CBI MARKET SURVEY

# THE SWEDISH 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 Sweden. 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 Swedish market for luggage and (leather) accessories is valued at € 160 million in terms of retail sales.
- Swedes spent € 17.8 per capita per year, which was below the EU average of € 19.7 in 2005.
- Sweden is the twelfth largest luggage and accessories market in the EU and this medium-sized market is similar to a cluster of other countries, including Greece, Romania and Austria.

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

| 2001 | 2002 | 2003 | 2004 | 2005 | Average ann. % change | Population (million) | Consumption per capita € |
|---|---|---|---|---|---|---|---|
| 146 | 150 | 153 | 156 | 160 | 2.3 | 9.0 | 17.7 |
| | | | | | | | |

Source: Euromonitor, Trade Estimates (2006)

- Between 2001 and 2005 sales of luggage and (leather) accessories rose steadily by an average annual rate of 2.3%, from € 146 to 160 million (see table 1.1), which is close to the EU average of 2.9%.
- The Swedish market is forecast to grow at a similar rate over the next few years, but this will vary within the sector. The highest growth is expected to come from computer cases, followed by handbags and travel/sports bags. Low growth rates are expected for luggage items, whereas the value of products such as wallets and purses is forecast to decline.
- Luggage items generate over 40% of sales, a figure higher than the EU average. Samsonite, Titan and Rimowa are the most popular brands. Handbags account for approximately 20% of market value. The main brands are Gucci, Prada, Yves Saint Laurent, Fendi, Dior and Chanel.
- The Swedes are fashion conscious. This stimulates sales of handbags. Bigger bags are currently in fashion, while the most fashionable colours for autumn and winter are brown and purple. The average number of handbags owned by Swedish women is currently four.
- It is forecast that handbags will last longer than one season, and that they will become harder to copy. They will be produced in smaller numbers, resulting in price increases and making it more difficult for dealers in black-market handbags (estimated at 10% of market value) to operate.
- Within the luggage sector, light travel luggage is the most popular product. Prices have increased due to longer guarantees provided by manufacturers, and its better quality and design.

- Sports bags sales will continue to be buoyant, as most Swedes are keen on maintaining a healthy lifestyle.

**Production**
- Sweden is a small producer of luggage and (leather) accessories compared to other EU countries.
- The value of production is estimated at € 1 million in 2005, down from its 2001 levels, when production stood at € 6.1 million, as table 1.2 indicates.
- Since 2003 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 Sweden, 2001-2005, € million**

| 2001 | 2002 | 2003 | 2004 | 2005 | Number of companies | Number of employees |
|---|---|---|---|---|---|---|
| | | | | | (2005) | (2005) |
| 6 | 5 | 6 | 2 | 1 | na | na |
| | | | | | | |

Source: Eurostat, National Statistics (2006)

- The remaining declared production in Sweden is of handbags (100%). When values were much higher in 2001, handbags were just half (46%) of the value of production, and the remainder was made up of small leather accessories (27%), belts (14%) and cases (13%).
- Manufacturers in Sweden include Stockholms Etui & Koffertfabrik, who produce hard cases (http://www.wolf.se), as do Spectrum Cases (http://www.spectrumcases.se).

More manufacturers can be found at the Kompass Business Directory (http://www.kompass.com)

**Opportunities and threats**
+ Opportunities can be found in the handbags and laptop case sectors. The large luggage sector in Sweden is explained in part by the large proportion of more expensive aluminium luggage and carrying cases that exist in the Swedish market.
+ Exporters from developing countries can find opportunities in sports bags and other travel bags. The colder climate in Sweden demands harder wearing material for bags.
+ Swedes are receptive to products from other countries, but a Swedish 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.
+ If you are a producer of leather products, you will most likely find opportunities in the low fashion segment. Products in this segment might include wallets and purses, gents' wrist bags, briefcases and other products that are suited to hard wearing and durability.
+ Opportunities may also be found by contacting the remaining local producers, some of who may be looking for outsourcing partnerships with other producers.

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

- Products in this sector are sold in a variety of outlets. Department stores are important outlets, but for many items, specialist shops are most important. Most handbags and travel goods are sold in shops specialised in these products, while sports bags and travel bags tend to be sold in sports shops.
- Department stores and specialist chains do much of their buying direct from manufacturers, which tend to be overseas. However, most products find their way onto the market via importers and wholesalers. Agents tend not to be common in this sector.

- Many small accessories are sold via the promotional gift market, which is another important channel for some of these products. The Swedish Association of Wholesalers of Gift Items can be reached at http://www.puff.se.
- Major retailers include H&M (an international retailer, but Sweden is its home), Lindex and KappAhl. International retailers such as Zara and Mango are present, but there is not the same market penetration of international retailers as in other EU countries. The Norwegian Varner Gruppen is important in Sweden.
- Footwear retailers are also important channels for bags and accessories. Leading players are the Nilson Group, Wedins and Ariston-Nord-West-Ring.
- Wholesalers can be found at the main trade associations (STIL, the Swedish Shoe, Textile and Clothing Retailers Association http://www.stil.cc, and the Stockholm Textile Retailers Association http://www.stockholmstextil.se.
- In each trade channel different margins and prices apply, with multiples of 2.6 up to 3.5 of the manufacturer's or importer's price. Generally wholesalers' margins range between 25 – 30% of the CIF price, while retailers' margins are between 90 – 120%. Also be aware of the high VAT rate in Sweden of 25%. 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, Sweden's imports of luggage and accessories were valued at € 155 million, or 19 thousand tonnes. Out of the 27 EU countries, Sweden is ranked ninth 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 € 45 million or 2 thousand tonnes.)
- Between 2001 and 2005, Swedish imports grew by an average of 5.8% per annum in value and 11.6% in volume (17.4% and 18.2% respectively for "made of leather" items). Most of this growth occurred in the period after 2003.
- Imports exceeded exports by three times in value and over 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 2.4%.
- Around 55% of Sweden's imports come from developing countries in 2005 (44.1% for "made of leather" items). This proportion was 58.2% in 2001 (42.5% for "made of leather"). China accounted for 78% of all developing country supplies by value in 2005, followed by India (8.7%) and Vietnam (8.4%). Thailand and Turkey were also important suppliers. While China's supplies increased by 10% over the period, supplies from India and Vietnam both increased by even more.
- By product group, Swedish imports by value can be sub-divided as follows:
    - Around 56%, valued at € 87 million consisted of bags, of which € 14 million were "made of leather". Within this group travel bags (€ 36 million) was the largest sub-group, of which € 1 million were "made of leather".
    - Around 22%, valued at € 34 million, consisted of cases, of which just € 4 million were "made of leather". Suitcases was the largest sub-group, valued at € 27 million. Of these € 1 million were "made of leather".
    - More than 21%, valued at € 34 million consisted of small accessories such as belts, wallets, purses and pouches, of which € 28 million were "made of leather". Within this group, other small accessories (wallets, purses and pouches) valued at € 14 million was the largest sub-group, of which € 8 million were "made of leather". The remainder of this group is belts, valued at € 20 million, all of which was "made of leather".

### Exports

- Luggage and accessories exports from Sweden were valued at € 53 million in 2005, representing 3 thousand tonnes.
- Between 2001 and 2005, the average annual increase in exports was 21.6% by value and 19.7% by volume.

- There appears to be a significant amount of re-exporting from Sweden, perhaps to other Scandinavian markets as exports greatly exceed domestic production.

**Opportunities and threats**

+ There are opportunities in leather-made products as imports of these are up a lot over the period. The main growth opportunities for developing country suppliers are bags, cases and belts, particularly handbags, briefcases and belts. Developing country suppliers of cases are increasing in volume but value increases are less spectacular, whereas supplies of travel bags to Sweden have declined.

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
- Swedish National Statistics – http://www.scb.se

## 4 Price developments

- Luggage and accessories prices in Sweden are well above the EU average. This was especially the case for ladies handbags, which with the exception of Finland, were the highest in the EU. Prices increased by 1.5% in Sweden in 2006 and it is expected that prices of luggage and accessories increased by slightly more than this.
- The website of Swedish National Statistics (http://www.scb.se) publishes harmonised indices of consumer prices. A useful website comparing luggage and accessories prices in Sweden is http://www.nextag.com. Wedins features prices of bags and cases on their website (http://www.wedins.se). More luggage prices are available from Samsonite (http://www.samsonite.com). More prices can also be found via the mail order company La Redoute (http://www.laredoute.se).

## 5 Market access requirements

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

- The Swedish Leather Federation (Svenska Garveriidkareforeningen) can be reached via mailto:christina.lennartson@elmoleather.com

- The Swedish Association of Agents includes names of companies involved in leather goods and accessories; it also produces their own newsletter (http://www.agenturforetagen.se), and makes reference "Focus Stockholm", which is designed (twice a year) to bring people together to do business in a number of different areas (http://www.focusstockholm.se). The Swedish Trade Federation (http://www.svenskhandel.se), which incorporates the Swedish Shoe, Textile and Clothing Retailers Association is also an important contact.
- The Swedish International Development Cooperation Agency (SIDA) is connected to the Swedish Chamber of Commerce (http://www.cci.se) and has good information on doing business in Sweden.
- The Swedish Fashion Council (http://www.moderadet.se) has good links, including to the Textile and Leather Laboratory (http://www.textillab.se).
- The Nordic Shoe and Bag Fair takes place in February and August in Stockholm (http://www.nordicshoeandbagfair.se).
- The main trade publication is Sko & Mode (http://www.skohandlaren.com).

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