

The European market potential for office and school bags

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There is a great demand for office and school bags. Although it is a crowded market with a multitude of brands and options, the European market definitely offers opportunities for exporters from developing countries. Key success factors are design, quality and fashion. While China supplies a large proportion of Europe's office and school bags, due to increasing costs, European sourcing is shifting elsewhere to places like Vietnam and Eastern Europe.

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1. Product description

Within the home sector, office and school bags are usually included in the category "for office and school". In this study we focus on the following types of bags:

- Backpacks
- Laptop bags
- Sleeves
- Briefcases
- Executive-cases or attaché cases

The materials used for making office and school bags include:

- Leather
- Synthetic leather
- Natural fibres
- Synthetic fibres
- Felt
- Recycled rubber and plastics

Blends of leather and felt or synthetic fibres with natural fibres are often used. When it comes to leather bags, different types and grades of leather are used, depending on the segment. Leather typically comes from cows. This is because of the availability, the quality and piece sizes of cowhide. However, pig leather is the cheapest, and is often used for leather bags in the lower-end segments. Leather from sheep, deer, horse, ostrich, alligator, kangaroo, frog, fish, stingray, or elephant is considered more exotic, and may be used in products for niche segments. As the quality of synthetic leather rises, consumers can hardly tell the difference between genuine and synthetic leather. This is placing pressure on prices for genuine leather. Furthermore, from an eco-friendly point of view, more and more consumers are looking for alternatives to leather.

In line with the increasing demand for more sustainable products, there is a growing segment for bags made of recycled materials like plastics (PET bottles, upcycled banners etc.) and rubber (tyres).

The codes in Table 1 are used in the trade of office and school bags.

Table 1: Product codes

| Harmonised System (HS) | Prodcom | Description |
|------------------------|-----------|--|
| 4202.1110 | 1512.1210 | Executive-cases, briefcases, portfolios, school satchels and similar containers with an outer surface of leather, composition leather or patent leather |
| 4202.1211 | 1512.1210 | Executive-cases, briefcases, school satchels and similar containers, with an outer surface of plastic sheeting |
| 4202.1291 | 1512.1210 | Executive-cases, briefcases, school satchels and similar containers, with an outer surface of plastic, incl. vulcanised fibre, or of textile materials (excluding those with an outer surface of plastic sheeting or moulded plastic material) |
| 4202.1990 | 1512.1210 | Trunks, suitcases, vanity cases, executive-cases, briefcases, school satchels and similar containers (excluding those with an outer surface of leather, composition leather, patent leather, plastics, textile materials or aluminium) |

2. What makes Europe an interesting market for office and school bags?

In total, the European Union imports amounted to €861 million in 2018, up significantly from €730 million in 2014. This represented an expansion of some 18% over a period of five years. This signifies a large and growing market. At the same time, it reflects the continuous shift of the manufacturing of office and school bags away from western European countries to lower-cost regions. Supply from developing countries declined from 46% to 37% in value terms and more drastically in volume terms, from 71% to 54%. This decline can be attributed to rising costs in China, triggering nearshoring to Poland and the Czech Republic.

3. Which European countries offer most opportunities for office and school bags?

Germany is Europe's largest import market at more than €200 million, almost twice the size of France and the United Kingdom, which are the second and third largest importers. The Netherlands and Italy hold fourth and fifth place with imports valued at around €80 million. Belgium is ranked sixth with an import value of €38 million. However, the largest import market does not necessarily offer the best opportunities. In Germany, for

example, imports from developing countries are rapidly being replaced by imports from Eastern Europe. Below, we will look at the trend in each of these markets.

Fabric and vulcanised fibre most popular materials

When looking at the materials used in the office and school bags imported from developing countries, it is striking that the highest value registered is from the import of bags made of fabric/vulcanized fibre. The Netherlands is the leading market for these kinds of bags from developing countries. In all of the top six import markets, except the United Kingdom, bags made of fabric/vulcanised fibre are the main imported product from developing countries.

The United Kingdom, Germany and Italy import a relatively large share of leather bags from developing countries. Office and school bags made from leather are the second largest product group imported from developing countries.

Real private consumption expenditure

Private consumption expenditure is an important indicator for the European home and personal accessories market. The sector is closely linked to economic conditions. When economic circumstances and prospects are dim, consumers postpone buying non-essential items or opt for cheaper ones. Conversely, when economic conditions are favourable, private consumption expenditure and purchases of non-essential home accessories surge. Looking at the six largest European import markets of office and school bags in Figure 4, we find that private consumption expenditure growth is forecast to be most pronounced in Belgium, Germany and France (though the figure is modest, ranging from 1% to 1.6%), whilst The Netherlands and United Kingdom will experience a slowdown. The outlook for Italy remains bleak in terms of consumption expenditure.

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Tips:

- Keep a close eye on the developments surrounding [Brexit](#). The United Kingdom is an interesting market for imports from developing countries, especially in the handmade segment. However, you should be prepared for a backlash as a result of the Brexit.
- When targeting the Netherlands, consider distributors with a pan-European distribution role. The Netherlands is a very interesting and growing market for office and school bags, in particular due to its re-exporting role.
- Consider targeting the segment of school bags for secondary school pupils made of fabric/vulcanised fibre and the segment of bags made of recycled materials— a profitable segment with potential.
- Study your competition in the EU markets by using [Trade Map](#) and by visiting trade fairs like [Ambiente](#), Frankfurt (February), [Maison et Objet](#), Paris, (January and September).
- For the leather bag segment, in particular, it may be useful to visit the [Mipel](#) trade fair in Milan, Italy (February and September).

4. What trends offer opportunities on the European office and school bag market?

Growing popularity of backpacks

Backpacks are rapidly gaining a larger share in the European bag market (as is globally the case). According to Grand View Research (GVR) this global growth can be attributed to the high demand from students and the working population. The need for adequate storage space and ability to balance loads and provide support are expected to contribute further to the demand. Backpacks are more casual and are preferred by consumers when travelling. GVR also attributes the growing popularity of backpacks to product innovation (with functional features such as built-in charging, USB ports, GPS tracking, lock systems, and solar panel mounting).

The laptop sleeves segment is also expected to witness significant growth in the coming years as it is preferred by many users for protecting their laptops from scratches, slips, and bumps.

Demand for sustainable products is growing

Sustainability awareness in Europe is creating good opportunities to market sustainable office and school bags. Sustainability efforts in this sector include measures to ensure clean production and animal welfare. For the production of non-leather bags, that means, using of recycled materials like plastics, rubber or fabric. If cotton is used, you can consider using certified organic cotton, or fabrics woven from recycled yarns. From an eco-friendly point of view, more and more consumers have completely given up buying leather and look for alternatives of which the production process is demonstrably environmentally friendly.

Technology is creating new opportunities

In view of soaring production costs, product manufacturers around the world are investing in advanced automated machinery and operation systems to streamline the production process. This will make production and processing cheaper and faster. Advanced processing techniques in manufacturing, for example, in the area of digital cutting, more complex designs or blending materials with textile fabrics, are increasing the popularity and the versatility of goods like bags. These technologies are paving the way for new and more complex designs, responsible dyeing in more fashionable colours, and better quality. A related trend is the emergence of more blended materials, such as blends of textile fabrics and leather.

Affordable luxury is growing

A third consumer trend is the rising demand for “affordable luxury”. While there is considerable demand for luxury items, many European buyers are trading down to more affordable luxury brands, which continue to expand in Europe.

The lower and middle segments are still focused on volume sales, with retailers like H&M and River

Island copying catwalk couture brands. These design-focused bags are made to resemble high-end “designer bags” and use trendy materials and techniques, such as coated and laminated leather and embossed patterns.

In addition, an increasing number of small brands specialise in luxury quality bags, but at prices that are lower than those of the big, established luxury brands. These small brands are always on the lookout for good producers that can help them make their designs production ready and then take care of production.

Customised developments

In general, more and more small and medium-sized brands are looking to add bags to their product range. For that purpose, they look for reliable suppliers that can also help them develop their ideas into products that can

be produced.

To attract these kinds of buyers you can develop a small product collection yourself that clearly shows what you are capable of in terms of production techniques. It is also important to show the different materials you can use.

Tips:

- Keep track of European office and school bag trends to anticipate future changes in your sector by visiting European trade fairs such as [Ambiente](#), Frankfurt (February), [Maison et Objet](#), Paris, (January and September). For leather bags, in particular, you can consider visiting the [Mipel](#) trade fair in Milan, Italy (February and September).
- Consider using sustainable raw materials, as well as obtaining sustainability certifications for your office and school bags. For example, organic cotton or recycled materials are very popular for office and school bags, especially if you are supplying the high/mid-high-end segments of the market.
- If your production is flexible and you can supply smaller quantities, emphasise this in your marketing.
- Make sure your collection showcases the different materials and production techniques you have to offer and emphasise the story behind your product in your promotion strategy.
- Try creating your own niche and set yourself apart from your competition by adding value with special materials or a high standard of service by offering customised products.

This study was carried out on behalf of CBI by [Globally Cool B.V.](#), in collaboration with Remco Kemper (MDD).

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