

ITALIAN FASHION INDUSTRY ON COURSE FOR INNOVATION

FOCUS ON DIGITIZATION AND SUSTAINABILITY



Milan (GTAI) - The Italian fashion industry is changing. The digitalization of production and the growth in online trading are forcing a rethinking in the traditional sector. The topic of sustainability is becoming increasingly important. Against this background, Italian fashion houses are increasingly investing in their future strategies. German companies see good business opportunities as technology partners.

The Italian fashion industry is one of the core sectors of the Italian economy. In 2017, the sector increased its sales by 2.4 percent to EUR 54.1 billion, as reported the industry association Confindustria Moda. For 2018, the association expects a further increase of 2.6 percent to EUR 55.4 billion. The goal is to exceed the EUR 60 billion by 2020.



But the sector is developing inconsistently. Sales of intermediate products such as fabrics have been stagnating for years, while sales of end products such as clothing, shoes and bags are increasing. Both areas grew in 2017.

End products (+2.9 percent) continue to be more successful than primary products (+2.2 percent).

The main reason for the positive development of the fashion industry in recent years is the strong export demand for Italian products. In 2017 exports rose by a total of 3.5 percent and exceeded the EUR 30 billion mark for the first time.

The main export hits are clothing (one third of fashion exports), leather goods (around 20 percent) and shoes (around 18 percent), followed by fabrics (9 percent) and home textiles (9 percent). Sector representatives are concerned about developments in some important sales markets. Exports to the USA and Japan declined in 2017, the rising demand from China and Russia could not compensate these losses.

Significant rise in fashion imports

Domestic demand for fashion stagnated in 2017, while significantly more pre-products from the Far East and end products from industrialized countries were imported. Overall, imports increased by 2.2 percent to EUR 21.1 billion in 2017, Confindustria is expecting a further increase of 2.4 percent in 2018.

Germany is one of the most important markets for Italian fashion manufacturers; Italian shoes and bags are particularly popular with German customers. In return, Germany, with imports worth EUR 1.3 billion (plus 4.1 percent), ranked fourth as a supplier country in 2017, behind China, France and Spain. Clothing accounts for about half of German fashion imports and textiles for the other half. Germany is an important supplier of technical textiles, including sports goods and for the automotive industry.

Many companies strengthen their online presence

The digitalization of the Italian industry does not stop at the fashion industry either. Thanks to the new technologies, traditional manufacturers can increasingly reach their customers directly without intermediaries.

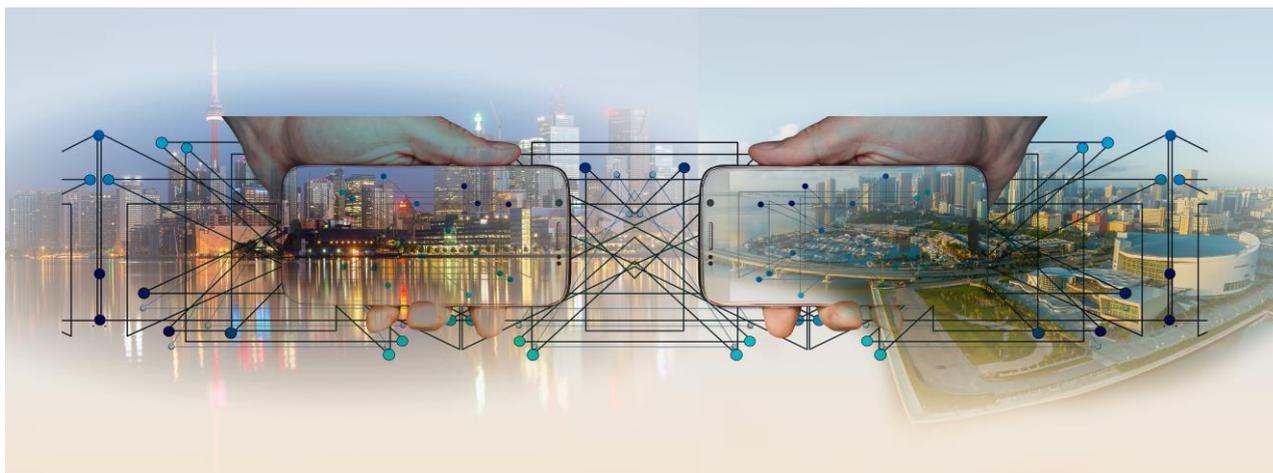
How well this works was demonstrated by the Italian start-up company Yoox, an online luxury fashion retailer. Founded in 2000, the company merged with the French online fashion company and strong competitor Net-a-Porter in 2015. The Group is now active in 180 countries and generated sales of EUR 2.1 billion in 2017.

Many companies are strengthening their online presence and using their stores primarily as showcases to promote brands or new collections. The company Beste with the still new brand for men Monobi is an actual example. The traditional fashion houses Loro Piana and Zegna have been active in this direction already for several years.

Industry 4.0 sets impulses

Digitalization also makes new production processes possible for fashion houses. The networking of machines reduces production times, increases efficiency and reduces electricity and water consumption. In addition, manufacturers get the opportunity to offer tailor-made solutions. Digitalization also ensures through just-in-time concepts that inventories and sales areas can be reduced, which leads to falling costs.





Well-known Italian fashion houses are investing heavily into the future. The luxury company Gucci has invested around EUR 100 million in a new innovation center, the so-called ArtLab, in the greater Florence area. The company Beste has started two research projects in the field of Industry 4.0. The intensive research focuses on the development of new, environmentally friendly materials and the development of a digital platform for the planning, production and distribution of garments.

Sustainability is increasingly becoming a sales argument

The topic of sustainability is becoming increasingly important. The National Chamber of Italian Fashion (CNMI), for example, organizes discussion rounds on the subject. The fashion house Ferragamo has presented a sustainability plan to reduce greenhouse gas emissions and energy consumption. A new development by Ferragamo is also a sustainable fabric made from orange peels.



Gucci, Armani, Bulgari, the list of the world-famous Italian fashion companies is long. At the same time, Italy also has a large number of small and very small companies in the fashion sector. In 2017, the average number of employees in the companies was 9. Small and medium-sized companies also rely on sustainability.

The major Italian bank Unicredit, together with the European Investment Bank, is providing low-interest loans for small and medium-sized fashion companies (up to 250 employees) for relevant investments. Similar programs are provided by the major bank Intesa Sanpaolo.

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