

THE MARKETS

## Italian Denim Industry Battles Competition

Local manufacturers are jeopardized by those in the U.S., China, Turkey and Bangladesh.

BY SANDRA SALIBIAN

**Elio Fiorucci and Diesel** are just two examples of globally recognized Italian brands hinging on denim, reflecting the country's advanced production of the fabric.

Today, the intricate network of local manufacturers and medium-sized companies are increasingly jeopardized not only by competition from the U.S. and China, but also by growing markets such as Turkey and Bangladesh that are becoming more influential in Italy.

Starting in the Nineties, Turkey assumed a leading role in denim's weaving production. Historically rooted in the textile industry, the country began to flourish in the denim segment thanks to its innovative approach toward the fabric and the industrial methodology of large-scale production.

A case in point is the Turkish denim production giant Isko, part of Sanko Group's textiles division, which keeps registering double-digit growth year-on-year. The company has been investing in research and development, reaching a portfolio of 25,000 denim products and trademarked concepts.

Starting in 2011, Isko strengthened its presence in Italy by investing directly in two strategic settlements. In San Benedetto del Tronto, in the Central Italy region of Marche, the firm founded the corporate library of products Iskoteca, while the following year, the research and design center Creative Room was inaugurated in Castel-franco Veneto, an hour's drive from Venice.

"This choice honors a key country for the denim sector, historically very important for all the industry in general," said Isko's global marketing director, Marco Lucietti, attributing to Italy an important role on the international scene.

"Italy is recognized worldwide as the reign of fashion, but in a globalized world the competition is always around the corner," Lucietti said. "I think that the global approach of Isko has played a key role and has guided the company in a path that has involved all the aspects of a modern and



Isko's manufacturing facility in Bursa, Turkey.

winning company," attributing the success to the firm's "strong brand strategy and commitment in research."

According to Lucietti, "in this particular moment the situation is reassuringly positive, especially for the premium sector and ath-leisure, a trend that doesn't show signs of stopping."

Bangladesh-based denim specialist M&J Group, which counts Replay, H&M and Gap in its client list, registered sales of more than \$100 million in 2015 and expects to deliver a 15 percent increase this year, noted Fabio Adami Dalla Val, M&J Group's head of research and development and trade marketing manager.

"Indeed, last year the company completed an expansion process that included the opening of two new concerns in Dhaka that allowed us to increase the production from eight million to 12 million garments per year," said Adami Dalla Val, underscoring how 10 percent of the production is exported, mainly to Europe, the U.S. and China.

"We live and operate in Bangladesh, but we are also able to attract international brands because, besides the obvious issue of attractive production prices, M&J is a

group of world-class manufacturers that stand out of the whole local garment-making sector," he added.

Adami Dalla Val also explained how the industrial field is shifting from an old perspective that gave the brands pivotal roles compared to the other secondary players to today's approach where every subject is involved into a creative process.

"This means that all the companies that work within the supply chain can be considered ingredients of a pair of jeans, provided that they must be able to communicate their added values," he said, highlighting how consumers are more oriented to values "while, on the contrary, the industry is leveraging low prices as a false myth."

Communication is the focal point Italy seems to be lacking at the moment, according to the manager, who believes that despite the Italian leadership in innovation, quality and widespread awareness, the country needs to catch up on collaboration among the local players of the supply chain.

"Italy must make up for delay in the communication on a global level, must get structured and build a cooperation pattern to bridge the gaps of the small and

medium-sized enterprises network, which has been crucial in the last 50 years, but is showing signs of stagnation," Adami Dalla Val said.

Otello Lucietto, country manager of Italy at Cobrax, attributes to politics and the government the main responsibilities of the Italian delay on the international scene, which was also confirmed by the latest World Economic Forum's data that rated the country 44th in competitiveness on a global scale.

Founded in 1977 and part of the Swiss Riri Group from 2007, the Padua-based company is a leader in the production of jeans buttons, snaps-fasteners and rivets, a field equally prone to competition, according to Lucietto.

"Cobrax can't compete with realities allocated in countries with low-waged manpower, of course," he said. "Cobrax is completely vertically organized and, starting from certified raw materials only, produces all the goods in its factory in Padua, Italy."

The company is keeping up the pace globally thanks to the high industrialization of some of its products, which favors costs reduction.

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## Milliken & Co. Names President, CEO

J. Harold Chandler succeeds Joseph M. Salley after serving on the company's board for 14 years.

BY ARTHUR FRIEDMAN

**J. Harold Chandler** has been elected chairman, president and chief executive officer of Milliken & Co. following the resignation of Joseph M. Salley as president and ceo and as a member of the company's board.

Chandler has served on the Milliken board for 14 years and as its chairman for the past five years.

"We sincerely thank Joe Salley for his service to Milliken, which covers a span of 20 years, the past eight as its president and ceo, Chandler said. "I am honored to take on the additional roles of president



J. Harold Chandler

and ceo. I look forward to working with a uniquely qualified group of executives, associates and board members. Our initial

step will be to ensure an effective transition and to maintain the positive momentum from which the company is currently benefiting. Together, we will continue to innovate, contribute to Spartanburg and our other communities, and be a leader in our industry."

There is no reason given for Sally's resignation.

Based in Spartanburg, S.C., Milliken was founded in 1865 and has 35 manufacturing facilities located in the U.S., the U.K., Belgium, France, China, India and Australia, and other sales and service operations throughout the Americas, Europe and Asia.

The company's product sectors include apparel and industrial textiles, chemical, floor covering and performance materials.

Harold Chandler is a native of South Carolina and product of a textile family. He graduated from Wofford College in

Spartanburg, where he has served on its board of trustees for 24 years, the last five as its chairman. He received his Masters of Business Administration degree from the University of South Carolina and later completed post-graduate studies at the Harvard Business School.

Chandler is a veteran of the diversified financial services industry, where he has served as chairman, president and ceo while also contributing to the boards of directors of eight public and family-owned companies over the past 30 years.

Roger Milliken, one of the most legendary figures in the U.S. textile industry, died in 2010 while still chairman of Milliken. The enigmatic billionaire and grandson of founder Seth Milliken wielded political influence and power in the nation's capital for more than 50 years, endorsing and funding conservative political candidates and shaping the debate over the domestic consequences of globalization and free trade.

At the time, Milliken was considered to be the largest privately held textile and chemical manufacturer in the U.S.