

Remarkable growth highlights the development of the fashion bags industry in Indonesia. Exports in recent years have risen significantly as a result of burgeoning demand from established and emerging markets.

The sector's progress is attributed to several factors, chief of which is the gradual recovery of the US economy. An increasing number of buyers from alternative destinations are also driving up revenue as Indonesia's reputation as a viable alternative sourcing center to China becomes prevalent.

The industry benefits from a number of strengths that help in its development. One of these is the widespread availability of most natural materials obtained from plants and marine life. Another competitive edge is the high level of workmanship used by companies, which commonly farm out several manufacturing and design processes to craftsmen.

### Key findings

1. Prices of fashion bags are mostly expected to remain stable over the next six months in spite of tighter competition with other supply hubs in Asia. A considerable number of companies are adjusting quotes upward, however, to cope with rising raw material costs.
2. Foreign revenue in the coming year is generally forecast to increase as major destinations continue to recover from the economic slump. In addition, a number of alternative markets are seen to register strong demand.
3. The most crucial challenge affecting manufacturers is escalating expenditure for a number of raw materials, particularly genuine leather. The component's domestic availability has been declining since most vendors find it more profitable to export hides and skins instead of selling to local buyers.
4. The largest segment in terms of overseas revenue is shoulder bags. It is closely followed by handbags. Tote bags, and wallets and purses are smaller lines. Although companies specialize in one product category, they are capable of creating items under all classifications.
5. Most suppliers are based in the provinces of Bali and Yogyakarta. A number of neighboring locations are regarded as centers for specific types of designs.
6. Bags in traditional motifs and constructed with additional compartments will continue to dominate new models in coming months.

### 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 Hinrich Foundation, whose mission is promoting sustainable global trade. One of its objectives 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 different types of fashion bags available in Indonesia, including hand-, shoulder and tote bags, and wallets and purses. 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
- 15 short company profiles
- 153 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 fashion bags. It also examines the design and manufacturing processes, main materials used, and sourcing centers where components are procured.