

FACT SHEET

Garments

This fact sheet gives an overview of the Swedish market for Garment. And provides information in order for exporters to gain an understanding of what is needed to develop, adapt and respond to in order to be better able to successfully establish sustainable trade with Europe / Scandinavia / Sweden.

THE SWEDISH MARKET FOR GARMENTS

Domestic production in Sweden is very low due to high costs of labour in production.

Many Scandinavian producers of garments are continuously on the outlook for better production conditions, most often in developing countries. Due to high labour costs and taxation in combination with consumer demand for low priced goods, the producers are forced to move large segments of their manufacturing to countries where production costs are lower. Almost all production is now done outside of Sweden. Imports to Sweden and Scandinavia not only cover the region's own consumption but also re-sale and re-exportation of products to other EU countries and outside the EU.

IMPORT/EXPORT

Total sales for the Swedish fashion industry were SEK 237 billion in 2013. This was a 3.4 percent increase on the previous year. 62 percent, SEK 147 billion, consists of exports and 38 percent, SEK 90 billion, was earned on the domestic market. Exports have increased by 6.8 percent and the domestic market has decreased by 1.7 percent.

The greatest share of sales is generated in the retail and wholesale trades. It is important to note that the more than 60 % of the market is dominated by a few large actors, one of them being by far largest (H&M)

IN SEK MILLIONS	IMPORTS JAN-JUNE 2014	EXPORTS JAN-JUNE 2014
Clothing (cotton & other)	15 135	6565

TOTAL IMPORTS FOR 2014 IS ESTIMATED AT ABOUT 32 000

The imports of clothing have increased with 1011 million SEK during January-June 2014 compared to same period 2013.

MARKET SEGMENTS

Fashion products in the *low price segments* have shown the largest growth in the Scandinavian market over the last couple of years. The *middle market segment* for fashion retailers has decreased; it has slowly been taken over by other actors such as supermarkets and chain stores.

The increased quality and brand awareness amongst the consumers is an important characteristic of the Scandinavian market. *Specialty segments*

and *specific goods* have a niche in the market. Companies that can provide unique products, tying into the latest trends and offering high brand value, will find opportunities to enter the Scandinavian market.

Awareness regarding *Sustainability*, has increased consumer demand on how products on the market are produced considering environment, production conditions, fair trade, CSR etc. These requirements affects buyers, which in turn places greater demands on their suppliers. There is a growing level of environmental awareness on the market. The global trend is to incorporate environmental considerations into purchasing decisions.



ACTORS IN THE MARKET -

WHOLESALE/ RETAIL/ AGENTS AND DISTRIBUTOR

- The imports of garments to Scandinavia are dominated by importing wholesalers selling to retailers and a few big integrated retailing groups.
- The larger retail chains import directly themselves, but sometimes retailers also make use of agents or have their own purchasing offices.
- An agent or a distributor could work for wholesalers or for themselves. Agents and distributors often select brands or products that suit their customer base.
- Companies with an integrated retailing and manufacturing are engaging extensively in their own production in developing countries.

MARKET ACCESS / OPPORTUNITIES

Depending on the size, market segment and market position the buyer will request different things. Important factors are the process, price and quality. They buyers are looking to have a secure process, which means transparency and good communication as well as delivering the requested quantity, quality on time. Scandinavian companies are buying/placing their clothing production on a wide range of markets such as China, India, Pakistan, Vietnam, Indonesia, South Korea, parts of Europe Turkey, Italy, Portugal, Poland and Baltic nations These countries have adapted to the preferential customs schemes and trade regulations over a longer period. Buying is usually made from more than one market and opportunities are open for other developing markets/ countries that can offer quality products and good prices. Scandinavian producers and wholesalers are continuously on the outlook for better production conditions and new types of products, most often in developing countries.

- Scandinavian buyers visit trade fairs in Asia and Europe to meet suppliers and look for new products.
- Production and manufacturing is shifting and moving due to political risks, diversification of risks and costs and changes in the markets.
- Buyers are looking to find the best possible price - looking both at material, distribution, labour and sustainability.
- Sustainable production, transparency and traceability are important factors
- The smoother a process is for the buyer the more likely it is to get an order.

TRENDS

Certified products and certified processes are becoming increasingly important within the garment industry. The buyers are interested in getting the right products that will work within their marketing and that can live up to their brand promises.

Traceability is a request of being able to document and describe the process of the product i.e origin of material as well as production conditions.

Natural fibres as pure cotton and wool for woven and knitted garments have been the most requested materials in Scandinavia. But due to the rapid and advanced development of new synthetic fabrics that have the same comfort and competitive price level these material has increased on the market.

The request for organically produced fibres especial cotton is increasing rapidly and many retailers have their own special eco line in their collections. This growing demand is in line with the general trends of being more aware and taking responsibility for the environment.

Garments and other lifestyle products produced from recycled materials are increasing specialty segments and trend aware retailers see a growing interest in this area. Retailers in fashion segments both low and high price levels have started recycling – both back to fabric, re-made into other items and sold second hand under their brand names - working with customers who want to contribute to a better environment.

REQUIREMENTS FROM THE BUYER

There are some basic requirements that should be taken into consideration before a meeting with a Scandinavian buyer. These recommendations are briefly described below.

DELIVERY PRECISION – the right time, to the right place, and in the right quantity.

QUALITY AND FINISH of the product (including packaging) has to follow the high Scandinavian market requirements. It is also important that the products have consistent quality with little if any variations in the product series delivered.

ETHICS AND SUSTAINABILITY – comply with the latest requirements in terms of ethics and sustainability ensuring low environmental impact and fair labour conditions according to the buyer's demands

DIALOGUE AND COOPERATION – Scandinavians are non-hierarchical, and look for professional dialogue-based relationships and communication.



MORE INFORMATION

Chamber Trade Sweden

www.chambertradesweden.se

Open Trade Gate Sweden

www.opentradegate.se

EU:s Export Helpdesk for developing countries

www.exporthelp.europa.eu

The Swedish Association of Agents

www.agenturforetagen.se

Moderådet

www.svenskamoderadet.se

The Swedish Retail Institute

www.hui.se

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