are that their margins are high and they may require exclusivity for your item.
- The retail distribution of luggage and (leather) accessories differs per segment:
    - *For luggage (suitcases and briefcases)*, the specialist trade remains important, as items need more space in stores for display, which is not easy for a non-specialist.
    - *For bags and (leather) accessories* there is a wide distribution network, which even includes sales by electric shops, as is shown in table 2.1.
- The French specialists' sales are led by the independent stores, boutiques and franchise operators, all of which are well represented on the high street and in out-of-town shopping centres.
- These operators have their luggage and (leather) accessories made in Asia or in some of the Northern African countries and do their own importing by using a buying agent or they have their own international buyers who are constantly looking for new or interesting products in Asian or in other developing countries.

Table 2.1 Retail distribution in France

Outlet type	Luggage (suitcases and briefcases)	Bags and (leather) accessories
Specialists	**X**	**X**
Chain stores (incl. franchise stores)	x	x
Independent stores	x	x
Non-specialists	**X**	**X**
Department stores	x	x
Hypermarkets	x	x
Clothing stores		x
Footwear stores		x
Sports retailers (sports and travel bags)	x	x
Office /Stationery shops	x	
Home Shopping	x	x
Gift shops / Perfumeries		x
Electrical shops	x	
Others (factory outlets, market stalls etc.)		x

Note: There were no statistics available on retail shares, but the majority of both segments is sold through specialist stores and department stores.

Source: Trade estimates (2007)

Trends and main players in the retail sector

- There are two key distribution trends in luggage and in accessories retailing, both of which have an impact on how a developing country exporter should approach this market.
- *Firstly* there is a move away from low priced luggage and accessories. As competition has intensified, the market has become dominated by oversupplies and there is more demand for better-designed items, made of a higher quality material (leather and non-leather). Specialised retailers are focussing on the middle and higher end of the market and advertise their products effectively to try to retain their market position. Between 2001 and 2004, the number of retail outlets fell from 2,358 to 1,950, a fall of nearly 20%. Most shops are not organised, so there are no main players in luggage and in accessories retailing.
- *Secondly*, there is a reduction of specialists in favour of non-specialist channels, which is likely to continue, particularly for handbags, belts and small accessories. Their growth is driven by convenience for the consumer, and by lower prices. Main non-specialist retailers are:
  - *Department stores* have always been strong in the luggage and accessories market, especially for suitcases, handbags, belts and small leather accessories (wallets, purses, personal toilet sets). In 2004, there were 1,457 department stores in France. The major stores were Galleries Lafayette (55 outlets), Printemps (17 outlets), Monoprix (257 outlets), Gifi (discounter with 222 stores) and Samaritaine.
  - *Clothing stores* such as Jennyfer (225 outlets), Jules (205 outlets), Kookaï (140 outlets), Pimkie (270 outlets), Promod (170 outlets), Zara (90 outlets) and H&M (71 outlets), have extended their ranges and included accessories to match their clothes. They also change product ranges more frequently to keep consumers' attention; a constant renewal of styles has been key to their success.
  - *Footwear stores* have a similar strategy to clothing stores. The major footwear chains and boutique chains operate in a similar way. Some popular chains include Eram (304 outlets), Besson (65 outlets), San Marina (177 outlets), André (132 outlets), Minelli (125 outlets), Gémo, Bocage, France Arno, Jorcel, Divergence and Rigoletto.
  - *Sports shops* have grown fast in France in the period 2000 – 2004 along with the increasing popularity of sports practice (fitness), and outdoor trekking in France and abroad. The leading chains were Decathlon (216 outlets), Intersport and Sport 2000. In addition, single brand stores (Adidas, Puma and Nike stores) and outdoor trekking stores have contributed to the increased sales of both sports bags and travel bags.
  - *Hypermarkets*, with Carrefour, Auchan, LeClerc and Cora dominating the market. However, as other products (communication, DVD players etc.) have been more in demand, they have recently reduced their luggage selling space.

- *Stationery shops* or the large *office supply chains* (Top Office, Hyperbureau) have grown fast along with the boom of computers in the past few years. They sell cases and bags for lap-top computers, small suitcases (day-packs) and a variety of small accessories (passport folders, filofax, holders for personal organisers, agenda with leather covers etc...).
- Electrical shops which sell all kinds of computer cases and covers for mobile phones, ipods, personal GPS and other electronic gadgets. The leading chains were Darty (206 outlets), FNAC (68 outlets), Boulanger (76 outlets) and Hypermedia (24 outlets).
- *Home shopping* is gradually becoming more important, especially in the accessories market with mail order sales suffering from the growing popularity of Internet sales. Some companies include Redcats, Trois Suisses, Yves Rocher, Camif and Damart.
- One advantage of working directly with large retailers is that you can get a better price than through an importer or agent. However, it will be more difficult to establish a relationship as they often change suppliers. Another disadvantage is they require special conditions in terms of fast delivery, labelling, packaging (special promotions) or after sales service.

Price structure

- Due to the intensified competition, margins have been falling in the French market in recent years.
- In each trade channel different margins and prices apply, with multiples of 3 up to 4.5 times the manufacturer's or importer's price. Generally wholesalers' margins range between 30 – 50% of the CIF price, agents' margins are between 6 – 12%, while retailers' margins are between 95 – 120%. These margins will vary depending on which market segment is being approached. The higher the market segment, the higher the margins that can be commanded. Department stores or clothing, footwear chains ask for large-volume discounts, which are then passed on to their affiliated stores.
- More information can be found in chapter 3.2 of the CBI market survey 'The EU market for luggage and (leather) accessories'.

Selecting a suitable trading partner

This is a very important part of the export process. As important as finding a contact that is suitable for you in terms of the range of products that you can supply is the relationship and empathy you can establish between yourself and your partner. The essential element of any trading relationship is trust. You must satisfy yourself that you will be happy to deal with the organisation in question over a long period. Your own judgement and instincts are most important in this respect.

In relation to how you find a trading partner, the usual trade sources are an important point of contact. The French Leather Goods and Luggage Association or the French Leather

Confederation are important contacts (see elsewhere in this report for contact details).
The best place to meet potential trading partners is at a trade fair, such as the Salon de la Maroquinerie.

It would be better to first visit an exhibition a few times before participating yourself. During a visit you can extensively look around at the stands of the main players and get a better idea of the latest fashions. At trade shows you have an opportunity to talk to potential partners on a face-to-face basis and better judge whether you would like to work with them. You could also identify potential partners from the exhibition website beforehand or from a catalogue. When selecting them (e.g. importer or wholesaler) try to find out:

- What type of luggage or (leather) accessories they sell (focussed on comfort, material or fashion).
- To which target groups they sell.
- In which areas they are well represented in their country. If they are exporting, to which other EU countries they sell.
- To whom they sell e.g. small or large retailers, department stores, buying groups etc..

You could also find this out by looking at their website or try to find a company profile through other hosted sites e.g. of a local BSO or trading platform, or by finding their company brochure. You can contact interesting trade partners by mail or e-mail and follow up by phone a few weeks later. See also chapter 3.1.3 of the CBI Export manual 'Exporting to the EU'.

Although you may initiate a communication by post or email, it is recommended that there is some personal communication before a trading partner is selected. You should also do a credit check of your potential trade partner, especially when an investment from your side is involved. This credit check could be done by a specialist company such as Dun and Bradstreet (http://www.dnb.com). A bank usually does not give credit ratings of its customers.

In this regard, you could also contact Business Support Organisations in France or the commercial department of your own embassy to see if they have any useful contacts. They may even have some knowledge of contacts you may have made independently. The CTC Group is the principle portal for information and advice on the leather and footwear industries and could be a good source of general advice.

3 Trade: imports and exports

Imports

Total imports

- In 2005, France imported luggage and accessories valued at € 1,352 million, or 132 thousand tonnes. This accounted for 16.7% of all EU imports by value, or 11.9% by volume. This represented an average annual increase in value of 5.2% since 2001 (3.6% in volume). France is the largest importer of luggage and accessories by value, but fourth largest by volume after Germany, UK and Italy. They all have similar levels of imports. (*Note imports of "made of leather" items in this group were valued at € 448 million or 8 thousand tonnes. These imports grew by 12.6% in value and 5.9% in volume over the period between 2001 and 2005*).

- This growth in imports contrasts with a 5.9% growth in exports, which are approximately 60% higher than imports. However, import volumes are over three times as big as export volumes. Production has increased slightly in France and the consumer market has been showing a 1.4% annual increase over the period.

- Around 42% of French imports by value (€ 570 million) came from developing countries and 69% (91 thousand tonnes) by volume. China is the largest supplier (36.3% of total value imports and 64.6% of total volume imports), with supplies valued at € 491 million or 85 thousand tonnes. The next largest supplier is Italy (15.5% of total value imports and 2.7% of total volume imports), with supplies valued at € 210 million or 3 thousand tonnes). The next two largest suppliers to France are Belgium and Switzerland. Belgium has supplies valued at € 162 million, or 22 thousand tonnes (12% of value and 16.7% of volume). Switzerland has supplies valued at € 134 million, or 1 thousand tonnes (9.9% of value and 0.5% of volume).

- The share of supplies by developing countries is down from 46.7% in 2001 in value, but up from 61.8% in volume terms (*Note share of "made of leather" supplies from developing countries decreased from 21.4% to 19.6% by value and increased from 39.7% to 48.8% by volume*). Supplies from China have increased by an annual average of 3.7% (7.8% by volume) over the period, while Vietnam's supplies have decreased by an average of 8.2% per annum by value, but increased 4.6% by volume. Supplies from India are up in value and in volume. Meanwhile, volumes of supplies from Italy are down, while volumes are also down from Belgium.

Imports by product group

Table 3.1 Imports by and leading suppliers to France 2001 - 2005, share in % of value

Product	2001 € mln	2003 € mln	2005 € mln	Leading suppliers in 2005 Share in %	Share (%)
Total luggage and accessories	523	534	603	Intra EU: Italy (15.5%), Belgium (12.0%), Spain (7.8%), Germany (3.4%), The Netherlands (3.3%)	44.6
	73	113	179	Extra EU ex. DC*: Switzerland (9.9%), Japan (0.9%), Hong Kong (0.7%), USA (0.6%), Romania (0.5%)	13.2
	522	490	570	DC*: China (36.3%), Vietnam (1.6%), India (1.1%), Tunisia (0.9%), Morocco (0.8%), Thailand (0.6%), Turkey (0.3%), Mauritius (0.2%), Philippines (0.1%), Indonesia (0.1%)	42.2
Of which Bags	348	356	393	Intra EU: Italy (15.2%), Belgium (12.1%), Spain (5.0%), Germany (3.2%), The Netherlands (2.8%)	40.6
	50	94	156	Extra EU ex. DC*: Switzerland (12.7%), Japan (0.9%), Hong Kong (0.7%), Romania (0.7%), USA (0.6%)	16.2
	370	357	418	DC*: China (36.7%), Vietnam (1.8%), India (1.2%), Tunisia (1.1%), Morocco (0.9%), Thailand (0.7%), Mauritius (0.2%), Turkey (0.2%), Philippines (0.1%), Indonesia (0.1%)	43.2
Of which Small accessories	107	117	137	Intra EU: Spain (24.8%), Italy (23.7%), Belgium (5.7%), Germany (4.3%), The Netherlands (3.8%)	64.6
	15	13	18	Extra EU ex. DC*: Switzerland (4.5%), Japan (1.4%), Hong Kong (0.7%), USA (0.7%), Taiwan (0.2%)	8.5
	59	51	57	DC*: China (22.5%), India (1.2%), Morocco (0.8%), Turkey (0.7%), Tunisia (0.4%), Mauritius (0.3%), Thailand (0.2%), Vietnam (0.2%), Pakistan (0.1%), Mexico (0.1%)	26.9
Of which Cases	68	61	73	Intra EU: Belgium (19.0%), Italy (7.2%), The Netherlands (5.7%), Germany (3.9%), UK (3.7%)	42.2
	9	8	5	Extra EU ex. DC*: Switzerland (0.8%), Hong Kong (0.6%), Taiwan (0.4%), USA (0.4%), Japan (0.1%)	2.9
	93	81	95	DC*: China (51.1%), Vietnam (2.1%), Thailand (0.6%), India (0.5%), Morocco (0.4%), Tunisia (0.1%), Mauritius, Turkey, Pakistan, Brazil	54.9

Source: Eurostat (2006)
*Developing Countries

Bags

- This is the largest luggage and accessories product group. Valued at € 967 million in 2005, this represented 71.5% of all luggage and accessories imports to France (67.5% by volume). This compares with a share of 68.5% in 2001 (67.3% by volume). Hence this product group is increasing in significance in its value contribution to imports but its volume contribution is unchanged. (*Note imports of "made of leather" items in this group were valued at € 302 million or 5 thousand tonnes. These imports grew by 19.7% in value and 11.2% in volume over the period*).
  Intra-EU trade accounts for 40.6% by value and 28.4% by volume, but this has changed from 45.3% by value and 36.9% by volume in 2001. Italy's share of supplies is down

from 19% in 2001. The share of supplies from Belgium has decreased, while the share of Spanish and German supplies have increased.

- As far as developing country suppliers are concerned, they represent 43.2% of all imports by value (69.6% by volume, or 62 thousand tonnes), down from 48.2% in 2001 (61.2% by volume). (*Note share of "made of leather" imports from developing countries increased from 17.4% to 17.7% by value and from 34.3% to 48.6% by volume*). China (€ 355 million) and Vietnam (€ 18 million) are the two largest developing country suppliers of bags. However, whereas the value of China's supplies has increased by 20%, those of Vietnam have fallen by a third. Of the other major developing country suppliers, values from Morocco have decreased while values from India and Tunisia have increased.

- In terms of individual products, handbags is the largest sub-sector, valued at € 532 million in 2005, an increasing share since 2001 (*"made of leather handbags valued at € 257 million)*. Travel bags is the next largest sub-sector, valued at € 282 million in 2005, a decreasing share since 2001 *("made of leather" travel bags valued at € 19 million)*. Other bags were valued at € 153 million in 2005, down since 2001 *("made of leather" other bags valued at € 26 million*).

Small accessories

- This is the next largest luggage and accessories product group. Valued at € 212 million in 2005, this represented 15.7% of all luggage and accessories imports to France (6.1% by volume). This compares with a share of 16.3% in 2001 (6.1% by volume). Hence this product group is decreasing in significance in its value contribution to imports. (*Note imports of "made of leather" items in this group were valued at € 124 million or 2 thousand tonnes. These imports increased by 4.2% in value and by 4.8% in volume over the period*). Intra-EU trade accounts for 64.6% by value and 35.6% by volume, but this has changed from 59.1% by value and 35.2% by volume in 2001. Spain's share is unchanged from 2001. The share of supplies from Italy, Belgium and Germany has all increased.

- As far as developing country suppliers are concerned, they represent 26.9% of all imports by value (60.4% by volume, or 5 thousand tonnes), down from 32.7% in 2001 (60.8% by volume). (*Note share of "made of leather" imports from developing countries decreased from 23.5% to 21.6% by value and increased from 44.3% to 47.3% by volume*). China (€ 48 million) and India (€ 2 million) are the leading developing country suppliers of small accessories. However, whereas the value of China's supplies has decreased, those of India have increased. Of the other major developing country suppliers, values from Turkey have increased, while supplies from Morocco have decreased.

- In terms of individual products, other small accessories such as wallets and purses is the largest sub-sector, valued at € 158 million in 2005, a declining share since 2001 (*"made of leather other small accessories valued* at *€ 70 million)*. Belts were valued at € 54 million in 2005, an increasing share since 2001 *("made of leather" belts valued* at *€ 54 million)*.

Cases

- This is the smallest luggage and accessories product group. Valued at € 173 million in 2005, this represented 12.8% of all luggage and accessories imports to France (26.3% by volume). This compares with a share of 15.2% in 2001 (26.5% by volume). Hence this product group is decreasing in significance in its value and volume contribution to imports. (*Note imports of "made of leather" items in this group were valued at € 22 million or 1 thousand tonnes. These imports fell by 1.1% in value and 7.4% in volume over the period*). Intra-EU trade accounts for 42.2% by value and 28.5% by volume, but this has changed from 40.6% by value and 33.8% by volume in 2001. Belgium's share is down from 21.6% in 2001. The share of supplies from Italy, The Netherlands and Germany has all increased.
- As far as developing country suppliers are concerned, they represent 54.9% of all imports by value (70.3% by volume or 24 thousand tonnes), up from 54.5% in 2001 (63.3% by

volume). (*Note share of "made of leather" imports from developing countries decreased from 41% to 33.4% by value and increased from 46.6% to 49.3% by volume*). China (€ 88 million) and Vietnam (€ 4 million) dominate the developing country supply of cases. However, whereas the value of China's supplies has increased by less than 10%, those of Vietnam have increased by 20%. Of the other major developing country suppliers, values from Thailand and Morocco have both decreased, while India's have increased.

- In terms of individual products, suitcases is the largest sub-sector, valued at € 119 million in 2005, an increasing share since 2001 (*"made of leather suitcases valued at € 7 million)*. Briefcases were valued at € 54 million in 2005, a decreasing share since 2001 *("made of leather" briefcases valued at € 15 million)*.

Exports
- In 2005, France exported luggage and accessories valued at € 2,198 million, or 35 thousand tonnes. This represents an average annual increase in value of 5.9%, and an average annual decrease of 0.8% in volume since 2001. Some of French exports are in fact re-exports, but the majority of exports are produced in France.
- In 2005, France was the second largest exporter by value after Italy, and the fifth largest by volume. Italy and France are clearly the largest exporters, but France's volume figures are reasonably similar to those of The Netherlands, Italy, Germany and UK. Over 30% of French exports by value were intra-EU (68.7% by volume). Outside the EU, exports were primarily destined for Japan, USA, Hong Kong and Singapore.
- In terms of product groups, bags accounted for 58.9% by value (€ 1,295 million), down from 60.1% in 2001. Handbags dominated this group of exports. The main destinations were Japan and the USA.
- The next largest group of exports were small accessories, which accounted for 33.5% of all exports (€ 737 million), up from 32.5% in 2001. Wallets and purses dominated this group. Japan and USA were the main destinations.
- Cases accounted for the remaining 7% share, valued at € 167 million, unchanged since 2001. Suitcases dominated this group, valued at € 116 million. USA and Switzerland were the main destinations.

Opportunities and threats
+ France should be viewed as a potentially interesting market for exporters from developing countries. It has a mature domestic retail market, combined with the fact that domestic production, although significant, is not increasing. Hence France is becoming increasingly reliant on imports.
+ The fact that the value share of imports from developing countries is up over the period by a lower proportion than volume indicates strong downward pressure on prices. Exporters should take care not to trade at a loss or with unsustainably low margins over a prolonged period. This may be justifiable for a limited period to gain market entry, but it is neither advisable nor feasible to trade in this way in the long run.
+ Leather-made products are increasing at a faster rate than products of other materials. There is more value in leather, so this material represents a good opportunity for exporters, compared to other materials. In terms of opportunities with particular products, most growth has come from bags rather than any small accessories or cases.
+ The main North African exporters have traditionally had a strong foothold in the French market due to historical links, but there has been a trend towards more imports from Asian countries.
- It is also important to note that an opportunity for one developing country can also be a threat to another. Many EU countries switch country sources purely for competitive advantage, rather than moving supplier because of changes in demand for other reasons. Exporters should read carefully the trends and developments outlines on other parts of this survey before establishing whether France offers a genuine export opportunity. The outcome of this analysis will depend on the specific situation of each exporter.

See also chapter 7 of the EU survey "The EU market for luggage and (leather) accessories" for a more general analysis.

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 ➔ go to 'external trade' ➔ go to 'data – full view' ➔ go to 'external trade - detailed data'
- French National Statistics
  http://www.insee.fr ➔ depending on which type of information you want, go to "Alisse, données d'entreprises" ➔ then you have a choice of which information you require

4 Price developments

- Luggage and accessories prices in France are close to the EU average. Leather-made goods are particularly popular in France, especially ladies handbags, wallets and purses. These products maintain a price premium over non-leather products. Many French consumers prefer the higher quality products, but there is also a large demand for other materials. This factor will ensure that prices for bags and accessories will not fall too far. The luggage market is slightly different. In this sector, leather-made products are less significant. The growth in international travel has also stimulated the growth of this market, to the extent that prices have risen at a level that is lower than the average (see below).
- France is like most EU countries that have seen prices of most goods contained in recent years. This long-term trend is set to continue at least in the near future, particularly as lower-priced imports are taking an increasing share of the market. Consumers do not complain about competitive prices, but some retailers have struggled to remain in business as they are forced to reduce their margins to often unsustainable levels.
- The sales channel has an important bearing on price developments in this sector. Prices have remained strong at the top end of the market, but prices have come down in all other sectors. It has been particularly tough for retailers who operate in the mid-market. Their customers are often price sensitive and they see much lower prices in discounters, but this is often accompanied by noticeable increases in the quality of the products, hence an increase in their relative value.
- Consumer price indices are published on the French statistical website (see above). The Bank of France also provides detailed price indices of prices (http://www.banque-france.fr) which can be viewed on a monthly basis to indicate changes. Consumer prices have increased by 2% in France in 2006.

Useful sources
- The luggage manufacturer Samsonite publishes prices on their French website (http://www.samsonite.com).
- Most of the well-known fashion names in this sector are international brands and they tend not to publish prices.
- The leather goods retailer Le Tanneur publishes prices on their website (http://www.letanneur.fr).
- The mail order company La Redoute features prices of some accessories (http://www.laredoute.fr).

5 Market access requirements

As a manufacturer in a developing country preparing to access France, you should be aware of the market access requirements of your trading partners and the French 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. You need to comply with EU legislation and have to be aware of the additional non-legislative requirements that your trading partners in the EU might request.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select leather goods and France in the category search, click on the search button and click on market access requirements.

There are anti-dumping tariffs for handbags, of leather or in other materials coming from China, which can be as much as € 75 per item.

Additional 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

General 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) can be found in CBI's export manuals 'Export Planner' and 'Your image builder'. Furthermore cultural awareness is a critical skill in securing success as an exporter. Information on cultural differences in the EU can be found in chapter 3 of CBI's export manual 'Exporting to the EU'. These manuals can be downloaded from http://www.cbi.eu/marketinfo - go to search publications.

Useful sources

There is information on the leather goods industry in France at the website of the French Leather Goods and Luggage Association (http://www.ff-maroquinerie.fr). Some French manufacturers featured may be looking to develop relationships with developing country exporters. Other useful contacts are:

- The French Leather Confederation (http://www.leatherfrance.com).
- The CTC Group, which is the principle portal for information and advice on the leather and footwear industries (http://www.ctcgroupe.com and http://www.ctc.fr).

Developing a relationship

The most important ways to develop a business relationship are to either exhibit at one of the main leather goods trade fairs, or to make a direct approach to wholesalers or major retailers. In France, many business people still prefer a formal style of communication, both in the way a presentation is put together, and in the way contact is made. A very aggressive price driven approach will not be effective, although price is very important in the French market.

Trade Fairs

The main trade fair for the luggage and accessories industry in France is called Salon de la Maroquinerie and takes place in Paris each year in February and September (http://www.lesalondelamaroquinerie.com).

Promotion

Advertising in trade magazines can sometimes be an effective means of reaching a small target group. The main trade publication for the luggage and accessories industry is the monthly bulletin Images Infos Profession de la Maroquinerie, published by the French Leather Goods and Luggage Association (see above). CTC also produce a monthly online newsletter (see above for contact details). The European Leather Magazine (IDC) is produced in France (http://infocuir.club.fr).

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