



Thousands of new shoe stores in China

Experts are lowering their forecasts of growth for China's economy in 2012, but one of the region's biggest footwear brands is intent on continuing a programme of rapid retail expansion throughout mainland China.

Global trade has been at the heart of China's rise to prosperity and its new status as the second-biggest economy in the world. However, this global outlook exposes it to the downs as well as the ups in the world economy, and the International Monetary Fund warned at the beginning of February that ongoing concerns over the European economy could reduce growth in China this year by almost half. Initial predictions were for 9% growth this year. This came down to 8.2% before 2012 was a month old, and now the IMF says four more percentage points could be shaved off this owing to Europe's difficulties.

Smart companies have already begun to make the domestic market in China at least as much of a priority as exports. In

particular, footwear firms that have successfully tailored the design of their collections and their marketing to Chinese consumers are continuing to enjoy good times.

Hong Kong-based footwear group Belle International opened an astonishing total of 2,983 new retail outlets in mainland China in the course of 2011. In a statement on January 12, the company said that 1,100 of these new stores opened in the fourth quarter of last year. The new stores take Belle's total retail presence in mainland China to 14,950 outlets, all directly managed by the Belle International group. Of these, 10,270 stores are devoted to footwear, with the others selling sportswear. At the start of 2012, Belle also laid the foundations for a new corporate headquarters in Hong

BELLE STORES ACROSS CHINA

This map shows the distribution of the own-brand stores that Belle International runs, under ten different brand names, across mainland China. It dates from June 2011. Further rapid expansion has taken place since then.

Belle International footwear brands:

- Belle
- Staccato
- Teenmix
- Tata
- Senda
- Basto
- JipiJapa
- Millie's
- Joy & Peace
- Mirabell



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Kong. It is clearly a company that is thinking big.

Quality of life

In the autumn of 2011, in an interim report on the performance of the business, chairman Tan Yiu said that, in spite of complexity in the Chinese economy, inflationary pressure and a rising cost of living, the consumer retail market was "still robust". He pointed out that the urbanisation process is continuing and that Chinese consumers' disposable income and consumption levels are going up. "Consumers' demand for higher quality of life contributed to the strong sales momentum of fashion and lifestyle products," Mr Tan said.

For the six months ended 30 June 2011, the group recorded an increase of 24.6% in revenue and 38.2% in operating profit compared to the same period in 2010 and immediately set about investing some of the money in additional stores. The company has admitted that the pace of growth for its network of retail stores was faster than it had expected. In the first six months of 2011, the Belle brand (just one of the ten owned by the group) opened 100 new outlets. A key consideration is that these 100 openings brought the brand coverage in 20 new cities. "The core brands, as represented by the Belle brand, showed no sign of slowing down after years of consistent growth," the company stated.

End-to-end Belle

Belle International was established in Shenzhen in 1991 and in March 1992 produced its first pair of shoes. It is proud of having a "complete business system" encompassing its own

manufacturing, branding and retailing, with a presence now in around 300 cities across China. This applies to the ten different brand names under which it sells the shoes it makes; in addition to this, Belle distributes in the Chinese market shoes from international footwear brands including Bata, Merrell, Geox, Mephisto and Clarks. In the first half of 2011, distribution of shoes from these brands constituted only 7.4% of the business.

Towards the end of 2011, it decided to stretch its business system even further upstream in the supply chain by becoming a partner in a new tannery venture in the Suzhou Economic Zone in Jiangsu Province, to the north of Shanghai. A ceremony to break the ground for the new Bailian Shangduo tannery took place at the end of November. Belle's partners in the venture are Hong Kong Shangduo Leather and Xinxiang Leather Company. They have said the new facility will be able to produce 50 million square-metres of shoe upper leather per year. *World Footwear* also understands that Belle was one of the principal customer organisations 2010 and 2011 to have urged other tanning partners to increase, in some cases to double, their capacity for producing leather for footwear for the domestic market.

"We are going to focus on developing our business in mainland China for the foreseeable future," Belle International has said. "The China market holds enormous potential for growth, and our core expertise and skills are concentrated on the China market. We are committed to keeping up the development of our own brands in the international marketplace, but until we have adequate resources and skills we do not plan to rush into direct sales and the retail business in overseas countries." 