

LUXURY MARKET IN ITALY



I – Some information about Italy:

Italy is a parliamentary republic chaired since 2015 by Sergio Mattarella.

President Mattarella appointed as President of the Council Paolo Gentiloni, who is responsible of running the country with the help of his government since December 12, 2016.

Economically, Italy is the **4th European power**, the 8th worldwide and **France's 2nd economic partner** with 8.2% of France's world exports.

Key figures:

Surface: 301 336 m²

Capital: Roma

Money : Euro €

Language : Italian

Population : 60 494 785 residents (2018)

II – The luxury industry:

Italy is historically one of the countries which gave birth to the high-end, because the «Made in Italy» has always represented elegance, quality and prestige. Both in the mechanical industry and the craft sector, a unique and sought-after know-how is recognized.

Of course, Italian luxury extends far beyond major brands, and we find the high-end in the crafts' centuries-old mastery and is often invited among the world's greatest designers for its leather goods.

Therefore, Italian companies are very active on the global luxury market as subcontractors, but also as raw materials suppliers, including for skin, marble and other kind of natural stone.

III - The luxury market in Italy and the world:

Following a year of stagnation, the world market bounced back and is expected to increase by 5% in 2017, including by Chinese consumers, according to the annual study of Bain and Company, which is a reference in the sector.

The Luxury Personal Products Market – which mean leather goods, fashion, watchmaking, jewelry, perfumes and cosmetics – is expected to reach a €262 billion's record value this year, up 5% at current exchange rates, According to a study published on Wednesday and realized in partnership with the Altgamma Foundation, which brings together the great names of Italian luxury.

In 2016, the currency fluctuations' impact or the terrorist attacks had a negative impact on tourism flows and consumption, and market turnover had improved slightly to EUR 250 billion.



The Italian companies' total price is influenced by the the first three operators' results, that is *Luxottica*, (which contributed 4.6% through the acquisition of Glasses.com, a digital player in the North America's eyewear industry), *Giorgio Armani* and *Prada*, which in 2014 represented almost half of the 29 Italian companies' total sales present in the world's largest luxury companies' top 100. The requirements for this development are based on the offer's multiple distribution networks (a cross-

channel strategy), creativity, personalization and social networks' efficient use.

In 2016, the turnover generated by the «Made in Italy» products reached EUR 1.500 billion, placing Italy in ninth place of the country's highest performance 's top 100.

About 2016, the Italian luxury sector generate sales of 84 billion euros, a 1.9% increase compared with 2015, while total exports recorded a 61 billion euros' value with a European increase of 1.5% (15.603 billion) and 0.9% with countries outside the EU (12.864 billion).

The main Italian fashion markets are France, Germany, Switzerland, USA and Great Britain.

The Altgamm foundation noted that the major luxury brands are trying to promote increasingly short distribution channels, even to develop a privately owned' network of stores, in order to manage its ranges, its prices, its exclusivity and therefore its image. The own name shops' proliferation is not the only «revolution» that the distribution has in the luxury consumer goods markets, since the online shop using spreads very quickly. **Online sales reached in 2011** a share of **3, 2% of total sales** which represent **EUR 6,2 Billion**, and are expected to grow by 20% annually to reach **EUR 15 billion in 2016**.

IV - Italy source of raw material and high-end know-how:

Leather and morocco-leather



The luxury leather goods market doesn't slow down or a little, and Italy keeps its good position because despite a less dynamic Western market, craft and excellence seduces new customers, particularly from emerging countries.

Leather work «Made in Italy» has been able to open new perspectives, allowing strong growth in export sales; indeed, **EUR 4.2 billion** are due

to exports. However, the import, over the same period, recorded a result of **EUR 1.7 billion**.

The mature markets represent 50 % of the outside sales, even if growth dynamics are slower.

As far as export is concerned, leather goods and footwear are very successful while raw materials are facing a decline in demand.

About skin accessories, Italy's largest supplier is China, with a EUR 792 million's total invoice. France, on the other hand, represents a total invoice of more than **EUR 331 million** for Italy in terms of leather accessories, and is placed as **2nd customer of Italy** with growth of 10.43% for France.

V - The prestigious industries:

1 – The automotive market

The world market for luxury cars represents the largest market share of luxury, and, in 2016 it amounts to 93.9 million vehicles. For 2017 we expect a market's increase between 2% and 3% which represent more than 96.3 million units. Currently, the high-end cars' segment (Italian and foreign brands) represents only 0.18% of the total automotive market in Italy. Italian brands nevertheless enjoy the «Made in Italy» international reputation and export more than they sell in Italy.



New cars' sales increased by 13.06% in December 2017 on one year in Italy. On all 2016, the Italian automotive market has recorded an increase of 15.82% with 1.82 million vehicles sold.

2 - The market of the yacht

The nautical sector has an important place in the Italian economy, and is very represented abroad, indeed, pleasure craft are ranked 5th in the country's exports, and the large yachts production represents 51.3% of the world market. Unfortunately, the yacht market has suffered from the crisis, but it is still estimated that in 2016 this industry strengthened: the number of new yachts in order or under construction is increasing.



On the Italian market, the crisis materialized in 2012 thanks to the seizure of power by a Chinese group of the large Italian group Ferretti, world's leading manufacturer of luxury yachts. But despite this, Italy remains the first manufacturer of superyachts: the Azimut Benetti group keeps its first place in the standings with the largest number of yachts under construction.

VI- Market trends: « E-Luxury, second-hand market...»

With 330 million luxury consumers worldwide, the global luxury industry continues to show strong growth. This area's development is due to a trend's series, which are increasingly aimed at satisfying the needs of the consumer and attract new customers.

One trend in evidence is the "sustainable luxury" » or « E-Luxury », which is still developing more and more. Many companies have adapted their production processes so that they can adapt to *neogreen* consumer demands. For example, Gucci requested for the SA 8000 certification to defend the workers' rights, and the 14000 ISO to reduce the environmental impact.

Another example is AB AETERNO. The echo-sustainable watch is made of natural wood, with *toxic-free* timekeepers, which means devoid of paints or enamels in a way to not damage the skin and the environment, but also to protect the wood's excellent quality.

Another trend in the growth phase seems to be the second-hand luxury goods' market. According to Bain & Company's Annual Global Luxury Study, this market has engraved for EUR 16 billion the last year. On the one hand it can be considered a threat, but on the other it's seen as a phenomenon which transforms luxury items into sustainable products, with a specified resale price. It allows to middle income buyers access to the most expensive brands.

Demand for Luxury Electronic Devices is also growing, driven by passion for smartphones. Latitude sales from Versace, Tag Heuer and Dior remain strong, despite very high prices.

Mobile phone prices are changing according to the number of embedded diamonds or being made with solid gold.

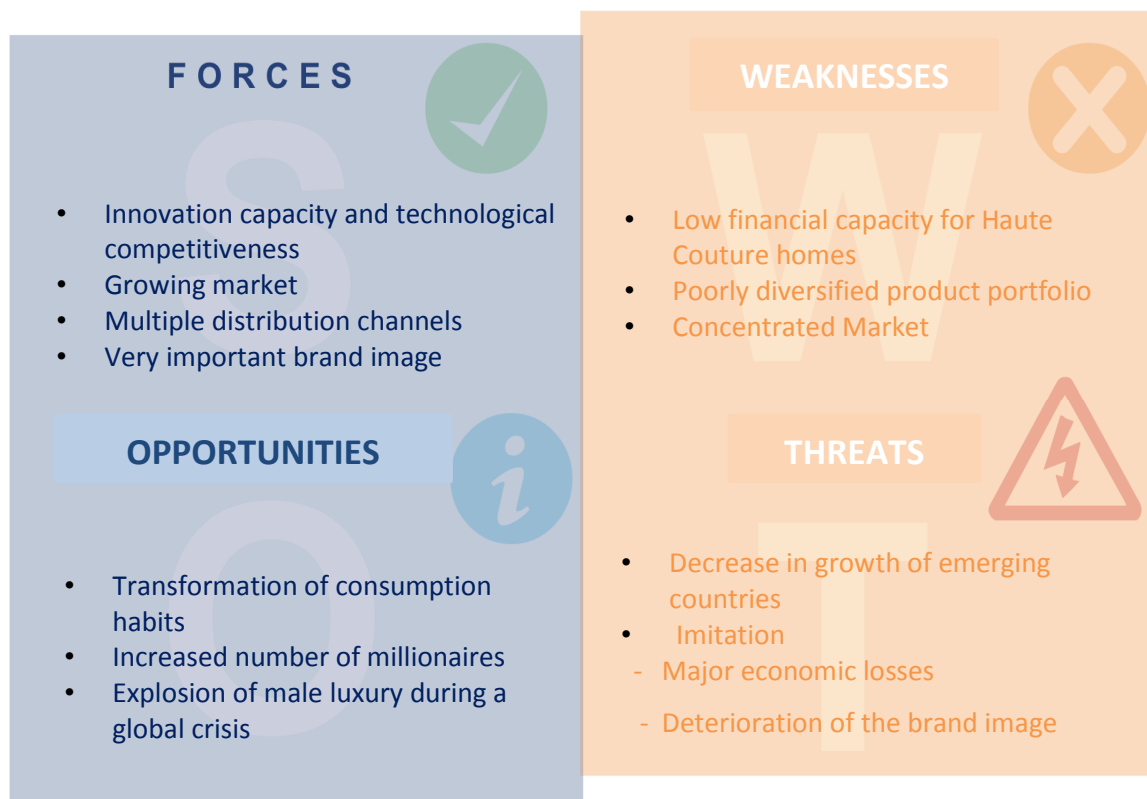
VII- The luxury cosmetology market

In the luxury market, the luxury market also has experienced a considerable growth these recent years. According to a study by Luxury and Cosmetics Financial Factbook, the cosmetology sector registered an increase of 3.9% compared to the previous year.

They have been luxury cosmetic products to influence the economic advancement of the sector with an increase of 5.7% and with a EUR 181 billion turnover. The best-selling products are those for skin care (35 % of sales), hair products (23%) and make-up (17%)

Currently, the most prestigious brands are the L'Oréal (with a turnover of 25 billion euros in 2016), Chanel brand known all over the world, with EUR 6.24 billion of turnover) and Neurogèna (with a turnover of EUR 6 billion).

SWOT ANALYSIS



LUXURY INDUSTRY: MAJOR SHOW

PITTI IMMAGINE: International trade fair for high-end and prestigious goods of Florence and Milan

<http://www.pittimmagine.com/corporate.html>

Available in several editions by genre and industry:

- **Modaprima:** Fashion and accessories in Florence: 18-20 May 2018
- **Pitti Immagine Uomo:** Menswear in Florence: 12-15 June 2018
- **Pitti Immagine Bimbo:** Children's fashion in Florence: 21-23 June 2018
- **Pitti Immagine Filati:** Textile industry in Florence 27-29 June 2018
- **Fragranze:** Perfume shop in Florence: 14-16 September 2018
- **Super:** Women's fashion (in collaboration with Fiera Milano) in Milan: 22-24 September 2018

VINCENZAORO: Vicenza International Gold and Jewelry Fair

<http://www.vicenzaoro.com/en/>

Several editions organized per year:

- September: 22-26 September 2018
- November: 14-17 November 2018

LINEAPELLE: International Fur and Leather Fair – fashion and clothing from Bologna

<http://www.lineapelle-fair.it/it/index.php>

Two editions organized each year; In March and September

Dates: 25-27 September 2018

MIPEL: Milano International Bag and Leather Trade Fair

<http://www.mipel.com/index.php>

Dates: 16-19 September 2018

MARMOMACC: Marble exhibition of Verona

<http://www.marmomacc.it/it/fiera-marmo/benvenuto/>

Dates: 26-29 September 2018

MONTENAPOLEONE YACH CLUB: Milan Yacht exhibition

<https://www.montenapoleone.luxury/it/associazione-and-events/montenapoleonayachtclub.html>

Dates: 15-21 May 2018

MEDITERRANEAN LUXURY CLUB: International Exhibition of Tourism and Luxury Hotel on Lake Como

<http://www.mediterraneanluxuryclub.com/>

Dates: March 2019 (the dates are not yet specified)

PALAKISS: Vicenza International Jewelry Fair

<http://www.palakisstore.com/en/>

- Next events:
- Summer: 22-26 September 2018
- Fall: November 2018
- Winter: 18-23 January 2019
- Spring: 7-9 April 2018

REVUES

Cosmetica Italia – Italian Federation of Cosmetic Industry

Via Accademia n. 33 – 20131 Milano

Tel. +39 02 2817731 – Fax. +39 02 28177390

Internet: www.cosmeticaitalia.it

Associazione Montenapoleone

Via Monte Napoleone angolo Via Verri, 10 – 20121 Milano

Tel. +39 02 36630610/11

Internet: <https://www.montenapoleone.luxury/it/associazione-and-events/associazione-montenapoleone.html>

Torino # Luxury Experience – Luxury shops' association

Via Massena, 20 – 10128 Torino

Tel. +39 011 5516111 – Fax. +39 011 5516289

Internet: www.luxuryexperience.to

Gold & Silver Italian Group – association representing 100 “Made in Italy” jewelry companies

Contrà Mure Porta Castello, 9 – 36100 Vicenza

Tel. +39 04 44232697 – Fax. +39 04 44232543

Internet: www.goldsilvergroup.it/it/

AIMPES – Italian leather products association

Viale Beatrice d'Este, 43 – 20122 Milano

Tel. +39 02 584551.1

Internet: www.aimpes.it

FederlegnoArredo – federation companies' mobile industry and furniture

Foro Buonaparte, 65 – 20121 Milano

Tel. +39 02 806041

Internet: www.federlegnoarredo.it

ISYBA - Italian association for boats and yachts

Piazza Sicilia, 6 – 20146 Milano

Tel. +39 06 86391999 – Fax. +39 06 84085456

Internet: www.isyba.it