



CBI Product Fact Sheet Leather Fashion Accessories in Europe

'Practical Market Insights for Your Product'

This product fact sheet provides information for developing country exporters planning to enter the European leather fashion accessories market. As economic recovery in the EU spreads and gains momentum, Europe remains an attractive market. DC exporters are encouraged to expand and differentiate offerings with designs and styles in line with current European trends. Sustainability issues are also becoming increasingly important to buyers.

Product Definition

Leather fashion accessories is a sub-sector of apparel that includes products that are generally worn with, and supplement, clothing items. Like many garments, leather fashion accessories have functional as well as aesthetic value. However, leather fashion accessories may have a longer life-cycle than garments and typical fashion accessories, especially high-end products that appreciate in value.

This sub-sector consists of the following product groups and products:

Table 1: Leather fashion accessories product group definitions

Product groups	Products	HS Codes
1. Carrying products	Luggage, handbags, shoulder bags, wallets, purses	42021110, 42021190, 42022100, 42023100
2. Gloves and mitts	Gloves, mittens, mitts	42032100, 42032910, 42032990
3. Belts	Belts	42033000
4. Clothing accessories	Clothing accessories	42034000
Headwear, Footwear	Hats, Caps, Shoes, Boots	Excluded in CBI definition of accessories

Images

Examples of leather fashion accessories



Product specifications

Quality

Key factors contributing to the quality of leather fashion accessories include:

- Overall Construction – how well the product has been constructed
 - Durability of hardware (e.g. zippers, buckles, latches)
 - Stitching (neat and straight) and edging (edges turned and sewn)
- Leather quality
 - Type and grade of leather
 - Texture
 - Dyeing and finishing

Quality expectations are related to specific customer segments and retail outlets. It is important that the quality of a shipped batch is even and fulfils agreed specifications.

Labelling

There is currently no EU-wide framework for the labelling of leather products, aside from footwear. Some Member States have introduced mandatory national labelling systems for leather and leather products; others have implemented volunteer standards and labelling systems. Still, the term leather is poorly protected in most Member States. In order to address the issue of misleading or fraudulently labelled leather products, the European Commission is considering the possibility of a voluntary authenticity leather labelling system using the Footwear Directive as a blueprint.

Materials

The main factors to consider when choosing materials are the type and grade of leather. Leather for fashion accessories typically comes from cows because of their size, availability, and the quality of leather that cowhide produces. However, pig leather is the cheapest, and is often used for accessories in the lower-range segments. Leather from sheep, deer, horse, ostrich, alligator, kangaroo, frog, fish, stingray, or elephant are considered more exotic, and may be used in products for niche segments.

There are different levels of quality for leather, including:

- Full-grain leather is the strongest, most durable, highest quality of leather. Napa leather is a type of full grain leather noted for softness and suppleness; it is commonly used in high-end leather accessories.
- Top-grain leather is the second highest grade of leather; it is split from the top layer of hide then sanded and refinished for a uniform finish.
- Lower grades of leather are produced from the layers of hide that remain after the top is split off for the better grades.

Colours and design

Although accessories are usually purchased to match apparel, a leather fashion accessory, especially a high-end leather fashion accessory, might be a statement piece around which an ensemble is created. Traditional best-sellers are accessories in neutral or earthy tones, such as brown, beige, white, and black, but there are also seasonal trends in colour and design. Leather fashion accessories should be designed for a targeted market segment and demographic.

CONSIDERATIONS FOR ACTION: DC exporters should monitor European-style trends. Give more attention to product development in order to differentiate offerings with design features and style. Consider investing in after-treatment technology for embossing, laminating or printing. Expanding product ranges beyond traditional colours, sizes, shapes, and designs will help you become more competitive and attract the attention of buyers.

Packaging

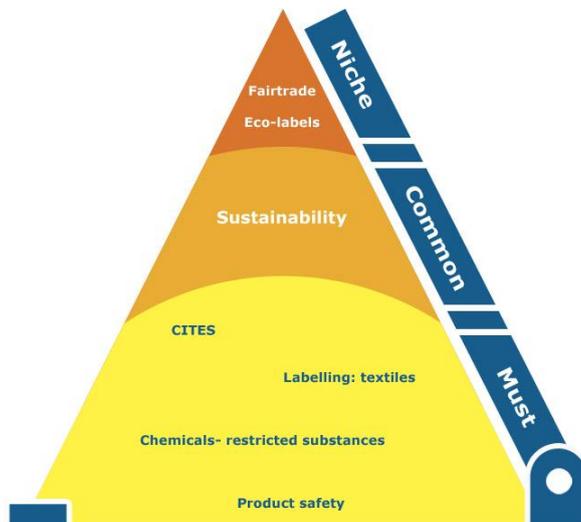
Packaging needs to meet all EU requirements. These requirements aim to prevent packaging waste, to promote the reuse of packaging, and as such reduce the final disposal of such waste. Retailers are primarily responsible for the way products are packed for sale in shops and can ask suppliers to do this for them. Each individual accessory is wrapped with plastic with a sticker providing information on brand, size, and kind of accessory. Similar items could be packed in boxes.

Buyer Requirements

Buyer requirements can be divided into (1) *musts*, requirements you must meet in order to enter the market, such as legal requirements; (2) *common* requirements, which are those most of your competitors have already implemented, in other words, the ones you need to comply with in order to keep up with the market; and (3) *niche* market requirements for specific segments.

For a general overview of the buyer requirements for the Apparel sector, refer to the Buyer Requirements section on the Market Intelligence Platform. For buyer requirements specifically for leather fashion accessories, see below:

Figure 1: Buyer Requirements for leather fashion accessories



Legal requirements are a must – product safety, health, and correctly informing consumer are crucial

Here, you can find requirements you must meet when marketing your products in the EU. Pay attention to the indications of which materials are concerned per requirement described. The following 'musts' apply to the products and uses listed here:

- **Product safety** – applicable to all products
- **Chemicals** – specific for textiles, leather, and accessories
- **Labelling** – specific rules for textiles
- **CITES** – applicable to products made from wild plants and animals

Product safety

The General Product Safety Directive basically states that all products marketed in the EU must be safe to use and forms a framework for all specific legislation established for

specific products and issues. If no specific legal requirements have been established for your product and its uses, the General Product Safety Directive still applies. If there are specific requirements applicable to you, the General Product Safety Directive applies in addition, covering all other safety aspects which may not have been described specifically.

Considerations for action: Study the specific legal requirements listed here, but also use common sense to ensure the product does not tear, catch fire or cause any other danger in its normal use as this may not be outlined in specific legislation, but is covered in the General Product Safety Directive. You can read more about the [General Product Safety Directive in the EU Export Helpdesk](#).

Chemicals – restricted substances

The EU has restricted a great number of chemicals in products that are marketed in the EU. These are listed in the so-called REACH regulation (Regulation (EC) 1907/2006). The type of chemicals relevant to you will depend on your specific product and material used.

Textiles

- Azo dyes: if you dye your textile, make sure you do not use any of the [azo dyes](#) that release any of the 22 aromatic amines that are prohibited. The EU legislation lists the aromatic amines, not the azo dyes which release them. The vast majority of azo dyes are therefore legally acceptable. Moreover, most reputable dye manufacturers only produce legally accepted dyes. However, border rejections and market withdrawals do show that azo dyes are still an issue that causes problems on the EU market.
- Flame retardants: flame retardants are restricted in textile products that come into contact with the skin. Often used flame retardants are [Tris \(2,3 dibromopropyl\) phosphate \(TRIS\)](#), [Tris\(aziridinyl\)phosphineoxide \(TEPA\)](#), and [Polybromobiphenyles \(PBB\)](#).
- Organotin compounds: if you use PVC in your products, know that [organotin compounds](#) are also restricted. Organotin compounds Dioctyltin (DOT) compounds and Dibutyltin (DBT) compounds can be used in textiles products (e.g. print on t-shirts and other garments). Their use is restricted as they can pose a risk to human health (i.e. suppress the immune system, be toxic to reproduction).

Leather

Azo-dyes legislation also applies to the colouring of the leather. In addition, be aware that the EU has recently adopted a [draft Regulation](#) to amend REACH to put restrictions on the use of chromium (VI) in leather as it can produce allergic contact dermatitis. The new legislation will enter into force in 2014, but the effective date is expected to be in the first quarter of 2015. Germany already has [national legislation](#) to limit (max 3 ppm) the use of chromium in leather products.

Metal

Metal parts and accessories (e.g. zippers, jewellery, buttons) coming into direct and prolonged contact with the skin should not release more than 0.5 µg/cm² [nickel](#) per week.

PVC

The organotin compounds mentioned under textile products also apply to articles made from PVC (e.g. gloves, childcare articles). In addition, specific legislation exists for phthalates in childcare articles and toys. They are used as a softener of PVC and can have an adverse effect on human health. The restriction for each phthalate is 0.1% by weight.

CONSIDERATIONS FOR ACTION: Familiarise yourself with the full list of restricted substances in products marketed in the EU by checking out [restricted chemicals in textile products in the EU Export Helpdesk](#). You can find out more about the restrictions of PVC in the [EU Export Helpdesk](#). More information about legislation on phthalates can be found on the website of the [EU](#).

In case of dyeing: Make sure your products do not contain any of the azo dyes that release the forbidden aromatic amines. This includes checking your suppliers. To test your products, use the official tests. You can find the tests on the [CEN website](#):

- CEN Leather – Chemical tests – determination of certain azo-colourants in dyed leathers. Reference: CEN ISO/TS 17234:2003.

Buyers in Italy, France, and Spain have already started to reject leather articles containing Chromium VI. Therefore, aim to supply chromium-free products.

Labelling. Apart from the Textile Regulation and the Footwear Directive, there is no specific EU legislation on labelling leather goods. A few member states have introduced mandatory labelling systems for leather and leather products, however, with divergent scope and rules; the name of the leather product and care information are commonly covered in national labelling requirements. In addition, Article 12 of the Textile Regulation applies to products containing leather if the products are made of at least 80% textile fibres. If a textile product contains non-textile parts of animal origin, such as leather, the phrase '*Contains non-textile parts of animal origin*' must appear on the label or marking.

Considerations for action: Exporters should monitor progress on the EU's voluntary authenticity labelling scheme for leather and leather products, and be aware of existing legislation in Member states with mandatory labelling systems: Austria, Belgium, France, Italy, Lithuania, and Spain.

- Relevant legislation for France: http://www.dgcis.gouv.fr/files/files/directions_services/free-movement-goods/Leather-goods.pdf
- Relevant legislation for Spain: <http://www.boe.es/buscar/doc.php?id=BOE-A-1988-4727>
- Relevant legislation for other Member States can be accessed here: https://e-justice.europa.eu/content_member_state_law-6-en.do

To ensure textile products that include leather detailing comply with labelling requirements, please refer to the EU labelling rules. Find out more about [textile labeling rules in the EU Export Helpdesk](#).

CITES- products from wild plants and animals

If you produce products (partially) made from wild plants or animals, you need to make sure that these do not fall under the restrictions of the Convention on International Trade in Endangered Species (CITES). The EU has implemented the requirements in Regulation 338/97 and lists restricted species (including products thereof) and special procedures where applicable.

Considerations for action: If you are not certain whether your products fall within CITES or not, you need to find out. You can read more about the legislation in [CITES in the EU Export Helpdesk](#) and check out the links to find out whether or not CITES is relevant to you. The EU Export Helpdesk also provides information on the different procedures applicable to the different categories within CITES.

Full overview of requirements for apparel

For an overview of all legal requirements set for your product, see the [EU Export Helpdesk](#) where you can identify your product code to get a list of requirements applicable.

Common requirements: original designs, sustainability performance commonly asked

Intellectual Property Protection (IPP). Many buyers for the mid-to high range want to be certain that the products they are purchasing are original, and not knock-offs, or counterfeit copies.

Considerations for action: By obtaining copyright, design rights, and patents for your products, you can ensure buyers for mid-to-high-range products that you have IPP, and that you are selling an original product that does not infringe upon the

intellectual property rights of another company.

Sustainability performance

Sustainability is one of the ways for companies to differentiate themselves. The means of offering sustainable products are numerous, ranging from labour issues to choice of sustainable materials to certification and use of labels (see 'Niche'). In particular, social aspects like basic labour rights are major issues in the garments industry. Several initiatives have gained quite some ground (particularly) in Western European countries. The [Ethical Trading Initiative, ETI](#) is used by large buyers in the UK.

Retailers/importers and producers also participate in the [Business Social Compliance Initiative \(BSCI\)](#) and the [Fair Wear Foundation](#), which have a strong presence in the other European markets.

Implementing a management system such as [ISO14000](#) (environmental aspects), OHSAS 18001 (occupational health and safety) or [SA 8000](#) (social conditions) is a way to address sustainability and possibly gain a competitive advantage. Research or discuss with your buyer to determine whether this is of interest.

Considerations for action: Look into the possibilities of improving your sustainability performance. This may not always include immediate certification or application of a label (read the information in 'Niche'), but it is important to familiarise yourself with issues. In case you are targeting the UK market, familiarise yourself with the [ETI base code](#) to check what [ETI members](#) require from their suppliers. Also see [CBI's tailored intelligence](#) on the market for sustainable apparel in the UK. When targeting other EU markets it might be interesting to assess your company's current performance by doing a self-assessment, which you can find on the [BSCI website](#). Be aware that many of the environmental and social sustainability issues take place upstream in your supply chain (factory, collector, farm). Think about a way to assure responsible business at the premises of your suppliers. For more information about SA8000 and other standards, please turn to the [ITC's Standards Map](#) where you can search "textiles"

Niche requirements: certified sustainable products

While sustainability is gaining ground, the actual use of certification is still a niche in this sector.

Fairtrade products (textiles)

Among the niche initiatives, [Fair Trade](#) is the best known with a relatively large market presence (including several sectors) and available for textiles products.

Eco-labelled apparels

There are several different eco-labels used for apparel and, as this is a means of showing sustainability, there is an interest from buyers. [The Global Organic Textile Standard \(GOTS\)](#) and [Naturland](#) (Germany) are examples of textile processing standard for organic fibres; [OEKO-TEX](#) and [Bluesign](#) stand for zero use of hazardous chemicals in textiles; the [EU Ecolabel](#). Also look for chemicals that are environmentally-friendly options. When doing business in Germany, the [Blauer Engel](#) is an important eco-label. When targeting northern European countries, look into the [Nordic Swan](#). Organic labels also apply to leather. In addition, [Leather Weather Group](#) and [Naturleder](#) are other eco-labels that are used.

Considerations for action: Check the Fair Trade Standards for [small fibre crop producer organisations](#) and consult ITC's [Standards Map](#) for more information on the Fair Trade label. If you are looking to focus on the ethical niche market, you need to find business partners. This could range from large companies with sustainable product lines to specialised apparel buyers. Familiarising yourself with the initiatives and how they work is an initial step in finding out whether or not your company would be a good match. For more alternatives, see [ITC's Standards Map](#).

Trade and Macro-Economic Statistics

Figure 2: EU28 key economic indicators and forecasts in %

	2013	Forecast 2014	Forecast 2015	
GDP Growth	0.1	1.6	2.0	↑
Inflation	1.5	1.0	1.5	→
Unemployment	10.8	10.5	10.1	↓

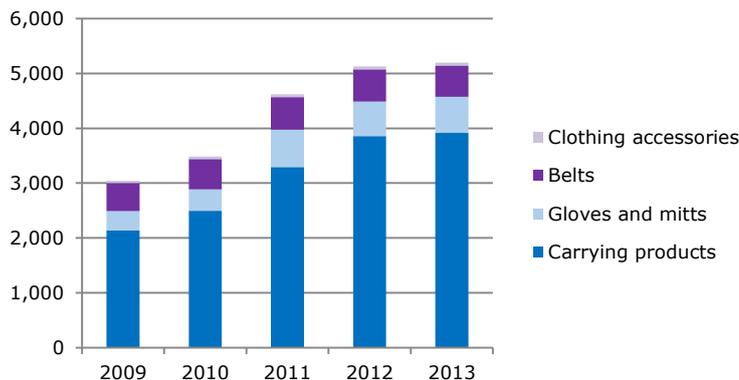
Source: European Commission, 2014

Economic recovery is spreading. After a lengthy double-dip recession, there are finally signs that a more lasting recovery is now taking place and spreading across the EU. Growth has turned positive in a large majority of Member States over the course of last year and the outlook has improved even in the more vulnerable ones. Growth will be modest in 2014 but gather momentum in 2015. The strongest growth is expected in two small Baltic States: Latvia will grow by 3.8% in 2014 and 4.1% in 2015, and Lithuania, which is expected to join the euro area next year, will grow by 3.3% in 2014 and 3.7% in 2015. As the dominant contributor to output in the euro area, Germany will be a key driver of economic recovery this year. The upturn in 2015 will be supported by a robust recovery in the UK, as well as by increased growth in France, Italy, and Spain.

The five largest euro area economies (The Netherlands, Spain, Italy, France and Germany) all saw an increase in economic sentiment, mostly fuelled by buoyant consumer confidence. The improvement in sentiment over recent months suggests that consumers are set to spend more freely. Consumer and business confidence is currently at a 5-year high; household consumption should be more visible in 2015 as confidence improves and disposable incomes rise as a result of labour market improvements and low inflation.

Considerations for action: With recovery gaining momentum, Europe is improving as a primary market for DC exporters. The two dominant economies, Germany and the UK, represent the best opportunity for DC exporters. With its growing economies, the Baltic region is also a key market to target.

Figure 3: Total import of leather fashion accessories in € million, 2009-2013



Source: Eurostat, May 2014

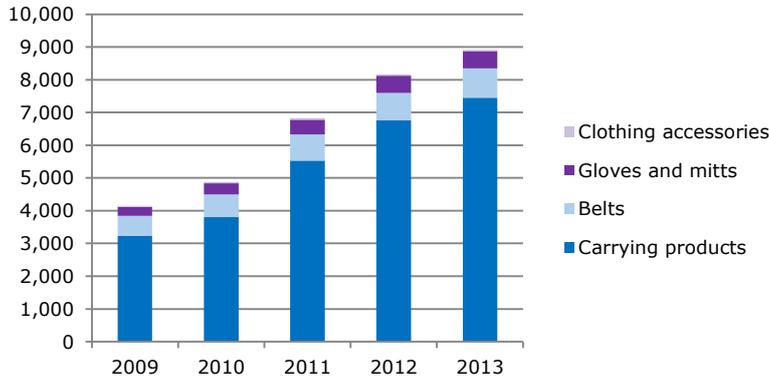
Top 10 Importers

Rank	Country
1	France
2	Germany
3	Italy
4	United Kingdom
5	Netherlands
6	Spain
7	Belgium
8	Austria
9	Sweden
10	Denmark

Imports have increased since 2009, but growth has decelerated in the past couple of years. France was responsible for €1.2 billion, or 23.4% of the EU's leather fashion accessories imports in 2013. Germany accounted for 16%, and Italy and the United Kingdom 15.8% each. However, with a CAGR of 21.2% over 2009-2013, the Netherlands showed the greatest growth in leather accessories imports. The top DC partners for leather fashion accessories in 2013 were: China (47.7%) and India

(30.5%). Imports from the Philippines have grown dramatically; CAGR 2009-2013 was 122.2%. Imports from Indonesia grew 30% over the same time period.

Figure 4: Total export of leather fashion accessories in € million, 2009-2013



Top 10 Exporters

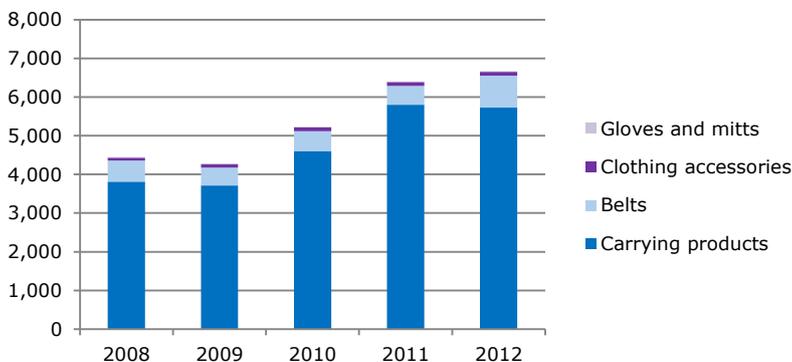
Rank	Country
1	Italy
2	France
3	Germany
4	Spain
5	Netherlands
6	United Kingdom
7	Romania
8	Belgium
9	Sweden
10	Denmark

Source: Eurostat, May 2014

Exports of leather fashion accessories from the EU continue to rise. Italy is by far the biggest exporter of leather fashion accessories. In 2013, Italy exported €4 billion worth of products, which amounted to 47% of the total. The Netherlands had 27.7% CAGR in 2009-2013 and showed the greatest growth in exports. Top non-European export partners in 2013 were: Hong Kong, United States, South Korea, China, and Russia. Growth in leather fashion accessories exports was strongest in China and Russia; CAGR 2009-2013 was 51.7% and 39% respectively. Overall, the upward trend of both imports and exports of leather fashion accessories indicates that there may be significant re-export opportunities for DC exporters.

Considerations for action: Italy and France are important trading hubs, as well as creative centres for leather fashion accessories; their brands remain very attractive to both traditional and new consumer countries (such as BRIC). Germany, Spain, the Netherlands, and the UK are also important destination markets, because they have broad market reach both inside and outside Europe. Eastern and South-eastern European countries, such as Romania, have access to Europe as well as Russia, Turkey, and the Middle East.

Figure 5: Total production of leather fashion accessories in € million, 2008-2012



Top 10 Producers

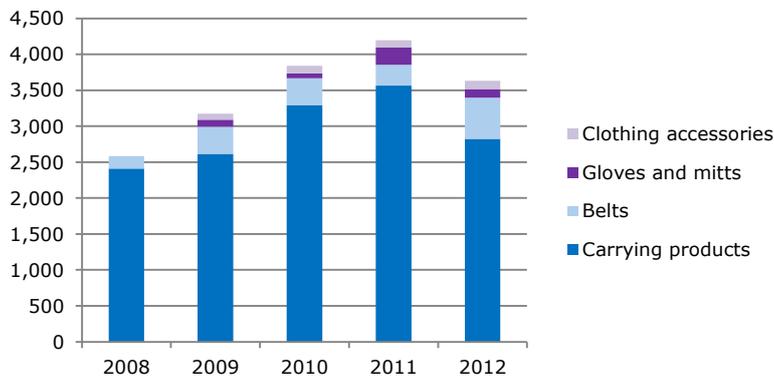
Rank	Country
1	Italy
2	France
3	Spain
4	Romania
5	Germany
6	United Kingdom
7	Hungary
8	Portugal
9	Poland
10	Czech Republic

Source: Eurostat, May 2014

Production of leather accessories has for the most part increased over the past five years. Italy is by far the biggest producer of leather fashion accessories, followed by France; in 2012, Italy produced goods worth € 4.6 billion, which accounted for 69.3% of the total, and France produced €1.1 billion, or 17.2%. The UK showed the greatest decline in production in 2012 at -18.1%. Hungary had the greatest growth: 33.2%. Overall, Europe consumes a little more than half of the leather fashion accessories it produces and the remainder is exported. Domestic opportunities for DC exporters in Europe may be limited.

Considerations for action: Eastern European countries like Hungary and Poland are becoming important centres for leather accessories manufacture, providing short delivery times, a qualified labour force, a developed infrastructure, and relatively high CSR standards. Connecting with eastern European producers might help reduce some barriers and create a preferential route for DC exporters willing to reach the European market.

Figure 6: Total apparent consumption of leather fashion accessories in € million, 2008-2012



Top 10 Consumers

Rank	Country
1	Italy
2	United Kingdom
3	Spain
4	Germany
5	Austria
6	Poland
7	Portugal
8	Czech Republic
9	Denmark
10	Romania

Source: Eurostat, May 2014

Apparent consumption of leather fashion accessories declined modestly in 2012 in line with the apparel sector trend. Italy had the greatest apparent consumption of leather fashion accessories in 2012 with €1.8 billion and 51.6% of the EU total. The highest growth was also seen in Italy: CAGR 2008-2012 was 15.4%.

Considerations for action: Italy is a key market for suppliers of leather fashion accessories. Despite a decline in domestic consumption of leather fashion accessories in 2012, Europe still represents an attractive destination market for DC exporters' products. These countries still maintain a status in terms of creativity and quality of manufacture and will easily find new markets for their products where consumption is still growing. DC exporters can either try to address these markets directly, or address buyers from traditional manufacturing countries exporting to potential countries.

Trends

Key drivers for leather fashion accessories market development:

Changing consumer habits

- **More devices.** There has been much innovation in small leather carrying products; products are being designed to accommodate (or specifically for) various technological devices, such as smartphone and tablets.
- **New consumer segments.** There is an increased focus on male consumers, a growing segment in leather fashion accessories. Men's bags made of saddle leather and rough leathers are examples of products designed for men

Considerations for action: New consumer segments and technology-related trends represent good opportunities for DC exporters to design innovative, differentiated products. Consider tracking the evolution of consumer habits in both of these areas.

Economics

- **Rising costs of raw materials.** A global shortage of leather is affecting all levels of the supply chain. Manufacturing costs are rising and margins are shrinking; as supply struggles to meet demand, costs are being passed along to consumers of luxury handbags
- **Affordable luxury.** "It bags" have become popular status symbols and statement pieces in consumer wardrobes. However, the appeal of the high-end luxury handbag may be waning for some luxury consumers. Although the global luxury market has thrived during the recent economic crisis, analysts expect declines in mature luxury markets such as Western Europe. Overall, Western Europe can expect continuing strong touristic luxury shopping. However, in terms of domestic spending, many customers are still loyal to traditional luxury brands, but are spending less on luxury now than a few years ago. There are also a number of buyers who are trading down to more affordable luxury brands, which continue to expand in Europe. The mid-range segment appears to be stable, as there is a strong focus on leather accessories to upgrade or update an outfit. The low - mid segment is still focused on volume sales, with retailers like H&M, Zara, and River Island copying catwalk couture brands. These design-focused bags are trimmed to resemble high-end 'logo-bags' and use materials and techniques that are on-trend, such as coated and laminated leather and embossed patterns.

Considerations for action: The European economy is recovering, and rising consumer confidence bodes well for the apparel sector as a whole. For leather fashion accessories, the mid-range appears to be stable, and the high-end market is still strong, but appears to be splitting. Consider how to best compete in these markets while the economy recovers to pre-recession levels.

Sustainability

- **Increasing consumer awareness of sustainability issues.** There is increasing concern in Europe regarding sustainability issues in all stages of the leather supply chain. For example, studies have found that livestock production continues to be a key factor in deforestation, threatens natural biodiversity, and pollutes the air, water and soil. In addition, the preparation, tanning, crusting and finishing stages are extremely water and chemical-intensive and can pose significant health risks to workers and the community. Waste is another important concern because improper solid waste disposal can cause high methane emissions, which can affect climate change; improper wastewater management can result in the deterioration of water quality. In response to increasing awareness, manufacturers are starting to design products for consumers concerned about these issues; luxury brands have been first to market with handbags marketed with sustainability initiatives.
- **Increased transparency.** As a result of increasing consumer awareness, brands are providing more background information on the leather supply chain and production processes. In addition to educating consumers, they are able to use the product story as a marketing instrument.

Considerations for action: Sustainability in the leather industry is still very new, but expect more growth in this area as more manufacturers follow the lead of pioneering luxury brands. European buyers are increasingly sensitive to CSR issues in the leather industry and transparency is becoming an important topic. Of particular concern is the origin of hides & skins and traceability of raw materials. For exporters and their suppliers, the environmental impact of production will be reduced through the effective control of leather manufacturing processes and the professional management of waste liquids, solids, energy, water consumption, and chemicals. Follow best practices in order to create the most sustainable product, and monitor innovations in leather

processing. For example, new technology exists for the sustainable degreasing and dewatering of animal skins as well as for biodegradable leather.

Certification or accreditation is another option for exporters. [Strive for safe and healthy workplaces by becoming a member of BSCI, for example, and](#) establish a code of conduct based on BSCI requirements. The Leather Working Group (LWG) also audits and rates leather producers; the organisation promotes the selection of rated suppliers for more sustainable leather. For more information, see: <http://www.leatherworkinggroup.com/index.htm>. Market Channels and Segments
The Apparel Sector Market Channels and Segments are also applicable to Leather Fashion Accessories, as leather fashion accessories are typically integrated as part of a clothing collection.

Considerations for action: Develop clear market positioning before setting up distribution channels for the market. Some retailers are more appealing to younger consumers and some target older demographics. For high-end segments, product quality must be in line with customer expectations. Minimum delivery volumes and terms of payment vary greatly and will need to be requested on an individual basis. For more information, see [CBI Market Channels and Segments for Apparel](#).

Price

There are significant margins on leather fashion accessories because the process is very difficult and involves a number of steps to turn the raw hide into a finished product. Typically, retail price = 4.5 to 6 times the FOB price.

Figure 7: Stages in the trade channel in which a margin is applied



Field of Competition

New entrants: Moderate

Overall, there is a moderate likelihood of new entrants:

- A new entrant can start small by setting up an independent retail store specializing in one or more segments of the market, such as handbags.
- Availability of raw materials is subject to fluctuation: high hide prices, export/trade restrictions may present barriers for manufacturers
- Eastern Europe is forecast to experience stronger growth which may prove attractive to new entrants.

Substitutes: Moderate

Low switching costs for buyers puts the overall threat of substitutes as moderate:

- Substitutes to buying from third-party retailers can include buying directly from manufacturers through their websites or own retail shops.
- A significant threat also comes from counterfeit and second-hand products

Degree of rivalry: High

The market is highly fragmented and the degree of rivalry is high:

- Larger players, such as department stores, benefit from scale economies that allow them to negotiate better, cheaper deals with suppliers.
- Low-cost switching for buyers and the relative ease of expansion fuels rivalry

- The market faces competition from other markets, such as clothing, for consumers' discretionary spending.
- Rivalry is also increased by relatively low market growth in recent years.

Supplier power: Moderate

The key suppliers in the leather accessories market are manufacturers and wholesalers, with retailers able to source from both. Manufacturing and wholesale sectors are highly fragmented; as such, there is moderate supplier power:

- The ability of retailers to source from foreign manufacturers results in greater supplier fragmentation.
- A low level of differentiation weakens supplier power.
- Some manufacturers sell directly to consumers through their own retail shops; such suppliers hold considerably greater power over retailers

Buyer power: Moderate

Overall, buyer power in the leather accessories market is moderate:

- Handbags are more often influenced by fashion trends than other accessories. A greater degree of differentiation weakens buyer power when only select retailers stock certain products.
- Brand loyalty may be greater towards the manufacturer or designer of a leather handbag rather than the retailer, which would require retailers to stock that product to meet end-consumer demand.
- The growth of 'discount retailers' allows the more price-sensitive consumer to opt for discount rather than premium outlets.

Considerations for action: To increase the competitive advantage of your product offering, differentiate products with style and design. If targeting a higher-end niche market, consider eco-certification and guarantee the buyer that your designs are original. With moderate market-entry barriers, importers and wholesalers are the best way for small-to medium-size enterprises to bring products into the country; contact them directly via their representative and terms will be negotiated. For more information, see [CBI Field of Competition for Apparel](#).

Useful Sources

- The European Leather Association (COTANCE) <http://www.euroleather.com/>
- UK Leather Federation (UKLF) <http://www.ukleather.org/>
- International Council of Tanners <http://www.leathercouncil.org>
- International Council of Hides Skins & Leather Traders Associations - <http://www.ichslta.com/>
- European leather-related trade shows:
 - LINEAPELLE - <http://www.lineapelle-fair.it/en/index.php>
 - MIFUR - <http://www.mifur-exhibition.com/>
 - MIPEL - <http://www.mipel.com/en/>
 - I.L.M International Leather Goods Fair - <http://www.messe-offenbach.de/en/ilm-leather-goods-fair.html>
 - CUIR A PARIS - <http://www.cuiraparis.com/en>
 - LeShow Moscow - <http://leshow.ru/english/>
 - Futurmoda - <http://www.futurmoda.es/>

More information

CBI market information: Promising EU export markets.

EU Expanding Exports Helpdesk - <http://exporthelp.europa.eu> - go to 'trade statistics'.

Eurostat - <http://epp.eurostat.ec.europa.eu/newxtweb> - statistical database of the EU.

Several queries are possible. For trade, choose 'EU27 Trade Since 1995 By CN8'. Use the guide 'Understanding Eurostat: Quick guide to easy comext'

(<http://epp.eurostat.ec.europa.eu/newxtweb/setuphelp.do?keepsessionkey=true>) for instructions.

International Trade Statistics - <http://www.trademap.org> - you have to register

This survey was compiled for CBI by Global Intelligence Alliance in collaboration with CBI sector expert Dhyana Van der Pols.

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