

Cutting Edge Technologies for Gaining Global Leadership

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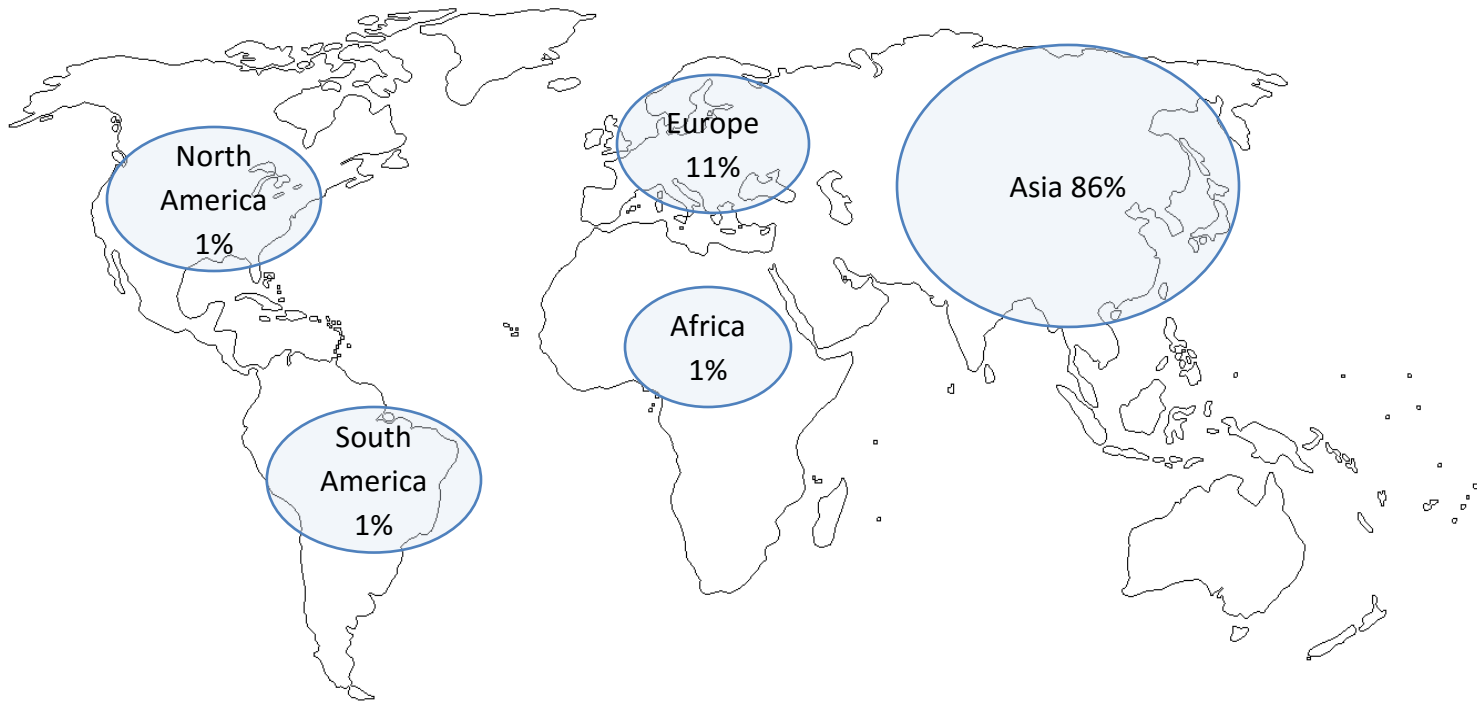
Footwear Panel Convener

Global Business Head, Leather Products

Tata International

World Footwear Exports

88% of the world's footwear is produced in Asia. Further, 86% of the global footwear exports originate from Asia.



Geographical Spread of Global Footwear Exports in 2014

Footwear Industry Competition

With 87% of world's footwear production and 86% of global footwear exports, **Asia** is the manufacturing powerhouse of the global footwear market



Asia

China is the clear market leader with 73% of world's footwear exports from here



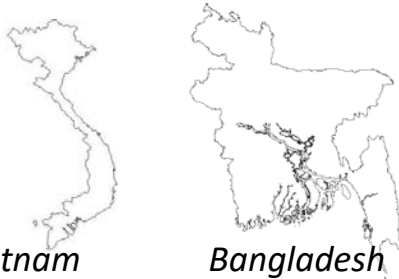
China

India holds 1% of the global exports, despite manufacturing 9% of the global production



India

On the other hand, **Vietnam** accounts for 5% of the world's exports, with 4% of the global production



Vietnam

Bangladesh

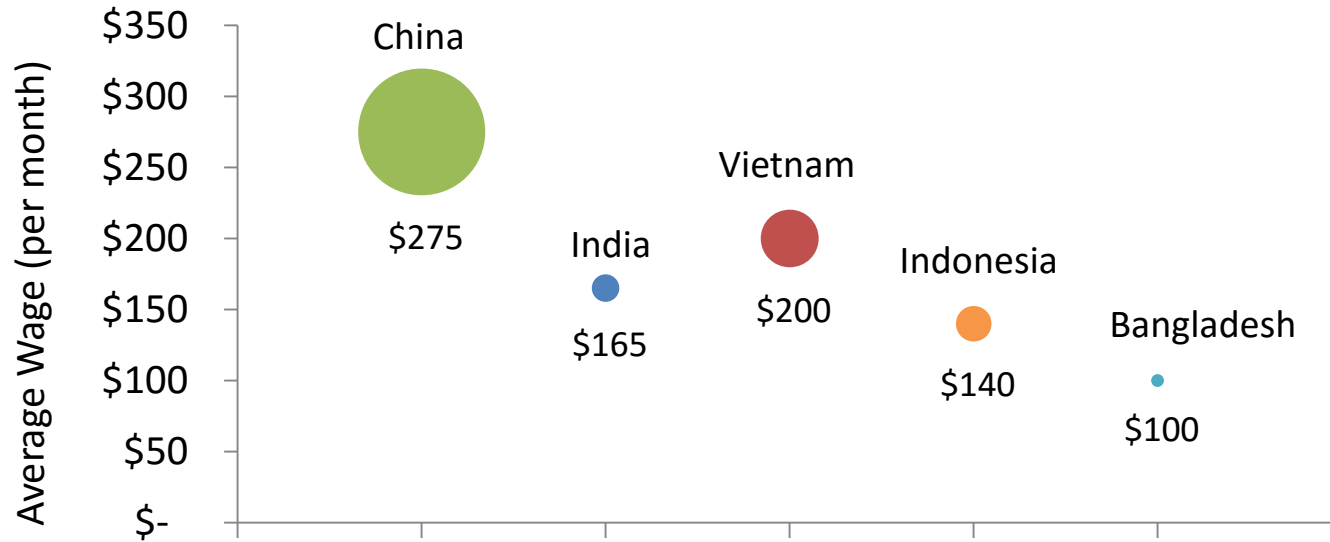
Other countries, like Bangladesh and Indonesia are becoming increasingly important with large number of global brands and retailers opting for them over manufacturing in India



Indonesia

Overall Market Scenario

Country-wise Average Wages (per month) and Exports



Size of the bubble represents value of footwear exports in 2013

- China represents the largest exports from a single nation, however, the wage rates are also the highest.
- India is the only country with the size, population and raw materials that can challenge China's dominance. We have the advantage of lower labour rates and with increasing labour costs in China, the differential in these rates is likely to widen
- However, the Indian footwear industry, needs to be much more organized to take advantage of this opportunity. This reorganization needs to be fueled by ***adapting technology at the core of our business***

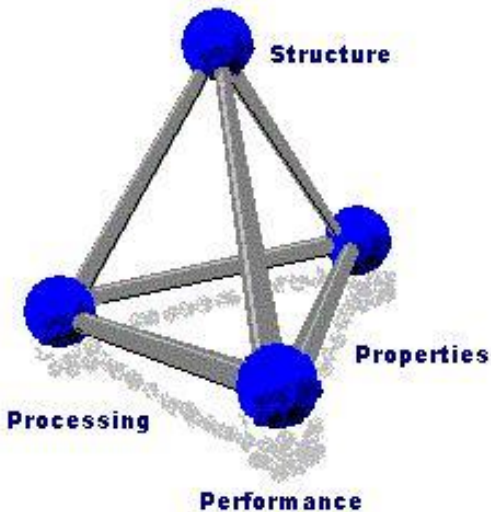
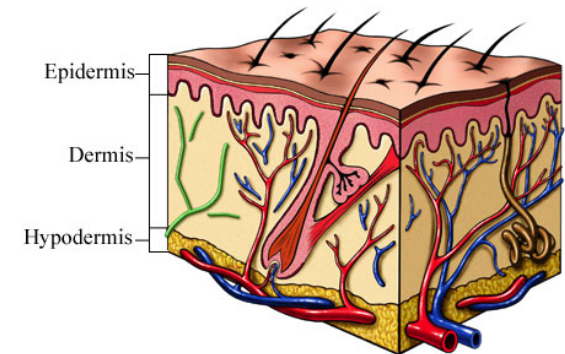
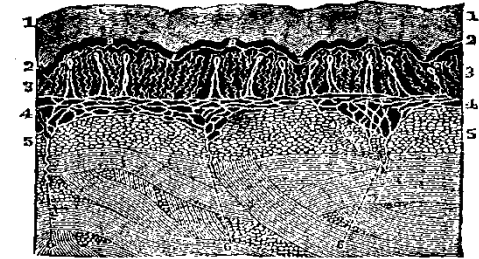
Growth of product Industry needs to be supported by a robust, technologically backed Supply Chain:

- Sustainable Material**
- Sustainable Processes**
- Sustainable Energy**
- Skilled Manpower**

Leather: A Challengeable Material

Key Resource for Leather: Animal Skin

- Largest of all organs
- Outer covering of animals
- Provides luggage function
- Thermo-regulator
- UV filter
- Highly porous
- Unmatched by imitating synthetics
- Woven by nature



Why Focus on Leather?

- Retains shape while permitting volume fluctuations
- Finds more than 1000 applications
- Permits transport of water and heat
- Faces challenges from new born synthetics
- Breathes/Thermo regulates

Potential Areas for Technology Upgradation

Materials

- Reducing wastage
- Better design technologies
- Producing novel material for footwear components sector
- New testing techniques for leather
- Improvement of intrinsic properties of leather as a new emerging material in unconventional uses

Processes

- Shorter product development cycle
- Production process improvements
- Robust QA process to ensure meeting customer expectations
- Online interaction with customers & sub-contractors providing real-time updates

Energy

- No toxic materials employed in process
- Easy treatability of process wastes
- Bio compatibility of final products and process wastes

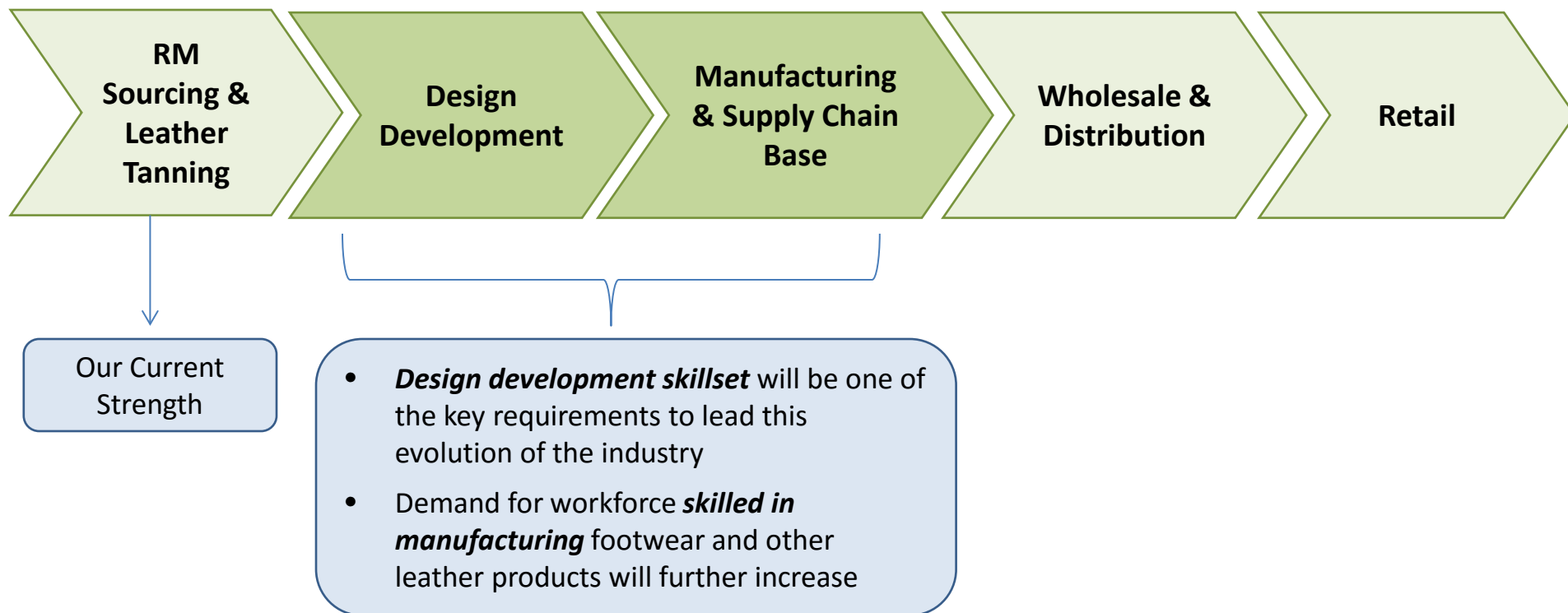
Critical to Gain Competitive Edge

Critical to Build a Sustainable Business

Need for Skill Upgradation

- India is evolving from a leather manufacturing country to leather products manufacturing destination
- This evolution increases the demand for skilled workforce at all levels of the leather products value chain

Leather Products Value Chain



Critical Factors

To gain a competitive edge, it is crucial to understand factors that are important to the customers. Some of these factors include:

- *Traceability*. Incorporating technology in our processes that addresses this concern for our customers will be critical
- *Sustainability and Compliances*. Besides the widely prevalent social audit requirements, customers are increasingly looking at the control over supply chain. This control can be enhanced through technology
- *Speed to Design*. Customers are always looking for new designs in a short span of time. Options like 3D printing need to be further evaluated to understand the possibility of faster design process

Conclusion

- The market is evolving and is highly competitive. Countries like Vietnam and Indonesia are strong competitors to capture customers looking to move out of China
- India has all the right ingredients to build a strong industry and challenge China's dominance, however, these ingredients need to be organized well
- In the current era, technology will be a key differentiator and is an enabler to build a competitive edge
- Integrating technology into our business processes will not only enable us to reorganize the industry, but will also drive efficiency and productivity in the long run

THANK YOU

