

Entering the European market for denim

Some of the world's most interesting apparel markets are in Europe. However, setting up a business relationship with a European buyer can be challenging. This report informs you about requirements and opportunities in the European market and gives tips that can contribute to a successful entry of denim products on the European market.

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1. What requirements must denim comply with to be allowed on the European market?

If you want to sell denim on the European market, there are several requirements that you need to comply with. Some are mandatory (both legal and non-legal). Others are voluntary. Meeting them can give you a competitive advantage. Some requirements only apply to certain niches in the denim market.

What are mandatory requirements?

There are several legal requirements you need to comply with if you want to export denim to Europe, including requirements concerning product safety, the use of chemicals (REACH), quality and labelling. Additionally, many buyers have created non-negotiable terms and conditions that all their suppliers need to respect. These requirements are non-legal, but still mandatory.

Product safety

Any item on sale in the EU must comply with the EU's General Product Safety Directive ([GPSD: 2001/95/EC](#)). If your buyer has supplied the product design, it is his or her responsibility to make sure it is legally safe for consumers to use. The European Standard for the safety of children's clothing is [NEN EN 14682:2014](#), which includes denim products. Read the '[question and answer](#)'-document about this standard (TR 17376).

REACH

Any item of denim exported to the EU must comply with [REACH](#) (Registration, Evaluation, Authorisation and Restriction of Chemicals). This regulation restricts the use of a large selection of chemicals in apparel (and specific materials used for trims). Restricted chemicals that are sometimes used in apparel production include: certain Azo-dyes; flame retardants; waterproofing and stain-repelling chemicals and nickel (in metal trims and accessories). Check the [complete list of chemicals restricted by REACH](#) here.

Labelling your product

You must specify the material content of all denim that you export to the EU, in accordance with EU [Regulation 1007/2011](#). Check the [EU Trade Helpdesk](#) to find out which apparel items need to be labelled and how to do it. A fibre that accounts for up to 5% of the total weight of your product, or fibres that collectively account for up to 15% of the total weight, may be designated by the term 'other fibres', immediately preceded or followed by their total percentage by weight.

Intellectual Property Rights

If you are selling your own designs on the European market, you must make sure you are not violating any Intellectual Property (IP) rights. If your buyer provides the design, he or she will always be liable if the item is

found to violate a property right. Complying with intellectual property rights also means you can't copy or share designs (successful or unsuccessful) from one buyer with another (potential) buyer.

Non-legal mandatory requirements

Besides the legal requirements mentioned above, you may be confronted with non-negotiable terms and conditions that buyers have created for dealing with suppliers. Such requirements are non-legal, but still mandatory.

Sustainable production and social compliance

Regarding harmful substances and organic production, European buyers may request standards such as the Standard 100 by [Oekotex®](#), [EU Ecolabel](#), [BCI](#) (Better Cotton Initiative), [GOTS](#) (Global Organic Textile Standard) or [Bluesign®](#).

Regarding social compliance [BSCI](#) (Business Social Compliance Initiative) is the most popular (and often only) certification that European buyers will require. Other popular social standards are [WRAP](#), [SEDEX](#), [ETI](#), [SA8000](#), [ISO 26000](#), [FWF](#) and [Fair Trade](#).

Some of the biggest denim brands, notably Levi Strauss & co and G-Star RAW, have been pioneering the concept of supply chain transparency. Both brands publish their manufacturers in the [Open Apparel Registry](#). Many denim brands also present supply chain info on their websites and some even on hangtags. The more information you can give about the origin of your materials, the better. Read how to comply with transparency requirements on the website of the [Clean Clothes Campaign](#) and [Human Rights Watch](#).

Other sustainability requirements may be:

- Use of fabrics made with recycled content. Read all about this trend on [Sourcing Journal](#). The most used certifications for recycled content are The Recycled Claim Standard ([RCS](#)) and the Global Recycled Standard ([GRS](#)).
- Use of organic cotton. This is cotton grown without the use of GMOs ('genetically modified organisms') and synthetic chemicals. Read more about organic cotton in the [CBI study on Sustainable cotton](#).
- Use of denim blended with eco-friendly fibres such as hemp, regenerated fibres such as [REPREVE™](#), or Tencel®, Modal® and Refibra™ by [Lenzing](#), or even with innovative bio-based polymer fibres such as PLA, milk, seaweed and soy.
- Saving water during production by dyeing fabrics with new techniques (using CO2 instead of water) such as [Dyecoo](#) or [Kitotex®](#).
- Fabrics dyed with all-natural ingredients. Check out [Rubia](#) or [Fibre Bio](#), for instance.
- Replacing fading techniques such as sandblasting, stone finishing and the use of potassium permanganate with sustainable alternatives like ozone washing, laser engraving and printing.
- Using vegan 'Jacron paper' patches instead of leather patches. See, for instance, [Swedish denim brand Nudie](#).
- Phasing out the use of metal rivets to make it easier to recycle denim apparel. See, for instance, the '[Jeans Redesign pledge](#)' signed by 17 brands (as of April 2020).
- Refurbishing denim jeans. Several European companies don't recycle textile waste back to lint, but instead sell on post-consumer apparel as vintage, or cut it into pieces to remake it into new textile products. Check out [MUD Jeans](#) or [Re/done](#), for instance.

Packaging requirements

In most cases, your buyer will give you instructions on how to package the order in a manual. If you agree that he or she will clear customs in the country of import, it is his or her responsibility to make sure the instructions comply with EU import procedures.

Payment terms

For a first-time order, European buyers may agree to a down payment when he or she places the order (e.g. 30%). They will pay the rest (70%) after the order is completed. The most requested payment method in the apparel industry is the L/C ([Letter of Credit](#)). An L/C obligates a buyer's bank to pay the supplier when the conditions that both parties have agreed upon are met. Many buyers however no longer favour L/C payments, as this will block their cash flow.

For any further orders however, most European buyers will ask for a TT (Telegraphic Transfer) 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 buyer manual

When you do business with a European buyer for the first time, they will typically give you a contract and/or a manual to sign. By signing the contract, you are confirming that you will comply with all the listed requirements. This means that you will be held accountable in case of a problem after the delivery of an order. Especially complying with REACH can be challenging. With small orders, most European buyers will not ask for expensive testing, but if illegal chemicals are discovered after delivery, you will bear all expenses involved.

Tips:

Read [the CBI study on Buyer requirements](#) for an extensive overview of the legal, non-mandatory and niche requirements you will face as an exporter of denim to Europe.

Read the CBI studies on [Sustainable Cotton](#) and [Recycled Fashion](#) for more information on sustainable (denim) apparel production.

Watch these videos on Youtube by European brands [Marithé+François Girbaud](#) and [Jack & Jones](#) about sustainable denim production. Read this [article on FashionUnited with an overview of 15 sustainable initiatives](#) by denim brands.

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

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

What additional requirements do buyers often have?

Next to legal and non-legal mandatory requirements, 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

European buyers are always looking for special designs, materials or production methods that will help them stand out in the market. That is why they appreciate manufacturers who have their own ideas on product design and development.

Consider for instance:

- Fabrics in different colours than the popular blue, black and grey, such as white denim or other vibrant colours.
- Blended fabrics or different weaving and/or knitting techniques.
- Innovative finishes and prints, preferably using sustainable techniques (see above).

The most popular denim jeans style is still the skinny, although this cut has been losing some ground to more relaxed silhouettes such as the slim and straight cut. Other popular styles are the *loose fit* (wide straight cut from waste to ankle); *bootcut* (narrow around the thighs, loose below the knees); *flared jeans* (tight fit and flair cut below the knees); *capri* (3/4 length) the *stretched jeans* (jeans that easily stretch over thighs and make the legs look long) and the *high rise* (made in almost every cut).

Denim shorts for men and denim mini-skirts for women have lately also become popular in Europe during the spring and summer seasons.

Visual 1. The skinny is still the most popular cut for denim jeans



Photo by [Engin Akyurt](#) on [Unsplash](#)

Communication

Smooth communication is an implicit requirement that all buyers have. You should always reply to every e-mail within 24 hours, even if it is just to confirm that you have received the e-mail and will send a more detailed reply later. If you encounter a problem with a production order, notify the customer immediately 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 for timely delivery.

Flexibility

Many factories focus only on getting 'convenient' orders: simple styles, 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 big, easy orders. Make sure at the start that a buyer will not continue to only place difficult orders with you and convenient orders elsewhere.

Expect a European buyer to require for his or her 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.

Tips:

Find potential buyers on the exhibitor list of trade fairs such as the Bluezone at [Munich Fabric Start](#) (Germany), [Kingspins](#) (USA, the Netherlands) or [Premiere Vision](#) (France, Germany), even if you are not attending (or if shows are cancelled because of COVID-19). Search the [Denimology trade show calendar](#) for denim trade shows near you.

Read more about voluntary standards including fair production in the [ITC Standards Map database](#).

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

What are the requirements for niche markets?

The following niche categories, although relatively small, are experiencing growth and offer opportunities for denim manufacturers. The required qualities, styles and quantities often differ from mainstream production. This means you need to adjust your manufacturing and sourcing setup if you want to be profitable.

Jogg jeans

Jogg jeans is a denim trouser that combines the look of denim jeans with the comfort of activewear. It is made using a stretchy fabric that is a mix of denim and jersey. Jogg denim is also called hybrid denim. This product started as a niche item some years ago, but is now moving towards mainstream. Jogg jeans need to be made to look as much like regular denim jeans as possible (often including fading) but with maximum comfort. Your employees must adjust to working with knitted fabrics instead of wovens, which can temporarily lower efficiency.

Jeggings

A jegging is a legging made to look like denim, with fake pockets and beltloops. The jegging was originally designed using a denim fabric with the elasticity of a legging. As the EU apparel market moves more towards sportswear and activewear, these popular product categories are also influencing mainstream categories. A jegging is a good example of two different categories mixed together. Your employees need to adjust to working with knitted fabrics instead of wovens.

Re-done

Re-done jeans is an increasingly popular style of denim trousers that is made by stitching cut out parts of second-hand denim items onto new pairs. The look shows colour and shade differences, highlighting the fact that it is made from old jeans. Recycling cuttings or second-hand jeans is preferable because of waste reduction, but not a strict requirement. Several brands have been known to develop new jeans that look like re-done denim but are made entirely using new fabrics.

Tips:

If you decide to focus on a niche, investigate the specific requirements and make sure you can

comply. Be aware that order quantities in niche markets are usually smaller than in mainstream markets.

Try to think ahead in your product development if you service niche markets. New innovations are introduced almost daily. Try to find workable innovations that will not only give you the tools to diversify but also to cut expenses.

For more information, read our report on [trends in the European apparel market](#) or sign up for trend forecaster [WGSN's newsletter](#). For an analysis of the latest trends in the European denim market (including the effects of COVID-19), read the [Edited Denim Report \(March 2020\)](#).

2. Through what channels can you get denim on the European market?

Before you start to approach European denim buyers, you need to determine which market segment fits your company best and through what channel(s) you want to sell your product. It is easier than ever to skip intermediaries and approach supply brands and retailers or even end-consumers directly at a higher margin. However, this comes with greater risk, as requirements become more stringent the higher you go up the value chain.

How is the end-market segmented?

In addition to the obvious segmentation based on gender, age and product type, segments in the denim market can best be distinguished by price/quality level. The largest segments are the luxury market, the upper-middle and middle market and the budget segment.

Table 1: Denim market segmentation

Consumer type	Price level	Fashionability	Material use	Functionality
Luxury consumer	Very high	Unique, original styles and designs	Unique, high-quality materials and finishes	Low functionality and often hand wash/dry clean only
Fashion conscious consumer	High	Combination of fashionable styles and basic styles	High-quality materials and finishes	Mix of sensitive materials and practical, user-friendly qualities

The middle market	Medium	Wide range of basic to fashionable styles	Often blends to improve fabric characteristics and durability	Functional and user friendly. Machine wash only
The budget market	(extremely) low	Fashionable and basic styles with a focus on mainstream consumers	Low-price materials meeting consumers' quality expectations	Machine wash only

The luxury consumer

For many European luxury brands like [Versace](#), [Gucci](#), [Dolce & Gabbana](#), denims are a side product. Just like the rest of their collections, the denims such brands offer are extremely fashionable, unique and luxurious designs with a very high retail price. Because buyers in this segment have extremely high standards regarding design, workmanship, material quality and brand image, production mostly takes place in Europe. Order quantities are low.

The fashion-conscious consumer

The upper-middle market caters to fashion-conscious consumers and is the biggest market for denim jeans. It is home to A brands such as [G-Star RAW](#), [Diesel](#) and [Ted Baker](#) selling creative designs, but in a less conspicuous way than in the luxury segment. Consumers appreciate brands for their brand image, original designs and high-quality materials. Smaller brands with a distinct sustainable profile such as [Armed Angels](#), [Nudie](#) and [Kings of Indigo](#) operate in this segment. Retail prices are high, order quantities are low to medium.

The middle market

Practical consumers shop in the middle market. Here, you will find brands and retailers such as [Petrol](#), [Tom Tailor](#) and [Kaporal](#) selling both fashionable and basic styles. The focus is on washability, fit and medium-quality materials. Buyers will sometimes require organic fabrics. Order quantities are high, retail prices low to medium.

The budget market

Price-conscious consumers looking for both inconspicuous but fashionable and more basic designs shop for denim jeans at large retail chains such as [H&M](#) (basic-fashionable), [Primark](#) (basic-fashionable), [HEMA](#) (basic) and [Carrefour](#) (basic). Sustainable materials are in small demand, with notable exceptions such as [C&A](#) and [Zeeman](#). Order quantities are high and retail prices are (very) low, so your margins are too.

Table 2: A selection of European denim companies and their position in the market

Market position of companies based on price/quality level, fashionability and order quantities			
Company name	price/quality level	fashionability	order quantities

	low	med	high	basic	med	high	low	med	high
Just Cavalli			x			x	x		
Paul Smith			x		x			x	
Marc Cain			x		x			x	
Fillipa K			x			x	x		
Diesel		x				x		x	
G-star		x				x		x	
Chasin		x			x		x		
Jack and Jones		x			x				x
Mac Jeans		x			x			x	
Benetton		x			x			x	
Kaporal		x			x			x	
LPP	x				x				x
New Yorker	x				x				x
Piazza Italia	x				x				x

Tips:

A 2018 denim survey by German trade medium [TextilWirtschaft](#) shows that, for most consumers and vendors, quality, innovation and customer service are the most important drivers for purchasing denim jeans. Price ranked fifth.

For inspiration on denim styles check European online shopping platforms such as [Yoox](#) (brands in upper-middle to luxury market), [Zalando](#) (brands in all market segments) and [Asos](#) (brands in lower and middle market).

Add value for higher segments that offer higher profit margins. Focus on design, quality and material use. Watch, for instance, this online 'denim college' by upper-middle market brand G-Star RAW, showing every step in the G-Star manufacturing process: [part 1](#), [part 2](#), [part 3](#), [part 4](#) and [part 5](#). Check [G-Star RAW's manufacturing map](#) for an overview of the factories where their denim jeans are made.

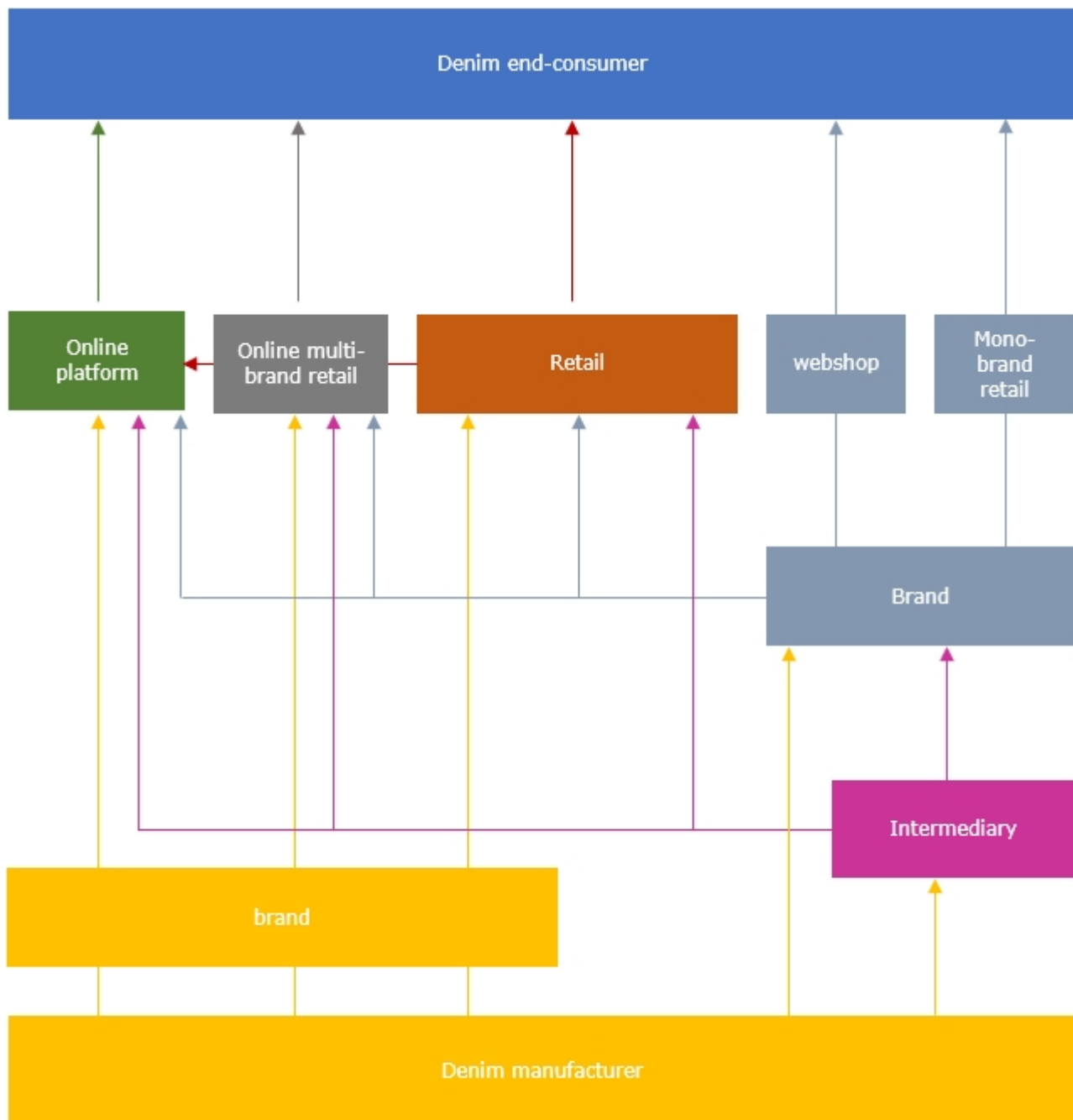
Search the [Material District database](#) for hundreds of innovative and sustainable fibres and fabrics.

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

The most important distinction you should make between potential buyers is their place on the value chain, because this will determine how they do business with you. Each type of buyer needs a specific approach. Always try to find out in what part of the value chain your buyer is operating, what challenges he or she faces in the market and how you can contribute to his or her sales strategy.

- If you want to target European end-consumers, try selling via platforms such as [Alibaba](#), [Wish](#) and [Amazon](#). Most online consumers are in Northwestern Europe. You will need to invest in a web shop, stock, order management and customer service. Your biggest challenge will be return policies and a lack of brand awareness, making it difficult to find buyers outside the budget market.
- Online multi-brand retailers such as [Zalando](#), [Asos](#), [Lyst](#) or [Yoox](#) sell apparel brands and develop their own private collections, mostly value brands. Although currently not many are focused on developing their own denim collections, that could change. Such platforms detect market interest fast and will immediately react to sales data. Usually, such companies place a small test order first. If the item is selling well, they will place the actual production order. Fast delivery is crucial.
- If you want to sell to retailers, the biggest names in denim are [H&M](#), [Zara](#) and [Jack and Jones](#). Many large supermarket chains such as [Lidl](#) or [Carrefour](#) also sell basic denim. As developer and buyer, retailers can place an order relatively quickly and easily, as they only need one development sample for order confirmation. However, their buying behaviour can be unpredictable. Order quantities are high (if you service Europe's large retail chains), but so is price pressure.
- Denim brands such as [Nudie Jeans](#), [Pepe Jeans](#) or [A.P.C.](#) typically develop a collection 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': looking exactly like the product will in the shop, with branded hangtags and accessories. It may take many months before orders are placed. Brands sell to retailers, but also directly to consumers via their owned branded online store.
- Intermediaries (agents, or traders/importers/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 [Fashionlinq](#) or [Dr. Rehfeld AG](#) work from Europe and also do market research, design and stock keeping. Their service level determines the commission rate that intermediaries charge.

Figure 1: Denim market value chain



Tips:

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

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

Do a thorough study of the market your ideal buyer is operating in and adjust your proposition to his or her requirements and ambitions.

Check the latest news and updates about denim on [Denimology](#), [Business of Fashion](#), [FashionUnited](#), [Fibre2Fashion](#) and [WWD](#).

Check the [COVID-19 Retail Analysis Dashboard](#) by fashion consultancy Edited for the latest news about the effects of COVID-19 on European fashion retail.

What is the most interesting channel for you?

If you are a small to medium-sized manufacturer in a developing country, intermediaries are likely the most interesting type of buyer for you, followed by smaller (niche) brands and retailers. The bigger brands and retailers are only potential buyers if you have the right certifications and can handle large volume orders. End-consumers are a difficult target group, because of complicated customer service demands.

Intermediaries

Agents or traders/importers/private label companies are usually the first to explore new sourcing destinations (from their perspective). 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 negotiation room for you as a manufacturer. Furthermore, traders require flexibility from manufacturers regarding quantities and qualities.

Small (niche) brands and retailers

Many European fashion brands and retailers are trying to cut out intermediaries and source directly from manufacturers. Hence, these companies can be an interesting category of buyers, but beware: size matters. Supplying major European brands and retailers as an SME may not be realistic due to the high requirements and high volumes. Unless you have the right certification and can produce volume orders, small (niche) brands and retailers are more likely business partners.

Online multi-brand retailers

Also promising are multi-brand online stores that produce private collections, because this market is growing. This is a budget market with low profit margins, but potentially big volumes, mostly spread over many small orders. Check out, for instance, '8' by Yoox, Zalando's private label brand 'YOURTURN', or 'ASOS DESIGN' by Asos.

Tips:

You can find intermediaries specialised in denim by using an online search engine. Use keywords such as 'full service', 'garment' or 'denim' plus 'solution'. Trader's websites usually show the brands they are working with.

Check the online [Retail-Index](#), which contains profiles of major apparel (including denim) retailers in Europe.

3. What competition do you face on the European denim market?

Many leading European denim brands have been in business for decades. They have built a strong position in the market and they usually work with a fixed selection of suppliers, making it difficult for newcomers to enter the market. If you want to be competitive, it is very beneficial if you have local availability of export-quality cotton and synthetic fibres and materials, flexible MOQ's (Minimal Order Quantity) and an innovative mindset regarding materials and construction techniques.

Which countries are you competing with?

'Near sourcing' manufacturing countries like Turkey, Morocco, Tunisia and Egypt focus on fast delivery and high

fashion input, which enables buyers to respond quickly to market trends. The bulk of denim production used to be manufactured in China but has moved towards countries like Bangladesh, Pakistan and Cambodia due to price pressure. These countries are increasingly investing in design and innovation to diversify.

Bangladesh

Bangladesh has specialised in making cheap basic apparel, including denim jeans. The country benefits from low production and labour costs and the GSP. The biggest challenge for Bangladesh will be to increase technical expertise and facilitate smaller orders. An increasing number of factories in Bangladesh are complying with international safety and sustainability standards.

Turkey

Turkey has the main advantage of being close to Europe, which results in very short lead times. The country produces high-quality denim jeans in small quantities and it has a European business culture. Among other things, Turkish manufacturers will accept payment in Euro. Turkish manufacturers are also known for pioneering recycling technologies to produce more sustainable jeans. Downside: price levels are relatively high compared to countries like Bangladesh and Pakistan.

Pakistan

Pakistan is a popular sourcing destination for good-quality, relatively cheap denim jeans. The country grows its own high-quality long staple cotton and it benefits from the GSP. The biggest downside however are high MOQ's and security issues. Many buyers do not want to travel to Pakistan (or are prohibited from doing so by their company), so they cannot procure denim jeans in Pakistan (or only via an intermediary).

China

China offers denim buyers technical innovation, high efficiency, excellent customer service and the local availability of fabrics and trims. Downsides: high MOQ's (although Chinese factories are improving on this point fast), rising labour and production costs and no [General Scheme of Preferences](#) (GSP). The country has lately also struggled with the insecurity resulting from the US-China trade war.

Tunisia

Tunisia's biggest competitive advantage is its geographic location close to Europe, resulting in very short lead times. The country is experienced in producing trousers and denim. Tunisia's biggest challenge is competing on cost due to relatively high wages, inflation and a small working population.

Cambodia

Cambodia is another upcoming production country for apparel, including denim jeans. Many factories are set up by foreign investors, who also supply their expertise. The country benefits from the GSP. Downsides: sub-optimal production quality due to an inexperienced and relatively small workforce. Cambodia has caught some [attention in Western media over social compliancy concerns](#), but working conditions seem to have improved in recent years.

Tips:

Most online search engines will let you create a 'news alert' on a topic. This way, you can automatically follow the latest developments in the apparel industry in a specific country.

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](#).

Opportunities exist for lower cost manufacturers that can also offer value added services and smooth and consistent supply, particularly regarding quality and on-trend materials. Build up your knowledge of fabrics and create a reliable network of mills by visiting relevant trade shows.

Study the countries you are competing with, 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](#), [transparency](#) and occurrence of [CSR risks](#).

Which companies are you competing with?

[Denim Expert](#) is one of the leading denim manufacturers in Bangladesh. The factory is ACCORD, BSCI, WRAP and Sedex certified. On its website, it first presents an elaborate story of its history, people and vision, before showing its facilities and product range. Denim Expert focuses heavily on product development and design (which it [showcases on its website](#)) and sustainable production.

[Realkom](#) in Turkey is a fully integrated manufacturer of high-quality denim jeans. The company invests heavily in research and development and has a big wash development centre. In addition to cut-make-trim, Realkom offers advice on trends, designs, fabrics and washings. The company publishes its own sustainability report, with scores on different [Sustainable Development Goals](#).

[Wiser Globe](#) is a full-service denim supplier with offices in Amsterdam and Los Angeles and factories in Asia. The company positions itself not just as a denim manufacturer, but as a partner offering fashion brands advice on anything from marketing, design and development to transport and finance. Wiser Globe offers a range of sustainable solutions for fabrics, dyeing and fading.

Tips:

If you want to compete with the market leaders in denim production: be flexible in your minimum order quantity even if the product has a high quality and finishing standard; innovate in product development and design and offer excellent customer service.

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

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.

Explore possibilities for different types of collaborative partnerships that can offer market access opportunities and/or raise your knowledge and service level. In the highly competitive European market, companies are looking for a competitive edge that will enable them to differentiate themselves from others. Co-creation and new ideas from partners are usually welcome.

Which products are you competing with?

Denim has long been a staple in European wardrobes, with many European consumers owning several pairs of denim jeans. Denim imports into Europe have grown steadily between 2014-2019, but they declined by 0.34% in 2019. Some industry insiders blame a lack of innovation and creativity in product development for this decline, as well as the growing popularity of the following apparel categories.

Athleisure

Athleisure is to denim what denim once was to more formal styles of apparel: a comfortable alternative that you can even wear to work. For many (online) retailers, denim is still the dominant style for trousers, but more comfortable styles like [leggings and joggings are catching up](#). Denim items that adopt comfortable features like stretch do relatively well.

Loungewear

An even more informal offshoot of the Athleisure trend is loungewear: extremely comfortable styles designed for wear in and around the house. This trend is helped by ever more people in Europe preferring to stay at home, both for work and recreation ([the 'Netflix generation'](#)).

Non-denim trousers

The import of non-denims such as cotton chinos and woollen trousers grew an average of 5.7% per year between 2014-2019. This category is becoming increasingly popular among European consumers. As with the athleisure trend, items blended with elastane for stretch and comfort are doing relatively well.

Second-hand denims

The market for second-hand apparel is [growing steadily in Europe](#), helped by convenient reselling, renting and swapping apps such as [Vinted](#), [United Wardrobe](#), [Vestiaire Collective](#) and [By Rotation](#). This could in time threaten the import of denims into Europe.

Tips:

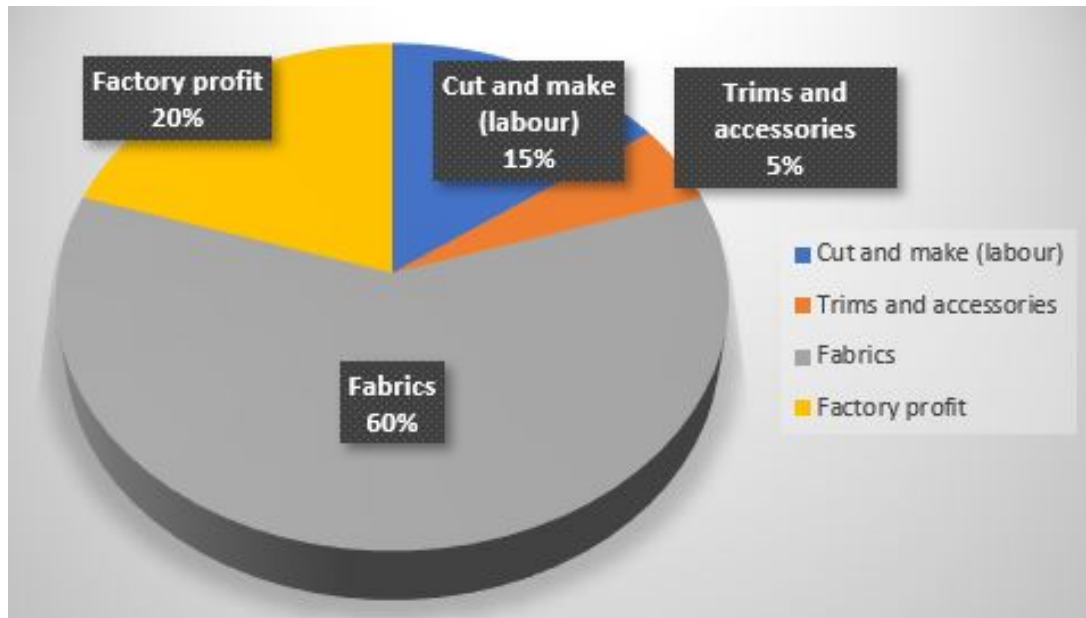
Stay informed about the trends on the European denim market and try to adapt your product portfolio to new developments, even if it means also using non-denim materials.

Develop a close cooperation with your fabric supplier. By combining your expertise on product development, you will increase your competitiveness.

4. What are the prices for denim on the European market?

The factory price of your product (in fashion industry jargon, your 'FOB price': [Free On Board](#)) is influenced by many factors, such as the cost of materials, the efficiency of your employees and your overhead and profit margin.

The average cost breakdown of your FOB price should look like this:



Note that these percentages may differ 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 differ, 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 denim item is on average 4-8 times the FOB price (this is called the 'retail markup'). It follows that the FOB-price is on average 12,5-25% of the retail price of the product. Exceptions do occur. In the budget market, some large European retail chains may only double the FOB price mark up. Retailers mark up the FOB-price by 4-8 times because they need to account for (among other things) import duties, transport, rent, marketing, overhead, stock keeping, markdowns, VAT (15-27% in EU-countries).


According to [Eurostat's 2018 comparison of retail prices for apparel](#), of the top six importers of (denim) apparel and footwear, France has the highest price level at 109.9 points compared to the European average of 100, followed by 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.


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

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