Giovanna Ceolini, Chair of Assocalzaturifici: "The widely expected slowdown materialised in the second quarter of the current year. The strong rebound of 2021 – after the slump caused by the lockdowns – and the continuation of recovery during 2022 were followed by a marked deceleration, despite a promising start to 2023 for most economic variables"

THE ITALIAN FOOTWEAR INDUSTRY: TURNOVER (+7.4%) AND EXPORTS (+10.2% IN VALUE IN THE FIRST 5 MONTHS) GREW IN THE FIRST HALF OF THE YEAR, BUT THE SLOWDOWN IS ALREADY UNDERWAY. PRODUCTION AND EXPORT VOLUME DECLINED

Milan, 14 September 2023

Despite some shadows, the first half of 2023 closed on a positive note for the Italian footwear industry, recording growth in turnover (+7.4%) and exports (+10.2% in value in the first 5 months). However, volume suffered: -6.8% for exports and -5.7% for production (according to the ISTAT industrial production index). Household spending came to a halt in May and June, after remaining rather stagnant throughout the first half of the year (-1.2% in value and -3.4% in volume). This, in summary, is the picture drawn by the Confindustria Moda Research Centre for Assocalzaturifici just days before MICAM Milano, the international footwear fair taking place at Fiera Milano (Rho) from 17 to 20 September 2023.

According to Assocalzaturifici Chair Giovanna Ceolini: "The widely expected slowdown finally materialised in the second quarter of the current year. The strong rebound of 2021 – after the slump caused by the lockdowns – and the continuation of recovery during 2022 – albeit at an understandably slower pace, as business levels returned to normal – were followed by a marked deceleration, after a promising start to 2023 for most economic variables. In the April-May period, after double-digit increases in the previous months, exports, which have always been the sector's driving force, showed rather stable values (+1%) and a setback in volume (-14.9%). All the main export destinations recorded increases in value in the first 5 months. The only exceptions were Switzerland – a traditional logistics hub, the country experienced a significant setback, probably due to different distribution strategies adopted by luxury brands, which avoid transiting through the Swiss warehouses – which recorded -13.6% (-29% in terms of number of pairs), the United Kingdom (-2.6%) and Canada (stable at -0.5%, but down sharply in terms of quantity)".

Despite the recent concerns over the slowdown in the national economy, very encouraging signs have come so far from China (+20.4% in volume and +43.4% in value), where the average price – by far the highest among the main outlet markets for Italian footwear – clearly shows that these figures are linked above all to the performance of the large luxury brands, in a market that is not easy to penetrate for companies with their own brand.

Ceolini continues: "The rebound in Russia and Ukraine is worth noting (+37% and +56% in value, respectively), although it should be borne in mind that the comparison period includes months when the outbreak of the war had caused sales to plummet in the two markets involved. Despite the rebound in 2022, current levels are very close (+1.2%) to those of the first 5 months of 2021, already strongly affected by the pandemic before the war. Finally, the balance of trade, driven by foreign sales, touched 2.5 billion euros (+14.2%) in the first 5 months".

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A closer look at the report reveals that, in the first 5 months of the year, Italian footwear exports stood at 87.9 million pairs, including purely sales operations: 6.4 million fewer pairs compared to January-May 2022 (-6.8%). The average price per pair increased to 62.47 euros, i.e. +18.2%.

If we look at macro geographical areas, both EU countries – to which 2 out of 3 shoes sold abroad are exported – and non-EU destinations show growth in value and a drop in quantity; however, trends are better within the European Union (-4.5% in volume and +14% in value) compared to more distant outlet markets (-10.9% and +7% overall, respectively). Within the EU markets, besides France – which firmly occupies first place in the general export ranking, in terms of both quantity and value, recording +19.6% in value and -2.9% in volume – the main destinations include Germany (fourth, but second in terms of volume, +8.4% in value but -15.5% in quantity), Spain and the Netherlands (with interesting growth in both volume and value), Belgium (with modest increases) and Poland (+10.2% in value but -5.2% in quantity).

North America is slowing down: while substantially holding up in value, the United States and Canada show a fall of more than -20% in pairs. After experiencing difficulties in both 2021 and 2022, the trend was negative also in the UK (-2.6% in value, -13.8% in quantity). On the other hand, an encouraging performance was recorded in the Far East, which grew globally by +29.4% in value and +7.1% in quantity. Positive developments were recorded in the Arab Emirates (+37.7% in value) and Turkey (with increases of over 80% in both volume and value, despite the devaluation of the lira). The breakdown by product category shows mixed performance in terms of value and a general decline in volume – with the exception of slippers, which, on the contrary, grew in volume but decreased in value. Footwear with leather uppers – the leading segment, which accounts for 63% of the value of foreign sales – showed an increase close to +13% (-5.3% in pairs compared to January-May 2022 and -15.2% on pre-Covid levels in 2019).

On the domestic consumption front, according to the Fashion Consumer Panel of Sita Ricerca for Assocalzaturifici, after a start to the year marked by recovery, household spending on footwear decreased sharply in the following three months, especially in May and June. Overall, the second quarter of the year saw a decrease of -9.8% in terms of pairs and -7.9% in value, cancelling out the progress of the previous months and bringing the total figure for the first 6 months into negative territory.

As regards business demographics, the persisting effects of the unprecedented crisis triggered by the pandemic led to a negative balance of -122 footwear manufacturers – including both firms and artisans – in the first 6 months of the year (i.e. -3.2% compared to the end of December, according to Infocamere-Movimprese), after the heavy setback suffered at the end of 2022. In terms of the number of employees, the positive rebound that started last year continued: at the end of June, there were 73,665 employees (+1.8% compared to December). However, the gap with 2019 still exceeds 1,200 units.

In the first 6 months of 2023, INPS authorised 7.5 million hours under the wage supplementation scheme (Cassa Integrazione Guadagni – CIG) for companies in the Leather Goods industry, down by -5.6% compared to the first half of last year. However, the leap in the number of hours in the second quarter (+44%), together with the worsening of the overall economic situation, herald new tensions.

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Finally, expectations remain very cautious for the second half of the year, given the general climate of uncertainty and the weakness of many economies worldwide. On average, for the first time since the post-pandemic recovery, operators in the sample expect turnover in the third quarter to be down on the same period last year (-2.8%).

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