

FOOTWEAR TECHNOLOGY: ROCKY BRANDS

As befits a company that still sells around \$250 million worth of quality shoes and boots a year, Ohio-based Rocky Brands operates and manages a global manufacturing platform, with much of its footwear coming from the industry's production hot-spots in Asia. However, the company insists it values greatly, and will continue to invest in, a sourcing location that's slightly closer to home.



Caribbean option

As a fashion phenomenon, "conspicuous thriftiness" may only have a short time to live, but for the moment at least it is working well for footwear firm Rocky Brands. Straightened times mean people are less inclined to ostentation and many are choosing cars that are less flashy and clothes that are more down to earth. Brands under the Rocky umbrella such as Georgia Boots can play well in this space because, the company feels, the way this mood translates into footwear is with "work-inspired silhouettes" of which Georgia Boots is a good example.

At the most recent edition of the Micam exhibition in Milan, Rocky Brands celebrated the European launch of a new collection under a sub-brand of Georgia Boots called Giant. Chief operating officer David Sharp feels that a desire among many European consumers for toned-down ostentation, plus their ongoing fascination

with American lifestyle, gives the new collection a good chance of success in the European market. Interest at the show was healthy and he felt close to signing agreements with distribution partners in several European markets.

The ongoing issue of anti-dumping duties on leather footwear imported from China or Vietnam has certainly been a concern for Mr Sharp, but, like a number of competitor brands, including Wolverine and Timberland, he has an option of making some of the Giant boots in a different location, the Dominican Republic. Rocky Brands leases a factory there, although the people who work in it are on the Ohio-based firm's payroll. Rocky Brands also owns the machinery it has installed there, including some new equipment from Desma of Desma for producing outsoles.

"Some of the Giant boots will be made in China, but we will also be making a proportion of them in the Dominican Republic," he confirms. "There are two reliable sources of

The fashion trend of “conspicuous thriftiness” is good for Rocky Brands’ rugged, work-inspired silhouettes.

 Rocky Brands



leather there, and we’re also bringing finished leather in. The local guys are bringing their game up and we’ve doubled our capacity there from 2008 to 2009. The Dominican Republic as a footwear sourcing option has definitely been under-utilised, given its proximity to the US and the advantages it offers in terms of lead-times.”

Compared to imports from Asia, the Caribbean country even offers proximity advantages for customers in Europe, and with a turnaround time of 30 days, from order to ‘on the water’, for the most popular styles the lead times are decent. David Sharp explains that what producers in places like the Dominican Republic find most challenging is that they have to compete directly with China, which has what he refers to as “world class capability”, and has had for the last five, possibly even ten years. “When we talk to our folks, we’re asking them to emulate that,” he adds.

However, he is still convinced that having as broad a sourcing structure as possible makes sense. He points out that some of Rocky Brands’ big Taiwanese partners (often the owners of outsource manufacturing facilities in Asia), who are “entrenched in China”, are looking for

alternative manufacturing locations to save money. “At some point last year, China started to heat up,” he says. “A rise in the cost of oil, gas, cement and so on put huge pressure on all operators to increase their prices. And then there is the cost of labour. I understand why it’s becoming more expensive to employ people in China: they’re becoming more educated, they know how to do more and they want to be paid more for doing it.”

Footwear production moved from the west to Taiwan and Korea first, and from there to China. As an experienced observer, David Sharp thinks it’s “inevitable” that the industry will move away from China in turn, although, in China’s case, he feels the transition will take longer. His Asian partners have begun to look carefully at locations such as Bangladesh, for example. Whether these companies will find it quick and easy to set up “the right team” in these alternative Asian locations is another matter, he believes. And, for now at least, Rocky Brands is very glad to have a non-Asian option. “We could scale up in the Dominican Republic very quickly if we had to,” he confirms, “and we are glad to have the option of doing so.” 