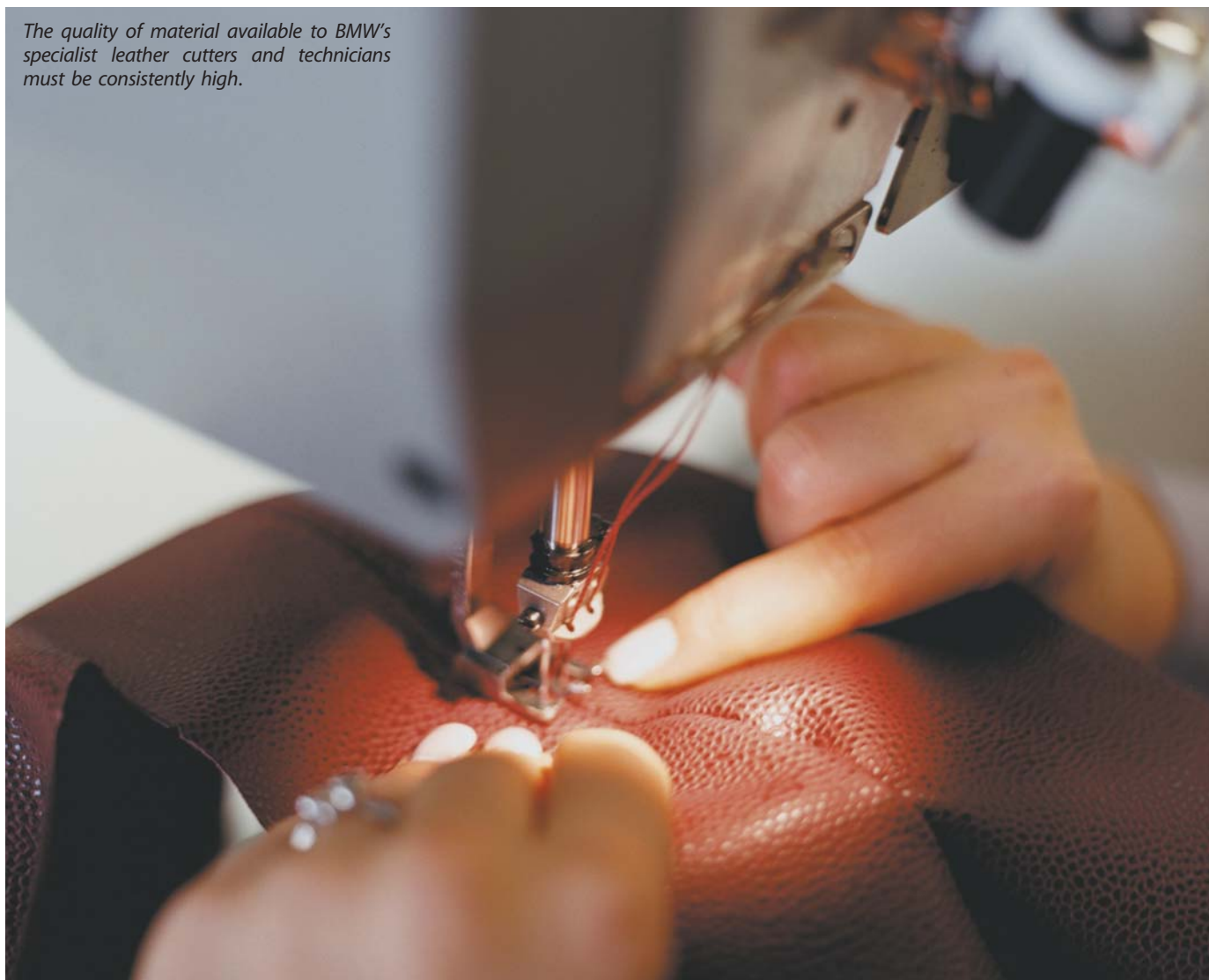




The Buyer's View



The quality of material available to BMW's specialist leather cutters and technicians must be consistently high.



High hide consumption takes BMW's leather sourcing global

Any buyer of leather deserves the polite attention of tanners, hide traders and leather chemicals suppliers. Stefan Lutz would, surely, have expected no less when, at the International Leather Forum in Paris at the end of September, he asked for the microphone and offered to share his thoughts.

However, when he told the audience the name of the company he works for, there was more than polite attention. All heads turned, all chattering stopped, people nudged one another and Mr. Lutz had a room full of seasoned leather professionals hanging on his every word. He is, you see, the person responsible for buying leather for BMW.

The luxury automotive group owns the Rolls-Royce and Mini brands, as well as the BMW one. It uses a large quantity of leather—11,000 hides a day, no less.

On the face of it, BMW's recent results make positive reading for the leather industry: it had its best quarterly result ever earlier this year, delivering 333,276 cars under all three names and just over 23,000 motor-bikes. For the same quarter, group revenues reached almost €12 billion, which is a record. If this growth continues, Mr. Lutz's team may soon find that 11,000 hides a day are not enough.

Then again, if we accept that automotive companies, with their much imitated just-in-time or just-in-sequence manufacturing

model, have long been at the forefront of supply chain innovation, it should come as no shock to learn that its suppliers of leather have no more right to expect an easy ride than the companies that supply every other piece of material that goes into a vehicle.

This is the main thrust of Mr. Lutz's message to the international leather industry. "We need to buy hides from all parts of the world," he explains, "and I would like premium leather to have the same touch, all round the world. I would like it to be obvious, by touching it, that it is high-quality leather. Leather is one of the last natural products in cars today, and that is important. But leatherette, synthetic



The BMW Group wants to keep pushing for leather innovation. For example, improved anti-soiling finishes would allow it to offer lighter-coloured interiors.



Leather for a Rolls-Royce interior.

material that presents itself as an alternative to leather, is coming up fast. Leather needs to stay one step ahead."

He says that tanneries should feel free to send a whole team of people with different areas of expertise to talk to him about proposals that will help leather keep its position of prominence. "I am happy for a whole group to come," he explains. "I know it's not possible for tanners to send a superman who can answer every question on his own. For me it's fine if the managing director, the leather stylist and the person who knows how to produce it all come to see me together. In five years in this job, it's definitely the technical people I've learned most from. And if they want to invite a leather-finishing expert from their partner chemical company, that's fine too."

Innovation at a price

He is equally keen on one of the International Leather Forum's ongoing initiatives, to set up a research network for the global leather industry. "I would be really happy to take my challenges, from a consumer perspective, to such a network," he says, "and I'd be ready to pay for the privilege."

The example he gives is of an anti-soiling treatment for automotive leather. If there was one that worked really well, his company would be able to offer more of its

customers white and beige interiors in high-quality leather, and he firmly believes that a worthwhile proportion of the segment of motorists that BMW is aiming at would be happy to pay a premium for this combination. "It's innovation, and we'd be able to sell it at a higher price,

which would be of benefit to the leather industry," he points out. "We may push hard in the automotive industry on price, but we are also able to push for innovation, to work with our leather suppliers to help them achieve new leather developments."

Mr. Lutz accepts that his customers' ➤



Customers' response to classy leather interiors—such as in the BMW 6 Series Coupé—is an emotional one. Leather appeals to all the senses.



THE BUYER'S VIEW



Some PVC has come back into BMW Group cars—which include the Mini—so leather suppliers must not take their privileged position for granted.

response to leather upholstery in their cars is an emotional one. Leather appeals to all the senses. However, he makes it clear that fashions and passions change. In the course of the nineties, BMW phased PVC out of its vehicles—it was material that looked and felt too cheap for the brand's image. But now, even though the perception of the BMW brand has not changed,

the company is using new-generation PVC in its vehicles once again. Today, the company believes it possible to use that material without compromising on its commitments to luxury and quality.

International dimension

With hide consumption reaching 11,000 per day, we can remain hopeful

that the demand for high-quality leather in BMW cars will stay buoyant for the foreseeable future. However, if European tanners assume that the Munich-based group will automatically favour them, Mr. Lutz offers a wake-up call.

He says: "The amount of leather we're consuming is too high for us to source all our hides in Europe. We will buy leather anywhere around the world. It's really not a big issue for us where the tannery is, as long as we can be sure that the leather is chrome VI-free, that there are no heavy metals in there."

At the same time, it is a given that, for BMW, the quality of the finished leather must be of the highest, and, as suggested above, one of Mr. Lutz's main tasks is to secure consistency in the material he makes available to the specialist leather cutters and technicians in BMW factories. But he is of the view that relying entirely on European tanners for this would be unnecessarily expensive.

Besides, the world is changing. He finds that he can build up a relationship with a tanning group in Europe and, through his contacts there, source leather from tanneries that they now run in lower-cost locations. If he can secure the right amount of material, of the correct quality and at the right price, he really doesn't mind where it comes from.

Images BMW AG



The BMW Group achieved record results in the first quarter of this year. Growth means the company now uses 11,000 hides per day.