

CBI MARKET SURVEY

**THE IRISH 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 Ireland. 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 Irish market for luggage and (leather) accessories is valued at € 83 million in terms of retail sales.
- Irish people spent € 20.2 per capita per year, which was close to the EU average of € 19.7 in 2005.
- Ireland is the eleventh smallest luggage and accessories market in the EU and this small-sized market is similar in size to a cluster of countries including Denmark, Hungary, Finland and the Czech Republic.

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

2001	2002	2003	2004	2005	Average ann. % change	Population (million)	Consumption per capita €
66	69	73	78	83	6.4	4.1	20.2

Source: ICEX, Trade Estimates (2006)

- Ireland's market for luggage and accessories has grown faster than the EU average over the period, primarily due to strong growth in the Irish economy and increasing personal disposable income. Between 2001 and 2005, sales of luggage and (leather) accessories rose by an average annual rate of 6.4%, from € 66 to 83 million (see table 1.1), which is high compared to the EU average of 2.9%.
- The market is forecast to continue to grow in the coming years, particularly for luggage and travel bags. The Irish are one of the leading users of budget airlines as Ryanair are based in Dublin. They are also a nation that has traditionally travelled a lot.
- Demand is polarised between the low price segment, the mid-high priced segment, which is where most purchases are made, and the high priced segment based on product differentiation and top brand names. The majority of consumers are female, while male purchasers tend to buy less frequently. The under 25 age group tend to purchase low and medium-priced products, whereas consumers over 25 tend to be in the mid to high priced segments.
- The market is dominated by Dublin, where over one third of the population lives, and where the major retailers are located.
- The low-price segment is increasing faster than the mid and high price segments, mainly due to increasing imports from Asia.

Production

- Ireland is a small-sized producer of luggage and (leather) accessories compared to other EU countries.
- The value of production is estimated at € 1.8 million in 2005, down from its 2001 levels, when production stood at € 8.2 million, as table 1.2 indicates.
- Since 2001 production has fallen, largely due to the dominance of low cost imports on the market, and to a lesser extent some outsourcing of production by Irish companies.

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

2001	2002	2003	2004	2005	Number of companies	Number of employees
					(2005)	(2005)
8	5	3	3	2	6	50

Source: Eurostat, National Statistics (2006)

- The Irish leather industry has never been large, but it has shrunk further in recent years due to its inability to compete with low cost importers, mainly from China and India. This is in contrast to the success of Irish production in some newer industries.
- Handbags have always dominated Irish production and accounted for all production in 2005. Ireland has particularly been specialising in handbags made of high quality leather.
- The producers that have survived are concentrating in the high-value segment of the market. Producers include Newgrange Leathers, who produce bags and accessories (<http://www.newgrangeleathers.com>), Berkery Leather Products of Limerick and the Monarc Leather Company.

Opportunities and threats

- + Ireland is a growing market for luggage and accessories, with an increased number of single households, particularly young professionals who have returned to the country. The success of the economy has prompted a return of Irish people who left the countryside but are now returning to the towns, and also newcomers to the country from Eastern European countries. So opportunities exist for exporters from developing countries purely on the basis of population increases.
- + Opportunities will be found by those exporters who can recognise and respond to the rapid demographic changes taking place in Ireland today. Product opportunities in particular can be found in all types of luggage, and in laptop cases and other accessories related to new technology.
- + There are also opportunities in the mid-high end of the market for quality leather products such as handbags and belts. The Irish would also be attracted to strongly branded quality items.
- + There may also be opportunities with the small number Irish producers who may wish to form a joint venture.

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

- Irish retailers use a wide range of different channels in order to obtain luggage and accessories. Some go straight to manufacturers, some use trade fairs to find suppliers, some use an agent and some use wholesalers. The traditional role of an importer does not operate in this sector in Ireland. You will find people with multiple roles e.g. wholesaler/agent/retailer, or wholesaler/retailer
- Wholesalers tend to operate in the low-medium segment, while agents operate higher in the market. The main wholesalers are AR O'Hare, EA Simmons, Foxlore Handbags and Brandwell. Agents include Acorn Agencies and Lorrdales Bags. There are no official registers

of agents or wholesalers. You can find names of contacts either via <http://www.fashioncityireland.com> or <http://www.goldenpages.ie>.

- As far as retailers are concerned, specialists include Claudio Ferruci, Bagatt, Clarks and Chesneau. In the mid-high segment, the department store Dunnes is important. Brown Thomas sells leather goods from the leading exclusive brands. Arnotts sells other premium brands. Further down the market in the medium-high segment, you will find Clery & Co and Roches Stores. Others to mention are Weir & Sons, Adamson Luggage, Donnelly Leathers and Turquoise Leathers.
- Mail order is important in Ireland and the role of the Internet in this sector is increasing.
- 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, Ireland's imports of luggage and accessories were valued at € 90 million, or 9 thousand tonnes. Out of the 27 EU countries, Ireland is ranked fourteenth 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 € 28 million or 2 thousand tonnes.)
- Between 2001 and 2005, Irish imports fell by an average of 0.4% per annum in value but increased by 3% in volume (1% and 30% increases respectively for "made of leather" items). There were large falls up to 2003, then figures have returned to 2001 levels.
- Imports exceeded exports by six times in value and ten times in volume in 2005. Exports are decreasing more quickly than imports. The same period has seen a decrease in luggage and accessories production and an average annual increase in consumption of 6.4%.
- Around 28% of Ireland's imports come from developing countries in 2005 (24.5% for "made of leather" items). This proportion was 42.6% in 2001 (49.8% for "made of leather"). China accounted for 84% of all developing country supplies by value in 2005, followed by India (11.1%) and Turkey (1.5%). Vietnam and Sri Lanka were also important suppliers. While China's supplies decreased by 60% over the period (although they did increase in volume), supplies from India increased, especially by volume. The main reason for this decline was that Ireland imported more from other EU countries such as Italy, France, Germany and Italy as well from the USA.
- By product group, Irish imports by value can be sub-divided as follows:
 - Around 60%, valued at € 54 million consisted of bags, of which € 12 million were "made of leather". Within this group handbags (€ 32 million) was the largest sub-group, of which € 9 million were "made of leather".
 - Around 25%, valued at € 23 million, consisted of cases, of which over € 6 million were "made of leather". Suitcases was the largest sub-group, valued at € 18 million. Of these € 5 million were "made of leather".
 - More than 14%, valued at € 13 million consisted of small accessories such as belts, wallets, purses and pouches, of which € 8 million were "made of leather". Within this group, other small accessories (wallets, purses and pouches) valued at € 8 million was the largest sub-group, of which € 3 million were "made of leather". The remainder of this group is belts, valued at € 5 million, all of which was "made of leather".

Exports

- Luggage and accessories exports from Ireland were valued at € 14 million in 2005, representing 1 thousand tonnes.
- Between 2001 and 2005, the average annual decrease in exports was 5.3% by value and 18.2% by volume.
- There appears to be some re-exporting from Ireland as exports significantly exceed domestic production. Much of this will be to the UK.

Opportunities and threats

- + Products made of leather are unchanged over the period. Imports are down but the main growth opportunities for developing country suppliers are suitcases, handbags and belts. Imports of other products to Ireland are down. More opportunities will occur in future years as imports are expected to recover.

See Chapter 7 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>
- Irish National Statistics – <http://www.cso.ie>

4 Price developments

- Prices in Ireland increased by over 5% in 2006 for all items, but prices of products in this market sector will have risen by less than this. Prices in Ireland are higher than the EU average, partly due to their high VAT rate of 21%.
- The website of Irish National Statistics (<http://www.cso.ie>) publishes harmonised indices of consumer prices. A useful website comparing luggage and accessories prices in Ireland is <http://www.nextag.com>. The luggage manufacturer Samsonite has a link to Ireland and prices can be accessed here (<http://www.samsonite.com>). Prices of handbags, purses and belts, as well as luggage can also be found on the website of the department store Debenhams (<http://www.debenhams.ie>).

5 Market access requirements

As a manufacturer in a developing country preparing to access Ireland, you should be aware of the market access requirements of your trading partners and the Irish government. For information on legislative and non-legislative requirements, go to 'Search CBI database' at <http://www.cbi.eu/marketinfo>, select leather goods and Ireland 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 Ireland, visit the following websites:

- There is no specific trade association but the Irish Clothing and Textile Alliance may be worth contacting (<http://www.ibec.ie/icata>).
- There is no specific publication for this market sector, but the trade magazine Footwear in Ireland also incorporates the publication Leather & Travel Goods. It is published twice a year by Futura Publications (<http://www.futuramagazine.ie>).
- Showcase Ireland is the principle gift and fashion fair and takes place in January each year (<http://www.showcaseireland.com>). Futura Fair, which takes place in Dublin each February,

covers all products for the clothing, footwear and accessories markets. Contact details can be found at <http://www.futurafair.ie>.

- More information on doing business in Ireland can be found at <http://www.enterprise-ireland.com>.

This survey was compiled for CBI by *Searce*

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