



**Case study: price positioning in the Italian footwear market**

## Price positioning – key takeaways

The core of the assortment (tier-2 brands and PL) is positioned between value and mass-market segments

- Including only the 'core of the assortment' of PittaRosso (without branded products), the Company stands in the **middle position** similarly to Scarpe & Scarpe but with **higher entry prices than Globo and Pittarello**.
- We believe that PittaRosso is a '**mass market**' player rather than a '**value**' Company. Amongst main competitors, **Deichmann, Globo and Pittarello (to a lesser extent) are more value oriented, while Bata** is operating in the **mass and upper-mass market segments** and **Scarpe & Scarpe** has a **similar price architecture to PittaRosso's** but with **lower number of products in the value segment**, which results in **average prices being usually higher**.

Brands allow PittaRosso to be present in the upper mass-market segment

**The presence of top brands** (Geox, Nero Giardini and Stonefly) at PittaRosso **allows the Company to cover the upper mass-market segment**, being a **distinctive characteristic of its value proposal**

PittaRosso's products cover a broad price range

**PittaRosso's assortment** (excluding brands) **is geared towards the middle range but has a more evenly distribution throughout the ranges** than other competitors, which are either more value oriented or slightly above PittaRosso's value proposition.

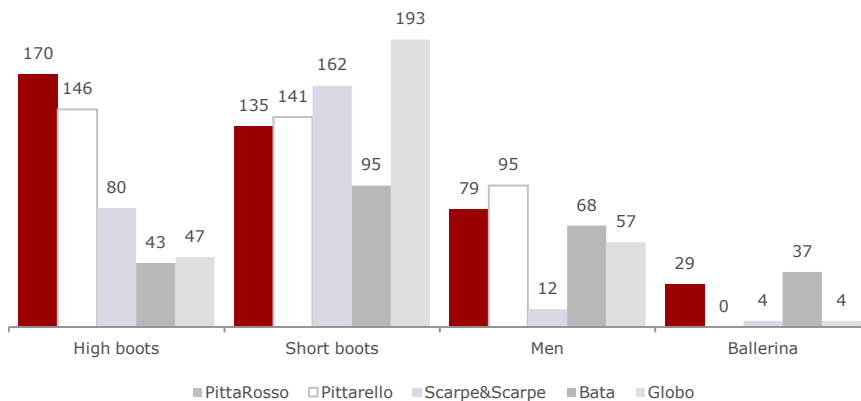
Players are concentrated in the middle range and value proposals are more similar

- The market is **concentrated** as **PittaRosso, Scarpe & Scarpe and, to a lesser extent, Pittarello operate with similar value proposals** in terms of price and fashionability.
- **Bata** is a **more upscale** player, **more stylish and with up-to-date products and higher prices**, while **Deichmann and Globo are the only 'real' value players** in the Italian market.
- The only clear **distinctive attribute of PittaRosso** vis-à-vis large box multibrand players **is the wider presence (and promotion) of certain top brands**.

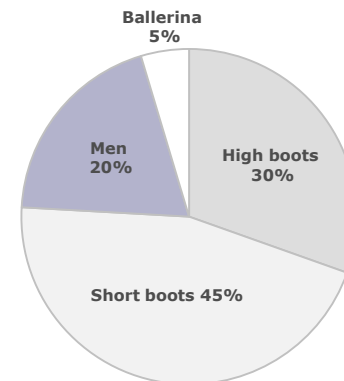
## Italy – Price check – technical note

- In order to better understand the **price positioning of PittaRosso**, we carried out a price check amongst the Company and its **main competitors**: Globo, Pittarello, Bata and Scarpe & Scarpe through store visits in Northern Italy.
- The goals of this analysis were:
  - To find out the **price positioning of PittaRosso**
  - To **understand the Company's price range** as well as **how it compares to its main competitors' product offering**
- To prepare the aforementioned price check, we selected a wide sample (including all or the majority of SKUs) of 4 top selling categories:
  - High Boots
  - Short Boots
  - Ballerinas
  - Men 'formal' shoes (referred in this section as Men)
- The SKUs contained in the sample were subdivided into Branded and "Unbranded" Products, always taking into account the Private Label lines of each company.

Price positioning – # of SKUs by category



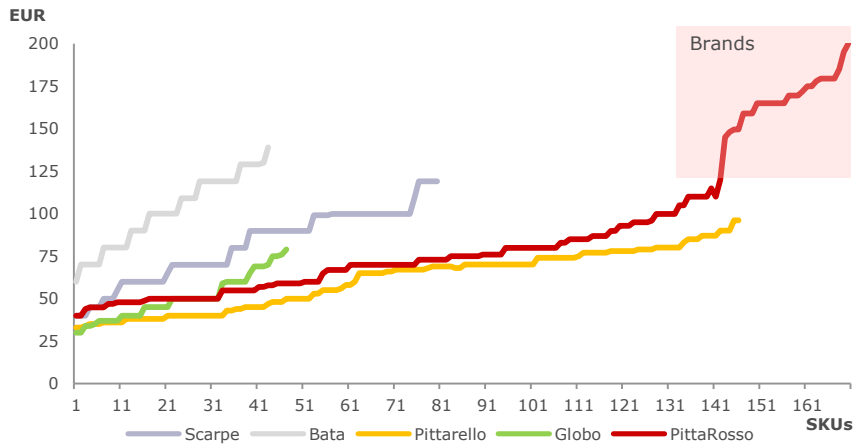
Price positioning – % of SKUs by category



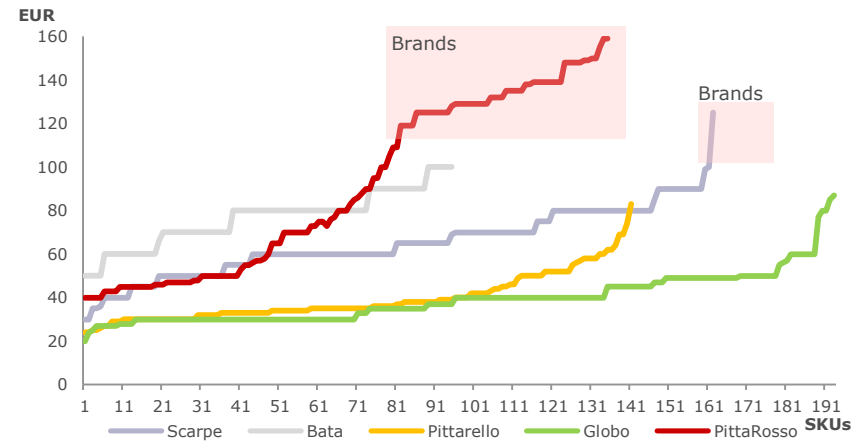
# Italy – Price architecture – assortment (inc. brands)

**PittaRosso's price architecture** makes the company **stand in the middle position** in the market with **Bata and Scarpe & Scarpe above** and **Globo and Pittarello as more value oriented competitors**. **The introduction of brands in the assortment is the key differentiator factor of PittaRosso**, who is able to leverage its price architecture reaching higher price points than other players

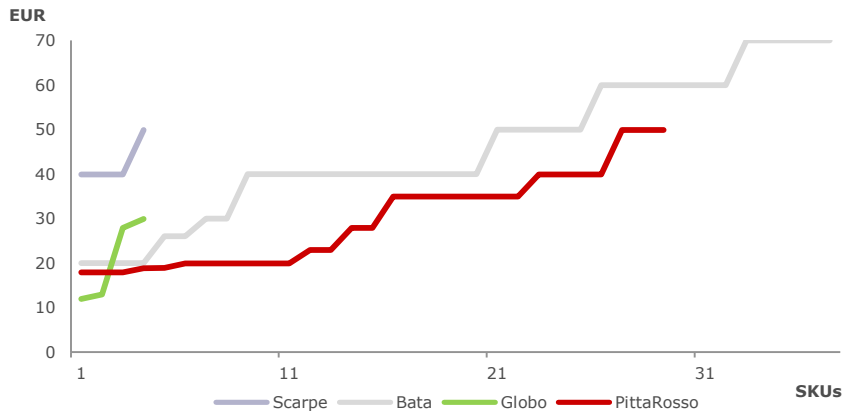
Price positioning (EUR) – Full sample – High Boots



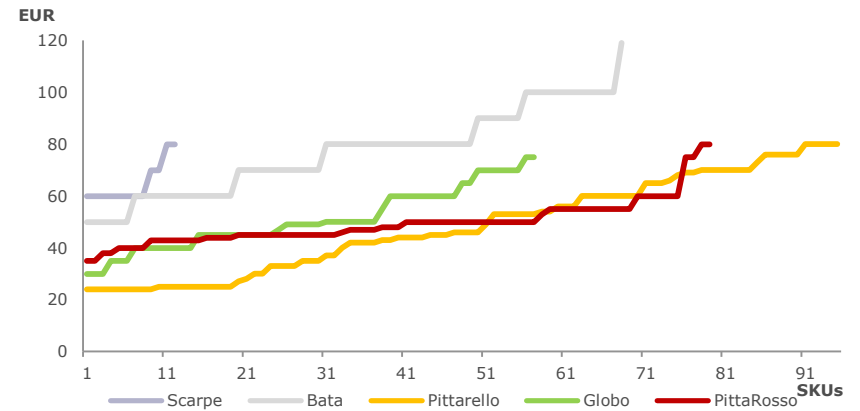
Price positioning (EUR) – Full sample – Short Boots



Price positioning (EUR) – Full sample – Ballerinas

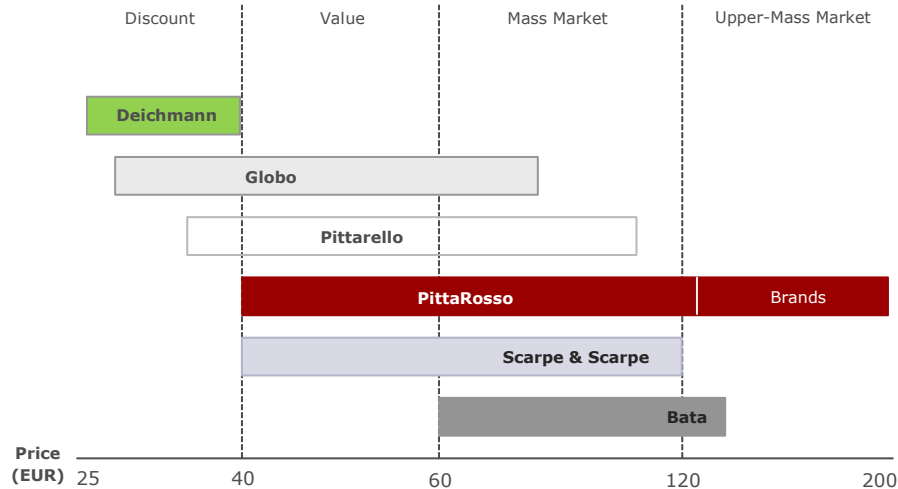


Price positioning (EUR) – Full sample – Men

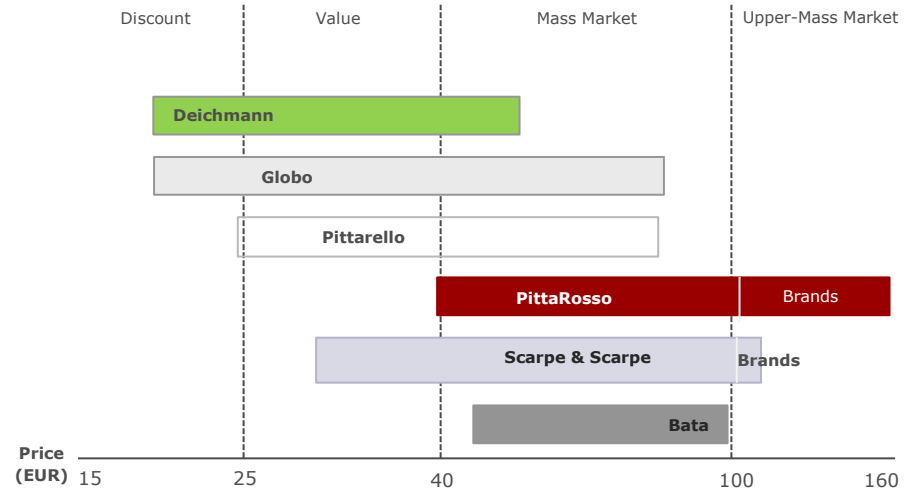


# Italy – Segments and overlaps - High and Short Boots

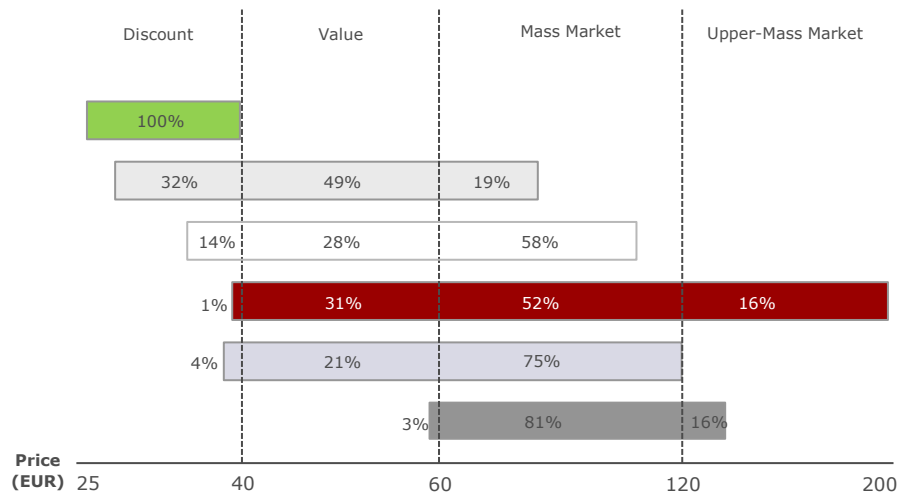
Price range (EUR) – full sample – High Boots



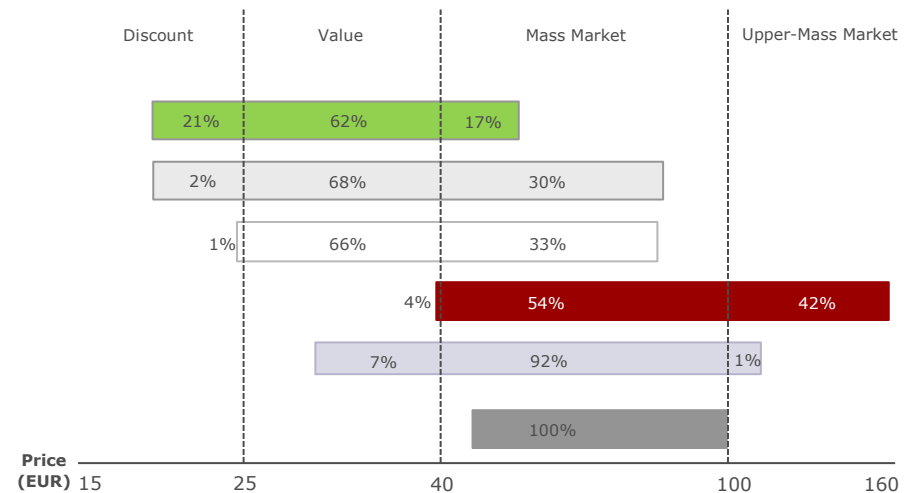
Price range (EUR) – full sample – Short Boots



Price range (EUR) – full sample – % of High Boots

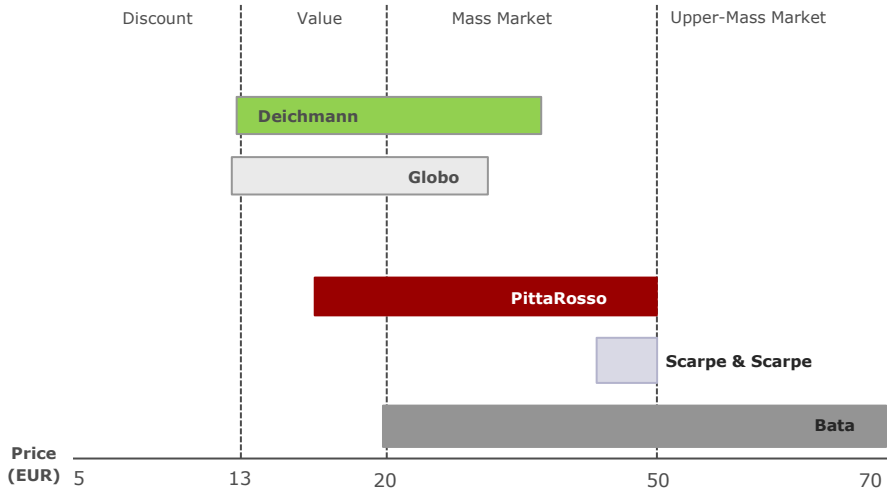


Price range (EUR) – full sample – % of Short Boots

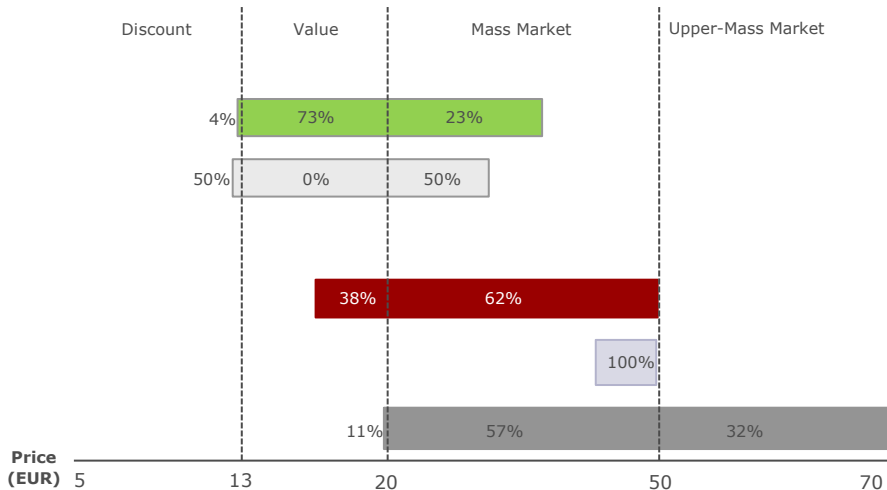


# Italy – Segments and overlaps - Ballerinas and Men

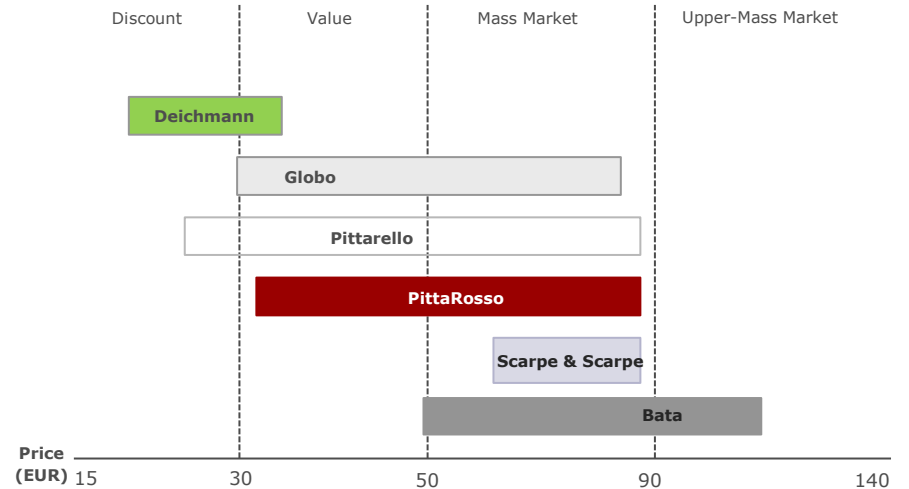
Price range (EUR) – Full sample – Ballerinas



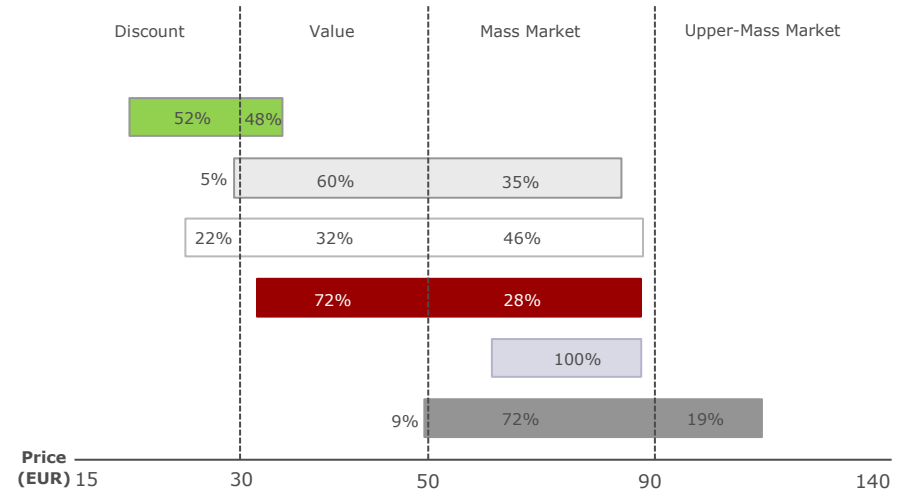
Price range (EUR) – Full sample – % of Ballerinas



Price range (EUR) – Full sample – Men



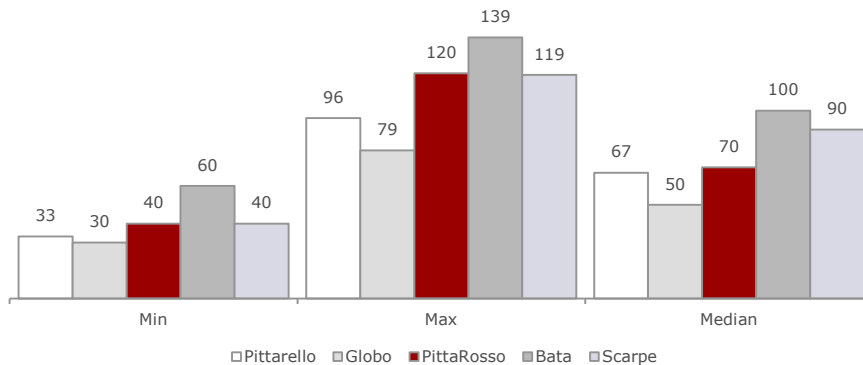
Price range (EUR) – Full sample – % of Men



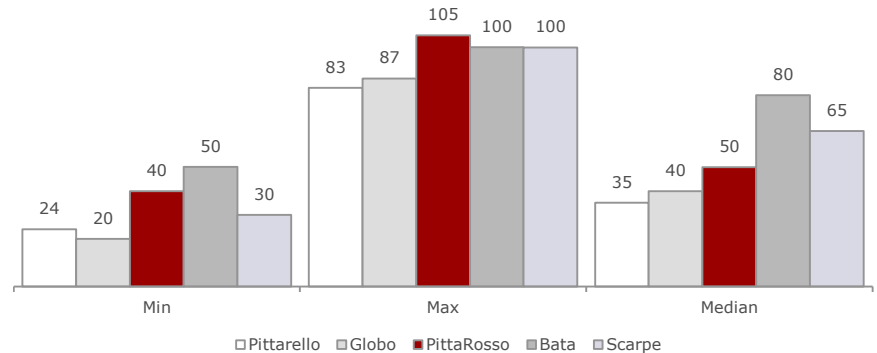
# Italy – Price architecture – full sample (ex. branded products)

- **Globo** and **Pittarello** have generally the **lowest prices in the entry and top of the range**, signaling a **stronger value orientation** when compared to the other players.
- **PittaRosso** stands in the **middle position** with **higher entry prices than Globo and Pittarello, but lower than Bata**. **Scarpe & Scarpe** has a **similar price architecture to PittaRosso's**, but **average prices are higher** due to **lower number of products in the value segment**.

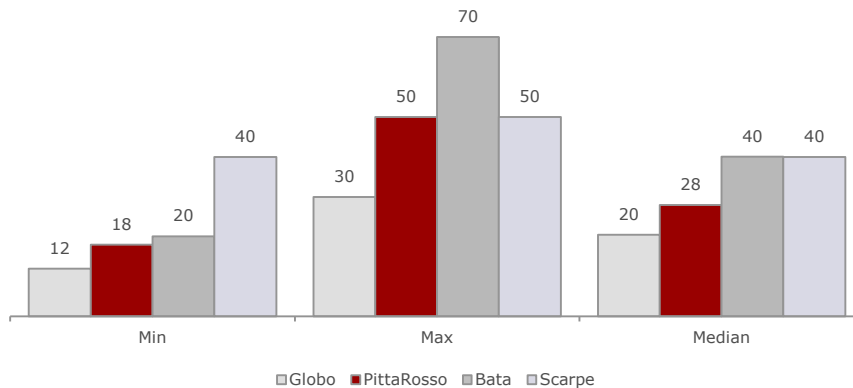
Price architecture (EUR) – full sample – High Boots



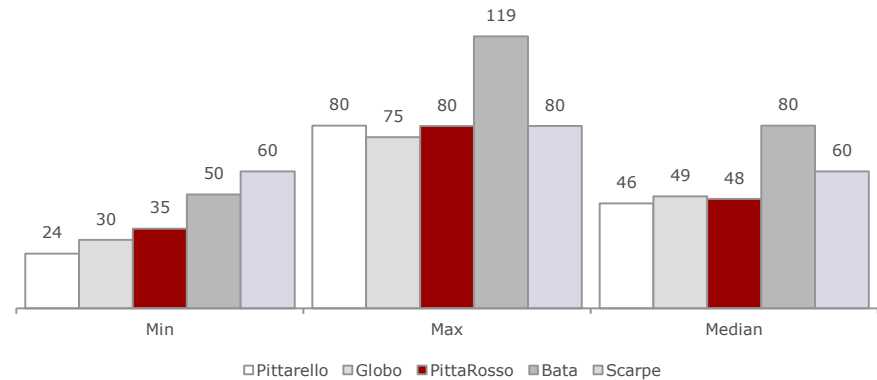
Price architecture (EUR) – full sample – Short Boots



Price architecture (EUR) – full sample – Ballerinas



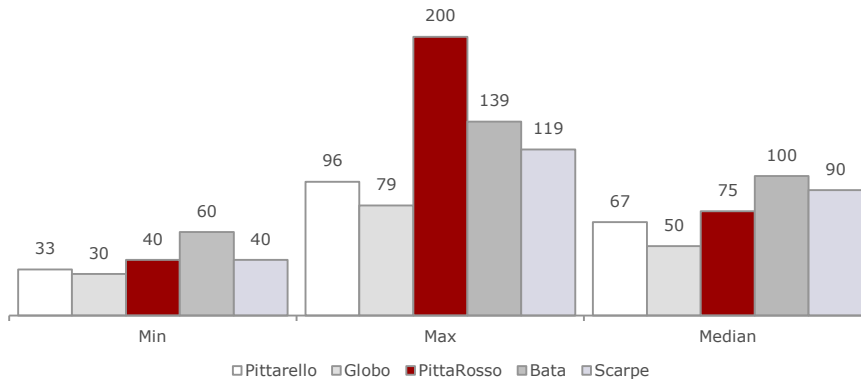
Price architecture (EUR) – full sample – Men



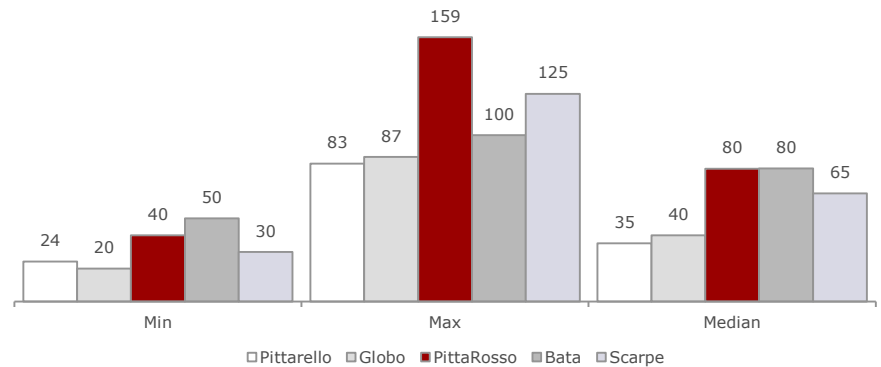
# Italy – Price architecture – full sample (inc. branded products)

**Geox, Nero Giardini and Stonefly brands allow PittaRosso to cover the upper mass-market segment, being a distinctive characteristic of its value proposal** (despite it is not an exclusive strategy of the Company)

Price architecture (EUR) – Full sample – High Boots



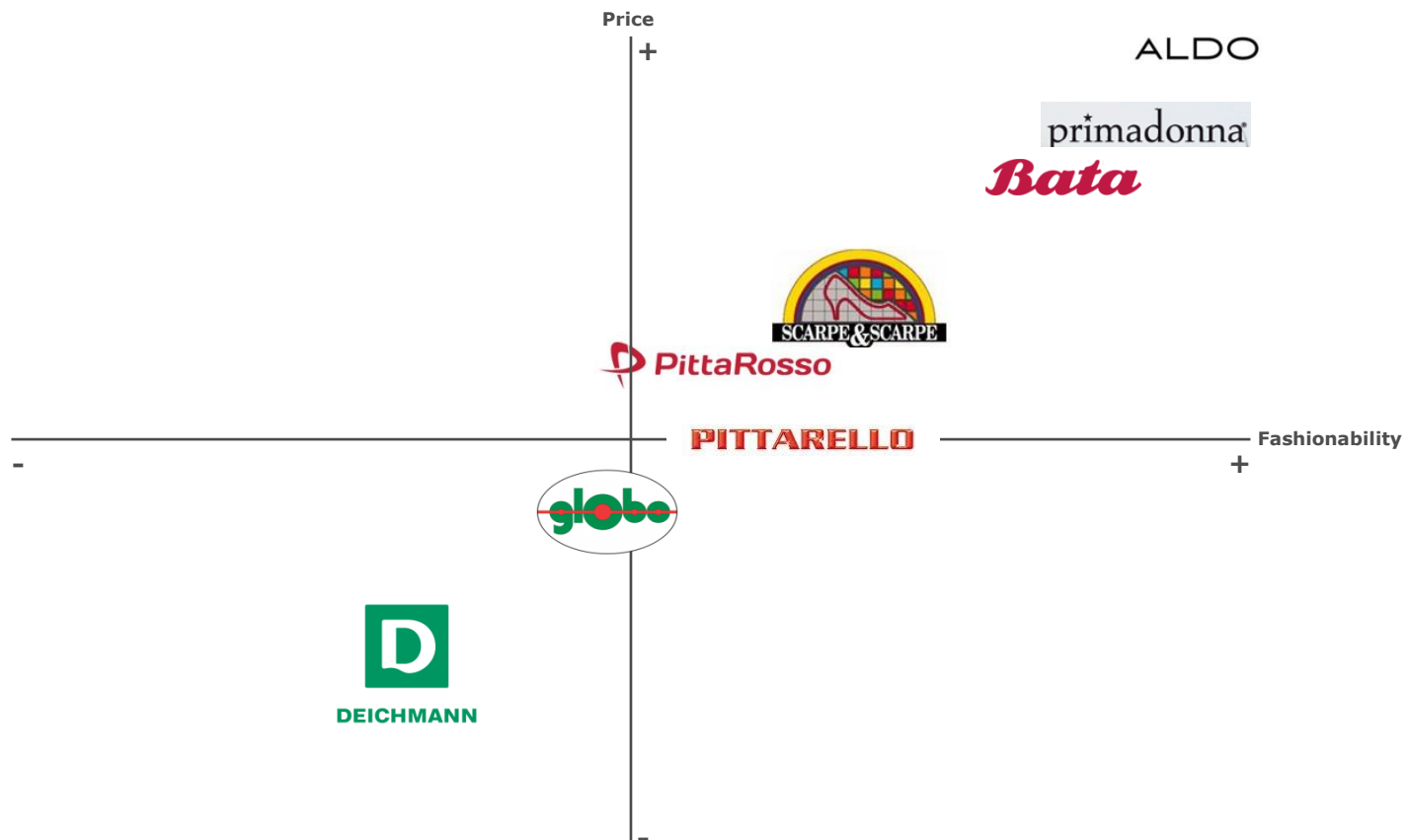
Price architecture (EUR) – Full sample – Short Boots

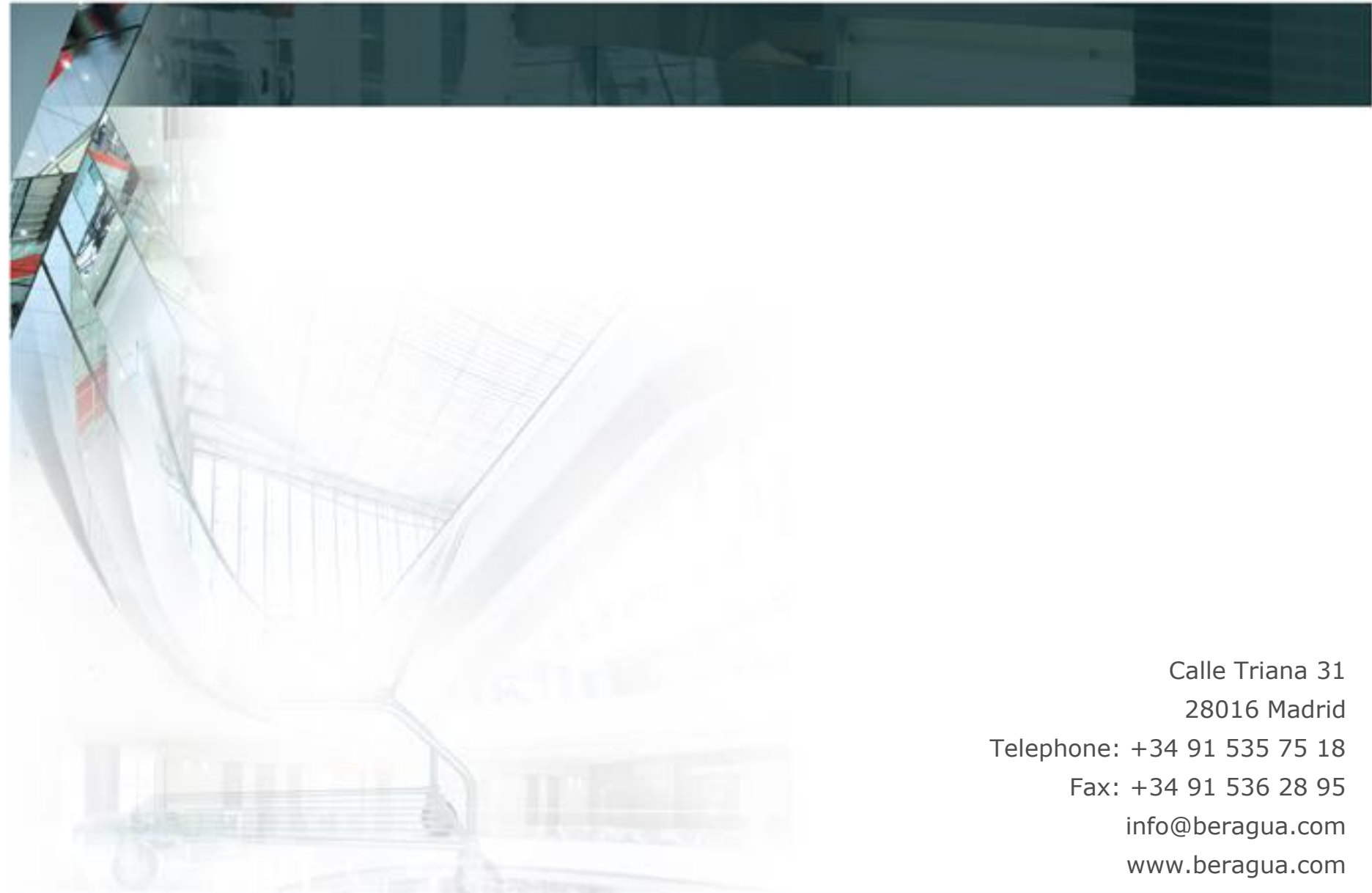




## Italy – Market positioning – value segment

- The market is **concentrated** with **PittaRosso, Pittarello and Scarpe & Scarpe offering very similar products in terms of price and fashionability**. At the same time, Globo is more value oriented but the assortment does not differ much in terms of trends.
- **Bata** is a **more upscale** player, **more stylish and with up-to-date products and higher prices**. **Primadonna and Aldo** are other specialists with **overlapping prices with PittaRosso's top assortment**.





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