CBI MARKET SURVEY

THE DUTCH 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 The Netherlands:

- The Dutch consumption of luggage and (leather) accessories was € 333 million in 2005, up 3.1% per annum on average, while production rose to € 28 million.
- In 2005, The Netherlands imported luggage and (leather) accessories valued at € 405 million, or 81 thousand tonnes. Since 2001 values increased by 3.8%, and volumes were up by an average annual rate of 18.4%.
- Around 66% of imports by value came from developing countries (76% by volume). The share of imports by developing countries is up from 64.8% in 2001 in value, and up from 75.2% in volume terms.

This survey provides exporters of luggage and (leather) accessories with sector-specific market information related to gaining access to The Netherlands. 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 Dutch market for luggage and (leather) accessories was worth € 333 million in 2005. The Netherlands is the sixth largest EU market for luggage and accessories, after the UK and Spain. However the market is less than one third the size of Spain.

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

2001	2002	2003	2004	2005	Average ann. % change	Population (million)	Consumption per capita €
295	294	302	316	333	3.1	16.3	20.4

Source: HBD, Euromonitor (2006)

The per capita consumption of € 20.4 was just above the EU average of € 19.7. In the period under review, between 2001 and 2005, the Dutch market increased by an average 3.1%, a figure above the EU average of 2.9%. Until 2004, Dutch sales of luggage and (leather) accessories were weak, due to the economic recession and less travel as a result of the US attacks and the Sars virus. In that year prices of leather and other materials have risen, due to increased material costs (+6%), which partly explains the rise in value sales in 2005.

However, the overall market started to grow due to regained consumer confidence and people started to buy more handbags, travel bags and briefcases/computer cases. With regards to luggage an extra impulse came from increased business travel and the popularity of short weekend trips with 'low-cost carriers' (e.g. easyjet).

Like the other EU countries, all luggage, bags and accessories in the low-middle price ranges was increasingly sold by non-specialist retailers such as clothing stores, footwear stores, stationery shops, sports shops, electrical shops, supermarkets and even in drugstores.

When buying luggage, most Dutch consumers regard function, quality, comfort and a competitive price as most important. On the other hand, design, fashion and brand awareness are more important in handbags, belts, cross over bags and sports bags.

The market for luggage and (leather) accessories is expected to grow further in 2006 and beyond, and will be mainly driven by:

- More women in business.
- More interest in fashionable items of a good quality.
- More travel.
- New markets for men, teens and baby boomers. For example, cross over bags for men, instead of briefcases, which have become more popular. More variety in girls' purses in different fabrics and designs.

These developments will positively affect the demand for briefcases, computer cases, handbags in the mid-high price range, travel bags and other bags.

Market segmentation

- *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 The Netherlands:
  - Suitcases for 32% (€ 107 million),
  - Handbags accounted for 29% of the market (€ 97 million),
  - Travel and other bags for 10% (€ 34 million),
  - Briefcases for 10% (€ 31 million),
  - Small (leather) accessories for 12% (€ 41 million),
  - Belts for 7% (€ 23 million).

  Suitcases represented 32% of the total Dutch market. According to the Central Bureau of Statistics (CBS) travel by Dutch people rose by 12% between 2004 and 2005. However, demand for luggage rose less spectacularly, as many Dutch people did not find it necessary to replace their luggage. But this perception has gradually changed as a result of increased promotion and improved presentation of luggage by different retail outlets. There is also more variety in suitcase models, colours, sizes and weight. The business traveller now looks for compact and comfortable suitcases of a better quality, whereas the weekend traveller is looking for small suitcases referred to as 'day-packs' or 'overnighters'. These should be light in weight as 'low-cost carriers' charge a lot for every extra kg.

  In suitcases, there is a shift from large suitcases to smaller trolley cases and to holdalls particularly for short holidays or trips. Some popular brands include Longchamp, Lacoste, Samsonite and Delsey as well as the private brands from department stores.

  Handbags represented 29% of the total Dutch luggage and accessories market and has been a fast growing segment, not only among working women, but also among teens. Especially in the low-middle price ranges trendy handbags were increasingly sold by clothing (H&M, Zara, Esprit) and footwear retail chains, some of which were cheap imported items.
  In the high price range designer handbags e.g. Gucci, Hermes, Chanel, Louis Vuitton and Prada have become more popular, as consumer confidence has been on the increase. Along with the French and Italian fashion trends, handbags have become large in size. They are more used as a 'combination bag', not only to carry personal items, cosmetics but also small electronic gadgets, mobile phones, ipods and books.

  Travel bags and other bags, which include holdalls, backpacks, rucksacks, sports bags, shopping bags and all kinds of other bags. In 2005, this segment represented 10% of the

total Dutch market. The increase in overseas tourism has stimulated sales of travel bags, holdalls and backpacks. Among students taking a 'gap year' has become more common. Backpacks are now more comfortable with shapes specifically designed for the female torso and many additional features such as mobile-phone pockets, padded lap-top sleeves and detachable smaller packs.
Despite the trend towards a healthy lifestyle, there has been less demand for sports bags, but an impulse may come from new designs and fashion influences. Next to Nike, Adidas, Reebok, Puma, Eastpack and JanSport are well-known brands. Cross over bags for laptops have gained popularity, which has been at the expense of briefcases. These bags are safe to carry computers and have several compartments for all other necessary stationery.

Briefcases represented 10% of the total market. Along with the popularity of laptop computers, briefcases and computer cases were highly in demand. According to a study by HBD the expenditure on lap-top computers rose by €3 million between 2004 and 2005, an increase of 8%. In the same period, sales of brief/computer cases also grew by 7%, which obviously shows a strong link between the lap-top computer and the briefcase market segments. There is a new range of computer cases, made of lightweight material and with special protective layers and in all kinds of new designs, material (e.g. aluminium) and colours.

Small (leather) accessories includes wallets, purses, key pouches, passport folders and holders for personal organisers, ipods, personal GPS systems etc. This segment represented 12% of the total market but has not grown much in the past few years, as many Dutch people do no see any reason to make a replacement. Some future growth maybe in holders for mobile phones, ipods or other electronic gadgets.

- *Segmentation by buying habits*
  As in other EU countries, young people shop around and look for the latest trends in fashion styles and are much attracted to influences from the USA. Whereas older people used to be loyal buyers, they now shop around as well, although they often do this in a hurry, as they do not have much time.
  According to Mitex, consumer behaviour has become more unpredictable and it has become more difficult to categorize them. One person can buy at a specialist, or at a luxury boutique, a department store or at a discounter. Another change in behaviour is that consumers in all age groups have become more demanding. They are better informed, are aware of the latest trends and expect value for money. They are more critical about specialist shops for luggage or accessories, and require them to carry the latest ranges, and to change more frequently.

Market trends

- In the period of the recession, the Dutch luggage and accessories market has polarized into a higher quality/price and a lower quality/price sector. But now there is an upgrading towards the middle/price sector. Since 2005, the Dutch have started to look again for better quality and more comfort in luggage. In handbags and all other bags, style has become more important especially in the younger women's segments.
- There are more women in business, which means that briefcases are lighter and have more compartments. Designs are more female oriented, which not only applies to briefcases, but also to suitcases and small accessories.
- The importance of image and appearance is increasing, not only among young people, but also among older people who want to look younger (baby boomers). The handbag and belt segments have benefited from this, both becoming an important part of the "total look". This means that consumers want to look fashionable from head to toe. Department stores and clothing stores in particular took advantage of this by offering total outfits for different occasions.
- Image is also more prevalent in luggage (suitcases and briefcases), as its design or brand says something about the status or lifestyle of the owner e.g. 'well-travelled men or women'. In the luggage and accessories business, marketing has become increasingly focussed on

particular consumer target groups.
- Because of intensified security (terror alerts) at airports, there are restrictions on the size of hand luggage and its contents. So now manufacturers are looking for more lightweight and compactness in hand luggage and also in all other types of suitcases.
- For all luggage and accessories, there is more variety in non-leather material, e.g. made of nylon, fibre, PVC coated, textile or combinations of materials.

Production

Total production

Production of luggage and (leather) accessories in The Netherlands has been small, as it is an important trader. The value of luggage and accessories production was estimated at € 28 million in 2005. As table 1.2 indicates, this is up by 16% from € 24 million in 2001.

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

2001	2002	2003	2004	2005	Number of companies	Number of employees
					(2005)	(2005)
24	20	19	29	28	20	500

Source: Eurostat, FNL, Trade estimates (2006)

The leather industry consists of 20 tanneries, which are mainly located in the southern part of the country in Dongen, Rijen and Waalwijk. All of Dutch production was belts in 2005, according to Eurostat. However there are a few companies, which specialise in handbags and small leather accessories.
The leather industry has undergone many changes the past few years. The industry has invested in environmentally friendly machinery and in modern production methods for the following reasons:
- To comply with the strict environmental rules in the Netherlands.
- To innovate the character of the Dutch leather industry.
- To face the intensified global competition in the leather industry.
- To meet the demand for a high quality of leather.

This means that the Dutch 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 specialising or producing items made of vegetable tanned leather. Some leading suppliers in the Dutch market (e.g. JanSport) are benefiting from the growing travel market by making lightweight luggage and coloured travel bags for women with pockets for jewellery and cosmetics. In 2005 JanSport held a share of 12% in the Dutch travel bags segment.

Main players

- The main manufacturers in The Netherlands are:
    - Castelijn and Beerens (http://www.castelijnenbeerens.nl), located in Waalwijk producing high quality leather accessories, handbags, diaries and a variety of stationery items made of leather.
    - Van Gils (via http://www.lederwarenbond.nl), located in Breda, which mainly produces handbags and other bags and also is an importer.
- 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 The Netherlands 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 Dutch luggage and accessory manufacturers. This directory of can be found via the above 'lederwarenbond' and via the Dutch Leather Portal http://www.leather.nl.

Opportunities and threats

+ As the Dutch economy starts to improve after years of stagnation, opportunities will become apparent for exporters from developing countries. There is more demand for light and compact luggage, computer cases, cross over bags and fashionable handbags. With regards to computer cases, please check well beforehand the size of the screens, as they change regularly.
+ The Dutch are open-minded and are receptive to new products and new design ideas, but they are also very critical consumers and very price conscious. Nevertheless, The Netherlands could be an entry point to the EU.
+ Dutch people are sensitive to changing trends and hypes, and are often one of the EU countries where new trends and fashions first take place. The use of the Internet is well established; however the purchase of luggage and accessories via the Internet is still low. It serves mainly for the purpose of making price comparisons, but it also makes the Dutch very well informed about different items.
- The growing market for fashionable handbags provides opportunities for exporters if they can produce at the prices demanded. 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.
- Equally any of these trends can be an opportunity for one exporter, but a threat to another. Dutch buyers are not always loyal to particular overseas suppliers, so you may lose out to a supplier from your own country or neighbouring country. The outcome of this analysis will depend on the specific situation of each exporter.

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 produce reports on the Dutch market for luggage and accessories, but these can only be obtained at a cost. They include the Market Research Bureau for textiles, footwear and accessories, Mitex at http://www.mitex.nl, 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 CBS - Dutch National Statistics (see later in this report for contact details).

2 Trade channels for market entry

Trade channels

- The distribution of luggage and (leather) accessories can be divided into specialist and non-specialist channels. As a constant enlargement by non-specialist outlets has taken place in the past ten years, distribution of both luggage and (leather) accessories is very diverse, as is shown in table 2.1.
- The role of importers and agents continues to be important, although their influence is decreasing. Changes in distribution, including the growth of non-specialist stores, have resulted in more price competition.
- 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. Interesting wholesalers for luggage and (leather) accessories are:
  - H.J. de Rooy Lederwaren B.V. (http://www.de-rooy.nl), which also produces leather goods and is specialised in small leather accessories.
  - Wim Mutsaert B.V. (http://www.wimmutsaers.nl), located in Kaatsheuvel and is producer and wholesaler for leather handbags and briefcases.
  - Arwa B.V, which is also located in Hilversum and is specialised in handbags.

  - Iwan van der Gauw Lederwaren B.V., located in Waalwijk and is specialised in small leather goods and handbags.
  - Gebr. Kemperman Lederwaren B.V., located in Gaanderen and is specialised in handbags.
- Some disadvantages of working with an importer/wholesaler are that their margins are high and they may require the exclusivity for your item in The Netherlands.
- Luggage and (leather) accessories are also imported through agents that usually specialise in particular types of items or region. Some interesting agents are:
  - Arends Agenturen (http://www.arendsagenturen.nl)
- Other agents can be found via the Federation of Intermediaries in Amsterdam at http://www.vnt.org. Increasingly, agents are being overlooked and exporters to The Netherlands are approaching the major luggage and accessories retailers directly.
- Other useful contacts are the Dutch Leather Portal (http://www.leather.nl) and the Dutch Retail Association (http://www.hbd.nl).

Table 2.1 Retail distribution in The Netherlands, 2006

Outlet type	
Specialists	**41**
Chain stores (incl. franchise stores)	4
Buying groups	15
Independent stores	22
Non-specialists	**59**
Department stores	19
Variety stores (household articles)	6
Supermarkets	3
Clothing stores	6
Footwear stores	7
Sports retailers (sports and travel bags)	4
Office /Stationery shops	3
Home Shopping/mail order	4
Gift shops / Perfumeries	2
Electrical shops	2
Others (factory outlets, market stalls etc.)	3

Source: HBD, Trade estimates (2007)

- In retailing, Dutch specialists' sales are led by the independent stores and stores linked to a buying group (15% of retail sales). There are few chain store operators for luggage and accessories in The Netherlands.
- Within the non-specialists, department stores took up 19% of retail sales, while clothing and footwear stores together accounted for 13% of sales.
- Many of the non-specialists are part of companies that operate internationally, which 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.

Trends and main players in the retail sector

- There are two key distribution trends in luggage and in accessories retailing, both of which impact on how a developing country exporter should approach this market.
- *Firstly* there is a move away from low priced luggage and accessories, as the competition has intensified, the market is 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 effectively to consumers to try to retain their market position. Between 2001 and 2005, the number of retail outlets fell from 413 to 350, a fall of 18%. The major buying groups were:
  - Goldkrone, with more than 60 outlets - owned by the German Garantschuh + Mode.
  - Lecombi with more than 50 outlets - owned by Garantschuh + Mode.

- Leatherstyle with less than 50 outlets.

Some smaller buying groups and chains stores were:
- Duifhuizen, with more than 20 outlets.
- Van Os Lederwaren.

- Independent retailers are facing difficult times with consumers staying price conscious and shopping around more extensively than before.
- *Secondly*, the reduction of specialists in favour of non-specialist channels, which is likely to continue, particularly for accessories. The variety of channels selling luggage and accessories continues to become greater. This growth is driven by convenience for the consumer, and by lower prices. The 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). The main department stores are V&D (60 outlets), Hema (290 outlets) and de Bijenkorf (13 outlets). The main *variety store* in The Netherlands is Blokker (170 outlets).
  - *Clothing stores* such as Zara, C&A, Etam, Mexx, Mango, H&M, Esprit, as well as independent retailers specialising in ready-to-wear items, have extended their ranges and included accessories to match their clothes. They also change product ranges more frequently to keep consumers' attention.
  - *Footwear stores* (Dolcis, Manfield, Invito, Sacha, Cinderella, Tango, Taft shoes, Schuurman, Geox, Dr. Adams etc... have a similar strategy to clothing stores with the major footwear chains and boutique chains, and are well-represented on the high street and in the out-of-town shopping centres.
  - *Sports shops* have grown fast in The Netherlands, along with the increasing popularity of sports practice (fitness), and outdoor trekking in The Netherlands and abroad. The leading chains/buying groups include Intersport (117 outlets), Fairplay (210 outlets), Sport 2000 (130 outlets) and Perry Sport (30 outlets).
  - *Electrical shops*, such as Media Markt (21 outlets), Dixons (150 outlets) and Dynabite (43 outlets), selling cases and bags for lap-top computers and small suitcases.
  - *Stationery shops* or the large *office supply chains* have grown fast along with the boom of computers in the past few years. They also 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...).
  - *Supermarkets*, with Albert Heijn dominating the market.
  - *Home shopping* and mail order is important, especially in the accessories market with mail order sales suffering from the growing popularity of Internet sales. Some of the mail order companies are Wehkamp, Neckermann, Otto and ECI (for books etc..).
- 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 intensified competition, margins have been falling in the lower end of the Dutch 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 Dutch Leather Manufacturers Federation or the Dutch Retail Association are important contacts (see elsewhere in this report for contact details). The best place to meet potential trading partners is at a permanent trade fair, such as the Trademart in Utrecht or the trade fair for footwear and accessories in Nieuwengein.

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 The Netherlands 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 Association of Dutch Chambers of Industry and Commerce (http://www.kvk.nl) could be a good source of general advice. In addition, the Dutch Retail Council for doing business with The Netherlands can be reached at http://www.raadnederlandsedetailhandel.nl.

3 Trade: imports and exports

Imports

Total imports
- In 2005, The Netherlands imported luggage and accessories valued at € 405 million, or 81 thousand tonnes. This accounted for 5% of all EU imports by value, or 7.3% by volume. This represented an average annual increase in value of 3.8% since 2001 (18.4% in volume). The Netherlands is the seventh largest importer of luggage and accessories by value and volume after France, the UK, Germany, Italy, Spain and Belgium. This is similar to Spain and Belgium in volume. (*Note imports of "made of leather" items in this group were valued at € 90 million or 18 thousand tonnes. These imports increased by 10.1% in value by 36.6% in volume over the period between 2001 and 2005*).

- This growth in imports contrasts with a 10.7% growth in exports, which are approximately 80% of the value of imports. However, import volumes are almost double export volumes. Production has maintained its value in The Netherlands and the consumer market has been showing a 3.2% annual increase over the period.

- Around 66% of Dutch imports by value (€ 269 million) came from developing countries and 76% (62 thousand tonnes) by volume. China is the largest supplier (55.1% of total value imports and 71.5% of total volume imports), with imports valued at € 223 million or 58 thousand tonnes. The next largest supplier is Belgium (8.4% of total value imports and 3.6% of total volume imports), with supplies valued at € 34 million or 3 thousand tonnes). The next two largest suppliers to The Netherlands are Germany and Hong Kong. Germany has supplies valued at € 26 million, or 2 thousand tonnes (6.4% of value and 2.8% of volume). Hong Kong has supplies valued at € 22 million, or 4 thousand tonnes (5.4% of value and 4.5% of volume).

- The share of imports by developing countries is up from 64.8% in value and up from 75.2% in volume terms since 2001 (*Note share of "made of leather" imports from developing countries decreased from 62.1% to 60.8% by value and increased from 46.4% to 54.7% by volume*). Imports from China have increased by an annual average of 5% (20.2% by volume) over the period, while India's supplies have increased by an average of 4% per annum by value, and 13.1% by volume. Meanwhile, volumes and values of supplies from Vietnam are up, while volumes from Indonesia are down.

Imports by product group

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

Product	2001 € mln	2003 € mln	2005 € mln	Leading suppliers in 2005 Share in %	Share (%)
Total luggage and accessories	73	80	94	Intra EU: Belgium (8.4%), Germany (6.4%), Italy (3.7%), UK (1.7%), France (0.8%)	23.3
	51	39	41	Extra EU ex. DC*: Hong Kong (5.4%), USA (1.7%), Taiwan (1.3%), Romania (0.4%), Japan (0.4%)	10.1
	228	242	269	DC*: China (55.1%), India (5.2%), Indonesia (2.1%), Vietnam (2.0%), Thailand (0.4%), Morocco (0.3%), Turkey (0.3%), Philippines (0.2%), Pakistan (0.2%), Mexico (0.1%)	66.6
Of which Bags	39	44	48	Intra EU: Belgium (7.1%), Germany (5.4%), Italy (2.3%), UK (1.6%), France (0.8%)	18.7
	34	25	26	Extra EU ex. DC*: Hong Kong (5.1%), Taiwan (1.8%), USA (1.6%), Switzerland (0.4%), Japan (0.4%)	10.1
	148	161	183	DC*: China (60.0%), India (3.8%), Indonesia (2.9%), Vietnam (2.8%), Thailand (0.5%), Philippines (0.3%), Pakistan (0.2%), Turkey (0.2%), Mexico (0.1%), Tunisia (0.1%)	71.2
Of which Small accessories	10	11	24	Intra EU: Italy (10.5%), Germany (7.8%), Ireland (3.3%), Belgium (2.6%), Denmark (2.3%)	30.8
	10	6	8	Extra EU ex. DC*: Hong Kong (5.8%), Romania (1.7%), USA (1.3%), Taiwan (0.8%), Switzerland (0.5%)	10.2
	37	40	46	DC*: China (42.7%), India (12.9%), Morocco (1.7%), Turkey (0.9%), Vietnam	59.0

				(0.3%), Thailand (0.3%), Pakistan (0.1%), Brazil (0.1%), Indonesia (0.1%), Mexico (0.1%)	
Of which Cases	25	25	23	Intra EU: Belgium (19.4%), Germany (8.6%), UK (2.4%), Italy (1.1%), France (0.7%)	32.9
	9	8	7	Extra EU ex. DC*: Hong Kong (6.3%), USA (2.4%), Japan (0.8%), Taiwan (0.4%), Switzerland (0.2%)	10.0
	42	41	40	DC*: China (51.3%), India (1.7%), Indonesia (1.7%), Vietnam (1.2%), Turkey (0.2%), Thailand (0.2%), Pakistan (0.1%), Malaysia, Mexico, Serbia	57.1

Source: Eurostat (2006)
*Developing Countries

Bags

- This is the largest luggage and accessories product group. Valued at € 257 million in 2005, this represented 63.5% of all luggage and accessories imports to The Netherlands (69.1% by volume). This compares with a share of 62.5% in 2001 (60% by volume). Hence this product group is increasing in significance in both its value and volume contribution to imports. (*Note imports of "made of leather" items in this group were valued at € 33 million or 12 thousand tonnes. These imports increased by an average annual 10% in value and by 319% in volume over the period*). Intra-EU trade accounts for 18.7% by value and 6.4% by volume, but this has changed from 17.6% by value and 10.6% by volume in 2001. Belgium's share of supplies is down from 7.6% in 2001. The share of supplies from Germany has increased, Italy's is unchanged while the share of supplies from the UK is down.

- As far as developing country suppliers are concerned, they represent 71.2% of all imports by value (78.9% by volume, or 44 thousand tonnes), up from 67.3% in 2001 (78.2% by volume). (*Note share of "made of leather" imports from developing countries decreased from 61.4% to 59.8% by value and from 71.2% to 54.8% by volume*). China (€ 154 million) and India (€ 10 million) are the two largest developing country suppliers of bags. However, whereas the value of China's supplies has increased by 25%, those of India have almost doubled. Of the other major developing country suppliers, values from Vietnam and Thailand have decreased, while Indonesia has increased.

- In terms of individual products, other bags is the largest sub-sector, valued at € 92 million in 2005, an increasing share since 2001 ("*made of leather other bags valued € 8 million)*. Travel bags is the next largest sub-sector, valued at € 90 million in 2005, a decreasing share since 2001 *("made of leather" travel bags valued € 2 million)*. Handbags were valued at € 74 million in 2005, an increasing share since 2001 *("made of leather" handbags valued € 23 million*).

Small accessories

- This is the next largest luggage and accessories product group. Valued at € 78 million in 2005, this represented 19.3% of all luggage and accessories imports to The Netherlands (11.6% by volume). This compares with a share of 16.1% in 2001 (9% by volume). Hence this product group is increasing in significance in its value contribution to imports. (*Note imports of "made of leather" items in this group were valued at € 48 million or 5 thousand tonnes. These imports increased by an annual average of 13.4% in value and by 80.5% in volume over the period*). Intra-EU trade accounts for 30.8% by value and 28.8% by volume, but this has changed from 16.8% by value and 7.1% by volume in 2001. Italy's share is up from 7.4% 2001. The share of supplies from Germany, Ireland and Belgium has also increased.

- As far as developing country suppliers are concerned, they represent 59.3% of all imports by value (63.1% by volume, or 6 thousand tonnes), down from 66% in 2001 (75.8% by volume). (*Note share of "made of leather" imports from developing countries decreased from 63.9% to 59.8% by value and from 66.2% to 51.8% by volume*). China (€ 33 million) and India (€ 10 million) are the leading developing country suppliers of small accessories. However, whereas the value of China's supplies has increased by a third, those of India are unchanged. Of the other major developing country suppliers, values from Morocco and Vietnam have increased, while supplies from Turkey and Thailand have decreased.

- In terms of individual products, other small accessories such as wallets and purses is the largest sub-sector, valued at € 45 million in 2005, a declining share since 2001 (*"made of leather other small accessories valued € 15 million)*. Belts were valued at € 33 million in 2005, a significantly increasing share since 2001 *("made of leather" belts valued € 33 million)*.

Cases

- This is the smallest luggage and accessories product group. Valued at € 70 million in 2005, this represented 17.3% of all luggage and accessories imports to The Netherlands (19.2% by volume). This compares with a share of 21.3% in 2001 (30.9% 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 € 9 million or 1 thousand tonnes. These imports decreased by an annual average of 1.2% in value and increased by 13.8% in volume over the period*). Intra-EU trade accounts for 32.9% by value and 18.7% by volume, but this has changed from 32.7% by value and 23.4% by volume in 2001. Belgium's share is down from 20% in 2001. The share of supplies from Germany and Italy has increased, while the UK's share has decreased.

- As far as developing country suppliers are concerned, they represent 57.1% of all imports by value (73.5% by volume or 11 thousand tonnes), up from 56% in 2001 (69.2% by volume). (*Note share of "made of leather" imports from developing countries increased from 58% to 69.4% by value and from 56% to 65.4% by volume*). China (€ 36 million) and India (€ 1 million) are the two leading developing country suppliers of cases. However, whereas the value of China's supplies has decreased slightly, those of India have increased slightly. Of the other major developing country suppliers, values from Vietnam and Turkey have increased, while Indonesia's has decreased.

- In terms of individual products, suitcases is the largest sub-sector, valued at € 46 million in 2005, an increasing share since 2001 (*"made of leather suitcases valued € 4 million)*. Briefcases were valued at € 24 million in 2005, a decreasing share since 2001 *("made of leather" briefcases valued € 5 million)*.

Exports

- In 2005, The Netherlands exported luggage and accessories valued at € 347 million, or 46 thousand tonnes. This represents an average annual increase in value of 10.7% and 26.8% in volume since 2001.
- In 2005, The Netherlands was the fifth largest exporter by value after Italy, France, Belgium and Germany, and the second largest by volume after Belgium. The Netherlands' volume figures are reasonably similar to those of Italy, Germany and France. Over 91% of Dutch exports by value were intra-EU (90% by volume). Outside the EU, exports were primarily destined for Russia, Norway and Switzerland.
- In terms of product groups, bags accounted for 66.8% by value (€ 232 million), up from 61.7% in 2001. Other bags were the largest sub-group of exports. The main destinations were Germany, the UK and France.
- The next largest group of exports were small accessories, which accounted for 18.4% of all exports (€ 64 million), down from 21.6% in 2001. Wallets and purses dominated this group. Germany, the UK and France were the main destinations.
- Cases accounted for the remaining 11.6% share, valued at € 51 million, down since 2001. Suitcases dominated this group, valued at € 29 million. Germany, France and the UK were the main destinations.

Opportunities and threats

+ The Netherlands 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 local production plays a very small part of this. Hence the Dutch market is 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 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. Leather-made products have been traditionally popular in The Netherlands, but it is not clear whether the market appears to be accepting increasing amounts of imported leather-made products, or whether the country is a transit point to other destinations. There is more value in leather, so this material may represent a good opportunity for exporters, compared to other materials. In terms of opportunities with particular products, most growth has come from bags and small accessories, especially other bags and belts, rather cases.
- A market such as The Netherlands, in which re-exports play such a major part, needs to be considered in a different way to other export markets, where only the consumption of that country is important. For The Netherlands, an exporter needs to understand the dynamics and the linkages with the other countries to which the exports are ultimately destined.
- 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 The Netherlands offers a genuine export opportunity.

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'
- Netherlands Statistics
  http://www.cbs.nl ➔ as with most national statistics websites, there is an English version, but less detail is available, although much can still be obtained.

4 Price developments

- Luggage and accessories prices in The Netherlands are close to the EU average. Leather-made goods are popular in The Netherlands, but perhaps not as popular as in some other EU countries. These products maintain a price premium over non-leather products. Many consumers prefer higher quality products, but there is also a large demand for other materials. This factor, together with increasing levels of leather-made imports will ensure that prices for bags and accessories will not increase by too much. 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).
- The Netherlands 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 have been demanding lower 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 discount stores, 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 Dutch statistical website (see above). The Dutch National Bank also provides detailed price indices (http://www.dnb.nl), which can be viewed on a monthly basis to indicate changes. Consumer prices have increased by 1.1% in The Netherlands in 2006, one of the lowest prices increases in the EU.

Useful sources
- The luggage manufacturer Samsonite publishes prices on their Dutch 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 mail order company Wehkamp features prices of some luggage and accessories (http://www.wehkamp.nl).
- The price comparison website http://www.nextag.com allows you to compare some luggage and accessories prices in The Netherlands.

5 Market access requirements

As a manufacturer in a developing country preparing to access The Netherlands, you should be aware of the market access requirements of your trading partners and the Dutch 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 The Netherlands 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.

The Internet
The Internet has become the main form of business communication in The Netherlands as in other EU countries. However this does not remove the importance of other important forms of communication and sales promotion. While there is a growing trend for direct communication with consumers from manufacturers or wholesalers, this is not a relevant channel yet in the luggage and accessories sector for exporters from developing countries.

Useful sources
There is information on the leather goods industry in The Netherlands at the website of the Dutch Leather Manufacturers Federation (http://www.lederfabrikanten.nl). Some manufacturers featured may be looking to develop relationships with exporters. Another useful contacts are:
- The Dutch Leather Portal http://www.leather.nl.
- The Dutch Retail Association (http://www.mitex.nl and http://www.hbd.nl).

Developing a relationship
The most important ways to develop a business relationship are to either exhibit at one of the main luggage and accessories trade fairs, or to make a direct approach to wholesalers or major retailers. In The Netherlands, many business people still prefer a formal style of communication, both in the way a presentation is put together, although the Dutch are friendly and will be receptive to a professional approach. A very aggressive price driven approach will not be effective, although price is very important in the Dutch market.

Trade fairs
There is a permanent exhibition of fashion accessories in The Netherlands at Utrecht (http://www.trademart.nl). In addition, there is a trade fair for footwear and accessories at Nieuwegein. Contact via http://www.schoenencentrum.nl. This site provides access to many manufacturers and distributors in the leather accessories business.

Promotion
Advertising in trade magazines can sometimes be an effective means of reaching a small target group. The main trade publication for the footwear industry is called Schoenvisie (http://www.schoenvisie.nl). This sometimes includes information on bags and accessories. Another important publication is Trend Boutique, published by Blauwmedia (http://www.blauwmedia.com).

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