



The luxury leathergoods industry has a need for creative tanners.
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In short supply

High-end Italian brands have a well earned reputation, alongside their French and other counterparts, of leading the luxury leathergoods industry. It's a demanding market, and the tanners who supply the biggest and best have to work hard to keep meeting their clients' leather requirements.

It takes creativity and a high level of responsiveness to work your way onto the supplier list of the top Italian luxury brands. Tanners who have achieved this status tend to take a highly imaginative approach to making leather, but more is required of these leather suppliers to the elite: they have to be committed to innovation, to being good partners of machinery and chemicals companies, and to hard work. Recent years have been tough for Italy's economy and tanners have not been immune, even if many of the best known users of their leather (Gucci, Tod's, Bottega Veneta, Ferragamo, Prada and so on) have continued to achieve growth. In this context, the perspective of suppliers to Italy's tanners is interesting.

Antonio Battaglia, chief executive of Silvateam, specialist producer of natural extracts and chemicals for the tanning industry, is based most of the time in Castelfranco in the Santa Croce sull'Arno tanning district, close to the specialist tanneries who make vegetable-tanned leathers that the big brands like to use in handbags and other products. He was (and remains) close to the initiative that brought into being the Consorzio Vera Pelle Conciata Al Vegetale (Real Vegetable-Tanned Leather Consortium), an association set up in 1994 by 11 local tanneries to promote veg-tanned leather. There are now 23 tanneries in the consortium. Mr Battaglia believes the group's biggest success was to begin to gain the attention of young designers, from about 2003 onwards, educating them about the processes involved in making veg-tanned leather and about the qualities of the finished material. "That was ten years ago," the Silvateam chief executive says. "Now those young designers are in positions of influence and responsibility in the big fashion houses. And other designers emulate the leaders."

He believes there is proof of the message of the particular attractions of vegetable-tanned leather making an impression on finished product brands. The consortium created a hang-tag that

bears the message 'Vera Pelle Italiana Conciata Al Vegetale'. In the early days, the tanners gave the label away for free, but now it's so sought after, Mr Battaglia says, that the consortium sells 10,000 of them every year for leathergoods manufacturers to attach to the bags, belts and other accessories they make.

A story to sell

In his opinion, when a brand sells a bag for €3,000, it's selling a story. Silvateam is happy promoting vegetable-tanned leather because its story is strong. "One of the recipes we have for making leather comes from the Dukes of Tuscany from the sixteenth century," he explains. But he feels strongly that promoting any kind of leather these days is hard work. If the promotion is successful, the price of hides goes higher and the benefits for the tanners are scant. "The fashion houses and the hide traders have a strong hold over the tanners," he says. "There is a battle going on among the tanners to win the right to supply leather to the big fashion houses. For the tanners that are having success in this battle, business is growing, but the fashion houses still have a hold over them and you can see it in things like payment terms becoming later and more difficult. The tanners have no negotiating position. The fashion houses are reporting sales of €4 billion and excellent profits but they still won't pay the tanners, but they still have to cope with very stringent quality demands and have customers that are likely to reject 40% of the product. Quality and payment terms are the two complaints I hear most frequently from tanners."

On the plus side, the growth the important luxury leathergoods brands have been enjoying means they are consuming important quantities of high-end leather. This is important because another big market for vegetable-tanned leather, soles for shoes, has been on a downward spiral for many years. "The nadir was in the 1980s," Mr Battaglia says. "Then



Arzignano tanners focusing on furniture now are aiming at higher-end brands such as Natuzzi.

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use of veg-tanned leather in automotive interiors and leathergoods began to increase again. However, sole leather has just kept decreasing.”

Where tanners dare

Across northern Italy, in the Arzignano tanning cluster, another leather chemicals group, GSC, is keeping an equally keen eye on developments among Italy's tanners. Export director, Diego Cisco, says tanners in this north-eastern part of the country began to enjoy high levels of success in the 1970s and 1980s because high-end customers (here the main areas of focus tend to be furniture and automotive leather) found them to be more flexible than big production units elsewhere. This has remained.

One of the component companies that now make up the GSC group, Ber Chimica, was born of an idea that its founder, Renato Bertoli, had to help tanners make more of the option that has always existed for spraying hides while they are in the milling drum. Softer hides and a more efficient spray-line at finishing stage are among the advantages. Some of the biggest Arzignano tanneries were the first to put the Ber Chimica milling-drum spray chemicals to the test. Of course it helps that they have Ber Chimica and the whole GSC group on the doorstep, but Mr Cisco says this is also a reflection of the willingness of tanners there to try new ideas.

Consolidation has already taken place among Arzignano's tanners, he continues, especially among those whose focus is entirely on the furniture upholstery sector. “Production capacity in Arzignano has definitely gone down,” he says, “which is a pity. But those remaining have embraced new technology and now have a more fashion-focused approach so that even those focused on furniture are making leather for the high end. Now. Those not so focused on fashion had too much competition from places such as China and India, but I think this has put Arzignano one step ahead of other clusters in terms of facing up to global competition. Italy is still suffering, in all three clusters, but a lot of Italian companies seem to be able keep coming up with something to keep their customers, something that allows them to survive. We need the

owners of those companies to keep the faith and to keep investing in their factories. A reduction in production will not stop Italy.”

Creative qualities

According to Diego Cisco, even the recent phenomenon of fewer Italian tanneries running their own beamhouses cannot detract from the quality of finished leather from Italy. Tanners are choosing their wet blue suppliers from all parts of the world, but they are choosing them carefully and imposing stringent quality standards of their own on their partners, including recommending Italian leather chemicals for them to use in their wet-end operations to achieve the required quality and consistency in the product.

Silvateam's Antonio Battaglia insists that ‘Made in Italy’, in general, has “saved Italy”, including its leather industry, of course. Tannery production is down, but demand for Italian leather is still strong because the quality is still high. Having distinctive tanning clusters has helped: Santa Croce where his base is for much of the time, Arzignano where GSC's main facilities are and Solofra in the south. Wastewater treatment is communal and highly efficient; local politicians in all three regions recognise the leather industry's importance to the local economy and are generally supportive. Innovation is fundamental to Italian tanners' continuing success, so laboratory facilities are excellent and there is a healthy culture of sharing ideas among companies. “There is innovation every season because tanners need to respond to the demands of the fashion houses,” he explains. “They want high quality and small volumes. It's hard to replicate that; you need very creative tanners.”



Important luxury leathergoods brands have been enjoying growth and this means they are consuming important quantities of high-end leather. Vegetable-tanned leather from Santa Croce sull'Arno is a popular material.

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