CLE' S INDIA LEATHER TRADE SHOW IN AUSTRALIA & NEW ZEALAND

OCTOBER 1-5, 2012

A report by O.P.Pandey, Regional Director (CR), CLE

Indian leather sector exports to Australia & New Zealand have increased considerably last year During the F.Y. 2011-12, export of leather & leather products from India grew by close to 22.68 % but our exports to Australia grew at a higher rate of 30.83 % and to New Zealand by a robust 21.81%. With the financial crisis in many EU countries, Australian-New Zealand offer good scope for market diversification.

Considering the significant potential for Leather & Leather Products in these two countries, CLE India Leather Trade Show was held in Australia & New Zealand (ANZ) in the week beginning, Monday, 1st – Friday, 5th October 2012 funding under the MAI Scheme which subsidizes members' cost of participation to a substantial extent.

The event brought together a total of 151 buyers that attended in both cities with representation from quite a few VIP and dignitaries. There was also a social element to the trade show with an opening ceremony in Auckland by a Member of Parliament and a VIP hosted CLE luncheon in Sydney opened by the Consul General of India, Sydney.

PARTICIPANTS : The Companies participated in the A & Z BSM & displayed their products are as under :

Sl No	Name of Participants	Products displayed in the BSM in ANZ
1	Alig Tannery	Leather Shoes, Shoe Uppers & all kinds of Fin. Leathers
2	Calico Trends	Leather Footwear for Men, Women & Children, Casual & Safety \ Footwears and Safety Shoes on Direct PU injected & hand stitched soles, Finished Leather for Shoes & Upholstery
3	Varun Exports – Noida	Slippers, Sandals, Ballerinas, Boots, Pumps etc.
4	Unique International Pvt Ltd	Small leather goods like wallet, purse, coin purse, note case, bags, passport case etc.
5	B.N. Enterprises	Shoes & Bags
6	Siddharth Exports	Men's and Ladies Leather Shoes
7	Prits Leathers Arts Pvt Ltd	Garments, Bags, Belts & Leather Accessories.
8	Choudhary International Pvt Ltd	Ladies, Children's and Men's Leather Sandal.
9	D Lords	Men's Footwear
10	Hanna SCM	Ladies & Men's Shoes & Boots
11	Avalon International	Shoes, Sandals, Floaters for Men, Women, Children Spring Summer Collection.
12	Apex International	Leather Garments
13	MIR International Exports	Wallets, Purses etc
14	Bazaar Konnections	Ladies/ Gents Bag, Purse, Belt, Wallets, Poches etc.
15	Naaz Export Pvt Ltd	Finished Leather, Shoe Uppers and Ladies Sandals
16	Saru International Pvt Ltd	Jacket, Blazer, Pants
17	Amity Leather International	Footwear
18	Young Stallions	Saddlery & Harness
19	Super Footwear	Men's Leather Shoes & Slippers
20	Tarun Textiles, Kanpur	Riding Breeches, Leather Saddlery & Harness items
21	Varnika Exports Pvt Ltd, Delhi	Leather Apparels, Leather Goods and Handicrafts
22	Sri Berry Agro Industries	Leather Jackets, Gloves, Saddlery and Harness
23	Al Furqan International	Finished Leather for Garments/ Shoes and Leather Products
24	Kaurab Exports Limited, New Delhi	Leather Garments, Leather Bag, Leather Belts, Leather Wallets
25	Jamiq International	Saddle, Head Stall, Breast Plate, Rugs, Breeches.
26	Aala Gloves	Leather & Leather Products.
27	Leather Wave	Leather Saddles, Harness, P.P. Halter Horse Rugs, Belts etc.
28	Guts and Glory Leathers	Horse Blanket and Pet Toys
29	Balaji Exports	Complete Horse Clothing
30	Bharat Exports	Ladies Leather Footwear
31	Saroj International	Hi-Fashion Leather Garments & Hi Fashion Bags & Leather Accessories
32	Riding House	Footwear Components, Leather Footwear, Riding Boots, Leather Goods and Accessories
33	K.K. Leather Mart	Leather Footwear
34	Anam Exports	Leather Footwear, Leather Pet Accessories & Leather Belts.

OVERVIEW AND DELEGATES :

AUCKLAND: Monday 1st & Tuesday 2nd October 2012

The Auckland BSM took place on the above date at the Grand Tearoom, Heritage Hotel, in Auckland. The event was inaugurated on day 1 and opened by the following press and VIP's in Auckland. Event partners for this were High Commission of India, Wellington and Indian NewsLink.

1. Dr. Rajen Prasad, Member of Parliament
2. Mr. Wenceslaus Anthony, Chairman India New Zealand Business Council
3. Mr. S.K.Verma, Indian High Commission, Wellington
4. Mr. Venkat Raman, Editor - Indian Newslink (Press)
5. Mr. Sukhvinder Singh, Punjabi Samachar (Press)
6. Mr. Hemanth, Radio Tarana, (Press)
7. Mr. Nageshwar Rao, CEO, Bank of India
8. Mr. Harish Lodhi, High Commissioner Fiji
9. Dr. D. Salaai Maraan, Executive Director, CLE India
10. Mr. O P Panday, Regional Director, CLE India
11. Ms. Sonia Sadiq, Director, GoWyld Events

Mr. Wenceslaus Anthony, Chairman India New Zealand Business Council gave a brief speech on the bilateral trade relations and also reinforced that even though NZ was a small market CLE India should work on investing in relationships in NZ and build a stronger client base by visiting annually.

The Regional Director for CLE India was interviewed for a live radio sting on the spot and the post event coverage was to be covered by Indian News Link in the October edition of the magazine.

There were a total of 106 buyers registered, out of which 62 attended.

Dr. Rajendra Prasad, Member of Parliament with the then ED, Mr. D. Salai Maraan CLE.

The then Executive Director Mr. D. Salai Maraan & Mr. O.P. Pandey, Regional Director, CLE, Kanpur with Mr. S.K.Verma, Indian High Commission , Wellington & other dignitaries

Kaurab Exports Limited, New Delhi

Anam Exports

Mr. S.K. Verma, Indian High Commission at M/s. Balaji Exports stand

Leather Wave

Saroj International

Al Furqan International

B.N. Enterprises

Prits Leathers Arts Pvt Ltd

Choudhary International

Bharat exports

Hanna SCM

D Lords Exports

Varun Exports

Tarun Textiles

SYDNEY: Thursday 4th & Friday 5th October 2012

The Sydney BSM took place on the above date at the Marriott Hotel. The two day BSM event also had a social element of a VIP luncheon and speeches by some very key government and trade officials. The below press and VIP's graced the occasion in Sydney, including a few key buyers and all of the exhibitors.

1. Mr. Raj Natarajan, Director Oz Indian, TVS
2. Mr. Dipin Rughani, National Chairman, Australia Indian Business Council
3. Mr. Peter O'Bryne, Vice Chair, AIBC and former CEO Austrade
4. Mr. Kartik Mohandas Director Zee TV Asia Pacific
5. Mr. Arun Goel, Consul General, Consulate General of India, Sydney
6. Mr. Vivek Kumar Deputy Consul, Consulate General of India, Sydney
7. Mr. Donald Cooper, President, Donald Cooper Corporation
8. Mr. Surya Patel, Director, JetOver Tours
9. Mr. Lesley Mathews, Managing Director, Lesley Mathews Pty Ltd
10. Mr. Aruna Chandrala, President, Global Women's Network
11. Mr. Shri Vijay Kumar, Former Indian Ambassador
12. Mr. Vish Vishwanathan, ex-President, FICCI
13. Mr. Amarinder Bajwa, President, United Indian Association

Mr. Arun Goel, Consul General, Consulate General of India, Sydney gave detailed statistics on the leather industry and Peter O' Bryne, Vice Chair welcomed all exhibitors to the wonderful city of Sydney and reiterated the need for an annual event as such.

Mr. D. Salai Maraan, Executive Director, CLE's address on the future growth strategy for CLE was extremely insightful.

The event will also be covered in the October edition of the Indian Down. Under magazine, The Australian Retailers Association news website, The Indian Newspaper and the Indian Herald.

A special visit was made by Sheba Nandkeolyar, President, AIBC who not only visited the trade show but gave a very comprehensive overview of aligning CLE's future growth strategy to the Australian market and reiterated the need for the exhibitors to come back annually in bigger numbers.

From the 136 registered buyers we had 89 in attendence.

Shri D. Saalai Maraan, the then Executive Director, CLE along with Shri O.P.Pandey, RD,CLE, Kanpur with other Dignitaries.

Address by Dr. D. Salai Maran, Executive Director, CLE

Address by Mr. Arun Goel, Consul General, CGI, Sydney

View of audience

Stands of the Participants

Address by Mr. Peter O'Bryne, Vice Chairman, Australia India Business Council

TRENDS :

As per research, the shocking bold colours in fashion are fading out, soft bold colour trends are here to stay for Spring and Summer.

- Pastel colours this season, featuring a sugar rush of sorbet shades such as lemon, mint, powder blue and soft coral (Jewel colours they may be called as well)
- Floral's are in and checkered stuff is out.
- The pointy shoes for men are going out of fashion and soft corners are in, tan is back in and tribal trends are also coming back in for summer.
- Tribal patterns and warm sandy colours are making a strong return.
- Key colors for men, include blues – from deep marine blue through to bright cobalt blue – rich berry tones and accents of sporty bright such as orange and yellow.

EVENT PARTNERS

There were 5 event partners in Auckland and Sydney for this trade show. The High Commission of India, Wellington, Consulate General of India, Sydney, Australia India Business Council, Indian NewLink and the Australian Retailers Association partner with us on this.

MARKETING AND BRAND PROFILING

The branding created for CLE Leather Trade Show 2012 was quite distinct. Over all 4760 emails were sent for Australia and New Zealand including registration reminders and confirmation of registration with the CLE branding over the 6 weeks of marketing lead time.

Over 5000 calls were made to research and create a top buyer list. The website had 36,700 page hits and nearly 5000 unique visits over a period of 3 months which was great brand profiling in itself for the event..

FEEDBACK FROM BUYERS

- The feedback from buyers was extremely positive with most buyers wanting to see more variety and a larger trade fair next year.
- It was also noted by a few buyers that a few exhibitors were not at their stands when they visited and did not appreciate waiting.
- The buyers also wanted to see look books and current trends from the exhibitors; there was a need for colour trends to change in the products that were being displayed.
- Many buyers were disappointed that not all the exhibitors listed in the marketing emails were exhibiting, particularly in Auckland where 7 were missing.
- Buyers commented that they felt quite comfortable with a walk in trade show rather than a one on one meeting and felt less pressured
- Buyers also appreciated the fact that they were able to have a one on one coffee and tea with the exhibitors and the hospitality was appreciated
- Buyers would like to see a one sheet on each company

listing what products will be displayed at the trade show, some exhibitors displayed only bags and garments when they also dealt in belts and wallets, clarity on what is on offer was essential.

FEEDBACK FROM PARTICIPANTS :

- Newzealand is a very small market specially, for Footwear sector & needs extra efforts to tap the potential buyers.
- Regarding Australian market, It has a good potential but need proper marketing

AUSTRALIAN LEATHER INDUSTRY – AN OVERVIEW

The Australian leather industry has undergone significant and ongoing change over the last 10 years as a result of government policy and global market forces. Australian leather industry has the following characteristics :

- It is seen as an essential part of the supply and value chains of the meat processing and leather goods industries domestically especially the clothing, footwear, automotive and furniture industries.
- The tanning industry, globally, has set up new production capacity close to the newly developing footwear and leather goods manufacturing regions (e.g. China). The result has been a significant production over-capacity worldwide. The Australian industry is competing in this environment and has had to adapt accordingly.
- The industry has consolidated to a small number of players who have progressively changed the nature of their businesses to develop specialist niche and ultra niche products for domestic and export market consumers.
- The consolidation and restructure has made the industry fiercely competitive. While there is an attempt to participate effectively in supply chain relationships, the level of trust across the participating players is often low.
- There has been increasing integration along the leather supply chain as players have sought to develop those parts of their business that has Australian and global competitive advantage. As such, while government policy focuses on finished leather, industry players have to respond to market forces that require the Australian leather industry to develop products such as pickles, wet blue, crust and finished leather to customer requirements.

Kangaroo Leather Production

Kangaroo is a unique hide/skin produced in Australia. Kangaroo hides are exported raw or further processed in Australia into leather and leather products. Recent years have seen an increase in the number of hides remaining in Australia for further processing and a larger amount of kangaroo leather and leather products being exported. Kangaroo leather products are renowned for their strength and are in high demand in the footwear industry.

Identify major opportunities for the leather sector and its strengths and weaknesses for securing these opportunities :

OPPORTUNITIES :-

- Technically advanced leathers in high performance areas.
- Specialty Leathers.
- Opportunities exist to be a very large leather producer ("Economies of Scale") or a small 'Niche Producer'.
- Further develop niche high value products for global markets.
- Opportunities in the domestic and overseas markets by creating an ongoing stream of niche products in a low cost environment.
- Develop world's best technology practices.

STRENGTHS :-

- Certain raw materials are native to Australia.
- Technical knowledge.
- Current presence in the world market.
- Modern equipment and facilities.
- Meeting international environmental standards and still competitive in niche markets.
- Australia has abundance of raw-material – hides and skins.

WEAKNESSES:-

- Much higher labour and labour on-costs relative to overseas producers.
- Much stricter environmental controls relative to overseas producers.
- Cost of some raw materials in Australia is higher than completed (or semi-finished) imported leathers.
- Major brand names and leather goods manufacturers (eg shoe and gloving) are located overseas.
- Costs to travel/visit/source chemicals that will assist R&D and product innovation.
- Government impediments (including time & priority) to register new chemicals for new technologies.
- Human resourcing from global suppliers/competitors.
- Australian raw-material – hides and skins are freely available even to countries that tax leather imports or cross-subsidize their leather industries. Reciprocity needs to be corrected.
- Distance, fragmentation and capital.
- Need to develop virtual vertical integration – integrate into global supply chains more effectively.
- Pricing pressure from subsidised competitors remains our biggest threat to export sales growth, however we are confident that we can continue to supply to the better end market by offering new and unique products.

NEW ZEALAND LEATHER INDUSTRY – AN OVERVIEW

Industry statistics In New Zealand :

- 95% of milk produced is exported.
- 45% of global carpet wool production.

- 18% of total export earnings (dairy industry).
- 24,230 employed (meat production).
- 76,220 employed in manufacturing sector in the Auckland region in 2009.
- 252,800 employed in manufacturing in NZ.

New Zealand manufacturing industry

The manufacturing industry in New Zealand is large and diverse.

Major sectors within the industry include:

- Metal product.
- Machinery and equipment.
- Food and beverage.
- Textile, clothing, footwear and leather goods.

Industry changes:

Significant technological changes have occurred in all sectors within the industry over the last decade, as companies develop more efficient and diverse methods of processing and packaging products. Training has also become increasingly important as workers need to have the skills to work with emerging technologies.

In recent years, New Zealand Trade and Enterprise has run programmes to encourage businesses to:

- Develop streamlined business processes and improve productivity (LEAN).
- Stimulate growth and competitive advantage through integrating good design into all aspects of the business (Better by Design).

The Ministry of Economic Development is also promoting environmental sustainability and lean manufacturing.

Economic Trends :

In the five years to 2008, most sectors of manufacturing were adversely affected by the economic downturn (apart from food and beverage, which experienced 4.9% growth; and mineral product, which experienced 7.2% growth).

These trends are expected to continue to 2013. Some sectors of manufacturing, such as textiles and apparel, face strong competition from Asia.

Leather sector in NewZealand :

Much of the New Zealand textile, clothing, footwear and leather goods manufacturing industry is made of small, owner-operated companies with a turnover of less than $2 million. These companies predominantly cater to export markets, which provide a majority of their earnings. Australia is the main export market for textiles, carpet, footwear and apparel, followed by the USA, Hong Kong; the United Kingdom and Fiji.

CONCLUSION

- It was noted by the Consul General and many others that the need for this event to have a successful strategy in the long run. It needed to be run annually in Sydney, Melbourne and Auckland
- Instead of two days event, one day trade show in each city may be held to save on costs and maximize on the number of attendee each day.
- The lead time for this trade show needed to be a minimum of 6 months and planning for this would need to start ASAP so at the annual show a date can be released to the buyers now itself.
- CLE should be providing a detailed report on member products to ensure that the right buyers attend on the day.
- It was noted that Sydney had a larger no show rate than Auckland and this is quite a common fact with any trade shows in Australia.
- Based on feedback received from buyers and the business councils, it is recommended that the delegations need to visit Australia & NZ more regularly and every year.
- Visibility and consistency are key to driving success in these markets.
- Building the brand is important and this needs to be done through aggressive marketing, ideally commencing with the announcement of the delegations dates in an annualised basis.
- Aggressive PR and advertising in Trade journals will build awareness and credibility for future trade delegations.