New Developments, New Opportunities: Italian Machinery Manufacturers Expand in New Markets

Today’s machinery manufacturing industry is still struggling with a sluggish global economy and the subsequent decline in new equipment orders. Machinery manufacturers face a new set of challenges to maintain or increase revenue growth and improve customer satisfaction. Additionally, increasing competition from machine fabricators has forced many original equipment manufacturers (OEMs) to scramble to retain their current customers, which has prevented many OEMs from charting a course toward future growth.

Italian machinery manufacturers recognized that navigating today’s economy requires an original business model, philosophy and approach. Capitalizing on new developments and opportunities is critical to ensuring the long-term profitability of Italian machinery manufacturers.

By identifying new developments and opportunities as growth possibilities, Italian OEMs have addressed five areas critical to developing and maintaining strong customer relationships:

- **Customized Machinery.** Unlike the typical OEM that offers a specific, “one-size-fits-all-applications” line of machinery, Italian manufacturers engineer customized solutions to meet customer needs.

- **New Technologies.** Italy has a more than 700-year tradition of launching innovative new technologies. Today, Italian manufacturers deliver leading-edge technologies to strategical industries, such as agricultural/farm machinery; ceramics; earthmoving machinery; food processing; glass; iron, foundry and metallurgical; leather and tannery; marble and stone; metalworking; packaging; plastics and rubber; printing, graphic and converting; textiles and wood.

- **Educational Partnerships.** From providing training to U.S. companies at home or overseas to sponsoring awards and programs at colleges and universities, Italian manufacturers and manufacturing trade associations make substantial investments in the future through their educational partnerships. Today’s machine operators and tomorrow’s engineers and plant managers gain valuable skills and insights through Italian-sponsored training and educational initiatives.

- **New Manufacturing Plants and Distribution Networks.** Most Italian machinery manufacturing companies tend to be smaller, family-owned businesses with decades of experience in their respective industries. However, many of these companies have gone overseas and opened branch offices – and even plants – or partnered with a network of distributors to reach today’s competitive marketplace and better serve customers.

- **Marketing.** Italian machinery manufacturers, through their trade associations and the Italian Trade Commission, have established quality as their competitive edge as part of the Machines Italia/Turning Innovation into Productivity campaign. The Italian Trade Commission is a government agency with a worldwide network of offices that promote trade, industrial and technological cooperation. The Machines
Italia campaign targets U.S. manufacturers to showcase the creativity, flexibility and innovation of Italian machinery through a multimillion dollar, multiyear integrated marketing initiative.

Expansion through Customization

In the last decade, large multinational corporations have radically changed the manufacturing industry through a series of mergers, acquisitions and takeovers. To generate more profits and greater value for corporations and their shareholders, corporate conglomerates bought out small machinery manufacturers and then reduced and standardized their product lines. In an effort to bolster the bottom line, the corporate owners slashed product development and engineering department budgets. In some cases, industrial innovations and overall market competition were reduced as thriving, industry-leading manufacturing companies were bought and their assets stripped and sold.

Companies seeking to purchase new machinery were in a quandary. OEMs, known for guaranteeing their products, now offered only standard product lines and made little to no effort to fill custom orders. On the other hand, machine fabricators boasted the ability to produce customized machinery, but rarely guaranteed quality.

This situation provided an opportunity for Italian machinery manufacturers to expand their market share. Italian machinery manufacturers began to bridge the gap between OEMs and will-fitters – designing, building and delivering customized machinery, guaranteed to meet quality standards.

The Italian OEMs’ partnership between customization and quality has proved beneficial to a number of U.S. industries from automotives to woodworking.

- In the demanding automotive industry, Italian manufacturers of foundry machinery have earned a reputation for quality that outshines German engineering and Japanese efficiency. Both countries sell standard, off-the-line equipment, but Italian manufacturers offer custom-engineered solutions. Automotive makers – from General Motors to Ferrari – rely on the flexibility that Italian companies bring to machinery design and production as well as customer service.

- As the U.S. earthmoving machinery market shifts from its earlier emphasis on construction to renovation activities, Italian manufacturers are designing and offering multifunction, compact machinery suitable for a variety of custom applications.

- Italian woodworking machinery manufacturers solidified their position as the premier exporter to the U.S. furniture industry through customized machinery that couples innovations in technology with the flexibility to meet specific customer needs.

Emerging Technologies Lead Market Expansion
In the last decade, new technologies have revolutionized the business world. The advent, growth and widespread acceptance of the Internet, wireless technologies, and satellite televisions prove that new leading-edge technologies open whole new consumer and business markets. Throughout history, innovations in technologies have created or re-energized entire industries, creating expanded business opportunities for companies bold enough to venture into these uncharted territories.

New technologies created by Italian machinery manufacturers have revolutionized several U.S. industries. Italian innovations changed:

- **Fashion.** Founded in 1919, Italian-owned Santoni recently revitalized the U.S. fashion industry with the introduction of seamless technology, a process in which electronic circular knitting machines knit entire articles of clothing with no need for multiple pieces of pre-woven fabric. The technology is especially popular with makers of intimate apparel such as Victoria’s Secret, DKNY and Calvin Klein as well as with sportswear manufacturers such as Nike, Adidas and Patagonia.

- **Packaging.** Italian packing and packaging machinery manufacturers have expanded their market share – one out of every four packaging machines in operation today was made in Italy – by focusing enormous efforts into research and development initiatives that have led to more environmentally friendly packing and wrapping materials as well as consumer-appreciated designs like flexible pouches for laundry detergents and the bottles for Dean's Milk Chugs.

- **Confectionery.** From cocoa processing equipment to candy wrappers, Italian confectionery equipment manufacturer Carle & Montanari (C & M) has brought decades of innovations to premier candy makers such as Hershey, Nestle, Cadbury and others. C & M’s intermittent chocolate moulding line, also known as its chainless line, will soon debut in the United States. C & M introduced another breakthrough technology to the industry – tau tempering system, which combines temperature and sheer stress to shorten tempering time.

- **Sheet Metal Processing.** Salvagnini introduced the world’s first robotic bending cell to use an advanced software system. With one program and one operator, Salvagnini’s new ROBOformER® creates finished products with the touch of a button and can even operate unmanned and overnight, which adds to increased capability for applications in new markets.

**Knowledge is Power: Education Expands Customer Relations and Spurs Industry Growth**

In recent years, manufacturing industry analysts and business academics have suggested that by fully understanding and implementing the theories and practices behind modern business concepts – from “lean manufacturing,” to supply chain management to customer relationship management – a company can increase its productivity, eliminate waste and improve its bottom line. Of course, one key element in these concepts – indeed, in any successful business model – is an educated workforce comprised of well-trained employees.
Italian machinery manufacturers have expanded their market share both in the U.S. and other countries by offering professional training programs for their customers’ employees. Italian OEMs are also giving the next generation of manufacturing managers and engineers valuable hands-on industry experience through a number of educational scholarships, awards and programs at colleges and universities.

Training Programs

For Italian manufacturers, providing training and education means more than simple operating instructions. In every industry, Italian OEMs provide workshops and seminars designed to enable their customers’ employees capable of using the latest customizations and innovations.

- When Lawson Mardon USA Inc., an Alcan packaging company, upgraded its operations using Nordmeccanica Group’s solventless, off-line lamination technology, Nordmeccanica trainers offered on-site, classroom and hands-on training, which Alcan officials directly attributed to their operation’s increased throughput and increased sales.

- To ensure that their customers know the leading-edge applications of seamless technology, Santoni opened a school next to its plant in Italy and invited its customers to learn the benefits of the machinery and new applications. Additionally, Santoni provides on-site customer support and dispatches its technicians throughout the world.

- Salvagnini provides specialized training sessions for its customers using the new ROBOformER®. From maintenance workers to machine operators to software programmers, everyone who uses the equipment is enrolled in a rigorous educational workshop to guarantee efficiency and optimal productivity.

College and University Partnerships

To spark a greater interest in the manufacturing industry and further educate some of the brightest students from across the world, Italian machinery manufacturers have formed partnerships with several leading colleges and universities. By sponsoring contests, awarding scholarships and providing students and educators with the opportunity to witness the latest technologies “in action,” Italian manufacturers are reaching the next generation of manufacturing professionals through education.

- In addition to sponsoring advanced degrees at Universities in Parma and Bologna, the Italian packing and packaging machinery manufacturers’ Association – UCIMA together with the Italian Trade Commission, recently launched their annual Packaging Technology Award program. Open to students in 14 North American universities and colleges with courses of study in the packaging sciences, this essay contest invited college seniors to explore technological innovations in packaging machinery and packaging materials. The winners and three professors traveled to Italy, where they toured many of the leading packaging machinery manufacturing plants. These graduates will be the packaging managers and designers of tomorrow and, therefore, will make decisions about investing in packaging technologies in the years to come.
From Italy to Russia and beyond, the companies in the Italian woodworking machinery and tools association – ACIMALL sponsor courses in mechanical engineering and training programs at universities and professional schools.

A Customer Service Network of Distributors, Offices and Manufacturing Plants Spur Expansion

In an effort to better serve their U.S. customers, Italian machinery manufacturers have spent several years developing a series of network distributors across the nation. The partnerships that Italian manufacturers forge with their distributor networks extend beyond machine sales. In fact, Italian OEMs work almost exclusively with distributors who are completely familiar with every aspect of Italian machinery, its applications and its service needs, thereby ensuring overseas growth.

Additionally, many Italian machinery equipment manufacturers have opened branch offices that function as sales and service centers throughout the United States. And, as was the case with FATA Aluminium, Italian manufacturers have also established fully operational physical plants in the U.S. to synchronize supply chain management and customer relationship management.

Customer satisfaction is never an afterthought for Italian OEMs. During every stage of development – from drawing table to delivery – Italian manufacturers do everything to ensure that they provide their customers with the most innovative machinery with the greatest value. Better still, Italian OEMs proudly stand behind the equipment they engineer. It's this commitment to total quality that brings real added-value to Italian machinery.

Showcasing Italian Innovation to Expand into Untapped Markets

The Italian Trade Commission (ITC), in a public-private partnership with its 14 sector-focused machinery manufacturers associations, launched a multimillion dollar, multiyear integrated marketing program for Italian-built industrial machinery. The Machines Italia/Turning Innovation into Productivity campaign was created to expand the market for Italian machinery in the U.S. by promoting three key benefits of the machinery: flexibility, creativity and innovation.

The Machines Italia initiative marks the first time that the private Italian machinery manufacturers associations, representing 14 industries and more than 10,000 companies, along with the ITC (or ICE / Istituto nazionale per il Commercio Estero) -- a government agency – are joining forces for such an effort. The Italian machinery manufacturing associations include the following 14 Italian Machinery Manufacturers Associations; ACIMAC (Ceramics), ACIMGA (Printing, Graphic and Converting), ACIMALL (Wood), ACIMIT (Textiles), AMAFOND (Iron Foundry and Metallurgical), ANIMA / ASSOFOODTEC (Food Processing), ASSOCOMAPLAST (Plastics and Rubber), ASSOMAC (Leather and Tannery), COMAMOTER (Earthmoving Machinery), GIMAV (Glass), Associazione Italiana MARMOMACCHINE (Marble and Stone), UCIMA (Packaging), UCIMU (Metalworking), and UNACOMA (Agricultural / Farm Machinery).

Machines Italia incorporates print advertising in targeted trade and consumer media. The ads feature photographic images of an array of end products manufactured with Italian machinery.
Products from glassware and foodstuffs to packaging and home furnishings are showcased, along with the tagline “Whatever you make, Italian innovation makes it better.” Print ads direct manufacturers to learn more about Machines Italia via a toll-free number (1-888-ITALTRADE) and a Web site (www.italtrade.com). Consumer advertising appears in The Wall Street Journal, Time, USA Today, Business Week - Industrial Management Edition, Fortune, Newsweek, New Equipment Digest, Industrial Product Bulletin, and Industry Week.

The Next Steps

If you would like to learn more about the innovative ways that Italian machinery manufacturers are expanding in new markets, please contact the Italian Trade Commission at 1-888-ITALTRADE or visit our Web site at www.italtrade.com.