CBI MARKET SURVEY

The market for leather garments in Greece

(including Cyprus)

Publication date: March 2010

Introduction
This CBI market survey gives exporters in developing countries (DCs) information on some main developments on the leather garments market in Greece. Greece includes the Mediterranean island Cyprus, unless otherwise indicated. The information is complementary to the information provided in the CBI market survey 'The market for leather garments 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
Leather garments consumption in Greece experienced significant growth, achieving 3.3% annually during the period 2004-2006, but decreased more strongly (-3.7%) in the period 2006-2008. Consumer expenditure on leather garments amounted to € 125 million in 2008, which was 2% of total Greek outerwear consumption.

Greece ranked 10th in leather garments consumption after Belgium (8th) and Sweden (9th). Per capita expenditure on leather garments amounted to € 12.20 in 2008, which was below the EU average of € 13.75. The small population of Cyprus limits the size of the domestic market, which means that Cyprus ranked 26th on the list of leather garments consumption in EU countries, above Malta.

Growing competition and diminishing demand is predicted to force price cuts and diminish retailers' margins. This situation is expected eventually to stabilize prices of leather garments to lower levels, in conjunction with those in other European countries, like the UK and Italy.

Table 1.1 Consumption of leather garments in Greece, 2004-2010, in € million

	2004	2006	2008	AAGR*	2010 forecasts
Total leather garments	**126.8**	**135.2**	**125.1**	**-0.3%**	**125.0**
Total outerwear ex incl	5,832	6,157	6,402	+2.4%	6215
Consumption of leather garments in % of total outerwear	2.2%	2.2%	2.0%		2.0%

* Average annual growth
Sources: Derived from Eurostat (2009) and Euromonitor (2009)

The leather garments market is not insulated from the international financial and economic crisis. After a relatively good period 2004-2006, then a fall-back in 2006-2008, trade experts forecast a stabilization in the period 2008-2010, to reach € 125 million.

Demand for leather garments is determined by several factors like type of product, demographics, economic developments, and climate. These factors are discussed below. Other more general factors are discussed in chapter 2 of the CBI market survey 'The market for leather garments in the EU'.

Type of products
A detailed breakdown of the different types of leather garments is not available, as explained in appendix A of the CBI market survey 'The market for leather garments in the EU'. However, it can be assumed that about 80% concerned jackets and coats.

Demographics
The Greek population is increasing at a steady pace from 11.87 million in 2004 to 12.17 million in 2010. Like much of Europe, Greece has an increasing number of people aged over 65. In fact, it is among the countries with the highest proportion of older citizens (18.6% in 2008). Conversely, it has a slightly lower proportion of children aged under 15 (14.2%). Typically, the proportion of children aged below 15 in Western Europe is between 15-17%, hence Greece has fewer young people than much of the rest of Europe.

Economic developments
GDP growth decelerated from 4% in 2007 to 2.9% in 2008. Experts expect GDP to have contracted by 3.1% in 2009 and to contract by 0.8% in 2010, owing to weak domestic demand and sharply falling foreign demand. Private consumption will have diminished by 1.1% in 2009 before stagnating in 2010, constrained by rapidly growing unemployment and low consumer confidence.

Climate
Because of the warmer climate in Southern Europe, the difference in seasons is limited. Therefore, Greek consumer behaviour is different from consumers in Northern and Western EU countries, where seasons are more clearly defined.

Trends
- Leather is used for tight fitting trousers and for jackets, using maxi zips for a thoroughly feminine collection with rock appeal.
- During the last few years, consumers switched their interest towards the famous brands sold by chain outlets and to garments which provide good value for their money. Consumers have become more price-sensitive, but at the same time they are seeking higher quality.
- Greeks follow international fashion trends very closely as this, to a large extent, denotes their social status. This is the reason why many consumers, particularly those in the high-income segment, are keen to buy popular and expensive brand names, most of them imported from Italy, France and the USA. Brand awareness is quite strong, and designer clothes are very popular.

More general trends and fashion trends about leather garments can be found in chapter 1 of the CBI market survey 'The market for leather garments in the EU'.

Production
During 2004-2008, the production in value of the Greek leather garments industry decreased annually by 13% and reached an estimated € 4.9 million in 2008. The number of companies and employees in the leather garments industry has not been encountered. A further decrease in production is expected, as a result of growing imports from low-cost countries.

Trends
- Manufacturing companies' strategies include further intensification of outsourcing.
- In an attempt to overcome intensifying competition, some Greek producers are investing in technology.

More trends related to production of leather garments can be found in chapter 2 of the CBI market survey 'The market for leather garments in the EU'.

Opportunities and threats

+ Greek clothing manufacturers are still attractive for smaller manufacturers in DCs operating in the medium price level. Several leather garments manufacturers in Greece have developed an outsourcing policy.

The same development or trend can be an opportunity for one exporter and a threat to another. Exporters should therefore analyse if the developments and trends discussed in this survey provide opportunities or threats. The outcome of this analysis depends on each exporter's specific circumstances.

More information on opportunities and threats can be found in chapter 7 of the CBI market survey 'The market for leather garments in the EU'.

2. Trade channels for market entry

The Greek leather garments market can be entered in several ways, of which the most interesting for exporters in DCs are: exports to manufacturing companies, wholesalers or domestic retail chains in clothing.
Which channel will be chosen, depends on factors like (among others):

- Which type of leather garments producer (CMT, FOB, private label or own brand producer) tends to export to Greece. These types of producer are described in chapter 1 and 2 of the CBI survey 'Guidelines for exporting leather garments to the EU'.
- The resources available and the priority given to the Greek market.

Manufacturers and wholesalers

More than 200 Greek manufacturers (and importers/wholesalers) can be found at the website of the Greek clothing association - http://www.greekfashion.gr – click on 'database'. However, only one leather garments manufacturing company has been encountered, namely Stanfield (http://www.stanfield.gr). Another possibility is to search the list of exhibitors at a trade fair such as FFIT (Fashion Forward International Thessaloniki) at http://www.helexpo.gr.
A manufacturer of leather garments in Greece is Zeda (http://www.zeda.gr), some leather garments manufacturing companies include retail stores, such as Vainas (http://www.vainas.gr) and Carla Mosse (http://www.carlamosse.com). Interesting importers and wholesalers can also be found in the general trade directories, as described in CBI's export manuals.

Retailers

Clothing specialists can be divided into clothing multiples and independent retailers, accounting for 55% of the market.
The Greek clothing market is one of the most fragmented in the EU. Despite the very low concentration levels, only a few foreign retailers have attempted aggressive expansion into the market, like Inditex, H&M and Marks & Spencer. There is a growing importance in the development of retail chains in clothing: market leader is Inditex (130 stores in Greece, of which 50 are Zara stores and 13 are Oysho stores). Other international chains are Marks & Spencer (joint venture with the Marinopolous Group in Greece and mainly selling clothing and footwear in 32 stores), Mango (13 stores) from Spain, and Hennes & Mauritz (15 stores) from Sweden.
Important national chains are Glou (64 menswear stores; http://www.glou.gr), Sprider (106 stores, of which 83 in Greece; http://www.sprider.gr), Fasion Box (34 stores; http://www.fashionbox.gr), Vardas (37 stores; http://www.vardas.gr), Attrattivo (44 stores in Greece and 16 abroad; http://www.attrattivo.gr), Ridenco (71 stores; http://www.ridenco.gr) and Prince Oliver (17 men's wear stores; http://www.princeoliver.com).

Non-specialists accounted for 45% of the clothing market in 2008, of which 10% department and variety stores, 20% market stalls, 5% sports specialists shops, and 10% other channels, including hyper- and supermarkets and home-shopping companies.

The vast majority of non-store sales goes through open markets. Market stalls are still very common and attract a significant share of the Greek market.
Department stores are Notos Galleries (http://www.notosgalleries.gr) 3 stores owned by Lambropoulos; 6 Fokas stores, 1 Attica store and 14 Klaoudatos sports department stores.
The role of hypermarkets and discounters in the field of leather garments is limited. The home shopping market in Greece is one of the smallest and most underdeveloped in Europe. Factors contributing to its small size include an unreliable postal service, lack of third party distribution partners, low credit card ownership, low Internet penetration and a general lack of trust in distance selling.

Margins and prices

Price is an important selling factor, especially in the lower segments of the clothing market (hypermarkets and discounters), whereas in the higher segments factors like quality and fashion are more important than price. An indication of differences in price levels by types of outlets has been given in chapter 1 of 'The market for leather garments in the EU'. In each trade channel different margins and prices apply, with multiples of 2.5 up to 4.0 of the manufacturer's or importer's price. Wholesalers' margins generally range between 30-50% of the CIF price, while retailers' margins are between 45–90%. More information can be found in chapter 3 of the same survey.

3. Trade: imports and exports

Imports

Greece imported 2,194 tonnes of leather garments valued € 34.3 million in 2008. Total imports showed an annual fall of almost 13% (in value) during the period 2004-2008.
Greece is the 10th largest importer of leather garments in the EU, behind Austria (8th) and Denmark (9th) and above Sweden. Greek imports accounted for 2.1% of EU total imports in 2008.

Italy remained by far the leading leather garments supplier to Greece in 2008 with an import share of 23% (in value), despite a fall of 29% in the period 2006-2008. Italy was followed by Pakistan, Turkey, Germany and India (each country 10% of total imports). Exports by these countries decreased about 30% in the review period. Other countries with more than averagely decreasing exports (29%) to Greece were among others: China, Bulgaria and Denmark.
39% of Greek leather garments imports came from DCs in 2008, against 44% in 2006 caused by decreased imports from the countries mentioned. The share of DCs in total leather garments imports in Greece was much lower than the total EU average of 61%.

Exports

Greece exported 140 tonnes of leather garments valued € 2.1 million in 2008. Leather garments exports decreased on average 12% per annum during the period 2004-2008, of which 44% in 2008 compared to 2007.
Greece is the 19th largest exporter of leather garments in the EU, behind Hungary (17th) and Portugal (18th), and accounted for 0.5% of EU total exports in 2008.

Destinations were mainly (88% in value) other EU countries, of which Germany and Italy (each 15% of total exported value) were the leading trading partners for Greece. Other destinations are Romania and France (each 7%), followed by Poland and Bulgaria (each 6%). Leading destinations outside the EU were, among others, Macedonia, Russia, Turkey and the UA Emirates (each 2% of total exports), Croatia and Serbia (each 1%).

Re-exports

The size of re-exports cannot be derived from the available trade and production statistics.

Opportunities and threats

± A decreasing share of Greek imports of leather garments came from DCs. This share fell from 44% in 2006 to 39% in 2008. This DCs import share remained low compared to other EU countries.

± Greece's imports of leather garments decreased annually by almost 13% (in value terms) during 2004-2008, meanwhile leather garments exports dropped by 12% per annum during the same period. The drop in exports is blamed on intensified competition, in international markets, from low labour cost countries.

± Based on the value-for–money concept, the traditional lower range market segment, but also the largest middle range market segment, may offer good opportunities for exporters in DCs.

- During the period January-November 2009, Greece's imports of leather garments decreased by 44% in terms of value (compared to the same period in 2008), which is a much stronger fall than the EU average (-11%).

Useful sources

- EU Expanding Exports Helpdesk - http://exporthelp.europa.eu ➔ go to: trade statistics
- Eurostat – official statistical office of the EU - http://epp.eurostat.ec.europa.eu ➔ 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'
- Understanding Eurostat: Quick guide to easy Comext ➔ http://www.eds-destatis.de/en/database/download/Handbook_Comext_Database.pdf
- Euratex bulletins - http://www.euratex.org

4 Price developments

Consumer prices

Inflation in Greece was 2.9% in 2004, 3.2% in 2006 and 4.2% in 2008, which was higher than the EU average. Expectations for the inflation rate in 2009 and 2010 in Greece are respectively 1.6% and 2.1%. Consumer prices of outerwear showed a similar development: +2.3% in 2006, +3.2% in 2007 and +3.9% in 2008.
According to a price level study by Eurostat, clothing prices in Greece were 13% above the EU average in 2008. This price level of clothing was similar to Belgium, the Czech Republic, Luxembourg, Slovenia and Slovakia.
VAT rate for clothing is 19% in Greece and 15% in Cyprus.

Import prices

Prices of imports into Greece increased during the period 2006-2008, as table 4.1 indicates; this was caused by higher import prices from DCs and (averagely) stabilized prices of intra-EU trade. This can be illustrated by the following: prices of imports from Turkey (€ 55.28) and India (€ 43.45) were much higher than prices of re-exports from Germany (€ 22.32) in 2008.

Table 4.1 Average import prices of leather garments in Greece (in € per kg.), 2006-2008

	2006	2007	2008	AAGR*
Total imports	36.40	31.85	38.41	+2.8%
Intra-EU	37.21	28.64	37.31	+0.2%
DCs	35.40	38.43	39.73	+6.1%

* Average annual growth
Sources: Eurostat (2009), revised

Useful sources:

An impression of average prices can be formed by browsing through the catalogues of large multiples; the websites of some distributors listed in chapter 2 also make it possible to retrieve price information on specific products.
The website of Greek National Statistics (http://www.statistics.gr) publishes harmonised indices of consumer prices, which includes the clothing sector.

5 Market access requirements

As a manufacturer in a DC preparing to access Greece, you should be aware of the market access requirements of your trading partners and the Greek government.

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

There are several aspects to the labelling of leather garments of which you should be aware:
- Basic information includes brand marking and sizing.
- Labelling has to be formulated in the Greek language.
- Outer material and materials used for lining and, eventually, interlining must be mentioned separately.
- In the case of leather garments, labels of 'genuine leather' are found on most products.
- Country of origin labelling is not compulsory. However, it is necessary to have an origin label if, without such a label, the consumer would be misled as to the true origin of the garment.
- Care labelling, i.e. the inclusion of cleaning instructions. The recommendation 'special dry cleaning' has to be mentioned on a label to avoid claims. It is recommended to use Ginetex symbols, the system used throughout Europe (see: http://www.ginetex.net). Leather garment care can give additional information like storage, drying, cleaning, advice to prevent damage.

General information on packaging can be found at the website of ITC on export packaging: http://www.intracen.org/ep/packaging/packit.htm. More information about packaging of leather garments can be found in chapter 6 of the CBI market survey 'The market for leather garments in the EU'.

Information on tariffs and quota can be found at http://exporthelp.europa.eu.

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 Greece, visit the following websites:
- The Greek trade association SEPEE: http://www.greekfashion.gr.
- The international fashion fair in Greece: Moda Salonica - http://www.moda-salonica.gr organized by Helexpo (http://www.helexpo.gr) would be a good place to make contacts with potential trading partners.
- The Athens Chamber of Commerce and Industry: http://www.acci.gr.

This survey was compiled for CBI by ***Fashion Research & Trends***