Vietnam is one of the leading supply centers of competitively priced footwear in the world. As the fifth largest exporter of shoes and sandals, the country is home to numerous suppliers that provide OEM services to several prominent brands.

Some of the names included in Vietnam’s list of globally known clients include Nike, adidas, Puma and Reebok.

Aside from strong OEM capability, the industry benefits from a highly literate and trainable workforce and the ability to effortlessly shift production from one type of footwear to another.

The line is export-oriented, with most products shipped to the EU and the US. The Asia-Pacific region and South America are secondary markets.

Compliance with manufacturing and product standards, specifically ISO 9001:2000, is a growing trend in the industry.

Casual shoes prevail as the top product line, accounting for approximately a third of exports from the country. Sports shoes are the second-largest product segment. Aside from these lines, suppliers manufacture formal and children’s shoes.

The majority of Vietnam footwear makers are small or mid size enterprises locally owned by private businessmen. A handful of companies are foreign invested.

Most suppliers have been operating for at least two decades, with some being in existence for more than half a century.
Most companies have a full-timework force of up to 1,500. A number are staffed by as many as a few thousand employees.

Ho Chi Minh City and the provinces of Dong Nai and Binh Duong are the most important manufacturing centers in the country. Other key supply zones are the provinces of Khanh Hoa and Vinh Long, the cities of Hanoi and Hai Duong, and the municipality of Hai Phuong.

As a result of the global economic crisis, exports in 2009 fell by 24 percent. Aside from this, the industry is facing other challenges, including intense price competition, particularly in the EU, and shortage of locally available materials and accessories.

The following are some of the key trends we see in Vietnam’s footwear industry:

• Suppliers are expecting improved business prospects over the next 12 months as demand from recovering overseas markets starts to pick up. Because of this, close to two-thirds of companies featured in this report are confident of registering double-digit export growth.

• In an effort to maintain buyer interest and to attract new customers, manufacturers will keep prices level over the next six months.

• Suppliers consider the increasing cost of labor to be the most crucial challenge facing the line. Competition from other countries such as India, Bangladesh, Cambodia and China is also a major issue that companies are working to address.

• Upcoming models will feature improved functionality. By using computer-aided systems, suppliers are able to design and construct models that provide better performance.

The above is extracted from the Executive Summary of China Sourcing Report: Vietnam - Footwear

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