Italy’s fashion sector forecast to climb back to pre-pandemic levels in 2023

By Dominique Muret - 14 January 2022

Italy, like its European neighbours, will have to wait another year before its apparel market will grow back to its pre-pandemic levels. This is the forecast made by auditing and consulting firm PwC Italia, set out in a study that was presented in Florence on Monday, on the eve of the Pitti Uomo menswear show’s opening. PwC indicated that the sector should get back to normal in 2023, generating a revenue of €81.3 billion, up from the €78 billion forecast for 2022.
While in the first half of 2021, with sales up by 24% on an annual basis, the Italian fashion industry was able to bounce back from a 2020 marked by the Covid-19 crisis, it was not however able to return to its 2019 revenue levels. Travel restrictions and the absence of wealthy tourists will still penalise the industry this year. Europe will notably be the region most affected, while Asia, with China leading the way, will continue to grow, as will the USA, both regions being crucial markets for Italian labels.

Besides textiles and apparel, the industry includes footwear, leather accessories, luggage, jewellery and goldsmithing, eyewear, cosmetics and perfumes. It accounts for approximately 12% of Italy’s entire manufacturing sector in terms of value added, and about 14% in terms of employment. Another feature of Italy’s textile and apparel industry is its dynamic export performance, generating a trade surplus in excess of €30 billion.

In 2021, the Italian fashion industry had to deal with three underlying trends, according to PwC. The first is the widespread rise of digitalisation and e-commerce. “According to Eurostat data, in 2021, 31% of Italian consumers aged between 16 and 74 purchased products online, compared with a European average of 56%. Despite this gap, the increase in online purchases is forcing companies to develop an effective digital customer experience,” said the study.

Reinventing collections

Another significant trend is the massive adoption of remote working, prompting fashion labels to rethink their collections by reinventing a cosier formal style, while simultaneously favouring the boom in sports and outdoor wear. Finally, the third growing phenomenon is customer demand for a genuine environmental commitment on the part of brands.

“Sustainability is not a short-term trend: from January 1 2022, recycling textile waste will become mandatory in Italy, and the second-hand and resale markets, as well as the introduction of increasingly efficient methods of fabric disposal and recycling, will be at the heart of the operational and commercial models of Italy's fashion industry,” said Erika Andreetta of PwC Italia. “Brands will have to stop thinking in terms of number of units sold, but in terms of their [products'] repeat usage, so as to extend their life cycle and facilitate their disposal,” she added.

Centre of gravity shift for luxury consumption

“India, South Korea and Indonesia are the only new luxury consumption centres in 2021. China and USA are the two major consumption centres, however, and the second-hand and resale markets are gaining traction in China and the USA,” said PwC's study.

Digitalisation, better digital skills, customisation, gender parity in management are among the sector's key emerging trends- PwC
Outside Italy, fashion groups that have “performed” well in 2021 are those with a pre-eminent position in fast-growing sectors such as sportswear, outdoor apparel and equipment and e-tail, as well as leading luxury groups. The gap has further widened between giant corporations, richly endowed with financial and managerial resources, and small and medium-sized companies, triggering a plethora of acquisitions.

Geographically, the centre of gravity for luxury shopping has shifted towards Asia and the USA, as tourist flows have dried up and localised consumer spending has increased. The clientèle has grown significantly younger and is now more attentive to issues of sustainability and ethics.

According to the study, “improving industrial processes and operational efficiency enabled companies to survive in 2020-2021, but this is no longer enough to stimulate future growth,” driving brands to further boost their digitalisation, sustainable development and international expansion.

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