c) Make Canadian sports equipment manufacturers aware of publicity available at winter sporting events in Europe and encourage its utilization; (Munich)

(Prime examples are a banner at the finish line of a skiing event or on the boards at a hockey tournament. Prices begin at $1,500 and vary, of course, according to the prestige of the event. As part of the same tactic, investigate possible endorsement of Canadian products by Canadian sports figures of international reputation.)

d) Support a PEMD-B (market identification) commitment for the company to return to the F.R.G. (and neighbouring markets) within three months after participation in the trade fair to visit the most promising contacts; (EFCP/RCT*)

e) Sponsor an official exhibit at the Spring and Fall ISPO 1984 shows and support participation in 1985. (EFCP*/Munich)

8. APPAREL

The Opportunity

The West German apparel market is the largest in Europe and the second largest worldwide (after the United States). A German family (two adults and two children) spent on the average $1,100 on clothing in 1981. During the preceding year, imports accounted for $4.4 billion out of retail sales of $9.9 billion. Other European sources supply the largest share of those imports, joined, to a lesser degree, by Far Eastern competitors. Canada's share of the market for apparel (other than fur) fell from a high of $2.8 million in 1981 to $1.8 million in 1982. During the same period, fur apparel sales fell from $27.9 million to $25 million.

Per capita income in Germany was more than $14,000 in 1982. With a high propensity to buy consumer goods, the population of 61 million represents an attractive market.

In Germany, the market for lower-end, price sensitive goods is dominated by products from low-wage countries, which enjoy easy access. At the top end of the price spectrum, high quality and image merchandise offer difficult competition because of the established presence of European designers. Given those constraints, the market for Canadian products can be defined as the upper middle price range, consisting of merchandise created with flair and imagination, but at the same time adapted to European tastes.

The product categories where Canadian firms have met with success in the last two or three years include active sportswear, knitwear and jeans for men, women and children. Cold weather and leather (including suede) outerwear garments have gained considerable recognition as well designed, durable products of good quality. Fur goods have found an excellent market in the F.R.G., although there has been a decline of 10 per cent in 1981 from 1980, due largely to a softening of economic conditions. Products can be sold through large department stores that present their own in-house fashion exhibitions, where selected manufacturers are invited to show their products, or by exhibiting at fashion fairs like Pelz Messe in Frankfurt, IGEDO in Düsseldorf and "International Fashion Week" in Cologne.

Independent and chain stores are the most important outlets, with 69 per cent of the market, followed by department stores (18 per cent) and mail order companies (7 per cent). Buyers obtain their products from factories (61 per cent), importers or wholesalers (16 per cent), buying associations (12 per cent) and through direct imports (9 per cent).

The importers and wholesalers group totals about 1,500 firms, responsible for a turnover of nearly $4 billion in 1980. Department stores and large chains may buy from wholesalers or importers but prefer to import directly or through an agent. Commission agents also play a role and have their own association, which is prepared to help find an appropriate representative. For retail stores, spring and summer apparel is purchased from September to November, while fall and winter merchandise is bought in the January-April period. A manufacturer should not consider trying to sell outside of those periods.

The Canadian Apparel Industry

The Canadian clothing industry accounts for 6 per cent of employment and about 3 per cent of shipments in the manufacturing sector. In 1982, it employed 108,400 persons and had estimated shipments of $4.48 billion. The majority (70 per cent) of the 2,300 Canadian garment manufacturers are established in Québec. About 35 firms are foreign owned and larger than average in the industry. They produced approximately 10 per cent of total industry shipments. Despite the pressures of imports in the period 1976 to 1981, shipments have increased from $2.9 billion to $4.5 billion, and exports from $105.8 million to $263.7 million. Of most Canadian clothing exports in 1981, 52 per cent were shipped to the United States, representing a 58 per cent increase over 1980.

Recent Canadian Marketing Activity

Prior to 1977, and largely because of the Canadian exchange rate, Canadian efforts in Germany were rather restricted. With a more favourable rate of exchange, more firms started to devote attention to this market. In 1979, 1980 and 1981, Canada officially participated in the Men's Fashion Week in Cologne, attended SPOGA in the same city in 1978 and 1979, and ISPO in Munich in 1980, 1981 and 1982. Although a few individual firms have participated in the important International Fashion Fair (IGEDO) held in Düsseldorf, Canada has not officially participated in the event. On the other hand, 12 to 15 Canadian fur garment manufacturers regularly exhibit at the Pelz Messe Trade Show, resulting in

* Refer to Glossary of Abbreviations, page 39.