

**INTELLIGENCE**

**Can Matteo Renzi Reignite the Italian Fashion System?**

BY ROBIN MELLERY-PRATT 23 JUNE, 2014

Italy's new prime minister Matteo Renzi is focused on tackling the many problems facing Italy's fashion sector, sparking new hope across the industry. Will he succeed?



*Italian prime minister Matteo Renzi at the opening of Pitti Uomo | Photo: Flickr/PalazzoChigi*

**FLORENCE, Italy** — Postcard perfect Italy, with its ochre sunsets, iconic architecture and gregarious people, does not reflect the very real challenges faced by the nation — and its fashion industry. Italy's new prime minister Matteo Renzi, soon to be president of the European Union, has inherited a political system in desperate need of reform. What's more, his country's economy remains stalled — struggling to shake off a deep recession. After expanding by 0.1 percent in the last quarter of 2013, Italian GDP unexpectedly contracted by 0.1 percent in the first three months of

2014 and the nation continues to service over €2 trillion of public debt, a figure surpassed in the Eurozone only by Greece.

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Renzi, formerly the mayor of Florence, is dedicated to radically reforming Italy’s antiquated parliamentary system, which he holds responsible for not “building Italy’s future.” And, notably, he intends to build an Italy for “his children, and their children,” by refocusing the energy and funds of his government away from the floundering industries favoured by former prime minister Silvio Berlusconi (such as chemicals and mechanics) towards those where Italy has a real competitive advantage, such as fashion and luxury. Indeed, throughout the Pitti Uomo trade show held in Florence last week, there was a palpable sense of hope that real change may be afoot.

“There has to be,” said Laudomia Pucci, acting chief executive of her family’s company, 67 percent of which was sold to French luxury conglomerate LVMH in 2000. “The last government was fundamentally subsidising companies that, really, should have closed. Renzi, he is a doer, he is 39 and he has an amazing opportunity to help Italy. We wish him well, because we wish Italy well,” she added.

“There is a new wave indeed,” said a spokesperson for **Gucci**’s archival museum, the Gucci Museo, located in Florence, where the global megabrand was founded. “Change is happening all over Italy, but it is happening with more noise in Florence, because Matteo Renzi is from here. He learnt about the fashion industry here and he is carrying on doing what he was doing as mayor: listening to the industry, supporting the industry and making decisions.”

“Renzi’s recognition of the fashion industry as an important cog in the national economic wheel was an important sign for our industry,” said Jane Reeve, newly installed chief executive of the Camera Nazionale della Moda Italiana (CNMI), the Italian fashion industry’s governing body. “With a €62 billion turnover (about \$85 billion) forecast in 2014 and a five percent increase, the sector continues to be one of the few registering an uplift. Support from the government can only be positive news,” she added.

“Renzi is creating a dialogue between business, government and the arts. I think he has that kind of enthusiasm,” commented **Linda Loppa**, dean of Florence’s Polimoda International Institute of Fashion Design. “I think he is capable of doing it; he is taking risks, and I like people who take risks. It is so easy to be conservative.”

The prime minister has pledged €30 million to the Italian fashion industry — not a massive sum, but a positive sign of support. To celebrate the sixtieth anniversary of ‘Firenze Home Town of Fashion,’ **Pitti Immagine** received €2 million of this, “which was very important because it confirmed the change of approach and the new attitude of the new government compared to the past,” said **Raffaello Napoleone**, chief executive of Pitti Immagine. “Matteo Renzi knows how fashion works because for five years, he was mayor of Florence and also was the president of the province of Tuscany for five years. He understands the fashion reality of the district, the tanneries, the accessories and factories. €2 million is not so much, but it is a sign,” Napoleone continued.

In supporting Florence, Renzi is not simply rewarding a loyal support base; the heritage of Florence and its artisanal craftsmen is of major significance to the

Italian fashion industry and will need to play a crucial role if fashion is to be a significant driver of growth for Italy. “We considered it a priority to strengthen the Pitti Uomo event, to have more buyers from abroad to come over and not only experience the event, but also to get closer to everything that is behind Italian production,” said Carlo Calenda, Italy’s vice minister for economic development.

“Florence has always been very relevant. It is no coincidence that you have all these major brands coming from Florence,” said the Gucci spokesperson. “When we come to manufacture in Italy, there is no other city than Florence. Tuscany has always been important for leather, fashion and accessories.”

“In Milan in the 1970s, it was the industry, the fabrication and the business, the Versaces and the Armanis. In Florence, it was and is the artisans. After the war, there was energy in Florence, an energy that came out of the genius of just a few people. To this day I like to think that Florence is like Silicon Valley for artisans. The best tanneries, the best leather factories,” said Mrs Pucci.

This concentration of knowledge, skill and heritage has created a local ecosystem that provides significant employment in the region, coupled to the success of Italy’s megabrands and the growing global appetite for fashion and luxury goods. Gucci alone employs over 7,000 people, indirectly and directly, in the leather goods business in Tuscany, according to figures provided by the company.

Tuscany’s artisanal ecosystem has also nurtured at least one notable emerging luxury and lifestyle brand in the last few years. Edgardo Osorio, chief executive, founder and designer of emerging Italian shoe brand Aquazzura, who first

appeared in BoF in 2012, has built up his business in a remarkably short space of time: his shoes are now stocked at over 120 stockists in 42 countries, including **Barneys New York**, **Net-a-Porter** and Lane Crawford, generating over €10 million in annual revenue.

But Mr Osorio says his success has come in spite of a fashion system that has not been geared towards supporting new fashion businesses. “There are no funds, there are no prizes like the CFDA has in New York and those in London, which are hundreds of thousands of pounds, plus mentorship from leading companies and CEOs,” he said. “As a young designer, I need mentorship for fiscal things or shipping questions and logistics. There is no place where a young designer can go, or a young company can go, and get any kind of information whatsoever, or mentorship. There is no cooperation.”

Ms Reeve at the CNMI agrees that Italy must do more to support its young fashion talent. “There is no reason why Italy is not capable of extending and creating initiatives similar to other countries. CNMI has already developed some interesting projects in the past, which have not been communicated as well as they could have been. ‘Next Generation’ is a talent scouting competition, where we choose four designers, who have mentoring for a year to create 10 outfits, which get shown at the women’s fashion week. Many have subsequently found work in some of the world’s top maisons. The competition has been going for eight years. In addition, ‘Designer Incubator’ was a project created to help develop business acumen for young designers. It was stopped for lack of funds but it is to be reintroduced,” said Ms Reeve.

“It should exist, and maybe in theory it exists, but there needs to be support for young companies in a fiscal sense, from a tax perspective, and support in terms of loans,” said Osorio. “All of my business has been supported out of family money or cash from the business. I went to banks in Italy and nobody would give me a single penny and there is no support from the government,” he added.

The need to provide easier access to capital is high on Renzi’s agenda. At the **opening ceremony** of Pitti, the prime minister addressed the issue directly. “From here I make a call for the banks and the smaller enterprise businesses. Do not to feel abandoned; we have structures to support you. We have cut the red tape that has stopped growth, and we will cut more. In ten years’ time, Italy will have changed and it will not be lagging behind Europe. This is only the beginning, but we have started to do what is necessary already.”

Mr Osorio believes that government agencies relating to the industry should also do more to support young designers in terms of exposure. “With the Camera Nazionale della Moda Italiana, when we asked to become part of the calendar, they asked for so much money that it didn’t make sense for us. There is no support from them. There is Armani and Gucci and Prada and they don’t care for whomever else. There is no space for young people; they don’t make space.”

Ms Reeve, who was appointed as the first chief executive of the CNMI in October 2013, recognises the need for change. “Over the past few months I have realised just how difficult it is for young designers to create their own label and to turn that label into a healthy business. I am currently working on creating strategic alliances with outside partners such as banks, e-commerce platforms

and digital players in order to sustain and help grow businesses. I am launching an advisory board where we aim to create an on-going dialogue with young designers so that we can understand what the daily problems are, how we can prioritise them and find concrete solutions for them.”

Indeed, creating space for young talent and turning emerging designers into emerging businesses is imperative if Italy is to grow a new generation of global brands, which would play a role in driving both internal consumption and exports — key factors for Italy’s return to economic growth. But the country has a long way to go.

“If you look at the fashion as textiles, plus clothing, plus shoes, you are in the region of €44 billion in exports and €18 billion of positive trade balance for us,” said Calenda. However, the figures for exportation are not where they should be. “Go and check the exports of France and Germany to China; Italy is so far back,” said Pucci. “We need to bring people here and show them, the Altagamma story is one of the biggest assets out there.”

Calenda agrees. “A couple of months ago we travelled to the United States, in order to better understand how to promote Italy and fashion and all consumer goods. The one thing that everyone we met with said was to bring buyers and media to Italy. Bring people in, so they can experience how the product is made, the capabilities of craftsmanship, the technical capabilities and the real flavour of Made in Italy.”

A corner has been turned, or at least, the intention to turn a corner has been announced. Whether Italy can utilise its world-class craftsman, heritage and enviable national brand to rise, phoenix-like from the ashes, remains to be seen.

But Renzi's infectious energy and actions, thus far, have prompted the Italian fashion community to express cautious optimism regarding the future.

"We must be audacious," said Mr Renzi at Pitti Uomo's opening ceremony. "Let us have the courage to say that we can defeat this crisis, that is certainly not finished."

"I support Italy," said Mr Osorio, who was born in Colombia. "I chose as a foreigner to be here, and I decided to build my company here and open a store here because I believe in it. I think that there can be another renaissance."

<http://www.businessoffashion.com/2014/06/can-matteo-renzi-reignite-italian-fashion-system.html>