Del Conca doubles its US output

Del Conca has announced that it is repeating the challenge it took up in March 2014, when the group led by Enzo Mularoni opened a manufacturing facility in Loudon county, Tennessee. Following that initial investment of 50 million dollars, the company - now in the form of Del Conca USA, led by Paolo Mularoni - is set to inject a further 30 million dollars in a bid to double its production capacity from 3 to 6 million sq.m/year. The investment comprises 10 million dollars to expand the covered surface area from 30,000 to 40,000 sq.m and 20 million dollars to purchase equipment for two new lines which will produce large format tiles and high thickness materials in the due2 range, which has proved extremely popular in the American market. The investment will also create new jobs in Loudon county as Del Conca USA’s workforce will increase from 85 to 125 employees.

The starting date for assembly of the new lines is set for 16 July, while production is scheduled to begin in January 2017. "We focused on one of the most advanced markets where Italian quality and design are recognised as an added value, and these two years have proved us right," Enzo Mularoni told us. "This expansion was already envisaged as part of the initial project and was planned to take place during the period 2016-2018. Our sales performance and the strong market growth forecasts encouraged us to go ahead with it at the time.

Del Conca has annunciato il bis della scommessa produttiva lanciata a marzo 2014, quando il gruppo guidato da Enzo Mularoni inaugurò lo stabilimento nella contea di Loudon, nel Tennessee. A quel primo investimento di 50 milioni di dollari, ora Del Conca USA, guidata da Paolo Mularoni, è pronta ad aggiungere altri 30 milioni per raddoppiare la capacità produttiva da 3 a 6 milioni di mq/anno. Dieci milioni di dollari per aumentare la superficie coperta da 30 a 40 mila mq; 20 milioni destinati all'impiantistica per due nuove linee che proibiranno piastrelle di grande formato e materiali ad alto spessore della gamma due2, particolarmente apprezzata dal mercato americano. Per la contea di Loudon l’investimento del gruppo italiano si traduce anche in nuova occupazione, dato che l’organico di Del Conca USA salirà da 85 a 125 dipendenti.

L’inizio dei lavori di montaggio delle nuove linee è fissato per il 16 luglio, mentre lo start-up effettivo della produzione è calendarizzato per gennaio 2017. “Abbiamo puntato su uno dei mercati più evoluti, dove la qualità e il design italiano riconosciuto, e questi due anni ci hanno dato ragione - ci dice Enzo Mularoni. “Questa espansione era già prevista nel progetto iniziale e programmata nel triennio 2016-2018. L’andamento delle vendite e le positive previsioni di sviluppo del mercato ci hanno convinto a realizzarla nel primo anno utile".

Del Conca USA factory in Loudon – Stabilimento Del Conca a Loudon

Del Conca raddoppia la produzione negli States by Paola Giacomini - p.giacomini@tiledizioni.it
On returning from Coverings in Chicago, we discussed the topic with chairman Enzo Mularoni at the Ceramic del Conca headquarters in San Clemente (Rimini), one of the group’s three Italian facilities together with Ceramic Faetano (San Marino) and Pastorelli (Savignano sul Panaro, Modena).

CWR: A focus on manufacturing internationalisation has proved to be a winning strategy for your group.

ENZO MULARONI: Yes, I would definitely say so. What we are seeing is a scenario in which penetration of the most dynamic markets is increasingly being achieved through local production units. This can be a good or bad thing, depending on your point of view. And this is equally true for the Italian ceramic industry, which at the same time remains the world’s top tile exporter in terms of value. Our sector is clearly able to maintain a strong presence in the domestic European Union market while being based in Italy, and the best companies are also able to achieve good results in Russia. However, our industry has a marginal presence in emerging markets such as South America, India and the Far East, where economic instability, currency fluctuations and import tariffs prevent exports from reaching consistent - and above all stable - volumes. Here too, the only way to overcome these obstacles is to establish a direct manufacturing presence or create partnerships with local players.

The United States is a partial exception to this rule. Italian tile exports continued to grow during 2015 (+9.3% in value and +12.8% in volume in 2015), responding well to the high demand. Nonetheless, local production is a way for companies to further improve their results, especially in terms of increased market share. We should not forget that ceramic tile accounts for less than 20% of the US flooring market, whereas carpet dominates with 50%, a figure that gives an idea of the growth margin that still exists for our products.

CWR: How much is the US market worth to Del Conca Group?

E. MULARONI: In 2015, 30% of our consolidated turnover of 150 million euros was generated by sales in the United States. This included both direct sales made by Del Conca USA and the containers of exports that we have continued to ship from Italy. We intend to maintain our export volumes even after doubling our capacity in Loudon. Our sales target for the US market is 10% of the high-end segment, which in the US amounts to close to 100 million sq.m per year. In terms of value, we are aiming to increase the percentage of Group turn-

Di ritorno dal Coverings di Chicago abbiamo approfondito il tema con il presidente Mularoni nel quartier generale di Ceramic del Conca a San Clemente (Rimini), uno dei tre stabilimenti italiani del gruppo insieme a Ceramic Faetano (San Marino) e Pastorelli (Savignano sul Panaro, Modena).

CWR: La scommessa dell’internazionalizzazione produttiva si è quindi rivelata venticente anche per il vostro gruppo.

ENZO MULARONI: Direi proprio di sì. Quello che si definisce una linea è uno scenario in cui la penetrazione dei mercati più dinamici viene fatta sempre più con unità produttive in loco. È una triste o felice verità, dipende dai punti di vista. E questo è vero anche per l’industria ceramica italiana, che pur rimanere il maggiore esportatore mondiale di piastrelle, in valore. Senza dubbio, oggi, il nostro settore presidia benissimo, dall’Italia, il suo mercato domestico, vale a dire l’Unione Europea; chi è molto bravo riesce ad avere buoni risultati anche in Russia. Restano invece marginali i mercati emergenti, dal Sud America all’India al Far East: qui l’instabilità economica, le fluttuazioni valutarie e i dazi non consentono di poter contare su volumi consistenti - e soprattutto stabili -, gestiti con l’esportazione; l’unico modo per superare questi ostacoli sarebbe, anche in questo caso, una presenza produttiva diretta o partnership con player locali.

A questa regola fanno eccezione, ma solo parzialmente, gli Stati Uniti. È vero che le esportazioni di piastrelle dall’Italia hanno continuato a crescere anche nel 2015 (+9,3% in valore e +12,8% in volume nel 2015), rispondendo bene alla maggiore domanda del mercato; ma è anche vero che una produzione locale consente di massimizzare ulteriormente i risultati, soprattutto in termini di aumento di quote di mercato. Non dimentichiamo che negli Stati Uniti la ceramica rappresenta solo del 20% del mercato dei pavimenti, mentre il carpet domina con il 50%, una cifra che ci dà l’idea di quanto margini di crescita ancora ci sia per i nostri prodotti.

CWR: Quanto vale oggi il mercato statunitense per il Gruppo Del Conca?

E. MULARONI: Nel 2015, su un fatturato consolidato di 150 milioni di Euro, il 30% è stato generato da vendite negli Stati Uniti, includendo sia le vendite dirette di Del Conca USA, che i container che abbiamo continuato ad esportare dall’Italia. Questi ultimi, nelle nostre intenzioni, non diminuiranno neppure dopo il raddoppiamento della produzione a Loudon: il nostro obiettivo di vendite sul mercato americano è fissato a tendere al 10% del mercato di alta gamma, che negli USA è prossimo ai 100 milioni mq l’anno. In valore, contiamo di passare...
over generated in the USA from 30% in 2015 to 35% in 2016 and 37% in 2017. One of the many advantages of having a direct manufacturing presence in the United States is that it enables us to offer local retailers products that are “Made in USA, designed in Italy” - a model that works very well here - while also catering for “100% Made in Italy” high-end niche products, which we would otherwise find hard to place in American stores. In our case, I am convinced that if we had not had Del Conca USA to act as a driver, we would have been unable to maintain the high volumes that we continue to export from Italy.

CWR: What are the main advantages?

E. MULARONI: The competitive advantage of having a manufacturing facility in the USA is not a question of production costs. The factors that actually make a difference are time to market, more flexible and faster deliveries, smaller investments in warehouse stock to meet customers’ needs, lower transport costs and the elimination of 9% import duties. Recruitment is beginning to be a problem because the economic recovery has almost halved unemployment both in this state and in the country in general compared to two years ago.

CWR: Returning to this side of the Atlantic, what other geographical markets are you focusing on?

E. MULARONI: Above all Europe. Last year, 50% of our group’s total revenues were generated from sales in European markets, where we consolidated our presence in particular in France and Germany. Italy now makes up almost 20% of our sales. The rest is split between the Far and Middle East, Australia and Africa.

CWR: How is European distribution changing?

E. MULARONI: It is increasingly dominated by the large players. Purchasing groups and large retailers are the only channels that allow ceramic companies to grow, unlike traditional customers which are generally poorly capitalised and often lack liquidity.
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CWR: What about Italy?

E. MULARONI: Unfortunately, the Italian market is now 40% of the size it was in 2009, and in such a negative situation the highly fragmented distribution system has failed to develop new strategies apart from expanding and diversifying the range of products available in showrooms. We have seen a few cases of concentration into groups, although this strategy has often been aimed solely at reducing prices.

CWR: What kinds of products are you concentrating on?

E. MULARONI: We are seeing excellent results with high-thickness products in the due2 range, a full-body porcelain tile with a thickness of 20 mm for outdoor applications in place of stone and concrete. With this product we are currently one of the market leaders in terms of sales volumes and width of the range. It is also proving very popular in the United States, so we have also been producing it for some time in Loudon.

CWR: Will your big financial commitment in the United States over the next few months leave room for any other investments?

E. MULARONI: Although our group has invested a total of almost 100 million euros in the last three years, we are evaluating a new investment programme in Italy to expand our range to larger sizes and large strips. We believe in the importance of Italy, and the international investments we are making are aimed at strengthening our group as a whole and our Italian facilities. We also have a strong belief in our future, driven by what I see as an above-average level of dynamism and ability to do business.
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