

## Impact in Footwear Market due to COVID-19 pandemic

By Mr V Muthukumaran, President, Indian Shoe Federation and Global Business Head – Leather, TATA International Limited

Global footwear consumption is expected to fall by 22.5 percent this year, representing a shortfall, of 5.1 billion pairs, due to the Covid-19 pandemic, according to a forecast made by a panel of experts for World Footwear.

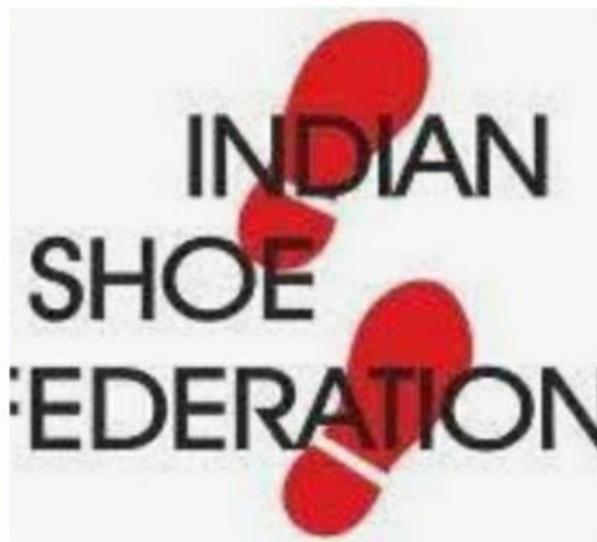
Consumption is expected to decline by 27 percent, or 908 million pairs, in Europe, by 21 percent, or 696 million pairs, in North America and by 20 percent, or 2.4 billion pairs, in Asia,

A separate survey carried out by the Italian retailers' association, Confcommercio, showed that sales of footwear and clothing have fallen to zero for stores not equipped with usan e-commerce platform after Italy entered a nationwide lockdown on March 11.

For the whole month of March, sales of footwear and clothing through all channels fell by 67.4 percent.

### CLE statement on COVID-19 Pandemic

Due to COVID 19 pandemic, there is 35% decline in export orders. This Sector in Tamil Nadu alone has lost export orders worth USD 370 million (Rs.2800 crore) due to unilateral cancellation of export orders by



buyers, as against loss of export orders to the tune of USD 1 billion (Rs.7600 crore) at all India level. Our major markets namely Europe and USA to which 70% of our exports are directed, have been severely affected by the Pandemic. Hence, the industry will face more export order losses in the coming days. Buyers have put-on hold the shipments which are ready for export and payments for the shipments already made are postponed/ Due to the lockdown, the supply chain has been affected.

## **Spain, Portugal to benefit from accelerated reshoring**

The novel coronavirus Covid-19 pandemic could lead to an acceleration in the reshoring of manufacturing to Europe. The shift could be significant for countries such as Spain, Croatia and Portugal. The move out of China is also benefiting countries such as Vietnam, but the pandemic has reduced the appeal of those destinations. Many companies - especially Japanese, Taiwanese and South Korean - have for some time been thinking of relying less on China and that the pandemic is speeding up the process.

Impact Due to COVID-19 Pandemic:

- **Order Cancellations**
- **Price Reductions**
- **Liquidity Crisis**
- **Bankruptcy Threats**
- **Uncertainty**
- **Unemployment**
- **Currency Risk**
- **Crisis management**
- **De-Globalization**

### **Mr V Muthukumaran summarised as follows:**

Due to COVID 19 pandemic especially in terms of Footwear Exports we will have big impact on the Present AW 20 and SS21 seasons.

Hopefully things should change and get back to normal from AW 21 onwards.

We all are going to face severe challenges and competition for survival.

We have to convert all challenges as opportunity like Globalization and increase our efficiencies and be more agile. Increase our Productivity. Reduce our Cost. Deliver on time. Reduce our Lead time and Produce more sustainable Products Be more competitive than other countries.



**Review by: Md Sadiq, Design & Fashion Studio, CSIR-CLRI:** As a 'member' of the Indian Shoe Federation, CSIR-CLRI would like to compliment President, ISF for his insights. Ever since the lockdown, members of the Indian Leather and Leather Products Industry are concerned about the future.

The Q & A session that followed was not only interesting but it did have a few tricky questions as well.

#### **Points to ponder:**

- Penetration into the domestic market is not going to be easy
- E-commerce could be an option
- Quick disposal of stocks in hand through SALE may be considered.
- For the future, innovation led technology will be the way forward

**Presented at I Square's Leder Webinar Series, held on 27<sup>th</sup> April 2020: Webinar 13: Post Lock Down**



**Scenario of Footwear World in association with AC Tech Leather and Footwear Association (ALFA)**