

Assocal plays its part in keeping consumers interested in high-end Italian shoes with its Micam Point shopping event in the heart of Milan.

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Figures for the first nine months of 2013 showed some export growth for the Italian shoe industry, but on home soil, several years of gloom in the country's domestic economy are now taking their toll.

Italy: domestic doom and gloom darkens the footwear landscape

Italy's footwear industry association Assocalzaturifici (Assocal) has reported growth of 1.4% in the volume of shoes manufacturers exported in the first nine months of last year, compared to the same period in 2012, but in its first report of 2014, it has bemoaned a worrying "collapse in consumption" in the domestic market that is affecting the whole Italian footwear supply chain.

The total volume of shoes shipped to customers outside Italy over the nine-month period was just short of 173.5 million pairs. In terms of value, these exports brought in more than €6.3 billion, which represents growth of 4.4% compared to the previous year's performance.

Within these figures, shoes with leather uppers accounted for 60% of the volume and 83% of the value. Exports of leather shoes showed a small decline in volume, 0.2%, but an increase of 4.5% in value. There was particularly heartening growth in exports to countries outside the European Union, including the US, with growth of 4.2% in value, Canada with 13% growth, Russia with 10.5%, China by 25.2% and South Korea with 12%.

France and Germany are still the two biggest markets for Italian shoes, with French customers taking 33.2 million pairs over the nine months and German customers 25.4 million. The value of exports to France over the period was more than €1 billion, compared to €692.9 million in revenues from Germany. These numbers represent growth of 8.6% in value and 7.7% in volume for France, but of only 0.2% in value for Germany and a decline of 1.5% in volume there.

Assocal said it was pleased with these results but warned that, even if they are confirmed in the figures for the final quarter of 2013, they represent, at best, only a partial recovery. In part, this is because the figures for 2012 were very poor; in 2012, Italy produced nine million fewer pairs of shoes than in 2011.

Collapse in consumption

Of greater concern is what the association has referred to as "a veritable collapse in consumption" in the domestic market. Consumption of footwear in Italy over the first nine months of 2013 fell by 4.8% in volume and by 7.1% in value. And these figures, too, need to be measured against poor results in 2012. A closer look at men's shoes, specifically, helps demonstrate



Assocal president, Cleto Sagripanti.

what is going on in the towns and cities of Italy.

Still looking at the first nine months only, the volume of men's shoes purchased in Italy in 2011 was 11.5 million pairs. In 2012, the figure fell to 11.2 million, a decline of 2.6%. The corresponding figure for last year was 10.7 million, which represents a year-on-year reduction of 4.5%. It's true that these numbers include shoes that were made by manufacturers outside Italy, although imports are declining in line with the overall market.

Inevitably, this slow-down in sales is having a notable impact on footwear retailers in Italy, and, as a result, on the whole footwear supply chain. Big global brands have been affected: Bata, for example, reported to be the biggest footwear franchising firm in Italy, has been closing stores. Its store on the central shopping street of Pescara, the Corso Vittorio Emanuele, closed its doors for the last time at the turn of the year. Once a prestigious commercial address, the Corso Vittorio Emanuele paints a sorry picture today. "If large, prestigious companies such as Bata decide to leave," said the president of a local commerce association, Ezio Ardizzi, on hearing the news, "it means our town no longer holds any appeal in the eyes of international investors. It's another sign of how bad things are, within a disastrous overall context."

Knock-on effects

In addressing the challenges of the domestic market, Assocal president, Cleto Sagripanti, says: "Traditional retailers are among the elements of the distribution chain most affected by the crisis, with shoe shops registering a double-digit decline. As if that wasn't enough, discounted prices account for more than 50% of total sales, with promotions throughout the year rather than just at the traditional times in each season. This is a cause of great concern for us. Italian specialised distribution channels represent an important link in our supply chain and are an important target for many of our [manufacturing] member companies."

In addition, he points out that difficulties in the retail sector often result in late payments and loan defaults that end up undermining the entire supply chain and hurting suppliers. Perhaps the effects of this can be seen in the unhappy news that footwear manufacturing was the sector with most insolvencies in the Tuscan province of Lucca in 2013. Across all sectors, figures from the provincial authorities show that 132 Luccan companies collapsed last year. Ten of these were involved in footwear production; no industry sector registered more. Footwear's corresponding figure for 2012 was four. Of the ten footwear firms that collapsed in 2013, the best known was probably Olando Chelini, from the town of



Some relief from the gloom. Exports increased by 1.4% in volume in the first nine months of 2013, and by 4.4% in value, bringing a much needed €6.3 billion into the Italian economy.

Segromigno in Monte, which went by the wayside in August 2013. Across Italy, the industry lost 1,455 jobs between January and September 2013 and suffered 142 factory closures. Cleto Sagripanti says only a significant pick-up in the domestic market and changes in employment laws to offer employers greater flexibility will lead to an increase in jobs in the footwear sector in the foreseeable future. 



In the first nine months of 2013, Italian consumers bought 10.7 million pairs of men's shoes, a decline of 4.5% on the previous year.