

Entering the European market for leather fashion accessories

Some of the world's most interesting markets for leather fashion accessories are in Europe. However, setting up a business relationship with a European buyer can be challenging. This report will help you understand what the most important requirements and opportunities are in the European market. You will learn about the legal requirements for exporting leather accessories to Europe, about the best channels to get your product to the market, about the countries where your competitors are and the best ways to quote prices for potential buyers.

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1. What requirements must leather fashion accessories comply with to be allowed on the European market?

If you want to sell leather fashion accessories in the European market, you need to comply with several requirements, some of which are mandatory, whether they are legal requirements or not. Others are voluntary, but meeting them can give you a competitive advantage. Some requirements only apply to certain niche markets.

What are mandatory requirements?

There are several legal requirements you need to comply with if you want to export leather fashion accessories to the European market, including requirements concerning product safety, the use of chemicals (REACH), labelling, intellectual property rights and the use of endangered species of animals.

Product safety

Any item of leather fashion accessories for sale in the EU must comply with the EU's General Product Safety Directive ([GPSD: 2001/95/EC](#)). European Union Member Countries will check if your product meets the applicable safety requirements.

If your buyer has supplied the product design, it is their responsibility to make sure it is legally safe for consumers to use. However, if you have any doubts about whether a design is not compliant with the EU's General Product Safety Directive, discuss it with your buyer before you start the production process.

REACH

Any leather fashion accessory exported to the EU must comply with the REACH Regulation, which stands for registration, evaluation, authorisation and restriction of chemicals. This regulation restricts the use of many chemicals in leather and specific materials used for trims. The use of these chemicals in leather fashion accessories is either restricted or prohibited altogether.

Chemicals commonly used in leather fashion accessories production, which are restricted under REACH include:

- azo dyes that may release one or more of the 22 aromatic amines listed in [Appendix 8 to the REACH Regulation](#), nonylphenol and nonylphenol ethoxylates, and heavy metals, such as mercury, cadmium and lead;
- chromium – widely used chromium III can transform into the hazardous variety chromium VI under certain production and storage circumstances;

- formaldehyde;
- nickel – may occur in metal trims and accessories, such as zippers, buttons and jewellery;
- polycyclic-aromatic hydrocarbons (PAHs), phthalates may occur in PVC parts in wallets.

Restricted substances lists (RSLs)

In addition to REACH, many brands and retailers have formulated their own restricted substances lists (RSLs), which are stricter than REACH. They are often inspired by the guideline on the use of safe chemicals from the Zero Discharge of Hazardous Chemicals (ZDHC) foundation. Download the ZDHC [Conformance Guidance](#) to learn how to comply with the ZDHC guideline.

Labelling your product

Except for footwear, there is no current European regulation for the labelling of leather products. Some European countries have introduced mandatory national labelling systems for leather and leather products, while others have implemented voluntary standards and labelling systems. In any case, it is recommended to include the material content on the label, to avoid confusion among consumers.

Intellectual property rights

The illegal copying of registered apparel trademarks and designs is considered a serious threat to the European fashion industry. If you are selling your own designs in the European market, you must make sure you are not violating any intellectual property (IP) rights. If your buyer provides the design, they will also be liable in case the item is found to violate a property right. You can check the EU's Intellectual Property Office (EUIPO) website for examples of [designs](#) and [trademarks](#) and a full database containing all IPs registered in the EU, but not necessarily in each European country.

Complying with intellectual property rights also means you cannot copy nor share designs from one buyer with another. European buyers expect you to handle their designs prudently.

CITES

Using endangered animal species in your leather fashion accessories is restricted by EU legislation ([EC 338/97](#)). This regulation is based on the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). Some species of animals and plants are excluded from use altogether, while others are subject to severe import restrictions. Check which animals and plants are restricted on the website of the [EU Trade Helpdesk](#).

Tips:

Read the CBI study [on buyer requirements](#) for an extensive overview of the legal, non-legal and niche requirements you will need to comply with as an exporter of leather accessories to Europe.

Check the [EU's Trade Helpdesk](#) for an overview of all legal requirements set for your product. There you can also identify your product code to get a list of applicable requirements.

Familiarise yourself with the [complete list of chemicals restricted under REACH](#). Make sure you only work with suppliers of leather and trims that are REACH compliant. Ask for proof that they are.

Perform random product tests to ensure your supplier is indeed delivering REACH-compliant leathers and trims. Always use a certified testing laboratory. The most used competence standard for laboratories is [ISO/IEC 17025](#).

Non-legal mandatory requirements

In addition to the legal requirements mentioned above, you may be required to comply with non-negotiable terms and conditions that buyers have created for their suppliers. Such requirements are not required by law, but they are still mandatory.

Quality requirements regarding tanning methods

Buyers will always search for the type of leather that best fits their product. Their first consideration will be the tanning method, which determines the look and feel of the leather, even if much can be later adjusted in finishing stage. Leather can be tanned using vegetable, semi-veg, chrome, low-chrome and chrome-free tanning.

Different types of leather are suitable for different products. For example, vegetable tanned leather is relatively firm, thick and has deep, warm colours. It is mostly used for bags and belts. Vegetable tanned leather is especially popular in Northern European countries, where consumers appreciate it for its natural look.

Chrome tanning may result in softer, thinner and suppler leathers that can be used in any product. For this reason, until recently wallets and gloves were almost exclusively made from chrome-tanned leathers. Nowadays, certain vegetable and chrome-free tanned leathers can provide the same characteristics.

Sustainability and consumer safety concerns are other reasons that buyers use to choose a certain type of leather. Vegetable tanned leather is popular among European brands that promote themselves as environmentally friendly, although it is difficult to assess the exact environmental impact of each product, since much depends on the way tanneries manage their input and waste streams.

For reasons of both sustainability and consumer safety, ever more buyers require chrome-free tanned leathers, such as [C&A](#). This is to avoid the risk of formation of REACH-restricted chromium VI in leather apparel and accessories. Chrome-free leather can be either vegetable tanned or wet white tanned leather.

Quality requirements regarding finished leather

Finished leather is available in different qualities, from high to low: full-grain aniline and semi-aniline, pigmented smooth leather, nubuck, suede, split leather and bonded leather. The number of scars, cuts and blemishes is expressed in grades: A (lowest number of defects, highest quality), B and C (highest number of defects, lowest quality).

Most buyers will require a certain type of leather and leave the selection of grades up to you. Lower grade leathers are relatively cheap but using them will increase waste, because you need to work around more blemishes. In any case, buyers will reject ready-made products with too many visible defects on the leather, unless the natural defects are part of your sales pitch.

Expect buyers to also set requirements for colour fastness, especially when you use suede-type leathers.

Quality requirements regarding ready-made products

Your buyer may want you to agree on an [AQL](#), which stands for acceptance quality limit or acceptable quality level. This refers to the lowest tolerable quality level. For example, AQL 2.5 means that your buyer will reject a batch if more than 2.5% of the whole order amount over several production runs is defective.

Common quality defects in ready-made leather fashion accessories include:

- uneven, wonky cut leather parts and patches;
- uneven, wonky stitching lines;
- visible material defects due to the use of lower grade leathers.

Sustainable production and social compliance

Many buyers in Europe are increasing their demands regarding sustainable production and social compliance. At the very least, buyers will ask you to open your factory doors for them, so they can conduct personal inspections of your factory. Additionally, you may be requested to comply to the following independent standards:

- The [Leather Working Group](#) (LWG) is a multi-stakeholder organisation based in the UK that counts 450 tanneries worldwide as members. Each member tannery has been audited for its environmental processes. LWG certification is the most requested standard in leather fashion.
- [Naturleder](#) is a quality and sustainability standard specific to leather. Most of its members are based in Germany.
- [ZDHC](#) is increasingly becoming a benchmark for using the right chemicals to limit emissions and thus protect workers, the environment and consumers.
- Textile Exchange has also started the development of [a new international standard for fair and sustainable leather](#), but it has not been published yet.
- Regarding social responsibility, [BSCI](#) (Business Social Compliance Initiative) is the most popular and not rarely the only certification that European buyers will require. Other popular social responsibility standards include [WRAP](#), [SEDEX](#), [ETI](#), [SA8000](#), [ISO 26000](#), [FWF](#) and [FairTrade](#).
- Buyers may require that you use only vegetable tanned or chrome-free leathers (see above).

Packaging requirements

Your buyer will give you instructions on how to package the order in most cases. If you agree with your buyer that they will clear customs in the country of import, which is the norm in the leather fashion accessories industry, it is their responsibility to make sure the instructions comply with EU import procedures.

The packaging instructions will be written down in a packing manual. In this document, you will find all relevant packing instructions concerning:

- type and quality of the packing material you need to use;
- type and quality of the filling material you need to use (common for leather bags, to keep their shape);
- size of the packing material;
- information that should be mentioned on the packing material, including style references and numbers, size breakdown, number of pieces and colourways;
- placement and position of barcodes;
- way of stacking;
- maximum quantity in a box or polybag;
- maximum weight of an export carton;
- nominated suppliers for the packing material.

A common requirement in the leather fashion accessory industry is to store, pack and ship your goods in dry, well-ventilated conditions. Leather tends to absorb moisture from the air, which can lead to loss of sheen, bad smell, spots, stains and growth of mould or mildew. Packing your leather goods with silica gel packets is a common measure to reduce excess moisture during shipment.

buyer will also appreciate any efforts you make to reduce the environmental impact and the financial cost of using packaging materials. First, you can make suggestions on how to use less packaging materials. Another option is to use environmentally friendly alternatives, such as recycled and biodegradable materials.

Payment terms

European buyers will normally pay you a percentage of the total sum of the order, for example 30% of it, when they place the order and the rest (70% in the example) after the order is completed. The most used payment method in the apparel industry for such a transaction is the letter of credit (LC). An LC obligates a buyer's bank

to pay the supplier when both parties meet the conditions they have agreed upon.

In other cases, buyers might ask for a telegraphic transfer (TT) after 30, 60, 90 or sometimes even 120 days. This means you, as a manufacturer, finish the production and hand over the shipment to the buyer, including the original documents before payment is due. The payment will be made after the number of days that you have agreed on with the buyer. This is a risky payment agreement because you take full financial risk. The goods will become the buyer's property before you get paid.

Tips:

Read the CBI study [on buyer requirements](#) for an extensive overview of the legal, non-legal and niche requirements you will need to comply with as an exporter of leather accessories to Europe.

Read the CBI study on organising your exports to Europe for more elaborate tips on how to deal with payment terms, storing, packaging and shipping.

Fill in the LWG's [Tannery of the Future - Are You Ready for an Audit?](#). This is a self-assessment questionnaire published by LWG, which is designed to support tanneries that may not yet be ready to undergo the LWG Environmental Audit.

For a complete list of certification schemes in the sector consult [the ITC Standards Map](#).

Check the freely accessible [CSR Risk Check database](#) to discover the social and environmental risks associated with leather fashion accessories production in your country and ways to manage them.

Additional requirements

In addition to non-legal, but mandatory requirements like standards and certifications, there are many services that buyers implicitly expect or at least highly appreciate if you want to do business with them. These requirements can differ from buyer to buyer.

Product design and development

Most buyers have their own design team and do not solely rely on the collections that factories present to them. Still, having your own ideas on product design and development will be highly appreciated. Buyers are always looking for special designs, materials (surprising colours, finishes and types of embossing) and production methods to help them stand out in the market.

Communication

Smooth communication is an implicit requirement of all buyers. Always reply to every email within 24 hours. Even if it is just to confirm that you have received the email and will send a more complete reply later. If you have a problem with a production order, immediately notify the customer and try to offer a solution. Another good tip is to create a T&A (time and arrival) of every order and share it with your buyer. This file will help you to manage expectations, monitor progress and is the best guarantee of on-time delivery.

Flexibility

Many factories focus only on getting convenient orders: simple designs, large quantities and long delivery times. However, if you want to start a business relationship with a European buyer, be prepared to accept complicated orders first. Buyers will want to test your factory before giving you large, easy orders. Make sure at the start that a buyer will not continue to place only difficult orders with you and convenient orders elsewhere.

Expect a European buyer to require in their first order:

- high material quality and impeccable workmanship;
- order quantities below your normal minimum order quantity (MOQ);
- a price level that is lower than you normally would accept for small quantity orders.

Transparency

Demand for transparency and traceability in the leather supply chain is growing in Europe. Because few manufacturers worldwide can currently comply with buyer requirements regarding traceability of leather, having a transparent supply chain can give you a serious competitive advantage. This means you should map your suppliers as far up the value chain as possible and try to demonstrate that your product is not connected to violation of worker rights, animal cruelty, deforestation or other forms of environmental degradation and unfair labour practices.

An example of this type of requirement is the 2019 announcement of VF Company (parent to Timberland, The North Face and Kipling) [that it will no longer source leather from Brazil](#) because of deforestation concerns.

Tips:

Visit international leather fashion fairs, such as [ILM](#) in Germany.

Read the CBI's seasonal [Fashion Forecast](#), check industry websites, such as [Leatherbiz](#) and [International Leather Maker](#) or sign up for trend forecaster [WGSN's newsletter](#) to get an idea of the latest trends in leather fashion accessories.

Be proactive and prompt in your communication. Provide short, timely updates to your buyer via text, photo or video, using [WeChat](#), [WhatsApp](#) or [Signal](#). To make free video calls, try [Skype](#) or [Google Meet](#).

When mapping your supply chain upstream, start by asking your supplier where they procure materials.

Stay updated on new traceability tools. The industry is experimenting with physical markings on hides and skins, [DNA tags](#) and [crypto tags](#).

Niche requirements

The following requirements appeal to a small minority of buyers in Europe, but they may give you a competitive advantage in the future, as some niche markets eventually evolve into the mainstream.

Organic leather

Although there is no official definition of organic leather, the term suggests that the leather is vegetable tanned and made with skins from animals that are organically fed. Check [Meindl](#), for example, a German footwear and leather fashion accessories brand. For its Meindl Identity product line, the company only used leather from organically reared cattle from a specific region in Germany.

Recycled leather

A growing number of European fashion brands, such as [French Connection](#), are using recycled leather. The term recycled leather usually describes a composite material made from shredded cutting waste. Recycled leather can also refer to items made from leather patches cut out of post-consumer leather fashion items and upholstery.

Natural dyes

Some buyers may require leathers dyed using only natural ingredients. Natural dyes are typically used for finishing vegetable tanned leathers. Natural dyestuffs can include plants, such as berries, oils and coffee. Be careful with naturally dyed leathers, since they tend to discolour quickly in sunlight.

Plant-based materials

European buyers are increasingly experimenting with plant-based materials as alternatives to leather, such as paper ([Uashmama](#), for example), pineapple ([H&M](#) using [Pinatex](#)) and cork ([Pelcor](#)). These leather-like materials are often branded vegan, meaning no animals were used in the process of making the product. Most of these materials still have a very specific look and feel, clearly different from real leather.

2. Through what channels can you get leather fashion accessories on the European market?

Before you start to approach European buyers, you need to determine exactly what market segment fits your company best and through what channels you want to sell your product. Each segment and channel has very distinct requirements.

How is the end market segmented?

European buyers of leather fashion accessories can be classified by price-quality level. This applies to all product categories, including carrying products, gloves and mitts, belts and other leather clothing accessories.

Table 1: Leather fashion accessories market segmentation

Consumer type	Price level	Fashionability	Materials used	Functionality	Order quantities
Luxury consumer	Very high retail prices	Highly fashionable, unique designs	Use of unique luxury materials	Very high requirements regarding product quality, design and innovation	Low order quantities
Fashion-conscious consumer	High retail prices	Highly fashionable designs	High-quality materials, with different finishings and embossings	High requirements regarding product quality and innovation	Small MOQs, fast delivery
Practical consumer	Medium retail prices	Fashion-conscious designs	Medium-good quality materials	Medium requirements on design, but good quality	Medium-high order quantities

Price-conscious consumer	Low and extremely low retail prices	Functional styles	Medium-low quality materials	Lowest requirements on design, but good quality	High order quantities
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The luxury consumer

Luxury leather fashion brands require the highest product quality level and sell their product at the highest retail prices. Some of the world's most renowned and successful luxury brands are from Europe, including [Hermès](#), [Louis Vuitton](#) and [Chanel](#). Many of these brands source their materials from designated suppliers and manufacture their products in-house or within Europe. This makes it very difficult to supply to these companies. This market is growing, especially in exports to Asia.

The fashion-conscious consumer

The upper-middle market is also highly fashionable, with well-known European companies, such as [Hugo Boss](#) and [Ted Baker](#). To service these buyers, you must be able to provide many different material qualities, colourways, embossings, finishings and high-quality packaging. You also need to be flexible, as buyers will require small order quantities and fast delivery. Innovation in product design and material is a must. This market is growing.

The practical consumer

Middle-market buyers require good products for competitive prices. This market features companies such as [Sandqvist](#), [Esprit](#) and [Marc O'Polo](#). Volumes are higher than in the upper-middle and luxury markets, because profit margins are smaller. You will face fierce competition in this market from manufacturers in other countries, so you need to focus on product development, in addition to quality and price. This market is under pressure.

The lower-middle market is less focused on quality and unique designs but more price aggressive. A well-known European buyer in this segment is [Pieces](#), for example. Even more than in the middle market, you must be able to supply high volumes, because profit margins are low. Product development is still appreciated, but less so than in higher market segments. This market is under pressure.

The price-conscious consumer

Large retailers such as [Topshop](#) and [Aldi](#) operate in the budget market, where profit margins are very small and volumes are large: more than 10,000 unites per order. Although you can use relatively cheap materials, your product still needs to look good. Visible material defects and uneven stitching will lead to rejections, even in the budget market. Making a profit in this market requires a high level of mechanisation, including punching machines and computer-controlled sewing machines that reduce production time and waste. This market is growing.

Table 2: Selected leather fashion accessory companies and their position in the market

Company name	Price-quality level			Fashionability			Order quantities		
	low	mid	high	basic	mid	high	low	mid	high
Hermès			x			x	x		
Louis Vuitton			x			x	x		

Chanel			X			X	X		
Mont Blanc			X			X	X		
Bally			X			X		X	
Hugo Boss		X	X		X	X		X	
Ted Baker		X	X		X	X		X	
French Connection		X	X		X	X		X	
Picard		X			X		X		
Liebeskind		X			X		X		
Royal Republiq		X			X		X		
Sandqvist		X			X		X		
Marc O'Polo		X			X			X	
Esprit	X	X		X	X			X	
Pieces		X			X			X	
Burkely	X	X			X		X		
Zara	X	X			X				X
Pieces	X				X	X			X
Topshop	X			X	X			X	
H&M	X				X				X
Hema	X			X				X	
Aldi	X			X				X	

Tips:

If you want to enter the luxury market, be aware that your competition will be based in countries like Italy and Portugal. Competing with these countries requires craftsmanship mentality prioritising quality first and foremost. Single-piece manufacturing is recommended in this quality level. Watch, for instance, [this video about the making of a Dior leather bag](#).

The upper-middle market segment offers high quality and marketing, almost matching the quality of the luxury market, but at lower prices. Target this market if you have a production line for high-quality leather fashion accessories.

The middle and lower markets are focused on efficient manufacturing. This segment is price driven so manufacturing at high speeds is recommended. Sourcing your leather and trims in the international market is recommended to maximise competitiveness.

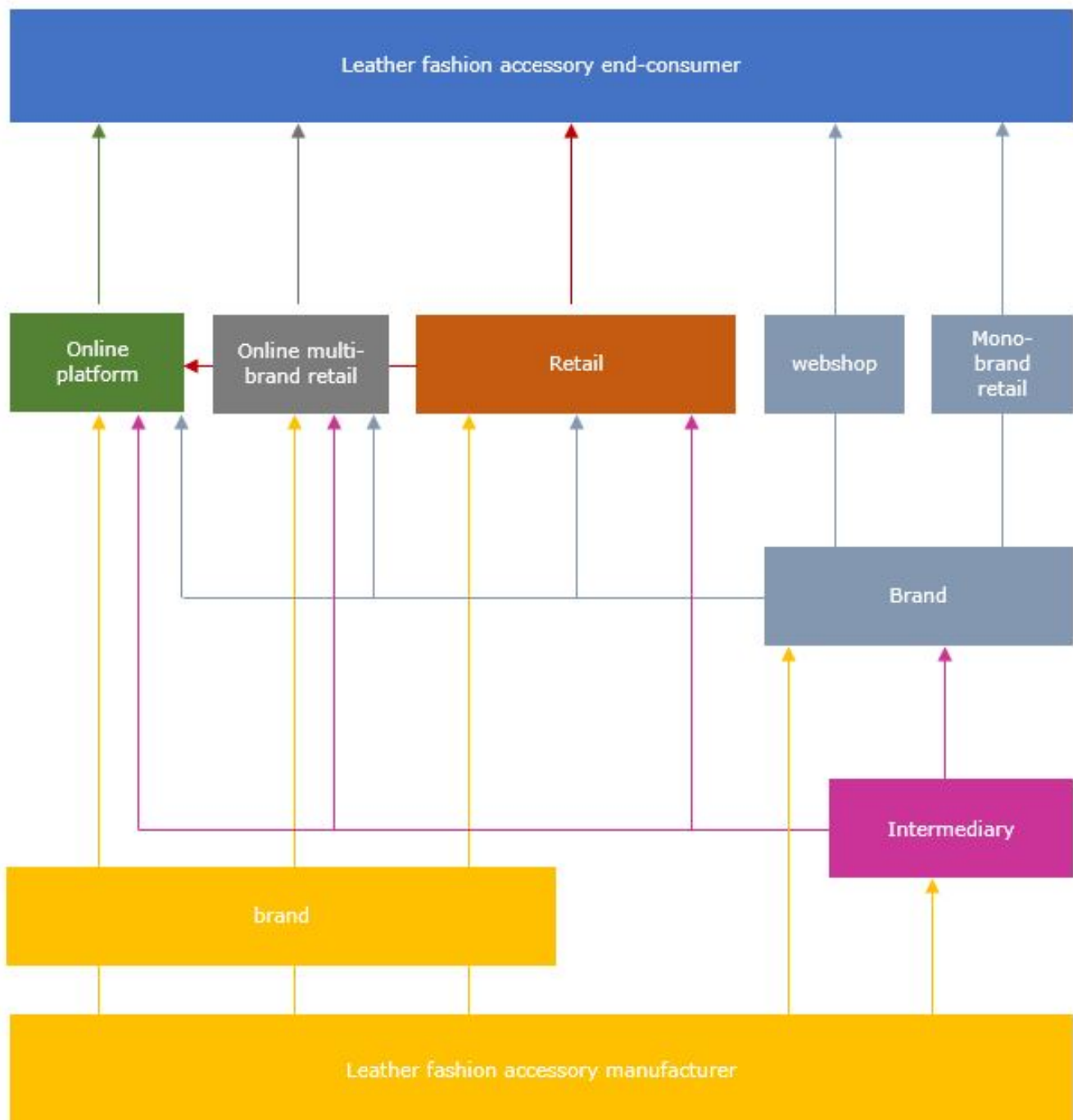
Through what channels does the product end up on the end market?

The most marked difference among your potential buyers is their place up the value chain, because that will determine how they do business with you. Within each part of the value chain, you will find buyers of different market size, with different requirements regarding certification, quality MOQ and price.

Each type of buyer requires a specific approach. Always try to find out in what part of the value chain your buyer is operating, what challenges they face in the market and how you can contribute to their sales strategies.

- If you want to target European end consumers directly, try selling via platforms such as [Alibaba](#), [Wish](#) and [Amazon](#). Most online consumers can be found in countries in Europe's northwest. You will need to invest in a web shop, stock and order management, and customer service. Your biggest challenge will be return policies and lack of brand awareness, making it difficult to find buyers outside the budget market.
- Multi-brand online shops are another channel, including [Zalando](#), [Asos](#), [Klingel](#) and [Yoox](#), together with specialised online shops, such as [Schuh](#) (UK), [La Boutique Maroquinerie](#) (France), [Guertel fuer Herren](#) (Germany) and [Travelbags](#) (Netherlands). In addition to selling other brands, these companies often develop their own private collections of mostly value brands.
- If you want to sell to European fashion retailers, you can target large retail chains, such as [Zara](#), [H&M](#), [Topshop](#) and [Hema](#). Specialised leather fashion accessory retail chains are smaller but still interesting, including [Paul Marius](#) (23 stores in France and Belgium), [Gusti](#) (14 stores in Germany) and [Duifhuizen](#) (24 stores in the Netherlands).
- Europe is home to many leather fashion accessory brands, from luxury brands, such as [Mont Blanc](#) and [Bally](#), to mid-market companies like [Picard](#), [Liebeskind](#) and [Royal Republiq](#), to more price-aggressive brands, like [Pieces](#). Brands sell to retailers, but also directly to consumers via their own online stores.
- Intermediaries such agents, traders, importers and private label companies, sell your product on to buyers up the value chain. They are price focused and require flexibility in quantities and qualities. Some are located near or in the production countries and primarily do sourcing and logistics, such as [Li & Fung](#). Others, such as [Broadway](#) and [MTR Fashion Flair](#) work from Europe and also do market research, design and stock keeping. Their service level determines the commission rate they charge.

Figure 1: leather fashion accessories market value chain



Tips:

Check the online [Retail-Index](#), which offers profiles of major apparel retailers in Europe, including leather fashion accessories.

Read the CBI study [on finding buyers](#) for an extensive overview of European fashion market segments, channels and requirements.

You can find intermediaries specialised in leather fashion accessories by using an online search engine. Use keywords such as 'full service', 'garment' or 'leather fashion', 'accessories' ('bags', 'belts', etc.) plus 'solution'. Traders' websites usually show the brands they are working with.

Do a thorough research of the market where your ideal buyers operate and adjust your proposition to their requirements and ambitions.

Read the McKinsey report '[The State of Fashion 2020](#)' to learn which market segments fashion CEOs think are interesting for the coming years.

What is the most interesting channel for you?

If you are a small to medium-sized manufacturer in a developing country, traders are likely the most interesting type of buyers for you, followed by brands and multi-brand online platforms. End consumers are a difficult target group because of complicated customer service demands. European retailers buy mostly from brands and traders, but large fashion retail chains and small leather accessory chains and boutiques are struggling in a declining market.

Intermediaries

Agents, traders, importers and private label companies are usually the first to explore new sourcing destinations. Be aware that they are very price focused. Intermediaries act as a middleman between you and companies further up the value chain, which means they need to keep their prices close to your factory price. This leaves less room for negotiation room for you as a manufacturer. Furthermore, traders require flexibility from manufacturers regarding quantities and qualities.

Intermediaries can be found both in Europe and in production countries. Check, for example, [True Trident Leather](#) in India, and [Guangxin Leather](#) in China. Intermediaries are not very well organised in general, but you can find them via their websites online or via platforms, such as [Alibaba](#).

Among traders, fair-trade traders such as [FairForward](#) and [Goldbach](#) deserve special mention. In contrast to the typical price-focused traders described above, these traders buy artisanal items, including leather fashion accessories made according to [FairTrade principles](#). Many of these traders are based in Culemborg, the Netherlands, from where fair-trade wholesale centre [FairPlaza](#) supplies to retailers throughout Europe.

Brands

Many European fashion brands are trying to cut out intermediaries and source directly from manufacturers. Leather fashion accessory brands are no exception to this trend. Hence, brands can be an interesting channel for you.

Brands will typically develop a collection 6–12 months in advance. You will need a large sample room, as brands require salesman samples (SMS) of each collection style. Every sample needs to be actual, meaning it must look exactly like the product will in the shop, with branded hangtags and accessories. It may take many months before orders are placed.

Brands have their origins all over Europe, but the biggest and most successful leather fashion brands are headquartered in Western European countries, including the top leather accessories import markets in France, Italy, Germany, the United Kingdom, the Netherlands and Spain.

Brands can be found on buying platforms, such as [Foursource](#), or leather goods trade fairs, such as [ILM](#) and [ACLE](#). The leather fashion industry is not as well organised as the garment and textile industry, so many leather fashion accessory brands are members of general fashion industry associations.

Online multi-brand retailers

Another promising channel are multi-brand online stores that produce private collections, which is a growing market. This is also a budget market with low profit margins, but potentially large order quantities. Online retailers can detect market interest very fast and will immediately react upon sales data. Usually such

companies will place a small test order first. If the item is selling well, they will place an actual production order. Fast delivery is a must.

Tips:

Read the CBI study [on finding buyers](#) for tips on where and how to find and approach European buyers.

Before you approach any buyer, determine your USPs and define your ideal buyer. Note that selling your company is even more important than selling your product, so focus on certifications and CSR. For more information, read our report on [trends in the European apparel market](#).

Follow potential buyers in the channels of your interest on social media, including [LinkedIn](#), [Youtube](#), [Twitter](#) and [Instagram](#). This will provide you with company updates and news on their latest collections and travel schedules. They might also follow you in return.

3. What competition do you face on the European leather fashion accessories market?

Historically leather and leather goods are produced in almost every country worldwide. As a leather fashion accessories producer, you are therefore competing with thousands of suppliers from within and outside of Europe. However, European buyers are usually interested in hearing about new suppliers, so try to learn from the companies you are competing with and the conditions in the countries where they are installed.

Which countries are you competing with?

China has established itself as the main exporter of leather fashion accessories to Europe thanks to its many modern, well-equipped factories. Chinese producers are known for their good-quality products, innovation and product development, and excellent customer service. China's high MOQs, rising production and labour costs and not being part of the EU's Generalised Scheme of Preferences, all work against the country's producers.

India is the second exporter of leather fashion accessories to Europe. The country has many tanneries and factories in leather hubs, such as Calcutta and Kanpur. European buyers appreciate the good quality of Indian leather products, the flexibility of its manufacturers, very competitive prices, plus India is part of the GSP. Relatively poor customer service and concerns over environmental degradation are negative points of Indian suppliers.

Pakistan has a long tradition of leather goods production, exporting a wide range of good-quality products for competitive prices. The country benefits from the GSP. The biggest downside of Pakistan are security issues, which prevent many buyers from traveling to Pakistan, voluntarily or because they are prohibited by their companies. This means they cannot procure leather fashion accessories in Pakistan or can do so only via an agent.

As labour and production costs have been rising in China, South East Asian countries have been gaining ground in the market. Vietnam, the fourth-largest exporter of leather fashion accessories to Europe, is one of them. The country produces well-appreciated basic quality leather goods for competitive prices under the GSP. However, a planned minimum wage rise in 2020 has buyers already looking for alternatives in the region.

In addition to denim and garments, Turkey is also a large exporter of leather goods to Europe. Turkey is known for its high-quality products and flexible suppliers. Turkish prices are relatively high, but this downside is balanced out by Turkey's super-short lead times, thanks to its proximity to Europe. Turkey is in a customs union

with the EU, making export relatively easy and cheap.

Indonesia has a long tradition in making leather goods but has never been a top sourcing origin for European buyers. Leather exports from Indonesia are growing nonetheless as the country offers a decent range of good-quality, low-priced leather goods, both from large foreign-owned factories and local artisanal workshops. The country benefits from the GSP.

Tips:

Visit international leather fashion fairs, such as [ILM](#) in Germany, and check industry websites, such as [Leatherbiz](#) and [International Leather Maker](#), to learn from your competitors.

Visit the 'trends' section of [UNIDO's leatherpanel.org](#) for an overview of global, regional and national trends in different leather-producing countries.

Check how other countries benefit from the Generalised Scheme of Preferences on [the European Commission's website on international trade](#).

Study the conditions in the countries where your competitors are, compare their strengths and weaknesses to yours and advertise the advantages of doing business with you. Besides GSP, consider factors such as distance to Europe, [ease of doing business](#) and [transparency](#).

Which companies are you competing with?

[Gionar](#) from China is a leather bag manufacturer and trader, selling to brands and retailers in both the US and Europe. It presents itself as a modern, innovative manufacturing company with accurate knowledge of trends in its target markets. This is reflected on its company website, which features a 'new arrivals', a blog section and a page dedicated to the topic 'Why choose us'.

[Crescent Tanners](#) from India is a vertically integrated manufacturer of high-quality leather and leather accessories, including bags, belts, shoes, gloves and wallets. The company presents itself as an innovative company with a long heritage in leather making, exporting high-quality products to the US and Europe. It features its [ISO 9001 certification for quality management](#) prominently on its website.

[HUB Leather](#) from Pakistan is a manufacturer and retailer of high-quality, well-made and competitively priced leather fashion accessories including bags, belts, wallets and keyholders. The company supplies European buyers, such as [Debenhams](#), [Shop Direct](#) and several Dutch companies under the Dutch Agreement on Garment and Textiles. Being part of the [MIMA Group](#), HUB Leather is vertically integrated.

Tips:

Check the free online database [Open Apparel Registry](#), which lets you look up the suppliers of hundreds of European fashion brands, including buyers of leather fashion accessories.

Study your competitors and try to understand why European buyers are interested in placing orders with them. Understanding your competitor will help you to diversify and improve your USPs.

Read the CBI study [10 Tips for Doing Business with European Buyers](#) to learn how to approach and engage with buyers. This report also describes how you can get practical help with understanding European business culture, analysing your USPs and doing business with European buyers. Study these companies and the products they produce and sell. They are experts on manufacturing and sourcing and might use manufacturing techniques that reduce costs and increase efficiency.

Which products are you competing with?

As mentioned above in niche requirements, non-leather materials are increasingly replacing real animal leather in accessories. Artificial leathers, also called synthetic or faux leathers, were originally made of polyurethane (PU) or polyvinyl chloride (PVC). These materials are cheaper than real animal leather, but far less durable, and therefore common in the budget market. They eventually penetrated the middle market as their appearance and quality improved, but have been losing ground to real leather more recently.

Another competing material to leather fashion accessories is textile, both artificial and plant-based ones, such as cotton and canvas, especially those used in shoes, bags and belts. The trend of using knitwear in shoe production has seriously reduced the use of leather in the sports and leisure categories. Another popular trend in Europe is the use of woven textiles in belts. Carrying coins and small change is becoming less common in parts of Europe, so the traditional leather billfold is losing popularity to metal cardholders and phone cases.

In the wake of rising demand for vegan food in Europe, fashion accessories made without materials from animal origin is a small but fast-growing niche. If you use plant-based or synthetic alternatives to materials such as leather and wool, you can apply for the PETA approved vegan certification. PETA's website offers [a database with more than 1,000 PETA-approved vegan brands](#).

If you are still using chrome-tanned leathers for your leather fashion accessories, expect competition from manufacturers that are using chrome-free leathers vegetable tanned or wet white in their products. More than 85% of all leathers worldwide are estimated as still chrome tanned, but the demand for chrome-free is rising.

Tips:

Try to create a unique company presentation that shows the quality of your craftsmanship and manufacturing. Positioning your product starts with positioning your company.

Create a unique product presentation that highlights the unique character, quality and innovation in your product.

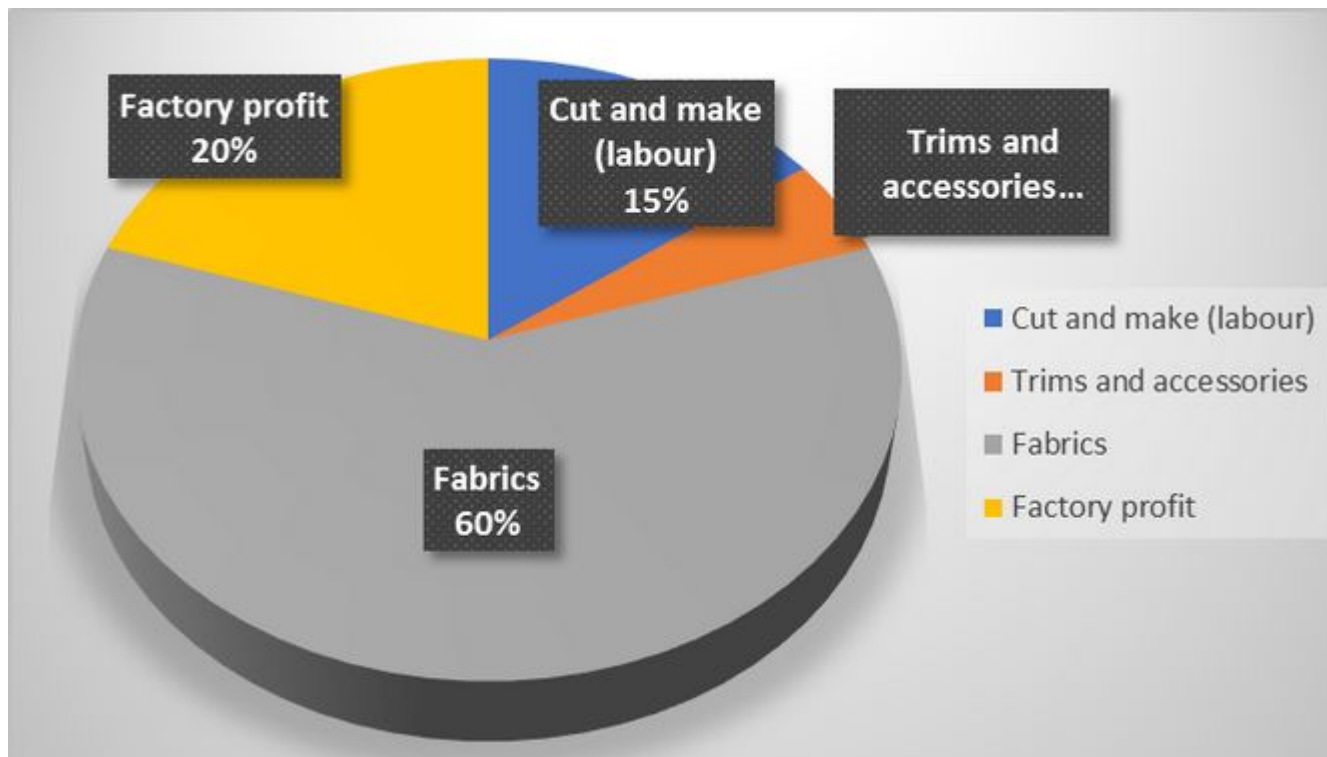
Build your company branding and create awareness on consumer level. By increasing international awareness you brand your company and create value to your business.

4. What are the prices for leather fashion accessories on the European market?

The factory price of your product, which in the fashion industry jargon is your FOB price (for [free on board](#)), is influenced by many factors, including the cost of materials, the efficiency of your employees, your overhead and profit margin.

The following chart shows the average cost breakdown of a typical FOB price:

Chart 1: Breakdown of a typical FOB price



Note that these percentages may vary per factory and per order. Some factories accept lower profit margins during offseason periods or when order volumes are high. In addition, the percentages for labour versus fabrics may vary, depending on the efficiency and wage level of the workforce and the price of the materials. Efficiency goes up and material prices go down when producing large volume orders.

Retail pricing

The retail price of a leather fashion accessory item is on average four to eight times the FOB price, which is called retail markup. It follows that the FOB price is on average 12.5%–25% of the retail price of the product. Exceptions do exist. In the budget market, some large European retail chains may sell products for a markup of just twice the FOB price. Retailers mark the FOB price up four to eight times because they need to account for import duties, transport, rent, marketing, overhead, stock keeping, markdowns, VAT (15%–27% in EU countries), among other costs.


According to [Eurostat's 2018 comparison of retail prices for apparel](#), France has the highest price level among the top six apparel and footwear importer countries at 109.9 points compared to the European average of 100, followed by Belgium (106.4), the Netherlands (106.3), Italy (101.1), Germany (99.1), the UK (92.7) and Spain (92). Note that brands and retailers that sell in multiple European countries usually keep prices equal or deviate only slightly from the standard retail price.

A combination of low leather prices, growing online commerce, a strong budget segment and intense competition, consumers in Europe have become more accustomed to low prices for leather fashion accessories. At the same time, focus on sustainability and higher production costs have put manufacturers suppliers and buyers under enormous price pressure. However, prices are expected to remain stable in the next three years thanks to increased efficiency, automation and production shifting to low-wage countries.


This study has been carried out on behalf of CBI by [FT Journalistiek](#).

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