

## Which trends present opportunities on the European footwear market?

Europe's economy is slowly picking up, with moderate growth expected for the footwear market. E-commerce calls for quicker service and more digital (and visual) data from you as a supplier. Growing social and environmental awareness is influencing market requirements and free trade negotiations. Technological innovations, such as wearable tech and three-dimensional (3D) printing, will influence shapes and styles and increase speed. Health consciousness is pushing sports footwear sales and innovation.

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## 1. 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. [European Commission forecasts](#) suggest a modest growth of around 2% in 2016 and 2017. The biggest growth in 2017 is forecast for the edges of Europe, with Romania (+3.7%), Ireland (+3.7%), Poland (+3.6%), Spain (+3.5%) and Slovakia (+3.3%) topping the charts.

The recovery is positively affecting the footwear market. According to [a study by Transparency Market Research](#), the European footwear market will show a moderate compound annual growth rate of 1.5% between 2015 and 2021. Major drivers are the growth of eco fashion footwear, changing lifestyles – for example more health-consciousness and exercise – and increased e-commerce.

While buyers remain cautious and price-conscious, they are eager to tap into growth opportunities and many of them will be looking for new suppliers, especially in lower-cost countries.

### Tip:

Economic growth usually makes buyers more eager to try out new things. They may explore new sourcing countries, new qualities, innovative products or concepts or new designs. Use this opportunity to contact new prospects and make new proposals – bearing in mind that the market is still highly competitive and margins are tight.

## 2. Terrorist threats cause temporary pressure on sourcing to Turkey

Garment exports from Turkey to Europe and elsewhere suffered slightly in the first half of 2016 due to terrorist attacks and a coup. Turkish government and sector representatives passed the slowdown off as a temporary dip. It does illustrate how terrorism can make consumers and buyers feel unsafe. Travel has suffered following attacks in France, Belgium, Germany and Turkey. Some European companies have stopped sending staff to countries perceived as 'high-risk', such as Turkey or Bangladesh.

The threat of terrorism can also affect transport. For example, import inspections are stricter, especially for products and containers coming from countries associated with terrorism. Road transport within Europe may also suffer delays because of more rigid inspections.

For footwear suppliers from developing countries, the presence of terrorist threats in Europe creates both opportunities and threats. Buyers may want to avoid countries - or transport routes - associated with (Islamic) extremism. On the other hand, the instability of Turkey - or a decrease in its supply capacity - may cause some of them to look for alternative sourcing destinations.

### Tip:

Realise that European buyers are wary of countries associated with (Islamic) extremism. Be clear about the safety of your operations. When asked, be open to sharing your political views.

## 3. Brexit may affect your shipments to the United Kingdom

**Brexit**, or the exit of the United Kingdom from the European Union, has caused a lot of consternation in Europe's political and corporate world. It is not yet directly influencing trade, but you can expect changes as trade agreements between the United Kingdom and other countries inside and outside of Europe are renegotiated.

For example, imports into Europe from the United Kingdom will face stricter regulations. This will be a challenge to footwear players who currently distribute to their stores throughout Europe from the United Kingdom. Another factor to take into account is that the exchange rate of the British pound and the euro may strongly affect the behaviour of United Kingdom-based buyers.

The effects of Brexit on you as a supplier in a developing country will be greatest if you do a lot of direct business with British footwear players. Your trade with other European companies may also be influenced, for instance if they depend on the United Kingdom for shipping.

### Tips:

If you do a lot of business with British players, make sure you stay in close contact with them so that you will know how Brexit is affecting them - and what you can do to respond. For example, if the British pound drops, they may struggle to keep up imports and will be looking for lower prices or higher value for money.

If you sell to firms who distribute throughout Europe from the United Kingdom, consider offering dual shipments: send the products destined for the British market to the United Kingdom and the rest to an alternative European hub. This means drawing up separate documents for both kinds of shipments as well.

## 4. E-commerce is forcing players to change their game

European consumers increasingly buy their footwear online. Sellers can be big and small brands, multi-brand web shops, retailers and apparel chains. 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, according to [an Ecommerce News Europe report](#). Almost every footwear brand has a web shop or uses existing online sales channels. Some retailers are struggling to keep up with e-commerce and are losing traffic to their physical shops.

## 5. Social media are shaking up the market

Like e-commerce, the growth of social media is also shaking up the market. Many footwear brands have stepped up their social media activity. For example, media reports say [Adidas is taking over the sneaker world through social media](#). [TOMS](#) is another brand with a strong (social) media presence.

Facebook is a leading social media platform in footwear. For example, [Nike Football has over 42 million Facebook followers](#) and [Converse over 37 million](#) – placing the two among the world's top eight brands on Facebook. Youtube, of course, is also a hot spot for consumers, trend watchers and brands. Brands like [Steve Madden](#), [Crocs](#), and [Sam Edelman](#) are using Instagram and other social media to give followers direct access to their ad campaign shoots, fashion shows and front rows.

The growth of e-commerce does not mean Europe will no longer have offline footwear shops. E-commerce cannot survive on its own: companies that combine e-commerce and online activities with offline commerce will be the most successful.

The growing use of the Internet, e-commerce and social media also offers you opportunities as a small to medium-sized exporter based in a developing country. It may be too early to open up your own web shop in order to sell directly to European consumers, but you can certainly use the Internet and social media to your advantage.

### Tips:

Start by looking at what is happening on the market. Industry leaders have well-designed, highly functional mobile sites that integrate seamlessly with social media and other channels. Check the Internet and the social media discussed above to see examples of how it all works. For example, look at this [social media overview](#) to find out what there is and how to use it.

Look for ideas and inspiration on the Internet, and for tips on learning how to use social media to help your business grow.

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

Brands want a consistent, clear image across the different media they use. You can serve your buyers better by talking to them about, and understanding, their needs and wishes. For example, find out whether your buyer needs different kinds of packaging and logistics solutions for e-commerce, or photos and videos for social media.

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.

See this online [study on SMEs and social media](#) to learn how small and medium-sized companies can use social media.

## 6. Sustainability and corporate social responsibility are gaining ground

Sustainability and corporate social responsibility are major concerns to many non-governmental organisations in Europe – and therefore also to consumers and buyers. Reducing the use of hazardous chemicals and improving labour conditions are key issues. Other concerns range from animal welfare, waste management and traceability to child labour and fair wages.

As a result of this trend, European buyers will increasingly be looking for innovative sustainable footwear solutions, for example environmental-friendly materials and production methods. They will also be keen to find suppliers who have a strong social and environmental record.

One effect of this trend is that some Europeans prefer footwear produced in Europe to non-European products. They feel the social performance of European manufacturers is easier to monitor than that of producers in faraway countries. This means that as a supplier you have to offer clear evidence of your performance if you want to convince buyers to work with you.

### Tips:

As an exporter, you cannot afford to ignore corporate social responsibility (CSR). Child labour, unsafe management of chemicals and unhealthy labour conditions, not to mention factory accidents, can easily cause a media scandal that may put you out of business. Be open with your buyers about the challenges you face regarding social conditions in your company. Improving your performance is also in their interest.

Rather than seeing corporate social responsibility as a threat, look into the potential to tap into this trend by making your social performance a distinguishing quality. One great example is the footwear brand [TOMS](#). This company promises that for every product it sells, another product will be donated to a person in need.

Read up on the [Dutch Agreement on a Sustainable Garment and Textile Sector](#) to get an idea of where the market is headed. It is expected that this covenant will soon set the trend for the rest of Europe both in fashion and in footwear. It was signed by the Dutch government and a broad coalition of branch organisations, trade unions, non-governmental organisations such as [Solidaridad](#), and 57 textile brands and retailers.

Talk to your buyers about challenges and ambitions you share in following this trend. Discuss areas in which you can adapt to new market requirements in order to get ahead of the competition.

See our study on [Buyer Requirements on the European footwear market](#). It offers information and tips on topics ranging from [REACH legislation on chemicals](#) to the [Detox campaign toxic-free future](#), a recent Greenpeace initiative, and the [Accord on Fire and Building Safety in Bangladesh](#), which deals with building safety.

## 7. Eco footwear is a small, but exciting growth market

The push for more sustainability and corporate social responsibility is fuelling the eco fashion niche. Eco-friendly shops are growing in numbers. Eco shoes, once considered eccentric, are now quite fashionable, especially in the north and west of Europe. Eco footwear is all about 'clean', responsible materials and production methods.

This niche can involve recycled leather, organic cotton, chemical-free production, clean leather tanneries and more. Eco footwear might be made of upholstered leather from cars, trains or subways, or natural products, such as canvas, hemp or rope. Some brands have soles made of recycled tyres, cork or wood. Examples: [El Naturalista](#), [Terra Plana](#), [Eco Vegan shoes](#), [Planet Shoes](#), [Ecouterre](#). [Alibaba's used shoes](#) are also a good example.

### Tips:

If you use – or if you could use – materials or production methods that are environment-friendly, do so. The eco trend is hot in footwear and embracing your eco potential could get you a firm position in a growing niche with good margins.

Talk to buyers and visit trade fairs to explore the many possibilities for trading up towards the eco footwear niche. There are more possibilities than you think.

Consider using natural materials, such as cork or organic cotton. Even if you only use these materials for parts of your shoes, you may have a concept that will sell – and an ecological competitive edge.

Waste management is another important area in the eco niche. How do you manage waste? Can you re-use your wastewater? What about leather shavings? All of these aspects represent potential buying arguments for your European customers and may make the difference between you and the next supplier.

Another eco issue is packaging. Consider using boxes or bags that can be recycled or re-purposed, for example.

## 8. Favourable trade agreements can heavily influence your pricing

Politicians are as concerned about environmental and social issues as consumers are. Import duties are a common means for European politicians either to restrict or to encourage imports from certain countries, often on the basis of their political, social and environmental performance. This is how Europe's [Generalised Scheme of Preferences \(GSP\)](#) has caused some shifts in global supply chains. Effective since 2014, this scheme allows some developing countries to pay less or no duties on exports to Europe.

The GSP countries that in the past did not have to pay import tariffs in Europe – such as China, Morocco and Tunisia – no longer have that advantage under the new scheme. This has improved the competitive position of countries still 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 with 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, as any changes may have a significant impact on your competitive position.

Always keep in touch with European market access requirements. For additional information about requirements that apply to footwear, see our study on [Buyer Requirements on the European footwear](#)

market.

## 9. 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.

Both individual machines and entire production lines are constantly being fine-tuned, improved and renewed in footwear. Technology is progressing in several areas:

- fabrics technology (sustainability, durability, weather-resistance)
- technology aimed at cost-price reduction
- technology based on alternative materials

### Tips:

Stay informed about technological developments in footwear production. You may not have to follow every improvement and innovation, depending on your strategy and market, but keeping informed about relevant developments is vital to understanding where you can contribute.

There are several effective ways to stay tuned for technological and other market developments:

Attend major trade fairs, such as [MICAM](#), which is held each February in Milan, Italy

Keep in touch with material manufacturers with large research & development facilities

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.

## 10. 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 music and entertainment brands embracing footwear production.

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. Footwear is an ideal carrier for many new applications and gadgets.

The footwear market, particularly the sports, casual and outdoors segments, is also keen on new, high-tech materials. For example, new waterproof and breathable materials are in high demand, as well as materials with cooling properties.

### Tips:

Find out about high-tech developments, especially in the area of health, sports and fitness, and how

they are spilling over into the apparel and footwear industries. You may be able to facilitate a technology crossover yourself. Here are some [examples of high-tech footwear](#).

3D printing, until now, has proven itself suitable only for small accessories and low volumes. If you do accessories or basic shoes in low volumes, look into the possibilities of adopting 3D technology in your own business. Otherwise, it is sufficient to just keep track of developments.

Tap into the trend towards combining footwear with technological gadgets (to get some ideas, read this [article on trending footwear gadgets](#)). If you do, be aware that including gadgets in your products will require additional quality assurance, as you are adding materials and devices that are subject to safety and quality requirements conventional footwear does not face. Not every manufacturer can meet these standards, so it is important that you offer customers proof by providing samples.

If you have the capacity to integrate gadgets or room for gadgets in your footwear, make sure buyers know about this and make sure that you are in touch with the right target groups, such as kids and teenagers, athletes, or the elderly.

Be creative in looking for possibilities to include new technologies. Look for a software company near you that you could partner with to produce a new high-tech shoe.

Accessing new high-tech materials is primarily a matter of sourcing. As mentioned above, you have to get in touch with fabric manufacturers who have sufficient R&D capacity to keep turning out new materials. Share your findings with customers and prospective buyers.

## 11. 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. With today's camera and software technology, consumers looking for products on the Internet can watch the actual production process, or personalise products on brand websites. [Vans Custom Shoes](#) and [iShoes by iTailor](#) are among many examples in this area.

### Tip:

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.

## 12. 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.

Seniors may be underserved in the footwear market, as few prominent brands currently address this group of consumers. If you want to serve this segment, you have to understand the lifestyle of today's seniors in Europe. For instance, many seniors continue to work. They also tend to have a more physically active lifestyle than their predecessors, and are spending more on travel and tourism.

## Tips:

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

Consider creating product lines and collections that cater specifically to seniors, for example in footwear for work, leisure, sports and outdoor activities.

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.

For more information and ideas, see our studies about [specific footwear products](#), for example the study on [specialty footwear](#).

A lot of younger-generation entrepreneurs in Asia and other developing countries are starting up factories on a higher CSR level than was common. These young entrepreneurs are often well-educated and well-travelled – many have studied in North America or Europe – and have returned to their native countries with a keen understanding of global markets and a drive to make a difference.



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