Chapter 10

Etnika: A Model for the Cultural and Creative Identity of Ecuadorian Footwear

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ABSTRACT

Currently, the Ecuadorian footwear industry faces competitiveness problems with products that enter the country with advantages in terms of quality, design, and price, factors that have captured the preference of local consumers. The purpose of this work is to highlight the value of design in the footwear industry in Ecuador, contributing with a proposal focused on ethnic fashion, using typical and traditional Ecuadorian elements and forms as a strategy of differentiation in the generation of products with identity, which allow competitiveness within the national market and subsequently international. For this purpose, Etnika was born, a brand of traditional Ecuadorian women’s casual footwear, that proposes the application of a business model focused on “slow fashion” based on a specific market study, which has shown preference in aspects that involve factors such as new materials, design ethics, eco-friendly manufacturing processes, fair trade, quality, and added value.

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INTRODUCTION

Footwear production and exports have continued their growth in 2018, remaining highly concentrated in Asia, where approximately 9 of each pairs of shoes are manufactured (APPICAPS, 2019a). According to APPICAP’s (2019a) annual report, footwear production worldwide grew by 2.7%, reaching 24.2 billion of pairs in 2018. Asia is the leader of the global footwear production with 86.2% of pairs produced in this continent, followed by far by South America with 5.0% and Europe with 3.3% (APPICAPS 2019b). Global footwear exports have also increased by 4.3%, reaching a record of 142 billion dollars, but in terms of volume it is still below the record of 15.2 billion pairs achieved in 2015. China is still the leader, however it has lost market share for the second consecutive year, for the benefit of competitors such as India, Vietnam and Indonesia. The same report underlines that Asia is also the main consumption market accounting 54%, followed by Europe and North America, both with 15%.

Among the Latin American countries, Brazil is in the fifth place on the APPICAP’s (2019b) top 10 of footwear consumers countries, with a world share of 3.8%. However, the political and economic volatility in the region affects the Latin American footwear market. In 2016, due to the economic problems in Brazil, Mexico overtook Brazil as the region’s largest footwear market (Euromonitor, 2017). Euromonitor (2017) estimates that footwear in Latin America had a 2% positive growth between 2011 and 2016 and mentions, as other important contributors to this growth, Chile and Colombia.

Euromonitor (2017) underlines that footwear growth in Latin America has been negatively affected not only by the volatile political and economic climate but also by high inflation and protectionist policies. One of the countries that adopted different protectionist policies to footwear importations is Ecuador. The country applied a mixed tax and a surcharge to importations (Córdova Pacheco & Paredes, 2016), which has led to the reduction of footwear importations (Paguay Balladares, 2016). But, as a consequence of the pressure of the World Trade Organization (WTO), Ecuador decided to eliminate completely the surcharges to importations by June 2016 (WTO, 2016). However, footwear production in Ecuador initiated a decline even since 2015, when the production dropped from 35 million of pairs to 34 million (Moreta, 2016a). Exports have also continually dropped since 2015, reaching only 8.160 exported tones in 2017 from the 23.428 exported tones in 2014 (PROECUADOR, 2019).

The members of the National Footwear Chamber (CALTU) have adopted as strategies for the recovery the sales the acquisition new technologies, the training of the workforce and the implementation a laboratory for physical-mechanical tests (Moreta, 2016a). Santiago León, Minister of Industries, said in an interview to the newspaper El Telégrafo (2016), that the sector records internal sales of around 100 million dollars, while the figure of its exports is 52 million dollars. However, footwear imports are around 147 million dollars. Therefore, it seems that during the protection policies, the Ecuadorian footwear industry failed to position its products as an attractive options on the national market. Thus, Ecuadorian footwear manufacturing firms should search for other strategies in order to gain a strong market position, such as the development of strong national brands by offering products with high added-value. The industry should also explore new market niches and take advantage of the new trends in fashions, such as slow fashion (Euromonitor, 2016).

Since 2000, one of the most widely used bets in Latin America is the introduction of added-value products through design. Designs based on identity culture, especially from South America, have been used profusely since it is booming, although there are contradictions between the original approach to indigenous clothing (culture, durability, identity) and this approach more focused almost exclusively on fashion (Mújica Roncery, 2018). This issue has been present in the fashion industry since the 1980s (Martínez Barreiro, 2006), leading to the creation of the concept of “cultural economy” (Mújica Roncery, 2018).
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