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Footwear Sector of Bangladesh

Stepping into a promising future

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Contents

Overview

Bangladesh's footwear sector makes an impressive economic contribution and is a prominent supplier of shoes to the global market. It primarily manufactures sandals, low- to mid-priced shoes, and slippers. Over the past few years, the sector has experienced remarkable growth, which has been fueled by rising domestic demand, supportive governmental regulations, and the accessibility of cheap labor.

Bangladesh has one of the **fastest-growing** footwear sectors in the world. It is among the top 10 producers and consumers of footwear. The sector has ranked **13th** in export. Its market value is considered to be **USD 2 Billion** in 2020. Footwear is the **largest contributor** to the earnings generated by the leather sector in the country.

Despite the expansion, the sector still confronts difficulties such restricted access to financing, substandard infrastructure, and international rivalry. The sector has the potential to expand further, particularly with ongoing government funding and investments in infrastructure and technology.

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Footwear Sector Highlights

USD 2 Billion
Market Value in Bangladesh
(as of 2020)

USD 409.5 Billion
Global Market Value
(as of 2022)

Bangladesh ranks **13th**
in Footwear Export
(as of 2022)

USD 1.28 Billion
Export Earnings from Footwear
(as of 2022)

USD 795.5 Million
Export Earnings from Leather Footwear
(as of 2022)

22,000
Factories
(as of 2022)

12 lakh workers
(as of 2022)

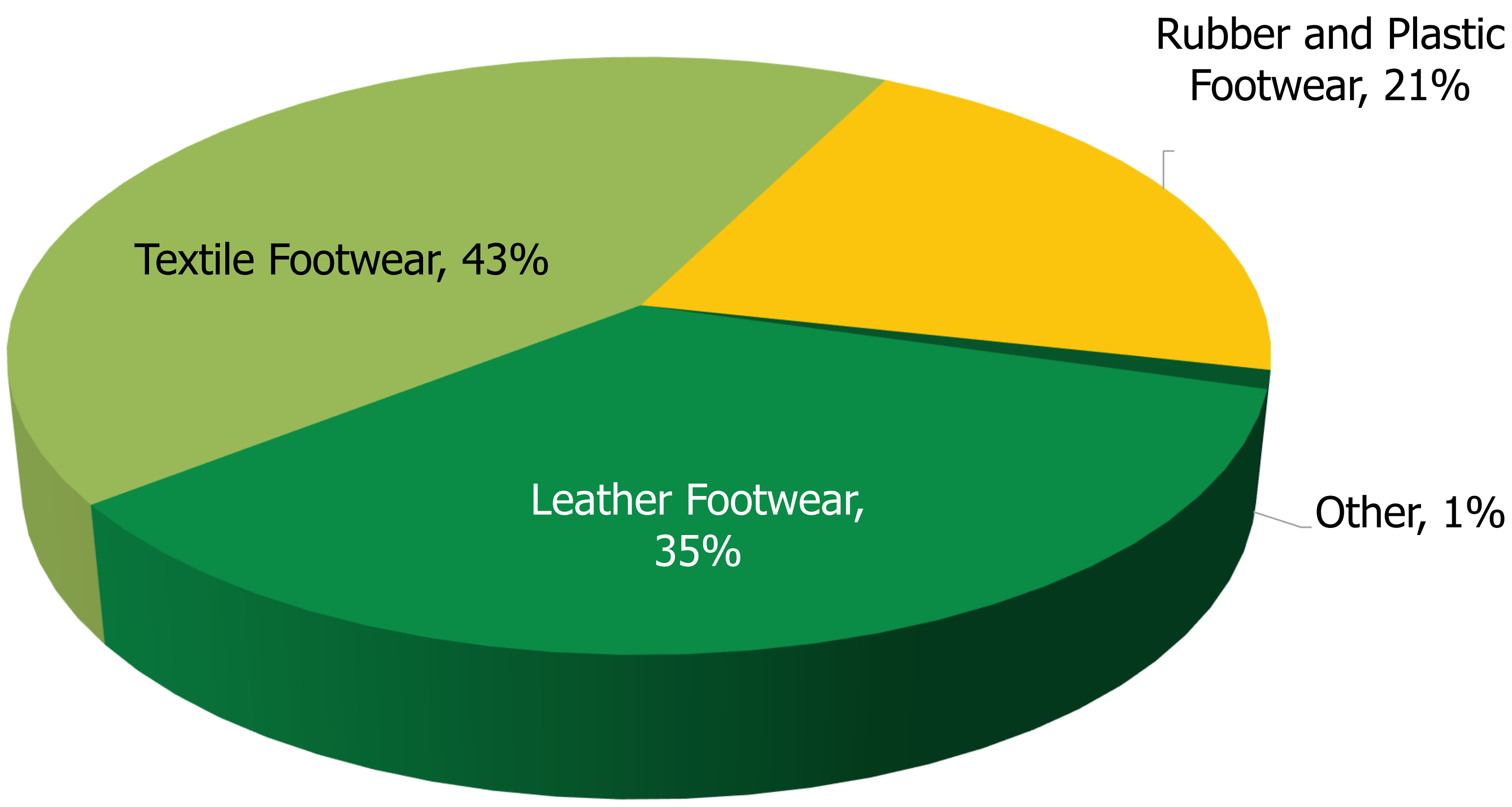
70% Brand & **30%** Non-brand
(as of 2022)

One of the **top 5** Largest
Export Sectors in Bangladesh
(as of 2022)

Largest contributor to the earnings
generated by the leather sector

Source: EPB, World's Top Exports

Types of Footwear Traded



Source: World Footwear Yearbook 2022

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Key Performers of Footwear Sector

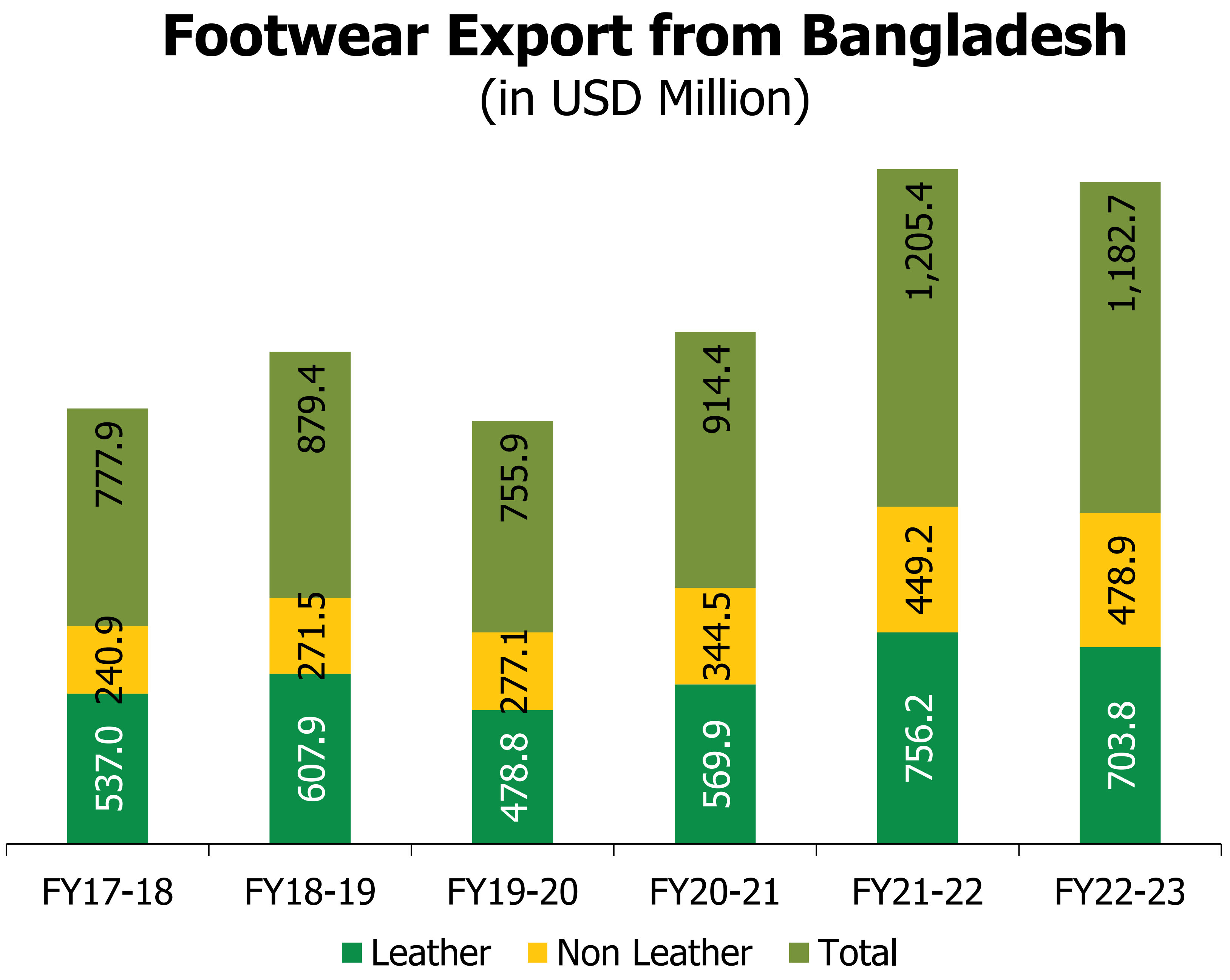
Local Market Dominators

- Bata
- Apex
- lotto
- ORION FOOTWEAR
- Jennys
- fortuna BANGLADESH
- WALKAR FOOTWEAR
- STEP
- AKIJ GROUP
- Bay

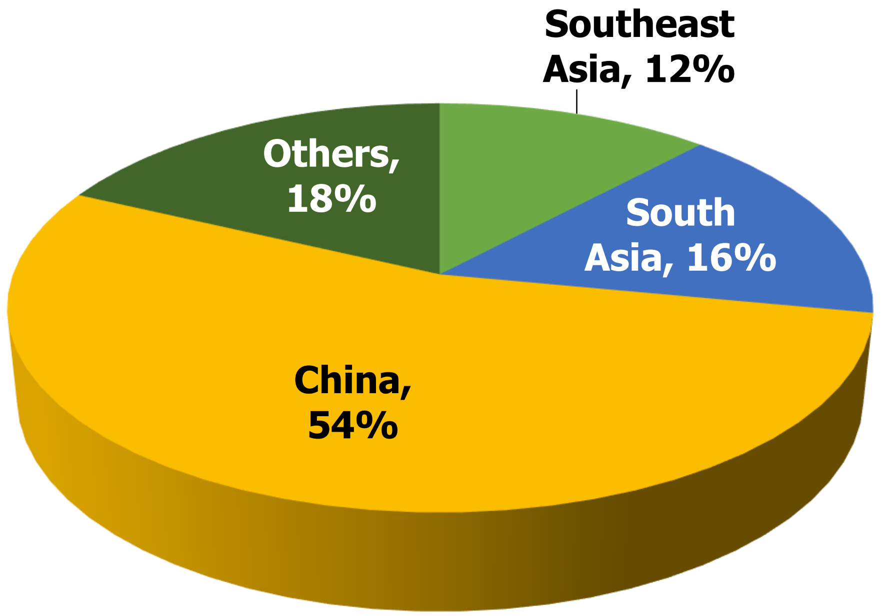
International Market Dominators

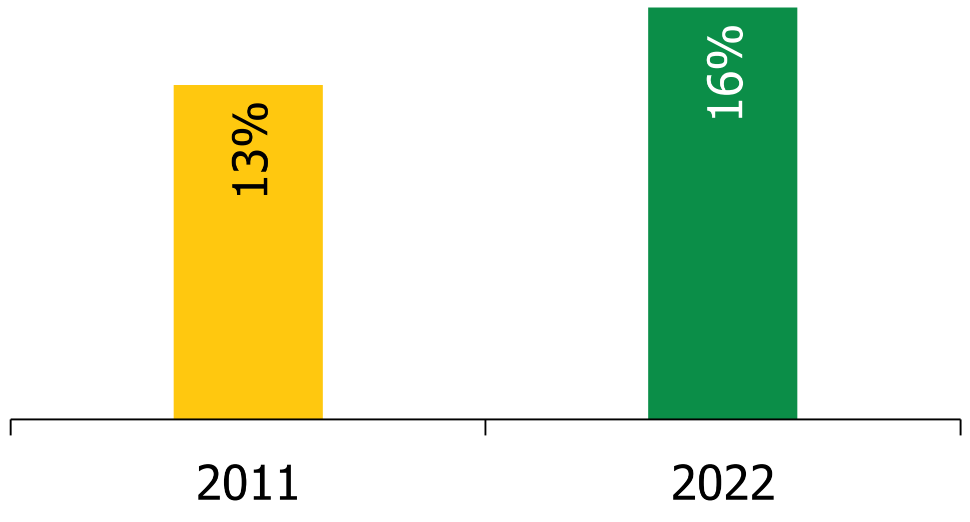
- adidas
- PUMA
- NIKE
- Reebok
- SKECHERS
- FILA
- CONVERSE
- STEVE MADDEN
- VANS
- JIMMY CHOO

Potential Shifts in Exposure to South Asia



Global Shares of Shoe Suppliers in 2021





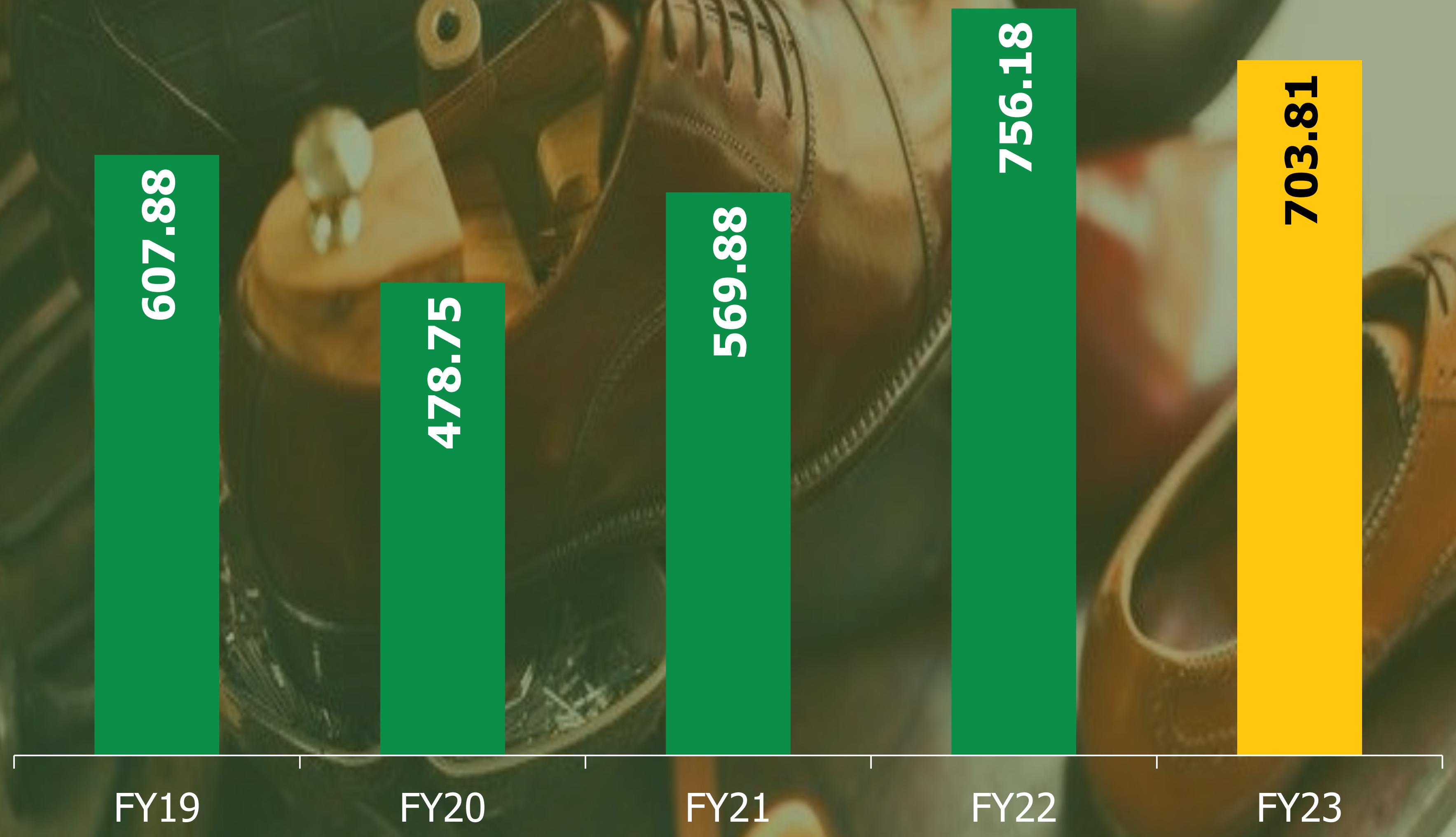
Changes in Supplies of Shoes from South Asia

Bangladesh expects export for non-leather footwear to be **USD 1 Billion** by 2025 and **USD 2 Billion** by 2030

Source: EPB

Leather Footwear

Export of Leather Footwear
(in USD Million)



The exports of leather footwear from Bangladesh declined **4.28%** YoY in FY22-23 owing to lower orders from Europe

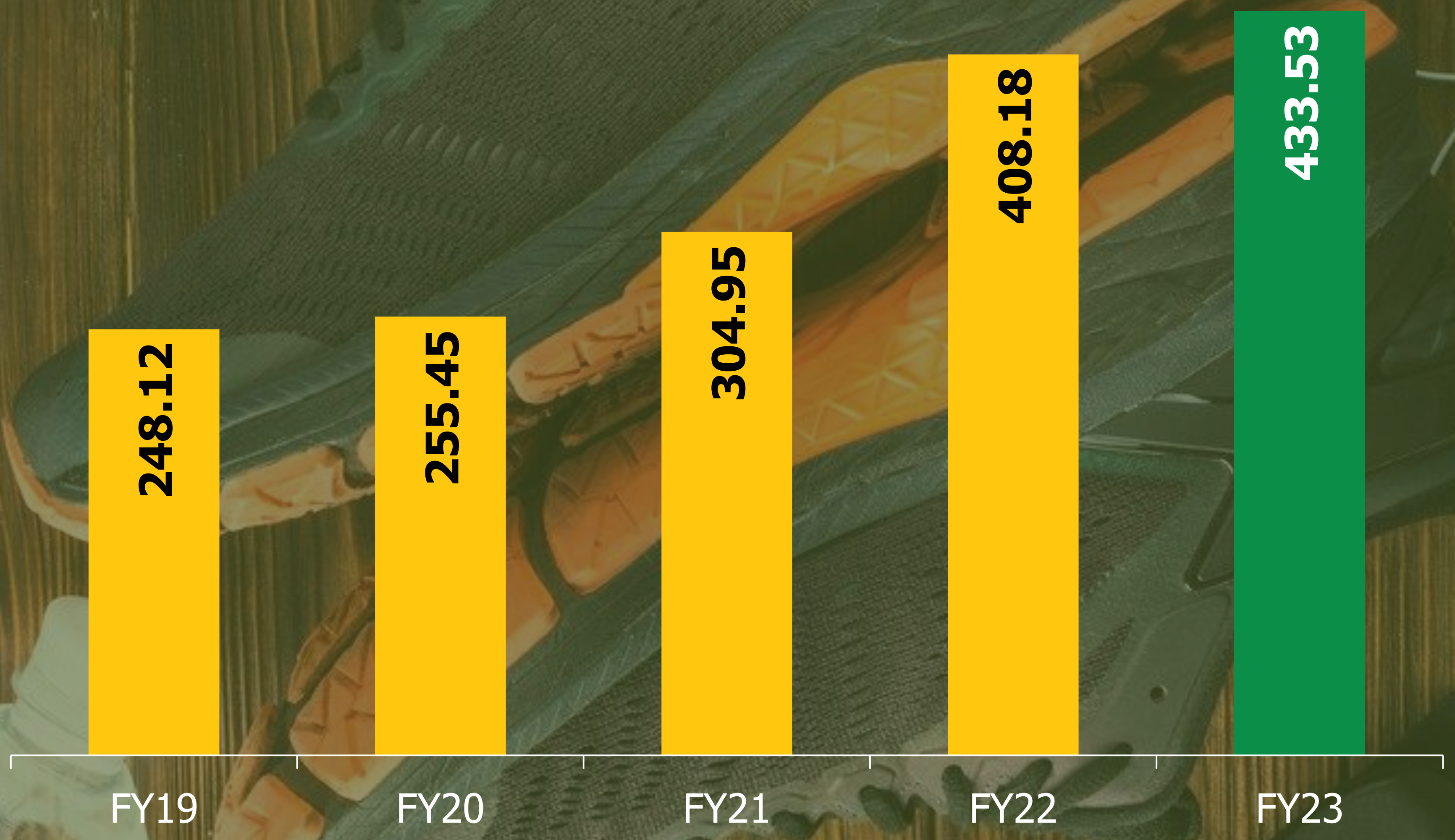
Reasons Behind the Fall in Leather Footwear Exports

- Due to the economic slowdown
- Rise in the production cost
- Spike in the cost of raw materials and labor
- Japanese buyers not rising the prices in the last one decade

Source: EPB

Non-Leather Footwear

Export of Non-Leather (Synthetic) Footwear
(in USD Million)



During the first half of the FY23-24, non-leather footwear exports earned USD **209.5** million, an increase of **19.44%** YoY

Reasons Behind Higher Export of Non-leather Footwear

- Improved Quality
- Competitive prices
- Non leather are cheaper than leather ones
- Orders from China Shifting to Bangladesh
- Local manufacturer expanding capacities

Source: EPB

In Comparison with Leather Sector

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Leather Sector

- 2^{nd} Largest in terms of Export Earnings
- **3%** Share of Global Leather Market
- **1.8%** Share of Global Cattle Stock
- **3%** Share of Global Goat Stock
- **350** Million of Soft Leather produced annually
- **200** tanneries and **3,500** Micro, Small and Medium Enterprises

Footwear Sector

- 8^{th} Largest in Footwear producer globally
- **2.1%** share of Global Shoe Products
- **USD 2 Billion** Domestic Market Value of Footwear
- **90** large firms and **2,500** footwear units
- **378** million pairs of shoes produced annually
- **250** million pairs domestic demand of shoes per year

Main Export Destinations of Footwear Sector

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Why Footwear Sector is Booming

Competitive Advantages

- Competitive and scalable labor force
- Preferential market access: EU, Korea, India, China
- Domestic raw material availability
- Emerging supply chain
- Made in Bangladesh shoes and bags gaining ground globally
- Rising foreign direct investment and local as well
- Established sea and air connectivity
- A perfect sourcing diversification opportunity for manufacturing
- Rising middle-class purchasing power
- Large domestic market

Emerging Backward Linkage Industry

Recently, there are some companies who are producing shoe accessories commercially such as:

Shoe last

In-sole

Out-sole

Foam

PU Leather

Shoelaces

Adhesive

Ornaments

Source: World Footwear Yearbook 2022

Brands Made in Bangladesh

WOLVERINE worldwide

zalando

s.Oliver®

Walmart

FILA

Clarks®

Hush Puppies®

ARIAT®

Bata

H&M

PICARD since 1928

ALDO

KITAMURA®

UNI QLO

GU

MARKS & SPENCER

MICHAEL KORS

DEICHMANN

LOVE MOSCHINO®

AMERICAN TOURISTER SINCE 1933

Constraints in the Growth of the Footwear Sector

- The aftermath of the COVID-19 pandemic
- Increased global inflation brought by the conflict of Russia-Ukraine
- Limited access to funding and factory setup procedures
- Poor infrastructure and lack of experienced workers
- The unavailability of training programmes and effluent treatment plants (ETPs)

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Steps Ahead for the Progress of Footwear Sector

Access to capital and financial literacy

Government support and initiatives to encourage innovation

Improving productivity and quality by applying automation and international best practices

Maintaining safety and sustainability standards

Creating a favorable business environment and improving access to international markets

Establishing more leather training institutions in the country to train employees

Listed Footwear Companies in DSE

Bata introduced anti bacterial shoes for the first time in Bangladesh

- In Bangladesh, many children fall ill due to bacteria and fungi in their shoes. Bata Bangladesh has addressed this issue with its "Back to School" line of footwear
- The shoes feature Bata's life-natural technology, which uses peppermint plant oil to destroy 99% of bacteria and control odor
- This technology is both natural and safe, as it has been certified by the U.S. Environmental Protection Agency and Business Process Reengineering

Apex Footwear Defies High Inflation, Achieves Growth

- Apex Footwear Limited has achieved a 42% increase in both revenue and profit in the first half of the FY22-23
- Despite the country's high annual inflation rate of 9.05% and challenges such as energy and dollar crisis, Apex Footwear's revenue rose to BDT 801 crore
- The company's success was due to a 16.02% increase in profit from exports and higher sales volume in the local market through discounts on shoes

Fortune Shoes with a 91% decline in the October-December quarter (2022)

- Fortune Shoes Limited, footwear manufacturer, saw a 40% YoY drop in profit in the first half of the fiscal year, with a 91% decline in the October-December quarter 2022
- The share price of Fortune Shoes increased by 787% from April 2021 to April 2022, and the share price of NRBC Bank increased by 256% from April to October 2021 due to an investor's involvement

What's Happening in Footwear - Worldwide

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Most goal scoring shoe of Qatar world-cup, 2022 is coming from the sports giant Nike

Of the 147 goals scored at this World Cup, 79 of them have come from a player wearing Nike boots. That is 53.7% of all goals scored so far.

Puma named global top employer of 2023

After a comprehensive survey conducted by the Top Employers Institute, Puma was given this award for the first time in North America and Latin America.

Next step for footwear giant Pou Chen in South Asia is Tamil Nadu

Pou Chen Corporation of Taiwan, the world's largest branded athletic and casual footwear manufacturer, all set to invest more than Rs 500 crore to set up a unit

Top 10 most sold shoes in 2022

Nike Air Force 1 Low | Nike Air Max 270 | Nike Air Vapormax Plus | Nike Revolution 5 | Nike Air Max 97 | Adidas NMD R1 | Nike Air Max 90 | Nike Air Vapormax Flyknit 3 | Jordan I High OG | Jordan XIII

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