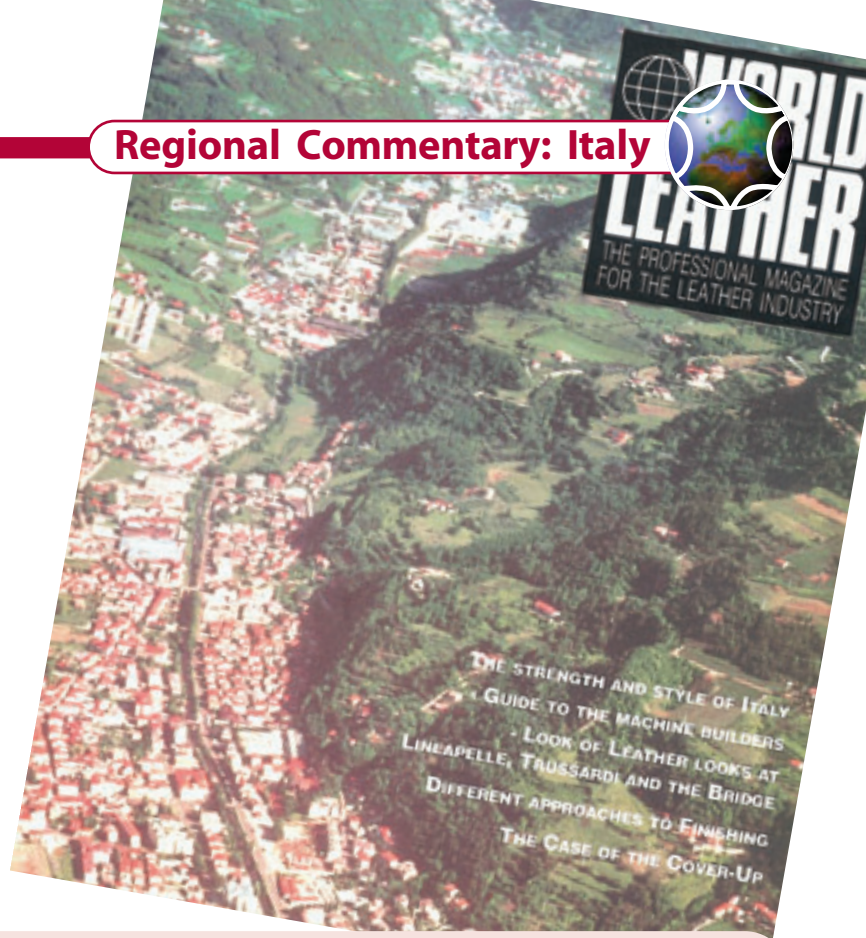




A tough choice for Arzignano



The two great tanning clusters in northern Italy share a rivalry that, for Italy at least, seems fairly free of passion and venom. After all, the two centres do different things by completely different methods and for separate target markets, making it difficult to compare them. Nevertheless, with the leather upholstery market—the main focus of Arzignano, the bigger of the two clusters—coming under intense pressure, it looks as though only the smartest tanners will thrive in future.

Times are tough in the upholstery market. The economic slow-down in Europe and the US—precipitated by the practice among financial services providers of selling mortgages to people who couldn't afford the repayments—has meant a weak housing market. Fewer people changing home means lower sales of new furniture. At the same time, families facing tighter budgets are postponing bigger-ticket purchases such as leather sofas.

All of this is seriously bad news for companies and tanneries devoted to producing leather for the upholstery market because prices have fallen drastically, with furniture retailers resorting to special offers, extended payment terms, sometimes even deals that give two sofas for the price of one. It is inevitable for this to have an impact on levels of optimism in a place such as Arzignano, where upholstery leather is the keystone of the community's economic activity.

Life in a northern town

On the surface, life in Arzignano, home to one of the world's most important

clusters of tanneries, continues as normal. But change is on the horizon for this Veneto town, famous throughout the world for the leather it produces.

Its output is in demand from India to Indiana, from Austria to Australia. But, as everyone knows, economic dynamics work best when there is a healthy tension between demand and supply, and in Arzignano at the moment there is an imbalance; there is too much supply for the demand that exists.

Clever companies there want to change. They want to find new ways of interpreting consumer demand and applying innovation to the leather they produce. In working out the best ways for them to do this, it is only natural that their gaze should go down through Emilia Romagna, across the Apennines and into Tuscany, to northern Italy's other famous tanning cluster, Santa Croce sull'Arno.

The tanning industry there is a different beast. Most producers are small scale and use traditional vegetable tanning methods to produce leather for fashionable footwear and accessories brands. Yet, in spite of the differences, some industry observers believe Arzignano could learn a

The Arzignano Valley featured on the front cover of a 1995 issue of World Leather at the beginning of the boom. Times are tougher now.

great deal about the best way for it to face the future from observing closely the way the industry in Santa Croce works.

Mutual need

Cristina Siwek, a leather expert based in Veneto and intimately familiar with the tensions and temperaments that come into play in the sector, explains that there has always been a rivalry of sorts between Santa Croce and Arzignano. Tanners in both towns have been quick to say 'that what they do over there' bears no relation to the business reality they experience every day. "But they need each other," she says. "Arzignano is relying on Santa Croce to a large extent for new ideas."

In her view, the more fashion-focused Tuscan cluster seems better able to interpret what end-consumers want, and produce leather with the tones and textures, and in all the colours the market demands. Arzignano's market may be a different one, but the lesson is there for it to learn, with regard to which finishes to



apply to tanned hides, which weights, which colours, which types of leather to produce to continue to have a competitive edge.

India, where Cristina Siwek spends much of her time at the moment, has tanners that can now get “quite close” to the finished upholstery leather that Arzignano produces for a much lower price. She doesn’t say this lightly, and her love of the leather produced in the north of Italy radiates from her expression when she talks about it, but she feels that the world is changing and that there is little merit in blindly sticking to what used to work in the hope that the good old days will come back.

“There are small, interesting companies growing up in Arzignano now,” she says. “I know one that has sold astonishing amounts of a particular leather that it first produced as a mistake. It’s now in handbags everywhere.”

Goodbye to the boom times

This example represents an exception, though, and it seems undeniable that some of the operators in Arzignano will find it impossible to change. This is the same as suggesting that, for some of those companies, their best days may already be behind them.

Another seasoned observer of the northern Italian scene, who prefers not to be named, comments: “When the dollar was stable eight or nine years ago, some tanneries in Arzignano decided that they had to expand, to double in size, to produce two million square-feet a year instead of one million.

“They said that clients in the US were demanding more and more leather, and that the time was right for a development like this. They maybe got two good years, but things have gone into decline, as we warned them they would.”

He explains that the higher volume, lower cost producers in Asia “happened” and that he had previously assured clients in Arzignano that this would occur. This has left the Veneto cluster with too much capacity. “This is the reason they are now struggling,” he continues. “In time, some of them will definitely go out of business.”

He shares the opinion that comparison between Arzignano and Santa Croce is impossible because they are too different. “The Tuscans are artisans, there’s no question,” he says. “But there is still no comparison. Santa Croce is footwear and Arzignano is upholstery.”

All the same, the companies in



Examples of the variety and quality of finished leather available from Arzignano tanneries.

Arzignano that he believes are still enjoying prosperity are the ones that have adopted an approach more typical of their Tuscan counterparts. “They have had the sense to stay small and flexible,” he says. “And some of them are making a lot of money right now.”

New ideas

Over in Santa Croce, the drive to keep innovating is never-ending. Roberto Giannini, an expert in leather finishing, works with ten tanneries in the Tuscan town, but appears to have plenty of ideas to go round.

At the most recent edition of the Lineapelle exhibition in Bologna at the



Vegetable tanning agents for use in the 26 tanneries that make up the Italian Vegetable-Tanned Leather Consortium in Santa Croce sull’Arno.

end of April, the novelties he had on display included amazing reptile effects and one design idea that made the leather look like woven fabric, with raised stitches.

One of the tanneries involved, Quésia, from Castelfranco di Sotto (near Santa Croce), is keen on the reptile concept. The method involves taking a real crocodile skin and covering it with the material dentists use to make dentures. A layer goes onto the hide and when it dries you peel it off to give a mould that the tannery then uses to produce the desired crocodile effect on bovine hides.

Even experienced eyes and hands might struggle to tell the difference between a real crocodile skin and these imitations in bovine leather, according to Diane Becker, head of footwear and accessories design at the Polimoda fashion college in nearby Florence. Not only are the ‘scales’ raised on the surface of the finished leather, but the tannery has cut into them to make a flap effect the way tanneries that treat real crocodile skins do.

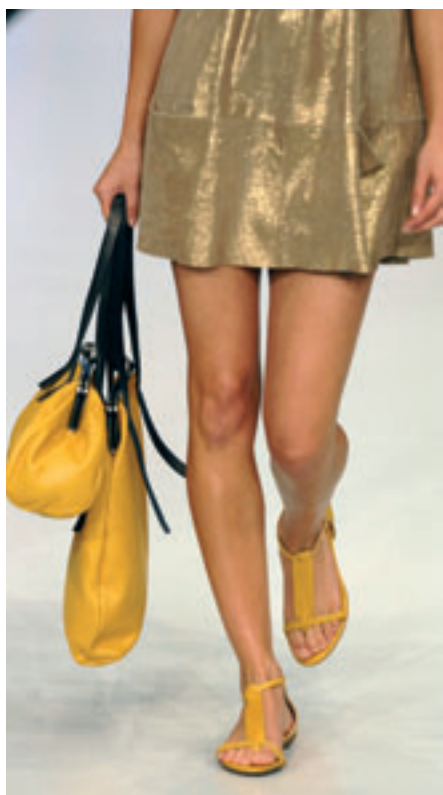
Quésia is not a member of the Italian Vegetable-Tanned Leather Consortium, but this idea is typical of that 26-tannery-strong group, Ms Becker says. She talks about the leather they produce there as something “local and special”, making it a product that is in keeping with the demands of today, the most prominent of which are that the goods we ask consumers to buy be ecological and sustainable. Santa Croce is of the moment. But where does that leave Arzignano?

Wrong direction

Here is the forthright view of another leather industry representative who is close—in this case extremely close—to the situation there. He says: “In my opinion Arzignano is in an incredibly bad position. It’s not that Arzignano tanneries are unable to do the job, of course. It’s just that they’ve taken their businesses in the wrong direction in the recent past: big volume, medium-to-low quality, medium-to-low price leather for sofas.”

He points out that, although the same Arzignano tanneries have the knowledge, the skills and access to the right raw materials to be able to produce higher quality upholstery leather, “most have ended up competing with India and China”.

And if some of the bigger groups in the town are starting to look for a new lease of life by making leather for shoe uppers or the automotive market, they are finding



Classy Italian-made shoes and bag. A change of direction, away from furniture upholstery and into footwear and leathergoods, will be difficult for tanners in Arzignano, but the only other option for some will be to close.

CREDIT: MESSE DÜSSELDORF/RENE TILLMANN.

these segments tough to break into. "They can't compete with Santa Croce," our contact confirms, "and it's really a question of the mentality; the mentality in Arzignano is industrial—with many companies, even big ones, operating as contractors who just do part of the process (only wet end, or only finishing and so on) and never own the hides—compared to Santa Croce, which is all about fantasy and responding quickly to the highest level fashion houses."

He, too, says the good times in Arzignano have gone and that there is no point in tanners there sitting tight in the hope that they will come back in a year or six months. The two genuine options facing them are to change or to close down.

"Closing is the easier option," he continues, "because change is really difficult. Sofa leather? They should either reposition themselves at the very high end or forget about it. They should reduce capacity and reduce costs and then push their sales departments to get out there and sell the leather they can produce for a decent margin. If you don't sell you can't go on. Arzignano tanners need to improve

the skills of their sales people or bring new salespeople in from outside."

Skills and knowledge transfer

Yet all is not lost. The same industry observer insists that there is still one advantage that the Veneto cluster has over its Tuscan counterpart.

Both can justifiably claim to have the highest levels of technical ability in the leather-producing world, but the technical skills base in Arzignano is more fluid, more flexible, more mobile and more transferable. There is a simple reason for this: in Santa Croce, the person with the technical knowledge tends to be the tannery owner, whereas, in Arzignano, technicians can, and do, move around. There are tanneries in Brazil, Turkey, China and everywhere in which you can hear technical managers speak in the dialect of the Arzignano Valley.

If Arzignano can harness this adaptability, it can have a successful

future. He points to Santa Croce, but also much further south, to Italy's third major tanning cluster, Solofra in Campania. "In the last four years Solofra has gone right to the top," he comments. "Calf became very expensive, so they started using goat leather for footwear. Clever tannery owners in Arzignano will open their eyes and look at this too. Solofra had a terrible period six or seven years ago; it looked as though Solofra was finished, but they went for smaller drums, more flexibility. They looked to see where the gaps in the market were."

This is what Arzignano faces now. The world has changed, so the tanning industry must change too. "Arzignano will never die," our contact concludes. "Tanners can be really clever people and a lot of them are still passionate about what they do."

They must take these qualities now and use them to make a new place for themselves in the world of leather. 🌐

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