



CBI  
*Ministry of Foreign Affairs*

# **Exporting footwear to Europe**

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# **What requirements should footwear comply with to be allowed on the European market?**

*The most important legal requirement for footwear exporters targeting Europe is to make sure your product complies with Europe's extensive legislation on chemicals. Labelling rules are also gaining importance. If you use materials from endangered plants or animals, make sure you comply with the rules of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). Animal welfare is one of a growing number of sustainability issues gaining importance in the leather and textiles industries. Fair wages, better working conditions and safer buildings are also hot topics.*

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## **1 . Which requirements must my product comply with?**

*If you export footwear to Europe you have to comply with the following legally binding requirements:*

### **Product safety**

*The General Product Safety Directive basically states that all products marketed in Europe must be safe to use. It forms a framework for all specific legislation established for specific products and issues. If no specific legal requirements have been established for your product and its uses, the General Product Safety Directive still applies.*

*If specific requirements apply to you, the General Product Safety Directive applies in addition, covering all safety aspects which may not have been described specifically.*

### Tips:

Read up on the [General Product Safety Directive in the EU Export Helpdesk](#). Study the specific legal requirements listed here.

Use your common sense to ensure your product is not easily breakable, does not have sharp edges or cause any other danger in its normal use. These aspects may not be outlined in specific legislation, but are covered in the General Product Safety Directive.

In practice, European buyers often provide supplier manuals in which all buyer requirements (legal and non-legal) are described.

Check the [RAPEX database](#) used by European Union Member States to exchange information on unsafe products, to get an idea of possible incompliances.

Check for specific requirements provided by your buyer. Some will just ask for compliance with European legislation (and let you find out for yourself what these requirements exactly are) while others, for example, provide information which specific substances are not allowed.

## Chemicals – restricted substances

***There are restrictions on a great number of chemicals marketed in Europe, because they can pose a hazard to people or the environment. These restrictions are seen as the most difficult legislative requirements you will face as a producer. Footwear often consists of small parts of different materials, and volumes are often not that big, compared to the garments industry, which faces the same requirements. This makes it difficult for producers to assure that all parts comply with the set restrictions.***

***Most restrictions are listed in the so-called Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulation (Regulation (EC) 1907/2006). Which chemicals are of relevance for you will depend on your specific product and the material you use.***

### Tips:

Familiarise yourself with the full list of restricted substances in products marketed in Europe by checking out [restricted chemicals in textile and leather products in the EU Export Helpdesk](#).

Many European buyers provide their suppliers with a 'Restricted Substances List' (RSL). To obtain an idea of what these RSLs look like, check the Internet. Search for 'RSL' along with the name of a major brand and you will probably find a link to the RSL of that brand.

Note that buyers sometimes impose requirements that are stricter than the legal ones. For example, you might be required to comply with the [RSL of the German shoe institute \(CADS\)](#).

- Check [CBI's document on REACH](#) to determine in which way you are affected by REACH.
- Make sure your suppliers are aware of the requirements on chemicals as well, certainly if you source parts of your products from other producers.

Before you start testing, conduct some research on the testing laboratory you will assign. Costs may vary across testing laboratories, and you should verify that the lab is accepted by your buyer. Examples of testing laboratories include [SGS](#), [Intertek](#) and [TUV](#). Also make sure you know exactly which costs are involved. For example, some buyers have their products tested on their own and pay for the tests themselves. If they are found to be in non-compliance, however, the suppliers will be required to pay for all subsequent tests.

Note that non-governmental organisations and consumers are showing more interest in the issue of chemicals in footwear. This may lead to buyer requirements that are even stricter than the legislative requirements. Check the section below on additional requirements, particularly the information about the Greenpeace campaign.

### Examples of restricted substances relevant for footwear:

***Azo dyes (Leather and textile): if you use dyed leather, make sure your product does not contain any azo dyes that release any of the 22 aromatic amines which are prohibited. Check this list of prohibited azo dyes to learn more. European laws list the aromatic amines, not the azo dyes that release them. Most azo dyes are therefore legally acceptable. Moreover, most reputable dye manufacturers only produce legally accepted dyes. However, border rejections and market withdrawals do show that azo dyes can still cause problems on the European market.***

***Chromium VI (leather): the use of Chromium VI is restricted in Europe since May 1, 2015. Several countries and buyers banned the use of Chromium VI earlier. The list of shoes withdrawn from the market in the RAPEX database reveals that Chromium VI has been the most common reason for withdrawal for a while. European law limits***

**the use of chromium in leather products to max. 3 ppm. This TUV article on the restriction of Chromium VI outlines the main points of the legislation.**

**Organostannic compounds (especially parts made of polyvinyl chloride, or PVC): if you use PVC in your products, know that organotin compounds are also restricted. Organotin compounds, Dioctyltin (DOT) compounds and Dibutyltin (DBT) compounds can be used in textiles, for example in prints. Their use is restricted as they can pose a risk to human health, suppressing the immune system or damaging reproduction.**

**PVC also contains other chemicals for stabilising or plasticising purposes, such as lead or phthalates. These substances are often subject to restrictions. Although PVC itself is not prohibited, some companies have voluntarily decided to phase**

- **out PVC in their products. Metal parts and accessories (such as zippers or buttons) coming into direct and prolonged contact with the skin should not**
- **release more 0.5 µg/cm<sup>2</sup> nickel per week.**

**Perfluorooctane sulphonate (PFOS) is a substance used to make leather (and textiles) resistant to water and dirt. It is a persistent organic pollutant (POP) and its use is restricted in Europe according to Regulation (EC) No. 850/2004 (Stockholm Convention). The maximum limit for PFOS is 1 µg/sqm.**

**- Restrictions on the use of short-chain chlorinated paraffins (SCCPs) are another common reason for recalls. These substances are also persistent organic pollutants that are often used in the leather industry.**

### **Tips:**

Set up your own lab to test all materials you buy locally. Set up tests for physical properties, such as adhesion and abrasion, as well as chemical tests.

Make sure your products do not contain any of the azo dyes that release the forbidden aromatic amines. This includes checking your suppliers. To test your products, use the official tests. You can find such tests on the [website](#) of the European Committee for Standardization (CEN).

CEN Leather: [CEN ISO/TS 17234:2003](#) is a document that specifies a method for detecting the use of certain azo colourants in leather that may release aromatic amines.

CEN Textiles: EN 14362:2003 or [EN 14362-1:2012](#) outlines methods for the determination of certain aromatic amines derived from azo-colourants in textiles.

Follow new developments in the field of flame retardants, for example by checking the [European Flame Retardants Association \(EFRA\)](#) website.

- Check the [EU Export Helpdesk information on the restrictions of PVC](#).
- Check your buyers' requirements regarding PVC and consider phasing out PVC, since it may become unwanted by buyers anyway.

Verify your compliance with the Chromium VI restriction using this test [EN ISO 17075](#).

Watch [this 4-minute video on the use of persistent organic pollutants](#) in textiles (such as PFOS and SCCPs in textiles).

- Read this [information on European policy regarding restrictions on the use of POPs](#).
- Note that, some European countries have additional or stricter national restrictions on chemical substances. For example, some countries are tough on formaldehyde in textiles (Austria, Germany, Finland and the Netherlands), others on phencyclidine, or PCP, in textiles (Austria, Denmark, Germany, the Netherlands) and others on disperse dyes in textiles (Germany). To find out more, contact the [European Chemicals Agency Helpdesk](#) (ECHA) or national agencies in Europe.

## Labelling of footwear

***All footwear must have labels giving information on the main materials used in the shoe. The labelling must describe the materials of the three main parts of the footwear (the upper, the lining and sock, and the outer sole). For each of these, your label must indicate whether the material is “leather”, “coated leather”, “textile” or “other”. You can provide this information in words or by using symbols.***

### ***Made-in labelling***

***The European Commission is working on mandatory origin labelling (the ‘made-in label’) in Europe for all non-food products, including footwear. Until now, made-in labelling is voluntary.***

***Textile products must be labelled with the fibre composition and using the fibre names in accordance with European rules. The aim of this common set of labelling rules is to ensure that the consumer knows what he is buying.***

### **Tips:**

For more details, check [the European Commission’s information on footwear labelling](#) or the [EU Export Helpdesk](#) footwear labelling pages.

If you choose to provide product information by using symbols, make sure you use the [pictograms prescribed in this EU Directive](#).

Get ahead of your competitors and start working on made-in labelling. Some buyers are starting to use it or want to experiment with it in the upcoming years, before it becomes mandatory.

## Products from wild plants and animals

***If you use materials (partially) made from wild plants or animals – for example, boots made of crocodile leather – you need to make sure that you comply with the requirements of the Convention on International Trade in Endangered Species (CITES). Europe has implemented these requirements in its Regulation 338/97.***

***The Regulation includes a list of restricted species (including products thereof) and special procedures where applicable. Europe has separate laws on trading in seal products, such as seal fur.***

### Tips:

Find out whether your products are covered by CITES or not. Learn more about [CITES requirements in the EU Export Helpdesk](#). The EU Export Helpdesk also provides information on the different procedures applicable to the different categories within CITES.

- Read [EU Export Helpdesk](#)'s information on trading in seal products.
- Read up on emerging, trend-setting animal welfare and traceability standards in the section on additional buyer requirements below.

## Safety shoes and CE Marking

***If you produce safety shoes, you have to make sure that they meet the strict standards set for personal protective equipment (PPE). Safety shoes must be tested against these standards and bear the CE-mark. CE marking is a mandatory conformity scheme for certain products sold in Europe. The letters 'CE' are the abbreviation of the French phrase 'Conformité Européene', which means 'European Conformity'.***



**Tips:**

- Read up on [CE marking in Europe](#).
- Find out more about [specific standards for personal protective equipment in Europe](#). For example, safety shoes face requirements regarding slip-resistant soles, protection against chemical substances, fire-resistance et cetera. Find out which standards are applicable to your product.

Read the [EU Export Helpdesk](#) information on CE-marking for safety shoes.

## Intellectual property rights

***If you sell your own collection to European buyers, you must verify that you are not violating any intellectual property (IP) rights. These rights may apply to the design of the product, as well as to any trademarks or pictures used.***

**Tips:**

- Find out more about [IP rights in Europe](#).
- Check the [EU Export Helpdesk](#)'s full overview of legal footwear requirements. Under 'my exports', enter product code 64 to get a list of applicable requirements.

## 2 . What additional requirements do buyers often have?

***In addition to the legal requirements, there are a lot of non-legislative requirements you have to comply with in order to find buyers. These requirements are laid down by buyers themselves.***

## Sustainability, including traceability of animal and plant materials

***Animal welfare and environmental care are hot topics in Europe, and buyers and branch organisations are raising their standards in these areas, going beyond what the law demands. This means that with regard to materials made from wild plants or animals, the CITES requirements are not the only ones you need to know about***

Source : CBI, Centre for the Promotion of Imports from Developing Countries, [www.cbi.eu](http://www.cbi.eu)

**nowadays. In the Netherlands, the fashion and textile industries have signed a new covenant requiring full traceability – back to the supplier and to the animal – of all animal products used in garments or footwear. The Dutch Agreement on a Sustainable Garment and Textile Sector was signed by the Dutch government and a broad coalition of branch organisations, trade unions, non-governmental organisations such as Solidaridad, and 57 textile brands and retailers. In addition to animal welfare, it deals with many more sustainability issues. It is expected that this covenant will soon set the trend for the rest of Europe.**

### **Tips:**

Read the [full text of the Dutch Agreement on a Sustainable Garment and Textile Sector](#) to get an idea of where the market is going.

Talk to your buyers about challenges and ambitions you share in following this trend. Discuss areas in which you can adapt to new market requirements in order to get ahead of the competition.

## **Corporate responsibility**

**Before animal welfare began to gain in importance, social aspects, such as basic labour rights, were already becoming a major sustainability issue in the footwear industry. One common requirement involves signing a suppliers' code of conduct, in which you declare that you conduct your operations in a responsible manner (for example that you and your suppliers respect local environmental and labour laws and that you avoid corruption).**

**Several initiatives have gained ground recently, especially in West European countries, for example the Ethical Trading Initiative (ETI) and the Business Social Compliance Initiative (BSCI).**

## Tips:

Read up on the Ethical Trading Initiative in the ITC Standards Map. You can also read up on the [Business Social Compliance Initiative in the ITC Standards Map\(BSCI\)](#). This will give you a good understanding of the sustainability trend.

- Find out how you can adapt to these changes in your own company.
- If you are targeting the British market, familiarise yourself with the [Ethical Trading Initiative \(ETI\) base code](#) to find out what [ETI members](#) require from their suppliers.

If you are targeting other European markets, assess your company's current performance by doing a self-assessment. You can find [an example of a self-assessment on the Business Social Compliance Initiative \(BSCI\) website](#).

Consider implementing a management system aimed at more sustainability, such as [ISO14000](#) (environmental aspects), OHSAS 18001 (occupational health and safety) or [SA 8000](#) (social conditions). Doing this can give you a strong competitive advantage.

Discuss with your buyer which steps you can take to get ahead of the competition.

Look into other possibilities of improving your sustainability performance. These may not always include immediate certification or application of a label (read the information in 'Niche'), but it is important to familiarise yourself with issues.

Be aware that many of the environmental and social sustainability issues begin upstream in your supply chain: at the factory, with the collector or on the farm. Think about how you can assure responsible business on the premises of your suppliers.

Most major brands/retailers publish their sustainability policies, including their expectations of suppliers, on their websites. Look around online for examples, such as the [Timberland Responsibility pages](#), to get a clear idea of the issues that matter.

There are also independent websites that rank brands according to their sustainability performance. To see an example, check the [Rankabrand publication on Sustainability in Fashion, Clothing & Shoes](#).

Check the [Sustainable Apparel Coalition](#) website and its '[Higg-index](#)', a self-assessment standard used in the apparel and footwear industry to assess environmental and social sustainability throughout the supply chain.

For more information about SA8000 and other standards please turn to the [ITC's Standards Map](#) and search for "textiles".

## Fair wages

***Wages are a growing concern in footwear as well as in other related industries, such as fashion. Several initiatives that concentrate on fair wages for footwear employees have been launched. They do not aim at minimum wages, but at 'fair wages'. Fair wages are often determined on the basis of what a labourer has to spend in order to enjoy a decent standard of living. A growing number of organisations are joining this effort. They want to be able to guarantee that the people involved in the production process earn a salary that meets their basic spending needs.***

### Tips:

Make sure you stick to the relevant laws regarding wages, working hours and other labour conditions.

On top of that, make sure you know what your European buyers expect. According to European regulations, workers in Europe are not allowed to work more than ten hours a day. While this may not apply in non-European countries, European businesses may require you to stick to it anyway.

Check this [report on wages by the International Labour Organisation \(ILO\)](#).

## Improved working conditions

***Workers and the conditions they work in are also gaining attention in the footwear industry. Cleanliness and safety are the key words.***

### Tips:

Make sure your factory is clean and safe. You can often make huge progress with a minimum investment of time or money.

To find out what kind of labour condition requirements are emerging, check [Oxfam's publication on labour rights and ethical manufacturing in the footwear and garment sectors](#).

## Child labour

***For most European buyers, child labour is unacceptable and non-negotiable. If you employ children, you are very unlikely to get orders from Europe. According to the International Labour***

***Organization (ILO), 168 million children around the world are engaged in child labour. Thankfully, their numbers have declined by one third since 2000, from 246 million. More than half of these kids, 85 million, are in hazardous work (down from 171 million in 2000). The footwear industry plays a part in this and consumers and non-governmental organisations are complaining.***

***For example, see this 2016 press release on rising demand for more transparency and fairer production in the footwear and leather markets.***

### Tips:

- Check the [ILO pages on child labour](#) for more facts, figures and information.
- If your company employs children but you wish to change this, talk to potential buyers about how you wish to phase out child labour. Good intentions followed by decisive measures may engage their support and business.

If you have ‘cleaned up’ your business and eradicated child labour, or even replaced it with good social initiatives, communicate this with your prospective buyers. It will certainly attract their attention.

## Building safety

***Factory and building safety is another issue gaining more and more attention. This is because, in the garment industry, lives have been lost in factory fires and collapses that could have been avoided with the right precautions. The Accord on Fire and Building Safety in Bangladesh, signed in 2013, is a good example of how safety awareness in the garment industry has come to include fire and building safety. These standards are quickly spilling over into the footwear industry and other sectors, too.***

### Tips:

Find out whether your products are covered by CITES or not. Learn more about [CITES requirements in the EU Export Helpdesk](#). The EU Export Helpdesk also provides information on the different procedures applicable to the different categories within CITES.

- Read [EU Export Helpdesk](#)'s information on trading in seal products.
- Read up on emerging, trend-setting animal welfare and traceability standards in the section on additional buyer requirements below.

## Circular economy

***In Europe, legislation is expected that will require buyers and producers of garments to account for all of the waste involved in its production processes. More and more players are recognising that waste is not a burden, but an opportunity. For example, Adidas now offers a shoe made from ocean waste. Eco-friendly dyeing technologies are also emerging. See, for example, DyeCoo's solution.***

### Tips:

Realise that waste is not a burden but an opportunity: minimise your waste, but also be aware that the remaining waste flow may have value.

Look for creative examples of waste reuse, such as having leather shavings pressed into shoe soles, grinding leather shavings or other waste into floor tiles etc.

To get some ideas, read how [regenerated leather composites \(RLCs\) are becoming a promising new material for footwear](#).

Think holistically about your resources. Waste is not just about leftover materials or unsold products; you can also waste time, machines, people, capacity.

- Unsold products are another opportunity. Find a market for them!
- If your production waste is relatively costly, fix it; if not, repurpose it.
- Aim for waste-friendly packaging.

## Transparency in the supply chain

***More sustainability also means more transparency. Increasingly, each link the supply chain will need to be certified in the future. In the fashion sector, this trend is more advanced. For example, check the Fashion Transparency Index report published in 2016 by Fashion Revolution. This Index ranks 40 high-visibility fashion brands based on their supply chain transparency and governance practices.***

***High transparency, according to the Index, means making your supply chain policies available to the public and having auditing and reporting policies in place. Merely having a code of conduct on your website counts as low transparency.***

### Tips:

Transparency begins with being as open as you can about your production processes, labour conditions, sourcing and so on. If you know you cannot comply with CSR standards in some areas, communicate this with your buyer and suggest co-developing an improvement plan. Show your willingness to improve. It may keep you in business.

Pursue transparency both within your own organisation and in the supply chain you are a part of. Trust that transparency will win the day. For example, invite your buyer to audit your company, or investigate certification options.

Use your website and promotional materials to openly share the story behind your business.

## New: the Greenpeace chemicals standard

***REACH is the mandatory standard set by the government: failing to comply with REACH means you cannot do business in Europe. However, there is another standard that is also important to know about. It was launched during a recent campaign by Greenpeace: the Detox campaign toxic-free future. The standards Greenpeace proposes in this initiative are stricter than those of REACH. The purpose of the initiative is to eventually create a fashion and footwear industry that is free of harmful chemicals. Many large footwear companies, such as Nike and Puma, are already affiliated with this campaign.***

### **Tips:**

Read up on the new Greenpeace standard and other developments with regard to chemicals-free production. Check what your buyers expect of you in this area.

With regard to chemicals, note that buyers may require laboratory test reports, as a proof of compliance with the standards they apply. Bigger retailers often require such a report every time they want to buy a new kind of shoe. Smaller buyers often just want you to comply and will take action against non-compliance.

## **3 . What are the requirements for niche markets?**

***While sustainability is gaining ground, the market segment for footwear sold as ‘fair’ or ‘sustainable’ actually is still a very small niche.***

***In the niche market for ‘sustainable’ footwear, the story of your product is more important than certification and the use of a consumer label. The term sustainability in this matter may refer to a range of issues from recycling to choice of sustainable materials, sustainable design, improved social (working) conditions and animal welfare.***

## **Eco-labels**

***There are several different eco-labels addressing environmental issues. Most of them focus on specific materials (textiles, leather, cotton), not on the shoe as a whole. There is an European Union Ecolabel for footwear, but again the market is very small.***

***The Global Organic Textile Standard (GOTS) and Germany’s Naturland scheme are examples of textile processing standards for organic fibres. The international OEKO-TEX and the Switzerlandbased Bluesign labels stand for textiles and leathers that are free of hazardous chemicals.***

***The Leather Working Group and Naturlleder are initiatives supporting more sustainable leather.***



**Tips:**

Use the story of your exceptional social and environmental performances as a marketing tool. Consumers are showing more and more interest in the origin of the products they are buying and the story behind products. A well-known example is [TOMS](#), a shoe brand that donates a pair of shoes to a child in need for every pair of shoes purchased.

If you intend to focus on the ethical niche market, you will need to find business partners. These partners could include large companies with sustainable product lines, as well as specialised buyers. The first step in determining whether your company would be a good match with prospective partners involves becoming familiar with the initiatives of these parties and how they work. To get some ideas, check these [nine brands that make ethical casual shoes and sneakers](#). Check the [European Ecolabel for footwear](#) to get an idea of this niche scheme's requirements.

For more sustainability initiatives for footwear, see [ITC's Standards Map](#).

## ***CBI Trade Statistics:***

### ***Footwear sector in Europe***

## **Introduction**

***A large share of footwear sold within the EU is sourced from developing countries in South-East Asia, in particular China. With China getting more expensive (higher wages, costs of materials etc.) and import tariffs set by the EU favouring other countries, there are increased opportunities for suppliers from other developing countries. Also, the EU industry is looking for ways to cut costs by working together with suppliers and producers in low cost countries. The EU footwear market is expected to grow again in 2015. The major stimulants are the changes in fashion, growing popularity of sports footwear as a substitute for more traditional footwear types, as well as technological innovations in comfortable footwear.***

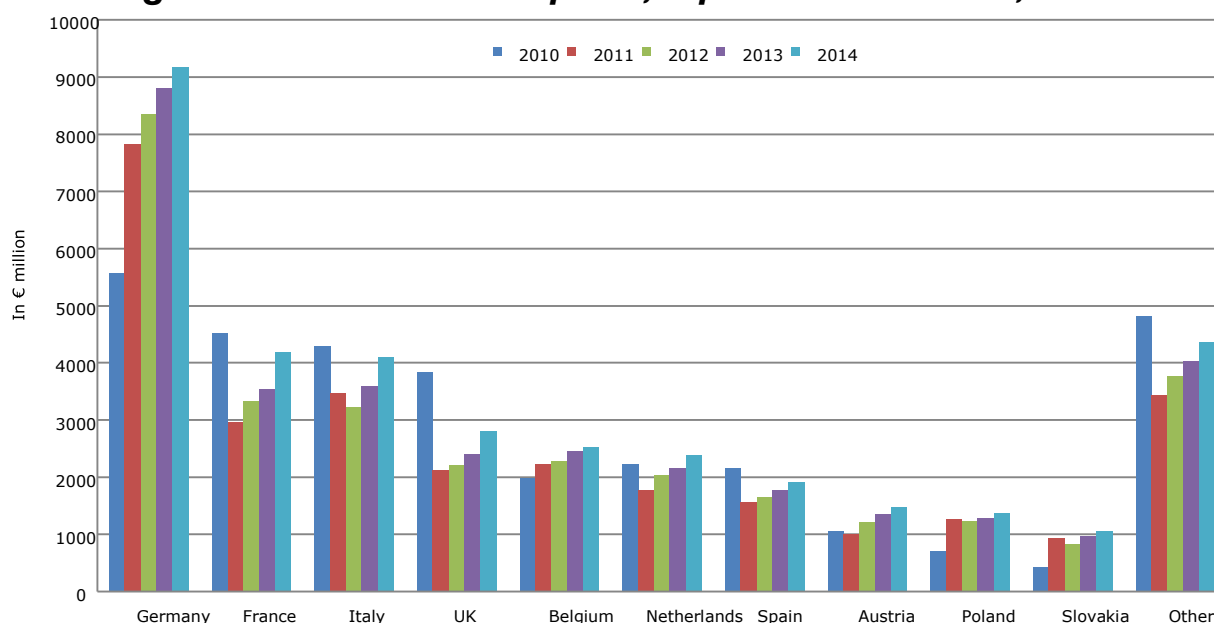
## **Imports**

***According to the official import statistics, footwear can be classified: □ by type of product (outdoor, indoor sports or safety footwear), and/or □ by materials used for uppers and outer soles.***

***For some products, mainly outdoor footwear, a more detailed classification is possible, for instance:***

- by user, like children (inner sole less than 24 cm.), men, women or both sexes, and/or***
- by type of footwear, like whether or not covering the ankle, the height of the heels, the presence of a vamp or straps etc.***

**Figure 1: EU footwear imports, top-10 EU countries, in € million**



Source: Eurostat 2015

**During the period 2010-2014, imports of footwear increased steadily and reached € 40.8 billion, which is 29% higher than in 2010. In 2014, Germany remained the leading importer with an import share of 19% in terms of value, followed by France (14%), the UK (13%) and Italy (12%). EU countries can be divided, as to developments in value of imports during the period 2010-2014, into two extremes:**

- **strongly growing imports (10% and more) which was noticeable in many Eastern EU countries including in Slovakia, the Baltic states, Poland, Romania and Hungary**
- **decreasing imports: The imports of Southern EU countries performed below average and even decreased in the case of Greece, Cyprus and Malta.**

**Developments of the other EU countries can be derived from Annex A.**

**Table 1: EU imports of footwear by product groups, 2010-2014 (in € million)**

	2010	2012	2014	CAGR* 2010-14	Change 2013-14
<b>Rubber or plastic uppers</b>					
- waterproof	455	459	506	2.7%	4.4%
- sports	1010	983	1162	3.6%	13%
- indoor	68	59	74	2.2%	17%
- other outdoor	5,747	6,226	7,374	6.4%	14%

Source : CBI, Centre for the Promotion of Imports from Developing Countries, [www.cbi.eu](http://www.cbi.eu)

Total	<b>7,280</b>	<b>7,728</b>	<b>9,116</b>	<b>5,8%</b>	<b>16%</b>
<b>Leather uppers</b>					
- sports	670	688	739	2.5%	12%
- indoor	125	104	110	-3.1%	4.8%
- other outdoor	16,173	17,359	19,029	4.1%	5.9%
Total	<b>16,968</b>	<b>18,151</b>	<b>19,877</b>	<b>4.0%</b>	<b>6.6%</b>
<b>Textiles uppers</b>					
- sports	1,867	2,363	3,601	18%	25%
- indoor	603	572	656	2.1%	6.3%
- other outdoor	3,035	4,047	4,508	10%	6.3%
Total	<b>5,504</b>	<b>6,982</b>	<b>8,766</b>	<b>12%</b>	<b>16%</b>
<b>Wooden shoes and other footwear</b>	<b>333</b>	<b>379</b>	<b>432</b>	<b>6.8%</b>	<b>9.7%</b>
<b>Parts of footwear</b>	<b>1,576</b>	<b>2,476</b>	<b>2,717</b>	<b>15%</b>	<b>7.1%</b>
<b>Total</b>	<b>31,660</b>	<b>35,717</b>	<b>40,888</b>	<b>6.6%</b>	<b>11%</b>

\*Compounded Annual Growth Rate  
Source: Eurostat 2015

*From Table 1 it becomes clear that the imports of footwear with textile uppers increased especially strong (+12%) between 2010 and 2014. This was partially due to the increasing popularity of sports footwear in the EU. The growing popularity of sports footwear as a substitute for more traditional footwear types is one of the sector's main growth drivers. In addition, imports of parts of footwear grew strongly (+15%).*

### Tip:

□ Refer to the CBI factsheet [Mass Market Sports Footwear in Europe](#) for more information on this growing market.

**Table 2: EU imports of footwear by leading countries intra- and extra EU, 2010-2014 (in € million)**

	2010	2012	2014	CAGR* 2010-14	Change 2013-14
<b>TOTAL EU-28</b>	<b>31,644</b>	<b>35,702</b>	<b>40,888</b>	<b>6.6%</b>	<b>11%</b>
<b>Intra-EU trade</b>	<b>17,111</b>	<b>20,061</b>	<b>23,631</b>	<b>8.4%</b>	<b>11%</b>
Of which from:					
Italy	3,572	3,802	4,192	4.1%	5.2%

Source : CBI, Centre for the Promotion of Imports from Developing Countries, [www.cbi.eu](http://www.cbi.eu)

Germany	1,848	2,295	3,163	14%	25%
Belgium	2,269	2,649	2,883	6.2%	10%
Netherlands	1,672	2,043	2,628	12%	14%
Spain	1,270	1,383	1,598	5.9%	7.9%
<b>Extra-EU trade</b>	<b>14,533</b>	<b>15,640</b>	<b>17,257</b>	<b>4.4%</b>	<b>10%</b>
Of which from:					
China	7,296	7,930	8,249	3.1%	6.1%
Vietnam	2,099	2,129	2,774	7.2%	26%
India	1,147	1,115	1,348	4.1%	14%
Indonesia	933	1,246	1,256	7.7%	3.3%
Tunisia	483	428	409	-4.1%	2.4%
Bosnia & Herzegovina	226	254	352	12%	20%
Cambodia	217	302	349	13%	12%
Morocco	262	276	315	4.7%	1.7%
Albania	175	210	295	14%	25%
Bangladesh	105	142	225	21%	34%
Brazil	389	236	202	-15%	18%
Thailand	246	195	172	-8.6%	15%

\*Compounded Annual Growth Rate  
Source: Eurostat 2015

**Between 2010 and 2014 developing countries lost market share (from 45% in 2010 to 40% in 2014). China retained its leading position as leading exporter to the EU in 2014. However growth of China stayed behind with its market share decreasing from 23% in 2010 to 20% in 2014. China struggled with rising wages and material costs, while other developing countries succeeded in offering more favourable cost prices. The strong decrease of Brazil (-15% per year between 2010 and 2014) and Thailand (-8.6%) and Tunisia (-4.1%) were compensated by increases from countries such as Bangladesh (+21% per year), Cambodia (+13%) and Bosnia-Herzegovina (+12%). Other traditional partners showed an average growth, like Indonesia (+7.7% per year), Vietnam (+7.2%) and India (+4.1%). The developments in trade were influenced by the change in the Generalized Scheme of Preferences (GSP) (effective from 2014 onwards) of the EU that has determined new import tariffs for products from developing countries. Countries that were excluded from paying import tariffs, such as China and Brazil, no longer benefit from this scheme. The competitive position of countries such as Cambodia, Bangladesh and Pakistan, that still fall under GSP scheme, has therefore become stronger.**

## Tips:

- Price and EU import tariffs (GSP) will remain key drivers in procurement and relocation strategies. The sourcing continues to take place in Asia, but retail and brand buyers are widening their outlook with regard to alternative sourcing destinations. With China gradually becoming too expensive, EU buyers will increasingly look for alternatives. Suppliers in developing countries with a strong cost advantage should proactively establish contact with EU buyers.
- The GSP is scheduled for another review after 31 December 2016. Follow developments closely on the [website](#) of the EU as it can have a significant impact on your competitive position.
- Refer to the [TARIC consultation database](#) to check the import tariffs that apply to your own or competing countries.

**Tables 3-9 provide an overview of the footwear products imported most by the EU. The tables focus specifically on the size and development of developing countries.**

**Table 3: EU imports of sports footwear with rubber or plastic uppers, 2010-2014 2014 (in € million)**

	2014	CAGR* 2010-14	In % of total
<b>TOTAL EU-28</b>	<b>1,162</b>	<b>3.6%</b>	<b>100%</b>
Intra-EU trade	804	3.8%	69%
Extra-EU trade	358	3.2%	31%
<b>Developing countries</b>	<b>352</b>	<b>3.2%</b>	<b>30%</b>
China	156	-2.9%	13%
Vietnam	71	6.1%	6.1%
Indonesia	57	7.4%	4.9%
Bosnia & Herzegovina	43	12%	3.7%
Cambodia	20	59%	1.7%
Turkey	1.3	68%	0.1%
Serbia	1.1	13%	0.1%
Thailand	0.8	-29%	0.1%
Other DCs	1.1	-16%	0.1%

\*Compounded Annual Growth Rate  
Source: Eurostat 2015

**Table 4: EU imports of outdoor footwear rubber or plastic uppers (excl. sports footwear), 2010-2014 (in € million)**

	2014	CAGR* 2010-14	In % of total
<b>TOTAL EU-28</b>	<b>7,374</b>	<b>6.4%</b>	<b>100%</b>
Intra-EU trade	3,347	13%	45%

Source : CBI, Centre for the Promotion of Imports from Developing Countries, [www.cbi.eu](http://www.cbi.eu)

Extra-EU trade	4,026	2.1%	55%
<b>Developing countries</b>	<b>3,996</b>	<b>2.2%</b>	<b>54%</b>
China	3,049	1.2%	41%
Vietnam	479	0.3%	6.5%
Indonesia	129	14%	1.7%
Cambodia	79	12%	1.1%
Morocco	52	23%	0.7%
Brazil	43	0.8%	0.6%
Tunisia	40	9%	0.5%
Bangladesh	35	30%	0.5%
Other DCs	90	5.5%	1.2%

\*Compounded Annual Growth Rate  
Source: Eurostat 2015

**Table 5: EU imports of sports footwear leather uppers, 2010-2014 (in € million)**

	2014	CAGR* 2010-14	In % of total
<b>TOTAL EU-28</b>	<b>739</b>	<b>2.5%</b>	<b>100%</b>
Intra-EU trade	620	3.9%	84%
Extra-EU trade	119	-3.7%	16%
<b>Developing countries</b>	<b>110</b>	<b>-4.3%</b>	<b>15%</b>
China	52	-6.2%	7.0%
Vietnam	27	-6.3%	3.6%
Indonesia	7	-12%	1.0%
India	5	11%	0.6%
Bosnia & Herzegovina	4	4.8%	0.6%
Thailand	4	-2.6%	0.6%
Malaysia	3	251%	0.4%
Pakistan	2	6.0%	0.3%
Other DCs	6	5.5%	0.8%

\*Compounded Annual Growth Rate  
Source: Eurostat 2014

**Table 6: EU imports of outdoor footwear leather uppers (excl. sports footwear), 2010-2014 (in € million)**

	2014	CAGR* 2010-14	In % of total
<b>TOTAL EU-28</b>	<b>12,149</b>	<b>5.0%</b>	<b>64%</b>
Intra-EU trade	6,880	2.7%	36%
Extra-EU trade	6,529	2.1%	34%
<b>Developing countries</b>	<b>1,956</b>	<b>3.6%</b>	<b>10%</b>
China	1,116	4.8%	5.9%
Vietnam	1,066	3.2%	5.6%
India	698	2.4%	3.7%
Indonesia	240	-6.8%	1.3%
Tunisia	191	12%	1.0%
Bosnia & Herzegovina	180	-1.1%	0.9%
Morocco	155	10%	0.8%
Albania	146	20%	0.8%
Bangladesh	137	5.6%	0.7%
Cambodia	644	-8.0%	3.4%
Other DCs	12,149	5.0%	64%

\*Compounded Annual Growth Rate  
Source: Eurostat 2014

**Table 7: EU imports of sports footwear uppers of textiles, 2010-2014 (in € million)**

	2014	CAGR* 2010-14	In % of total
<b>TOTAL EU-28</b>	<b>3,601</b>	<b>18%</b>	<b>100%</b>
Intra-EU trade	2,014	19%	56%
Extra-EU trade	1,588	16%	44%
<b>Developing countries</b>	<b>1,575</b>	<b>16%</b>	<b>44%</b>
China	648	6.3%	18%
Vietnam	574	26%	16%
Indonesia	249	30%	6.9%
Cambodia	63	47%	1.8%
India	23	94%	0.7%
Thailand	10	0%	0.3%



Turkey	2.4	66%	0.1%
Other DCs	4.0	-29%	0.1%

\*Compounded Annual Growth Rate Source: Eurostat 2015

**Table 8: EU imports of footwear uppers of textiles (excl. sports footwear), 2010-2014 (in € million)**

	2014	CAGR* 2010-14	In % of total
<b>TOTAL EU-28</b>	<b>656</b>	<b>2.1%</b>	<b>100%</b>
Intra-EU trade	234	3.9%	36%
Extra-EU trade	422	1.2%	64%
<b>Developing countries</b>	<b>414</b>	<b>1.2%</b>	<b>63%</b>
China	376	1.3%	57%
Vietnam	14	-4.4%	2.1%
Turkey	6.1	-4.7%	0.9%
Thailand	3.2	9.5%	0.5%
Albania	2.7	16%	0.4%
Bosia & Herzegovina	2.3	32%	0.4%
Serbia	2.0	26%	0.3%
Morocco	1.8	4.4%	0.3%
Indonesia	1.1	21%	0.2%
Other DCs	5.0	-7.2%	0.8%

\*Compounded Annual Growth Rate  
Source: Eurostat 2015

**Table 9: EU imports of indoor footwear uppers of textiles, 2010-2014 (in € million)**

	2014	CAGR* 2010-14	In % of total
<b>TOTAL EU-28</b>	<b>4,508</b>	<b>10%</b>	<b>100%</b>
Intra-EU trade	2,306	16%	51%
Extra-EU trade	2,203	5.9%	49%
<b>Developing countries</b>	<b>2,160</b>	<b>5.9%</b>	<b>48%</b>
China	1,556	5.9%	35%
Vietnam	367	4.4%	8.1%
Indonesia	50	3.7%	1.1%
Cambodia	45	4.4%	1.0%

Thailand	33	7.0%	0.7%
Bangladesh	32	24%	0.7%
India	19	6.0%	0.4%
Tunisia	8.7	6.9%	0.2%
Brazil	6.9	-4.5%	0.2%
Other DCs	42	18%	0.9%

\*Compounded Annual Growth Rate  
Source: Eurostat 2015

## Exports

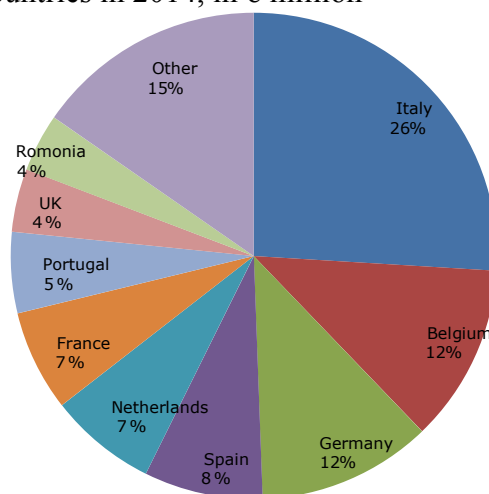
Exports by the EU are discussed in this section to provide an insight into intra-EU trade, re-exports and trade to countries outside the EU.

**Table 10: EU exports of footwear by product groups. 2010-2014 (in € million)**

	2014	CAGR* 2010-14	Change 2013-14
<b>Uppers of:</b>			
- rubber or plastic	5,883	9.9%	17%
- leather	21,073	6.8%	5.3%
- textile materials	5,750	15%	19%
- other materials	488	9.8%	7.9%
<b>Parts of footwear</b>	2.183	18%	5.1%
<b>Total</b>	<b>35,377</b>	<b>9.1%</b>	<b>9.2%</b>

\*Compounded Annual Growth Rate  
Source: Eurostat 2015

Figure 2: Footwear exports by EU countries in 2014, in € million



**Table 11: Destinations of EU exports 2010-2014 (in € million)**

	2014	Share leather uppers	CAGR* 2010-14
<b>TOTAL EU-28</b>	<b>35,362</b>	<b>60%</b>	<b>9.1%</b>
of which:			
<i>Intra-EU trade</i>	27,060	56%	8.0%
<b>Extra-EU trade</b>	<b>8,302</b>	<b>73%</b>	<b>13%</b>
of which to:			
United States	1,444	84%	12%
Switzerland	1,193	80%	11%
Russia	1,052	84%	8.9%
Hong Kong	514	86%	22%
Turkey	468	47%	16%
Japan	414	74%	8.9%
China	333	89%	32%
Norway	245	64%	4.8%
United Arab Emirates	237	83%	22%
Canada	219	74%	11%
Other	2,184	56%	15%

\*Compounded Annual Growth Rate  
 Source: Eurostat 2015

**Footwear exports from the EU continue to rise. Exports of leather uppers accounted for 60% of total exports.**

**Exports by all major footwear exporting countries increased during the period 2010-2014: Italy (+7.1% per year), Belgium (11%), Germany (10%), Spain (11%), the Netherlands (6.9%) and France (12%). Exports by other EU countries can be derived from Annex A.**

**Exports include the so-called re-exports: imported products, which are exported to other (mainly other EU) countries. These percentages are highest for countries like Germany, Belgium and the Netherlands.**

**The EU trade deficit in footwear decreased strongly, thanks to steadily increasing exports (+9.1% per year between 2010-2014) with a particular surge to top markets:**

**Hong Kong (+22% per year), United Arab Emirates (22%) and the USA (+12%). EU exports also increased to significantly to countries close to the EU such as Bosnia and Herzegovina (+25% per year), Serbia (25%) and Morocco (22%).**

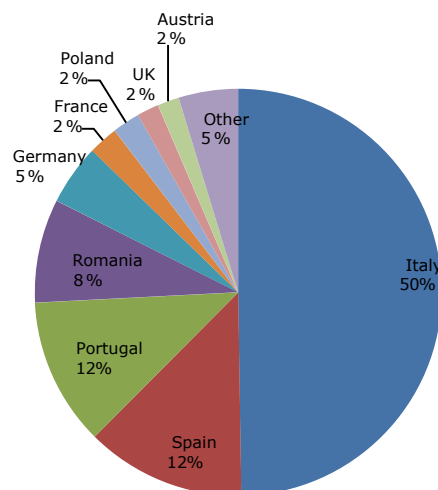
### Tip:

□ Obtain a good picture of the trade flows for your product. It can be crucial for your country strategy. It may be more effective to focus on a region rather than a specific country. Refer to CBI's [product factsheets](#) for more information.

## Production

**EU producers are an important source of competition. Therefore, learn more about the development of EU production in the section below.**

**Figure 3: EU production of footwear in 2014**



Source: Eurostat, Prodcom 2015

**Table 12: EU production of footwear by product groups, 2010-2014 (in € million)**

	2010	2012	2014	CAGR* 2010-14	Change 2012-13
<b>Rubber or plastic uppers</b>					
- indoor	19	16	11	-12%	7.3%
- protective metal toe cap	63	66	87	8.1%	8.4%
- waterproof	202	158	151	-7.0%	-8.0%
- other outdoor	276	279	304	2.4%	9.1%
<b>Leather uppers</b>					
- indoor	124	113	108	-3.4%	3.2%
- protective metal toe cap	611	664	799	7.0%	8.5%
- other outdoor	9,224	10,643	11,947	6.7%	7.2%
<b>Textiles uppers</b>					
- indoor	215	186	202	-1.6%	5.4%
- sports	86	97	91	1.3%	11.3%
- other outdoor	469	532	520	2.6%	2.9%
<b>Other sports</b>	651	535	588	-2.5%	3.1%
<b>Other footwear (wooden etc.)</b>	276	370	328	4.4%	-11%
<b>Parts of footwear</b>	1,918	1,880	2,412	5.9%	6.5%
<b>Total</b>	<b>14,135</b>	<b>15,540</b>	<b>17,548</b>	<b>5.6%</b>	<b>8.1%</b>

\*Compounded Annual Growth Rate  
 Source: Eurostat/Prodcom, 2015

- **In 2014, the total value of EU production was € 17.4 billion compared to € 14.1 billion in 2010.**
- **Production in the 28 EU countries can be found in Annex A of this survey. It should be noticed that since 2013 for several reasons production for several producing EU countries is not reported for confidentiality reasons. EU production is therefore somewhat higher than given.**
- **In 2014, Italy accounted for 50% of total EU production, being known for its artisanship and for its high fashionable and innovative footwear. Spain (13%), Portugal (12%) and Romania (8.2%) were other important EU producers. The EU has traditionally been an important supplier of high quality footwear to the world**

**market. However, production of high volume items has been outsourced to mainly Asia. Now 6 out of 10 shoes in the world are produced in China.**

- **The EU footwear production industry concentrates on providing added value in better designs, quality materials, comfort and in other innovations e.g. vegetable tanned shoes to meet the strict environmental rules and to compete with China, Vietnam, Indonesia and India.**
- **Developing countries meet fierce competition from Romania. Manufacturing of parts of footwear is the most important product group in Romania and Italy the most important destination of exports. By 2013, Chinese shoe imports comprised 18% of Italy's import market, while Romanian footwear captured 14% of total trade value. Several Italian companies invested in production facilities in Romania, based on low wages and craftsmanship.**

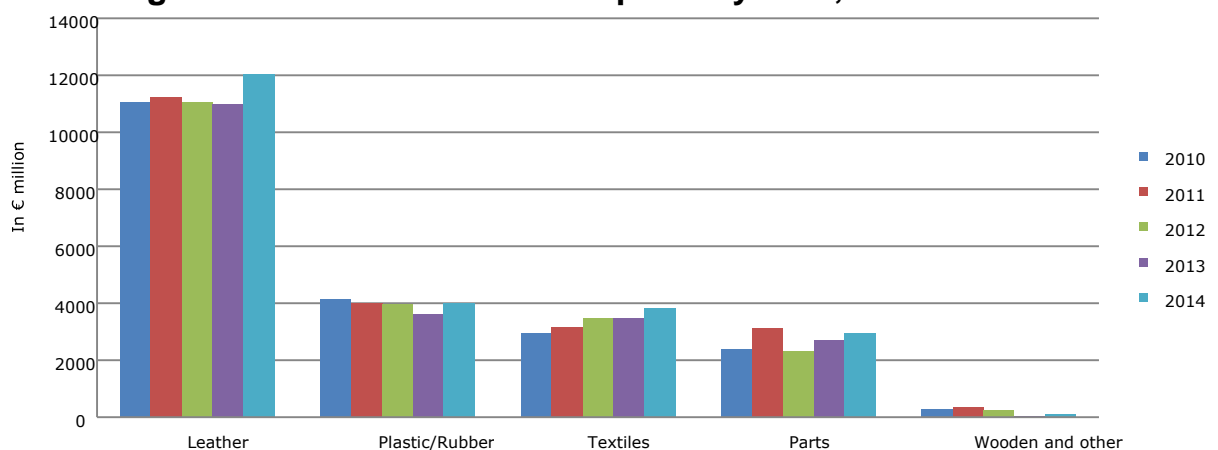
### Tip:

- Eastern and South eastern European countries, are also attractive destinations for products from developing countries. For example, products can be exported to these countries for specific further processing (i.e parts and semi-finished footwear) due to the large presence of factories. In addition, they can grant access to European countries as well as Russia, Turkey and the Middle East.

## Consumption

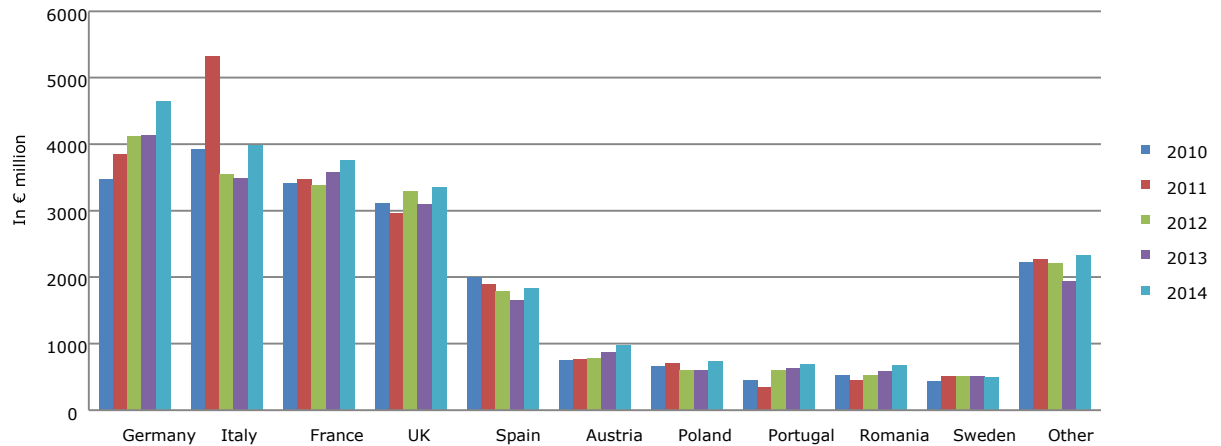
**To learn more about EU markets and trends that will determine the footwear market in years to come, please read the section below.**

**Figure 4: EU footwear consumption by user, 2010-2014 in € million**



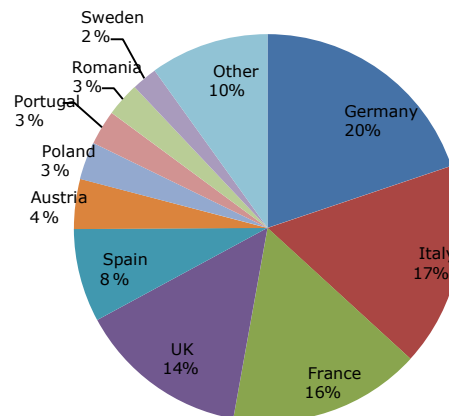
Source: Eurostat/ProdCom (2015)

**Figure 5: Footwear consumption, top-10 EU countries, 2010-2014, in € million**



Source: Eurostat/ProdCom (2015)

**Figure 6: EU footwear consumption by country in 2014, in %**



Source: Eurostat/ProdCom (2015)

- **Consumption of footwear in the 28 EU countries increased slightly to € 23.5 billion in 2014, representing a compound annual growth rate (CAGR) of 2.9% between 2010 and 2014. The five leading countries (Germany, Italy, France, UK, and Spain) account for 75% of EU footwear consumption.**
- **The developments of consumption in the different EU member states is varied. Among the best performing countries were Denmark (+7.6%), Germany (7.6%) and Austria (6.9%). Several eastern EU countries, like Poland (+6.6% per year), Latvia (+14%) and Estonia (+19%) also saw a large growth in consumption of footwear. It is expected that this growth will be continued. Several developments in distribution**

***(from informal to retail store chains), consumption (popularity of international brand names and of sports footwear) led to a growth in the footwear market of East European countries.***

- ***Between 2010 and 2014, the many southern EU markets of Spain (-2.1% per year), Greece (-6%), Cyprus (-6.3%) and Malta (-4.9%) showed the largest declines. Changes in disposable incomes led to a reduction in purchases of footwear. Further developments in the individual EU countries can be found in Annex A.***
- ***In 2014, the EU demand consisted of footwear of leather (52%), plastic/rubber (18%), textiles (17%), parts (13%) and wood and other (0.4%). The demand for textile footwear (+7.7% per year) and footwear parts (+5.5%) increased significantly between 2010 and 2014.***
- ***Increased health consciousness and the shift towards comfort in daily footwear will continue to encourage the growth of sports footwear, in particular, sports inspired footwear will dominate consumption. Sports footwear as well as sports inspired footwear are expected to grow in popularity in all EU countries, even in declining markets of South European countries, like Italy, Spain and Greece.***

### Tips:

- With strong growing demand for footwear in many developing countries, it is advised to also focus increasingly on local and regional trade opportunities. Use [ITC's Trademap](#) to determine which countries are increasing their imports and how trade with your country is developing.
- DC exporters are encouraged to enter the market and target niche areas where growth potential exists and there are fewer competitors. See, for example, the [CBI's factsheets](#) on Specialty Footwear and Fashion Footwear.
- Know your end market (segment), so that you can proactively support you



**Annex A: Comparison of consumption, production, imports and exports of footwear by EU countries, 2010-2014 (in million euro)**

	Consumption*		Production*		Imports		Imports from developing countries			Exports	
	Value 2014	CAGR** 2010-14	Value 2014	CAGR** 2010-14	Value 2014	CAGR** 2010-14	Value 2014	% of total imports	CAGR** 2010-14	Value 2014	CAGR** 2010-14
<b>EU-28</b>	<b>23,457</b>	<b>2.9%</b>	<b>16,654</b>	<b>4.2%</b>	<b>40,888</b>	<b>6.6%</b>	<b>16,763</b>	<b>41%</b>	<b>4.1%</b>	<b>35,362</b>	<b>9.1%</b>
Germany	4,651	7.6%	804	4.3%	7,950	9.3%	3,452	43%	7.5%	4,103	10%
Italy	3,987	0.4%	8,286	5.9%	4,882	3.2%	2,448	50%	1.0%	9,181	7.1%
France	3,763	2.4%	392	-1.8%	5,747	6.1%	1,741	30%	4.8%	2,376	12%
UK	3,352	1.9%	289	6.6%	4,548	4.3%	2,395	53%	0.1%	1,485	11%
Spain	1,830	-2.1%	2,113	5.7%	2,514	3.8%	1,323	53%	2.0%	2,796	11%
Austria	975	6.9%	285	2.5%	1,491	8.8%	216	14%	3.4%	801	8.7%
Poland	741	2.8%	367	3.9%	1,152	13%	296	26%	21%	777	21%
Portugal	681	11%	1,954	11%	634	4.3%	135	21%	10%	1,907	8.4%
Romania	666	6.3%	1,373	2.7%	659	15%	120	18%	8.2%	1,366	5.8%
Sweden	501	3.4%	-	-	726	5.3%	211	29%	0.3%	226	10%
Greece	410	-6.0%	38	-15%	441	-3.9%	156	35%	2.8%	69	1.8%

Finland	306	0.6%	120	-2.1%	319	4.9%	90	28%	12%	133	8.6%
Denmark	288	8.8%	8.8	-26%	777	4.2%	269	35%	2.1%	497	0.7%

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Ireland	286	-0.8%	-	-	323	-1.7%	60	18%	3.5%	37	7.6%
Netherlands	265	-2.6%	-	-	2,794	3.8%	1,270	45%	1.9%	2,529	6.9%
Hungary	210	22%	191	6.9%	398	14%	53	13%	12%	378	7.2%
Croatia	142	48%	87	106%	235	8.6%	32	14%	-26%	180	5.7%
Slovenia	79	8.6%	8.2	33%	240	10%	108	45%	19%	169	11%
Luxembourg	70	35%	-	-	93	1.2%	40	4.3%	-31%	23	-24%
Latvia	67	14%	-	-	100	15%	74	7.5%	4.1%	32	18%
Estonia	58	19%	2.1	-38%	99	16%	91	9.2%	21%	43	1.3%
Cyprus	55	-6.3%	-	-	59	-5.7%	10	18%	-4%	43	4.2%
Lithuania	55	-1.4%	8.8	-1.6%	160	23%	24	15%	14%	114	51%
Slovakia	17	n.a.	242	2.9%	838	18%	270	32%	16%	1,064	11%
Malta	16	-4.9%	-	-	22	-1.5%	69	32%	5.4%	55	14%
Czech Republic	n.a.***	-	26	-6.1%	641	6.8%	152	24%	2.8%	667	17%

Belgium	n.a.**	-	-	-	2,908	10%	1,875	64%	12%	4,192	11%
Bulgaria	n.a.**	-	58	7.5%	139	8.5%	31	22%	11%	206	3.8%

***\* It should be noticed that since 2013 for several reasons production for several producing EU countries is not reported for confidentiality reasons. EU production and consumption is therefore somewhat higher than shown in the table above.***

**\*\* Compound annual growth rate**

**\*\* Not available due to negative consumption calculated**

**Sources: Eurostat/ProdCom (2015)**

## **Through what channels can you get footwear onto the European market?**

***On Europe's fragmented footwear market, your challenge as a supplier is to find a specific segment with price levels and requirements you can match. Many segments – and the channels for reaching them – are confusingly similar, often even intercrossing. For example, e-commerce is shaking up the whole market and sports-oriented footwear is available from the low- to the high-end. So it is difficult but rewarding to find – or even create – that special niche in which your business will be at its best.***

### **Contents of this page**

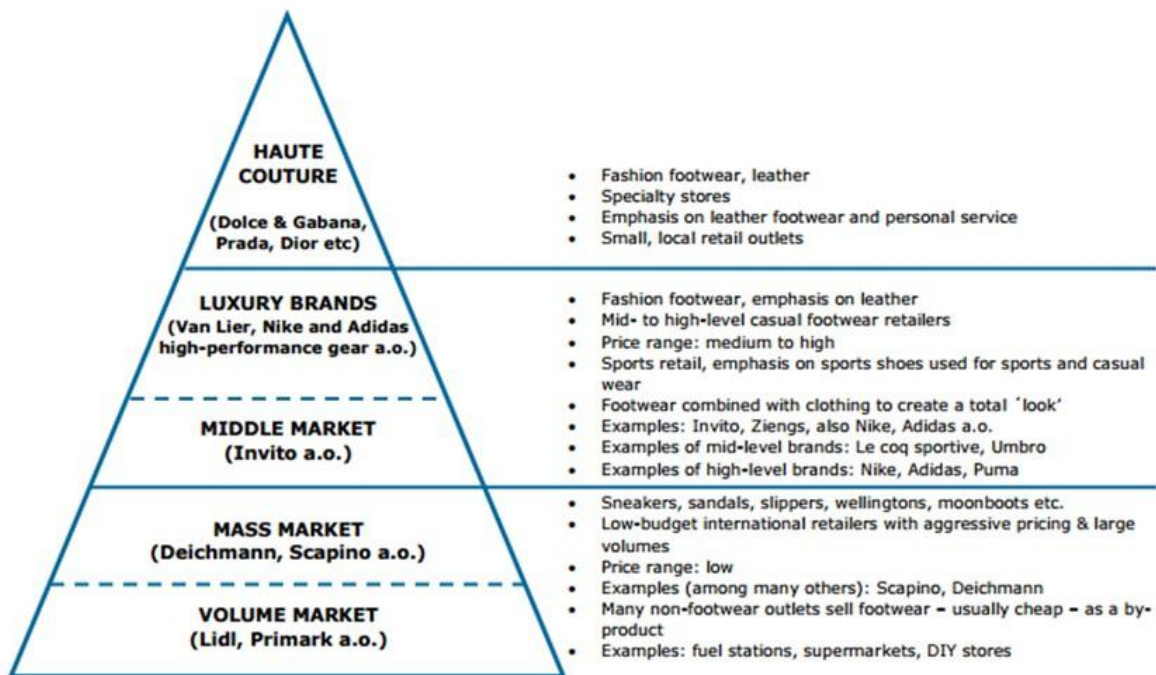
1. [Which European market segments are most interesting for your footwear products?](#)
2. [Which channels should you use to reach the European footwear market?](#)

## **1 . Which European market segments are most interesting for your footwear products?**

### **The first segmentation you should make is price-based**

***Because it has become so fragmented, the European footwear market can be segmented in many different ways. You can distinguish segments on the basis of price, volume or demographics. You can also separate leather from textiles or synthetics, or sports from casual and fashion footwear, for instance. Figure 1 offers an overview of the traditional – and most easily recognizable – segments on the European footwear market. This segmentation is price-based. Price is usually the first factor you should look at.***

Figure 1: Footwear market segmentation



- *Haute couture and prêt-à-porter*

**Haute couture footwear is designed by the world's top designers and made-to-order for private clients, with only one or more fittings. Just below it lies the prêt-à-porter (ready-to-wear) segment. Still part of the high-end, prêt-à-porter footwear is designed by haute couture designers, but made available in more sizes and at slightly lower prices.**

**Upper middle and middle segments**

**Between the middle and the high end of the market lies the upper middle segment with footwear designed by lesser known designers and sold in independent specialty shops and luxury department stores. The middle segment offers single-brand fashion products sold by independent shops, footwear chains, department stores and mail-order companies.**

**Middle-low and low segments**

**The middle-low segment is dominated by private labels sold by clothing chains, independent retailers, department stores and mail-order companies. At the low-end, low-price products are sold in high volumes through factory outlets, discounters or hyper- and supermarkets.**

### Tips:

Your first priority in the process of identifying the most promising market segment(s) is to find the segment whose pricing best matches yours. This is the way most buyers and consumers look at the market first.

Check Figure 1 and compare your capabilities to the different price segments to get an idea where you might position your company.

Study the price levels and the products of prospective buyers before contacting them. If there is no match, contacting them will be waste of your time, and theirs.

Invest time and money in a shopping trip in Europe, or a tour of Europe. Look at shops to get an idea of their products, prices and concepts. This will help you define your own strengths. And your buyers will appreciate the investment you have made in understanding their companies and the challenges they face.

Also look at how much value you can add for your buyers. If at this point the best you can do is to produce exactly according to customer specifications, stick with that for now. This may mean looking for buyers who have their own large design and production facilities, usually in the lower-end mass market segments.

If you have your own design department and can regularly present new models, materials or outsoles to your buyers, look for business higher up the segmentation ladder. Find buyers prepared to pay for this added value.

If the price is equal, many buyers assess suppliers on the basis of their service levels and key performance indicators. These could be delivery speed, design knowledge or production discipline. Talk to potential buyers to find out what they are looking for. Then decide whether you can offer that, or whether you should search for buyers in another segment.

## After looking at price, narrow down your segment by looking at other factors

***Once you've decided on the best price segment for your business, you can further narrow down your market. For example, you can look at geographic, demographic and economic features.***

## Tips:

Find out whether you are a high-volume, low-cost player, or more of a niche player. Finding the right niche can be difficult, but niches usually offer higher margins and more stability.

Look at different types of footwear and find out which type you can best produce: men's, women's, casual, sports, work footwear, for example. Study the market, but make your own strengths your starting point. If you are experienced in manufacturing sports shoes, it probably is not a good idea to contact a buyer specialised in rubber boots.

Consider geographic segmentation. Europe is made up of very diverse countries. For instance, market trends or prices in southern Europe are not the same as those in northwestern or eastern Europe. Find out the differences and decide which country or region matches your strategy and possibilities.

Consider demographic segmentation. Europe's diversity in religion, age, gender, income and education produces different buying habits. For example, highly educated people are generally more interested in corporate social responsibility. Get a clear idea of the consumer group best suited to your business, for example young families, elderly women or urban youth.

Consider economic segmentation. Economic differences in Europe can be significant. Countries experiencing economic growth are obviously easier to do business with, although your buyer may operate across many countries. Also, a struggling economy may be just the market for you. Again, it is a matter of finding the right match.

Note that e-commerce may affect or change your choice of segment. E-commerce is growing rapidly and buyers who are doing a lot of e-commerce have different service requirements. Often they want suppliers who can follow them up in design, sourcing and production, preferably in several countries.

Keep an eye on the fast growers in e-commerce. Because of their rapid growth, many of them are looking for suppliers willing and able to grow with them.

Learn more about the e-commerce trend and what it means for your business in our study on [trends on the European footwear market](#).

To find out more about buyer requirements, see our study on [buyer requirements on the European footwear market](#).

# Go beyond segmentation: use your own configuration of variables to create a unique niche

***On today's European footwear market, even very specific characteristics you might choose to focus on may recur in very different market segments. This can be confusing, but it also presents a huge opportunity to you as a supplier.***

***For example, the materials you use – say, leather or synthetics – may be used in every segment, from low- to high-end. Or the models you produce may appear in high-fashion footwear shops as well as in cheap, mass-market retail stores. The Internet and social media play a role in this, as they expose consumers and buyers to market-wide and planet-wide trends and ideas. This blurs the boundaries of conventional segments and even markets, opening the door to new crossovers and hybrids.***

***As you get to know the European market better, you will discover that in all these similarities and crisscross segmentations, there are clear distinctions you can use to define your position. To an increasing degree, you may even recognise that your 'segment' is not some pre-defined corner of the market with a clear name on it that everyone knows about, but rather a unique – or at least very precise – configuration of different variables: your own niche.***

## **Tips:**

Creating your own niche is a strong recipe for success. The variables you choose will usually be related to price, quality, style, production method and volume. But you may also tap into newly emerging variables, such as your sustainability performance, a special new technology, or some new crossover between footwear and health.

The key in creating your own niche is to use your own strengths and to find buyers or consumers attracted to those strengths. These customers may come from different conventional segments to form a new segment around your offer.

The more you fine-tune and specialise, the more likely it is that you will soon have created your very own niche. Here is a random example of such a configuration: medium-priced, textile-based, sports-oriented casual footwear produced under socially responsible conditions for seniors in the middle to upper middle market.



# The survival of smaller segments depends on innovation and uniqueness

***It is getting more difficult for smaller segments, such as that of the smaller retailers (chains with one to one hundred stores), to compete with the large segments, such as that of leading retail chains like Inditex, H&M and Bestseller. The best way for them to survive is to specialise, using innovation to tap into emerging trends and needs. Doing this successfully can lead to strong growth.***

***The large players have a lot of supply chain knowledge. This means that for them cost price, quality and delivery times are fixed. They want suppliers who can follow their cues as faultlessly as possible. The big advantage of working with these buyers is that they buy large volumes. The main disadvantage is that margins are low.***

***Note that you can reach smaller market segments through the large players as well as the smaller ones. Many of the large retailers and brands have diversified their formula so as to serve different target groups and tap into different trends.***

## **Tips:**

Figure out whether you will try and connect with the big players or try to sell to smaller players in niche markets. Check the advantages and disadvantages of each one and try to figure out your position.

- To learn more about trends, see our study on [trends on the European footwear market](#).
- There are many different ways of approaching market segmentation. What matters is that you realise that, as a developing country exporter, you need to identify clear segments before you can get ahead in exports. If you don't, you will soon find yourself aiming for everything and hitting nothing. Good market segmentation will help you develop a clear, effective strategy and secure real business.

## 2 . Which channels should you use to reach the European footwear market?

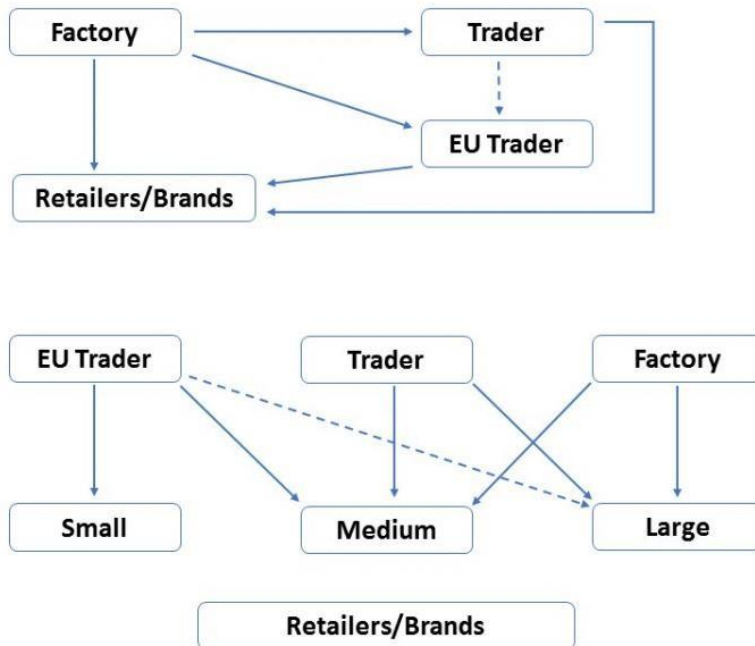


Figure 2. An overview of market channels on the European footwear market

**As a manufacturer, you can choose from several ways of contacting buyers in Europe. Figure 2 gives an overview of the main channels.**

- 1. The agent, trader or broker channel is the most common channel for products imported from developing countries to Europe. In this channel, you sell your products to an Asian or European agent, who sells to a wholesaler or retailer, who finally sells to the consumer or end user. The trader is responsible for selecting manufacturers and supervising the production process. Usually, you offer a trader a fixed fee for his involvement; you might also agree to pay him for orders he acquires. This is an indirect channel, as there are no intermediaries between you and the European buyer. The leading Asian traders are from countries like China, Hong Kong, Taiwan, Korea and Japan.**
- 2. Selling to a wholesaler, distributor or importer, who then sells to a retailer in Europe, is another form of indirect sales. Importers and wholesalers take ownership and responsibility of the products they buy from you. Their emphasis tends to be on converting trends into collections, developing collections and on the whole process of production, import and delivery. Distributors are a type of intermediary that will purchase products from manufacturers, providing complete marketing services.**
- 3. Direct contact with buyers is another option and a growing one. More and more department stores, other large retailers and footwear and fashion chains are doing this. Vertical integration and demand for faster and more flexible product delivery are driving this direct trade.**
- 4. Some manufacturers are going one step further still and selling directly to consumers. Consumers in Europe are certainly open to this option. They are**

**familiar with online shopping and the Internet reduces the distance between consumer and manufacturer. E-commerce is a big aid in this channel. A good example of a firm that has made the transition from production to direct factory-to-consumer sales is China's Neo-Concept, a company that has evolved from a small-scale manufacturer to an international corporation with production, design and sales in China, Cambodia and Europe.**

- 5. Of course, you can also operate in multiple channels to reach different segments, or use various combinations. Sometimes, you may initially contact an Asian trader, who will contact a European trader, who will contact a European buyer, who will then contact you and buy directly.**

**Alternatively, your Asian trader may contact a buyer directly, who will then directly contact you.**

### **Tips:**

Selling directly to consumers through your own web shop is a possibility, but consumers in Europe may never find you. Findability is difficult for small to medium companies on a global market. Even if you are findable, consumers may not feel confident to buy from you, as they know nothing about you.

Another way to sell directly to customers from your factory is via a collective buying site. [Groupon](#), for example, offers online platforms where manufacturers can present their goods to consumers who want to buy the same item as a group. That way they pay less. One advantage for you as a supplier is a higher margin. But distributing directly to consumers in Europe can be troublesome, with return shipments causing extra cost and logistical problems.

Most online purchasing from the manufacturer happens on big web platforms, such as [Alibaba](#) and [AliExpress](#). These are gaining popularity in Europe, especially among young people seeking cheap products. These platforms can be a good place for you to start experimenting with online sales. They are well-known and they have a good distribution network.

## **Direct sales are growing**

**A direct approach means higher margins, as no intermediary agents are involved. It can also give you more first-hand market insights. This will help you keep in step with European developments. But it can also have disadvantages. For example, you may have to put more money into distribution, promotion and sales activities. If you use an indirect trade channel you will have lower margins, but also low marketing and distribution costs – and possibly higher sales volume. In many cases, you may not be able to do direct business with small-size customers. You need a trader to collect and bundle orders in order to have enough volume.**

**Tips:**

Depending on your product portfolio and production capacities, consider approaching European retailers directly. Think, for example, of department stores, big footwear chains and multi-brand chains.

If you do this, make sure your presentation, proposition and organisation are in tip-top shape. If they are not, it will be difficult, if not impossible, to get a second chance.

Work on every aspect of your offer: product uniqueness, pricing, marketing, organisation, and prepare a strong, credible and realistic marketing message.

Make sure you include all costs (including marketing and sales costs) in your pricing calculation.

## The ongoing emphasis on efficiency is reshaping channels

***In today's footwear market, the ability to minimise the time you need to produce an entire order is a clear selling point. Your ability as a supplier to accelerate your product's journey up the supply chain means your buyers can respond to trends and developments more rapidly.***

***There are several ways in which you can do this as a developing country exporter. Skipping intermediaries is a clear other option for saving time. It is resulting in shorter, faster supply chains.***

***Another option is optimise the efficiency in your manufacturing process or integrate new technologies. Many producers have been amazed at the efficiency improvements they have achieved with simple measures, such as regulating staff use of mobile phones and maintaining higher levels of hygiene and order in the workplace.***

***Other manufacturers are replacing traditional, linear production lines with U-shaped production lines. Among other advantages, this approach allows you to deploy your staff more flexibly, for instance, in response to volume changes.***

***Numerous new technologies are also cutting production times, such as laser pattern cutting machines, operated either manually or fully automatically. More efficiency makes you more attractive to (direct) buyers.***

### Tips:

Here are some more examples of ways in which you can reduce your manufacturing time and get your product to buyers more quickly:

Improve your inventory control systems, for instance by forecasting order demand more accurately;

Facilitate data communication with your buyers by implementing electronic data interchange;

Implement web-based product order facilities, so buyers can check the status of their orders;

Implement Radio frequency identification (RFID) together with Electronic Product Codes (EPCs) to optimise the logistic processes in your supply chain.

If you have improved – or are improving – your processes, let your buyers know about it. It may well bring in more orders.

## Each retail segment calls for its own approach from you as a supplier

***Each of the main segments in the footwear market calls for a different approach to both production and sales (see Figure 3). Your approach may differ in terms of product range, volumes or number of buying moments per year.***

Figure 3: orders and delivery models in the footwear supply chain

Retail segment	Type of product	Delivery strategy
Medium to large retailers & brands	Basic product (with little or no variation in price, look or quality)	<ul style="list-style-type: none"> <li>Continual production &amp; supply</li> <li>Low production cost, high volumes, maximum margins</li> </ul>
	Fashion items	<ul style="list-style-type: none"> <li>Lower volumes</li> <li>More frequent buying moments per year (often 4 moments, with 2 main collections and 2 interim collections)</li> <li>Rapid trend response is often based on short delivery times from southern EU countries (Portugal, Spain, Italy)</li> </ul>
Small retailers & multi-brand stores	Basic branded product	<ul style="list-style-type: none"> <li>Product range based on a brand whose popularity generates high volumes</li> </ul>
	Fashion items	<ul style="list-style-type: none"> <li>Pre-orders consisting of existing collections are placed twice a year</li> <li>Seasonal items can be added throughout the year</li> </ul>

### ***Large retailers like to control the supply chain***

*Large footwear retailers, such as Deichmann, Reno and Humanic, like to have maximum control over the supply chain. They try to avoid intermediaries and cut cost as rigorously as possible. They tend to be heavily involved in your production process. Because of their large order volumes, they largely determine your margins.*

*The advantage for you is that these retailers are well equipped to effectively manage margins, quality and profits for you. Also, they can more or less guarantee business. The big disadvantage is that your profits are minimised.*

### ***Medium-sized retailers offer bigger margins and want more involvement***

Medium-sized retailers do not tend to commit themselves to the kind of volumes that will bind suppliers or facilitate supply chain control. Their main focus is on the link in the supply chain nearest to themselves: the producer of the finished product. In this setup, suppliers are less loyal and the potential for profits is greater.

Also, these buyers rely more on input in terms of design, development and fabric sourcing. Brands and wholesalers operating in this segment will usually require sample support. This means that as a supplier you must have a sample room in which you can manufacture samples for these customers.

### ***Small retailers offer you the highest profit potential***

Small, independent footwear retailers in Europe usually lack the volume needed for placing direct orders in Asian or other developing countries. Service levels are also different in this segment. The right of return, consignment agreements and extended payment terms are fairly common in this segment. The upside is that the profit potential is greater here than in any other segment. Suppliers in this segment are often importers who stock these smaller buyers under an independent brand.

### ***Brands like to buy several collections every year***

Brands tend to operate closer to the fast fashion market. This means they will often buy multiple collections every year. Brands can operate in different segments, from high- to low-end. Doing business with brands means you must have short production and delivery times and offer a lot of flexibility to adapt to every new collection.

Typically, brands will want you to produce a salesman's sample (SMS). These are samples you have to make (often for a fee of FOB x 1.5 or 2) before the brand places an order. The brand's salesmen use them to collect orders that will finally be placed with you as a supplier.

**Tips:**

Every customer group has its own approach. Make sure you carefully consider the balance between margin and risk.

Know your strengths and weaknesses and know your market – then you will best be able to find the right channels and segments.

If you want to do business with large retailers, don't focus too much on things like design and fabric sourcing. They are more interested in efficiency and (production) innovation.

An advantage of selling to brands is that you usually have a strong relationship with your buyer and a steady stream of orders throughout the year. A disadvantage may be that you have to invest in a good sample room.

## Free On Board (FOB) delivery is the most common delivery form in footwear

*Here is an overview of the most important conditions to keep in mind as a manufacturer.*

### ***Free On Board (FOB).***

*This is the most commonly used delivery form in footwear. It means you supply the shipment to the forwarder, along with all the necessary documentation. The buyer then arranges all transportation, insurance and clearance issues.*

### ***Cost and Freight (CFR).***

*In the CFR model, you arrange and pay for the order to be shipped to the forwarder as well as for insurance and transportation to the port in the destination country, in accordance with your buyer's specifications. The buyer is then responsible for clearance at the port of arrival and for transportation to his storage facility.*

### ***Cost Insurance and Freight (CIF).***

*Under CIF terms, you arrange and pay for the order to be shipped to the forwarder and for transportation to the port in the destination country, in accordance with your buyer's specifications. You do not however, cover insurance costs. The buyer is responsible for insurance, clearance at the port of arrival and transportation to his storage facility.*

# More and more, buyers are demanding longer payment terms

***As banks in Europe cut back their credit facilities, more and more buyers now are seeking suppliers who can give them the option to pay later than ever. The payment terms are becoming a form of credit.***

***Payment terms have been growing longer for several years. In the past, buyers would send you a Letter of Credit (LC), guaranteeing your payment along with the order. More recently, buyers began to prefer a Telegraphic Transfer (TT). This means you do not get your money until the order is ready to be shipped. The benefit for the buyer is that he can hold on to his money for longer.***

***Today, even the common TT is outdated, as far as buyers are concerned.***

***Increasingly, they will require a payment condition of 'TT 90 days' or even 'TT 120 days'. The risk for you as a buyer can be significant, as this means you are not paid until well after shipping the order out of your factory and effectively losing ownership over it.***

## **Tips:**

Whichever payment condition you choose, make sure you know the ins and outs of it – and especially when you will be paid. Let your buyer know you want assurance of payment and have carefully considered the pros and cons of different models.

For more information, see this [Bizmove overview of current payment conditions](#).

Please review our [market information disclaimer](#).



## ***CBI Understanding European Buyers:***

### ***Footwear***

#### **Sector introduction**

***The footwear branch is facing major changes. The market is under constant price pressure and competition is fierce. Demands on manufacturers and products are getting tougher due to media and consumer pressure. Poor judgment is punished immediately with a decrease in sales. The drive for profitability and margins is squeezing out the intermediaries in the supply chain, with retailers and brands increasingly placing orders directly with manufacturers, while wholesalers and importers seek to reinvent their roles. This development means both buyers and suppliers must adapt their organisations and their strategies. And for keen entrepreneurs, change means opportunity.***

# Market Brain

***This section looks at external market factors, both macro- and micro-economic, that influence the business options and preferences of European buyers in this sector. Market factors, typically, are beyond the influence of both buyers and suppliers. The right-hand column presents practical considerations for exporters in relation to the trends discussed at left.***

## ***Buyers expect you to choose a specific market and strategy***

***The pace and complexity of today's markets have increasingly forced players up and down the supply chain to make deliberate choices, narrowing down their market to sometimes no more than a single segment, niche or product. Suppliers suggesting they can deliver 'almost anything' will not be taken seriously by European buyers. A clear and honest perception of one's company and its strengths and limitations as well as one's market is seen as an indispensable ingredient of success.***

### ***Considerations for action***

- Perhaps the most crucial decision you can make as an exporter seeking access to European markets is to define a specific market and strategy to the sharpest of your ability. Invest in your strategy and have the courage to say no to what is not in line with it.
- Make sure your choice is firmly grounded in market research and a thorough analysis of your organisation, products, strengths and limitations.
- Be aware of the fact that accessing EU or USA markets means you will face the toughest requirements – both legislative and non-legislative – in the world. Make sure this fits your strategy. See also [Buyer Requirements]

## ***EU footwear players are seeing sales drop and costs rise***

***The European footwear industry is seeing its sales decrease and its costs rise, largely due to the economic recession. The pressure on margins is heavy, forcing buyers to be creative in looking for cheaper alternatives: lower-cost sourcing, cheaper materials and so on.***

### ***Considerations for action***

- Don't let the current crunch on the European market scare you away; on the contrary, be aware that it is a major opportunity for developing country (DC) suppliers like yourself, due to the relatively low production costs in DCs.
- If you are based in a country that enjoys free trade with the EU, make sure you communicate this advantage to buyers.
- If you can, access or develop new materials that are cheaper than leather or high-grade synthetics, for example, yet have a 'rich' look and feel.
- Bring whatever cost advantages you might have to the attention of buyers.

## **Retailers and brands are increasingly doing their own buying**

**Players on the European footwear market can be roughly divided into two categories: large retailers and brands on the one hand and wholesalers, or importers, on the other. Due to the aforementioned pressures, the former category in their search for lower-cost production opportunities, are increasingly sidestepping the intermediaries in the supply chain, i.e. wholesalers and/or importers. Instead, they are seeking to do business directly with low-cost suppliers, or, in some cases, developing their own production facilities in low-cost countries (see also Channel Brain).**

### **Considerations for action**

- Importers or wholesalers are no longer your only or most likely, point of connection with European markets: you might just as successfully establish a direct relationship with a major EU retailer or brand. Which of these you choose, depends on your strategy (see above).
- If you are aiming for direct sales to brands and/or retailers, be prepared for a steep learning curve. Make sure your staff have the willingness and ability to learn and adapt in order to keep in step with your target group.
- Make sure your company is visible and easy to find on the Internet, at trade fairs et cetera.
- Make sure you meet all the basic criteria for the particular segment or market you are focussing on.
- If you have a successful partnership with a brand or retailer, approach similar players, using your client as a reference. Success fuels success.

## **Buyers are increasingly looking beyond China**

**China, currently the world's largest exporter of footwear, is grappling with rising wages and growing domestic demand. In combination with staff shortages and the import duties Chinese exports face in Europe, the Chinese sector is struggling to keep its balance. China's footwear exporters are developing a competitive disadvantage in comparison with other footwear producing countries, such as Vietnam, Bangladesh and India. European buyers, aware of these markets shifts, are increasingly open to new sourcing countries – they have little choice, if they wish to spread risk. In exploring new countries, they will seek suppliers offering the best long-term proposition in terms of costs, quality, reliability and communication. Also, of course, GSP countries (Generalised Scheme of Preference) benefiting from favourable trade conditions with the European Union have an advantage.**

### **Considerations for action**

- Stop worrying about China and start building on the advantages you have over Chinese competitors.
- Attend European trade fairs under your own national flag: make your presence known as an alternative to China.

## **CSR requirements are no longer optional for EU buyers**

***The footwear market in Europe is highly transparent: as far as quality and production are concerned, it has very few secrets for buyers. The result of this transparency is that the market expects control and responsible production methods, regardless of where products come from. Incidents resulting from poor labour conditions in countries like Bangladesh have only served to increase pressure on Corporate Social Responsibility (CSR). Price-based buying without consideration of social and environmental factors is no longer an option for European buyers: manufacturers offering great prices but failing to comply with CSR requirements will be avoided.***

***Importantly, different buyers may use different CSR standards, depending on their strategies. Some buyers have their own standards and will only work with suppliers who comply with these. Details aside, however, the basic CSR requirements are the same across the industry. Child labour and excessive working hours, for instance, are off limits. Generally speaking, the international BSCI certification scheme (Business Social Compliance Initiative) is seen as Europe's main CSR programme. The toughening of CSR requirements – fuelled by both the media and consumers – is another factor pushing up cost prices. Add to that the fact that footwear sales and margins in Europe are dropping and you will understand that buyers are facing difficult times.***

### **Considerations for action**

- Familiarise yourself with the ins and outs of corporate social responsibility (CSR) and its implications not only for your own organisation and staff, but also for your suppliers.
- Check where you are in terms of CSR and which improvements are both desirable and realistic.
- Compare your CSR performance and ambitions with those of various potential markets and segments to chart your possibilities. For instance, some markets in eastern and southern Europe are less demanding with regard to CSR than most of the markets in northwest Europe.
- A good place to begin finding out more about European CSR standards is the BSCI website: [www.bsci-intl.org](http://www.bsci-intl.org).

### **Compliance with chemicals regulations is a prerequisite**

***Like CSR compliance, adherence to regulations concerning the use of chemicals in footwear is a prerequisite for business to European buyers today. Manufacturers offering a great deal but failing to comply in this area will not be taken seriously. The REACH standard (Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals), though presented with slight variations in different parts of the world, is non-negotiable.***

## **Considerations for action**

- As a footwear exporter, you cannot access EU markets without adopting with the REACH scheme, which deals with the use of chemicals in consumer goods. If you are not yet familiar with it or have not yet implemented it, check out what it involves and is a realistic compliance strategy for your company.
- For more information, see [www.ec.europa.eu/enterprise/sectors/chemicals/reach](http://www.ec.europa.eu/enterprise/sectors/chemicals/reach).
- Implement the principles of REACH and a keen awareness of how EU buyers expect you to deal with chemicals and materials in your design phase.
- Make sure the materials you work with comply with the requirements of REACH.
- Minimise the risk of banned substances by purchasing larger volumes of (approved) materials and avoiding small volumes from local markets where tracing and compliance are poorly developed.

## **Buyers expect punctual delivery, quality and certification**

***On-time delivery, quality and certification are increasingly taken for granted by European buyers in the footwear business. They will not even consider an offer that does not meet these basic criteria.***

## **Considerations for action**

In order to gain the interest of a buyer in your price or collection, you must first make sure you meet all the basic conditions or doing business in Europe. These include the ability to deliver certified goods of consistent quality in good time.

## **Buyers are always looking for unique selling points**

***European buyers are always on the lookout for suppliers who meet the basic conditions for exporting to Europe, while at the same time offering interesting unique selling points (USPs).***

## **Considerations for action**

- Develop and communicate your business's USPs, such as:
  - design input; ◦ price; ◦ production and delivery speed (see also below).
- Other USPs may include:
  - having a compliance manager who ensures your company is a cut above the competition in compliance; ◦ Having in-house lab facilities or having access to low-cost, high-quality lab services; ◦ Having local European representation; ◦ Being the very cheapest in your segment; ◦ etc.

## **Short delivery times are seen as an interesting asset**

***The ability to guarantee high-speed production and delivery will attract interest among European footwear buyers. Fast deliveries in this branch are still uncommon and the term usually refers to orders from logistically favourable locations, such as Portugal and Turkey. The call for shorter delivery times is increasing, though as uncertain market conditions mean buyers prefer to postpone decisions until the last***

***minute. However, accelerating the supply process is not easy, as many buyer organisations are characterised by slow decision-making and distribution processes. This means that even footwear delivered at high speed from its source country make take considerable time to reach European retail shelves.***

### **Considerations for action**

- Speeding up your production and delivery processes is an excellent way of pleasing EU buyers on a jittery market. There are several ways you can do this:
- Work with stock materials;
- Make agreements with buyers on reserving capacity and laying up supplies;
- Consider using ready-to-dye upper materials;
- Develop your design input and collections, making your organisation a vital extension of the customer's design department.

### **Buyers are looking at 3D printing as a cheap innovation**

***3D printing has not yet gone mainstream, but one sector in which it may have a large impact is footwear. Printing outsoles or moulds, for example, may be considerably cheaper and less time-consuming than the traditional method.***

### **Considerations for action**

- Stay tuned to new technological developments, such as 3D printing, and their implications for your market and business.
- Look into the cost and benefit of investing in a 3D printer capable of printing your outsoles or moulds.

## **Channel Brain**

***This section provides insight into key issues affecting the whole supply chain in this sector: product and process requirements and criteria applied by buyers in sourcing and trading. These issues are analysed and interpreted in order of importance and, in the right-hand column, converted into practical considerations for exporters.***

### **Buyer roles are changing**

***As described above, the roles of the two main categories of players on the EU footwear market – large retailers and brands on the one hand and wholesalers, or importers, on the other – are changing. Compared to other sectors, such as fashion, the footwear industry is relatively traditional in that wholesalers still wield substantial power. They create their own collections, set the trend with new outsoles and gather in orders from various customers enabling them to place high volume orders per model with their manufacturers. However, the balance of power is tilting. Although most retailers are not yet skilled in creating collections and outsoles, the market is pushing for change. Retailers are stepping forward in these areas, forcing***



***wholesalers to choose directions by opening their own production facilities and taking on the role of manufacturers, or stepping back and limiting their reach as (traditional) wholesalers. In the latter scenario, a wholesaler might choose to focus on serving smaller retailers who lack the capacity or the financial strength to sidestep the wholesaler and place direct orders with suppliers.***

***Some wholesalers are currently taking the step forward, establishing their own distribution networks and expanding their business with their own outlets, Internet sales and/or private labels.***

### **Considerations for action**

Your choice of channel – wholesaler/importers or retailers/brands – depends on your strategy, which in turn depends on your knowledge of your strengths and weaknesses. For instance, if you wish to focus on efficient, low-cost production in larger volumes while staying away from design and collections, you may do better partnering with a wholesaler or importer. If your strength is in high quality, or design, you may do better partnering directly with a retailer or brand. Direct sales to retailers and brands will involve higher standards, more added value and higher margins. Working with a wholesaler or importer means less risk, lower standards and lower margins.

### **Purchasing know-how is dwindling due to budget cuts**

***The inevitability of budget cuts among retailers is having an adverse effect on the purchasing know-how and professionalism available within these organisations.***

***More and more purchasers are merely acting on the basis of sales results and purchasing lists. They are losing contact with the market and with consumers and their business, increasingly, is dominated by rules, margins and prices. Purchasing 'success' is more about budget than about understanding the market, anticipating trends and responding quickly.***

### **Considerations for action**

If your organisation has a keen understanding of European markets, or the capacity to develop that kind of knowledge, capitalise on it by taking on a more assertive role in your relationships with buyers. In many cases, they will welcome your expertise. If you lack this capacity, find a wholesaler/importer who can compensate for you.

### **Market awareness is dwindling due to budget cuts**

***Awareness of market trends and developments is eroding among buyers in Europe for the same reason for which purchasing know-how is diminishing. Due to budget cuts and high workloads, many buyer organisations lack the capacity they need for competitive analysis, market research and trend watching. All too often, they do not see an opportunity until it has all but passed by.***

### **Considerations for action**

Do not restrict yourself to manufacturing, but instead keep a constant lookout for opportunities emerging in the market. Take time to study market reports and competitors and share knowledge and insights with your buyer. This added value will be much appreciated; much new business arises from problems and opportunities no one else has identified.

# Money Brain

***This section deals with the financial requirements and considerations you are likely to encounter in doing business with European buyers in your sector. Issues such as price setting and the cost of promotion and logistics are looked at from a buyer's perspective and interpreted for you as an exporter.***

## ***Liquidity issues can be a problem for buyers***

***Given the pressure on the footwear market and the reluctance of banks to finance orders, many buyers may face liquidity challenges. Normally, placing an order means opening a Letter of Credit (L/C), but increasingly, buyers are looking for ways to avoid the resulting financial pressure. Ordering (and financing) large quantities of basic footwear models, or outsoles, to be sold over a longer period of time can cause the kind of financial pressure most buyers would prefer to avoid. This means buyers are looking for ways to shift the burden of financing to their suppliers. The result is that supplier service levels as well as costs go up, while prices and buyer margins go down.***

## ***Considerations for action***

- If you supply large volumes of basic footwear models, consider establishing storage facilities in Europe, so that you can make last-minute deliveries, while relieving your European customers of the liquidity problems involved in buying large quantities at once. Few suppliers are showing a willingness to do this; if you do, you will be a big step ahead of your competition.
- Another option is to pre-produce outsoles during the low season to make use of the price benefit. If you do this, of course, make sure you have a buyer's approval for the outsole before production.

## ***Buyers are seeking to extend payment terms***

***In the current market, many buyers are seeking to extend the payment period to 90 or even 120 days. This means they do not have to pay for an order until 90 or 120 days from the end of the month in which the order is delivered. Various solutions for the problem of order financing are currently emerging. Financial institutions are offering warranties, while bank-to-bank solutions are also being offered, in which a customer's bank provides warranty for a fixed fee.***

## ***Considerations for action***

- Money makes money. If as a supplier you have the capacity to finance orders for a prolonged period of time, customers will stand in line to place orders with you.
- If you do this, be aware of the risk. Bankruptcy due to liquidity problems, or quality complaints following delivery, are real possibilities.



## **Buyers expect competitive prices and increasing value addition**

**European buyers are increasingly taking certain forms of value addition for granted, such as CSR compliance and design. A good CSR policy or design team may be seen as a distinguishing factor, but buyers will not necessarily accept higher prices for these benefits.**

**The price/quality ratio is still, of course, a priority for buyers. However, suppliers who have a particular advantage are in a stronger position to negotiate better prices, provided the quality meets the usual requirements.**

### **Considerations for action**

- Make sure you have detailed and accurate costing for your products.
- Make sure your sales prices include sufficient gross margin to cover overheads and leave a reasonable profit.
- If other companies are more competitive than you are, examine the reasons for this. Where can you make savings? Where can you offer value-added services?
- Make sure you are targeting the right companies in the supply chain.
- Note that meeting safety or CSR requirements may well raise the cost of your product.

# Communication Brain

**This section is all about the ‘human factor’ in business. It highlights the communication behaviour of European buyers sourcing in DCs, offering insight into their expectations as well as practical suggestions as to how to meet those expectations as an exporter.**

## **Buyers seek ‘good chemistry’ with suppliers**

**Good chemistry is a crucial element in the relationship between buyer and supplier. Buyers in the footwear market will often want to assess the development of a supplier organisation and follow up on references in order to find out whether the supplier understands their product and their market. This understanding, in the eye of the buyer, is vital to the success of the relationship. Ultimately, what most buyers want is a relationship characterised by mutual understanding and efficient communication.**

### **Considerations for action**

- Research your export market and prospective buyers thoroughly before introducing yourself to a prospect. A good place to start your research is CBI’s online Market Information Platform.
- Convince prospects with appropriate references as well as relevant product models and colours. Show them you understand the market and its trends, giving them the feeling there will be a sense of mutual understanding between their organisation and yours.



## ***Buyers expect a quick and concise response to their queries***

***With today's communication technology, most European buyers want immediate answers to any questions they may have. This means they will not hesitate to send countless e-mails in a single day, expecting them all to be answered the same day or the next. They expect replies to be not only quick, but short and to the point as well: lengthy e-mails in which many words are used to explain minor details will be seen as a waste of time, a sign of poor chemistry and a possible hindrance to the development of a healthy relationship.***

***Face-to-face contact is ideal, if not always possible. However, European buyers, on the whole, value frequent communication by e-mail and telephone and, increasingly nowadays, by Skype or other VOIP methods. They also want to be reassured that a supplier is easy to reach – preferably 24/7, or at least during office hours. Buyers also often make use of trade fairs to meet with potential or existing suppliers.***

### ***Considerations for action***

- Develop a clear system in your communication with buyers, using lists and overviews rather than writing separate e-mails for each minor detail.
- Always try to respond within 24 hours, even if only to let your customer know you do not yet have an answer to his question.
- Follow up on meetings or phone calls with a clear, brief, written summary of the conversation, containing all of the agreement and arrangements between you and the buyer.
- Consider order follow-up software as a means of streamlining communications and substantially reducing the number of e-mails you send out daily.
- Don't forget that regular personal contact, in the form of a visit or a phone call, may in the end make the difference between becoming a major supplier and a minor one.
- Having a local representation of your organisation in Europe as a major value adder.

## ***Buyers expect suppliers to speak proper English***

***In dealing with offshore suppliers, European buyers will usually want to communicate in English. They will expect suppliers to speak and write English effectively. Poor English will be seen by most buyers as a recipe for poor business.***

***All***

***companies based in Europe and dealing in international trade have staff who speak English. Buyers are aware that in some DCs, particularly in South America, language can pose a significant barrier. They will always look for exporters who can communicate well in English or have a local, English-speaking agent in Europe, or, alternatively, are used to hiring interpreters.***

### ***Considerations for action***

- Make sure all your communications with buyers are taken care of by competent staff who have a good command of English.
- Recruit English-speaking marketing and sales staff. As a director, learn English yourself, too.
- Outsource production of promotional materials to English-speaking companies.

- Have the material checked by a third party that speaks (native) English.

## ***Buyers expect cultural awareness & understanding from suppliers***

***Buyers in Europe are generally aware of cultural differences in business communications and expect the same of suppliers. They will expect the marketing and sales staff of supplier companies, especially, to be aware of cultural differences and capable of coping with them in a professional, gracious manner.***

### ***Considerations for action***

- In cross-cultural encounters, be friendly and open and keep communications simple.
- Your marketing and sales staff must recognise and be able to cope with cultural differences.

## ***Knowing bad news up front is better than being surprised***

***Pro-active communication is very important. European buyers do not like surprises! For instance, if a supplier is at risk of missing the agreed delivery date, a buyer will want to know well in advance, so that he can contribute to solving the problem or think of an alternative. Honesty about problems will usually be respected and rather than damaging the business relationship, it can help actually build trust. Of course, buyers expect suppliers to learn from mistakes; repeated mistakes won't be tolerated.***

### ***Considerations for action***

- If you are having trouble in keeping your side of an agreement, contact your buyer as quickly as you can and honestly explain the situation, while also seeking a solution.
- In all cross-cultural encounters, be friendly and open and keep communications simple.
- Create a critical path for your order follow-up to make sure you can immediately register a delay and inform your customer.

## ***What competition do you face on the European footwear market?***

***Because of the economic recession, the number of footwear manufacturers dropped in almost every segment of the European market in the last few years, while the stronger players saw their turnover and market share grow. Now the recession has slowed and many analysts say the economy is back at its pre-recession level. However, a lot of things have changed. The ongoing growth of e-commerce is affecting competition on Europe's internal footwear market. Some companies are very successful online, while others are losing market share. Overall, the footwear market is highly competitive, with a broad range of sellers and a vast diversity of products. Supply chain management is becoming more***

***important as a means of keeping in step with European standards. If you can adapt quickly to ongoing changes you have the greatest chance of succeeding.***

***Which opportunities and barriers will I face when I try to enter the market?***

## **Legislation**

***Footwear exporters from developing countries accessing European markets face tough legislation on issues such as the use of chemicals and dyes. The key chemicals standard in this area is called the Regulation on Registration,***



***Evaluation, Authorisation and Restriction of Chemicals (REACH). It is non-negotiable and poses a barrier for some new entrants. The greatest challenge faced by many manufacturers is to find suppliers offering REACH-compliant raw materials, particularly the specific contrast materials needed in very small volumes.***

## Free trade agreements

***Europe's General System of Preference (GSP) has an even bigger influence on the competitiveness of new entrants. Europe bases its Free Trade Agreements (FTAs) on the GSP. Exporters located in countries that enjoy free trade with Europe benefit from the absence of import duties. This means their prices can be up to 12% lower than exporters based in countries excluded from free trade. This is one reason why China, which does not have an FTA with Europe, is struggling with its price position (Chinese labour costs are also rising). On the other hand, some emerging countries on the footwear market, like Bangladesh and Myanmar – with Vietnam to follow soon – do enjoy free trade with Europe. While the footwear industry in these countries is less developed than China's in terms of service levels, the advantage of free trade means that on price they can compete successfully with China.***

### Tips:

- Make sure the materials you work with comply with the requirements of REACH. Increase your competitiveness by minimising the risk of banned substances.
- See our study on buyer requirements for footwear for a fuller overview of legal and non-legal demands in the European footwear industry.
- If you are based in a country that enjoys free trade with Europe, make sure your buyers know about the price advantage this brings.
- Check the International Trade Centre's Market Access Map for more information on your position and that of your competitors.

## Consolidation

***Because of the recession, with decreasing sales and relentless pressure on margins, most footwear retailers and brands have a strategy of consolidation. This means that there are fewer manufacturers, while the turnover and market share of the strong ones are growing: buyers are clearly becoming more selective in who they buy from and some suppliers are being dropped.***

***With a surplus of suppliers on the market, buyers can gain negotiating power over manufacturers and raise their demands. Many are doing this, using a Key Performance Indicator (KPI) system to monitor supplier performance. Underperformers are dropped and high performers are given more business. However, tough market conditions mean there are opportunities for all kinds of suppliers. If you can respond to the need for quality, good prices and on-time***

**delivery, while also offering design and innovative skills, you will stand out from other market entrants.**

**Attract retailers by offering innovation and more speed**

**Another opportunity is to offer innovative products or concepts and to speed up your production and delivery times. By doing this you can attract retailers. Many retailers are losing market share, due to disappointing sales results and the strong growth of e-commerce. They are looking for alternatives, including novel approaches and shorter lead times, so that they can tap into short-term trends and win back business.**

#### **Tips:**

□ Watch (European) market developments closely and try to adapt your organisation accordingly. Examples of things you can work on include your delivery times, your ability to innovate, your use of innovative materials and your environmental performance.

□ Reduce your production time to an absolute minimum. If you can offer competitive lead times, communicate this with your prospective buyers, especially retailers. They will see more speed as a clear competitive advantage.

## **Internet sales**

**Market entrants must also deal with a shift currently taking place in the European footwear market: with retail under pressure, Internet sales are gaining confidence and popularity among consumers. This new opportunity calls for a different kind of service. Quick delivery and stock are keywords. Manufacturers tapping into this new sales market with an adapted organisation are likely to see good results.**

**Most retailers by now have opened their own web shops or are using the outlets of established Internet players to sell their collections.**

**Interestingly, some Internet sellers are now opening physical footwear stores, primarily as a service point.**

#### **Tips:**

- See our study on [market channels & segments in European footwear](#) for more information.
  - Increase your Internet sales by conducting research on how to achieve shorter lead times and improve and accelerate your production process.
  - Take a critical look at your website and company presentation materials, making sure they match what your buyers currently want to see.
- Support e-commerce for your buyers by upgrading your digital services, for example with more and better digital data, product photos and videos.

## **Consumer awareness**



**Another major factor entrants must be prepared for is consumer awareness. European consumers are highly – and increasingly – aware of price, quality, environmental standards, responsible production methods and origins. High turnover times for consumers’ personal wardrobes are losing ground to responsible buying and quality. On the buyer side, this awareness, fuelled by aggressive media coverage, is resulting in tougher Corporate Social Responsibility (CSR) requirements. These are pushing up the cost price, but most consumers are not willing to pay more for ‘responsible’ products.**

**Tips:**

- Realise that the way in which you respond to the CSR trend as a supplier will seriously affect your competitiveness.
- Produce, or partially produce, in Europe, aiming at quick delivery.
- Use responsible materials, such as organic cotton and recycled materials.
- Developing a specialisation in the use of these materials will result in a strong unique selling point.
- Don’t see CSR as a threat, but as a way to distinguish yourself from other factories.
  - Using eco-friendly materials and investigating trends in this field with a view to adapting your collection development is vital to remaining competitive as a supplier.

## **What are substitute products?**

### **Less is more**

***Because of the various shifts occurring in the footwear industry, several forms of substitute buying are occurring. Overall, consumers are spending less on footwear, preferring to save money because of economic pressure. The only possible exception is low-cost sports-oriented footwear.***

***Fast fashion, with its characteristic high buying frequency, is being substituted by conscious consumption, as more consumers go shoe-shopping less frequently and focus more on durability and sustainability.***

***In the mid-market segment, many consumers are substituting mid-range purchases with cheaper, low-end footwear.***

***At the high end, European sales are dropping. Brands are seeking to make up for this loss by reaching into emerging non-European markets, such as China.***

### **New concepts replacing old ones**

***Sometimes, specific new products or concepts replace older ones. Crocs are a good example. When they emerged, they represented a new type of footwear, based on a slightly adapted method of production. To a certain extent, they have taken the place of outdoor slippers, toe slippers and casual slippers. The ability to identify similar opportunities, or at least to tap into them if someone else has thought of them first, is an important way of strengthening your competitive position and standing out from the crowd (see also the section on Trend spotting).***

#### **Tips:**

- Conscious consumption (environment, social conditions, quality) is an opportunity for growth. Tap into consumer consciousness to strengthen your competitive position. Consider eco certification, or other forms of certification, to emphasise your efforts in this area.
- At the low-end of the footwear market, cheap, low-quality offers stand a good chance, especially in sports-oriented footwear. If you are a price fighter, this is the segment to target.



## Established rivals and new entrants

***As an exporter from a developing country, you will face very strong competition from established rivals on the European market, as well as from other new entrants. In fact, entering the market as a newcomer is very difficult at this time (see also the section on Company Competition). Those who succeed invariably have some feature or other that distinguishes them from the rest (see also our study on understanding European footwear buyers). This fiercely competitive climate means that mistakes are quickly punished: suppliers who fail in some area or other are easily replaced by new ones.***

### Tips:

- The fierce rivalry on the supply side means buyers can afford to replace underperformers. If you are a newcomer, make sure potential buyers know who you are and what you can offer so that they can call on you as soon as one of their existing suppliers falls short. Relentless promotion pays off.
- If you are already exporting, do everything you can to avoid mistakes and to keep in step with your buyers' demands. If you anticipate problems, communicate clearly and openly with your buyer, inviting him to help you find a solution. Ultimately, buyers do not like switching to new suppliers because of the cost and risk involved.

## Chromium-free leather

***A current development is the growing focus on raising the standards for tanning leather. The commonly used process of chrome tanning can be very harmful to the environment, depending on the specific type of chrome used. For example, Chromium VI is a hazardous substance that does not comply with the REACH standard. The industry is putting forward interesting alternatives. One example is Stahl's EasyWhite Tan, a chrome-free tanning system.***

### Tips:

□ Although sustainable leather solutions are more expensive than the conventional ones, and using them requires some hardware investments, they do increasingly offer you a way of distinguishing yourself from most tanneries and leather production companies serving the shoe industry.

## Buyer & supplier bargaining power

***In the footwear industry, buyers have long been in a relatively powerful position. Many of them still are. Their increasing ability to calculate your exact cost price as a supplier makes it almost impossible for you to negotiate better margins. But change is taking place. One change is that established supply countries, notably China, by now have enough money, expertise and flexibility to start setting demands of their own. This means some buyers are looking for alternatives – and will be prepared to listen to suppliers from other developing countries, as long as they have an interesting offer.***

### Tips:

- Low prices coupled with consistent quality and service levels – even if these levels in themselves are not high – can strengthen your competitive power as a supplier. It means you offer buyers an alternative to China and buyers will be inclined to listen to you. Consistency is key in this respect.
- Try to source materials that are unique and add value to the product. There are many new developments you can tap into to create unique selling points and to diversify. See our study on [trends on the European footwear market](#) for some examples.

## Trend spotting

***The process of developing new footwear collections is subject to constant renewal in Europe. Add this fact to other global market trends and you will understand that keeping in step with the latest developments is vital to the survival of your export business. Among your strongest rivals on this market are the players who succeed in staying up-to-date; it is an important part of remaining competitive. Fortunately, the Internet has made this global trend watching a lot easier, regardless of where you are based.***

### Tips:

□ Trend spotting is an important part of being competitive. Make it an ongoing part of your strategy to be constantly on the lookout for new trends and developments across the entire breadth of the footwear industry. If buyers see that you understand trends, they will be more eager to work with you. For instance, trends may occur in any of the following areas:

- Models
- Colour
- Quality
- Technology
- Shape

□ Invest time and effort in understanding your customer and his market as well. It is the key to converting trends into business, as it will enable you to incorporate emerging trends in a way that matches his ideas.

□ Work on redeveloping your business processes in consultation with your customers. This will result in the healthiest and most lasting relationships.

□ Buyers view distinctive abilities – such as design skills – as important competitive factors. A relationship that starts with a joint response to current trends and leads to delivery of a saleable product will add value to the whole customer supply chain. If you can deliver this kind of partnership, you will make yourself indispensable to your

□ buyers.

The more value you add within the supply chain, the more competitive you will be, the more business you can expect and the more difficult it will be for buyers to drop you.

## **How much power do I have as a supplier when negotiating with buyers and who are my rivals?**

### **Excel, innovate or specialise**

**Competition in the footwear branch is fierce and will remain fierce for the time being. Increasingly, footwear production has become a measurable 'science' with buyers wanting more and more control over the process. This means there is little room for fat margins.**

**On top of this, buyers increasingly want to be able to monitor the performance of their suppliers. Make too many mistakes and your buyer will find a competitor to replace you. The tough market conditions in footwear, therefore, are not so much a result of huge numbers of suppliers jostling for a position, but rather of increasing transparency and performance monitoring up and down the whole supply chain. Buyers are taking more and more control over the supply chain and as a supplier you have to balance responding to their demands with developing your own strengths (for more information, see our study on market channels and segments in European footwear).**

#### **Tips:**

There are four ways of building a business in a pressured and constantly changing market:

1. Produce and deliver, doing what you do better than your competitors can do it.
2. Focus on your strengths.
3. Innovate, so you will be different from the rest.
4. Consolidate, becoming a specialist in a specific area able to cope with any price battle.

### **3-Dimensional printing**

**Innovation is driven by new fashion trends, but also by new technologies. One example is 3dimensional (3D) printing. This technology is already entering into manufacturing industries. For instance, Puma now has a 3D-printed shoe in its collection. Though not yet available in the footwear market, Dutch retailer HEMA offers an online accessories printing service: consumers can have products printed and delivered according to their own design.**

**3D printing can be applied for fine details, but also for the production of moulds and possibly even uppers. It is not yet widely in use, but if you can work and experiment with 3D printing, you will certainly attract interest and add value in the eyes of European buyers.**

#### **Tips:**

- If you have access to 3D printing technology, use it! Explore new developments and experiment with them in your organisation.
- Develop the implementation of 3D printing hand in hand with your customers in order to create the kind unique selling points they want to see.

## Step up your speed

***Another way of excelling in the eyes of buyers is to step up your speed. Demand for quick deliveries and flexibility is growing: in many segments today flexibility has become more leading than price. Your ability to get the right product to your customer's shop at the right moment is a recipe for success. The footwear industry is not as advanced in this area as the fashion industry is. This means there is a lot of room for pushing up your speed and getting ahead of competitors on this front. Many opportunities for accelerating production and delivery remain untried in footwear.***

### Tip:

- Investigate the possibilities at your disposal for time improvement in your supply chain and implement them. Being able to deliver rapidly, will rapidly lead to more orders.

## Formulate and present your unique selling point

***The next step in strengthening your competitiveness is to make sure your company's unique selling point is formulated clearly and presented effectively to all prospective customers who may be interested. Often, this means taking on a more assertive customer approach than you may be accustomed to. In this battle, any ways and means you can come up with are worth trying out. Buyers get phone calls every day from manufacturers saying their product is the best or the cheapest on the market. Because of this barrage of sales calls, it is increasingly difficult to get direct and instant contact with a buyer in Europe nowadays. You have to be smart and persevering. Only suppliers who approach their market with drive and urgency will be able to create opportunities in today's pressured conditions.***

### Tips:

- The challenge of getting buyer doors to open for you requires a long-term strategy and investment, including elements such as: using market specialists; exhibiting at trade fairs; engaging in other promotional events and activities.
- Remember that many first orders are the result of emergency situations: a buyer has a sudden problem and needs a solution – then he remembers a supplier who has been actively approaching him for business. Offering an attractive solution in a situation like this is often a door opener. To do this successfully, you have to be flexible and think out of the box.
- When you start approaching prospects, start in your own network. Social media, such as LinkedIn, offer good ways of establishing initial contact.
- Remember, the best form of promotion still is mouth to mouth advertising – so make sure the customers you already have are always more than satisfied.



## **Which countries are the most competitive?**

***In terms of price, few or no countries in the world can compete with developing countries in supplying footwear to Europe. However, the distance to market of most developing countries can be a reason for European buyers to prefer alternatives. This is why countries like Portugal are still popular among buyers: their prices are higher than those in developing countries, but their delivery times are also far shorter. These suppliers are often called on by buyers who wish to respond to sudden trends or shortages.***

***The leading developing countries supplying Europe with footwear are almost all in Asia: Myanmar, Bangladesh, Vietnam and, to a lesser extent, Pakistan and Cambodia. As we have seen, these countries tend to lag behind China in terms of quality and service levels, but their price levels, especially considering the effects of free trade, offer an advantage.***

***China still has a strong position in sportswear and sports-related footwear. However, competing with China is still challenging, as China offers high efficiency and maximum flexibility. Vietnam is stepping forward as a serious player in leather and vulcanised footwear.***

***In the longer term, lower-cost production countries like Ukraine and North Korea may pose a threat to other developing countries, if and when their political instability is resolved.***

### **Tip:**

□ As an exporter from countries like Myanmar, Vietnam or Bangladesh, your first asset in competing with China or, say Portugal, is price competitiveness. Add other distinctive qualities and your competitive position will grow a lot.



## **Which trends present opportunities on the European footwear market?**

**Europe's economy is slowly picking up, with moderate growth expected for the footwear market. E-commerce calls for quicker service and more digital (and visual) data from you as a supplier. Growing social and environmental awareness is influencing market requirements and free trade negotiations. Technological innovations, such as wearable tech and three-dimensional (3D) printing, will influence shapes and styles and increase speed. Health consciousness is pushing sports footwear sales and innovation.**

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## . Moderate growth for Europe's footwear market

***One of the most important European market trends is that the economy is slowly recovering from the recession that began in 2008. European Commission forecasts suggest a modest growth of around 2% in 2016 and 2017. The biggest growth in 2017 is forecast for the edges of Europe, with Romania (+3.7%), Ireland (+3.7%), Poland (+3.6%), Spain (+3.5%) and Slovakia (+3.3%) topping the charts.***

***The recovery is positively affecting the footwear market. According to a study by Transparency Market Research, the European footwear market will show a moderate compound annual growth rate of 1.5% between 2015 and 2021. Major drivers are the growth of eco fashion footwear, changing lifestyles – for example more health-consciousness and exercise – and increased ecommerce.***

***While buyers remain cautious and price-conscious, they are eager to tap into growth opportunities and many of them will be looking for new suppliers, especially in lower-cost countries.***

### **Tip:**

Economic growth usually makes buyers more eager to try out new things. They may explore new sourcing countries, new qualities, innovative products or concepts or new designs. Use this opportunity to contact new prospects and make new proposals – bearing in mind that the market is still highly competitive and margins are tight.

## . Terrorist threats cause temporary pressure on sourcing to Turkey

***Garment exports from Turkey to Europe and elsewhere suffered slightly in the first half of 2016 due to terrorist attacks and a coup. Turkish government and sector representatives passed the slowdown off as a temporary dip. It does illustrate how terrorism can make consumers and buyers feel unsafe. Travel has suffered following attacks in France, Belgium, Germany and Turkey. Some European companies have stopped sending staff to countries perceived as 'high-risk', such as Turkey or Bangladesh.***

***The threat of terrorism can also affect transport. For example, import inspections are stricter, especially for products and containers coming from countries associated with terrorism. Road transport within Europe may also suffer delays because of more rigid inspections.***



***For footwear suppliers from developing countries, the presence of terrorist threats in Europe creates both opportunities and threats. Buyers may want to avoid countries – or transport routes – associated with (Islamic) extremism. On the other hand, the instability of Turkey – or a decrease in its supply capacity – may cause some of them to look for alternative sourcing destinations.***

**Tip:**

Realise that European buyers are wary of countries associated with (Islamic) extremism. Be clear about the safety of your operations. When asked, be open to sharing your political views.

## **. Brexit may affect your shipments to the United Kingdom**

***Brexit, or the exit of the United Kingdom from the European Union, has caused a lot of consternation in Europe's political and corporate world. It is not yet directly influencing trade, but you can expect changes as trade agreements between the United Kingdom and other countries inside and outside of Europe are renegotiated. For example, imports into Europe from the United Kingdom will face stricter regulations. This will be a challenge to footwear players who currently distribute to their stores throughout Europe from the United Kingdom. Another factor to take into account is that the exchange rate of the British pound and the euro may strongly affect the behaviour of United Kingdom-based buyers.***

***The effects of Brexit on you as a supplier in a developing country will be greatest if you do a lot of direct business with British footwear players. Your trade with other European companies may also be influenced, for instance if they depend on the United Kingdom for shipping.***

**Tips:**

If you do a lot of business with British players, make sure you stay in close contact with them so that you will know how Brexit is affecting them – and what you can do to respond. For example, if the British pound drops, they may struggle to keep up imports and will be looking for lower prices or higher value for money.

If you sell to firms who distribute throughout Europe from the United Kingdom, consider offering dual shipments: send the products destined for the British market to the United Kingdom and the rest to an alternative European hub. This means drawing up separate documents for both kinds of shipments as well.

## . E-commerce is forcing players to change their game

**European consumers increasingly buy their footwear online. Sellers can be big and small brands, multi-brand web shops, retailers and apparel chains. Apart from shopping online, consumers also use the Internet and social media to follow trends and develop their own styles and preferences.**

**In Europe, consumers buy more footwear (and clothing) than anything else online, according to an Ecommerce News Europe report. Almost every footwear brand has a web shop or uses existing online sales channels. Some retailers are struggling to keep up with e-commerce and are losing traffic to their physical shops.**

## . Social media are shaking up the market

**Like e-commerce, the growth of social media is also shaking up the market. Many footwear brands have stepped up their social media activity. For example, media reports say Adidas is taking over the sneaker world through social media. TOMS is another brand with a strong (social) media presence.**

**Facebook is a leading social media platform in footwear. For example, Nike Football has over 42 million Facebook followers and Converse over 37 million – placing the two among the world's top eight brands on Facebook. Youtube, of course, is also a hot spot for consumers, trend watchers and brands. Brands like Steve Madden, Crocs, and Sam Edelman are using Instagram and other social media to give followers direct access to their ad campaign shoots, fashion shows and front rows. The growth of e-commerce does not mean Europe will no longer have offline footwear shops. Ecommerce cannot survive on its own: companies that combine e-commerce and online activities with offline commerce will be the most successful. The growing use of the Internet, e-commerce and social media also offers you opportunities as a small to medium-sized exporter based in a developing country. It may be too early to open up your own web shop in order to sell directly to European consumers, but you can certainly use the Internet and social media to your advantage.**

### **Tips:**

Start by looking at what is happening on the market. Industry leaders have well-designed, highly functional mobile sites that integrate seamlessly with social media and other channels. Check the Internet and the social media discussed above to see examples of how it all works. For example, look at this [social media overview](#) to find out what there is and how to use it.

Look for ideas and inspiration on the Internet, and for tips on learning how to use social media to help your business grow.

Become an active user. Follow brands within and outside your segment, use social media for your own communication, marketing and/or branding.

Brands want a consistent, clear image across the different media they use. You can serve your buyers better by talking to them about, and understanding, their needs and wishes. For example, find out whether your buyer needs different kinds of packaging and logistics solutions for e-commerce, or photos and videos for social media.

If you want to do business directly with consumers, joining existing trade platforms, such as [Aliexpress](#) and [Alibaba](#), is better than just using your own web shop.

See this online [study on SMEs and social media](#) to learn how small and medium-sized companies can use social media.

## . Sustainability and corporate social responsibility are gaining ground

***Sustainability and corporate social responsibility are major concerns to many non-governmental organisations in Europe – and therefore also to consumers and buyers. Reducing the use of hazardous chemicals and improving labour conditions are key issues. Other concerns range from animal welfare, waste management and traceability to child labour and fair wages.***

***As a result of this trend, European buyers will increasingly be looking for innovative sustainable footwear solutions, for example environmental-friendly materials and production methods. They will also be keen to find suppliers who have a strong social and environmental record.***

***One effect of this trend is that some Europeans prefer footwear produced in Europe to non-European products. They feel the social performance of European manufacturers is easier to monitor than that of producers in faraway countries. This means that as a supplier you have to offer clear evidence of your performance if you want to convince buyers to work with you.***

### Tips:

As an exporter, you cannot afford to ignore corporate social responsibility (CSR). Child labour, unsafe management of chemicals and unhealthy labour conditions, not to mention factory accidents, can easily cause a media scandal that may put you out of business. Be open with your buyers about the challenges you face regarding social conditions in your company. Improving your performance is also in their interest.

Rather than seeing corporate social responsibility as a threat, look into the potential to tap into this trend by making your social performance a distinguishing quality. One great example is the footwear brand [TOMS](#). This company promises that for every product it sells, another product will be donated to a person in need.

Read up on the [Dutch Agreement on a Sustainable Garment and Textile Sector](#) to get an idea of where the market is headed. It is expected that this covenant will soon set the trend for the rest of Europe both in fashion and in footwear. It was signed by the Dutch government and a broad coalition of branch organisations, trade unions, non-governmental organisations such as [Solidaridad](#), and 57 textile brands and retailers.

Talk to your buyers about challenges and ambitions you share in following this trend. Discuss areas in which you can adapt to new market requirements in order to get ahead of the competition.

See our study on [Buyer Requirements on the European footwear market](#). It offers information and tips on topics ranging from [REACH legislation on chemicals](#) to the [Detox campaign toxic-free future](#), a recent Greenpeace initiative, and the [Accord on Fire and Building Safety in Bangladesh](#), which deals with building safety.

## . Eco footwear is a small, but exciting growth market

***The push for more sustainability and corporate social responsibility is fuelling the eco fashion niche. Eco-friendly shops are growing in numbers. Eco shoes, once considered eccentric, are now quite fashionable, especially in the north and west of Europe. Eco footwear is all about 'clean', responsible materials and production methods.***

***This niche can involve recycled leather, organic cotton, chemical-free production, clean leather tanneries and more. Eco footwear might be made of upholstered leather from cars, trains or subways, or natural products, such as canvas, hemp or rope. Some brands have soles made of recycled tyres, cork or wood. Examples: El Naturalista, Terra Plana, Eco Vegan shoes, Planet Shoes, Ecouterre. Alibaba's used shoes are also a good example.***

### Tips:

If you use – or if you could use – materials or production methods that are environmentfriendly, do so. The eco trend is hot in footwear and embracing your eco potential could get you a firm position in a growing niche with good margins.

Talk to buyers and visit trade fairs to explore the many possibilities for trading up towards the eco footwear niche. There are more possibilities than you think.

Consider using natural materials, such as cork or organic cotton. Even if you only use these materials for parts of your shoes, you may have a concept that will sell – and an ecological competitive edge.

Waste management is another important area in the eco niche. How do you manage waste? Can you re-use your wastewater? What about leather shavings? All of these aspects represent potential buying arguments for your European customers and may make the difference between you and the next supplier.

Another eco issue is packaging. Consider using boxes or bags that can be recycled or repurposed, for example.

## . Favourable trade agreements can heavily influence your pricing

***Politicians are as concerned about environmental and social issues as consumers are. Import duties are a common means for European politicians either to restrict or to encourage imports from certain countries, often on the basis of their political, social and environmental performance. This is how Europe's Generalised Scheme of Preferences (GSP) has caused some shifts in global supply chains. Effective since 2014, this scheme allows some developing countries to pay less or no duties on exports to Europe.***

***The GSP countries that in the past did not have to pay import tariffs in Europe – such as China, Morocco and Tunisia – no longer have that advantage under the new scheme. This has improved the competitive position of countries still benefiting from GSP arrangements, such as Cambodia, Bangladesh and Pakistan.***

***If you are based in a country listed in Europe's current GSP, you have a strong competitive advantage over suppliers in non-GSP countries. Your prices, by default, are several percent lower.***

### Tips:

If your country enjoys free trade under the GSP, make sure you communicate this with potential buyers, as it means you can offer very competitive prices.

The GSP is scheduled for review after 31 December, 2016. Check the European Union's GSP pages regularly using the link provided above, as any changes may have a significant impact on your competitive position.

Always keep in touch with European market access requirements. For additional information about requirements that apply to footwear, see our study on [Buyer Requirements on the European footwear market](#).

## . Technology is accelerating production and reducing labour

***Technological developments are changing almost every industry, including footwear. Think of new manufacturing techniques involving robotics, or new and faster machines. Footwear manufacturers in China are major drivers of this trend. Rising wages and labour shortages are forcing them to push efficiency and technology to their limits to minimise labour and maximise output.***

***Both individual machines and entire production lines are constantly being fine-tuned, improved and renewed in footwear. Technology is progressing in several areas:***

- ***fabrics technology (sustainability, durability, weather-resistance) technology aimed at cost-price reduction***
- ***technology based on alternative materials***
-

### Tips:

Stay informed about technological developments in footwear production. You may not have to follow every improvement and innovation, depending on your strategy and market, but keeping informed about relevant developments is vital to understanding where you can contribute.

There are several effective ways to stay tuned for technological and other market developments:

- Attend major trade fairs, such as [MICAM](#), which is held each February in Milan, Italy
- Keep in touch with material manufacturers with large research & development facilities
- Watch brands active in high-performance sports, such as [Nike](#) and [Adidas](#), because new technologies they introduce usually find their way quickly to mass markets.

## . Technology is blending footwear with other industries

***Technology is opening up opportunities for many new market cross-overs and co-creation initiatives. It is linking footwear to health, for example with smart shoes for runners. Adidas' partnership with Kanye West is one of many examples of music and entertainment brands embracing footwear production.***

***The health hype in Europe is a major driver of this technological trend. New health applications for consumers are appearing almost daily, ranging from identification (ID) tags for runners to measuring equipment for the wearer's heartbeat and other health factors. Footwear is an ideal carrier for many new applications and gadgets. The footwear market, particularly the sports, casual and outdoors segments, is also keen on new, high-tech materials. For example, new waterproof and breathable materials are in high demand, as well as materials with cooling properties.***

### Tips:

Find out about high-tech developments, especially in the area of health, sports and fitness, and how they are spilling over into the apparel and footwear industries. You may be able to facilitate a technology crossover yourself. Here are some [examples of high-tech footwear](#).

3D printing, until now, has proven itself suitable only for small accessories and low volumes. If you do accessories or basic shoes in low volumes, look into the possibilities of adopting 3D technology in your own business. Otherwise, it is sufficient to just keep track of developments.

Tap into the trend towards combining footwear with technological gadgets (to get some ideas, read this [article on trending footwear gadgets](#)). If you do, be aware that including gadgets in your products will require additional quality assurance, as you are adding materials and devices that are subject to safety and quality requirements conventional footwear does not face. Not every manufacturer can meet these standards, so it is important that you offer customers proof by providing samples.

If you have the capacity to integrate gadgets or room for gadgets in your footwear, make sure buyers know about this and make sure that you are in touch with the right target groups, such as kids and teenagers, athletes, or the elderly.

Be creative in looking for possibilities to include new technologies. Look for a software company near you that you could partner with to produce a new high-tech shoe.

Accessing new high-tech materials is primarily a matter of sourcing. As mentioned above, you have to get in touch with fabric manufacturers who have sufficient R&D capacity to keep turning out new materials. Share your findings with customers and prospective buyers.

## . Consumers like products they can personalise

***Personalisation is an important trend in Europe, with individual consumers increasingly demanding their own, unique 'look'. Some brands tap into this desire by offering personal designing or customising a product. With today's camera and software technology, consumers looking for products on the Internet can watch the actual production process, or personalise products on brand websites. Vans Custom Shoes and iShoes by iTailor are among many examples in this area.***

### Tip:

Find out whether your buyer is interested in personalisation, as it may affect how you supply your products. For instance, you may want to try and include replaceable accessories in your design.



## . Ageing is leading to more demand for health-related footwear for seniors

**Surveys suggest that in the next 50 years increasing lifespans and low fertility levels will contribute to an ageing population in Europe. Seniors represent a significant footwear market opportunity, as many Europeans over the age of 65 have both purchasing power and leisure time.**

**Seniors may be underserved in the footwear market, as few prominent brands currently address this group of consumers. If you want to serve this segment, you have to understand the lifestyle of today's seniors in Europe. For instance, many seniors continue to work. They also tend to have a more physically active lifestyle than their predecessors, and are spending more on travel and tourism.**

### Tips:

Make an effort to understand the specific needs of seniors by monitoring the media and major retailers.

Consider creating product lines and collections that cater specifically to seniors, for example in footwear for work, leisure, sports and outdoor activities.

Consider common ageing factors in the design of products for seniors, for instance, incorporating elements like simple closures and fasteners, easy-to-read labels, easy care, and comfortable fabrics.

For more information and ideas, see our studies about [specific footwear products](#), for example the study on [specialty footwear](#).

A lot of younger-generation entrepreneurs in Asia and other developing countries are starting up factories on a higher CSR level than was common. These young entrepreneurs are often well-educated and well-travelled – many have studied in North America or Europe – and have returned to their native countries with a keen understanding of global markets and a drive to make a difference.

## **What are the opportunities for leather on the European footwear market?**

**Leather footwear is a basic item available in all price categories. Many leather shoes are still manufactured in Europe, where leather quality and skilful stitching are highly valued. An important trend influencing the leather segment is the growth of much cheaper synthetic materials offering an almost identical quality. This is putting pressure on the leather footwear market. However, in general, full leather shoes remain a valued product in Europe, offering good opportunities to developing country suppliers.**

### **Contents of this page**

1. [Product description](#)
2. [What makes Europe an interesting market for leather?](#)
3. [Which trends offer opportunities in the leather footwear niche market?](#)
4. [What requirements must niche leather comply with on the European market?](#)
5. [What are the end-market prices for leather products?](#)

### **1 . Product description**

**On the European market, leather shoes can be divided into the following three categories.**

**Full leather shoes with leather outsoles**

**Full leather or semi-leather shoes with synthetic outsoles that include, for example, rubber, thermoplastic rubber (TPR), or phylon**

**Synthetic shoes with leather overlays and synthetic outsoles**



*Examples of leather footwear: full leather with a leather outsole, leather with a synthetic outsole, semi-leather upper with a synthetic outsole*

## HS Codes

*The following HS Codes are used in Europe to represent leather footwear:*

*32301200 (snow-ski footwear)*

*64031200 (ski-boots, cross-country ski footwear and snowboard boots with outer soles of rubber, plastic or composition leather and uppers of leather)*

*64031900 (sports footwear, outer soles of rubber, plastics, leather or composition leather & uppers of leather)*

*15202350 (sports footwear with rubber, plastic or leather outer soles & leather uppers)*

*64042090 (footwear with outer soles of leather or composition leather and uppers of textile materials)*

*15201445 (rubber, plastic or leather outer soles)*

## Quality

*In the shoe sector several leather qualities are used. Quality begins in the tannery. The first essential thing you need to know in the leather industry is that chromium VI is a forbidden chemical in Europe. Do not use it at all in the tanning process; if chromium VI is detected, your shipment to Europe will be rejected.*

*The next quality factor is related to the different animal hides used in footwear. The most common leather qualities come from cow, calf, goat and sheep hide.*

*Within these qualities there are different quality segments: pigskin as lining; corrected leather; suede leather; pressed suede; action leather; crazy horse; Nubuck leather; top-grain leather; and full-grain leather.*

## Materials, tanning and finishing

*Leather production starts in a tannery, where it is processed and tanned/pickled. The hair is removed and then the hide is tanned and finished. The protein structure of the hide is altered by means of chemicals; this treatment makes the hide stronger and more resistant to decomposition. If the waste materials are not processed and cleaned, this wet process has a significant impact on the environment.*

*There are several products available that have a lower environmental impact than tanned leather. Examples include leather prepared by means of vegetable tanning and EasyWhite. Both of these produce chrome-free leather.*

*After the tanning process, the hide needs to be finished. This can be done in different ways to create different effects. Embossing structures are an example of a physical finish. This process is mostly used to create a specific look, but it can also be used to hide the leather's imperfections.*

*There are also many kinds of chemical finishes, such as coating, polyurethane, acrylic, vinyl, waterrepellent, wax, oil, spray or polish.*

*Many companies supply chemicals and finishing techniques. A few examples are Stahl, BASF, Smitzoon, Lanxess and Schillseilacher.*

*The leather most commonly used in shoe production is cow leather. The cow hide has two parts:*

*top or full-grain leather comes from the top layer of the hide and is the most expensive part of the hide, as it shows the fibres, and the quality is dense and firm split leather is leather created from the more fibrous part of the hide after the top-grain has been removed; its structure is softer and looser, making it the cheaper part of the hide.*

## **Quality characteristics of different leather types**

### ***Pigskin as lining***

*Pigskin can be recognised by small dimples in the skin. It is very important to note that pigskin can only be sourced and used in non-Muslim countries.*

### ***Corrected leather***

*In corrected leather, the grain is partly removed to get rid of natural hallmarks present on its surface. The tannery corrects the surface and applies a simulated grain.*

### ***Suede leather***

*Suede has a hairy surface and is very common in footwear. It is the perfect material for creating casual, sports and vulcanised shoes. Different thicknesses are available, ranging between 1.2 mm and 1.8 mm.*

### ***Pressed suede***

*The base material for pressed suede is split leather. The surface of the split leather is treated and then pressed with embossing plates, resulting in the perfect low-cost material for high-volume production.*

### ***Action leather***

*To create this material, split leather is rolled smooth and laminated with a flexible thin film of polyurethane (PU) or polyvinylchloride (PVC). The surface is embossed. This type is common in sports footwear.*

### ***Crazy horse leather***

*Crazy horse leather is a lower quality of grain leather that has been brushed to remove the top surface. The leather is then treated with oil or wax to darken it. Characteristically, you can still see the bug bites and scars on it. Stretching crazy horse leather causes a change of colour, as the oil is pressed out.*

### ***Nubuck leather***

*Nubuck leather is a higher quality leather with a velvety feel. This effect is created by buffing the leather – or rubbing off the top grain – which makes Nubuck fragile and costly.*

### ***Top-grain leather***

*Top-grain leather retains the natural textures of the hide, but is treated with a penetrating dye with the aim of creating a whole appearance and to hide small defects.*

### ***Full-grain leather***

*This leather is of the highest quality; it is the most expensive kind. Full-grain leather is flawless, having retained its full grain and natural textures. Only high-quality hides – often from cattle that has had high-quality feed and been kept in enclosures free of barbed wire – can be used for making full-grain leather.*

# Labelling

**All footwear sold in Europe must be fitted with labels offering information on the main materials used for the three main parts of the shoe: the upper, the lining and insock, and the outer sole. Each label must state – in words or pictograms prescribed by the EU Directive on footwear labelling – whether the material is ‘leather’, ‘coated leather’, ‘textile’ or ‘other’.**

**If you have used leather in a footwear product, you can add a ‘genuine leather’ tag to confirm its authenticity. Beware that this can give the impression that it is a product made completely out of leather.**

## **Made-in labelling**

**The European Commission is working on mandatory origin labelling (the ‘made-in label’) in Europe for all non-food products, including footwear. Until now, made-in labelling is optional, but some buyers already require made-in labelling from their suppliers. Others will be seeking to experiment with it in the coming years in anticipation of upcoming legislation.**

## **Tips**

Check with your buyers to make sure your labelling meets the legal requirements in Europe. •

Find out whether your buyers are interested in made-in labelling. It may be an additional selling point.

For more details on labelling, see [the European Commission’s information on footwear labelling](#) • or the [EU Export Helpdesk footwear labelling pages](#).

# Packaging

**Products imported into Europe are subject to European packaging requirements. These requirements aim to promote the reuse of packaging and to reduce waste, as shoeboxes account for millions of tonnes of waste. Retailers are responsible for the way their products are packaged for sale in shops, but they often ask suppliers to do this for them.**

**There are many innovative packaging concepts on the footwear market. Many of these address environmental impact. Puma’s ‘Clever Little Bag’ reduced Puma’s cardboard waste by 65%. Brooks Running Shoes’ bamboo shoe canister offered customers a natural, beautifully designed canister that can be reused for many purposes. Here are more examples of innovative shoe packaging.**

**Particularly at the high end of the market, packaging concepts are designed more for aesthetic purposes. Examples: Brandart packaging, Scatoloficio Al Capriccio, Görtz kids’ shoe packaging.**

## Tips

Strengthen your competitive position by asking your buyer how you can meet packaging requirements. Find out as many details as you can regarding his needs and wishes.

- Ask where to place bar codes and data for the buyer's processing and storage systems.
- Look for ways to reduce and reuse packaging waste. If you can improve your performance in this area, use it as a selling point in communicating with buyers.

Be aware that you can be held responsible for damage caused by defects to your products or packaging. This is called product liability. For more information, read our study on [European liability legislation](#).

- Consider alternative inks for printed packaging, such as [soy ink](#).
- For more info on eco-friendly packaging, read this [article on the evolution of eco-friendly packaging](#).

For information on legislative packaging requirements in Europe, see the section on requirements in this study and our general study on [requirements on the European footwear market](#).

## . What makes Europe an interesting market for leather?

### Developing countries are gaining ground in European leather footwear

***The share of developing countries in leather (footwear) production has been steadily growing for several decades. The main reason is that manufacturers in the European Union (EU) have increasingly relocated production facilities to lower-cost countries. This began with shoe uppers, but leather processing (tanning) and footwear manufacturing have followed. This shift from Europe to developing countries is still continuing, creating increasing opportunities for suppliers from developing countries.***

***Some European countries, for example Portugal, remain very strong in leather footwear production. While offering lower costs, developing country suppliers also face several challenges. In many developing countries it is difficult to get high-quality raw material. Manufacturing skills and technical knowledge also need developing. Furthermore, there are also environmental issues that need to be resolved. For instance, many tanneries cause pollution or use chemicals that have been banned in Europe.***

***Various countries in Europe are known for different specialties in leather footwear production. Italian innovation, especially in the Santa Croce area, is well known. 'Made in Portugal' products are gaining ground and Portuguese production benefits are also well known. Spain's footwear industry is also growing. In the Netherlands, Van Bommel footwear is known as a quality product.***

## Germany is the largest footwear market in Europe

**Between 2009 and 2013, Germany was Europe's leading overall footwear importer, with an import share of 19% in terms of value. Textile uppers showed particular growth, both from outside Europe (57%) and from other European countries (26%). Germany was followed in import share by France (14%), the United Kingdom (13%) and Italy (12%). The Netherlands ranked sixth (8%), followed by Belgium (7%) and Spain (6%).**

**As a developing country supplier, you can use these figures as a guideline to focus on your growth potential in a specific country, taking into consideration that strong market growth is no guarantee for easy business. Rising growth figures may be an indicator of economic growth, but also remember to study total volumes and average prices to come to a reliable conclusion about real potential.**

### Tips

Always look at the history of a country you are considering as an export destination. If it has a shoe manufacturing background, then realise you will be facing knowledgeable buyers. This can make doing business easier, but negotiating more difficult: people with know-how will understand your manufacturing processes, but are also better at pricing.

In the country you are targeting, always focus on the company showing the largest growth.

Its success will most probably create increasing demand and a need for new suppliers.

**Germans consumers accounted for per capita footwear sales of €131, but per capita consumption in other leading European countries was higher: Italy (€162), the United Kingdom (€157), France (€156) and Spain (€144).**

**General footwear imports are showing strong growth – 10% and more – in Slovakia, the Baltic states, Poland, Romania and Sweden. In Greece, Croatia, Ireland, Luxembourg, Cyprus and Malta, footwear imports are decreasing. The main reason for this is economic pressure.**

**Generally speaking, countries with high imports, such as Germany, are easy to access, as there are a lot of buyers there looking for suppliers. The important thing when entering these markets is to find buyers whose needs in terms of volume match your capacities. Giant retailers like Deichmann may look attractive, but their volume requirements may well be too extensive for you.**

## Tips

- Whichever country you target, make sure you find buyers who match your business.
- If your volumes are limited, aim for buyers who operate in a single country rather than buyers who need products for a number of countries at the same time.

Study the average income in a country to understand the product quality. Most probably low average income will mean a lower product quality/price ratio.

## Leather footwear exports from Europe – including re-exports – are rising

***Worldwide, Europe exports around 10% of footwear. Asia is by far the biggest footwear exporter, with a share of over 80%, according to the World Footwear Yearbook 2016. China produces almost six out of every ten pairs of shoes sold in the world – and many of these are exported. Vietnam reached a share of 7% in worldwide exports in 2015.***

## Tips

- Focus on the specific strengths and reputation of your target country to create business.
- Investigate competing countries to understand their weaknesses and limitations: this will help you choose a clearer strategy.

***Leather footwear is the main European footwear export product. This is because Europe has long enjoyed a strong reputation for fashionable designs, high-quality leather and high-quality shoe manufacturing.***

***Leather footwear represents almost 80% of European production, confirming the positioning of European footwear production at the high end of the market, according to a 2015 study published by IndustriAll European Trade Union.***

***Footwear exports from Europe, particularly leather uppers, have continued to rise in recent years. From 2009 until 2014, exports to third countries increased by 46% in quantity and 78% in value, according to the European Confederation of the Footwear Industry.***

***Ten out of the world's top fifteen exporters are European: Italy, Belgium, Germany, Spain, the Netherlands, France, Portugal, the United Kingdom, Romania, and Slovakia. The main European production countries – Italy, Portugal and Spain – account for 23% of global leather footwear exports.***

***These exports include re-exports. Re-exports are the main reason why Europe's export figures are higher than its import figures. Re-export percentages are highest in Germany, Belgium and the Netherlands.***

***The largest export markets for European footwear are Russia, the United States and Switzerland.***





***But other countries – especially China, the United Arab Emirates and Turkey – have seen the biggest growth in recent years, according to data published by the European Commission.***

***As for imports, leather footwear is the largest footwear product imported in Europe in terms of value, followed by rubber and plastic footwear and textiles footwear. In terms of pair numbers, rubber and plastic shoes are the largest import category.***

### **Tips**

When you do market research, do not just look at the largest markets in Europe, but consider what type of market will benefit your business most: a market known for innovation, such as Italy, or a new growth market, such as those in Central and eastern Europe.

Consider the possibility of re-exports, too. This means you sell your products to a European buyer who re-exports them to another – perhaps non-European market. Germany, Belgium and the Netherlands are Europe's leading re-exporters. For example, consider supplying a lower-cost leather footwear collection to a European re-exporter.

For more information on the market channels and segments in European footwear, see [our study on market channels and segments in European footwear](#).

## **3 . Which trends offer opportunities in the leather footwear niche market?**

### **Signs of renewed growth for Europe's footwear market**

***One of the most important European market trends is that the economy is slowly recovering from the recession that began in 2008. The recovery is positively affecting the footwear market. This is one reason why many footwear buyers are looking for new suppliers, especially in lower-cost countries.***

### **Favourable trade agreements can help you compete with China and other supplier countries**

***China is Europe's largest footwear supplier. But imports from China are under pressure, because of rising labour costs and import duties. European buyers are looking for alternatives. The most interesting segment in this respect is leather footwear. Its high export prices means the savings on import duties are substantial.***

***Europe's Generalised Scheme of Preferences (GSP) has caused some shifts in global supply chains since 2014. The scheme allows some countries to pay less or no duties on exports to Europe. This has improved the competitive position of countries benefiting from GSP arrangements, such as Cambodia, Bangladesh and Pakistan.***

***If you are based in a country listed in Europe's current GSP, you have a strong competitive advantage over suppliers in non-GSP countries. Your prices, by default, are several percent lower. If you can present a great leather product manufactured through a controlled chemical process that complies with European requirements, then there are major opportunities (see also the next section on requirements).***

### **Tips**

If your country enjoys free trade under the GSP, make sure to communicate this with potential buyers, as it means you can offer very competitive prices.

The GSP is scheduled for review after 31 December 2016. Check the European Union's GSP pages regularly using the link provided above. Changes may impact your competitive position.

- Find out more about import duties using this [online duty calculator](#).
- For more information on the main competitive factors you will face in this and other footwear segments, see our study on [competition in the European footwear market](#).

## **Traditional leather shoes are popular among Europe's growing numbers of senior citizens**

***Surveys suggest that in the next 50 years increasing lifespans and low fertility levels will contribute to an ageing population in Europe. Senior citizens represent a significant footwear market opportunity, as many Europeans over the age of 65 have both purchasing power and leisure time.***

***Senior citizens who like traditional, high-quality leather footwear offer good opportunities for you as a supplier.***

### **Tips**

Make an effort to understand the needs of senior citizens by monitoring the media and major retailers.

Consider creating leather footwear products that cater specifically to senior citizens and their (health) needs.

Consider common ageing factors in the design of products for senior citizens, for instance, incorporating elements like simple closures and fasteners, easy-to-read labels, easy care, and comfortable fabrics.

## The health trend is an opportunity in leather footwear

***An important trend affecting footwear is the health trend. Europeans are more health-conscious than ever nowadays. This means there are exciting opportunities for many kinds of footwear, including many specialty variations, such as sports, health and outdoor shoes.***

***More and more European consumers are realising that the shoes they wear can significantly affect their foot health and general wellbeing. This means choosing good quality shoes and being aware of good fit is essential. For example, the United Kingdom's Healthy Footwear Guide offers manufacturers and consumers help in this area; the initiative is backed by a growing number of footwear companies.***

***Combining leather products with health benefits is a good market opportunity for you.***

### Tips

Study examples of healthy footwear. For some examples, see [this article's 'healthy shoe review'](#).

- Find out what features European buyers and consumers look for in healthy footwear.
- Clearly emphasise the health benefits of your leather footwear to tap into the health trend.

## E-commerce and social media are shaking up the market

***European consumers increasingly buy their footwear online. Apart from shopping online, consumers also use the internet and social media to follow trends and develop their own styles and preferences. In Europe, consumers buy more footwear (and clothing) than anything else online. Companies that combine e-commerce and online activities with offline commerce will be the most successful.***

### Tips

Find out what is happening on the footwear market with regard to e-commerce and social media. For example, look at this [social media overview](#) to find out what there is and how to use it.

Become an active user. Follow brands within and outside your segment, use social media for your own communication, marketing and/or branding.

Find out what your buyers are doing online and ask how you can support them, for example by supplying good photo and video material of products.

For more information on important trends affecting European and global footwear, see our study on [trends in European footwear](#).



## 4 . What requirements must niche leather comply with on the European market?

### Legal requirements: product safety, health and labelling

*Buyer requirements can be divided into three categories: 1) musts, requirements you must meet in order to enter the market, such as legal requirements; 2) common requirements, or those you have to comply with in order to keep up with your competitors; and 3) niche market requirements, for specific segments.*

*There are many requirements your footwear products have to comply with by law in order to be sold in Europe. The main areas they cover are product safety (all products), use of chemicals, labelling, and use of materials derived from wild plants and animals.*

#### *Product safety*

*Europe's General Product Safety Directive basically states that all products marketed in Europe must be safe to use. The directive forms a framework for all legislation aimed at specific products and issues. Even if there are no specific legal requirements for your footwear product and its uses, the General Product Safety Directive always applies.*

#### **Tip**

For more information, see the section on the [General Product Safety Directive \(GPSD\) at the EU Export Helpdesk](#).

### Chemicals and restricted substances

*The European Union has restricted a great number of chemicals in products marketed in Europe.*

*These are listed in the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) regulation (Regulation (EC) 1907/2006). The rules laid down in this regulation are mandatory. If you do not follow them, you cannot compete in Europe.*

*In March 2014, the European Union adopted a law that restricts the chromium VI content in leather products. Chromium VI compounds can be formed in leather through the oxidation of chromium III compounds, which are added in some tanning processes. The restriction is that the chromium VI content should not exceed 3.0 mg/kg.*

## Tips

Look for alternatives to leather tanned with chromium VI, such as [vegan leather](#), [wet white tanning](#) or [eco leather](#).

Familiarise yourself with the full list of restricted substances in products marketed in Europe by checking out [restricted chemicals in textile and leather products at the EU Export Helpdesk](#).

- In order to determine how you might be affected by REACH, see our [document on REACH](#).
- Make sure you know Europe's labelling requirements, too. For more information, see the [textile labelling rules at the EU Export Helpdesk](#).

For an overview of all legal requirements that apply to your product, see the [EU Export Helpdesk](#), where you can use your product code to access a list of relevant requirements.

Get information from testing organisations on how to make sure your footwear meets the relevant technical requirements, for instance the United Kingdom's [Satra Technology](#).

## Products from wild plants and animals

***If you use parts of wild plants or animals in your product – for example, crocodile leather – you must ensure these are not from endangered species and thus do not fall under the restrictions of the Convention on International Trade in Endangered Species (CITES).***

***The EU has implemented these requirements in its Regulation 338/97. The Regulation includes a list of restricted species (including products thereof) and special procedures where applicable. The EU has separate laws on trading in seal products, such as seal fur.***

***Crocodile and python leather from farm-grown animals can be imported into Europe with a special permit. Getting an import license is difficult. Some buyers are hesitant to buy such leather, partly because leather from farmed crocodiles may be associated with endangered wild crocodiles by consumers.***

## Tips

Find out whether your products are subject to CITES restrictions and make sure you adhere to • them.

For more information on European laws related to CITES, visit the CITES website or see look at • the section on [CITES at the EU Export Helpdesk](#).

Read [EU Export Helpdesk](#)'s information on trading in seal products. •

## Safety shoes and CE marking

***If you produce leather safety shoes, you have to make sure that they meet the strict standards set for personal protective equipment (PPE). Safety shoes must be tested against these standards and bear the CE mark. CE marking is a mandatory conformity scheme for certain products sold in Europe. The letters 'CE' are the abbreviation of French phrase 'Conformité Européenne', which means 'European Conformity'.***

### Tips

- Read up on [CE marking in Europe](#).
- Find out more about [specific standards for personal protective equipment in Europe](#). For example, safety shoes face requirements regarding slip-resistant soles, protection against chemical substances or fire resistance. Find out which standards are applicable to your leather product.
- Read the [EU Export Helpdesk](#) information on CE-marking for safety shoes.
- For more information, see our study on [buyer requirements on the European footwear market](#).

## Common requirements: care labelling and sustainability

***In addition to the legal requirements you will face as a developing country supplier exporting leather footwear to Europe, you will also face requirements that are not mandatory, yet unavoidable.***

### Care labelling

***Care labels attached to garments offering care and cleaning instructions are important to European consumers. In most European countries, the care labelling system of the International Association for Textile Care Labelling, GINETEX, is used. This system uses easily recognisable symbols to recommend garment care. According to the GINETEX standards, your footwear labels should include instructions on: general care and warnings; washing; drying; ironing; and/or professional textile care (dry-cleaning).***

### Sustainability performance

***Sustainability requirements, though still widely differing, are gaining ground in the European footwear market. Many buyers have non-negotiable standards in this area. A strong sustainability performance is perhaps not yet vital to doing business in Europe, but it certainly offers you a competitive advantage.***

## Niche requirements: certified sustainable products

***While sustainability is gaining ground, the actual use of certification is still a niche in this sector. If you can offer it, you have a good chance of reaching higher segments with bigger margins. Think, for example, of fair-trade cotton, or eco-labelled products.***

### Tips

Collaborate with your suppliers and subcontractors on developing transparency and sustainability in the entire supply chain.

Develop an open costing structure so that buyers will better understand price differences and profits made. More and more buyers will expect this from you.

If your environmental performance is already at a high level, consider building on this quality to specialise in eco-friendly leather footwear.

For detailed information on niche sustainability requirements and standards, as well as tips on how to enter this niche market, see our study on [buyer requirements on the European footwear market](#).

## What competition will you be facing on the European leather market?

***The best opportunities for leather footwear in Europe are in the mid to high price levels. Here, volumes are low and quality levels are high. Artisanal handicraft is highly appreciated by European customers in these segments and is a strong selling point.***

***Much of this high-quality leather footwear is produced in Europe (see also the earlier section in this study on why Europe is an interesting market for leather footwear). As the market for leather footwear grows, along with economic pressure, both consumers and manufacturers are looking for sources offering the same quality levels at lower prices. This offers good opportunities to suppliers from developing countries.***

***Specialised factories and brands based in Asia and South America targeting the European market are strong competitors in the leather footwear segment. They produce high-quality products with high flexibility and small minimum order quantities (MOQs) at competitive prices. They often have access to cheap raw materials. Most of these factories are based in India, Vietnam, Korea, Brazil and Argentina. Examples include Brazil's Jorge Bischoff and India's Valentino.***

### Tips

Specialise in whatever way you can, for example through quality, design, material combinations or service: increased specialisation means a stronger competitive position.

For an overview of the main competitive factors you will face in this and other segments, see [our study on competition in the European footwear market](#).

## Which channels can you use to put your leather products on the European market?

***The European footwear market is highly fragmented. This means it can be segmented in many different ways, for example on the basis of price, volume, functionality or demographics. Leather footwear products find their way into most of these segments.***

***The segments offering the best opportunities are the middle and upper segments. This is because you can add more value here and reach higher margins.***

***Producing leather shoes for a niche segment can be profitable, especially if you succeed in creating business continuity. In many cases it is advisable to work through an agent or buying organisation. This will help you reduce marketing and distribution costs and consolidate orders. The biggest advantage of working with these organisations is that they know the market and trends and have the contacts.***



### Tips

- Do thorough market research to identify the most suitable countries and segments.
- For more information, see our study on [market channels & segments in European footwear](#).

## 5 . What are the end-market prices for leather products?

### Leather footwear prices are rising

**Leather footwear costs more on average than any other type of footwear produced in Europe and its price has been steadily rising. One possible reason for this is the increase in material costs. Another is the fact that European consumers recognise the intrinsic added value of footwear made in Europe: other important types of footwear produced in Europe show a lower increase in price.**

**This development presents both an opportunity and a challenge. On the one hand, you can compete with European manufacturers by offering lower-cost leather footwear. On the other hand, those European manufacturers have a strong reputation, which means you have to work on your branding and deliver outstanding quality.**

### Consumer prices range from around 140 to 300 euros

**In the European leather footwear market, consumer prices range around €140–300.**

**Retailer margins are between €2.50–3.00. So if a sales price is €300 and the seller works with a three-fold margin, the buying price has to be around €100.**

**If you have sold your products through an agent, he will take a percentage of 5–15%. So your factory price has to be around €90, including transport and clearance to Europe.**

**If you produce for a footwear brand that delivers directly to the store or to the consumer, the margin of the store will be only €2.50. So a €300 pair of shoes will cost the shop €120. Brands usually have a five-fold margin for direct sales to consumers. So a consumer price of €300 is based on a factory cost price of €60.**

*Please review our [market information disclaimer](#).*

