

tag it! Fair

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A Report by D.K.Acharya, Regional Director (Western Region), CLE

As part of the new GDS concept the former GLOBAL SHOES event had been completely re-structured and developed strategically. Over four days the tag it by GDS event had offered a response to the changing requirement for private labeling in the shoe and accessories sector.

Why Focus on Private Level?

- New collections, contacts and ideas have never been so necessary as they are today. The market share of private label collections has never been so huge as it currently is.
- It is certain that the share of private level will increase since retail chains are expanding internationally with the strength of the products and the manufacturers.
- Market share of private label collections has grown tremendously worldwide, which was never so before. Private label collections have shown to have reached record label in more than a dozen of countries. Almost half of all products sold in six European countries are from private label collections.
- In order to meet the consumer requirements and continuous search for the alternatives by the consumers, it was imperative for the fair organizer to establish new business relationship with producers of private labels who go along with trends through constant innovations. This offers a unique platform to European buyers of retail chains, as a significant size of retail market remains underfed in Spain, USA and Eastern European countries.

Overview of Accessories Market in Germany

Accessories such as purses and belts have been the turning point in the Leather Goods Industry. According to Textilwirtschaft (magazine) 43% of all fashion retailers want to expand their range of accessories. Retailers are also keen to stock a wide range of fashion accessories because some brands offer higher margins, sometimes more than clothing also.

Usually price is not a deterrent factor for consumers as long as they have the quality accessory that will complete their look. Research indicates that 31% of women feel bags and belts are the most important parts of their outfit, but at the same time about 70% of women are not yet ready to pay more than EURO 75 for a bag. The main reason is women look at changing bags frequently.

The market for small leather goods such as wallets, purses and small cases for cameras, mobile phones and I-pod players have grown significantly. Young consumers tend to show more interest in these products, and there has recently been a proliferation of cases featuring colorful and innovative designs.

Technology-driven products need protective cases, like for mobile phones and i-pods. There has been a rise in value for this segment. Small leather accessories like wallets, purses, key pouches, passport holders and holders for mobile phones, iPod holders, personal GPS systems, video games etc have become a fashion statement. Sometimes consumers like to pair the accessories with their outfits. In 2005, this segment in the major countries was estimated at Euro 1,270 million.

Consumers are also looking for

functionality of accessory. It plays a large role in designing and purchasing and in the last few years because of rapidly changing technological products, this segment seen a high demand.

Men's belts are more functional and women's belts are an accessory which is also a style statement. This segment has grown in the past few years and represented a value of Euro 640 million in the major EU countries. Belts as an accessory are linked with fashion trends related to women's clothing. Fashionable belts with fancy buckles are being sold by clothing chains as part of the trouser/jeans/skirts.

Overview of Footwear Market in Germany

Germany is one of the largest markets for imported footwear and one of the Top 10 consumers of footwear in the world. Germany is the largest footwear importer in European Union. Thus Germany being an important market for footwear, it is imperative for us to mention here about footwear consumption pattern, market trend and accessibility to German footwear market.

The last decade has witness remarkable growth in international footwear trade. In 2012, the global footwear production was about 21 billion pairs in quantity with an all time high export value of US\$ 111 billion.

According to 'Branchenreport Schuhe'(Shoe Industry Report published by IFH, Cologne) shoe market in Germany is experiencing stable growth of 1.1 percent in 2012, which brought the overall figure to around 9.3 billion euros.

Germany's import of Footwear has increased from US\$ 5067 million in 2007 to US\$ 8527.61 million in 2011 growing at a CAGR of 9.33%.

(Value in US\$ Mn.)

Details	2007	2008	2009	2010	2011	CAGR
Global Import	81.48	88.82	78.45	91.61	103.38	6.13%
Germany's Import	5.97	6.53	6.03	6.81	8.53	9.33%
% Share	7.33%	7.35%	7.69%	7.43%	8.25%	

Germany accounts for 8.25% share in global footwear imports.

European Union's Import of Footwear and Germany's share

(Value in US\$ Mn)

Details	2007	2008	2009	2010	2011	CAGR
European's Import	36.82	40.40	36.67	40.32	46.44	5.97%
Germany's Import	5.97	6.53	6.04	6.81	8.53	9.33%
% Share	16.21%	16.16%	16.47%	16.89%	18.37%	

Germany is the largest importer of footwear in EU, accounting 18.37% EU's total footwear import of US\$ 46.44 mn in 2011.

Germany's Import of Footwear and India's share

(Value in US\$ Mn)

Details	2007	2008	2009	2010	2011	CAGR
Germany's Import	5966.99	6529.33	6037.72	6814.88	8527.61	9.33%
India's Export	246.84	229.65	224.3	286.7	353.71	9.41%
% Share of India	4.14%	3.52%	3.71%	4.21%	4.14%	

Despite Germany being the top destination for India's leather and leather products, India's footwear export constitute a very meager share of 4.14% in Germany's total import of footwear trade of US\$ 8.53 Billion in 2011.

Composition of Germany's Import of Footwear

(Value in US\$ Mn)

Details	2007	2008	2009	2010	2011	% share in 2011
Germany's Import	5966.99	6529.33	6037.72	6814.88	8527.61	
Leather Footwear	3868.83	4190.18	3580.52	3894.55	4836.79	56.72%
Non Leather Footwear	2098.16	2339.15	2457.20	2920.33	3690.82	43.28%

Leather Footwear constitute a larger share in total footwear import of Germany

Composition of India's Export of Footwear to Germany

Details	2007	2008	2009	2010	2011	% share in 2011
Germany's Import	5966.99	6529.33	6037.72	6814.88	8527.61	
Leather Footwear	244.81	226.66	221.55	284.26	351.72	4.12%
Non Leather Footwear	2.05	2.99	2.75	2.44	1.99	0.02%

Leather Footwear occupy 99% share out of India's total supply of Footwear to Germany.



Germany's Imports and Leading Suppliers of Different Types of Footwear

Leather Footwear

Value in 1000 Euros

	2011	2012
Total Import	3534	3384
Import within EY	2238	2171
Italy	556	507
Slovakia	259	26
Portugal	252	243
Netherlands	227	237
UK	116	115
Import Outside EU	1296	1212
China	322	326
India	242	185
Vietnam	167	191
Indonesia	144	142

Leather Footwear is the largest product group being imported in Germany. After China, India is leading supplier country outside European Union.

Waterproof Footwear

Value in 1000 Euros

	2011	2012
Total Import	81	57
Import Within EU	52	39
Italy	25	16
Netherlands	9	7
France	8	7
UK	0.7	0.4
Sweden	0.74	0.4
Import Outside EU	29	18
China	27	15
India	0.14	0.14

China is the leading supplier of Waterproof footwear outside EU.

Rubber and Plastic Footwear

Value in 1000 Euros

	2011	2012
Total Import	1415	1409
Import Within EU	446	481
Netherland	95	105
Italy	58	52
Belgium	80	113
Austria	47	39
Slovakia	59	55
Import Outside EU	969	928
China	663	624
India	1.2	1.5
Vietnam	161	145
Indonesia	37	46

China and Vietnam is the leading supplier of Rubber and Plastic Footwear to Germany outside EU. India's share is negligible

Textile Footwear

Value in 1000 Euros

	2011	2012
Total Import	1033	1000
Import Within EU	411	397
Italy	83	59
Netherland	75	79
Belgium	77	73
France	27	32
UK	28	20
Import Outside EU	622	693
China	447	490
India	5	4
Vietnam	99	116
Indonesia	35	46

China and Vietnam is the leading supplier of Textile footwear to Germany outside EU. India's share is negligible.

Other Footwear

Value in 1000 Euros

	2011	2012
Total Import	268	326
Import Within EU	216	285
Poland	56	56
Italy	44	60
Netherlands	33	44
France	26	44
Spain	14	17
UK	12	21
Import Outside EU	44	34
China	2	1
India	0.1	0.2
Vietnam	2	0.06
Indonesia	0.2	0.3

Source:<http://exporthelp.europa.eu>

This product group is being supplied mainly by the other European countries to Germany.

Market Description and Consumption of Footwear in Germany

The German footwear market provides opportunities for medium and fine segments especially for leather boots or comfortable casual footwear with rustic looks. There is also growing interest in exotic, ethno and animal prints in women's and children's footwear, shoe-boots, clogs and beaded sandals.

German women buy an average of 6 pairs, while German men buy 2 pairs per year. Traditionally German people mostly buy a new pair of shoes out of necessity with priority to comfort than fashion. However, the cold climate has created demand for boots that was reinforced by the fashion trend of wearing tight jeans, skinny trousers or leggings in boots among young women. As such, shoe fashion is generally becoming fast moving with more diversity, which

tends to benefit mid-priced products. This development is predominantly driven by clothing trade and the major fashion labels with their own shoe ranges. Sales volumes are partially subject to rapid fluctuations. These are primarily due to passing fads and weather influences, but also tend to reflect the consumers' readiness to pay somewhat higher prices. The average price paid for men's is 72.60 euros, a new pair of women's shoes costs 58.90 euros and children's shoes are 40.40 euros.

However, the average amount spent on shoes by private households varies greatly. The Federal Statistical Office calculated that households with a net income of less than 1,3300 euros a month spent 84 euros a year on shoes in 2011. Households with a net monthly income of more than 5,000 euros spent 528 euros. Across all households, this corresponded to an average of 252 euros in 2011, of which 143 euros was spent on women's shoes and 70 euros on men's shoes.

In a current study by the business consulting specialists Hachmeister+ Partner, varying price levels of men's shoes were identified in fashion stores and shoes shops. The average price in fashion stores is around 40 per cent higher than in shoe shops. Particularly in the higher priced business area, consumers clearly feel that the clothes stores are more competent.

Factors influencing on purchase of shoes:

- Weather
- Fashion
- Economy

Compared to the survey carried out two years ago, the mid-priced segment is once again gaining ground. In high street shops, the price segments can be assigned to certain

types of business in a relatively clear way, while mail-order and online trade covers a very wide range of prices.

When purchasing shoes, the greater emphasis is placed on fashion and design-that is to say the more the emotional factor plays a part-the less important the price. For many consumers, the shoe is the key to the perfect outfit.

The price is none the less an important influencing factor when purchasing shoes. The mid-priced segment is highly dominant in Germany. The most prevalent price is 29.90 euros. It is dominated by Germany's largest retailer Deichmann. With turnover of 1.89 billion euros, Deichmann recorded a 3.7 percent rise in turnover in 2012. On average, with a figure of 29.4 million people, half of all people aged 14 or above own a pair of shoes from Deichmann. The classic high street shop, however sells shoes costing between 50 and 120 euros, and boots costing between 70 and 200 euros.

Types of Shoes in German Market and their Market Shares

Types	Women's Shoes(In %)	Men's Shoes(In %)	Children's Shoes(In %)	Total(In %)
Low/Lace-up Shoes	14.10	26.80	18.00	18.80
Pumps/High Heels	14.20	-	-	7.70
Slipper	2.80	6.50	-	3.60
Sneakers	8.30	13.90	-	9.10
Ballerinas	5.50	-	-	3.00
Boots	23.10	9.70	10.90	17.10
Sandals	12.20	5.30	9.00	9.50
Other Shoes	7.30	4.60	39.10	10.50
Sports Shoes	8.20	18.30	20.50	13.10
House Schoes	1.90	1.60	2.50	1.90
Work Shoes	2.30	13.30	-	5.60
Total	100.00	100.00	100.00	100.00

In terms of Women's shoes, at 23.1 per cent it is the often more expensive boots and ankle boots that make the biggest contribution to turnover. Consumers are generally prepared to buy more expensive footwear if the price reflects the utility value or the associated experience. In the case of high-quality-looking high leg boots, both of these aspects are taken into account. Around 712 million euros or 14.2 per cent of turnover can be attributed to pumps and high heels.

Among the main, at 821 million euros, low shoes/lace-ups are responsible for most sales, ahead of sport shoes. With turnover of 428 million euros, sneakers are in third among the men's category.

As such, it is little wonder that sports and clothing stores were able to increase their market share. Around 10.9 per cent of total shoes turnover of Germany generated through this channel. Besides fashion stores, it is primarily the Internet that continues to challenge the high street shops for a greater market share. With another 27 per cent increase compared to the previous year, online trade achieved a market volume of 1.2 billion euros with shoes in 2012. The market share of shoe shop has dropped in recent year. While the market share in 2008 was 72.7 per cent, it had dropped to 69.3 per cent by 2012.

Net Turnover/Year	2000(In %)	2004(In %)	2008(In %)	2011(In %)
Euro 500000 and above	17.10	15.80	12.10	9.50
Euro 2 Million and above	17.80	16.10	12.30	10.70
Euro 10 Million and above	14.30	13.60	12.40	12.30
Up to 250 Million Euro	18.40	54.40	29.90	32.40
Euro 250 Million and above	32.40		33.10	35.00
Total	100	100	100	100
Net Turnover in Million Euro	5,716	5,220	5,947	7,002
No. of Companies	7,247	6,136	5,403	4,889

As per BTE and BDSE, on the basis of VAT statistics there were still 4,889 companies in 2011 whose main line of business was selling shoes. This means that almost a third of companies have dropped out of the market in the span of 11 years.

At the same time, the share of larger companies has risen sharply. This relates to those companies whose turnover ranges between 250 million euros and more. Within a span of 11 years these companies have increased their market share from 18.4 per cent to 32.4 per cent.

Ranking of Companies with Turnover above 100 Million Euros in 2010

Companies	Turnover in Million Euro	No. of Branches
Deichmann-Schuhe	1,770	1,215
Hamm-Reno-Group	565	495
Siemes	408	145
Ludwig Gortz	370	235
Leiser	216	150
Klauser/Salamander	200	130
Kienast	180	360
Runners Point	144	160

The seven largest chain stores may have an overall share of 36 per cent of the German shoe market and a 52 per cent share of turnover generated by high street shoe shops, but the growth has slowed in recent years. However, the biggest problem for German high street shoe shops is the rapid growth in turnover witnessed by shoe sales through internet. Starting from 14 million euros in 2007 the internet sales increased to 505 million euros in 2012, which was a growth of around 35 per cent over the year 2011 alone.

GDS and Tag It Fair in Messe Dusseldorf

The exhibitors in the entire Messe Dusseldorf Fair Ground was divided into 2 sections and 6 sub-sections as per their product categories and volume of business. The detail divisions of exhibitions are as under.

GDS		Tag It	
Sub-Section	Hall No.	Sub-Section	Hall No.
POP UP (Unconventional trendy Shoe Products)	1 & 2	EUROPE (Leading private label suppliers from Southern Europe and Western Europe with focus on quality and short lead times)	17
HIGHSTREET (Global Great Branded Products of Footwear, Kidswear and Accessories)	3,4 & 5	INTERNATIONAL (Products of India, Malaysia and China and other Asian countries available in competitive prices and quantities)	16
STUDIO (Precious handcrafted material with fine workmanship)	9	SOURCING (Shoes from China)	15

In this first edition of Tag It by gds a contemporary ordering platform offering different grades of footwear with brand names and non-branded products by 370 exhibitors from 24 countries were showcased. Countries like India, China, Bangladesh, Germany, Hong Kong, Italy, Malaysia, Morocco, Netherland, Nigeria, Pakistan, Portugal, Serbia, Singapore, Slovak Republic, South Korea, Spain, Taiwan, Thailand, Turkey, United Kingdom and USA have showcased their

products in this fair. This had attracted visitors from over 100 countries.

With participation of 11 companies CLE India pavilion had been organized in TAG IT covering total area of 160 square meters under MDA Scheme of Ministry of Commerce and Industry, Government of India.



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VIEW OF STANDS IN CLE PAVILION



CLE's Information Booth

At CLE's information booth publicity materials like Leather News India, Members Directory, Information on Indian



Shri D.K.Acharya, Regional Director interacting with a business visitor

Leather Sector and Tag it Participants profile booklet etc. were distributed to the trade visitors.

Business Generated and Members' Feedback

As per the feedback obtained from the members at the end of the fair, spot orders of Euro 45,000 were booked by them. They also expect order to the tune of Euro 4, 41,000 in future.

Last but not the least

With a nicely arranged shop, a product can be seen and touched. Product knowledge can be obtained there from experience sales persons of the shop. Thus the high street shop has a competitive advantage over pure on-line retailers. For coming years, high street shops with clear target group, strategic location, shop design, visual merchandising, wide product range, better employees, and services, pricing policy and sales promotions will be able to grow despite all odds, simply because of their better concepts.



Think Leather Think India

