CBI MARKET SURVEY

THE LUGGAGE AND LEATHER GOODS MARKET IN DENMARK

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Report summary

This CBI market survey discusses the following highlights for the luggage and leather goods market in Denmark, which includes suitcases, briefcases (including computer cases), handbags, travel bags and other bags and small leather goods (including belts, wallets, purses, key pouches):

- Danish consumption of luggage and leather goods was € 121 million in 2008, up 4.9% per annum on average since 2004, while production increased by an annual average of 26% to € 1 million.
- In 2008, Denmark imported luggage and leather goods valued at € 172 million, or 13 thousand tonnes. Since 2004 values increased by an annual average of 14% but volumes increased by 4.3%.
- More than 47% of imports by value (€ 82 million) came from developing countries (77% by volume or 10 thousand tonnes). The share of imports by developing countries was up from 43% in 2004 in value (€ 44 million), and from 64% (7 thousand tonnes) in volume. Denmark has a below average share of developing country imports for this sector compared to other EU countries. It was also a re-exporter to Germany and other Scandinavian markets, notably Sweden.

This survey provides exporters of luggage and leather goods with sector-specific market information related to gaining access to Denmark. By focusing on a specific country, this survey provides additional information, complementary to the more general information and data provided in the CBI market survey 'The luggage and leather goods market in the EU', which covers the EU market in general. That survey also contains an overview and explanation of the selected products dealt with, some general remarks on the statistics used, as well as information on other available documents for this sector. It can be downloaded from http://www.cbi.eu/marketinfo

1 Market description: consumption and production

Consumption

Total market size

The Danish market for luggage and leather goods was valued at € 121 million in 2008, registering an average annual increase of 4.9% since 2004, well above the EU average of 3.4% over the same period. Denmark was the fourteenth largest EU market, behind Romania, but ahead of the Czech Republic and Finland in value. On a per capita basis, it was above the EU average of € 21.10. Denmark accounted for 1.2% of all luggage and leather goods sales in the EU, up from 1.1% in 2004.

Growth in Denmark was particularly strong up to 2006 as the economy rebounded very positively from the economic recession earlier in the decade, but the market shrank during the course of 2008. The market continued to shrink during 2009 as a result of the global economic situation.

Table 1.1 Consumption of luggage and leather goods in Denmark, 2004 - 2008, € million

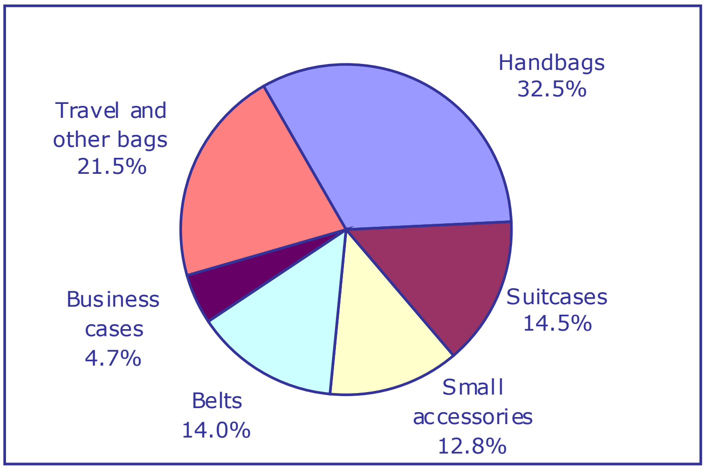
2004	2005	2006	2007	2008	Average ann. % change	Population (million)	Consumption per capita €
100	112	122	126	121	4.9	5.5	22.0

Source: Eurostat, Trade Estimates (2009)

Figure 1.1 indicates that *handbags* represented the largest product group, valued at € 39 million or 33% of the total market. This share has increased over the period. The next largest product group was *travel and other bags*, valued at € 26 million. Belts accounted for 14% of the market, valued at € 17 million. Although women's belts represented the largest volume, sales of men's belts outsold women's belts in terms of value.

Suitcases were valued at € 18 million, a declining share. *Small accessories* such as wallets, purses, credit card holders, key fobs, cases and covers for MP3 players etc were valued at € 15 million. This product group has increased in value over the period, as well as increased in the number of units purchased. *Business cases* accounted for the remainder of the market and was valued at € 6 million in 2008.

Figure 1.1 Danish luggage and leather goods consumption by product, % value 2008



Source: Eurostat imports (2009)

Luggage
Travel and tourism has been badly affected by the global economic downturn. Sales of luggage sets and other travel bags fell in 2008. Business travel bags and laptop cases have suffered from the unfavourable economic climate. Business people are using the phone and video-conferencing in preference to face-to-face visits, partly to save money but also to reflect advances in technology.

Danes are also spending less on travel and tourism as they reduce their non-essential spending, favouring more frequent short breaks and city breaks, as opposed to longer holidays in other countries. Spa holidays are becoming more popular. This has resulted in a shift in expenditure from larger suitcases and travel bags to smaller, more portable backpacks and cases.

Leather goods
Denmark is one of the leading fashion nations. Danes are proud of the international significance attributed to Copenhagen Fashion Week and notice the trends in accessories that come from there. Although most production has been transferred overseas, there are a number of leading Danish leather goods brands, which still occupy a reasonable part of the market. These include Adax, Hansson, Danbag, Jeva and Belsac. More recently some leading clothing brands have included leather goods in their ranges. These include, in the mid-range, Bestseller with the Vero Moda range, and Bruuns Bazaar in the higher segment.

Price and design are the main competitive factors in fashionable leather goods. Other factors include branding and distribution. However, price and design are most significant for consumer behaviour. The Danish market differs from the overall European market. What is regarded in Europe as a mid-segment brand is considered a high-segment brand in Denmark.

Market outlook

Retail sales contracted further in 2009 as the overall economy shrank by 4%. Although the economy started to emerge from recession in the second half of 2009, growth in the luggage and leather goods sector is not expected to return before 2011. Consumer confidence remained relatively low in 2010 and this has kept sales of non-essential items below pre-2008 levels.

The shift towards lower-priced articles will continue for the foreseeable future. Market volumes may hold up but market values may continue to fall in the short term. However, the Danish love of fashion and their desire to seek out new innovative products means that the longer-term prospects are more positive.

Market segmentation

There are a number of ways to segment this market. Segmentation can be very useful in this market due to the wide range of products in the sector and the broad variety of outlets through which they are sold.

- *Demographic segmentation*
  - *Luxury* products account for 15% of the market, and are purchased mainly by 35-55 year old professional women with high disposable income, who are interested in fashion and trends. Brands are important for this group, price less so. Young professional men are also in this category. They tend to buy from exclusive boutiques and shopping centres.
  - *Medium quality* (58%) or *medium-high quality* (19%) products are purchased mainly by over 25 year olds, attracted to products for their practicality. Design and quality are as important as price, but brand names are not important in this segment. Their tastes are more simple and less sophisticated.
  - *Low quality* products (8%) are mainly bought by young women or teenagers on low to average incomes. They are interested in fashion and want to renew their outfits frequently.

- *Geographic segmentation*

The Danish market can be segmented geographically, using the postal system, which allows marketers to target different types of consumers based on where they live and an associated set of lifestyle characteristics. This is based on the 'mosaic' system that divides the country into eight groups and 32 consumer types. As well as demographic characteristics, this also takes into account consumption habits, which can be helpful in identifying those segments that may be more likely to buy luggage and leather goods than others.

This method separates for example urban dwellers from those that live in the islands, and identifies their respective lifestyles. In this instance, urban dwellers without families are more likely to be interested in purchasing fashionable handbags. On the other hand, the group of young people with little money and thinking of starting a family is less likely to have money for luggage or fashionable clothing accessories.

Market trends

Here are some major trends and characteristics that influence demand for luggage and leather goods in Denmark:

- ***Ageing population.*** This is the country's most significant demographic trend, which is also occurring throughout many other parts of the EU. By 2015 one quarter of the population will be over 60, compare to 20% in 2000. Luggage and leather goods products will need to be increasingly designed to meet the needs of this important segment of the population.
- ***Fashion still important even in economic hard times.*** Per capita expenditure is above the EU average. Danish women in particular will continue to maintain their look and sacrifice

expenditure in other areas to remain fashionable. Details of fashion trends can be obtained from the Scandinavian Fashion Institute - http://www.pejgruppen.dk - and its Trendstore - http://www.trendstore.dk. See Annex A for details of trends presented at the recent Copenhagen Fashion Week that are forecast for autumn/winter 2010/2011.

- ***Appeal of new technology.*** Danish consumers are interested in new innovations in all aspects of their life. This directly affects the luggage and leather goods sector. It will particularly apply to bags and cases for carrying new portable electronic equipment. This trend is particularly relevant to younger, more affluent consumers.
- ***Ethical developments.*** A recent study by the Danish Chamber of Commerce has found that in the last six months 43% of Danish consumers have chosen a product or service for ethical reasons. This has been difficult to find out in the fashion industry, but Danish consumers are increasingly using labels as a means of guaranteeing the authenticity of products. Eco fashion is popular, particularly products using recycled materials.
- ***Internet sales increasingly important in this sector.*** Internet usage in Denmark is one of the highest in the world, with over 84% of households having Internet access. Clothing and accessories is one of the biggest online purchase categories and growth rates are increasing.
- ***Increasing importance of emotional values*****.** Consumers increasingly want the products they purchase to reflect how they feel about themselves. They want products to reflect their values and individuality. This might relate to how a product is designed, how it is made, where it is purchased.

Production

Total production

Danish production of luggage and leather goods was valued at just € 1 million in 2008. Denmark is one of the smallest producers in the EU but its production increased during the review period, by an annual average of 26%. The number of companies has decreased over the period and the industry is struggling to maintain its position in the face of competition from low cost imports.

Table 1.2 Production of luggage and leather goods in Denmark, 2004 - 2008, € million / '000 tonnes

2004		2006		2008		Number of companies 2007	Number of employees 2007
value	volume	value	volume	value	volume		
0.5	0.0	1	0.1	1	0.1	14	40

Source: Eurostat, Danish Statistics (2009)

Leather is an important industry in Denmark, but efforts are concentrated into other products such as footwear, rather than leather goods such as handbags, wallets and purses. The small production in 2008 was divided into bags, cases and other containers (87%), handbags (7%) and belts (6%). There was some production of small leather goods in 2004, but this has now ceased. Production of belts and handbags has also decreased while production of other bags and containers has increased.

Main and interesting players

- Pia Ries - http://www.ries.dk - located in Fredericia, produces leather handbags. It also makes leather accessories such as purses.
- Adax - http://www.adax.dk - bags and belts are designed in Denmark, but produced in many countries and are distributed in 10 countries around Europe.
- Interleather - http://www.interleather.dk - founded in 1957 and today is one of Northern Europe's greatest manufacturers of high-class bags, small wares, purses and cases, with manufacturing in Denmark and the Far East.
- Bel Sac - http://www.belsac.dk - located in Vemb, is a designer and producer of fashion and high quality leather handbags for women. It also produces bags for men.
- Bon Gout - http://www.galleri-bongout.dk - located in Vallensbak, manufactures high quality travel bags. This company was established in 1945.

- Octopus - http://www.byoctopus.dk - located in Hedehusene, designs and produces leather bags and leather items such as purses and wallets.

Trends in production
High production costs in Denmark has resulted in significant levels of outsourcing. Most has gone to Asia as costs of production are so much lower there than in other parts of the world, particularly as quality standards can also be high. Some companies have retained their headquarters in Denmark, and control design, marketing and distribution from here. Nevertheless, the Danish industry is now very small and unlikely to develop in terms of local production.

Opportunities and threats
+ The Danish market has provided good opportunities for DC exporters. There is very little competition from local producers and consumers are very receptive to new products and new fashion styles.
+ Many Danish consumers will feel that DC exporters are better placed to supply eco-friendly handbags and accessories. There is more interest being shown in smaller suppliers from unfamiliar developing countries of which relatively little is known.
+ Danish consumers are relatively sophisticated and can easily differentiate between quality products and those of lower value. DC exporters that can provide a good perceived balance between quality and value will have an advantage.
+ There may be some remaining Danish producers that might be interested in forming working partnerships or developing outsourcing arrangements.

Equally any of these trends can be an opportunity for one exporter, but a threat to another. The outcome of this analysis will depend on the specific situation of each exporter. Danish buyers are not always loyal to particular overseas suppliers, so you may lose out to a supplier from your own country or neighbouring country.

See Chapter 7 of the EU survey 'The luggage and leather goods market in the EU' for more information on opportunities and threats.

Useful sources
- There are a number of commercial research organisations that produce reports on the Danish luggage and leather goods market, but these can only be obtained at a cost. They include the Market Research Bureau Euromonitor - http://www.euromonitor.com - as well as Just Style - http://www.just-style.com.
- The NPD Group - http://www.npd.com - produces reports on the fashion industry that includes accessories and also covers the Danish market.
- The market research consultancy GfK - http://www.gfkrt.com - also produces information on this sector.
- Production information can be obtained from Eurostat as well as Danish National Statistics - http://www.statbank.dk.
- See Chapter 6 for details of trade associations in Denmark.

2 Trade channels for market entry

Trade channels
The luggage and leather goods market in Denmark is relatively concentrated, and the specialised trade dominates, despite the fact that sales through non-specialist outlets continue to increase. The market is very competitive and characterised by a large number of suppliers, primarily importers each targeting a limited number of buyers. From a geographic perspective, there are two centres on which to concentrate: the greater Copenhagen area including the island of Zeeland, and the Jutland peninsula, focusing on Aarhus.

Exporters from developing countries should seek out importers and wholesalers that specialise in luggage and leather goods. Agents sometimes also act as importers, whereas in most other countries, agents are completely separate from wholesalers or importers. Eurostat reported that there were 218 agents involved in the sale of clothing, textile, footwear or leather goods in 2007, and a further 1,089 wholesalers of clothing and footwear.

Interesting wholesalers and importers include:

- Estegards - http://estergards.com - located in Skodsborg, is a wholesaler and importer of leather handbags.
- Uni-Leather - http://www.uni-leather.dk - is a wholesale business, which started in 1991. It specialises in large and small bags, briefcases, wallets and purses, including articles for the advertising industry.
- G & L - tel +45 5059 1019 - located in Frederiksberg, is an importer of bags from Asia and Europe.
- Levinsky - http://www.levinsky.dk - is a wholesaler of bags, usually not made of leather.
- Francini - http://www.francini.dk - located in Vallensbak, is an importer and wholesaler of different brands including David Jones.
- Asia Mania - tel +45 6163 1056 - located in Aalsgarde, is an importer of handbags, mainly from Vietnam.

Retail trade

Eurostat reported 642 specialist retail enterprises of leather and footwear in 2007, but market research specialist Mintel reported 4,669 retail enterprises and 6,062 outlets selling clothing and footwear. There were no statistics available on retail shares, but the majority of both luggage and leather goods segments are sold through specialist stores and clothing retailers.

Specialist retailers remain dominant. The main specialist retailer in this sector is Neye - http://www.neye.dk - with 37 outlets around Denmark. Friis & Co – http://www.friis-co.dk - is a specialist chain with eight outlets but has an international presence. Helm Laedervaren – http://www.helm.nu - has six outlets. Pieces - http://www.pieces.com - is an accessories retailer with 30 outlets and is part of the Bestseller Group. Kaza - http://www.kaza.dk - has nine outlets. The Delsey brand - http://www.delsey.dk - is widely distributed throughout Denmark. Some footwear retailers such as Tops - http://www.tops.dk - sell bags and belts, and some luggage.

Buying groups are important in Denmark for clothing and accessories. Dress Partner – http://www.dintojmand.dk - with 140 outlets, Mr - http://www.mr.dk - 92 outlets of men's fashion, and Tojeksperten - http://www.tojeksperten.dk - with 123 outlets are the principle operators. The Shoe-d-vision and Skoringen voluntary groups merged in 2008 to form the leading footwear group, now much larger than Eurosko.

Luggage and leather goods are sold in ***international clothing retail chains*** such as H&M, which has 69 outlets. There is ***no major hypermarket presence*** in Denmark. Department stores such as Magasin du Nord - http://www.magasin.dk - with six outlets and Illum - http://www.illum.dk - as well as the catalogue retailer Harald Nyborg - http://www.harald-nyborg.dk - are important retailers of luggage and leather goods.

Clothing and discount stores, and department stores are taking an ***increasing share of trade*** from traditional specialist stores and currently account for over half of the market. The remainder is sold through specialist stores. Many of these are chains, often based on franchise concepts where purchasing and marketing are pooled in order to reduce costs. The chains are generally targeted at specific market segments such as young fashion, low cost, mature fashion or a combination of these.

In addition, as the ***use of the Internet has increased***, luggage and leather goods are increasingly sold via this medium. Non-retail sales grew much faster than the market as a whole in 2008, but home shopping and the Internet still represented just 2% of sales. Bon Gout – http://www.galleri-bongout.dk - is an example of a Danish manufacturer that now manufacturers abroad but has a small retail presence and increasingly relies on Internet sales.

Finding a suitable trading partner
There are a number of ways to look for a suitable trading partner in Denmark. The first place to look would be to contact the main trade association(s), followed by trade fairs, which tend to feature a list of exhibitors, many of which may be potential partners. In addition to these sources, there are often a number of general or specific information portals that will be useful. The following organisations may be worth looking at:

- There are several associations for Luggage and Leather Goods and some of their members could be interested in contact with exporters from developing countries. Addresses and websites of these associations can be found in Chapter 6.
- The Federation of Danish Textiles and Clothing - http://www.textile.dk - has links to suppliers of clothing and fashion items. This related organisation - http://www.textil-toej.dk/ - can provide import advice for this sector, including names of wholesalers.
- The Danish Fashion Institute - http://www.danishfashioninstitute.dk - has links to members.
- Danish contacts can also be found at trade magazines for the leather goods industry, which are mentioned in Chapter 6.
- The Federation of Danish Industries - http://www.di.dk - may also help find contacts.
- The International Trade Centre - http://www.intracen.org - and the Danish Chamber of Commerce - http://www.danskerhverv.dk - are also useful organisations to find Danish contacts.
- The Danish Import Promotion Programme - http://www.dipp.eu - is a good contact for exporters from developing countries.
- Links to contacts in many Danish sectors can be found at http://www.branchelink.dk.

3 Trade: imports and exports

Imports
Total imports
In 2008, Denmark imported luggage and leather goods valued at € 172 million, or 13 thousand tonnes. This accounted for 1.8% of all EU imports by value, or 1.3% by volume. This represented an average annual increase in value of 14% since 2004 from € 103 million (4.3% in volume from 11 thousand tonnes). Denmark was the eleventh largest importer of luggage and leather goods behind France, Italy, the UK, Germany, Spain, the Netherlands, Austria, Greece and Poland. Countries with similar levels of imports were Poland and Sweden. (*Note imports of 'made of leather' items in this group were valued at € 72 million or 2.6 thousand tonnes. These imports grew by 20% in value from € 35 million and by 15% in volume from 1.5 thousand tonnes over the period between 2004 and 2008*).

Exports, with a growth rate of 20%, were approximately half the value of imports. However, import volumes were over three times higher than export volumes. Production is negligible in Denmark but the consumer market has been showing an above average annual increase over the period. Imports are taking up an increasing share of the market, but there was also a sizeable proportion of imports that were re-exported.

The share of supplies by developing countries was up from 43% in value in 2004, and up from 64% in volume or 7 thousand tonnes. See Table 1 in Annex 2 for more information. (*Note share of 'made of leather' supplies from developing countries increased from 31% or € 11 million to 46% or € 33 million by value and from 53% or 0.8 thousand tonnes to 77% or 2 thousand tonnes by volume*).

Imports by product group
Bags
This was the largest luggage and leather goods product group. Valued at € 93 million in 2008, this represented 54% of all luggage and leather goods imports to Denmark (54% by volume). This compared with a share of 56% in 2004 (54% by volume). Hence this product group was marginally decreasing in significance in its value contribution to imports. (*Note imports of 'made of leather' items in this group were valued at € 31 million or 0.9 thousand tonnes. These*

imports grew by 27% in value from € 12 million and by 22% in volume from 0.4 thousand tonnes over the period). Intra-EU trade accounted for 43% by value and 14% by volume, and this was unchanged by value but down from 17% by volume in 2004. The Dutch share of supplies was up from 5.2% by value in 2004.

Table 3.1 Danish imports of bags, 2004 - 2008, share in % of value**

	2004		2006		2008		Average annual % change in value
	value	volume	value	volume	value	volume	
Total EU, of which from	58	6	91	7	93	7	12.5
Intra-EU	25	1	43	1	40	1	12.5
Extra-EU ex DC*	7	1	10	1	7	1	2.6
DC*	26	4	38	5	46	5	15.3
Handbags	23	1	45	3	56	3	24.9
Leather handbags	11	0.3	22	0.5	28	0.7	26.3
Travel & other bags	35	5	46	4	37	4	1.4
Leather travel bags	1	0.1	3	0.2	3	0.2	4.7

Source: Eurostat (2009) *Developing countries **See Annex 2 for more detail

Developing country suppliers represented 50% of all imports by value (76% by volume), up from 45% in 2004 (67% by volume). See Table 2 in Annex 2 for more detail. (*Note share of 'made of leather' imports from developing countries increased from 28% or € 3.4 million to 40% or € 13 million by value, and from 62% or 0.3 thousand tonnes to 79% or 0.7 thousand tonnes by volume*). Handbags was the largest sub-sector, valued at € 56 million or 3 thousand tonnes in 2008, an increasing share since 2004 (*'made of leather' handbags valued € 28 million or 0.7 thousand tonnes*).

Small accessories

This was the second largest luggage and leather goods product group. Valued at € 46 million in 2008, this represented 27% of all luggage and leather goods imports to Denmark (16% by volume). This compared with a share of 25% in 2004 (12% by volume). Hence this product group was increasing in significance in its value and volume contribution to imports. (*Note imports of 'made of leather' items in this group were valued at € 37 million or 1.1 thousand tonnes. These imports increased by 17% in value from € 20 million and by 8.6% in volume from 0.7 thousand tonnes over the period*). Intra-EU trade accounted for 44% by value and 14% by volume, but this decreased from 50% by value and 23% by volume in 2004. The Swedish share was up from 7.7% in 2004.

Table 3.2 Danish imports of small accessories, 2004 - 2008, share in % of value**

	2004		2006		2008		Average annual % change in value
	value	volume	value	volume	value	volume	
Total EU, of which from	26	1.3	52	1.9	46	2.1	15.3
Intra-EU	13	0.3	32	0.3	20	0.3	11.4
Extra-EU ex DC*	4	0.2	4	0.3	3	0.3	0.9
DC*	9	0.8	16	1.3	23	1.5	26.4
Belts	15	0.6	36	0.9	24	0.7	12.5
Other small accessories	11	0.7	16	1	22	1.4	18.9
Leather small accessories	5	0.2	8	0.2	13	0.4	27.0

Source: Eurostat (2009) *Developing countries **See Annex 2 for more detail

Developing country suppliers represented 50% of all imports by value (71% by volume), up from 35% in 2004 (62% by volume). See Table 3 in Annex 2 for more detail. (*Note share of* *'made of leather' imports from developing countries increased from 30% or € 5.8 million to 49% or € 18 million by value, and from 47% or 0.4 thousand tonnes to 73% or 0.8 thousand tonnes by volume*). Belts was the largest sub-sector, valued at € 24 million or 0.7 thousand tonnes in 2008, a marginally decreasing share since 2004 (*'made of leather' small accessories valued € 13 million or 0.4 thousand tonnes*).

Cases
This was the smallest luggage and leather goods product group. Valued at € 33 million in 2008, this represented 19% of all luggage and leather goods imports to Denmark (35% by volume). This compared with a share of 19% in 2004 (35% by volume). Hence this product group was broadly unchanged in significance in its contribution to imports. (*Note imports of 'made of leather' items in this group were valued at € 4.6 million or 0.6 thousand tonnes. These imports increased by 6.3% in value from € 3.6 million, and by 19% in volume from 0.3 thousand tonnes over the period*). Intra-EU trade accounted for 52% by value and 24% by volume, and this decreased from 55% by value and from 32% by volume in 2004. Belgium's share was down from 15% in 2004. The share of supplies from Germany increased.

Table 3.3 Danish imports of cases, 2004 - 2008, share in % of value

	2004		2006		2008		Average annual % change in value
	value	volume	value	volume	value	volume	
Total EU, of which from	20	3.8	30	6.7	33	4.5	13.3
Intra-EU	11	1.2	16	3.4	17	1.1	11.5
Extra-EU ex DC*	1	0.1	3	0.3	3	0.3	30.9
DC*	8	2.5	11	3.0	13	3.1	12.9
Briefcases	6	0.6	10	1.0	8	0.6	7.5
Leather briefcases	2	0.2	3	0.3	2	0.1	1.1
Suitcases	14	3.2	20	5.7	25	3.9	15.6
Leather suitcases	1	0.1	1	0.1	2	0.5	12.8

Source: Eurostat (2009) *Developing countries

Developing country suppliers represented 39% of all imports by value (69% by volume), down from 40% in 2004 (up from 66% by volume). (*Note the share of 'made of leather' imports from developing countries decreased from 44% or € 1.6 million to 41% by value or € 1.9 million, but increased from 69% or 0.2 thousand tonnes to 74% or 0.5 thousand tonnes by volume*). China (€ 12 million or 3 thousand tonnes) dominated the developing country supply of cases.

In terms of individual products, suitcases was the largest sub-sector, valued at € 25 million or 3.9 thousand tonnes in 2008, an increasing share since 2004 (*'made of leather' suitcases valued € 2 million or 0.5 thousand tonnes)*. Briefcases were valued at € 8 million or 0.6 thousand tonnes in 2008, a declining share since 2004 *('made of leather' briefcases valued € 2 million or 0.1 thousand tonnes)*.

Exports
In 2008, Denmark exported luggage and leather goods valued at € 88 million, or 3.8 thousand tonnes. This represented an average annual increase in value of 20% from € 43 million, and an average annual increase of 16% in volume from 2.1 thousand tonnes since 2004.

In 2008, Denmark was the tenth largest exporter by value, and the twelfth largest by volume. This was similar in value to the Czech Republic and Romania, but similar in volume to Romania, Austria, Sweden and Poland. Exports from Denmark were destined to most major EU countries, in particular Germany, Sweden and the Netherlands. 82% of Danish exports were intra-EU. 83% of volume exports were intra-EU. Outside the EU, exports to Norway, Russia and Switzerland were significant.

In terms of product groups, bags accounted for 60% by value or € 53 million (60% by volume or 2.3 thousand tonnes), unchanged at 60% or € 26 million (down from 62% in volume or 1.3 thousand tonnes) in 2004. Handbags dominated this group of exports. The main destinations were Germany, Sweden, the Netherlands and Norway.

The next largest group of exports were small accessories, which accounted for 28% of all exports or € 25 million (21% by volume or 0.8 thousand tonnes), up from 27% or € 12 million in 2004 (up from 17% by volume or 0.4 thousand tonnes). Belts dominated this group. Germany, Norway, France and the Netherlands were the main destinations.

Cases accounted for the remaining 12% share, valued at € 10 million (19% by volume or 0.6 thousand tonnes), down from 13% or € 4.7 million (23% by volume or 0.4 thousand tonnes) in 2004. Suitcases dominated this group, valued at € 6 million. Sweden, Finland and Germany were the main destinations.

Opportunities and threats

+ Denmark is a medium-sized importer of luggage and leather goods and should be viewed as a potentially interesting market for exporters from developing countries. It has a mature domestic retail market, combined with low levels of domestic production. Hence Denmark is reliant on imports.
+ Imports of leather-made products are increasing at a faster rate than products of other materials. This particularly applies to small leather goods such as wallets and purses, and leather handbags. There is more value in leather, so this material represents a good opportunity for exporters, compared to other materials.
+ Imports of handbags have offered the greatest opportunities, followed by imports of other small accessories and suitcases. This is primarily due to the low import prices from DC supplies, compared with intra-EU prices.
- The fact that the value share of imports from developing countries is up over the period by a significantly higher proportion than volume indicates that import prices are increasing. This indicates that more opportunities can be found in the mid and higher market segments.
- Large exporters from China and often India are a threat for DC exporters from other countries, due to their scale and access to capital and the latest technology.

It is also important to note that an opportunity for one developing country can also be a threat to another. Many EU countries switch country sources purely for competitive advantage, rather than moving supplier because of changes in demand for other reasons. Exporters should read carefully the trends and developments outlined on other parts of this survey before establishing whether Denmark offers a genuine export opportunity. The outcome of this analysis will depend on the specific situation of each exporter.

See Chapter 7 of the CBI market survey 'The luggage and leather goods market in the EU' for more information on opportunities and threats.

Useful sources

- EU Expanding Exports Helpdesk
  ➔ http://exporthelp.europa.eu/
  ➔ go to: trade statistics
- Eurostat – official statistical office of the EU
  ➔ http://epp.eurostat.ec.europa.eu;
  ➔ go to 'themes' on the left side of the home page
  ➔ go to 'external trade'
  ➔ go to 'data – full view'
  ➔ go to 'external trade - detailed data'
- Understanding eurostat: Quick guide to easy comext
  ➔ http://www.eds-destatis.de/en/database/download/Handbook_Comext_Database.pdf

4 Price developments

Consumer prices

Prices of luggage and leather goods are above average in Denmark, in relation to other EU countries, although they are not as high as their Scandinavian neighbours. Leather-made products are popular in Denmark, indicating a preference for higher quality luggage and leather goods. This may in part explain the higher average prices. Consumer prices increased by 3.6% in 2008, and by 1.1% in 2009, close to the EU average of 3.7% in 2008 and 1% in 2009.

This compared with increases of 1.6% and 1% for 2008 and 2009 respectively for clothing accessories, so prices for this product group increased by less than the all-price index. However, these increases were greater than the equivalent EU price increases for this sector. EU27 prices have increased by 0.5% in 2008 and by 1% in 2009.

Table 4.1 Price movements of selected luggage and leather goods, 2006 – 2009, indexed vs 2005

	Dec 2006	Dec 2007	Dec 2008	Dec 2009
Clothing accessories	103.9	105.2	106.7	104.8
Other personal effects, inc bags	100.8	101.8	104.5	103.3
All prices	102.3	104.8	107.3	108.6

Source: http://www.statbank.dk

Table 4.1 highlights the differential between changing prices in this sector, compared with prices in 2005. Prices of goods in this sector have broadly increased by between 3% and 5% in the last four years, while all prices have increased by almost 9% over the same period.

Consumer prices can be found at the online retailer Travelgear - http://www.travelgear.dk. Prices can also be found at the retailer Adax – http://www.adax.dk. Prices of belts can be found at Graae Design - http://www.graaedesign.com. Prices can also be found at the mail order company Cellbes - http://www.cellbes.dk.

Import prices

There is an upward trend in import prices. As Table 4.2 indicates, developing country prices were four times lower than intra-EU prices in 2008. Import prices for 'leather-made' items were broadly double that of all prices. This may explain the trend to greater purchases from developing countries, as prices are lower, and they have increased at the slowest rate.

For DC exporters, rising import prices can be viewed in two ways. Firstly, buyers may have accepted that import prices have been pushed as far down as they can, and recognise the reality that they will have to increase. This is seen in the context of global price rises for many raw materials. On the other hand, it may force buyers to look elsewhere for even lower sources of supply, as they find it difficult to pass on higher prices to their own consumers.

Import prices for different products from developing countries showed wide variations. The average price for all bags was € 13.49 per tonne, compared with € 7.22 for cases and € 22.10 for small accessories. This is explained by the high degree of leather content in small accessories, while cases are largely made of material other than leather.

Table 4.2 Development in Danish average import values/prices of luggage and leather goods, 2004 – 2008, €

	2004 ave price per tonne	2006 ave price per tonne	2008 ave price per tonne	Ave. annual % change
Total imports	9.36	10.81	13.23	9.0
Intra-EU	16.33	18.20	38.50	23.9
Developing countries	6.29	7.22	8.20	6.9
Total 'made of leather' imports	23.33	31.74	27.69	4.4
Intra-EU	50.00	76.67	70.00	8.8
Developing countries	13.75	15.33	16.50	4.7

Source: Eurostat (2009)

Price structure

Luggage and leather goods' margins have been falling in Denmark in recent years, particularly at the bottom end of the market, as a result of intense competition in the supply end and more competition between retailers. For some products, margins are stabilising and prices are increasing again, but for others prices are continuing to fall. Although there are some national differences, margins tend to be similar in most markets. There are also differences in margin levels between different product types, with higher retail margins for more fashion-related products, and lower margins for more functional or lower quality products.

In each trade channel different margins and prices apply, with a total mark-up (including VAT) of between 3 and 4.5 times the export (CIF) price. The margin figures quoted in Table 4.3 are calculated as a percentage of the price purchased from whom they buy in the chain, not as a percentage of the CIF price.

These margins also vary depending on which market segment is being approached. The higher the market segment, the higher the margins that can be commanded. Department stores or clothing and variety chains ask for large-volume discounts, which are then passed on to their affiliated stores.

Table 4.3 Overview of margins in luggage and leather goods

	Low	High
Importers/wholesalers' margins	30%	50%
Agents' margins	5%	10%
Retailers' margins	95%	120%
Mark-up Export (CIF) price - Consumer price	**3.0**	**4.5**

VAT of 25% is added to retail prices.

More information can be found in Chapter 3.2 of the CBI market survey 'The luggage and leather goods market in the EU'.

5 Market access requirements

As a manufacturer in a developing country preparing to access Denmark, you should be aware of the market access requirements of your trading partners and the Danish government. Requirements are demanded through legislation and through labels, codes and management systems. These requirements are based on environmental, consumer health and safety and social concerns. You need to comply with EU legislation and have to be aware of the additional non-legislative requirements that your trading partners in the EU might request.

For information on legislative and non-legislative requirements, go to 'Search CBI database' at http://www.cbi.eu/marketinfo, select luggage and leather goods and Denmark in the category search, click on the search button and click on market access requirements.

The new EU regulation on chemical substances, called REACH, has been in force since 2007. For more information on REACH, see the document on the CBI website at http://www.cbi.eu/marketinfo.

Labels are important in Denmark. They are seen as a sign of trust in the product. The Nordic Swan is the official Nordic eco-label and the Flower is the European eco-label, details of both can be found at http://www.ecolabel.dk.

Detailed information on packaging can be found at the website of ITC on export packaging: http://www.intracen.org/ep/packit.htm. Information on tariffs and quota can be found at http://exporthelp.europa.eu/

6 Doing business

The most important ways to develop a business relationship are to either exhibit at one of the main leather goods trade fairs, or to make a direct approach to wholesalers or major retailers. In Denmark, business people prefer a more stylish form of communication, both in the way a presentation is put together, and in the way contact is made.

The Danes are very interested in price, but it is also important to appreciate from the outset the importance of retaining your customers through high levels of service. Many buyers are not always loyal and it is much easier to lose a customer than to find a new one. It is also extremely important that you have a ***professionally produced website***, so that potential partners are able to independently see for themselves the type of organisation that you represent. They may well make an evaluation of you on this basis. Your website may also enable you to contact consumers directly. Your website may also enable you to contact consumers directly. See also the CBI publication 'Website promotion - How to promote your website in the EU'.
http://www.cbi.eu/marketinfo/cbi/docs/website_promotion_how_to_promote_your_website_in_the_eu?via=pub

General information on doing business like approaching potential business partners, building up a relationship, drawing up an offer, handling the contract (methods of payment, and terms of delivery) can be found in CBI's export manuals 'Export Planner' and 'Your image builder'. Furthermore cultural awareness is a critical skill in securing success as an exporter. Information on cultural differences in the EU can be found in Chapter 3 of CBI's export manual 'Exporting to the EU'. These manuals can be downloaded from http://www.cbi.eu/marketinfo - go to search publications.

Trade magazines
Advertising or publicity in trade magazines can be a useful way to reach new customers. The main publications in Denmark are:

- Shoe & Bag Trends - http://www.shoe-centre.dk - is a quarterly publication that is published by the Scandinavian Shoe Centre.
- The Association of Danish Footwear Retailers - http://www.skohandlerforening.dk - publishes a magazine called Sko (Shoes & More) nine times a year. This also features information on leather goods.
- The Fashion Post - http://www.tomorrowmanagement.com - is distributed to a wide range of people working in the fashion industry.
- Erhvervsbladet - http://www.erhvervsbladet.dk - is a business magazine targeting small and medium-sized businesses of all trade sectors.

Trade fairs

- Fashion + Shoes + Bags - http://bagcenter.dk - is a permanent exhibition area, where exhibitors have showrooms in the Scandinavia Trade Mart – Fashion, and the Scandinavian Bag Center.
- The Copenhagen International Fashion Fair - http://www.ciff.dk - takes place twice a year each February and August in the Bella Center. The Gallery International Fashion Fair - http://www.gallery.dk - takes place each February and August at the Forum in Copenhagen.
- CPH Vision - http://www.cphvision.dk - and its younger partner Terminal 2 - http://www.terminal-2.dk - both take place simultaneously in Copenhagen each February and August. The former is a more traditional fashion fair, while the latter targets a younger, more trendy clientele.
- These are all part of Copenhagen Fashion Week - http://www.copenhagenfashionweek.com.
- The Fashion Fairs in Vejle - http://www.nordfair.dk - each March and August also include some leather goods.

Trade associations

The main trade associations are:

- The Leather Goods Manufacturers Association is connected to the Federation of Danish Industries - http://www.di.dk.
- The Association of Leather Goods Retailers - mailto:lars.hansson@hansson.dk.
- The Danish Footwear Retailers Association - http://www.skohandlerforening.dk.
- The Federation of Small & Medium Sized Enterprises - http://www.hvr.dk.
- The Danish Textile Union - http://www.dansk-detail.dk or http://www.dtu.com - specialises in the retailing of clothing and accessories.
- The Danish Leather Wholesalers Association - tel +45 3324 3810 – is located at c/o Hans Dreyer, Alhambravej 8, 1826 Frederiksberg C.
- The Scandinavian Retail Institute - http://www.retail-institute-scandinavia.dk - publishes information on a number of sectors.

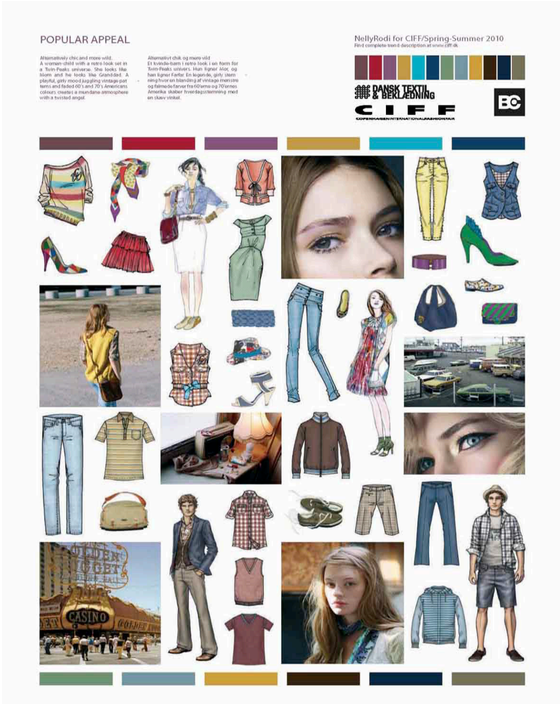
This survey was compiled for CBI by ***Searce***

ANNEX 1 DETAILED TRENDS IN DANISH ACCESSORY DESIGN

This annex provides trends generated by the Danish Textile & Clothing Institute, which appeared at the Copenhagen Fashion Fair - http://www.ciff.dk - for Spring-Summer 2010. You should take note of these trends when developing your own range for the Danish market.

Popular Appeal

Alternatively chic and more wild.
A woman-child with a retro look set in a Twin-Peaks universe. She looks like Morn and he looks like Grandad. A playful, girly mood juggling vintage patterns and faded 60s and 70s American colours creates a mundane atmosphere with a twisted angel.



Ode to Nature

A homage to nature.
Modern ceremonies, half pagan, half religious, which evoke the goddesses and vestal virgins of Antiquity, pre-Raphaelite paintings and symbolism. A romantic, spiritual, poetic appeal...

Light Tech

Back to the future.
A new beginning showing optimism and progress. Technology becomes playful in a sweet way. A new positive high-tech is restarting with references to the naivety of the 50s.

Southern Folk

We head to South America.
A creative melting pot in a mix of influences and civilizations. From this universe we rediscover both the appealing glamour of seductive movie actresses like Maria Felix and the humble elegance of traditional folklore outfits.

ANNEX 2 ADDITIONAL STATISTICAL TABLES

Table 1 Danish imports and leading suppliers of luggage and leather goods, 2004-2008, € million/1,000 tonnes, average annual changes

	2004		2006		2008		%	%	%	%
	value	volume	value	volume	value	volume	value share	change value	volume share	change volume
Total	**103**	**11**	**173**	**16**	**172**	**13**	***100.0***	**13.7**	***100.0***	**4.3**
of which from										
Intra-EU	**49**	**3**	**91**	**5**	**77**	**2**	***44.8***	**12.0**	***15.4***	**-9.6**
of which										
Sweden	6	0.3	10	0.5	12	0.5	*7.0*	18.9	*3.7*	11.0
Germany	9	0.6	14	0.6	12	0.5	*6.9*	7.5	*3.6*	-5.7
Netherlands	5	0.2	20	0.2	12	0.3	*6.9*	24.5	*1.9*	9.8
Extra-EU ex DC*	**10**	**1**	**17**	**2**	**13**	**1**	***7.5***	**6.8**	***7.7***	**0.0**
Developing countries	**44**	**7**	**65**	**9**	**82**	**10**	***47.7***	**16.8**	***76.9***	**9.3**
of which										
China	35	6.7	49	8	56	9	*32.5*	12.5	*69.2*	6.5
India	6	0.3	11	0.5	14	0.6	*7.8*	23.0	*4.6*	18.9
Turkey	1	0	2	0.1	7	0.2	*4.1*	69.3	*1.5*	67.1
Thailand	0.4	0	0.4	0	2	0.1	*1.2*	48.7	*0.7*	29.6
Vietnam	0.5	0.1	0.9	0.1	2	0.1	*0.9*	33.3	*1.0*	27.5
Malaysia	0.1	0	0.3	0	0.7	0	*0.4*	85.3	*0.1*	86.1
Pakistan	0.2	0	0.5	0.1	0.6	0.1	*0.3*	28.3	*0.8*	34.8
Argentina	0	0	0.1	0	0.2	0	*0.1*	52.3	*0.0*	-9.1
Sri Lanka	0.1	0	0.1	0	0.1	0.1	*0.0*	13.4	*0.0*	9.3
Mexico	0	0	0	0	0.1	0	*0.0*	219.0	*0.0*	100.0

Source: Eurostat (2009) *Developing countries

Table 2 Danish imports and leading suppliers of bags, 2004-2008, € million/1,000 tonnes, average annual changes

	2004		2006		2008		%	%	%	%
	value	volume	value	volume	value	volume	value share	change value	volume share	change volume
Total	**58**	**6**	**91**	**7**	**93**	**7**	***100.0***	**12.5**	***100.0***	**5.4**
of which from										
Intra-EU	**25**	**1**	**43**	**1**	**40**	**1**	***43.0***	**12.5**	***14.9***	**-0.7**
of which										
Netherlands	3	0.1	7	0.2	7	0.2	*7.5*	25.3	*2.8*	12.8
Germany	5	0.3	8	0.3	6	0.2	*6.0*	1.9	*3.0*	-11.6
Italy	2	0	5	0.1	5	0.1	*5.6*	21.1	*1.2*	21.9
Extra-EU ex DC*	**7**	**1**	**10**	**1**	**7**	**1**	***7.5***	**2.6**	***8.7***	**-1.2**
Developing countries	**26**	**4**	**38**	**5**	**46**	**5**	***49.5***	**15.3**	***76.4***	**7.4**
of which										
China	22	3.6	29	4.4	34	4.5	*36.0*	11.6	*65.2*	5.7
India	3	0.2	6	0.3	9	0.4	*9.5*	34.4	*5.8*	27.5
Vietnam	0.5	0	0.8	0.1	1	0.1	*1.5*	33.0	*1.7*	29.0
Turkey	0.2	0	0.3	0	0.6	0	*0.7*	40.7	*0.3*	33.4
Malaysia	0	0	0.3	0	0.6	0	*0.7*	90.8	*0.2*	94.7
Pakistan	0.1	0	0.4	0.1	0.6	0.1	*0.7*	42.9	*1.6*	37.7
Thailand	0.4	0	0.2	0	0.2	0	*0.2*	-9.5	*0.2*	-14.8
Sri Lanka	0	0	0.1	0	0.1	0	*0.1*	12.5	*0.1*	9.3
Mexico	0	0	0	0	0.1	0	*0.1*	362.0	*0.0*	100.0
Argentina	0	0	0	0	0	0	*0.0*	39.4	*0.0*	25.7

Source: Eurostat (2009) *Developing countries

Table 3 Danish imports and leading suppliers of small accessories, 2004-2008, € million/1,000 tonnes, average annual changes

	2004		2006		2008		%	%	%	%
	value	volume	value	volume	value	volume	value share	change value	volume share	change volume
Total	**26**	**1.3**	**52**	**1.9**	**46**	**2.1**	***100.0***	**15.3**	***100.0***	**12.7**
of which from										
Intra-EU	**13**	**0.3**	**32**	**0.3**	**20**	**0.3**	***43.5***	**11.4**	***14.3***	**2.0**
of which										
Sweden	2	0	3	0.1	4	0.1	*9.1*	21.9	*4.2*	19.3
Italy	4	0.1	5	0.1	4	0	*8.2*	-3.0	*2.6*	-8.9
Netherlands	2	0.1	13	0.1	3	0	*7.1*	18.0	*2.4*	-3.3
Extra-EU ex DC*	**4**	**0.2**	**4**	**0.3**	**3**	**0.3**	***6.5***	**0.9**	***14.3***	**0.8**
Developing countries	**9**	**0.8**	**16**	**1.3**	**23**	**1.5**	***50.0***	**26.4**	***71.4***	**17.0**
of which										
China	5.3	0.6	9.1	1	9.9	1.1	*21.3*	16.9	*52.4*	16.4
Turkey	0.7	0	1.7	0	6.8	0.2	*14.5*	76.5	*9.5*	74.7
India	3	0.1	4.6	0.2	4.4	0.1	*9.5*	10.0	*6.7*	8.1
Thailand	0.1	0	0.1	0	1.9	0.1	*4.1*	140.9	*3.7*	125.8
Argentina	0	0	0	0	0.1	0	*0.3*	71.8	*0.2*	82.1
Morocco	0	0	0.1	0	0	0	*0.1*	100.0	*0.2*	100.0
Vietnam	0	0	0	0	0	0	*0.0*	-4.2	*0.0*	-26.4
Pakistan	0.1	0	0.1	0	0	0	*0.0*	-25.2	*0.0*	-32.0
Malaysia	0	0	0	0	0	0	*0.0*	38.1	*0.0*	56.5
Senegal	0	0	0	0	0	0	*0.0*	138.4	*0.0*	100.0

Source: Eurostat (2009) *Developing countries