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GIOVANA DOMINGUES FLORES

THE MEN FOOTWEAR INDUSTRY IN BRAZIL: CHALLENGES AND
OPPORTUNITIES

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GIOVANA DOMINGUES FLORES

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Thesis presented to Escola de Administração
de Empresas de São Paulo of Fundação
Getulio Vargas, as a requirement to obtain
the title of Master in International
Management (MPGI).

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Empresas

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Committee members:

Prof. Dr. Carlos Eduardo Lourenço

Prof. Dr. Maurício Morgado

Prof. Dr. Vivian Iara Strehlau

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ABSTRACT

After a deep economic crisis that started in 2014 and the entrance of Chinese products in the Brazilian footwear market, many manufacturers and retailers have experienced drop in sales and mass layoffs. These events served as a trigger for the study of the underlying factors that have caused the unfortunate events affecting the footwear industry. The purpose of this paper is to gather an industry perspective on what are the main threats the Brazilian footwear industry is facing nowadays and assess whether they are long or short term ones. In order to understand how these factors have impacted in the long term competitive advantage of the chain, 4 interviews were conducted with people working for a retail chain, a questionnaire was sent out to 9 manufacturers of leather shoes, and an online survey was sent out to more than 100 men about their consumption habits of footwear. The changes perceived in consumer preferences represented the biggest threat, given that new trends related to sports shoes and sneakers shifted the focus of the consumer towards international brands and shoes made of different material rather than leather, such as rubber, textile and EVA, mainly produced in China. This threat represents not only a temporary state of the fashion trends, but rather a long term one based on technological innovation and research that are permitted these companies not only with superior products, but also with lower production costs derived from cost efficiencies which are hard to compete with and imitate by the local manufacturers.

KEY WORDS: Footwear, shoes, leather, industry, Brazil, China.

RESUMO

Após uma profunda recessão iniciada em 2014 e a entrada de produtos chineses no Mercado de calçados brasileiro, muitos fabricantes e varejistas enfrentaram queda nas vendas e demissões em massa. Esses eventos serviram como gatilho para o estudo dos fatores subjacentes que causaram os eventos lamentáveis que afetaram a indústria calçadista. O propósito deste estudo é consolidar a perspectiva da indústria sobre quais são as maiores ameaças que o mercado de calçados brasileiro enfrenta nos dias de hoje e avaliar se são ameaças de longo ou curto prazo. Para entender como esses fatores impactaram na competitividade da cadeia, 4 entrevistas foram conduzidas com pessoas trabalhando para uma rede varejista, um questionário foi enviado para 9 fabricantes de calçados de couro e uma pesquisa online foi enviada para 100 homens sobre seus hábitos de consumo de calçados. As mudanças percebidas relacionadas às preferências do consumidor representaram a maior ameaça, dado que novas tendências voltadas para calçados esportivos e sneakers mudaram o foco do consumidor para marcas internacionais e calçados produzidos com outros materiais que não o couro, como borracha, tecido e Eva, majoritariamente produzidos na China. Essa ameaça representa não apenas um estado temporário das tendências da moda, mas sim uma de longo prazo baseada em inovação tecnológica e pesquisa, que permitiu que essas empresas não só fabricassem produtos superiores, mas também com custos de produção muito mais baixos devido a ganhos de eficiência que são difíceis de competir e de serem imitados pelos fabricantes locais.

PALAVRAS CHAVE: calçado, sapato, couro, indústria, Brasil, China.

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1. Introduction

In 2017, Brazil was the 4th biggest shoe manufacturer in the world, participating with 4.7% in the global production (Andrade & Corrêa, 2001), only behind China, India and Vietnam. To occupy the 4th position, nevertheless, is no good news, given that it used to be only behind China and India until 2014. In the recent years, the country lost competitiveness both in the domestic and international market: from 2014 to 2017, when the world production was growing 10% a year, the Brazilian was dropping by 7.3%. Regarding to exports, Brazil is ranked in the 11th position in number of pairs, behind countries such as the Netherlands, which only re-exports shoes rather than manufacture them. When the ranking is done considering total value of shoes exported in US\$, Brazil classifies in the 17th position, which means that the price of the Brazilian footwear is lower than the average global price. In the sectorial report made by Abicalçados, many factors have influenced in the bad performance of the sector, such as the high production costs due to elevated tax burden, inefficient and expensive logistics, bureaucracy, indirect labor costs, among others.

Regarding to consumption, the Brazilian market is the 4th biggest in the world, representing 4.2% of the worldwide consumption in 2016 (Abicalçados, 2018), which is still way behind the 3 top countries, which are China (16.8%), India (14.1%) and the U.S.A (12.3%). In regards to shoes per capita, on the other hand, Brazil occupies 31st position, with 3.9 pairs per capita in 2016.

Accordingly to the authors Forte, Moreira, & Moura (2006), in 2004 the footwear sector was the 3rd most important item in the Brazilian trade balance. More than 150 countries imported from Brazilian shoe manufacturers, which generated around US\$ 1,5 billion and more than 113 million pairs going out of the country every year (Abicalçados, 2018).

In relation to the imports, Brazil occupies the 51st position, being responsible for only 0,2% of the world imports of footwear. The most important shoe importer is the U.S.A, with 22,7% of the total imports. Japan, occupying the second place, accounts only for 6,4%, with more than 16 p.p. difference from the first ranked (Abicalçados, 2018).

In 2014, Brazil had a record production of 980,8 million pairs of shoes. In the years that followed, the country faced a deep economic crisis. Even if there is a global recession happening at the same time, according to Otto Nogami, professor at the Insper, a renowned Brazilian university, only 20% of the Brazilian crisis is to blame on the global scenario. The main reasons that led to the actual recession were economic decisions made by the government such as to force an unjustified low interest rate, subsidize the price of key assets such as fuel and energy, and all of that with no economic support or background. Those actions costed the government not only the economic health and stability of the country, but also the president's sit. The economic recession led to a deep political crisis that had, as a consequence, the impeachment of the president at the time, Dilma Rousseff (2016).

The crisis hit every economic activity in the country, and also for the footwear segment. In the years of 2015 and 2016, the production accumulated 8.3% decrease (Abicalçados, 2018). A number of 1,2 thousand shoes manufacturers closed doors, accumulating a loss of 30,5 thousand of jobs in the period from 2014 to 2017 (MTE - RAIS/CAGED). Since then, even though in 2017 the production increased 1.1% in relation to the previous year, the footwear market is still suffering from economic stagnation, foreign competition mainly on online channels, and changes in the consumer preferences (G1, 2017). Footwear coming from China has made competition really hard in the sector, including for Brazil's significant drop in its exports due to the much better price of the Chinese products in the international market (Forte, Moreira, & Moura, 2006).

2. Objective

This study aims to understand what pressures the footwear industry in Brazil is facing in the present, and if these pressures can be considered long term threats for the survival of the industry. The analysis is made from an industry perspective, which means that all information disposed in this paper is assumed from the perspective of the retailers and manufacturers in the footwear segment in Brazil, and the conclusion is elaborated considering the opinion of those on the industry side of the chain.

3. Contribution to Literature

The contribution of this project is to put together insights from experienced people in the footwear industry in order to analyze what are the main challenges and opportunities they face in the future given the current state of the market. By analyzing the factors that can be considered a threat, the author aims to pose some reflection for the players in the industry to elaborate strategies and take better business decisions in the future considering the main takeaways from this paper.

For the academics, this paper is useful as it provides exclusive insights from the retail and industry perspective, as well as a survey with consumers, that can be further analyzed by an interested reader of the topic. It also provides conclusions that can be later on confirmed or disconfirmed by future studies, when new information on the topic is made available.

4. Market Overview

4.1. The history of the Brazilian footwear industry

The arrival of the first Germans to Rio Grande do Sul in 1824 was a remarkable moment for the Brazilian footwear industry. They established themselves in São Leopoldo, in Vale do Rio dos Sinos, and brought their experience in manufacturing saddles and rudimentary shoes made out of the leftovers of leather used to manufacture other objects.

To seize the demands for shoes that arose during the time of the Farroupilha Revolution (1835-1845) and the Paraguay War (1864-1870) it was necessary to improve the infrastructure of these manufacturers, even though the production was still totally artisanal. The region took advantage of the proximity with the most demanded raw material in the segment at that time: leather.

In 1850, the Italians arrived in Franca, a city in the state of São Paulo. The city was growing because of the coffee industry, and therefore the Italian immigrants seized the opportunity to establish themselves there and started evolving their ability of shoe manufacturing. By that time, the Italians were, and still are, one of the most knowledgeable shoe producers in the world, occupying the 2nd place in the worldwide

ranking of shoes exports in value (US\$) in 2016 and 7th place in terms of number of pairs, which proves the high aggregated value of Italian footwear (Abicalçados, 2018).

The advent of the sewing machine in the decade of 1870 was another important moment for the industry, and several other technological improvements were made until 1920, what made possible for the production to become somewhat more industrialized, even though it still had a strong artisanal appeal.

For a certain time, the sector experienced some stagnation. It was only in 1960, after 40 years of stagnation and again in the Vale dos Sinos, that the exports in great volume, especially to the U.S., provided the sector with exponential growth, putting the country in the map of the most important players in the sector. According to the Brazilian Association of the Footwear Industry, Abicalçados, the first big export happened in 1968, from a company named Strassburger with a shipment to the U.S. At the begging, big international brands outsourced the production to Brazil and then imported the products, but with time that model was being slowly substituted by external sales of Brazilian brands with more aggregated value to the product.

Throughout the time, Franca (SP), dominated by Italians, specialized in men shoes. The region of Vale dos Sinos (RS), with its German manufacturing knowledge, specialized in women shoes, and now it counts with more than 20 municipalities that have shoe manufacturing as the major economic activity.

The region of Vale dos Sinos is the main intelligence developer for the productive chain. It hosts companies, universities, technologic centers, machinery manufacturers, service centers, components and raw material manufacturers. Accordingly to Abicalçados, in 2012, there were around 380 shoe manufacturers in the region that employed more than 9 thousand people. The executive director of Abicalçados, Heitor Klein, was categorical to affirm that the arrangement of the Vale dos Sinos cluster in Brazil is unique, and there is nothing like it anywhere in the world, not in such a compact and comprehensive way.

The cluster formation in theory should serve to favor competition, once they attract new entrants and intensify rivalry among the players, which on the other hand also improves exchange of information and collaborative forms of production.

Nevertheless, in the Brazilian case, new entrants most of the times try to copy the already existing competitors instead of adding something new. This behavior inhibits players to invest in innovation, since they know they will soon be copied, and therefore their main instinct is to shut out new entrants (Souza, Paula, & Fuck, 2012).

Ruppenthal (2001) divides the industrial activities that take part in the footwear industry as follows:

- (1) Leather industry: includes all the industries involved in the cultivation of leather: cattle ranches, slaughterhouses, meat lockers, tanneries, chemical inputs factories, among others;
- (2) Footwear industry: include manufacturing of components, chemical inputs, machines, equipment and the manufacturing of footwear itself;
- (3) Distribution network: everything related to the distribution of the output, including exporters, retailers, home distributors, department stores, and so on.

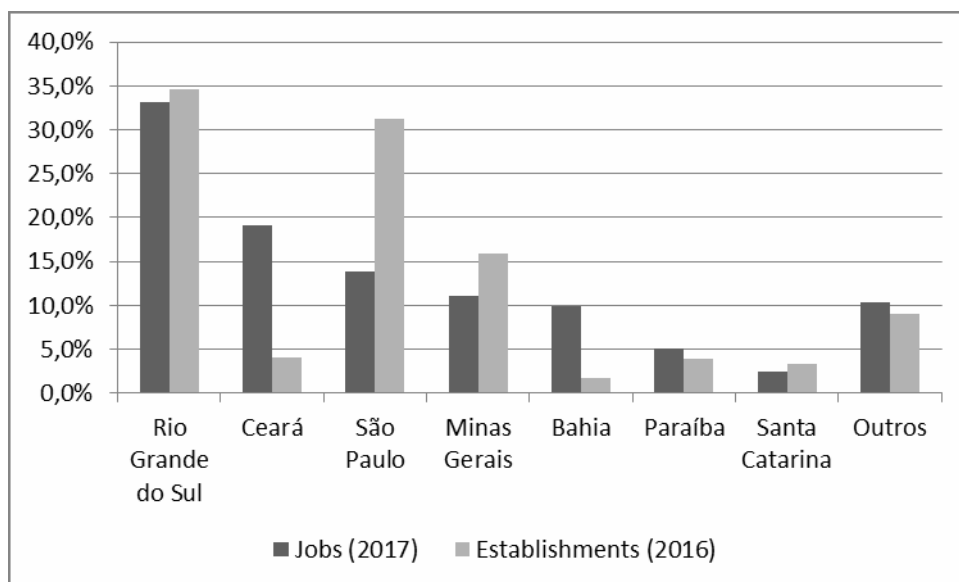
The footwear is constituted of a superior part, the upper, and an inferior one, the sole. The upper covers and protects the superior part of the feet, and the sole is the part of the shoe that stands in between the feet and the ground. All footwear components can be found in Annex A, but the components will vary depending on the category of footwear (SEBRAE, 2012).

Some of the materials used to manufacture footwear are described below:

- (1) Leather: usually used in the upper of the shoe, but can also be used in almost any part of it. Many social shoes have also the sole composed in leather. The main advantages include bigger lifespan and resistance.
- (2) Textile: Both natural and synthetic textiles are used in the upper and insole. They provide more flexibility, lightness and comfort. They are mostly used in children shoes and sports shoes.
- (3) Injected materials: they are used to make soles and heels. Those might include PVC, PU, ABS, TR (in Portuguese abbreviation).
- (4) Vulcanized materials: the main material is natural rubber, that is very resistant and have good adherence to the ground, besides being light and flexible. The EVA is one of the most used in Brazil. It is light and soft for soles, and can be produced in a variety of different colors.

4.2. Domestic market

Data from 2016 stated that the sector today counts with more than 7.1 thousand companies producing footwear spread around the country, producing an average of 800 million pairs a year and in 2017 it was responsible for employing more than 279 thousand people (Abicalçados, 2018). Also, the predominance of medium and small sized companies can be easily noticed in the data collected on the Annual Report of Social Information of the Labor and Employment Ministry (MTE) that stated that in 2017, 90.3% of the companies in the footwear sector were employing up to 49 people, 8,6% were employing from 50 to 499 people and only 1% had more than 500 employees. The sector, therefore, is characterized by a huge segmentation, with many small players that count with basically artisanal production in small scale. The states that concentrate the biggest number of small sized companies are: Rio Grande do Sul, São Paulo, Minas Gerais, and Santa Catarina. In the Northeast, on the other hand, is where the big companies stand, as shown in the graph below:



Graph 1 - Distribution of jobs and number of establishments throughout Brazil: by States.
Source: Abicalçados, 2018

The northeast, region of the biggest companies, is also the region that have the biggest overall production, participating with more than 50% of the number of

pairs produced. The southeast and south regions, together, produce most of the other half, as stated in the Table 1 below.

Table 1 - Segmentation of the Brazilian footwear industry per Region: participation in number of pairs.

Region	2015	2016	2017
North	0,2%	0,2%	0,2%
Northeast	54,0%	53,2%	51,9%
Midwest	0,9%	0,9%	0,9%
Southeast	21,5%	22,4%	23,3%
South	23,3%	23,3%	23,7%

Source: Abicalçados, 2018

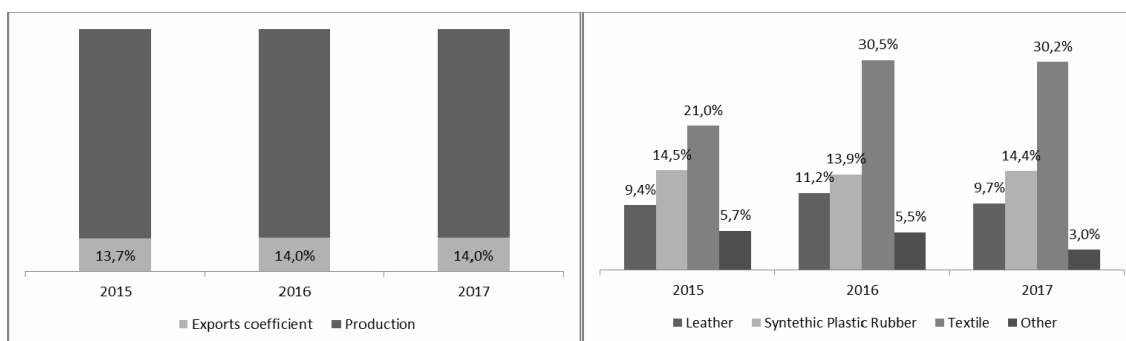
When analyzing the materials that compose the Brazilian footwear production in 2017, 49.8% is made out of plastic/rubber, 25% is made out of synthetic, 20% is leather and 4,2% is fabric. The main types of shoes regarding to its uses are stated in the Table 2 below.

Table 2 - Segmentation of the Brazilian footwear production by categories: participation in number of pairs.

Uses	2015	2016	2017
Flipflops	45,8%	45,7%	45,4%
Casual + Social	40,6%	40,8%	40,3%
Sports	9,3%	9,4%	10,0%
Security	3,7%	3,6%	3,8%
Orthopedic	0,6%	0,5%	0,5%

Source: Abicalçados, 2018

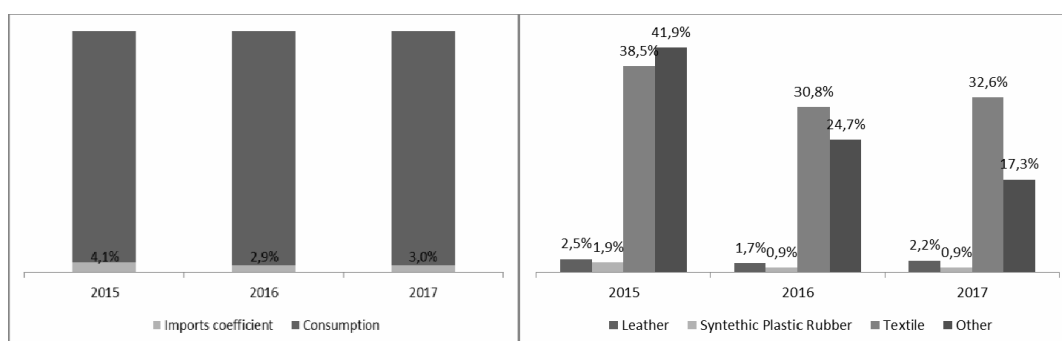
In the year of 2017, the domestic consumption expanded 1.2%, and the domestic production had a very similar growth rate of 1.1%, which leads to the conclusion that the domestic demand was supplied by the Brazilian manufacturers. In general, in 2017, only 3% of the consumption was supplied by imported products. In the same year, we exported 14% of our products. The shoes made out of textile – mostly sports shoes - are the ones that have the biggest imports and exports index. In 2017, 32.6% of the consumption of textile shoes in Brazil came from other countries, and we exported 30.2% of our domestic production.



Graph 2 - Exports coefficient of footwear in Brazil: in number of pairs.

Source: Abicalçados, 2018

Note: On the left, considering footwear as one category, and on the right, considering segmentation of types of footwear.



Graph 3 - Imports coefficient of footwear in Brazil: in number of pairs

Source: Abicalçados, 2018

Note: On the left, considering footwear as one category, and on the right, considering segmentation of types of footwear.

The states that produces the shoes with more aggregated value are São Paulo and Rio Grande do Sul, that have shoe prices above the national average, according to Abicalçados. It is possible to identify that these states are ranked 3rd and 1st, respectively, when analyzing exports in value (US\$) and 5th and 2nd in number of pairs.

In terms of purchasing habits of the population, according to a research conducted by the company Kantar Worldpanel for Ablac (Associação Brasileira de Artefatos e Calçados), in 2017, the men footwear segment was the only one that experienced growth. It registered a 4% increase in volume and 20% increase in value. On the other, the women segment had a 11% decrease in volume, but a 0,3% increase in value. The research interviewed 10.8 thousand families, representing a

total of 160 million people of all Brazilian regions. Moreover, according to the research, 60% of the Brazilians bought only one pair of shoes in 2017, which represents a 15% decrease in comparison to the previous year. The frequency of purchase has gone up 7%, which represents going to the stores 3.1 times a year, but that did not compensate for the loss of buyers. The average volume has decreased 2% to 1.2 pair of shoes per visit to the store. The average price of the shoe was of R\$ 71.18, an increase of 4.22%. The average money spent at the store was of R\$ 91.09, 12% more than in 2016.

When analyzing by social class using Associação Brasileira de Empresas de Pesquisa (ABEP) standards, class A consumes 9 pairs of shoes for each package of beans, class C consumes, for each package of beans, 2 pairs of shoes (G1, 2015).

4.2.1. The men footwear market

In relation to gender, 38.8% of the Brazilian footwear production have non classified gender - unisex, orthopedic, or security – 64,9% are women shoes (mainly produced in the South, in the region of Vale do Rio dos Sinos and Jaú), 24.7% are men shoes (mainly produced in Franca, in the state of São Paulo) and 10.4% are children shoes (mainly produced in Birigui, São Paulo).

According to a research conducted by Fecomércio in 2015, the Brazilians spent R\$ 22 billion with shoes in 2014, a value that represents three times the money used to prepare all the stadiums for the World Cup. Out of those 22 billion, R\$ 12 billion were spent by women, and R\$ 10 billion by men, which is a difference of 20%.

Marcelo Paludetto is commercial director of Democrata, a company that produces and sells men shoes and accessories all over Brazil and in some other Latin American countries. According to him, in the recent years, with the economic crisis, the prices had to be readjusted to fit the consumer's disposable income. The collections of shoes that grow the most are the Denim, focused on casual shoes, and Air, focused in comfort, with soles that absorb the impact (G1, 2017).

Paludetto also mentioned how susceptible men are to crisis: “first the son, the wife and lastly the man, he is always the one that sacrifices”. For him, it is also clear

how the behavior of people have changed: “they dress less social clothes and more casually. So we are adapting our portfolio to that” (G1, 2017)

4.2.2. The footwear cluster in Franca

Franca is the most important city in Brazil when it comes to men leather shoes production. The cluster employs today more than 28 thousand people, and in 2011 it was the 9th city in the country that generated the most jobs. A study conducted by SEBRAE with 37 municipalities that are focused on the manufacture of leather shoes, Franca stood out as the city that presents the higher level of regional specialization – the level of economic specialization was 36.7 times superior to the national average – consolidating the city as the most important Brazilian cluster on that activity.

At the beginning of 2011, there were, in total, a chain of 1.015 companies in the city, of which 283 are suppliers, 265 are service providers and 467 are footwear manufacturers (of which 290 are associated to SindiFranca). In 2010, the city exported to 59 countries (SindiFranca).

With the economic crisis and the indiscriminate entry of Asian products in the country, more than 11.2 thousand people lost their jobs in the city (Castelani, 2012). In 2017, the city experienced the worst production, of only 27 millions of pairs, 10.9% less than in the previous year. (Tiengo, 2018)

4.2.3. Asian products

According to Sergio Knorr Velho, technician from MCTI (Ministério da Ciência, Tecnologia, Inovações e Comunicações) in 2016, the world production was set in around 22 billion pairs of shoes a year, and 90% of that is produced in China. Even though most of the production stays inside the country, it still shows how China has become the most important player in the segment, making it hard for other countries with higher prices to compete.

One of the main reasons is the technological factor. For Mr. Knorr Velho, the Brazilian footwear industry is years behind in terms of innovation and technology,

which is reflected on the weak performance on patent registration in a global level. While Brazil only had 600 patents in 2015, China has done more than 120 thousand requirements.

Although shoe manufacturing is seen as an activity intense in low skilled labor, Chinese companies have tried to invest in technology and innovation (Souza, Paula, & Fuck, 2012). The Brazilian industry, on the other hand, have access to a great amount of leather and other raw material such as synthetic and fabric, even though the Brazilian leather is not of good quality - it shows a lot of porosity and not much shine due to precarious conditions and bad treatment suffered by the livestock in the farms (Francischini & Azevedo, 2003). This represents a lack of cooperation and synergy among the value chain of the shoe industry, which also impacts on the aggregated value of the shoes produced in the country.

According to the “Sindicato da Indústria de Calçados de Franca” (SindiFranca), 34 million pairs manufactured in Asia entered Brazil in 2011, an increase of 19% to the previous year. This number is very close to the 37 million pairs manufactured by the same year by the 1.015 companies associated to SindiFranca. The annual Brazilian production was of 895 million pairs. (Castelani, 2012)

For José Carlos Brigagão do Couto, then president of SindiFranca and coordinator of the Productive Chain Committee of Leather and Footwear of the São Paulo State Industries Federation (FIESP), the formula for the Chinese success is based on three factors: state of art technology, low production costs and the evolution of product quality. A Chinese factory worker is 7.8 times cheaper than a Brazilian one. (Castelani, 2012)

Even though there is a tax of US\$ 10.2 per pair of footwear produced entirely in China, SindiFranca believes it is not efficient and is committed to prove the maneuvers practiced by Chinese producers in order to escape from the antidumping taxation by creating fake companies in countries such as Indonesia and Vietnam – since the taxes are only on 100% Chinese products, they would be pretending that part of the product was produced in those countries. Another strategy practiced by the Chinese products would be what is called *elision*: since the taxes are only valid

for finished products, they would divide the shoes in two parts, and send it through different harbors, with the same end destination where they would be turned into a single product again. (Castelani, 2012)

The countries from which Brazil imports the most, in number of pairs, are respectively Vietnam, China and Indonesia. China is the one with the lowest average price from all three. Most of the shoes imported by Vietnam and Indonesia are sports shoes, which elevate the value of the imports. In regarding to material, 54.2% of all pairs imported in 2017 were made out of textile, 15% was leather and 20.4% was synthetic. Of all pairs imported, only 19,6% were sports shoes. Most of the total (77.6%) was classified as “other” (everything that is not sports shoes and flip-flops) by Abicalçados.

The antidumping taxes were what saved the Brazilian industries from complete extinction (Brigagão de Couto, 2016). The numbers show that, previously to the taxation, in 2009, the Asians sold US\$ 183.6 million in shoes to Brazil. In 2015, this volume was reduced to US\$ 45,9 million. (Tiengo, Indústrias de Franca têm pior produção de calçados em 20 anos, 2016)

According to Brigagão de Couto, “Brazil needs to take action, the problem is here and not there. Why can them export in a lower price and we cannot?” (Translated from Portuguese to English by the author).

5. Literature Review

5.1. Men footwear

In the present study, we segmented men shoes into 7 different categories:

- (1) Flip-flop: a type of sandal, usually of plastic or rubber, with a thong between the big and second toe (see in Annex B, item 1).
- (2) Trainers: rubber sole athletic shoe designed to a specific sport or activity, developed to improve the performance of the individual wearing them when practicing sports (see in Annex B, item 2).
- (3) Sneakers: rubber sole, canvas-topped athletic shoe, with a more fashionable attribute than the one above but with a sporty look (see in Annex B, item 3)

- (4) Formal shoes: usually made of leather and mainly used in formal occasions, such as work events, parties or special occasions (see in Annex B, item 4).
- (5) Casual shoes: in Portuguese, what we would call “sapatênis”, which is a shoe that can be used for casual occasions. The difference between casual shoes and sneakers is that casual shoes can be made of leather, and do not have such a sporty look (see in Annex B, item 5).
- (6) Sandals: a shoe with either openwork upper or straps attaching the foot to the sole (see in Annex B, item 6).
- (7) Boots: a type of footwear that covers the entire foot, the ankle, and sometimes the leg (see in Annex B, item 7).

5.2. Product Management

According to Kotler & Keller (2012), a product is not just the tangible asset, but also everything else involved in the offering to satisfy a need or desire of a customer, including the physical object, services, experiences, events, people, places, information, ideas, and so on.

A product has many levels of value for the client. They are:

- (1) Central Benefit: it is what the client is really buying. In the footwear industry, the central benefit is clear: footwear.
- (2) Basic Product: after realizing what the customer wants, the professional must turn that into a product. Then it can be a shoe, a boot, a sandal, and so on.
- (3) Expected Product: represent a series of attributes that the client expects from that product. In the footwear industry, what customers expect from footwear has changed over the years (G1, 2017). In the emerging countries, is it mostly on that level that companies compete (Kotler & Keller, 2012).
- (4) Amplified Product: where the product exceeds the client's expectations.
- (5) Potential Product: includes all possible improvements that the product or service will have to be submitted to in the future to please the customers.

In relation to these aspects, the present study will focus on the Expect Product attributes, which is where most of the players in the Brazilian footwear segment play and compete against each other.

A product can also be classified accordingly to its durability. According to Cooper (1994, p5) "durability is the ability of a product to perform its required function over a lengthy period under normal conditions of use without excessive expenditure on maintenance or repair". There are many ways to measure the durability of a product, such for long it exists, how many hours it can be used or how many operational cycles it has. There are two classifications available:

- (1) Durable good: is used or consumed over a period of time of more than 3 years, assuming average rate of physical usage (US Census Bureau, 2018).
- (2) Non-durable good: is consumed entirely over a period of less than 3 years, assuming average rate of physical usage (US Census Bureau, 2018).

The definition of durable and non-durable good is controversial, since different sources may differ on the ideal number of years after which a good is classified as durable. The OECD, for instance, had 1 year instead of 3. In the present study, footwear is classified as semi-durable.

In terms of purchasing habits of clients, products can be classified as:

- (1) Convenience goods: are those which the consumer buys frequently, without much effort, many times for impulse.
- (2) Compared purchase goods: the consumer is attentive to whether it is adequate for his or her need, the quality, price and model. Therefore, the customer usually compares the alternatives before purchasing.
- (3) Specialty goods: the consumers are willing to make an extra effort to buy that specific product which he believes has very unique features. The product does not have to be placed in a convenient place because consumers will go wherever they have to in order to acquire that product.

For the product to stand out and provide the brand with a unique identity, it should be different from the competitors in aspects such as form, features, customization, performance, conformity, durability, reliability, style, and so on (Garvin, 1987). Below, follow the analysis of the 5 most important features to be considering when analyzing footwear:

- (1) Characteristics: products may come with complementary features that add to the basic functionality of it. The company may find out what features the consumers value by conducting interviews and surveys, and then select new appropriate features, followed by an analysis of viability based on the value for the customer and the cost for the company of each potential feature. It is also necessary to consider if the competitors will be able to copy that new feature rapidly in order to decide whether it is advantageous to proceed with the project (Bertini, Ofek, & Ariely, 2009).
- (2) Performance quality: this item basically refers to how the basic features of the product perform. The quality of the product is an increasingly important aspect for differentiation since, in today's world, companies are adopting ever more a business model where they offer more value for less money. An ideal level of quality must be projected for the target market.
- (3) Conformity quality: consumers expect all units of the company to have the same quality and to perform at the same level, at the risk of disappointing some consumers.
- (4) Durability: consumers value the durability of a product, and will take that into consideration when making purchase decisions.
- (5) Style: describes the visual feature of the product, and creates a differentiation that sometimes is hard to imitate. The aesthetics of a product play an important role, even in home appliances, and even more in fashion products such as footwear. The design offers functional and aesthetics aspects that appeal both to the consumer rational and emotional side (Chitturi, Raghunathan, & Mahajan, 2008).

6. Data Gathering

This section of the present study elucidates what are the sources of information that are used to analyze the theory above for the Brazilian men footwear market.

In the present market study, both primary and secondary data are analyzed. The secondary data used is from official sources such as Euromonitor, IEMI

Inteligência de Mercado, Associação Brasileira das Indústrias de Calçados (Abicalçados), Associação Brasileira dos Lojistas de Artefatos e Calçados (Ablac), EMIS, Serasa, and much more. This information will be used to understand better the market trends and characteristics.

Since there is not much information about this sector in Brazil, and much of the information is payed and hard to access, it is also important to have a source of primary data. It is a priority to guarantee that this paper should have information that will add to the topic and not just be a summary of the already available and easily accessible information regarding this subject. Therefore, 3 different researches are conducted, each of them aiming for a different perspective. As summarized in Table 3 below, a questionnaire was sent to footwear manufacturers in order to obtain industry perspective; qualitative interviews were conducted with people working at a retail chain; and an online survey were sent to Brazilian men in order to capture customer voices. More details about the different sources of information are provided in further sections.

Table 3 - Data gathering procedures



Souce: author, 2018

7. Research Approach

Research is the process of collecting, analyzing, and interpreting data in order to understand a phenomenon (Leedy & Ormrod, 2016). The three common approaches to conducting research are qualitative, quantitative and mixed methods. The first usually uses focus groups or in-depth interviews (Kothari, 2004) with a certain amount of people that will give their opinion on that subject. The quantitative approach, on the other hand, aim to search for patterns and therefore uses a large number of individuals to reply to surveys where the variables can be translated into statistical measures and meaning. In the present study, both qualitative and quantitative researches are conducted.

7.1. Quantitative Procedures

The data about the consumer was acquired through an online survey made on Survey Monkey, a platform where it was possible to add a set of up to 10 questions for free and easily spread it out through a link. This platform was chosen because it is easy to create and access the results. The main reason why a survey method was chosen to access the consumer's perspective was because of the rapid turnaround in data collection, where the biggest number of respondents was needed in order to capture an understanding of the actual consumption habits of the Brazilian consumers.

Thus, the objective was not to conduct any experiment or test any hypothesis, but simply to build an understanding of the overall consumer purchasing habits and uses of footwear.

7.1.1. The population & Data collection strategies

The respondents had to attend to the following requirements: a) man; b) above 18 years old.

For cost restrictions, it was not possible to pay for a panel of random respondents. The survey was sent through Facebook groups such as "Grupo Moda para Homens", with 1,281 members (checked on 09/08/2018) and "Moda Masculina",

with 8,331 members (checked on 09/08/2018), both with permission from the moderators of the groups. From those groups, there were only 8 respondents.

Out of 100 responses, 92 were acquired through WhatsApp groups, where most of the members belonged to the circle of the author's personal friends. This means there is a significant bias, since most of the respondents are from São Paulo, and belong to the medium high and high classes of the social sphere according to the official classification by ABEP. Therefore, the findings in this survey are not representative of the Brazilian population, but still provide interesting insights for the purpose of the present study.

7.1.2. The survey design

The survey was designed to take no longer than 5 minutes, and to get mostly numerical information regarding the purchasing habits of the respondents. There were 10 questions, of which 7 were about purchasing habits of footwear, and 3 were demographic questions that were added in order to be able to segment the respondents for a more accurate interpretation of the results. Question number 1, about the person's gender, will not be analyzed, since it has the only purpose of helping to exclude results that do not correspond to the requirement a) mentioned in the Section 7.1.1. Question number 2, about the age, will be analyzed just for those that fill the requirement b) in Section 7.1.1. The complete survey is template is in the Appendix A.

The questions in the survey were elaborate categorizing by type of footwear, such as: a) flip-flops; b) sports shoes (trainers); c) sports casual (sneakers); d) social shoes; e) casual shoes; f) boots; g) sandals (see Section 5.1. for description and Annex B for illustrations). Most questions used selection boxes so that the respondents would find it simple and, therefore, increasing the chances that they would fill the information until the end.

There are some pros and cons that should be considered when choosing to use selection boxes instead of text, as for instance narrowing down the number of alternatives in the respondents mind in order to fit the alternatives present in the

survey, and therefore providing biased results towards the opinion of the person that elaborated it. In order to reduce this downside and provide the maximum number of alternatives for the responders while at the same time keeping it simple and quick to complete, third parties were consulted by the designer of the survey so that they could provide their fresh insights on alternatives that could be as mutually exclusive and collectively exhaustive as possible.

7.2. Qualitative Procedures

The qualitative research method makes it possible for the participants to use their own words and expressions to describe their experiences in relation to a given theme or question (Markham, Van Laar, Gibbard, & Dean, 2008). By using the qualitative approach, the researcher can have a deeper understanding of the participant's view on a given phenomenon that is being analyzed (Silverman, 2000). The focus of the research is to make sense of the participant's perceptions and experiences, therefore on his or her subjective realities (Fraenkel & Wallen, 1990).

The interviews were conducted with employees of a company (referred to as the Company) and also with suppliers of this company, as detailed in Section 7.2.4.

7.2.1. The Company

The Company, as referred to in the present study, is a retail company that sells shoes and accessories for men in more than 30 stores spread throughout Brazil. In the present year, the Company is employing more than 300 people. The portfolio of the company's products include, in order of relevance, social shoes, casual shoes, briefcases, belts, wallets, and so on. The main material worked in the collections is mostly leather, and the target public are men belonging to upper and middle class segments, according to ABEP standards.

In the present study, for confidentiality purposes, the name of the Company will not be disclosed, as well as the name of any employee.

7.2.2. The in-depth interviews design

There were conducted 5 semi-structured in-depth interviews. The structure, as described by Gray, D.E. in his book “Doing Research in the Real World” (2009), resembles more to a “controlled conversation”, where the direction was defined accordingly to the interests of the interviewer. According to Bernard, (1988), when you do not have more than one opportunity to interview the participant, the best option is to use the semi structured model of questions.

The semi structured interview is composed by predetermined but open-ended questions, to incentivize the participant to express himself on his own terms and give new ways of seeing and understanding the topic (Given, 2008). The questions elaborated for each participant were different, considering the position they occupied inside the company, and therefore their expertise and familiarity to each subject.

7.2.3. The questionnaire design

Since most all manufacturers are located in Franca, a city 398km away from the center of São Paulo, where the Retailer and I are located, the method chosen to collect the responses was via email. The questionnaire was sent by the responsible for the relationship with suppliers inside the company. The questionnaire was sent out to 11 manufacturers in a word format, of which 9 responded.

7.2.4. The actors

There are 13 actors that are briefly described below:

- (1) Retailer: owner of the Company, men, 59 years old, more than 45 years of experience selling men shoes (see template of interview in Appendix B).
- (2) Supervisor 1: men, 40 years old, more than 15 years of experience in the segment, of which 15 working for the Company (see template of interview in Appendix C).

- (3) Supervisor 2: woman, 37 years old, more than 15 years of experience in the segment, of which 12 working for the Company (see template of interview in Appendix C).
- (4) Store manager: men, 35 years old, more than 12 of experience in the segment, of which 9 working for the Company (see template of interview in Appendix D).
- (5) Manufacturer 1: located in Franca, more than 23 years in the segment (see questionnaire template in Appendix E)
- (6) Manufacturer 2: located in Franca, more than 25 years in the segment (see questionnaire template in Appendix E)
- (7) Manufacturer 3: located in Franca, more than 18 years in the segment (see questionnaire template in Appendix E)
- (8) Manufacturer 4: located in Franca, more than 20 years in the segment (see questionnaire template in Appendix E)
- (9) Manufacturer 5: located in Franca, more than 40 years in the segment (see questionnaire template in Appendix E)
- (10) Manufacturer 6: located in Franca, more than 20 years in the segment (see questionnaire template in Appendix E)
- (11) Manufacturer 7: located in Franca, more than 22 years in the segment (see questionnaire template in Appendix E)
- (12) Manufacturer 8: located in Franca, more than 22 years in the segment (see questionnaire template in Appendix E)
- (13) Manufacturer 9: located in Franca, more than 28 years in the segment (see questionnaire template in Appendix E)

For confidentiality purposes, the answers of the participants are not displayed. A Confidentiality Agreement was signed by me and all the other participants. Therefore, in the present market study, just some passages were selected to be transcribed and translated from Portuguese to English, throughout the analysis from Section 9 on.

7.2.5. The researcher role

According to Creswell (2014) it is necessary to analyze what are the assumptions, values and thereby possible bias involved in the role of the researcher. The researcher, as the author of the present study, have worked in the Company for four months in 2017, and have experienced the economic crisis in the country that led to a significant drop in sales. It is believed that the knowledge on the shoe industry is beneficial to the work itself and qualifies the author to conduct the interviews. Besides, the author's position made it possible to contact people in the industry for the interview, such as two supervisors, a store manager, 9 shoe manufactures, and the retailer himself. On the other hand, having personal relations with the people being interviewed have some downsides. Since having worked in a position very close to the retailer in 2017, as his trainee, all of the other employees could be insecure about the intentions to show the owner of the Company what they have responded, and therefore the validity of their opinion may be compromised, especially when questions about the Company itself were brought up.

7.2.6. The setting of the interviews

In an in-depth interview, it is recommended that the setting is the same as where the participant usually experiences the situation under study (Creswell, 2014). Therefore, for the Store Manager, the interview will be conducted in the store and during the working hours. For the Supervisors, which will be interviewed at the same time, the interview is in the office, as well as for the Retailer. All of the locations are explicit on the table below.

Table 4 - Natural setting locations

Role	Natural Setting Location (São Paulo)
Retail owner	Office (Paraíso neighborhood)
Manufacturer owner	Retailer Office (Paraíso neighborhood)
Supervisor I	Office (Paraíso neighborhood)
Supervisor II	Office (Paraíso neighborhood)
Store manager	Store (Paulista Avenue)

Source: author, 2018

7.2.7. Data collection strategies

All data is collected within three weeks, the first two weeks focused on getting responses for the online survey, and the last week is when all the interviews are conducted. Only one interview is done with each participant, and the interview with the two supervisors is done at the same time, since it is believed that their opinions might complement one another and evolve into a richer discussion.

The interviews are all recorded with a smartphone, which all the participants are aware of before all the interviews start. During the interviews no notes are taken in order to keep the flow of the conversation, and also to keep the setting the more informal and relaxed as possible.

7.3. Data Analysis Procedures

The data analysis and collection for a qualitative research should be done as a mutual and complementary process (Merriam, 1988). In order to make sense of the data and be able to organize the main findings, it is important to use as many categories as possible (Jacob, 1987). These codes, which are exhaustively mentioned by many authors on data procedures analysis, serve to identify patterns and themes that are in common among all the participants, and thus make it easier for the researcher to understand the influence of each theme in the overall study (Agar, 1980).

After each interview, a transcript is made out of the recordings, and each transcript is printed, as well as the questionnaires sent back by the manufacturers, and the data is revised repeatedly, and common topics are grouped for further analysis.

For the quantitative results, after reached to 100 respondents, graphs are elaborated explicating the results of each question. Besides, there are simulations with the data received to complement the understanding of the findings.

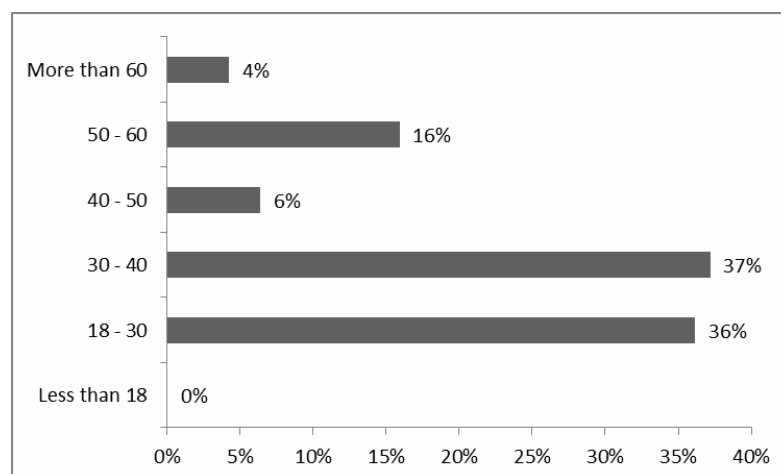
In the end, the findings from both qualitative and quantitative data are matched in order to provide the reader with a richer discussion.

8. Survey Results

The survey results were grouped into 6 categories for analysis, and each correspond to specific questions of the online survey: 8.1. *Demographics* (questions 2 and 3), 8.2. *Channels* (question 4 and 5), 8.3. *Purchasing frequency* (question 6), 8.4. *Occasions of use* (question 7 and 8), 8.5. *Considered Attributes* (question 9), 8.6. *Preferred brands* (question 10).

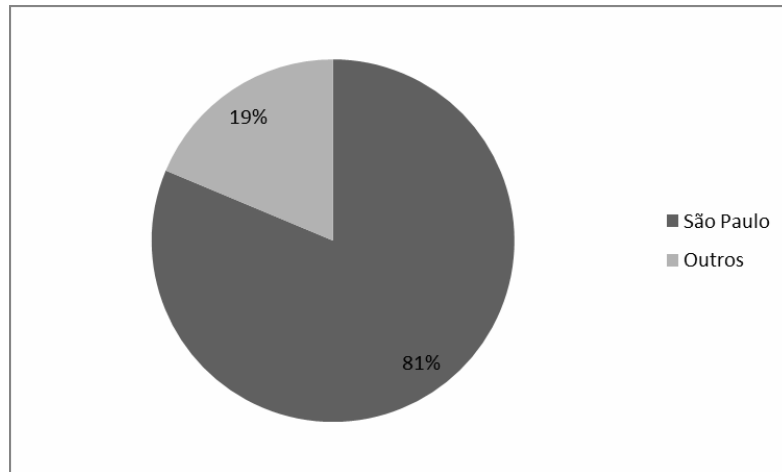
8.1. Demographics

Out of the 100 men that responded to the survey, 73% are between 18 and 40 years old (see on Graph 4) and 81% of the respondents live in the city of São Paulo (see on Graph 5), capital of the state of São Paulo. This has strong implications for the interpretation of the results - the population is not representative of the entire country, and not even of the city of São Paulo, since most respondents also belong to just two distinct social classes – the middle and upper middle classes – as stated in Section 7.1.1 with more details. Nonetheless, this survey provides important insights on how middle class men are changing their preferences and behavior regarding the purchase of footwear.



Graph 4 - Age groups - Online Survey

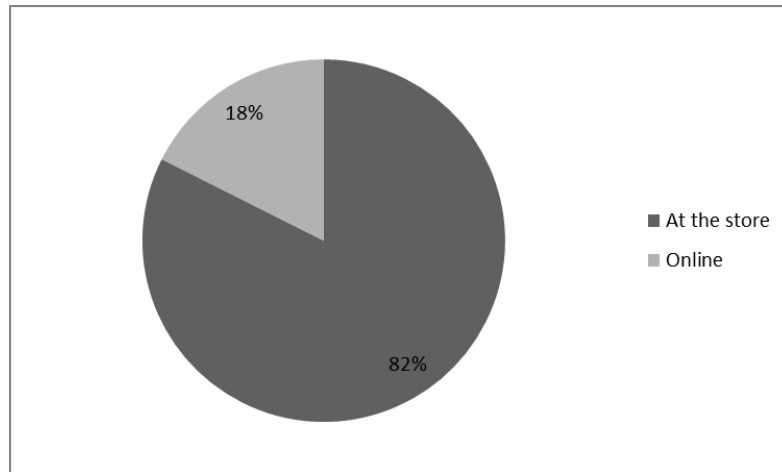
Source: author, 2018



Graph 5 - Location - Online Survey
Source: author, 2018

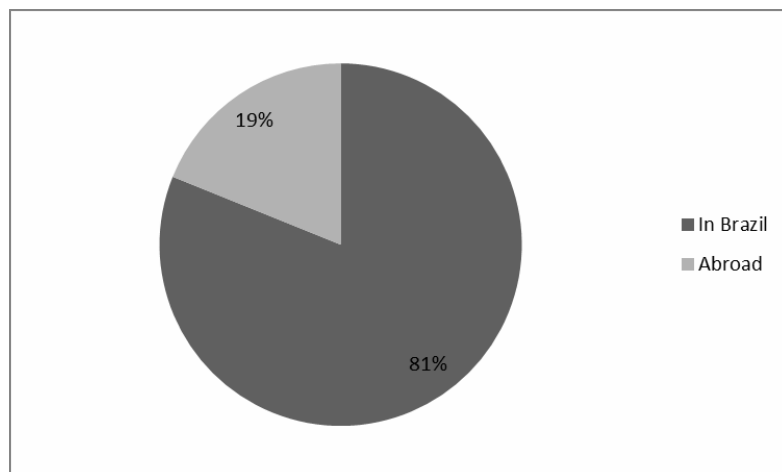
8.2. Channels

Even though e-commerce has been growing – for instance, 12,1% increase the first semester of 2018 compared to the same period in the previous year (Soprana, 2018) -, 82% of the people interviewed still do their shopping at the store, as shown in Graph 6. Maybe this result is influenced by the fact that e-commerce in Brazil is still not very well developed. A research conducted by the American consulting firm eMarketer, in 2018 approximately $\frac{1}{4}$ of the Brazilian population will do at least one shopping through the internet, which is still much less than in developed countries – in the U.K., for example, it is 76,3% of the population (Colagrande, 2017).



Graph 6 - Percentage of men that buy at the store and online - Online Survey
Source: author, 2018

Almost the same percentage of respondents (81%) buy footwear in Brazil, but an expressive number of 19% prefer to buy abroad, as shown in Graph 7. Brazilians buy abroad, especially in the U.S. because the same products in Brazil usually cost 2 or even 3 times more. Even if the flight is long and expensive, it is still cheaper per kilometer than flying inside the country (Bacha, 2013).



Graph 7 - Percentage of men that usually buy shoes in Brazil or abroad - Online Survey
Source: author, 2018

When crossing these information, it was it was possible to see that 89% of the men interviewed that buy abroad prefer to buy at the store, and only 11% of them

buy online. Out of the ones that buy in Brazil, only 19.7% buy online, and 80% prefer to buy at the store (see in Table 4 below).

Table 5 - Cross results of channels preferred: in total number of respondents

	In Brazil	Abroad	Total
At the store	65	17	82
Online	16	2	18

Source: author, 2018

8.3. Purchasing frequency

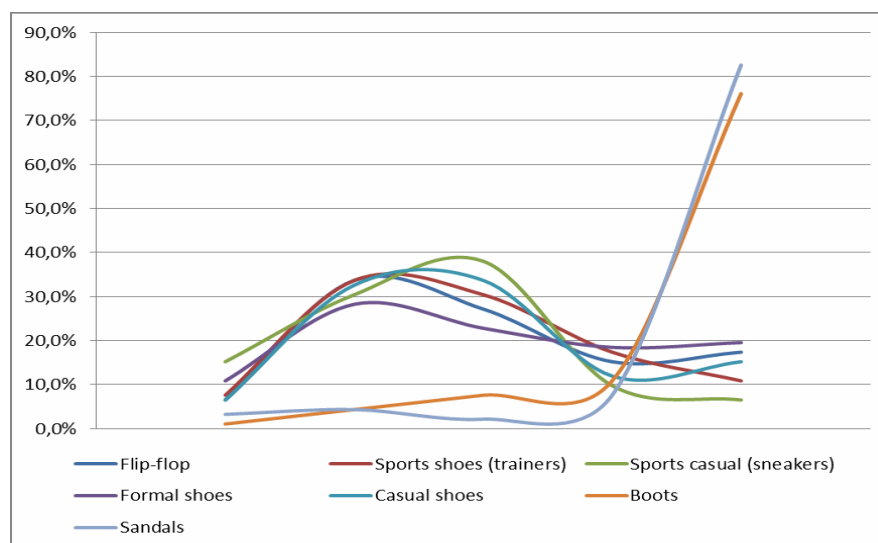
In regards to the purchasing frequency, the respondent's answers are stated in the Table 5 below. For the flip flops, the most selected purchasing frequency was every year (33.7%), sports shoes had the same percentage in the same category, while for sneakers the most selected (38%) was every two years. For formal shoes, the choices were more evenly spread across all categories, but the option "every year" was chosen the most (28.3%). For casual shoes, most of respondents buy them every two years, or every year. Boots and sandals, as we will see in later sections, most men do not use them, so most of them chose the option "every 4 years or less" for these categories.

Table 6 - Purchasing frequency of footwear: in percentage - Online Survey

	Every 6 months or less	Every year	Every two years	Every three years	Every 4 years or more
Flip-flop	6,5%	33,7%	27,2%	15,2%	17,4%
Sports sh	7,6%	33,7%	30,4%	17,4%	10,9%
Sports ca	15,2%	30,4%	38,0%	9,8%	6,5%
Formal s	10,9%	28,3%	22,8%	18,5%	19,6%
Casual s	6,5%	32,6%	33,7%	12,0%	15,2%
Boots	1,1%	4,3%	7,6%	10,9%	76,1%
Sandals	3,3%	4,3%	2,2%	7,6%	82,6%

Source: author, 2018

The Graph 8 below shows how often men buy each type of shoe in a curve. In the horizontal axis, the more on the left, the higher the purchasing frequency. The vertical axis represents how many people chose that given purchasing frequency. It is possible to see that formal shoes have the least steep curve, so the behavior is the most heterogeneous. Even though the one that men buy more often is sneakers, in general, they do not buy footwear much frequently, as shown on the low tip on the left.



Graph 8 - Purchasing frequency of footwear: curve - Online Survey
Source: author, 2018

This curve or frequency analysis does not predict which shoes sell the most. In order to arrive to that result, a simulation of how many of each of those shoes would have been sold in a period of 4 years is stated below, in Table 6. The simulation was done assuming a population of 100 men that show the same purchase habits as the ones analyzed above, and supposing that they buy only one pair of the footwear listed in the frequency stated.

Table 7- Simulation of footwear sold: 4 years - Online Survey

	year 1	year 2	year 3	year 4	Total	%
Flip-flop	46,74	73,91	89,13	106,52	316,30	16,0%
Sports shoes (trainers)	48,91	79,35	96,74	107,61	332,61	16,8%
Sports casual (sneakers)	60,87	98,91	108,70	115,22	383,70	19,4%
Formal shoes	50,00	72,83	91,30	110,87	325,00	16,5%
Casual shoes	45,65	79,35	91,30	106,52	322,83	16,3%
Boots	6,52	14,13	25,00	101,09	146,74	7,4%
Sandals	10,87	13,04	20,65	103,26	147,83	7,5%

Source: author, 2018

Supposing a footwear store had all the models listed in the table, the owner would have sold 316 flip flops, 332 sports shoes, 383 sports casual, 325 social shoes, 322 casual shoes, 146 boots and 147 sandals. That means that the model that he would have sold best is the sneaker, representing 19.4% of the total sales.

On the survey, when the respondents were asked to write how many of each category of footwear they had at home, we arrived to the results presented in Table 8 below.

Table 8 - Actual number of pairs - Online Survey

	Average number	Total number	%
Flip-flop	2,74	252	17,2%
Sports shoes (trainers)	3,11	286	19,5%
Sports casual (sneakers)	3,34	307	21,0%
Formal shoes	3,07	282	19,3%
Casual shoes	2,25	207	14,1%
Boots	0,82	75	5,1%
Sandals	0,59	54	3,7%

Source: author, 2018

The fact that the number was approximately the same can be considered a coincidence, given the fact that in the survey they were asked how many they have at home, not considering any time span. The most important thing to notice is that the sneakers, trainers and formal shoes occupied the same positions as first, second and third in both tables, increasing the validity of the results found in the survey.

8.4. Occasions of use

In order to analyze the occasions of use for each type of footwear, two different analyses were made. The first, in Table 8, shows how many of the 100 respondents selected each option of occasion. The respondent could choose as many options of occasions of use as he thought fit, the options being: bars, clubs, restaurants, work, at home, at their leisure time, to practice sports, never or other.

Table 9 - Occasions of use: in relation to total number of respondents - Online Survey

	Bars	Clubs	Restaurants	Work	At home	Leisure time	Practice sport	Never	Other
Flip-flop	25%	1%	12%	2%	87%	51%	4%	4%	22%
Sports shoes (trainers)	17%	8%	16%	9%	13%	49%	98%	0%	2%
Sports casual (sneakers)	77%	66%	86%	45%	25%	78%	3%	1%	2%
Formal shoes	8%	17%	23%	80%	0%	12%	1%	4%	23%
Casual shoes	53%	58%	70%	57%	11%	48%	0%	13%	5%
Boots	18%	18%	24%	23%	2%	27%	2%	52%	8%
Sandals	8%	0%	7%	1%	17%	24%	1%	65%	10%

Source: author, 2018

In the table above, it is possible to notice that 98 out of 100 respondents selected “practice sports” for sports shoes. Another expressive result was that 87% of respondents put that they use flip-flops at home. The third biggest number was 86% for sports casual at restaurants, 80% for social shoes at work and 78% for sports casual in their leisure time and 77% at bars.

The sports casual was the one with most different types of occasions of use, followed by casual shoes. The other ones had more specific occasions, for instance, flip-flops mostly at home and on leisure time, sports shoes mostly leisure time and to practice sports, social shoes mostly for work or restaurants or other (comments about weddings and graduations parties were present in the survey). For boots and sandals, most people never use them. In the comments, people stated the weather in Brazil is prohibitive for boots, and that sandals are too ugly.

The second analysis, on Table 9 below, shows what were the occasions that men use each footwear the most. In other words, in the first, the analysis is made in relation to the total number of respondents, and the second analysis is made for each category separately, providing a clear ranking of the most important occasions of use row by row.

Table 10 - Occasions of use: in relation to the total number of uses for each category - Online Survey

	Bars	Clubs	Restaurants	Work	At home	Leisure time	Practice sport	Never	Other
Flip-flop	12%	1%	6%	1%	42%	24%	2%	2%	10%
Sports shoes (trainers)	8%	4%	8%	4%	6%	23%	46%	0%	1%
Sports casual (sneakers)	20%	17%	22%	12%	7%	20%	1%	0%	1%
Formal shoes	5%	10%	14%	48%	0%	7%	1%	3%	14%
Casual shoes	17%	18%	22%	18%	3%	15%	0%	4%	2%
Boots	11%	11%	14%	13%	1%	16%	1%	30%	4%
Sandals	6%	0%	5%	1%	13%	18%	1%	49%	7%

Source: author, 2018

Even though the graph above provide a similar result as the one before, it is important to notice how the interpretation is different. Out of all different possible uses for flip flops, 42% of the occasions where is it used, is at home. For sports shoes, 46% of the time it is being used, is for sports practice. For sports casual, it is very evenly distributed, mostly for bars, clubs, restaurants and leisure time. For work, the most important occasion of use is at work, with 48% of the time of its use being spent at work. For casual shoes, it is the same as sports casual, and boots and sandals are mostly never used.

8.5. Considered Attributes

When asked about what attributes they considered the most important when purchasing footwear, the respondents had the options: price, comfort, fashion, brand, quality and other. The respondents could also select as many option as they thought applied. The same two analyses were made as in the previous section.

Table 11 - Attributes considered: in relation to total number of respondents - Online Survey

	Price	Comfort	Fashion	Brand	Quality	Other
Flip-flop	57,6%	71,7%	12,0%	29,3%	41,3%	3,3%
Sports shoes (trainers)	52,2%	91,3%	15,2%	52,2%	76,1%	0,0%
Sports casual (sneakers)	55,4%	73,9%	55,4%	32,6%	53,3%	2,2%
Formal shoes	53,3%	83,7%	25,0%	30,4%	76,1%	1,1%
Casual shoes	51,1%	77,2%	46,7%	29,3%	56,5%	8,7%
Boots	31,5%	47,8%	17,4%	10,9%	41,3%	37,0%
Sandals	29,3%	33,7%	12,0%	12,0%	27,2%	51,1%

Source: author, 2018

The Table 10 above shows that the attribute that was most selected was comfort, for all categories of footwear listed. The second most voted for all categories was quality, except for flip flops, in which the second attribute was price, and sneakers, which second attributes were both fashion and price.

Leaving boots and sandals out of the analysis, it is possible to notice that only half the respondents considered price one of the most important attributes for all footwear. Brand was only an important factor for most of the respondents when it comes to sports shoes. The other footwear for which the factor of fashion was considered, besides sports casual, was for casual shoes. Quality was most important for sports shoes and social shoes, where comfort was also the most important of all. The factor fashion and occasions of use related to time spent with friends and family in Section 8.4., such as bars, clubs and restaurants, had strong correlation. This means that they care about wearing something fashionable when they are surrounded by other people.

In the Table 11 below, the analysis focus on attributes most important for each category of footwear. The result, again, is very similar, but this time, it is more clear which attributes matter the most in each row.

Table 12 – Attributes considered: in relation to the total selected attributes for each category
- Online Survey

	Price	Comfort	Fashion	Brand	Quality	Other
Flip-flop	26,8%	33,3%	5,6%	13,6%	19,2%	1,5%
Sports shoes (trainers)	18,2%	31,8%	5,3%	18,2%	26,5%	0,0%
Sports casual (sneakers)	20,3%	27,1%	20,3%	12,0%	19,5%	0,8%
Formal shoes	19,8%	31,0%	9,3%	11,3%	28,2%	0,4%
Casual shoes	19,0%	28,6%	17,3%	10,9%	21,0%	3,2%
Boots	17,0%	25,7%	9,4%	5,8%	22,2%	19,9%
Sandals	17,8%	20,4%	7,2%	7,2%	16,4%	30,9%

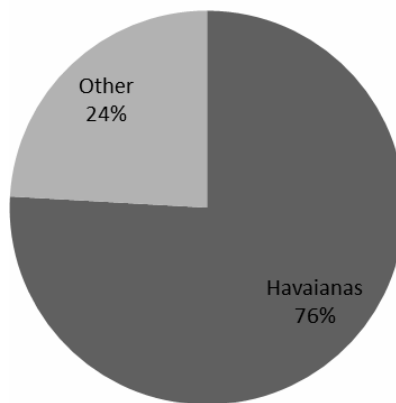
Source: author, 2018

The only categories where price was put before quality was for flip flops and sports casual, where price and fashion were ranked together in the second place. It is also interesting to notice that, for sports shoes, price and brand were the ones in a draw for the second place.

8.6. Preferred brands

The last question of the survey was not mandatory and, therefore, had a lower rate of response. The respondents were asked what their preferred brand for each category of footwear was.

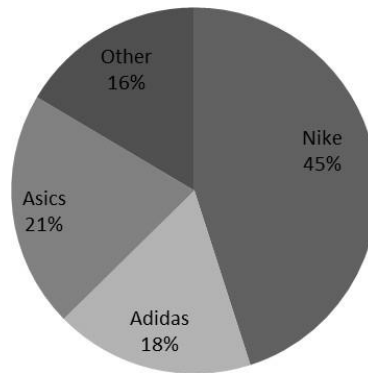
For flip-flops, there were 83 responses and 13 different brands came up, but Havaianas got a significant share of the results, as shown below on Graph 9. It was the only category that had one brand getting more than 50% of the mentions, which is quite significant.



Graph 9 - Preferred brands for Flip Flops - Online Survey
Source: author, 2018

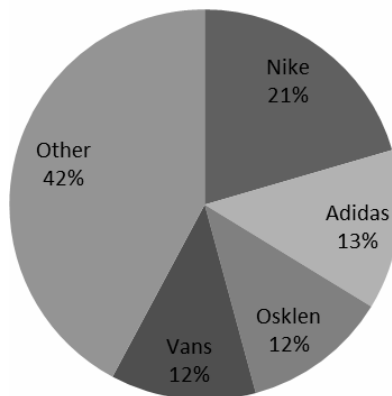
For sports shoes, there were 91 responses and 12 different brands came up, but the most significant ones are stated in the Graph 10 below. All the brands mentioned are foreign brands: Nike is an American; Adidas is German and Asics is Japanese.

Even if Nike, for example, is a foreign brand, around 60% of footwear and 80% of the clothes sold in the country is produced domestically through more than 55 outsourced industries in Bahia, Ceará and Rio Grande do Sul. (Cruz, 2009). Adidas adopt the same strategy, and hires 53 outsourced manufacturers located in Paraná, São Paulo, Rio Grande do Sul, Bahia, Santa Catarina and Ceará (Lobo, 2014)



Graph 10 - Preferred brands for sports shoes (trainers) - Online Survey
Source: author, 2018

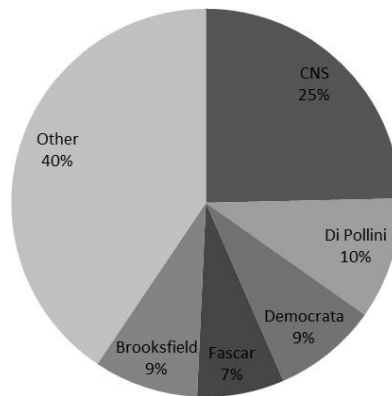
For sports casual, or sneakers, there were 27 different brands mentioned and 83 responses. The brands that got the most mentions are in Graph 11. Here, we can see that some respondents classified Osklen and Vans as selling sports casual shoes, which was not in accordance to the description in Section 5.1. Nonetheless, the leading brands were Nike and Adidas, with Nike still more 8 p.p.ahead.



Graph 11 - Preferred brands for sports casual (sneakers) - Online Survey
Source: author, 2018

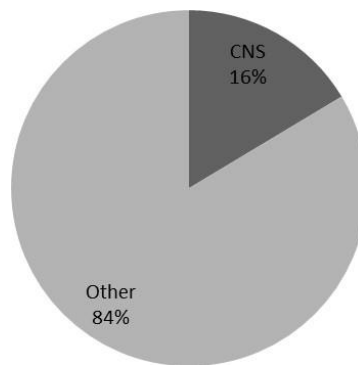
For formal shoes, there were 69 responses and 24 brands mentioned, of which the ones in Graph 12 below got the most mentions. CNS, the category leader, has a sample market share of more than double of the second place, Democrata.

It is important to notice that the all the most cited brands are Brazilian, the opposite of what we see in the previous categories of sports shoes and sneakers, which were dominated by international brands.



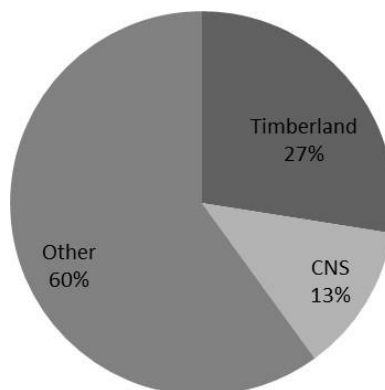
Graph 12 - Preferred brands for formal shoes - Online Survey
Source: author, 2018

For the category of casual shoes, which in Portuguese it is called “sapatenis”, CNS also stood out. No other brand had a significant number of mentions, since this category was the most segmented, with 61 responses and 32 different brands coming up in the results.



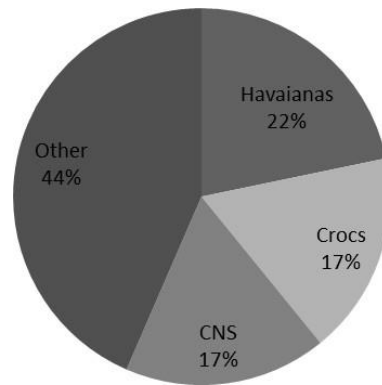
Graph 13 - Preferred brands for casual shoes - Online Survey
Source: author, 2018

For boots, there were only 35 responses and 20 brands, of which most mentions were for the brand Timberland, and a few other mentions for CNS.



Graph 14 - Preferred brands for boots - Online Survey
Source: author, 2018

In the category Sandals, there were only 23 respondents, and 11 different brands. The most cited was Havaianas, followed by Crocs and CNS.



Graph 15 - Preferred brands for sandals - Online Survey
Source: author, 2018

9. Interviews Results

For the interview results, all citations will be referred to personal communication between the author and the participants. The results were grouped into 3 broad groups of findings, there are 9.1. *Supply chain*, where the relationship among the players in the industry is described; 9.2. *Changes in the Brazilian consumer preferences*, where the demands of the consumers were analyzed from an industry perspective; 9.3. *Competitiveness of the Brazilian footwear*, where we compare Brazilian products with foreign products, again by the industry perspective.

9.1. Supply Chain

In order to understand if the segment will face deep challenges or if it will be able to seize the opportunities that will follow in the next years, it is important to understand how the supply chain is structured and how the relationship among the participants is structured. From the interviews with people that belong to the retail side of the chain, and the questionnaire sent out to the manufacturers, it was possible to get some insights starting with objective questions about which raw materials they use and where they acquire them, to more subjective and insightful questions about the manufacturer's point of view regarding both their relationship

with these suppliers and also their relationship with their peers. This information is summarized in Table 12 below.

Table 13 - Summary of responses from manufacturers regarding the relationships in the supply chain

Manuf cturer	Materials	Material Country of Acquisition	Relationship with supplier	Relationship with peers	Research
1	100% leather	90% Brazil	Trust and Partnership	Friendship with no professional commitment	Trends
2	Mainly leather	Mostly Brazil	Partnership	Basic exchange of information	Trends
3	Leather, synthetic, rubber, TR, glue, metals	Mostly Brazil, but synthetic from China	Trust: we consume and they provide credit	Cooperation with some, but mostly just competition	Trends
4	Leather, PU (synthetic), nylon, TR, textile, cotton, metals	Brazil	The best possible	Just competition	Trends
5	Mainly leather	Brazil	Works well	Superficial, not much cooperation	Trends
6	Leather, rubber, glue, metals	Brazil	Normal	Just competition	Trends
7	Leather and rubber	Brazil	Great	Just competition	Trends
8	Mainly leather	Brazil	Good, but could be better if they invested more in technology	Cooperation up to a certain limit	Trends and technology fairs
9	Leather, rubber, TR, PU	Brazil	Good, but could be better if they invested more in technology	Predatory and unfair competition	Trends and technology fairs

Source: author, 2018

As explained in Section 7.2.4, the manufacturers that participated in the questionnaire are all from the region of Franca, which is the pole of men shoes production. According to the Retailer, in general, men shoes in Brazil “are composed mainly of leather”.

The manufacturers cited many reasons why most of the material, and especially the leather, is acquired domestically: “since Brazil has one of the biggest cattle in the world, leather is easy to find” (Manufacturer 8), “we have those materials available in better quality” (Manufacturer 7).

Other main reasons for acquiring the materials in Brazil, mentioned by Manufacturer 9, include:

- (1) Proximity to the productive chain (geography): faster, more practical and convenient.
- (2) Fractionated purchase orders: what would be impossible if you chose to import, given the need to make big orders to justify the effort and costs.
- (3) Lead time: imported products take time to arrive because they involve multiple stages, from the order, to the manufacture, to the shipment, which would slow down the production.
- (4) Highly customized products: footwear is a fashion object, and thus susceptible to variations in collections, colors and models. The first problem on that matter is the slow response time of imports, which could mean the loss of sales of a product if that is longer desired by the customer by the time it done being manufactured; and the second point is that imports need cost efficiency to keep prices competitive, what would mean been obliged to make huge order with low variations.
- (5) Exchange rate volatility: even if financial products exist to reduce the risk, these instruments have a high cost that would need big volumes to compensate.
- (6) Legal insecurities: customs barriers, tax legislation, etc.

Not only there are several reasons not to import and to buy it internally, but also the fact that they, in general, consider the relationship with the suppliers to be very good. Manufacturer 4 stated that the relationship is “the best possible, both in quality and in punctuality of delivery, for their knowledge of the demands of our customers”. Manufacturer 3 highlighted the mutual need for trust, since “we commit to buy their products and they commit to give us credit”.

On the other hand, Manufacturers 8 and 9 had something else to say. For them, their suppliers could invest more in technology. “In Brazil, people invest much more in the cut of the beef and the leather industry suffers from lack of investment in technology” (Manufacturer 8). For Manufacturer 9, the ideal would be if “they came with new technological solutions. All the responsibility to come up with new products and concepts is in our back, which makes it a very onerous demand for us. We also

suffer from suppliers difficulties at meeting deadlines and with the quality of the material. The only reason why we do not suffer from more problems with our suppliers is because of the fact that we have geographical proximity”.

Even though being next to the supplier has been beneficial for the manufacturers, that same proximity has not done much for the cooperation between the peers. Most of the respondents described the relationship as based on pure competition, with zero or almost zero cooperation. According to Manufacturer 4, “there is no cooperation due to the lack of serious players in the market, most of them only care about themselves”. For Manufacturer 9, many players adopt unfair practices that jeopardize the whole sector. “We watch many players practicing prices that do not match the reality of their cost structure. This distorted price practice create a perverse dynamic in the sector because most of them are not paying taxes, labor benefits, and usually they have high financing from banks to support the negative cash flow that they are generating. In the end, they even issue fake titles¹ against retailers all over Brazil, trying to trick financial institutions and creating a problem for retailers to defend themselves in the justice later. This all distort the image of the footwear industry as a whole”.

According to the owner of the Company, who have also owned a manufacture in the past, “the leather of first quality produced in Brazil is exported almost entirely. The product is divided by categories, which go from 1 to 8. The manufacturers in Brazil work with categories 4, 5, and sometimes even more”.

In the relationship with the retailers, the manufacturer rarely have margin to change prices. “He [the manufacturer] knows the price he will have to give me. He knows that if he brings a product that is priced 10% higher than his competitor, he won’t sell, even because I also won’t be able to pass the cost to the consumer. In other words, his final price is already more or less defined” (Retailer, personal communication, August 15, 2018).

According to the Retailer, “we have a strong partnership with our suppliers. In some cases we are even their only customer - we buy nearly all their production.

¹ When a manufacturer issue a fake document that states that a client owes them money on a date in the future, and ask for a financial institution to pay them the amount today, discounted by an interest rate plus spread, in exchange they transfer the bank the right to receive the full amount from the retailer in the future.

Even the researches we eventually make in Europe, many times we go together, and we travel together. For us, this partnership is fundamental”.

Most of the manufacturers, 7 out of 9, claimed that they conduct research, but only 2 of them cited research in machinery and technology. Manufacturer 8 mentioned: “we attend to many fairs about machinery used in footwear manufacture and we always acquire machines that can optimize and facilitate our processes”.

For Manufacturer 9, it is important to invest not only in being up to date in trends and in machinery through trips and fashion magazines subscriptions, but also to follow industry reports, read about the segment, buying projects from Italian designers and building an internal structure that supports innovation.

Most of the research, on the other hand, is made to search for new trends and styles of shoes, without, at least in the responses from the present study, mentioning efforts to improve productivity or reduce costs, since the production is still very labor-intensive.

For Manufacturer 2, the main challenge is “to maintain quality professionals inside our company, which is becoming more difficult every day because we need a lot of qualified people. We have to establish partnerships with our clients so that we can maintain the quality level of our products, since we depend on each other for the product to arrive at its best at the shop windows”.

In order to guarantee the general well-being of the chain, manufacturers and retailers have to forge solid partnerships. For Manufacturer 6, the most important is to have “stability in the production by having more partnerships with retailers”. According to the Retailer, “we see so many manufacturers close doors, especially since 4, 5 years ago. We can feel that they have been suffering a lot from the crisis. But they close doors because the retailer have also been closing doors and shrinking. The consumption has dropped significantly. Nowadays, I buy 1/3 of what I used to buy some years ago”.

For the Retailer, the solution is “for both us and the manufacturer, we have to have a better product so that you can have a bigger average ticket size. When the volume drops, you have to add value, otherwise you cannot survive. That is also why

we try to work with leather shoes, to increase the aggregated value and achieve the revenue that we target”.

The retailer is much more flexible for times of crises due to its costs structure based mainly on variable costs. While they can reduce number of stores, employees, and number of shoes purchased, the manufacturer is left with fewer options to adapt. First of all because the major costs of research for new collections is their responsibility, which represents a great risk if the collection elaborated does not have good acceptance by the clients. Also, the manufacturers have much more fixed costs, such as an expensive installation and machinery. Those are assets that cannot be disposed rapidly in cases of drop in demand. Besides, the slow time to replace the disposed assets when the economic indicators start improving again and the losses of sales that would have as a consequence makes it an even more onerous process. In the long run, it is usually more worth for the manufacture to sustain the fixed costs even if it means facing high pressure on the company's results.

In that sense, it is important for manufacturers to be able to count with the retailers in order to increase production to survive, as Manufacturer 4 said “our goal is to keep our pool of serious clients, counting on their fidelity and attending their need for innovation, thus increasing our productivity”. The hope, for most of them, is for the economy to get better soon: “our main perspective is for the country to go back to a path of economic growth” (Manufacturer 8); “We need economic stability so that we can work without fearing what to do on the next day. We need to count on the fidelity of the clients satisfied with our products” (Manufacturer 3).

9.2. Changes in the Brazilian consumer preferences

The opinion that men are, nowadays, more up to date with the trends and cares more about fashion, was unanimous among the manufacturers. Below, some of the most remarkable citations on that matter (all personal communications, August 2018):

- “Nowadays, the consumer is more aware of the trends and seeks them in the stores. They search more for information about the product before deciding whether to purchase” (Manufacturer 2).
- “Today, shoes are more comfortable and the consumer is more demanding” (Manufacturer 6)
- “The Brazilian consumer is equal to the European and American. With globalization, fashion has been unified and the trends are the same all over the world” (Manufacturer 5).
- “There has been a very considerable change because today the consumer is much more demanding because of the fact that he receives information about the new trends almost in real time” (Manufacturer 1).
- “Some time ago, the consumers were more conservative, both in the modeling and in manufacturer of the shoe. Unfortunately it is not the same anymore, today we have the *modernism*, for each type of clothes a different shoe” (Manufacturer 4).
- “The consumers, nowadays, are much more focused in trends and style. The Brazilian consumer is getting more demanding for everything, but at the same time they are trying to reduce costs” (Manufacturer 3).
- “Men are paying more attention to fashion. They worry about being well dressed. They want to have status and they want to look good”. (Store manager)

Many manufacturers do not see the statement that men are caring more about fashion as a good thing. Manufacturer 9 described this phenomenon as “dictatorship of the new”. As the responsibility to search for new trends is on the hands of the manufacturers, the risk associated with getting a collection wrong rose significantly with the new consumer awareness. Besides, this new variety of shoes coming to the market means loss of efficiency in the use of the machinery as you have now to produce less quantity and more different models to supply this demand for fashion products. According to Manufacturer 9, “in the dictatorship of the new, the amount of new products to seize the demand ended up creating a huge problem both to the industry and to the retailers. The significant and constant changes in the production line have elevated significantly the setups and thus drastically dropping the levels of

productivity of the sector". He believes that this was one of main reasons why so many manufacturers went bankrupt.

Besides that, for the retailers, this also meant a loss in profitability. The shoe as a fashion accessory is seen as a perishable object, forcing the retailers to change the windows constantly and put up sales that compromise the margins of the company (Manufacturer 9, personal communication, August 20, 2018).

Another important aspect that deserves attention is the desire for comfort. According to the Store Manager, "What they really seek for today is comfort. Back in the days, they would prefer shoes with leather sole, cap toe more elongated. Nowadays, they are looking for comfort".

According to the Supervisor 1, "Men like convenience, comfort and durability. But mainly comfort". In the stores, the comfort line has been increasing in sales according to the Retailer. "With the majority of the manufacturers, we have been trying to work on that, to do a formal shoe that is both visually attractive and comfortable", he said. For him, the people are looking for comfort and dressing in a more informal way then before. The supervisors also noticed that men are changing the traditional shoes for sports or sports casual shoes: "you see people well dressed, young, up to date with the fashion trends, that are wearing sports shoes everywhere. You walk in the metro and you see people wearing suits, trainers and a bag. I mean, certainly the formal shoes are in the bag. They do it in order not to wear the shoe out and also because trainers are much more comfortable".

The store Manager described a very common situation, which is when a client comes to the store with formal shoes all torn, and then they buy another pair and already leave that one in the store to be thrown away. "They use it until it deteriorates. Men are very practical, they buy when they need".

The comfort attribute were many times justified by the fact that people are using more sports shoes and casual shoes then before. According to Supervisor 1, "some time ago, trainers were used just to do sports. Nowadays, you put them on, a pair of jeans, and walk anywhere. It's comfortable and practical". For the Retailer, the reason why this is happening is because nowadays things are much more "informal". He mentions that many companies have already abolished the need for formal

clothes, even in more traditional industries such as banks, companies have realized the need to abolish such restrictions and are adopting more relaxed politics to boost a creative environment (Retailer, personal communication, August 15, 2018).

According to the Supervisors, the trainers have recently started to represent a real threat to the casual shoes they sell in the stores. They noticed that “in the last three years, we have lost some sales to these sports casual shoes companies, such as Nike, Adidas, New Balance. Our sales of casual shoes dropped significantly. [...] Some years ago, we sold 50% casual and 50% social. Nowadays, it is more social”. Manufacturer 5 also pointed out this new trend, “we see a huge shift in the type of footwear purchased nowadays: they are getting sportier, with a strong tendency towards trainers”.

The Retailer also expressed concern for these international brands: “we are being obliged to compete against these multinationals, Adidas, Nike, New Balance. The shoes are being modeled in their design, with rubber sole, EVA sole. These are footwear with more technology, and therefore more comfort”.

For them, it is clear that people want more comfort. International brands came to fill that gap and provide people with stylish shoes that also come with the status of the brand, and the comfort of the technology embedded in it.

In the opinion of the Supervisors this athleisure is just a trend like many others that can easily go away. “Fashion changes a lot. As soon as people see guys from the periphery using the same shoes, they will want to change. We know this trend will change again, we just don’t know what’s coming”, Supervisor 1 said. For the Retailer, on the other hand, this is sign of permanent change in the footwear market. According to him, the main reason is the technology.

“These products come with a lot of technology, you see? They invest so much in it, and for a Brazilian industry to invest in it, they need a lot of production to dilute the cost of research. Footwear also involves research. These international brands develop this high technology footwear and then these attributes go to footwear used on a daily basis. The cool thing about them is that have a high sole, and in order to have such a high sole that is at the same time light, it needs a lot of

technology. [...] Going back to a shoe with low sole, maybe could happen, but will take some time, because after you use that type of sole, going back to the lower one feels awkward. [...] We are losing market share of casual shoes, drivers and sliders because these big American companies are entering this casual segment that, some years ago, belonged just to us”.

9.3. Competitiveness of Brazilian footwear

The main material used by Brazilian manufacturers in the city of Franca is leather, which is a very abundant resource in Brazil. That makes Brazil competitive when it comes to shoes made out of this material. When it comes to synthetic, on the other hand, our product is much more expensive than the one produced in China, for instance, which makes us much less competitive. According to the Retailer,

“Brazil is very competitive when it comes to leather shoes; we even export that line of product a lot instead of importing. China cannot put a similar product here in Brazil because they could never have costs similar to ours. The opposite happens for synthetic shoes, if you see a synthetic shoe in any store, the probability that it is a Chinese product is very high”.

When asked his opinion on whether synthetic products are gaining more market share, he confirmed, “even because of the crisis – people are looking for a cheaper alternative”.

Accordingly to the Retailer, there are two main reasons for the Brazilian manufacturers not to be able to compete with those big companies in the casual segment:

“First of all, the cost. Usually these companies produce everything in China, in absurd volumes to resell worldwide, so the amount produced is massive. That is the main problem, because the Brazilian manufacturers produce in derisory amounts considering the amounts they produce in Chinese factories. [...] The second main problem would

be the weight of the brand. When you buy Nike or Adidas, they are strong brands internationally; it's hard to compete with that".

Some manufacturers expressed concern regarding imported products in the footwear segment. Out of the 9 manufacturers interviewed, 4 of them said they did not see any threat from imported products in their segment, which is leather shoes. Two of them highlighted that for manufacturers that produce sports shoes, Chinese product certainly are a threat. On the other hand, for the ones that argued that they feel threatened by imported products, the main reasons were "price demand" (Manufacturer 6), "low labor costs" (Manufacturer 8), "unbeatable production costs and import taxes" (Manufacturer 3). For Manufacturer 5, the imported products already consumed a significant market share of the domestic demand. For him, "there is still space for the Brazilian producers, but for the smaller ones that can deliver fast and that have artisanal production".

Many manufacturers expressed their dissatisfaction with the Brazilian bureaucracy and high taxes, and they claim that only political measures that increase competitiveness in those aspects could improve their chances to compete against foreign products. In the Table 13 below are some of the main suggestions to boost domestic performance in the segment according to the manufacturers.

Table 14 - Summary of the manufacturer's main suggestions to improve competitiveness²

Manufacturer	Taxes	Labor	Incentive Programs
1	Reduce tax burden / Collect taxes only once, eliminating the cascade effect on the entire chain	Reduce labor bureaucracy	-
2	Tax raw material (leather) being exported	-	-
3	Reduce taxes, especially to the manufacturers and produces of raw material	-	-
4	Reduce tax burden	-	-
5	Reduce tax burden	Reduce bureaucracy and social charges	Give fiscal incentives
6	Reduce taxes	-	-
7	Reduce taxes in 50%	-	-
8	Reduce tax burden and tax payment bureaucracy	Reduce labor costs	-
9	Reduce tax burden	Reduce labor costs	Incentives program to technological innovation and training of skilled labor

Source: author, 2018

The main factors standing in the way of the Brazilian producers to be more competitive was explained by Manufacturer 9:

“If the government does not give incentives to create accessible credit lines to conduct research for innovation of the industrial park, inevitably the imported products will be a problem for the Brazilian industry and retail. With the actual scrapped structure of the industrial park, levels of productivity falling, high tax and labor costs, it is practically impossible to compete with products from other origins”.

²To explain the Brazilian tax system or bureaucracy in any aspect is not on the scope of the present study.

For now, the main strategy is to “produce footwear with more aggregated value in order to differentiate from the products that come from the Asian market” (Manufacturer 8).

When asked about their objectives for the future, their responses could be later grouped into three different categories: a) product, where they stated what would be the focus on their product attributes for the future; b) labor, where some of them highlighted the importance to invest in skilled workforce; c) partnerships, where some of them expressed their belief that forming more solid partnerships, as described in Section 9.1., is one of the main objectives to pursue in the near future. This is summarized in the Table 14 below.

Table 15 - Summary of the manufacturer's main objectives to pursue in the future

Manufacturer	Product	Labor force	Partnerships
1	Quality	Skilled Labor	-
2	Quality	Skilled Labor	Partnerships with retailers
3	-	-	Partnerships with retailers
4	Increase productivity	-	Partnerships with retailers
5	Products with competitive prices	Generating jobs	-
6	Stability in the production	-	Partnerships with retailers
7	-	-	-
8	Products with more aggregated value	Skilled Labor	-
9	Differentiation and innovation	Investment in human development to improve processes	Partnerships with retailers and suppliers, as well as diversify markets for exports

Source: author, 2018

Since the questionnaire was sent 2 months before elections in Brazil, many of them showed their hope for a government that would improve the actual economic situation of the country (described in more detail in Section 1.2). For example, for Manufacturer 7, the only objective was to “wait and hope for a president that will help the country after the elections”.

10. Discussion and Analysis

Considering the information obtained through the research, it is possible to notice that in order to understand the Brazilian footwear segment in terms of product management, it is important to different in which categories Brazil is competitive and

in which ones it is not. As we could notice from Section 8.6. *Preferred brands*, Brazilian brands only had strong appeal in flip flops (Graph 9), formal shoes (Graph 12) and casual shoes (Graph 13). In the categories sports shoes (Graph 10), or sports casual (Graph 11), the most relevant brands were international. Boots and sandals will not be analyzed due to low relevance in the Brazilian market.

This competitive landscape has strong correlation with the materials used to produce each type of footwear. Brazil is competitive when it comes to leather, and not very competitive when it comes to shoes made out of rubber and plastic. The availability, price and quality of the raw materials used had a strong influence in the competitiveness of the entire chain. Another important factor was the amount invested on research and technology when it comes to sports shoes. As mentioned by the Retailer, Brazilian producers cannot produce high technology products because they do not have enough demand to dilute the costs of research. Thus, products made out of material that can be found for cheaper in other countries also with lower labor costs, and that need investment in R&D are dominated by foreign brands that have economies of scale in the production that makes it possible for much cheaper.

Understanding the difference between the categories of footwear and how they compete with each other is a way to understand the competition between Brazilian producers and foreign producers. Analyzing the competitiveness in the micro level of the product enables us to reach to the broad perspective of the Brazilian footwear market and its dynamics.

In the present section, we will discuss in terms of category of footwear, which translates to the country of production and its advantages and disadvantages in the Brazilian footwear market. The categories that have more to add to the topic, which are formal shoes (Brazil), sports shoes (Foreign), Casual (Brazil and Foreign) will be analyzed in more detail.

The main issue found in the present study is the new competition that Brazilian producers are facing from foreign brands, such as Nike and Adidas, especially in the casual segment. As stated by the Store Manager “some years ago, there was no such a thing as casual shoes that resembled both a sport shoe and a formal shoe. It

was either one or the other” (in Portuguese, with a more accurate meaning: “antigamente não estava na moda essa coisa de sapatênis. Ou era sapato ou era tênis”). The new style of shoe that came from the merge between these two categories created a competitive landscape that did not exist before. For the first time, there is a segment in which Brazilian producers have to compete with companies that, until recently, were not so much of a threat.

10.1. Consumer goods categories

For the discussion of the results found, it is important to keep in mind the product management theory in Section 5.2., which will guide us through a more structured analysis of how footwear is classified and perceived according to the theory, and, therefore, how does it translate into a better understanding of the forces influencing the competitive landscape in the footwear industry.

In the first layer of the analysis, it is important to understand in which category of consumer good footwear is classified (Section 5.2). Out of the three possible classifications: a) convenience good, b) compared purchase good, c) specialty good – in general, in the Brazilian footwear market, shoes could be classified as compared purchase good, since so many options are available that the customer is able to compare them and proceed with the purchase of the most adequate one for his needs. Of course that the classification depends on the customer – what is considered for some a convenience good, for others can be considered a specialty good. In the interview with the Retailer, he mentioned that manufacturers did not have much space to increase prices, because the customer would also not absorb it, which is an indicator for compared purchase good.

On the other hand, it is possible to argue that, for some categories of footwear, the classification of specialty good might apply. When it comes to sports shoes, companies that claim to have high technology embedded in the shoe are able to charge an extra cost for that, and customers are willing to chase after that specific shoe because they have specific needs that only a certain type of footwear could satisfy. The difference is that, in the case of compared purchase goods, one does not

have any specific product or brand in mind before deciding to buy, and a specialty good, the consumer already has the intention to buy that specific product.

In the survey, many men mentioned the product Nike Air Jordan, which is a very specific product for basketball players, and certainly a specialty good. One of the main advantages of having such specific features is that a higher price can be charged for that. In the survey, the category of sports shoes was where the attribute brand most stood out.

On the casual segment, for most customers, shoes are classified as compared purchase goods, since they are shoes that, according to the survey, are valued the most for their comfort, fashion and price. These are shoes used mostly in leisure time and around friends, so the chosen one is the one that have the best combination of these 3 features, and the product and brand will vary depending on what is a fashion trend at the moment.

On the formal shoes segment, since the categories that most stood out were comfort, quality and price, the customer will also compare the options available and choose the one that he sees most fit. According to the Store Manager, many customers try a variety of options of brands and styles for formal shoes, but come back to the one that have the best combination of attributes. After realizing there is one brand that satisfies all his criteria, a compared purchase good might turn into a specialty good, because the client starts having a specific brand in mind on future purchases.

Flip-flops can be considered convenience goods, compared goods and even specialty purchase goods, depending on the customer's attachment for a certain brand. In the survey, the attributes considered most important were comfort, price and quality. The attributes brand and fashion were not considered as special, and that is exactly how Havaianas tries to position itself: as a fashionable renowned brand. On the other hand, Havaianas stood out in number of mentions for favorite brand, which means it also compete in terms of the other attributes, and also that it is located in convenient places so that the customer will find it easy to purchase. (Turpin, 2013).

10.2. Expected product

After categorizing footwear in one of the three consumer good categories, the next step is to elucidate what is the expected product. In other words, what is the customer expecting and takes for granted when purchasing a pair of footwear. In that matter, from all interviews, questionnaires and also on the online survey, there was one very clear expected attribute for all footwear: comfort.

The consumers classified comfort as the most important attribute in every category of the survey; all manufacturers mentioned comfort to be necessary on their products; all the people interviewed, from the Retailer, to the Supervisors to the Store Manager emphasized that clients are looking for comfort when they reach the store. The advent of that new feature as the most important and expected one in the footwear segment started with the sports brands and the upcoming of a concept called “athleisure”, which is the trend where people use sporty clothes not only for the practice of sports, but also for their leisure time.

Making sports shoes look more casual and turning it into a fashion product was the game changer for the footwear industry. Once the comfort and technology of sports shoes invaded the universe of casual and leisure shoes, the factor comfort started not to be a differential anymore, but a basic requirement for all styles of footwear.

The second most important attribute in the survey was quality (see Section 8.5), also mentioned by many manufacturers. The quality attribute is connected to the increase in the aggregated value of the product. As mentioned by the Store Manager, men care much more about the product and its durability than women, for instance. Especially for footwear that is perceived less of a fashion product but rather with a more utilitarian attribute, the quality is even more important. In that category we can find, for example, formal shoes. In the column of quality in Table 11 (Section 8.5), formal shoes had the biggest score. According to the Retailer,

“Formal shoes, when it's used to work, men buy it out of necessity. There are exceptions, but in general it is for necessity. And this goes away when you think about holiday shoes, weekend, and all that. There is even the state of mind that you are in when you buy footwear for your

leisure time with friends that is different than when you go buy shoes for work. People want to have pleasant experiences”.

Formal shoes are, in general, not associated with pleasant moments, so people do not want to spend money with it, and they want it to last for as long as possible. On the other hand, shoes that are associated with pleasant moments, such as the casual segment, have a different impact over the customer. According to the Store Manager, usually the casual shoes are the one clients buy by impulse, or what she calls the “additional sale”.

Besides comfort and quality, what was noticed mainly by the manufacturers and the Store Manager was the trendier Brazilian consumer. Today, men care more about how they look and how well dressed they are. The respondents of the survey are mostly below 40 years old (73%), younger compared to the manufacturers, which have a broader view of the changes in consumer’s preferences. In that sense, they noticed that the consumer is much more demanding, which forces the manufacturers to change collections all the time to supply the demand for new trends and styles. Nowadays, about 30% of the people that go to the store, feel attracted to the colorful shoes, or shoes with colorful laces, which is a much higher percentage than some years ago (Store Manager).

Manufacturer 9 called this phenomenon “dictatorship of the new” (see in Section 9.2.). The Retailer expressed his opinion about this when asked about the main challenges he faces nowadays:

“[The main challenge is] to reinvent the company. To be up to date, have new designs, a better price. There is no margin for error, if you make a mistake you are out of the competition. Some years ago, there was much more room for change. Not today. Today you have to be the best at everything”.

10.3. Features

The consumers expect the products to be comfortable, trendy and of good quality. By analyzing the 5 features from Section 5.2., it is possible to break down the

main drivers for product differentiation and then compare the footwear produced in Brazil with footwear produced outside Brazil.

- (1) Characteristics: first of all, Brazilian manufacturers produce shoes mainly composed in leather (see in Section 9.1.). The types of shoes manufactured in Brazil by the manufacturers interviewed are formal shoes and casual shoes. The first, can have rubber sole or leather sole; the second one is also mainly produced in leather on the upper, but has rubber or EVA sole (see in Section 5.1.). The shoes produced by international brands, such as sports shoes and sports casual shoes, are mainly composed in rubber, plastic and textile. Besides that, they also have a lot of technology embedded in it so that they can increase performance and durability. The design is more casual compared to the ones produced in Brazil, even due to the material used. Basically, Brazilian footwear differs in most aspects to the international brands mentioned, such as material and style, but is similar in some occasions of use in the casual category.
- (2) Performance quality: it is clear that, in terms of performance quality, sports shoes have the best score. Their main goal is exactly to increase performance of the athlete, and thus is a shoe made with high technology in order to provide the user with that higher performance.
- (3) Conformity quality: when it comes to shoes made in Brazil, usually in a somewhat artisanal manner, sometimes products present defects (Supervisor 2), and that is the biggest complaint of customers. Besides that, since in Brazil the same retailer can have many different manufacturers, the shoes can differ in shape, and the same size, in different shoes, can have different results depending on the manufacturer (Retailer). That is the opposite of what happens when you buy a shoe made by an international brand, where their level of conformity is much higher, and clients know what to expect when buying a certain size of shoe from that brand, because they usually either have their own production facilities, or they assure quality control over their suppliers productions to be in accordance to their specific standards (Lobo, 2014).
- (4) Durability: when it comes to durability, it will depend on the material used for the shoes. Usually sports shoes and sports casual shoes are made of rubber,

which is almost indestructible. On the other hand, the shock absorbers inside the shoe usually wear out after approximately 800km, and after that period, it is recommendable for the user to change (Ravaglia). Shoes made of leather are also resistant, but require special care, such as cleaning, hydrating, and so on. In general, considering kilometers walked, soles made out of rubber have a bigger durability than shoes of which the soles are made out of leather (Retailer).

- (5) Style: as mentioned before, nowadays style plays an important role in all types of footwear. A new trend that arose within the millennium generation is the athleisure. Sports clothes and shoes came out of the gym to the day-by-day, and people are adopting the sporty look as a new fashionable style. As mentioned by Supervisor 2, “when a guy goes to a club with social shoes, he is seen as an outsider, a *preppy*. Nowadays, the trend is to use casual styles of shoes, Vans, Adidas, and so on”. As we can see in Section 8.4., formal shoes are used mostly for work, and the category of casual shoes is perceived as more stylish, to use when you are out with friends.

11. Conclusion

To summarize, it is possible to affirm that Brazil always have been and still is one of the biggest shoe producers, exporters and consumer countries. The leather footwear segment, especially in the city of Franca, was one of the most appreciated and respected in the country. Nonetheless, in recent years, the Brazilian footwear segment experienced significant downturn: drop in sales, stagnation, loss of jobs, many manufacturers and retailers went bankrupt. Even though the economic crisis of 2014 had a very important role, in the present study we seek to point at are other reasons that should be taken into consideration that might have caused a long term loss in competitiveness for the Brazilian manufacturers.

The origin of the loss of competitive advantage for the Brazilian producer was the change in consumer preferences. The country has always had important producers of leather shoes, which is also the category that we export the most. Until nowadays, even with increasing foreign competition, men leather shoes are still on the hands of the Brazilian manufacturers. The country produces most of what is

consumed, even though “China today represents 10% of the imports on leather shoes, Indonesia represents 28% and Vietnam 58%”, affirms the president of SindiFranca, Bragagão de Couto (Tiengo, 2018). The advantage of the Brazilian manufacturers relies mostly on the proximity to abundant sources of leather, which makes it cheaper than in other countries where the supply of this material is not so expressive.

On other types of footwear, such as sports shoes, which is the type of footwear that the country receives most of its exports, it is clear that foreign brands and manufacturers have a more expressive market share than national ones. Sports shoes are made out of materials that are manufactured for cheaper in other countries such as China that benefits itself from low labor and production costs.

These different specializations should not be considered a problem, until, according to the participants in the industry, the consumer preferences changed because new trends and perceptions regarding style arose all over the world. First of all, what was described here as “dictatorship of the new”, or commonly known as fast fashion, started in America and European countries, and had an impact on the demands from the Brazilian consumers as well. Consumers became more aware of fashion, wanted to look good and started demanding more variety to keep up with the quick changes of new trends available.

Secondly, the new trends noticed by the retailers and manufacturers regarding sport casual shoes, or sneakers. This trend had its origin on the athleisure movement, when people started wearing workout clothes also on the day-by-day. Footwear also had a part in this trend, and sports brands started to have a share to take in the casual segment.

Before this trend arrived in Brazil, the casual segment was dominated by Brazilian brands such as Osklen and CNS. This new style of casual, with a sporty aspect characterized by the high sole, was introduced in the country by international brands such as Nike and Adidas.

Because of the demand for new products and new trends, the Brazilian manufacturer, that is the one that elaborates the collections, was forced to increase the setups, therefore lowering productivity, without a rise in volume demand.

Because of the lack of economies of scales, prices raised. But the most worrying for the manufacturers was the constant need for innovation and the risks associated with elaborating a failed collection also raised.

Moreover, retailers and manufacturers argue that the preference towards sport casual shoes not only represents a passenger trend, but a technology transition from the sports shoes to the casual shoes. The companies responsible to create that technology have huge investments in R&D and massive production volumes to dilute the costs of research. Their shoes have not only a more attractive style – because that, for sure, is passenger – but also better performance, better conformity, durability and quality.

The following Table 15 represents the SWOT analysis for the sector in the next years.

Table 16 - SWOT Analysis for the brazilian footwear segment

Strenghts <ul style="list-style-type: none"> • Proximity to quality raw material (leather) • Rapid lead time to responde to new consumer needs • Competitive advantage on some categories of footwear such as formal shoes, flip flops and casual shoes – high levels of brand awarness for brazilian retailers. 	Weaknesses <ul style="list-style-type: none"> • Low investment in research and technology • Many set ups for production of an increasingly variety of styles that reduce productivity, raising costs • High labor costs and tax burden – high costs • Shortage of qualified workforce • Low levels of cooperation in the chain
Opportunities <ul style="list-style-type: none"> • Produce and sell shoes with more aggregated value • 2018 elections • Seek for new markets abroad (exports) • Strengthen the relationship in the supply chain • Less national players in the competition after the crisis (the solid ones remained) 	Threats <ul style="list-style-type: none"> • Competition from international brands with huge investment in R&D and lower costs of production • Possible permanent change in consumer preferences towards technology shoes • 2018 elections • Shoes as a “perishable” product • Unfair and disohnest competition • Assertiveness in shoe collections

Source: author, 2018

Brazilian retailers still benefit from a high level of brand awareness, rapid lead time to respond to consumer needs due to proximity with the entire chain in clusters such as Franca, and valuable know-how on manufacturing shoes recognized all around the world. Nevertheless, Brazilian manufacturers are facing fierce competition

from Chinese products, which are hard to compete with, especially given the lack of support from the government. On the other hand, it also an opportunity for the industry to reinvent itself in order to be able to differentiate from competitors and pursue new competitive strategies such as diversification of markets, product and process innovation, products with more added value and investment in design, fashion and products with better durability (Souza, Paula, & Fuck, 2012).

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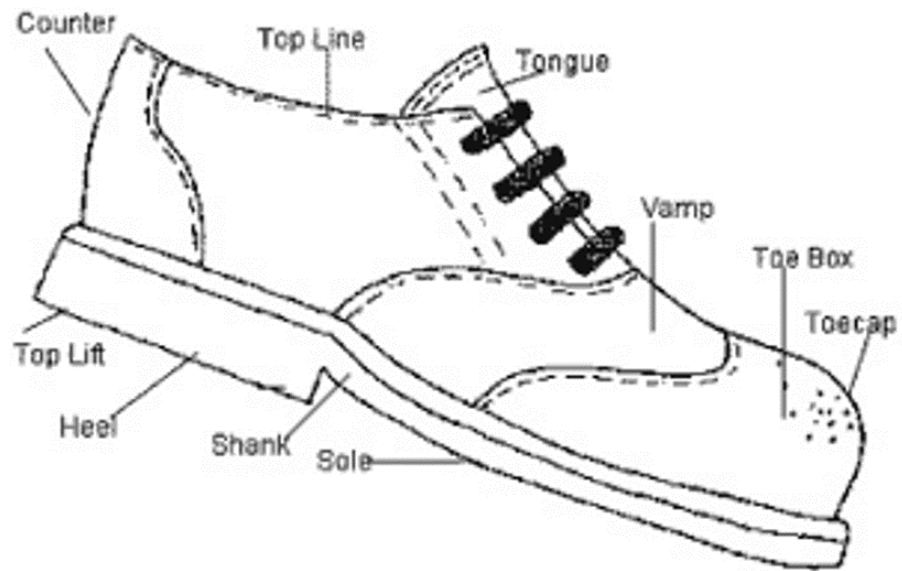
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Annexes

Annex A - Shoe components



Annex B - Footwear categories

(1) Flip Flop: an example



(1) Trainers: an example



(2) Sneakers: an example



(3) Formal shoes: an example



(4) Casual shoes: an example



(5) Sandal: an example



(6) Boot: an example



Appendices

Appendix A - Survey Template

Hábitos de Consumo para Calçados

📄 PAGE TITLE

* 1. Sexo

- ☐ Feminino
☐ Masculino

* 2. Idade

- ☐ Menor de 18 anos
☐ 18 - 30 anos
☐ 30 - 40 anos
☐ 40 - 50 anos
☐ 50 - 60 anos
☐ Maior de 60 anos

* 3. Em qual cidade você mora?

* 4. Geralmente, você compra calçados

- ☐ No Brasil
☐ No exterior
☐ Comentários

* 5. Geralmente, você compra calçados

- ☐ Online
☐ Na loja
☐ Comentários

Hábitos de Consumo para Calçados

① PAGE TITLE

* 6. Com qual frequência você compra cada um dos tipos de calçados mencionados abaixo?

	A cada 6 meses ou menos	A cada 1 ano	A cada 2 anos	A cada 3 anos	A cada 4 anos ou mais
Chinelo	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tênis esportivo	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tênis casual	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sapato social	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sapato casual	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bota	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sandália	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

* 7. Quantos pares de cada tipo de calçado mencionado abaixo você tem? (Caso não saiba exatamente, por favor, faça uma estimativa)

Chinelo	<input type="text"/>
Tênis esportivo	<input type="text"/>
Tênis casual	<input type="text"/>
Sapato social	<input type="text"/>
Sapato casual	<input type="text"/>
Bota	<input type="text"/>
Sandália	<input type="text"/>

* 8. Em quais ocasiões você usa cada um dos tipos de calçado mencionados abaixo? (Por favor, selecione todas as opções que se aplicam)

	Bar	Balada	Restaurante	Trabalho	Em casa	Passear	Praticar esporte	Nunca uso	Outro
Chinelo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tênis esportivo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tênis casual	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sapato social	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sapato casual	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bota	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sandália	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Outro (especifique)

- * 9. Quais são os atributos mais importantes para você ao escolher comprar cada um dos tipos de calçado mencionados abaixo? (Por favor, selecione todas as opções que se aplicam)

	Preço	Conforto	Moda	Marca	Qualidade	Outro
Chinelo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tênis esportivo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tênis casual	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sapato social	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sapato casual	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bota	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sandália	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Outro (especifique)

10. Escreva qual é a sua marca preferida para cada um dos tipos de calçados mencionados abaixo

Chinelo	<input type="text"/>
Tênis esportivo	<input type="text"/>
Tênis casual	<input type="text"/>
Sapato social	<input type="text"/>
Sapato casual	<input type="text"/>
Bota	<input type="text"/>
Sandália	<input type="text"/>

Appendix B - Retailer interview template (in Portuguese)

Idade:

Tempo no setor:

1. Como você vê o mercado de calçados masculinos no Brasil atualmente? Qual é o tamanho? Está mudando de uns tempos para cá?
2. Houve alguma mudança notável no padrão de consumo nos últimos anos? Nas demandas dos homens brasileiros?
3. Você compra algum calçado fabricado internacionalmente? Por que?
4. Como é a relação entre o varejista e o fornecedor? Quem tem mais força? Vem se alterando de uns anos para cá?
5. Como você descreveria a sua relação com os seus fornecedores? É uma relação de cooperação, dividem informações? Ou é de competição?
6. Como você descreveria o homem que entra na sua loja? Quais são suas motivações para comprar calçado lá?
7. Qual é o tipo de homem que jamais entraria na sua loja? Por que?
8. Qual é o tipo de calçado que mais vende na loja? É o mesmo de uns anos para cá ou vem se alterando?
9. Qual é o tipo de calçado que mais vem ganhando e o que mais vem perdendo espaço nas suas lojas hoje em dia?
10. Quais atributos você acredita que sejam mais importantes para o consumidor brasileiro ao escolher um calçado? Pode mencionar diferenças na idade e de cidade.
11. Quais são as empresas mais fortes do setor? Por que acredita que elas se destacam?
12. Existe alguma nova empresa que vem ganhando espaço no seu mercado?
13. Quais são os maiores desafios e oportunidades que o senhor enfrenta?
14. Qual é a sua perspectiva para o futuro do mercado de calçados masculinos no Brasil?
15. Qual é o objetivo da Empresa daqui pra frente? Como pretende alcançá-lo?

Appendix C - Supervisor interview template (in Portuguese)

Idade:

Tempo no setor:

1. Como você vê o mercado de calçados masculinos no Brasil atualmente? Qual é o tamanho? Está mudando de uns tempos para cá?
2. Houve alguma mudança notável no padrão de consumo nos últimos anos? Nas demandas dos homens brasileiros?
3. Vocês acham que estamos perdendo para alguma outra marca ou alguém que ofereça algum produto novo?
4. Como você descreveria o homem que entra na sua loja? Quais são suas motivações para comprar calçado lá? Vem se alterando de uns anos para cá?
5. Qual é o tipo de homem que jamais entraria na sua loja? Por que? Vem se alterando de uns anos para cá?
6. Quais atributos você acredita que sejam mais importantes para o consumidor brasileiro ao escolher um calçado? Pode mencionar diferenças na idade e de cidade.
7. Quais são as empresas mais fortes do setor? Por que acredita que elas se destacam?
8. Existe alguma nova empresa que vem ganhando espaço no seu mercado?
9. Quando vocês conversam com os gerentes, sobre o que conversam?
10. Quais são as maiores reclamações dos clientes e quais são os maiores elogios?
11. Fora a economia, qual cada um de vocês diria que seria o maior motivo para queda das vendas?
12. Qual vocês acreditam ser o maior diferencial da Empresa perante as outras marcas?
13. Quais são os maiores desafios e oportunidades que vocês enfrentam?
14. Qual é a sua perspectiva para o futuro do mercado de calçados masculinos no Brasil?

Appendix D - Store manager interview template (in Portuguese)

Idade:

Tempo no setor:

1. Como você vê o setor de calçados masculinos atualmente? Em comparação a como era no passado.
2. Quem é o consumidor que entra na nossa loja? Qual é a idade média dos consumidores que compram na sua loja? Quais são suas motivações? Vem se alterando de uns anos para cá?
3. Quem é o consumidor que você acha que nunca entraria na nossa loja?
4. O que os consumidores que acabam não comprando nada falam? Qual é a maior reclamação dos consumidores?
5. O que os consumidores mais elogiam?
6. Quais são os atributos que os clientes mais valorizam quando eles vem aqui comprar um calçado? Dá pra perceber se é o preço, a qualidade, se é pelo sapato ser bonito, na moda?
7. Houve alguma mudança notável no padrão de consumo nos últimos anos? Você acha que as pessoas usam as mesmas coisas atualmente do que usavam uns 10 anos atrás?
8. Está mudando o tipo de calçado que as pessoas usam para o trabalho, pra sair, ou é o mesmo de uns anos pra cá?
9. Qual é o tipo de calçado que mais vende na loja? É o mesmo de uns anos para cá ou vem se alterando?
10. Qual é o tipo de calçado que mais vem ganhando e o que mais vem perdendo espaço no mercado hoje em dia?
11. Você acha que nós estamos perdendo vendas para alguma outra marca aqui dentro do shopping? Você vê alguma marca crescendo e ganhando espaço?
12. Se você fosse o dono desta loja, o que mudaria? Seria o produto, o preço, o design da loja, o atendimento?

Appendix E - Manufacturers questionnaire template (in Portuguese)

Tempo no setor:

1. Seus calçados são produzidos majoritariamente em quais materiais? Essas matérias primas são compradas dentro do Brasil ou internacionalmente? Por que?
2. Como você descreveria a relação entre a sua fábrica e os fornecedores de matérias primas?
3. Como você descreveria sua relação com os outros fabricantes de calçados? Existe cooperação em algum aspecto, ou é apenas competição?
4. Você investe em pesquisa? Se sim, qual tipo de pesquisa? Se não, por que não?
5. Você acredita que calçados que os consumidores compravam antigamente são os mesmos de hoje em dia? Como essa demanda por calçados mudou?
6. Como você descreveria o consumidor brasileiro de calçados? Quais são suas motivações e preferências?
7. Você acredita que produtos importados, sejam uma ameaça? Quais e por quê?
8. O que você faria para aumentar a competitividade do Brasil na produção de calçados?
9. Quais você acredita serem os maiores desafios e oportunidades que você enfrenta atualmente na empresa?
10. Qual é o seu objetivo como fabricante calçadista para os próximos anos? Como pretende alcança-los?