

# THE FOOTWEAR DIGEST

3rd Edition | September, 2023



## The Big 5

MISSED OPPORTUNITY  
FOR BANGLADESH



#### **DISCLAIMER**

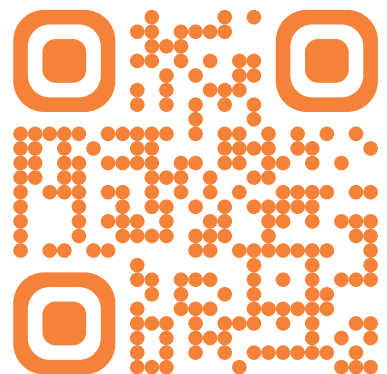
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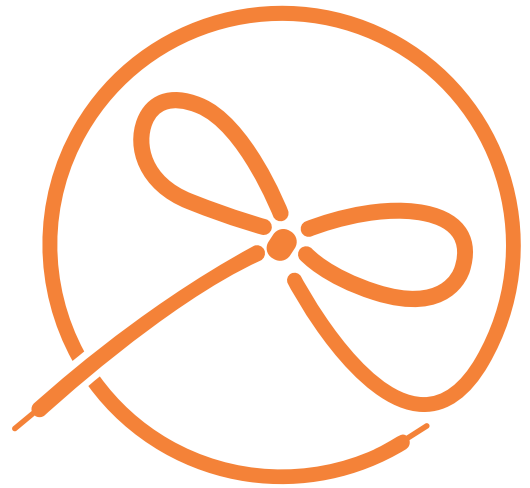
# about us

**The Footwear Digest** is the first of its kind international journal on the footwear industry of Bangladesh. TFD intends to focus on creating a solid knowledge database, guiding our readers with data-driven analysis, and showing economic possibilities and strategic perspectives for the footwear industry. We believe it is our responsibility to contribute to a potential-driven industry of Bangladesh.

Being a group of footwear manufacturing enthusiasts, we are pushing ourselves to shape this industry in Bangladesh by sharing insights and a macro view from various local and global sources and experiences. TFD will highlight all key aspects of this industry to make it a potential investment hub. We believe that Bangladesh's footwear industry has inherent capabilities to become more. Hence our initiative will be to create value through our research and analysis. We will always stand as an initiative to share contributors' industry expertise and knowledge to build a network that will improve reliability for future industry prospects.

SCAN  
FOR  
DIGITAL  
COPY





### **Vision**

**Lacing the industry  
through experience**

### **Mission**

Curate the very best and most engaging Footwear content for our readers, both print and digital.



# Foreword

**Bangladesh** is at a crossroads of multiple opportunities. The footwear industry currently needs to expand and take up the challenges that are pulling it back from competing and creating its new success story. Our latest edition discusses the missed opportunities in sports footwear brands due to multiple drawbacks, that are delaying the entry of big 5 brands in manufacturing. To improve the footwear sector's performance on both the export and domestic side, ensuring design development capability, solid backward linkage, and a pool of skilled labour is essential besides infrastructural development.

The domestic retail market shares the triumph on the entry of two most popular athletic brands in the market which is a big step up for us. Affordability is a question for consumers, especially when inflation is reaching a peak every month, while consumer's income is not growing. In the long term affordability, will not be a question if the proper investment happens to boost footwear production in Bangladesh which can open avenues to manufacture these brands locally and bring the prices down to a reasonable standard. Hence this again brings back the focus, that if only the footwear industry's backward linkage and design capabilities are improved, then we can create a win-win situation for both global brands and consumers. Our government is now supporting the setting up of economic zones in different regions of the country, with 97 already approved and 10 in operation. This provides a unique set of opportunities for investors to invest or form joint ventures with local conglomerates to develop the footwear sector.

It is crucial that the footwear industry and the government jointly take all necessary measures and prepare strategies to grow Bangladesh's footwear sector.

*By TFD Team*

# Table of Content

<b>STRATEGIC BUSINESS INSIGHTS</b>	01
Opportunity Mapping Of Bangladesh Footwear Industry	
<b>COVER STORY</b>	08
The Big 5: Missed Opportunity For Bangladesh	
<b>FOCUS OF THE MONTH</b>	16
The First Green Footwear Factory	
<b>SPOTLIGHT</b>	20
Bangladesh Economic Zone Authority (BEZA)	
<b>SPECIAL FEATURE: EXPORT SECTOR</b>	24
BLLISS 2023. Possible In Bangladesh	
<b>SPECIAL FEATURE: DOMESTIC RETAIL MARKET</b>	28
A Game Changing Expectation In Domestic Retail	
<b>LEARNING TRIVIA</b>	30
Green Washing	
<b>DESIGN CAPABILITY</b>	32
Digitization Revolutionizing Footwear Design & Manufacturing	
<b>MARKET HIGHLIGHTS</b>	36
Global & Domestic	
<b>CASE STUDY</b>	38
Clever Little Bag	
<b>SUSTAINABILITY JOURNEY</b>	44
A.li.as: Effort From A Spanish Footwear Brand	
<b>FACTORY PROFILE OF THE MONTH</b>	46
Step Shoe Last & Accessories Co. Ltd.	
<b>MARKET REVIEW</b>	47
Nepal	
<b>DECODING FOOTWEAR</b>	51
A Footwear Last	
<b>TIDBITS</b>	53

STRATEGIC BUSINESS INSIGHTS

# OPPORTUNITY MAPPING OF BANGLADESH FOOTWEAR INDUSTRY

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*By Mazharul Islam & TFD Panel*

## RECAP

In our last edition, we reviewed the opportunity mapping for investors and the footwear community in the Bangladesh Footwear Industry on the missing aspects of manufacturing models. 95% of manufacturers follow traditional OEM business model. In this edition, we have tried to identify a quantifiable backward linkage industry for footwear in Bangladesh. This article shares an insight on the global and local context; and current scenarios in the backward linkage industry of Bangladesh. Also, we have tried to formulate a few strategic guidelines for exploring critical factors for the success of this opportunity by bridging the export vision of 2030 and the undiscovered backward linkage of sports footwear.



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In recent years, the global footwear industry has been undergoing a transformation. Factors such as sustainability concerns, changing consumer preferences, and disruptions in supply chains have pushed retailers to reevaluate their sourcing strategies. The footwear sector being the second biggest sector contributing to export after ready-made garments, a crucial need to revalue our value chain has emerged. Not only as a manufacturer but also to bring the full value chain to answer the future uncertainty (Design- Innovation - Fast Moving Retail Industry- Geopolitical Tension) the need to have local components is now a game changer not only for brands but also for us as industry professionals.

Bangladesh is strategically located, providing a gateway to major consumer markets, particularly in Europe and North America. As the world moves towards more sustainable and ethical practices, localized manufacturing can reduce carbon footprints and mitigate risks associated with long supply chains.

Moreover, geopolitical tensions and uncertainties have underscored the importance of diversifying supply sources. Developing a robust local component ecosystem can enhance Bangladesh's resilience in the face of such challenges. On one side where companies are shifting away from China, the next sourcing hub must have the capabilities to offer rapid development facilities, the ability to answer the supply and demand fluctuations, and offer the shortest lead times to provide maximum agility.





# EXISTING FOOTWEAR COMPONENT FACILITIES

## → Upper Materials

**CIRCULAR KNITTING & WARP KNITTING:** Majority of the textile material suppliers who has certain degree of specification for knitting machines can support the lining, mesh fabric or mesh upper needed for synthetic footwear.

**COATED FABRIC:**  
Savar Dying Factory.

**WP COMPLEX:**  
Concordia Bounding Limited.

**PU SYNTHETIC:**  
Dongwoo BD limited.



## → Sole & Toolings

**TPU/RUBBER/EVA:**  
Bai Xue Lian Bangladesh Limited  
Nourdjana Trade International  
Try On Shoe Material BD Limited  
Rjm Footwear  
Giant BD Limited

**TPR:** Inova Polymer Limited

**LAST :**  
Step Shoe-Last & Accessories Company Ltd.  
Sanghavi Shoe Accessories (BD) Pvt. Ltd.

**MOULD :**  
Jihan Footwear Company Limited

## ← Accessories

Tahmeena Eva & Accessories Industries  
Colour Union Limited  
Arrow Manufacturing Limited  
KDS Accessories  
Naturab Accessories (BD) Pvt. Ltd.  
Coats Bangladesh Ltd.  
American & Efird Bangladesh Ltd

*Source: VSI.GOV,Textiletoday.BD Open Supply Hub,& LFMEAB*



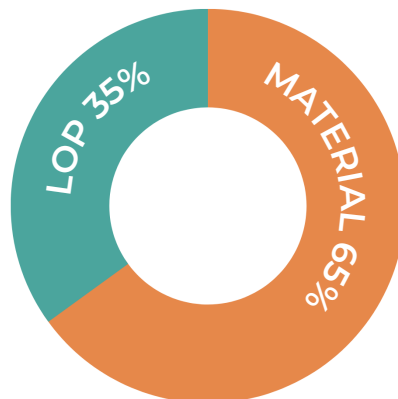
## Comparative Study

Today Vietnam is being considered as an alternative of China. Vietnam is 100 times bigger than Bangladesh as an exporter in terms of number of factories. They have received more FDI and have technical capabilities and has a measured value of 65-75% of local material availability.

With our big dream to reach \$2B footwear export by 2030, we are yet to benchmark our local material availability & consumption.



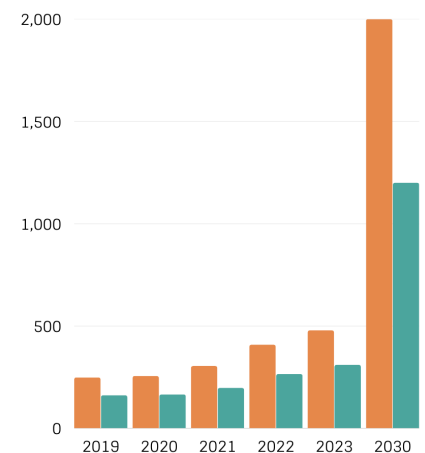
Lets take this analogy . On a general industry scale the average BOM value is 65% of total FOB of a shoe. Meaning 65% of the costs are coming from material.



**2023**  
**\$1.2B**

In 2023, component industry potential is \$310m. 2030 target set by BIDA for footwear export is \$2b which represents approximately \$1.2b worth of component industry.

● FOOTWEAR FACTORIES  
● COMPONENT FACTORIES



Source : VSI.GOV,Textiletoday.BD Open Supply Hub,& LFMEAB

# OPPORTUNITIES IN BANGLADESH'S FOOTWEAR INDUSTRY

Creating a backward linkage is all about bringing a full value chain inside the country. A strategic billion-dollar industry that is yet to be fully explored, an industry that will allow investors to provide value and solve several crucial problems of the current footwear industry of Bangladesh. Here are a few areas that require attention;

## Vertical Integration

The footwear manufacturers can vertically integrate by producing their own components. This enables the manufacturers to take on the challenge of **agile & fast fashion demand**. In the current world, retailers are looking for smaller quantities of orders with more varieties. Bangladesh being a mass market manufacturer will soon face challenges in the coming days, where our dependency on raw materials and components from China and Vietnam will be a barrier to meeting retailers' demand.

Today the average lead time from Bangladesh to the EU is 4 months. If the material is ordered it takes approximately 2 months to deliver. With this long **lead time**, the exporters will lose both the desirability of the retailers, and the **working capital** for the manufacturers will be much less. Local solutions for the materials, especially on the longest and most used one (80/20 principle) can generate significant value addition for the exporters.

Last time we explained, that 95% of the manufacturers in Bangladesh are providing only OEM solutions. They are only able to provide 33% of the total manufacturing solution. Hence the remaining 67% is outsourced. Without backward linkage available locally it's impossible to develop the remaining solutions inside the country. **For rapid development, prototyping, and offer creation** for retailers, the foundation is the availability and utilization of local materials.

## Sustainable Sourcing

The global footwear industry is shifting towards sustainable materials and manufacturing processes. The higher the material imported, causing more carbon emissions. A rising number of retailers are signing up for sustainability deals for their products. Bangladesh can take this challenge of growing the untapped market of components to offer more sustainable low-impact manufacturing in its value chain.

## Maximum Capacity Usage

We have seen the untapped market of local material to be addressed for both the export and domestic markets. At the same time, there are suppliers available locally for raw materials, outsole, and tooling. But still, the capacity of their existing machinery remained unused.

The types of machinery used for garments and textile components for circular knit and weft knitting can be used to cater to the need for lining mesh materials of

footwear. Smart collaboration between industry professionals in these two industries will enable the reduction of additional investment i.e. the capital machinery investment.

If we combine, the domestic demand along with 90% of the exporter's sole (IMEVA, RUBBER, CMEVA) needs, the exploration of sole & tools ( mold, chiller mold, last) inside the country will benefit both the T1 & T2 suppliers.

## ACTION PLAN FOR DEVELOPMENT

Bringing success to the backward linkage industry of Bangladesh footwear requires inclusive support and sincerity from all the stakeholders. The national policies will create a favorable environment for investors to collaborate with global manufacturers to ensure the opportunities are fully utilized and have equal and same level of impact to make it a thriving & profitable industry.

### Government Support

Government policies that incentivize local component manufacturing, such as tax breaks, grants, and technical assistance, can encourage entrepreneurs and manufacturers to invest in this sector. Currently, for leather, 15 % and for synthetic 4% incentives are enjoyed by the finished goods exporters. But to encourage the development of the industry and bring investors to facilitate the growth of a highly needed component supplier pool - the government must extend the incentives or benefits on tax benefits for component suppliers which is only limited to finished goods manufacturers today.

### Collaboration & Strategic Alignment

Collaboration between footwear manufacturers, buyers, and other stakeholders is crucial for the growth of local components. Creating industry associations or clusters focused on components can boost knowledge sharing and innovation.

An exchange of strategic information from all the brands must be arranged to share and unify the common needs of the raw materials. This way a guideline towards future investment and strategic alignment to source local material can be made to maximize the investments and encourage more local sourcing.

### Skill Development

Investing in skill development programs focused on footwear component manufacturing can create a pool of skilled workers and entrepreneurs. Today exporters still prefer the service of foreign component suppliers. Why? Because of their ability to provide technical solutions and their capability of maintaining a high service standard with professionalism. Radical changes in the organizational principles must be made to boost the technical solutions, service level, and operational excellence to obtain the confidence of both buyers and finished goods manufacturers.

## FOREIGN DIRECT INVESTMENT ON R&D

Manufacturing of footwear requires various components than ready-made garments. By having FDI in component development is one of the way-forward.

*Recently few encouraging investments-deals were signed of \$10 M from JoinWin on shoe accessories, \$6M from JIBIN for outsole , South Korean firm Dongwoo \$8.62 M for PU synthetic material, and \$9.39M from Giant BD limited for sandal and shoe accessories.*

*Source: The DailyStar, Daily Sun*

In conclusion, seizing the opportunity to develop local components and tooling in Bangladesh's footwear industry is a strategic move that can yield economic, social, and environmental benefits for both retailers. By leveraging existing capabilities, empowering innovation, and creating a conducive ecosystem, Bangladesh can position itself as a competitive player in the global footwear market.





# Cover Story

## THE BIG 5, Missed Opportunity for Bangladesh

*By Hossain Tawhid Imam*







## THE BIG 5, Missed Opportunity for Bangladesh



### What is the biggest challenge of Bangladesh Footwear Industry?

Right now, a very few international brands are sourcing from Bangladesh; If we look into the export business, only a few volume-brands are sourcing from Bangladesh particularly Decathlon, Deichmann, Zara & H&M. A few more internationally recognised brands are also sourcing with a very limited volume but with medium to high value footwear, principally Wolverine, Angel bird, TNF and Timberland. And after that, all the rest are seasonal non-strategic opportunistic sourcing.

Nike, Adidas, Puma, New Balance & Asics, identified as the famous 'Big 5', are missing from our customer list. The market leaders of sports footwear never stepped into Bangladesh with their sourcing basket. Why? There must be something common among these brands that does not allow Bangladesh to be in their strategic sourcing list. Before moving into the analysis, let's understand the footwear market and the role of Big 5.

# BIG 5 VS GLOBAL MARKET

The global footwear market size was estimated at **USD 387.74 billion in 2022** and is expected to grow at a compound annual growth rate (CAGR) of **4.3% from 2023 to 2030**. Currently, the total turnover from **the Big 5 stands at \$95 billion**; with an approximate footwear turnover value of **\$72 billion (80%)**. They have a total of 20% footwear market worldwide. It is not a significant number. Although 50% of the footwear market turnover is generated by non-branded local products, 20% is contributed by 40% of the branded footwear market.

(But if we take into consideration that 50% of the footwear market turnover comes from non-branded local products, 20% is actually over 40% of the branded world market.) (Source:GrandviewResearch)

That's significant. And, it's surprising that we are unable to be a part of this 40% branded footwear production which stands at an unbelievable 1 Billion pairs.

The staggering statistics of BIG 5 contributing to the global footwear market, bring us to thought provoking questions:

1. Why BIG 5 don't source from Bangladesh?
2. What drives BIG 5 to source from these selective destinations?
3. What initiatives Bangladesh can take to adapt to BIG 5 sourcing strategy?

Let's deep dive into a predictive analysis of the BIG 5 sourcing strategies and standpoint of Bangladesh footwear manufacturers' readiness to cater to them.






THE BIG FIVE					
China	18%	16%	32%	17%	0%
Vietnam	50%	34%	35%	54%	≈70%
Indonesia	27%	32%	13%	25%	≈15%
Bangladesh	0%	0%	0%	0%	0%
Euromed	3%	3%	3%	0%	0%
Other	2%	15%	20%	4%	≈15%

Diagram: Big 5 Sourcing Matrix 2022

# BIG 5, SOURCING STRATEGY

Brands under the Big 5 umbrella are a part of the 'fast-fashion' family. Fast fashion is the business model of replicating recent catwalk trends and high-fashion designs, mass-producing them at a low cost, and bringing them to retail stores quickly while demand is at its highest. The signatures of the fast-fashion business model have this in common: innovation, time to market, fashion plus function, and trendsetting among Gen Z, millennials, and Gen X. Overtime, these brands have transitioned and built their product strategy focus not being driven by cost, they cater insignificantly to boomers I or II and except for a very few classics— product designs do not continue over two seasons.





# READINESS OF BANGLADESH FOOTWEAR INDUSTRY



The sourcing destination of the BIG 5 has the innate ability to meet their core sourcing requirements; innovation, development, and speed to market. These three main constituents have been driving their sourcing strategy. The destination of choice not only offers the development capability of manufacturers but also has a strong backward linkage to support any innovative development. We have discussed a few key areas that impact the readiness of Bangladesh's footwear industry.

## Development Infrastructure

The proximity of their raw material suppliers serve their core purpose of development lead time and speed to market. The innovation of raw material suppliers, their skills, and their creativity create a synergistic effect on the overall innovation of the products.

**None of these brands work with factories that can't develop and countries where product and material development infrastructure is absent.** Today, factories in Bangladesh with development capability can be finger-counted. Also, factories with development facilities to propose original designs available. The footwear industry of Bangladesh has more than four decades of experience,

yet the development capability from designing to material development is almost invisible, material suppliers did not bloom, no outsole mold factory exists till now and the first LAST factory was established in 2014.

A macro diagram given below to show resources required for a development center can be divided into two parts; skills and infrastructure.

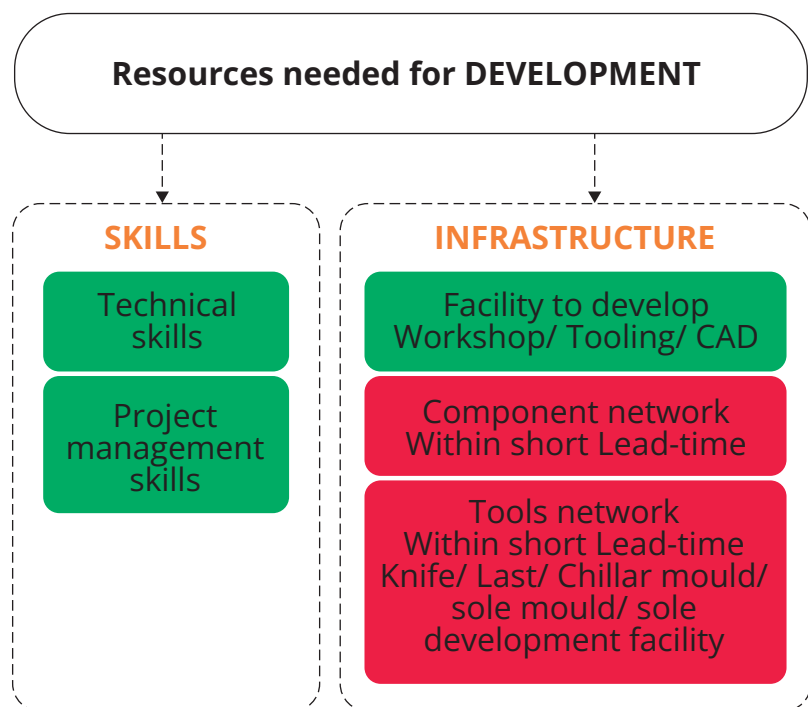


Diagram: Resources needed for Development Center

## Industry Mindset

A common perception held by manufacturers in Bangladesh is that development does not bring money, only production does. "One pair out of the line means a few more dollars of turnover and a few more cents of profit". This perception is based on the idea that production is the only way to generate income, and that development does not necessarily lead to increased production. This pre-conceived notion of manufacturer sees development as a luxury, not as an investment with a high ROI. The industry is targeting to sell eggs without investing in Chicken. We are ignoring the potential gains of the whole value chain.

Only a very few market pioneers have invested in in-house development centers. Although they are struggling massively due to the absence of industry infrastructure. Also, more than two dozen factories have their own development centers outside Bangladesh or maintain agent-based development and material sourcing centers in China.

Catering without a kitchen can give us only a fraction of the profit pie. To bring any change, factories need to come out of an individualistic approach and figure out 'collective needs' to reinforce the slow natural transformation of the industry through prioritization. Industry took 40 years to understand the necessity of development resources.

## Collective Prioritization

Our leather footwear industry has been prioritized by the government. As a result of a sufficient supply of semi-finished to finished leather, this sector has grown in multiple folds in manufacturing footwear with this support. Such a booming industry would naturally create a prediction that sports footwear manufacturing capabilities and investment should grow ultimately. Although both industries have their differences in terms of material requirements, both have a common need for sole molds. A proper analysis can give an upper hand to the industry stakeholders, to address this absence of sole mold manufacturers in the footwear industry. The second initiative should

be a common local development center. As long as factories continue to play individually and stay ignorant of proper need analysis. The industry will roam around a 'loop of frustration'.

## Missing Foreign Direct Investment

To grow an industry within a country, foreign direct investment (FDI) is equally important as local investment. Inequivalent investment cannot help in growth balance. FDI ensures the transfer of technical resources, technology, and most importantly international BRANDS. While local investment can drive infrastructure build-up and human resource development. These two joint investments can bring in synergistic impact and create a feasible growth condition for the footwear industry. Ideally, FDI brings ready buyers in our case we have seen this in ready-made garments. In an ideal scenario, this should be at least 3:10, in the case of footwear it stands at 1:10.



## Industrial Long-Term Plan

Only by following the right process of proper resource utilization we can show performance. A vision is equally important to set a long-term goal. Strategies are important to define how the industry will reach that vision. An industry can not live on the 'thought of tomorrow' only. A vision with a clear strategy can change the industry in 10 years. Bangladesh is lucky to be promoted as the next destination for footwear. A strong strategic move can convert this luck to destiny.

A vision,  
with the  
right strategy,  
can make us  
fly high.



# FORGING BALANCE IN THE FOOTWEAR ECOSYSTEM

If we summarize the readiness factors of the footwear industry, the biggest challenge is creating an environment of collaboration and cooperation to develop a long-term strategy that favors the industry. Like any ecosystem, to have a balance all the key components need to behave in a certain way towards one goal. Behavioral excellence, in this case, is possible by having gov

ernment and private sectors collaborate, FDI and local investment, collective action plan, and long-term strategy vision.

A standard ecosystem for the footwear industry can be explained with a simple diagram. An axis holding 'proof of ability' and 'proof of self-sufficiency' embracing the product development center with the material & tooling center is

balancing center with the material and tooling center is balancing the other axis holding 'Representer of the industry' and 'Sponsor of the industry' reinforcing holistic initiative with the participation of 'Association'. The whole ecosystem is also upheld by the development of human resources. The right person with the right skills is the key to success.

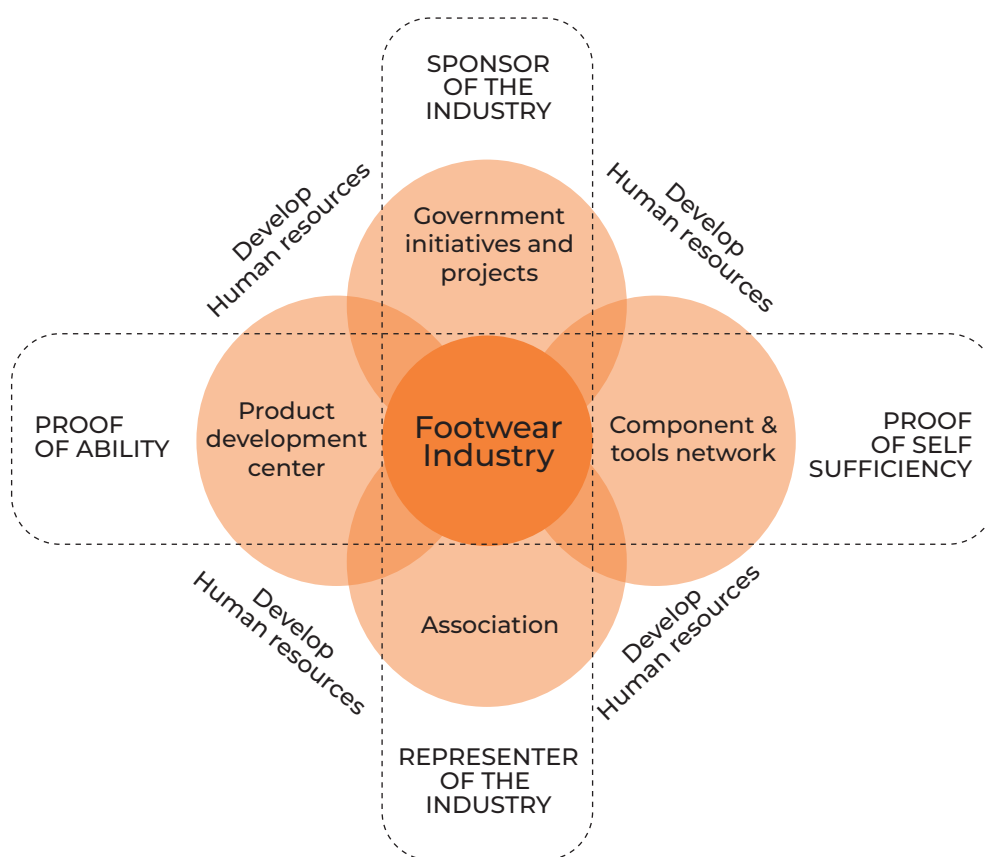


Diagram: A Standard Footwear Ecosystem

*This write-up is based on perspective and predictive analytics. It is only a depiction of a single perspective, and the solution is based on predictive analytics. It's incomplete; if it helps some of you to look at the industry in a new light, from a new viewpoint, perfect! That's what we need to do now.*



FOCUS OF THE MONTH

# THE FIRST GREEN FOOTWEAR FACTORY

TFD had an opportunity for a tete-a-tete with **Riad Mahmud**, Managing Director of Shoeniverse Footwear Ltd, an affiliate of the National Polymer Group. Engr. Riad Mahmud has professional experience of almost 3 decades both in local and international organizations.

His journey in shoe manufacturing is recent, but his initiative to build the first green factory shows a futuristic and change-maker attitude in this business.

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Written by Tahseen Farhan



## Glimpse of his Professional Journey

Riad Mahmud completed his academic qualification in B.SC in Engineering from the University of Texas, Austin in 1994 and then in 1999 did MBA from the University of Melbourne, Australia. During his initial career, he held numerous senior positions in different organizations in Sydney, London, and New York.

Initially, he held a Sponsor Shareholder position in National Polymer Industries PLC then joined the Board of National Polymer Industries PLC in 2007 as a Director. Later he became N'Poly's Managing Director in 2009. Currently, he is the Managing Director of NPOLY Group of Companies and its affiliates.

## Becoming Shoeniverse

After spending many years leading the NPoly group, he had gathered a good experience and understanding of leading a manufacturing organization. In order to diversify Npoly's business portfolio and explore new business opportunities, Riad Mahmud chose to enter the footwear industry. However, the know-how of this industry was unknown. He sought advice from industry experts and friends in this line of business to gain needed navigation to build his new venture.

Within six months of going into the factory facility construction of a 70,220 SQF area, to support the sustainability vision he decided to build a LEED-certified Green factory. His futuristic ideas and sudden change in decision made Shoeniverse the first LEED-GOLD certified "Green Factory" in the Bangladesh Footwear Industry. The journey in footwear manufacturing started in 2017. With a current production capacity of 190,000 pairs/month, they became a 100% export-oriented GREEN facility. They are also planning an expansion to double their capacity. This facility will also be LEED Gold certified. They wish to continue this trend and be the pioneers for any other new sustainability initiatives in the global market.

## Initial Challenges and Success Methodology

Initially, SFL's product focus was geared towards leather footwear. In the very early stage, they realized, that considering the global demand

shift towards athletic and synthetic shoes focusing on leather footwear would not ensure growth for a new entrant. Their product DNA does cater to boots and casual shoes for men, women, and children. Synthetic sports shoes are their product strength. It was a learning curve as he explained SFL had to figure out each step to maintain production and line capacity and recalibrate their team from time to time. As they grew and understood how the industry and market worked. One thing he realized, if we quote him, *"One must realize that one should never be satisfied with a status quo. There is ALWAYS room for improvement. And that is a continuous growth journey for a growing concern."*

## Vision for Shoeniverse

For Bangladesh, he envisions the country to be an ideal destination for synthetic footwear buyers. By that time, the Synthetic footwear industry part will be more mature, there will be the existence of more compliant factories. As for SFL's vision is to become an ODM (original design manufacturer) and build a backward





linkage for their primary raw materials to reduce dependency on Chinese imports. Riad Mahmud's dream is to build "SFL Shoe City", where SFL will have all their primary raw materials available within their campus.

## Current Challenges of Shoeniverse

The global recession has put pressure on manufacturers to cut costs. The brands with which they work are continuously facing price pressure. Inflation in major markets made footwear purchases a discretionary expense slowing down demand. With such price pressures, on the other hand, buyers are also unable to move away from compliance requirements. Meeting buyer's compliance requires huge capital investment and restructuring costs. With cost-cutting, price pressure, and instability in demand; it has become challenging to maintain flexibility with buyers at this point.

## Current Challenges in our Footwear Industry

As the Bangladesh footwear industry focuses on growth, an efficient supply chain, and design development capability remain a challenge. Efficiency in the supply chain is eminent, dependency on import should be reduced and focus on localized supply chain should be prioritized.

The gain in increased production volume can only be enjoyed if the supply chain is efficient otherwise going forward with existing inefficiency will create havoc in the industry. Development capabilities should be a key focus too and need to start soon, as this itself is a long journey that cannot happen overnight. Currently, the industry is heavily dependent on China. To gain from this dependency, one must learn, train, and seek win-win cooperation from the Chinese counterparts and build their development capabilities in Bangladesh. This will strengthen the industry's lead time for order processing.



## Strategic Initiatives for our Footwear Industry

To become the next footwear sourcing destination, design development capabilities, and strong backward linkage must be key focus for development. Similarly, professional training for the workers and mid-management level employees is essential to create standards. Our industry has an acute shortage of adequately trained personnel. World-class training facilities are unavailable to train different level personnel. Second, the mindset of workers, employees, and employers is required to change and become more adaptable. The current mindset is very target-oriented not focused on the growth of employees, workers, or the organization itself. From a cost point of view, Bangladesh has an advantage. From a buyer's point of view, they are also making a conscious decision to shift a certain % of sourcing to countries like Bangladesh from China.

Timing is essential for our success and to take full advantage of meeting buyers' expectations. If we don't act soon and collaboratively, Bangladesh may lose this spot, and another country will swoop in and take it. The expectations and demands of the ultimate customer cannot remain unmet indefinitely.

As an entrepreneur, three important pieces of advice for young professionals and potential entrepreneurs:

1. An entrepreneur's journey in any new sector should start with gaining experience and developing a deep understanding. Without clarity and knowledge, you cannot become an entrepreneur in any sector.
2. Hard work is essential to success. You always need to put in thousands of hours to have success. There is always an easy way to make easy money but not for a sustainable business model.
3. To grow in life, it is essential to keep updating and upgrading oneself with new knowledge. Keep an open mind to learn from others always.



For more information on Shoeniverse, visit: [www.shoeniverse.net](http://www.shoeniverse.net)



# Spotlight

**BEZA**

BANGLADESH  
ECONOMIC ZONE  
AUTHORITY





# BANGLADESH ECONOMIC ZONE AUTHORITY



Bangladesh Economic Zone Authority”, in short BEZA aspires to become a sustainable development driving force and a world class investment promoter and service provider. It’s a vision of our Prime Minister Sheikh Hasina to prepare Bangladesh for tomorrow. The government aims to establish 100 economic zones within 2030

**97 APPROVED ZONES**

**10 OPERATIONAL ZONES**

**30 UNDER-CONSTRUCTION ZONES**

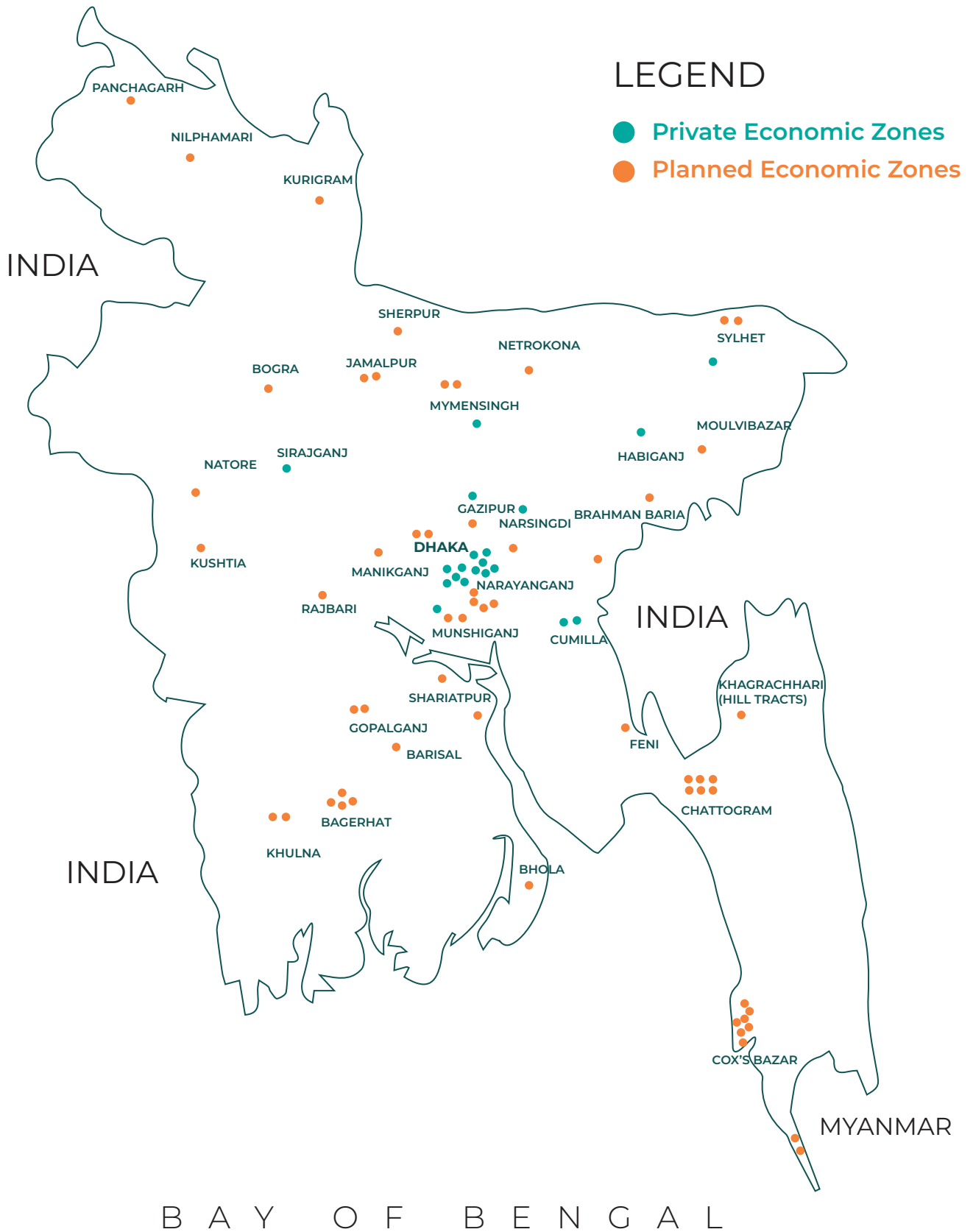
**MISSION OF BEZA:** To persistently create value for the investors by establishing attractive investment facilities in the economic zones through One-Stop-Service and competitive incentive package.

1. Financial and policy incentives. Fiscal and Non Fiscal Incentives
2. One Stop Services (OSS) offer: 125 types of services under one roof. 50 could be availed online.



Source: BEZA

# MAP OF ECONOMIC ZONES





# CATEGORIES OF BEZA

## 1 Public Private Partnership Economic Zone

Under the PPP implementation model, EZs on government land will be developed and operated by private developers selected through competitive bidding. Mongla EZ is the first PPP EZ in Bangladesh. The developer of the first PPP EZ is PowerPac-PPMKPPL JV. The Powerpac-East West –Gasmin JV is the developer for Mirsarai Economic Zone (1st Phase).

## 2 Private Economic Zone

This category of economic zones are established individually or jointly by local or non-resident Bangladeshi or foreign investors. The whole investment is owned and developed privately. (Meghna Economic Zone, Abdul Momen Economic Zone, Bay Economic Zone and there are 8 more private economic zones.)

## 3 Government Economic Zone

BEZA is endeavoring to establish Economic Zones in potential areas of the country with a view to encouraging rapid economic development BEZA has till now got approval to establish 97 economic zones countrywide comprising 68 Government and 29 Private EZs. Few examples are, Anwara Economic Zone 1, Anwara Economic Zone 2, Shreehatta Economic Zone, Shreepur Economic Zone etc.

## 4 Government To Government (G2G) Economic Zone

There are 3 government to government economic zones that have been declared for Japan, India and China. Recently Bangladesh Economic Zones Authority has also teamed up with a state-owned Chinese company to set up the Chinese Economic and Industrial Zone (CEIZ) at Chattogram's Anwara upazila. Japan and India are ahead with few more economic zones.

## 5 Specialized Economic Zone

Special Economic Zones are established to invite and accommodate any kind of specialized industry or organization. A good example is BSMSN, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) took possession of an Economic Zone inside Bangabandhu Sheikh Mujib Shilpa Nagar to build Garments Village.

## 6 Collaboration Between Government Authorities Or Organization

Economic Zones established in collaboration with and / or partnership between Government Authorities of Organizations. Sabrang Tourism park in Cox's Bazar, NAF tourism park and Sonadia Eco-tourism park are examples of collaboration between BEZA and Bangladesh Tourism Authority.

*Source: BEZA*

SPECIAL FEATURE: EXPORT SECTOR

# BLLISS-2023

# Possible in Bangladesh

**The 4th edition will showcase the resilience and dependability of Bangladesh as a sourcing destination for brands.**

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*By: Editorial Staff in collaboration with Jalal Uddin LFMEAB\_KRC*





One of the major events for the leather goods and footwear export sector is Bangladesh Leather Footwear & Leathergoods International Sourcing Show (BLLISS), which is making its comeback after a hiatus due to COVID-19. BLLISS-2023 comes with the tagline “Possible. In Bangladesh” to showcase Bangladesh’s resilience and dependability as a brand-sourcing destination. It will focus on the country’s growing strengths in becoming a major player in the global market while diversifying its export offerings.



From 12–14 October 2023, the International Convention City Bashundhara (ICCB) in Dhaka will open its doors to host the 4th BLLISS-2023. The sourcing show is organized in partnership with the Leathergoods And Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB) and the Ministry of Commerce, Government of the People’s Republic of Bangladesh. The sourcing show will be inaugurated by H.E. Sheikh Hasina, MP, Prime Minister, People’s Republic of Bangladesh at a special Inauguration Event on Thursday, 12 October 2023 at Bangabandhu International Conference Center (BICC) in Dhaka, Bangladesh.

Bangladesh is positioning itself as a key manufacturing destination. BLLISS 2023 will provide a platform to facilitate investment prospects in the industry and create opportunities for collaborations and partnerships within the sector. The sourcing show will create the opportunity to meet the premium leather goods and



footwear manufacturers of Bangladesh under one roof. Prominent international brands' key decision-makers will be attending the show, thus creating ample opportunities for networking and business development.

This leather goods and footwear sourcing show has been established as an annual event since 2017; to showcase some of the leading manufacturers and exporters in leather and non-leather goods and footwear products and brand Bangladesh as a lucrative production hub on the global supply chain map. Furthermore, this sourcing show creates numerous networking possibilities onsite for interaction between international brand buyers, and manufacturers-exporters for potential business opportunities.

### BREAKOUT SESSIONS

11:00 AM | Fri, 13th October

**Leather: The Truly Sustainable Material**

3:00 PM | Fri, 13th October

**Linking Bangladesh to Global Value Chain**

11:00 AM | Sat, 14th October

**Market Access: New Frontiers for Export**

## Event Highlights

### TYPES OF EXHIBITORS



**6 PAVILIONS**



**40 STANDS**

### EXHIBITOR PROFILE

- Leading footwear manufacturers
- Leather goods manufacturers
- Allied Industries
- Ancillary service providers

### TARGET GROUP



**BUYERS OR DISTRIBUTORS**



**SOURCING AGENTS**



**DESIGNERS & INDUSTRY EXPERTS**



**POTENTIAL INVESTORS**



**SUPPLY CHAIN PARTNERS**

### TARGET GROUP



Footwear: Children, Men and Women.



Accessories: Bags of different types from handbags, clutches, wallets, and briefcases, travel bags to messenger bags and school bags etc.

### SECTORAL SNAPSHOT

The leather products and footwear export sector comprises **264** factories including **90** Large firms, **15** big enterprises & many SMEs.

Bangladesh's **footwear industry** is the **8th largest producing, 10th largest consuming, and 16th largest exporting** country in the world.

**SECTORAL EXPORT GROWTH** Sectoral exports grew almost **30%** in 2022 over 2021.

**BRANDS FROM BD:** Brands like Timberland, Wolverine, Michael Kors, Decathlon, Picard, Clarks, Hush Puppies, & Tommy Hilfiger are already manufacturing shoes and bags in Bangladesh.

**ACTIVE INVESTMENT** Active interest from local and foreign entrepreneurs to support localization of the supply chain.

**BANGLADESH** stands as one of the **top 3** countries to gain from China changes.

For details, please visit: [www.blliss.show](http://www.blliss.show)  
[www.lfmeab.org](http://www.lfmeab.org)





# FOR THE FIRST TIME WE WILL BE JOINING

THE LEATHER FOOTWEAR & LEATHER GOODS  
EXPORT COMMUNITY IN BLLISS 2023

*meet with us*

We would love to hear your thoughts.  
Share our ideas on how we plan to build  
a footwear community in Bangladesh  
by sharing different experiences and knowledge  
through our platform.

4<sup>th</sup> Bangladesh  
Leather Footwear  
& Leathergoods  
International  
Sourcing Show 2023



VISIT US  
**BOOTH NO.03**

**12-14 October 2023**  
International Convention City  
Bashundhara (ICCB)

# SPECIAL FEATURE: DOMESTIC RETAIL MARKET

## A GAME CHANGING EXPECTATION IN DOMESTIC RETAIL MARKET



1st store launched with FF concept.  
The targets store in South East Asia, region 2019  
2nd & 3rd store launched in 2021 in Dhaka  
4th store launched in Chittagong 2023



1st store opened in 2023 July  
Two stores to be opened in next 3 months of 2023  
The footwear ranges from Tk5000 to Tk30,000 per pair, apparel items are available at prices ranging from Tk1500 to Tk15,000.



Adidas to open store in Gulshan by the end of 2023

### DBL LIFESTYLE



### WHY A FRANCHISE MODEL WORKS

#### Local Expertise and Market Insights

The DBL Group, as a local conglomerate deeply rooted in the Bangladeshi business landscape, possesses an intimate understanding of the market's nuances, trends, and consumer preferences. Partnering with a local entity like the DBL Group provides global brands with invaluable insights that help them tailor their offerings to resonate with the local audience. This localized approach enhances the brand's appeal and effectiveness in a new market.

#### Established Infrastructure

Franchising allows big brands to tap into an existing network of infrastructure, from physical store spaces to supply chains. Local group established infrastructure can expedite the process of setting up operations, saving time and resources that would otherwise be spent on building from scratch. This streamlined approach allows brands to focus on the marketing strategies - while relying on the local giants infrastructure.

#### Regulatory Familiarity

Navigating a new market often entails grappling with regulatory hurdles and compliance. The DBL Group's familiarity with the local regulatory environment can serve as a guiding compass for brands, ensuring that they adhere to legal requirements seamlessly. This minimizes the risk of regulatory roadblocks that can slow down or complicate the establishment of operations

#### Cultural Sensitivity

Culture plays a pivotal role in consumer behavior and brand perception. Collaborating with a local partner like the DBL Group helps big brands navigate cultural sensitivities and norms effectively. This, in turn, enables brands to craft marketing campaigns and store experiences that resonate with the local population, forging a deeper connection

# WHERE THE LOCAL BRANDS FAIL

- 1 Local brands grapple with the challenge of balancing consumer demand and affordability, often struggling to invest in higher-quality materials and technology due to price perceptions.
- 2 Prioritizing consistent product quality has been an ongoing struggle for local brands, as cost-cutting efforts can compromise materials and craftsmanship, impacting their appeal.
- 3 Limited resources for research and development hinder local brands' ability to innovate and keep pace with technological advancements seen in global competitors.
- 4 The absence of robust development centers and adherence to international standards hampers local brands' capacity to meet changing consumer demands and global trends.
- 5 Global brands have established strong brand identities, synonymous with quality and innovation, while local brands face challenges in achieving similar levels of recognition and value perception among consumers.

## THE PRICE CONUNDRUM

There's a price to pay for this sportswear extravaganza. High import taxes, customs duties, and other levies contribute to the elevated prices of these coveted brands. While sportswear enthusiasts in international markets enjoy more accessible price points, Bangladeshis often contend with inflated costs. The potential reduction of import taxes could not only level the playing field but also herald a new era of affordability and accessibility for these premium products.

While Adidas and Nike products are available in Bangladesh to some extent, their prices have been considerably high. For example, local retailers sell the Adidas Adizero Select sneaker for men at Tk18,999, even after a Tk1,000 discount. However, the same sneaker costs less than €88, which is approximately Tk9,150 or less than half the price in Bangladesh. Sneakers face a 100% import tax, while accessories and clothing are subject to a 125% import tax. Consequently, prices rise creating a significant gap compared to other markets. Neighboring country India has brought many big brands retail chain with affordable price. A strong collaboration and willingness from government to allow local manufacturing of these big brands inside country as well as reducing the import tax on these products can make the availability of these brands in Bangladesh.





# Learning Trivia

## GREEN WASHING

**Greenwashing** is a term identifying a misleading marketing gimmick; to make people believe that a company is doing more to protect the environment than it really is. In the fashion industry, greenwashing is defined as the unjustified and misleading claims from brands whose products are more environmentally friendly than they really are. It can manifest in various ways: outright deception, subtle advertising, and often as ambitious claims without full transparency around the actual impacts.

Climate activist Greta Thunberg said in an interview to the Guardian last year;

*“Many are making it look as if the fashion industry is starting to take responsibility, by spending fantasy amounts on campaigns where they portray themselves as ‘sustainable’, ‘ethical’, ‘green’, ‘climate neutral’ and ‘fair’. But let’s be clear: This is almost never anything but pure greenwashing.”*

### TELLTALE SIGNS OF GREENWASHING

If a brand makes one or more of these 6 claims, they’re probably greenwashing:

**“Solar powered and green office”**

**“Eco-friendly packaging”**

**“Energy efficiency”**

These 3 CLAIMS have little to no impact on reducing carbon footprint.

**Misleading claims & targets**

69% of large brands rated on ‘Good On You’, with greenhouse gas emissions targets, do not state whether they are on track to meet them.

**Payment of a “minimum wage”**

Minimum wage is very different from a “living wage” or fair wages.

**“Sustainable” Collections**

A tiny portion of their overall production.



# GREEN MARKETING VS GREEN WASHING

Green marketing is when companies sell environmentally friendly and socially conscious products or services. Green marketing is considered to be generally practical, honest, and transparent. However, it's easy for green marketing to translate to greenwashing when an organization doesn't live up to the standards of sustainable business practices.

## DECATHLON

In the Q3 of 2022, Sports retailer Decathlon had to remove sustainability-related labels from their products and websites, following an investigation by a Dutch regulator. Decathlon has agreed to temporarily remove all sustainability claims from its websites, donate €500,000 towards sustainable causes, and to improve the explanations of its claims.



During 2020 Earth Day, H&M announced its new sustainability ambassador, Maisie Williams, and launched "Loop Island" on the Nintendo game Animal Crossing (yes, you read that right) to promote its in-store recycling machine. In the year 2022, again H&M was asked to remove its 'Conscious', 'Conscious Choice' and 'more sustainable materials' labels until they are compliant with relevant rules. The group has also agreed to assess how it can be better at communicating any valid sustainability benefits of its products, and will pay its own donation of €400,000 in compensation.



Zara says, "We have 100% energy-efficient stores." But in reality, What about reducing the environmental

textile waste when manufacturing its products. And, although Zara has set an absolute target to reduce greenhouse gas emissions generated from its operations and supply chain, there is no evidence it is on track to meet its target.



Adidas claimed, "Stan Smith Forever. 100% iconic, 50% recycled". Sounds promising, but, according to the French Jury de Déontologie Publicitaire (JDP), Adidas' ad broke advertising rules and misled consumers. The advert doesn't inform consumers of the total proportion of the shoe that is recycled and is misleading in its use of the "End plastic waste" logo. JDP also noted that the claim of "50% recycled" gives shoppers the impression that 50% of the total material used in the sneaker is made of recycled materials, which isn't true.

Source: [svgvoice.net](https://www.svgvoice.net) & [goodonyou.eco](https://www.goodonyou.eco)

DESIGN CAPABILITY

# DIGITIZATION REVOLUTIONIZING FOOTWEAR DESIGN & MANUFACTURING

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The global manufacturing landscape has undergone a remarkable transformation with the advent of digitization and Industry 4.0 technologies. One such industry that has witnessed profound changes is the footwear manufacturing sector. The traditional labor-intensive processes have given way to innovative and efficient digital solutions, leading to enhanced design capabilities, streamlined production processes, and improved consumer experiences. In this article, we delve into the paradigm shift caused by digitization in the footwear design and manufacturing sector, its importance, benefits, and the steps industry stakeholders can take to harness its potential.





# A PARADIGM SHIFT

## Design Efficiency

Digitization has orchestrated a transformative shift in footwear manufacturing through the seamless integration of digital technologies, data analytics, and automation. The shift from traditional design methods to VR/CAM design has propelled the footwear industry into a realm of accelerated creativity. Designers now harness immersive virtual reality (VR) and computer-aided manufacturing (CAM) to transform digital blueprints into tangible footwear products, expediting the production process and empowering designers to become faster than before.

Integrating digitization into the footwear manufacturing industry has ushered in a new era of possibilities, fundamentally reshaping key aspects of the value chain. In essence, digitization is not merely a technological upgrade; it is a fundamental shift that empowers footwear manufacturers to reinvent their design and

## Supply Chain Efficiency

Designers and manufacturers can use digitization to streamline the supply chain by optimizing inventory management, demand forecasting, and order fulfillment. For instance, advanced analytics and AI-driven algorithms analyze historical data to predict demand patterns accurately, enabling manufacturers to produce the right quantity of footwear and minimizing excess inventory costs. Advanced logistics management powered by digitization ensures efficient movement of raw materials and finished goods. Digital platforms connect manufacturers with a global network of suppliers, enabling efficient sourcing of materials and components. This interconnected ecosystem accelerates the sourcing of materials and components, enabling manufacturers to access resources swiftly and further streamline the supply chain.

## Sustainability Integration

By leveraging digitization, footwear manufacturers can meticulously trace raw materials and monitor their environmental impact. RFID tagging and blockchain technology enable real-time tracking, ensuring the use of sustainably sourced materials and providing transparency to environmentally-conscious consumers. Manufacturers can embark on a journey of meticulous material tracing and environmental impact monitoring. This transformative process is fortified by innovative tools like RFID tagging and blockchain technology. The combination of digitization and sustainability assumes a tangible form through the seamless integration of these technologies. This dual approach not only guarantees the use of ethically and sustainably sourced materials but also nurtures a transparent narrative that resonates with environmentally-conscious consumers.

# EMPOWERING FOOTWEAR MANUFACTURERS

In the realm of footwear manufacturing, the infusion of digitization has yielded a transformative shift, empowering manufacturers and designers to unlock new realms of creativity, efficiency, and sustainability.

## Operational Efficiency

Digitization has proven to be a game-changer for manufacturers by driving unparalleled efficiency and precision into their operations. With the advent of advanced CAD software and 3D modeling tools, designers can bring their concepts to life in a virtual realm, enabling them to visualize intricate details and experiment with diverse design elements. This has led to a significant reduction in design iterations, minimizing the need for physical prototypes and, subsequently, expediting the production timeline. For instance, a traditional footwear manufacturer faced challenges in prototyping and iterating on design concepts, leading to lengthy delays and increased costs. By embracing digitization, they adopted 3D modeling and rapid prototyping techniques. This allowed their designers to quickly create and test various design iterations, resulting in a streamlined process that reduced time-to-market by 30% and decreased prototyping costs by 40%. For example, the sportswear giant, Nike(2), utilizes 3D modeling and digital prototyping to accelerate product development. Nike Fit, an app that uses AR to determine the perfect shoe size, enhances the consumer experience.

## Innovative & Eco-friendly Material

Digitization has opened the doors to innovative material exploration, revolutionizing the way manufacturers source and utilize materials. Through digital simulations and material testing, designers can experiment with novel textures, structures, and compositions to create footwear that balances aesthetics, performance, and sustainability. Allbirds footwear brand employs digital tools to design innovative materials, such as its proprietary Merino wool fabric, emphasizing eco-conscious practices. It is now a sustain-

able footwear brand that aims to reduce its environmental footprint while maintaining product quality. By leveraging digitization, they collaborated with material scientists to develop a proprietary eco-friendly material. This material not only met their design and performance criteria but also aligned with their sustainability goals.

## Responsive Design Iterations

The integration of digitization has empowered designers to respond swiftly to market trends and consumer preferences. By analyzing real-time data, designers can make informed design decisions and adapt their creations to align with evolving demands. For example, Adidas employs 3D-printed midsoles in its Futurecraft line, allowing for customized cushioning tailored to individual preferences and activities. Leveraging digital design tools, they quickly conceptualized and produced a new line of athleisure shoes that resonated with the trend. By adopting a data-driven approach, they not only capitalized on the trend but also strengthened their brand's reputation for being agile and trend-responsive.

# FOOTWEAR MANUFACTURERS ADAPT TO DIGITIZATION

Adopting a digital transformation necessitates a holistic and well-defined strategic approach for footwear designers and manufacturers. Skill development emerges as a cornerstone, demanding training programs that empower the workforce to navigate digital tools effectively. Collaborative synergy emerges as crucial, promoting cross-functional partnerships between designers, engineers, and data analysts, as exemplified by Saloman and Emersya, where multidisciplinary teams collaboratively utilize 3D modeling and simulation for seamless design innovation. Investment in cutting-edge technology, such as 3D printers and advanced software suites, is paramount. For instance, Nike engineers seamlessly integrate data insights to optimize design processes and adapt to changing consumer preferences.

In the ever-evolving landscape of footwear design and manufacturing, digitization emerges not as a mere technological wave, but as a pivotal shift that lays the foundation for a transformative future. The journey undertaken by industry pioneers like Nike and Adidas, along with the gradual integration by emerging players, signifies a collective recognition of digitization's power to redefine traditional norms. As we step into tomorrow, designers and manufacturers armed with digital tools will navigate an era of unparalleled efficiency, boundless innovation, and sustainable practices. The industry's fabric will be woven with responsive designs, seamless collaboration, and consumer-centric experiences, ushering in a future where footwear creation transcends its current boundaries.

*Source:*

*The Merging of Sports and Technology  
Nike and Additive Manufacturing*

*Adidas Futurecraft: 3D-Printed Personalized  
Shoe | Materialise*





# GLOBAL MARKET HIGHLIGHTS

## Global Footwear Production Reaches 23.9 Billion Pairs

In 2022 footwear production and exports grew by 7.6% and 9% respectively as given in the World Footwear Yearbook 2023. Global footwear production reached the 23.9 billion pairs threshold, bouncing back to pre-pandemic levels. Last year 15.2 billion pairs were exported worldwide, representing a recovery from the drop.

## World Footwear Congress in Istanbul, November'23

After postponement due to earthquake in Turkey and Syria in February 2023. The organizers of the World Footwear Congress (WFC) - namely the Footwear Industrialists Association of Turkey (TASD), the Turkish Footwear Industry Suppliers Association

(AYSAD), and the European Footwear Confederation (CEC) – have announced 7th Edition of WFC to be held from 7-9th November under the theme “Reshaping the Future”.

## Wolverine Makes Unexpected Ceo Change

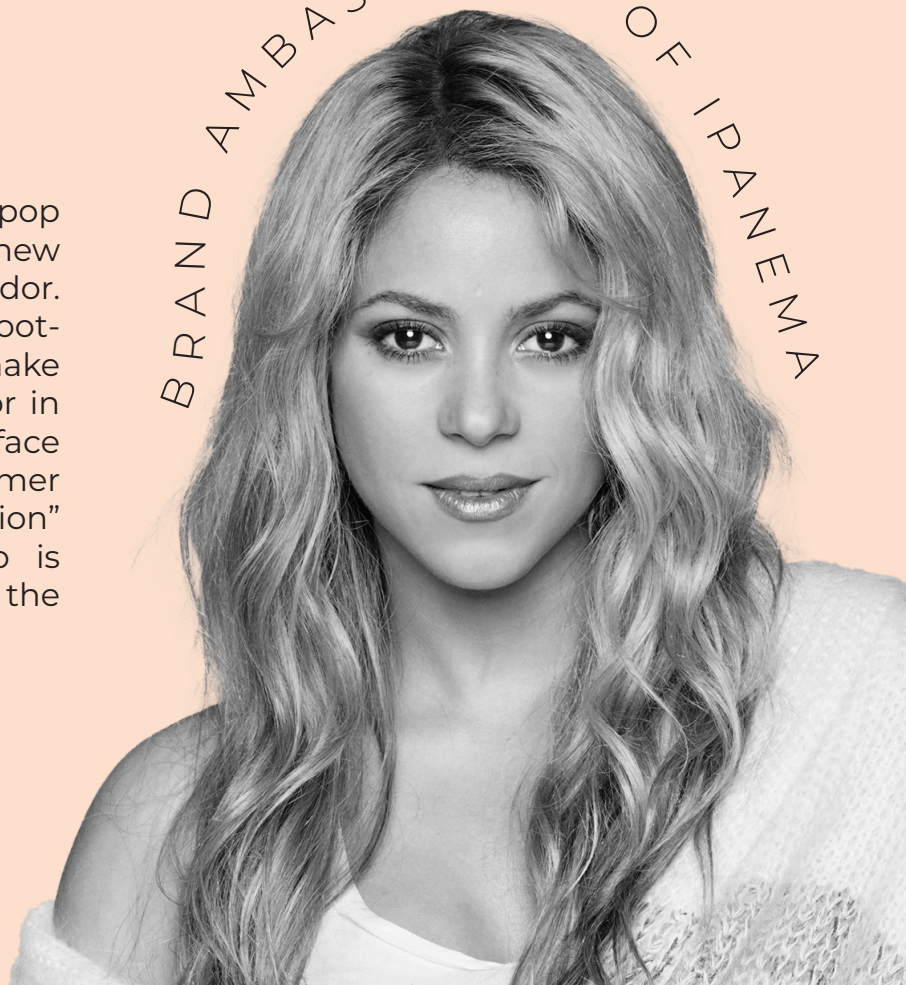
The Board of Directors has appointed Christopher E. Hufnagel as President, Chief Executive Officer, and a member of the Board of Directors, effective immediately. Mr. Hufnagel succeeds Brendan L. Hoffman, who is no longer with the company.

## Brand Ambassador of Ipanema Sandals

# Shakira

Ipanema has tapped Latina pop culture icon Shakira as its new global brand ambassador. According to the Brazilian footwear brand, Shakira will make her debut as an ambassador in 2024 when she serves as the face of Ipanema's Spring/Summer 2024 “Sempre Nova collection” campaign. The partnership is expected to run throughout the end of 2024.

BRAND AMBASSADOR OF IPANEMA



# DOMESTIC MARKET HIGHLIGHTS

## Bata Shoe Company Bangladesh Ltd. Achieved Record Revenue In The First Half Of 2023

Bata Shoe Company (Bangladesh) Limited achieved record-breaking revenue in the first half of this year, despite economic inflation in the country. The increase in sales was attributed to heightened consumer spending during Eid festivals. The company, a leader in the country's branded footwear market, generated Tk566.64 crore in shoe sales and a net profit of Tk43.87 crore between January and June, as reported in a stock exchange filing.

Source: TBS

## Bangladeshi Leather Exports Decline

According to the Export Promotion Bureau of the Government of Bangladesh, in the first two months of fiscal 2023-2024, total leather exports amounted to \$194.8 million which represents a decline of 12.73%, on a comparable basis to the same period of the previous year. The figure recorded was also down by 4.32% from the strategic target set for the period of 203.6 million US dollars.

Source: World Footwear

## Decathlon Announces Closure Of Store In Bangladesh

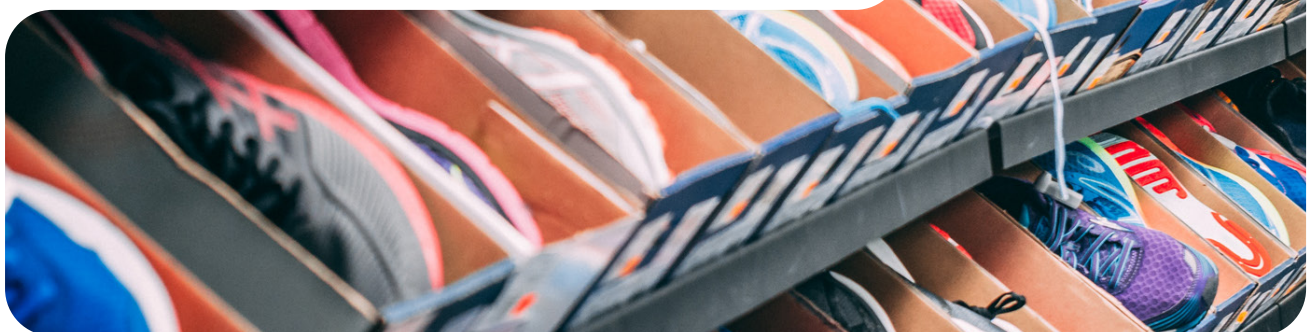
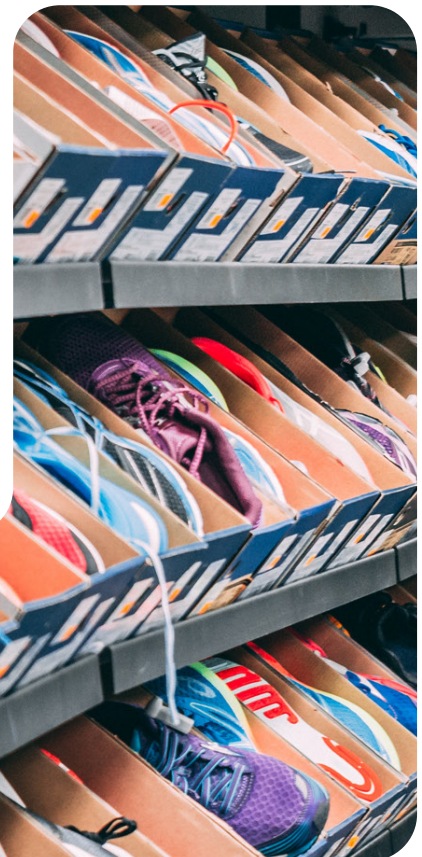
Decathlon Sports Bangladesh announces the closure of their physical and online store in Bangladesh effective from August 1, 2023. The French sporting goods retailer established a presence in the Bangladeshi market operations on July, 2020

Source: Decathlon Sports Bangladesh, FB Page

## Leather Tech Bangladesh in November 2023

9th International Leather Technology Show for Leather, footwear machinery, shoe materials, chemicals, and accessories for the footwear and leather goods sector will be held from 2nd to 4th November in the International Convention Centre of Bashundhara (ICCB). This event is the largest international "Technology Trade Show" in the leather sector, facilitating industry growth and collaboration.

Source: LeatherTechBangladesh





# Case Study



*Our team goes over real-life published case studies to give insights on various global business aspects for the reader's food for thought. In this edition, we dived into PUMA's Sustainable Packaging Journey from 2010-2015: 65% Waste Reduction, 95% Recycled Materials, and some Key Take-aways.*

**By Sharif Haque Tilok**

PUMA



In an era marked by mounting household waste, with packaging materials accounting for 65% of generated waste (McDonough and Braungart, 2013), PUMA's adaptive packaging stands as an innovative solution. It not only expands to accommodate the enclosed product but also has a built-in lifespan, leading to self-degradation and zero residual waste. While packaging often goes unnoticed, it plays a crucial role, especially in industries like footwear. Paper and cardboard, as primary packaging materials, dominate the sector. Though recyclable, their production carries an environmental burden, including substantial carbon emissions and energy consumption.

Sustainability in packaging revolves around reducing a product's environmental footprint. Two notable approaches include reusable and returnable packaging, exemplified by RePack, and the exploration of ecologically sound materials, championed by remarkable players like Econyl, Adaptive Packaging (PUMA), and Freitag. These sustainable packaging approaches share a common goal: benefiting the environment, reducing the carbon footprint of packaging

waste, and lowering costs (The Economist, 2007).

PUMA, a global sportswear and footwear producer, envisions becoming the world's leading sustainable sport lifestyle company. This commitment is evident in PUMA's annual Sustainability report. This case study explores a specific eco-friendly shoe packaging initiative, launched in 2010 and phased out by 2015.



# RETHINKING SHOE PACKAGING WITH YVES BÉHAR

With an awareness of the substantial waste generated by shoe boxes, PUMA recognized the imperative to integrate a packaging solution into its overarching sustainability agenda. This encompassed a comprehensive reduction in the brand's environmental impact, spanning factors such as energy consumption, water usage, waste generation, and CO2 emissions. In pursuit of this goal, PUMA enlisted the expertise of Yves Béhar and his accomplished team on the fuseproject. Yves Béhar, the founder of fuseproject, recalls,

*"My initial reflections revolved around a fundamental reimagining of shoe shipping and consumer experience."*

He acknowledges, however, that the journey was marked by intricate logistical considerations and formidable material research challenges



# THE CREATIVE PROCESS BEHIND THE CLEVER LITTLE BAG

## visualizing current impact

fuseproject has been asked to concentrate our efforts on three existing packaging formats:



**shoe box**  
**62.5 million**  
 shipped in 2007.  
 (.5 m<sup>2</sup> sheet material)



**scale fact:**  
 if you unfolded all that cardboard, you could create a parking lot for 2,096,667 cars.



**poly bag**  
**47.5 million**  
 shipped in 2007.  
 (.26 m<sup>2</sup> sheet material)



**scale fact:**  
 that's enough material to wrap the principality of Monaco in six layers of plastic.



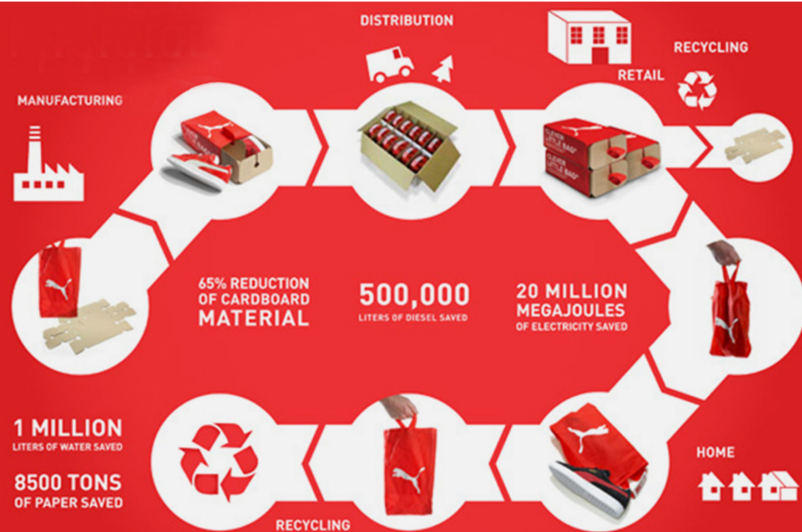
**hang tag**  
**80 million (est.)**  
 shipped in 2007.  
 (.08 m<sup>2</sup> sheet material)



**scale fact:**  
 you could give a business card to each man, woman and child in the U.S.A. (and have 16 million left over)

Dedicating an extensive 21-month period to intensive research and development, Béhar and his team embarked on an expensive endeavor. The team delved into various aspects, including dialogues on process costs for crafting shoe boxes at factories, visits to distribution centers in the US and Germany to grasp retail intricacies and observations of inventory management by retail staff in stock rooms. After the meticulous crafting of nearly 40 prototypes and the generation of over 2,000 sketches, Béhar unveiled the ingenious "CLEVER LITTLE BAG."

## THE CLEVER PROCESS



Source: Puma Clever Little Bag - Sustainable Packaging | Fuseproject



# PACKAGING INNOVATION PAYS OFF

## Resource Savings

By substituting traditional shoeboxes with the "clever little bag," PUMA achieved a remarkable 65% reduction in paper usage, leading to savings of 8,500 tons of paper. This shift also resulted in a 60% decrease in water, energy, and diesel consumption during manufacturing, translating to the conservation of one million liters of water, one million liters of fuel, 20 million megajoules of electricity, and 500,000 liters of diesel fuel.

## Significant Weight Reduction

The "clever little bag" weighed 0.156 kg less per unit than traditional shoeboxes, offering a substantial reduction in transportation costs and emissions.

## Enhanced Sales

PUMA's eco-friendly packaging contributed to an 82% increase in shoe sales. This success highlights the market's receptiveness to sustainable practices.

## Reduced Cardboard Usage

The shift to Clever Little Bags led to a substantial 5400-ton decrease in cardboard usage compared to conventional shoeboxes, demonstrating the potential for significant environmental impact through innovative packaging.

	Related to 55 million units per year			
	Clever Little Bag	Red shoe box	Savings per unit	Annual savings
Paper used	0.082	0.238	0.156 Kg	8580 tons
Power for paper production	0.179	0.546	0.367 MJ	20 Mio Mj
Fuel Oil for paper / box production	0.008	0.026	0.018 litres	1.0 Mio litres
Water consumed for paper production	0.010	0.031	0.021 litres	1.1 Mio litres
Water consumed for unit manufacturing	0.0003	0.022	0.022 litres	1.2 Mio litres
Diesel for transportation	0.006	0.016	0.010 litres	0.5 Mio litres

Source: (PE Americas, 2010).



Source: Puma Clever Little Bag - Sustainable Packaging | Fuseproject

## A DESIGN FLAW

Despite the initial success of the "clever little bag," PUMA opted to return to the traditional cardboard box in 2015 due to practical considerations. The innovative bags, while environmentally friendly, posed stacking challenges, unlike the efficient stacking of cardboard boxes. Additionally, post-purchase usability proved problematic for consumers who had difficulties reinserting shoes into the bags, a task easily accomplished with cardboard boxes. These challenges hindered widespread adoption. Feedback from customers and retail partners further highlighted issues in handling the Clever Little Bag within retail environments. While innovative, it faced real-world hurdles in seamless integration.

PUMA, recognizing the importance of striking a balance between innovation and practicality, reevaluated its packaging approach. They developed a new solution aligned with conventional norms, meeting customer and partner expectations. This shift illustrates the dynamic nature of sustainability initiatives, emphasizing the need for solutions that are both environmentally friendly and functionally effective in the market landscape.

## PIVOTING TOWARDS SUSTAINABILITY

In the autumn and winter of 2015, PUMA introduced green shoeboxes, crafted from over 95% recycled material with full Forest Stewardship Council (FSC) certification (PUMA Sustainability Report, 2014). This shift, led by Jordan Eichenberger, Head of Labeling and Packaging at PUMA Group Sourcing, aimed to reduce material usage without compromising durability. This strategic approach conserved 2800 tonnes of cardboard annually, equivalent to saving approximately 33,600 trees. PUMA's cardboard boxes now use over 95% recycled material by weight. Aligned with the 10FOR25 strategy, PUMA started eliminating consumer-facing plastic bags, reducing usage by 50% in 2021, saving 200 tonnes of plastic. The plan was to globally discontinue plastic bags by 2023, replacing them with recycled and FSC-certified paper bags. In less visible efforts,

PUMA transforms polyethylene bags used to protect apparel and accessories during transport. By Spring/Summer 2022, these bags will be made from recycled polyethylene, with a 60% average thickness reduction, saving about 400 tonnes of material annually. Through these measures, PUMA continues its journey to embed sustainability into its core, striving to be "FOREVER BETTER."

*A case study review and analysis from paper found on Research Gate on Sustainable Packaging in the footwear industry: A case study of PUMA by Luie Sara Zavodna & Lucie Trejtnarova.*

# SUSTAINABILITY JOURNEY

## a.li.ás EFFORT FROM A SPANISH FOOTWEAR BRAND

**a.li.ás** is the newest sustainable shoe brand committed to make desirable shoes in a new environmentally considerate way. Method of a.li.as is very simple to understand. They have no exploding marketing tagline on their products. Definitely they communicate, but they communicate just the truth.

**a.li.as** is a portugal based brand, created by passionate and knowledgeable shoemakers with decades of experience from a small scale business, mostly from domestic or intra-europe region. a.li.as was finding the negative image of shoe industry unbearable; the brand made it their mission to transform the traditional shoe making process into a sustainable endeavor.

*At every step from factory to foot **a.li.ás** makes sure it's respectful of it's customer and the planet.*

## a.li.ás Sustainable Shoemaking Method

This portuguese brand has ingrained sustainability initiatives in every step of the way. Below we have given snippets of their ways.

### Sourcing To Minimize Waste

**a.li.ás** shoes are designed with a construction that minimizes consumption of materials and the use of glues. The brand is dedicated to local sourcing and manufacturing. a.li.as sources biodegradable, recycled and recyclable raw materials where it's possible. If it's impossible to find a sustainable alternative the brand is very straight with the consumers.

### Designed to recyclability

**a.li.ás** shoes are constructed to be easily dismantled at the end of their life into separate components that can be recycled or composted. At **a.li.ás** the commitment to quality goes hand in hand with the commitment to a more sustainable future.

### Blake-stitched to reduce consumption

**a.li.ás** shoes are made with a 360-degree stitch construction where the upper is stitched onto the sole. This means there are no hidden wasted raw materials and no use of chemicals for bonding.

### Removable Footbed

Working closely with the specialized partners **a.li.ás** have developed an anatomical, breathable, removable and washable footbed that is 100%



made from recycled materials. The footbed is coated with OnSTEAM, which has a massive range of benefits being hypoallergenic, anti-bacterial, temperature-regulating and hydrophilic, what not!

### BIO Leather

BIO Leather is a remarkable material which is the result of years of R&D by partners. There are no metals or nasties in it. It is tanned using the extracts from Acacia and Mimosa trees and is as kind to the earth as it is to your feet.

### Eco Cotton

The brand only uses cotton sourced from trusted partners in the Better Cotton Initiative. This is a remarkable collaboration of forward-thinking individuals and organizations committed to making a positive impact on our planet.

### Natural Dyes

The brand's commitment to sustainability extends even to the dyes we use. Their diverse color palette is the result of extensive research and all dyes are compliant with the OEKO-TEX STANDARD 100, a trusted industry standard for sustainability.

### Tencel

The knitted styles are made with Tencel. This is a superhero fiber which has blazed a trail in environmentally savvy product development. It is made from wood, with a closed loop production process where waste and pollution are eliminated at every step.

### Recyclable Rubber

**a.li.as** soles are made with expanded rubber, a material that is both natural and fully recyclable. 100% of every sole can be remolded into a new one. Expanded rubber has remarkable advantages. It is lighter, more flexible and just as durable as non-expanded but the consumption of the raw material is reduced by a whopping 75%.

This is truly an inspiring story of a true sustainability warrior. A phoenix in the midst of foxes. All the best to **a.li.as**!

a.li.as



Source: Sustainable footwear brand Portugal | a.li.as

# FACTORY PROFILE OF THE MONTH



**SHOE LAST &  
ACCESSORIES CO. LTD.**



YEAR OF  
ESTABLISHMENT

**2010**

CAPACITY  
& SITES

**400**

**Pairs/Day**

PRODUCTION  
LEAD-TIME

**07**

**Working Days**

TURNOVER & GROWTH  
OVER LAST YEAR

**Approx**

**\$1.2M**

Share Holding  
**Private Ltd. Company**

Retailer/ Brand/ Producer/ Exporter  
**Producer of First Plastic Shoe Last  
Manufacturer in Bangladesh**

Top buyers

**Puma, Decathlon, The North Face, Zara, Hush  
Puppies, Clarks, Red Tape, CCC, CAT, AMG, Hugo  
Boss, Giorgio Armani, Next, Marco Tozzi, Chicco,  
Cedar Crest, Bata, Apex, Bay, Lotto, Young One,  
MAF, Blue ocean, FB**

Business Group  
**Step Group**

Product Capability  
**All Types Of Lasts. From 3D To Development.**

Certification  
**SATRA certification - ISO 14001, ISO 9001**

Material Sourcing - By origin  
**Formosa from Taiwan, Marlex from Qatar**

Compliance  
**As per own code of conduct**

Company Website  
**<https://step-shoelast-accessories-co-ltd.business.site>**

Head Office  
**Baly complex, 5th floor, Plot 33, Uttara sector 3  
Dhaka -1230**

Factory Location  
**Kamartek, Shibpur, Narsingdi, Bangladesh**



# MARKET REVIEW NEPAL

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*An outlook on a potential market highlighting the scopes for business expansion of both local footwear brands and export manufacturers.*

**Nepal** is a mountainous landlocked country located between India and Tibet, known for its majestic view of its' Himalayan range and deep valleys. Nepalese are culturally rooted and their strong resiliency shows their nature to combat difficult conditions. Being 150th economy in the world, they are considered one of the least developed countries due to political and financial conditions. Like Bangladesh, Nepal is also in the transition phase to graduate from a Least developing country. With an average annual income of \$1,230 it is one of the lower-middle-income countries.

Nepalese are extremely loyal to their culture and citizenship. A country with 83% of its population living in rural areas, with few urban centers. The geographic isolation creates a preference to live a secluded life. Regions with more education access have seen some transformation in cultural aspects. In the Kathmandu region, the recent cosmopolitan fashion transformation is more visible.

Capital  
**KATHMANDU**

Size  
**147181 km<sup>2</sup>**

Total Export  
**\$1.74B (2021)**

Export to BD  
**\$15.3B (2021)**

Total Import  
**\$15.3B (2021)**

Import from BD  
**\$116M (2021)**





**POPULATION SIZE**  
30 MIL (APPROX.)

DEMOGRAPHICS:  
BELOW AGE 35: 60%.



**MAJOR INDUSTRIES**  
Tourism, Carpets, Textiles, Rice, Jute, Sugar, and Oilseed mills; Cigarettes, Cement, and Brick production.



**GDP\$**  
\$36.3 Billion (2021 est.)

68.2% Growth in 10 years



**GNP \$ per capita**  
\$3800 (2021 est.)



**LANDLOCKED.**  
SHARING BORDERS WITH INDIA & CHINA

ROADS & RAIL TRANSPORT.

## Local Footwear Market

Nepal is highly dependent on the import of footwear. Most of its footwear is imported from neighboring countries (i.e. India, China, and Bangladesh). With a rising younger population, there has been a shift from retail to e-commerce. In 2022, 65% of footwear demand was being met by local footwear manufacturing. However, illegal import of footwear through different channels is flooding their market impacting local production.

Consumer buying pattern has seen a shift to a rise in fashion e-commerce buying. Currently, the Nepalese Footwear e-commerce market is expected to reach US\$24.3 million by 2023, which would be 14.8% of the e-commerce market. It is also expected that a compounded annual

growth rate for the next 4 years will be at 4.9% and mounting to US\$29.4 million by 2027 (Source:eCommerceDB). Post covid, domestic brand sales have been peaking. Brands like Caliber Shoes, Dullah Shoes, and Black Horse Shoes are focused on increasing their production as they are forecasting demand growth. 80% of the Nepalese shoes produced for domestic market, have their raw material mainly sourced from China, India, and others.

## Footwear Export Industry

To boost local manufacturing for export, the Government of Nepal implemented policies such as cash subsidies, special concessions on bank loans for footwear enterprises, and budget appropriation for basic training for advancing employment opportunities. FMAN (Footwear

Manufacturers of Nepal) has been seen welcoming this support received from the Government.



# MAJOR TRADE REGULATORY ASSOCIATIONS

## Footwear Manufacturers Association of Nepal (FMAN)

Their activities include advocacy in the policy sphere, working in accordance with FNCCI for the development of footwear industrial zones.

## Federation of Nepalese Chambers of Commerce and Industries (FNCCI)

FNCCI is the nationally and internationally recognized umbrella organization of the private sector in Nepal.

## Others

Federation of Handicrafts Association of Nepal (FHAN)

Leather Footwear and Goods Manufacturing Association of Nepal (LFGMAN)

Felt Industries Association of Nepal (FIAN)

Source: World Bank



FOOTWEAR EXPORT VALUES

\$10M



MAJOR EXPORTING DESTINATIONS

INDIA  
75.4%

DENMARK & GERMANY  
4-4.5%

REST  
<3%



FOOTWEAR IMPORT VALUES

\$78.2M



IMPORT PARTNERS

CHINA  
82.9%

INDIA  
12.6%

Source: OECWORLD

# TRADE RELATION BETWEEN NEPAL & BANGLADESH

Bilateral trade relations and agreements should be reassessed and improved to increase trade between the countries. Treaties such as SAARC & SAFTA could enhance the trade relationship and create better opportunities; such as preferential market access to more products, non-tariff barriers, and transit agreements. Current deals between the two nations

include signing a 25-year long-term agreement on the export of 40MW electricity from Nepal via an Indian transmission line. Tariffs. Except for the Tariff amount, an agreement has been reached to sign a long-term agreement as stated in *The Economic Times*.

To migrate from LDC status, Nepal needs to diversify their export and Bangladesh could

be a very good option. Tariff and para-tariff barriers put constraints on its export with Bangladesh. If preferential trade agreement can be developed, an improved bilateral trade can happen. The talks on the collaboration of these two nations can consciously improve bilateral trade and economic cooperation based on equality and mutual benefit.

## Bangladesh-Nepal Trade Bonhomie

Bangladesh identified **140 products** for duty-free market access.



**Potential products:** RMG, furniture, plastic footwear, and steel



Bangladesh has a sensitive list of **987 products** for LDCs and **993** for non-LDCs



**Major Bangladeshi exports to Nepal:** agricultural products, jute and jute goods, engineering products, pharmaceutical products, paper and paper board



**Imported items:** vegetable products, prepared foodstuffs, zinc and articles, products of the chemical or allied industries



**Nepal** has a sensitive list of **998 products** for LDCs and **1,036** for non-LDCs



Source: *The Business Standard*



# DECODING FOOTWEAR

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*This section allows our readers from non-footwear background to delve into basic know-hows of footwear, and its techniques to understand behind the scenes of making a pair of footwear.*

## A FOOTWEAR LAST

A “LAST” is the form used to define the shape of a shoe. The LAST is critical to the shape and function of your shoe. The footwear LAST used by a footwear designer will decide the shoe's look, fit, and shape. The right LAST can make your shoe a high fashion hit. While the wrong one can fail your design, even give you discomfort in the fit.

Each different type of shoe will need its own specific shape. The LAST for a running shoe has a very different shape than the LAST used for a hiking boot or basketball shoe. There are four main types of material used to make a LAST; wood, thermo-plastic, aluminum, and steel.

**Steel LASTS** are the best in terms of longevity, whereas aluminum LASTS are a good balance of ‘easy to use’ and durability.

**Wooden LASTS** are used mainly in low cost traditional handmade shops as it's cheaper, easy to customize and available widely and locally.

**Thermoplastic LASTS** is widely used industrially considering the cost and change in trend in fast fashion.



# CONSTRUCTION BY LASTS

As per the construction of LASTS, there are 4 types;

## HINGED | SOLID | SCOOP | TELESCOPIC

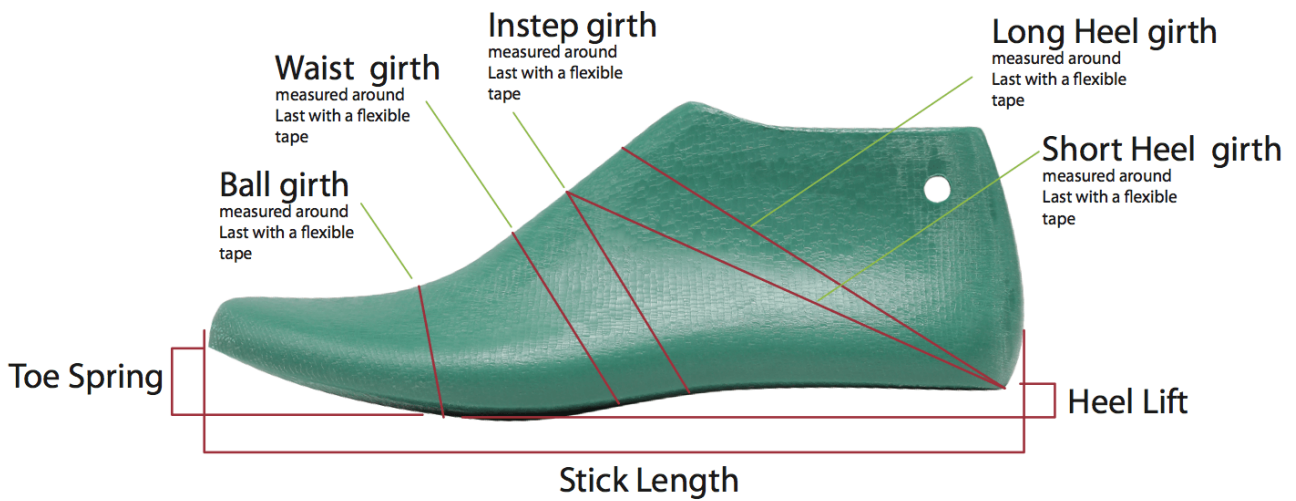
**Hinged LASTS** is widely used to produce footwear industrially; specially for low to mid cut shoes.

**Solid LASTS** is made of thermoplastic & wood, used mostly for low cut shoes or sandals and are the cheapest among all industrial lasts.

**Scoop LASTS** is made of wood and used to make hand made footwear.

**Telescopic LASTS** is used for high boots, the telescope last separates into parts allowing easy removal.

## FOOTWEAR LAST MEASUREMENTS



### SOLID LAST: MEASUREMENT STANDARDS

Each and every measurement of a last is very important for the right fitting of shoe, i.e the volume inside the shoe. It also defines the shape of a shoe. Yet, we can consider the **stick length** that defines the size and longitudinal volume for the user, The **ball girth** that ensures the volume of a shoe between the ball points (through the golden line) and **Instep girth** that ensures the right volume just below the opening of a shoe is most 'defining' measurements of a last.

# TIDBITS



43% people buy shoes because of "FEEL GOOD" FACTOR says Suzanne Ferris PhD.

Shoe addiction is REAL as it triggers and stimulates shoe addicts prefrontal cortex.



Shoe sizes were first established using BARLEYCORN in 1300s by King Edward II.



5,500 years old- World's Oldest Pair of Shoes found in Armenia in 2008.

1 in 8 people own over 100 pairs of shoes







MINISTRY OF COMMERCE  
BANGLADESH

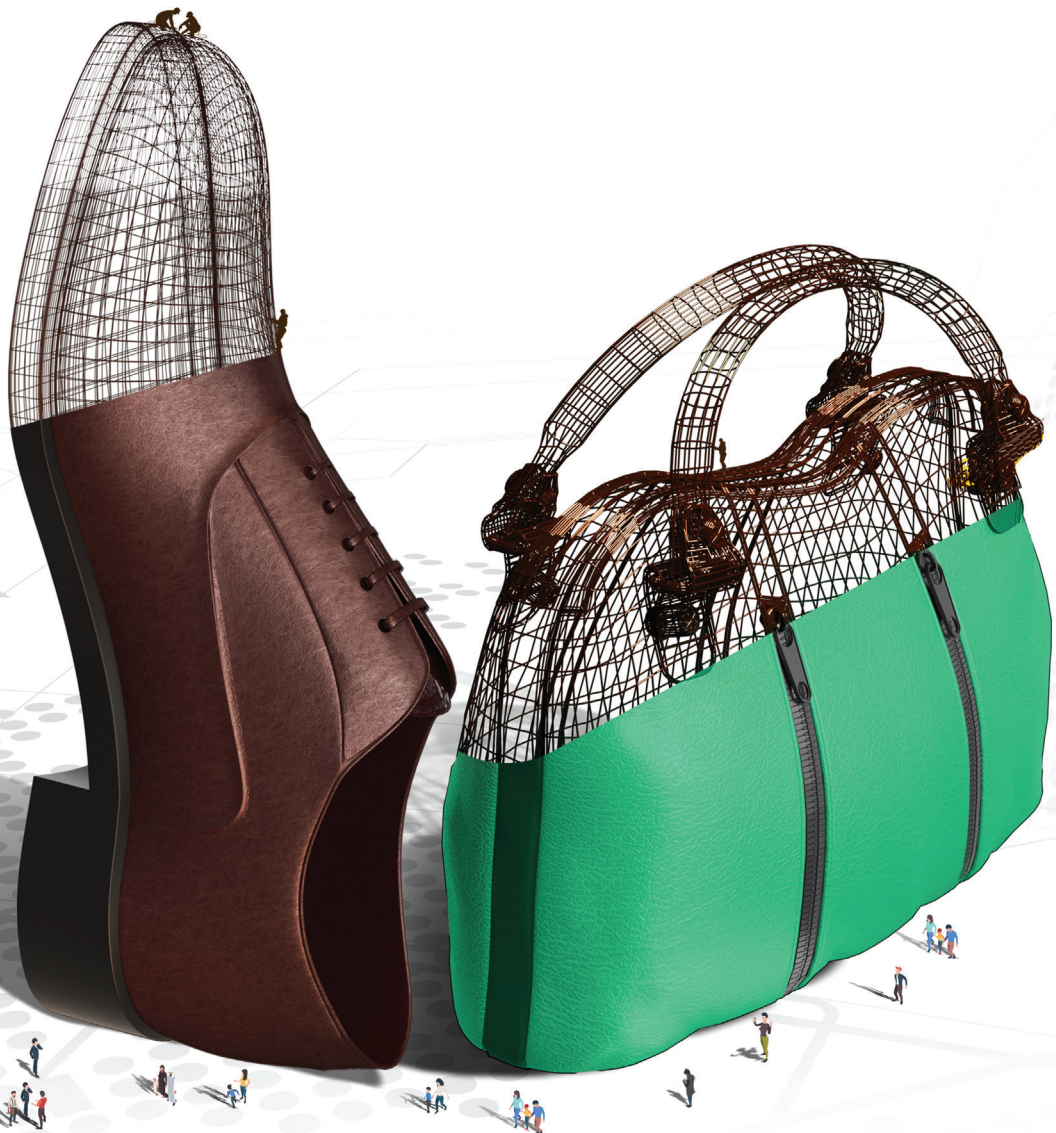


Leathergoods And Footwear Manufacturers  
& Exporters Association of Bangladesh

4<sup>th</sup> Bangladesh  
Leather Footwear  
& Leathergoods  
International  
Sourcing Show 2023

**BLLISS**  
2023

Possible. In Bangladesh



Please visit: [www.blliss.show](http://www.blliss.show)

We welcome you to the **4<sup>th</sup> Bangladesh Leather Footwear & Leathergoods International Sourcing Show (BLLISS)**. BLLISS 2023 will showcase the resilience and dependability of Bangladesh as a sourcing destination for brands. The BLLISS 2023 fair will create the opportunity to meet the premium leather goods and footwear manufacturers of Bangladesh under one roof. Key decision makers of international brands will also attend.

BLLISS 2023 will be inaugurated by:  
**H.E. Sheikh Hasina, MP**  
**Honorable Prime Minister, the People's Republic of Bangladesh.**

## Inauguration Details

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Inauguration date: **12 October 2023 at 3 PM BST**

Inauguration Venue: **Bangabandhu International Conference Center in Dhaka, Bangladesh**

Exhibition details: **12–14 October 2023**

Exhibition Venue: **International Convention City Bashundhara (ICCB) Dhaka, Bangladesh**

The breakout sessions of BLLISS 2023 will provide valuable insights and information regarding the sector through creating dialogue amongst industry leaders and stakeholders.

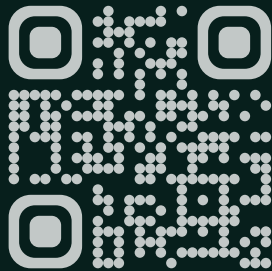
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# THE FOOTWEAR DIGEST

SCAN FOR  
DIGITAL COPY



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