

KRC Market Watch June 2023



**Leathergoods And Footwear Manufacturers
& Exporters Association of Bangladesh**

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54 million pairs annual import; average import price **13.17 euros** per pair in 2022



32292 new workers employed by **1186** companies in 2022, **4.2%** increase than 2021

52 million pairs consumed in 2022

Export specialization in **Leather Shoes**, average price **32.94 euros** per pair.

Export to **175 countries**, **80%** of export market is in Europe.

Imports: **Spain, France, Belgium, Germany, China**



Recovery from Pandemic

The Portuguese footwear industry has made a strong recovery from the challenges presented by the pandemic and has recently performed with renewed confidence.

In 2022, the industry achieved **record-breaking exports with 12.6%** growth compared to pre-pandemic levels (2019)



Strategic planning towards sustainable future

Collaborative measures have been planned to ensure productivity, sustainability, and competitive advantages, as vision of 2030.



The Portuguese manufacturer of professional footwear ICC – Footwear Industry and Commerce **will invest 5 million euros to increase its productivity by 20% and double sales.** The aim is to prepare the company for the future by expanding facilities, improving working conditions and productivity, investing in new technologies, such as **robotization, digital cutting and automatic sewing.**

Global trade is now slowing sharply after a rapid post-pandemic recovery in 2021 and 2022,

Global trade growth of **1.9% in 2023** – a sharp **reduction from 5.5% in 2022**. That would align it with the global GDP, which they project to **grow by 2%, down from 2.7% last year**.

Market insights

- **Consumers are back on streets, brands are launching new products and retailers are aggressively expanding their footprint**, both online and offline, anticipating a progressive next year.
- **Brands and retailers are trying to boost sales with discounts** but keeping the price reductions within limits.
- At least in Europe, however, the chain of insolvencies in the retail sector is already long and it does not look as if it will come to an end in the next few months.
- Overall, the **markets are struggling to cope with a larger supply of raw material** than is required to meet current leather demand.
- There are **huge opportunities for companies if they play their cards right with regard to the use of leather as a material**.
- **56% of consumers in USA delayed or skipped a footwear purchase or chose a less expensive option in the past 6 months** due to price increases on either footwear or other goods.
- In USA, **Households with children were reducing footwear spending more than those without children**. Although price increases have been slowing steadily, in general, and for footwear too, prices are still higher than usual in several categories.

Slow market scenario

Vietnam's footwear exports fell by 13%

Vietnam's footwear exports also **fell by 13.3% to \$8.18 billion**. It is facing challenges from a sharp decrease in purchasing power from major markets like the US and EU.

Brazilian footwear exports fell by 18%

In May, Brazilian footwear exports **fell by 18.7% in volume and 5.6% in value**, year-over-year, due to the devaluation of the dollar, the slowdown of the economy and the rise in Chinese exports.

Cambodia's garments, footwear by 23% YoY

Cambodia's garments, footwear, and travel (GFT) exports, which accounted for 43.5% of total exports, saw a **sharp decline of 23% YoY** in the first five months of 2023, with exports of

garments and apparel at US\$2.79 billion, travel goods at US\$0.638 billion, and footwear at US\$0.558 billion, raising concerns about further factory closures and job losses.

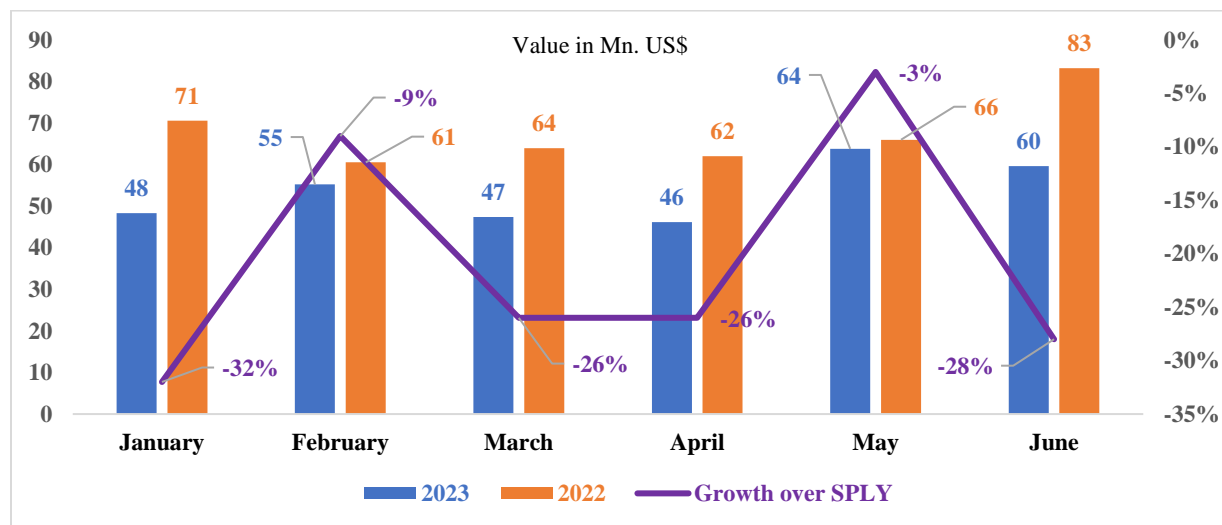
Foot Locker sales dropped by 11.4%

In the first quarter of fiscal 2023, the US-based company saw its **sales drop by 11.4%** year-over-year.

Caleres first quarter sales decreased by 9.8%

The US-based group has posted a **9.8% year-over-year sales decline** in the first quarter of 2023.

Bangladesh leather footwear export continues to decline



(Source: Prepared by KRC by using source materials from World Footwear, EPB, Footwear News, Hypebeast and Sourcing Journal)

SILVER LINING

Ecco's sales increased by 30%

- Danish footwear and tannery company Ecco recorded a **30% sales jump in 2022 to €1.6 billion**, its results were “not considered to be satisfactory” because profit was below pre-covid results in 2017-2019.

Venezuelan is expected to grow by 20% in 2023

- Venezuela's footwear industry is expected to produce about **20 million pairs of shoes, increasing by approximately 20% from 17 million pairs in 2022.**

Portuguese footwear exports up by 6.8%

- Portuguese footwear sector proved its resilience by **exporting 20 million pairs worth 526 million euros in the first quarter of 2023, down by 4.4% in volume but up by 6.8% over SPLY.**

Mizuno grew by 22.8%

- The Japan-based sportswear company announced that its fiscal 2022 **revenue grew by 22.8%** over the prior year, reaching the “record” amount of 212.0 billion Japanese yen (1.50 billion USD).

Dr Martens is a billion pound brand

- Dr. Martens reached the revenue milestone of 1.0 billion British pounds (1.16 billion euros) over fiscal 2023, which ended on the 31st of March, reflecting a **10% growth** as reported and a 4% increase in constant currency, on a comparable basis to the prior year.

Burberry reports growth of 10%

- In the twelve months that ended on the 1st of April, Burberry's revenue amounted to 3.1 billion British pounds (3.6 billion euros), reflecting a **growth of 10%** on a reported basis or 5% at constant exchange rates, as compared to the prior fiscal year.

Capri confident of resilience in luxury sector

- Luxury group Capri Group has celebrated record revenues at Versace and Jimmy Choo in the financial year 2023, with mid-single-digit revenue growth at Michael Kors. **Sales of women’s accessories increased over 40% at Versace**, over 20% at Jimmy Choo and low-single-digits at Michael Kors.

Golden Goose grow by 20%

- The luxury sneakers brand saw its revenue **grow by 20%** in the first quarter of the year, as compared to the same period of 2022, due to “continued investment in and expansion of the retail channel.”

Inditex posts sales and profit growth

- In the first quarter of the current fiscal year, which ended on the 30th of April, **Inditex's sales reached 7.6 billion euros, growing by 13%**, on a comparable basis to the same period of 2022; in constant currency, **sales grew by 14%**.

Strategic Forecast



Comfort Footwear market forecasted at around \$47 billion by 2028

American Exchange Group is betting on stylishly wearable shoes that people will reach for time after time, moreover Research and Markets pegged that the **comfort footwear market at around \$47 billion by 2028**.

India aims for 10% share in global exports by 2047

- India aims to raise the share of its exports in global trade to **3% by 2027 and 10% by 2047** from the **current 2.1%**, promoting hundred Indian brands as global champions.

Four groups dominate US luxury footwear market

- According to the analysis conducted by Miami-based non-profit organization the Spain-US Chamber of Commerce, four groups, **LVMH, PVH Corp, Capri Holdings and Kering, collectively control 50% of market share of the luxury footwear market in the US.** It mentioned Chanel, Ralph Lauren and Cole Haan as other brands with large shares of the market.



1,000 job openings at LVMH

The LVMH Métiers d'Excellence You and Me tour has arrived in Italy, presenting leathersgoods and other skills practiced in the group's factories and workshops, along with over **1,000 job and training opportunities.**

Diversifying manufacturing bases

Approval granted for mega leather footwear park in Maharashtra

- The Department for Promotion of Industry and Internal Trade has granted an in-principal approval for a **151-acre cluster park to be built in Ratwad**, approximately 130Km south of Mumbai.
- **The mega leather footwear and accessories cluster park will act as a hub for collaboration within the leather industry combining manufacturers, designers, suppliers and artisans.**

Hermès expands leathersgoods facility



- In an effort to meet demand, Luxury group Hermès is expanding its handbag and glove facility in Saint Junien, in the New Aquitaine region of France.
- The current site, built six years ago, will have an **additional 50,600 square foot building opened to house 210 leather artisans and 40 glove makers.**

John Lewis to source all leather from high-welfare farms in the UK

- The British retailer has announced that **100% of the leather used in its label sofas and chairs will be sourced from the higher welfare farms in the UK that supply Waitrose beef.**
- Waitrose's farming supply chain has been awarded Best Retailer for farm animal welfare by Compassion in World Farming (CiWF) four times in a row.

Fashion Forward

6 Fashion and Shoe Trends Showing Up for Resort 2024

Resort wear has evolved from swimwear to a contemporary, multi-purpose wardrobe with work-ready pieces. **Here are six footwear and clothing trends from resort '24:**



1. The elongated pointy toe

Chunky boots and sneakers have long been a macro trend but fall '24 saw a shift to pointy toe silhouettes. Balenciaga's Santiago leather bootie influences the pointy push, while Ferragamo's extreme pointy toe is paired with patent black stilettos. Proenza Schouler echoes the squared-off point.



2. Blazers and suiting

Resort collections have evolved from vacation attire to year-round items, including blazers and suiting. Stella McCartney and Off-White have reinvented traditional power suits, while Gabriela Hearst offers a groovy-but-grownup silhouette on bell-bottomed pantsuits. Retailers are filling merchandising gaps with these year-round pieces.



3. Western deluxe

2023's footwear trends include the return and repurposing of Western boots, with designers and brands expressing creativity for a more glam take. Ganni and Balmain showcase European obsession with American tradition, reinterpreting boots in metallics and graphic black-and-white.



4. Black — and more black

Resort '24 collections showcase aesthetic frugality, with all-black looks from Balenciaga and Zac Posen, reducing look-at-me colors and promoting a return to practical dressing.



5. Palette cleansers

Designers use white and cream as palette cleansers, addressing post-pandemic revenge dressing with brands like Brandon Maxwell, Chloé, and Max Mara.



6. The kitten-heeled sling back

The kitten-heeled sling back, featuring a pointed toe, is expected to become a wearable shoe shape, with designers like Aknvas, Staud, and Zac Posen incorporating it.



Best Footwear Trends at Paris Fashion Week Men's SS24

Paris Fashion Week SS24 featured popular footwear trends like Balenciaga Runners, Track Nylon, Mesh, and Rubber sneakers, Dior's futuristic boots, and Birkenstock. This footwear showcased comfort and versatility, making them popular choices for street style.

TALK TO US

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