“If you are not innovative, you have a challenge!” Matt Priest, President, FDRA

In his opening remarks, Mr Matt Priest, President of Footwear Distributors & Retailers of America (FDRA) said that ‘FDRA values partnership with INDIA. Mr Priest continued saying that he is super excited about the opportunity provided by the Council for Leather Exports.

In his welcome address, Mr Aqeel Ahmed Panaruna, Chairman, Council for Leather Exports (CLE) recalled his association with FDRA for over 25 years. The Chairman said that the biggest concern for the manufacturers of shoes in India is “How to come out of the COVID 19 situation that is affecting global footwear businesses?” India has lost business worth US$ one billion, he said. All the same, we remain optimistic that economy will revive and thanked the Government of India for the various packages offered to the leather and leather product industries. Nearly 50% of manufacturing has opened up in several states across India. The Chairman added that India, China and the USA were the only three countries that consume over two billion pairs of footwear. Mr Ahmed said that India enjoys a wonderful relationship with the USA. America buys almost 98% of footwear from around the globe and India looks upon USA to be its potential partner.

Mr Matt Priest complimented Chairman, CLE for his address. He exclaimed “What an amazing way to start off this meeting!” Thanks for that, greatly appreciated!

Mr Priest spoke on ‘What is happening at the US market place?’

Mr Gary Raine, Chief Economist, FDRA joined and he presented CRITICAL DATA covering

- Early April 2020, 90% of Americans were under stay-at-home orders.
- 98% of businesses is down and there is a lot of challenge on liquidity
- USA has deferred duties for March & April for all products from all countries
- There is a huge loss in stores/ brand sales in 2020
- The brick and mortar sales is down; while e-commerce sales has picked up

Mr Gary Raines, Chief Economist, FDRA joined and he presented CRITICAL DATA covering

- Consumer confidence index and small business optimism index; both have reached lowest levels
- Spending on footwear has plunged from -24% to -30%
Strong growth on e-commerce
N. American freight volumes tumble
Container imports sink further
US footwear imports tumble by 31%
Footwear demand portends a steep drop in 2020 demand to between 33 and 36%

Import Trends
US footwear imports from India was flat at 25 to 30 million pairs over the last four to five years. India has produced for the USA all types of leather, men’s, sandals, athletic, non-leather, woven and children’s footwear. Indian footwear destined for the US market fares better than the world with a substantial 32%.

Global Trends
Likely impact of COVID on world footwear consumption, positive 2%

Political Trends
“US must rip and replace vulnerable supply chains with China”
Geo-politically, the US-China relationship is “on again, off again” with an anti-China sentiment.

HOW LONG BEFORE YOU EXPECT SOURCING VOLUMES TO RETURN TO NORMAL?
• 55% say six months or longer
• 18% say can’t determine yet

Mr Matt Priest, President, FDRA in his wrap/summary said:
• Eye on potential re-opening, particularly in southern and mid-western states
• Expect bankruptcies, consolidations and merger & acquisition activity to increase in the coming months
• Inventory levels will continue to be unstable with leftover spring product and potential fall product shortages. Leftover Spring products may be used in Spring 21
• Direct-to-consumer becoming more important than ever before as online sales surge
• Continued political and public scrutiny of supply chain reliance on China in Presidential election year.
• New retail experience protocols as potential second surge of infections take hold.

He also highlighted the benefits of FDRA membership, particularly for Indian companies. During mid-July 2020, a global shoe sourcing digital series of sourcing events would be organised said Mr Priest. In conclusion, he introduced to material exchange: a unique platform to make supply chain digital wherein the swatch book of leathers could be introduced to potential buyers.

Dr N Mohan, Convenor, Non-leather footwear panel, CLE moderated the Q&A session: Q&A hovered around how to improve exports of non-leather footwear to the US, Materials and components required, new design development vis-à-vis traditional products. Both Mr Matt Priest and Mr Gary Raines answered the questions.

It was evident from the answers that the focus must remain on athleisure and casual shoes. Citing the example of Clarks, Mr Priest said that Clarks too had diversified into the athletic space.

Mr R Selvam, IAS, Executive Director, CLE; Mr Sanjay Leekha, Vice Chairman, CLE and Mr Aqeel Ahmed Panaruna, Chairman, CLE offered their concluding remarks and thanked Mr Matt Priest and FDRA for the maiden ‘India Digital briefing.’

Review by ‘Design & Fashion Studio, CSIR-CLRI’
• India to focus on designs for the American market, particularly technology-driven designs
• India to gain experience from its presence in supply of all types of all types of leather, men’s, sandals, athletic, non-leather, woven and children’s footwear and build design ranges
• India to take the MATERIAL EXCHANGE platform to introduce new leathers & materials
• India to stay updated on seasonal trend requirements for Spring Summer and Fall/Winter for the American market

The CSIR-CLRI Design & Fashion Studio will help the Members of the Indian Footwear Industry with the required design intelligence through its Club Membership