

What opportunities are there for mass market sports footwear in Europe?

The mass market sports footwear segment is growing. Due to rising labour costs in China, buyers in Europe want to become less dependent on China as a sourcing hub for sports footwear. This is the main reason why many of them are looking for alternative sources in this segment, especially in low-cost countries. Competitive prices and delivery times offer good export opportunities, especially if you combine these with value addition (for example, by offering many different colours).

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1. Product description

Mass market sports footwear is a mainstream segment with products modelled loosely on sports fashion. In some cases, sports performance technology may be added, but performance matters far less than price for these day-to-day shoes. Mass market sports footwear can be divided into several categories:

<i>Sports footwear category</i>	<i>Key characteristics</i>
Running shoes	Light-weight outsole made of rubber, ethylene-vinyl acetate (EVA) or polyurethane (PU); low-cut upper
Basketball shoes	High-cut upper; rubber, thermoplastic rubber (TPR) or PU outsole
Tennis shoes	Low-cut upper; TPR, rubber or PU outsole
Indoor sports shoes	Low-cut, synthetic upper; rubber, TPR or PU outsole
Outdoor shoes	Functional, modest colouring; outsole of TPR or rubber, sometimes with a non-skid layer; low- or high-cut upper

HS Codes

64021210 (ski-boots and cross-country ski footwear with outer soles and uppers of rubber or plastics)

32301200 (snow-ski footwear)

64021290 (snowboard boots with outer soles and uppers of rubber or plastics)

64021900 (sports footwear, outer soles of rubber or plastic)

15202310 (sports footwear, outer soles & uppers of rubber or plastic)

64031200 (ski-boots, cross-country ski footwear and snowboard boots with outer soles of rubber, plastic or composition leather and uppers of leather)

64031900 (sports footwear, outer soles of rubber, plastics, leather or composition leather & uppers of leather)

15202350 (sports footwear with rubber, plastic or leather outer soles & leather uppers)

64041990 (footwear with outer soles of rubber or plastics and uppers of textile materials)

64042090 (footwear with outer soles of leather or composition leather and uppers of textile materials)

15201445 (rubber, plastic or leather outer soles)

64052010 (footwear with uppers of textile materials and outer soles of wood or cork)

15201446 (outer soles of other materials)

64052099 (footwear with uppers of textile materials and outer soles of other materials)

64041100 (sports footwear, incl. tennis, basketball, gym, training shoes & the like, outer soles of rubber or plastics & uppers of textile materials)

15202100 (sports footwear with rubber or plastic outer soles & textile uppers)

Key technical specifications



Mass market sports footwear in pictures

Outsoles and uppers

In all three of the main segments in mass market footwear – fashion, sports and casual – shoe production is based on the outsoles. The distinguishing factors are the outsole's profile, its quality and the manner in which it is attached to the upper.

Techniques

Several techniques are used for fastening the outsole to the upper:

- *Cementing*

Cementing tends to be used most in this segment. In cementing, the outsole is pre-produced in a mould and then glued to the upper.

- *Injection*

Injection is a cheap, fast way of attaching an outsole to an upper, but the resulting quality is poor. It involves injecting material into a mould under pressure and immediately attaching it to the upper.

- *Vulcanising*

Vulcanising is the *process of heating raw rubber to cure it. Before it is vulcanised, rubber is stretchable, pliable and tears easily; after treatment it is tough and flexible.* With a vulcanising machine, the raw rubber outsole is attached to the upper, after which it is strong and ready to wear.

Materials

The most commonly used materials in this low-price market are synthetics based on polyurethane (PU) with foam, or with a woven backing. In some products, small amounts of leather are used in the upper. Shoe linings consist mainly of a polyester mesh and the insock is usually also synthetic.



Mass market indoor shoe

Outsoles are most commonly made of the following materials:

- *Rubber*
- *Thermoplastic elastomer (TPR)*
- *Phylon (although this material is usually too costly for this segment)*
- *PU*
- *Other materials, such as synthetic suede, leather or cotton (only occasionally)*

Colours and design

The colours in mass market sports footwear usually involve various contrasts against a white background. These contrasts are used on the overlay as well as on the logo and the outsole. Sports footwear is naturally presented in sporty colour combinations, contrary to casual footwear, which usually comes in warmer tones. This is part of the value-for-money approach in this segment: consumers want to have the feeling they are getting something special for a low price.



Bright and contrasting colour are popular in sports footwear

A variation on mass market sports footwear: mass market fashion footwear



Mass-market fashion footwear

Most of the characteristics of mass market sports footwear, which is the main focus of this report, apply to mass market casual footwear, and also to mass market fashion footwear. These characteristics distinguish low-end fashion footwear from sports and casual footwear:

- *Trend-sensitive*

The vital difference between fashion and casual footwear, or sports footwear on the mass market, is that fashion footwear depends heavily on distinct trends. Often, these are trends – for example colours or models – that come and go very quickly. Successful mass market players succeed in rapidly converting these trends into mass production.

- *Crossovers*

Sometimes, a product that entered the market on a trend, or a hype, moves into mainstream and becomes a basic product. Good examples of this includes ladies' espadrilles and [Uggs](#).

- *Trendy colours*

This segment tends to stand out from the rest by using fashionable colours and decorative details. Success often depends on the ability to introduce a new trend cautiously, while also being able to roll out mass volumes as soon as the trend is picked up. The models in this segment are more varied than those in other segments and can include sandals, boots, sports-oriented fashion footwear, espadrilles, vulcanised shoes and many others.

A second variation on mass market sports footwear: mass market casual footwear



Mass market casual footwear

These are some characteristics that make mass market casual

footwear different from the fashion and sports variations.

- *Less striking colours*

Mass market casual footwear tends to be toned down in colour, design and use of material compared to sports footwear. In this segment, comfortability often comes first. Leather-like materials, such as synthetic suede or synthetic leather, are common. The soles of shoes in this segment tend to match the upper in colour and are less striking.

- *Chucks*

Although originally sold in the higher-end fashion market, the so-called '[chuck](#)' nowadays is a mass market casual footwear product. Chucks consist of a high-cut upper on a vulcanised outsole. More fashion-oriented chucks, with striking colours and details, are also popular. Chucks thus represent a crossover between sports, casual and fashion footwear.

- *Ladies' beat men's*

The range of ladies' footwear in the casual segment is broader than that of men's. Ladies' casuals include practical shoes in quiet colours as well as low boots with a heel, slippers and sandals.

- *Crossovers*

As the chuck example illustrates, crossovers from one segment to another are common. There are many other examples of products that were originally designed as functional outdoor shoes – such as [Birkenstocks](#), [Uggs](#) and [Merrell](#) – but then moved into the mainstream market, eventually ending up in the casual segment.

2. Which European countries offer opportunities for mass market sports footwear?

<i>Country</i>	<i>Share of European footwear consumption in 2014</i>
Germany	21%
Italy	17%
France	16%
United Kingdom	14%
Spain	8%
Austria	4%
Poland	3%
Portugal	3%
Romania	3%
Sweden	2%

Others	10%
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Germany is the largest footwear market

Germany is the largest footwear market in Europe, because of its large population (80.5 million). German consumers accounted for footwear sales of € 131 per capita in 2013. Per capita consumption in the other leading European countries was higher: Italy € 162, the United Kingdom € 157, France € 156 and Spain € 144 (Source: Eurostat).

Between 2009 and 2013, Germany was Europe's leading importer with an import share of 19% in terms of value. During the first nine months of 2014, Germany's sports footwear imports increased by 35% compared to the same period in 2013. Textile uppers showed particular growth, both from outside Europe (+57%) and from other European countries (+26%). Germany was followed by France (14%), the UK (13%) and Italy (12%). The Netherlands ranked 6th (8%), followed by Belgium (7%) and Spain (6%).

	2009	2010	2011	2012	2013	CAGR 2009-13	Change 2012-13
Performance footwear	846	897	884	903	925	2.3%	2.4%
Outdoor footwear	593	632	629	646	665	2.9%	2.9%
Sports inspired footwear	589	628	627	632	634	1.9%	0.3%
Total sports footwear	2,028	2,157	2,140	2,181	2,224	2.3%	2.0%

Consumption of sports footwear in Germany, 2009-2013, in € million (source: Euromonitor, 2014)

Strong growth in Central and Eastern Europe

Imports are showing strong growth – 10% and more – in Slovakia, the Baltic states, Poland, Romania and Sweden. These markets are growing and consumers in Central and Eastern Europe are eager to tap into sports, health and fashion trends.

In Greece, Croatia, Ireland, Luxembourg, Cyprus and Malta (sports) footwear imports are decreasing. The main reason for this is economic pressure.

	2009	2011	2013	CAGR 2009-13	Change 2012-13
Rubber/plastic uppers					
- waterproof	306.7	509.2	442.6	9.6%	4.6%
- sports	818.7	997.6	997.3	5.1%	1.3%
- indoor	68.9	70.2	60.7	-3.1%	2.2%
- other outdoor	4,767.4	6,259.9	6,375.8	7.5%	2.0%
Total	5,961.7	7,836.9	7,876.4	7.2%	2.1%
Leather uppers					
- sports	666.2	634.7	640.7	-1.0%	-6.9%
- indoor	105.9	114.4	104.6	-0.3%	1.0%
- other outdoor	14,840.7	16,933.3	17,656.9	4.4%	2.9%
Total	15,612.8	17,682.4	18,402.2	4.2%	2.5%
Textiles uppers					
- sports	1,566.2	2,041.5	2,674.4	14.3%	13.1%
- indoor	523.7	641.0	613.4	4.0%	7.2%
- other outdoor	2,779.0	4,173.9	4,855.7	15.0%	4.7%
Total	4,868.9	6,856.4	8,143.5	13.7%	7.5%
Parts of footwear	2,732.7	3,968.2	3,677.0	7.7%	11.6%
Total	29,176.1	36,343.9	38,099.1	6.9%	4.3%

EU imports of footwear by product groups, 2009-2013, in € million (Source: Eurostat, 2014)

China is a big supplier, but other low-cost countries are growing

Much of the footwear sold in Europe is imported from developing countries in South-East Asia, in particular China. However, in the period 2011-2013, European imports from China showed a sharp decline. China struggled with rising wages and material costs, while other developing countries succeeded in offering more favourable prices. This development is still continuing.

European footwear exports are growing

Footwear exports from Europe, particularly leather uppers, have continued to rise in recent years. The exports are mainly higher-quality shoes; the mass market sports footwear segment shows more imports than exports. These exports include so-called re-exports, or products that are imported and then exported to other countries, mainly in Europe. Specific data on sports footwear (re-)exports are not available, but for general footwear, according to Eurostat figures, Italy was Europe's largest exporter in 2013 (27%), followed by Germany and Belgium (both 12%), the Netherlands, (9%, mainly re-exports), France and Spain (both 7%) Portugal (6%), Romania and the UK (both 4%).

Sports footwear production is slowing down in Europe

Production of sports footwear is slowly decreasing in many European countries. One of the reasons is increased competition from low-cost countries outside of Europe, notably developing countries. This means buyers in Europe are increasingly interested in finding suppliers in developing countries.

The tables below show footwear production figures for two of Europe's leading markets in this sector, Germany and France.

	2009	2010	2011	2012	2013	CAGR 2009-13
Rubber or plastic outer soles and textile uppers	6,112	10,261	4,686	5,417	5,384	-3.1%
Other sports footwear (excl. snow board and ski-boots)	24,545	30,239	32,528	32,437	28,266	3.6%
Total	30,657	40,500	37,214	37,854	33,650	2.4%

Production of sports footwear in Germany, 2009-2013, in € thousands (source: Prodcum, 2014)

	2009	2010	2011	2012	2013	CAGR 2009-13
Rubber or plastic outer soles and textile uppers	c	920	c	c	c	-
Other sports footwear (excl. snow board and ski-boots)	17,734	17,310	10,911	2,818	1,814	-43.4%

c= confidential

Production of sports footwear in France, 2009-2013, in € thousands (source: Prodcum, 2014)

3. Which trends offer opportunities on the European market for mass market sports footwear?

Moderate growth for Europe's footwear market

One of the most important European market trends is that the economy is slowly recovering from the recession that began in 2008. The recovery is positively affecting the footwear market. This is another reason why many sports footwear buyers are looking for new suppliers, especially in lower-cost countries.

Sports footwear sales have benefited from the general trend towards more active and healthier lifestyles among Europeans. More and more consumers in Europe are wearing sports footwear as a substitute for more traditional footwear types. This trend is one of the sector's main growth drivers. Other drivers include changes in fashion and technological innovations in comfortable footwear.

Tips:

Be bold in contacting prospective buyers. With the economy picking up and alternatives for China in high demand, they will be willing to listen to any good offer.

Clearly emphasise the health element in your sports-related footwear products so that you can tap into the health trend.

Ageing is leading to more demand for health-related footwear for seniors

Surveys suggest that in the next 50 years increasing lifespans and low fertility levels will contribute to an ageing population in Europe. Seniors represent a significant footwear market opportunity, as many Europeans over the age of 65 have both purchasing power and leisure time.

Tips:

Make an effort to understand the needs of seniors by monitoring the media and major retailers.

Consider creating sports and leisure product lines and collections that cater specifically to seniors.

Consider common ageing factors in the design of products for seniors, for instance, incorporating elements like simple closures and fasteners, easy-to-read labels, easy care, and comfortable fabrics.

E-commerce and social media are shaking up the market

European consumers increasingly buy their footwear online. Apart from shopping online, consumers also use the Internet and social media to follow trends and develop their own styles and preferences. In Europe, consumers buy more footwear (and clothing) than anything else online. Companies that combine e-commerce and online activities with offline commerce will be the most successful.

Tips:

Find out what is happening on the sports footwear market with regard to e-commerce and social media. For example, look at this [social media overview](#) to find out what there is and how to use it.

Become an active user. Follow brands within and outside your segment, use social media for your own communication, marketing and/or branding.

If you want to do business directly with consumers, joining existing trade platforms, such as [Aliexpress](#) and [Alibaba](#), is better than just using your own web shop.

Favourable trade agreements can heavily influence your pricing

Europe's [Generalised Scheme of Preferences \(GSP\)](#) has caused some shifts in global supply chains since 2014. The scheme allows some countries to pay less or no duties on exports to Europe. This has improved the competitive position of countries benefiting from GSP arrangements, such as Cambodia, Bangladesh and Pakistan.

If you are based in a country listed in Europe's current GSP, you have a strong competitive advantage over suppliers in non-GSP countries. Your prices, by default, are several percent lower.

Tips:

If your country enjoys free trade under the GSP, make sure you communicate this to potential buyers, as it means you can offer very competitive prices.

The GSP is scheduled for review after 31 December, 2016. Check the European Union's GSP pages regularly using the link provided above. Changes may impact your competitive position.

Technology is accelerating production and reducing labour

Technological developments are changing almost every industry, including footwear. Think of new manufacturing techniques involving robotics, or new and faster machines. Footwear manufacturers in China are major drivers of this trend. Rising wages and labour shortages are forcing them to push efficiency and technology to their limits to minimise labour and maximise output.

Technology is progressing in several areas: fabrics technology (sustainability, durability, weather-resistance); technology aimed at cost-price reduction; and technology based on alternative materials.

For example, more and more synthetic materials are entering the footwear market. Many of these are just as attractive as – and almost impossible to distinguish from – leather.

Tips:

Look for ways to reduce cost, increase speed and use low-cost synthetic materials.

Watch brands active in high-performance sports, such as [Nike](#) and [Adidas](#), because new technologies they introduce usually find their way quickly to mass markets.

Technology is blending footwear with other industries

Technology is opening up opportunities for many new market cross-overs and co-creation initiatives. It is linking footwear to health, for example with [smart shoes for runners](#). [Adidas' partnership with Kanye West](#) is one of many examples of how sports can be blended with music and entertainment.

The health hype in Europe is a major driver of this technological trend. New health applications for consumers are appearing almost daily, ranging from identification (ID) tags for runners to measuring equipment for the wearer's heartbeat and other health factors.

Tips:

Find out about high-tech developments, especially in the area of health, sports and fitness, and how they are spilling over into mass-market footwear. You may be able to facilitate a low-cost technology crossover yourself. Here are some [examples of high-tech footwear](#).

Tap into the trend towards combining footwear with technological gadgets (to get some ideas, read [this article on trending footwear gadgets](#)).

Consider offering combined product packages. For example, add a pair of red earphones to a pair of red shoes, or a package containing matching shoes and bracelets. If you can offer this kind of combination at a good price, you will have a definite edge on your competitors.

Consumers like products they can personalise

Personalisation is an important trend in Europe, with individual consumers increasingly demanding their own, unique 'look'. Some brands tap into this desire by offering personal designing or customising a product. [Vans Custom Shoes](#) are among many examples in this area.

Tips:

Find out whether your buyer is interested in personalisation, as it may affect how you supply your products. For instance, you may want to try and include replaceable accessories in your design.

If you are interested in an overview of these and other important trends affecting European and global footwear, see our study on [trends in European footwear](#).

4. Which requirements must mass market sports footwear comply with to be allowed in Europe?

In the mass market sports footwear segment there are legal requirements everyone has to comply with and buyer, or market requirements, that some players work with. Compliance with the legal requirements is unavoidable. Compliance with additional buyer requirements is a good way to stand out from the competition and to get ahead of market developments.

Tips:

For more information on both kinds of requirements, see our study on [requirements on the European footwear market](#).

Make sure your packaging meets the requirements by checking [European legislation on packaging](#).

Take into account that you can be held responsible for damage caused by defects to your products. This is called product liability. For more information, read our study on [European liability legislation](#).

Make sure your products comply with the European Commission's [General Product Safety Directive in the EU Export Helpdesk](#).

Check the [RAPEX database](#) that European Union Member States use to exchange information on unsafe products. It will give you a good idea of possible non-compliances.

Make sure you comply with the requirements regarding the use of chemicals as presented in Europe's [Registration, Evaluation and Authorisation of Chemicals \(REACH\) regulation](#), also known as Regulation (EC) 1907/2006. In footwear this is an important scheme to be aware of.

Make sure you comply with labelling requirements. All footwear sold in Europe, including mass market sports footwear, is required by law to have labels offering information on the main materials used for the three main parts of the shoe: the upper, the lining and insock, and the outer sole. Each label must state – in words or pictograms prescribed by the [EU Directive](#) on this topic – whether the material is “leather”, “coated leather”, “textile” or “other”.

Be aware of the growing interest among European buyers and consumers in so-called origin labelling (the ‘made-in label’). It is not yet required by law in Europe, but the European Commission is working on making it mandatory for all non-food products, including footwear.

For more details, check [the European Commission's information on footwear labelling](#) or the [EU Export Helpdesk footwear labelling pages](#).

Additional buyer requirements

In addition to the legal requirements you will face as a developing country supplier exporting mass market sports footwear to Europe, you will also face specific buyer requirements. It is always important for you as a supplier to talk to your buyers about whatever requirements they may have and how rigid they are in sticking to them. For a full overview of these additional requirements, see [our study on buyer requirements on the European footwear market](#).

5. What competition do you face on the European market for mass

market sports footwear?

Make use of your country's GSP position

Currently, China remains Europe's leading supplier of mass market sports footwear. Unhindered by specialisations or limitations, Chinese suppliers continue to provide a broad range of low-priced shoes in this segment. However, Europe's [Generalised Scheme of Preferences \(GSP\)](#) is causing some shifts in global supply chains. The GSP scheme exempts some developing countries from European import duties. Buyers are increasingly looking to these countries for supplies.

Cambodia, Bangladesh and Pakistan are examples of countries enjoying GSP-based free trade with Europe. They are growing fast as suppliers in this segment. Bangladesh is seeing its exports of price-aggressive leather as well as synthetic footwear grow. Along with Pakistan, Vietnam and newcomer Ethiopia – which has a promising leather sector – this country is set to become an important supplier of mass market sports footwear to Europe.

If you cannot compete on price, aim for value addition

Price competition is tough on the price-aggressive market for mass-produced sports footwear. There are several factors that help reduce your cost price: the aforementioned free trade agreements between your country and Europe; simpler designs; new machines and technologies; selective sourcing.

You may not always be able to outperform your competitors on price. A more effective way of strengthening your competitive position is to add value to products and services in a way that will attract buyers, for example in quality, design, delivery speed, use of colours and model variations and much more.

For an overview of the main competitive factors you will face in this and other segments, see [our study on competition in the European footwear market](#).

6. Through which channels can you get mass market sports footwear onto the European market?

Low-end retailers are the biggest channel for this segment

Generally speaking, low-end footwear, including mass market sports footwear, is sold primarily in high volumes on the European market. [Deichmann](#), Europe's largest shoe retailer, and [Scapino](#), a Dutch chain that sells low-cost sports-oriented footwear and apparel, are good examples of typical mass-market retailers in this segment.

Non-footwear retailers are growing

There are other channels leading into this segment as well. Non-footwear outlets offering cheap footwear, such as supermarkets, fuel stations and Do-It-Yourself chains, are a growing channel. The advantage of doing business in this channel is that it offers quick wins while requirements are low. A disadvantage is that it does not offer much continuity.

If you wish to obtain more insight in the market channels and segments in European footwear, see [our study on market channels and segments in European footwear](#).



Sports shoes sold in supermarkets

7. What are the end market prices for mass market sports footwear on the European market?

Pricing in mass market sports footwear can be divided into several categories:

Price range	Type of product
€0 to €10	Usually simple footwear with few details, sold by retailers in large crates or at the cash register. Examples: slippers and toe slippers.
€10 to €20	Typically sports, casual or fashion shoes made of synthetic materials.
€20 to €30	This is the middle range in this segment.
€30 to €40	Slightly more luxurious footwear, including cheap editions of brand footwear, casual shoes with minor details in leather or more developed fashion footwear.

Detailed price breakdowns can vary a lot, even within a single segment, because of the many variables there are to take into account. For example, a product from Bangladesh will not face import duties in Europe, whereas the same product from China will. Or you may add a costly box to your footwear, creating more shipping volume, or send it in a plastic bag. Roughly speaking, the following cost factors apply:

Raw material	59.5%
Labour costs	24%
Packaging	8.0%
Shipping	3.5%
Import & processing	15%

The margin in retail will vary from around 150 to 300%.

Newcomers are gaining ground with very low margins

An important competitive factor is the margin calculation used by suppliers in this segment. While traditional footwear retailers will apply margins of at least 2.5 times higher than cost price, some newcomers on the footwear market will easily settle for a 1.0 margin. [Primark](#) is a typical example of a business succeeding with this low-margin, high-volume pricing model. Supermarkets and retail chains like [Action](#) are doing the same.

Please review our [market information disclaimer](#).