

A sense of guarded optimism prevails over the fashion accessories industry in Indonesia. Although exports are forecast to increase this year, many companies anticipate foreign income to be affected by the growing instability in the EU as a result of the sovereign debt crisis.

Revenue in recent years has been generally on an upward trend, even during the global financial slump. It declined in 2011, however, because of economic troubles in the EU and rising domestic demand.

The sector is largely composed of small and midsize suppliers, which typically suffer from insufficient capability for product development and market expansion. To overcome these limitations, local industry groups extend assistance to enterprises by means of training and exposure to international trade shows.

### Key findings

1. The majority of suppliers featured in this report plan to keep prices of fashion accessories unchanged over the next six months. This strategy will be implemented to attract new buyers and maintain viability amid cutthroat competition. Enterprises preparing to push up quotes, however, will mostly raise them within 15 percent of current levels.
2. The US is the industry's largest overseas destination. The EU is also a key market, with shipments going mainly to the UK, Belgium and France. The Asia-Pacific region and South America are emerging as alternative destinations seen to account for an increasing share of revenue in coming months.
3. Although the industry is capable of producing items for all price segments, it emphasizes the low end and midrange. The materials used and complexity of design are the major factors that determine quotes.
4. Manufacturers are mainly located in Bali, East Java and Yogyakarta. These provinces benefit from easy access to numerous raw materials obtained from plant, animal and marine sources. Neighboring provinces in the island of Java also serve as important sourcing hubs.
5. The most crucial challenge confronting the industry is rising expenditure for raw materials, particularly leather and fabrics. Increasing local demand and growing preference among vendors to export these inputs are driving up costs. Price competition is another challenge facing suppliers.

### Objective, methodology & scope

This Indonesia Sourcing Report is part of a series designed to provide buyers with information on new products from export manufacturers in supply markets that specialize in handmade merchandise.

The Developing Country Sourcing Report series is part of Global Sources' corporate social responsibility initiatives. It is offered in conjunction with The Kearny Alliance, whose mission is Aid through Trade. The objective is to help create jobs in developing Asia through export promotion.

To produce this report, large, midsize and emerging manufacturers, all with substantial export experience, were surveyed. The selection of suppliers is designed to reflect the composition of the industry in Indonesia in terms of geographic location, materials used and range of products offered.

For in-depth profiles, our researchers

visited the facilities of each company and interviewed senior executives who discussed their recent performance and provided forecasts for the next 12 months. All other makers in this report were either visited or contacted by phone.

In each case, companies were required to answer specific questions designed to verify their manufacturing and export credentials, including a breakdown of exports by product type and market. Suppliers also participated in a survey designed to provide insight into the industry.

This report covers the main classifications of fashion accessories available in Indonesia, including belts, fashion bags and wallets, jewelry, and head- and neckwear. Each product category has its own price guide that describes features of low-end, midrange and high-end models.

### In this report

- 15 in-depth company profiles
- 16 short company profiles
- 150 top-selling export products
- Supplier demographics
- Supplier survey
- Industry statistics and charts

The Industry Overview section discusses key issues affecting export manufacturers. It provides insight on the composition of the industry and elaborates on the important supply centers within Indonesia.

The Products & Prices section details the features and price ranges of footwear. It also examines the design and manufacturing processes, main materials used, and sourcing centers where components are procured.