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PURE PLAY
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Made in Italy

China Jitters Cloud Milano Unica Fair

The U.S. remains a key export market for Italian firms, especially as China's economic troubles and monetary policy, along with Greece's continued woes, limit growth opportunities. BY SONIA CALZATE

As markets struggle to stabilize and China's economic uncertainty, brands set to showcase their fall 2008 fabric collections at Milano Unica for three days starting Sept. 8 are focused on the world's most popu-

"While we have noted rising sales in the U.S. and Japan, the Chinese market unfortunately in the last few seasons has declined, and I think that in light of the latest economic developments, this trend will continue for the next year," said Silvio Botto Prada, chief executive officer of Botto Giuseppe SpA.

"The euro-dollar exchange hasn't influenced our business model significantly. Our clients buy only if they are in love with a fabric and oftentimes this has nothing to do with price."

Giovanni Bonetto, creative director

Earlier this year, Milano Unica, now dubbed Milano Unica World, unveiled its expansion plans as part of a broader plan engineered by the Italian government to boost exports to the U.S. and improve sales in China, while fortifying Milano Unica's grip of fall in Shanghai and launching its New York edition in July.

which our sales and marketing efforts must be concentrated in order to face the persistently stagnant situation of the Italian apparel market and the overall weak recovery in European Union markets," said Silvio Botto, Milano Unica's president.

Milano Unica said that in the first quarter of 2008, exports to Hong Kong and China, the third largest market for Italian fabrics, declined 14.4 percent, while exports to the U.S. surged 14.4 percent compared with the same period a year earlier.

Across the board, Italy as a nation is also struggling to boost exports to China. According to Italy's statistics office ISTAT, exports to China rose only 0.8 percent in the first half of the year, trailing exports to the U.S., which surged 25.5 percent, boosted by the weak euro against the stronger dollar.

Biella-based luxury fabric mill Vitale Barberis Canonico said Shanghai is key to stimulating existing business and New York is vital to procuring new American clients. But Milan remains the hub for the company's most important business generated in Europe, and serves as a showcase for its Italian clients who come to Milan to see designs that were not already presented within the pre-collections.

"Despite the weakness of the New York fair, Milano Unica remains the crown jewel — we believe in Made in Italy products and we believe that what is produced in Italy should be presented in Italy," said Alessandro Barberis Canonico, managing director of Vitale Barberis Canonico, and president of Ideafab, a section of Milano Unica.



Currency fluctuations are a top concern facing brands here. Despite its most recent rally against the dollar, the euro is trading at a favorable rate of \$1.14 as of press time. While this bodes well for consumer spending, the cost of raw materials valued in dollars will certainly increase for European fabric purveyors.

"We hope that with the dollar so strong, we will start to see [improved] results in the Chinese market, as well as the American market, since the exchange rate will have the most significant impact on the manufacturers of finished products," Barberis said.

Since it is still unclear how China's economic troubles and its monetary policy will affect the rest of the world and Greece's faltering economy continues to cloud the fate of Europe, companies are hesitant to rework their strategies.

"The euro-dollar exchange rate for now does not justify strategic changes," said Luca Belegatti, CEO of Gruppo Textile Martini SpA.

Giovanni Bonetto, creative director of sportswear textile-maker Bonetto SpA, said, "The euro-dollar exchange hasn't influenced our business model significantly. Our clients buy only if they are in love with a fabric and oftentimes this has nothing to do with price."

Overall, some 40 exhibitors will participate in Milano Unica's September edition. About 70 of these brands are foreign, up 6.4 percent from the last Milan edition. In addition, the fair will host the Japanese and Korean Observatories.

With the fall of the euro in recent months, Texworld's mostly non-European Union-based exhibitor base has suffered. At the show's February edition, several exhibitors cited the weak euro as a severe competitive disadvantage, but Scherpe said he believes the market has weathered the worst of the situation.

Texworld Adapts Amid Economic Turmoil

Messe Frankfurt France is introducing tech fabric show Awantex alongside Texworld and Apparel Sourcing. BY ALEX WYDNE

Unsettling. That will be the overall mood at the trio of fabric and sourcing shows organized here by Messe Frankfurt France as the recent global economic volatility and fluctuating currencies generate increasing concern among textile manufacturers seeking orders in China and the U.S.

"A lack of visibility for the mid- and long-term is what's preoccupying [exhibitors] the most at the moment," said Michael Scherpe, chief executive officer of Messe Frankfurt France, organizer of Texworld, Apparel Sourcing Paris and the new high-tech fabric event Awantex. The shows will take place at the Le Bourget exhibition center from Sept. 14 to 17.

"Nobody really knows today what will happen in December... But there is nevertheless a piece of positive news: the price of raw materials — natural and synthetic — have almost all dropped," Scherpe added. "That could stimulate purchasing."

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"I think the difficulty is already past," he said. "It's something [exhibitors] have had to take into account, but they have adapted, albeit not without difficulty. Their fabrics have become more expensive as the euro has dropped."

Nor does he see the current problems in the Chinese economy having a significant impact on exhibitors from the country, which generally represent more than half of the firms showing at Texworld.

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