

Q&A

'Franco Leome brings in Playboy footwear'

There has been a lot of confusion about who the licensee is for the various product lines from Playboy. S&A talks to Fuzail Ahmed, the business development head at Franco Leome Shoes (P) Ltd., the company which has acquired the rights to distribute Playboy's line of footwear in the country.



Fuzail Ahmed

Hasn't Playboy footwear already been launched at the revamped Shoppers Stop store at Andheri?

Initially only flipflops were launched by another company which is the licensee of Playboy

apparel in India. But as Franco Leome Shoes Ltd. has taken the exclusive rights for Playboy footwear, the other company will phase out its footwear range and we will be the sole licensees of Playboy footwear in the country.

What are the rules that Franco Leome would go by while sub-licensing the rights to other companies?

Franco Leome will sell Playboy's footwear category through two channels majorly – large format retail stores such as Metro, Reliance, Shoppers Stop, Lifestyle, Central and Pantaloons. These chains normally work on either outright or SOR or Sale or Return business model. And secondly, the distribution network. This channel normally caters to multibrand outlets wherein we appoint a single distributor for each state.

By when would the Playboy product line be available on the shelves and in which cities.

What would the product portfolio comprise and at what price points?

The first collection of Playboy would be launched on September 10. This street fashion brand would introduce trendy flipflops, canvas and lifestyle shoes for teenage customers from all walks of life to make them feel classy, young and hip.

The flipflops and shoes would come in the Rs. 395-745 and Rs. 1295-3195 brackets respectively. Initially we are planning to launch in selected retail stores, majorly in metros.

What is the target turnover expected from Playboy?

The target for the next six months is Rs.10 crore.

Any plans to launch exclusive Playboy stores?

No. We don't have the rights as of now.

Are you considering to open exclusive stores for your own brand, Franco Leone?

Yes, we are planning to open few flagship stores

of Franco Leone. We need to have our exclusive retail chain where we can showcase our full range of brands. We have already appointed Headstrong Retail Solutions as our master franchisee, who will handle our retail operations and also help us in expanding the retail business.

Who are the people behind Franco Leome?

It was in the 70s that S.C. Bhambri initiated his footwear business with exports to Russia. However, as the USSR disintegrated, so did the bottom lines of exports. But his courage to survive coupled with enterprise, dedication, hard work and will power propelled him back into business by catering to the domestic market. In 1990s he was joined by his elder son, Vishal Bhambri, a leather technologist who later developed into a shoe perfectionist and his other sons Vikram and Vikrant who put their best foot forward in taking this company to new heights.

Incorporated in 1995, the Franco Leome Shoes (P) Ltd. has set high standards through brands for men such as Franco Leone, Ganuchi and Carlopini. Franco Leome Shoes has three sophisticated, state of the art manufacturing facilities, with one at Greater Noida, and two in Baddi in Himachal Pradesh. The three units together have a manufacturing capacity of 2500 pairs a day. The company plans to increase its production capability through expansion of its manufacturing facilities, targeting production of 5000 pairs a day. This addition would fuel the ever growing demand of the company's existing brands as well as fulfill our commitment to international buyers for exports.

Franco Leome has been able to build a vast distribution network covering every corner of the country with its brands being sold in over 800 stores, including some of the top large format stores such as Shoppers Stop, Lifestyle, Metro, Reliance, Central and Pantaloons.

Could you shed some light on the brands from Franco Leome Shoes?

Initially launched in 1978, and relaunched in 1999, Franco Leome offers Franco Leone Comfort, Club and Classic Formal collections which blend international designs, styles and fashion with Indian taste and aspirations. Franco Leone is ideal for trendy urban men who transit effortlessly from their work environment to a leisure setting. The classic formal offers clean, classic looks in genuine leather. The superior lining material used and the sturdy rubber sole reinforce its comfort factor. The



Playboy

perfect shoe for work and relaxation, it is available in black and brown colours. The Club line takes the form of that ever popular long pointed toe. Made from genuine leather, the shoe fits like a glove. The elasticised instep in the coat shoe reinforces the comfort factor. The ankle boot is the other offering in this range. The long pointed toe along with a raised heel gives it a smart look and is also available in black and brown shades. The Comfort line takes comfort to a new level with its roomy round toe, leather uppers and lightly padded lining and foot bed. Real comfort, great looks and contemporary design, in black and peccan colours, it is ideal for leisurely living.

Any plans to bring in any more brands?

At present we do not have any plans to add more brands to the Franco Leome kitty. We would rather concentrate and consolidate the existing brands. However, we are exploring the opportunity of making our presence felt in the European markets.

What is the Franco Leome target turnover for the current fiscal?

The target for the current fiscal is Rs. 75 crore.

- Richa Bansal

Woly now available at Lifestyle and Regal shoes

German shoe care and comfort brand Woly is expanding its presence in the domestic market rapidly. Premium retail brands like Lifestyle, Regal, INC 5 and Regal Rocia now retail Woly branded shoe care articles. Woly has a countrywide presence through leading shoe chains and premium outlets like Metro, Mochi, Studio M, Red Tape, Touristor, Khadim's, M&B, Shoe Tree, Shoppers Stop, Hyper City, Dimonte Retail, Ritu Wear's. Woly's extensive range of high quality shoe care articles are imported directly from Germany.

Currency fluctuations affect biz

The 10-15 per cent currency fluctuations in euro and pound sterling is taking a toll on leather exporters. With nearly 75 per cent of exports to Europe, the currency fluctuation is a worrisome factor for the industry, said the chairman of the Council for Leather Exports (CLE), Habib Hussain. He suggested that the situation could be better for the leather exporters if they focused on the mass consumers globally instead of limiting themselves to the mid and upper segments of the European markets alone.

The fifth edition of the footwear components, accessories and finished leather exhibition held at Ambur, (around 190 km from Chennai) on July 24-25, brought industry players under one roof to voice their concerns. This exhibition-cum-seminar held in the heartland of leather processing activity was chosen strategically. "Like the hoisery town Tirupur, we thought Ambur has a similar opportunity to develop. The Centre gave us a Rs. 42 crore grant for setting up a common effluent treatment plant (CETP) and Rs. 6 crore for the construction of the trade centre," said the chairman of the Farida Group, M. Rafeeqe Ahmed. The leather units, mainly involved in footwear making in the Ambur belt, export around Rs. 3,500 crore worth of goods.

TÜV SÜD lab for leather and footwear testing

TÜV SÜD South Asia, a leading provider of certification, testing, inspection and training services in South Asia, announced the inauguration of its testing laboratory for footwear and leather products in Ambur on July 24. This laboratory, located at the Ambur Trade Centre on M.C. Road, supports leather manufacturers and exporters in the region to meet international quality and safety requirements through faster delivery and cost efficiency. Equipped with state-of-the-art equipment and technology, it provides comprehensive testing capabilities ranging from physical testing, performance and quality testing, and regulatory testing in the leather and footwear sector.

In addition, businessmen in the region will also have access to the various inspection and certification services for quality, safety and social compliance. Facilities for conducting social compliance audits as well as training in BSCI, WRAP, SA 8000, Code-of-Conduct, and ETI as well as in REACH and CPSIA will now be made available from this facility. The newly introduced Footwear Mark for ensuring quality and safety is another value addition to be offered here.

Powered by German expertise, TÜV SÜD South Asia has been helping exporters in various leather clusters in India realise the existing norms and compliance standards through regular trainings.

New gen machinery from Harman

The Harman group is ready with new generation machinery for the footwear and leather industry. Some of these include:

FlashCut 222 The easiness to use, the limited dimensions and the possibility to import the shapes from any CAD system make FlashCut 222 suitable for any shoe and leather goods sample department and for small production batches.

FlashCut 888 Complete accessibility to the working surface, possibility to place materials even of large size, the back space for material support and the double working area to optimise productivity make FlashCut 888 the perfect solution for small and medium production batches.



FlashCut 888 M25 The compact but considerable working size, the two available configurations, the possibility to cut leather or manmade materials and the low selling price make FlashCut 888 M25 the right choice for shoes and leather goods industries to automate cutting process with a small investment.

FlashCut 888 L30 The wide working area together with the well known Atom cutting power make FlashCut 888 L30 the right cutting system for any material – perfect for suede leather and elastic fabrics as well as for the hard, heavy leather for soles.

Intelliview The friendly control software can quickly prepare on the intelliview station the best positioning of one or more shoe patterns on a batch of hides, to store it on a computer, ready to be cut on one or more dieless cutting systems. The high brightness projector assures the best visibility of the shapes to be positioned even on the most difficult hides, because of their colour or their shining surface. The high resolution camera assures a quick detection of the hide contour, the defect and quality area marking and passes the data necessary to optimise the material consumption to the efficacious and tested Atom nesting software.

Atul Ltd. acquires Polygrip

Atul Ltd., a Lalbhai group company has acquired Polygrip, the country's leading rubber and PU based adhesive brand. The Polymers division of Atul Ltd. that manufactures and markets epoxies, adhesives and sealants under the brand Lapox has bought Polygrip. This acquisition will give Atul Ltd. a ready access to rubber and PU based adhesives market in the country. Commenting on the acquisition, the president of Polymers, Atul Ltd., Rajesh Bhasin said, "Polygrip compliments the current Lapox range of adhesives and there will be no cannibalisation of any of our existing products. We will focus on strengthening the Polygrip brand in the industrial/institutional business by enhanced focus in the various market segments such as footwear, furniture, automobile, upholstery, ducting, carpet, luggage, OEMs and others by upgrading the product portfolio and introducing customised products for various industries. On the retail front we plan to focus on the hardware/foam retail markets which offer immense potential for growth for Polygrip."

Bata goes online

Disappointed that you could not find the right size or colour of sandals from your nearest Bata store? Grieve not for now you have the option of going online (<http://www.bata.in/>) to order for your very own style in the colour and size missing in the brick and mortar store. The footwear will be delivered to your doorstep within a stipulated timeframe. Shop floor personnel are also being trained to be able to guide consumers about stocks that could be bought from the site. Bata India today sells over 45 million pairs of footwear every year through over 1200 retail stores.

Puma India ties up with Adrenalin

Puma Sports India had signed up with Adrenalin eSystems Limited, the makers of India's most popular Human Capital Alignment.

The way forward for Puma India is rapid and aggressive expansion, to establish a formidable retail presence. This would entail hiring of the best available talent. Adrenalin would help Puma in this endeavour.

Accounts

New PR counsel for Raymond Weil

Ideas Exchange will represent Raymond Weil, the Swiss watchmaker, as its official public relations counsel across all key markets. Raymond Weil was one of the earliest international watch brands to be available in India. The company recently has set up a wholly-owned subsidiary – Raymond Weil India Distribution Pvt. Ltd.

Accolade

Global Tannery of the Year award

At the first-ever Tannery of the Year Awards ceremony, the Ethiopia Tannery Share Company from the Africa region was chosen as the global winner. Tanneries from Germany, the UK, Ethiopia, South Africa, China, India, Vietnam, Mexico and Argentina made it through to the final vote held in Hong Kong. Fifty tanneries were nominated for assessment by *World Leather*, the leading business and technical magazine.

The annual awards programme has been introduced to recognise best practice in terms of environmental stewardship, sustainability and social responsibility, as well as best corporate practice that includes labour policies and working with local communities. Tanners turn a potential waste product into a highly desirable material, the benefit of which is enjoyed by consumers.

The total value of leather sector including raw hides, finished leather and leather footwear, is estimated at \$54 billion, a figure only marginally less than the combined total value of meat, coffee, tea, rice, sugar, cotton and rubber production.

EU bans harmful organotin compounds

The European law has put forward certain restrictions on organotin compounds that are incorporated in various consumer goods. As per the new EU directive (2009/425/EC) the impositions are focused on the di- and tri-substituted organotin compounds that are most commonly used in manufacturing insoles of shoes, anti-microbial finishing in socks and

Shopping online on a high

A report by The Nielsen Company on global online shopping says that consumers in the Asia-Pacific are supposed to be the world's most active online shoppers. According to the report, 11 per cent of the monthly shopping expenditure is conducted online by a third of the population in this region. Thus 35 per cent of Asia-Pacific consumers direct 11 per cent to online spends, as compared to the 27 per cent global average. Only 13 per cent of Asia Pacific consumers may never experienced online shopping. Globally, it is 16 per cent.

This is good news for retailers who have a presence in the e-commerce space only. Also, 30 per cent of consumers seem to prefer the option to select different brands that are made available by any particular site. Saving time, providing 24/7 access to products and services and making shopping convenient for the new age consumer, are the key drivers of this boom. Also with social networking sites proliferating, Asia Pacific consumers prefer to read the online reviews and opinions before purchasing consumer electronics, cosmetics or even cars for that matter.

But on the flip side, the report hints that Asia Pacific consumers are also most likely to share a negative product experience online, with 49 per cent saying they are more likely to give a negative review than a positive experience. This tendency is highest among consumers in China (62 per cent), Vietnam (46per cent), Singapore and India (both 44 per cent).

Profits for LVMH

LVMH Moët Hennessey Louis Vuitton, the world's leading luxury products group, recorded revenue of €9.1 billion in the first half of 2010, an increase of 16 per cent. All business groups achieved double-digit organic revenue growth. The group performed particularly well in Asia, the US and Europe. Profit from recurring operations in the first half of 2010 increased by 33 per cent to €1816 million. Group share of net profit increased by 53 per cent to €1,050 million.

The chairman and CEO of LVMH, Bernard Arnault commented, "The 2010 first half results, once again, demonstrate the exceptional appeal of our brands as well as the effectiveness of our strategy, as pertinent in the context of a recovery in 2010 as it was during the global economic crisis in 2009. This focus on cost control will continue into the second half of the year despite the momentum in the markets."

Nike's online sales shoot high

Nike has recorded a good hike in sales, both online as well as at the stores, for the current fiscal. It has translated into revenue hike of 12.5 per cent through direct-to-consumer sale and double of it, a 25 per cent rise for web sales. More specifically, the direct-to-consumer revenue includes factory-owned stores, online and other direct market sales that has increased to about USD \$2.5 billion from USD \$2.223 billion that was recorded in the previous year. The Nike e-commerce sales has outdone the performance reflected on the sales graph of other channels. Nike has also been ranked 48th by the Internet Retailer Top 500 Guide. The revenue amount has gone up to USD \$260 million from about USD \$208 million that was recorded over the period of the fiscal 2009.

Pak records hike in shoe exports

Pakistan's Federal Bureau of Statistics has reported that the country has incurred a 4.4 per cent hike in leather exports for the month of May. It has also been observed that leather exports during the period between July 2009 to May 2010 there was a dip of 13.4 per cent, from USD \$905.8 million to USD \$784.1 million, as compared to the same period last year.

The break up reflects fact that the country exported 10.5 million pairs of footwear which can be estimated as worth USD \$ 85.7 million during the 11-month period. These include leather footwear exports worth USD \$65.1 million, canvas footwear exports worth USD \$0.5 million and other footwear exports worth USD \$20.1 million.

Footwear exports boom in China in first half of 2010

There has been a significant increase in volume and value of the Chinese footwear. Exports have recorded a hike of 45 per cent in volume and 32 per cent in value for the month of May as compared to the same period in 2009, said the China Leather Industry Association.

In spite of a 5 per cent dip in sales on an average when compared to last year, 4 billion pairs of shoes at an estimated cost of USD \$11.73 billion have been exported successfully. Thus the volume has risen by 25 per cent and by 19 per cent in value, for the first five months of 2010.

However, there have been reports of 5 per cent decline in footwear imports during the same period which translates to 12.53 million pairs. But consequently there has been an increase of 13 per cent in value to USD \$290 million.

Hike in value of leather in China

The overall value of leather output in China has gone up by 19 per cent, according to the China Leather Industry Association. The total output value for the country's leather sector for the first five months of 2010 has gone up by 19.2 per cent when matched against the data studied over the same period last year. Over the period of five months, goods and materials worth USD \$37.5 billion have been produced by the Chinese leather sector. The export value has translated to 31 per cent of the total sale revenue, which is 2.7 per cent less than its share, when compared against the total recorded in the previous year.

Taiwanese shoe manufacturers relocating to greater China

The China Leather Industry Association has compiled a report that suggests that a growing number of Taiwanese shoemakers have been relocating their business to mainland China. It is being assumed that this trend has resulted due to the huge increase in wages and currency fluctuation that they have been experiencing of late. By relocating to the mainland, the Taiwanese shoe manufacturers will be able to stabilise their business.

Special stores are being opened at big shopping malls across China, specially in large cities with the aim of meeting the demand for Taiwanese footwear. According to industry sources, a Taiwan Brand Products Market will be set up soon financed by the Nanjing municipal authorities as a co-investment of the local government and a Taiwanese investor in Nanjing city. This new retail space will specialise in wholesaling Taiwanese branded products.

Bangladesh gearing up for competition



Bangladesh exports 6 million pairs of shoes every year which can be assumed as almost half of its entire production from the country. For Bangladesh, China and India are the two major competitors in the international market when it comes to leather goods, specially the footwear category. Having analysed the strengths and weaknesses of the country and its competitors, Bangladesh is all set to cash in on its several advantages. While China is faced with increasing wages and

also the anti-dumping duty on its footwear exports to Europe, the export duty system in India is high. Bangladesh, however, exports free of duty to the EU.

Setting up the first plastic shoe mould factory in Bangladesh is the first strategic initiative taken to gain a better foothold in the global market. The new facility will help to improve the quality of the footwear to a great extent by doing away with the commonly used wooden moulds that lack precision.

Burberry strengthens itself in China

British luxury brand Burberry has decided to purchase the stores in China that the company has been operating through the franchisee model so far. This initiative is a part of the business plan that the brand has in order to gain a better foothold in the global market, specially the ones that have the demand for high growth luxury goods. An amount of US \$108 million has been budgeted for in order to take control of 50 stores across 30 cities.

With this strategic shift in the retail model of operation, the profits from the stores will now get converted from simply wholesale earnings to retail. The company has set a target to add on to the group operating profit by good percentage in 2011-12 fiscal.

Apart from making the existing stores from the brand more productive, rolling out new outlets too is on the planner. By the end of this year, 10 more Burberry stores will be rolled out in China. The revenue hike in the global market has also been very encouraging. A 30 per cent hike in Asia-Pacific and 26 per cent more from America as compared to the 20 per cent more in the European markets that was recorded a year ago. Thus the company is now aiming to grow its presence outside Europe.

DeWitt in China

DeWitt recently celebrated in Beijing the opening of its first flagship store in the world at the Legendale Hotel. The 190 square meter boutique places the brand in one of the most strategic locations in the heart of the city. China being DeWitt's number one key market, a corner in Dalian already opened in June and more boutiques are scheduled to come up shortly in Beijing and Shanghai to reinforce its positioning.

bottegaveneta.com: Online luxury

With the aim of strengthening its web presence, Bottega Veneta, the Italian luxury brand has revamped its website to present a seamless integration of shopping and branding. The innovations promise a virtual shopping ambience for the consumers similar to the one they experience at a Bottega Veneta store.

With the success of Bottega Veneta as an aspirational luxury brand at bricks and mortar set ups, bottegaveneta.com is expected to make the brand's identity more dynamic through the digital space.

The merchandise is going to be visible to a wider audience with the option of studying the minute details through the high resolution images. The shopping categories are well organised for browsing by product category or based on interesting themes such as Tomas Maier's picks or the ones that have been a part of the Bottega Veneta stores.

Ivanka Trump to unveil signature footwear collection

Ivanka Trump wears many hats as businesswoman, socialite, television personality and daughter of Donald Trump. Recently, she teamed up with Marc Fisher Footwear company to come up with her signature line for spring/summer '11. A moderately priced line, her aim is to create a line of footwear that will be comfortable, fashionable and pocket-friendly at the same time. According to her, footwear offering a combination of these factors is rare to find in the international markets at present.

After gaining business experience as an executive in her father's company, dealing with high-end jewellery collection and penning down a bestseller with tips to motivate young women, 28-year-old Ivanka is currently focused on the detailing of each pair of shoe. The styles will vary from stilettos, flipflops, sneakers to ballet flats.