



'App' is not short for happy

On Apple products alone, there are approximately two million applications addressing everything one could imagine, with one noticeable exception: hides and leather. While a major retailer has a leather application describing how to craft various products, there is zero in the Cloud universe that permits our connected users to better understand, utilise and promote hides and therefore leather. Let's face it—we are an industry stuck in the past that seemingly prefers to wallow in self-pity and insist that the status quo is all that is needed to survive. Meanwhile, product segments that we took for granted as being loyal, core leather customers have been lost to the world of synthetic components that have successfully positioned their materials as first responders to market changes.

While this paradigm shift was occurring, we adopted the ostrich position and basically stuck our heads in the sand. This is neither a constructive nor optimistic approach to resolving the current dilemma that the industry faces. Things are not going to get better, forget the old glory days. We need clearly defined leadership that can develop a strategic vision to guide our industry for the next generation. Sadly, we see few volunteers.

With the demise of smoke signals, carrier pigeons, telex and fax machines, the world is now uber-connected via smartphones and tablets. Yet, our ability to have a source that aggregates information in a clear and concise manner, displayed on an easy-to-read platform, is severely lacking. Hide sellers' websites do little to educate the web surfer beyond a contact number and email address. Some companies have attempted to convey information through newsletters and reports, but these are more editorial flourishes that tilt in a specific direction, often proportionate to the inventory position accumulated and therefore having bullish undertones. There are no apps that consolidate supply, demand, pricing or the numerous influencing factors on a global basis. Buyers and sellers alike have an insatiable thirst for the statistics of a particular industry and associated segments, but where does one search to find such manna? This initiative would not solve leather's dilemma, but it will provide a comprehensive tool for all corners of the industry to operate in the 21st century.

Shaken and not stirred

While I have a natural penchant for all things Bond, it was encouraging to learn about the new SPECTRE, although I subsequently discovered that this was not a reference to the fictional bad guys' organisation but more simply the creation of the world's first leather covered laptop. The HP Spectre Folio design is a magnesium frame PC, paired with a leather outer shell that covers just about everything except for the keyboard and screen. The look and feel of this 13-inch laptop is totally awesome and will stand out from other brands. A new and imaginative approach for leather and a direction that is essential to broaden our product base.

Recently, in a restaurant, I was given the option of having a straw for my glass of water. The waiter explained that he was

trying to protect the fish in the sea, a worthy cause. The conversation then expanded into the plastic debate and in looking around the establishment it was clear that there were a multitude of opportunities to eliminate this synthetic material. From place mats and menus to chairs, leather was a viable replacement option in addition to the plastic folio which enclosed my bill. With hide prices approaching historic lows we must bang the drum louder and louder, with more vigour and fortitude, to draw attention that this wonderful and desirable raw material is an environmental saviour compared to plastic. All retail establishments could replace their vast number of plastic accessories with leather-made items. With over 3.8 million retail stores in the US alone and over 14 million across the globe, the opportunity is vast, and adding restaurants is an additional 15 million. Therefore, a quick calculation of just 45 square-feet per store would absorb 29 million hides.

Perceived reality

Homeowners across most of the industrialised world have been conditioned to segregate their domestic refuse in the belief that the local municipality or contracted waste management company will process paper and plastics separately. Historically, this concept was born of a value proposition that provided either lucrative contracts or cost avoidance schemes to the enterprises that signed up. This premise is no longer providing an economically viable proposition and as such these separated garbage streams are merely being dumped back together as the recycling costs do not make sense. The bigger question is: why do we bother?

We have been led to believe that rubbish segregation is a socially responsible act and that, under the saving-our-planet initiative, any deviation to this rule would ultimately have dire consequences for all of society. In similar fashion certain NGOs are brain-washing the public into thinking that plastic is OK, while leather is not, the major premise being that the meat is a by-product of the hide supply (obviously an inverted, reverse and perverse perception of logic).

The mere fact that the economies are a predicate for no longer recycling and the animal rights organisations are

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reinventing logic, an alternative universe is being sold to the public at large. These efforts, together with new labelling initiatives and the increased promotion of synthetic substitutes, appear to be gaining traction while our truly unique recycled material languishes in the marketplace. Every problem or challenge has a solution: the question is whether the hide and leather industry is willing to commit as a unified group to find the answers.

Recently, the major protein producers and particularly the largest beef slaughtering companies announced increasing profits. With the abundance of cattle, favourable exports and strong domestic demand, beef margins have been excellent and record-setting. This trend of increased profitability continues while the value of the main by-product, hides, declines to (in some cases) zero. One can only imagine the additional gains if hides were able to improve values.

Our industry lacks standards and specifications, preferring to rely on subjective criteria and individual powers of persuasion to achieve market preferences. This remains an archaic methodology and is central to the reason why synthetics have become the substrate of choice. Having clearly defined expectations and repeatable results is an advantage lacking under the current system of the hide business. We need to establish standards for all origins of hides. This needs to be done in a transparent and open forum, allowing the chips to fall as they may. We need to remove the generic descriptions and

multiple regions from the lexicon of our offerings and instead focus on a concise and clear set of product specifications that realistically reflect the materials being sold.

More of the same

With the BBQ grills exiting hibernation and the seasonal reduction of shoe leather orders, we will continue to experience the abundance of supply and therefore the pressure on pricing. The decline in hide prices will last the summer with the expectation that additional selections, aka economical hides, will lack the ability to extract any worthwhile value and instead be relegated to the dump.

My theoretical app just alerted me to the potential for increases in hide supply while weather conditions in the upper mid-west will contribute to lower leather yields. Auto tanners seeing a reduction in releases together with a de-contenting of leather are beginning to adjust production. Shoe sales while reporting positive year-on-year numbers, continue to utilise synthetics and erode leather's share. South American suppliers' inventory is increasing as demand for the traditional stucco-buffed leathers diminishes in favour of tight-grained nappa, thereby benefiting regions that produce feedlot steer and heifer hides. Tap the screen for granular detail, global pricing trends, supply forecasts and demand analysis.

Remember plastic is the problem but leather is the solution. 🌱

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