

COMMERCE

Italian Trade Agency plans to double exports in next five years

April 6, 2016



Armani's New Normal fall/winter 2015

By FORREST CARDAMENIS

VERSAILLES, France Italian luxury is healthy but underexposed, according to the president of the Italian Trade Agency at The New York Times International Luxury Conference on April 5.

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246** ▶

The country's prime minister has embraced luxury, and the country's export numbers and ratios indicate that Italian beauty is particularly relevant. Still, many brands are struggling to gain a foothold beyond their borders, but with ambitious expansion plans to attract foreign capital, the country is positioned to successfully tap latent growth potential.

"We are trying to do a very comprehensive industry to take this industry to the next level," said Ricardo Maria Monti, president of Italian Trade Agency. "We are helping to grow the new Armani, the new Dolce & Gabbana, the new Versace, and attracting growth capital from abroad into this sea of great companies."

Across the seas

The Italian Trade Agency plans to double its exports in the next five years and to see 10 companies cross the 1 billion mark while making room for more high-volume exporters in the market.

In achieving these goals, the Italian Trade Agency intends to keep hallmarks of luxury such as craftsmanship and exclusivity at the center, showcasing the quality of products in every step of the production. Just as important, however, are transparency and sustainability.

"People are ready to pay a premium for sustainability," Mr. Monti said. "People want to know where their product comes from, and if we want to compete against a much lower cost manufacturer, we have to highlight that concept."

Millennials are a focus for Italian brands, just as they are for everyone else. Mr. Monti notes, however, that Italy is behind in ecommerce, a crucial component for selling to the younger generation.

Still, a focus remains on understanding the unique behavior of the consumer group and to reach them effectively in a specific rather than a general way, instilling the "Made in Italy" label with connotations not just of quality, but of sustainability, authenticity and other coveted values.

Italy is looking to emerging markets and to already-established ones for its growth. The agency has launched large campaigns in Africa and India and is looking to establish a presence in Latin America. Southeast Asia, another

burgeoning market on the radar of several luxury brands, both for the growing economies and the tourism from more-established Asian markets, is also on the radar.

The U.S., however, remains the premiere land of opportunities. With growth exceeding 30 percent in 2015, the demand among U.S. consumers is clear, yet the foothold remains confined to the Northeast of the country and in anomalous large cities, namely Los Angeles and Miami.

With a focus on well-populated luxury hubs, the Midwestern United States and other less traditional or intuitive markets will be big targets moving forward. Similarly, the visibility promised by retailers, particularly in today's crowded ecosystem, is particularly important.

Lastly, acquiring capital is a crucial step for Italian luxury brands to expand. Asked by moderator and New York Times fashion director Vanessa Friedman if foreign investment capital in the form of a takeover is acceptable, Mr. Monti cited Kering's acquisition of Gucci as an example of how a foreign company could enhance a brand's reach without taking away from its Italian nature or diluting its values.

No place like home

When it comes to investing in a brand, there is no magic formula for identifying the proper brand, time or terms, according to a panel at the FACC Luxury Symposium 2016.

From the brand's side, entrepreneurs need to be thinking about and preparing to seek venture capital before they actually need it. While there is no consistent method, a number of guidelines and principles can go a long way toward helping brands and investors have mutual success ([see story](#)).

While many Italian brands may be in the process of global expansion, the country's luxury industry has remained strong.

As the historical home of the majority of luxury houses, Europe's market accounts for nearly \$83 billion of the personal luxury goods sector, according to a report by R&S Mediobanca.

The annual "Italian Fashion Sector" survey looks at Italy's key industry, with a focus on the top 15 fashion houses that call the country home. Italy's successes in the luxury category have assisted the Italian economy during its stagnant economic situation and have propelled all of Europe to a hub for tourism-based purchasing, making the continent the number one market in the world ([see story](#)).

Perhaps for this reason, Matteo Renzi, Italy's prime minister, has openly embraced luxury. While in many countries, particularly the U.S., leaders are expected to demonstrate frugality, Italy is something of an exception.

"Especially after so many years of crisis, people like to see a very frugal kind of lifestyle," Mr. Monti said. "[But] people understand because we are talking about creating jobs, creating wealth, talking about giving opportunity to our young generation.

"We have been focusing on affordable luxury," he said. "I think that Italy is very good at occupying every niche and every space in this very wide range of products."