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World Footwear Congress

Rio de Janeiro 2011



A milestone for the global market

The World Footwear Congress is held once every three years in a European country since the event is owned by the European Footwear Confederation (CEC). Now in 2011, for the first time, the WFC has ventured outside the European continent and fittingly was held in Brazil in exotic Rio de Janeiro, in the Sofitel Hotel facing the world famous Copacabana beach.

The landmark decision to hold the WFC in Brazil is in itself symbolic. After almost two decades of globalization being the norm in terms of sourcing, manufacturing and trade the European controllers of the WFC event have decided to export their debating platform par excellence in recognition of the changes that have taken place especially in the first decade of the 21st century.

The Congress was divided into various panels which gave country representatives the opportunity to present information about their region accordingly. The three main regions were The Americas, Europe and Asia. The topics covered ranged from geographic production, manufacturing, statistics, international trade, environmental concerns right down to the retail level with presenters from all over the world.

Despite the apparent unity of the main names in the industry gathering for the WFC and with a record 479 delegates attending, all was not silky smooth when it came down to discussing export and import tariffs and trade related issues. There was a huge breach of opinion between the Europeans and Latin Americans on the key trade issue, with China somewhere in the middle offering more discussion to clear up misunderstandings.

There was no agreement on these matters and they remain some of the most pressing to be addressed not only by the footwear sector but also by the World Trade Organization (WTO) that sets the rules of international trade. (Surprisingly there was no representative from the WTO in attendance either at the WFC or the World Leather Congress which followed on November 9th at the same venue).

Footwear has to be viewed and treated in the overall scheme of international trade and cannot be extracted from the "big picture" and dealt with separately since international and bilateral trade agreements are not configured within such narrow confines.

In line with its editorial policy of providing information on key issues related to the apparel, leather and footwear sectors FashionNetAsia is publishing summaries of the presentations at the World Footwear Congress so that readers will have an overall idea of what was discussed during two days of intense debate.

FashionNetAsia takes this opportunity to congratulate Francisco Santos and his team at Couromoda for the excellent organization of the World Footwear Congress in Rio de Janeiro and hopes that this high standard will become a benchmark for future events.

Finally, we give thanks to the editorial team of Exclusivo On Line for their summaries which we have translated into English as it was one of the standard languages used at the Congress and on our web site.

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UK consultant presents sector statistics



Steve Lee predicts 20% more shoe consumption by 2024

The UK consultant, Steve Lee, during the initial session of the World Footwear Congress entitled “The World Footwear Market: Facts, Figures and Perspectives”, outlined the panorama of the global industry presenting statistical data from 1994 – 2024 and which reflected the past, present and future of the sector.

Lee presented figures on population, production, consumptions, imports, exports, GDP per capita of countries and regions which are of international importance in the sector such as China, India, USA, Nigeria and Europe. According to this consultant, the world population jumped from 5.5 billion in 1994 to 7 billion people in 2011 and forecast that it would reach 8 billion by 2024. The result would be that China, as the world’s most populous country, would have managed to stabilize its demographic growth by that time, in contrast to that of India and Nigeria. Europe’s population was already showing a descending curve in terms of population demographics.

For global GDP according to Lee’s presentation – this should reach US\$105 trillion by 2024. In 1994 this was only US\$24 trillion and the global production of footwear went from 12 billion in 1994 and will have reached 20 billion in 2011, and should increase to 30 billion pairs by 2024. “We have found ourselves in a period of 60 years during which production has increased tenfold,” added Lee.

Lee, who has been specializing in production statistics of the world footwear market for the last 18 years, stated that the biggest producers would continue to be China and India and that the latter was still an important player even though it was not yet a great exporter.

In the same way Nigeria is increasing its footwear production in recent years mainly to satisfy internal demand for sandals and flip flops, and had little international presence in the export market.

Finally, Lee forecast that per capita world footwear consumption would rise from the current three pairs to 3.7 pairs by 2024 which signifies more than a 20% increase during the next 13 years.

World Footwear Congress looks to the future



Vito Artioli

Opening Addresses

As planned the World Footwear Congress was inaugurated at the Hotel Sofitel in Copacabana at 08:55am on November 7th. The president of the European Confederation of Footwear Industries (CEC), Vito Artioli, made the opening address. He underlined that current times are a real challenge for the footwear industry especially that of Europe which has to adapt itself to the new demands of the market and that it must learn to differentiate and dominate the commercial and distribution channels if it is to prosper. The CEC president also emphasized the importance that the Brazilian footwear industry will have in this scenario. "Brazil is the fundamental link in the relationship between Europe and South America," he stated.

Next the president of the Brazilian Association of Footwear Industries (Abicalçados), Milton Cardoso, said that the positive future of the industry will develop through a closer cooperation between manufacturers and distributors. Cardoso also criticized unfair and disloyal commercial practices that forced the industry to follow established patterns of trade.

In a recorded video address Roland Smets, Executive Director of the CEC greeted the congress delegates and highlighted the criteria used to hold the event – this should be every three years in country with an important global profile for the footwear industry, in a city that is easily accessible in transport terms and not necessarily of a commercial character.

The president of Couromoda Francisco Santos, the

organizer of the World Footwear Congress, affirmed that Brazil is experiencing an unprecedented moment for its economy and that future perspectives are extremely encouraging. "In this context Brazil can be seen as an important global player and the major producer of footwear in the West," he added. "We have raw materials, a qualified workforce and in 2013 should produce one billion pairs of shoes," he stated.

Ricardo Schaeffer, representative of the Brazilian Ministry of Industry, Development and Trade, covered the measures that the Federal Government is taking to increase the competitiveness of the national footwear industry as required by the leather and footwear production chain. Design, innovation, concern for the environment and social responsibility will be vital for Brazilian companies on the world stage.

New questions guide production



Barceló - respect for the consumer is a rule of the market

On the morning of November 8th at the World Footwear Congress the first presentation concerned new directions for manufacturing shoes. The topic "The Unseen Side of Shoes" debated the most recent innovations in the sector, as well as the growing concern about environmental issues and aspects concerning the well-being of the consumer. The changes in the global market, the need for professional understanding of the latest technology and attempts to profile the new consumers were also under discussion.

The Director of the Spanish Institute for Footwear Technology and Components (Nescop) Cesar Orgilés Barceló, was the first speaker explaining the activities of his institute and its relationship with areas such as how the health of the workers affects the industry and the needs of the consumers. During his presentation he recalled how components should be related to footwear in terms of REACH, the regulatory program for registering, approving, authorizing and restricting chemical products. "Many consider these specifications as barriers when in reality they are only there to protect consumers' rights," he stated.

Next up was the Director of the Portuguese Footwear Technology Center, Joaquim Leandro de Melo, who spoke about environmental issues which continue to permeate the activities of the sector. "Nowadays it is fashionable to say that a company is "green". It may also be about a question that is difficult to define since it is necessary to validate the characteristics of a product, so that a brand can in fact be classified as being ecologically sound," he stated, According to de Melo all the stages of a shoe's manufacture must be in line with environmental questions, especially when it comes down to issues such as waste discharge, and using less energy and water. He also spoke about the Biocalce seal which certifies Portuguese companies as practicing environmental care in this area.

The President of the European Technology Platform, Emanuele Carpanzano, highlighted the initiatives which have existed since 2006 to incentivize new technologies and stimulate innovation in the footwear sector. Among the activities carried out at this Italian research center are processes related to areas such as comfort, consumption, design and networking. "We identify a need in the market and create a "pool" for various sectors, integrating them all into these areas. At the moment we are trying to involve other European countries in various initiatives. We need to know what the future holds in order to improve our processes," he concluded.

Focusing on professional education, the consultant from TechnOrg Consulting, Ferenc Schemel, highlighted the fact that world footwear production has become more complex in recent years. "Besides new technology we also need support activities in the sector. In the past the channels were different. Nowadays the process of creating value in a product is much more complex and involves intangible questions. Such questions are not resolved just by manufacturing," he stated. From a Hungarian point of view globalization has allowed that knowledge is not just concentrated in certain countries. He also believes that in the future institutes in the footwear sector will have to look for fresh knowledge and methods of study.

The General Manager of National Association of Italian Footwear manufacturers (ANCI), Fabio Aromatici, Offered a general vision of his association, charting the radical changes that the sector has faced in recent years due to globalization. "The world is living a fashion of intangible values and symbols. Today the rapid reposition of inventory is a reality that directly influences the methods of production and distribution", he commented. He also spoke about Italian tradition and its commitment to design and innovation as well as tradition. "The value of "Made in Italy" is a brand and a true design. We cannot lose our identity," he concluded.

Changes in shoe retailing analyzed



Burke - US footwear consumption is 7 pairs per person

The final panel of the World Footwear Congress which concluded on November 8th had as its topic the "New Trends in Customer Behavior in the Main World Markets". The debate started with the Presentation of the President of the American Association of Footwear and Apparel (AAFA), Kevin Burke. Burke showed data from large US local markets which move around US\$64 billion per years. "The United States is a large scale consumer of fashion. Footwear consumption per capita is impressive at seven pairs per person", stated Burke. The average price of a pair of shoes is US\$28.40 meaning that the vast majority of all merchandise is imported.

The President of the Bata group, Thomas Bata, analyzed the European consumer market and highlighted that footwear is reaching the status of a necessary accessory on a day to day basis. "Nowadays we see footwear in many different styles at retail level. Customers are no longer loyal; they seek the best prices and are always very busy," he stated. Bata mentioned the network model of the Spanish retailer Zara as a catalyst in the market since its product lines have a fast turnaround. "The customer is seasonal. Even the sales of winter boots have changed significantly," he declared.

The next speaker was the Director of the Association of Fashion Retailers of Finland, Yrjö Gorski. He emphasized that Europe is the largest market in the world in terms of quality and that many things have changed over the years. He also stated that the differences between countries are quite wide and that it is impossible to identify patterns. "In spite of the crisis luxury products are selling very well in the local market: We do not know for how long the recession will last and for this reason it is prudent to be cautious", he stated.

The Executive President of the Spanish Footwear Association, Rafael Calvo, stated, "What retailers should have in mind is how to generate ideas and develop concepts which is the key to business success. Currently, customers have in the store a place to manifest their thoughts and ennoble their life style," he commented.

The Honorary President of the China Leather Industry Association, Zhang Shuhau, called attention to the growing potential of mass consumption in China. "The government is investing in actions to increase the purchase of consumer goods", she stated. According to Zhang, the urbanization of the country and the increase in average wages is creating a promising outlook for imports from abroad. "The sale of popular products represents up to two thirds of purchases and we are opening up a big luxury market", she emphasized.

Castro: "It is necessary to go beyond borders"



de Castro - protectionism is bad for the sector

With a lively discourse presenting a global vision of the global footwear sector, the Professor Alberto de Castro (Portugal) was the main presenter in the second session of the World Footwear Congress on the morning of November 7th. "It is necessary to go beyond national borders to develop the sector," he stated. During his presentation Professor de Castro described the current panorama of the world industry and affirmed that there are many differences in the way in which the major players do business.

According to the Professor, who teaches at the Catholic University of Porto, the relationship between the consumers and the industry has been changing for many years and is at the point of revolutionizing the sector which the industry has to face up to. "There are countries which adapt rapidly, while others fail to do so. Currently there are very few markets that maintain themselves independently, such as Europe and Asia for example, while other need imports to remain in balance," he stated. According to de Castro Brazil is the second player whose exported products are the cheapest and sell at an average price of US\$10.40. Chinese products are more competitive and are negotiated at around US\$3.39 per pair.

Outlook: the Professor outlined an exercise about the future emphasizing that the world must change more rapidly. The reasons for this, according to de Castro, were the recent US and European recessions as a catalyst for change in the current scenario facing the sector. "At present a new dynamic cannot be ignored. Spain and Italy must be affected by the crisis and this will signal change in the international footwear market. In this decade the

emerging countries will contribute more than the developed ones", he added.

One of the immediate challenges to be faced is protectionism. "This scenario could get worse. Countries could close themselves off and this could affect the economy in general, as well as the footwear and leather production chains, in a zero sum game, where some will win and others will lose. It would be a step backwards in terms of civilization," he stated. De Castro also considered demographic questions as being primordial in the new market configuration, since there are more senior citizens with purchasing power in society. "The population is getting older with more purchasing power. It is necessary to launch new products for this growing sector of the public," he concluded.

Cost increases in Asia



Labor conditions are improving in China

The Asian Panel made its presentation on the afternoon of the first day of the World Footwear Congress. It highlighted a reality that has been known for some time: production costs in Asia are increasing. Although this issue does not compromise the enormous Asian production capacity, cost increases, especially labor costs, are an obstacle which could prevent the region from maintaining the same level of performance as in recent years.

The Honorary President of the China Leather Industry Association (CLIA), Zhang Shuhua, revealed that China is still projecting economic growth in coming years, but at a slower pace. She also stated that China produced in 2010 more than 13 million pairs of shoes of which 9.9 billion were exported generating some US\$33.7 billion in income. She emphasized that the main challenge facing China and which had to be resolved were commercial conflicts with other nations. "This is our main problem," she added.

Zhang noted that costs are rising but without putting a brake on the country and that this phenomenon should not have a serious effect on local industry. "No country in the world is in a position to substitute China in the short term in terms of shoe production. In addition, we have a healthy supply chain which make us very competitive," she explained.

In specific relation to production costs Zhang guaranteed that working conditions were evolving such as salaries and training. There is also a shortage of qualified labor capable of fulfilling growing demand. "Nowadays workers are trained technically before setting foot in the factory," she stated.

The President of the Indian Footwear Federation, Gopalakrishna Bachi, presented statistics from the footwear industry of his country. He showed that India manufactured 2.06 billion pairs a year, with 900 thousand being leather shoes. The country exports 915 million pairs

a year which generates an income of some US\$1.5 billion. Shoe demand per capita in India with a population of 1.1 billion people is only 1.6 pairs per year. This data reveals the enormous potential of internal consumption in India even taking into account that most of these products are sandals or flip flops (61%).

Europe and the US are the main destinations for articles manufactured in India which has 2500 companies active in this sector. "The labor shortage for the sector in India should be resolved in the next five years since the government is implementing a large training program," stated Bachi. He also revealed that plans for the installation of seven leather mega-clusters in the next five years are well advanced. "We have to increase our exports – mainly of products that do not use leather such as women's and children's shoes as there is more international demand for these products."

The closing of the Asian Panel was left in the hands of the Vice President of the Vietnamese Leather and Footwear Association (Lefaso), Tran Ngoc Luan, who is also the co-founder and vice president of Thai Binh Shoes Vietnam, one of the major companies in the Vietnamese sector. According to Luan the main specialty in the country are sporting goods and many of the world's leading brands are manufactured in Vietnam. The annual production of this country is 810 million pairs and stems from a relatively small number of companies – 450. "Of these 50 are large with high production". He stated.

Luan also highlighted the phenomenon of increasing costs in Asia. "From 2005 until now there was a 200% increase in labor costs," he stated. "However, in general terms, labor costs are around US\$1 per hour. Sustainable growth and investment in the internal market form part of Vietnam's strategy to consolidate itself as a major player in the global footwear market. "We want to concentrate on products of higher added value instead of cheap article", he concluded.

Hard criticism of the Chinese



Hao - footwear generates 6 million jobs

The tone of the criticism directed at the Chinese was rather hard during the opening panel on the second day of the World Footwear Congress in Rio de Janeiro. Under the appropriate heading "Towards a Free and Fair International Footwear Market" this session was presented by representative from China, Brazil, Italy and Mexico and had as coordinator the executive Director of the Brazilian Footwear Association (Abicalçados), Heitor Klein, and as moderator, the consultant Steve Lee from the UK.

The representative of the Chinese Chamber of Commerce for Imports and Exports of Footwear, Wang Hao, started his presentation with some figures from his country. According to Hao, the footwear sector generates 6 million jobs and 9 million pairs were exported in 2010, generating some US\$36 billion in revenue. "Our main destinations are the US, Europe, Russia and Japan," he stated.

Hao confirmed that the footwear industry is gradually moving from the East coast to the center and West of China. One of the main problems of the industry was a lack of collective consciousness among the companies with low profit margins and a lack of investment in marketing.

Hao recognized that China faced many problems in referring to commercial issues with several countries. According to Hao 14 countries are applying anti-dumping duties and one of the objectives of his entity is to establish equitable relations with these countries in order to contribute to a continued pattern of growth in the sector. "Exports are one of the five pillars of the Chinese national government for the next five years," he stated. Hao also emphasized the fantastic potential of China's internal consumption now that the country has superseded the level of 1.3 billion inhabitants. "We buy more than 33 million imported pairs annually. This figure is 33% higher than in 2009 and is mainly concentrated on shoes of higher added value", he added.

The President of Abicalçados, Milton Cardoso, stated that there should be no confusion between protectionist measures and anti-dumping. The first case is a step backwards which rewards incompetence and does not stimulate innovation or creativity. In the case of anti-dumping it is a tool to maintain an equal relationship between nations. "The World Trade Organization (WTO) has clear rules concerning such relations. But there are factors that have not been taken into account, such as the rights of workers to associate themselves and be protected, for example". Cardoso believes that such measures must be of a technical and not political nature. "It is not reasonable to liberalize the rules completely without some protection against unfair trading practices", he added. According to Cardoso his entity does not have the pretension to organize other countries' economies in a clear allusion to the official benefits granted to Chinese manufacturers and exporters, but has the obligation to defend the sector and the right to free and fair competition".

Another panelist who defended anti-dumping measures was the former President of the European Footwear Confederation (CEC). Vito Artioli from Italy. He recalled that when the punitive import duties were applied to Chinese and Vietnamese footwear imports in 2006, his organization was sharply criticized by the European Community, since the measures could prejudice consumers and be considered of a protectionist character. In Artioli's opinion anti-dumping is not an artificial form of protection for local industry but recourse to unfair trade such as subsidies and exchange rates controlled by the government. "All models of industrialization and commercialization are legitimate if they respect WTO rules. It is not possible to accept predatory practices such as prices fixed below those of the country of origin," stated Artioli.

Armando Martin Dueñas, President of the Footwear Chamber of Guanajuato State (CICEG) from Mexico, shared the same opinion as his Brazilian and Italian colleagues and noted that local import taxes in Mexico will expire towards the end of this year. It is necessary to have new policies customized for each individual case, designed for the peculiarities of each country and distinct historical moments", he stated.

Dueñas is a self-confessed defender of free trade but wants at least a minimum of balance between the competing nations. "The distortions have to be corrected and fair relations established to avoid irreversible damage to the detriment of the industry," he emphasized. "Negotiations and ideas for the future such as the gradual elimination of trade barriers are necessary", he concluded.

A viewpoint on commercial relations



Priest - US wants to reduce import tariffs soonest

The relationship between who produces and who commercializes was the topic of the panel "World Footwear Market" which has as presenter Matt Priest, president of the Footwear Distributors and Retailers of America (FDRA); Adimar Schievelbein, Director of the Brazilian Footwear Association (Abicalçados); and Wang Hao, representative of the Chinese Chamber of Commerce for the Import and Export of footwear.

From the point of view of the retailers Priest revealed that the FDRA is in favor of the lowering and even disappearing of import taxes in the United States. He informed the Congress that 99% of footwear sold in that country comes from abroad. The main suppliers to the US market are China (75%), Vietnam (8%), Italy (4%), Indonesia (3%) and Brazil (2%).

The average import duty levied by the US is 1.4% and for the footwear sector it is 10%, rising in some cases to 48%. "Almost US\$6billion is collected from such taxes. It's a lot for the consumers to pay," he stated.

The FDRA President made it clear that the priority of the organization is the US consumer and that the aim is to reduce import taxes on footwear as quickly as possible. "The reduction of taxes is in the DNA of the United States," he affirmed. Priest also stated that it will always be necessary to combat unfair practices.

As accuser and defender, Schievelbein, representative of Abicalçados, expressed the opposite point of view to the North American Priest and manifested criticism against the Chinese footwear industry, which he classified as predatory and disloyal. "The rules of production and commercialization should be the fruits of the market and to be fair it is necessary to eliminate the distortions verified in China," he stated. In the appreciation of Schievelbein, the price, independent of which country it

comes from, has to cover costs and generate profit, and if it does not then it flies in the face of any private initiative.

The falsification of certificates of origin and pirated shoes were other aspects criticized by Schievelbein, who also made negative comments on the centralized governments of China and Vietnam, whose aggressive attitudes were asphyxiating sectors of industry in several parts of the world. "In the 1980's Brazil exported almost 100 million pairs of shoes per year to the United States. Now this figure is only 29 million due to the unfair and disloyal practices of Asian suppliers, mainly the Chinese. We cannot have zero duty for footwear as the United States wants. The position of Abicalçados is contrary to this initiative which mainly gives benefits to those that sell the footwear," he stated.

The Chinese Wang Hao guaranteed that his country was making efforts to improve relations with other nations and that the same initiative is being applied in the footwear sector. "We want to try and improve collaboration and cooperation," he stated. Wang also highlighted the gradual but constant opening up of the internal Chinese market for the entry of foreign brands and the emphasis being placed on the internal market these days without neglecting exports. He quoted the example of the recent fair, Top Shoes & Fashion Accessories, held in Beijing, which has Italian and Brazilian footwear on show as examples of this. China is promoting a timid opening of its market so as to calm down those most affected by its aggressive foreign trade policy.

Quality makes the difference



Argenta - Brazilian footwear has great growth potential

The first panel of the afternoon session on the first day of the World Footwear Congress dealt with the industry in the Americas. Aspects such as production, productivity, automation and labor costs were covered by important entrepreneurs from Brazil, Mexico and Colombia.

Basic concepts such as improving quality, formation of complete clusters, bettering working conditions, regionalization of production in niches and the question of creating an identity in terms of style and design were recurrent topics touched upon by all presenters on this panel.

The President of Beira Rio Footwear (Novo Hamburgo) Roberto Argenta argued that the Brazilian footwear industry has great growth potential, mainly in terms of the internal market and the American consumers in South and Central America. For this reason it is necessary to invest in quality, design and deal with environmental and social issues. "Comfort will also be a vital matter", he added.

Among the main challenges facing Brazil Argenta listed leadership formation, training of teams, better supplier capacity and an improvement in working conditions. "This will all lead to higher productivity," he stated. According to Argenta, whose company has nine production units and more than 8,000 employees, the phenomenon of globalization tends to regulate the price of labor throughout the world, despite existing regional differences. He took the opportunity to send a message. "In China costs are lower because they work more there. We have to incentivize the entry of more people into the labor market in Brazil." After the Family Market project, which was very important for the country, we now have to aim

for the "Employment Market" project to bring these people on to the job market," stated Argenta.

The President of the Mexican company, the Flex Group, the biggest shoe producer in that country, Roberto Plasencia Saldaña, highlighted the competitive advantages of the Mexican footwear industry in global terms. There is abundant labor, 12 free trade agreements with 43 nations around the world, a solid basic industry and a wide supply of leather make the country an extremely viable option depending on the product to be manufactured. "Our internal consumption is 293 million pairs per year which is another attraction," he stated. He also said that the NAFTA free trade agreement (Mexico, US and Canada) should not be forgotten as well as CAFTA-DR (Central American Free Trade Agreement and the Dominican Republic) with which Mexico is also involved. The population of these markets is 500 million people with a shoe demand of over one billion pairs per year. Plasencia also stated that the footwear industry generates some 400 thousand jobs, both direct and indirect. Despite the fact that 75% of Mexico's shoe production is carried out in large factories, 90% of the factories are small and medium enterprises. "The Mexican industry depends a great deal on outsourcing to cater for the productivity of the smaller companies," he noted.

The President of the Footwear Industry Trade Union of Franca (Sindofranca), José Carlos Brigagão do Couto, remarked on the attributes of this footwear manufacturing region as one of the traditional manufacturing regions of Brazil. Brigagão recounted the industrial history of Franca which is located in Sao Paulo state and projected the future of local clusters. Franca continues to bet heavily on the quality of its products and is concerned about social and environmental issues. "We do not use slave or child labor in our companies," he emphasized. He also stated that strategic planning was important for this manufacturing region and that this would guide the growth of the sector in the coming years.

The closing of the panel on the Americas was left in the hands of Ronald Bakalarz of the Stanton Group (Colombia). He presented figures on the Colombian sector and emphasized the number of jobs generated by the leather and footwear production chain as more than 60 thousand. Bakalarz explained that local production is not sufficient to supply the country's needs. More than 50% of products were destined for other countries. Colombia also enjoys commercial agreements with other countries, such as the United States, and what is also a competitive advantage is Colombia's privileged geographical location which allows fast and easy shipments to North America. "We need to invest more and more in adding value to our products", he concluded.

European session discusses innovation



Sagripanti - clean and efficient energy is priority

The first plenary session of the World Footwear Congress took place on the morning of November 7th with the topic "Manufacturing Models for Footwear in a Globalized Economy". The coordinator of this first session was Fabio Aromatici of the Italian Footwear Association (ANCI) and brought together important specialists in this area.

The first presenter on stage was the president of the Italian Footwear Association (ANCI), Cleto Sagripanti, who analyzed the current production methods of the European industry and emphasized the need to create efficient strategies for the sector. "It is correct to consider new alliances to increase capacity and penetrate the global market", he affirmed. According to Sagripanti it is vital to think more in terms of human capital and the interests of upcoming generations in terms of the footwear business. He also highlighted the need for clean production and energy efficiency as aspects to be developed in the coming years.

Next up was the president of the European Platform for Shoe Technology, Emanuele Carpanzano, who spoke about production and innovation. In his presentation he addressed the question of global demographic growth and the way of dealing with business in the sector. "The population is getting older and what is a challenge is in fact an opportunity for the footwear industry," he declared. According to Carpanzano the sector must be fully aware of urban growth and the individualization of the consumers. "People are more conscious of the purchases they are making and want more comfort, health and well-being," he stated.

Innovation: The entrepreneur Peter Geisler (Sweden) observed that, in the last 30 years, that competitive advantages related to the sector has drastically changed, especially in exchange rate matters. "Brazil is an example of a country which was getting stronger but is now facing difficulties in this area," he stated. The most positive thing from a European point of view, are the growing opportunities in the Asian market. "There has never been such a positive vision of the future. Manufacturers have a great future and concentrating on innovation is the solution to confront the ups and down of the market. Creativity must be allied to this process. In this way we will have added value which is the basis for the future of the footwear industry," he added.

In a similar way the president of EPSI (The European Innovation Platform) Antonella Marega (Italy) discussed new projects in the sector and called people's attention to aspects involving nanotechnology and ecological processes. "People have different needs and want products that satisfy them. Professional improvement needs special attention since the segmentation of the market is growing at a fast pace," she added. Another aspect that was highlighted by the president of EPSI was that the population was becoming more obese and more products should be designed for overweight people.

The final presenter was the president of the Portuguese Footwear Association (Apicaps), Frederico Forunato Oliveira, who analyzed various aspects of globalization. "The opening up of markets generates a lack of equilibrium between current markets", he stated. The Portuguese footwear sector is becoming more international and is requiring more and more attention to be paid to it by local companies.

Europeans want a free and fair market



Lee - Protectionism is a market reality

The second plenary session of the World Footwear Congress had as its topic: "Towards a Free and Fair World Footwear Market". The debate started with the UK consultant Steve Lee who spoke about the progress of the European Union in relation to legal questions and approaches to countries in Asia and Latin America. "The question of imports will really become clear for the sector in Europe in 2012 when all the data from 2011 will finally have been analyzed," he stated. In Lee's vision he called attention to a trend that was becoming worrying such as protectionism in recent years and that anti-dumping tariffs had become a reality.

For the President of the Federation of the Footwear Industry of Spain, Rafael Calvo, the scenario has changed radically in recent years and rapid transformations and the opening up of world trade has introduced new actors into the dynamics of the business. "The competitive environment is becoming more difficult and new strategies are necessary to produce new articles with a higher added value, which will be the future of the sector", he stated. According to Calvo it is essential for countries to stick to the rules which had been fairly agreed. "Good international relations happen through cooperation and respecting the rules of the game".

The president of the Italian Footwear Association, Cleto Sagripanti, stated that the new rules created to govern international trade are more directly affecting emerging nations." To know how to deal with the changes in the market is essential. The competitiveness of our products encounters unfair practices and we need to adapt. The European market is the most liberal in the world," he emphasized. In his view, if measures are well applied then consumers worldwide will feel the benefit. "Trade barriers are the enemy of business since they are anathema to

competition", he argued, pointing out that Brazilian and Argentinean import duties are relatively high.

For the CEO of the footwear brand Fratelli Rossetti, Diego Rossetti, the European footwear industry has changed a lot in the last decade, as local industries chase knowledge, try and build brands and make considerable investments in quality. "Despite all the effort new protagonists are coming into the current market: China, Brazil, Vietnam and Indonesia. Therefore we have to create policies aimed at developing the footwear industry in an ample and clear way".

Diversification in commercialization channels



Vanderscheuren - betting on industry and retail

The models of commercialization of footwear in the US, Europe, Brazil and China were the subject of the panel dealing with "Global Footwear Retailing Outlook", which opened the final afternoon session of the World Footwear Congress on November 8th.

The panelists were to present specific characteristics of their markets and also give details of successful individual models in footwear sales. A great diversity in commercialization channels and how to do business was noted.

The President of the Brazilian Retailers Association for Footwear and other Products (Ablac), Carlos Jaita, spoke about the panorama for footwear retailing in Brazil. According to Ajita the Brazilian model made up of some 60 thousand outlets is present throughout the country. The state of Sao Paulo with 7,709 outlets is the most important for the sector. It is followed by the states of Minas Gerais and Rio Grande do Sul.

The overall performance of the sector has been positive. Up to August this year sales volume grew by 10.8%. On a cumulative basis for the last twelve months the increase had been 7.7% which represents a slight fall in the rate of growth. Overall sales in Brazil amount to some 744 million pairs a year, with the women's segment being the most important accounting for 35% of all sales. "Each store sells around 12.4 thousand pairs a year on average," stated Ajita. Billings per year come to around R\$37 billion (US\$21 billion). From 2003 - 2009 more than 36 million people passed from classes D and E to class C. This phenomenon, according to Ajita, is a direct reflection in the increase in the volume of footwear sales and commerce in general.

Ablac's director also pointed out that street sales were also very common even though the number of malls had grown sharply in recent years. "We also have many specialty stores in certain segments; franchises are on the rise and large department stores also sell footwear", he added.

In relation to the Brazilian footwear model Ajita forecast

growth in the number of stores, an increase in operational costs, a bigger concentration of retailers and a purging of the weaker ones.

The operating model of the Belgian Cortina Group was described by the company's president, Dirk Vanderscheuren. This Group sells more than 30 million pairs of shoes per year and acts as an intermediary between manufacturers and store owners. "We have a slogan we use for our communications both for manufacturers and for store owners: "We improve your Footwear Business". In other words, we let the industrialist work on his specialty which is to manufacture, and the retailer on his specialty which is to sell," stated Vanderscheuren.

Nearly 80% of the volume sold by the Cortina Group is concentrated in Europe. The remaining 20% is diluted in more than 60 countries. "We offer manufacturers and retailers a complete service package so that they can concentrate on their main activities," he stated.

To attend both sides of this process the Cortina Group has an efficient logistical structure and provides benefits to its customers which go from financing for buying machinery to the supply of materials and specific models, including options for training and marketing. "We are working with 60 factories," revealed Vanderscheuren.

With a network of more than 1.1 million stores of which almost 50% are owned by the company, the Brown Shoes Group (USA) commercializes 100 million pairs of shoes per year and is the main provider of shoes in the country. "Nowadays we import 100% of the merchandise," stated the president of the advisory Council of Brown Shoes, Ronald A. Fromm.

According to Fromm twelve large retail groups dominate the North American shoe market. "The market is a little slow in view of the recent crisis. However, we saw a slowdown in mass products and an increase in sales of known and famous brands," he stated.

Fromm highlighted the increase in internet activity as a sales platform. In 2010 on-line sales registered an increase of 21.7%. Throughout the whole group prices vary from US\$50 up to US\$500 per pair.

Another aspect covered by the US retailer was the need to make more frequent product launches. "Previously we had two collections a year. Today we have four collections and for most fashionable products, we have up to six collections per year," explained Fromm.

The incomparable internal market of China was the focus of the presentation which finalized this panel. William Wong, creator of the retail network Italian Fashion Gallery, gave details of the sales potential in the country with a population of more than 1.3 billion people. "Our market is huge and open", stated Wong who is also the vice president of the Hong Kong Footwear Association.

According to Wong the Chinese are confessed admirers of shoes "Made in Italy". "This style of product has more perceived value for the consumers," he stated, saying that his store network commercializes 40 brands, all of them Italian.

In relation to the general retailing of footwear in China Wong explained that there is a shortage and that sales are concentrated in a few networks. Many of these outlets belong to manufacturers who operate inefficiently and

distribute badly in the country. "In this context department stores and the multinationals have a great future in China," he concluded.

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