THE FRENCH LINGERIE MARKET

SUMMARY

Fashion lingerie has changed radically in recent years thanks to the new materials and technologies used. Most women choose their lingerie with as much care as they choose their cosmetics. As a result, consumers are now considering additional factors in the selection process. Factors such as health, well-being, safety must be taken into consideration because they modify consumers' habits. In any case, the recurring trend is attractiveness, feminine charm, yet with a focus on technology, comfort and the economic aspect.

In 2002, the lingerie sector was one of the most dynamic of the women's wear market in France. To reach Lingerie underlines its independence and is no longer considered as an accessory in the world of fashion but is part of the modern wardrobe in its own right.

Manufacturers of lingerie are continually creating new product lines to appeal to French consumers' tastes. Since there are many well-known American brands already in France, there are numerous opportunities for American companies in this apparel sub-sector.

MARKET PROFILE

In 2003, the French lingerie market saw $3.1 billion in sales, a 3.5 percent annual increase after two years of relative stagnant growth. Lingerie sales represent 16.6 percent of French apparel consumption--22 percent of women's wear, 15 percent for children's wear and 10 percent for men's wear.

The French lingerie market is largely dominated by well-known American companies, which are represented by their successful French subsidiaries--Warnaco (Calvin Klein, Lejaby), VF Diffusion (Bestform, Variance, Vassarette, Lou, Bolero), and Sara Lee (Playtex, Dim, Wonderbra). Most of these companies have manufacturing facilities in Europe.

The following table shows a market share breakdown of French lingerie distributors in 2003:

French Lingerie Distributor Market Share, 2003	
Type of Distributor	**Market Share**
Hyper-Super	24.9 percent
Specialized Chain Stores	19.4 percent
Mail Order Houses	16.2 percent

Department Stores	8.4 percent
Volume Retail	8.2 percent
Independents Retailers	14.1 percent
Other	8.8 percent

Source: Center for Economic Trends

Best Sales Prospects

At the last lingerie and swimwear trade show organized by Eurovet, the following trends were highlighted:

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- • **Bright Colors and Soft Pastels** - Vivid oranges, yellows, greens, pinks, citrus colors, pale blues, lemons and mints are all part of next season's repertoire.
- **Prints** - The return of polka dots, but also look for paisley prints and vibrant floral, butterfly, and rosebud prints as well as animal and reptile prints, jungle arabesques, organic lace effects, leather and skin effects, geometries in black and the intense colors of nature's own flora and fauna.
- **Shapes** - Strings will be fashionable, particularly customized strings with ribbons, bows, flowers and jewelry strings with chains, diamonds.
- • **Panty Shapes** - Low-rise boy-brief styles have been making their mark as well as shorts and French panties.
- • **Fabrics** – Sheer, soft and practical (easy care, non-allergenic) fabrics made their mark. Attractive fabrics (with lace, embroidery, quilted satin, transparent voile, satin crepe, cotton ottoman) as well as new intelligent fabrics are drawing attention. There will be an outbreak of new lingerie that vaunts the opportunity to dress in comfort, to moisturize skin, massage the body, protect against bacteria, the sun, and static electricity. The new trends are: amenity textiles (cosmetic textiles and pro-vitamin fabrics); preventive textiles (anti-UV, fight against microbes, fight against static electricity); and curative textiles.

End-User Analysis

Criteria for selecting lingerie often vary according to a woman's lifestyle. Simplicity, emotion, seduction, and comfort are words used when women talk about their choice of lingerie. The younger generation prefers "sporty" lingerie and is looking primarily for comfort. According to market analysts, most women choose their lingerie with as much care as they choose cosmetics. As a result, consumers generally take health, well-being, and safety into account when purchasing. The impact of these factors needs to be considered.

The following two tables show the budgets and regional spending figures for those purchasing lingerie in France.

Average Lingerie Budget per Age Bracket, 2003

Age	**Budget in Dollars**
15-24	$162
24-34	$138
35-44	$116
45-54	$126
55-64	$145
+65	$80

Source: Center for Economic Trends

Regional Lingerie Spending, 2003	
Region	**Spending (in millions)**
Paris Region	$598
Mediterranean	$513
South East	$360
West Paris Basin	$315
South West	$313
East	$302
West	$293
North	$215
East Paris Basin	$205
Total	**$3,115**

Source: Center for Economic Trends

COMPETITIVE ANALYSIS

Keys to Being Competitive

In order to succeed, U.S. firms need to consider the following:

- • **Advertising** - A key factor in establishing a brand in France is to have an adequate advertising budget. A foreign company should be able to promote its image effectively and thoroughly. New products should be aggressively marketed to appeal to French women's inherent "passion for living," which influences their fashion preferences and expresses both their sensuality and femininity. An effective advertising strategy will use various media outlets (television and especially print press).

- • **Credit/Delivery Terms** - Another important factor is the ability to offer credit terms and re-order services similar to those of French competitors. A European warehouse is an additional advantage in meeting short-term delivery requirements.

- • **Price** - Pricing is also one of the key factors. If prices are competitive, American manufacturers will be able to penetrate the French lingerie market more successfully, including via mail order direct to the consumer.

- • **Adaptability** - Since the lingerie industry follows fashion trends, U.S. companies need to anticipate fashion trends in order to adapt their products.

- • **Participate in Trade Shows** - Trade shows provide an invaluable opportunity to gauge fashion trends and observe the particular characteristics of the market (see information on lingerie trade shows and the Lyon Mode City show at the end of this report). In addition, U.S. firms will have good opportunities to meet with French and foreign potential partners.

- • **Textile Characteristics** - Major fiber manufacturers are developing the textiles of the future by seeking to achieve certain effects through the creative use of fabric. U.S. companies should be able to propose lingerie with the following characteristics:

  - Seduction (with bright and shiny fabrics)
  - Emotion (with fabrics that slowly release scents)
  - Vitality (with dynamic molding and shape-enhancing fabrics)
  - Comfort (with textiles that preserve warmth and coolness and possess anti-bacterial and insect repellent properties)

IMPORT CLIMATE

Value Added Tax (VAT)

French importers are responsible for paying the Value Added Tax (VAT) and custom duties. The 19.6 percent VAT is based on import value and custom fees. Custom duties are of about 12 percent. For further details on VAT, see the European Union Web page on Value Added Tax at:

http://www.eurunion.org/legislat/VATweb.htm#Rates

There are no quotas on imports of apparel goods manufactured in the United States. However, there are some labeling requirements that must be met. Fabric content with the percentage of the different fibers composing the final product is mandatory on the apparel product labels.

Care, size, country of origin, and washing instructions are not mandatory, but are highly recommended for consumer use. However, if they are included they must be indicated in French. Symbols may be used, but only with the agreement of the French Committee

for Fabric Care Labels (Comité Français de l'Etiquetage Pour l'Entretien des Textiles - COFRET), which can be contacted at:

37, rue de Neuilly
92113 Clichy Cedex
Tel: (33-1) 47.56.31.80
Fax: (33-1) 47.30.27.09
Contact: Nathalie Gamet

The exporter must be able to present a certificate of origin to customs authorities. The certificate of origin should correspond directly to the label on the piece of apparel (i.e., if the certificate of origin indicates that products come from the United States, the label must state "made in U.S.A").

Labeling

Textile care labeling symbols are managed by:

GINETEX (International Association for Textile Care Labeling)
37, rue de Neuilly
BP 121
92113 Clichy cedex
Tel: (33-1) 47.56.31.80 – Fax: (33-1) 47.30.27.09
www.ginetex.org

The textile garment industry established GINETEX in 1963. GINETEX care symbols are registered with the WIPO - World Intellectual Property Organization - in Geneva, Switzerland as international trademarks. Care symbols must be used in accordance with the use regulations of the trademarks and the technical information on which they are based.

The main goals of GINETEX are:

- • To define symbols for textile care at an international level,
- • To define the regulations for the use of the symbols,
- • To promote the propagation of the care symbols,
- • To acquire all markings and rights relative to the symbols,
- • To register all marks, both national and international,
- • To insure protection for all marks and symbols as adopted in all the member countries of the association.

The GINETEX care labeling system is primarily dedicated to the uniform use of the symbols in order to avoid any misinterpretation by consumers. GINETEX symbols are simple enough to be understood in all countries, irrespective of the language spoken by the users, yet provide as much information as possible on the appropriate care of the articles in order to prevent irreversible damage. Firms are responsible for the choice of

care-treatment for their articles. GINETEX care symbols cannot be used separately and shall refer to all treatments in the following order: washing, bleaching, ironing, dry-cleaning and tumble drying.

More information is available on GINETEX' website at:

www.ginetex.org

APPROACHES TO THE FRENCH MARKET

Agents and Distributors

In France, distributor margins vary between 30 and 35 percent depending on the services provided. In contrast, an agent or representative's commission usually runs between 10 and 15 percent. French lingerie distributors usually pay for their orders in 90 to 120 days.

An *agent* works with retailers and end-users to promote the company's products. Agents frequently request exclusive representation. Agents are protected by a number of laws in France. If an American manufacturer of lingerie wishes to terminate his business relationship with an agent prior to the expiration of the contract, the agent must first be contacted and given the opportunity to improve his performance. If the manufacturer still wishes to end the relationship after these steps have been taken, the agent has the right to retain the names of all contacts, clients, and related sales information. The manufacturer may purchase this information from the agent, but it is often expensive. Lastly, the manufacturer may often owe the agent a severance payment ranging from one to two years of the agent's anticipated future commissions.

A *distributor* purchases products from the U.S. manufacturer, then adds a 30 to 40 percent markup to cover commissions, credit risk, after-sales service, and the cost of carrying a local inventory to meet small orders. The distributor normally pays Value Added Tax (VAT) and customs tariffs. French distributors also often request exclusive contracts. Many U.S. companies use a distributor when introducing a product, which is the result of a new technology or design. The distributor shares much of the same legal protections as the agent. If termination occurs prior to contract expiration, the usual termination costs equal the value of the distributor's expected profits over a two-year period. Furthermore, a distributor representing a U.S., or any other foreign company in France, controls the product's marketing strategy and image. The distributor is also not obliged to communicate market research information to the U.S. manufacturer. It is therefore important to select a distributor that fully understands and is willing to adhere to the American company's goals and objectives.

Establishing a Subsidiary

Establishing a subsidiary offers several advantages to the manufacturer. These include: more control over distribution practices; the ability to adapt quickly to the evolving needs of the market; more direct influence over the training of personnel; and better control over unauthorized dissemination of the technology for which the U.S. firm holds a patent. However, a subsidiary involves a much greater financial investment and the responsibility of maintaining assets and employees in a foreign country.

KEY CONTACTS

Trade Associations

Fédération des Industries de la Maille
(French Trade Association for Knitting products)
37-39, rue de Neuilly
92110 Clichy
Tel: (33-1) 47.56.32.32
Fax: (33-1) 47.56.32.99
Product Manager: Ms. Claire Jonathan
Web: www.la-federation.com
Contact: la-federation@la-federation.com

Union des Industries Textiles
(French Textile Industry and Apparel Trade Association)
37-39, rue de Neuilly
92110 Clichy
Tel: (33-1) 47.56.31.33
Fax: (33-1) 47.30.25.28
President: Mr. Guillaume Sarkozy
Web: www.textile.fr

Trade Magazines

CREATIONS LINGERIE
81, rue de Clichy
75009 Paris
Tel: (33-1) 53.32.11.53
Fax: (33-1) 53.32.11.56
Web: www.creations-lingerie.com

DESSOUS MODE INTERNATIONAL
175, boulevard Anatole France
BP 189
93208 Saint Denis Cedex
Tel: (33-1) 48.13.38.58
Fax: (33-1) 48.13.09.08

JOURNAL DU TEXTILE
61, rue de Malte
75541 Paris cedex 11
Tel: (33-1) 43.57.21.89
Fax: (33-1) 47.00.08.35
Web: www.journaldutextile.com
Contact: contact@journaldutextile.com

Additional Contacts

Centre de Renseignements des Douanes
(Customs Information Center)
8, rue de la Tour des Dames
75009 Paris
Tel: (33-1) 55.04.62.20
Fax: (33-1) 55.04.65.30
Web: www.douane.gouv.fr

Centre Textile de Conjoncture et d'Observation Economique (CTCOE)
(Center for Economic Trends)
Publishes economic and statistical data for the textile industry
37/39, rue de Neuilly
BP 249
92113 Clichy Cedex
Tel: (33-1) 47.56.30.30
Fax: (33-1) 47.56.30.16
Web: www.ifm-paris.org

Department Store Buyers

GALERIES LAFAYETTE
40, boulevard Haussmann
75009 Paris
Tel: (33-1) 42.82.35.80
Fax: (33-1) 42.82.80.37
Web: www.galerieslafayette.com
Buyers for lingerie: Ms. Delphine Chevalier

PRINTEMPS
102, rue de Provence
75009 Paris
Tel: (33-1) 01.42.82.46.36
Fax: (33-1) 01.42.82.41.34
Web: www.printemps.com
Buyer for lingerie (daywear): Mrs Jarine Grenet

Buyer for lingerie (nightwear): Mrs Cathy Pelletier

LE BON MARCHE
5, rue de Babylone
75006 Paris
Tel: (33-1) 44.39.81.84
Fax: (33-1) 44.39.80.86
Buyer for lingerie (daywear): Mrs. Christiane Barbier
Buyer for lingerie (nightwear): Ms. Sophie Korber
Tel: (33-1) 44.39.81.54
Fax: (33-1) 44.39.80.86
Web: www.lebonmarche.fr

BAZAR DE L'HOTEL DE VILLE (BHV)
55, rue de la Verrerie
75004 Paris
Tel: (33-1) 42.74.93.92
Fax: (33-1) 42.74.94.26
Buyer for lingerie: Mrs. Jallet
Web: www.bhv.fr

SAMARITAINE
19,rue de la Monnaie
75001 Paris
Tel: (33-1) 40.41.22.31
Fax: (33-1) 40.41.22.46
Buyer for lingerie (daywear): Mrs. Girard
Buyer for lingerie (nightwear): Mrs. Nathalie Lorette
Web: www.lasamariatine.com

Mail-Order House Buyers

LA REDOUTE
57, rue Blanchemaille
59100 Roubaix
Tel: (33-3) 28.90.67.36
Fax: (33-3) 20.69.70.32
Buyer for lingerie (nightwear): Mrs Roselyne Mathon, Mrs Claire Ginolac
Buyers for lingerie (daywear): Mrs Brigitte Lefèbvre, Mrs Coralie Legret
Web: www.redoute.fr

LES TROIS SUISSES
12, rue de la Centenaire
59170 Croix
Tel: (33-3) 20.20.27.57
Fax: (33-3) 20.20.30.13

Buyer for lingerie (daywear): Mrs. Geneviève Van De Wiel
Buyer for lingerie (nightwear): Ms. Sylvie Toulemonde
Tel: (33-3) 20.20.33.58
Fax: (33-3) 20.20.30.13
Web: www.3suisses.fr

QUELLE
445, boulevard Gambetta
59200 Tourcoing
Tel: (33-3) 20.11.76.23
Fax: (33-3) 20.11.48.23
Buyer for lingerie: Mrs. Claude Laurent
Web: www.quelle.fr

BLANCHE PORTE
2, rue de la Blanche Porte
59200 Tourcoing
Tel: (33-3) 20.28.21.49
Fax: (33-3) 20.28.20.05
Buyer for lingerie: Mrs. Corinne Onisier
Web: www.lablancheporte.fr

Lingerie/Swimwear Chains

BAISER SAUVAGE
13, rue de la Poste
74000 Annecy
Tel: (33-4) 50.51.70.03
Fax: (33-4) 50.51.70.04
Buyer for lingerie/swimwear: Ms. Christine Bordone

BODY ONE
14, rue de l'Epine prolongée
93170 Bagnolet
Tel: (33-1) 41.58.17.17
Fax: (33-1) 48.70.11.25
Buyer for lingerie/swimwear: Ms. Hélène Rabadan

DARJEELING
19, rue de la Gare
94134 Cachan
Tel: (33-1) 49.69.18.00
Fax: (33-1) 49.86.09.03
Buyer for lingerie/swimwear: Ms. Le Gall

ETAM
69/73 boulevard Victor Hugo
93400 Saint Ouen
Tel: (33-1) 49.48.70.70
Fax: (33-1) 49.48.72.79
Buyer for lingerie/swimwear: Ms. Sarah Berthet

ORCANTA
6, rue Halévy
75009 Paris
Tel: (33-1) 47.42.49.47
Fax: (33-1) 47.42.49.46

PRINCESSE TAM TAM
39, rue Maurice Gunsbourg
94200 Ivry sur Seine
Tel: (33-1) 49.59.02.02
Fax: (33-1) 46.58.56.57
Buyer for lingerie/swimwear: Ms. Fabienne Brethes

SAMY LINGERIE
151 bis rue de Renne
75006 Paris
Tel: (33-1) 42.22.94.00
Fax: (33-1) 45.44.35.96
Buyer for lingerie/swimwear: Mr. Chimchi

VALEGE DISTRIBUTION
117, boulevard Felix Faure
93300 Aubervilliers
Tel: (33-1) 53.56.07.10
Fax: (33-1) 53.56.07.17
Contact for lingerie/swimwear: Mr. Jean Marc Perez

Trade Promotion Opportunities

Name:	**Salon International de la Lingerie (International Lingerie Trade Show)**
Location:	Porte de Versailles – Paris fairgrounds
Date:	January 28-31, 2005
Organizer:	Eurovet
Contact:	37/39, rue de Neuilly – BP 121 92113 Clichy cedex Tel: (33-1) 47.56.32.32 – Fax: (33-1) 47.56.32.99 Ms. Claire Jonathan Lingerie-paris@la-federation.com www.lingerie-paris.com

The last trade show welcomed 600 French and foreign brands from 25 countries and was attended by 37,160 visitors of whom 52.9 percent came from outside France.

Name: **Lyon Mode City (Lingerie and Swimwear Trade Show)**

Date: September 4-6, 2004
Organizer: Eurovet
Contact: 37/39, rue de Neuilly – BP 121
92113 Clichy cedex
Tel: (33-1) 47.56.32.32 – Fax: (33-1) 47.56.32.99
Ms. Claire Jonathan
Lingerie-paris@la-federation.com
www.lyonmodecity.com

The last trade show welcomed 514 lingerie brands and 463 beachwear brands for a total of 19,954 visitors, a 7.09 percent increase compared to 2002.

Sources: Journal du Textile
61, rue rue de Malte
75011 Paris
Tel: (33-1) 43.57.21.89 – Fax: (33-1) 47.00.08.35
www.journaldutextile.com

EUROVET (Fédération de la Maille)
37/39 rue de Neuilly
92113 Clichy cedex
Tel: (33-1) 47.56.32.32 – Fax: (33-1) 47.56.32.99
Contact: Ms. Patricia Harivet (pharivel@la-federation.com)

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8, rue de la Tour des Dames
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www.douane.gouv.fr

Centre Textile de Conjoncture et d'Observation Economique (CTCOE)
(Center for Economic Trends)
37/39, rue de Neuilly - BP 249
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www.ifm-paris.org