

OPPORTUNITY MAPPING FOR THE FOOTWEAR INDUSTRY OF BANGLADESH

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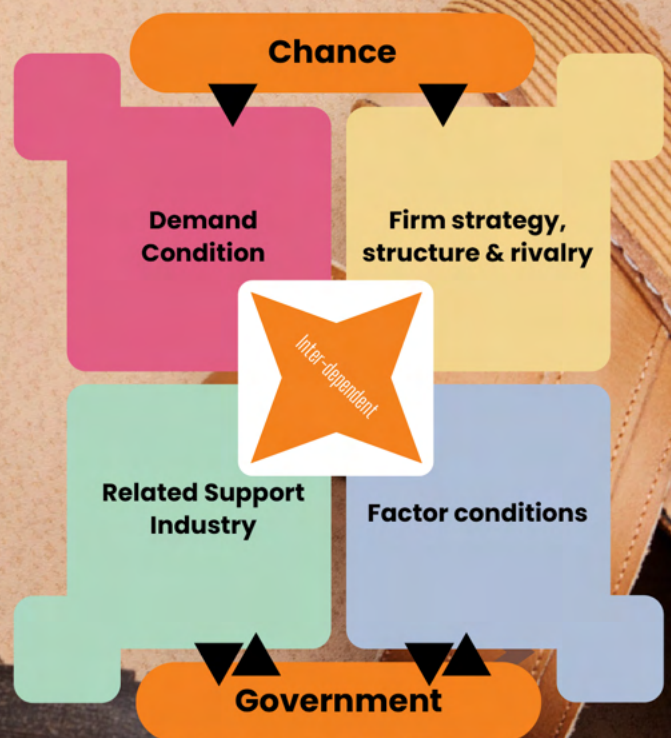
Opportunity mapping involves the identification of potential opportunities and possibilities. To effectively address these potentials, it is imperative to first structure the problem space before delving into the process of discussing the solution. Conducting an opportunity mapping analysis for the Bangladesh footwear industry can prove instrumental in identifying and capitalizing on various prospects within the value chain. Such prospects may include local raw materials, manufacturing capabilities (i.e., workforce, process capabilities/efficiencies, and partnership potential), marketing avenues (i.e., existing and potential opportunities for expansion in terms of scale and scope), as well as infrastructure development considerations (i.e., communication, government support, and regulatory policies).

The Bangladesh footwear sector presents to be a highly attractive destination for businesses seeking to expand their global presence. By strategically investing in this sector, businesses can leverage from the growing demand in return and to increase export revenue and boosting market position.

OUR APPROACH

We want to approach this opportunity mapping by evaluating the readiness of Bangladesh Footwear Industry using factors of sourcing decision through Porter's Diamond Model. It is used by organizations to analyze the external competitive environment, explaining the relative strengths of one business against another, and why some industries are more advantageous than others in a particular region.

Porter (1990) defines the competitive advantage of a nation as its capacity to entice firms (both local and foreign) to use the country as a platform from which to conduct business. He introduced what has become known as the 'National Competitive Advantage of Industries' with four factors' determining the competitive strengths and weaknesses of countries and their major sectors. The model attempts to answer the questions of finding the opportunities for Bangladesh Footwear.



Porter's Diamond Model

INDUSTRY SCOPE

PORTER FACTORS	SOURCING PARAMETERS	DETAILS
FACTOR CONDITION	Location, Infrastructure & information	<ul style="list-style-type: none"> • Strategic geographical positioning • Transportation and shipment options • Port infrastructure and capacities • Reliable energy supply and cost stability • Efficient communication infrastructure
	Availability of skills	
	Trade regulations & benefits	
RELATED SUPPORTING INDUSTRIES	Engagement between the sector and government	<ul style="list-style-type: none"> • Documenttation requirements & complexity • Level of integration & system deficiencies
	Backward linkage	<ul style="list-style-type: none"> • Local material availability • Robustness of backward linkages
	Logistics capability	<ul style="list-style-type: none"> • Factory-to-port transportation infrastructure • Agility-adaptability to uncertainty and changing circumstances
FIRM STRATEGY & STRUCTURE	Discipline	<ul style="list-style-type: none"> • Supplier's overall discipline & follow-up capability
DEMAND CONDITION	Communication & capability	<ul style="list-style-type: none"> • Transparency, open communication & language proficiency
	Commitment to delivery at right time	<ul style="list-style-type: none"> • General approach to commitment & timeliness
	Responsiveness of supplier	<ul style="list-style-type: none"> • Time-to-market strategy & execution • Supplier's proactive understanding of buyer's requirements
	Total Environmental Cost of Ownership (TECO)	<ul style="list-style-type: none"> • Comprehensive consideration of total cost calculation • Logistics cost assessment • Evaluating the opportunity cost of uncertainty • Assessing the impact of supply chain disruption • Incorporating the cost of financing into the analysis
	Product quality	<ul style="list-style-type: none"> • Quality assurance practices of the sourcing destination • Quality benchmark - present buyers, capabilities, products & target market

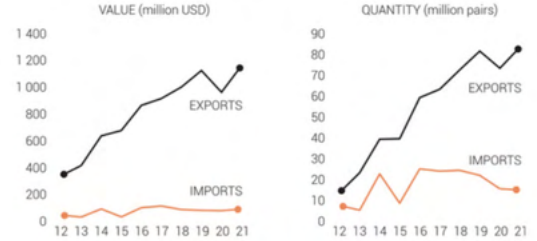
BANGLADESH

PROFILE AS FOOTWEAR PRODUCER



We take a brief understanding of macroeconomic situation & footwear activities of Bangladesh from the following information to better understand who we are as a footwear producer : our history , current context & market analysis

CAPITAL	Dhaka	LANGUAGE	Bengali
AREA (Km ²)	147 570	CURRENCY	Bangladeshi taka
POPULATION	166 million		
GDP PER CAPITA	2 147 USD	GDP 2021	357 billion USD
Δ GDP 2021	5.0%	Δ GDP Last 5 Years	36.0%



FOOTWEAR INDUSTRY

	VALUE		QUANTITY		PRICE
	Million USD	World Rank	Million Pairs	World Rank	USD
EXPORTS	1 160	16	83	16	\$13.89
IMPORTS	85	84	15	90	\$5.82
PRODUCTION			401	8	
CONSUMPTION			333	10	

MAIN TRADING PARTNERS

EXPORT MARKETS	Million USD	Value Share	Million Pairs	Quantity Share	LAST 5 YEARS VARIATION	Million USD	IMPORT MARKETS	Million USD	Value Share	Million Pairs	Quantity Share	LAST 5 YEARS VARIATION	Million USD		
USA	277	24%	11.9	14%	+ USA	157%	169	China	80.9	96%	13.62	94%	+ China	4%	2.9
Germany	163	14%	10.9	13%	+ Poland	184%	69	India	1.5	2%	0.43	3%	- Malaysia	-77%	-0.3
Poland	106	9%	9.5	11%	+ France	111%	37	Singapore	0.7	1%	0.19	1%	- Vietnam	-100%	-0.8
Spain	91	8%	12.6	15%	+ Canada	71%	23	Hong Kong	0.7	1%	0.11	1%	- Thailand	-98%	-0.9
France	71	6%	10.5	13%	- Japan	-66%	-59	Cambodia	0.2	0%	0.05	0%	- India	-90%	-13.2

TYPES OF FOOTWEAR TRADED



RECENT DEVELOPMENTS

Bangladeshi exports returned to growth in 2021, reaching new records. The USA and the European Union are the main markets for Bangladeshi shoes. Bangladesh is now ranked the 16th exporter in the world and is in the top 10 of producers and consumers of footwear.

MAIN PLAYERS

	TURNOVER (million USD)	EMPLOYEES
Apex Footwear Ltd	139.4	n.a.
Bata Shoe Company (Bangladesh) Ltd	59.9	n.a.
Fortune Shoes Ltd	18.3	n.a.

SECTORIAL ORGANIZATIONS

Leathergoods & Footwear Manufacturers & Exports Association of Bangladesh | www.lfmeab.org
COEL - Centre of Excellence for Leather Skill Bangladesh Limited | www.coelbd.com

FAIRS & EVENTS

Leathertech Bangladesh, Dhaka [Dec] leathertechbangladesh.com

MANUFACTURING SOLUTION CAPABILITIES

Manufacturing capabilities remains to be one of the major important criteria in sourcing for factor conditions of the country.

The factories in Bangladesh heavily relies on other nations such as Italy or China for design and development capabilities.

Bangladesh lacks a design studio or development center that can provide manufacturers with end-to-end" concept to product" services. Presented here are the different export manufacturing solution models.

- Original Equipment Manufacturing (OEM)
- Original Design Manufacturing (ODM)
- Original Brand Manufacturing (OBM)

And The difference between OEM, ODM & OBM,

CAPABILITY	OEM	ODM	OBM
Capacity of the solution provider			
Collaboration with specific buyer / brand			
Detailed customer insight & market information			
Product ideation			
Product & packaging architecture			
Problem solving			
Design thinking			
Innovation			
Product and packaging engineering			
Productivity			
Efficiency			
Quality assurance			
Cost optimisation			

More than 95% of Bangladesh footwear factories offer only OEM solutions today. The design and development centers could act as a platform for collaboration and networking among industry stakeholders. It can facilitate partnerships among manufacturers, designers, material suppliers, and retailers, fostering a cohesive ecosystem within the footwear industry. Collaborative efforts can lead to knowledge exchange, skill development, and joint ventures, driving innovation, and strengthening the overall competitiveness of the sector.

Enhancing Collaboration and Networking: Promoting Industry Partnerships

The design and development centers in the footwear industry act as a platform for collaboration and networking among various stakeholders, such as manufacturers, designers, material suppliers, and retailers. By facilitating partnerships, these centers foster a cohesive ecosystem within the industry. Through collaborative efforts, there can be knowledge exchange, skill development, and joint ventures, ultimately driving innovation and strengthening the overall competitiveness of the sector.

Driving Innovation and Competitiveness: Research and Development Initiatives

The design and development centers also play a crucial role in promoting research and development activities within the footwear industry. By investing in understanding market trends and consumer preferences, these centers enable industry players to stay ahead of the curve.

Expanding Market Reach: Leveraging Local Materials and Sustainable Practices

Additionally, the centers encourage experimentation with local materials, adapted manufacturing techniques, and sustainable practices. This focus on innovation helps the sector develop unique and high-quality products that cater to evolving customer demands, enhancing the industry's competitiveness in both domestic and international markets.

Elevating Sector Competitiveness: Fostering SME Support and Branding

The design and development centers also prioritize supporting small and medium-sized enterprises (SMEs) within the footwear industry. By providing them with access to resources, technical expertise, and market insights, these centers empower SMEs to enhance their capabilities and compete effectively in the market.

Positioning Bangladesh as a Global Hub: Attracting Foreign Investment and Economic Growth

By developing robust design and development centers, Bangladesh has the opportunity to position itself as a hub of excellence in the global footwear market. These centers can attract foreign direct investment (FDI) by showcasing the country's potential, skilled workforce, and supportive infrastructure.

CHAPTER 1 / 4 TO BE CONTINUED...

According to the member list of the Leather Goods and Footwear Manufacturers & Exporters Association of Bangladesh, there are currently 86 export-oriented factories. How many of them are ready to accompany the expected growth in Bangladesh? What about materials factories? There are no local materials in Bangladesh. Is it true? Let's find out in the next edition.

