

Fashion bags



August 2008 US\$445



Essential sourcing intelligence for buyers

China manufacturer profiles

Detailed profiles of 51 suppliers with verified manufacturing and export credentials

Product & price trends

Prices and specifications of 152 top-selling export products

Supply centers & market trends

Coverage of leading and emerging supply centers, plus insight into capacity, output and R&D

global sources

Choose verified suppliers



Online • Trade shows
Magazines • Research

www.globalsources.com

www.ChinaSourcingReports.com

FASHION BAGS

Supplier capability in China

EXECUTIVE SUMMARY

China's fashion bags industry is cautiously optimistic about its export outlook in the months ahead, as it continues to deal with challenges that threaten to curb growth. Rising material and labor costs, the yuan's appreciation, and lower export tax rebates have all made it difficult for companies to strike a balance between healthy sales and maintaining margins.

The world's largest supplier of fashion bags, the country accounts for at least 25 percent of global supply. Since the line is very broad and China customs does not track fashion bags independently, it is difficult to determine the exact value and volume of overseas shipments.

While companies have been posting sizeable growth in the past years, economic challenges are now leading many of them to forecast moderate end-2008 prospects. In a survey conducted by Global Sources, one-fourth of respondents are expecting less than 10 percent growth and 16 percent are projecting sales to decline or remain flat.

In an effort to keep margins at the same level while minimizing price increases, many companies are investing in cost-saving measures. At the fore are improving production efficiency and strengthening staff training.

The following are some of the key trends we see in China's fashion bags industry:

- Many suppliers will raise prices due to escalating costs, lower VAT rebate and the stronger currency. But intense competition is keeping price increases to a minimum, with most makers planning to raise quotes by 10 percent or less.

- Competition is pushing companies to produce more upscale fashion bag models as well. The market is already saturated with low-end designs, making it difficult for many suppliers to compete. More makers are therefore

offering midrange and even high-end designs to set their products apart from competitors.

- Suppliers are also eyeing to increase exports to the EU. Buyers there are less price-sensitive than clients in other markets.

- The use of mixed materials is expected to continue through 2008. Suppliers are combining textiles, leather, plastic and straw to create texture, expand the design range and develop price flexibility.

- R&D is also emphasizing environment-friendly materials or alternatives to PVC. While PVC is expected to remain a major material in the months ahead, companies are increasingly turning to nontoxic substitutes such as TPU, EVA, PU and microfiber.

This report covers beach, tote, evening, shoulder and handbags in PVC, EVA, fabric, genuine and synthetic leather, and natural materials such as straw.

While most suppliers offer a range of bags made from a variety of materials, some specialize in one or two types. About 41 percent of the companies in this report offer bags made from at least four major materials, and a little more than 25 percent specialize in one or two.

About 80 percent of featured suppliers produce low-end and midrange models priced from less than \$1 to about \$5 each.

The Products & Prices section in this report details the features and price ranges of fashion bags made in China. The latest trends in materials and design are also discussed in this section.

The Industry Overview discusses how suppliers are responding to major challenges, and elaborates on the industry composition, highlighting key characteristics of the different types of companies.

In this report

- 51 company profiles
- 152 top-selling export products
- Supplier demographics
- Supplier survey
- Industry statistics & charts

METHODOLOGY

To produce this report, Global Sources surveyed a wide range of suppliers. Rather than focus simply on high-profile makers, we compiled a representative sample of large, midsize and emerging manufacturers. All profiled companies are export-oriented professional suppliers that may or may not be clients of Global Sources.

The selection of suppliers is designed to reflect the composition of the industry in China in terms of geographic spread, business type and company ownership.

For each company profile, our research teams interviewed senior executives and export managers who discussed their recent performance and provided price, R&D, production and export forecasts for the next 12 months. The interviews were done in-person, by phone or e-mail.

In each case, companies were required to answer specific questions designed to verify their manufacturing and export credentials, including their production and export statistics, and a breakdown of exports by product type and market. Our production checklist details the product-specific manufacturing capabilities of each supplier.

All companies participated in a survey designed to provide insight into product and price trends, and challenges facing the industry in the next 12 months. All survey questions are single choice. Results were calculated based on the actual number of valid responses to each question.

CONTENTS

INDUSTRY OVERVIEW	7
Supplier summary	
Major customers	
Production & exports	
Main production centers	
Supplier demographics	
Products & prices	10
Export statistics	
Price guide	
Top exporters	
Supplier survey	16
Export prices, export sales, major challenges, target markets, capacity expansion plans, product trends, efficiency, capability	
SUPPLIER PROFILES	19
Supplier locations	
Industry composition	
Top exporters	
Supplier matrix	
Production checklist	
Supplier profiles	
PRODUCT GALLERY	81
Top-selling export products	
SUPPLIER CONTACT DETAILS	109

Copyright 2008 **Trade Media Limited**. All rights reserved. Reproduction in whole or in part in any form or medium without express written permission of Trade Media Holdings Limited and Trade Media Limited is prohibited.

Published by Publishers Representatives Limited (on behalf of Trade Media Limited)
P.O. Box 219 GT, Strathvale House, North Church Street, George Town, Grand Cayman, Cayman Islands
c/o 22/F Vita Tower, 29 Wong Chuk Hang Road, Aberdeen, Hong Kong

Printed in Singapore
ISBN 978-988-8004-28-7

Disclaimer: Any recommendation contained in this report may not be suitable for all investors or businesses. Moreover, although the information contained in this report is obtained from sources believed to be reasonably reliable, the accuracy or completeness of such information cannot be guaranteed. The author and the publisher of this report (and the publisher's affiliates, agents, sales representatives and service contractors) do not make any representation or warranty whatsoever (whether express or implied) in relation to any of the contents of this report (including any information, opinion, recommendation or conclusion contained in this report) (collectively, "Contents"), whether as to the accuracy, completeness, quality, fitness, suitability or reliability of such Contents (or any portion thereof) or otherwise, and shall not be liable under any circumstances whatsoever for any error, omission, defect or deficiency in, or for any use of or reliance on, such Contents (or any portion thereof).

All product images are provided by the companies interviewed and are for reference purposes only. Those product images featuring products with trademarks, brand names or logos are not intended for sale. Products that are not the specific topics of editorial articles are shown for illustrative and/or demonstrative purposes only. We, our affiliates, and our affiliates' respective directors, officers, employees, representatives, agents or contractors, do not accept and will not have any responsibility or liability for product images (or any part thereof) which infringe on any intellectual property or other rights of a third party.

INDUSTRY OVERVIEW

The yuan's appreciation and higher material and labor costs are driving fashion bag makers in China to invest in measures aimed at reducing overall expenses. These include improving production efficiency and strengthening staff training.

The yuan's value against the US dollar has been accelerating at a fast pace, having climbed 7 percent since the start of the year. US investment firm Goldman Sachs is forecasting 12 percent growth by end-2008. The yuan has gained about 20 percent in value since the currency was first revalued in July 2005.

The fast pace of the yuan's appreciation is cutting significantly into suppliers' margins. Orders are usually finalized two or three months prior to delivery. By the time the products are shipped, companies have already lost 2 or 3 percent of profit due solely to the stronger yuan. In most cases, margins for low-end models are eliminated completely.

Rising costs is a challenge as well. In the past year, raw materials have increased by about 15 percent. Some estimates for components such as metal clasps and buckles are higher by as much as 25 percent. While PU leather costs remained stable, those of genuine leather increased 5 to 10 percent.

Wages have also climbed between 10 and 30 percent since 2007. The average monthly salary at Hong Weilida, one of the companies featured in this report, was \$120 in 2006. It has since increased 33 percent to about \$160 in 2007 and rose further to \$180 in 2008. At \$150, the average monthly salary at Fuzhou Hunter grew 20 percent in the past 12 months.

In addition to the monthly wages, most workers are given their pension and insurance accounts.

Suppliers are also investing in measures to improve the overall living condition and welfare of its workers. For instance, staff dormitories at Fuzhou Hunter are air-conditioned and

are provided with color TV sets.

But even improved compensation and benefits do not guarantee a stable labor force. There have been reported cases of employees refusing to work despite overpay offers. Moreover, since offering better pay and incentives is an industry-wide course of action, skilled workers tend to gravitate toward factories that provide the most competitive packages.

In addition, the reduced export tax rebates are contributing to lower profit gains. In July 2007, the VAT refund for fabric bags was cut from 13 to 11 percent, while that for PVC was decreased to 5 percent. This move is affecting small and midsize companies significantly, particularly those focusing on low-end models, as they have little room in negotiating prices.

All of these factors are leading companies to raise product prices by up to 10 percent in the months ahead.

To reduce operating costs, suppliers are upgrading their management systems to enhance efficiency and

Supplier summary

Suppliers surveyed	51
Export sales	\$129.0mn
Export ratio	94%
OEM business	73%
Capacity utilized	50%
Annual R&D spending	\$4.7mn
Full-time employees	14,605

Data: All surveyed suppliers

productivity. They are also sending workers and managers for training at various associations and institutions.

Quanzhou Skyport, for example, implements the ERP system in its operations. Quanzhou Kingtong conducts relevant training courses for its staff and enforces a position responsibility system.

Suppliers are also investing heavily in equipment upgrades. Qingdao Debei allocates \$15,000 annually to upgrade its production facilities.

To keep costs under control, some trading companies have started building their own factories. Doing so allows them to monitor manufacturing

Major customers

Company	
Buyrite	Papier Mettler (Germany)
Cangnan Meige	Nestle (Germany), Wal-Mart (US)
Changshu Textiles	Classic Bag, Delpac (UK)
First Plus	L'Oreal (Spain)
Fuzhou Hunter	Kiva (US); Jaslen, Puma (Spain); Polo (Greece)
Fuzhou Lucky Star	Tina (Hong Kong)
Fuzhou Yunxiang	Elpro (Canada)
Grace	Gioseppe (Spain)
Mega Inter	Cifra (Spain)
Ningbo Sureway	Mitzi (US); Orsay, NKD (Germany); Next (UK)
Quanzhou Kingtong	Gabol (Spain)
Sanhen-Ulix	Quelle (Germany), Dollar General (US), Polyconcept (France)
Shanghai Paloon	Playboy (France), Fat Face (UK), Wal-Mart (US)
Shenzhen Hongfulang	Zara (Spain), Friis & Co. (Denmark)
Sundax	Erac (Germany)
Wenzhou Chinas	Carrefour (France), Disney (Hong Kong)
Xiamen Hindar	Wal-Mart, Coca Cola (US)
Xiamen Igo	Yves Rocher, Elle, L'Oreal, Lancome (France)
Zhejiang Jojoy	Promidea SRL (Greece)

Data: All surveyed suppliers

Cangnan Meige Bags Co. Ltd

Profile

Company facts

Year established	1997
Business type	Manufacturer
Company ownership	Mainland China-owned
Head office location	Wenzhou (Zhejiang)
Factory location(s)	Wenzhou (Zhejiang)
Total factory area	15,000sqm
No. of full-time employees	300
Annual sales (all products)	\$5.0mn
Annual R&D spending	\$0.20mn
ISO certification	Yes

Sales & output: Fashion bags

Annual sales	\$2.5mn
Share of total sales	50%
Annual export sales	\$2.0mn
Total monthly capacity	450,000 pieces
Average monthly output	350,000 pieces
Capacity utilized	78%
Average monthly exports	280,000 pieces
Export ratio	80%
OEM % of exports	80%
ODM % of exports	20%
OBM % of exports	—
Major customers	Nestle (Germany), Wal-Mart (US)

Capability

Production checklist

In-house R&D/design staff	5
Production line QC staff	10
Sewing machines	25
Cutting machines	3
Hot-sealing machines	10
Riveting machines	10
Printing lines	1
Needle detectors	2

Exports by product

PVC bags	5%
Fabric bags	95%
Synthetic leather bags	—
Genuine leather bags	—
Other bags	—

Exports by market

North America	30%
European Union	40%
Europe (non-EU)	—
Asia/Pacific	30%
Middle East	—
Other	—

Outlook

- **Export prices**
Increase
- **Export price increase**
5-10%
- **Export sales**
Increase more than 20%
- **Target market**
North America
- **Production capacity**
Increase less than 20%
- **Major challenge**
Cost of raw materials
- **Export capability**
Improve operating efficiency
- **Major product trend**
Combined materials

Popular export models



Fabric bag

Model	CXD-019
Minimum order	10,000 pieces
Packaging type	OPP bag
Delivery time	30 days
Indicated price	\$0.44

Description: Tote bag; woven PP body; PVC straps; snap button closure; gravure-printed pattern; one interior pocket; 29x21x12cm



Fabric bag



Model	STW-025
Minimum order	1,000 pieces
Packaging type	OPP bag
Delivery time	25 days
Indicated price	\$0.56

Description: Tote bag; woven PP body; nylon piping; gravure-printed pattern; one interior pocket; 39x55x44cm

Canticle Bags & Luggage Corp. Ltd

Profile		Capability	
Company facts		Production checklist	
Year established	2000	In-house R&D/design staff	3
Business type	Trading company	Production line QC staff	3
Company ownership	Mainland China-owned	In-house packaging	No
Head office location	Nanjing (Jiangsu)	In-house assembly	No
No. of subcontracting factories	5	Dedicated capacity	No
Factory location(s)	Shanghai, Jiangsu, Zhejiang	Exports by product	
No. of full-time employees	14	PVC bags	—
Annual export sales (all products)	\$8.0mn	Fabric bags	10%
Annual R&D spending	\$0.01mn	Synthetic leather bags	80%
ISO certification	Pending	Genuine leather bags	10%
Sales & output: Fashion bags		Other bags	—
Annual export sales	\$2.0mn	Exports by market	
Share of total export sales	25%	North America	10%
Average monthly exports	50,000 pieces	European Union	85%
OEM % of exports	20%	Europe (non-EU)	—
ODM % of exports	70%	Asia/Pacific	—
OBM % of exports	10%	Middle East	—
Services provided		Other	5%
Sample making	Yes		
Export documentation	Yes		
Shipping	Yes		
After sales	Yes		

Outlook
<ul style="list-style-type: none"> ● Export prices Increase ● Export price increase 11-15% ● Export sales Decrease ● Target market European Union ● Major challenge Cost of raw materials ● Export capability Widen product range ● Major product trend Quilted, pleated or ruffled styles

Popular export models	
	<p>Synthetic leather bag</p> <p>Model M-712214 Minimum order 500 pieces per color Packaging type Polybag Delivery time 50 days Indicated price \$6.31</p> <p>Description: Shoulder bag; PU, PVC leather body; 190t polyester lining; embroidered pattern; zipper, magnetic snap button closure; two main inner compartments; one zipped rear pocket; 32x23x8cm</p>
	<p>Synthetic leather bag</p> <p>Model M-805201 Minimum order 500 pieces per color Packaging type Polybag Delivery time 50 days Indicated price \$6.03</p> <p>Description: Shoulder bag; PU leather body; 190t polyester lining; rivet trimming; top zipper closure; one main compartment; zipped front, interior pockets; mobile phone holder; 37x31x10cm</p>

PRODUCT GALLERY

Fabric bags



Buyrite
 (profile page 28)
Model: 313041
Minimum order: 3,000 pieces
Packaging type: 50 pieces in carton
Delivery time: 45 days
Indicated price: •
Description: Bucket tote; 600d nylon body; nylon webbing straps; silk-screened pattern; top zipper closure; 48x38x16cm



Cangnan Meige
 (profile page 29)
Model: CXD-019
Minimum order: 10,000 pieces
Packaging type: OPP bag
Delivery time: 30 days
Indicated price: \$0.44
Description: Tote bag; woven PP body; PVC straps; snap button closure; gravure-printed pattern; one interior pocket; 29x21x12cm



Cangnan Meige
 (profile page 29)
Model: STW-025
Minimum order: 1,000 pieces
Packaging type: OPP bag
Delivery time: 25 days
Indicated price: \$0.56
Description: Tote bag; woven PP body; nylon piping; gravure-printed pattern; one interior pocket; 39x55x44cm



Cangnan Meige
 (profile page 29)
Model: DJB-004
Minimum order: 5,000 pieces
Packaging type: OPP bag
Delivery time: 25 days
Indicated price: \$1.40
Description: Messenger bag; woven PP body; nylon webbing strap; PVC lining; hoop-and-loop tape closure; gravure-printed pattern; one interior pocket; 34x32x12cm



Changshu Textiles
 (profile page 31)
Model: CS-BAG02
Minimum order: 2,000 pieces
Packaging type: 50 pieces in carton
Delivery time: 30 days
Indicated price: \$6.20
Description: Messenger bag; 100% cotton canvas body; self-fabric straps; 210t polyester lining; embroidered pattern; 41x31x10cm



Croco
 (profile page 32)
Model: 1886
Minimum order: 30 pieces
Packaging type: PE Bag
Delivery time: 10 days
Indicated price: \$10.77
Description: Evening bag; polyester body, lining; metal chain handle; kiss lock closure; faux pearls; one interior pocket; 26.5x15x6cm

• Information not disclosed

Yes! I'd like to order the full version of the following China Sourcing Reports

For faster service, order online at www.ChinaSourcingReports.com/pdfts

A Please send me

	Report Title:	US\$
1)		
2)		
3)		
4)		
5)		

Total amount US\$

B Please send my reports by

- E-mail (PDF format) Air courier (printed copy)

C My contact details

Mr Mrs Ms _____
Family Name Given Name

Job Title _____

Company Name _____

Address _____

City _____ State/Province _____

Country _____ Postal/Zip Code _____

E-mail _____

Tel _____ Fax _____

Mobile/Cell Phone _____

For faster service, order online at
www.ChinaSourcingReports.com/pdfts

For other inquiries

E-mail: service@globalsources.com
 Telephone Hotline: (65) 6547-2800

D My payment method

- US\$ check/bank draft payable to **GLOBAL SOURCES**,
 drawn on a US bank located in the USA

- Please debit my credit card



Amount (US\$) _____

Card No. _____

Expiry Date _____

Signature _____ Date _____

E Return this form by

Fax North and South America (1-480) 951-4197
 Europe, Africa and Middle East (31-20) 682-7949
 Asia Pacific (65) 6547-2888

Mail Global Sources, c/o Media Data Systems Pte Ltd
 Raffles City PO Box 0199, Singapore 911707

Thank you for your order.