

A group founded in Brazil in 1972 believes it has a great opportunity to make an impression on the US market thanks to its value proposition. There is fierce competition at the high end and at the very low end of the market, but in the middle, Arezzo is convinced its high quality, affordable collections of shoes with leather uppers and leather linings will prove popular.

Arezzo means business in the mid-market

It's hard for a footwear company to be all things to all people. Brazilian group Arezzo is a good example of a producer with a diverse enough strategy to appeal to different groups, in this case different groups of women, but it hopes the value proposition it has put together for women in Brazil will prove popular in North America too.

Arezzo runs four brands, one of which bears the Arezzo name, launched at the time of the group's foundation in 1972. It produces around seven million pairs a year, which sell for between \$70 and \$90 in retail outlets across Brazil; it has own-brand stores in Rio de Janeiro, São Paulo and Rio Grande do Sul (its home state), a network of Arezzo stores run by franchise-holders in practically every state in the country and a significant presence in popular multibrand stores.

It added Schutz in the mid-1990s, with "freedom of expression" the key to the new brand's identity, alongside quality and fashion. "Schutz calls women to dare, to seek the unique, to challenge the consensus," the group says. Its current collection, for the southern hemisphere summer of 2014-2015, includes the Meia Pata Trip Camel sandal, which has a 13-centimetre heel, and the High Lovely platform in suede of bubble-gum pink. Schutz makes three million pairs a year and has sales points in multibrand stores in all states in Brazil, as well as in a few places internationally (more on which later), and own-brand stores in São Paulo and Rio de Janeiro.

Anacapi is the group's third brand. Launched in 2008, Anacapi declares its mission to be to offer "a pop public a casual concept of colours, comfort and affordable fashion", all through the medium of flat shoes, of which it makes 1.5 million pairs a year. It has around 45 own-brand stores now, mostly in the São Paulo region, but with quite a number in Rio de Janeiro, too, as well as a sprinkling in Minas Gerais.

The most recent addition to the Arezzo group portfolio is the Alexandre Birman brand, named after the son of Arezzo founder Anderson Birman. This brand launched in 2009 after Mr Birman junior had begun to make a name for himself as a shoe designer. These shoes are high-end, often in snakeskin or other exotic materials, with production limited to just 150 pairs per day, and they are on sale in places such as Printemps in Paris and Saks Fifth Avenue in New York.



The new Schutz store on Madison Avenue in New York City. Arezzo believes its offer of medium-priced shoes with high levels of design, leather uppers and leather linings can compete well in North America. CREDIT: LENI WAGERS / BRASILLIANDOLLBLOGGER.COM

When a domestic focus was an advantage

Group production director, Cisso Klaus, puts Arezzo's output at 11.5 million pairs per year across all four brands. "We make everything in Brazil," he explains. "We develop the products here and have one factory of our own, which produces around one million pairs per year with the rest coming from partner manufacturers." Most of these partners are located close to corporate headquarters, which have been in Campo Bom in Rio Grande do Sul for the whole of this century (the Birman family is from Minas Gerais, but moved production south in 1999 to what Cisso Klaus insists was the biggest shoe cluster in the world at the time). In recent years, an important proportion of Brazil's footwear manufacturing capacity has relocated to states such as Ceará in the north-east, mostly for cost reasons. So some Arezzo shoes are being made there too.

Mr Klaus is a native of Rio Grande do Sul and spent more than 30 years at a major footwear company there. "We were focused on export markets," he says of his previous company, "and I recall that around the year 2000 we started to have problems because of the exchange rate of the real compared to the dollar. A lot of footwear production volume left Brazil at that time and it won't come back. But this opened the door to domestic-focused companies, which Arezzo had always been. Plus it had its brands, two then and two more to come. Any company that had no position in the domestic market and no brands that were known in the domestic market had to move overseas."

Everything close to hand

After a lifetime in the footwear industry in the south of Brazil, Cisso Klaus sees an important advantage in keeping production there, specifically. "We have everything to hand in Rio Grande do Sul, the leather and components we need, and today everything is about lead time," he explains. "Around 90% of our production is in this region." He argues that the access to the right materials in the right volumes and the connections between the commercial teams that interpret consumer demand, the design and production teams all make Arezzo's current set-up strong. "There is so much variation in shoes. There are always new ideas, new concepts," he insists. "We focus on the stores, and there is



Seen here with Waleska Santos at Couromoda, footwear designer Alexandre Birman, whose father launched Arezzo in 1972, put his own name to the group's newest brand in 2009.

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something new going in every three or four weeks. We have eight collections a year, three for winter and five for summer, so the lead times are very short. This set-up means we can react fast."

New York opening

He does expect international growth, especially in the US. Schutz recently opened an own-brand store on Madison Avenue in New York and has a presence in some multibrand footwear shops in the US, as does Alexandre Birman, whose shoes Mr Klaus describes as "jewellery for the feet". He believes growth will come for the group's other brands in North America too. "There's lots of competition at the low and lots at the high end," he continues, "but there's not so much competition for shoes at around \$150 per pair with leather uppers, leather linings and leather soles, which is what we can offer; that's our value proposition." 