CBI Product Factsheet:
Fast Fashion in Europe
Introduction

This product factsheet provides you with information that is relevant if you want to enter the fast fashion market in the European Union. Fast fashion production requires suppliers to maintain good contact with retailers, to possess a thorough understanding of the latest fashion trends, and to have an efficient supply chain. In Europe, the weak economy is creating a consumer demand for cheap clothing. Short fashion lifecycles drive demand for new collections. Sustainable fast fashion niche markets offer opportunities in a growth environment, but require exporters to be knowledgeable of sustainable manufacturing processes.

Product description

Fast fashion is a term used by fashion retailers to acknowledge that designs move from catwalk to store in the fastest possible time, in order to capture current trends in the market. Fast fashion is a business model that combines four elements: fashionable clothes (mostly for young consumers), affordable prices (mid-to-low range), quick response to consumer demand and reactions, and frequent changes in the assortment. This model allows mainstream consumers to take advantage of current clothing styles at much lower prices. Three crucial factors are at play within fast fashion consumption: market timing, cost and the buying cycle. The standard turnaround time from catwalk to consumer (three to six months) is compressed into a few weeks. Efficient supply chains are vital to the creation of fast fashion. Retailers respond to shifts in the market within just a few weeks, as compared to the industry average of six months. Fast fashion retailers produce around 10 collections every season. For fast fashion, the apparel lifecycle (as depicted in Figure 1 below) is shorter than normal.

Figure 1: The apparel lifecycle

![Apparel Lifecycle Diagram](https://example.com/apparel-lifecycle.png)

Source: Robin Anson - CEO Textile Intelligence.com

Product specifications

Fast fashion consists of women’s wear, men’s wear and children’s wear. Children’s clothing is embedded within the adult product groups, which consist of the following categories:

Knitted and woven clothing (HS codes: 6101 – 6106; 6110; 6201-6206)

Product groups:
- Trousers and shorts
- T-shirts
- Shirts and blouses
- Jerseys and cardigans
- Dresses and skirts
- Jackets and coats
- Suits and ensembles

Body wear (HS codes: 6107; 6108; 6115; 6207-6208; 6212)
Product groups:
- Underwear
- Night and indoor wear (pyjamas, nightshirts, bathrobes)
- Hosiery (socks, tights)

Fashion accessories (HS codes: 6116; 6117; 6213-6217)
Product groups
- Gloves, mittens & mitts
- Neckwear (shawls, scarves)
- Carrying products (handbags, shoulder bags, wallets, purses)
- Other fashion accessories (handkerchiefs, belts, hats, and caps)

T-shirts and denim (jeans) constitute two particularly relevant categories for fast fashion.

**Material and design**

Fibres are used as raw materials with which to create yarn, which is then woven, knitted, matted or bonded into fabric. Fabrics can be made of natural or synthetic sources, or a blend of the two. The fibre compositions that are most commonly used in textiles are:

**Natural fibres**
Natural fibres can be categorised into two main groups: 1) cellulose or plant fibres and 2) protein or animal fibres. The most common plant fibres are cotton and flax (linen). Other plant fibres include jute, flax, hemp, ramie, abaca, bamboo (used for viscose), soy, corn, banana, pineapple and beechwood (used for rayon). The most common animal fibres are wool and silk. Other animal fibres include angora, camel, alpaca, llama, vicuna, cashmere and mohair.

**Synthetic fibres**
Most artificial fibres are produced synthetically from chemical elements or compounds developed by the petrochemical industry. Viscose, acrylic, nylon, and polyester are common synthetic fibres.

**Recycled fibres or materials**
Recycled or reclaimed fibres are made from scraps of fabrics collected from clothing factories, which are reprocessed into short fibres to be spun into new yarn. Only a few facilities in the world are able to process the clippings.

Fast fashion fabrics can also be made of a blend of fibres. Fabrics can be combined with other materials (e.g. leather, fur, faux-fur, metal, glass or plastics). When targeting the growing niche market for sustainable fashion, preference should be given to materials with low environmental impact.

Due to the fast lead times, it is important to maintain flexibility and responsiveness in the manufacturing process. This should be considered when choosing materials for fast fashion apparel. Fabric can be held in stock and then cut and dyed at the last minute to suit a fresh design.

Apparel quality and cost are primary factors in the buying decisions of consumers, and it is important to have products of quality levels corresponding to the needs of end users.

Given that fast fashion centres on bringing the latest fashion trends to the market in a short time, colours should be attuned to the target segment or demographic, and designs should reflect the absolute latest fashion trends in the target market segment. The fast fashion model emphasises the rapid release of mini-collections, and cannot work unless great efficiency is achieved at each stage of the product development process.

**Labelling and packaging**

- Labels for transport normally include information on the producer, consignee, composition of the product and the size of the product, number of pieces, bale/box identification and the total number of bales/boxes, in addition to net and gross weight.
- The most important information on the product or packing labels for alpaca apparel products includes composition, size, origin and care labelling.
Additional information and illustrations of product labelling are provided under the heading 'Labelling of home textiles apparel' in the section on 'Legal requirements'. Packaging usually consists of plastic wrapping to protect the fabric from humidity.

Quality

Fast fashion with quick manufacturing is typically a low-cost concept. Costs can be kept low by using lower-cost raw materials in the manufacturing process. This can translate into lower product quality compared to slower fashion segments. Several factors contribute to the quality of apparel: performance, reliability, durability, appearance and the perceived quality of the product. Quality is calculated in terms of the quality and standard of fibres, yarns, fabric construction, colourfastness, surface designs and the final finish. It is important for shipment batches to be of an even quality that meets the agreed-upon specifications.

Although fast fashion is also moving towards more sustainable production processes and materials, the frequency of collection changes makes this model a less sustainable segment by definition. The ultimate level of quality depends upon the segment within the European market on which the clothes are to be sold. Products destined for higher-end markets are expected to be of better quality than those destined for lower-end markets.

What is the demand for Fast Fashion apparel products for Europe?

Notwithstanding the economic downturn, the European market for apparel still is the second largest after China, and is forecasted to stay at this level until 2025, although the distance with China will widen. The total European apparel market declined around 10% over the period 2009-2014 and its growth is still forecasted be negative in 2019: -2%. The six biggest European apparel markets Germany, UK, France, Spain, Italy and the Netherlands, accounting for almost 70 percent of the total European market, still faced declining sales in 2014. Though it is a small country, the Netherlands is also a relatively big importer due to its role as a trade hub (re-exports).

The role of Eastern European countries is becoming increasingly relatively important in Europe both as a consumer market and as a partner in production, given proximity and consequently low transport costs and high chances of co-creation. After a period of three years of stable imports, the imports rose again in 2014 by about 10%. All product groups benefited. Sourcing within fast fashion is looking at countries closer to Europe compared to the traditional supplier countries such as Vietnam, Bangladesh and Cambodia. Countries from Eastern Europe, Portugal, Turkey, Morocco and Ethiopia are receiving much attention as preferred suppliers, allowing for shorter lead times.

Figure 2: Major European importers of apparel in 2014, € million

![Figure 2: Major European importers of apparel in 2014, € million](source: Trademap)

Germany is the biggest importer of apparel products, followed by France and the UK.
Figure 3: European import of t-shirts by leading exporter 2010-2014, € million

Figure 4: Growth of European import of jeans (changes compared to 2007 as base year) 2007-2013

Source: TexWorld Paris 27/5/14
For both t-shirts and jeans, the biggest categories within fast fashion, import from most countries is growing, especially in Pakistan and Bangladesh for jeans and Bangladesh, Turkey, India and Cambodia for t-shirts. The United Kingdom, Germany and France are the biggest buyer of t-shirts. It is interesting to observe that the average price levels for imported jeans in Europe vary considerably from one member state to another. Italy buys the most expensive jeans (15 euros per pair in 2013), followed by Austria (10.49 euros), Denmark (9.31 euros), Germany (8.77 euros) and Sweden (8.17 euros). On the contrary, Spain (6.6 euros per pair), the United Kingdom (6.70 euros), France (7.26 euros) and Portugal import jeans of a much lower price, suggesting the price of imported jeans in Spain and Great Britain is more downmarket.

Germany is the largest of the European import markets for jeans in terms of value and volume (114 million pairs of jeans imported in 2013) but also one of the markets with the strongest growth rates (7.2% average an year between 2005 and 2013). The second largest market is the United Kingdom (499 million euros and 74.4 million pairs of jeans in 2013, with an average annual growth rate of 2.5% for the past eight years). It is followed by Spain which, after a very high average annual growth rate since 2005 (+12.5%), has reached a size comparable with that of the United Kingdom. Despite its difficult economic situation, Spain remains a very attractive market for jeans.

Tips:
- Target traditional markets such as, Germany, the United Kingdom, France, Italy, Spain and the Netherlands, but also consider approaching Eastern European markets in order to work together with producers, and to prepare for serving the Eastern European market that offers good potential for the future.
- Work on developing innovative designs and styles for t-shirts and jeans, applying good-quality and sustainable materials.
- Target Italy if you want to address the upper market for jeans with innovative designs.

What European trends offer opportunity for fast fashion apparel products?

Most important developments: Market drivers for Fast Fashion in Europe

Consumer trends:
- Research for exclusivity and luxury: Fast fashion gives the illusion of exclusivity at low price. The possibility to purchase fashionable items just seen on the catwalk, offers a feeling of luxury and trendiness to fast fashion consumers.
- Jeans are more than ever before an essential item of clothing for any European consumer, whatever their age or gender.
**Business trends**

- Most of the budgets for fast fashion are Open-to-Buy (OTB) budgets, meaning this is stock return money of the current season that will be freed up to buy the latest fast fashion updates. The idea behind this is that the “hot & hip items” will easily find their way to the end consumer, so stock turnover goes up and returns are generated instantly.
- Companies in the fast fashion market utilise a range of relationships with the suppliers. Large fast fashion retailers can keep production in-house in order to shorten lead times. Fabric can be held in stock and then cut and dyed at the last minute to suit a fresh design. Suppliers close to the market are used for products that are produced in the middle of a season, meaning trendy, “fashion” items. In comparison, long-distance suppliers are utilised for cheap, “core” items that are used in collections every season and have a stable forecast.

**Co-creation**

European buyers are trying more and more to discern themselves from their competitors. Therefore they are focussing on their own image and design. As a result they may not only look for products from your collection but for producers with whom they can develop their own products. Therefore it is extra important to show your special skills and production techniques, as well as the variety of raw materials you work with. Given the short lead times in fast fashion this could be much more challenging than in regular collections.

**Digitalisation and growing use of social media by European brands in branding and communication**

The use of social media by European brands makes it easier for exporters to get familiar with their requirements, directions, preferences and style. Social media are used by European brands to connect with their customers and increase brand awareness, but the same messages can give exporters good ideas about what is important to them. Up to 35 percent of apparel consumers indicate that they rely on recommendations from social networks (McKinsey). Some fast fashion brands in Europe even use interactive equipment in their stores to enable their customers to communicate and spread word of mouth instantly when experiencing their goods (see for example Adidas’ fast fashion brand NEO’s RFID stores, which equipped several of its European concept stores with interactive mirrors for customers to take a picture while trying something on, and post it to networks instantly for feedback from their friends before purchasing).

**Niche markets within Fast Fashion**

Niche markets within the fast fashion segment are sustainable fast fashion and teenage fast fashion.
- Consumers are increasingly aware of environmental and sustainability issues and are seeking alternative brands with excellent sustainability credentials. Fast fashion brands such as H&M offer more and more clothes made of biological cotton. Organic cotton has a higher quality than conventional cotton and is better for the environment, therefore more appealing to the growing number of responsible consumers. Fast fashion leading companies are also recycling much of the textiles, such as jeans for their fast fashion collections and fabric recycling makes steady progress.
- Baby, children’s and teenage wear is a growth market in Europe, compared to other segments. The children’s and teenage segment within fast fashion is exposed to the latest fashion fads even more than for adults. This makes the niche a continuously strong market within fast fashion. Examples of teenage segment retailers in the European market are: H&M, Topshop, Primark, Gap, Abercrombie & Fitch, River Island, Zara, Mango, Forever 21, among others.

**Market trends**

- Concentration: Large fast fashion retailers in the European market are gaining market share at the expense of independent fashion retailers. The large international players with their fast fashion chains dominate the middle-priced segment of the European clothing market.
- Fast fashion apparel is mainly sold via the physical shops of retailers. Clothes are available at all retailers such as designer shops, department stores, and clothing chains. Demand for low-priced, value-for-money clothing is driving smaller channels.
- Online retailing for fast fashion is increasing quickly among consumers, due to improved technologies and better access to the online environment. Online retailing is projected to continue increasing strongly, even though the market share is still relatively small. Both traditional store-based fast fashion retailers and department stores are increasing their online activities.
- There is also an increase in the supermarket and department store segment. This trend is set to continue due to an uncertain macroeconomic future. Also the difference between these two categories has become less clear in the last years, as supermarket are increasing their offer of clothing and many department stores have also entered the food or delicacy segment. European department stores with fast fashion items: Marks & Spencers (M&S), Debenhams, and Selfridges, and supermarkets: Tesco, Asda, and Sainsbury, Auchan, Carrefour among others.
What requirements should Fast Fashion product comply with in order to be allowed onto the European market?

Legal requirements
- The General Product Safety Directive applies to all consumer products marketed in Europe. The purpose of the legislation is to ensure consumer safety.
- The European legislation on chemicals is known as REACH.
  - Azo dyes are often used in the dyeing process for textile products. Certain azo dyes are carcinogenic and illegal for use in consumer products in Europe.
  - The use of flame retardants is restricted, including Tris (2,3 dibromopropyl) phosphate (TRIS), Tris(aziridinyl)phosphineoxide (TEPA) and Polybromobiphenyles (PBB). See also CBI Buyer Requirements – Apparel.
- Europe has harmonised legislation regarding the name, composition and labelling of textile products. Any textile product composed of two or more components with different compositions must bear a label stating the fibre content of each component. If two or more textile products have the same composition and form a single unit, only one label is required. For alpaca the name ‘alpaca’ is used, possibly followed by the word ‘wool’ or ‘hair’. For each European country, the labels should be in the local language.
- EU legislation: Liability for defective products: If you are an exporter of consumer products, food or similar products, you are strongly advised to ensure that your products are safe, in order to avoid product liability claims against defective products.
- In theory, your EU buyer can be held responsible for damage caused by defects in your products. Because buyers can pass claims along to exporters, however, EU legislation on product liability is also relevant to exporters from developing countries exporters (Directive 85/374/EC).

Tips:
- In order to successfully export your products to the European market for fast fashion, you should incorporate sustainability and transparency at all levels of the production chain, making it part of your branding and point of differentiation. Developing country exporters of fast fashion products should communicate their company’s performance on responsible water use, energy consumption and chemicals, which may give them a competitive advantage.
- Exporters who can innovate for the European market, by combining introduction of new fibres with innovative designs can find opportunities with European buyers seeking to revamp their competitive advantage. Target producing markets, such as Italy (for the upper market) and Spain (for the lower market) with innovative designs.
- The extremely short buying cycles and lead times require that you keep a close look on the buyers’ customers, as responsiveness is very important.
- Get familiar with European brands’ social media and study their direction, requirements and preferences in terms of quality and design, in order to be able to offer added value.
- Create clothes that flatter while remaining stylish and trendy with a good cut and of good quality. Focus on appealing and trendy designs with respect to style, in all segments/consumer profiles.
- Consider targeting a niche market of fast fashion: children's/teenage fast fashion or sustainable fast fashion. For children's and teenage wear, explore growing markets such as Scandinavia and the United Kingdom. Although a relatively small segment, it does show great potential (See 2015 PFS Children's Wear in Europe). For the sustainable niche, see the CBI Buyer Requirements database for more information on labels and standards: Labels and Standards: Sustainability for Apparel.
- Needed competences for exporters for fast fashion are:
  - the ability to source raw materials by for example vertical integration
  - the ability to make proposals for fashion collections
  - Master trimmings
  - Master finance: Letter of Credit (LC) at sight
  - presence at relevant trade shows including sourcing pavilions
  - Standardise packaging
  - Maintain an efficient supply chain to keep costs low
Non-legislative requirements

- **The Business Social Compliance Initiative (BSCI)** is an auditing system to monitor the social performance of suppliers. It has been developed by European retailers to improve social conditions in sourcing countries.
- **GOTS** is a textile processing standard for organic fibres. This quality mark can be obtained when the producer complies with standards of social responsibility and the product contains a minimum of 70% organic fibres.
- **The Oeko-Tex Standard** is the world’s leading eco-label for testing textiles for harmful substances and it consists of three certifications. These address the effects of textile production processes on humans and the environment, and the effects of the textiles themselves (including the chemicals) on the health and well-being of consumers.
- The **EU Ecolabel** is a voluntary label for products and services that have a reduced environmental impact. It is awarded only to products with the lowest environmental impact in a particular product range.
- The indication of the origin of the product is not yet a legal requirement in Europe, but something European buyers are very keen on (See Indication of Origin Marking on Product).

Tips:

- See the EU Export Helpdesk, for a full list of legal requirements applicable to your product.
- Most buyers will require proof of compliance with legal requirements from Developing Country exporters. You can read more about the General Product Safety Directive in the EU Export Helpdesk.
- Make sure your products are free from any restricted substances, such as the mentioned azo dyes. Find out more about restricted chemicals in textile products in the EU Export Helpdesk.
- Follow any new developments in the field of flame retardants, as new alternatives are being developed. You can do so, for instance, through the European Flame Retardants Association (EFRA).
- You can read more about textile labelling rules in the EU Export Helpdesk. Make sure your product labels meet the European requirements. You are advised to follow ISO 3758: 2012 on using symbols on care labelling for textiles.

What competition do I face on the European Fast product market?

**Market entry: Low**

Barriers to enter are high enough to block potential new-comers to enter the industry. For final products brought to the European market, strong brand names are important and new competitors need to establish brand recognition in the market.

High requirements in terms of low costs and short lead times make it difficult to enter and stay in the market.

**Product competition: High**

The threat of substitutes is high as there is a low threshold for consumers to shop around.

**Company competition**

**Degree of rivalry: High**

The industry operates under oligopoly (a few players control the market). The European market sees medium-high competitive rivalry between a large number of companies in the European clothing retail market. The market is growing which enables companies to improve revenues. This provides opportunities for suppliers looking to enter the market.

High product differentiation has a dampening effect on the degree of rivalry.
Vertical backwards integration is a serious threat in the fast fashion segment among large retailers. Companies can improve speed to market by producing materials in-house.

**Supplier power: Medium**

Many independent retailers would argue that some of the brands supplying them are also their competitors. High levels of competition among suppliers act to reduce prices to producers. This can be a negative from the developing country supplier perspective. Multiple distribution channels result in less bargaining power for individual distributors. However, European buyers are dependent on suppliers for each collection.

**New entrants: Moderate to high**

Entry to the fast fashion market is possible on a small scale and capital requirements are low enough for individuals to enter. Easy access to suppliers and distribution networks further encourage new entrants. However, both the economic situation and the short lead time may discourage new entrants.

**Substitutes: Weak-medium**

Substitute products within the fast fashion brands can be any type of product, as most items in this category are not bought because necessary, but because of the shopping experience. Substitute to each brand product can be private labelled products. Substitute to fast fashion can be "slow fashion" or regular fashion.

**Buyer power: Medium-high**

High concentration of revenues in the hand of a few retailers (oligopoly) with the tendency to vertically integrate. At the same time, new small players are entering the European market, especially in online retail.

*Figure 6: Competitive forces in the European market for Fast Fashion*
What do the trade channels and interesting market segments look like in Europe for Fast Fashion products?

Figure 7: European market channels for Fast Fashion products from developing countries

Tips:
- Target European small and medium enterprises (SMEs), which present better opportunities as potential customers for exporters from developing countries. Actively contact SMEs and participate in trade shows to also introduce larger market players to your product offering.
- In order to increase the competitive advantage of your product offering as compared to the leading sustainable clothing brands, certify your product with a sustainable/eco-label, which will lend credibility to your products’ sustainability claims.
- Consider joining/serveing a buying hub for improved market visibility and access to new channels. Top-end partners are needed: create the right network that appeals to aspirational consumers, so you can connect (a few, non-exhaustive example of European online buying hubs are: YOOX, Farfetch, Zalando, Net-a-Porter).
- Given the low barriers to market entry, importers and wholesalers are the best way for developing country exporters to bring products into Europe.
- Consider serving the growing private label segment.

In Europe companies tend to focus on design, branding, marketing, and distribution, with little or no in-house production left. This well represents larger companies, but also represents a large number of smaller companies.

Apparel exporters can work directly with retailers although this might be difficult for a new exporter from a Developing Country. Working with importers, either wholesalers or manufacturers limits the margin since they retain a mark-up of 1,4-1,7, e.g. if the original item will be sold to an importer for € 50 it will be re-sold at € 85 and end up in the shop at € 255. Working with agents in Europe is also possible. An agent’s fee should not exceed the 10%.

What are the end market prices for Fast Fashion products in Europe?

Prices of clothing products are constructed in generally the same way in Europe. After the margins are added in the value chain and including taxation, it can be estimated that the raw material cost is 5-6% of the product’s selling price.
Figure 8: Price composition for alpaca products on the European market

General retail mark ups for the European union are at least 300%. This means a pullover sold at 50 Euro will end up in the store at least 150 Euro or more.

Figure 9: Price segments in Europe*

<table>
<thead>
<tr>
<th>Product criteria</th>
<th>Brand names</th>
<th>Fashion criteria</th>
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<tbody>
<tr>
<td>High price luxury segment</td>
<td>Limited collections, made with special care; sometimes hand-made; high quality materials; designers/brand name stand for exclusivity and fashionable</td>
<td>Dolce&amp;Gabbana, Prada, Giorgio Armani, Donna Karan</td>
</tr>
<tr>
<td>Market share 5%</td>
<td></td>
<td>Trend setting</td>
</tr>
<tr>
<td>Upper middle price segment</td>
<td>Collections are produced after pre-sale; extra attention to fitting and accessories; Brand-name goods, good quality materials, good range of design</td>
<td>Max Mara, Hugo Boss, Blumarine, Marni, Strenesse, Marc Cain</td>
</tr>
<tr>
<td>Market share 15%</td>
<td></td>
<td>Product in line with the latest fashion trends</td>
</tr>
<tr>
<td>Middle price segment</td>
<td>Collections are produced after pre-sale; good to medium quality materials; trend-following or classical assortment; brand-name goods</td>
<td>French Connection, Inwear, Benetton, St. Oliver, Esprit, Mexx, Jackpol</td>
</tr>
<tr>
<td>Market share 30%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Middle to Low price segment</td>
<td>Produced in large quantities to lower the price; basic styles; few changes to patterns; basic fitting; Medium quality material, less fashionable</td>
<td>Private labels: C&amp;A, Promod, WE, Marks &amp; Spencer, HEMA, Etam, Vögele, Hennes &amp; Mauritz, Zara, Mango, Topshop, Tesco, Auchan, Carrefour</td>
</tr>
<tr>
<td>Market share 40%</td>
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The low-end segment – budget or mass retail - is forecasted to continue to grow at the expense of the middle segment. Notwithstanding the continuous growth of the low segment, margins in this one are incredibly low and competition is fierce.

**Tips:**
- Get in contact with importers and wholesalers, representing the best way for small- to medium-size enterprises to bring products into Europe. The representative will negotiate all the terms.
- Create competitive advantage in the use of qualitative/recycled materials that distinguish you from mass production.

**Useful sources**

- **EFTA**: European Fair Trade Association
- **EURATEX**: European Apparel and Textile Confederation
- **ICC**: International Chamber of Commerce
- **WFTO**: World Fair Trade Organization

**Trade fairs**

Visiting and, especially, participating in trade fairs is highly recommended as one of the most efficient methods for testing market receptivity, obtaining market information and finding prospective business partners. Trade fairs continue to be the
most important way to meet new clients on the European apparel market. The most relevant trade fairs in Europe for Fast Fashion products exporters are:

- **Who's Next Prêt-à-Porter**: International trade show Paris
- **Fast Fashion**: Fashion Show, Poznan, Poland
- **Apparel Sourcing Paris**: Int’l Apparel Sourcing Show, Paris