



MCZ GROUP:

THE PROFILE OF THE EUROPEAN LADY OF FIRE IN THE WORDS OF ITS PRESIDENT, GIACOMO ZANETTE

Like most people from the Friuli region, Giacomo Zanette is a practical man of few words and many actions. With a passion for skiing, golf and spearfishing, this 60-year-old calm and elegant man is responsible for the extraordinary growth of MCZ Group, which has now reached a turnover of 115 million after starting with just 8.3 million euros in 2002.

A company that currently employs 475 people in Italy, Croatia and, more recently, France.

Let's start from the beginning: when was MCZ founded and when did you join the company?

The idea of founding MCZ came from my mother, Lidia Pizzinato. She was a dynamic woman, full of initiative. After more than 20 years working in the building materials store owned by her husband, Silvio Zanette, she decided it was time to set up her own business. Why buy materials from others that could be produced easily and at a low cost? Therefore, **in 1975**, Lidia took care of finding a warehouse and machinery and then founded **Manufatti in Cemento Zanette**, with five employees and a rather masculine but promising business, ranging from fencing to flooring, as well as bases for indoor and outdoor fireplaces. From the 1980s onward, outdoor fireplaces or barbecues greatly contributed to the company's success. When I joined the company in 1985, my mother and my cousin, Walter Breda, now Managing Director of MCZ Group, had only just acquired their first major foreign customer, active in the large-scale retail sector in Austria and Germany.



Lidia Pizzinato, MCZ founder, in a 1995 picture

When did MCZ emerge in the heating sector?

We began to produce the first closed fireplaces around 1993. These fireplaces were nothing like traditional open fireboxes, since they were designed to fully exploit the calorific value of wood with much higher yields. A few years later, in 1998, by taking over a specialised company, we also began to produce wood-burning stoves. We then experienced a major turning point at the turn of the millennium, **in 2000**, when we decided to no longer focus on the concrete flooring sector. So, we sold the MCZ Pavimentazioni division and reinvested all of our assets in **developing the wood-fuelled heating division**. It was a very tough decision for us, since flooring generated good profits at the time. But we sensed that fireplaces and stoves could offer far more interesting prospects. We had to wait several years to see the results of that intuition. But the waiting paid back. In 2006 there was a boom in demand, especially for pellet stoves, at first in Italy and then across Europe. By then, MCZ had acquired the know-how and technology to compete with better-known players in the heating sector.

Can you briefly describe the current structure of the Group?

Today, the group has eight of the leading brands in the biomass heating and range cooker industry, each of them specialising in a specific product category, marketing positioning or distribution channel. The **MCZ brand**, which ranks in a mid-range market and is distributed exclusively through specialised retailers, offers high-performing stoves and fireplaces with an outstanding design. The **Red brand** offers heating systems that combine pellets with solar technology, such as boilers and stoves, but also storage cylinders and solar panels. The two niche brands, **Sergio Leoni** and **Arco**, are dedicated, respectively, to handmade ceramic stoves and steatite wood-burning and pellet stoves. The **J.Corradi brand** offers a selection of wood-burning range cookers, the classic kitchens of old, now with better performance and a modern design. Thanks to the **Sunday brand**, the company has a prominent role in the European masonry barbecue market. The **Cadel brand** is positioned in the medium-low price range in the specialised distribution channel, whereas **Freepoint's** pellet stoves are sold through major European distribution chains, such as Leroy Merlin and Brico. Finally, in January 2017, the historic French brand **Brisach** was acquired, a fireplace manufacturer with a network of more than 110 single-brand stores.



Giacomo Zanette and his son Riccardo; he entered the company in 2014 and now holds the role of Export Manager

What was the strategy behind all these acquisitions in recent years?

The Group's goal is to increase its market share by completing its range with various product categories related to biomass (fireplaces, stoves, boilers, range cookers and barbecues) while determining the various price ranges and distribution channels, from specialist ones to the large-scale retail sector. To achieve this, we have decided to proceed with acquisitions, although we also rely on internal expertise in order to support our growth in a balanced way. At present, we have greatly streamlined our production method in line with lean manufacturing principles, so that we can guarantee a much-needed varied range, but also high production efficiency in all the areas that we operate in.

What was MCZ Group's trump card to compete in Italy and, especially, abroad?

Since its foundation, MCZ Group has always felt the need to broaden its vision and not just focus on the Italian market. This is not an easy path, yet it is necessary, especially given the stagnation of the domestic market. Today, **70% of our turnover comes from exports**. Unlike other companies in Italy, we have managed to offer products with a more international design, not overly influenced by Italian style. In particular, we have set up a network of assistance centres in all the countries we operate in. Products such as stoves, especially pellet stoves, feature complex technology and thus require adequate technical support. Skilled technicians, constantly provided with training and refresher courses at our company, can work on our stoves and ensure their perfect operation throughout Europe.

Which are your priority markets?

In our priority markets (Italy, France, Germany and Switzerland), MCZ Group operates directly and has developed its own sales network. In other countries (Belgium, Spain, Portugal, the UK, Denmark and Poland), we rely on importers, sometimes leading ones, as in the case of Belgium. For us, France is our leading market in terms of turnover. In fact, more than one third of our overall sales are in France, where MCZ is a well-known brand, especially for pellet stoves, which meet customer tastes and requirements.

How has the industry evolved in the last years? And what are the prospects in the next future?

Up until 2013, the crisis actually helped us, ironically, as it encouraged people to look for alternative ways of saving, and pellet stoves actually allow heating costs to be reduced by 40-50% compared to gas or diesel boilers. The drop in oil prices and the changes in many countries in terms of renewable energy incentive policies have made pellet stoves less convenient and have resulted in a sharp slowdown in the growth recorded by the industry between 2006 and 2013. MCZ Group nevertheless succeeded in **closing 2017 with an important growth, +14,6% compared to 2016**. To continue being competitive, we are investing in products that offer increasingly cleaner combustion, which comply with the most stringent certification in terms of emissions and yields. Yet, we also want to focus on the emotional and furnishing value of objects such as fireplaces and stoves, which now hold less importance in terms of savings, and also need strike an emotional chord with consumers.



How have your business strategies evolved over the years?

Over the years, we have developed a partnership strategy with our resellers in the markets where we operate directly. For us, this entails ongoing support, protecting the pertaining territory and price protection. And this choice has rewarded us. Today, our sales outlets are not as numerous as those of our competitors, but they are more specialised and qualified, as well as offering top quality service to end users. In fact, service is what will increasingly make the difference, given the increasing technological complexity of our products.

How did you define the brand identity of your top brand, MCZ?

MCZ was one of the first to understand the emotional impact that heating appliances have in the home environment. **Design** has always been a key feature for us, in fact it has allowed us to make the brand stand out against the competition. In 2011, we were the first company in the industry to receive the prestigious IF Product Design Award for Toba, a model that greatly influenced the shape of pellet stoves, which until then were rather plain and not so well designed. Over the years, MCZ has built a sophisticated, cutting-edge and innovative image for itself, conveyed by using outstanding photos with a **strong emotional impact**, taken strictly in real environments. In terms of content, MCZ has set itself apart by trying to **explain fire** and all its aspects in a simple and direct way, with innovative content created especially for the end user. The yourfire.com project, for example, stems from our desire to convey the emotion of fire in a new, determined way while providing correct information that can also stir emotions (www.yourfire.com).

Linea is part of the pellet stove line "for the hallway" which MCZ launched in 2011 in order to meet the new requirements of contemporary living.





Plasma wood-burning fireplaces collection, launched in 2017, is already in accordance with the strict regulations of Ecodesign 2022

What are the company's prospects in the short and long term?

in these last years, we have worked hard to prepare ourselves for the challenges of **Ecodesign**, very stringent regulations on emissions into the atmosphere that will come into force in 2022, which will certainly mark a breakthrough for the industry. As for medium and long term prospects, the pellet market in France is not as mature as the Italian one, so we expect there is still good potential for growth there. We are also becoming increasingly interested in emerging markets, such as Russia, China and USA. At the same time we are aware of the fact that, in addition to biomass, new systems are now being developed to produce energy for domestic consumption, such as photovoltaics or geothermal energy. We are not ruling out the idea that there may be interesting growth prospects in these areas for our Group. We tend to never underestimate any direction, as risky as it may sound.

Images can be downloaded by clicking on the following link:
www.ergo-online.it/press/MCZGroup_Profile.zip

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