



Footwear firm Elan Polo is one of the beneficiaries of a commitment from Wal-Mart to invest an additional \$50 billion in sourcing US-made goods for its stores. CREDIT: WAL-MART

Wal-Mart to source more footwear in US

Retail group Wal-Mart is to include footwear in its plan to spend an additional \$50 billion on US-made products over the next 10 years, and footwear manufacturer Elan Polo is one of three suppliers to have already made new manufacturing commitments in the US on the strength of the Wal-Mart pledge.

A supplier of footwear to Wal-Mart for the last 35 years, Elan Polo will open a new production plant for injection-moulded footwear in Hazelhurst, Georgia, in March. The new facility will produce 20,000 pairs of shoes per day and will create 250 new jobs.

Shorter lead-times

The footwear company's chief executive, Joe Russell, said at the time of the announcement that the project was made possible thanks to Wal-Mart's commitment, but that there

A new footwear factory at Hazelhurst, Georgia, will commence production this year in response to a commitment from retail group Wal-Mart that it wants to source more shoes on home soil.

Footwear firm Elan Polo will run the site.

were also good sourcing and supply chain reasons for setting up the new Georgia facility. "We will see genuine economic value added through shorter lead-times, more efficient purchasing and savings on shipping and oversight expenses," Mr Russell says.



Wal-Mart chief executive, Bill Simon, wants to encourage US companies to "re-shore" some of their manufacturing.

CREDIT: WAL-MART



US Commerce Secretary, Penny Pritzker, speaking to Wal-Mart suppliers in 2013.

CREDIT: US GOVERNMENT

Wal-Mart made an announcement about the \$50 billion-commitment in the autumn of 2013 at a US manufacturing summit it held for its suppliers in Orlando, Florida. More than 500 suppliers representing 34 states took part. The retail group's chief executive, Bill Simon, has used the phrase "re-shoring" to describe what is going on, insisting that good opportunities exist for manufacturers to invest in the US by bringing back production that they had taken offshore or by expanding existing manufacturing operations there.

US Commerce Secretary, Penny Pritzker, also spoke at the event, telling the audience: "We're entering a new era of opportunity to boost US manufacturing. Our educated and productive workforce is highly attractive. Wages in countries like China have increased more than 10% each year for the past decade, reducing the labour-cost advantages they once had. Meanwhile, the output of American workers is about 9% higher than it was before the recession. Manufacturers have come through some tough years, but today they're poised to compete, to drive innovation, and to create good jobs once again."

Almost all shoes sold in the US are imported

Specific to footwear, the American Apparel & Footwear Association (AAFA) has reported 2013 consumption in the US as 2.3 billion pairs, 99% of which are imported, many of them from China, Vietnam and other Asian countries. To take the example of China, it was the source of 83.7% of US shoe imports in the first quarter of 2013, with almost 570 million pairs coming into the US from China over the three-month period. China is certainly still the most important source of shoes brought into the US these days, with that astounding share of more than 80%.

Vietnam, in second place, has a share of 8.7% of the total, but the US market is growing in importance as a destination of Vietnamese-made shoes, with an estimated 30% of the total (256.1 million pairs in all for 2013). Indonesia comes third, with a share of 3.6%, followed by Mexico, Italy, India, and Brazil. By the time you get down to Taiwan in tenth position, the exporting country's share of US imports of shoes is 0.2%, with 1.2 million shoes in the first quarter of last year.

Taking over from Taiwan

Founded in 1976, Elan Polo has spent most of its 38 years of existence sourcing shoes from outsource manufacturing partners in most of these countries, concentrating, for its part, on designing and delivering its shoes (for the men's, women's, and children's markets). It makes around 45 million pairs a year and distributes them to retailers around the world. It makes private-label products, as well as shoes for a number of international brands, such as sports brands Easton and Mitre, outdoor brand Woolrich and slipper specialist LB Evans.

In spite of Penny Pritzker's remarks, it's hard to imagine anyone making an impact on China's domination of the US market, but if all the shoes Elan Polo makes at its new Hazelhurst factory are sold in Wal-Mart stores in the US, that one factory will have a bigger share of the domestic market than Taiwan. This seems a strange statement to make given the fundamental importance of Taiwanese companies in running footwear factories in China, Vietnam, Indonesia and other parts of Asia, but the 1.2 million pairs for the first quarter of 2013 refer only to shoes made on Taiwanese soil, and, with that caveat, it looks as though Hazelhurst, Georgia, is poised to overtake it. 