

QUESTIONS PRESENTED DURING THE WEBINAR ABOUT SAUDI ARABIA

20250319

Responded by Honegger and AICEP

- **About the Saudi market**

As a woman participating in a fair in the Saudi market, what would be the success rate in business considering gender equality?

In recent years, the market and the economy in Saudi Arabia have been more open to women and their active participation in society, with impressive growth in the rate of women working outside the home in the last 10 years. A significant number of things that used to be forbidden to women are not anymore. Deriving from here, it is believed that a huge potential exists due to the empowerment of women in Saudi society. The demand for “Western” goods is also rising. Also, to complement, if an international brand or company is represented by a woman that won't be an issue for the players within the Saudi society.

What are the main needs or requirements that Saudi companies currently have when selecting European partners for Private Label or custom production?

Elements such as production quality, public recognition of the product's origin, and customization capacity can be considered. Then, businesses will unfold through conversations that normally occur between parties, as there are no longer restrictions in terms of partnerships, MOU, or any agreement.

What types of products or categories are more in demand for external production (clothing and footwear wise)?

When it comes to apparel, daywear, loungewear and leisurewear are in strong demand, given the wide middle-class population rising, occasion wear, and bridal focused to Ramadan events and private events. Summer months are longer so natural, light and comfy fabrics are prioritized; on the other hand, the winter months in Riyadh (November to February) request heavy wool and jersey fabrics. There is also demand for Luxury and sports categories.

Are handmade products of interest in the Saudi market?

Yes, anything exclusive and made in Europe.

What differentiating factors make a European manufacturer attractive to Saudi companies?

There is still not a great number of Saudi Arabian brands developed in the mid/luxury segments. Most of the existing ones are playing on the low-quality segment, where the price factor is fundamental and justifies the fact that the majority of their sourcing process is made from Asia. In terms of mid/luxury segments, production quality, public recognition of the product's origin and customization capacity can play the difference. European products can stand out from cheap Asian options currently available in the market.

Are international standards sufficient for European companies to export to the Saudi market, or is there a requirement to meet additional local rules?

International standards are sufficient. A recent directive from Saudi Customs reiterates the obligation to include the name of the country of origin on the product and packaging, which must be engraved, sewn, or printed without being removable. Sometimes, you might be asked to go to the SASO procedure (product test), though it can be skipped under certain conditions.

What is expected by the Saudi buyers in terms of buying conditions?

The same agreements as anywhere else.

Where are the local brands producing their products at the moment (clothing and footwear)?

Most of them in-house. last year, a tentative of a Fashion Commission sponsored production site in Riyadh was launched but rumours are will be put on hold... the wealthier brands are producing in Europe many are thinking of following that route, even at a cost. Many products sold in the market are made in Asia.

How can we get in touch with retailers to open a store or sell to multi-brand stores? How can we contact agents to represent us?

All the prospective buyers from KSA and GCC in target with the confirmed exhibitors of the 2025 edition Saudi Fashion fair will be invited by Honegger to attend as visitors at the fair. Exhibitors can also do a market analysis and organize market visits with meeting agendas that could be coordinated with AICEP's local delegation.

How can a newly created luxury children's fashion brand enter the Saudi market? What assistance does the Portuguese state provide for the presence of brands at the fair?

AND

Any hints, advice, numbers, or comments on childrenswear fashion and needs? Both for manufacturing and brand?

As happened before when emerging markets merged to mature, the same shift is experienced here in KSA. It's still limited compared to adult offerings, and the potential is huge. It's just about the awareness (less leverage on brands and more on specific, targeted collections) and technical skills (sizing, age, segmentation from newborn to 14).

How does VAT work in Saudi Arabia?

Introduced on last month of July 2024, Saudi VAT is 15%: this VAT at the moment is considered as a cost because the EU has not yet any agreement with KSA on it.

How does it work the SASO certification?

In Saudi Arabia, the certificate of SASO is required to confirm that imported goods have been inspected and tested to meet the safety and quality standards of the country.

- **About the fair**

Costs of the spaces / stands in the fair

Refer to Application form by Honegger already sent to companies.

Do the prices per square meter include furniture and carts?

Yes. Refer to Application form by Honegger already sent to companies.

How many exhibitors are you expecting to have? And, from those, how many will be presenting shoes?

Being this the first edition of the trade show, it is not certain how many companies will exhibit in October. However, some numbers can be shared: roughly 30 companies have already enrolled (by the 19th of March), and by the end of the month, it is believed (by Honegger) that 100 more companies should enrol. The space of the trade show dedicated to Fashion should total 1.300 square meters.

Is it possible for Portuguese manufacturing companies to participate?

Yes, the trade show is aimed at European exhibitors from the Fashion segment.

What are the critical success factors for participating in the fair?

The way to be present in this trade show and to succeed is not very different from participation in any other international trade show. To study the market in advance (attending this webinar, studying the presentations shared, etc), to check and present appropriate prices, to bear in mind the local taxes (VAT, for example), and to present an original product, are some elements to consider, amongst others. It was noted that English is widely spoken, so the language won't be an issue at the trade show. To sum up, the requirements to succeed in Saudi Fashion would be the same as the ones for any other B2B trade show.

Regarding visitors to the fair, will they be smaller brands from local designers or already established brands?

Honegger is trying to promote the trade show in a way that a good mixture of representatives from both categories attend the event. As this will be the only event

of such kind, there is a belief that this will attract the main local players, and also some players from neighboring countries.

Would the fair be interesting for a uniform company (restaurants, hotels, education, hospitals, and well-being)? How could we approach this market? As a European uniform manufacturer, how could we differentiate ourselves in this market niche?

Hospitality is a segment with great growth in the Kingdom of Saudi Arabia, so the need for this kind of product exists and is relevant. A company operating in this segment can participate in the trade show, taking advantage of being a first mover in the market.