



A changing world for leather

It was often said that there would never be a hide wasted or dumped. This may have been true in the past, but is it certain to be so in the future? It is perhaps time to face up to such a possibility. Until 2015, the leather industry as a whole held to the belief that the demand for leather would always outpace the raw material supply, thus guaranteeing rising prices. Had this not always been the case? Why should it change now?

Tanning capacity had continued to expand and high oil prices led the beef industry into thinking that vertical integration would lead to increasing added value and bigger profit margins. Anyone voicing a warning of any kind was either considered a pessimist, inexperienced or both. An ever growing global consumption of consumer goods made from leather

would support an endless price rise. Any correction would be a short-lived blip and not a break in the trend. How wrong it has been proved.

The idea that leather could be substituted was never really taken very seriously. It was always referred to as being a superior, luxury material when in fact it never has been. It only became one when it was used to make luxury products. Other than that, it was just a material with remarkable properties, which has served us well for many, many centuries. Indeed, until relatively recently, most people thought that a real shoe had to be made from leather. This may well have had some truth in it when the alternatives were just plastic, canvas, felt or rubber—but not any more.

Leather prices and demand have, historically, been significantly lower than they are today. It happened in the

past and some still say the current situation is merely the same thing happening again and it will sort itself out in due course. This might well be so except, this time, there is a major difference. In the past, business was cyclical due to price factors. Leather as a material was not in dispute and cycles were triggered by economic reasons rather than changes in consumer interest. If prices were too high, demand fell; if they were attractive, it went up. This was simple supply and demand, the normal drivers of markets.

A DILEMMA FOR BRANDS

The tipping point was 2015 when hide prices were at an all time high. Brands faced a dilemma. They needed continued growth in order to generate revenue and pay dividends to shareholders. They also needed to

maintain or even increase margins in order to finance that growth. If they accepted the high leather prices prevalent at that time, they could face a consumer backlash if retail price points rose too far. However, the chemical industry had made enormous strides in producing synthetic upper materials that looked and felt more like leather than ever before.

The leather industry failed to take this seriously enough, which is perhaps understandable in a way, given its faith in leather as the best of all materials. Furthermore, there was a change in dress codes that allowed far more non-leather shoes to be sold. Shorter life-cycles, fashion and rising purchasing power have fuelled an increase in the pairage sold and the latest forecasts on the global economy suggest this growth will continue. This increasing use of synthetic substitutes really began to bite last year as the demand for leather fell and more and more hides remained unsold.

Another factor influencing demand for leather is Industry 4.0 automated manufacturing. Shorter life-cycles and a consumer expectation that everything new has to reach them within 48 hours and can be returned for free if they change their minds, is hitting the competitiveness of leather as a material in a massive way. Again, the leather industry does not appear to have taken on board the fact that the world is changing fast. Companies such as Kodak, Nokia and many others, have shown what happens if you do not recognise or react when consumer tastes change, new trends emerge and alternative products become more successful than the original. Where leather is concerned, it is not just companies that are affected but a complete industry that could be at risk.

As far as footwear is concerned, dress codes have changed over recent years and the idea that a good shoe has to be made from leather has suddenly almost disappeared. Shoes made from modern synthetics are proving to be good enough to satisfy consumers who buy them more frequently than before and are not too bothered if they only have a life-cycle of a few months. Throw them away and buy a new pair, provided the price is right.

Leather will of course never disappear entirely, but it might no



If a shoe looks good and the price is right, what it is made from is not necessarily important.

IMAGE: KASPARS GRINVALDS / SHUTTERSTOCK

longer be needed in sufficient volumes to absorb all the raw material that is generated. Despite the efforts of organisations such as PETA to persuade the world to abandon meat, the vast majority want to consume more and more of it as global living standards continue to rise. If the hides of animals slaughtered to feed them are not converted into shoes and other leather products, will they simply be dumped?

MATERIAL ON A ROLL

Shoemakers have always liked the idea of material on a roll that is completely uniform and free of blemishes. The problem with leather is that it comes in awkward, irregular shapes and has both blemishes and scars. If synthetic upper materials meet performance criteria, are easy to process and consumers are happy with them, shoemakers have no reason to remain loyal to leather just because the leather industry wants them to. In point of fact, an ever increasing use of automation and robotics only encourages a greater use of synthetic materials with consistent physical properties. Nevertheless, given a straight choice at the same price point, most consumers other than vegans, would probably still opt for leather shoes.

However, none of the substitute materials are related to leather despite what some like to claim in order to

confuse consumers. Two major footwear brands have decided to produce man-made alternatives to leather with a leather content to try to overcome this: FlyLeather (Nike) and Dyneema (Ecco). Nike says its material is made largely from scrap material from the tanning process, which is quite probably wet blue shavings bonded together by some form of resin. The idea is nothing new and has been used for many years to produce leatherboard. How well it succeeds remains to be seen although the company is pushing the 'leather' aspect as hard as it can.

Advertising copy also claims these new materials are better than the original. If the properties are what they are said to be and the price is competitive, it is only a matter of time before they or similar materials make inroads into footwear production as they would be exactly what many manufacturers have been waiting for. The fact that they are advertised as being 'leather' only complicates matters for tanners and it is hard to see what they can do about it at this late stage.

Modern young consumers are unfortunately far more likely to give credence to what Nike says in its promotional literature than the whole leather industry, that is if the leather industry says anything at all. On the other hand, if Nike and Ecco are using wet blue scraps and shavings, they have

NIKE'S UNHELPFUL CLAIMS ABOUT FLYLEATHER

IMAGE: NIKE



Nike's unveiling of what it called a new "super-material" made using discarded leather scraps in September 2017 immediately rang alarm bells for many in the leather industry. The problem lies not in the material itself, but in Nike's assertion that it looks and feels like premium leather. The leather scrap is collected from the floor of tanneries and combined with synthetic fibres and fabrics. This material then goes through a finishing process before being put on a roll to be cut. Nike says it uses at least 50% recycled fibres.

The company's vice president of footwear innovation, Tony Bignell, claimed this material "completely mimics" the pigmented, full-grain leathers it has previously used in athletic footwear. Despite his claim, what Nike has 'created' is essentially bonded leather, which is widely acknowledged to be inferior to real leather in terms of quality and strength.

Nike also made a series of unhelpful claims regarding the environmental impact of this synthetic material. This included insisting that it has a carbon footprint that is 80% lower than the process of manufacturing leather. *World Footwear* immediately questioned this figure and asked Nike to explain how it arrived at it. In response, the brand said that the figure was calculated by two consultancy firms, Oakdene Hollins and PRé Consultants. No workings have yet been provided to support the figure of 80%.

In 2013, the European Commission launched a project to establish an environmental footprint methodology. This resulted in ongoing pilot exercises involving a wide range of industries, including leather. As part of this exercise, the Cattle Model Working Group carried out research to calculate the carbon footprint that should be attributed to leather.

In brief, it concluded that, on average, 88% of the environmental impact of dairy cattle should go to milk and only 12% to meat. An animal's entry into the food chain at the slaughterhouse, therefore, brings only 12% of the upstream carbon footprint with it. At the abattoir, an economic model inevitably takes over, attributing 3.5% to the hide, but it means leather's share of the upstream carbon footprint, according to the Cattle Model Working Group's submission, is just over 0.4%.

This is a complicated issue, but if we know it, the consultants Nike employed must know it. Oakdene Hollins appears to have no previous participation in a project involving leather but PRé Consultants took part in a technical capacity in the above European Commission project. We can only assume that if PRé Consultants explained the above methodology to Nike during its work on this new material, the brand decided to use a different basis for calculating that it has an 80% lower carbon footprint than leather.

Nike's claims regarding the performance of the material are also potentially damaging. These include that it is five times more durable than "traditional leather". In response to *World Footwear's* questions, the company said this was determined following tests by inspection agency SGS, which tested the bonded material against full-grain leather. Both were abraded over 5,000 cycles and checked for weight loss and visual wear. Although Nike was able to verify that its new material had better abrasion resistance than leather, it has inaccurately equated this with durability, when in reality these are two different performance characteristics. Increased abrasion resistance does not necessarily mean enhanced durability.

to go to tanners to buy it in the first place and those supplying them are therefore complicit in the development of materials with a potential to harm their own industry. The words 'shooting, oneself and foot' spring to mind.

Whatever your opinion might be on this question, leather's future is not

going to be the same as its past. The chain has been broken and it is hard to see how it can ever be repaired. This is a tragedy as leather is a wonderful natural material and as a result of modern tanning techniques is, in most instances, better than it has ever been as regards quality and consistency. That

is not the problem. Where the technology of tanning has changed, the mindset of those in the raw material supply chain has not. The old supply and demand cycles will not apply any more and new ideas and visions are needed for leather to stave off the competition. 🍷