

Dressed for dinner

Tired of trying to compete with cheap imported clothing, a small fashion company has taken an unusual change in direction. **By Kristen Le Mesurier**

A flood of low-cost imports can bring any business to its knees. One small South Australian family business, Ennio International, came up with a creative solution to the problem. Its owners, Gervasio and Giovanna Mercuri, had manufactured high-fashion knitwear for 25 years when, faced with competition from lower-cost imports, they decided to stop dressing people and start dressing meat.

They slowly steered the business towards making the netting used in meat packaging, a market in which overseas competitors with lower costs would not beat them on price. To outsiders, the link between fashion and meat may seem tenuous, but Ennio International's managing director, Ennio Mercuri, the son of the two founders, says the shift was natural.

"Our understanding of the equipment and the technology we used for knitting could be applied to the technology used for meat netting," he says. "We were quite easily able to move from textile clothing to industrial textiles."

Ennio International now exports 25% of its patented meat netting to Britain, Ireland, Sweden, Bulgaria, Poland, Israel, the United States and Canada. It had revenue of about \$5 million in 2004-05, and annual revenue growth has been in double figures for the past five years. In 2004-05, Ennio International's revenue increased by 13%.

The Mercuris went into the meat-netting industry cautiously. The family studied the materials they used in the packaging process. And they kept their knitwear business running until they were confident they had the product and market to succeed.

Ennio Mercuri says: "We took it slowly while we tested meat netting. Eventually we decided it was the better option, but that decision took four years to make. We had to be able to say that we can think of a better way to make that."

Ennio International has spent hundreds of thousands of dollars on innovation over the past 12 years. Mercuri says his business would not have survived without that investment. "You cannot underestimate the

importance of innovation. Continually striving to improve our products has guaranteed, and will guarantee, our success."

The family also invests heavily in intellectual property rights. Ennio International holds 10 patents and annual fees run to \$30,000-40,000 a year. Mercuri says patents are worth the expense.

In 1994, their two-in-one knitted and tubular-casing product was patented; now Ennio International is the only manufacturer in the world to produce it. "Patents protect our technology and keep us ahead of competitors," Mercuri says. Ennio International has since applied for 10 patents to protect a range of netted products.

Ennio International has a firm hold on the domestic market — it controls about 60% of the Australian market in some product lines — and Mercuri says that future growth opportunities lie overseas. The company has spent the past three years pushing into overseas markets.

The biggest challenge is Australia's distance from Europe and the Americas. Many Australian businesses begin exporting to New Zealand or Asia, but Ennio International had to look further afield to reach its customers. "Asia is not a big market for us because they do not consume large amounts of the meat our product packages, so we have to look at countries that are further away," Mercuri says.

Ennio International has been exporting to Canada since 1996. Mercuri says one of his biggest problems has been the six weeks it takes to send products to Canada. In 2004, Mercuri opened a distribution and storage centre in Chicago to counter the delay. "When someone orders from Canada or the United States, we don't have to wait for the netting to arrive from Adelaide to fill the order. We can service our customers locally." ●



ENNIO MERCURI: "We can think of a better way to make that"

REINVENT YOUR BUSINESS

EXPAND

Consider breaking into a new industry that requires a similar knowledge base.

RESEARCH AND DEVELOPMENT

Invest in R&D. Find better ways to do things. It is easier to break into a market armed with a competitive edge.

INTELLECTUAL PROPERTY

Protect intellectual property, products or processes with patents.

GO GLOBAL

Research overseas markets; they often present good growth opportunities.

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