Group Project Summary
Fashion Industry
(Shoes Category)

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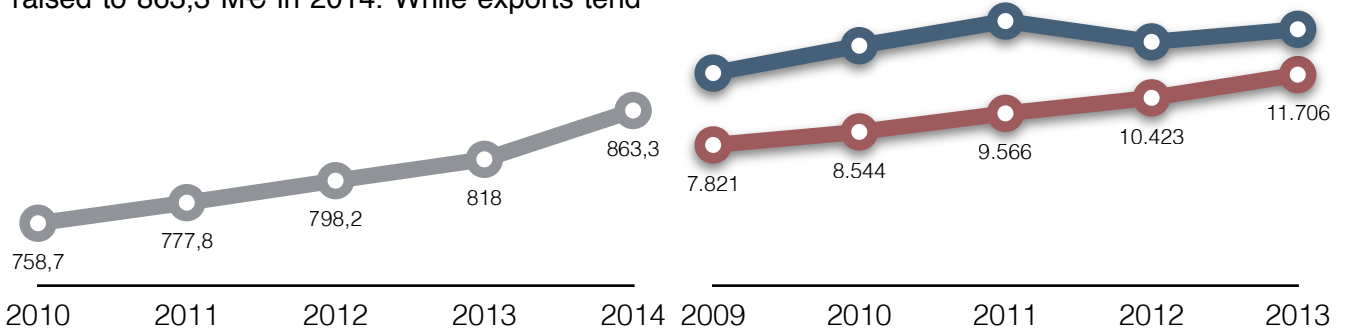
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1. Industry analysis

Market

Definition

Multibillion-dollar global enterprise devoted to the business of making and selling clothes. Some observers distinguish between the fashion industry (which makes "high fashion") and the apparel industry (which makes ordinary clothes or "mass fashion"), but by the 1970s the boundaries between them had blurred. Fashion is best defined simply as the style or styles of clothing and accessories worn at any given time by groups of people.[1]

Categories

- Textile
- Dressmaking / Manufacturing
- Shoes
- Leather

Size (Global)[2]

Global apparel retail industry value forecast raised to 863,3 M€ in 2014. While exports tend

	2010	2011	2012	2013	2014
	758,7	777,8	798,2	818	863,3

Global apparel retail industry value forecast (M€)

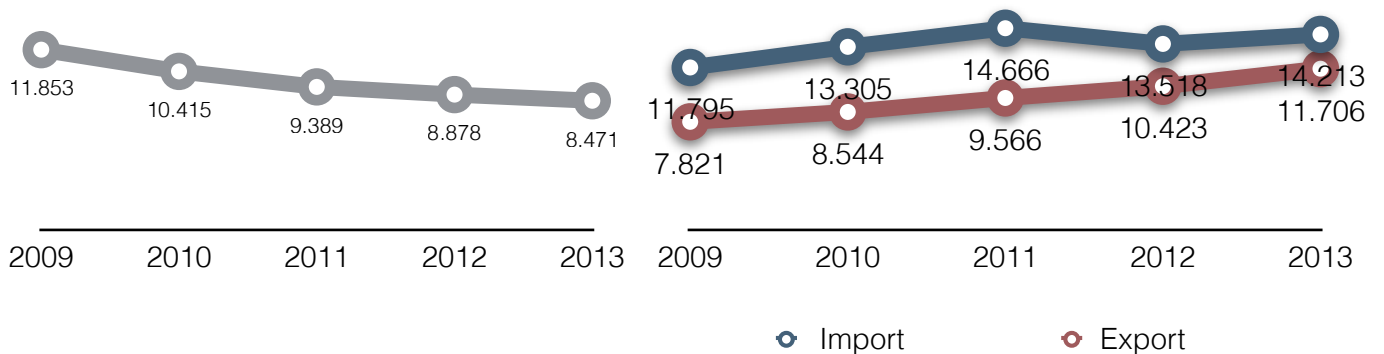|	2009	2010	2011	2012	2013
Exports (M€)	7.821	8.544	9.566	10.423	11.706

● Imports (M€)   ● Exports (M€)

to increase every year Imports have stabilized in 14.213 M€. This may be explained by one of the new trends on society: high rotation on fashion products.

[1] http://global.britannica.com/EBchecked/topic/1706624/fashion-industry

[2] http://www.companiesandmarkets.com/MarketInsight/Textiles-and-Clothing/Global-Apparel-Industry/NI7468

Size (Spain)[3]

	2009	2010	2011	2012	2013
Size	11.853	10.415	9.389	8.878	8.471
Import	11.795	13.305	14.666	13.518	14.213
Export	7.821	8.544	9.566	10.423	11.706

● Import   ● Export

As we can see the crisis lowered the market size in Spain, however numbers are showing now stabilization and a little growing, probably, thanks to e-commerce and a increased consumer purchasing power. On the other hand, Spain exports tends to continue growing, main countries are France, Portugal and Italy. Main Suppliers in Spain are China, Turkey and Bangladesh.

Growth trends

E-comerce[4]

58% of Spanish population are active users on internet between the ages of 18 to 55. 85% of them has bought something on internet, at least one time in the last year and top online categories for buying are culture, fashion & technology.

Competitors (Natinonal)

The main Spanish market players are Inditex (witch is also a huge player in global market, next to H&M), Mango & Cortefiel. For the shoes category competitors will be analyzed on the specific information on page 7.
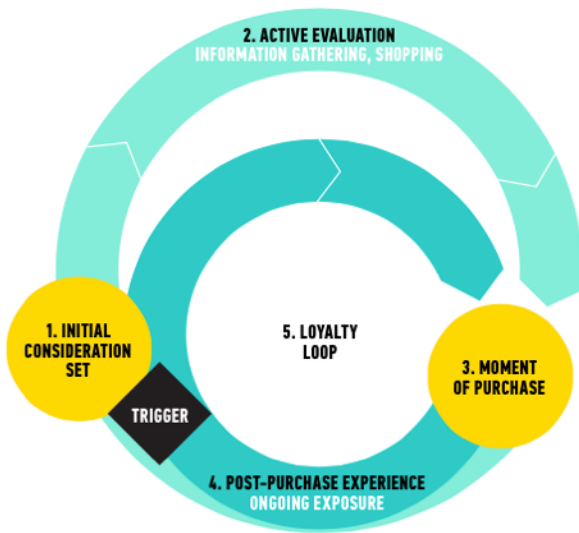
Consumer[5]

Consumers lineal & funnel-shaped model is outmoded. Brands were forced to cast a wide net, spending their advertising dollars to reach the largest number of consumers possible—a costly and inefficient approach. Meanwhile, the customer was also limited, with a relatively narrow stream of information about the product choices available to him and the pesky requirement that any purchases had to be made while physically inside a store during operating hours. Digital revolution have change it all, also the funnel model.

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[3] CITYC 2013

[4] http://tcanalysis.com/blog/posts/el-comprador-online-espanol-en-2012

[5] generalassemb.ly/enterprise. - The consumer decision journey in the digital age.

Consumer decision journey[6]

1. The consumer considers an initial set of brands, based on brand perceptions and exposure to recent points.

2. Consumers add or subtract brands as they evaluate what they want.

3. Ultimately, the consumer selects brands at the moment of purchase.

4. After purchasing a product or service, the consumer builds expectations based on experience to inform the next decision journey.

5. Ongoing engagement and positive brand experiences trigger repeat purchases and revenue

In this environment brand loyalty becomes key for repeat revenue

Trends[7]

Holistic approach to the costumer, Savvy decision-makers know that a traditional, wide-net, one-size-fits-all campaign is often no longer sufficient.

Dependence on online reviews & recommendations, social media has made it easier, costumers can easily share their opinions.

Desire for additional brand content, more information about the product is just a starting point—the bare minimum. Keeping consumers engaged now leads companies to offer content as diverse and wide ranging as viral videos, iPhone games, interactive Twitter contests and behind-the-scenes Instagram feeds.

Constant conection via mobile, The ubiquity of smartphones and the rise of always-on, lightning-fast data connections means that marketers are no longer limited by time or location when it comes to reaching potential customers.

Expectation of ongoing dialogue in costumer relationships, no more one direction messages from the brand.

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[6] generalassemb.ly/enterprise. CDJ in the digital age

[7] generalassemb.ly/enterprise. CDJ in the digital age

PESTEL

Political — Many different platforms are against the iconic image of woman in fashion.

Economic — New opportunities on e-commerce

Social — Digital age changes allow people to share opinions and content easily & make decisions

Technological — Technology is being integrated in new accessories

Environmental — Fashion industry uses lot of water and chemical products.
"Eco-fashion" is becoming the first alternative for concerned consumers on sales and are made with natural or recycled fibers,

Legal — Law protect only the brand (label) not the clothes' design

2. Category Analysis (Spain)

IMPORT	Enero-diciembre		
	2013 €	13/12 %	2013 % s/ total
Comunidad Valenciana	629.700.957	-6,62%	30,42%
Cataluña	566.441.832	7,89%	27,37%
Madrid	373.979.931	9,82%	18,07%
Aragón	121.822.581	12,08%	5,89%
Andalucía	62.999.576	-23,65%	3,04%
La Rioja	42.716.804	5,32%	2,06%
Galicia	40.930.019	-8,42%	1,98%
País Vasco	37.650.929	-16,10%	1,82%
Región de Murcia	34.638.457	1,25%	1,67%
Castilla-La Mancha	34.553.036	-6,73%	1,67%
Resto	124.413.282	3,87%	6,01%
TOTAL....	2.069.847.402	0,85%	100,00%

EXPORT	Enero-diciembre		
	2013 €	13/12 %	2013 % s/ total
Comunidad Valenciana	1.033.130.544	8,49%	45,71%
Galicia	299.406.547	6,61%	13,25%
Cataluña	247.242.836	17,95%	10,94%
La Rioja	168.005.263	5,89%	7,43%
Castilla-La Mancha	130.145.484	7,46%	5,76%
Islas Baleares	114.619.174	-4,30%	5,07%
Madrid	94.849.214	177,19%	4,20%
Región de Murcia	71.046.416	6,00%	3,14%
Aragón	52.245.630	-6,68%	2,31%
Andalucía	23.033.571	25,37%	1,02%
Resto	26.636.976	-13,01%	1,18%
TOTAL....	2.260.361.655	10,34%	100,00%

Market[8]

In 2013, Spanish footwear exports reached a record value of 2.260 million euros, a 10,34% growth from 2012. Exported quantities decreased 0.9% and now reach 139 million pairs, which resulted in an average price of 16.34 euros.

Spain's openness to foreign markets continues to be the dominant tendency in this export-oriented sector.

A distinctive feature of most Spanish businesses is their high degree of globalization, as shown by the diversity of their export markets (more than 80 countries), and their active involvement in major trade shows and international events. Almost 200 Spanish brands regularly present collections for the coming season at the prestigious MICAM show, held twice a year in Milan.

Growth Trends

The Spanish Footwear Association highlights innovation as the key element to guarantee Spanish products continue to be competitive in the future. "The challenges and priorities facing the sector in the coming years are to remain competitive in the segments of medium-high and high consumption through technological innovation as the basis for improving globally product quality and enhance even more strongly the 'made in Spain' brand in international markets".

Recent trends in Spain

Despite only going on your feet, footwear has evolved tremendously over the years to provide consumers with not only function, but aesthetic appeal as well. Whether it's on the runway or on store shelves, shoes have become more than just an ordinary wardrobe accessory. From high-tech footwear trends to DIY alternatives and futuristic designs, Trend Hunter's shoes category is here to showcase how traditional fashion accessories are evolving.

Jose Sanchís Busquier, Presidente of FICE (Fereración de Industrias del Calzado Español – Spanish Footwear Association), considers the overall balance for 2013 very positive. "We have managed to maintain the production level of 92 million pairs, similar to 2012. We have also improved the level of employment in our sector, with an increase of almost 5%. These two factors have meant that there has been no close-down of footwear companies. Regarding commercial transactions, the most important has been the slight recovery in consumption in Spain which has affected our brands very positively. In the export field, the "true engine" of our industry, I have to emphasize my satisfaction that in 2013 we have fulfilled our most priority objective, continuing to

[8] Federación de Industrias del Calzado Español (FICE)

improve our position in the 150 countries in which the Spanish footwear has permanently established."

Competitors(Corporate)[9]

COMPETITOR	OWNED BRANDS	TURNOVER	STORES
DEICHMANN (Germany)	Reebok licence, Adidas, Hello Kitty, Cars, Disney, Kappa	3.930 M€	2.939
BELLE INTERNATIONAL (Hong Kong)	Belle, Teenmix, Tata, Senda, Mirabell	3.675 M€	15.112 (Own and multibrand)
CLARKS (United Kingdom)	Clarks, Clarks Originals, Kshoe, Mary& Clarks…	1.747 M€	452
COLUMBIA (U.S.)	Columbia	1.359 M€	6 owned stores
SKECHERS (U.S.)	Skechers	1.288 M€	650
DECKERS (U.S.)	UGG, Teva, Sanuk, Mozo, Aknu, Tsubo…	1.105 M€	46
WOLVERINE WORLDWIDE (U.S.)	Sebago, Wolverine, Patagonia…	1001 M€	88
WORTMANN (Germany)	Tamaris, Marco Tozzi, Caprice, Jana…	957,7 M€	15.000 Multibrand stores
WEYCO (U.S.)	Florsheim, Nunn Bush, Stacy Addams…	217 M€	
BATA (Switzerland)	Bata, Hush puppies, pata pata, Power…	-	5000 non specified

DEICHMANN

Two generations and almost a century later, the company has developed into Europe's market leader. Deichmann is currently active in 24 countries with about 3,600 local shops and employs approximately 36,150 people. Now as always, Deichmann is a family business that believes in growing through its own resources. Stock issues and bank loans are out of the question for Deichmann.

Deichmann owner felt responsible for the basic task of supplying the population with good, inexpensive shoes. This is still one of the company's goals. In 1974, he opened the 100th shop, in Würzburg. At almost the same time, the company went international: In Switzerland, Deichmann acquired the tradition-rich Dosenbach shoe chain. Soon thereafter, Dr. Heinz-Horst Deichmann became active in a completely different realm. In India, he started the Christian aid project wortundtat ("word and deed"), whose initial main activity was caring for those suffering from leprosy.

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[9] moda.es

BELLE International[10]

The chinese company is the main shoes distributor group in their country. The group has a few brands and also licenses for distributing shoes from Clarks or Hush Puppies. Belle International tracks the product from production to distribution. The company has 5 factories that produce 40M pairs per year. Six brands from this group where in the top 10 selling in Asia (Belle, Teenmix, Tata, Staccato, Basto y Senda).

SKECHERS

Skechers is an American shoe company headquartered in Manhattan Beach, California, founded by CEO Robert Greenberg and his son Michael in 1992. After Robert left LA Gear, which he had founded in 1983, the Greenbergs set up Skechers as a distributor for Doc Martens. Importing knock-off Doc Martens boots ended in a legal battle between Skechers and R. Griggs Group. Skechers' early products were utility-style boots and skate shoes; the company has since diversified to include thousands of athletic, casualand dress styles for men, women, and children.

The company offers two distinct footwear categories: a lifestyle division that includes the charity line BOBS and Relaxed Fit comfort shoes, and a performance division that includes Skechers GOrun and GOwalk footwear. Through licensing agreements, the company also offers branded apparel, bags, watches, eyewear and additional merchandise. Skechers has an extensive network of global distributors that sell its product in over 120 countries and territories, and nearly 900 SKECHERS stores around the world.

BATA

The company was founded in 1894 by three siblings with a small inheritance in the town of Zlin, Czechoslovakia on August 24, 1894. It was one of the world's first shoe "manufacturers"; a team of stitchers and shoemakers creating footwear not just for neighbours, but for distant retail merchants.

Less than 10 years later, Bata produced 2200 pairs per day, employing resourceful imaginations, skilled hands and modern machinery to keep up with demand. Innovative shoes styles were developed with new customer-sensitive ways to promote them. And despite the outbreak of the First World War, material shortages, manpower shortages, and cartels, sales increased to about two million pairs per year by 1917. The Bata legacy had just begun.

In Zlin, Bata built housing, schools and hospitals around the factory for its workers and their families- a design it would replicate in other parts of the world in years to come. Bata provided inexpensive rent and food during very difficult times, because founder Tomas Bata firmly believed business should serve the public.

WOLVERINE WORLDWIDE

This company has 130 years experience in shoes market. Lately the company has grown acquiring new brands. Now the group owns 16 different brands being distributed worldwide, 100 M pairs per year. U.S. is their main market, however, the group is opening new markets in South America an Asia. The company has a multi-brand strategy and wants to increase retail (now it's 10% from total turnover)
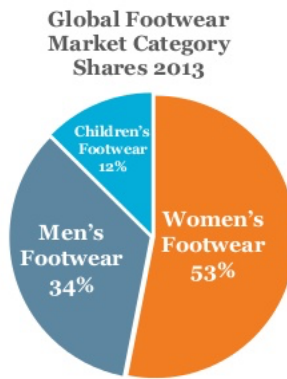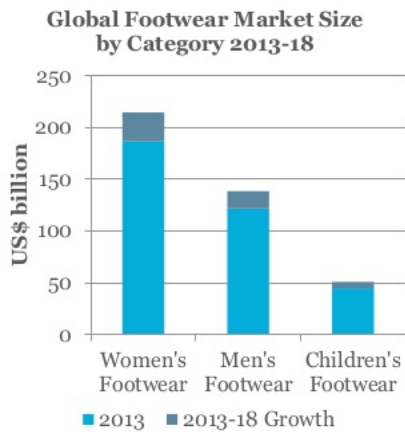
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[10] moda.es

Competitors (Brands)

History
Market Shares
Growth trends
Individual Brand analysis of Key brands
    Visual Identity
    Brand Touch-points
    Current Communication Strategy
    Media Strategy
    Examples
    Value/s transmitted (Essence)
    Reputation

Consumer (Specific)

Global Footwear Market Size by Category 2013-18

Global Footwear Market Category Shares 2013

- Children's Footwear 12%
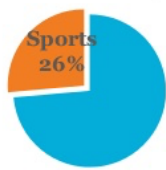- Women's Footwear 53%
- Men's Footwear 34%

As we see, Women's Footwear, in U.S. represents 53% of the sales. Women are key part consumers in the industry.

Going deep in that information, sports represents 26% from total footwear Market in 2013. We can differentiate purchases:

1. Sport- Inspired: Fashion trend, not used to perform sport activities.

2. Performance: Used for actually doing exercise
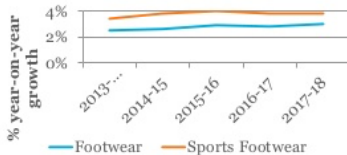
3. Outdoor: Shoes for outdoor activities

Global Footwear Market 2013

- Sports 26%

Europe: Sports Footwear Market 2013

- Sports-inspired 41%
- Performance 44%
- Outdoor 15%
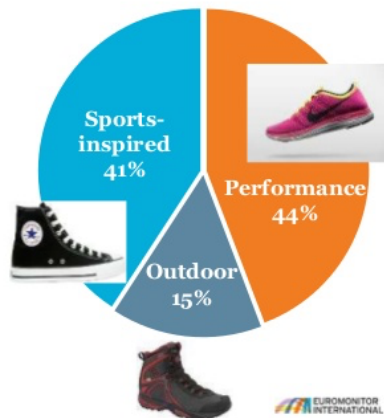
Sports Footwear Forecast Growth

Footwear — Sports Footwear

© Euromonitor International

Segmentation[11]

In order to make an approach trough segmentation, we found DSW's (Footwear company) behavioral segmentation. It could be useful to know who buys shoes and why.

Multi-category
"She buys from every category we have, so we know she likes accessories, she likes shoes, she likes scarves, she likes everything we sell. We want to expand her wallet [by sending promotions for every type of item]. We want that wallet to grow year over year."

Loves the classics
"This customer is interesting, and we get one of the highest margin rates from her. She likes higher-end shoes, doesn't like mark-down codes, which is great. She likes to buy at regular price."

Fashion-focused
"This girl has W, InStyle, Cosmo, Vogue. She likes all the fashion looks. She likes the trend papers. Finding the fashion shoe in her size is very important. If we don't have her size, she goes to our competitors."

Classic deal-seekers
"The classic deal seeker goes right to the back in clearance. She searches for every one of her sizes. Everything we send her from a marketing perspective, she puts in her wallet. She loves anything that has a promotion associated with it."

Fashion on a budget
"The thing about her is she wants fashion but also a smoking hot deal. So in clearance in the back, we have 30, 40, and 70 percent off. She wants the stickers with 70 off. And if we have something with a yellow sticker with 80 off, she's there."

Man of the house
"The most profitable customer we have from a pure margin perspective. Price is not an issue with him. He pays more high prices for craftsmanship and quality. The other thing is that he loves are QR codes. Men hate to get something in the mail they have to tear off, so we put QR codes in the marketing so they can scan them. It's all about simplicity."

Online shoppers
"The thing about the online shopper is he's got his iPad, his mobile device. You can go into DSW and see 15 different styles of Converse. He's very hip, very trendy, and completely connected with people in his social network."

Shopping bag filler
"They don't come in very often, but when they do, they make it count. When these customers come in, they're not buying two pairs of shoes, they're buying seven or eight pairs."

Return trippers
"She buys five pairs of shoes and returns three. She loves our return policy. That's OK; that's what makes her attractive to us, and DSW attractive to her. The fact you can buy online and return in-store is appealing to her. Our competitor Zappos doesn't have a store to return to."

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[11] http://www.dmnews.com/shoes-for-everybody-dsws-behavioral-segmentation/article/265105/

Shoe fanatic

"This is our number one customer at DSW. Just a little trivia: the number one customer spent $56,232 on shoes in a year. That's how much the top customer spent. Do you think the store manager wants to know when that customer walks into our store? They do."

Consumer Decision Journey

Segmentation on sports footwear by behavior could include the "social runner" and the "Runner-Holic". For this two segmentations taking a decision would respond to different needs. In order to make an approach to their insights for taking decisions we made a laddering that allows us see it clearly.

"Social Runner"

Meeting new people and share their activities
    Follow a new trend
        Feel integrated - More focused on shoes apparel than perform

"Runner-Holic"

High quality products
    Motivation
        perfection - This profile must suit with a demanding person
            Demanding on price & quality.

Trends (sport-footwear)

KEY STYLES

- Training shoes (gym drills, studio sessions, high-intensity workouts)
- Running shoes
- Flex shoes, slip-ons, high-top slip-ons
- Wedge or bootie sneakers

DETAILS

- Flexible & stable materials for balanced movements
- Breathability support/lightweight traction
- Customizable footwear such as NikeiD, Adidas
- Attached tongue for easy access & to help cushion lace pressure
- Minimal sockliner molded to foot's curvature for added support and comfort

FABRIC

- Lunarlon sole
- Flatback or printed, color-blocked mesh
- Microfiber, nylon, lycra
- Tricot, phylon, supplex
- Leather piping and colored leather patches

COLOR

- Neutrals: Black, grey, white, cream
- Darks: Red tones
- Neons: Pink, lime, lemon
- Tiffany Blue (an Instagram favorite)