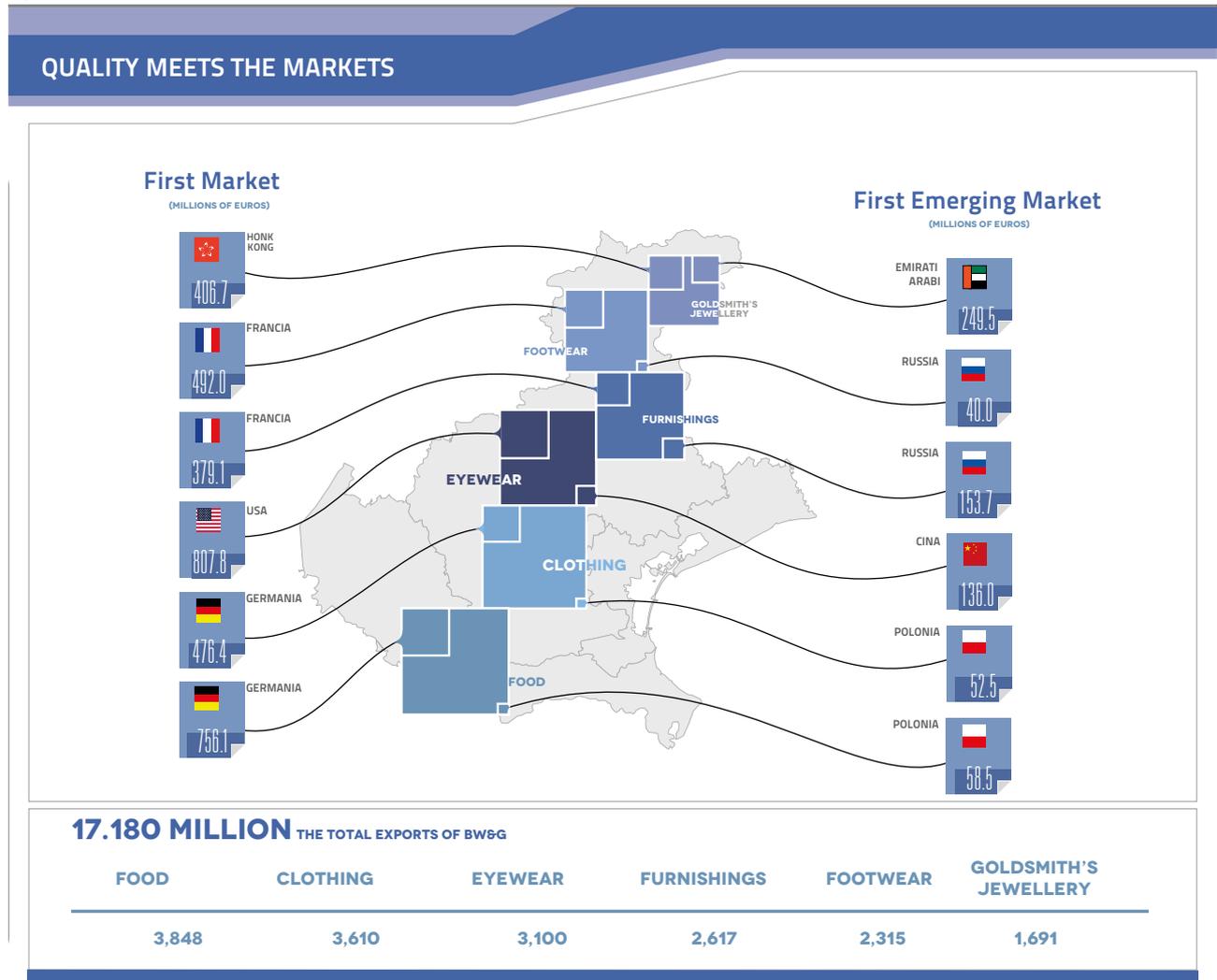


## Cap.7 - Beautiful, Well-made and Good<sup>11</sup> (BW&G): the Resilience of Veneto Exports on Global Markets

Beautiful, Well-made and Good (BW&G) products consist of medium-high range finished goods from the food, furnishing, clothing and home textiles, footwear, eyewear and goldsmith-jewellery sectors.

In the two year period 2014-2015 the structural characteristics of the region's export system were confirmed: sales abroad of BW&G products increased by 6%, reaching 17.2 billion euros, 30% of overall exports. As in 2014, the sector showed a better trend than that recorded for total Veneto exports. The greater dynamism is mainly attributable to the mature economies towards which exports increased by 6.5% in 2014 and 8.9% in 2015.

In 2015 the United Arab Emirates (17.9%) lie at the top of the ranking of the 15 most important new markets for Veneto BW&G, which took first place away from Russia which it had held for some time. In fact, the crisis that the country is experiencing led to a decrease in BW&G imports from Veneto of -34% in 2015. Therefore Russia, who in 2014 represented 22.4% of direct exports in new markets, went down to 15% in 2015. In the same year China was confirmed in third place, followed by Poland and Turkey. Similarly to what has already been highlighted for Russia, Brazil also fell a few places, a country towards which exports of BW&G decreased by 19%.



<sup>11</sup> This chapter is based on the methodological approach and the results of the Confindustria – Prometeia report "Esportare la dolce vita. Il bello e ben fatto Italiano nei nuovi mercati: le forze che trasformano i consumi", May 2016





away from the obstacles that Veneto enterprises who take on these opportunities are faced with in new markets. For this reason, as in previous years, an accessibility index for each BW&G sector is proposed. The index varies from 0 to 100 and is the summary of five strategic components. The first is given by the degree of modernisation of the distribution system; in this regard shortcomings mainly represent an obstacle for small and medium enterprises that lack autonomous power to manage sales channels. The second component is the quality of the logistics system; in this case we assess the infrastructural facilities of the countries as well as social phenomena such as urbanisation, which make it more or less costly to serve a particular market. The third component derives from the World Bank's doing business indicator which assesses the quality of the market in terms of the operation of the enterprises, considering administrative aspects (such as bureaucracy times), fiscal aspects (taxation levels) and other operational risk factors (for example intellectual property protection). The last two components of the indicator consider the tariff barriers (duties) and non-tariff barriers (for example licenses, import quotas, regulations).

**Opportunities are also assessed in light of the actual accessibility of new markets**

In many cases the value of the indicator and its main components explain a relatively limited presence of Veneto enterprises where growth opportunities would be. A market like India, for example, is characterised by excellent demand prospects for BW&G goods, but difficulties not only related to the geographic distance, but above all to the shortcomings in the infrastructure and the underdeveloped and highly fragmented distribution network persist. In other cases the low accessibility is conditioned by the intensification of political tensions that can not but have repercussions on enterprises' operation (just think of Russia or countries of the Middle East and North Africa). Once more, another very important component of the indicator is that related to commercial barriers. In some cases these represent the main obstacle for the dissemination of Veneto products on new markets. In China, for example, despite a recent reduction in duties on certain product categories, non-tariff barriers persist that limit the penetration of Veneto BW&G, especially in the furnishing, fashion, eyewear and food sectors.

But in the next few years which markets will be of greatest interest for Veneto BW&G? Assuming it maintains its positioning, in 2021 regional exports directed towards the United Arab Emirates, the top importer of BW&G among new markets, may reach 674 euros, 240 more than the current 434 million. By reinforcing its role as a commercial and tourism centre, the country will continue to represent an ideal shop window for valorising Veneto BW&G throughout the world. It is mainly the furnishings and goldsmith's-jewellery sectors that offer the best prospects. The former benefits from the enhancement of tourism and hotel facilities, the latter benefits from the fact that the Arab Emirates are a sorting centre for flows of gold into Asia, as well as international tourist flows. The Asian country's first place positioning in terms of the accessibility index for all sectors also favours the penetration of Veneto BW&G.

**The United Arab Emirates, China and Russia remain markets of great interest**

As previously mentioned, China will maintain its attractiveness for Veneto products

thanks to the social transformations it is experiencing and, as will be further discussed in the third paragraph, based on expansionary public policies. Despite its current difficulties, in 2021 Russia will remain the second importer of BW&G products among new markets. The Russian new consumer now knows how to recognise the quality of Veneto productions, but in order to not nullify the strategies carried out to oversee the market, enterprises must keep interest for their products alive and consolidate the link with the urban middle class.

Closer and more accessible markets such as Turkey and Poland will maintain their appeal, although in the former, as well as uncertainties related to political risk, there are still difficulties in approaching the consumer that lives outside of the most important urban centres and in the latter the pressure from other international competitors is felt more and more, such as the Chinese and Germans in fashion or the same local producers in furnishings. There are also some more promising markets, characterised by large growth prospects in terms of demand for BW&G goods.

The first country of all is India, where the imports in the sector are expected to grow by 94% in 6 years. As already indicated, the expansion of Veneto products in

# BEAUTIFUL, WELL-MADE AND GOOD<sup>1</sup> (BW&G): THE RESILIENCE OF VENETO EXPORTS ON GLOBAL MARKETS

**In India the best prospects clash with a low accessibility**

this country is negatively impacted by the low accessibility and high non

-tariff barriers, especially in the clothing, footwear, eyewear, goldwear, and jewellery sectors.

As you will be able to see in the following chapter, the analysis provides a positive insight for Veneto BB&B. In the short term, indeed, exporting companies are showing to be able to adapt themselves to the volatility of the demand, whilst in the medium term prospects of potential growth remain high for Veneto BB&B on the international markets. On this regard, it is appropriate to underline some key reflections that arise from the analysis. Firstly, although on many important new markets the Veneto quality product is known and appreciated by new consumers, other competitors could cause them to lose their ranking. In certain cases, the same local businesses are starting upgrading their production; in other cases, the risk of a shift in the demand towards lower quality products could favour competitors that operate based on a lower price. Secondly, the accessibility of many new markets is hampered especially by unfavourable commercial politics, which are assumed unchanged within the forecast period. Would these politics, even through negotiated agreements in Europe, become more obliging, the penetration of BB&B products could also be more widespread. In order to continue to control the new markets, however, it is required to keep alive the interest in the BB&B products, also through locally organised events or international trade shows table to attract buyers from the new markets.

Another important channel which is to be fully

exploited is the online one, especially in some new countries particularly digitalised, first of all China. Lastly, in certain areas, the growth in the sophistication of the tastes of the consumer also increases their awareness on issues such the traceability of the supply chain, environmental sensitivity, innovation, and quality of the materials. All these elements are inherent to Veneto BB&B and which it is necessary to keep enhancing.

## 7.1 The export of BB&B in the last two years<sup>2</sup>

<sup>2</sup> Just like in the last editions of the Report, the perspective dynamics of Veneto BB&B in the new markets is preceded by the analysis of recent history.

In the 2014-2015 period the structural characteristics of the regional export system were confirmed: BB&B continues to play a significant role for Veneto exports and to represent a relevant part of quality exports for Italy. This does not surprise if you consider that the quality, accuracy and professionalism of the productions stand out amongst the strong points of the regional economic system. These factors, along with the courage to address the risk connected to the entry into new markets and to the ability to grab new opportunities in the context of a complex and changing market, have allowed Veneto BB&B to continue to grow on the international markets. Coming into the more conjunctural aspects, in the last year's Report the possibility that the difficult economic situation arising in some of the new economies was shown to reflect negatively

<sup>2</sup> In the analysis, Istat data on foreign trade of Veneto which is final d up to 2014, and provisional for 2015, was used.

**Tab.7.1.1 - BB&B's exports in 2014/15. Million euros Veneto Italy Veneto**

	2014		2015
	Veneto	Italy	Veneto
Foodstuff	3,405	22,431	3,848
Clothing	3,678	18,920	3,610
Footwear	2,248	8,291	2,315
Furniture	2,488	9,827	2,617
Eyewear	2,753	2,999	3,100
Goldwear and jewellery	1,634	5,300	1,691
<b>Total</b>	<b>16,206</b>	<b>67,769</b>	<b>17,180</b>

Source: Veneto Region Processing - Regional Statistics System and Prometeia on Istat data

on the region. After one year these difficulties do not only persist, but in some respects they have become even worse. Veneto, however, knew how to react: in 2015, the growth of direct exports to some new markets more than compensated for the losses suffered in the economies under recession.

**BB&B Veneto knows how to successfully adapt to the conjunctural changes.**

In 2014, the regional exports of BB&B climbed to 16.2 billion euros, 24% of the Italian exports in the sector. The weight on Italy's share was particularly high in the goldwear and jewellery sector (31%) and especially in the eyewear sector, which exceeded 90%. Always in 2014, the share of BB&B out of manufacturing products exported outside of the region was about 30%, whilst on a national scale the figure was 17.7%.

**A quarter of BB&B exported from Italy comes from Veneto**

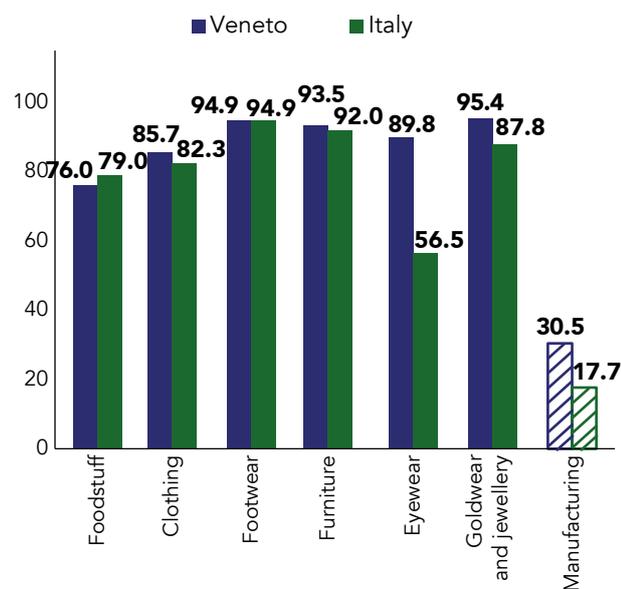
The role of BB&B in Veneto sticks out also when analysing their weight on exports in the reference macro-sectors: it ranges from goldwear and jewellery where the weight of BB&B is 95.4%, to foodstuff (76%). In almost all

sectors, however, the percentages are higher than the national average. The analysis contained within this Report proposes a list of the new markets which is similar to that of last year and it is made up of the following 30 countries: Russia, Poland, Kazakhstan, Turkey, Hungary, UAE, Saudi Arabia, Egypt, Algeria, Morocco, Tunisia, South Africa, Angola, Nigeria, Ghana, Kenya, China, Malaysia, Vietnam, Thailand, Indonesia, India, the Philippines, Pakistan, Mexico, Brazil, Chile, Colombia, Peru, Argentina. Also the list of the 10 mature economies used as comparison remains unchanged (Austria, Canada, France, Germany, Japan, UK, Spain, USA, Sweden and Switzerland).

In 2014, BB&B products represented 21.3% of Veneto exports to the new markets, while an even higher percentage (34.5%) was recorded for regional exports to areas with mature markets. In both cases, however, there was a greater rate than that of Italy.

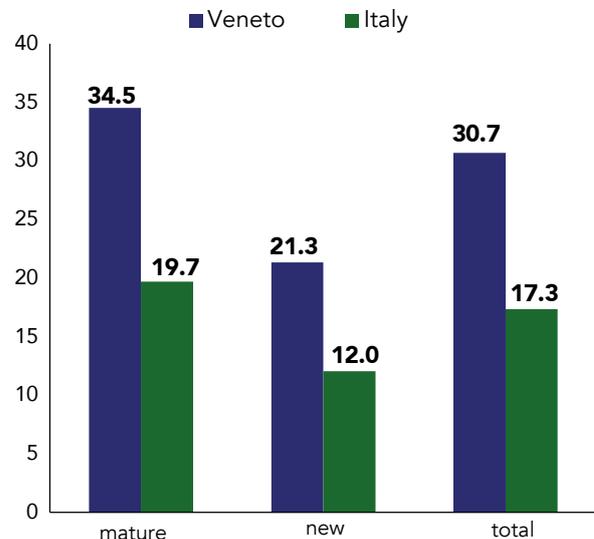
As would be logical to expect, in some new markets

**Fig. 7.1.1 – Percentage weight of BB&B export on the reference sector and on the manufacturing sector. Veneto and Italy – Year 2014**



Source: Veneto Region Processing - Regional Statistics System and Prometeia on Istat data

**Fig. 7.1.2 – The percentage weight of BB&B on exports to the new and mature markets\*. Veneto and Italy – Year 2014**



\*New markets: Russia, Poland, Kazakhstan, Turkey, Hungary, UAE, Saudi Arabia, Egypt, Algeria, Morocco, Tunisia, South Africa, Angola, Nigeria, Ghana, Kenya, China, Malaysia, Vietnam, Thailand, Indonesia, India, the Philippines, Pakistan, Mexico, Brazil, Chile, Colombia, Peru, Argentina. Mature markets: Austria, Canada, France, Germany, Japan, UK, Spain, USA, Sweden and Switzerland.

Source: Veneto Region Processing- Regional Statistics System and Prometeia on Istat, Eurostat, IHS and Statistics National Institutes data.

# BEAUTIFUL, WELL-MADE AND GOOD<sup>1</sup> (BW&G): THE RESILIENCE OF VENETO EXPORTS ON GLOBAL MARKETS

the demand for BB&B weighs more than in others. In 2015, for example, the sector represented 54% of Veneto exports to the UAE, and figures more than 30% were found in Russia, South Africa and in areas in which the export flows are more restricted, such as Kazakhstan and Kenya.

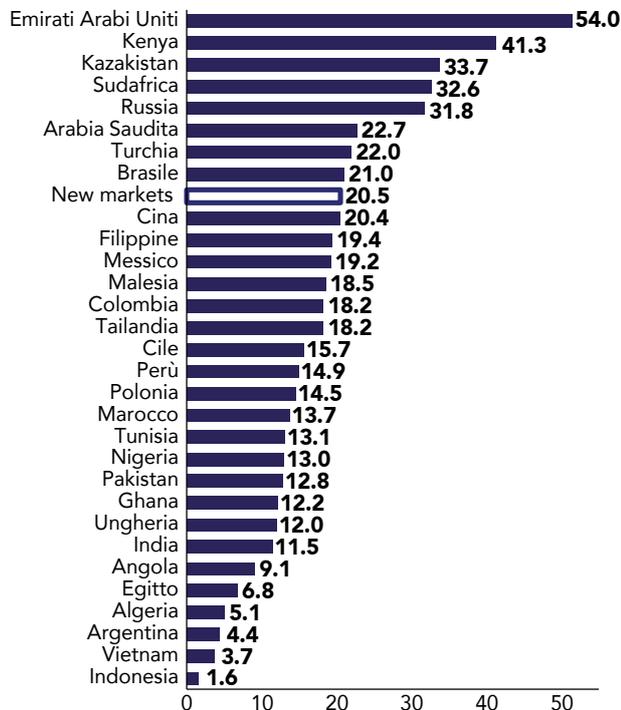
**In 2015, the UAE ranked first instead of Russia**

As previously noted for the markets as a whole, Veneto BB&B makes up a significant

part of the national one, which is exported to the new countries, particularly in the eye wear, goldwear and jewellery sectors, which represent the regional production excellence.

In 2015, UAE (17.9%) found themselves first out of the 15 most important new markets for Veneto BB&B, having stolen top spot from Russia which they had held

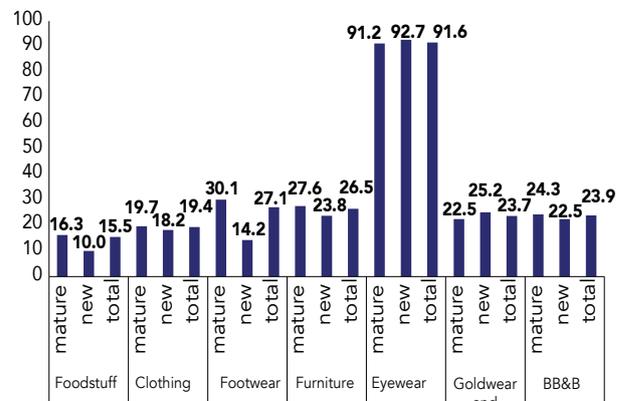
**Fig.7.1.3 - The percentage market share of BB&B on the total Veneto exports to the new markets - Year 2015**



Source: Veneto Region Processing - Regional Statistics System and Prometeia on Istat data

for a long time. In 2015, the crisis which the country is facing, brought about a decrease in BB&B imports from Veneto equal to 34%. Therefore Russia, which in 2014 accounted for 22.4% of the exports to the new markets, dropped to 15% in 2015. In the same year China remained in third place, followed by Poland and Turkey. Similarly to what was already shown for Russia, Brazil lost several places as well, to which BB&B export fell by 19%.

**Fig. 7.1.4 - Percentage weight of Venetian exports on the national exports of BB&B - Year 2014**



Source: Veneto Region Processing - Regional Statistics System and Prometeia on Istat, Eurostat, IHS and Statistics National Institutes data.

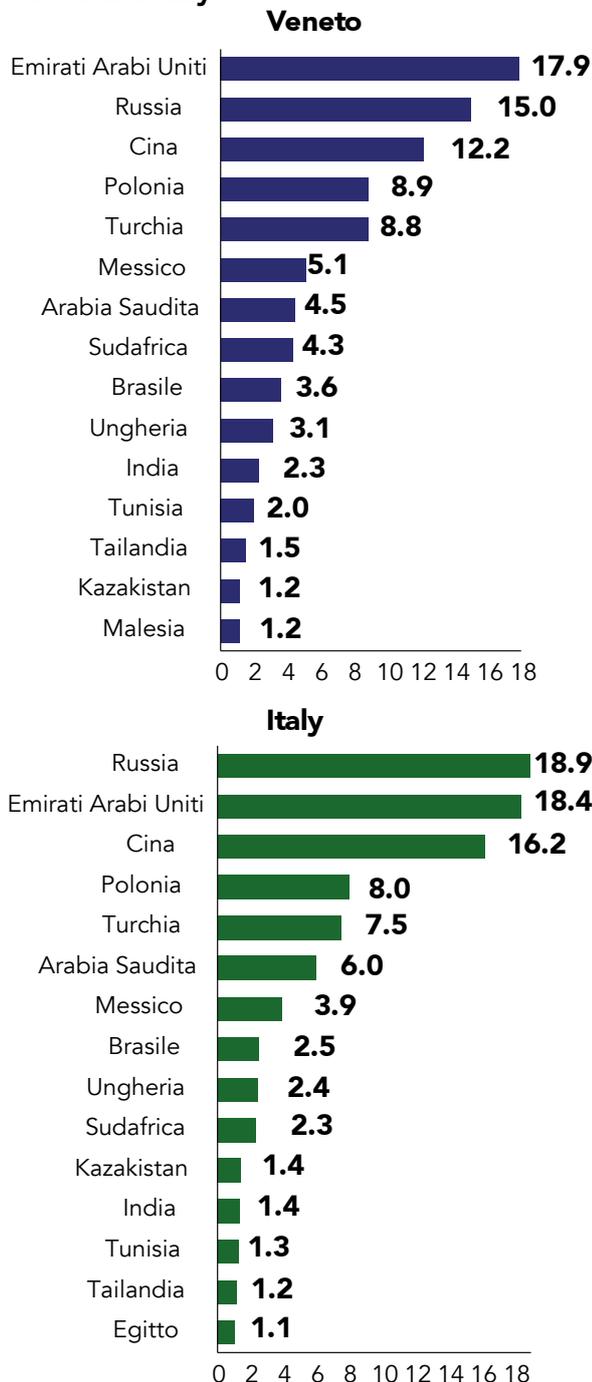
The analysis of the exports by sectors highlights that between 2014 and 2015 the total weight of the eyewear and the foodstuff sector on Veneto exports, sectors which alongside clothing are characterised by higher values.

**In 2015 China slows down, Russia and Brazil are under recession, but Veneto BB&B grows again on the new markets**

In 2015, BB&B Veneto exports grew by 6%, being equal to 17.2 billion euros. This sector, just as in 2014,

showed a greater increase than that registered for the overall Veneto exports. As already highlighted in the Report for last year, such a greater dynamism is mainly attributable to the mature economies the exports to which grew by 6.5% in 2014 and by 8.9% in 2015. But it is important to note that there was also improvement in exports towards the new markets. In fact in 2015, the decline which was registered by the indicator the previous year was halted.

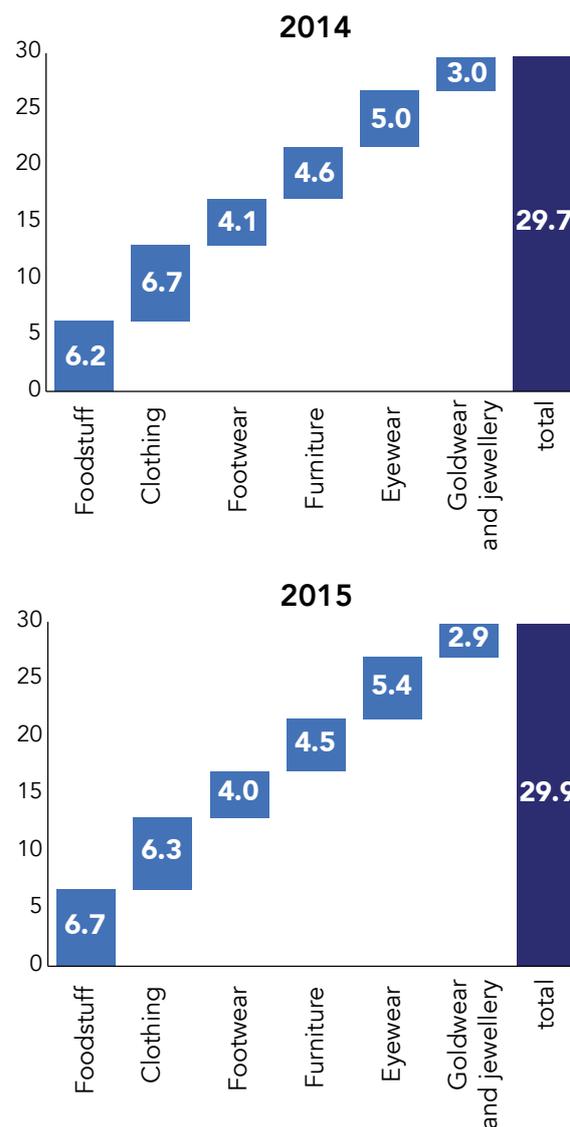
**Fig. 7.1.5 - The main new markets for BB&B exports: the country's percentage weight based on the total BB&B export to new markets. Veneto and Italy**



Source: Veneto Region Processing - Regional Statistics System and Prometeia on Istat, Eurostat, IHS and Statistics National Institutes data.

markets, even though it was barely 0.4% in 2015, is an important result because it is emerging out of a declining context, if not in a situation of real and true recession for some of the most important new countries (China, Russia, and Brazil).

**Fig 7.1.6 - Percentage weight of BB&B on the overall exports. Veneto - Years 2014 and 2015**



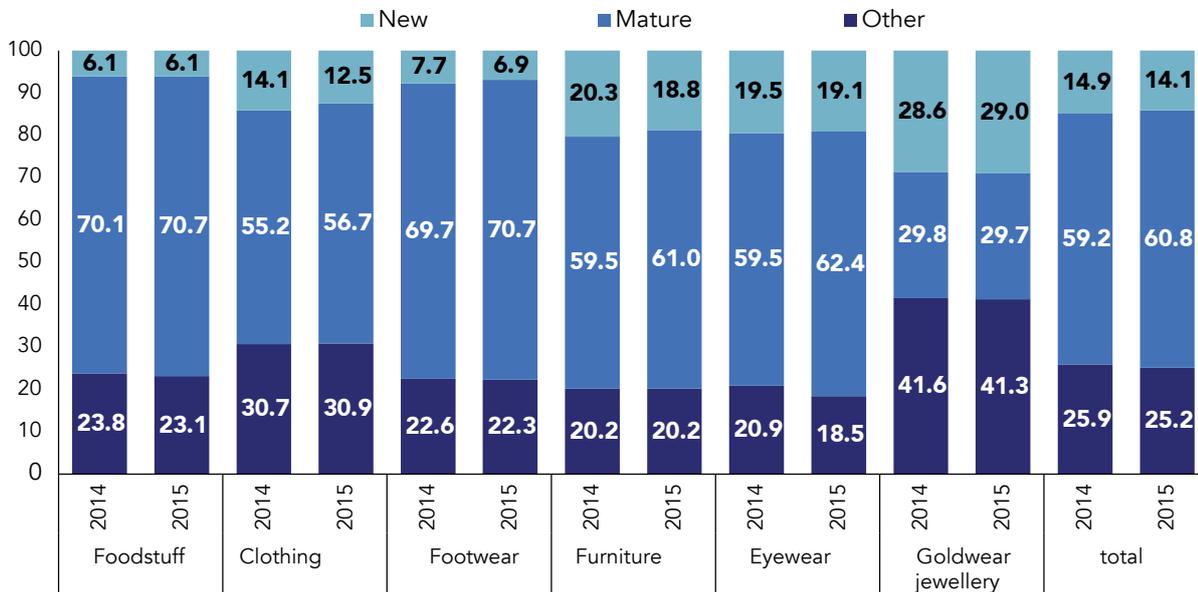
Source: Veneto Region Processing- Regional Statistics System and Prometeia on Istat data

In absolute terms, in 2015, Veneto BB&B fell by 189 million euros in Russia and by 29 million euros in Brazil, but the losses suffered in these and other

The ability of Veneto to increase exports to the new

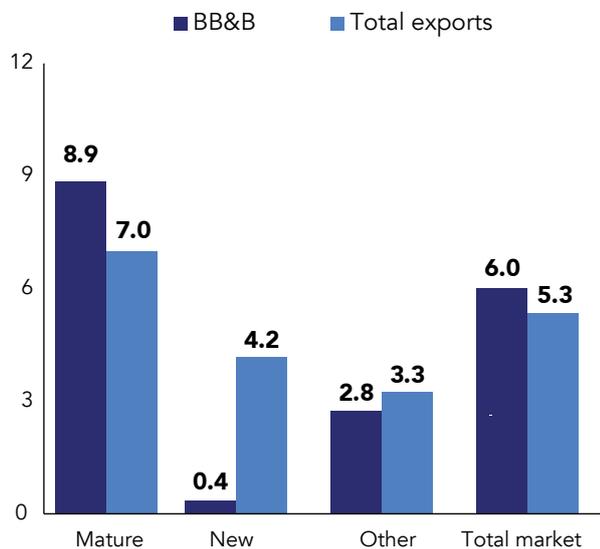
# BEAUTIFUL, WELL-MADE AND GOOD<sup>1</sup> (BW&G): THE RESILIENCE OF VENETO EXPORTS ON GLOBAL MARKETS

**Fig. 7.1.7** - The percentage weight of the markets analysed on the BB&B export. Veneto. Years 2014 and 2015.



Source: Veneto Region Processing - Regional Statistics System and Prometeia on Istat data

**Fig 7.1.8** Percentage changes in Veneto exports – Years 2014 and 2015 BB& B Total exports

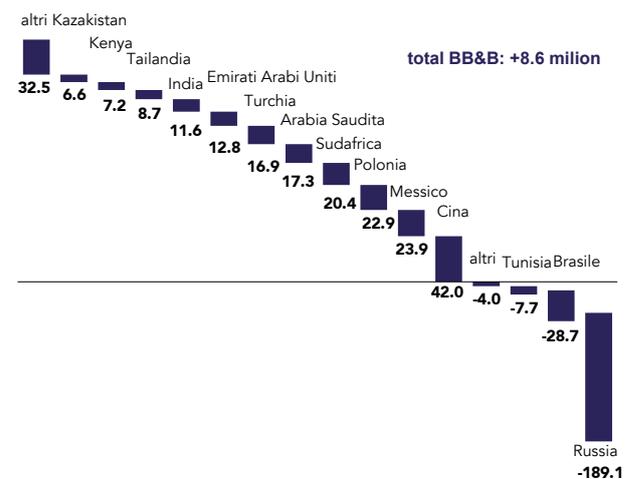


Source: Veneto Region Processing - Regional Statistics System and Prometeia on Istat data

countries were subsidised thanks to the recorded increases in other emerging areas: +42 million in China, +24 in Mexico, +23 in Poland, +20 in South

Africa were the most consistent, but across the new markets the most notably increases were seen in Saudi Arabia, Turkey, UAE and India.

**Fig. 7.1.9** – BB&B exports to new markets. Absolute changes in millions of euros. Veneto – Years 2014 and 2015. Total BB&B +8.6 million



Source: Veneto Region Processing - Regional Statistics System and Prometeia on Istat data

**The Russian crisis disadvantages the furniture and footwear sectors**

widespread across all sectors. Against an increase recorded in the foodstuff (12.7%), eyewear (10.1%) and eyewear-jewellery (4.8%) sectors, other sectors didn't fare so well.

In 2015, Poland was the country which added the biggest contribution to the growth of the Veneto 'good looking product' sector within the new markets, a market in which exports in the sector are favoured by a consolidated knowledge of quality Veneto products, but also by the lack of commercial barriers which, in other areas, represent a significant obstacle in the spreading of products. In 2015, China too offered a big contribution to the growth of foodstuff exports and it is a positive signal if you take into account the potential for the growth of the market, which we will talk about more extensively in the next paragraph. Overall, especially Russia was the country that most slowed down the growth in the new markets, wherein the "good looking product" sector fell by 38% in comparison to 2014. The growth of the eyewear was mainly stimulated by the Chinese and Turkish markets, whilst the goldwear-jewellery sector saw a significant growth in exports to South Africa. Moving on to the sec-

However, the increase in BB&B exports to the new markets isn't

tors that had a drop in 2015 in the new markets, clothing was the one that suffered the most (-13.2%) as well as experienced a more disappointing dynamic in the mature markets. The country that most contributed to penalise the demand in the sector was, besides Russia (-34.5% in comparison to 2014) China (-12.9), whilst the most significant positive contribution came from Kazakhstan, Peru, Mexico and South Africa. To get an idea of how the crisis of the demand coming from Russia affected BB&B, we must consider that in both the footwear and furniture sectors the exports to the new markets, excluded those to Russia, increased in 2015. In the footwear sector the biggest positive contribution came from the UAE, and in second place from Kazakhstan and China. In furniture, China and Saudi Arabia most contributed to the increase of exports, although they didn't manage to compensate for the 31% decline in the Russian market.

Even if the analysis is focused on the opportunities offered by the new markets, the positive evolution of BB&B in the mature economies in 2014-2015 shows that the productive regional system knew how to profit from the recovery of the internal demand in certain advanced economies, in particular, the USA.

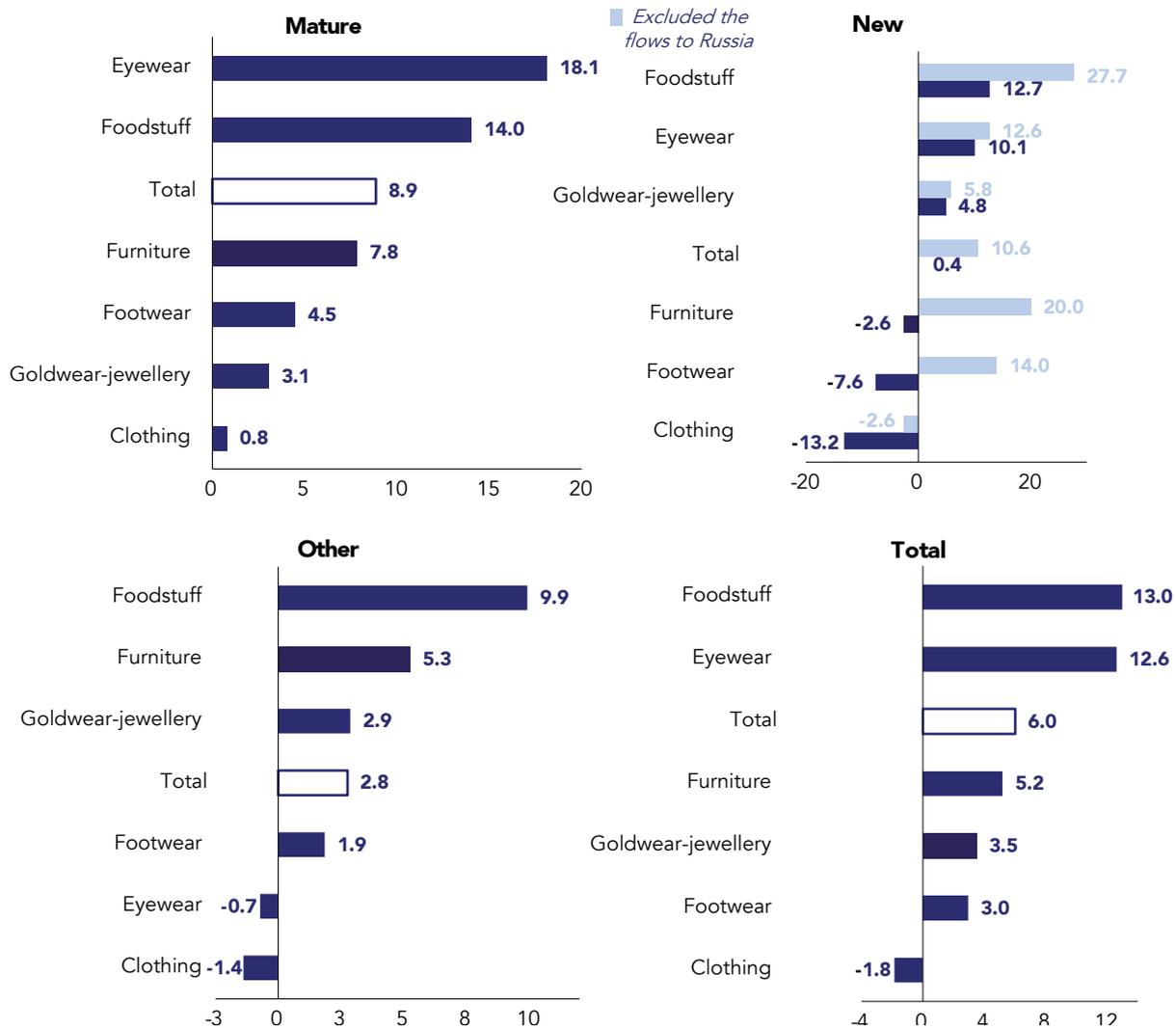
**Tab.7.1.2 - The countries which contribute the most or the least to the growth of BB&B exports in the new markets. Veneto. Year 2015**

Foodstuff		Furniture		Clothing	
Polonia	++	Kazakistan	+	Emirati Arabi Uniti	+
Cina	+	Perù	+	Kazakistan	+
Kenya	+	Messico	+	Cina	+
Nigeria	-	Sudafrica	+	Brasile	-
Ghana	-	Cina	-	Sudafrica	-
Russia	--	Russia	--	Russia	--
woodstile		Eyewear		Goldwear-jewellery	
Cina	++	Cina	++	Sudafrica	++
Arabia Saudita	++	Turchia	++	Messico	+
Emirati Arabi Uniti	+	Emirati Arabi Uniti	+	Polonia	+
Algeria	+	Arabia Saudita	+	Russia	-
Turchia	-	Russia	-	Cina	-
Russia	--	Brasile	-	Emirati Arabi Uniti	-

Source: Veneto Region Processing - Regional Statistics System and Prometeia on Istat data

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**Fig. 7.1.10 - Percentage variations in the BB&B exports by target markets. Veneto. Year 2015**



Source: Veneto Region Processing - Regional Statistics System and Prometeia on Istat data

## 7.2 The growth path<sup>33</sup> of Veneto BB&B in the new markets

In 2021, the demand for BB&B products from the new markets will amount to 234 billion euros<sup>44</sup>, i.e.

<sup>3</sup> The imports growth forecasts for the new and mature countries have been taken from the Confindustria- Prometeia (2016). The imports forecasts for Veneto were taken, assuming a constant market share for every BB&B sector in every country with the aim to quantify the potential growth from the most recent positioning (2015). In goldwear-jewellery, the exports to China in 2015 were higher than the provisory data from Istat, because they incorporate an estimate of possible commercial triangulations.

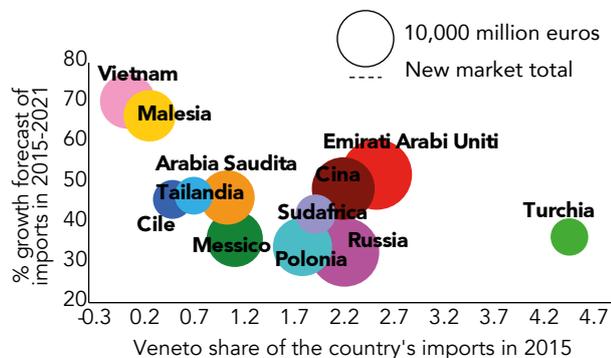
<sup>4</sup> Values expressed at constant prices and currencies.

28% of the global demand in this sector. In percentage terms, between 2015 and 2021 there will be a 48% increase in the demand, which is double the intensity of that foreseen for the mature economies. Firmly at the peak in the ranking of the most important new importers of BB&B products in 2021 will be the UAE, followed by Russia, China and Vietnam. In the same year, these four countries will import 36% of the BB&B products requested from the new economies.

Among the most important markets there is Vietnam for which the most intense growth in BB&B demand (+70% between 2015 and 2021) is expected. In most recent years, the country had a real and true consumer boom, thanks to the enlargement

of the new well-off class. Moreover, Vietnam is becoming even more important on the international trade scenario as a logistic and productive hub. The demand will continue to show a fast growth in the UAE (+52%) and in China (49%), countries that have very good prospects for Veneto BB&B. The prospects of the Russian market will be much weaker, which will see an international demand growth in BB&B by 33% in 6 years. Among the other main new markets, Malaysia, Indonesia, Saudi Arabia, Chile and Thailand can expect a potential growth in demand greater than 45%. In 2015, Veneto accounted for 1.5% of the total imports of BB&B in the new markets. If you consider the main BB&B importers, you can see that the region's market share achieves high values in the UAE (2.6%), in China and Russia (2.3% each). Also in Poland (4th largest BB&B importer in 2015) the region's market share wasn't minimal (1.8%), whilst still very modest is that concerning those markets which are characterised by wide growth prospects, but are far away and not easy to approach such as Vietnam and Malaysia.

**Fig.7.2.1 - The top 12 new BB&B importing markets: Veneto share of the country's imports in 2015 and percentage cumulative growth in imports between 2015-2021 (\*)**

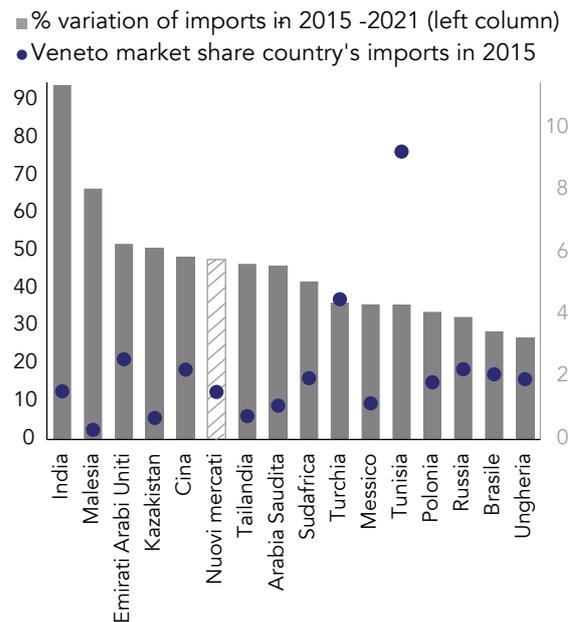


(\*) The dimension of the circles is proportional to the weight which the country holds in the global BB&B imports  
 Source: Veneto Region Processing - Regional Statistics System and Prometeia on Istat, Eurostat, IHS and Statistical National Institutes data.

If we consider the most important new markets for Veneto export of BB&B, you can see a particularly high penetration in Tunisia, where the region's market share in 2015 was 9.3%, and 4.5% in Turkey. Both countries, however, expect a BB&B growth lower than the average in the new markets. In India,

the country which can expect the greatest growth in BB&B consumption (94% in 6 years), the Veneto market share in 2015 was 1.6%. More modest is the weight of the region on the demand from Malaysia, another, particularly dynamic, market.

**Fig. 7.2.2 - BB&B: percentage variations between 2015 - 2021 of imports by country and Veneto market share - Year 2015**



Source: Veneto Region Processing - Regional Statistics System and Prometeia on Istat, Eurostat, IHS and Statistics National Institutes data.

## BB&B Foodstuff

In 2021, the Veneto export of BB&B foodstuff to the new markets could settle at around 300 million euros.

**Commercial tariff and above all non tariff barriers are the main obstacles to the spread of Veneto foodstuff**

In the emerging markets there isn't a lack of opportunities for the Veneto quality foodstuff, but the presence of

tariff barriers cannot but represent a significant obstacle to the penetration of the products: food safety norms, restrictions on imports, high

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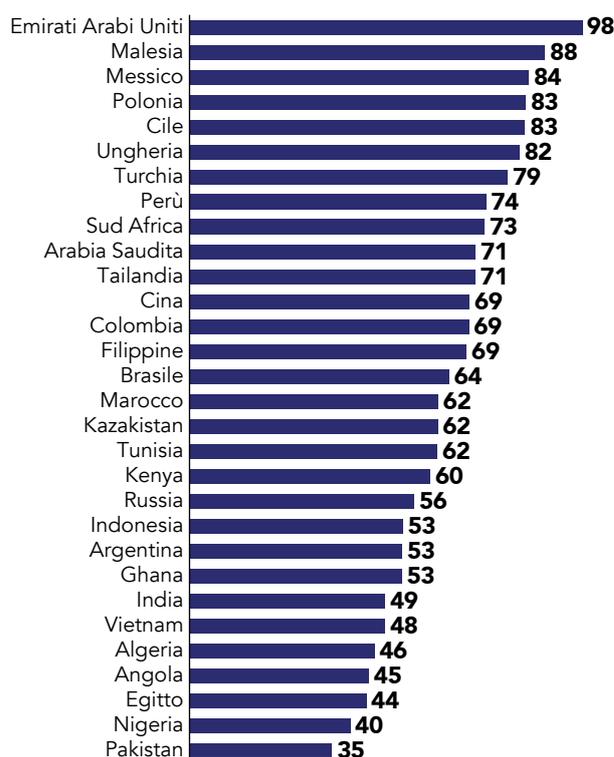
duties, and long procedures to obtain necessary certifications are all factors limiting the potential growth in Veneto export in certain emerging areas. Among the most important new markets the region's market share is higher in Poland and Hungary, areas in which aside from a greater knowledge on the part of the consumers of the Veneto wine and food, the absence of duties favours a greater penetration of quality food and wine products. Poland and Hungary are followed by Russia and Brazil where Veneto has the highest market share. These areas, as already noted, are characterized by a difficult economic situation which impacts consumption prospects in the medium term. Moreover there is a certain deterioration of accessibility of the Russian market due to continued tensions with the international community. As much as accessibility is concerned, Brazil too suffers from certain shortcomings either concerning the operability of the companies or the logistical and distribution infrastructure. Among the elements that however favour the penetration of Veneto foodstuff in Russia and Brazil there is a higher tendency in the consumption of BB&B than in other emerging economies.

**While the accessibility in Brazil and Russia is worsening, it remains high in the UAE.**

China is the main importer of quality foodstuff, and for which a wide increase in the demand (+43% between 2015 and 2021 compared to 31% for the new markets as a whole) is expected. In this country, the Veneto market share in 2015 was 0.5%, a considerable result if you take into account the dimensions of the market. The new Chinese middle class is showing an ever growing interest for quality foodstuff, the premium segment, wherein foreign businesses continue to maintain leadership, is significantly growing. A few scandals happened in the last few years, however, made Chinese consumers more aware and interested in health and food safety<sup>5</sup>. The aforementioned high commercial barriers, particularly the non-tariff obstacles, contribute to limit the accessibility of China. A greater penetration for Veneto foodstuff, particularly for wine, the leading regional export product, could benefit from the strengthening of the online channel, at least to make the products known to potential Chinese consumers, who are among the most digitally advanced in the world. In the UAE too, the market share was 0.5%. Dif-

ferently to that which was noted for China, Russia, and Brazil, the level of accessibility of the country is high for all the indicators which build the composite index and the country is aimed to strengthen their role as a tourist and commercial hub, representing an important showcase for the international spread of traditional Veneto food and wine.

**Fig.7.2.3 - BB&B foodstuff: index of accessibility (\*) for Veneto - Year 2014 UAE 98**



(\*) Index of accessibility: maximum accessibility = 100.

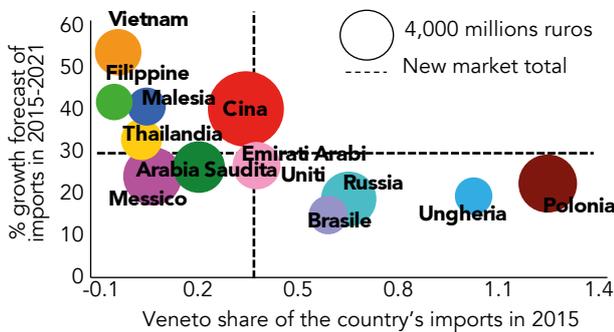
Source: Veneto Region Processing - Regional Statistics System and Prometeia on Istat, WTO, GTA, World Bank, Euromonitor and CBRE data

Among the most significant new markets for the Veneto 'good looking product' sector, Poland will be first in 2021 which could take on over 70 millions of regional exports. Such performance is explained by the high accessibility of the country, as well by the tourist and migrant flows, all factors which facilitate the spread of Veneto food culture in this market. In China, the imports for the Veneto sector could reach 50 million, even though the hypothesis of maintaining this market share on a consistent basis could be optimistic if you consider the presence of important competitors such as the French busi-

<sup>5</sup> McKinsey&Company (2016) The modernization of the Chinese Consumer

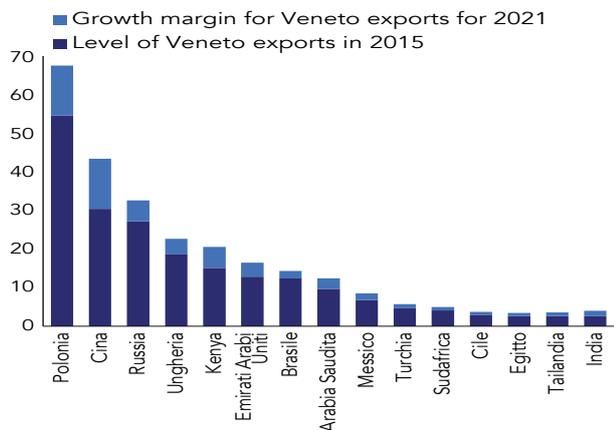
nesses and, more recently, those in Spain, able of topping the lead now reached. The importance of the Russian market is becoming diminished in the prospects too, since it will show, in comparison to Poland and China, a more modest capacity of acquiring Veneto imports, but that will however continue to be third in the ranking of the most important new markets for the Veneto exports in this sector.

**Fig. 7.2.4 – BB&B foodstuff: the Veneto share on the country's imports in 2015 and percentage cumulative growth of imports between 2015 and 2021 in the top 12 markets (\*)**



Source: Veneto Region Processing - Regional Statistics System and Prometeia on Istat, Eurostat, IHS and Statistics National Institutes data.

**Fig. 7.2.5 – BB&B foodstuff: Veneto exports in 2015 by target country and their growth margin for 2021 (expressed in millions of euros at 2015 prices)**



Source: Veneto Region Processing - Regional Statistics System and Prometeia on Istat, Eurostat, IHS and Statistics National Institutes data.

## BB&B clothing<sup>66</sup>

Between 2015 and 2021 the imports of BB&B clothing to the new markets is expected to increase by 46%, recording an almost double the growth expected for the mature markets. In spite of the crisis, Russia, after Vietnam, will be the largest market with a demand that could exceed 9 billion euros. In 2015 the Veneto market share in Russia was 1.6% and the hypothesis of maintaining this on a consistent basis in the medium term seems coherent with the efforts undertaken by the companies to retain their consumers. The middle class will continue to expand, which is sensitive to Italian fashion and made in Veneto clothing. In order to truly not frustrate the strategies adopted to oversee the market, businesses are called to keep the interest in their own products alive and to strengthen the link with the urban middle class, using the lever of international tourism as well as on site trade shows. The prospects of the Russian market, therefore, remain good, and in 2021 Veneto could export around 150 million euros to it, whilst having to face with an unfavourable accessibility. Non tariff barriers in fact persist, which have grown also due to the geo-political crisis, but also due to the deficiencies concerning the logistical and distribution infrastructure, with exception to those in Moscow and Saint Petersburg.

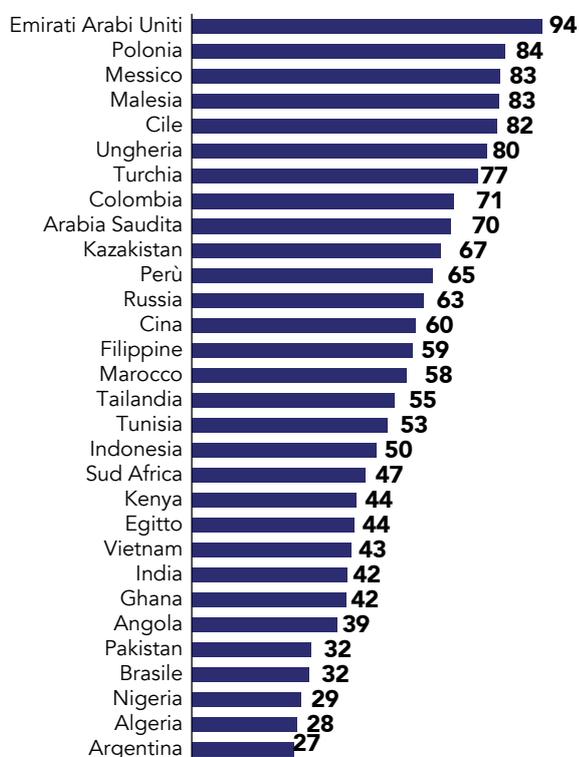
**In spite of the crisis, Russia will remain one of the most important importers**

Among the main new importers of BB&B clothing, after Russia, there is China where Veneto recorded the largest market share (1.5%) in 2015, and in 2021 the regional export in China could exceed 62 million euros, in comparison to the current 44 million. The country could become, after Russia and Poland, the third largest market for the Veneto export of BB&B clothing. New Chinese consumers continue to represent an opportunity for considerable growth for the made in Veneto fashion. Firstly, the middle class will continue its expansion at a good pace in the coming years; secondly, the transition towards a more balanced growth model will mean a strengthening of the consumer component. An expanding middle class and a higher propensity to consume are elements which could positively impact the demand for quality Veneto clothing, since style and elegance of Italian fashion benefit from

<sup>66</sup> For sake of brevity, in this article only the term 'clothing' will be used, but the aggregate will also include home textiles

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**Fig. 7.2.6 – BB&B clothing: index of accessibility (\*) for Veneto – Year 2014 UAE 94**

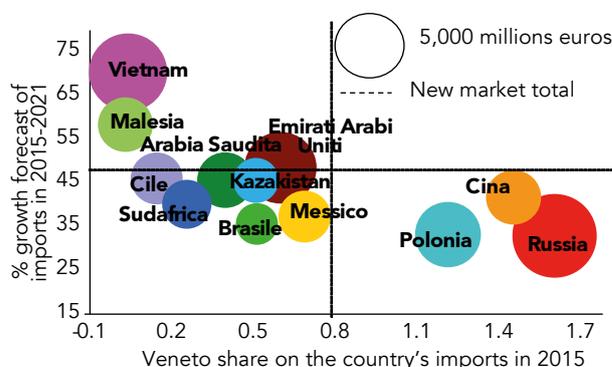


(\*) Index of accessibility: maximum accessibility = 100.  
Source: Veneto Region Processing - Regional Statistics System and Prometeia on Istat, WTO, GTA, World Bank, Euromonitor and CBRE data

a consolidated reputation within the international markets. All that does not protect, however, from the risk of a decline in the reached market share. The competition in the Chinese market is not felt on the side of local producers, that continue to focus largely on lower quality sectors, but from other international competitors such as France and Spain that are strengthening their presence in the country. The accessibility index for the Chinese market remains very modest: in spite of the reduction of duties which involved certain consumer categories, among which also clothing, there still remain non tariff barriers, weaknesses in the logistical infrastructure and a difficult operability for businesses.

**Wide middle class expansion and a transition towards a more balanced growth model in China**

**Fig 7.2.7 – BB&B clothing: Veneto share on the country's imports in 2015, and the percentage cumulative growth of imports 2015-2021 of the top 12 markets (\*)**



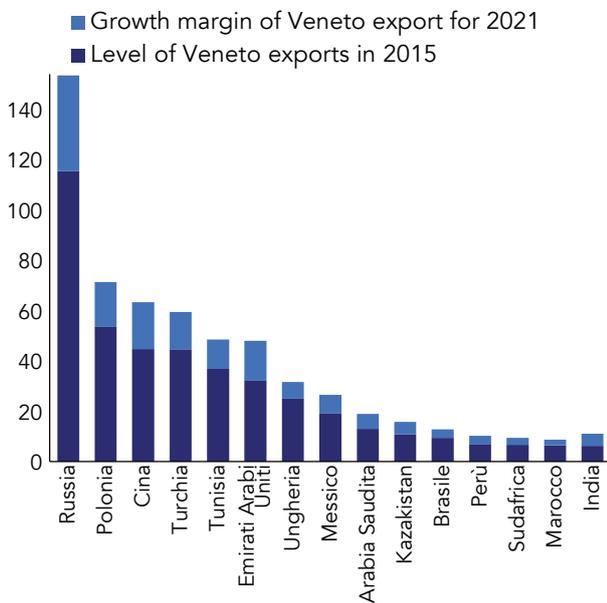
(\*) The dimension of the circles is proportional to the weight which the country holds in the global BB&B imports Source: Veneto Region Processing - Regional Statistics System and Prometeia on Eurostat, IHS and Statistics National Institutes data.

Good prospects for growth in demand (+48% between 2015 and 2021) are also confirmed for the UAE, that consolidate their role as a touristic and commercial hub and in which the region's market share was 0.6% in 2015. In this case, the penetration of Veneto products is facilitated by favourable commercial politics, be it in terms of duties or non tariff barriers, and by modern logistics and distribution infrastructure. Out of the competitors, Chinese businesses stand out, but also Spanish ones, have climbed the rankings in the most recent period.

**In 2021, after Russia, Poland and China will be the most important markets for Veneto.**

Poland has been confirmed as an important market for Veneto: strong commercial relationships and a good knowledge, on the part of the consumers, of the aesthetic and qualitative features of the products are aspects which favour Veneto businesses which export to the country. Moreover, the accessibility is high, notably due to the absence of commercial barriers. In this case, the main caveats are found in the competition from other important international importers, Chinese, for example, especially in woman's clothing and knitwear, and Germans, in the sector of men's fashion. As already mentioned, in 2021 the largest BB&B importer will be Vietnam, whose international demand in this sector could exceed 10 million euros.

**Fig.7.2.8** - BB&B clothing: Veneto exports in 2015 by country and their growth margin for 2021 (expressed in million euros at 2015 prices)



Source: Veneto Region Processing - Regional Statistics System and Prometeia on Eurostat, IHS and Statistics National Institutes data

The Veneto market share in this country is now very low, not only because of the large geographical distance, but also because of no shortage of obstacles concerning the accessibility: an inadequate distribution network, high barriers above all the non tariff ones, a place which doesn't favour the operability of business, as highlighted by the World Bank doing business indicator.

### BB&B footwear

In 2021, the imports of BB&B footwear by the new markets could almost reach 27 billion euros and over 240 million could come from Veneto. Among the largest areas with potential demand, Russia will retain top spot, also remaining as the most important target country for Veneto among the new markets. Even if the recession had a considerable effect on the consumer buying power and the footwear demand within the country had a vast decline in 2015, the Veneto positioning remained the same, about 2% in terms of market share. The new Russian consu-

**In Russia it is needed to strengthen the high quality standard perception to fend off Chinese competition**

mer is now able to recognize and appreciate the features of Veneto products and is inclined to not pass up the opportunity.

Certainly, a high quality standard perception has continuously to be strengthened in a market where Chinese businesses are gaining ever more ground, leveraging on a lower spending capacity due to the crisis. Russia, in this sector as well as in others, continues to show a limited accessibility because of various factors such as, in particular, commercial politics, which are not favourable especially from a non tariff point of view, but also logistics and distribution shortcomings.

Another market which is particularly significant is that of China, where Veneto could export up to 28 million euros in 2021, compared to the current 19 million. The growth in demand in the premium sectors based on the tendency for Chinese consumers to show even more sophisticated tastes, with a growing attention to the environment, the quality of materials, and the supply chain traceability. The Veneto businesses' leading position in the market depends on the enhancement of these aspects. Exactly in this direction is leading the project of the footwear district of the Riviera del Brenta, that aims at highlighting the transparency of the production process and ensuring the traceability of the product. Not only in the Chinese, but also in other international markets this initiative could represent an effective method to helping the brand awareness of products.

**The attention paid to material quality and supply chain traceability is growing in China**

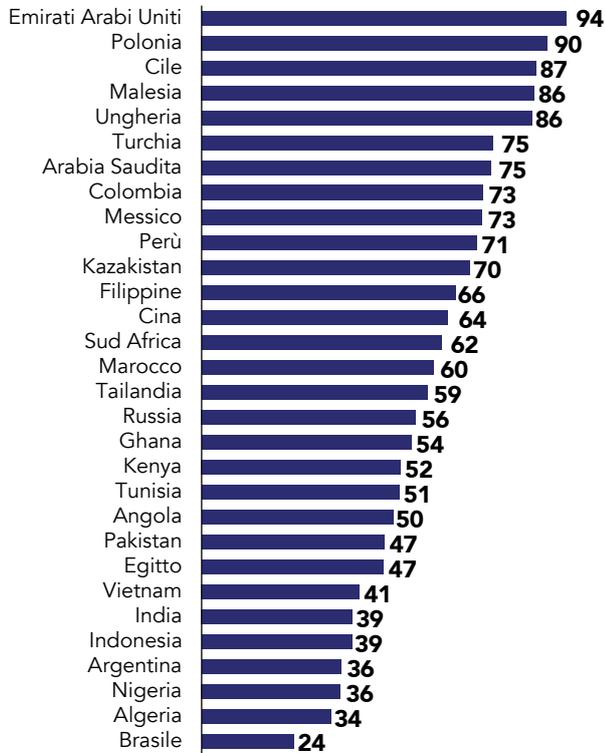
As much as competitors are concerned, Indonesia producers are gaining shares in

China; for now, they are placed at a lower price range and specialized in sports footwear. The accessibility of the Chinese market confirms the relevant issues in the operability of businesses and the high non tariff barriers.

Poland was confirmed as the second largest market for Veneto exports after Russia. The region's market share in 2015 was 2.5%, and in 2021 the import of the country from Veneto could exceed 40 million euros. Poland is a market whose leading position has been consolidated for a long time, supported by close commercial relationships as well as tourist and migrant flows. Furthermore, as already underlined previously, the accessibility is high mainly due to being part of the EU. The main risks come from

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**Fig. 7.2.9 – BB&B footwear: accessibility index (\*) for Veneto – Year 2014 UAE 94**



(\*) Index of accessibility: maximum accessibility = 100.  
 Source: Veneto Region Processing - Regional Statistics System and Prometeia on Istat, WTO, GTA, World Bank, Euromonitor and CBRE data

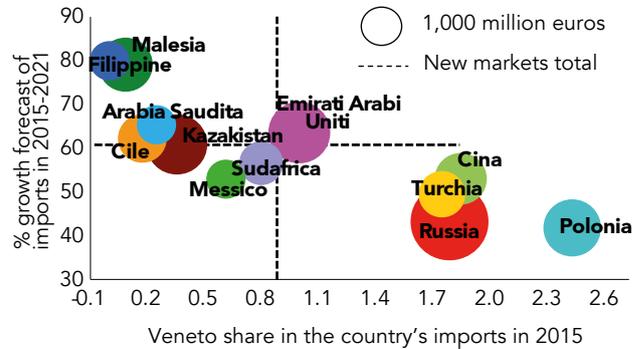
the presence of important competitors such as China and Germany.

**The UAE and Poland are the most accessible markets, but also the most open to international competition**

The UAE are the fourth most important market for the Veneto export. They are among the most dynamic emerging countries in terms of prospective demand. The penetration of quality Veneto footwear in the country is facilitated by the high accessibility, but exactly the wide opening to foreign products increases international competition. Chinese businesses overlook the market, but they focus mainly on sports footwear and at a lower price range, whilst among the other relevant competitors for Veneto businesses there are French companies.

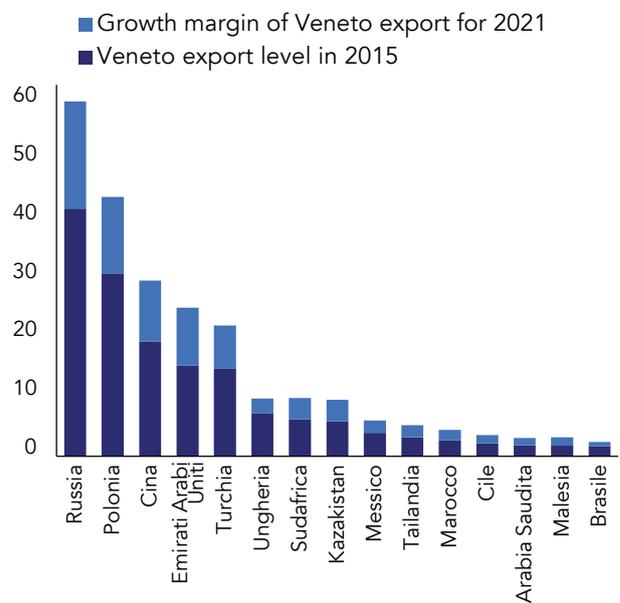
The Veneto market share is relatively high also in Turkey, a country where the tastes of the growing

**Fig.7.2.10 – BB&B footwear: Veneto share on the country's imports in 2015 and the cumulative percentage growth of imports between 2015 and 2021 in the top 12 new markets (\*)**



(\*) The dimension of the circles is proportional to the weight which the country holds in the global BB&B imports  
 Source: Veneto Region Processing - Regional Statistics System and Prometeia on Eurostat, IHS and Statistics National Institutes data

**Fig.7.2.11 – BB&B footwear: Veneto exports in 2015 for by target country and their growth margin for 2021 (expressed in million euros at 2015 prices)**



Source: Veneto Region Processing - Regional Statistics System and Prometeia on Eurostat, IHS and Statistics National Institutes data

middle class are ever closer to those of the western world. Moreover, the accessibility of the country is high according to all of the indicators, except from that concerning the operability of businesses due to persistent political tensions in the Middle East. An interesting market for Veneto export remains Kazakhstan, which between 2015 and 2021 should show a 61% demand growth. The country holds an important role, also due to the free trade agreement with Russia and Belarus and could represent a key bridge to strengthen the commercial flow into these areas. Moreover, Kazakhstan continues to host an event for Italian fashion enhancement in the area, the Fair of Italian footwear, shown off in Almaty in April. In terms of accessibility, however, the country is suffering from considerable weaknesses under a logistics and above all distribution profile.

## BB&B furniture

In 6 years, the imports of BB&B furniture from the new markets will increase by 66%, more than double the demand forecast for the mature markets. Under the current forecast for the export of Veneto goods to new consumers, by 2021 the figure could have settled at around 760 million euros.

**There are still uncertainties linked to the evolution of the Russian market...**

For Veneto the most important market will remain Russia, where the regional export

level could arrive at 213 million euros in 2021. The signals for concern related to the evolution of the Russian market, already evident in last year report, still remain. The new Russian consumers are however conscious of the characteristics of the Veneto product, but the loss of purchasing power increases the risk of a decline in demand which could result in it orientating itself more around products with a lower price range. Actually, in the country in the past years they have seen an increase in the market share of Chinese competitors. The political tensions with the western world, however, worsen the accessibility of the country, especially in terms of non tariff barriers and the operability of the businesses.

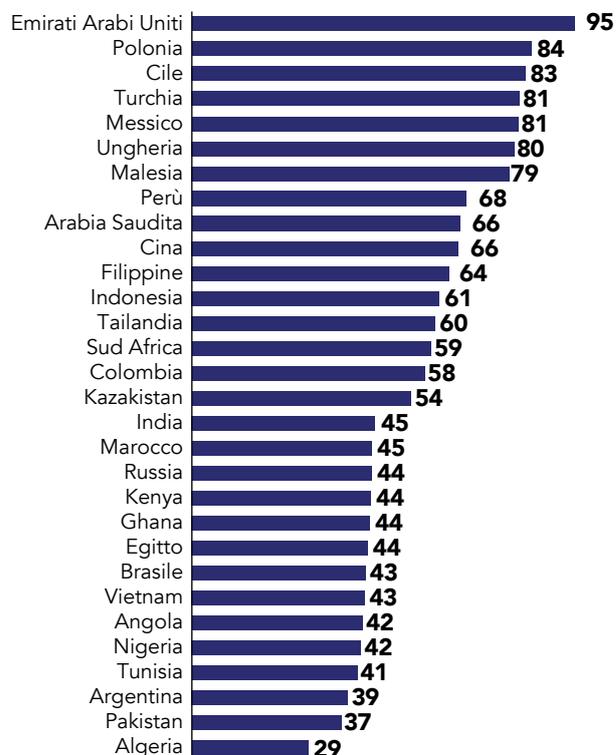
**...Meanwhile China maintains its attractiveness**

In China, the international demand in the sector should rise between 2015 and 2021 by 65%. Feeding this increase on one hand is the enlargement of the middle class and on the other hand the

increase in levels of urbanization. Moreover, there is also an increase in the sophistication of tastes of Chinese consumers, which are now not only interested in the aesthetics, but also in the quality and the reliability of the product. It is necessary to continue to strengthen this greater awareness in order to distinguish from local producers that often are a long way from the qualitative standards of the Veneto produce. The accessibility of the Chinese market isn't among the highest, especially penalized in terms of operability of the businesses as well as the commercial non tariff barriers.

The UAE and Saudi Arabia offer good demand growth prospects and will remain the third and fourth most important markets in Veneto exports respectively. These countries have started to diversify their economy that should see a further increase in the role of services to reduce the dependency on the oil income. In terms of furniture, the best opportunities reside in the enhancement of the hotel structures which play host to a huge flow of

**Fig. 7.2.12 - BB & B furnishings: affordability index (\*) Veneto - Year 2014**

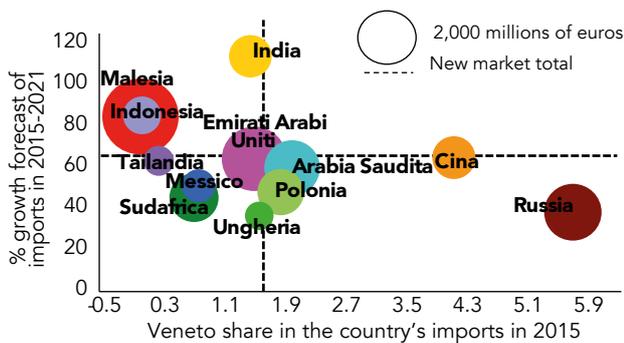


(\*) Accessibility index: maximum accessibility = 100  
Source: Processing by Veneto Region - Regional Section Statistical System and Prometeia on Istat, WTO, GTA, World Bank, Euromonitor and CBRE.

# BEAUTIFUL, WELL-MADE AND GOOD<sup>1</sup> (BW&G): THE RESILIENCE OF VENETO EXPORTS ON GLOBAL MARKETS

international tourism, and they are thus a very good instrument through which to make the beauty and the quality of Veneto furniture known and appreciated in the world. In terms of accessibility, however, Saudi Arabia is in the backseat compared to the UAE, due to some shortcomings in the distribution channels. Veneto exports in the UAE and in Saudi Arabia could rise by 2021, to as much as 87 and 82 million euros respectively. In these countries, just like in others, the market share of the Chinese businesses is increasing in the same way as only in Saudi Arabia, it is happening for the Turkish businesses.

**Fig.7.2.13 - BB&B furniture: Veneto percentage share on the country's imports in 2015 and cumulative percentage growth of imports between 2015 and 2021 in the top 12 markets (\*)**



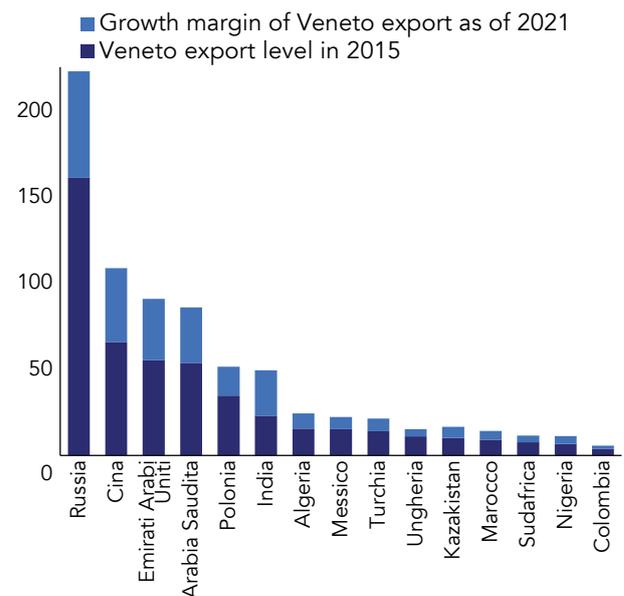
(\*) The dimension of the circles is proportional to the weight which the country holds in the global BB&B imports  
 Source: Veneto Region Processing - Regional Statistics System and Prometeia on Eurostat, IHS and Statistics National Institutes data

**Demographic growth and urbanisation support the demand in India, but the accessibility of the country remains low**

The fifth largest market for Veneto export and the most accessible after the UAE, Poland will show a growth in demand smaller than the average of the new markets. The country isn't only a target market, but it is also a competitor that is building an ever increasing role in the international markets, even though the Polish furniture businesses generally turn to a less sophisticated type of customers than those which the Veneto businesses turn to. Among the largest new markets, India is the one which will show the most intense growth in demand, with a

prospective evolution by 114% in 6 years. As we will go into more detail in the next paragraph, India will experience an intense demographic dynamics in the coming years, a considerable enlarging of the middle class, an extensive process for urbanization, all elements which will favour the demand in the sector. But the obstacles to this penetration of Veneto products are not lacking. Firstly, the new Indian consumers still have a certain Anglo-Saxon influence on furniture and are less sensitive than others to the Veneto design and quality. Moreover, it is a not easy market to approach: the distribution channels are very fragmented, the infrastructure is insufficient, and the operational risk for businesses is high.

**Fig.7.2.14 - BB&B furniture: Veneto exports in 2015 by target country and their growth margins for 2021 (expressed in millions euros at 2015 prices)**



Source: Veneto Region Processing - Regional Statistics System and Prometeia on Eurostat, IHS and Statistics National Institutes data

## BB&B eyewear

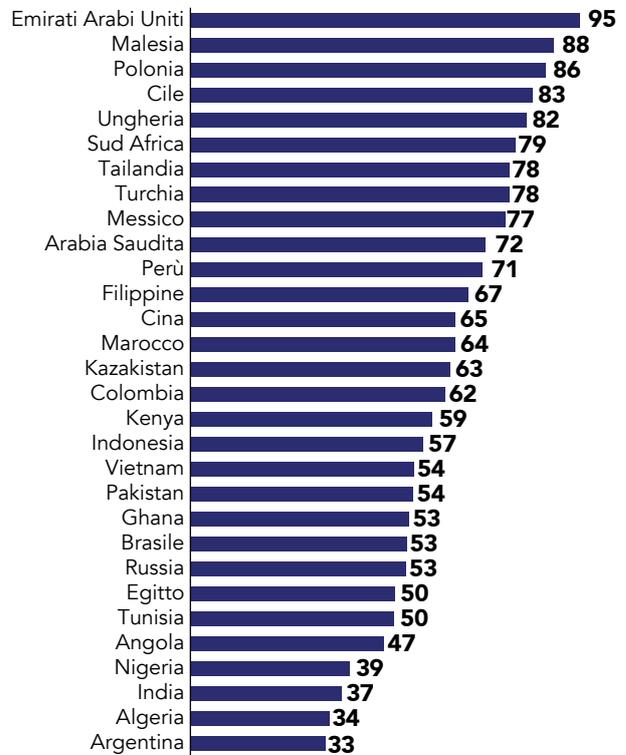
Between 2015 and 2021 the growth in the demand in the sector in the new markets will reach 62%, with peaks higher than 100% in Indonesia and especially in India. It is a sector within which Veneto confirms its leadership over the mature and the new markets. In the latter, over a quarter of the demand was sup-

plied by Veneto, and the region retained an ever high weight in important markets such as China and the UAE. In a period in which the demand on the international markets for various sectors didn't shine with creativity, design, accurate manufacturing, client attention, valorisation of the online stream were all winning elements in the aim of expanding the Veneto eyewear globally. And whilst the crisis was felt by the Veneto eyewear exported to Russia and Brazil, countries where the regional export declined in 2015, by 31% and 21% respectively, Veneto BB&B increased in the UAE (+10%) and especially in China (+39%).

**In 2015 export to Russia and Brazil fell, but it grew to the UAE and especially to China**

In the Chinese market Veneto market share reached 40% in 2015. As previously underlined, the expansion of the middle class, the transition to a growth model more oriented to consumption and less to investments, a better awareness from the new Chinese customers of their purchasing choices are all factors which favour Veneto production which has proved to be able to mould design, innovation and quality of materials together. Even though this winning formula isn't easily replicable and even though, as we have already noted, today's Chinese consumers are more aware of differences between original and copy, the risk of counterfeit remains high, something which always increases competition of local businesses and, more generally, Asian businesses, which undergo an upgrading production path. China, however, isn't an easily accessible market. In spite of the recent reduction in import taxes for certain products, including eyewear, the commercial barriers remain high especially in terms of the non tariff obstacles. In 2021, Turkey and the UAE will find themselves placed after China in the ranking of the most important new markets for Veneto export. The first is favoured by a geographical closeness and a market control by Veneto businesses dating back over time. The main issues consist in the political risk, with its repercussions in terms of operability of the businesses and a certain difficulty in the approach with the consumer, which, with exception of those living in the large urban cities, have different tastes, sensitivity and values. The UAE have a high accessibility and Veneto eyewear profits in the country from international leisure and business tourism and from the demand of a more wealthy local population. In spite of the high Veneto market share in the

**Fig. 7.2.15 – BB&B eyewear: accessibility index (\*) for Veneto – Year 2014 UAE 95**



(\*) Index of accessibility: maximum accessibility = 100.  
 Source: Veneto Region Processing - Regional Statistics System and Prometeia on Istat, WTO, GTA, World Bank, Euromonitor and CBRE data

UAE in this, just like in other sectors, they need to monitor the activity of the Chinese businesses, which in recent years, have been gaining ground. Medium-term growth prospects of Brazilian demand are lower than the average for the new markets, since the country is suffering from the ongoing difficulty to haul itself out of recession. In spite of this, the position reached by Veneto eyewear in the country was such as to represent a competitive advantage which is difficult to be beaten by other competitors. In Brazil, aside from the difficult economic conjuncture, there are other obstacles to the penetration of products such as high tariff barriers, the fragmentation of the distribution network and a series of operational difficulties. Among the new markets, the most promising in terms of prospective demand growth is India (+124% in 6 years). Now, it is an area which is overlooked by Chinese producers, but the growth forecast for average wages and the following expansion of the



especially that going to the Asian continent. The clearance and re-dispatch operations are fast and rely on an efficient logistical programme, all factors which prompt a higher index of accessibility for the market.

**The UAE remain the main importer and the most important target market for Veneto**

At a significant distance from the UAE, in 2021 South Africa could be the second

most important new market for Veneto. In 2015, the market share of the region peaked at 8%; in the same year Veneto exports to the country grew by 42%.

The imports of South Africa in the sector are expected to increase by 51% in 6 years and the country boasts quite a high accessibility, thanks to the commercial barriers which are relatively low. Moreover, there is a wider penetration for Veneto

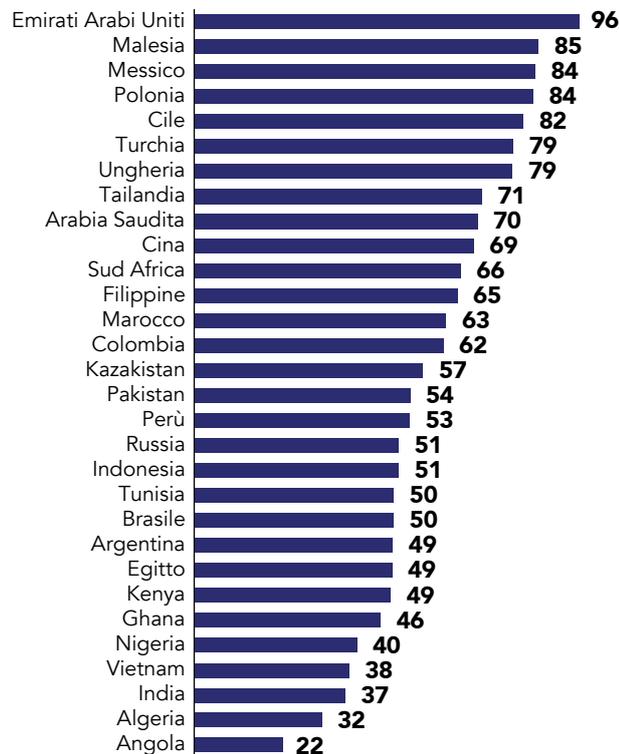
**Great prospects for growth in the demand in India, slowed down by local competition and a low accessibility**

in the country which could represent a bridge to extend out to other African markets.

At a very short distance behind South Africa, in 2021 will be Turkey, which could find itself placed in third place among the most important new markets for regional exports. Turkey is a country where the Veneto market share is high, around 20% in 2015. On one hand, Turkey plays a similar role to that of the UAE, acting as a centre for sorting gold, especially concerning the flow to Russia; on the other hand, the market has a certain weight in terms of potential local demand. However, in the ranking of the 30 new markets, Turkey was 6th based on the accessibility index: favourable commercial politics are the factors the most contributed to this performance.

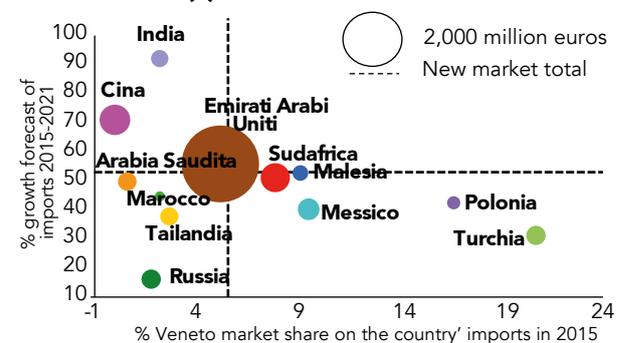
Among the countries for which a particular dynamic for demand is expected there is India, which should record an increase in imports by 92% between 2015 and 2021. The country is characterised by an attention for jewellery firmly rooted in its own cultural and religious traditions. The vast prospect growth of the new middle class, already very sensitive to the design and the beauty of Italian jewellery, increases the amount of opportunity for Veneto businesses in this sector in the country. But this is a path with lots of obstacles. Firstly, the significance of the

**Fig. 7.2.18 – BB&B goldwear-jewellery: accessibility index (\*) for Veneto – Year 2014 UAE 96**



(\*) Index of accessibility: maximum accessibility = 100.  
Source: Veneto Region Processing - Regional Statistics System and Prometeia on Istat, WTO, GTA, World Bank, Euromonitor and CBRE data

**Fig.7.2.19 – BB&B jewellery-goldwear: Veneto percentage share on the country's imports in 2015 and the cumulative percentage growth of imports between 2015 and 2021 in the top 12 new markets (\*)**



Source: Veneto Region Processing - Regional Statistics System and Prometeia on Eurostat, IHS and Statistics National Institute data



**Tab. 7.2.1 - The new markets for BB&B: percentage share of the global demand (\*) and import growth forecasts (\*\*). Values expressed in million euros, at 2015 prices (\*\*\*)**

	% Weight on the world imports 2014	Imports 2021		Cumulative growth 2015-2021	
		Worldwide	from Veneto	Worldwide	from Veneto
- Russia	3.8	21,272	495	5,231	132
- Polonia	1.7	15,642	295	3,967	80
- Kazakistan	0.8	6,093	43	2,055	15
- Turchia	0.7	6,467	296	1,726	82
- Ungheria	0.6	4,928	98	1,054	22
<b>Central-eastern Europe total</b>	<b>7.7</b>	<b>54,402</b>	<b>1,226</b>	<b>14,033</b>	<b>330</b>
- Emirati Arabi Uniti	2.8	25,513	674	8,733	240
- Arabia Saudita	1.3	14,557	166	4,606	57
- Egitto	0.4	4,354	31	1,490	12
- Algeria	0.3	1,995	34	594	12
- Marocco	0.2	1,770	40	525	13
- Tunisia	0.1	714	65	189	17
<b>North Africa and Middle East total</b>	<b>5.1</b>	<b>48,902</b>	<b>1,009</b>	<b>16,137</b>	<b>351</b>
- Sudafrica	0.7	7,542	154	2,234	49
- Angola	0.4	1,639	3	559	1
- Nigeria	0.4	3,463	16	1,174	6
- Ghana	0.1	1,142	6	452	3
- Kenya	0.1	2,039	27	826	8
<b>Sub-Saharan Africa Total</b>	<b>1.8</b>	<b>15,824</b>	<b>206</b>	<b>5,245</b>	<b>67</b>
- Cina	1.8	19,485	451	6,367	155
- Malesia	1.3	14,950	44	5,984	16
- Vietnam	1.3	17,258	16	7,129	7
- Tailandia	0.7	7,060	56	2,249	20
- Indonesia	0.6	7,559	5	3,015	2
- India	0.6	6,883	114	3,341	59
- Filippine	0.6	6,508	28	2,443	10
- Pakistan	0.1	1,934	14	800	7
<b>Asia total</b>	<b>7.0</b>	<b>81,637</b>	<b>729</b>	<b>31,329</b>	<b>278</b>
- Messico	1.4	14,415	177	3,812	53
- Brasile	0.8	5,408	121	1,208	33
- Cile	0.7	7,419	41	2,331	13
- Colombia	0.3	2,561	27	688	9
- Perù	0.2	2,252	23	699	8
- Argentina	0.1	1,374	9	345	3
<b>Latin America total</b>	<b>3.5</b>	<b>33,430</b>	<b>397</b>	<b>9,084</b>	<b>119</b>
<b>New markets total</b>	<b>25.2</b>	<b>234,196</b>	<b>3,567</b>	<b>75,827</b>	<b>1,145</b>
<b>Mature markets tota</b>	<b>74.8</b>	<b>598,978</b>	<b>13,516</b>	<b>116,601</b>	<b>3,079</b>

(\*) Globally means the 38 exporting countries which represent 85% of the global export. These statistics date back to 2014; for 2015 figures are partially estimated, the following ones are forecast.

(\*\*)The annual data for the imports are not to be taken as forecast actual values, but as a referral to the absorption potential of the markets. In particular, the data for Veneto were obtained assuming for each BB&B sector a constant market share in each country with the aim to quantify the growth potential using the most recent ranking.

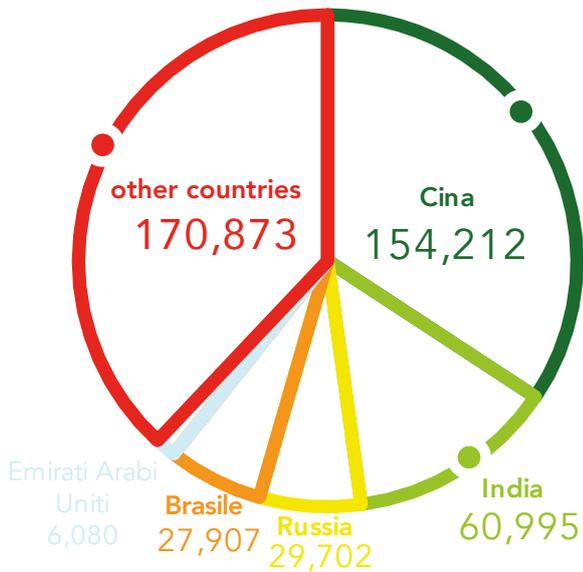
(\*\*\*) The same table but with data referring to every sector of BB&B is available in the Regional Statistics System Section.

Source: Veneto Region Processing - Regional Statistics System and Prometeia on Eurostat, IHS and Statistics National Institute data



countries we are examining was almost 290 million people, 62% of the new middle class in the new markets.

**Fig. 7.3.2 - The new wealthy class (\*), in thousands of Euros - Year 2015**



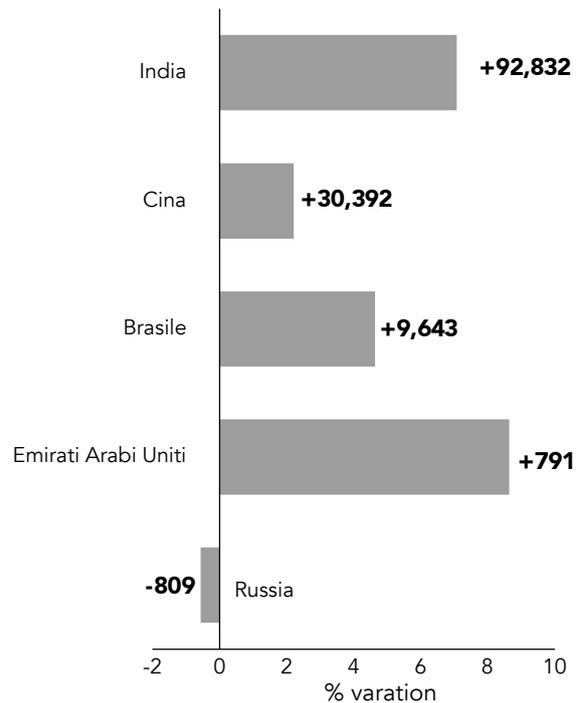
\*) For new wealthy class is the set of individuals with an average per capita income of \$ 35 thousand on a comparable purchasing power standards (PPS) in 2010.

Source: Processing by Veneto Region - Regional Statistics System Section of Confindustria and Prometeia data - Prometeia "Exporting the sweet life. The beautiful and well-made Italian in new markets: the forces that transform consumption", in May 2016.

In the next years, however, in all five of the countries the number of these consumers is expected to rise, with the most intense growth coming from India and China, and the most modest growth from the UAE; here, however, the weight of the middle class compared to the whole population is much higher than the same figure recorded in other new markets. Not only the growth of the middle class, but also, more generally, the demographic tendencies which represent an important factor in valuing the potential consumption demand. The demographic push is particularly intense in India. In the UN demographical projections the country will see an increase by about 93 million people between 2015 and 2021, followed by China with an increase 35 thousand dollars, calculated by parity of purchasing power (PPP) in 2010.

of about 30 million people. The demography will not be favourable in Russia, where a small loss of population is expected, whilst the UAE, facing a modest variation in absolute terms, will see a demographic growth greater than that of the global average in percentage terms.

**Fig 7.3.3 - The demographic trend: % and absolute variations expressed in thousands (\*) - Years 2015:2021**



(\*) Note: The figures on the right indicate the absolute variations  
Source: Veneto Region Processing - Regional Statistics System and Prometeia on UN data

Another important element regards the level of interest shown by consumers in BB&B products. To this regard, in markets such as Russia, the UAE and China the tastes of the middle class are already particularly sensitive to the quality and beauty typical of BB&B products, whilst under this profile India still represents a market that needs to be discovered, but which is important for the growth prospects of the potential new consumers. Moreover, the current and prospective role of women could act as an important factor in orientating the choices of purchasing.

The Global Gender Gap Index highlights an improvement, between 2006 and 2015, in all of the

