

Italy turns to Russia as exports to Germany go down

As the largest economy in Europe, Germany has always been at the centre of the battle for footwear sales.

Domestic shoe production rose in 2007 by 9.4%, to 26.8 million pairs. However, as import figures of 71 million pairs (an increase of 14.3%) show, this was nowhere near enough to meet the demand of German consumers.

Almost half of the shoes imported into Germany last year, 35 million pairs, were made in Italy. On the face of it, it's a healthy number, but it represents a decrease of 8.1% in Italy's share of the German market compared to the year before.

While by no means giving up on Germany, Italy, as we shall see, has wasted no time in courting other export markets. However, one of the broader indications of change in the market in Germany is that the average price per pair has also fallen, by 10.5% on the 2007 figure to EUR 8.78, and imports of non-leather shoes, particularly from China and Vietnam, were well up.

Fortunately for Italy, demand for its shoes has increased in several other important economies. The president of Italy's national footwear manufacturers' association, ANCI, Vito Artioli, explains that France has become Italy's number-one export market, overtaking Germany in 2007. "French consumers have taste and are prepared to spend money on Italian shoes," says Mr Artioli.

He is also very pleased at figures from the United Kingdom, which show an increase of 11.2% in value and 8.1% in volume for last year. "We're very pleased about this," the ANCI president continues. "UK consumers also have great taste, and great footwear tradition, especially in men's shoes."



Italian quality and style are very much in demand among wealthy consumers in Russia.

CREDIT: RENETILLMANN.COM/MESSE DÜSSELDORF

Success story

In a mixed report, he mentions in passing that Germany is not the only major economy to spend less on Italian shoes in 2007: exports to the US were also down in value and volume, but he saves the most positive message of all till last. Russia was the big success story for ANCI members in 2007 and Mr Artioli is confident that the same will apply this year.

Estimates for retail sales of leather footwear in Russia range from EUR 9.5 billion to EUR 16.9 billion. Enthusiasm there for Italian leather shoes was the main reason why ANCI decided to build an impressive presence at the twenty-eighth edition of the Obuv Mir Kozhi footwear trade fair in Moscow in April. Of the 350 exhibitors at the event 270 were Italian and Italian footwear brands occupied 80% of the entire exhibition display area.

In the build-up to the event, Mr Artioli commented: "The percentage of Italian exhibitors at Obuv Mir Kozhi mirrors the current market situation. Italian exports in 2006 represented 13% of imports of leather or partly leather footwear in Russia, but this has gone up to 18% in the latest data available for the first half of 2007. Italy is in second place after China and ahead of Germany and Vietnam, but it is the only country manufacturing high- and medium-quality footwear [for the Russian market]."

Strong presence

Senior figures in the Russian footwear retail business have also enjoyed a strong presence at Italy's main footwear event, Micam, over the last few years, and reciprocal visits like this can only help build up the



The Federation of the German Footwear Industry announces the 2007 results of the market there at the GDS exhibition in Düsseldorf in March 2008.

CREDIT: RENETILLMANN.COM/MESSIE DÜSSELDORF

trading relationship between the two countries. This is a good thing, because, as in any human relationship, there are issues to iron out.

One Russian buyer said earlier this year that she had some concern about late shipments from Italy. She said that retailers in Russia enjoyed only a short window of opportunity to sell some shoe styles owing to the climate. She wanted to know what ANCI intended to do to improve on-time deliveries.

"There's not much we can do," answered the forthright Mr Artioli, "except to encourage our members to stay loyal to our code of conduct, including on delivery. I'm surprised to hear our members are guilty of this. There are other factors at play. Perhaps our factories are on time but are being let down by shipping firms. It's a mistake to trust shipping companies that offer very low rates to win custom, but then cannot meet their promises."

Other potential stumbling blocks he mentioned were the theft of consignments of Italian shoes from lorries in Russia and delays in advance payments from Russian buyers to Italian companies.

He said he was sorry this particular Russian buyer had experienced delivery delays, but urged her not to blame the whole Italian footwear industry. "Most companies deliver on time," Mr Artioli said, "because that's the best way to win repeat orders." 🌐



President of the Italian National Footwear Industries Association, Vito Artioli (second from the right) discussing the impact of Russian demand on the industry in Italy.

CREDIT: MICAM