

## Retailers scale up ops to get foothold

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MUMBAI: Lured by rising consumer demand and a huge untapped market, organised shoemakers and retailers such as Metro Shoes, **Catwalk** and Reliance Footprint are scaling up their presence to get a foot in the Rs 11,900 crore retail shoe market in the country.

Reliance Footprint, part of Reliance Retail, plans to spend Rs 400 crore to add 100 outlets across the country in two years to sell branded footwear such as Gel-Kayano of Asics, Adidas and Hush Puppies in its stores.

“The premium segment is growing at the rate of 15%, hence there is tremendous opportunity for anyone,” said Gopalkrishnan Sankar, CEO of Reliance Footprint, which sells mid to high-end products.

The Mukesh Ambani firm, which now runs 16 outlets, recently tied up with premium global brands such as Timberland of the US and Pavers of the UK has planned to scale up till 100 outlets. With the country’s economy continuing to flourish despite the global downturn and population growing younger, richer and more aspirational than ever, India has become one of the most lucrative markets for footwear players.

“India is big opportunity for retail shoe business as well as premium shoe brands. This segment grew by 12% last year, which was an abnormal year due to the global financial crisis.

The segment has potential to grow faster,” says Pinakiranjan Mishra, partner, risk advisory services, at Ernst & Young. The footwear market has largely been an unorganised one with dominance of local players. A recent report by HDFC Securities pegs the industry size at Rs 11,900 crore and an annual growth rate of 12%.

The combined business of the organised players is estimated to be around Rs 4,100 crore. Till recently, only Kolhapur’s hard and flatsoled chappals and soft camel skin mojris from Jaisalmer were considered integral part of common wardrobe accessories. But now, with the emergence of modern retail formats, consumers are aspiring for premium brands.

Premium women’s shoe brand ‘Catwalk’, which has 126 outlets across 26 cities, is planning to add one outlet a week till March 2011. Asif Merchant, MD, of Catwalk Worldwide says, “When consumer spends something on the name of luxury, they should get similar kind of shopping experience with that purchase. We are very conscious about this and hence, we have worked on creating an ambience, music and feel as you would get at any international high-end shoe brand store.”

Catwalk’s topline grew by 33% last year to Rs 52 crore. During next fiscal year, we are looking for 100% growth. There is demand for the value-for-money product too. Mumbai-based footwear and accessories chain Metro Shoes plans to open 200 stores mostly in tier II and III cities over the next three years.

These shops will be under a new semi-premium shoe chain, MSL, or More Shoe for Less, says Rafique Malik, MD of Metro Shoes. “Our brand will cater to those who are aware about latest trends but

reluctant to pay through their nose.” Metro Shoes recently acquired a majority stake in Mumbai-based Shoe Company Millennium for an undisclosed amount to grab brands such as ‘Lemon’, ‘Pepper’, ‘i-walk’ and ‘Haute Curry’. Meanwhile, established chains such as Bata India, the country’s oldest shoe maker and largest retailer, and Delhi-based Liberty Shoes are tying their straps to take on increased competition in the marketplace.

Bata, which has more than 1,200 Bata Shoe Stores and 20,000 plus independent shoe dealers across 400 cities and towns, is focusing on large format stores to cater to stock footwear and other accessories for all categories of customers. The Rs 270-crore Liberty Shoes, which is currently operating 400 stores, plans to add 50 stores in the next one year to retain its market share. “There is opportunity for new entrants, provided they have value for money and innovation in their brands,” says a senior official of the company requesting anonymity as he/she is not authorized to speak to the media.

The industry is witnessing the entry of a number of international brands such as Skechers, Pavers, Gel Kayano, Marc Ecko, Crocks and Staccato, either through joint ventures or on their own. UK shoe retailer Clarks is setting up a joint venture with Kishore Biyani-led Future Group, while US-based lifestyle footwear and apparel maker Skechers has tied up with Winner Sports, a wholly-owned subsidiary of Biyani’s Pantaloon Retail, to licence and distribute its products in India.

The competition is getting stronger, but then there’s huge potential as well. In a country like India, where general foot size varies from region-to-region, companies have to invest heavily on supply, design and consumer research, people associated with the business say. But then, the shoe business fetches high margins and the Indian market is booming.