



Crimping 4.0

The perfume market still displays attractive opportunities of growth for companies who, like Coven Egidio, always strive to enlarge their customer base by building upon their expertise and their ability to innovate, even if they are playing in a consolidated and mature scenario

The starting point of our talk with Luca Pagetti, sales manager at Pavia-based Coven Egidio, is represented by the Industry 4.0 paradigm. The so-called fourth industrial revolution triggered in fact a dedicated institutional plan in Italy, made up of incentives and fiscal measures in order to promote a massive purchase of digital technologies and interconnected machinery. Coven Egidio owes its fame to the expertise it has developed over the years in manufacturing crimping and filling machines, destined to the perfume industry. Of course, the impact that grants and tax reduction initiatives had on the company cannot be denied.

Do you think that the perfume industry was significantly affected by the 4.0 wave?

Indeed, tax cuts and other forms of incentive impacted our business too, for what concerns both the relationship with smaller niche producers and larger-sized corporations; and it influenced the high end segment as well as the mass market. There is no doubt that corporate players were the fastest in embracing this manufacturing and management model, on a wider scale, also due to the fact that they can rely on a specialized workforce. The Industry 4.0 environment requires the adoption of a well-balanced miscellanea of electronics, pneumatics and mechanical competences and this means that companies must rely on

highly skilled professionals. The industry itself seems to have gained momentum and shows a certain liveliness, although the perfume sector has peculiarities of its own and proves difficult to be managed effectively. Machines and production lines are still rather simple and a strong link with empirical techno-chemical procedures is still there. Producers tend not to disclose easily the secret recipes of their duty: other segments might possibly display a different approach.

Could you depict a portrait of the company today and describe its business strategy?

Coven Egidio is a small 13 employees business, well known in the arena of perfumery thanks to the expertise it achieved on crimping machines that customers use in order to seal their nebulizing micro-pumps. This is the area we mainly address, in terms of technological development, striving to enlarge our customer base consistently, from one year to another. Our processes differ from those of pure packaging, for instance, where products are meant to live the longest life possible: this forces us to always look for new market deals. Cost effectiveness, together with services, is one of our points of strength, and our business is significantly based on exports. In fact, overseas sales represent nearly 60-70% of average annual revenues. Italy is still a very important market, but abroad we can rely on a series of consolidated and precious relationships in such areas as the Middle East, in first place.

Besides the Middle East, what are Coven Egidio's most profitable markets today?

Europe remains the most interesting scenario, due to the number of brands that, especially in recent years, have experienced a steady growth in the mass market of fashion, for instance, therefore integrating the philosophy of wellness that is related to perfumery, in their overall offer. This trend translated into a higher volume of orders, over the years, and Spain can be considered the most attractive European country, from this point of view. But medium-high end perfumery, both in Europe and in Italy, displays interesting numbers, and it is still able to drive our business upwards. Outside Europe, we would like to consolidate our presence in India. It cannot be dubbed as an emerging market, but it is not as mature as one could expect it to be, yet. Nonetheless, it hosts a growing number of machine manufacturer, despite only a few can ensure the skills and quality that the European continent can provide. It is aggressive, in terms of pricing, but when it comes to quality we can have our word.

TECHNOLOGICAL INNOVATION UNDERWAY

Luca Pagetti, sales manager at Coven Egidio, pointed out that one of his company's most interesting peculiarities is its ability to manufacture 80% of the mechanical parts that its crimping machines require. This characteristic makes the Pavia-headquartered producer nearly unique, and derives from the fact that in its early years, some

four decades ago, Coven played as a specialist in the mechanics sector. Numerically controlled lathes and milling machines represent an important part of its technological equipment and they commonly undergo frequent operations of restyling and renovation. Recently, the firm completed its service portfolio by introducing 3D printing

technologies, thanks to which its technical department is now able to release prototypes and moulded parts more rapidly. According to Pagetti, the intention is to further invest in this segment, in order to optimize and speed-up the part production process, while at the same time reducing its margins of error on finished products.

Is the Chinese landscape not attractive enough for a crimping technologies vendor?

If we look at raw materials, finished products sometimes, and machinery too, China is a most interesting nation. But when I took part in a conference in Shanghai, recently, speakers pointed out that the Chinese approach to perfumes is still naïve, since natural skin fragrances are still most appreciated. What we expect is the development of a new culture, a different consciousness, a larger availability of fashion-related mass market product portfolios. So far, our expectations were left unmet. China holds a great potential, but it's far from unleashing it.

What were the most important events you took part in, over the last few months?

An important initiative, which deserves to be stressed, was devoted to the 50th anniversary of the Cosmoprof international fair. The project was called *Perfume factory* and it was about creating a special perfume, on sale during the exhibition, produced by Italian companies who gave birth, for the occasion, to a small, albeit complete, supply chain. Together with Coven Egidio, the product was manufactured by players in the field of packaging; by our traditional Lodi-headquartered partner ICR; last but not least by IMA machines. The event revealed so successful that a number of TV channels covered it with dedicated reports. Furthermore, another customer of ours, Acqua dell'Elba, was part of a TV show that aimed to show and describe both their fragrances and their manufacturing processes. Therefore, our machines gained some visibility too. Acqua dell'Elba's case history is in fact most interesting, since the brand debuted as a small company and consistently expanded its presence over the years and its perfumes are today distributed worldwide. Its growth was partially driven and supported by Coven Egidio's crimping technologies and, of course, we are very proud of this.

Are you also planning to add further human resources to your overall workforce?

Nowadays, our customer base is ample enough to suggest us to recruit a few additional professionals, one

or two specialized profiles at least. It was no easy decision, given that our products depend heavily on seasonality and this makes it difficult to effectively manage production processes, on the one hand; and services on the other. Clients want us to fulfil their requests the quickest way possible, whereas the organization of overseas exhibitions and events allows us to look at our future with a cautiously optimistic feeling. In 2016 we achieved outstanding results, but one must always take into account that the world of business is complex and uncertain. Take, for example, the United Arab Emirates. They always represented one of our most interesting markets, thanks to the culture of perfumes and beauty they have been developing over the centuries. They are strongly oriented to export, but many of their traditional partner-countries are now striving with political issues and turmoil. This means that former leading countries, sometimes, lose their weight and importance progressively, while at the same time the relevance of a well-managed communication via the Internet is rocketing. Nonetheless we still believe in the efficacy of a direct relationship, that allows us to emerge as a real benchmark on the global market, despite the many controversies and hurdles we must face.



Luca Pagetti

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PORTRAIT OF THE PRODUCER AS A LEADING PLAYER

Coven Egidio Snc is a specialized company in the production of crimping and filling machinery for perfume manufacturing. Its 41 years of experience allow it to create high quality and user-friendly products; from the simplest manual crimping tools up to automated filling and crimping lines. Clients are guaranteed post-sales assistance and a flexible and reliable technical service. Furthermore, skilled dedicated personnel is always available for additional information regarding Coven Egidio's products.

