

India Leather Days, Offenbach, Germany, November 20-21, 2013

A Report by D.K.Acharya, Regional Director (Western Region), CLE



Germany stands as number one importing country of leather and leather products from India among all European Countries and one of the major importers of Leather and Leather Products in the world. India contributes only 6.09% to the total import of Germany's leather and leather products, which is negligible compared to other exporting country. To tap the German market fully, a standalone event was proposed by the Council for the year 2013-14, which second of its kind after a similar event in November 2012. With lot of enthusiasm, Council organized its second stand alone event 'India Leather Days in Germany during 20-21, 2013 at Messe Offenbach Fair Ground, Germany.

Now from the statistics stated above, it is needless to say that German is the highest importer of Leather Products amongst all European Countries. Keeping this in view, Council included Germany as one of its target markets for the export promotional activities in the year 2013-14.

Import of Leather & Leather Products by European Countries from India.

Value in Million US\$

Country	2008-09	2009-10	2010-11	2011-12	2012-13
Austria	27.23	28.01	27.01	38.44	36.45
Belgium	54.79	65.40	80.89	113.06	92.88
Bulgaria	0.57	0.33	0.40	0.59	1.15
Czech Rep	8.87	5.67	5.92	8.18	10.51
Cyprus	1.08	1.91	0.82	0.85	0.87
Denmark	60.12	55.73	57.75	74.18	89.24
Estonia	1.07	0.88	0.55	1.41	3.07
Finland	15.51	9.97	14.57	22.24	21.87
France	221.34	255.28	279.75	303.86	319.29
Germany	508.43	491.27	575.38	731.00	629.70
Greece	17.81	12.77	10.05	10.97	8.39
Hungary	13.24	12.27	11.79	22.53	18.31
Italy	461.56	398.55	452.75	528.34	438.33
Ireland	6.44	5.79	5.36	7.55	5.92
Latvia	0.29	0.62	0.76	1.41	2.28
Lithuania	2.75	4.98	3.44	4.85	4.93
Luxembourg	0.03	0.03	0.01	0.01	0.12
Malta	0.31	0.32	0.63	0.36	0.42
Netherlands	148.77	137.10	155.42	198.70	189.40
Poland	41.93	26.76	27.05	47.59	41.72
Portugal	48.17	39.39	39.61	46.53	38.33
Romania	2.79	2.12	2.14	3.24	2.94
Slovakia	17.11	12.01	20.58	30.18	35.06
Slovenia	3.45	3.40	2.60	4.61	5.65
Spain	219.19	219.12	248.00	285.96	266.69
Switzerland	26.07	27.09	25.03	33.53	30.31
Sweden	38.01	36.08	31.35	44.32	45.81
United Kingdom	413.25	456.60	505.20	542.99	597.57
Total	2360.18	2309.45	2584.83	3107.48	2937.2

Source: DGCI&S

European Leather Industry and Germany

The European Union is the world's single largest market and also stands as a major trading partner for developing countries. In leather sector too European Union holds 42.77% share out of total global import of leather and leather products. Import of leather and leather products by European Union has also increased from US\$ 56761.45 million in 2007 to US\$ 68385.06million in 2011.

Value in Million US\$

Details	2007	2008	2009	2010	2011
Global import of leather and leather products	132166.20	140096.60	117432.70	137969.10	159894.94
Import of Leather and leather products by EU	56761.45	60887.84	51858.48	57912.12	68385.06
% Share of EU countries	42.95%	43.46%	44.16%	41.96%	42.77%
India's export to European Countries	2339.09	2360.18	2309.44	2584.83	3107.49
India's share in EU's total import of leather and leather products	4.12%	3.88%	4.45%	4.46%	4.54%

Source: ITC Geneva

European Union is traditional market hub for Indian leather and leather products. Started from US\$2339.09 in 2007 India's export has increased to US\$ 3107.49 million in 2011. India enjoys only 4.54% market share in EU's total global import of leather and leather products during 2011, though European Union is the top importer of the same from India. Keeping tremendous potential for Indian leather products in view, Council arranges number of export promotional activities in this region including participation in fairs and organizing BSMs and India Leather Shows.

India's exports of leather and leather products to Germany have been growing over the years. India's export has increased from S\$493.36million in 2006-07 to US\$629.70million in 2011-12.

GERMANY'S IMPORT OF LEATHER AND LEATHER PRODUCTS AND INDIA'S SHARE 2007-2011

DETAILS	2007	2008	2009	2010	2011	2012
Leather Import	855.49	858.67	637.83	756.39	971.11	--
India's Leather Export	34.60	26.77	22.02	24.17	28.91	27.64
% Share of India	4.04%	3.12%	3.45%	3.20%	2.98%	--
Leather Footwear Import	3868.83	4190.18	3580.52	3894.55	4836.79	--
India's Leather Footwear Export	204.18	185.48	182.68	239.23	285.8	226.5
% Share of India	5.28%	4.43%	5.10%	6.14%	5.91%	--
Footwear components Import	410.28	476.55	426.81	509.95	596.59	--
India's Footwear components Export	40.61	41.18	38.87	45.03	65.92	45.73
% Share of India	9.90%	8.64%	9.11%	8.83%	11.05%	--
Leather Garments Import	469.61	523.19	449.97	471.1	561.21	--
India's Leather Garments Export	69.4	100.26	109.18	110.72	153.96	130.63
% Share of India	14.78%	19.16%	24.26%	23.50%	27.43%	--
Leather Goods Import	855.10	947.54	793.11	901.65	1223.17	--
India's Leather Goods Export	122.65	132.08	117.75	135.34	172.24	174.9
% Share of India	14.34%	13.94%	14.85%	15.01%	14.08%	--
Saddlery & Harness Import	102.77	110.24	100	108.33	131.65	--
India's Saddlery & Harness Export	19.87	19.67	18.02	18.45	22.18	21.9
% Share of India	19.33%	17.84%	18.02%	17.03%	16.85%	--
Non Leather Footwear Import	2098.16	2339.15	2457.20	2920.33	3690.82	--
India's Non Leather Footwear Export	2.05	2.99	2.75	2.44	1.99	2.4
% Share of India	0.10%	0.13%	0.11%	0.08%	0.05%	--
Total Import	8660.24	9445.52	8445.44	9562.3	12011.34	--
India's total Export	493.36	508.43	491.27	575.38	731	629.7
% Share of India	5.70%	5.38%	5.82%	6.02%	6.09%	--

Source: Germany's Import - ITC Geneva / India's export DGCI&S

In the view of the financial crisis, particularly in the euro-zone, the German economy has passed through a weak period in recent years, but showing a slight upswing in growth. Growth is up by 0.30% in 2013 and a growth of 1.5% is anticipated for the whole economy in 2014. But German leather industry recorded a decline in sales of Euro 400,000 in 2012, which is 6% less compared to 2011. Leather exports fell by 10%.

However, with a slow recovery of many buyer markets, the premium segments of automotive and furniture upholstery and the luxury goods sector, the German Leather Industry showed an increase in sales turnover in 2013. Sales went up by nearly 7% over the first four months of 2013, exports increased by 7.5% with an increase of domestic market turnover by 5.5%, compared to the same period in 2012.

Germany is still third largest producer of quality bovine hide leathers within the European Union and has positioned itself in 12th rank in the world. However, like other leather producing nations, economical efficiency of the German leather industry suffers from price hikes for quality raw hides, which are difficult to pass on down the line. With a continuous decline in hide production within the EU (-4.2% in 2012 down to 27.5 million pieces compared to 2011) prices of raw hides increased by 15% in 2011 compared 2010. A further increase of 7% on bovine hides was recorded in 2012. Similarly price of bovine hides increased further by 23% during first quarter of 2013. 80% out of its total production delivered into the up market segments for upholstery and automotive interior applications, inclusive of aniline and nubuck leathers. Further, production of fine leathers for luxurious leather goods, fashionable and exclusive shoe uppers and extremely strong shoe upper leathers for outdoor applications play a significant role in Germany's leather production.

Market Segmentation for Handbags

Handbag sales are more resilient to the economic downturn than other products in the market sector, notably luggage and business cases. It is not true that purchase of handbag is considered as a non-essential product

for human being. Fashion-pro women would prefer to purchase trendy handbags to impress the society about their look and affluence, even in economic downturn, by cutting down their expenditure on clothing even. Sales of handbags are expected to grow at a higher rate with decrease in value and increase in volume.

The market for handbag can be segmented as under:

Segmentation by age

Handbags are predominantly used by females, although these are used by few males.

- **Girls (Age group 7-15):** They will be interested in fancy handbags with prints of their favorite animal, cartoon, film star etc. They will be influenced by media and internet, as they get older. Parents of these age group buy the outfits for their children with influence of their children.
- **Teenagers (Age group 15-18):** This age group is highly influenced by media and internet and are very sensitive to the latest fashion trends and brands. With reasonable disposable income in their hands image building is very important for many teenagers.
- **Women (Age group 18-30):** Working women in this sub-group are very sensitive on their appearance and prepared to spend a lot for the same. Normally, they buy handbags to match each outfit, would likely to have different outfits for different occasions. They are driven by trends in fashion. The life cycle of handbags within this sub-group is short. Non-working women in this age group are also conscious about fashion trends and brands, but usually have less disposable income than working women.
- **Women (Age group 30-50):** This group is very diverse and fashion conscious. Affluent older women are more likely to purchase luxury designer handbags, whereas women with lower income in this age group usually prefer to follow the fashion of younger working class women with the feeling of youthfulness. Some women in this age group also prefer indigenous handbags with traditional styles or from

overseas, including developing countries which have been visited by them, while large sized bag are preferred by others who want to use these bags as utility items.

- **Women 50 years and above:** Although interest in fashion tends to diminish as women get older, still some of them have instinct for latest and wide range of collection of handbags, as they have placed themselves in sound economical positions.

Segmentation by income

Due to plenty availability of lower-priced quality and stylish handbags in the market places the average sales of handbags has been increased in recent years. The majority of market value remains in luxury segment.

- **Luxury handbags:** This top section of the market is controlled by women of top 10-15% of high income group of the society. The international brand like Hermes and Louis Vuitton has placed themselves in this category through massive advertisements.
- **Mid-high segment:** 20% of the population comes in this group. Consumers intend to buy these types of products from specialist retailers and top-end departmental stores, due to their quality and goodwill, despite of the high prices.
- **Mid-low segment:** Price and design play the pivotal role for the consumers of this largest market segment on the basis which the buying decisions made by them. These products are widely available through departmental stores retail garment outlets
- **Low segment:** This is another large market segment, where product price remains as a key determinant factor in buying process. These low cost imported products can be found in market stalls or with value retailers.

Segmentation by buying behaviour

Market also can be segmented basing on buying behaviour of consumers. Basing on the buying behaviour of consumer the market can be segmented as under:

- **The disinterested:** Nearly half of all consumers are not conscious about what they buy and put little thought into the buying process. Normally these consumers belong to old age group with low disposable income.
- **The self-rewarded:** These type of consumers buy products on the basis of their utility. They pay a bit more attention to their buying. A good chunk of younger and middle-aged consumers can be found in this category.
- **The fashion-oriented:** These category of consumers are much interested in the products what they buy, as they want to visualise themselves with a special status in the society. They are more likely to be younger and have higher average disposable income.

Market Trends for Handbags

Trends are varied between countries but are increasingly visible across the national frontiers and most trends are now globalised as world is shrinking due to rapid globalization.

- **Changing features:** Different types of handbags are becoming more popular at the cost of others, every year. These are:
 1. **Soft embellishment:** simple bags with addition of little bit of distinction.
 2. **Jewel tones:** The colour of these bags have resemblance with the colour of gem stones, which may be emerald, ruby, amethyst and sapphire etc.
 3. **Classic Shapes.**
 4. **Multi-Pocketed.**
 5. **Double carry option:** Shoulder strap and top handles are featured in this type of bag for convenience with option.
 6. **Printed with art.**
- **Luxury with technology:** Importance of luxury is redefined in the period of global economic downturn. But consumers are still in search of technological developments which can be incorporated into the products. For example,

consumers want to ensure the accommodation of their iPhone or Blackberry in their handbags suitably.

- **Value and price-sensitiveness:** Retailers have been benefited more than any other distribution channel during the economic crisis. These retailers successfully sale handbags with similar look of leading fashion brands at a nominal price. In the economic downturn, most of the consumers are compelled to buy these products in which they get good value for their money.
- **Increasing role of internet:** Sales through internet are growing strongly worldwide, as this is perceived as a low cost sale channel by the consumers than any traditional retail sales channel. It becomes convenient for the consumers to view the products through online before they place order for the products, in which they save time, compared to the traditional shopping.]
- **Ethical sentiment:** Sometimes handbags produced in eco-friendly production techniques, recycled materials and by disadvantaged group and communities of developing world, become priority for the consumers, when the value of the consumers' money is weighed on the basis of ethics.
- **Austerity fatigue:** While many consumers have been forced to spend less on handbags consequent upon changed economic environment, more affluent consumers have changed their buying behaviour in 2009 preferring to purchase less ostentatious bags concealing their affluence in public. Although economic recovery is slow, the fashion industry is trying its best to move out of this austere environment with re-introduction of more flashy designs.

Opportunities and threats in EU's Handbag Market

- The market for handbags is quite resilient to the economic downturn and the opportunities will be open for exporters from developing countries. Success can be achieved by exporters from developing countries through new product development with adaption to chang-

ing styles and fashions.

- Opportunities will be more in the low-medium segments on account of financial pressures on European consumers. But the consumers will still prefer to buy those products for which they feel that their money is best utilised. They will not buy products based on price factor alone.
- Consumers will seek new products manufactured with new materials or new eco-friendly production process.
- Identification of target consumer groups those are spending a good chunk of money from their disposable income will be the key to find out new opportunities. Affluent middle-aged women and young working women, who are unaffected by economic downturn, perhaps be the target group of consumers in this period.
- The ongoing trend of outsourcing production will provide opportunities to the manufacturers of developing countries, who will be able to meet the quality requirements of EU manufacturers.

While the development or trend can be an opportunity for one exporter at the same time it can be a threat for other also.

The India Leather Days Buyer Seller Meet

The India Leather Days was held during November 20-21, 2013 at Hall A4 of Messe Offenbach fair ground with timing from 9.00PM to 6.00PM.

Initially, Mr. Raveesh Kumar, IFS, Consul General of India, Frankfurt and Mr. Arnd Hinrich Kappe, Managing Director, Messe Offenbach were honoured with floral bouquets by Mr. R. Ramesh Kumar, IAS, Executive Director, Council for Leather Exports. The India Leather Days BSM was inaugurated by Mr. Raveesh Kumar, IFS, Consul General, Consulate General of India, Frankfurt ; Mr. R. Ramesh Kumar, IAS, Executive Director-CLE and Mr. Arnd Hinrich Kappe, Managing Director, Messe Offenbach on 20th November 2013 at 10.30AM. Mr. D.K. Acharya, Regional Director, CLE(West) along with all exhibitors were present on this occasion.

Welcoming the exhibitors the Executive Director conveyed his best wishes for the success of the event and also thanked them for their overwhelming response to participate in the India Leather Days. In his brief inaugural address Mr. Raveesh Kumar, IFS, Consul, Consulate General of India, advised Indian participants for the building-up of their own brands without any compromise on quality, which will enable them to get better value realization of their products with minimisation of middleman profit. Consequently, brand India image can also be built-up with ease, if all producers will continue their efforts, in this regard, he said.



Inauguration of the BSM by Mr. Raveesh Kumar, IFS, Consul General, Consulate General of India, Frankfurt (Centre); Mr. R. Ramesh Kumar, IAS, Executive Director-CLE (right) and Mr. Arnd Hinrich Kappe, Managing Director, Messe Offenbach (left)

A view of the stands



After inauguration of the BSM, Consul, Consulate General of India visited all exhibition stalls along with Executive Director and Regional Director, CLE and get interacted with all participants. He was also satisfied with the products displayed in exhibition.

Mr. Raveesh Kumar, IFS, Consul General, Consulate General of India, Frankfurt and ;Mr. R. Ramesh Kumar, IAS, Executive Director-CLE (right) having a look at the display products. Mr. D.K.Acharya, Regional Director (WR), CLE is at the left



Interaction of Consul General with the participants





Mr. Raveesh Kumar, IFS, Consul General, Consulate General of India, Frankfurt and ;Mr. R. Ramesh Kumar, IAS, Executive Director-CLE at a participant's booth

At the CLE Information Booth : Mr. Raveesh Kumar, IFS, Consul General of India, Frankfurt and (Centre) along with ;Mr. R. Ramesh Kumar, IAS, Executive Director-CLE (right) and Shri D.K.Acharya, Regional Director (WR), CLE



38 companies from all over India had participated in the India Leather Days and displayed their latest collection of leather goods, garments and fashion gloves. In addition to their specified requirements, each company was provided with a fully constructed stand with name board, proper lighting and adequate furniture. A registration desk at entry point, CLE information booth with display of publicity materials and eye-catching posters, well managed cafeteria and huge passage space inside the BSM ground had added lustre to the event.

Indian Participants at the Event

Sl.No	Name of the Company	Products Displayed
1	ABC Leathers, Gurgaon	Leather Garments & Goods
2	Amin International, Unnao	Travel Goods and Leather Handbags
3	Amit Leather Wears, New Delhi	Leather Garments & Leather Bags
4	ASG Leather Pvt. Ltd., Kolkata	Leather Handbags, Wallets, Purses & Small Leather Goods
5	Asian Leather Limited, Kolkata	Leather Bags, Wallets & Purses
6	B.M.A. Enterprises Pvt. Ltd., New Delhi	Leather Jackets
7	Chemgems (India) Pvt. Ltd. Kolkata	Handbags, Wallets, Purses and Small Leather Goods
8	Continental Light Leathers, New Delhi	Leather Goods & Leather Garments
9	Ecoline, Delhi	Leather Bags and Accessories
10	Elahi Exim India Pvt. Ltd., Kolkata	Small Leather Goods and Bags
11	Emaar Fashions Pvt. Ltd., Kolkata	Small Leather Products and Leather Ladies Bags
12	Exotic Fashions Pvt. Ltd., Kolkata	Wallets, Purses, Bags and other Small Leather Goods like Diary Cover, Card Case, Key Ring & Coin Case etc.
13	G.P. Exports, Kolkata	Wallets, Purses, Handbags & Small Leather Goods
14	Global Export Corporation, Kolkata	Handbags, Wallets, Purses, File Cases, Passport Holder, Card Holder, Key Case, Pouch, Mobile Phone Covers and Coin Purses etc.
15	Global Leathers, Chennai	Leather Wallets, Clutch, Pouch, Key Case and Bags
16	H.R. Enterprises, New Delhi	Leather Garments
17	HGE International Pvt. Ltd., Kanpur	Leather Goods such as Bags, Belts, Wallets & other accessories
18	I.S. Exports, Kolkata	Handbags, Wallets, Purses and Small Leather Goods
19	IGT Exports Ltd., Kolkata	Leather Handbags and Wallets
20	Jalan Exports Pvt. Ltd., Kolkata	Leather bags, Wallets, Purses & Small Leather Goods
21	Kapoor Industries, Mumbai	Leather Bags, Wallets, Pouches and Portfolios
22	Kay Kay Art Pvt. Ltd., Mumbai	Ladies, Men's and Unisex Bags
23	Leatherman Fashion Pvt. Ltd., Kolkata	Leather Wallets and Handbags
24	Maple Exports Pvt. Ltd., Kolkata	Wallets, Purses and Ladies Handbags
25	MIR International Exports, Kolkata	Leather Wallets, Purses, Passport, ID Card Holders and Folio Bags
26	MRG International, Kolkata	Personal Leather Goods-Men's/Ladies Wallets, Cardholders, Travel Document Holders, Men's/Ladies Bags, Portfolios and File Folders etc.
27	N.S. Leather Products Pvt. Ltd., Kolkata	Ladies and Men's Handbags, Wallets & Purses etc.
28	Nadeem Leatherware Exports, Chennai	Leather Gloves, Leather Handbags & Wallets
29	Orient Express, Chennai	Leather Jackets, Trousers and Skirts
30	Pacific Global Exports Inc., New Delhi	Leather Garment
31	Pakkar Leather Export Company, Chennai	Fashion & Dress Glovers, Leather Garments
32	R.N.R. International, Kolkata	Ladies Handbags, Wallets, Purses, Portfolio & Small Leather Goods
33	R.S. Lederwaren Pvt. Ltd., Kolkata	Leather Wallets & Bags
34	Shri Exports, Kolkata	Leather Bags, Portfolio, Men's & Ladies Wallets and Small Leather Goods
35	Skin N' Stitch Pvt. Ltd., Kolkata	Wallets, Ladies Wallets, Handbags, Key Rings and Card Case etc.
36	Trinity Leder Waren, Chennai	Leather Goods
37	Wallet Plus, Kolkata	Wallets, Purses, Handbags, Portfolio & Small Leather Goods
38	Zenith Impex, Kolkata	Leather Bags, Wallets, Small Leather Goods & Accessories

A view of stands and business meetings



What attracted buyers to India Leather Days event

To ensure maximum turnout of buyers the activities undertaken by the Council may stated as under.

- Invitation mailer with well designed leaflet giving the exhibitors profile was mailed to 5500 addresses by the marketing agency at a regular interval.
- A banner had been placed for 4 weeks in Lederwaren Report News, which is a prominent leather magazine in Germany.
- “Online Presentation” Website Homepage “I.L.D.”



Shri Ramesh Kumar, Executive Director, CLE discussing a point with a business visitor



Shri R. Ramesh Kumar, Executive Director, CLE interacting with a participant

Despite being the second stand alone event organized by CLE in Germany, 169 buyers had visited the BSM ground during two days of India Leather Days. Besides buyers from Germany, 12 buyers from Neatherlands, 2 each from UK and Czech Republic and 1 each from Belgium, Turkey, Hong Kong ,Spain and Russia had also visited the event. Although footfalls of buyers were less in the second day compared to first day of India Leather days event, but quality of visitors were good in the second day than previous day.

Another view of business meetings



As per the feedback forms received from the exhibitors a spot order of Euro 2,09,050 is booked during the BSM, which is nearly four times more than spot order booked in the previous year. Further, as per participating members' feedback forms order expected from the visiting buyers were Euro 17,07,000, which was almost three times more compared to previous year. Taking all into consideration exhibitors had also suggested CLE to organise similar events in coming years.

Last but not the least

With excellent credibility and distribution structure like availability of agents and representatives and pan Europe presence of German Purchasing Associations, distribution link to Austria, Switzerland, Benelux, Scandinavia and Eastern Europe Germany has become gateway to Europe and the world. Present global economic scenario can be listed as under.

- Economy is divided into north and south in Europe.
- South America is developing strongly.

- US is recovering slowly.
- Production in Europe is decreasing gradually.
- Price of Chinese Products is increasing.
- Environmental and ecological issues are gaining momentum.
- Market is getting more segmented and ramified than ever.
- Outfit stores and online trades are gaining market share all over the world.

With largest livestock and workforce, positive investment framework and excellent industrial infrastructure India has developed itself into one of the major hub for leather and leather goods producing country across the globe. India's export would grow in manifold, if following points are taken care of by Indian exporters.

- Products should not be price focused alone.
- Value added products should be given priority in export.
- Timely delivery should be ensured.

- Subcontracting practice should be stopped.
- Capacity building should be ensured.
- Consistency in quality should be maintained with strict adherence to global quality standards.
- Medium sized importers in the overseas should be catered by Indian Exporters.
- Improvement in productivity should be ensured with adoption of lean manufacturing system, for sustainable growth of industry.
- Exporters should attend new fairs/BSMs for the creation of additional customer base.

As a whole The India Leather Days, Germany was one of the successful events organized by CLE. It gave momentum to Indo-German bilateral leather trade, with a boost in brand India image. Taking European market, exhibitors as well as buyers response into account, this event undoubtedly be in CLE's BSM calendar in future years to come.



Think Leather Think India

