

Universidad Popular Autónoma del Estado de Puebla

MOC: Microeconomics of Competitiveness



Textile & Apparel Cluster

Team Project Nashely Hernández Escobar Ezequiel Vera Zenteno

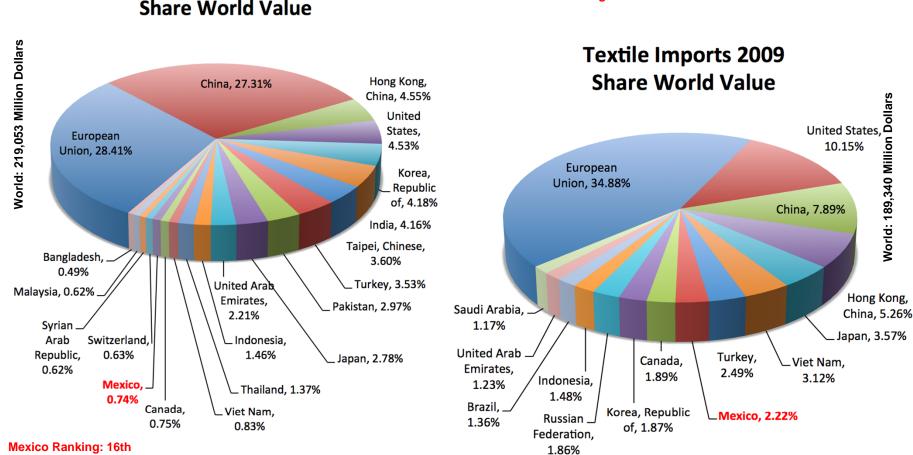
Puebla, Pue. May 15, 2012

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1. World Cluster Status



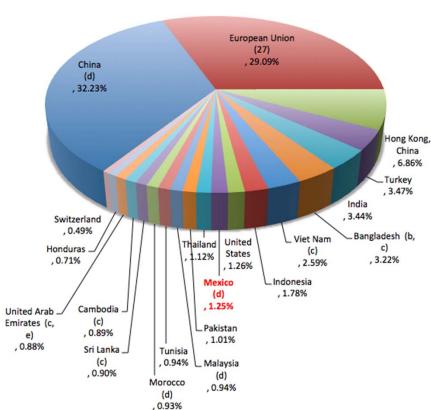
Textile Exports 2009 Share World Value

Mexico Ranking: 8th

Source: WTO (World Trade Organization)



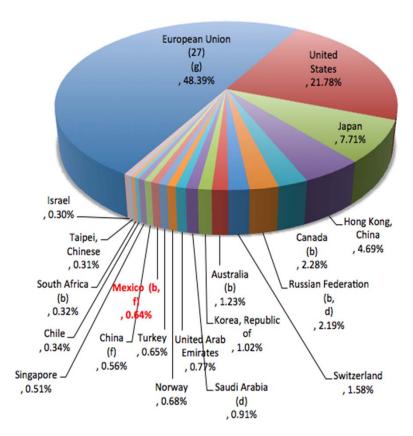
1. World Cluster Status



Clothing Exports 2009 Share World Value

Mexico Ranking: 14th

Clothing Imports 2009 Share World Value



Mexico Ranking: 10th

Source: WTO (World Trade Organization)

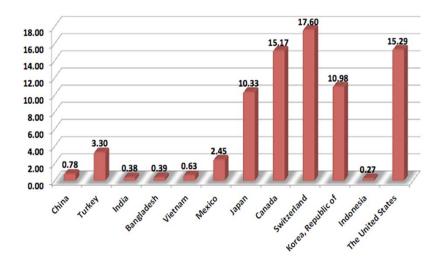
World: 330,867 Million Dollars



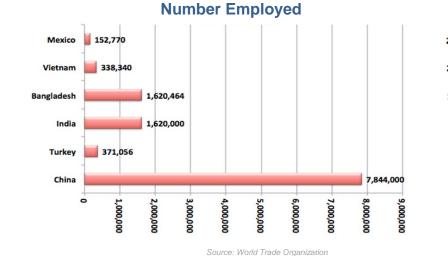
2. Relevant Cluster Charts

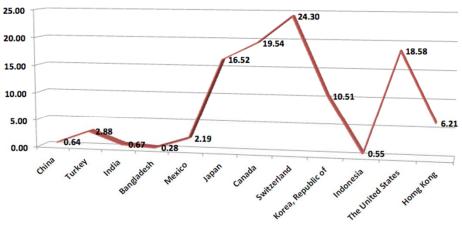
National GDP (Trillones, US Dollars) 18 16.291 16 15.227 14 12 10 8 6.516 6 5.822 4 **1.448** 1.126 0.578 2 1.704 1.167 0.822 0.797 0.594 0 24/ .115 0.118 0 eanUnion China rea Republic Ô

Average Hourly Labor Cost Apparel (US Dollars)



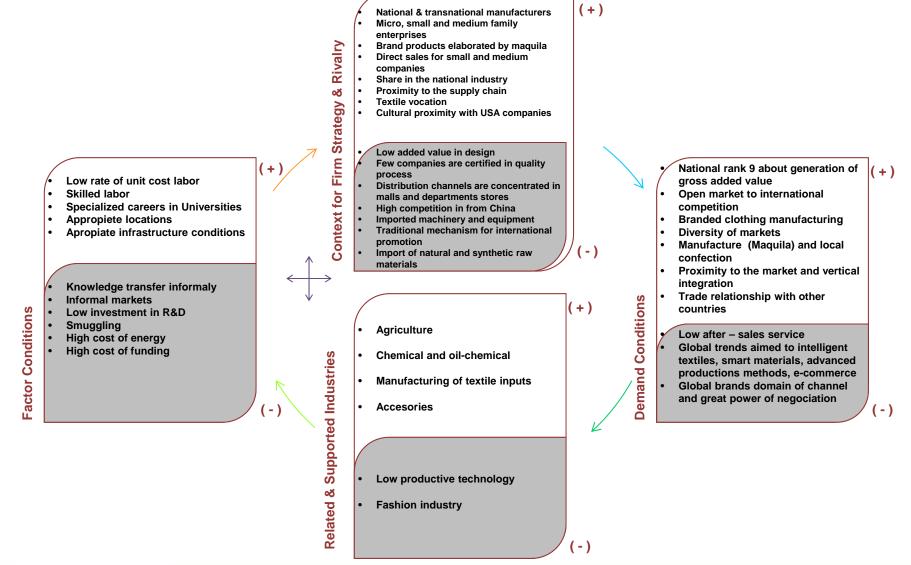
Average Hourly Labor Cost Textile (US Dollars)







3. Cluster Diamond





4. Value Chain

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Support Activities

FIRM INFRASTRUCTURE

Most companies are micro, small and medium industries, many of them are familiar companies Experience in export activities Type of financing: own resources and most commercial banking Commercial relations with other countries Lack of organizational culture

HUMAN RESOURCE MANAGMENT

Skilled and cheap labor Professional formation through universities Training is from employee to employee in informal way (transfers skills and knowledge)

TECHNOLOGY DEVELOPMENT

Low investment in research and development (Consistent trend) More manual machines in the industry than automatic equipment Import of machinery and equipment

PROCUREMENT

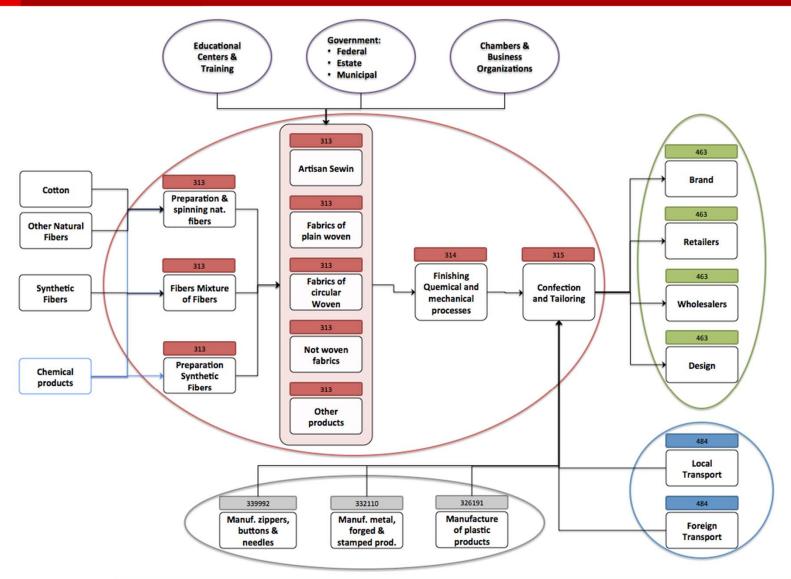
Consumption of domestic and imported raw materials

INBOUND LOGISTICS	OPERATIONS	OUTBOUND LOGISTICS	MARKETING AND SALES	AFTER-SALES SERVICE	G
Import of inputs and technology Other inputs from domestic suppliers Shortly time in translate goods	Follow market trends Little value-added in model design Domestic industry and export too Backward integration (fibers, threads and fabrics) Quality certification only for exportation Flexibility	Major retailers Shortly delivery of finished product	Distribution channels concentrated in malls and department stores (medium and large companies) Direct sales for small and medium enterprises Proximity to the USA market Low marketing promotion	The majority of the companies are limited to the specifications that the customer establishes The micro and small enterprises are closer to the final consumer Low access to business intelligence	I N



Primary Activities

5.Cluster Map





6. Synthesis of Current Situation

- Textile and Apparel industry represents the fifth in employment nationwide.
- Textile companies occupy the second position in the country.
- Only the textile industry accounts for about 25,000 employees in Puebla.
- The textile and apparel share 1.7% of state GDP.
- Low added value in design.
- "Maquila" leads the process of textile and apparel industry.
- Low cost in I&D.
- High competition from China.
- 5 out of 10 units sold in Mexico are from ilegal.
- There is not close collaboration between industry participants.
- Lack closer links between universities, government and companies.
- There is not a professionalization of the workforce in general, the training is from employee to employee.
- 80% are domestic raw materials: fibers, fabric, threads, ratings (brooches, zippers, ornaments, springs, buttons.
- Lack of quality certification processes.



7. Strategy: Cluster Value Proposition

- Diversify markets.
- Take advantages of Free Trade Agreements with other countries like USA.
- Professionalization of human capital.
- Funds to support training and consulting.
- Benchmark successful business models.
- Increase relationship with institutions for collaboration. Aitex (Spain).
- Concentrate sector information to generate development indicators to follow up the development.
- Vertical integration.
- Build a business philosophy.
- Formalize the sector.
- Strengthen EXINTEX (Textile Expo).



8. Relevant Project Priorities







Sensitization on the importance of the modernization of industry and investment in research and development

Agreement for cooperation Sign an agreement for cooperation between government, universities, institutions and business support

Annual design contest Promote and create development of talent.

Database

Create a database specializing in strategic industry indicators



9. Recommendations



Michael E. Porter Sintonía, Puebla April, 27 2012

- Focused and discipline in the scope of the objectives.
- Define the segment that is going to develop in the Cluster.
- Consider the environment in which the Cluster is developing and take advantage of the synergies that can be achieved.
- Define a congruent goal.
- Working on the development of the clusters where we are strong.



9. Recommendations

- Accordingly, the possibility of extending the cluster to other states can support to detonate not only economic development in Puebla but also in the region.
- The state of Tlaxcala represents an important market for Puebla, in addition to its geographical proximity, there is a close business and social relationship, which can be harnessed.
- Both states form a metropolitan area that is the fourth in the country in population terms encompassing 38 municipalities.
- The proposal is expand the cluster to the state of Tlaxcala and analyze areas of opportunity in order to develop and strengthen it.

