Entering the European market for bags for office and school

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The European market for bags for office and school offers opportunities, but the competition is strong. China continues to dominate the market, alongside competition from within the European Union. Poland and the Czech Republic have shown especially strong growth in the last few years. To enter the European market, your products need to comply with mandatory (legal) requirements as imposed by the European Union. Moreover, there are additional requirements that can be demanded by European buyers. Meeting these requirements may enhance your chances of success.

Contents of this page

1. What requirements must bags for office and school comply with to be allowed on the European market?

What are the mandatory requirements?

When exporting to Europe, you have to comply with the following legal requirements:

- General product safety
- Restricted chemicals: REACH

General Product Safety

The General Product Safety Directive (GPSD) states that all products marketed in Europe must be safe to use and forms a network 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 office and school bags, the General Product Safety Directive applies in addition to these, covering all other safety aspects that may not have been described specifically.

Unsafe products are rejected at the European border or withdrawn from the market. The European Union has introduced a rapid alert system (RAPEX) to list such products.

Tips:

Read more about the General Product Safety Directive in the EU Trade Helpdesk.

Study the specific legal requirements, but also use your common sense to ensure that the product does not cause any danger in its normal use.

Check the RAPEX database for bags for office and school and other paper products for an idea of what issues may arise.

Restricted chemicals: REACH

The REACH regulation lists restricted chemical residues in products that are marketed in Europe. For bags for office and school, these residues can be the result of:

- chemicals used in production or recycling
- dyes used for natural or synthetic fibres
- chemicals used in coatings

Azo dyes and flame retardants

If you dye your fabric or leather for bags for office and school, make sure you do not use any of the azo dyes that release any of the 22 prohibited aromatic amines. The legislation lists the aromatic amines, not the azo dyes that release them. The vast majority of azo dyes are therefore legally acceptable. Furthermore, flame retardants that can be used have been restricted, including Tris (2.3 dibromopropyl) phosphate (TRIS), Tris (aziridinyl) phosphineoxide (TEPA) and Polybromobiphenyles (PBB), which have been prohibited in products intended to come into contact with the skin.

Chromium VI in leather articles

In 2014 the European Union published a regulation to ban Chromium VI in leather articles. Under this regulation, articles containing leather parts that come into contact with the skin are banned from sale if Chromium VI is present in concentrations of 3 mg/kg or more. Chromium VI is known to cause strong contact dermatitis in humans and once sensitised, concentrations of 3 mg/kg are enough to trigger allergic reactions.

On this basis the European Union has now issued regulation EU 301/2014, which adds a Chromium VI restriction to Annex XVII of regulation 1907/2006 (REACH). This restriction states that articles with leather parts which come into contact with the skin may not contain Chromium VI in concentrations of 3 mg/kg or more.

Tips:

Check the REACH candidate list, the REACH authorisation list and REACH Annex XVII to see if any of the substances used for the production of your bags for office and school are listed.

In the case of dyeing: Make sure your products do not contain any of the *azo dyes* that release the prohibited aromatic amines. This includes checking your own suppliers.

Follow developments in the field of *flame retardants*, as new alternatives are being developed. You can do so for instance through the European Flame Retardants Association (EFRA).

The European Chemical Agency provides useful information and tips on REACH. See for instance: Information on REACH for companies established outside Europe and Questions & Answers on REACH.

Endangered species

In order to control the trade in endangered species, the Convention on International Trade in Endangered

Species of Wild Fauna and Flora, CITES, is in place. This can be applicable to bags made from wild plants and certain leathers.

> **Tip:**
>
> Exporters of bags made from natural materials from endangered species should take careful consideration of the CITES regulation.

Labelling-specific rules for textiles

Textiles should be labelled or marked to indicate fibre composition whenever they are made available on the market. Such labelling should be durable, easily legible, visible and accessible. The main purpose of the European Union's Textile Regulation is to ensure that consumers are given an accurate indication of the fibre composition when purchasing textile products.

What additional requirements do buyers often have?

Quality

Key aspects of the quality of bags for office and school relate to:

- Material used (type, grade and texture of leather or fabric/fibres, zippers, buckles and latches)
- functionality (size, pockets, straps, water resistance etc.)
- usability (ease of use, compartments for pens, laptop, bottles)
- durability (fabric, fibres, stitching, zippers and fasteners)
- comfort (especially for backpacks: whether the straps are adequately cushioned and weight-balanced)
- design (dimensions, materials, blends, colours and prints)
- finishing (neat and straight stitching, dyeing)

> **Tip:**
>
> Determine your quality standard in accordance with the segment in which you want to operate.

Labelling

Information on the outer packaging of bags should correspond to the packing list sent to the importer.

External packaging labels for bags should include the following:

- producer
- consignee
- material used
- quantity
- size
- volume
- caution signs

Your buyers will specify what information they need on the product labels or on the item itself (e.g. logos or 'Made in...' information). This is generally part of the order specifications. In general, the English language is used for labelling, unless your buyer indicates otherwise. Lastly, EAN codes or barcodes are commonly used on product labels in Europe.

Tip:

Always consult with your importer to confirm the labelling requirements for your specific product.

Packaging

You should pack your bags for office and school according to the importer's instructions. Importers have their own specific requirements which they will generally include in the order specifications. These will likely include:

- the use of packaging materials
- weight and dimensions
- filling boxes
- palletisation
- stowing containers

First of all, the packaging should minimise the risk of damage caused by impacts. You should make sure the items inside a cardboard box cannot damage each other. Bubble wrap or paper is generally used for this purpose. The packaging should also prevent damage to the boxes when they are stacked inside the container.

Second, packaging must be easy to handle in terms of dimensions and weight. Standards are often related to labour regulations at the point of destination and must be specified by the buyer.

Third, packing should be optimised to reduce transportation costs. You should avoid using excess materials or shipping 'air'. Waste removal is a cost for buyers. You can reduce the amount and diversity of packing materials by:

- partitioning inside the boxes, using folded cardboard
- matching inner and outer boxes by using standard sizes
- maximising pallet space
- considering packing and logistical requirements when designing your products
- asking the buyer for alternatives

When it comes to packaging material, importers are increasingly banning wooden crating and packaging. This is due to the high cost of the material and concerns regarding sustainability and disposal. Economical and sustainable packaging materials are more popular. Using biodegradable packing materials can be a market opportunity. For some buyers, it can even be a requirement.

In terms of consumer packaging, the requirements are quite simple. Retailers usually present bags for office and school without any packaging. This allows consumers to try them out and feel the material.

Tips:

Make sure that your packaging is adequate for protecting your products, while minimising the cost and environmental footprint. Using smart packaging and optimising pallet and container space can save a considerable amount of money.

Make use of biodegradable packaging where you can. This can enhance your position in the market.

Always consult with your importer for more specific packaging requirements.

Payment terms

The payment term is usually agreed upon with the buyer in the order contract. Payment terms vary from buyer to buyer and are related to the volume and value of the order, the type of distribution partner, whether or not an agent is acting as an intermediary, and what delivery terms apply. In general, the payment term will be 30 or 60 days after receipt of the goods or the date of the invoice.

Occasionally a deposit or advance payment can be agreed upon. This happens, for example, in Fair Trade business relations. Certain sourcing countries have regulations stipulating 100% prepayment before delivery. This can hamper business, as buyers usually shy away from such costs or will negotiate a harder price deal.

A special form of financial security is offered by Letters of Credit. A Letter of Credit is a letter from the buyer's bank to the seller's bank guaranteeing that the buyer's payment to the seller will be received on time and for the correct amount. The so-called L/C is often used in first transactions, but it is an expensive system and therefore not preferred by European buyers.

The payment terms are the outcome of your negotiations about the risks involved in export trade, particularly the following:

- financial risk (who funds what part of the production and transport process?)
- transportation risk (if damage or loss occurs, who pays?)
- the transfer of ownership (when do the goods change hands?)

A balanced outcome is in the interest of both the seller and the buyer and is the result of a process of negotiation.

If the payment term is not covered in the contract, you can refer to European Directive 2011/7/EU. This Directive was established to protect SMEs against late payment. Although in principle this Directive does not apply to companies outside the European Union, you can use these terms as covered in the Directive as a guideline:

- If no payment term is agreed to in the contract (or General Terms & Conditions), then 30 calendar days after receipt of the invoice.
- If the date of receipt of the invoice is not determined, then 30 calendar days after receipt of the goods and/or services.
- If the invoice is received before the goods and/or services, then 30 calendar days after receipt of the goods and/or services.
- If a verification or acceptance procedure is agreed to with regard to conformity, then 30 calendar days after the date this procedure is completed.
- A verification or acceptance procedure may not take longer than 30 calendar days.
- Payment terms in Europe that are set in a contract may not allowed be longer than 60 calendar days unless otherwise expressly agreed.

Tips:

Carefully study the payment terms offered by your (potential) buyer, especially the number of days for delayed payment.

Always include the payment term in your negotiations about the price, as an advance payment can justify a lower price. On the other hand, a long credit period can justify a higher price.

Study Directive 2011/7/EU regarding payment terms and late payment regulations in case payment terms are not covered in the contract.

Delivery terms

Delivery terms depend on the type of distribution partner and respective preferences as to physical distribution. Importers will prefer FOB (Free On Board) or FCA (Free Carrier) arrangements. FOB is restricted to goods transported by sea or inland waterway. It means that the seller pays for transportation of the goods to the port of shipment, plus loading costs. The buyer pays the cost of marine freight transport, insurance, unloading and transportation from the arrival port to the final destination. FCA can be used for any transportation mode. It means that the seller fulfils his obligation to deliver when he has handed over the goods, cleared for export, into the charge of the carrier designated by the buyer at the specified place or point.

Retail multiples can ask for CIF (Cost Insurance Freight). That means they will ask you to include the shipping and insurance charges in your quotation. Small retailers may go a step further and ask you to arrange for the goods to be delivered to their doorstep. The delivery terms for DDP (Delivered Duty Paid) may then be negotiated. For importers who consolidate orders in your country, Ex Works (EXW) terms are often best.

Details about the rights and obligations of the buyer and the seller under the respective terms can be found in the Incoterms 2020.

Tip:

Study the rights and obligations of buyers and sellers for the different Incoterms and include these in your negotiations.

What are the requirements for niche markets?

Sustainability

Social and environmental sustainability make your products stand out on the European market. Examples include sustainable raw materials like recycled plastic or rubber, and sustainable production processes.

European buyers increasingly demand the following certification schemes:

Business Social Compliance Initiative (BSCI): European retailers developed this initiative to improve social conditions in sourcing countries. They expect their suppliers to comply with the BSCI Code of Conduct. To prove compliance, the importer can request an audit of your production process. Once a company is audited, it is included in a database for all BSCI participants.

Ethical Trading Initiative (ETI): This initiative is an alliance of companies, trade unions and voluntary organisations. It aims to improve the working lives of people across the globe that make or grow consumer goods.

You can use standards such as ISO 14001 and SA 8000 and read up on sustainable options. However, only niche market buyers demand compliance with such standards.

Tips:

Optimise your sustainability performance. Consider using recycled plastics and rubber and other environmentally friendly alternatives.

Buyers appreciate a good story. If you can show that you are focusing on your company's performance, this may be a competitive advantage. Options for doing so include a self-assessment like the BSCI Self-Assessment for Producers, or a code of conduct such as the BSCI Code of Conduct and the ETI base code.

Fair trade

The concept of fair trade supports fair pricing and improved social conditions for producers and their communities. Especially when the production of your bags is labour-intensive, fair trade certification can give you a competitive advantage.

Common fair trade certifications are issued by:

- World Fair Trade Organisation (WFTO)
- Fairtrade International
- Fair for Life

Tips:

Ask buyers what they are looking for. Especially in the fair trade sector, you can use the story behind your product for marketing purposes.

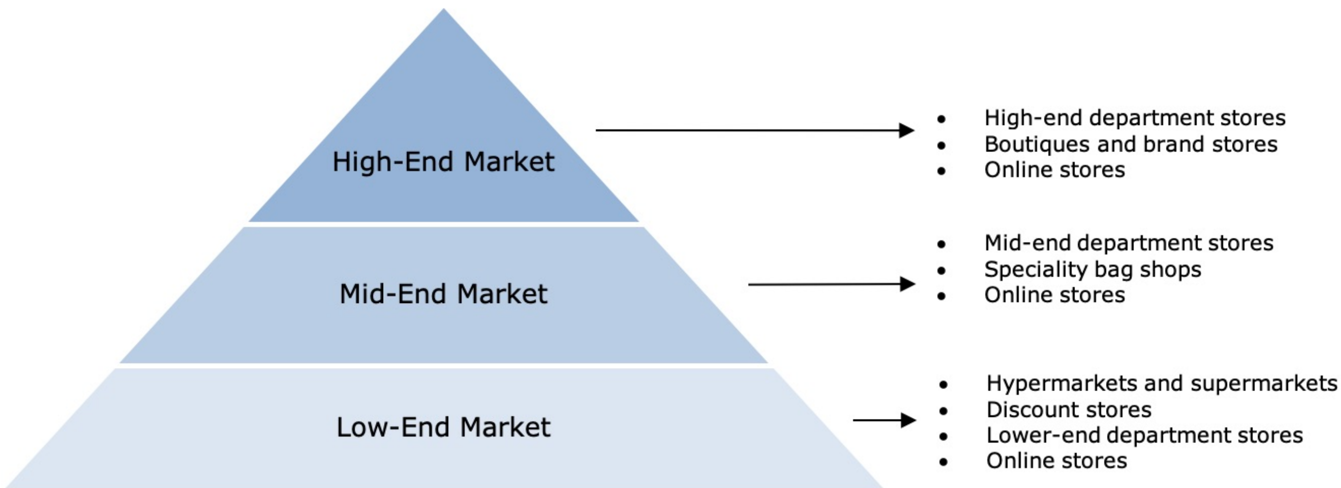
Check the ITC Sustainability Map database for more information on voluntary standards and their requirements, including fair production.

2. Through what channels can you get bags for office and school on the European market?

How is the end-market segmented?

The bags for office and school market is segmented into low-, mid- and high-end segments.

Figure 1: Bags for office and school segmentation in Europe



Low-end market

In this segment, price and functionality are leading factors and, as such, the bags are simple and inexpensive. Value addition is hard, and therefore this segment offers limited possibilities to differentiate from suppliers that excel in terms of cost. The bags in this segment are often available in hypermarkets and supermarkets, discount stores that have grown significantly over the last decade such as Action, lower-end department stores and online.

Mid-end market

The mid-end markets offer the most opportunities. The middle segment puts more emphasis on design, material and finish. This segment follows trends and the prices are often reasonable. These backpacks and other bags for office and school are often sold in mid-end department stores such as Marks & Spencer, mid-end speciality shops such as Van Os and (specialised) online shops.

High-end market

Trends, materials, finishing and design play a key role in the high-end market. Backpacks, sleeves, laptop bags and executive briefcases in this segment often come from well-known brands and are purchased from high-end department stores such as Selfridges and online. The top luxury brands also often have their own stores.

Through what channels do bags for office and school reach the consumer?

The channels through which bags for office and school are put on the market follow the traditional patterns: import takes place via importers/wholesalers that supply to retailers. Larger retail chains often bypass the importers/wholesalers and import themselves. Online platforms have become increasingly prominent. In some cases, buying agents play a role. Below is an overview of the main actors in the market for bags for office and school.

Buying agents

Buying agents do not import, but instead represent European buyers in the sourcing country. Sometimes agents have a more limited role, such as checking the quality of the shipments in your warehouse on behalf of a specific importer or checking the codes of conduct that exporters have agreed with the buyer. Agents can work individually or as part of purchasing companies. They mostly operate based on commission.

Importers/wholesalers

Importers/wholesalers sell products to retailers in their own country or region, or re-export to the broader European continent. Some European markets are therefore supplied by wholesalers/importers from other European countries (internal European trade). These importers/wholesalers often take care of the import procedures. They take ownership of the goods when they buy from an exporter (as opposed to agents), taking on the risk of the onward sale of the products.

Some wholesalers also offer their products (including executive briefcases, laptop sleeves and similar items) through cash and carry and online formulas like Office Supplies, EuroOffice and Otto Office.

Developing a long-term relationship with these importers/wholesalers can lead to a high level of cooperation on appropriate designs for the market, new trends, use of materials, type of finishing and quality requirements.

Retailers

At retail level, bags for office and school can be found in a wide variety of specialist stores and department stores like Marks & Spencer, Hema and Van Os. All of these stores vary in terms of the segments they target – lower, middle or high.

Some retailers, especially the larger chains, are increasingly importing directly from their suppliers in developing countries. Others, mainly the smaller independent stores, order in Europe from wholesalers.

Retailers come in many sizes: large and part of a chain, or small and independent. There is a tendency for consolidation in European retail, with large retail brands becoming more widespread in Europe and more 'lifestyle-centred' (offering home and office goods as well as decor, textiles and fashion accessories).

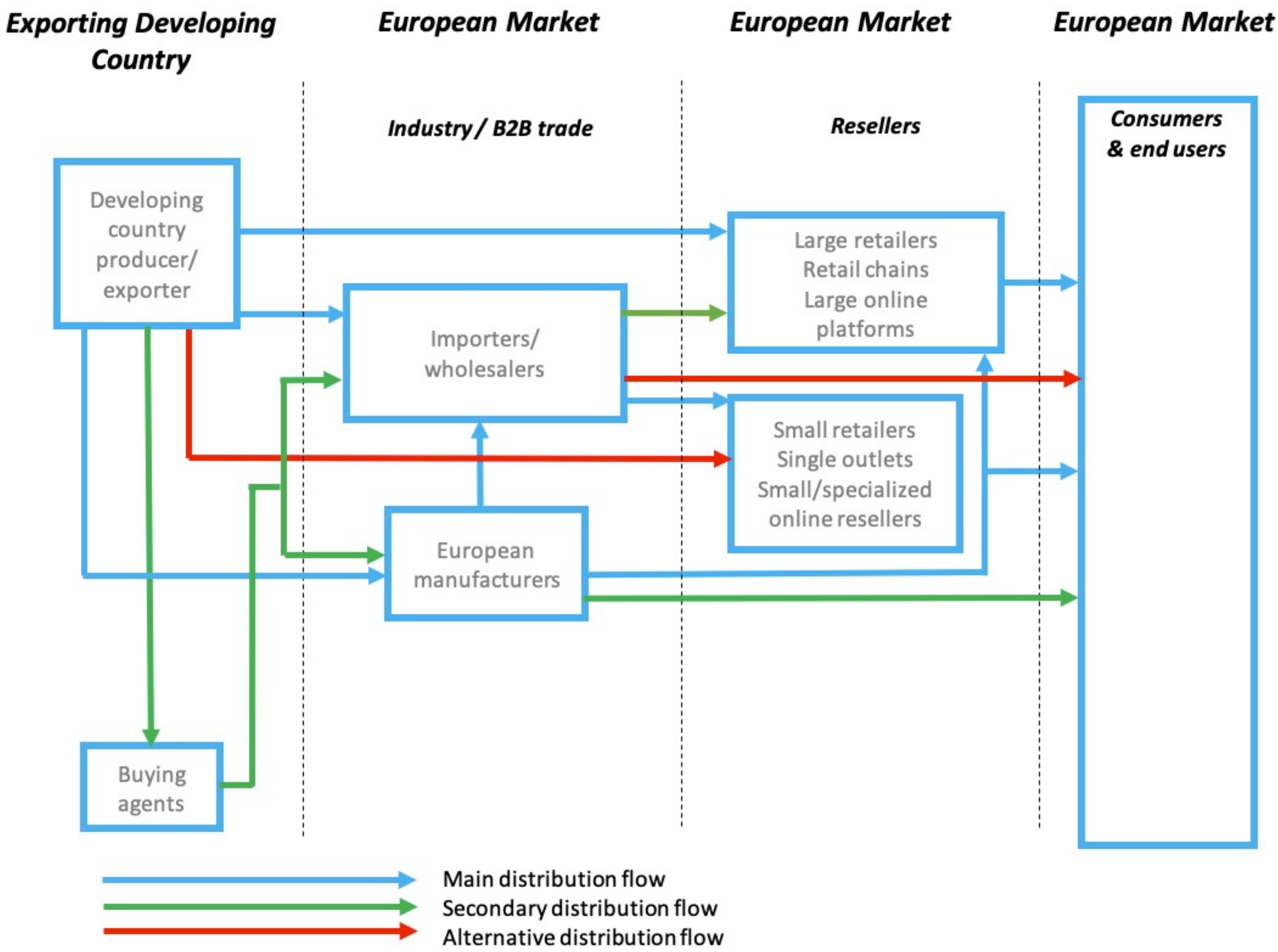
Web shops

The internet has become a very important channel for sales of consumer goods and gifts in particular. Most of the relevant retailers have their own e-commerce channel. In addition, mega online platforms like Amazon and Bol.com are rapidly gaining market share. Some other relevant e-commerce platforms for bags for office and school include online gift platforms like Notonthehighstreet in the United Kingdom, Dekadowinkel in the Netherlands and Ideecadeau in France.

Tips:

- To find potential buyers of your bags for office and school, search the list of exhibitors or visit the main trade fairs in Europe, such as Ambiente in Frankfurt (February) and Maison et Objet in Paris (January and September).
- See our Tips for finding buyers on the European market for Home Decoration and Home Textiles.
- To help you enter the market, consider working with an agent or representative with a good reputation. You can look for commercial agents on the website of Internationally United Commercial Agents and Brokers (IUCAB).

Figure 2: Trade channels for bags for office and school in Europe



What is the most interesting channel for you?

Depending on the size of your operations and production volume, importing wholesalers or larger retail chains are likely to be the most interesting channel for you. Importing wholesalers come in many sizes, from small and specialised businesses to large companies dealing with a broad category of products. Importing retailers are usually just looking for bag lines for their outlets, but they will also carry broad product ranges for the home. Importing retailers tend to look for suppliers that can offer considerable volume.

Smaller independent retailers do not import themselves, but will instead source from the wholesaler. If they want 'something different', they might try to connect with exporters from developing countries at fairs or through the internet. These exporters will then need to distribute the products straight to the retailer's doorstep. Such systems may work, but since volumes are generally small, the cost of transport takes a relatively large portion of the value of the consignment. Also, restocking is not easy, as this is time-consuming and not always what the retailer wants: their loyalty is therefore not guaranteed. Also see CBI's study on 'alternative distribution channels'.

Tips:

- If you can produce substantial volumes, consider targeting larger retail chains directly to improve your bargaining position and increase your chances of closing deals faster.
- Communicate your offer and terms to the targeted retailer (large/small). Ask your existing buyers how they operate if you are unsure. The more informed you are about this aspect, the better you will be able to set prices.
- Offer suitable services such as fast delivery and after-sales support to build a relationship based on

mutual benefits.

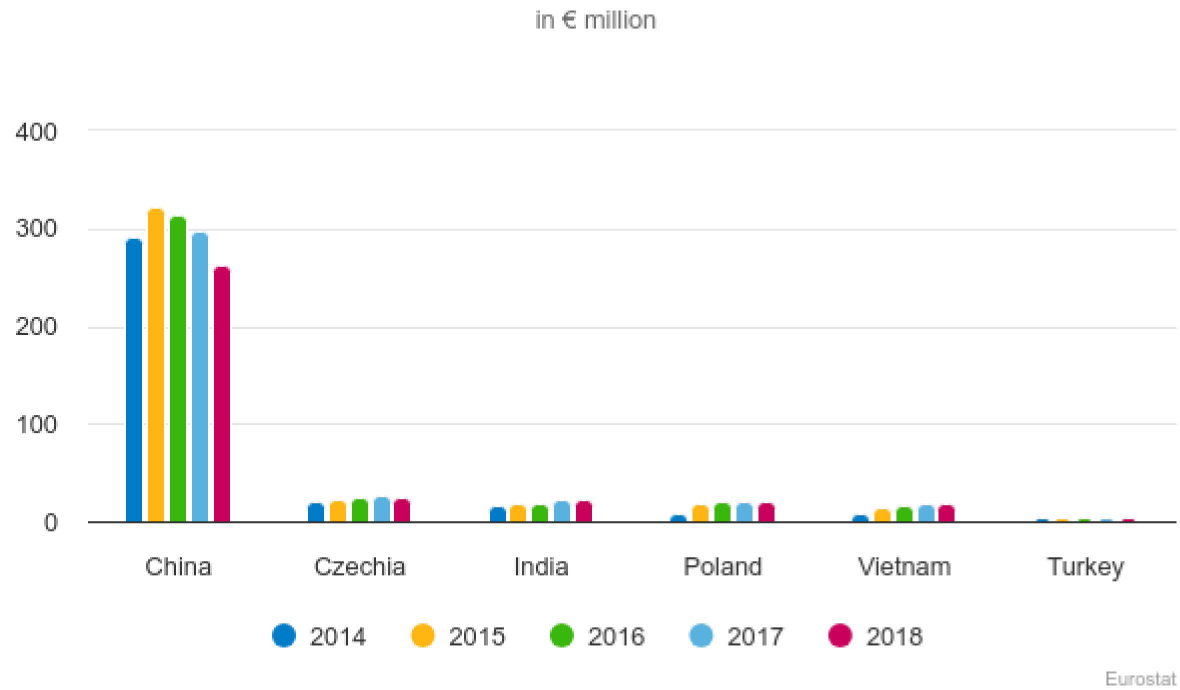
Before targeting e-commerce platforms, carefully consider how you will deal with logistics and stock in the market.

When you participate in international trade fairs, especially within Europe, make sure that you have a policy for small, independent retailers coming to your booth. If you choose to sell to them, you must have appropriate terms of trading (such as low minimum order quantities, delivery to the doorstep of the retailer and pre-stocking).

3. What competition do you face on the European market for bags for office and school?

After China – which dominates the market for office and school bags – Italy, Germany, the Netherlands and France follow as the leading suppliers from within the European Union. These countries don't directly qualify as main competitors for developing country suppliers since they generally produce higher-end bags made of high-grade leather or technical fibres. We will therefore focus on the largest Eastern European and Asian supplying countries as the main competitors: China, the Czech Republic, India, Poland, Vietnam and Turkey.

Figure 3: Leading suppliers to Europe of bags for office and school



Note: Excluding Germany, The Netherlands, Italy and France

Which countries are you competing with?

China, a giant manufacturer of bags for office and school, is losing market share

China is a massive supplier of school and work bags, exporting bags at a value of more than €250 million per year. Chinese factories have access to every component required for the manufacture of bags in any size and colour within driving distance. The concentration of soft goods businesses in South-Eastern China allows foreign companies to draw from a huge ecosystem of factories and suppliers. These Chinese factories generally have better access to inputs during the production cycle than factories elsewhere.

The Chinese bag manufacturing business is almost entirely oriented towards contract manufacturing of foreign brand designs. Chinese-owned brands are limited, but as channels like Ali Express become more accessible in Europe, these brands are starting to show up on the market. The focus of Chinese manufacturers is on mass-produced, low-price items with perceived quality. However, durability and finishing may be an issue. Since Chinese production costs are rising, European brands are starting to look for sourcing elsewhere. This has already resulted in a significant drop in export value.

Czech Republic, an upcoming outsourcing destination with own brands

The Czech Republic is gradually rising as a key supplier in the office and school bags industry, exporting bags at a value of around €25 million per year. The country’s main product is textile material-based sports bags and backpacks. Leather and synthetic leather executive bag exports are also growing. The Czech industry is a combination of contract manufacturing of outsourced production by brands from countries like Germany, but Czech suppliers have also developed some of their own brands, such as Loap. This is an original Czech brand that has sold 1.3 million backpacks in 16 countries in the last ten years. Interestingly, Loap’s bags are also manufactured in China, Pakistan and Bangladesh.

Some of the key benefits of Czech manufacturers include their geographical proximity to the West and Central European markets and the country’s tradition in the textile and leather industry. Germany, Slovakia and France are key markets for both textile and leather bags from the Czech Republic

India, a giant awakening?

India exports bags for office and school at a value of more than €20 million per year. India’s bag industry has a strong base in the leather sector, but sales of office and school bags made of other materials have also grown significantly, with a special emphasis on school bags. With a very large market of its own, much of India’s production is destined for the local market. Nevertheless, exports to Europe are increasing as well. An important component is contract manufacture, but Indian brands are also becoming more established in international markets. India is additionally a leader in craft-designed and handmade products, as opposed to mass-produced factory-made products. With increasing production costs in China, India’s strong base of natural materials for bag production and its tradition of craftmanship make the country well-positioned to take a bigger share of the European import market.

Poland another upcoming outsourcing destination with proximity to the market

Poland is a similar up-and-coming supplier to the Czech Republic, exporting bags at a value of around €20 million per year. As in the Czech Republic, the Polish leather industry is primarily very focused on footwear, but accessories are also produced by those on Poland’s long list of leather companies which are well-suited for contract manufacture. In addition, textile material-based backpacks and sports bags are contract manufactured in Poland. Some of the key benefits of Polish manufacturers include their geographical proximity to the West and Central European markets and the country’s tradition in the textile and leather industry. Germany and Austria are key markets for Polish bag manufacturers.

Vietnam, gradually taking market share away from China

Vietnam exports bags at a value close to €20 million per year. The country is a longstanding alternative to China, offering outsourced contract manufacture at more attractive prices. Textile material-based backpacks and sports bags are the main focus of production. With high productivity in Vietnam and increasing production costs in China, Vietnamese bag manufacturers are well-positioned to take a bigger share of the European import market.

Turkey

The smallest of the six markets is Turkey, which exported bags for school and office at a value of €3.6 million in 2018. Turkish supplies peaked in 2015 at €4 million, but showed a downward trend in the years thereafter.

The country's strength is its low-cost workforce and central geographical location with respect to Europe. This makes emerging manufacturing locations in Turkey more attractive, primarily based on cost.

Which companies are you competing with?

Companies from the Czech Republic

Czech companies are mainly contract manufacturers of outsourced production by brands from other European countries. By benefiting from the country's low-cost workforce and proximity to the European market, Czech suppliers are becoming increasingly important players in the market for bags for school and office. Examples of these companies are:

- KAZETO manufactures in the Czech Republic and exports to various European countries under its own brand. The company works in partnership with domestic and international designers to keep up with the latest trends. Its focus is on the mid-end segment.
- DUP. As a contract manufacturer, this company produces bags for office and school such as briefcases, backpacks and shoulder bags.

Companies from India

Indian companies have a strong base in leather products. They manufacture under their own brands and also provide custom-made products. Examples of these companies are:

- Ritex India is a manufacturer specialised in leather products such as briefcases, folders and backpacks. Ritex produces its own designs, but also manufactures custom-made products subject to a minimum order.
- Sun Bags specialises in bulk production of bags with a focus on fast delivery times. The company produces a wide range of bags for office and school, exporting worldwide.

Companies from Poland

Similar to companies from the Czech Republic, Polish companies also benefit from their proximity to the market. Moreover, Poland has a long tradition in the leather and textile industry. Examples of these companies are:

- Paso is a family business that produces bags for office and school under its own brand. The company effectively taps into consumer trends and mainly focuses on school bags for children.
- Brothers is a contract manufacturer that produces leather products and exports to various European countries. Moreover, the company also produces under its own brand name.

Which products are you competing with?

Consumers are increasingly committed to minimising their environmental impact. Eco-friendly bags for office and school are an ongoing trend, representing substitute products for mainstream bags for office and school. Examples of these products are:

Bags for school and office made from recycled and upcycled material

These products are marketed as fancy and responsible products, fitting in with the sustainability trend of recycling and upcycling. Companies are using materials like recycled bottles, recycled polyester and nylon to manufacture their products. Another interesting example is Freitag, a company that produces bags from recycled truck tarpaulins.

Bags for school and office made of organic textiles

Another example is bags made from 100% organic cotton. Organic cotton is cotton that is produced and certified to organic agricultural standards. Its production sustains the health of soils, ecosystems, wildlife and people by using natural processes rather than artificial inputs. Importantly, organic cotton farming does not allow the use of toxic chemicals or GMOs (genetically modified organisms). Instead, it combines traditional, natural innovation and science to benefit the shared environment and promote a good quality of life for all involved.

4. What are the prices for bags for office and school?

Table 1 gives an overview of the prices of bags for office and school in the low-end, mid-end and high-end market segments. Since the middle market segment is probably the most relevant for your business, this segment has been further divided and refined into Low-Mid, Mid-Mid and High-Mid segments.

Table 1: Indicative consumer prices of bags for office and school in Europe

Low	Low-Mid	Mid-Mid	High-Mid	High
Up to €15	€15 - 35	€35 - 55	€55 - 150	€150 and over

Your products will be sold to European consumers for a price that is significantly higher than your selling price. The consumer price is approximately 4-6.5 times the FOB price in the country of origin. Incidental rises in the price of raw materials are not directly passed on to the consumer, but instead exert pressure on exporters', importers' and retailers' margins.

The following percentages give an indication of a price breakdown for office and school bags in the supply chain:

- Logistics: +15-20%
- Wholesale: +50-90%
- Retailer: +90%-150%
- Retail price (VAT)*: +20%

*VAT percentages in the European Union range from 18% in Malta to 27% in Sweden. On average, most of these percentages are around 20%.

Tips:

The value perception of your product in the chosen segment determines its price. Your product quality and price must match what is expected in your chosen target segment. To determine your price, study consumer prices in your target segment and adjust your cost accordingly.

Understand your segment. Offer a correct marketing mix to meet consumer expectations. Adapt your business model to your position in the market.

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