

MICAM – The Shoe Event, Milan, Italy, 16-19, September 2012

A report by K.R.Venkatesan, Export Promotion Officer, CLE

Global Footwear Industry:

► The global Footwear market is expected to reach \$ 195 billion by 2015, according to research from Global Industry Analysts, with volume sales exceeding 13 billion pairs by 2012. Market growth is predicated to rebound its consumer confidence builds in the post-recession economy.

Footwear sales have been falling in developed countries and slowing in emerging countries due to lower income levels and therefore, less spending on apparel and footwear. Consumers are focusing increasingly on value for money, looking for simple, hand-wearing shoes that last. Designer shoes have become the brunt of this shift in consumption brought on by the economic recession. Shoe manufacturers and retailers are since forced to complete on price and value.

China exports more shoes than any other country, producing almost 13 billion pairs or 63% of overall production in 2010, according to RNCOS. Domestic sales have been driven by online shopping and rising demand for specific brands. China has been faced with domestic currency appreciation, along with rising raw materials and production costs. Branded shoes are strong sellers in China, with companies popularizing their shoes with promotional practices. China's footwear market has recorded strong growth in consumption and exports, which is likely to continue at an annual volume growth rate of 7% for the few years to come. Exports are strong because on the domestic market, Chinese people consume less than 2.5 pairs of shoes each year, whereas the Western average is far higher.

India's footwear market is expected to record strong growth in the years to come, reports RNCOS. The market which has been impacted by an increasing presence of international companies is predicted to record close to 10% annual growth from 2011 to 2014. The market is fuelled by advantageous factors such as a skilled workforce combined with low labor costs. In production terms India is second only to China. This market sector drives expansion in India's leather exports.

Key players on the global footwear market, include Bata, Deckers, Brown Shoes, Wolverine, Weyco, ECCO, Kenneth Cole, Nine West, Timberland, Puma, Gucci, Lacrosse, Vans, San Paulo & Alpargatas, R.G. Barry, Nike and Adidas.

Italian Footwear Industry:

Italy is Europe's most important center for the design and manufacture of shoes, accounting for about half of total European shoe production. While production of inexpensive shoes and mass-produced sports footwear has inevitably moved off-shore to third world countries with low labor costs, the Italian shoe industry has maintained its good health by focusing on what it does best—designing and manufacturing high-end shoes where excellent design and quality production values are paramount. This segment of the industry remains strong; after a slight decline in the

1990s, footwear exports (by value) have recovered in recent years and now are steady at about 3% of total annual Italian exports.

The Italian shoe industry is widely dispersed, with many small, often family-owned, operations to be found in almost every part of the country. About 110,000 Italians are employed in the shoe industry, but the average shoe company has only fifteen employees. Three regions dominate shoe production in Italy; Marche, Tuscany and Veneto account for about two-thirds of shoemaking companies, two-thirds of workers, and about three-quarters (by value) of exports. However, the largest single shoe company, the Filanto Group, is headquartered in Lecce, in the far south-eastern province of Puglia. With about 8,000 employees, Filanto makes shoes mainly in the medium-price range and has recently relocated some production facilities to Albania. High-end companies like Ferragamo and Tod's continue to prosper, while a recent trend is for large, international, integrated fashion companies to expand their own shoe manufacturing by acquiring and consolidating existing production facilities.

Trends in production -- Italy:

The major trends in and characteristics of footwear production in Italy are:

- The Italian Footwear Industry has responded to the economic recession by focusing more on quality and style and by offering more creativity and perfection in designs and finishing
- There are innovations in soles, heels and insoles that combine elegant designs with colour, technology and walking comfort. Different materials in soles are used ranging from various sorts of wood, cork, recycled material or breathable waterproof synthetics.
- Many companies are showing strong initiatives in responsible methods of production such as vegetable tanning techniques.
- Italian producers know they cannot compete in the low price segment. The consequence of this strategy will also be more outsourcing of production. India, Tunisia, Indonesia, Bosnia Herzegovina, Croatia, Serbia, Macedonia and Brazil were important outsourcing countries.

Italy is the 4th largest importer of leather and leather products in the world. In the year 2010, Italy's import of leather and leather products touched US\$9174.29 million.

Italy is also the 2nd largest exporter of leather and leather products in the world, next to China. During 2010, Italy's export of leather and leather products was US\$17744.06 million, holding a share of 12.86% in the global import of leather and leather products of US\$ 137.96 billion.

The Footwear Production and prices:

The slow improvement of productive levels that began in 2010 after the serious global economic crisis that exploded at the end of 2008 stopped in the first six months of this year. ANCI's survey shows referring to sample companies interviewed – a drop in output volumes of -3.6% a poorer result compared to the trend and expectations of the first months of the year, that shows the clear worsening which occurred in the second quarter against the first 3 months.

Import / Export Trade – Italy

In the first 5 months of 2012 footwear exports showed at +4% increase in value, with a -10.3% decrease in quantity.

The average price placed at 32.14 Euros per pair, grew approximately 16%. Between January and May, a total of 96.9 million pairs of shoes were exported (over 11.1 million less compared to the same period in 2011) for a record value of 3.1 billion Euro, including as usual the sales abroad of production Made in Italy and processes of pure marketing. Shoes with leather uppers – that count for over 80% of export turnover – show a less negative trend on average. All alternative sectors to leather show a backside in both quantity and value, the hardest hit are the ones with less added value rubber (24% in value) slippers (16%) and synthetics (-10% over 15% decrease for “walking” type) EU is the most affected area, -4.3% in value and 15.1% in volume. Sales outside the EU show further growth instead driven by exports to the Far East, which records an overall +32.8% in value (Japan +16.3%, Hong Kong +35.4% and China +76%) and the Middle East (+15.4% in value, with United Arab Emirates +9.2%)

Russia with +13.5% in value has bounced back after April's slump. Following the good recovery of the initial months of 2012, sales to the USA slowed down considerably even though still showing growth (+9.3% in value and +0.7% in quantity)

The demand in Canada's stagnant (-2.1% and -1.3% respectively). The weakness of the domestic market caused a slowdown in imports and the consequent improvement of the trade balance. When it comes to imports (-11.6% in volume and -2.3% in value) ISTAT's figures confirm the decrease of imports from China (-13.4% in quantity) and other Countries (-10.1%). Between January and May, 147.7 million pairs were imported to Italy, more than 19 million less than last year. China is definitely confirmed to be the top supplier. 2 out of 5 pairs of footwear are imported to Italy from there, with an average price per pair (5.47 Euro) that, even if increased by 14%, is still almost three times less compared to the average price of other countries.

Decrease also appear for may Asian producers (Vietnam, Indonesia, India, Cambodia) and for sub-supplier countries closer to Italy in particular Romania (-20% in quantity down to third position in the value ranking), Tunisia (-16.3%), Bosnia (-27%), Bulgaria (-14.5%), Hungary (-30%), Serbia (-18%).

Orders and domestic consumption – Italy

The study of orders for the period April-June 2012 –

conducted as usual including reorders – presents a pretty gloomy picture (-2.8% in quantity) even if the overall figure is for mostly determined by the disappointing performance of domestic orders.

Regarding the national market in fact the trend is definitely penalizing. Looking at overseas markets the situation instead is better although with high and lows. With this information the carnet, otherwise known as the productive period guaranteed by orders, appears slightly less than three months.

Indo-Italian Leather Trade:

Italy has a strong traditional trade relationship with India in leather sector.

Italy is the 3rd largest importer of leather and leather products from India accounting for a share of 10.85% in India's total leather exports trade of US\$4868.71 mn during 2011-12.

- India accounts for a share of 4.97%, out of Italy's total leather import trade.
- Out of India's total leather & leather products export to Italy, Footwear alone holds a major share of 41.59%.
- During 2010, the European Union is a major market for Footwear (leather Footwear and non-leather footwear) and has a share of about 44.09% (\$ 40.28 bn) in the global footwear import trade of US\$ 91.37 billion.
- India's export of different categories of footwear to the European Union has touched US\$1604.69 million, accounting for a share of 3.97 in EU's total footwear import trade.
- Importantly, Italy is the fifth largest global importer of footwear at US\$ 4457.88 million and the third largest importer of Footwear from India. Our export of different categories of footwear to Italy has increased from US\$ 134.35 million in 2005-06 to US\$ 219.79 million in 2011-12 growing at a CAGR of 8.54%.
- Hence, the Italy and EU markets are of considerable importance for Indian Footwear exporters.

Made-in-Italy footwear strengthens its placemen in Russia

The new initiative of ANCI in collaboration with the base in Moscow of the Agency for the promotion in foreign markets and the internationalization of Italian companies – ICE, is scheduled from October 2nd – 4th in Russia, in the region of Krasnodar. Two workshops in Krasnodar, at the Intourist Hotel on October 2nd and 3rd, and in Rostov-on-Don, at the Don Plaza Hotel on October 4th will be forerunners of the most important show organized by the Italian National Footwear Manufacturers' Association in the Russian Market, Obuv' Mir Kozi, which will be held on October 16th – 19th in Moscow.

The Show is designed to further strengthen the image of Made-in-Italy in a market which, in 2011, represented the fifth country according to the export of Italian shoes, with

an export volume equal to 6.7 million pairs and 520 million Euro (for a growth of 14.9% and 20.7% respectively), getting very close to the higher level registered in 2008, equal to 7.3 million pairs and 588.6 million Euro.

In the first three months of 2012, the Italian footwear segment exported 2.4 million pairs (+7.5% compared to the first three months of 2011) for a value of 172.2 million Euro, registering an increase by 16.4% compared to the same period of the previous year. Notwithstanding the economic crisis which affects the European Union and many segments in the fashion sector, shoes are still a cult item also in Russia, where the average price of Italian footwear reached the threshold of 73.25 Euro, with an increase of 8.2% compared to the first three months of 2011. Leather and hide shoes are the best selling pieces in the region, for a 85.3% of the total amount. This segment registered increases which exceeded the average, with numbers of the order of 15.5% in quantity and 19% in value.

“The main reason which made us choose the region of Krasnodar for this new initiative – states Ronny Bigioni, Coordinator of the Russia and CIS countries Lab of ANCI – is that it has represented an important industrial hub in Russia since ever. Krasnodar is one of the most promising region for us, both in terms of economic growth rate and per capita income. But that’s not all considering the important projects of investments planned for the Winter Olympic Games, which will be held in February 2014 in Soci, Capital of tourism of the Region on the shore of the Black Sea, we cannot lose the change to benefit from the “pulling-effect” this event involves in terms of increase of the commercial areas and purchasing power of consumers”.

The Workshops are open to every quality range with reference to mid-to-high end products from the sectors of fashion shoes and leather goods; attendees will have the possibility to make new commercial contacts in full season of sales by presenting their 2013 Spring Summer collections. The exhibiting companies, manufacturers of woman’s, man’s and children’s shoes, as well as of leather goods, will present their products to operators from retail stores, distribution chains, trading companies and department stores. A three-day event during which it will be possible to strengthen not only direct but also institutional business relations with local administrations.

MICAM-The Shoe Event

MICAM Shoe Event is one of the largest footwear sector trade Shows in Italy. The Event is the most prestigious international exhibition dedicated to the shoe of medium-high and high. The Show facilitates smooth transfer of relevant industry information among the eminent business professionals from this sector who are present here. The professional exhibitors displayed an extensive range of trendy and fashionable shoes and related accessories for men, women as well as children. Fashion footwear of different reputed brands are showcased here and shoe stretches, shoe horns and insoles are also exhibited during the event. Several noted companies showcased their products here, including Alvino Collections and Aka Art Advanced Kit.

MICAM with high fashion content and quality proposals, a fair that responds like this to the difficulties that touch particularly the domestic market as well as the European one. The fact that the number of exhibitors remains the same event after event, confirms that this exhibition represents a focal point for those companies who want to develop international business. 1,573 exhibitors presented a preview of the best spring-summer 2013 collections, on an exhibiting area which is well above 68,000 sq.mtrs. 973 Italian firms and 600 foreign companies were participated in this event confirming how international this show is. The historic brands such as Cesare Paciotti, Geox with the Geox by Patrick Cox range and Balducci for Children’s footwear were participated in this Fair. In the first two days of the fair the exhibitors were developing quality contacts and orders equal or ever higher compared to September 2011 edition. The show boasts of overall visitor counts in excess of 42385, with a large contingent of foreign attendees also participating in the event on a regular basis. Some of the main attendees to the event are professional shoe manufacturers, dealers and distributors, designers and corporate agents. Leading wholesalers, retail agents, qualified buyers and makers of leather shoe accessories were also present in this Event.

The exhibition dedicated to mid-to-high and high-end footwear will host the spring / summer 2013 fashion collections, thereby reinforcing its reputation as a business event for the entire international footwear manufacturing community, with interesting innovations aimed at increasing the visibility and business volumes of these manufacturers. In fact, MICAM Shoe Event offers the most complete range of qualified footwear in an exhibition space of more than 67,000 square meters.

For years now the winning formula of MICAM Shoe Event has been a pillar for Made-in-Italy, and soon this formula will also be exported abroad, thanks to the project MICAM around the World, organized by ANCI with the collaboration of Fiera Milano. This initiative is part of a strategy aimed at providing an added value to the already significant presence of Made-in-Italy in the main foreign markets where the demand and appeal of Italian products is constantly growing examples of this include the Chinese market to then be followed by Russia, Japan and the United States.

Continuing with the trend of previous editions, also in September the fair will open its doors to the city and those who are completely fashion addicted by offering them the opportunity to fully emerge themselves in the atmosphere of MICAM Week. In the center of Milan, the MICAM Point. a space dedicated to all those in love with the world of footwear will be set up. It will offer footwear enthusiasts the possibility to take part in the events and initiatives dedicated exclusively to Italian footwear, the symbol for excellence and traditional manufacturing practices around the world.

Argentinean footwear’s quality and prestige, characteristics well known around the world, are on display in Hall 7 at the collective stand that brings together 11 of the country’s top brands, coordinated by the Chamber of the Footwear Industry. Argentinean footwear producers’ product offer is extremely varied and ranges from stylish women’s footwear,

dedicated tango shoes and polo shoes (greatly demand by the Chinese market) to men's elegant, handcrafted shoes retailed at competitive prices. The stand also displays young fashion and street-style brands.

Kids Footwear at MICAM

Among the new things of the fair was the opening of Kids Footwear Concept Store at Hall No.10 hotbed of Children's footwear department. It's an initiative that proves MICAM's attention towards every department and received experts contribution to involve visitors and exhibitors of this product category. Children's footwear presents very full collections, with a continuously expanding range of models that looks at men and women, but is actually always very attentive to the needs of growing feet. Materials and colours are more and more natural; stylists' researches concentrate on creating products in harmony with the environment, fanciful and safe.

Press Conference:

The traditional International Press Conference was held in the Services Centre of the Fair ground. Mr. Cleto Sagripanti, MICAM-ANCI Chairman informed about MICAM Shoe Event's performance that this 68th event recorded an increase in the number of exhibitors (1,573 in total, 600 of them from overseas) an encouraging sign for the companies and important brands, returning or participating for the first time, like Paciotti, Balducci and Patrick Cox by Geox. Positive figures also seems to appear from the first two days of the fair with a slight increase in the number of visitors. The most important thing is that MICAM remains a business fair where companies write orders. Therefore, a strong fair which is also sign of strong industry, even if 2012 remains a difficult year with a heavily falling domestic market (-5%). In the first 5 months of the year a basic stability emerged in Europe although struggling to survive, with exports falling in countries like Germany and Spain and growth in countries outside the EU, in particular Russia, the United Arab Emirates, North America and the Far East. China and Hong Kong are the sixth country combined for sales They will soon be among the top three countries for exporters of Italian footwear. This is where the "MICAM in the World" project comes in, which actually begins in China with MICAM SHANGHAI, but that also includes other ANCI Schemes-twenty five comprising seminars and workshops to promote Italian Footwear in the World. ANCI's Chairman then reminded everybody of the importance of bringing young people closer to the footwear manufacturing world, to maintain that great heritage that is Italy's production chain.

Referring to customs duty on footwear from China and Vietnam, which remained in force until March 2011, Mr. Artioli stressed their benefit and long-term effects since the first 5 months of 2012 they show 15%(pairs) of imports from these countries compared with the same period of 2010.

The Conference concluded with the speech of Fabio Aromatici who gave more details regarding MICAM Shanghai, scheduled to take place from 9 to 11 April 2013 at the Shanghai Exhibition Centre, in the heart of the Chinese City, with the presentation of autumn-winter 2013-14 collections.

Council's participation in this event

As per the approved Annual Action Plan 2012-13 of the Department of Commerce, Ministry of Commerce and Industry and market promotion activities of the Council, the Council took part in the MICAM-The Shoe Event held during September 16-19, 2012. In this edition, the Council organized group participation of 11 Member-exporters of Footwear in Hall No.7 in a total area of 172 sq.mtrs. The participants were displayed sandals, slippers, Kolhapuri chapels, complete range of Footwear for Ladies, Men and Children.

The participants in the CLE India Pavilion are

- 1) Amit Leather Company, Mumbai (Through MSME)
- 2) Amity Leather International, Mumbai
- 3) G. Shoe Export, Mumbai
- 4) Indian Leather Company, Mumbai
- 5) Jute Wonders Unlimited, New Delhi
- 6) Malik Exports Pvt Ltd, Mumbai
- 7) M.K. Handicrafts, Rajasthan (Through MSME)
- 8) New Leather Belts Co Pvt Ltd, Mumbai (Through MSME)
- 9) RPL Trends, Kanpur
- 10) Shoe Craft, New Delhi
- 11) Toe Hold Artisans Collaborative Bangalore

Out of 11 participants, 3 Companies come through MSME Department, Govt of India. Due to unavoidable circumstances M/s. M.K. Handicrafts, Rajasthan (through MSME) has not participated in this Fair.

The CLE Information Booth was set up in the India Pavilion at Hall No.7. Council's Publicity brochures, Members Directory, Monthly journal, Participants Profile Booklets etc were distributed to the Importers / Buyers, visitors in the CLE Information Booth. The CLE Information Booth received several queries and clarifications about the Indian Leather Industry and these were promptly attended by Mr. K.R.Venkatesan, Export Promotion Offices, Representative of the Council.



Mr. K.R.Venkatesan, Export Promotion Officer (left)
at the CLE booth

Large number of Buyers / Visitors visited the Indian Pavilion. In the first day of the event visitor's Traffic was less but the remaining three days more number of Buyers / Visitors visited the CLE India Pavilion. According to feedback obtained from 10 participants, they had total 87 business meetings with the Overseas buyers. The total business transacted works out to Euro 1,50,000 and the future business expected is anticipated at Euro 4,92,500. 95% of the participants are willing to participate in the next edition of MICAM Fair.

Successfully closes the edition of September 2012

The September 2012 edition of MICAM Shoe Event ended with success with the presence of 41,085 visitors, including 20,584 foreigners and 20,501 Italians. There have been numerous delegations of international buyers and major players in the footwear market in the world, from Russia, China, Japan and - on the side of Europe-from Spain, France and Germany.

The trade Show hosted 1,573 exhibitors, including 600

A view of stands in CLE Pavilion



foreigners, who have exhibited their new collections for spring / summer 2013 on a total area net 68,035 square meters.

Further confirmation of the strategic importance of MICAM was also present at the exhibition of political and institutional high-profile as the Vice-President of the Chamber Maurizio Lupi, a sign of the institutions for an important sector of the Italian economy as the footwear.

As present exhibition were joined, for this edition, external events dedicated to the public; the protagonist MICAM Point, which has been a great success with a record number of visitors. The space has been the centerpiece of fabulous competitions such as Operation Days Cinderella and the competition connected with it "A fabulous night" and events such as the new exhibition dedicated to Barbie and the most beautiful models of shoes worn by the historical doll.

The Next Edition of MICAM

ANCI, the Italian National Footwear Manufacturers Association has defined the dates for the 2013 MICM Shoe Event, the most prestigious international fair dedicated to mid-to high-end footwear.

The Shanghai MICAM

ANCI Servizi, in collaboration with Fiera Milano spa and HMFS, Hannover Milano Fairs Shanghai organized the first and only international event of the Shoe weblog Micam in China.

From 9th to 11th April 2013 will be set up the MICAM Shanghai, the only international trade fair reserved for the leading brands on the world market of the fashion footwear and leather goods.

In Shanghai, the first metropolis of the Asian continent, the main economic and financial hub of the country, a cosmopolitan city that anticipates and known when and how the fashion industry in China. Inside the Shanghai Exhibition Center, the City's most prestigious exhibition center, located in the heart of town and close to the major international Hotels.

The Asian giant (over 1 billion and 300 million inhabitants) is the main source of growth for the world economy and a source of market opportunities for many small and medium-sized enterprises exporting vocation. The country, moreover, is entering a more mature phase of development, while continuing the unstoppable process of urbanization and the constant increase in productivity that creates resources for strong wage increases and, therefore, favors an increasing propensity to consume by households.

In China, there are already a few years, the major Western luxury brands with stores in the new shopping center and major Hotels.

All the major cities are the protagonists of the opening of new shopping centers, demonstrating how the market is evolving, especially in metropolitan cities, very quickly, even for the benefit of non-branded products, but good quality for the middle class (over 300 million people).

It is thus open new opportunities for companies wishing to invest in the market through market penetration, its own network of stores, or a partnership. The Micam Shanghai is owned with the intention of being a business platform for Chinese Companies and International companies.

MICAM the Shanghai for the Visitor:

In collaboration with Shanghai Fashion Week, the MICAM Shanghai is the only event, reserved for the most qualified professionals in China to discover the collections of the most important brands of footwear and leather goods in the world.

An event designed for the offer Micam, the most comprehensive showcase of the fashion footwear In the world, the Chinese market valuing assets exhibition unique. The most effective channel to deepen fashion trends present and close to the trade.

Product categories: Footwear for Women, Men and Children, Leather goods, Leather jackets. Showcase: New Autumn-winter 2013-14.

