

The Italian footwear sector 2022

Highlights & notes

taken from:



**L'INDUSTRIA
CALZATURIERA
ITALIANA
"LINEAMENTI
PRINCIPALI"
2022**
Schede statistiche

A CURA DEL CENTRO STUDI
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L'INDUSTRIA CALZATURIERA ITALIANA 2021/2022 – LINEAMENTI PRINCIPALI
THE ITALIAN FOOTWEAR INDUSTRY 2021/2022 – HIGHLIGHTS

DESCRIZIONE <i>Description</i>		2021	2022	VARIAZIONE % <i>% variation</i>
Aziende <i>Companies</i>		3.981	3.765	-5,4
Addetti <i>Employees</i>		70.586	72.336	+2,5
PRODUZIONE <i>Production</i>	paia (milioni) / <i>pairs (millions)</i>	148,8	161,9	+8,8
	valore (milioni Euro) / <i>value (million €)</i>	7.119,55	8.538,48	+19,9
EXPORT	paia (milioni) / <i>pairs (millions)</i>	192,6	213,0	+10,6
	valore (milioni Euro) / <i>value (million €)</i>	10.280,85	12.648,46	+23,0
IMPORT	paia (milioni) / <i>pairs (millions)</i>	295,1	384,2	+30,2
	valore (milioni Euro) / <i>value (million €)</i>	5.132,76	7.248,52	+41,2
Saldo commerciale <i>Trade balance</i>	paia (milioni) / <i>pairs (millions)</i>	-102,5	-171,2	-67,1
	valore (milioni Euro) / <i>value (million €)</i>	5.148,09	5.399,94	+4,9
Produzione per l'interno <i>Production for domestic consumption</i>	paia (milioni) / <i>pairs (millions)</i>	21,1	23,1	+9,5
	valore (milioni Euro) / <i>value (million €)</i>	885,09	1.043,11	+17,9
Consumi interni <i>Domestic consumption</i>	paia (milioni) / <i>pairs (millions)</i>	162,3	184,1	+13,4
	valore (milioni Euro) / <i>value (million €)</i>	2.976,37	3.553,68	+19,4
Export/Produzione % <i>Exports/Production %</i>	paia / <i>pairs</i>	85,8	85,7	-0,1
	valore / <i>value</i>	87,6	87,8	+0,2
Import/Consumi % <i>Imports/Consumption %</i>	paia / <i>pairs</i>	87,0	87,4	+0,5
	valore / <i>value</i>	70,3	70,6	+0,5

Fonte: ISTAT, SITA RICERCA. Stime: Confindustria Moda per Assocalzaturifici.
Source: ISTAT, SITA RICERCA. Confindustria Moda estimates for Assocalzaturifici.

NOTES ON THE ITALIAN FOOTWEAR INDUSTRY IN 2022

In 2022, the recovery towards pre-Covid activity levels continued after the post-pandemic restart in 2021.

In the final figures – processed for Assocalzaturifici by the Confindustria Moda Study Centre – the new record, even net of inflation, set by exports stands out (EUR 12.65 billion, +23%, almost EUR 2.4 billion more than 2021), with the average price per pair reaching EUR 59.39 (+11.3%). The performance of the international luxury brands, for which many Italian companies operate as subcontractors, played a decisive role in achieving these results.

If, on the one hand, the trade balance strengthened (5.4 billion, +4.9% over the previous year), on the other hand, Italian families' purchases (despite a +10.9% increase in spending) failed to cancel out the gap with the pre-pandemic (-1.4%), as did the spending of foreign tourists who, despite the strong increase in arrivals in our country (almost doubled compared to 2021), had to reckon with the collapse in flows from Russia, which was added to that from China induced by the new waves of the virus and the consequent travel restrictions.

Thanks mainly to the revival of international markets – more than 85% of what is produced is sold across borders – the sector's total turnover in 2022 stood at EUR 14.49 billion (+14% on the previous year), returning to pre-emergency 2019 levels (+1.2%).

This gradual consolidation in levels of demand benefited domestic production, which rose to 161.9 million pairs (+8.8% over 2021 but still far from the 2019 figure of 179 million pairs) with an estimated value of around EUR 8.5 billion (+19.9%); as well as employment, which recorded a rebound of +2.5% (which is, however, still insufficient to make up for the losses of the last two years) accompanied by a sharp reduction in the number of hours of unemployment benefits authorised for companies in the leather industry (-81%, still +58% higher than in 2019).

This overall favourable picture conceals a number of less comforting indications: firstly, the unevenness of recovery, and secondly, the consequences of inflationary dynamics for corporate profits.

The sectoral average results conceal two speeds: the recovery in company turnovers appears very uneven (2 out of 5 companies, according to the sample survey conducted among Associates, closed 2022 with revenues still lower than three years ago, and for 18% of the respondents the turnover is 'much lower' than then). In addition, a very considerable number of companies has failed to overcome the crisis and been forced to close down (confirmed by the decidedly negative balance of the birth/death rate of companies over the last three years).

Furthermore, the year was heavily penalised by continuing high raw materials costs (which showed no tangible signs of coming down again after the flare-up at the end of 2020) and record peaks in energy prices: inflation has never been so high in Italy since 1985. Rising costs erode margins and put the financial balance of companies at risk.

Added to this, conflict broke out at the end of February, with no end in sight, in an area that has always been one of the largest customers of the Italian fashion sector.

A picture therefore not without its pitfalls and difficulties for companies.

Returning to the analysis of the individual variables and in particular to exports, which have always been the driving force of the sector, 213 million pairs were exported in 2022 (+10.6%): not a record in terms of quantity, but nevertheless the best result since 2014. 137 million pairs (i.e. 64.3% of the total) were sold to EU partners.

Among the types of footwear, leather shoes – traditionally associated with Italian production – are the only type still showing a gap in volume over 2019 (and a fairly large one at that: -8.6%).

France (+24.8% in value and +2% in terms of quantity) and Switzerland – i.e. the two countries to which the return flows of production in Italy by many subcontracting companies on behalf of luxury multinationals are directed – are at the top of the ranking of destinations by value, together representing almost 1/3 of total exports (31.8%). With the sole exception of Russia, Switzerland and Hong Kong, all countries in the top20 show double-digit year-on-year increases in value.

Rewarding dynamics characterized intra-EU sales, where in addition to France, Germany stands out (+26.7% in value and +18% in pairs over 2021), which has always been one of the main consumers of Italian-made footwear (the second in terms of volume); other important EU outlets also performed well, such as Spain (+22.4% in value), the Netherlands (+32%), Poland (+21%), and Belgium (+25%), all already well above pre-Covid numbers.

Exports to the USA are growing which – after the end of the “customs war” with the EU in autumn 2021 in the context of the digital tax disputes and the narrow escape of additional taxes on fashion products – in 2022, thanks to favourable exchange rates, they recorded a significant increase (+51.6% in value and +16.8% in volume). Equally vigorous growth can be seen in Canada.

In China, the trend was fluctuating during the course of the year due to lockdowns, and was almost exclusively favourable for the high-end segment. The cumulative pattern for the 12 months thus marks an increase of approximately +34% in value, with a much smaller +2.2% in number of pairs sold. In the top 20 destinations, China is the market with the highest average price: 214.53 euros/pair, +31.3% over 2021.

Remaining in the Far East (+23.7% in value globally), South Korea is growing again (+18%); Japan is doing well (+28%), although, like Hong Kong (which has remained stable), it has a considerable gap with the pre-pandemic (especially in pairs).

Also comforting are the figures for the Middle East, where the United Arab Emirates stand out (14th market, +62%).

Exports to the United Kingdom restart, albeit only in value (+19%, with a further -2% in quantity) after the fall in the last two years following the exit from the Union. However, the current figures remain markedly lower than those of 2019: -30% in value and -40% in volume.

Flows to Turkey rose by +70% in value, also due to probable use of the country, along with the Emirates and Kazakhstan (+53.4% in value), as a 'bridge market' for Russian distributors.

Russia and Ukraine are the only markets with a negative trend compared to 2021. The war has cancelled orders and complicated payment methods, putting the footwear districts traditionally serving this area in serious difficulty. Considering the period between March and December, i.e. focusing on the effects of the conflict, Italian exports to the two countries involved (which for the whole of 2022 show a -25% in value) fell by -30% overall (-14% in terms of quantity): exports to Russia – despite some signs of recovery in the last months of the year – have fallen -24.8% since March, while exports to Ukraine have dropped as much as -65.2%, slipping to 47th place among export destinations.

Imports in 2022 grew strongly (+30.2% in volume), making competition in the domestic market, which is particularly price-sensitive, even tougher. A total of 384.2 million pairs entered Italy (including re-imports), with +41.2% in value (up to EUR 7.25 billion) and an average price per pair of EUR 18.87 (+8.5%). China (+33.3% in quantity and +60% in value) remained by far the largest source of imports (151.3 million pairs and a share close to 40% of total imports), with an average price per pair of 9.11 euro: almost three times lower than that of other suppliers.

On the domestic side, household purchases showed – according to Sita Ricerca's Fashion Consumer Panel – not striking increases (+6.7% in quantity and +10.9% in expenditure). The gap compared to the pre-pandemic situation, which already showed the effects of a decade of continuous erosion of spending, remains around -1.4% by expenditure, or -1.2% by volume.

The return to 'normality' has once again led customers to reward physical locations: calculations by sales channels show a continuation of the recovery in most of them, with quantity increases in the order of 10% compared to 2021 for traditional retail, chain shops and large specialised stores. The hawker trade was up 17.6 per cent, which, however, remains far from the pre-Covid 2019 volumes (-12 per cent). Finally, the online sector bucked the trend, which after a boom in 2020 underwent a physiological downsizing the following year and during 2022 (closed with -5.3% in quantity compared to 2021), although it remained well above 2019 levels (+15% in volume).

Thanks to the rebound in tourist purchases and the consolidation of community purchases, overall domestic consumption, which rose to 184.1 million pairs, recovered by +13.4% in quantity and +19.4% in value.