

The MICAM, September 15-18, 2013 Milan, Italy

A Report by P.Dhanasekaran, Asst. Export Promotion Officer, CLE



About the MICAM

Milan is a window into Italy for the world, and into the world for Italy. theMICAM, is an International Meeting Point meaning the place where footwear meets the city of Milan. The Fair is an all-Italian format with a global soul and is heavily focused on business. To inform exhibitors as well as the general public about the charm and seduction of footwear theMICAM was back in Milan with "theMICAMpoint", to raise awareness on the issues of value off, the quality of Made-in Italy footwear and the fight against counterfeiting.

A growing number of foreign visitors attended the event - 20,802 Overseas Visitors from 138 countries attended out of a total visitor-ship of 38621; up from 20,584 in September 2012, out of a total of 38621 attendees (41,085 in September 2012). Besides, the average daily attendance of approximately 12,000 visitors in the first three days of the event is significant - for, it is a sign of how participation in the event is spread over several days with a high retention rate. The number of Italian operators at the MICAM was 17,819, down from 20,501 in September 2012, which was attributed to the troubled situation of the domestic market and the closure of many points for sale

This year saw the start of a new project, the MICAM in the World, and the launch of an important strategy, which brings the 2014-2015 dates forward. This deep renewal of the MICAM and Assocalzaturifici's entire exhibitions system was chosen to meet the demands of companies and to guarantee the industry has the necessary tools remain competitive in markets around the world.

TheMICAM combines business opportunities with numerous initiatives at trade shows and the city of Milan. The main focus at the show was the

"Foot Rocker" area, created in collaboration with Rolling Stone magazine, which offered visitors live DJ sets and 100% rock entertainment with a special appearance by Paris Hilton on the first day

"Ending this edition of theMICAM with optimism and satisfaction, with 2014 events already being planned", said the President of Assocalzaturifici, Cleto Sagripanti., with the first event in 2014 to take place from August 31 to September 3.

ITALY : MARKET POTENTIAL FOR INDIAN LEATHER PRODUCTS

Strengths / Opportunities offered by Italy

- Italy is the world leader in leather products manufacturing technology.
- Italy is the world's design capital for leather products and has large pool of traditional craftsmen and modern designers.
- Italians are well equipped in sourcing the right raw materials and processed intermediaries.
- Italy is well equipped in upgrading technical capabilities of weak production systems wherever required
- Italy is a major market largely as a re-exporter. Italy's country brand is enviously strong in the global market.
- Italy is looking to relocating its footwear manufacture to Asian countries due to increasing production costs.

Opportunities for Italian Investments in India and Business/Technical Collaborations:

Given the Strengths and Opportunities in the leather sector of both India and Italy, there are many areas for forging business partnerships in terms of Production, Marketing, Branding and Technology.

Indo-Italian Footwear Trade:

Italy is the only country in the world, which enjoys a unique status in the global leather industry for its being a major manufacturer, exporter and importer. No other country has such a rare combination of strengths. India, on the other hand with its own strengths and weaknesses perfectly fits into a position of partner with Italy so as to supplement each other for the benefit of both the countries.

- During 2011, the European Union is a major market for Footwear (leather footwear and non-leather footwear) and has a share of about 44.92% (\$ 46.44 bn) in the global footwear import trade of US \$ 103.24 billion.
- India's export of different categories of footwear to the European Union has touched US\$ 1604.74 million, accounting for a share of 3.45% in EU's total footwear import trade in 2011.
- Importantly, Italy is the fifth largest global importer of footwear at US\$ 5661.77 million in 2011 and the third largest importer of Footwear from India.
- In spite of the ongoing economic recession in Europe, India's export of different categories of footwear to Italy has touched US\$ 163.66 million in 2012-13.
- Hence, the Italy and EU markets are of considerable importance for Indian footwear exporters.

The companies of "Made in Italy" experiencing growth, during the economic crisis

In an investigation has brought to light the secrets of some these realities of success, through the testimony given by these companies protagonists; here are some prime examples of their stories of success.

LORIBLU

"First of all, we have always focused on the quality of our products and the service to our customers; -Annarita Pilotti, owner of the Loriblu brand, along with Graziano Cuccu explains what strategy has made the Loriblu brand a winner- this strategic choice has been a winner from the very start, and we intend to continue along this path also in the future. However, quality on its own is not enough. In fact, we support our quality with an all-around policy dedicated to investments which includes: communications and advertising in Italy and abroad, reinforcement of direct distribution with single brand shop windows, e-commerce, and new product lines" Since the very beginning, - adds Annarita Pilotti- we have always believed in some basic principles: the sophistication of the product, an attention to details, to luxury and the exclusivity of the product, 100% Made in Italy manufacturing, seriousness, and respect. Looking back over time, these are still the founding elements of our brand today. We produce everything in our own manufacturing plant in Porto S.Elipidio, which was inaugurated in December 2010 or, during some periods, we produce with the support of partner companies in the Fermo-Macerata footwear manufacturing district: this Made in Italy approach (or rather, Made in Marches approach) is essential for us.

VITTORIO VIRGILI

"Our winning strategy for success in International Markets? Says Vittorio Virgili, Sole administrator of the Company- There is only one: work, work, and work. Besides proposing quality footwear which is innovative, from a stylistic point of view, to our customers, we have also focused on offering a qualified service, which includes the professionalism of our company, punctuality and exactness in deliveries. This is true in international markets where our presence has been, by now, established, such as in Russia, where we have been present for more than twenty years, as well as in the new Asian markets, like China and Japan.

Of course the moment of economic crisis is strong, and companies which

work exclusively in the domestic market are truly suffering; this is not the case with Virgili, For some time now, we have adopted a strong strategy of internationalization, focusing on foreign markets which, today, purchase 95% of our production. Since we are present worldwide, we have also adopted a strategy of equilibrium among the different markets, depending on the level of economic crisis present in each one. In Sep 2012, we have accordingly succeeded in increasing our turnover by +10% and increasing by the same percentage our production. We have also hired an additional + 6% in personnel.

PAKERSON

"We have focused on exports, on new market where we diversity for the end customers, on high and extremely high-end innovative products, and on the added value of Made in Italy. So, in other worlds, quality and high-end products are our priority- The reasons for the success of Pakerson explained by Gabriele Brotini, Managing Director of the Company Accordingly, we have invested in research of products, but also in distribution; in a countertrend to others we decided to invest in the domestic market, first with the opening of a boutique Italian Prestigious locations.

Our turnover increased by 15% in 2012, with a 10% increase in production, while at the same time we have also hired new employees. 2013 has started off very well, and basing ourselves on the first four months, we have further increased our sales by a +20% . We are also continuing to invest in personnel, both in the production department as well as in the logistical and administrative departments"

The Pulse of the Market: Export grows, production holds, poor consumption in Italy but slight confidence in the future remains

The second quarter of 2013 saw generally stable production levels, thanks once again to the drive of exporters, in particular those outside the EU. However, the "light at the end of the tunnel" still seems very far away for the Italian footwear industry which is frustrated by the mar-

ket drop in domestic consumption and low demand in the European Union (the recipient of 7 out of ten exports) in a scenario where late payments have become systematic and bank loans are not getting any easier. The first half of the year closed with a moderate drop in production in terms of volume and an equally limited increase in value: a basic "standstill" that nonetheless hides a very diverse situation and among companies: luckily exports grew further, consolidating- thanks to the simultaneous slow down in imports- an active trade balance. Companies already heavily involved with overseas markets (the sector exports over 80% of what it produces), increased their efforts in the search of new niches on emerging markets. Expectations for the second half of the year are somewhat cautious.

Production and Prices

The average price reported by Associates for the first half of the year indicates a drop of -0.8% in quantity, slightly less than the -1.6% recorded in the first quarter,: 54% of those responding indicated a backslide in volume with a significant percentage of entrepreneurs, 31% reporting more serious drops of -5% in output.

Prices: practically fixed on the domestic market (+0.3%): more lively, but without great momentum, on overseas markets (+2.3%) combining the real trends with monetary ones it is possible to estimate a slight increase in the value of production (+0.5%) compared with January/June 2012

Orders

On average, orders in the second quarter of the year grew slightly (+0.9%) in quantity) thanks to the contribution of the foreign component, against the persistent weakness of the domestic market.

Domestic Consumption

With a fall in incomes and lack of confidence, the recession has had a huge effect on the spending patterns of Italian families, making clothing-footwear one of the hardest hit sec-

tors. Attention to price has grown with constant search of promotions and cheaper channels.

Following the -4.50% in value in the final balance of 2012, the first half of the year closed – according to the Fashion Consumer Panel of Sita Ricerca-with a further drop in families purchases: -6.1% in expenditure and -4% in quantity (with average prices dropped by 2.2%)

Council's Participation in theMICAM Sep' 2013 : As per the approved MDA Annual Action Plan 2013-14 of the Department of Commerce, Ministry of Commerce & Industry, the

Council organized participation of 11 Member-Exporters of Footwear in a total area of 148 Sq.Mtr. in this fair under MDA Funding Support. The Hall 7 which represented mixed shoe category was allocated to the India Pavilion.

World Art Impex is not a member of CLE but participating through the Ministry of Micro Small and Medium Enterprises was not present at the stand due to personal reasons.

The CLE Information booth was set up in Hall No.7 (Booth No. M32). Publicity brochures, pamphlets, Publications etc brought out by the Council

were distributed as information kit to the trade visitors. Mr.P.Dhanasekaran, Asst. Export Promotion Officer, was the CLE's Representative at theMICAM, Sep' 13 edition who facilitated the participation of member-exporters and interacted with the trade visitors/ fair organizers.

Taking the opportunity of CLE presence in the MICAM Fair, Council had a meeting with Ms.Tatiana Ozimarks, Director and Mr. Vladimir Kroupocikin, Director of Business Development, respectively from MOSS Shoes, Russia the Intl Exhibition of Footwear & Leather Accessories. Besides, the CLE Rep has also had a meeting



Shri N. Shafeeq Ahmed, Vice- Chairman, CLE at CLE Information Booth. P.Dhanasekaran, Asst. Export Promotion Officer, CLE is also seen.



Shri Naresh Bhasin, Regional Chairman (WR) at CLE Information Booth



P.Dhanasekaran, Asst. Export Promotion Officer, CLE with representatives of MOS SHOES exhibition, Moscow

with the MICAM organizer Ms.Irene Mazzei, Secretary of MICAM for the participation of CLE in the future editions of the MICAM and requested the organizer to allot the CLE Pavilion in a better location in Hall No 7 so as to attract more buyers/visitors to the Council's pavilion in the Fair.

Shri N.Shafeeq Ahmed, Vice Chairman, CLE visited the CLE India Pavilion during the fair and obtained the feedback/views of the CLE exhibitors and also give valuable feedback for improving the stand construction and overall presentation of the CLE India Pavilion.

Shri Naresh Bhasin, Regional Chairman-West, CLE has also visited the CLE Information booth and interacted with the stand constructor for improving the construction & appearance of the CLE India Pavilion.

The participants in the CLE India Pavilion were :

Sl. No	Company Name	Region	Booth No
1	Amity Leather International	Mumbai	L 28
2	Global Impex	Delhi	L 41
3	IMZA Scm	Chennai	M 28
4	Indian Leather Creations	Mumbai	L 37
5	Jute Wonders Unlimited	New Delhi	L 35
6	New Leather Belts Company India Pvt Ltd	Mumbai	M 26
7	Pakkar Leather Exports Company	Chennai	M 30
8	Perfect Footwear	Agra	L 39
9	Saab Footwear Pvt Ltd	Mumbai	M 37
10	Tristar Exports	Mumbai	M 35
11	World Art Impex (Through Ministry of MSME)	Saharanpur	M 24
12	Council for Leather Exports Information Booth	India	M 32



Shri N. Shafeeq Ahmed, Vice- Chairman, CLE interacting with a participant



VIEW OF STANDS IN CLE PAVILION



Shri Naresh Bhasin, Regional Chairman (WR), CLE interacting with the participants

Business Results of India's Participation

As per the feed back given by the ten member-exporters, the participants had a total of 93 meetings in the MICAM over the four days of the Fair. Immediate business was generated to the extent of Euro 51,000. Based on the business meetings the member-exporters had with trade visitors, the expected business outcome has been reported at about Euro 7,00,000.

The MICAM fair thus generated good business leads and helped the participants to present their collections to the trade visitors and have useful business meetings. As such India's participation in the MICAM September 2013 can be termed as successful and met the intended objectives. Therefore, the Council is hopeful of participating in the March 2014 edition also, under MDA Scheme of the Government of India.