



More than three things that will impact the Footwear Market

The footwear market in India is kicking up like never before, adding zing to the fashion quotient of her denizens.

The Indian footwear market, which was at Rs 10,000 crore in value terms in 2004, is estimated to have grown at the rate of 11-12 per cent in 2005-06 to over Rs 11,000 crore. What has been especially remarkable over the last two years is the rapidly increasing share of the branded organised segment, which is currently estimated at about 51 per cent of the market share in value terms. This organised market is now worth Rs 5,720 crore and is growing well over 36 per cent per annum.

As per the India Retail Report '05, more than one-fourth of the total footwear sales in 2004 was through organised retail outlets. This share has now considerably increased to nearly 30 per cent as major apparel brands include footwear in their product portfolio so as to present a complete wardrobe solution to customers. Global brands like Adidas, Nike, Reebok, Puma and Lotto have also stepped up their retail expansion activities in right earnest. Indian majors like Bata, Liberty and Khadim have also responded positively to the new challengers in a bid to retain market leadership. They have significantly transformed their retail formats to become more lifestyle-oriented and are positioning themselves as vibrant and contemporary Indian brands.

The emerging trends in the market are as follows:

Trend towards casual, cleaner, younger styles

There is an evident shift in consumer preferences towards more casual, cleaner and younger styles. Enhanced global travel coupled with increased media penetration has led to heightened awareness of international trends and lifestyles among domestic consumers.

Opportunity in women's and children's segment

There still exists a whale of opportunity in the exclusive women's footwear segment. This is especially surprising as women globally in line with global trends are the key decision makers for buying footwear. To an extent, this is the case in India too, though most of the footwear purchases in this segment (nearly 80-90 per cent) happen in the unorganised market. Dressing habits are largely responsible as women here have their wardrobe full of colourful ethnic wear that call for matching footwear; brands do need to come up with qualitative and affordable variants to meet these expectations.

Sportswear: Top international brands see potential

The sportswear market is the only sector in India that has the presence of all top international brands. The year 1996 witnessed the entry of Nike, Reebok and Adidas. That gave a new dimension to footwear and fashion retailing in the country.

Playful promotion campaigns, world-class merchandising and the internationally styled stores enthused consumers to go for an extra pair of shoes and a couple of extra tees and add just that touch of sporty image to their lifestyle. We now have brands like Puma and Tommy Hilfiger that are determined to present a whole new experience in fashionable active-wear and sportswear. All these three brands are today targeting a nationwide expansion and this market segment is suddenly beginning to look a lot bigger than what it was initially perceived to be.

Value retailing

In the recent past, numerous factory outlets for shoes offering branded products at very affordable prices have mushroomed, largely on the outskirts of major metros. The number of factory brand exclusive outlets as a proportion of high street outlets of the same brands is alarming even in comparison with western economies - where this format was conceptualised in the first place. Consumers are driven to these factory outlets in search of discounted prices and as a consequence buying from regular stores suffers.

Further, shopping malls are likely to be a driver of growth for this sector. With malls cropping up across the length and breadth of the country in the coming years, footwear retailers would be inundated with numerous options to enhance their visibility and presence either through exclusive showrooms in malls or as shop-in-shop arrangements with department stores that serve as anchor tenants in these malls.

Competition from non-specialist retailers

As has been observed in developed markets like the UK, mainstream footwear retailers in India like Bata, Liberty, Nike, Woodland, etc have already started facing increased competition from non-specialist apparel retailers diversifying into footwear and discount hypermarkets and retailers such as Big Bazaar and Vishal Mega Mart. These non-specialist retailers are likely to grow their market shares by increasing range of products offered and shopping space allocated to footwear. Mainstream retailers would have to respond to this threat by continuing to invest in their brands, store environments and product differentiation in order to stay competitive and enticing.

Innovative locations and distribution strategies

In the US, shoe retailers are getting creative as far as selection of location is concerned. In an 'over-malled' environment, retailers are hunting for alternative and even innovative locations to reach out to their target segment. Thus, shoe retailers are opening up shop in health clubs, resorts, airports, railway stations. In the Indian context too, the need to search for such innovative locations would soon evolve.



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