

Entering the European market for knitwear

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Italy was once 1 of the most important producers of knitwear for countries in the European Union (EU). That role has been taken over by China, Bangladesh, India, Turkey and others. If you want to be successful in exporting knitwear to Europe, you need to understand what qualities, styles and services are required by European buyers and what legislation you need to comply to.

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1. What requirements and certification must knitwear comply with to be allowed on the European market?

You will only be successful in exporting knitwear to the EU if you understand all requirements of European buyers. Requirements are becoming stricter, such as requirements for quality, price, speed, service, flexibility and sustainability.

Mandatory requirements

There are many legal requirements for exporting knitwear to Europe, including those concerning product safety, the use of chemicals (REACH), quality and labelling. Check the [EU Access2Markets online helpdesk](#) for an overview. Follow these steps to ensure that your product complies with the relevant legal requirements:

Make sure your product complies with the EU's General Product Safety Directive ([GPSD: 2001/95/EC](#)). If your buyer supplied the product design, it is their responsibility to guarantee it is legally safe for consumers to use.

Make sure you meet the EU's [REACH Regulation](#). This restricts the use of chemicals in apparel and trims, including certain Azo-dyes; flame retardants; waterproofing and stain-repelling chemicals and nickel. Test the input materials before production to prevent risk of non-compliance.

Specify the material composition of every item of knitwear that you export to the EU, in accordance with [Regulation \(EU\) 1007/2011](#). Check the [EU Access2Markets online helpdesk](#) on how to do it.

Do not violate any [Intellectual Property \(IP\) rights](#) and do not copy or share designs with other buyers. If your buyer provides the design, they will be liable if the item is found to violate a property right.

If you need help, always discuss compliance challenges and possible solutions with your buyer.

Tips:

Read the [CBI study on buyer requirements](#) for more information on the requirements you need to meet before you can export knitwear to the EU.

Familiarise yourself with the [complete list of chemicals restricted by REACH](#). For more background information on the characteristics of all types of chemicals, check the freely accessible [Chemexper database](#).

Check the [Q&A section on the website of the European Chemicals Agency](#) for answers to the most common questions about REACH and the use of chemicals in apparel, accessories and trims.

Check [H&M's restricted substances list 2022](#) (pdf) to get an idea of the specific requirements buyers can have.

Figure 1: Using transitional cotton guarantees cotton farmers an income while they transition from conventional cotton cultivation to organic cultivation



Source: Forward in Fashion

Non-legal mandatory requirements

In addition to the legal requirements mentioned above, your buyer may confront you with company-specific terms and conditions. Such requirements are non-legal, but still mandatory.

The buyer manual

When you do business with a European buyer for the first time, they will typically give you a contract and/or a manual to sign. By signing the contract, you confirm that you will meet all the listed requirements. This means you will be held accountable in case of a problem after the delivery of an order. Especially complying with REACH can be challenging. With small orders, most European buyers will not ask for expensive testing, but if illegal chemicals are discovered after delivery, you will bear all expenses involved.

Acceptable quality limit

To guarantee product quality, your buyer may set an acceptable quality limit (AQL). This refers to the worst quality level that is still tolerable. For instance, AQL 2.5 means that your buyer will reject a batch if more than 2.5% of the whole order quantity is defective.

Packaging requirements

In most cases, your buyer will give you instructions on how to package the order. If you agree to deliver Free on Board (FOB), which is the industry standard, your buyer will clear customs in the country of import. It is their responsibility to ensure the instructions comply with EU import procedures. Always try to reduce the environmental impact (and financial cost) of the use of packaging materials.

Payment terms

For a first-time order, European buyers may agree with a down payment (for instance, 30%). They will pay the rest (70%) after the order has been completed. The safest payment method for you as a manufacturer is the LC (Letter of Credit). An LC obligates a buyer's bank to pay the supplier when both parties meet the conditions they have agreed upon. However, many buyers no longer favour LC payments, as this will block their cash flow. Be aware that LCs do not offer financial protection against bankruptcies!

For any further orders, most European buyers will ask for a TT (Telegraphic Transfer) after 30, 60, 90 or sometimes even 120 days. This means you as a manufacturer finish the production and hand over the shipment to the buyer, including the original documents, before payment is due. The payment will be made after the number of days that you have agreed on with the buyer. This is a risky payment agreement because you are taking the full financial risk.

Transparency

Supply chain transparency is key for the European apparel industry, motivated by ever stricter laws at EU and national levels. For instance, the EU's new Corporate Sustainability Due Diligence Directive (CSDDD) and the Corporate Sustainability Reporting Directive (CSRD) require all larger European companies to disclose and report on how they manage social and environmental risks.

Transparency means you should disclose information about your own operations to buyers, but also help them to gain as much insight as possible into their (and consequently your) entire supply chain.

Restricted substances

Ask your buyer if they use a Restricted Substances List (RSL). These lists are often inspired by the guideline on safe chemicals use from the Zero Discharge of Hazardous Chemicals (ZDHC) foundation. You can download the ZDHC [Conformance Guidance](#) here.

Figure 2: An important consideration when using Merino wool is to source from non-mulesing wool farms



Source: [Anders J](#) on [Unsplash](#)

Animal welfare

If you use natural protein fibres such as wool (including specialty wools such as merino, mohair, angora, cashmere) or silk, animal welfare is an important concern. Buyers may require that you only use [RWS-certified](#) wool. If you use merino, buyers may require that you use only [non-mulesing](#) wool. The use of [Angora](#) and [Mohair](#) is already banned by many European brands due to animal cruelty concerns.

Regenerative agriculture

The use of organic cotton is more popular than ever among European fashion brands, but efforts to make cotton production more sustainable have grown to include 'regenerative agriculture': a concept focused on phasing out harmful fertilisers and pesticides and 'regenerating' nature, including biodiversity, soil health and water. Several

large European apparel retail groups have set goals in this area, including [H&M](#), [Inditex](#) and [Kering](#). Control Union has recently introduced the first certification for regenerative agriculture: [regenagri](#).

Carbon footprint

Many Western brands [have committed to climate neutrality](#). To calculate the carbon footprint of a product, the emissions are usually measured in units of carbon dioxide equivalent (CO₂e), and the total emissions are then divided by the number of products. This calculation is complicated, but several organisations have set benchmarks for certain materials and/or products. See [the CBI study Tips to go green](#) for more information.







Recycling









The EU is introducing [new legal measures](#) to increase circularity in textiles, including new directives concerning the [durability of textile products and a 'right to repair'](#). The EU is also considering the introduction of an [EU-wide EPR for apparel](#) (extended producer responsibility). This would make companies responsible for the way their products are disposed of, recycled or repaired. Some countries have already implemented [national EPR schemes](#). Recycling and repurposing materials will help your buyers to reduce waste and conserve resources.

Certification

Many European fashion companies require suppliers to get certified for sustainable and/or fair production or the use of sustainable materials. The following standards and certifications are the most popular in Europe. Note that BSCI is almost a standard requirement for many European apparel companies.

Table 1: Europe's most popular standards

Name of standard	Logo	Type of compliance	Further information on getting certification
Amfori BSCI		Social	On invitation from buyers. Amfori provides a list of organisations that can perform an audit
SA8000®		Social	Read about the SA8000 certification process here
WRAP		Social	Read about the WRAP certification process here
Sedex		Social, environmental	Read about the Sedex certification process here (pdf)
Fair Wear		Social	Read about which brands are members
B-Corp		Social, environmental	Read about the B-corp certification process here

OEKO-TEX® STeP		Social, environmental	Read about the OEKO-TEX® STeP application process here
BCI		Environmental (sustainable cotton production)	Read about the BCI membership process here
GOTS		Social, environmental (organic production)	GOTS provides a list of organisations that can perform an audit
ZDHC		Environmental (chemical use)	The ZDHC provides a guide that outlines the requirements for indicating ZDHC MRSL conformance
Bluesign		Environmental (sustainable production)	See the Bluesign services for manufacturers
Responsible Wool Standard		Animal welfare, environmental	Read more about how to get certified
Global Recycled Standard		Environmental (material recycling)	Read more about how to get certified
Recycled Claim Standard		Environmental (material recycling)	Read more about how to get certified

In addition to these standards, many European buyers have developed their own codes of conduct. If you sell to a number of European buyers, you may have to meet multiple standards. This can be costly and labour-intensive. To avoid the duplication of work, a group of 60 larger fashion brands and 7,000+ apparel factories have adopted the Social & Labor Convergence Program (SLCP). By adhering to this framework, you can ensure compliance with various social standards and regulations such as the CSDDD. The SLCP's popularity is growing.

Tips:

Read the CBI study [on Buyer requirements](#) for an extensive overview of the legal, non-mandatory and niche requirements you will face as an exporter of knitwear to Europe. The CBI studies [Tips to go green](#) and [Tips to become more socially responsible](#) provide practical guidance on sustainability issues.

Check the freely accessible [CSR Risk Check database](#) to discover the social and environmental risks associated with apparel production in your country and ways to manage them.

For a complete overview of sustainability standards, check [ITC's standards map](#).

Provide buyers with as much information on your product as possible. The more information you can

give about the origin of your materials, the better.

What additional requirements do buyers often have?

Next to legal and non-legal mandatory requirements, there are many services that buyers implicitly expect, or at least highly appreciate, if you want to do business with them.

Product design and development

European buyers are always looking for special production methods, materials or designs that will help them stand out in the market. First, it is important to understand the differences between the most common production methods.

- The basic technique of handknit or v-bed machines has not changed for many years. These machines are still commonly used in many knitwear-producing countries. To reduce labour costs, such knitting machines are often replaced by fully automated STOLL or Shima Seiki machines.
- Cut and sew manufacturing allows for high production speed and reduces waste by working around defects. Cut and sew lets you use the full width of the needle bed of a flatbed machine. With this technique, several linear yards of fabric can be produced as 1 piece. Often specific parts of linking is also replaced by cup seaming to reduce costs.
- Panel knitting is another popular way of knitting sweaters. The panels are knitted, and a separation thread is inserted between the panels to allow division. Several panels can be knitted at the same time side by side. After separation, the panels are cut based on the pattern and sewn together.
- Fully fashioning or shaping manufacturing. These techniques allow the product to be shaped during knitting by decreasing or increasing the number of needles. The different pieces can then be attached by linking or stitching.
- Knit-to-wear or whole garment knitting does not require any cutting or linking. The body and sleeve parts are knitted in tubular form and then attached together on the machine, using widening, narrowing and binding-off techniques, to produce a finished garment.

Materials

The design, quality and hand-feel of a knitwear item is for a large part determined by the type of yarn you use, the composition of the yarn and the way the yarn is dyed and finished. Before you start the development of a knitwear collection, you need to source and develop yarns that meet the buyer's physical standards and price range. Especially pilling, hand feel and shrinkage is a reason for many buyers to cancel an order.

Another important aspect for manufacturing knitwear is the hand-feel. It needs to be soft. This can be achieved by using a chemical softener, but it is better to use a natural yarn that already has these soft characteristics, such as merino, cashmere or blends.

Figure 3: Low-gauge knitwear styles are popular during the winter season in Europe. Finer gauge styles can be worn throughout the year



Source: [Rydale Clothing](#) on [Unsplash](#)

Gauge

Besides material and knit pattern, the gauge determines the look of a knitwear style. A low gauge like 1.5 will give the piece a handknit appearance. This is popular in cold seasons. There is also an increased demand for 14-

gauge or even 16-gauge pieces. Such fine-gauge items have an appearance that is much like a knitted jersey T-shirt. The most mainstream gauge is 12. If you use a fine yarn count on a 12-gauge machine, the sweater will look very similar to a 14 gauge.

An increasingly popular category of knitwear in Europe is the short sleeve fine gauge knitted style, sold for the summer season. Catering to this trend could spread your production more evenly across the year.

Communication

Your success depends largely on the quality of your service. Smooth communication is an important part of this. Always reply to every e-mail within 24 hours, even if it is just to confirm that you have received it and will reply in detail later. If you encounter a problem with an order, notify your buyer immediately and try to offer a solution. Create a T&A (time and arrival) sheet of every order and share it with your buyer. This file will help you to manage expectations, monitor progress and is the best guarantee for timely delivery.

Flexibility

If you want to start a business relationship with a European buyer, be prepared to accept complicated orders first. Buyers will test your factory before giving you large, easy orders. Make sure at the start that a buyer will not continue to place only difficult orders with you and convenient orders elsewhere.

Expect a European buyer to require in their first order:

- High material quality and impeccable workmanship;
- Order quantities below your normal minimum order quantity (MOQ);
- A price level that is lower than you would normally accept for small quantity orders.

Tips:

Be proactive and prompt in your communication. For short updates to your buyer via text, photo or video, try [WeChat](#), [WhatsApp](#) or [Signal](#). To make free video (conference) calls you can also try [Skype](#) or [Google Meet](#).

Make sure your buyer confirms the colour and quality of the yarn in advance. Send knit downs for testing and approval to prevent quality problems after delivery.

Develop different panels of qualities to show to your buyer and guide him towards the materials meeting his requirements and your manufacturing possibilities.

What are the requirements for niche markets?

The following niche categories offer opportunities for knitwear manufacturers. The required qualities, styles and quantities may differ from mainstream production. This means you need to adjust your manufacturing and sourcing setup if you want to be profitable.

Animal friendly knitwear

European buyers that offer 'sustainable' styles focus on different topics, ranging from supply chain transparency and animal welfare to organic production and recycled yarns. Animal welfare can be guaranteed, for instance, by the [Global Animal Partnership standards](#). For wool, the TextileExchange offers the [responsible wool standard \(RWS\)](#).

Recycled knitwear

Another niche is the use of recycled fibres. Knitwear is the only product group that can be made from 100% recycled post-consumer waste (cotton and wool). Styles made from wool and cashmere are recycled, for example, by [Filpucci](#) or [Reverso](#). There are challenges. Recycled yarns can nap, which creates a (potentially undesirable) casual look and feel. The finest possible gauge for such yarns is 12 gauge. Determining the content (and the chemicals used) is also difficult when using post-consumer waste, so testing is needed.

Mixed media

Luxurious styles that combine knitting techniques and materials (mixed media) are a growing niche in the European market. Combining techniques such as intarsia with high-quality blends like cotton, silk and cashmere can make a pullover look almost like a piece of art. Other mixed media styles combine knitted panels with woven panels (for instance, silk and cashmere for the luxury market or acrylic and polyester for lower markets).

2. Through what channels can you get knitwear on the European market?

For many European fashion brands and retailers, knitwear is a basic product group. This does not mean you should randomly approach potential buyers. First, you need to determine what market segment fits your company best and through what channel(s) you want to sell your product. Be aware that different countries have different preferences. French and Italian end customers appreciate the softness and quality of cashmere, while Dutch and German consumers prefer machine washable garments, for instance.

How is the end-market segmented?

European knitwear buyers can best be classified by price/quality level.

Table 2: Knitwear market segmentation

Consumer type	Price level	Fashionability	Material use	Order quantities
Luxury consumer	Very high retail prices	Highly fashionable, unique designs	Luxury materials like wool and cashmere. Complex patterns	Low order quantities
Fashion-conscious consumer	High retail prices	Styles in line with latest trends	High-quality, natural fibres and blends	Low to medium order quantities

Practical consumer	Medium retail prices	Practical, fashion-conscious designs	Medium-quality, machine washable materials like acrylic, wool and cotton	High order quantities
Price-conscious consumer	Low or very low retail prices	Basic and functional styles	Medium to low-quality, machine washable synthetic materials and cotton	High order quantities

Luxury consumers

High fashion consumers shop at luxury brands and retailers such as [Paul Smith](#) and brands such as [Missoni](#) or [Moschino](#). These consumers expect their knitwear to represent an exclusive brand image and the latest fashion trends. Knitwear brands in the luxury market require top-quality materials and manufacturing, the latest technical innovations and highly comfortable designs. This market is growing.

Fashion-conscious consumers

In the upper-middle market, lifestyle brands such as [Carlo Colucci](#) or [Boggi](#) cater to fashion-conscious consumers. These companies sell collections created around a brand image and natural materials and offer a good-quality product for a mid-to-high-level price. Products must have the technical look of a high-end product, but retail prices are substantially lower than in the luxury consumer market. This market is growing.

The middle market: practical consumers

Practical consumers shop in the middle market, where brands and retailers such as [Marc O'Polo](#) sell functional and fashionable items. The focus is on washability, durability, fit and medium-quality materials. Buyers may require sustainable fabrics. Order quantities are high, retail prices low to medium. This segment is under pressure.

Price-conscious consumers

The budget market includes companies such as [Primark](#) and [River Island](#), which cater to the price-conscious knitwear consumers. Design and technical innovation are less important, but the apparel item needs to give the impression that it is fit for its purpose and in line with the latest fashion trends. Prices are low and competition is heavy in this market segment, both in retail and manufacturing. This market is consolidating.

Through what channels does a product end up on the end-market?

Always try to find out whether you are dealing with a brand, a retailer, an intermediary or some other type of buyer. Every buyer has a different sourcing and sales strategy, and different challenges. Adapt your pitch accordingly.

- If you want to target European end consumers, try selling via platforms such as [Alibaba](#), [Wish](#), [Amazon](#) or [Wolf & Badger](#) for small independent brands. Most online consumers can be found in countries in Europe's northwest. You will need to invest in a web shop, stock, order management and customer service. Your

biggest challenges will be return policies and a lack of brand awareness.

- The growing second-hand market in Europe is served by online platforms such as vestiairecollective.com, vinted.com, depop.com, or national websites such as marktplaats.nl (the Netherlands).
- Online multi-brand retailers such as [Zalando](https://Zalando.com), [Asos](https://Asos.com) and [Yoox](https://Yoox.com) sell existing knitwear and other brands and often develop their own private collections, mostly value brands. They can detect market interest very fast and will immediately react upon sales data. Usually, such companies will place a small test order first. If the item is selling well, they will place the actual production order. Fast delivery is a must.
- If you want to sell to retailers, the biggest names in knitwear are retailers such as [Inditex](https://Inditex.com) and [H&M](https://H&M.com). Next to big chains, most knitwear is sold in boutique shops that can be found in almost every European city. These shops sell existing brands, but some also order products specially developed and manufactured for them. This market level is less competitive and relatively easy to enter.
- Apparel brands typically develop a collection 6-9 months in advance. You will need a large sample room, as brands require salesman samples (SMS) of each collection style. Every salesman sample needs to be current: meaning it must look exactly like the product will in the shop, with branded hangtags and accessories. It may take many months before orders are placed.
- Intermediaries such as agents, traders, importers and private label companies will sell your product on to buyers up the value chain. They are extremely price focused and require flexibility in quantities and qualities. Some are located near or in the production countries and primarily do sourcing and logistics, such as [Fashion Linq](https://FashionLinq.com). Others, such as [Fully Fashion](https://FullyFashion.com), work from Europe and also do market research, design and stock keeping. Their service level determines the commission rate they charge.

Figure 4: Apparel market value chain



What is the most interesting channel for you?

As you move higher up the value chain, your margin will increase, but so will the service level that your buyer will require from you. When you have little experience with exporting to Europe, intermediaries and brands are likely the best starting point.

Intermediaries

Agents or traders/importers/private label companies are the most adventurous type of buyer and are usually the first to investigate new sourcing destinations and factories. By working for this type of buyer, you will have access to many different buyers up the value chain, and you can learn how to service them by following their instructions.

Online

Online multi-brand retailers such as [Zalando](https://Zalando.com), [Asos](https://Asos.com), [Lyst](https://Lyst.com) or [Yoox](https://Yoox.com) sell apparel brands and develop their own private collections, mostly value brands. They can detect market interest very fast and will immediately react upon sales data. Usually such companies will place a small test order first. If the item is selling well, they will place the actual production order. Fast delivery is a must.

Brands

Few European fashion brands specialise in knitwear, but for many brands, knitwear is a basic product group. There is usually more room for price negotiation with brands (especially in the higher market segments), but your service level also needs to be higher than what intermediaries would require from you.

Retail

Most large European fashion retailers sell knitwear collections and are used to doing business with manufacturers in developing countries. It can be very difficult to start a business relationship if you do not meet all the mandatory requirements such buyers have. Besides delivering a good-quality product for a competitive

price, your service level needs to be very high. Retailers may lack professional expertise on knitwear, so advice on product quality and development is highly appreciated.

Tips:

Read [the CBI study on Finding buyers](#) for an extensive overview of European fashion market segments, channels and requirements.

If you are not sure which intermediary is right for you, consider using an “agent for agents”, such as [Anton Dell](#). Otherwise, try to find intermediaries specialised in knitwear by using an online search engine. Use keywords such as “full service”, “garment”, “agent” or “knitwear” plus “solution”. Trader’s websites usually show the brands they are working with.

Keep on top of new technical developments in the market. Be an advisor as well as a producer to create advantages over the competition.

3. What competition do you face on the European knitwear market?

Knitwear is manufactured worldwide, so you will likely face stiff competition in this market. The most important ways to create a competitive advantage over manufacturers in other countries are yarn sourcing, technical knowledge, product development, service level, flexibility, efficiency and beneficial trade agreements.

Which countries are you competing with?

Country	Strengths	Challenges
China	Technical innovation, high efficiency, excellent customer service, high flexibility and the local availability of yarns and trims.	Increasing labour, transport and production costs, human rights concerns and no General Scheme of Preferences (GSP) that removes import duties to the EU.
Bangladesh	Factories with fully automated knitting machines, specialised in cotton and wool. The country is increasingly developing added value products including cashmere. Bangladesh benefits from the GSP.	Less flexibility than in China. Although yarns are increasingly spun locally, Bangladesh still imports many materials.

Turkey	Close to Europe, which results in very short lead and transport times. Produces low to high-quality apparel in many categories; offers high flexibility and has a European business culture. Manufacturers accept payment in euros.	Turkish prices are structurally higher than many Asian countries. Currently, they are rising still further due to inflation.
Cambodia	Cambodia supplies good-quality products at a competitive price level. Many factories in Cambodia have been set up by foreign investors, who also supply their expertise.	An inexperienced and relatively small workforce works against Cambodia. Social compliance concerns and political repression caused Cambodia to lose its duty-free GSP status in 2020.
India	India grows its own cotton and has a large industry of yarn and fabric making. India is focused on manufacturing knitwear items made from cotton and cotton blends and is highly flexible on quality, MOQ and design.	Human rights concerns in cotton, yarn and fabric production. Some dye houses may not comply with EU standards.
Vietnam	Vietnam's apparel industry has developed a large capacity and a high efficiency level, thanks to investments from mainly Chinese factory owners looking to benefit from the low production costs and a new upcoming free trade agreement with the EU.	High MOQs, a lack of local spinning, accessories and trims and in general a lack of capacity (especially in the factories that operate in the north and south of the country exporting to the US).

Tips:

Study the countries you are competing with, compare their strengths and weaknesses to yours and advertise the competitive advantages of doing business with you. Besides the GSP, consider factors such as distance to Europe, [ease of doing business](#) and [transparency](#).

Check the freely accessible [CSR Risk Check database](#) to discover the social and environmental risks associated with apparel production in different countries, including your own. Use this information to mitigate risks and to advertise the advantages of sourcing from your country.

Check if and how other countries benefit from the Generalised Scheme of Preferences on [the EU's website on international trade](#).

Most online search engines will let you create a news alert on a topic, so you can automatically follow the latest developments in the apparel industry in a specific country.

Which companies are you competing with?

Neo-Concept is a Hong Kong-based company with a reputation of being a design-driven knitwear apparel manufacturer. The company started doing business with buyers in France such as Joseph and Agnes B and developed a reputation of being exceptional in innovation and product development. Its current manufacturing setup has expanded to Cambodia and Vietnam, enabling them to service buyers in every part of the value chain and price/quality segment.

Cobalt is a knitwear manufacturer with international offices on several continents. Inhouse spinning and manufacturing has made Cobalt 1 of the largest knitwear manufacturers in Hong Kong. The company can service a large variety of buyers.

JM Knitwear is a knitwear manufacturer founded in India in 2008. The company offers a large variety of pullovers and other styles, including made-to-measure. JM focuses on premium materials, including Italian Merino, Scottish cashmere, British Lambswool, Indian Cotton and recycled cotton mix yarns, man-made & synthetic yarns and blends with low MOQ & quick turnaround times. JM caters to the European market, primarily the UK.

Tips:

Check the free online database [Open Apparel Registry](#). This website lets you look up the suppliers of hundreds of European apparel companies, including knitwear brands and retailers.

Read the [CBI study 10 Tips for Doing Business with European Buyers](#) to learn how to approach and engage with buyers. This report also describes how you can get practical help with understanding European business culture, analysing your unique selling points (USPs) and doing business with European buyers.

Research made to measure. A fast growing on demand way of manufacturing sweaters that requires a different manufacturing setup but shows growth potential.

Which products are you competing with?

Knitwear items such as pullovers and cardigans are a staple in many European fashion brands' collections and end consumers' wardrobes. This product category is growing (at the expense of woven styles) and only faces (some) competition from sweatshirts and from within the category.

Sweatshirts

Flat-knit styles are represented in the collections of almost every European fashion brand. Within this style, heavy-knit sweaters face some competition from sweatshirts (in line with the rise of comfortable loungewear and sporty styles).

Jersey T-shirts

Fine knits (gauges 14 and 16) are hard to manufacture, delicate and trend driven. They can face competition from T-shirts (including long-sleeves). A company that has a well-developed collection in basic knitwear

including fine gauges is [Massimo Dutti](#).

4. What are the prices for knitwear on the European market?

The factory price of your product (in fashion industry jargon, your 'FOB price': [Free On Board](#)) is influenced by many factors, such as the cost of materials, the efficiency of your employees and your overhead and profit margin. For a step-by-step guide on how to calculate the FOB price of an apparel item, see [this CBI study on cost-price calculation](#).

The average cost breakdown of your FOB price should look like this:

Note that the cost price of knitwear is often calculated based on the weight of the item, as the yarn makes up a substantial part of the cost. The percentages may differ per factory and per order. Some factories accept lower profit margins during off-season periods, or when order volumes are high. In addition, the percentages for labour versus fabrics may differ, depending on the efficiency and wage level of the workforce and the price of the materials. Efficiency goes up and material prices go down when producing large volume orders.

Retail pricing

The retail price of a knitwear item is on average 4-8 times the FOB price (this is called the 'retail markup'). It follows that the FOB-price is on average 12,5-25% of the retail price of the product. Exceptions do occur. In the budget market, some large European retail chains may only double the FOB price mark up. Retailers mark up the FOB-price by 4-8 times because they need to account for (among other things) import duties, transport, rent, marketing, overhead, stock keeping, markdowns, VAT (15-27% in EU-countries).

Source: Eurostat

According to [Eurostat's 2022 comparison of retail prices for apparel](#) in Europe, of the top-3 European importers of apparel and footwear, France has the highest price level at 105.4 points compared to the European average of 100, followed by Germany (98.7), and Spain (84.8). Denmark is the EU member state with the highest price point (134.4), and Switzerland is the most expensive European country for apparel (141.5).

Price development

Online commerce and a strong budget segment have made low prices the norm for European consumers. However, a stronger focus on sustainability and rising costs for materials, production (due to global political instability) and shipping have put manufacturers, suppliers and buyers under significant price pressure. Inflation in Europe has fallen slowly in 2023, but [remains higher than normal](#).

Frans Tilstra and Giovanni Beatrice for [FT Journalistiek](#) carried out this study on behalf of CBI.

Please review our [market information disclaimer](#).