



FASHIONABLE FOOTWEAR

Luxury footwear brands from around the globe are stepping in and setting up a presence in India, offering a wide range of shoes and leather accessories for high-end consumers, writes **Aradhana**.



Growing affluence in India has seen international footwear makers, especially producers of fashionable shoes, enter the country and set up shop in major cities. Also, thanks to the exquisite craftsmanship and production skills in the country, many leading brands have for years been sourcing their production from India.

Now, India is also emerging as a significant market for international brands. And it is not just American and European brands that have discovered the potential of the booming Indian shoe and apparel sector; Chinese major Aokang Shoes recently made a rather quiet entry. This is the maiden Indian foray by a Chinese shoe and apparel major.

Says Wang Zhentao, chairman and president of Aokang Group: "We were waiting for the right moment to enter the Indian market. With a booming economy and high purchasing power, this is the right time for international brands to enter India."



ANIRUDH BANERJEE: Ambitious plans

Adds Anirudh Banerjee, ceo and managing director, Aokang International India Pvt Ltd: "We have ambitious plans for the Indian market that include setting up a manufacturing base as well. Clearly,

we are here for the long term."

Aokang's interest is not surprising as the Indian footwear retail market is expected to grow at a compound annual growth rate (CAGR) of 20 per cent for the next three years. The shoe market is estimated to be worth \$2.8 billion, of which roughly half is in the organised sector.

International brands have also been encouraged to expand their footprint in India following the government's move to allow 51 per cent foreign direct investment (FDI) in single-brand retailing.

There has been a growing trend of foreign apparel and footwear brands - especially targetting up-market consumers - opening showrooms in India. Italian luxury apparel and lifestyle brand, Dolce & Gabbana, for instance, was among the first to take advantage of the liberalisation by setting up two joint ventures to market its brands at a luxury mall in Delhi.

Similarly, another Italian major, Tod's Retail, has stepped in through the 51 per

SLEEK SHOWROOM : International footwear brands are investing in setting up new showrooms across the country



cent route in a joint venture with Bukhanvala Holdings Ltd, to market leather accessories and apparel. Tod's has opened outlets at luxury malls like the UB Mall in Bangalore, Emporio in Delhi and at the Galleria in Mumbai.

Jimmy Choos, known for its stylish shoes, opened its first stand alone store in Mumbai in May. The firm, which has a tie-up with the Murjani group, plans to open half-a-dozen other stores over the next three years.

The opening up of luxury malls in major cities has seen top international brands marketing luxury loafers and footwear, launching their outlets. They include Prada, Gucci, Guess and Carlton London.

Italian major Guess plans to operate 40 stores in India by 2010, selling fashion accessories, including footwear and costume jewellery. Carlton Shoes, which moved its manufacturing base to India in the 1990s, besides focussing on online sales, now has seven stores in Delhi, Gurgaon, Noida and Ludhiana.

Other vendors of high-priced luxury leather accessories to have set up shop in India in recent months include Bottega Veneta, Lanvin, Stella McCartney, Jean Paul Gaultier and Moschino.

Global shoe majors such as Reebok and Bata Shoes, the Switzerland-based giant, enjoy strong presence and reach in the country. For Reebok, India is one of the few countries where it enjoys greater

market share than Nike and Adidas put together. The company has outlined an aggressive growth strategy for itself this year.

Says Suvhinder Singh, managing director, Reebok India: "Presently, we have more than 620 stores in the country and are planning to scale this up to 850 by the end of this year. This will enable us to grow our sales by 30 per cent per annum." The company has grown six times in the last five years and has a 53 per cent

ranges that would also consist of Indian origin collections like the Dance inspired collection being promoted by actress Bipasha Basu, Dhoni 7 collection designed with inputs from cricketer MS Dhoni, and Fish Fry for Reebok designed by fashion designer Manish Arora.

According to Singh, the celebrities would help it expand into smaller cities as people tend to associate a lot with cine stars and sports celebrities.

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KING KHAN : Bollywood superstar Shah Rukh Khan at the launch of a Reebok promotion

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share in the Indian footwear market. It is planning to open 55 additional stores of its exclusive lifestyle brand, Reebok Classics, by the end of the current fiscal.

"We have already opened 20 Reebok Classics stores till now in Delhi and the National Capital Region, Mumbai, Bangalore, Hyderabad, Chennai, Jaipur, Chandigarh and Pune," says Singh. "We plan to take the tally to 75 by the end of 2008-09."

The company has an aggressive promotional strategy, wherein both Bollywood and sports celebrities extensively endorse its products. Says Singh: "As part of our marketing strategy, we have roped in Bollywood stars and cricketers as a communication platform because Indian customers have a tendency to associate with them."

Reebok will launch shoe and apparel

players in the shoe industry today with the maximum number of stores to its credit. "We want to maintain the current position and bring new innovation and formats in various segments," notes Singh. "We are bringing out 20 new footwear models every quarter, besides a new apparel range every 45 days." The company is also planning to open special junior stores for its young customers. As many as seven such stores will come up in Hyderabad, Mumbai and Delhi, among other cities.

Not to be outdone, Nike, which has been trying to match the market shares of Reebok and Adidas, has upped its marketing efforts. For the first time this year the brand opted to sponsor the Indian cricket team, a move that will guarantee it eye-balls. The firm says it has focused on its cricket lines after winning a kit sponsorship deal with India's cricket team worth



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\$40 million over five years.

The new range includes: shoes for fast bowlers and batsmen, replica jerseys, training gear, kit bags and backpacks. According to Sanjay Gangopadhyay, Nike India's marketing director, "People would love to support their teams by wearing the replica jerseys. None of this has been tapped in India."

Given that the existing shoe majors have huge plans for the Indian market, what will be Aokang's strategy? "We plan to invest \$75 million to expand our retail presence in the country that will span across 100 exclusive stores and 500 multi-brand locations over the next five years," explains Banerjee. "Apart from this, we have also outlined an investment of \$450,000 to set up our factory in

Manesar, Gurgaon, that will manufacture about 1,000 pairs a day by 2009."

Aokang is the second-largest leather goods manufacturer in the world. "We have a lot of expertise in manufacturing leather shoes that we will bring to India, and our focus will be on the mid-priced segment between \$55 and \$115," points out Banerjee. The Chinese brand is now present in three locations and he envisages that by the end of the year it will be available in over 200 points of sale,



MADE TO ORDER

WHILE international shoe brands are setting up fancy showrooms in India, wooing the affluent Indian consumer, domestic producers quietly churn out footwear that are sold around the globe by top brands.

Leading international shoe brands including Reebok, Nike, Adidas, Puma and Fila have been sourcing many of their products from Indian companies for years. M&B Footwear, a leading manufacturer and also distributor of international brands – including Lee Cooper, Rider, and recently, Merrell – is one such firm that produces footwear for international brands.

Chinese firm Apache, which manufactures shoes on behalf of Adidas, has established a special economic zone at Nellore in Andhra Pradesh, where it manufactures 160,000 pairs of sports shoes every year for the international brand.

Reebok produces its Greg Norman line of golf wear in India. Other shoemakers are also investing large sums in setting up facilities in the country to make footwear that will be marketed around the globe under international brands.



STYLISH SHOES : The Indian consumer is now being pampered with a wide array of products

including 15 exclusive stores and other retail and multi-brand outlets.

The Aokang Group had opened speciality stores in the United States, Italy and Spain some years ago. Because of logistics and transportation reasons, however, these stores were not successful and have since been withdrawn.

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But this time, Aokang's Indian stores have taken a different model. The India marketing network is localised as are all the managerial staff in the company. The company will, unlike in China, focus on

franchise development.

Says Banerjee: "We have outlined a four-pronged distribution strategy for the Indian market." It will use distributors for reaching out to the smaller cities and will have its own exclusive stores in the larger metros. It will also opt for modern retail formats and has already initiated tie-ups with companies such as Reliance Retail, Shoe Tree and Metro and will also target institutional sales to companies in the hospitality and civil aviation sectors.

It has launched its first store in Delhi and four stores in

Mumbai and plans similar launches in Bangalore and Pune. "There is a huge growth potential in the Indian market and our inherent belief of providing the best international quality footwear will witness a paradigm shift in the Indian market," adds Banerjee.

Aokang, which stands for high quality leather, is doing well in countries like the US, Italy, Australia, Hong Kong and Singapore. Banerjee is the promoter of the company in India and has entered into a licensing agreement with Aokang International for manufacturing and marketing its products in India.

"By the end of this year we aim to have a turnover of \$8 million," he adds. Aokang is importing all its products from China at present, but Banerjee says that it will soon source 30 per cent of its demand from its factory in India. Later, shoes will be exported from the factory.

"By 2011, we plan to export products from India to the US, Japan, Australia, Spain, Hungary and Italy," he adds.

Given the aggressive plans that global shoe and apparel majors have for India, they seem to be putting their best foot forward to cash in on the growing demand for high quality footwear in India. 🌟

