

Leather is the natural choice for the designers

Good Evening, friends. I consider it a great honour to have been conferred this year's ALFA Orator Award. No matter how far one goes in their life or career, one of the biggest achievements is recognition by their Alma Mater. After all, this college has played such a large role in shaping my ideas and making me who I am today. So I thank you very much for this honour.

When I was asked to choose the topic for the oration, I wanted to talk about the biggest challenge facing the Indian Leather Industry today. A few years ago, all of us would have talked about the effluent problem. I think to a major extent, we have crossed that bridge. Reverse Osmosis plants are being set up individually or collectively, and I hope we will soon come up with a solution for disposal of salt.

So, what is the major challenge today? To answer this question, we first need to look beyond our country's borders. All of us would agree that China is our major competitor. They are investing in huge tanneries and have vast resources both in finance and in labour. They are also quickly making up for their shortcomings. To fill up the gap in Human Resources, they are recruiting both technologists as well as tannery workers from all over the world. They are the major buyers of the raw material today and world prices are kind of dictated by them. On large volume, low to medium price range products it is almost impossible to compete with them. There would be exceptions due to various other factors.

The other major player in the leather industry is Italy. They have always been at the leading edge of both technology and fashion. The majority of the top fashion designers or fashion houses are from Italy and their input has helped the Italian tanning industry to come up with innovative leathers on a continuous basis. As a matter of fact, that is the only way the Italian tanning industry has been able to keep its head above water over the last few years. However, the end is not far in sight. Major design houses have realised that they cannot continue to manufacture leather products in Italy. They are actively looking for new sources.

So, what is the road to excellence? We, in India, have several factors in our favour. We have the world's largest livestock population and fortunately protective measures against export of raw material. (This is a subject some of my friends might not agree with me but that has

the makings of a different speech altogether). In terms of technology, we are second to none today. On the fashion front, in Modeurop colours, India accounts for close to 90% of the colours chosen. Therefore, I see it as a natural progression for us to be the next dominant player in the fashion segment of the industry. I strongly believe the potential for growth is the highest in the fashion segment and I will come back to that later.

Having decided on the topic for today's oration, I had to come up with an apt title for it. I have always been inspired by Dr. Ramasamy's acronyms for Lerig sessions conducted by CLRI every year. The acronyms have always conveyed a strong message to the industry. Take for instance, the 2005 Lerig session. Called GRIP, Dr. TR's message to the industry was loud and clear: come on guys, get a grip on what you are doing in the leather product sector, otherwise you are going to lose it. Since the subject of my oration is on the role of leather technologists in increasing or augmenting the use of leather in the fashion arena, I came up with the title, AC Tech Leather and Footwear Alumni Association (the crème de la crème of the Indian Leather Technologists) to Augment Leather in Fashion Arena, or shortly ALFA to ALFA.

However, let me share with you my apprehensions about bringing in the word 'Fashion' into today's topic. During the years that I was the Honorary Secretary of the Indian Finished Leather Manufacturers and Exporters Association, I was also the convenor of the Leather Fashion Show conducted every year by the industry during the India International Leather Fair at Chennai. In that connection, I had to meet Dr TR for CLRI's participation in the show as well as for financial support. Conducting a fashion show is a lot of hard work but for some reason, a few of my friends in the industry, including Dr TR, focused on the fun of having so many models around. This word association has been hard to shake off, so I was very scared of the wrong connotation the word fashion might bring, but I am sure that Dr. would agree that I have used it for the right reasons.

So, if fashion is not just the glamour of models sashaying down a catwalk, what is it? Fashion is embracing a style, a trend and comfort. To make a fashion product designers have a variety of fabrics with which they can work. In recent years, leather has become the natural choice for designers. Designers make the most of leather's versatility and textures. Advances in technology has made it possible for the leather to be treated and finished in various ways, sometimes to simulate other fabrics.

For shoes, leather is the obvious choice because it has all the characters required for foot comfort. At various times, designers have included some synthetic materials in combination with leather depending upon the fashion requirements but only for a short duration. Fashion trends have also made us come up with leathers, which possess qualities, which were not normally associated with leather. Here, I am talking about the water repellent leathers, washable leathers, etc. Advances in areas like roller coating and turbo vacuum drying has enabled to come up with soft touch and bright optics, previously thought impossible to achieve in leather.

In leather garments, if we have to survive, we should be able to duplicate whatever that is possible in other fabrics. Leather is no more just outerwear and even in outerwear, competition from other fabrics like nylon, polyester and other synthetic materials has eaten into the share of leather. But not to despair. Surveys conducted by leading retail speciality consultants indicate a change in the buying patterns of people. Earlier, people were buying according to seasons. Nowadays, lot of lightweight fabric garments are bought even during wintertime. Designers have started using 0.4 mm fine smooth leathers in autumn/winter garments. The major reason being its silky touch with its inherent leather character. Soft and supple leathers have made such inroads in the apparel market that it is considered as the new silk. Indeed, it shares several qualities with silk. It is a luxurious and desirable material with a unique texture and feel. People now consider leather a second skin. Although some leathers are called hides, that is the last thing people want to do when they wear a leather garment. It is something to be seen in.

Over the last few years, use of normal suedes and nappas have almost disappeared in the leather garment industry. If the leather does not have a prefix such as washed, wrinkled, centrifuged, or crunched, it is out.

Leather accessories such as belts and bags have become major markets in the last several years. People are willing to spend money on products that make a statement, or more importantly, that add just the right touch to complete an ensemble. Most contemporary trends in leather accessories are short lived. This means they are high volume but are trendy for a very short time. If we miss the window of opportunity on the trend, it is a big deal. To cite a few examples, all of us know how trims on leather goods accentuate the beauty of the product. A major trend today is using leather covered metal buckles

and fashion houses are willing to pay very good price for such items. People are willing to pay \$50 to \$100 for belts made with garment suedes with huge buckles.

So, what does this all mean to us, the leather technologists? Footwear accounts for the largest usage of leather. Demand from our domestic market is expected to grow several folds over the next few years as the growth rate of Indian economy is expected to be over 8% in the years to come. Under the WTO regime, as we lower the tariffs on imports, footwear from China and Vietnam would make major inroads in our market. We have seen that happening already in the sports shoe segment.

Competition in the commodity type of leathers like normal upper leathers, suedes and nappa leathers are very high. Leather products made with such leathers have very thin profit margin. These markets are also dominated by major chains like Walmart, Carrefour, Aldi and Target and such big players also prefer to buy from large manufacturers. In India, we do not have many companies who have that kind of capacity. In China, average capacities exceed 50,000 pairs per day. How many shoe factories have such capacity in India? We can never be a major player in the large volume mass market.

We should leverage our strength in technology to position ourselves as the major player in the medium and high price segment of the leather product market. Traditionally, we have been working with Europeans and that has enabled us already to make a significant mark in that segment of the market. Our country's export statistics clearly indicate that the average price of products exported by us is in that category. Our own company 's experience has shown that there are significant advantages by concentrating in the medium and higher priced segment of the industry. One of the major advantages is huge reductions in marketing efforts and expenses. Buyers come to know established reliable suppliers from industry sources, and that makes our entry into some of the leading brand name companies that much easier.

Medium and high priced segments are influenced mostly by fashion trends. We have to follow the fashion trends very closely and come up with articles which designers should automatically choose when they put together their collection. As I remarked earlier, CLRI has already made a major impact in the Modeurop fashion colours. They also put together the kind of finishes and textures that are going to be in fashion. The most difficult part is to convert those ideas into actual

products. People with such knowledge are hard to get. We can get nowhere if we just copy what is being made elsewhere. We need to work closely with institutions like the National Institute of Design, Ahmedabad and National Institute of Fashion Technology, New Delhi in this regard. The initiatives CLRI has taken with NID and the Council for Leather Exports with NIFT have to be pursued vigorously and CLRI has to play a pivotal role in coordinating the work done by these institutions.

A highly significant percentage of the fashion leathers today are made possible because of the advances in finishing systems, mostly in the areas of mechanical operations. Here I mean repetition of mechanical operations. One of the reasons why our leather industry has not grown in spite of us having the best technology and the premier institute in the whole world is, we do not interact actively with other industries. Why with other industries, even amongst ourselves we do not share ideas or resources. (I would like to quote here what an American told me several years ago. "Mohan, if you drive from Ranipet to Ambur, and add up the capacity of the shoe factories in that area, they can supply the requirement of the American market (maybe he was talking from the point of view of the dress /formal shoe market), but you people do not share resources. Not everybody can have all the equipment. If only you could do that, you can have the world").

We have to also work closely with people in other areas, as I see increased use of laser cutting, screen/laser printing, etc. Fashion trends are going to force the textile industry to such levels in technology. I believe we will benefit tremendously if we could create a platform wherein the textile and leather industries can exchange ideas. An analogy, I would like to draw here is the health care industry. I have been amazed with the advances that are taking place constantly in that industry. Here, I am talking about various techniques like radio frequency ablation, several kinds of implantations like the pacemaker, defibrillator, etc. Doctors who diagnose the patients are not directly involved in developing these equipments. Independent research and development companies produce these machines, but they work in close connection with hospitals and doctors. Expenses relating to the health care industry are phenomenal because people's lives are dependent on it. In leather technology as well, we need to develop up to date machinery and techniques that are most relevant and useful to companies today. Working more closely with the textile industry will help give us that edge.

In the product sector, the level of quality we in India are able to

achieve or the kind of intricate detailing we can perform is highly appreciated by people in the fashion field as well as in countries like Japan, Korea and Germany. These people acknowledge that China is not capable of manufacturing such quality products. Some of our buyers have informed us that they do not foresee a threat from China in that segment of the market. And those are the segments where price realisation is very high.

Having talked about our strengths, we have several areas of weakness. A major weakness is our turn around time in production, more so, in sampling. In spite of our having equipped ourselves with CAD systems, we are far behind China in this area. Companies like Zara and H&M introduce new styles almost every month, and they expect samples to be submitted within a couple of days. Now, that is the benchmark we have to achieve. This is one of the major areas in which we are going to be under constant pressure. The level at which we are able to service our customers is going to be one of the major factors that they are going to be taken into consideration when they make purchase decisions. And in today's world, time is of the essence, a factor that doesn't just affect the leather industry, but all walks of life.

For us to succeed in this highly competitive arena, we have to work harder at working together as a unit. Everybody in the organisation has to understand the requirements of the market, the cost of falling short of the level of performance, and the benefit accrued by the company if we continue to perform at optimum levels. If we collectively have a vision of the goal we are trying to achieve and understand its methods and purposes, we can increase the motivation within the organization to realize the end result.

Motivation, I believe, is key. After all, it is precisely the object of my own speech to you all today. I do want this to be an opportunity to share information, and for us to take a hard, honest look at our strengths and weaknesses. But, more importantly, it needs to be a call to action. The first step is awareness of the direction in which we need to be headed. But once we have crossed that bridge, the next step is implementation.

I hope my time with you today has helped synergize your own thoughts on the future of the Indian leather industry. So, is there a message I would like to convey from the acronym of to-day's oration to my fellow alumni. Yes. Alpha, as all of you would know is the first character of the classical Greek alphabet. Having drawn the name of

our organization and the title of my own speech from this foremost alphabet means that we have a responsibility. A responsibility to not just be first, or alpha, in name, but also first in our ability to transform thought to action.

Thank you.