

Exports of footwear made in Vietnam have been steadily increasing in recent years as a result of sustained investment from well-known labels. Working with local subcontractors, these large shoe companies consider Vietnam a cost-effective sourcing center because of low labor expenditure and strong OEM capability.

Short-term forecasts indicate continued growth in overseas revenue. The recovery of the US market from the global economic crisis and expansion in new destinations in the Asia-Pacific region are the key factors expected to drive further development.

The industry produces casual, formal, sports, and baby and children's footwear. The bulk of turnout is taken up by sports shoes since this segment is the focus of large, foreign-invested makers. SMEs emphasize formal and casual models.

### Key findings

1. To ensure competitiveness and attract more customers, the majority of suppliers interviewed for this report expect to keep export prices unchanged over the next six months. A considerable number will raise quotes, however, to maintain viability in light of the high cost of raw materials, specifically leather.
2. The low cost of manpower is the industry's main competitive advantage. Although the government has mandated annual minimum wage adjustments in recent years, Vietnam continues to be one of the most economical sourcing centers for footwear in Asia-Pacific.
3. Compliance with the EU's REACH directive is the most crucial difficulty facing enterprises. Because

companies are generally small and midsize, many lack the financial capability to carry out testing, which is typically carried out abroad. Surging domestic inflation is another major difficulty affecting makers.

4. Manufacturers are strengthening their design departments by hiring more stylists and upgrading or purchasing new production equipment. Over the coming months, releases will mainly feature new colors, finishes and adornments.
5. The bulk of the supplier base is found in southern Vietnam's key economic zone, which includes Ho Chi Minh City and Binh Duong and Dong Nai provinces. Footwear makers are also located in the northern section of the country, largely in Hanoi and Hai Phong municipality.

### Objective, methodology & scope

The Developing Country Sourcing Report series is part of Global Sources' corporate social responsibility initiatives. It is offered in conjunction with The Kearny Alliance, whose mission is Aid through Trade. The objective is to help create jobs in developing Asia through export promotion.

This Vietnam Sourcing Report is part of a series designed to provide buyers with information on new products from export manufacturers in supply markets that specialize in merchandise crafted by hand.

To produce this report, large, midsize and emerging manufacturers, all with substantial export experience, were surveyed. The selection of suppliers is designed to reflect the composition of the industry in Vietnam in terms of geographic location, materials used and range of products offered.

For in-depth profiles, our researchers

visited the facilities of each company and interviewed senior executives who discussed their recent performance and provided forecasts for the next 12 months. All other makers in this report were either visited or contacted by phone.

In each case, companies were required to answer specific questions designed to verify their manufacturing and export credentials, including a breakdown of exports by product type and market. Suppliers also participated in a survey designed to provide insight into the industry.

This report covers the main types of footwear available in Vietnam, including casual, formal, sports, and baby and children's shoes made primarily of leather and fabric. Each product category has its own price guide that describes features of models for the low end, midrange and high end.

### In this report

- 12 in-depth company profiles
- 20 short company profiles
- 123 top-selling export products
- Supplier demographics
- Supplier survey
- Industry statistics and charts

The Industry Overview section discusses key issues affecting export manufacturers. It provides insight on the composition of the industry and elaborates on the important supply centers within Vietnam.

The Products & Prices section details the features and price ranges of garments. It also examines the design and manufacturing processes, main materials used, and sourcing centers where components are procured.