

Indian footwear industry



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Industrial Analysis on Footwear Industry 2010 9/15/2010 1. Indian Footwear Industry 1. 1 Overview The Indian market for footwear includes all producers of non-cleated, rubber and plastic footwear designed in style or for use. The industry is a collection of smaller, segmented, yet often overlapping markets, defined by both the price and the purpose of the shoes. For instance, there are mini-markets for shoes designed for each of many sports and other purposes: basketball, running, walking, tennis, and casual wear.

The greatest overlap between these categories is between performance shoes and casual wear. Therefore, there is some degree of overlap between most segments. The industry is dominated by a few large firms, while the majority of other players have less than 5% market share. These firms fight for market share through non-price competition, on strategies such as strengthening brand image and increasing product proliferation. The success of each firm is greatly dependent upon its marketing campaigns. The brand image of the major firms is created by extensive marketing campaigns and celebrity endorsements.

Consumers associate themselves with a particular brand and tend to stick with the brand with which they are comfortable. Entry to the industry is difficult as brand loyalties are high. Standing on the threshold of a retail revolution and witnessing a fast changing retail landscape, the Indian footwear market is set to experience the phenomenal growth in coming years. In past few years too, the market has seen robust growth, says “Indian Footwear Industry Analysis” report. This report provides extensive research and in-depth analysis on the Indian footwear market.

The detailed data and analysis given in the report will help the client to evaluate the leading-edge opportunities critical to the success of the footwear market in India. The forecasts and estimations given in this report are not based on a complex economic model, but are intended as a rough guide to the direction in which the market is likely to move. This forecast is based on a correlation between past market growth and growth of base drivers.

1. 2 History of Footwear Footwear is estimated to have started its long history of human use during the Ice Age some 5 million years ago.

Unkind weather conditions are said to have created the necessity for footwear. Other evidences show that footwear came to use at the end of the Paleolithic Period, at about the same time the early humans learned the art of leather tanning. Early pieces of footwear were made of wrappings, usually made of leather or dried grasses. Later on pieces were developed from an oval piece of leather which is bound by a piece of strong leather thongs. Sandals, which are the first crafted footwear, are the successors to these wrappings. In Egyptian funeral chambers, paintings show the different stages in the preparation of leather and footwear.

The images also show that in Egypt, footwear depicted power and class. The Pharaohs' sandals were distinguished by the turned up toes, a characteristic which is missing in the commoners' footwear. Egyptian sandals were crafted using straw, papyrus, or palm fiber. Later on, Egyptian women adorned their footwear with precious stones and jewels. Material evidences showed that the Greeks loved and took good care of their feet by using different footwear for different activities. Greek women began wearing sandals to signify their

social class. Their footwear signified beauty, elegance, refinement, and extravagance.

It has been said that Greek women of bad reputation attracted men by wearing elevated sandals. These sandals create a “ clacking” sound when the wearer moves, and this sound was considered as a symbolic flaunting of sexual charms. In Mesopotamia, leather wrappings are tied to the feet by a strip of the same material. Romans, on the other hand, created durable leather thongs so their legions can travel to places on foot. It is also believed that foot fetishes began with the Romans when Senator Lucius Vitellus frequently kissed the shoe of his mistress which was hidden in his tunic.

In Rome, footwear also exhibited social class. The consuls wore white shoes, the senators wore brown shoes, and the uniform footwear for the rest of the region was a short pair of boots that uncovered the toes. But in all of these early civilizations, footwear indicated social status. Footwear consists of garments that are worn over the feet. They are worn mainly for protection and hygiene, but also for fashion and adornment. Footwear items come from a wide range of materials including leather, rubber, canvass, wood, and plastic. But early pieces were made from available materials like straw, leather, cowhide, and grasses.

When footwear is assembled, the main components are adhesives, cushion, counter fort, heel, hook, insole, laces, sole, steel shank, tack, toe puff, tread, and welt. Generally, footwear is classified into: boots, industrial footwear, shoes, and sandals. Boots are available as cowboy boots, galoshes, ski boots, thigh length boots, and so on. Industrial footwear includes plastic boots and

rubber loafers which are used in laboratories, construction sites, and production lines. Shoes include athletic shoes (or running shoes), climbing shoes, clogs, high heels, mary janes, moccasins, mules, loafers, tap shoes, and cross-training shoes.

Sandals, on the other hand, include espadrilles, flipflops or thongs, slide-ons, and slippers. Footwear is considered an extension of one's personality. Well-maintained footwear says things about the owner, with cleanliness as the most important concern. Although the intricacy of this craft may have been lost to modernization, their influences are still present in shoes today. The moccasins worn in early times by people in cold countries are still being worn there, while the sandal patterned after the Egyptians' creation is still

frequently used in hotter countries. . 3 Production Technology: The production of the industry starts with Agro Industries and progresses through the chemical industry and tanning to manufacturing. Leather is a by-product of the food industry. It is a commodity and as such is subject to market forces in a similar way to tea, sugar, coffee, etc. 2. 4 Target Segmentation: Geographic: City: More focus on metro cities because people believe in trying innovative, new and better products. Demographic: Gender: Male and Female both. Age: Various age groups are targeted by the industry.

Income: Here industry needs to find out that how much expenses are incurred by the people regarding their footwear. Psychographic: It depend on the requirement of the consumer that which particular segment they need to approach for the products available in the market by the different players.

Eg: A Professional goes for purchasing for Formal Shoes, Student goes for Causal Footwear. Behavioral: It mostly depends on the Quality, Offers and

Service provided by the different players of industry. It also includes non user, potential user and first time user.

2. 5 Role of Indian Footwear Industry on Export

Nearly 75% of India's Export of Footwear is to the European Countries and the USA. The Indian Footwear Industry provides employment opportunities to a total of 1.1 million people, mostly from the weaker sections of the society. Out of this, about 0.2 million are employed in the organized sector, 40% of who are women. Remaining 0.9 million people are engaged in unorganized footwear sector like rural artisans, cottage and household units etc. The Footwear Sector is now de-licensed and de-reserved, paving the way for expansion of capacities on modern lines with state-of-the-art machinery. To further assist this process, the Government has permitted 100% Foreign Direct Investment through the automatic route for the Footwear Sector.

INDIA'S FOOTWEAR EXPORT GROWTH OVER THE LAST FOUR DECADES

Footwear export has increased from US\$40.15 million in 1977-78 to US\$ 1475.83 million in 2007-08

CHART SHOWING GLOBAL IMPORT OF

FOOTWEAR VS INDIA'S EXPORT OF FOOTWEAR

India's Exports of Footwear – Country-wise Share in Total Exports (2007-08) – Source: DGCI& S

1. 6 Major Markets for Indian Footwear:

The European Union and the USA are the major markets for Indian Footwear accounting for 79.5% and 9.22% share respectively in India's total footwear export. The major markets for Indian Footwear are Germany 16.66%, UK 16.31%, Italy 15.32%, USA 9.22%, France 7.81%, Spain 5.10%, Netherlands 4.91%, Portugal 2.50%, UAE 2.48% and Denmark 1.18%. These 10 countries together accounts for nearly 81.49% of India's total leather products export. Country-wise export of

Footwear from India – 5 years						(Value in Million US \$)	CAGR	
Country	2003-04	2004-05	2005-06	2006-07	2007-08	Growth %		
Germany	146.23	164.73	170.7	217.23	245.92	13.87%		
UK	154.44	192.62	195.78	208.2	240.77	11.74%		
Italy	107.65	103.63	134.35	186.11	226.10	20.38%		
USA	89.17	107.34	131.07	127.15	136.01	11.13%		
France	50.84	64.84	74.48	99.81	115.24	22.70%		
Spain	38.06	46.86	63.7	64.57	75.22	18.56%		
Netherlands	20.09	20.03	32.96	48.57	72.49	37.82%		
Portugal	15.12	18.75	22.15	35.03	36.86	24.95%		
UAE	14.94	18.36	25.78	34.64	36.61	25.1%		
Denmark	11.7	13.75	18.37	14.65	17.44	10.49%		
Australia	8.44	8.00	11.58	10.11	12.48	10.27%		
Sweden	6.29	6.95	6.77	7.99	12.04	17.62%		
Canada	8.71	9.84	11.95	10.91	10.41	4.55%		
South Africa	7.23	6.72	8.26	12.11	8.54	4.25%		
Japan	2.01	2.55	3.17	3.07	4.63	23.19%		
Others	86.81	125.8	133.9	156.76	225.07	26.89%		
Total	767.73	910.77	1045.24	1236.91	1475.83	17.74%		
Source: DGCI&S								

A Vision Document 2010 Footwear is the engine of growth of the leather industry, currently accounting for an export value of US\$1212 million, holding a major share of 41% in India's total leather trade. Considering this fact, we have set an ambitious target of US\$ 4.5 billion in respect of Footwear export from India by 2010-11 where the overall export of leather products will reach US\$6.98 billion, wherein footwear alone will account for a share of 65% in India's total leather export trade. Current Export of Footwear and Projections by 2010-11

Future growth of Indian footwear industry in India will continue to be market driven and oriented towards the European and the US markets. Technology partnerships with major merchandising houses in USA and market leaders in Europe are decided advantages in the integrated developmental plan of India. Investment backed technology support for footwear component industry is being sought to be outsourced. Footwear is the engine of growth of the leather industry, currently accounting for an export value of US\$1212 million, holding a major share of 41% in India's total leather trade.

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1. 7 Investment Opportunities and Tax Pattern in Industries

Investment Opportunities: The Government of India is keen to promote investments into the Indian leather sector, and for this purpose, it has radically simplified and rationalized the policies, procedures and regulatory aspects. The current industrial policy is very conducive to the promotion of Indian leather industry both in terms of domestic trade as well as exports.

Taxation: * India has a well developed tax structure. * Income tax, Customs duties, Central Excise, Sales Tax and Service tax are the main taxes levied by the Central Government * VAT, Stamp duty, State Excise, Land Revenue, Tax on professions are the principal taxes levied by the State Governments * Local Bodies are empowered to levy tax on properties, octroi and for utilities like water supply, drainage etc.

Corporate Tax is currently taxed at: * 30% in the case of domestic companies and surcharge @ 10% of tax * 40% in the case of foreign

companies and surcharge @ 2. 5% of tax Special Economic Zone (SEZ)

Parks: * A Footwear SEZ Park is being established in Tamil Nadu, at the SIPCOT Industrial Estate at Irungattukottai, situated at a distance of 34 kms from Chennai. * A land of 150 acres has been earmarked for this purpose and it is proposed to make available about 105 acres of saleable land to domestic as well as international footwear companies. The State Industries Promotion Corporation of Tamil Nadu Ltd (SIPCOT) is the implementation agency for this project. * The Footwear Park will be developed on global standards, with adequate common infrastructure facilities such as Design Studio, testing and on-site training facilities, Display Centre-cum-Warehouse, non-conventional energy and other energy saving applications. * Another SEZ for Leather Products is also under way at Ranipet in Tamil Nadu, in an area of about 260 acres. Apart from the above, there is a proposal to setup 10 Small Integrated Leather Parks (SILP) in different parts of the country. .

Key Players of the Industries. 2. 1 Domestic Players: BATA:- Bata India is the largest company for the Bata Shoe Organization in terms of sales pairs and the second largest in terms of revenues. With 1250 stores across the country, it also has the widest retail network within the BSO. By the time Bata had come to India in 1931, it was already recognized as a leading shoe brand. Its manufacturing and marketing operations heralded the rise and the development of a modern footwear industry in India.

Before Bata, footwear was produced primarily in the handicrafts and small enterprise segments. Bata, over the decades, used the ' current knowledge' from its international experience to create adaptive and innovative baseline standards for the shoe businesses in India. Incorporated as Bata Shoe

Company Private Limited in 1931, the company was set up initially as a small operation in Konnagar (near Calcutta) in 1932. In January 1934, the foundation stone for the first building of Bata's operation – now called the Bata. In the years that followed, the overall site was doubled in area.

This township is popularly known as Batanagar. It was also the first manufacturing facility in the Indian shoe industry to receive the ISO: 9001 certification. The Company went public in 1973 when it changed its name to Bata India Limited. Today, Bata India has established itself as one of Asia's largest footwear retailer. It has cornered around 35 per cent market share in the organized sector (and approx. 8. 5% of the total footwear market) Almost 98 percent of the company's revenue is from the domestic market while the rest is from exports.

The company currently sells over 45 million pairs of shoes every year and has an annual sales turnover of more than Rs 8000 million (USD 178 million). Over the years, Bata India has established a leadership position in the footwear industry and is easily the most trusted name in branded footwear. Its retail network of 1250 stores gives it a reach/ coverage that no other footwear company can match. The stores are present in good locations and can be found in all the metros, mini-metros and towns

In terms of products, the company has now built a good, market-oriented collection that is in line with fashion trends and offers a good quality to price ratio. Its product range now encompasses classic shoes such as Ambassador for Men and comfort shoes such as Comfit for ladies, as well as a more trendy collection for ladies in the Marie Claire range and a sporty fashion

collection for young adults in the North Star range. Bata's smart looking new stores supported by a range of better quality products are aimed at offering a superior shopping experience to its customers.

And the new face of Bata India is now visible to the industry as well as its customers. Today, backed by a brand perception of experience, the company is working towards positioning itself as a vibrant and contemporary young brand. It has significantly transformed its retail formats to become more lifestyle-oriented, which has helped change consumer perceptions to a large extent. Liberty:- Liberty Shoes Ltd. is the only Indian company that is among the top 5 manufacturers of leather footwear in the world with a turnover exceeding U.

S. \$100 million. Company produces more than 50, 000 pairs of footwear a day covering virtually every age group and income category. Products are marketed across the globe through 150 distributors, 350 exclusive showrooms and over 6000 multi-brand outlets, and sold in thousands every day in more than 25 countries including fashion-driven, quality-obsessed nations like France, Italy, and Germany. Liberty has developed a spectrum of 10 exclusive brands, each of which has been given that extra edge to cater to a specific target group.

Today, the new range from Liberty is all about style, design, and comfort. The range imbibes the spirit of fun and is trendy to the core. Liberty has something for every occasion, for every income bracket ; every age group. It pampers its customer by keeping pace with global footwear fashion trends and by going that extra mile which is why, special care has been taken to

make sure that the outlets' design meets the specific needs and taste of the target groups. Apart from the existing brands, Liberty is busy fashioning the look of the future in footwear.

Introducing new designs that redefine styles and comfort associated with the finest in workmanship. These are the brands of Liberty Steeped in a philosophy that has at its core innovation, technology and advancement, we at Liberty, pride ourselves over and above everything else on our healthy and heart-felt respect for the human ethos, which projects itself in the expectancy and excitement with which one greets the arrival of the new combined with a sincere and deep regard for the old, which is appreciative of and adopts at every stage the unique balance between modernization and tradition.

Liberty as a brand is constantly evolving to keep pace with the changing trends, styles, beliefs, and aspirations of people while maintaining the sanctity of certain traditions like workmanship and good value. Liberty Shoes, a manufacturer of footwear, is broadening its market by establishing specialized retail stores called “Revolutions”. The introduction of an entirely new product range to cater to a wider income group along with diversifying their focus from men's shoes and children school shoes to catering to the entire family which will help increase Liberty's addressable market.

The company has introduced shoes for fashion conscious consumers.

Khadim:- The Rs 120-crore Khadim group of companies, one such player now emerging as a market leader in the region, has already gone into manufacture, along with 100 per cent outsourcing, and is now poised to

expand in a big way, particularly in eastern region and South, mainly Tamil Nadu, Andhra Pradesh and Karnataka. Established in Kolkata in 1953 by a Bengali businessman, Mr Satya Prosad Roy Burman, as a small trading outfit involved in footwear wholesale business, Khadims has grown steadily and today commands brand premium in several States.

Khadim have grown mainly through our outsourcing strengths and today have as many as 27 retail outlets in both urban and semi-urban centers and some 150 franchisee shops. The Khadim group of companies, with a significant presence in the footwear segment, especially in the east and south regions, has redefined its business plans to leverage the Khadim's brand and register a major presence in lifestyle retailing in the semi-urban markets. The company plans to launch 10 superstores initially in district towns, under 'Khadim's Khazana' brand entailing an investment of Rs 50 crore in the next three years.

The first such store, housed in 30, 000 sq ft and spread over four floors, has been launched at Kanchrapara town in North 24 Paraganas district. The particular store concept being adopted by Khadim's – to make it suitable to a semi-urban target audience with an ethnic quotient. Mission: Ensuring customer delight and stakeholders return by delivering quality product at affordable price through extensive retail network Vision: To be in every Indian step. Relaxo:-

The Company such is the story behind the creation and flourishing of Relaxo Footwear, the company that has established itself as one of the most stalwart, quality conscious and avant-garde footwear companies in the

Indian economy today. Headquartered in New Delhi, India, it maintains a fine combination of comfort, style, and workmanship and is embarking upon appreciable growth plans for the future. The company began as a small enterprise in the year 1976 and was officially incorporated in 1984 and further went into public listing in 1995.

According to the 2008 Business Survey, it has now emerged as the second largest footwear producer in India. | | Relaxo Footwear commenced its journey with the manufacture of Hawaii slippers. It has now grown into a large-scale entrepreneurship catering to the basic needs of the quintessential Indian citizen. From a modest sale figure of Rs. 1 million in 1977 to more than Rs. 5000 million last year; the company has experienced a record-breaking growth since inception. Today, the company manufactures over 3 lakh pairs of footwear per day, which approximately adds up to over 10 million pairs per year.

Each pair is given thorough attention by the dedicated and skilled employees working at the 10 state-of-the-art manufacturing units in Northern India.

Thus, it is no small wonder that the annual turnover has multiplied 2. 4 times in the last 3 years from Rs. 305 crore in 2007-08 to a whopping Rs. 550 crore in 2009-10. | | What's more, with over 30 years of experience and 100 million satisfied customers, Relaxo keenly looks forward to achieving an estimated annual turnover of Rs. 1000 crore by the year 2012. | Vision & Mission : | |

Relaxo Footwear was conceptualized with a lot of hope and hard work by an outstanding pilot team of brilliant Indians, headed by the enterprising Dua family. Likewise, the company's vision and mission were as powerful as its

personality. Vision: Achieving an annual turnover of Rs 1000 crore by the end of 2012. Mission: Ensuring customer satisfaction in keeping with the company's motto of "Quality Par Excellence". | Core Values| | The Core Values that Relaxo lives by are exclusive in their overpowering simplicity and absolute effectiveness. They are:| | . Corporate Citizenship 2. Honesty 3. Transparency 4. Employee Satisfaction 5. Customer Orientation 6. Team Orientation | | | Hawaii: Hawaii is the most popular brand in the Relaxo portfolio. It comes in diverse shades and styles and its comfort value makes it a favorite among all age groups. With an output of 3, 00, 000 pairs a day, Relaxo is the largest manufacturer of Hawaii in India. Flite: Flite is Relaxo's most exclusive brand. Its unique "fashionable and light" quality is ensured by its manufacturing process, involving cutting-edge EVA technology.

Available in an array of colours and designs, it is among the popular products in the casual footwear industry Sparx: Sparx is a range of sports shoes, sandals and Hawaii slippers that embodies the spirit of today's generation. Available in awe-inspiring colours and designs, it reflects verve and dynamism as an iconic youth brand and is symbolic of a wholehearted zest for life. Schoolmate: Schoolmate is a range of school shoes for boys and girls and is an expression of Relaxo's faith and commitment towards the young leaders of tomorrow.

Made with special care to pamper thousands of tiny feet, each pair bears the mark of superb workmanship and adaptable design. 2. 2 Global Market:

Adidas:- Adidas Ltd. is a major German sports apparel manufacturer and part of the Adidas Group, which consists of Reebok sportswear company, Taylor Made- Adidas golf company, and Rockport. Besides sports footwear, the

company also produces other products such as bags, shirts, and other sports and clothing related goods. The company is the largest sportswear manufacturer in Europe and the second largest sportswear manufacturer in the world.

The following table shows the revenue of the company from the year 2005 to 2009. And it is seen that the revenue of the company is increasing. Financial data in millions of euros[29]

Year	2005	2006	2007	2008	2009
Sales	10.084	10.266	12.478	14.636	16.084
EBITDA	532	627	725	818	1 098
Net results	483	499	520	560	600
Net debt	1498	946	594	551	2231

Adidas today, is manufacturing different style of shoes used for different purposes by many people. Whether it is running, playing or walking Adidas provides shoes for every different activity.

Adidas currently manufactures several running shoes, including the adiStar Control 5, the adiStar Ride, the Supernova Sequence, and the Supernova Cushii, among others. In addition, their performance apparel is widely used by runners. Adidas also uses kangaroo leather to make their more expensive shoes. One of the main focuses of Adidas is football kit and associated equipment. Adidas also provides apparel and equipment for all teams in Major League Soccer. Adidas remain a major company in the supply of team kits for international football teams. Adidas also designs and makes clothes, sandals, watches, eyewear, bags, baseball caps, and socks.

As well, Adidas has a branded range of male and female deodorants, perfumes, aftershave and lotions. Nike:- Nike, Inc. is a major publicly traded sportswear and equipment supplier based in the United States. The company

is headquartered in the Portland metropolitan area of Oregon, near Beaverton. It is the world's leading supplier of athletic shoes and apparel and a major manufacturer of sports equipment with revenue in excess of \$16 billion USD in 2007. As of 2008, it employed over 30, 000 people worldwide. Nike and Precision Castparts are the only Fortune 500 companies headquartered in the state of Oregon.

Nike, originally known as Blue Ribbon Sports, was founded by University of Oregon track athlete Philip Knight and his coach Bill Bowerman in January 1962. The company initially operated as a distributor for Japanese shoe maker Onitsuka Tiger, making most sales at track meets out of Knight's car. The company's profits grew quickly, and in 1966, BRS opened its first retail store, located on Pico Boulevard in Santa Monica, California. By 1971, the relationship between BRS and Onitsuka Tiger was nearing an end. BRS prepared to launch its own line of footwear, which would bear the newly designed Swoosh. A Nike brand athletic shoe

Nike produces a wide range of sports equipment. Their first products were track running shoes. They currently also make shoes, jerseys, shorts, baselayers etc. for a wide range of sports including track & field, baseball, ice hockey, tennis, Association football, lacrosse, basketball and cricket. Nike Air Max is a line of shoes first released by Nike, Inc. in 1987. The most recent additions to their line are the Nike 6. 0, Nike NYX, and Nike SB shoes, designed for skateboarding. Nike has recently introduced cricket shoes, called Air Zoom Yorker, designed to be 30% lighter than their competitors'.

In 2008, Nike introduced the Air Jordan XX3, a high performance basketball shoe designed with the environment in mind. Nike sells an assortment of products, including shoes and apparel for sports activities like association football, basketball, running, combat sports, tennis, American football, athletics, golf and cross training for men, women, and children. Nike also sells shoes for outdoor activities such as tennis, golf, skateboarding, association football, baseball, American football, cycling, volleyball, wrestling, cheerleading, aquatic activities, auto racing and other athletic and recreational uses.

Nike is well known and popular in youth culture, chav culture and hip hop culture as they supply urban fashion clothing. Nike recently teamed up with Apple Inc. to produce the Nike+ product which monitors a runner's performance via a radio device in the shoe which links to the iPod nano. While the product generates useful statistics, it has been criticized by researchers who were able to identify users' RFID devices from 60 feet (18 m) away using small, concealable intelligence motes in a wireless sensor network.

Nike has contracted with more than 700 shops around the world and has offices located in 45 countries outside the United States. Most of the factories are located in Asia, including Indonesia, China, Taiwan, India, Thailand, Vietnam, Pakistan, Philippines, and Malaysia. Reebok:- Reebok International Limited is a producer of athletic footwear, apparel, and accessories and is currently a subsidiary of Adidas. The name comes from the Afrikaans spelling of rhebok, a type of African antelope or gazelle. The

company, founded in Bolton, United Kingdom, in 1895, was originally called J. W. FOSTER ; SONS but was renamed Reebok in 1958.

The company's founders, Joe and Jeff Foster, found the name in a dictionary won in a race by Joe Foster as a boy; the dictionary was a South African edition, hence the spelling. Reebok surged in popularity in 1982 after the introduction of the Freestyle athletic shoe, which was designed for women and came out when the aerobics craze started. Not only was the Reebok Freestyle popular as athletic wear, but also as casual wear. As a result the Freestyle became an icon of the 1980s fashion scene with hi-top versions (including two velcro straps at the top) and colors, including white, black, red, yellow, and blue.

Reebok continues to produce the Freestyle as it is popular with cheerleading, aerobic dancing, the gym and consumers. Footwear Reebok uses footwear factories in 14 countries. Most factories making Reebok footwear are based in Asia—primarily China (accounting for 51% of total footwear production), Indonesia (21%), Vietnam (17%) and Thailand (7%). Production is consolidated, with 88% of Reebok footwear manufactured in 11 factories, employing over 75, 000 workers. Apparel Reebok has factories in 45 countries. The process of purchasing products from suppliers is organized by region.

Most (52%) of Reebok's apparel sold in the US is produced in Asia, with the rest coming from countries in the Caribbean, North America, Africa and the Middle East. Apparel sold in Europe is typically sourced from Asia and Europe. Apparel sold in the Asia Pacific region is typically produced by Asian-

based manufacturers. Puma:- Puma AG Rudolf Dassler Sport (officially styled PUMA) is a major German multinational company that produces high-end athletic shoes, lifestyle footwear and other sportswear. Formed in 1924 by Rudolf Dassler, the company is based in Herzogenaurach, Germany.

Puma AG has approximately 9, 204 employees and distributes its products in more than 80 countries. For the fiscal year 2003, the company had revenue of €1. 274 billion. Puma were the commercial sponsors for the many series, with the jerseys and clothing sporting the Puma brand. Japanese fashion guru Mihara Yasuhiro teamed up with Puma to create a high-end and high-concept line of sneakers. Puma is the main producer of enthusiast driving shoes and race suits. They are the prime producer in both Formula One and NASCAR especially.

They had successfully won the rights of sponsoring the 2006 FIFA World Cup champions, the Italian national football team, with them making and sponsoring the clothing worn by the team. Their partnership with Ferrari and BMW to make Puma-Ferrari and Puma-BMW shoes has also contributed to this effect. On March 15, 2007 Puma launched its first new 2007/2008 line of uniforms for a club, and Gremio will be the first to use the laser sewn technology; similar to the one worn by Italy at the World Cup in 2006. Gremio and other Brazilian clubs will be the first to use the technology because their season starts six months earlier than European clubs.

Puma also makes baseball cleats, and Johnny Damon, the all-star center fielder for the New York Yankees, is their spokesperson. He wore pumas during the Red Sox 2004 World Series win. He has his own cleat called the

DFR metals. 3. Financial Data Analysis 3. 1 Comparison of Balance Sheet: A.

Top Companies Balance Sheet (All figures in Rs Mn)												Bata
India Limited												Liberty Shoes Limited
Mirza International Limited												Relaxo
Footwears Limited												Comparison
31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-09	31-Mar-08	1-Mar-07	31-Mar-09	31-Mar-08	31-Mar-07	Assets
2734. 61	1105. 51	768. 89	665. 03	1661. 91	1518. 33	1343. 82	1104. 74	1018. 31	889. 53	Net Block	507. 12	486. 62
537. 16	750. 04	484. 86	391. 13	1178. 36	1109. 89	1028. 65	762. 74	754. 49	697. 33	CWIP	8. 37	4. 72
13. 95	81. 43	9. 18	2. 45	177. 98	125. 38	75. 36	171. 89	5. 05	0	Investments	172. 43	49. 76
48. 51	184. 94	64. 21	40. 22	8. 91	8. 11	8. 54	0. 01	0. 6	0. 6	Inventories	2763. 63	2787. 6
2621. 58	761. 74	536. 5	410. 14	997. 4	983. 5	877. 6	223. 69	152. 53	227. 05	Receivables	216. 11	279. 36
480. 35	720. 89	483. 39	472. 57	347. 97	239. 3	115. 76	151. 62	177. 67	209. 89	Other Current Assets	577. 35	816. 08
758. 61	329. 46	329. 65	256. 53	275. 1	186. 1	259. 81	113. 73	84. 29	103. 2	Total Assets	4244. 99	4424. 15
4460. 16	2828. 51	1907. 78	1573. 04	2985. 71	2652. 28	2365. 77	1423. 68	1174. 63	1238. 07	Liabilities	642. 64	642. 64
514. 22	170. 4	170. 4	50. 7	185. 41	185. 41	162. 91	60. 01	60. 01	60. 01	Reserves	1190. 36	963. 39
220. 93	818. 16	646. 3	571. 25	1060. 75	923. 24	827. 81	452. 53	399. 07	373. 25	Total Debt	524. 96	813. 05
1243. 48	1083. 65	503. 99	270. 2	1122. 31	1037. 94	771. 88	582. 97	420. 55	486. 42	Creditors	1557. 67	1484. 47
1964. 62	325. 59	120. 22	146. 71	259. 47	190. 33	319. 41	117. 93	138. 19	137. 79	Other Current Liabilities	329. 37	520. 59
516. 92	430. 71	466. 84	534. 17	357. 77	315. 36	283. 76	210. 25					

156. 82| 180. 61| Total Liabilities| 4244. 99| 4424. 15| 4460. 16| 2828. 51|
 1907. 78| 1573. 04| 2985. 71| 2652. 28| 2365. 77| 1423. 68| 1174. 63| 1238.
 07| B. Bottom Companies

Balance Sheet| (All figures in Rs Mn)| | | | | | | | | | G W L Properties
 Limited| Lawreshwar Polymers Limited| Mayur Leather Products Limited|
 Super Tannery Limited| Comparison| 31-Mar-09| 31-Mar-08| 31-Mar-07| 31-
 Mar-09| 31-Mar-08| 31-Mar-07| 31-Mar-09| 31-Mar-08| 31-Mar-07| 31-Mar-09|
 31-Mar-08| 31-Mar-07| Assets| | | | | | | | | | Gross Block| 10. 39| 10. 55|
 10. 53| 78. 37| 129. 1| 125. 97| 64. 67| 57. 46| 0| 250. 3| 241. 21| 218. 13|
 Net Block| 5. 63| 5. 81| 6. 77| 43. 02| 65. 99| 66. 72| 32. 59| 28. 8| 0| 135.
 84| 136. 17| 121. 48| CWIP| 0| 0| 0| 14. 95| 16. 07| 0| 0| 0| 0| 6| 1. 36| 1. 5|
 Investments| 0| 90. 4| 127. 5| 3. 31| 3. 12| 0| 0. 86| 11. 98| 0| 4. 24| 2. 15| 0.
 5| Inventories| 2| 2| 2. 2| 52. 06| 33. 1| 30. 21| 24. 2| 15. 79| 0| 217. 34| 223.
 8| 202. 82| Receivables| 0| 0| 0| 80. 49| 61. 2| 54. 66| 46. 31| 37. 03| 0| 164.
 71| 126. 95| 114. 03| Other Current Assets| 318. 96| 223. 37| 236. 44| 110.
 5| 26. 05| 9. 31| 80. 06| 75. 56| 0| 42. 49| 44. 21| 36. 49| Total Assets| 326.
 6| 321. 58| 372. 92| 304. 35| 205. 54| 160. 91| 184. 03| 169. 16| 0| 570. 61|
 534. 63| 476. 37| Liabilities| | | | | | | | | | Equity| 94. 51| 94. 51| 94. 51|
 136. 79| 49. 66| 14. 6| 49. 76| 49. 6| 0| 35. 66| 35. 66| 35. 66| Reserves| 140.
 14| 135. 82| 143. 55| 75. 54| 57. 93| 55. 98| 59. 1| 55. 92| 0| 254. 71| 266.
 18| 251. 28| Total Debt| 75. 94| 75. 94| 120. 12| 59. 63| 50. 63| 61. 54| 37.
 53| 32. 14| 0| 139. 93| 116. 36| 89. 83| Creditors| 3. 66| 4. 84| 4. 39| 8. 63| 0|
 0| 20. 17| 11. 98| 0| 89. 42| 99. 94| 73. 89| Other Current Liabilities| 12. 35|
 10. 46| 10. 35| 23. 75| 47. 33| 28. 79| 17. 47| 19. 37| 0| 50. 9| 16. 48| 25. 71|

Total Liabilities| 326. 6| 321. 58| 372. 92| 304. 35| 205. 54| 160. 91| 184. 03| 169. 16| 0| 570. 61| 534. 63| 476. 37| 3. 2 Ratio Analysis:- a. Return Related:

Bata India Limited| Liberty Shoes Limited| Mirza International Limited| Relaxo

Footwear Limited| As on| 31-Mar-09| 31-Mar-08| 31-Mar-07| As on| 31-Mar-

09| 31-Mar-08| 31-Mar-07| As on| 31-Mar-09| 31-Mar-08| 31-Mar-07| As on|

31-Mar-09| 31-Mar-08| 31-Mar-07| Return on Total Assets (%)| 28. 3| 21. 4|

17. 4| Return on Total Assets (%)| 8| 10. 1| 11. 4| Return on Total Assets (%)|

-2. 1| -2. 4| 8. 4| Return on Total Assets (%)| 21. 3| 20. 6| 16| Return on

Networth (%)| 20. 1| 20. 9| 20. 3| Return on Networth (%)| 6. 1| 13. 5| 17. 3|

Return on Networth (%)| 4. 5| 1. 2| 14. 5| Return on Networth (%)| 19. | 17. 3|

11. 9| Return on Capital Employed (%)| 32. 4| 25. 6| 22. 6| Return on Capital

Employed (%)| 8. 4| 12. 4| 12. 5| Return on Capital Employed (%)| -2. 4| -3| 9.

9| Return on Capital Employed (%)| 25. 2| 25. 9| 20. 9| b. Liquidity: Bata India

Limited| Liberty Shoes Limited| Mirza International Limited| Relaxo Footwear

Limited| As on| 31-Mar-09| 31-Mar-08| 31-Mar-07| As on| 31-Mar-09| 31-Mar-

08| 31-Mar-07| As on| 31-Mar-09| 31-Mar-08| 31-Mar-07| As on| 31-Mar-09|

31-Mar-08| 31-Mar-07| Current Ratio (x)| 1. 4| 1. 4| 1. 6| Current Ratio (x)| 3.

2| 3. 4| 3. 1| Current Ratio (x)| 2. 5| 2. 9| 3. | Current Ratio (x)| 1. 4| 1. 7| 1. 9|

Quick Ratio (x)| 0. 4| 0. 3| 0. 3| Quick Ratio (x)| 1. 7| 1. 8| 1. 8| Quick Ratio

(x)| 1| 1. 1| 1. 4| Quick Ratio (x)| 0. 6| 0. 7| 1| Cash Ratio (x)| 0. 3| 0. 1| 0. 2|

Cash Ratio (x)| 0. 1| 0. 1| 0. 1| Cash Ratio (x)| -| 0. 1| -| Cash Ratio (x)| 0. 1|

0. 1| 0. 2| c. Profitability: Bata India Limited| Liberty Shoes Limited| Mirza

International Limited| Relaxo Footwear Limited| As on| 31-Mar-09| 31-Mar-08|

31-Mar-07| As on| 31-Mar-09| 31-Mar-08| 31-Mar-07| As on| 31-Mar-09| 31-

Mar-08| 31-Mar-07| As on| 31-Mar-09| 31-Mar-08| 31-Mar-07| Gross Margin

(%)| 24. | 21. 8| 18. 9| Gross Margin (%)| 24. 4| 26. 4| 28. 2| Gross Margin (%)| 20| 16. 7| 23. 6| Gross Margin (%)| 25. 7| 24. 8| 23. 5| Operating Margin (%)| 9. 3| 7. 3| 6. 1| Operating Margin (%)| 7. 7| 9. 9| 12| Operating Margin (%)| -1. 6| -2. 2| 7. 6| Operating Margin (%)| 10| 9. 4| 8. 2| Net Profit Margin (%)| 6. 2| 6. 2| 5. 5| Net Profit Margin (%)| 3. 1| 6. 4| 7. 7| Net Profit Margin (%)| 1. 6| 0. 5| 6. 3| Net Profit Margin (%)| 3. 5| 3. 4| 2. 7| Adjusted Net Profit Margin (%)| 6. 2| 6. 2| 5. 9| Adjusted Net Profit Margin (%)| 3. 1| 6. 3| 7. | Adjusted Net Profit Margin (%)| 1. 6| 0. 5| 6. 3| Adjusted Net Profit Margin (%)| 3. 6| 3. 4| 2. 6| Asset Turnover(x)| 3. 1| 3. 1| 3| Asset Turnover(x)| 1| 1| 1. 1| Asset Turnover(x)| 1. 3| 1. 1| 1. 2| Asset Turnover(x)| 2. 5| 2. 3| 2. 2| d. Cash Flow: Bata India Limited| Liberty Shoes Limited| Mirza International Limited| Relaxo Footwear Limited| As on| 31-Mar-09| 31-Mar-08| 31-Mar-07| As on| 31-Mar-09| 31-Mar-08| 31-Mar-07| As on| 31-Mar-09| 31-Mar-08| 31-Mar-07| As on| 31-Mar-09| 31-Mar-08| 31-Mar-07| Operating Cash Flow/Sales (%)| 10. 3| 5. 4| 5. | Operating Cash Flow/Sales (%)| 11. 3| 9. 2| 20. 8| Operating Cash Flow/Sales (%)| 11. 4| 17| 10. 1| Operating Cash Flow/Sales (%)| 10. 1| 10| 8. 7| e. Leverage: Bata India Limited| Liberty Shoes Limited| Mirza International Limited| Relaxo Footwear Limited| As on| 31-Mar-09| 31-Mar-08| 31-Mar-07| As on| 31-Mar-09| 31-Mar-08| 31-Mar-07| As on| 31-Mar-09| 31-Mar-08| 31-Mar-07| As on| 31-Mar-09| 31-Mar-08| 31-Mar-07| Debt/Equity ratio (x)| 0. 1| 0. 2| 0. 2| Debt/Equity ratio (x)| 0. 8| 1| 1. 3| Debt/Equity ratio (x)| 1| 0. 9| 0. 9| Debt/Equity ratio (x)| 1. | 1. 2| 1. 1| Total Debt/Total Assets (x)| 0. 1| 0. 1| 0. 2| Total Debt/Total Assets (x)| 0. 4| 0. 5| 0. 5| Total Debt/Total Assets (x)| 0. 5| 0. 4| 0. 4| Total Debt/Total Assets (x)| 0. 6| 0. 5| 0. 5| Long term Debt/Networth (x)| -| -| -| Long term Debt/Networth (x)| 0. 1| -| -| Long term Debt/Networth (x)| -| 0. 3| 0. 3| Long term

Debt/Networth (x)| 1| 1| 0. 9| Interest Coverage (x)| 13. 3| 8. 1| 6. 5| Interest Coverage (x)| 2| 2. 3| 3. 5| Interest Coverage (x)| 0. 3| 0. 2| 2. 2| Interest Coverage (x)| 2. 7| 2. 8| 2. 9| f. Working Capital:

Bata India Limited| Liberty Shoes Limited| Mirza International Limited| Relaxo Footwear Limited| As on| 31-Mar-09| 31-Mar-08| 31-Mar-07| As on| 31-Mar-09| 31-Mar-08| 31-Mar-07| As on| 31-Mar-09| 31-Mar-08| 31-Mar-07| As on| 31-Mar-09| 31-Mar-08| 31-Mar-07| Working Capital to Sales (x)| 0. 2| 0. 2| 0. 2| Working Capital to Sales (x)| 0. 4| 0. 4| 0. 5| Working Capital to Sales (x)| 0. 2| 0. 3| 0. 4| Working Capital to Sales (x)| 0. 1| 0. 1| 0. 1| Working Capital Days (days gross sales)| 54. 6| 54. 7| 66. 4| Working Capital Days (days gross sales)| 145. 4| 155. 9| 168| Working Capital Days (days gross sales)| 89. | 120. 6| 143. 6| Working Capital Days (days gross sales)| 19. 4| 31. 7| 35. 8| Receivables (days gross sales)| 8. 3| 9. 3| 9. 4| Receivables (days gross sales)| 103. 9| 102. 5| 110. 8| Receivables (days gross sales)| 27. 2| 38. 7| 44. 5| Receivables (days gross sales)| 17. 7| 18. 7| 23. 5| Creditors (days cost of sales)| 66. 2| 71. 7| 74| Creditors (days cost of sales)| 69. 3| 60. 9| 74. 5| Creditors (days cost of sales)| 27. 7| 43. 9| 43. 4| Creditors (days cost of sales)| 29. 8| 28. 3| 24. 9| FG Inventory (days cost of sales)| 108. 7| 120. 6| 138. 6| FG Inventory (days cost of sales)| 69. 7| 82. 1| 83. | FG Inventory (days cost of sales)| 33. 2| 47. 7| 66. 1| FG Inventory (days cost of sales)| 29. 3| 29. 4| 20. 2| RM Inventory (days consumption)| 26. 8| 33. 5| 37. 2| RM Inventory (days consumption)| 62. 8| 40. 7| 64. 3| RM Inventory (days consumption)| 52. 2| 77. 8| 70. 3| RM Inventory (days consumption)| 26. 7| 39. 3| 33. 5| g. Per Share: Bata India Limited| Liberty Shoes Limited| Mirza International Limited| Relaxo Footwear Limited| As on| 31-Mar-09| 31-Mar-08|

31-Mar-07| As on| 31-Mar-09| 31-Mar-08| 31-Mar-07| As on| 31-Mar-09| 31-Mar-08| 31-Mar-07| As on| 31-Mar-09| 31-Mar-08| 31-Mar-07| Book Value Per Share (Rs)| 46. | 38. 2| 32. 7| Book Value Per Share (Rs)| 71. 8| 67. 4| 58| Book Value Per Share (Rs)| 6. 4| 6. 8| 67. 2| Book Value Per Share (Rs)| 60. 9| 50. 5| 42. 7| Earnings Per Share (Rs)| 10. 5| 9. 5| 7. 4| Earnings Per Share (Rs)| 4. 4| 9. 4| 10. 1| Earnings Per Share (Rs)| 0. 6| 0. 4| 9. 8| Earnings Per Share (Rs)| 11. 9| 8. 8| 5. 3| Dividend Per Share (Rs)| 3| 2. 5| 2| Dividend Per Share (Rs)| -| -| -| Dividend Per Share (Rs)| 0. 1| 0. 2| 2. 5| Dividend Per Share (Rs)| 0. 7| 0. 7| 0. 7| h. Growth:

Bata India Limited| Liberty Shoes Limited| Mirza International Limited| Relaxo Footwear Limited| As on| 31-Mar-09| 31-Mar-08| 31-Mar-07| As on| 31-Mar-09| 31-Mar-08| 31-Mar-07| As on| 31-Mar-09| 31-Mar-08| 31-Mar-07| As on| 31-Mar-09| 31-Mar-08| 31-Mar-07| Total Operating Income| 10. 61| 13. 77| 12. 63| Total Operating Income| -2. 99| 11. 57| 8. 43| Total Operating Income| 14. 29| 0. 72| 29. 57| Total Operating Income| 33. 31| 29. 55| 17. 46| EBITDA| 42. 46| 32. 28| 48. 65| EBITDA| -18. 77| -1. 51| -0. 61| EBITDA| 75. 61| -90. 98| 67. 54| EBITDA| 34. 45| 38. 43| 51. 53| EBIT| 41. 27| 36. 41| 61. 63| EBIT| -24. 4| -8. 32| -3| EBIT| -14. 34| N. M. | 108. 26| EBIT| 41. 7| 49. 56| 77. 35| Net Profit| 10. 69| 28. 02| -47. 52| Net Profit| -52. 88| -7. 11| -9. 17| Net Profit| 261. 37| -91. 81| 54. 28| Net Profit| 35. 24| 64. 42| 76. 28| Total Assets| 7. 01| 10. 75| 11| Total Assets| -5. 01| 3. 68| 45. 28| Total Assets| -2. 03| 0. 48| 9. 73| Total Assets| 36. 96| 16. 46| 23. 84| 4. Key Issues ; Facts 4. 1 Advantages of Footwear Industry: Indian footwear market is expected to grow at 19% CAGR by 2012 on growing demand for women and children

footwear, rising brand-consciousness and rising role of women in retail Purchases.

With growing demand for children and women footwear, the Indian footwear retail market is projected to grow at a CAGR of about 19% between 2009 and 2012. Low cost of footwear production is another major advantage with India which will help in sustaining footwear demand in near future. India has tremendous untapped potential in the ladies and kids footwear segment. Besides, women in India are becoming a key decision maker for most of the retail buying like footwear as their role in family planning and contribution to income is increasing.

They have also been found doing impulsive buying for their kids during their visit to shopping malls. Thus, this changing trend will definitely help in raising the demand for footwear in India. Indian footwear market gives intensive qualitative and quantitative evaluation of the market.

4. 2 Key Success factors:

- * Focus on exports, develop international quality products.
- * Should be in constant touch with international fashion trends and designs.
- * Need to have a wide product range to cater to all markets segments.
- * Raw material sourcing critical as prices fluctuate often.

Domestic market – need to focus on distribution.

- * Product branding essential.

4. 3 Key Drivers:

- * Increasing consumerism and fashion consciousness driving the market
- * Manufacturers emphasizing on branding leather products
- * Export market expected to grow. Many international brands have started outsourcing from India.

4. 4 Ethnic Footwear Industry Status: Its production topography is decentralized, unorganized and cluster centric. Family units carry out the

production. Most of the family members are associated with production processes. Male members are doing cutting, stitching and pasting work.

Women do the embroidery work. The industry is on decline and migration of artisans to other professions and cities is visible in all clusters. On account of certain product deficiencies and lack of process of renewal and touch with consumer preferences, the sector is getting marginalized and most of the artisans are at subsistence level. Product deficiencies, lack of standardization, absence of innovation and improved designs, onslaught of cheaper footwear produced by organized factories, low productivity and prevailing exploitative marketing channels made this sector uncompetitive.

It impacted the economic conditions of artisans and its result is the migration of artisans to other professions and cities. Their children also started opting for other professions. The danger of extinction of this art and cultural heritage is more. 4. 5 Key Challenges: 1) Location: “ Right Place, Right choice” Location is the most important ingredient for any business that relies on customers, and is typically the prime consideration in a customer’s store choice. Locations decisions are harder to change because retailers have to either make sustainable investments to buy and develop real estate or commit to long term lease with developers.

When formulating decision about where to locate, the retailer must refer to the strategic plan: * Investigate alternative trading areas. * Determine the type of desirable store location * Evaluate alternative specific store site 2) Merchandise: The primary goal of the most retailers is to sell the right kind of merchandise and nothing is more central to the strategic thrust of the

retailing firm. Merchandising consists of activities involved in acquiring particular goods and services and making them available at a place, time and quantity that enable the retailer to reach its goals.

Merchandising is perhaps, the most important function for any retail organization, as it decides what finally goes on shelf of the store. 3) Pricing: Pricing is a crucial strategic variable due to its direct relationship with a firm's goal and its interaction with other retailing elements. The importance of pricing decisions is growing because today's customers are looking for good value when they buy merchandise and services. Price is the easiest and quickest variable to change. 4) Target Audience: "Consumer the prime mover" Consumer Pull", however, seems to be the most important driving factor behind the sustenance of the industry. The purchasing power of the customers has increased to a great extent, with the influencing the retail industry to a great extent, a variety of other factors also seem to fuel the retailing boom. 5) Scale of Operations: Scale of operations includes all the supply chain activities, which are carried out in the business. It is one of the challenges that the Indian retailers are facing. The cost of business operations is very high in India. 5.

Conclusion and Key Findings * The Indian footwear retail market is expected to grow at a CAGR of over 20% for the period spanning from 2008 to 2011. * Footwear is expected to comprise about 60% of the total leather exports by 2011 from over 38% in 2006-07. * Presently, the Indian footwear market is dominated by Men's footwear market that accounts for nearly 58% of the total Indian footwear retail market. * By products, the Indian footwear market is dominated by casual footwear market that makes up for nearly two-third of

the total footwear retail market. As footwear retailing in India remain focused on men's shoes, there exists a plethora of opportunities in the exclusive ladies' and kids' footwear segment with no organized retailing chain having a national presence in either of these categories. * The Indian footwear market scores over other footwear markets as it gives benefits like low cost of production, abundant raw material, and has huge consumption market. * The footwear component industry also has enormous opportunity for growth to cater to increasing production of footwear of various types, both for export and domestic market.