

Entering the European market for swimwear

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 swimwear on the European market.

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

There are several requirements that you need to comply with when exporting swimwear to Europe. 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 swimwear market.

What are mandatory requirements?

The following requirements are mandatory. They include legal 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.

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 swimwear. Read the '[question and answer](#)'-document about this standard (TR 17376).

REACH

Any item of swimwear 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). Check the [complete list of chemicals restricted by REACH](#) here.

Labelling your product

You must specify the material content of every apparel item 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.

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.

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, European buyers may request standards such as the Standard 100 by [OekoTex®](#), [EU Ecolabel](#) or [Bluesign®](#).

Regarding social compliance, the [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](#).

Supply chain transparency is another increasingly popular topic in the European apparel industry. Many companies have already published their suppliers in the [Open Apparel Registry](#). Fashion Revolution rates European brands in a [transparency index](#).

Tips:

Read how to comply with transparency requirements on the website of the [Clean Clothes Campaign](#) and [Human Rights Watch](#).

Provide buyers with as much information on your product as possible. The more information you can give about the origin of your materials, the better.

Other sustainability requirements may be:

- Use of fabrics made with recycled content, such as [ECONYL®](#) (made from recovered fishing nets, old carpets and landfill plastics), [REPREVE™](#) or [Mipán®](#). The most commonly used certifications for recycled content are the Recycled Claim Standard ([RCS](#)) and the Global Recycled Standard ([GRS](#)).
- Saving water during production by dyeing fabrics with new techniques (using CO2 instead of water) such as [Dyecoo](#).
- Fabrics dyed with only natural ingredients such as [Rubia](#), [Fibre Bio](#) or [Greendyes](#); water-based print dyes such as [Adalberto](#) or dyestuffs made from recycled materials such as [Recycrom](#).
- Waterproofing swimwear with sustainable coatings such as [Neoseed](#).

Packaging requirements

In most cases your buyer will give you instructions on how to package the order, in a manual. If you agree with your buyer that he or she will clear customs in the country of import (which is the norm in the apparel industry), it is his or her responsibility to make sure the instructions comply with EU import procedures. Any efforts you make to reduce the environmental impact (and financial cost) of the use of packaging materials are highly appreciated. Read [this article on Vogue Business for sustainable packaging ideas](#).

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 follow-up orders however, most European buyers will ask for a TT (Telegraphic Transfer) after 30, 60, 90 or

sometimes even 120 days. This means that 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 swimwear to Europe.

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.

Do not take financial risks with new buyers. Insure your orders via an insurance company or insist on L/C.

What additional requirements do buyers often have?

Besides 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. Consider for instance:

- Fabrics with UV-protective properties. Read this [article by SGS on the European standard \(EN 13758\) for UV-protectiveness in clothing](#).
- Fabrics and padding that enhance a consumer's shape.
- Fabrics that provide a long-lasting fit such as [Lycra® T400®](#).
- Performance-increasing materials (for instance special knits that reduce drag, improve blood circulation or give extra support in specific body areas)
- Integrated wearable technologies (activity trackers, heart rate and blood pressure sensors, or sensors that let you keep track of your child or prevent them from entering deep water).

Visual 1. Swimwear for women is the largest sub-category in swimwear



Photo by [KAL VISUALS](#) on [Unsplash](#)

Printing

Printed fabrics are widely used in swimwear production. There are different printing techniques: lithography (using printing plates and rollers on fabric); digital printing (inkjet and laser, allows for small production runs) and screen printing (transferring images onto fabric or garments using a fine material or mesh/film. Printing can be outsourced, but having your own printing and embroidery machines increases your flexibility.

To ensure quality (and in some cases also environmentally respectful production methods), buyers may require you to source your base materials from a preferred supplier or from a controlled source. For instance:

- [DuPont](#) for Lycra®
- [ECONYL](#)® for regenerated Nylon

Communication

Smooth communication is an implicit requirement that all buyers have. 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 your buyer 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 on-time 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 they give 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 would normally accept for small quantity orders.

Even then, be aware that 'big easy orders' may never come, especially if you are working with smaller brands and retailers. Such buyers are increasingly spreading out their orders over the year because swimwear is not a typical summer item anymore. This is due to climate change (which has prolonged the summer season) and online retail (which has made consumers get used to the idea that swimwear is available anytime, anywhere). This means you need to adjust your production lines, keep stock and deliver small collections fast, all year long.

What are the requirements for niche markets?

There are many interesting niches in swimwear. Be aware that niche buyers usually offer smaller orders and require a relatively high service level. This means that you need to adjust your manufacturing and sourcing setup if you want to be profitable.

Special sizes

Following the 'body acceptance' trend, ever more European fashion brands have started to include silhouettes in their size range for specific body types, such as plus size, petit, tall and maternity fashion. Check this article by fashion consultancy Edited about [the growing market for special sizes](#).

Adaptive wear

Adaptive apparel market is a niche that caters to the individual requirements of consumer groups with very diverse needs, such as disabled people and the elderly. This target group is underserved but growing. Be aware that adaptive swimwear has specific requirements regarding product safety and functionality. Check the [CBI study on Adaptive apparel](#).

Modest wear

Many Europeans with an Islamic background prefer 'modest' styles: designs that cover the body from head to toe and show little figure. This target group is underserved but growing. For specific requirements read the [CBI study on Islamic wear](#) or this [article by fashion consultancy Edited about the rise of modest fashion](#).

Performance enhancing swimwear

Sportswear is a growing product category, including swimwear designed for amateur and professional athletes. They appreciate performance enhancing properties such as fabrics that reduce drag or integrated wearable technologies (performance trackers, such as heart rate and blood pressure sensors).

UV-protective swimwear

UV-protective swimwear may sound contradictory because most swimwear is designed to *not* cover the entire body. UV-protective swimming shirts and shorts however are becoming a staple in swimwear collections, especially for children.

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 become a specialist in the niche of your choosing.

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.

Develop a specialised collection that represents the niche requirements to show your potential customer that you understand and supply according to their requirements.

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

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

Table 1: swimwear market segmentation

Consumer type	Price level	Fashionability	Material use	Functionality
Luxury consumer (luxury market)	Very high prices	Unique, creative designs	High-quality fabrics and trims, nominated suppliers	Highly fashionable and functional
(amateur) Athletes (upper middle market)	Medium-high prices	Designs with a focus on performance improvement	High quality, nominated suppliers	Highly functional
Fashion conscious consumer (upper middle market)	Medium-high prices	Fashionable designs inspired by the luxury market but manufactured with more affordable materials	High-quality fabrics, sometimes nominated suppliers, sustainable materials	Fashionable and functional
Practical consumer (middle market)	Medium prices	Wide range of products from basic to fashion manufactured in affordable materials	Medium quality, sometimes sustainable materials	Fashionable and functional

Price conscious consumer (budget market)	(extremely) low prices	Focus on basic styles with fashionable details	Medium quality	Functional and sometimes fashionable
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Luxury consumer

In the European luxury swimwear market brands such as [Agent Provocateur](#), [Moschino](#) and [Versace](#) sell extremely fashionable, luxurious swimwear at a very high retail price. In this segment, creativity and uniqueness rule, together with perfect fit and high-quality fabrics and trims (from nominated suppliers). 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.

(amateur) Athlete

In the high-performance sportswear segment, athletic swimmers buy their swimwear primarily for its functionality. Brands such as [Arena](#), [Speedo](#) and [TYR](#) focus on performance and high-quality materials. Fabrics are typically highly technical, lightweight and drag reducing. This category does not grow fast; demand is led by innovation.

Fashion-conscious consumer

The upper-middle market caters to fashion-conscious consumers. It is home to A brands such as [Oxbow](#), [Brunotti](#) and [Protest](#). This segment is more relevant for ladies' swimwear than for men's, because women are typically more motivated to follow the latest fashion trends, whereas men tend to be more practical and don't mind wearing the same swimwear for several seasons. Consumers in this segment appreciate brand image, original designs and high-quality materials. Retail prices are medium-high, order quantities are low to medium.

Practical consumer

Practical consumers shop for swimwear that is comfortable and easy-care, at brands and retailers such as [Calzedonia](#), [Next](#) or [Hunkemöller](#). This target group cares about fashion but is guided by their budget. Order quantities are medium-high, retail prices low to medium.

Price-conscious consumer

Price conscious consumers looking for basic designs shop for swimwear at large retail chains such as [H&M](#), [Marks and Spencer](#) or [Lidl](#). Although consumers in this segment expect (very) low retail prices, they also expect good-quality materials. If you want to be successful in this segment, focus on high efficiency, volume production and low prices (which means low margins). In uncertain economic times, this segment is expected to grow.

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

Positioning 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

Vilebrequin			X			X	X		
Frescobol			X			X	X		
Moschino			X			X	X		
Hackett		X	X		X			X	
Nike		X	X		X				X
Adidas		X	X		X			X	
Brunotti		X	X		X		X		
Zara		X			X				X
Bogner		X		X				X	
H&M		X			X				X
Decathlon		X		X					X
River Island		X			X				X
Topshop		X			X			X	

Tips:

Check online shopping platforms for swimwear such as [Yoox](#) (luxury and upper-middle market segments) [Zalando](#) (all market segments) or [Asos](#) (middle and budget market) for inspiration on styles and colours.

Find your inspiration in the luxury segment but never copy the styles.

Follow the economic situation in the country you choose to focus on and develop a suitable price strategy.

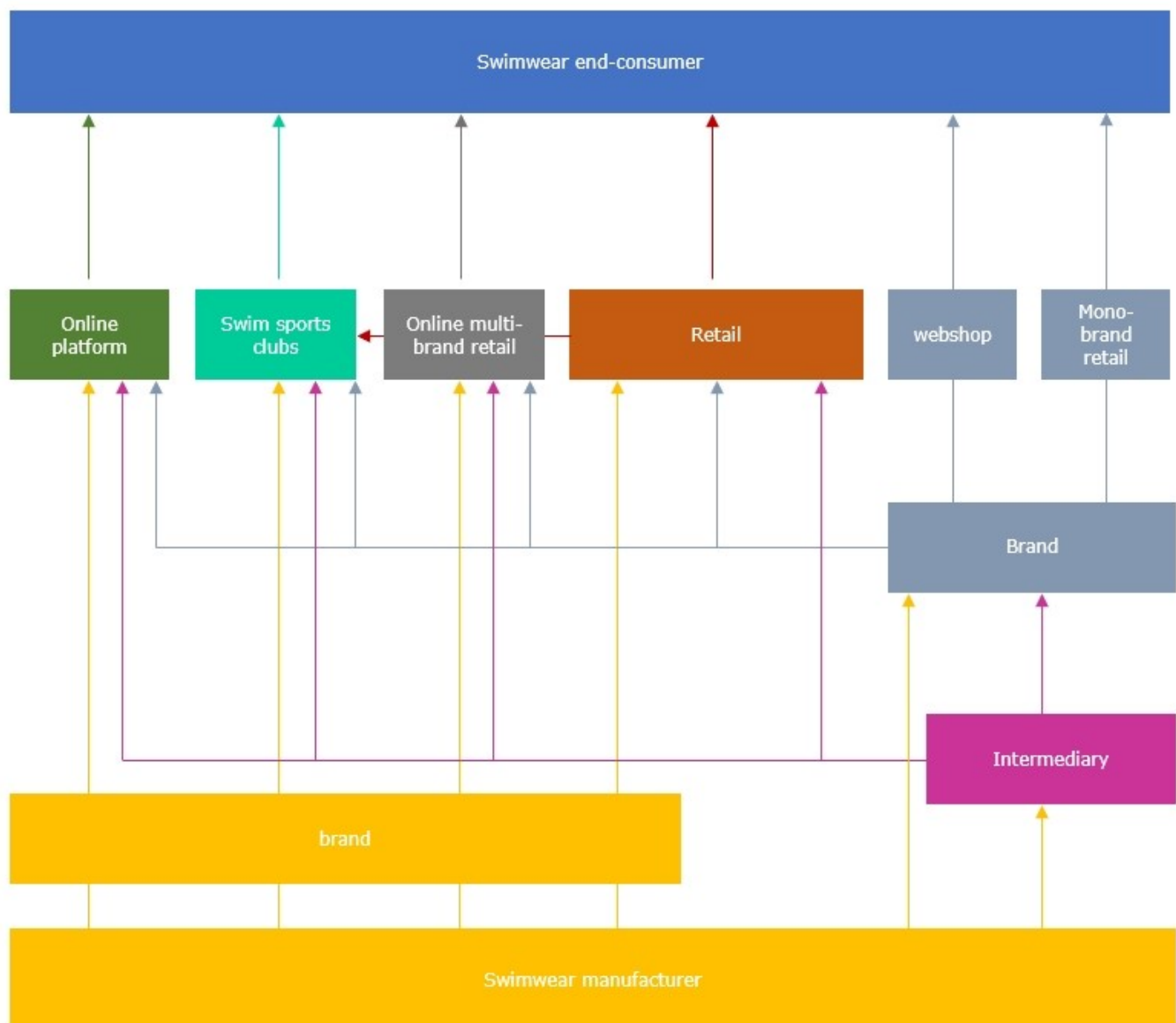
Through what channels does the product end up on the end-market?

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. Within each part of the value chain, you will find buyers of different market size, with different requirements regarding MOQ (minimum order quantity) and price.

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 webshop, 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](#) and [Yoox](#) sell existing swimwear brands and may develop their own private collections, mostly value brands. They can detect market interest very quickly and will immediately react to sales data. Usually, such companies will place a small test order first. If the item is selling well, they will place the actual production order. Fast delivery is a must.
- If you want to sell to retailers, the biggest names in swimwear are [H&M](#), [C&A](#), [Marks and Spencer](#), [Zara](#) and [Primark](#). Retailers can place an order relatively easily, as they only need one development sample for order confirmation. Order quantities are usually high, and so is price pressure.
- Swimwear brands such as [Vilebrequin](#), [Brunotti](#) and [Protest](#) 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.
- 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 [Dr. Rehfeld](#) and [Trademarktex](#) work from Europe and also do market research, design and stock keeping. Their service level determines the commission rate that intermediaries charge.

Figure 1: Swimwear market value chain



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 and multi-brand online platforms. 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.

Be aware that swimwear is traditionally a seasonal product, although sales are spreading out more over the year. This means that sales success is partially dependent on the weather. To spread your risk, it is wise to combine swimwear production with other product groups that are related to swimwear but are less seasonal. A broader product portfolio will also make you more appealing to (potential) buyers.

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 swimwear by using an online search engine. Use keywords such as 'full service', 'garment', 'agent' or 'swimwear' plus 'solution'. Trader's websites usually show the brands they are working with.

Focus on different print techniques and try to develop unique prints.

Create combined products (for instance a bikini and a sarong) that entice your buyer (and the end-consumer) into buying a theme and not just one product.

Read the CBI study '[10 Tips for finding buyers on the European apparel market](#)' for information on finding buyers via trade fairs, matchmaking websites, online databases and sector associations.

Find potential buyers at trade fairs for swimwear. Even if you don't plan to attend, you can check the exhibitors list. Check out, for instance, the [ISPO](#) in Germany, [Interfilière](#) in Paris (there is also an [Interfilière](#) in China where many Asian exhibitors go), [Maredamare](#) in Italy or [CPM](#) in Russia.

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

Swimwear is manufactured worldwide, so you will likely face stiff competition in this market. The most important ways to create a competitive advantage over other countries and manufacturers are: technical knowledge, service level, flexibility (the willingness to accept lower MOQ's), efficiency and beneficial trade agreements.

Which countries are you competing with?

China was once the main sourcing destination focused on high volume orders. It is now focused more on design and a medium-high price level. It is still the global market leader in fabric manufacturing and thus the best country to source fabrics for volume orders. Countries such as Vietnam and Bangladesh have taken over China's volume orders, giving buyers some flexibility in MOQ. Near-sourcing destinations such as Tunisia and Turkey are focused on fast fashion and very capable of delivering the right product at the right time.

China

China offers high quality, technical innovation, high efficiency, excellent customer service and the local availability of fabrics and trims. Downsides: high MOQs (although Chinese manufacturers are increasingly becoming more flexible, especially compared to Southeast Asian countries), rising labour and production costs and no [General Scheme of Preferences \(GSP\)](#) that removes import duties to the EU. The country has lately also struggled with the insecurity resulting from the US-China trade war.

Vietnam

The workmanship of Vietnamese fashion manufacturers makes their products stand out in quality. The country benefits from the GSP. Downsides: relatively limited experience in making swimwear, high MOQs, limited availability of local fabrics and trims and a general lack of capacity (especially in the factories that operate in the North and South of the country). With competition for land and local talent rising, some Vietnamese manufacturers and foreign investors have [slowed their expansion plans in the country](#).

Tunisia

Tunisia's biggest competitive advantage is its geographic location close to Europe, resulting in very short lead times. Fabrics are imported from Turkey or Europe, which offers Tunisian factories flexibility in MOQ. Tunisia's biggest challenge is competing on cost due to relatively high wages, inflation and a small working population.

Bangladesh

Bangladesh dominates the fashion industry with high volume, low price manufacturing. The country benefits from low production and labour costs and the GSP. Most synthetic fabrics are still imported from China, which makes it difficult for factories to produce small orders, although this is changing. Bangladesh has relatively little experience in making swimwear. A big challenge for Bangladesh will be to increase technical expertise and facilitate smaller orders.

Cambodia

Cambodia is another upcoming production country for apparel. Many factories are set up by foreign investors (notably the Chinese), who also supply fabrics, trims and expertise. The country benefits from the GSP. Downsides: high MOQs make it difficult for smaller European buyers to source here. Production quality is sub-optimal due to an inexperienced and relatively small workforce.

Sri Lanka

Although Sri Lanka's wages are increasing, it remains a low-cost sourcing destination with a skilled workforce and efficient, compliant factories. The country is focused on higher added value products including upper-

market casualwear, women's lingerie/nightwear, swimwear and embellished products. Sri Lanka lacks locally produced fabrics, but it benefits from the [GSP+](#) tariff scheme.

Tips:

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

Check the freely accessible [CSR Risk Check database](#) to discover the social and environmental risks associated with apparel production in different countries, including your own. Use this information to mitigate risks and to advertise the advantages of sourcing in your country.

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

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.

Which companies are you competing with?

[Sunwear](#) is a design-driven, flexible manufacturer of beachwear in China. The company offers a wide range of products for different swimwear categories. Sunwear has built up much expertise on the use of sustainable materials and product design and development to support their international buyers.

[Thygesen textile group](#) has its headquarters in Denmark and a privately owned, vertically integrated factory in Vietnam (knitting and garment making). The group combines different markets and manufacturing, enabling Thygesen to better understand the trends and requirements in different markets and to implement these into their manufacturing setup. From Denmark, the group offers design and development services that are all manufactured in the factory in Vietnam.

[France Confection](#) is a small factory based in Tunisia with France as its focus export market. This company offers flexibility, product development and short lead times, enabling their buyers to react quickly to market trends. Due to their language and communication limitations, it depends heavily on France.

Tips:

Study what customer base these successful swimwear producers have and what services they offer to their buyers. Advertise your strengths (product development, vertical integration, flexibility, short lead times, etc.) and work on your weaknesses.

Be flexible in your minimum order quantity even if the product has a high quality and finishing standard, especially for first time orders. Innovate in product development and design and build your reputation on creativity. Finally: 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 swimwear.

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.

Which products are you competing with?

Bathing suits, bikinis, swim trunks and shorts are staples in European consumers' wardrobes and have not changed much in recent decades. They are not likely to be threatened by fundamentally different products. However, there are strong upcoming niches within the swimwear category.

UV-protective swimwear

UV-protective swimming shirts and shorts are becoming a staple in swimwear collections, especially for children. UV-protective swimming shirts for women could become a threat to the bikini.

Tips:

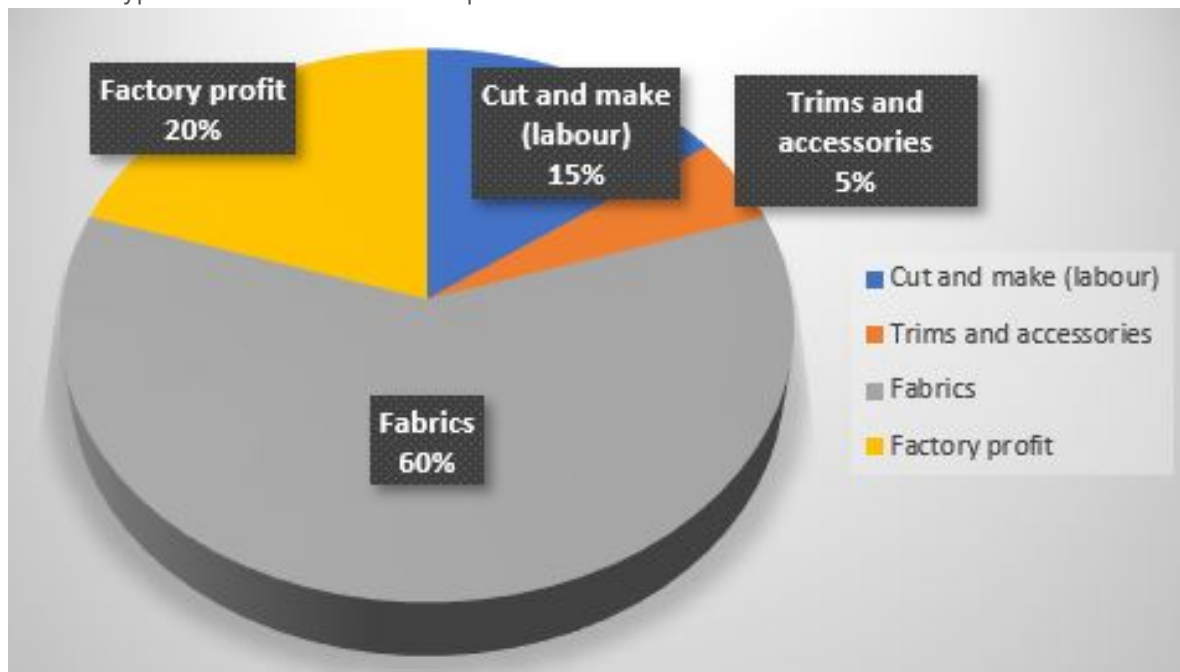
- Find buyers in different continents and climate zones, to spread your orders over the year.
- Develop a product range in complementary to swimwear, such as shirts, sarongs or sunglasses.
- Find an agent in Europe and offer buyers stock service.

4. What are the prices for swimwear 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:

Chart 1: typical breakdown of an FOB price



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 swimwear 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. 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 apparel and footwear France has the highest price level at 109.9 points compared with 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.

Because of online commerce, a strong budget segment and intense competition, consumers in Europe have become accustomed to low prices. At the same time, the focus on sustainability and higher production costs have put manufacturers suppliers and buyers under enormous price pressure. However, prices will likely remain stable in the next three years thanks to increased efficiency/automation and the production shift to low-wage countries.


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