

## Chapter 9

# Cultural Identity in the Productive Matrix: A Challenge for Ecuadorian Footwear

**Sandra C. Varela**


*Technical University of Ambato, Ecuador*

**Jorge L. Santamaría**

 <https://orcid.org/0000-0001-7896-3657>

*Technical University of Ambato, Ecuador*

**Marcelo Pilamunga**

 <https://orcid.org/0000-0001-9736-9899>

*Technical University of Ambato, Ecuador*

### ABSTRACT

*The revolution in Ecuadorian shoe industry represents a big challenge because of the proliferation of imported products. This tariff advantage put the Ecuadorian entrepreneurs in a comfort zone, evidencing a stagnation in the evolution of products with differentiation strategies in opposition to globalized products. To this problem are added limiting factors such as raw materials and imported inputs. The current work studies the situation of the Ecuadorian entrepreneurs of the National Camera of Footwear in the Tungurahua province in order to know its reality and determine strengths and weaknesses of the sector and strategies to promote the productive matrix of Ecuador. The research exposes the impact that a proposed product can have from a strategic vision of differentiation through sustainability of Ecuadorian footwear.*

## INTRODUCTION

According to the study published by Transparency Market Research in 2013 (Revista del Calzado, 2017), the worldwide footwear industry is growing rapidly. The study indicates that, for the period 2012-2018, the market reached around 211.500 million dollars and it is also noted that in this period the footwear industry production grew 1.9% annually. In recent years, there have been great changes in the evolution and diversification of footwear products, reaching great impact in international markets.

Revenue in the Footwear market amounts to US\$435,139m in 2019. The market is expected to grow annually by 4.2% until 2023 (www.statista.com, 2019).

Countries such as China, India, Italy, Spain and Portugal have been considered historically as powers in the manufacture of footwear (Pontoni, 2003). Each of them bases their growth strategies on aspects such as the low cost of their raw material, the low cost of workforce or the speed and efficiency when supplying the market with new products. It can be said that these aspects are related to common denominators, such as: research, development and innovation in the product, with a high knowledge of the market as an essential factor regardless of the utility, comfort, durability or benefit of the product.

In the last years, Asian countries have become the largest footwear producers in the world, although very rarely if ever with brands from their own country. Thus in 2017, of the first five countries in footwear production, four were Asian: China, India, Vietnam and Indonesia (Revista del calzado, 2018). In 2018, the same five countries were leading the list (Revista del calzado, 2019). The first non-Asian country in the top was Brazil, in fifth place, which does has both, a strong industry and its own brands. The second Latin American country was Mexico in eighth place in 2017 and 2018. The first European country was Italy in tenth place and Spain ranks 16<sup>th</sup> in the same years.

At the same time, the study is carried out on the knowledge of the needs, preferences, lifestyles, colors and specific factors of each type of consumer, which are bombarded with a wide variety of products, this situation, in turn, influences the decision of consumers to acquire more than they really need, making this a solid and promising industry. China has consolidated its position as a leader in the manufacture and marketing of footwear worldwide, and leaves in the background countries such as Italy and Spain, which have reduced their volume of production, with the need to think about new strategies, based mainly on a product, more attractive in terms of product design and conceptualization. In order to accomplish this, they have taken risks in terms of costs, but have achieved a good reception due to their added value. Another fundamental factor that exerts a considerable influence on consumers is the quality of materials, inputs and productive processes that serve to enhance productivity and competitiveness, and thus, supply markets and satisfy consumer needs.

According to Fuster-García, Spain is the second footwear manufacturer in the European Union followed by Italy since 2009, with about 2300 companies and an approximate production of 118 million pairs of shoes, reaches a value of 2,059 million euros. Leather footwear manufacturing stands out with an approximate production of 25% of the world total, of which 16% is destined for export. Both countries currently maintain their dominance (Revista del calzado, 2019).

Competitiveness, as a result of international economic integration, has generated a setback in the footwear sector in Spain, due to the competitive threat posed by products of certain quality and low cost benefited by social and labor policies, with which is very difficult to compete. Additionally, other types of advantages based on human talent and technological development are required to survive in the market. Strategies, such as product delocalization, product differentiation and its commercialization, have also been fundamental pillars in the restructuring of the sector.

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