FUR SALES IN GREECE

Pouliopoulos Leonidas
PhD Lecturer, Technological Institute Western Macedonia, Kozani, Greece

Pouliopoulos Theofilos
MBA Ternopil National Economic University, Ukraine

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Abstract

In this paper is presented a brief report of the evolution of fur trade through the ages. We mention the reasons that led to the creation of the legend for the fur makers of Kastoria and Siatista. After the collapse of the Soviet Union and the emerge of new markets for furs, we analyze the efforts western Macedonian furriers made to implement new ways to dispose furs, similar with the auctions in Denmark, Finland, North America etc. In the conclusions part, we present our proposals on how furriers can sell finished and semi-finished furs in the best and most efficient way.

Keywords: Fur, system of codes, furrier, Kastoria/Siatista, semi-finished product, final product

JEL Classification Codes: L 67

The activity of crafts and fur industries in Kastoria has a history of many centuries. There are historical reports since the 16th century, although the cottage industry may be even older. The history of fur trade in Europe is very old. The historian Tacitus states that the Germans were influenced by the Romans and the noble Germans began using a wide range of expensive furs [Larisch Paul, 1928, pp. 34-35]. From the 7th until the 13th century C.E the Hazards, the Scandinavian Vikings, Mongols and Russians were supplying Constantinople with furs they bought from the Muslim traders from Baghdad and they were exchanging them with spices, silk etc [Ballis Theocharis, 1973, pp.10 -12]. In the Byzantine era, trade reached its highest point and

furs were used not only because of the cold climate in Constantinople but also for ornamental purposes for both men and women [Pouliopoulos Leonidas, 1994, p. 34].

Afterwards in the Ottoman era, Constantinople (now Istanbul) remained the heart of fur trade, where furs from Russia and other countries of northern Europe constantly were coming in the city. In 18th and 19th century fur exhibitions starts to develop and Leipzig becomes the largest exhibition center in central Europe where many western Macedonians furriers from Kastoria and Siatista are there from the beginning [Brass Emil, 1925, pp. 286-7]. After the Second World War the biggest Exhibition Centre becomes Frankfurt. Apart from Frankfurt, significant fur exhibition are being held in Milan, Italy and Kastoria, Greece. In the decades of 1970 and 1980 the fur economy makes a major boom in both Europe and North America. Traders and furriers of Kastoria and Siatista conquers the markets of Frankfurt and New York mainly and also other countries such as Austria, France etc.

The furriers of Kastoria and Siatista within two decades are becoming legendary for the following reasons:

- First because they were very skilled and fast working furriers. Mainly the so-called 'mechanics' that were using the sewing machine, they were gaining very high wages because of their speed and accuracy in work.
- Were very productive in all the stages of the manufacturing process and they wouldn't accept to be paid by the time but by the piece(piecework).
- Within a few years became great businessmen although they started as simple workers without any special education at an academic level.
- The technique of using the fur scraps (clipboard), as a specific and innovative feature of manual processing, identified the region of Kastoria and Siatista.

- In recent decades, the fur market in Frankfurt, failed to handle the bulk of the fur trade and nowadays western Macedonia is the only remaining fur industrial center in the western world.

In the late 80's-early 90's the negative signs start to appear for the fur industry, mainly in Western Europe. The International Fur Fair of Frankfurt with a history of 60 years seizes to exist in 2006. On the other hand, the International Fur Fair of Kastoria continues not only to grow but also to take place in modern and bigger facilities. The Greek businesses find a way to markets of Eastern Europe after the collapse of the Soviet Union. The Russian market is now the biggest customer of fur production not only for the Greek products, but also for other European [European fur clothing (ready fur coats) that comes to Greece and with the appropriate processing covers the needs of the new markets] fur clothing.

Before the collapse of the Soviet Union and the emerge of new markets in the Eastern Europe, fur exports were mainly addressed to Germany and USA, but for many years now export trade is focused to Russia. Russian consumers buy furs not only in Russia but they are traveling to Greece and buy furs from Kastoria, Halkidiki Katerini, Crete, Rhodes, etc. In these places it has been created the so-called "storefronts fur selling", mainly from furriers of Western Macedonia.

Over the past decades with the opening of China's free market economy, the fur industry and economy is growing rapidly in China. As a result, all the fur production centers in Europe, USA and Canada have been diminished or disappeared while the production center of Greece in Western Macedonia (Kastoria and Siatista) resists and withstands the Chinese competition.

The Greek furriers affected by the allocation system of Scandinavian furriers have already decided from the beginning of 1980's to establish an association[Grassroots company that would operate with the form and statutes of a limited company]. This official association would sell their goods, mostly the 'unfinished', the so called 'bodies or pleter' [Furs shaped in scraps from rug,

measuring 2.30 x 1.20 cm] through auctions, in order to circumvent the unfair competition that existed between the fur producers.

The furriers convinced the Greek state and through European programs established in Kastoria the Fur Exhibition and Auction Center of Kastoria(from now EDIKA S.A), a venue that has exhibition spaces and other storage area of 24.000 s.m. The responsible governing body to operate this building is the cooperative union of Kastorian furriers, which operates as a joint-stock (grassroots) company, called EDIKA S.A.

The philosophy behind the establishment of this joint venture company of Fur, as referred to the Article 3 paragraph 1 of the company's Statute, was among others the formation of a common idea in the foreign buyer that will buy products from the original trademark of Kastoria – Siatista and not from an individual producer [Statute of EDIKA S.A. 2247/31-5-1982].

The main dilemma of company's administration was if the furs should be sold from the individual furriers themselves inside the exhibition or anonymously by employees of EDIKA SA with the system of codes. Finally, an intermediate solution decided that would allow producers to sell their products individually on branded kiosks involving themselves in the management of their sales, along with the creation of a smaller room, where they would be furs with the system of codes being sold anonymously by employees of EDIKA.

Unfortunately, the system of codes could not overcome the system of brands, with which furs were sold by the producers themselves in the expedition center. But the system of branded kiosks had too many negative aspects, so it was requested by the management of EDIKA S.A to prepare a study to determine if there is an alternative mean of disposal for the furs.

So, by using the results of this study we mention the advantages - disadvantages of the system of ‘codes’ which are the following[Study for the operation of the Fur Exhibition Center of Kastoria (2000), p. 16-17]:

Advantages:

1. Stop of the unfair competition between the producers/furriers.

2. Common brand-respect from customers.

3. Design depending on market needs.

4. Reduction of sales cost.

5. More free time for the furriers since they will not sell the products themselves.

6. Minimizing the risk for customer solicitation.

7. Reducing the time spent by the buyer to choose the product he wants.

8. Enterprise Ability for rational and economic space management in times of crisis.

9. Better and more attractive presentation for all the exhibited products.

10. Convenient environment for the client.

11. Configuring pricing policy without internal competition.

12. Controlled policy of funds.

13. Quality fur exhibits because of the direct control.

14. Liquidity because of the direct payment.

15. Best prices for consumers because of the lower operating costs.

Disadvantages:

1. Risk creating external competition between the furriers.

2. No option for discount.

3. Danger for a small collection of products in periods of high demand.

4. Danger of requirement for high prices from the furriers because of the stock.

5. Stiffness in the order intake.

6. Risk for non-equal distribution of sales by the code exhibitor.

7. Low fur production because of the not direct payment.

These are just some of the elements from a study carried out many years before but never implied, because neither the exhibitors nor the executives of the EDIKA S.A really wanted this. Today the system of brands is showing signs of decadence and there is a danger of bankruptcy. From the one hand the uncontrolled solicitation from the fur exhibitors in favor of their businesses and on the other hand the inability of administration to support the whole system is threatening the investment made thirty years ago to collapse.

We believe that the system of 'codes' (the sale without the intervention of the furrier – producer) would work perfectly as it happens in the Scandinavian countries. Where there is a possibility the furrier can be paid with a percentage of the exhibits, which he will provide to the system of codes. Also, the administration and operation of the company should be made by professional managers.

The auction houses of Denmark, Finland and North America apart from having great amounts of capital for financing and paying the producers, have professional managers to operate their businesses. But the truth is that the comparison of the two business practices should be done with caution, since they are different products and different conditions.

The product sold by fur farmers through auctions is a raw material; the product sold by furriers in Greece is a final product and is susceptible to changes according to fashion and customer's desire. Of course the practice of disposal through auction or codes would be easier with the semi-finished fur products (body from fur-scraps), but this category of products is in decline since the raw material of fur scraps is exported in China.

Conclusion

Sales of the semi-finished fur products (boots and strings) in the production area could be made either through auction or through the system of codes. Final fur products could be sold in the production area through the EDIKA SA association with the system of codes under stringent conditions. The fur has the element of uniqueness and specificity as the customer himself and is very difficult to adapt with the concept or semi-finished fur.

The retail and wholesale of the final product (fur garment) have many in common, as the wholesale customer has many similarities to the retail customer. The after sale service has requirements that is very difficult to be fulfilled by the system of auctions or the system of codes.

In conclusion, the semi-finished products (body) could be auctioned or sold through codes system, but the fur garment (final product) because of the peculiarities mentioned is almost impossible to be auctioned and very difficult to be sold through codes system, if not provided, payments in advance to the producers before the sale and with the delivery to the showrooms of the company.

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