



**UNIVERSITY OF AZUAY
FACULTY OF LAW
SCHOOL OF INTERNATIONAL STUDIES**

Graduation Project prior to obtaining the Degree in
International Studies, with a major in Foreign Trade

**INTERNALIZATION PLAN FOR
INSERTING THE BLAUPUNKT BRAND IN
THE PERUVIAN MARKET**

Authors:

Fausto Andrés Ortega Coronel,

Sofía Nicole Ottati Vélez

Director:

Arq. Ramón Valdivieso

Cuenca, Ecuador

2021

DEDICATION

To my entire family, especially my parents Fausto and Nube for their support. Also, to the people who transformed my time into one of the best experiences of my life during my university career.

DEDICATION

I dedicate this work to my family, to my parents Fernando and María Paz for their unconditional support during my university career, for being my guide to achieve my greatest victories. Without them it would have been impossible to be where I am today.

GRATEFULNESS

I thank my parents for their support; the Arq. Ramón Valdivieso for his valuable lead and advice; and my partners for their friendship until the end of this journey.

GRATEFULNESS

I thank God for his blessings during this pandemic; my parents for their unconditional support; and Arq. Ramón Valdivieso for his teachings in the classrooms, for sharing with us his knowledge, experience and commitment in this degree project.

ABSTRACT

The current degree project consists of an Internalization Plan for the Blaupunkt television brand into the Peruvian market through the firm MP3 that owns a license on the television brand. The first chapter will include a brief introduction of International Trade Theories, an analysis of the Ecuadorian political, economic, social, technological, ecological and legal framework, a Porter's Competitive Diamond based on the same framework, and finally a SWOT analysis will be carried out to raise the firm's awareness of the risks, challenges and benefits of internalization into the Peruvian market. Finally, the Peruvian market will be evaluated through a PESTEL analysis; and the Porter Diamond will be discussed. This project will conclude with a financial analysis to know the feasibility of the internalization of the Blaupunkt TV brand into the Peruvian market.

Key Words

International Trade, Internalization plan, Covid-19, Free Trade, Competence, Retail chains.

GENERAL INDEX

DEDICATION	II
DEDICATION	III
GRATEFULNESS	IV
GRATEFULNESS	V
ABSTRACT	VI
1 CHAPTER I	12
1.1 Introduction	12
1.2 Concepts and the importance of International Trade	12
1.3 Theories of International Trade	13
1.3.1 Mercantilism	13
1.3.2 Singer and Prebish's Thesis.	14
1.3.3 Absolute Advantage by Adam Smith	16
1.3.4 Comparative Advantage Theory by David Ricardo	18
1.3.5 Product Life Cycle Theory	21
1.3.6 Hecksher and Ohlin's Theory	22
1.3.7 Competitive Advantage Theory by Michael Porter	23
1.3.8 Leontief's Paradox	25
1.3.9 The New Theory of International Trade by Krugman	25
1.3.10 Theory of Internalization.	26
1.4 Conclusions of the chapter	28
2 CHAPTER II	31
2.1 Introduction to the selected firm	31
2.2 History of Blaupunkt	32
2.2.1 Awards	35
2.3 PESTEL Analysis	35
2.3.1 Political Analysis	35
2.3.2 Economic analysis	40
2.3.3 Social analysis	51
2.3.4 Technological Analysis	52
2.3.5 Legal Analysis	54
2.4 Porter Diamond Analysis	55
2.4.1 Demand	55
2.4.2 Competence	57

2.4.3	Factor	61
2.4.4	Cooperation	63
2.5	SWOT ANALYSIS	64
2.5.1	Strengths	64
2.5.2	Weakness	65
2.5.3	Opportunities	65
2.5.4	Threats	66
2.6	Conclusions of the chapter	66
2.7	Summary Tables	70
2.7.1	PESTEL Analysis	70
2.7.2	Porter's Diamond	73
3	CHAPTER III	76
3.1	PESTEL Analysis of the Peruvian market	76
3.1.1	Political Analysis	76
3.1.2	Economic Analysis	80
3.1.3	Social Analysis	85
3.1.4	Technological Analysis	87
3.1.5	Ecological Analysis.	89
3.1.6	Legal Analysis	90
3.2	Interview to the Head of Television Line.	92
3.3	Internalization Case of the Peruvian market	95
3.4	Competitive Diamond by Porter	96
3.4.1	Demand	96
3.4.2	Competence	98
3.4.3	Factors	107
3.4.4	Related and support sectors	108
3.5	Marketing Plan	109
3.6	Product	110
3.6.1	Product Inventory	110
3.6.2	Technical Assistance, Installation and Training System.	110
3.6.3	Additional Products	111
3.7	Price	111
3.8	Place: La Curacao	113
3.9	Promotion	113
3.10	Financial Analysis	114
3.11	Conclusions of the chapter	115
3.12	Summary Tables	120

3.12.1	PESTEL Analysis	120
3.12.2	Competitive Diamond	124
4	GENERAL CONCLUSIONS	127
5	RECOMMENDATIONS	132
6	BIBLIOGRAPHY	134

LIST OF TABLES

TABLE 1. BANANA AND COFFEE PRODUCTION WITHOUT TRADE	17
TABLE 2. BANANA AND COFFEE PRODUCTION WITHOUT TRADE	18
TABLE 3. BANANA AND COCOA PRODUCTION WITHOUT TRADE	19
TABLE 4. EXAMPLE OF COMPARATIVE ADVANTAGE BETWEEN ECUADOR AND BRAZIL	20
TABLE 5. .ECUADOR'S RATING IN THE DOING BUSINESS REPORT	38
TABLE 6. INDICATOR IPC (NOVEMBER)	45
TABLE 7. OBLIGATIONS WITH REGULATORY ENTITIES	54
TABLE 8. ANALYSIS OF THE PRICES OF SAMSUNG TV BRAND	57
TABLE 9. ANALYSIS OF THE PRICES OF INDURAMA TV BRAND	58
TABLE 10. ANALYSIS OF THE PRICES OF TCL TV BRAND	58
TABLE 11. ANALYSIS OF THE PRICES OF HYUNDAI TV BRAND	58
TABLE 12. ANALYSIS OF THE PRICES OF LG TV BRAND	58
TABLE 13. ANALYSIS OF THE PRICES OF DIGGIO TV BRAND	59
TABLE 14. ANALYSIS OF PRICES OF RIVIERA TV BRAND	59
TABLE 15. ANALYSIS OF PRICES OF SONY TV BRAND	59
TABLE 16. ANALYSIS OF PRICES OF GLOBAL TV BRAND	60
TABLE 17. ANALYSIS OF PRICES OF GLOBAL TV BRAND	60
TABLE 18. POLITICAL, LEGAL AND SOCIAL ENVIRONMENT OF THE ECUADORIAN MARKET	70
TABLE 19. ECONOMIC SPHERE OF THE ECUADORIAN MARKET	71
TABLE 20. ECOLOGICAL SPHERE IN THE ECUADORIAN MARKET	73
TABLE 21. TECHNOLOGICAL SPHERE IN THE ECUADORIAN MARKET	73
TABLE 22. DEMAND OF THE TV MARKET	73
TABLE 23. COMPETENCE OF THE TV MARKET	74
TABLE 24. INFRASTRUCTURE, INPUTS, LABOR AND COOPERATION	74
TABLE 25. REPORT DOING BUSINESS IN PERU	78
TABLE 26. INFLATION RATE 2020 IN PERU	83
TABLE 27. GROWTH PROJECTIONS BY WORK BANK	85
TABLE 28. DISTRIBUTION OF EXPENSES IN PERUVIAN HOUSEHOLDS	86
TABLE 29. RANKING GLOBAL INNOVATION INDEX OF LATIN AMERICA	88
TABLE 30. ANALYSIS OF THE SAMSUNG TV IN THE STORE EL METRO	98
TABLE 31. ANALYSIS OF THE LG TV IN THE STORE EL METRO	99
TABLE 32. ANALYSIS OF THE PANASONIC TV IN THE STORE EL METRO	99
TABLE 33. ANALYSIS OF THE PHILIPS TV IN THE STORE EL METRO	99
TABLE 34. ANALYSIS OF THE AOC TV IN THE STORE EL METRO	100
TABLE 35. ANALYSIS OF THE HISENSE TV IN THE STORE EL METRO	100
TABLE 36. ANALYSIS OF THE SONY TV IN THE STORE EL METRO	100
TABLE 37. ANALYSIS OF THE SAMSUNG TV IN THE STORE LA CURACAO	100
TABLE 38. ANALYSIS OF THE LG TV IN THE STORE LA CURACAO	101
TABLE 39. ANALYSIS OF THE HISENSE TV IN THE STORE LA CURACAO	102
TABLE 40. ANALYSIS OF THE AOC TV IN THE STORE LA CURACAO	102
TABLE 41. ANALYSIS OF THE PHILIPS TV IN THE STORE LA CURACAO	102
TABLE 42. ANALYSIS OF THE HYUNDAI TV IN THE STORE LA CURACAO	103
TABLE 43. ANALYSIS OF THE HAIER TV IN THE STORE LA CURACAO	103
TABLE 44. ANALYSIS OF THE PANASONIC IN THE STORE LA CURACAO	103
TABLE 45. ANALYSIS OF THE SAMSUNG TV IN THE STORE LINIO-PERU	104
TABLE 46. ANALYSIS OF THE SONY TV IN THE STORE LINIO-PERU	104
TABLE 47. ANALYSIS OF THE PHILIPS TV IN THE STORE LINIO-PERU	105
TABLE 48. ANALYSIS OF THE PANASONIC TV IN THE STORE LINIO-PERU	105
TABLE 49. VIEW, MISIÓN, OBJECTIVES OF THE FIRM	109

TABLE 50. TVS IN STOCK	110
TABLE 51. COMPETITOR'S PRICE RANGE	112
TABLE 52. PRICE OF THE PRODUCT	112
TABLE 53. FINANCIAL ANALYSIS	114
TABLE 54. POLITICAL, SOCIAL AND LEGAL ANALYSIS	120
TABLE 55. ECONOMIC ANALYSIS OF PERU	121
TABLE 56. TECHNOLOGICAL ANALYSIS	123
TABLE 57. . ECOLOGICAL ANALYSIS	123
TABLE 58. COMPETENCE OF PRICES	124
TABLE 59. DEMAND	125
TABLE 60. FACTORS: INFRASTRUCTURE, INPUTS, LABOR AND COOPERATION	126

LIST OF FIGURES

FIGURE 1. EASE OF DOING BUSINESS INDEX IN ECUADOR	39
FIGURE 2. EASE OF DOING BUSINESS INDEX IN ECUADOR	41
FIGURE 3. OIL AND NON-OIL GVA	43
FIGURE 4. GLOBAL INNOVATION INDEX IN ECUADOR	46
FIGURE 5. UNIFIED BASIC SALARY	50
FIGURE 6. TV IMPORTATIONS IN THE LAST 5 YEARS	56
FIGURE 7. MP3 INSTALLATIONS	62

1 CHAPTER I

THEORIES OF INTERNATIONAL TRADE

1.1 Introduction

The Chapter analyzes the several theories of International Trade promoted over time to understand the reasons why countries seek to participate in International Trade. The analysis begins studying Protectionist Theories such as Mercantilism and the Prebisch-Singer Thesis, as well as Free Trade Theories such as Adam Smith's Absolute Advantage Theory, David Ricardo's Comparative Advantage Theory, Product Life-Cycle Theory, Heckscher and Ohlin's Theory, Leontief Paradox Theory, the New Theory of International Trade by Krugman. Then, Porter's Competitive Advantage Theory is mentioned and finally, the Internalization Theory is presented as the core argument for carrying out this brand internalization.

1.2 Concepts and the importance of International Trade

The definitions of International Trade can vary depending on the author. According to Oscar Bajo (1991), International Trade is the exchange of goods and services between agents that reside in different nations (understood as different political jurisdictions). This scenario is the result of the complexity of modern societies and requires a greater degree of specialization of the economic units that comprise them. Furthermore, the diverse needs and preferences of the different economic agents, provoke a growth of the exchange of goods between these agents.

On the other hand, Alfonso Ballesteros (2001) defines International Trade as an ancient practice as any other human activity. Subsequently, it would be complex to find a whole definition that includes all the faces of Foreign Trade. During the last century, the Industrial Revolution represented the starting point of the international division of labor in industrialized countries. Based on those facts, the International Trade refers to the economic

activity of exchange of goods, capital and services performed by a certain country with the rest of the countries; thus, it will be regulated by international norms or bilateral agreements.

According to Krugman (2006), International Trade is understood as the sale of goods and services by countries which means export goods whose production requires an intensity of their abundant resources and imports those goods whose production requires intensity in the use of their scarce resources.

At present, living in a globalized world where there is a reduction of distance due to technological and telecommunications advances has generated a more interconnected relationship between countries in the trade field. Consequently, the shifts in direction and composition of world trading have generated a smaller world; thereby, causing a process of globalization of markets and production. This exchange of goods and services between countries is what today we call Foreign Trade or International Trade (Lombana, Rozas and Corredor).

1.3 Theories of International Trade

1.3.1 Mercantilism

Based on the Theories of International Trade promoted around centuries, the first theory is Mercantilism. This theory emerged in England in the mid-sixteenth century when currency used in the trade exchange of the time was based on precious metals, mainly gold and silver. The accumulation of those metals, obtained by the exportation towards external markets, meant wealth and prosperity for a nation. In contrast, the importation of goods generates an outflow of gold and silver in favor of other markets. Thereby, the vision for mercantilism was that it was more convenient for a country to maintain the trade surplus,

which means to export more than import; in this way, the wealth, gold and silver will increase, and it will represent prestige and power for a nation (Hill).

This doctrine emphasizes state intervention in terms of economy. To achieve this trade surplus, it is necessary to stimulate the sales and to curb the flow of imports; so gold and silver outputs were limited by using economic tools such as quotes or duties while exports had subsidies. However, in 1752 the economist David Hume analyzed the contradictions of this theory. Once a trade surplus entry of precious metals was reached, it would lead to an increase of supply of money in the exporting country and then lead to inflation. On the contrary, in the importing country, the outflow of wealth would have an opposite effect because prices will fall due to the increased demand of money. In the long-term the importing country will take advantage of the reduction in price of its products and the increase in price of the rival nation since the nation that originally had a trade surplus would be forced to buy more products from its competitors. For that reason, this cycle will continue, and any of the nations will maintain a positive trade balance (Rojas).

As we can notice, the Mercantilism Approach tends to be a very short-sighted view as its boosters consider commercial relations as games of power, where there is a winner nation based on its economic profits, and a loser nation where there is no mutual benefit among nations (Rojas).

1.3.2 Singer and Prebish's Thesis.

The publication of the first two works in English of Singer and Prebish's Thesis were almost simultaneous. In May 1950 the first English version emerged from "*The Economic Development of Latin America and its main issues*", by Raúl Prebisch; equally, in the same month, Hans Singer published his article called "The *distribution of gains between investing and borrowing countries*". The Singer and Prebish's Thesis is based on the barring major

shifts in the structure of the world economy, the profits from trade will continue to be distributed unfairly between nations that export primary products and nations whose imports are manufactured products. Thus, the inequality of per capita income between these two types of countries will increase with the growth of trade, rather than decrease. It was taken as an indicator of the need for both industrialization and tariff protection (Toye).

Prebisch and Singer identified two types of negative effects on the trade conditions of primary commodities. One effect occurs because of the different characteristics of the product, the market factor as cost plus a margin and unionization of labor in the industry. Another negative effect happens due to the asymmetric distribution of the results, and its impact on future demand. It is beneficial for the industry and unfavorable for agriculture (Toye).

Singer and Prebisch's Thesis mentioned that there is a secular decline in terms of trade for the developing countries in their relations with industrialized countries. The Studies are often focused on the temporal trend of the price of primary products relative to the price of manufacturers in International Trade, as Prebisch and Singer noted that the exportations of developing countries are dominated by the raw materials and the importations are dominated by manufactured products. The issue is whether a clear downward trend can be established in the relative price of primary products throughout the 20th century or in substantial portions of it. The results of this study showed that the situation is even more unfavorable for developing countries, due to the products in which they specialize today are replaced more easily by artificial raw materials. Additionally, an increased evolution of the processed food industry has gained a large market share from food products from developing countries. For that reason, these countries should keep a policy of industrialization through import substitution, for which they should encourage a trade policy of selective protectionism (Bloch).

1.3.3 Absolute Advantage by Adam Smith

According to this model, it has been substantiated that Mercantilism is an unsustainable model that portrayed wealth in precious metals; thus, trade could be limited. For that reason, a doctrine based on a free trade emerged, and that trading exchange between nations will bring mutual benefits. In this way, Adam Smith, the father of the modern economy, set a dichotomy concept of the classical notion about “wealth” in his book the Wealth of Nations (1776) he considered that the wealth of a nation is based on their production capacity, and the man force. His way of thinking shook up the thoughts that considered International Trade as a zero-sum (Lombana, Rozas and Corredor).

Based on this concept of wealth, the Absolute Advantage Theory emerges based on the fact that a country should specialize in the production of the good that is produced more efficiently. In other words, the good that is produced using the least number of resources. As they specialize in its production, countries will try to access the highest level of customer satisfaction. (Lombana, Rozas and Corredor)

This model is focused in a world conformed by two countries and two goods in which there is a free mobility of production factors. Also, there are constant production costs, thus, it requires the same number of available resources for each unit produced. Conversely, this model does not consider transportation costs. There is a perfect market which does not consider the existence of tariff-quotas or differentiated tax rates and the amount of land, capital and labor resources are limited (Lombana, Rozas and Corredor).

To better understand this model there are the following assumptions:

- There is a world conformed by two countries Ecuador and Bolivia, both countries produce bananas and coffee and they have 600 units of resources that require to be allocated in the production of bananas and coffee.
- Ecuador will allocate 20 resources for the production of bananas while for the production of coffee, it will be 60 resources. On the other hand, Bolivia will allocate 50 resources for the production of bananas while for the production of coffee, it will be 30 resources.

Table 1. Banana and coffee production without trade

Countries	Resource per ton		Total of Resources
	Banana	Coffee	
Ecuador	20R	60R	80R
Bolivia	50R	30R	80R

Elaborated: Authors

Applying the model of Absolute Advantage, Ecuador must specialize in the production of bananas given that it is more efficient than producing coffee, while Bolivia must specialize in the production of coffee given that it is more efficient than producing bananas.

Additionally, Ecuador must allocate all resources to the production of bananas (80 resources), while Bolivia must allocate all resources to the production of coffee (80

resources). Hence, it is proved the Absolute Advantage Theory in which both countries must specialize in what they produce with more efficiency.

Table 2. Banana and coffee production without trade

Countries	Resource per ton	
	Banana	Coffee
Ecuador	80R	
Bolivia		80R
Total	80R	80R

Elaborated: Authors

1.3.4 Comparative Advantage Theory by David Ricardo

David Ricardo analyzed the Absolute Advantage Theory, he mentioned that with this model a country would not obtain any benefit from International Trade. In such a way, Ricardo promoted the Comparative Advantage Theory in his book *“Principles of Economic Policy and Taxation “(1817)*, it refers to the fact that a country must specialize in the goods that produces with more efficiently, and besides import from other countries what they produce with less efficiently (Hill).

Therefore, this model emerged as the contemporary argument in favor of Free Trade without restrictions. Notwithstanding at the moment of import, export, it is indispensable to consider the relative prices which are the cost of producing one good in terms of the cost of producing the other within the same country. Conversely, despite a country having an

absolute advantage in both goods, it will generate trade due to the differences in opportunity costs and relative prices in each country, so this will bring mutual benefits from trade (Lombana, Rozas and Corredor).

To better understand the model, it will be analyzed the following assumptions:

- A world conformed by two countries Ecuador and Brazil; they have 200 units of resources. Suppose that Ecuador produces bananas and cocoa and has the absolute advantage in both goods. However, in Ecuador they need 10 resources to produce one ton of cocoa and 15 resources to produce one ton of bananas, Ecuador can produce 20 tons of cocoa without bananas, 13.33 tons of bananas without cocoa.
- By contrast, in Brazil, they need 40 resources to produce one ton of cocoa and 25 to produce one ton of bananas. In this way, Brazil can produce 5 tons of cocoa without bananas and 8 tons of bananas without cocoa.

Table 3. Banana and cocoa production without trade

200 Resource Units	Resource per ton	
Countries	Banana	Cocoa
Ecuador	15R	10R
Brazil	25R	40R
Total	40R	50R

Elaborated: Authors

Table 4. Example of Comparative Advantage between Ecuador and Brazil

200 Resource Units	Resource per ton	
	Banana	Cocoa
Ecuador	13.33 t	20t
Brazil	8t	5t

Elaborated: Authors

Suppose that without trade each country dedicates half of its resources to cocoa production and the other half for banana production, in these situations without trade Ecuador will produce 10 tons of cocoa and 6.7 tons of bananas. Even though Ecuador has the absolute advantage in both goods, it only has a comparative advantage in producing cocoa since Ecuador produces four times more cocoa than Brazil, but only 1.6 times more than bananas. This means that Ecuador must specialize in the production of cocoa.

To conclude, without trade, each country consumes what they produce; conversely, if there is a trade exchange between two countries, this means that they can increase their joint production of bananas and cocoa. Therefore, consumers from Brazil and Ecuador can have mutual benefits.

1.3.5 Product Life Cycle Theory

In 1966 the American economist, Raymond Vernon, promoted the Product Life Cycle Theory which is based on how the production of a specific product is carried out in the country where was invented the product, since the rest of countries are supplied by exports until there is a change; thus, at the moment the product is standardized, the production of it, is transferred to other countries where labor costs are lower (Casanova and Zuaznábar).

This process is comprised by three stages:

1. **Stage of creation:** in this stage the product is manufactured, it keeps the internal consumption in this country and the constant improvement of the productive process; therefore, in this stage does not take place International Trade;
2. **Stage of maturation:** in this stage the production is standardized and is produced on a larger scale. For that reason, when a foreign demand arises from other countries with high incomes, the product is exported and it can be produced in other places;
3. **Stage of uniform product:** in this stage the product becomes dominant in the foreign and domestic market, since their production is transferred to countries with lower labor costs. The importance of this stage is that the exporter can become an importer and can generate new dynamics in the International Trade (Casanova and Zuaznábar).

It is crucial to highlight that, production cannot always be transferred completely to another country, as this model determine because sometimes this product has a great acceptance in the domestic market, the strength of work that presented differences in value from one country to another; thus, there can be other factors such as the qualification, the

existence of raw materials and the technology production that is the case of foodstuffs which does not relocate from one place to another (Casanova and Zuaznabar).

1.3.6 Hecksher and Ohlin's Theory

One of the pillars of the modern theory of international exchange is the Heckscher-Ohlin theorem which was mentioned by Eli Heckscher (1919), and developed by Bertil Ohlin (1935). Swedish economists suggested an alternative to the Comparative Advantage Theory, which developed from the differences regarding the productivity of diverse countries as a notion of advantage. In the Hecksher and Ohlin Theory, the advantage factor is given by the different production factors that each country has (land, capital and workforce). Thus, Heckscher and Ohlin argued that countries require to specialize in the production of the goods that take advantage of their most abundant factors, and should import goods elaborated with scarce factors. In this sense, Heckscher and Ohlin affirmed how the framework of the International Trade is determined by differences in factor endowments, rather than the differences in productivity (Hill).

This model is comprised by two proposals:

- The last reason that explains the differences of the comparative costs and consequently, of the exchange between different countries is the diverse factor endowments of them. Hence, each country specializes in the production of goods that incorporate its abundant factor or factors in order that the Foreign Trade supposed a change of abundant factors for scarce, included all of them in the exchanged goods (Requeijo).
- The Free Trade of products tends to equal the relative prices of the production factors in all countries (Requeijo).

1.3.7 Competitive Advantage Theory by Michael Porter

Michel Porter proclaimed "*The Competitive Advantage of Nations*", it refers that competitiveness has become an issue of concern for governments and industries due to the fact that competitiveness will depend on the level of competition that a country has (Revista Facetas).

The main objective of a nation is to promote a high level of life for its citizens and for that it depends on the productivity with which the capital and labor resources in a nation are harnessed. When productivity is mentioned, it refers to the value of the yield of a unit of labor or capital, this depends on the quality and characteristics of products and the efficiency of the manufacturing process (Revista Facetas).

It is indispensable to emphasize that competitiveness is interconnected to the productivity of the firms, efficient production methods, the quality of the products, and also the improvement over time and the effectiveness of business management. In this way, to achieve this competitive advantage it requires the improvement in innovation and change. In addition, innovation refers to the design of a new product, in the way of approaching the market or in a new way of training and organizing. In such a way, some innovations create competitive advantages when a company considers something entirely new that buyers need.

Porter provided four features that operate competitive advantage at the national and enterprise sphere.

1. **Factor Condition:** Porter's analysis goes beyond the relevance of natural resources rather focusing on the importance of human resources especially the level of training, knowledge, skills and abilities acquired from workers (París).

2. **Demand conditions:** Demand conditions: if a product demands a large number of consumers, this will stimulate the growth of companies in that sector. Likewise, it is relevant the size of the market, and the level of consumer requirements; thus, at the moment of having demanding consumers, this generates an incentive to improve the quality of companies and achieve a higher level of success in the international markets. It is important to keep in mind innovation in the companies given that consumers are always looking for new products open to improvement (París).
Therefore, when the consumers of a country are proponents of trends that with the time are expanded to the rest of the world, the firms of that country are prepared to meet the demand related to new trends in other countries. Finally, it is necessary to have a large domestic market, but also to position brands worldwide (París).
3. **Strategy, structure and competence of a firm:** while more competitors coexist in the market, there are more opportunities for the firms to be forced to improve. The existence of more competence in a specific field generates natural selection and the strengthening of survivors. That is the case of the Japanese automotive industry where many manufacturers' cars have competed intensely for many years for the Japanese domestic market. The Japanese car manufacturers with success in international markets are the most successful survivors in this internal controversy (Paris). On the other hand, sometimes there is saturation on the market and this makes companies look for new markets abroad. Furthermore, there are other reasons why companies seek to internalize business management, the knowledge and skills of managers, their motivation, knowledge of languages and culture. Likewise, the behavior of the government and the public administrations, legislation, tax system, subventions and incentives favor internalization (París).

4. **Related and supporting industries:** to be successful in a sector, it requires the cooperation between companies to generate enterprise networks, facilitating the competitiveness among firms, it also allows the multiplicity of provision and advanced suppliers very competitive which provide quality components at low cost in favor of the competitiveness of a specific sector. Hence, it is set out as one of the main factors that determine the location of a productive installation (París).

1.3.8 Leontief's Paradox

In 1953 Wassily Leontief published his most important article based on the analysis of the Heckscher-Ohlin Theory. In which he substantiated with statistical information of that period about the economic outlook of the United States, in which the world's most developed economy was specialized in labor-intensive exports rather than capital-extensive exports. The paradox is generated when we lead that labor is a relative production factor and does not imply the same costs in all countries. In the case of the United States, goods were produced employing expensive labor, instead of taking advantage of the abundant capital; in this way, a paradox was generated. This is at odds with the belief of that time about developed countries due to their technological advances, which would breed products that would require less labor to produce the same. Immediately, this theory can be moot introducing other aspects such as rates, endowments of natural resources, human capital, technological differences and the reversal of techniques (Cuevas).

1.3.9 The New Theory of International Trade by Krugman

In 1970 the New Theory of International Trade emerged when several economists led by Paul Krugman accentuated the capacity of the firms to achieve scale economies that would have crucial implications to International Trade. In this sense, Krugman promoted his theory with the concept of "Scale Economies", which states that higher volumes of production cause

lower costs which facilitate the supply of products, and benefit consumers. We could infer those countries would be more competitive, in economic terms, if their industry is able to increase their average costs regarding marginal costs; at the moment these are reduced, the production is increasing in escalation (Hill).

Krugman recognized that in International Trade, countries also make exchanges of goods and services for their industries in what is known as Interindustry Trade. Based on these concepts, Krugman focused this theory in the hypothesis that consumers appreciate the diversity of consumption and from the supply or producer side, Krugman explained that Interindustry Trade is advantageous for a country, by allowing each country to take advantage of the scale economies and also in a global context, consumers are advantaged by low prices and the diversity of products (Sánchez).

In the same way, Krugman proved a valuable analysis about the global dynamics North-South. He explained that the productive labor factor seeks to be located where it has income and well-being, in this case we call North. In this way, it is easy for the North to carry out an economy of scale in the production of products. On the contrary, the South becomes an exporter of raw materials, this area stands out for having an abundant productive land factor. Thus, an Interindustry Trade relationship is generated between economies of scale. (Hill)

1.3.10 Theory of Internalization.

Buckley and Casson in their work *"The Future of Multinational Enterprise"* (1976) carried out a theory based on the growth of the company using the concept of market internalization (Renau). In this way, four relevant factors were determined for the market's internalization:

1. Specific factors of the industry based on the nature of the product and the structure of markets;

2. Specific factors of a region concerning to the geographic and social characteristics of the regions connected with the market;
3. Specific factors of a nation concerning to the political and fiscal relations between these nations;
4. Specific factors of the firm which are focused on the ability of the firm to manage, organize the domestic markets, clearer to internalize transactions (Renau).

Hence, the internalization of transactions will be interconnected to multinational companies which are created when transactions are internalized beyond national borders (Renau). Thus, multinationals are an alternative mechanism to the market in order to manage value activities of the firms across national border to get involved in direct investments abroad; so, there must be two conditions:

1. When locating activities in abroad there are several advantages this means, compare the unit costs of producing in the domestic market and exporting the product to the foreign country regarding to the costs of producing in that country in which influence some aspects such as the cost of productive factors, transport costs and tariffs, state intervention, the economies of scale in certain activities, their complexity and the degree of integration and finally, the type of market structure (Cardoso, Chavarro and Ramírez).

2. It is vital to be more efficient when organizing certain activities within the company, it refers to the transaction costs associated with the market, there are classified as:

- A. Delays caused by having different activities connected by the market.
- B. Conflicts arising from the bilateral concentration of power.
- C. Difficulty in pricing a technology transfer.

D. Specific aspects regarding the international markets such as tariffs and restrictions on capital movements.

In this sense, the benefits of internalization emerge by avoiding the costs associated with the imperfections of foreign markets, and will imply the creation of a multinational company to the extent that it is carried out beyond national borders (Cardoso, Chavarro and Ramírez).

1.4 Conclusions of the chapter

The globalization of markets and production caused the evolution of International Trade; that is the reason why, today countries are more interconnected and have increased the commercial exchange of goods and services between countries. In this way, free trade is a basic tool for the economic growth of nations. Thus, the Absolute Advantage Theory highlights the importance of specialization in the production of the most efficient good that a country has, using the least number of resources. Likewise, David Ricardo complements this theory and emphasizes not only the relevance of specialization in the most efficient good, but also the need to import from other countries what is produced less efficiently.

Further on with the evolution of the International Trade Theories, several of these postulates will be updated, as the case of the Heckscher and Ohlin Theory, where the advantage is given by the productive factors (labor, land and capital). Consequently, without commerce each country consumes what it produces; conversely, through commercial exchange both countries can increase their joint production.

Currently, these productive factors of labor, capital, and land are not the only facts that determine the competitiveness of a country. The technological factor has taken a leading role in the production of the modern firm since it increased the levels of competitiveness and development. In the case of India, this country stands out for its abundant labor force, for

having financial capital and recently the addition of technology to its production is a factor that determines the success of the companies.

On this basis, it is important to mention competitiveness in the field of International Trade, given that it allows countries to develop in international markets and improve the standard of living of its populations. Competition is set out as a positive side for companies since it allows them to have more opportunities as they are forced to improve. In addition, business networks strengthen sectors and make them more competitive. Nevertheless, according to Porter, to achieve this competitive advantage, it is necessary to improve innovation and change, since innovation is carried out through the application of new technologies. On the other hand, Porter emphasized not only natural resources but also human resources, based on the fact that this human factor must be trained in order to achieve competitiveness, and for achieve this competitiveness in the company, it is necessary to take account the level of consumer demand because it as allows to improve its quality and achieve success in international markets by positioning the brand in new markets.

The internalization process of companies allows greater economic growth by expanding their market, and increasing their business volume. With this, companies generate new opportunities abroad to offer their products, goods or services, thus facing situations such as the case of the home market saturation. Conversely, internalization is a process that requires several factors to be successful. In general, there are many factors that could pose both a risk and a favorable variable for the internalization process, such as the behavior of the government regarding foreign trade, economic policies, public administration, legislation, tax system, subsidies, incentives, etc. All the same, it is indispensable to know through a study, the current situation of the company to be internationalized, using the theoretical tools that

allow us to access this information, in order to be able to make projections that guarantee the success of our brand internalization.

Finally, the study of economic theories is highly relevant for this internalization project; since, it takes us through a historical account of the evolution of International Trade around the centuries, which facilitates the understanding of the trade field in the international sphere. In this way, it seeks to point up the importance of trade exchange between nations; since free trade represents a tool that underpins economic growth and reinforces the relations among countries.

2 CHAPTER II

INTERNAL ANALYSIS OF THE FIRM MP3

2.1 Introduction to the selected firm

The firm MP3 is located in Quito, Guayaquil and Cuenca, and has 15 years of experience in the Ecuadorian market, as trade leader of audio, video and technology equipment for cars. Currently, it is the third largest Tv assembly firm in the country, which was built together with Clarion and OEM, among other brands. Moreover, MP3 stands out for manufacturing certain national Tv brands such as Indurama and Innova. Also, the firm has production licenses of international brands such as Motorola, Blaupunkt y Nakamichi. Furthermore, the firm is distinguished for their exclusive distribution of worldwide brands such as Clarion, OEM, Alpine, JBL, Infiniti, Parrot, DB-Drive and Quantum. They are the main suppliers in audio and video systems for the most important dealerships: Nissan, General Motors, Toyota, Mitsubishi, Peugeot, Chevrolet and SsangYong with a complete line of OEM equipment in the worldwide brand like the case of Clarion.

According to the company website, the mission is based on highlighting the importance of being at the forefront of all technological advances, to offer the latest models in audio, amplification and video systems to satisfy the consumer's needs by offering them efficient work. Based on all these brands and production lines that the firm offers to the Ecuadorian market, the Blaupunkt TVv accomplished a crucial role in this research given that it was selected to be internalized to the Peruvian market. During a visit to the staff of the Company we did an interview to know about the history of Blaupunkt in Ecuador and the historical-political context that facilitated its insertion in the market.

In 2009, the government of Rafael Correa led out certain policies to foster local production to correct the negative balance of trade. Nevertheless, since 2008 the country had a trade deficit, which was caused by the poor exportable supply and the need to import in large volumes to satisfy domestic demand. In response to this crisis, the government issued norms and regulations that seek to stimulate national production (Huayamave).

The reduction and import substitution plan driven by the Government affected the Ecuadorian business and industrial sector. One of the strategies for reducing imports in the technological field is to encourage companies to carry out part of the production in Ecuador (Pérez). In this context, MP3 obtained the licenses for the Tv production, including the Blaupunkt brand. Initially, assembling televisions whose parts were produced abroad. Further on, a quality leap was generated when MP3, Clarion, OEM and other local stakeholders invested in a plant of electronic card production. In this sense, the Blaupunkt Tv has consolidated in the Ecuadorian market, of which it has a significant market participation.

2.2 History of Blaupunkt

In November 1923 the Company was founded under the name of "*Ideal Radiotelefon and Apparatenfabriek*", its production headquarters was located in Bollersdorf. Initially the Company started with a portfolio of products that included headphones and radios to Galena, these headphones had good sound quality, as they were marked with a "*Blue Dot*" it represented a seal of quality. In 1938 the Company changed its name to Blaupunkt which meant in German "*Blue Point*". Furthermore, its seal of quality became the company brand. On the other hand, Blaupunkt used the slogan "*Just a small point*" to advertise their products in the market, which were innovators and high-tech pioneers, it is pertinent to mention that in that time these terms did not even exist.

Regarding the innovations, Blaupunkt had the first European car radio, the Blaupunkt Autosuper AS 5 car radio (1932), the first transistor radio (1975), the first car CD player (1983) and the first European navigation unit (1989), among others like DX-N-Online, the navigation unit with online functionality (2001), the first digital car radio with an MP3 decoder, card slot multimedia and recording function (2003), the first dynamic navigation system and intuitive with TFT color screen (2005) (Blaupunkt).

Since the end of 1950, Blaupunkt continued with the current trends of the market, and also has introduced new devices in short development cycles, offering a full range of consumer electronics products. Based on this approach the company achieved new product advancements that influenced global consumer behavior over the past eight decades. In 1956 the super hi-fi sound devices were endowed with a HiFi button, for the most authentic sound (Blaupunkt).

Besides, it is important to mention the quality of the Hi8 CCR-880H camcorder, or the SVHS-C model CC 695; it initially had new video recorders, which included the RTV-800 HiFi with electronic programming. Its broad range of consumer electronics products was completed with the combinations of Blaupunkt televisions and Tv-radio. In the late 1950s the Arkona series was very successful after its launch. In 1986, the production of television was suspended for purchasing them from a German Tv manufacturer. Ten years later, Blaupunkt ceased the marketing of video recorders, camcorders and televisions to concentrate entirely on the mobile communication field. Nowadays, Blaupunkt has a broader portfolio than ever, in this way his brand was the beginning of a new era in 2010 in order to continue the success story of the Blue Dot in the consumer electronics field (Blaupunkt).

Since 2010, these business segments have been kept by the partners who have expanded the Community of the Blaupunkt Global Brand. However, the partners of this Community are

selected for being the leaders in their business sectors; they have a lot of experience regarding the products and the market. On this basis, the partners are part of a rigorous selection process to guarantee customer confidence in the brand (Blaupunkt).

First, the partners must have a permanent long- term partnership, they must get involved in terms of product quality, they need to be concern in terms of transparence and maintain good communication, they need to preserve the essence and values of the brand, they must be concerned about the Blaupunkt Brand in the global context, they must be open to new ideas, and finally have first-class experience in the business and market field. As a result, Blaupunkt has more than 80 years of experience in the market, offering its products in the whole world with the best relation in terms of quality and price, each product manufactured must be inspected, tested and controlled for the sale by business partners (Blaupunkt).

Currently, Blaupunkt is one of the German commercial brands more recognized in the market, representing a symbol of quality, which has expanded to 95 countries around the world. It represents trusted technology in leisure, communication, mobility, logistics, cleaning, air conditioning, security and hobbies, offering today tablets, computers, televisions, air conditioners and kitchen appliances, as well as audio, security systems and navigation since 2010 (Blaupunkt).

The Blaupunkt brand represents:

- Innovation Force
- Quality
- Technological competence
- Reliability

- Sympathy (Blaupunkt).

2.2.1 Awards

Finally, in 2016 Blaupunkt received the Award for "*Brands of the Century Stars* ", giving the brand greater recognition and decoration alongside other recognized German brands (Blaupunkt).

2.3 PESTEL Analysis

In 1967 the term emerged by Francis J. Aguilar, a Harvard professor. The PESTEL analysis describes the context or environment of the company, beside those relevant external factors to the organization. This allows us to create short and long-term strategies, taking advantage of the opportunities of the analysis or increasing the ability to respond to risks. The name PESTEL has the acronyms of the six factors:

- Political analysis;
- Economic analysis;
- Social analysis;
- Technological analysis;
- Environmental analysis;
- Legal analysis (Betancourt).

2.3.1 Political Analysis

The first point to analyze is the political environment of Blaupunkt in Ecuador, in order to identify the most relevant aspects on this issue, which could have had an impact on MP3, the

company that owns the brand's production license. During the last decade certain stability has been maintained among the Ecuadorian governments; thus, former President Rafael Correa, at the beginning of the first period of his regime, introduced the project to change the productive matrix, developed by the National Secretariat for Planning and Development.

The project was based on a set of policies that encouraged the development of scientific and technological capacities, as well as the insertion and assimilation of these in an effective way in the economy as an element for strengthening the productive sector. The Ecuadorian economy has been characterized by being a supplier of raw materials in the international market and at the same time, an importer of goods and services with greater added value. The constant changes in the international prices of raw materials, as well as their growing difference compared to the prices of products with higher added value and advanced technology, have placed the Ecuadorian economy in a situation of unequal exchange, submitted to the world market fluctuations. This practice does not constitute a profitable system, nor is it sustainable in the long term; also, it does not adapt to the commercial context of Latin America and the world that offers highly competitive products against which the Ecuadorian product was in a clear disadvantage (Molina).

The change in the productive matrix has had positive and negative implications for each industry in particular. In the case of television production, data from the Ministry of Industries and Productivity (MIPRO) are encouraging: 70% of the televisions sold in the country are locally assembled. We have the case of brands such as Sony, where only 20% of the components of the artifacts are imported, since the remaining 80% are assembled at the Audioelec plant, in the province of Guayas. Sony's Ecuadorian plant is the fourth largest in Latin America, where between 500 and 800 Smart TV sets are manufactured daily, with 4K technology and Android operating systems. In addition, we can find the Motsur assembler in

the city of Cuenca and the MP3 assembler where TCL and Blaupunkt brand televisions are assembled respectively. For these reasons, it was necessary to achieve technological and quality standards, in order to get a final product capable of competing with any assembly factory anywhere in the world (El Telégrafo).

MP3 and other related companies have had to face the challenges posed by the change in the production matrix. Mainly, the consequences of an import substitution industrialization; understood as a strategically oriented process to develop technological tools, information, machinery and methods that allow the country to optimize the production processes of the principal products of its economy. It also serves to identify their added value, in order to achieve a competitive export model that favors their participation in global dynamics in a proactive way and with better benefits for the country. Consequently with this policy, it is imperative that part of the television production be carried out in the country. For this reason, investments made it possible to manufacture locally the main card or mainboard of the devices. Although not all parts are available in the country, companies like Sony have products with a local component percentage of 24%. According to MIPRO, this practice brings benefits for the country: the local assembly of these teams helps to lower costs and have competitive prices. This difference is useful after the imposition of tariffs on the finished televisions, since the importer pays 75% of taxes, while for the CKD (parts and pieces to assemble); the charge is almost 30%. This measure has represented an opportunity for the local industry to gain its margin of preference in the market (Guarín).

In the International Scope, there are also tools to measure if the regulations imposed by the government have affected companies in Ecuador. The World Bank created an index of ease of doing business (Doing Business), in order to demonstrate the effect on the improvement of certain standards linked to economic growth and to quantify the impact of

government legislation on business activity. The Doing Business report encourages economies to compete to achieve more efficient regulations that are in accordance with international best practices. In addition, it offers measurable parameters, which serve as an academic resource for researchers or investors interested in the business climate of each economy (World Bank).

To produce the Doing Business report, quantitative data is collected and analyzed to compare business regulatory environments across economies. In this way, it produces a ranking that classifies economies on a scale from 1 to 190 according to their ease of doing business index. Forty one indicators are taken into account, which are synthesized in 10 topics. For each indicator, a performance limit is established, and based on that limit; it is given a rating of 100. As shown in the following table, Ecuador presents low calcifications on issues such as obtaining electricity, cross-border trade and openness to business (World Bank).

Table 5. .Ecuador's Rating in the Doing Business Report

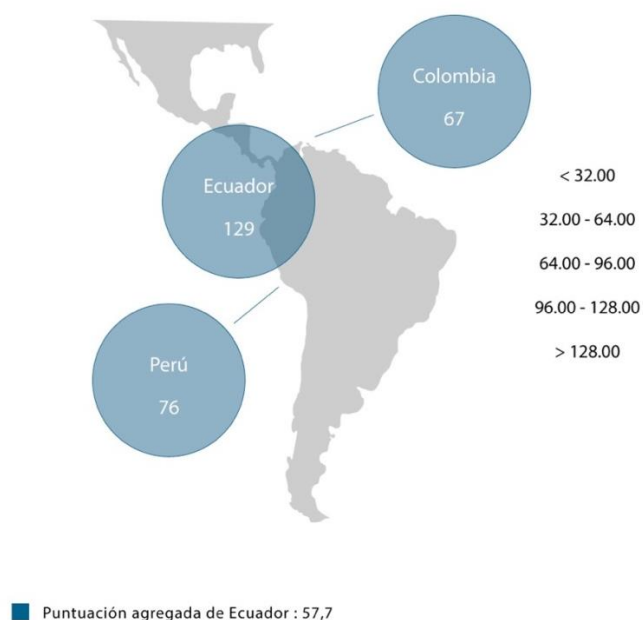
Parameters	DB 2020	DB 2020
	Ranking	Score
Starting Business	177	69.1
Construction Permits	114	66.4
Getting electricity	100	72.3
Registering Property	73	67.7
Getting Credit	119	45.0
Protecting minority interests	114	44.0
Paying taxes	147	58.6
Trade	103	71.2
Enforcing Contracts	96	57.5
Resolving insolvency	160	25.5

Source: World Bank, 2020

Elaborated: Authors

Ecuador is currently ranked 129 out of 190 in the general ranking, falling from position 123 in relation to last year. Although Ecuador was one of the 115 economies that introduced substantial regulatory improvements that facilitate business activity, Ecuador (129) barely surpasses Bolivia (150) and Venezuela (188) in this annual ranking. This positions Ecuador in the last category of the five that make up the ranking. Naturally, the situation reflected in the Doing Business report suggests that doing business in the country carries a risk; especially if we compare it with its neighbors Colombia (67) and Peru (76), which have better positions. It can be assumed that, despite the attempts carried out by the government in recent times; Ecuador still does not offer attractive business conditions. (World Bank)

Figure 1. Ease of doing business index in Ecuador



Source: World Bank, 2020

Elaborated: Authors

Another issue to take into account in any analysis is the health emergency caused by Covid-19; in Ecuador, a State of Exception was declared on March 16, 2020. In this context, the lack of credibility of the government of President Lenin Moreno has been highlighted, added

to a public agenda that does not enjoy great popularity. The economic crisis that the country is going through has worsened as a result of the pandemic, due to factors such as the fall in the price of oil, and a weak fiscal performance; added to the huge external debt. This has had a great impact on Ecuadorian companies, where small and medium-sized companies have been the hardest hit. While large companies bear the crisis at the cost of significant economic losses (López).

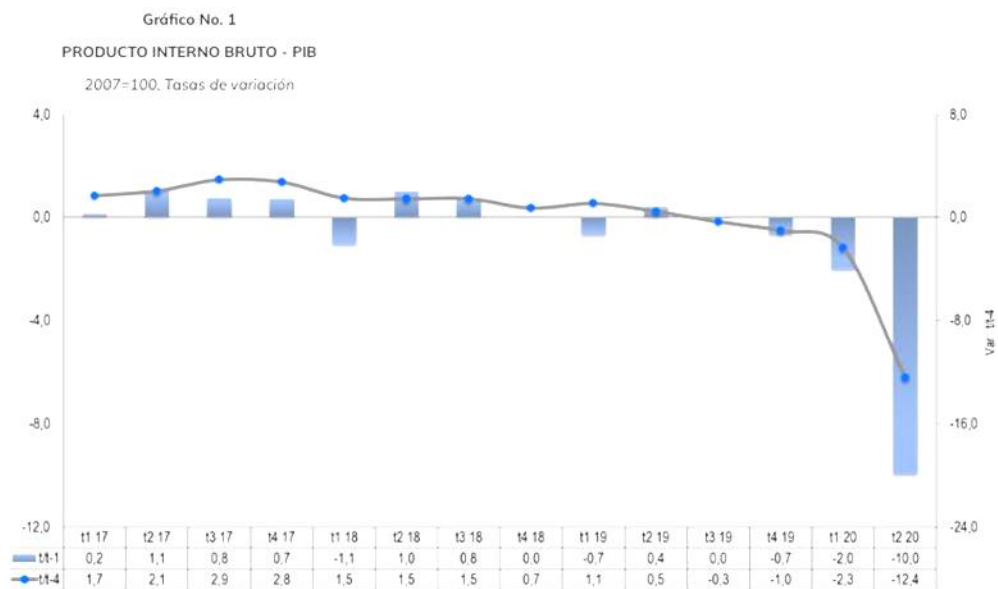
2.3.2 Economic analysis

The pandemic led to a negative effect on the global economy. That is the case of the Ecuadorian economy which has been severely affected and provoked the suspension of productive activities in the country. According to the reports from the Central Bank of Ecuador (CBE) in the second quarter of 2020 the Product Gross Domestic (GDP) decreased by 12.4% compared to the same period of 2019; even so, since 2000 it is the largest quarterly drop. Despite the Ecuadorian economy was severely hit, the decrease was less regarding to other countries in the region in the second quarter of 2020, that is the case of several countries such as Chile whose economic contraction was of -14.1%; Colombia, with -15.7%; Mexico, with -18.7%; Argentina, -19.1%; and finally, Peru -30.2% (Banco Central del Ecuador).

As previously mentioned, the fall of the Gross Domestic Product (GDP) is provoked by the decrease in investment with 18.5%, also the decrease in exports of goods and services with 15.7%; the reduction of final consumption expenditure of households with 11.9%; and by the contraction in the government's final consumption expenditure with 10.5%. Moreover, imports of goods and services that generally decrease GDP, were 20.8% lower than the recorder in the same period of 2019. Based on the composition of the Gross Domestic Product, distributed by sectors, the Gross Fixed Capital Formation (FBKF) registered a

decrease of 18.5% in the second quarter of 2020 regarding to the same period of 2019 due to the negative performance of the construction (-12.7%), this sector represents the 70% of the structure of this variable (Banco Central del Ecuador).

Figure 2. Ease of doing business index in Ecuador



Reference: Central Bank of Ecuador, 2020

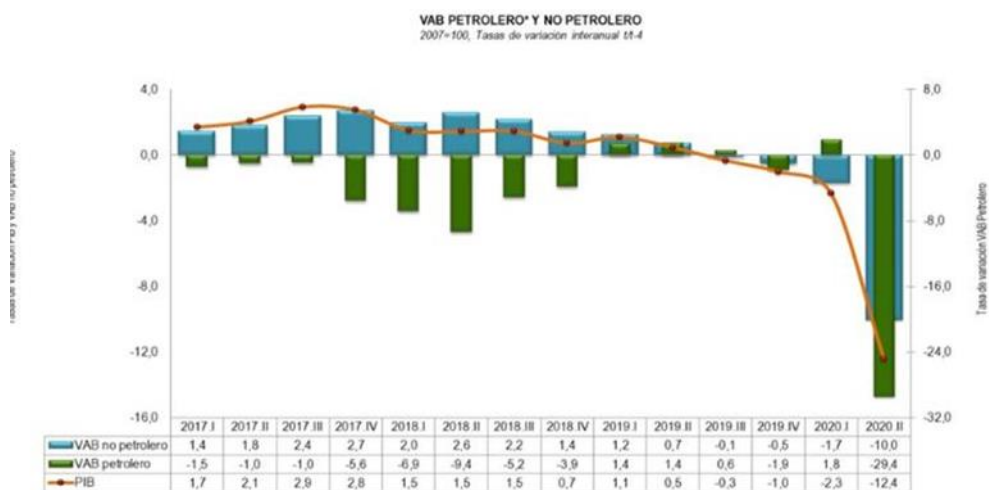
Elaborated: Authors

On the other hand, in the second quarter of 2020 exportations of goods and services decreased 15.7% compared to the second quarter of 2019. Despite the negative impact of the Covid-19 in the global context, some Ecuadorian products were outstripped in their annual external sales such as processed shrimp with 8.1%; bananas, coffee and cocoa with 3.2%; other food products with 0.2%, among others. Nevertheless, these results did not offset the decline in flower farming, animal husbandry and forestry. Equally, importations decreased by 20.8%. The products that showed a greater drop were refined petroleum oils with -22.6%; basic chemicals with -11.7%; machinery, equipment and electrical appliances with -18.5% and finally, common metal products with -5.8% (Banco Central del Ecuador).

Furthermore, there was a decrease of 11.9 % in final consumption expenditure of households in the second quarter of 2020 compared to the same period of 2019. This generated a reduction in imports of goods consumption of 61.6% and the decrease of remittances received of 16.3%, which exceeded USD 809.6 million in the second quarter of 2019 to USD 677.5 million in the second quarter of 2020. Additionally, there was a decrease of 44.7% in the consumer credit operations (ordinary and priority) granted by the Private Financial System and the Popular and Solidarity Economy. Furthermore, there was a decrease of the expense of final government consumption of 10.5% compared to the second quarter of 2019 due to the 5.1% decrease in salaries, which totaled USD 2,073.1 million, this refers to USD 110.8 million less than in the second quarter of 2019 given by the interannual decrease of 3.2% in the total number of public employees (Banco Central del Ecuador).

Meanwhile, the petroleum sector had a contraction of the inter-annual variation in its Added Value Gross (GVA) of 29.4%, due to a decrease in the crude extraction of 28.3% since the national crude oil production in the second quarter of 2020 was 32.1 million barrels, this means 33.5% less than the second quarter of 2019. This event happened by the rupture of the pipes of the Trans-Ecuadorian Pipeline System (SOTE) and the Heavy Crude Oil Pipeline (OCP) of April 7, 2020 due to the erosion of the riverbed Coca, causing the gradual shutdown of several blocks and the temporary suspension of some oil wells. In contrast, the non-oil GVA decreased by 10.0% as a result of the health emergency. Thus, the most affected industries were especially those of transport, construction, accommodation and food services, education and social and health services, among others (Banco Central del Ecuador).

Figure 3. Oil and non-oil GVA



Reference: Central Bank of Ecuador, 2020

Elaborated: Authors

Another point of analysis, set that the financial services had decreased 4.8% in their rate year-on-year due to the decrease of 43.7% in credit operations in the second quarter of 2020, which reached 1.7 million. In this way, a lower loan placement was raised due to the confinement measures. In the business sector, the GVA presented a negative variation of 9.8%, besides in the second quarter of 2020 the manufacturing field decreased to 9.8%. However, some manufacturing industries showed a positive performance year-on-year such as shrimp processing and preservation, production of the milling, bakery and noodles, food products, and industries manufacturing (Banco Central del Ecuador).

According to the Central Bank of Ecuador, the construction sector had a decrease of 12.7%; thus, some projections anticipate that by 2020 will be one of the most affected sectors; likewise for 2021 will be the second sector with the highest decrease after the Public Administration due to low public investment.

In the second quarter of 2020, the private financial sector, the popular and solidarity conferred 838 operations in the property field, which mean 77.5% less than the second quarter of 2019, when 3,721 credit operations were granted. Another point of analysis is the transport sector which was one of the most affected due to the mobility restrictions established by the government. It presented a decrease of 29.7% in the second quarter of 2020, which represented a reduction of 46.9% in the consumption of extra and diesel gasoline which is aimed for land and sea transportation (Banco Central del Ecuador).

Even though the second quarter represented a negative impact for the economy, the indicators that show the country's performance for the next few months present a challenge to economic reactivation. In Addition, Ecuador has the support of the International Monetary Fund (IMF) to equilibrate the balance of payments and revert the economic slowdown registered in the second quarter of 2020. Therefore, the IMF made a disbursement of USD 6,500 million to the country (Banco Central del Ecuador).

Regarding consumer prices, the CPI Indicator measures the variation of prices corresponding to the set of consumer goods and services that are acquired by households in a given period of time, it represents the measure of inflation rate registered in the country (INEC). In the following frame are the results in inflationary terms for the month of November 2020.

Table 6. Indicator IPC (November)

Indicators: Percentage Variations	November 2020
Monthly Variation	-0,01
Annual Variation	-0,91
Cumulative Variation	-0,90
<ul style="list-style-type: none"> ● Monthly variation: variation of the last month with respect to the previous month. ● Annual variation: price variation of the month in relation to the same month of the previous year, that is, the variation of the last 12 months. ● Cumulative variation: price variation of the month with respect to December of the previous year. 	

Reference: INEC, 2020

Elaborated: Authors

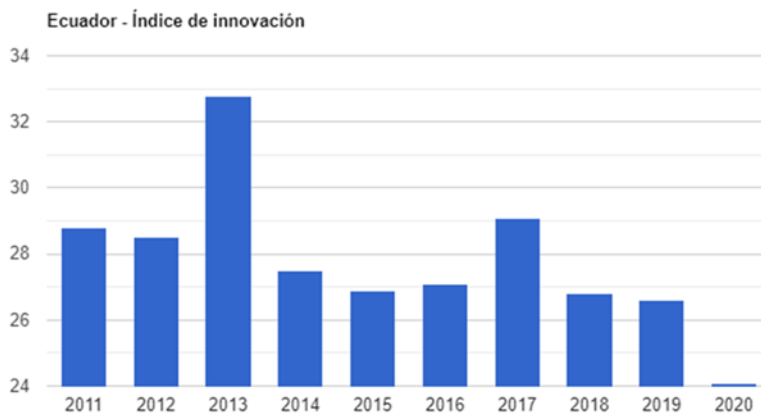
According to the latest report of the National Survey of Employment, Unemployment and Underemployment (ENEMDU), the Unemployment Index recorded a value of 13.3% in June, whereas in September the index decreased to 6.6%. However, this value is still considerable if this index is compared with the same month of 2019; so, there is an increase of 1.7% this means that at least 115,749 Ecuadorians lost their jobs. On the contrary, regarding underemployment, the index fell from 34.7% in June to 23.4% in September, which means that 780,541 people left informal employment; whereas the unpaid employment increased from 7.7% to 10.8%. Andrés Isch, the Minister of Labor, clarified that in the last three months there has been an advance in the labor market due to economic reactivation, especially in agricultural and business activities (El Telégrafo).

Moreover, the GINI Index measures the level of inequality that exists in a country based on the income distribution. According to the World Bank there is a scale from 0 to 100 where 0 symbolizes a perfect equity, while 100 a perfect inequality, in this case Ecuador scores 45.4

points. On the contrary, neighboring countries such as: Peru has 42.8, Colombia with 50.4 Brazil with 53.9 points respectively (Banco Mundial).

The Global Innovation Index has a scale from 0 to 100, with 100 means the best results in terms of innovation such as Switzerland, Sweden, the United States, the United Kingdom and Netherlands. By contrast, Ecuador obtained 24.1 points, which means that it requires improvement on innovation issues in order to achieve greater competitiveness at the international level (The Global Economy).

Figure 4. Global Innovation Index in Ecuador



Reference: World Bank, 2020

Elaborated: Authors

The Forecast 2021

It is projected that by 2021, the economy will recover and grow 3.1%, equivalent to a Product Gross Domestic (GDP) of USD 67,539 million in constant values. This economic recovery will be mainly by Household Expenditure, which would increase by USD 3,441 million, due to higher imports of consumer goods (USD 136.2 million) and an increase in remittances received (USD 272.5 million) (Banco Central del Ecuador).

The exportations of goods and services would increase USD 1,095.2 million, due to the possible recovery in the prices of crude oil, in the same way the non-oil products such as bananas, plantains, shrimp and cocoa, which will show a growth trend. In addition, there will be an improvement in the dynamism of the domestic economy due to importations of goods and services which are expected to increase by 3.2% in comparison to 2020, a percentage that corresponds to USD 936.6 million (Banco Central del Ecuador).

For 2021 the Gross Formation of Fixed Capital will be reduced in the public investment of USD 171.2 million, while private investment would increase by USD 114 million (Banco Central del Ecuador).

World Bank Projections

The World Bank estimates that Ecuador will finish the year with an economic contraction of 11%, whereas in 2021 there will be an increase of 4.8% in its Product Gross Domestic (GDP). Nowadays, Latin America and the Caribbean are the most affected regions by the spread of Covid-19; thus, at the end of 2020 there will be a GDP contraction of 7.9% and for 2021 is expected an economic recovery of 4%.

International Monetary Fund Projections

The International Monetary Fund (IMF) projects that in 2020 the Gross Domestic Product (GDP) of Ecuador will decrease by 11%; However, this estimate is a bit more optimistic than the GDP contraction projected by 2021. Also, growth of 2.5% is expected in the medium term.

Trade Agreements

In order to stimulate International Trade, Ecuador subscribed some trade agreements with several countries to be inserted in the global economy. For that reason, Ecuador set a negotiating agenda to be open to new markets, consolidate new markets of export destinations, and diversify the exportable basket. On this basis, the government has adopted some reforms to have a stable legal environment at the national level to be open to investment.

The following agreements are subscribed by Ecuador:

- Free Trade Agreement with the European Union;
- Partial Scope Agreements with Chile, México, Cuba, Guatemala, El Salvador and Nicaragua;
- Customs union with the Andean Community comprised by Bolivia, Colombia and Peru;
- Inclusive Economic Association Agreement between the Ecuador and the European Free Trade Association comprised by Switzerland, Norway, Iceland and Liechtenstein;
- Ecuador became an associated member of MERCOSUR;
- Currently Ecuador keeps a negotiation process with South Korea and Turkey (Banco Central del Ecuador).

- Today there is progress in the negotiation to join Ecuador to the Pacific Alliance because it is a crucial regional integration bloc of which Ecuador will have access to new markets (El Comercio).
- Ecuador is interested in subscribing trade agreements with the Eurasian Economic Union, Canada, Japan, Costa Rica and the Dominican Republic (Banco Central del Ecuador).
- Actually, Ecuador started the first phase of negotiation for the Trade Agreement with the United States; this phase is concerned about trade facilitation. However, sensitive issues such as tariffs for agricultural goods will not be part of this initial phase (El Comercio).

Agreement between Ecuador and the International Monetary Fund.

On August 28, 2020, Ecuador agreed to a loan program from the International Monetary Fund of USD 6.5 billion with a period of repayment of 10 years. In order to implement economic policies that allow greater coverage of social assistance programs, protect vulnerable populations, guarantee fiscal sustainability and the debt, and finally, strengthen national institutions to promote a solid, lasting and inclusive growth. Even though, the government require to cut spending for the crisis in 2021; so, the government must implement a package of fiscal reforms, to have a good management of current and capital spending, an integral tributary reform where there is great management of public spending, in order to expand the coverage of social protection (Primicias).

The Gross Minimum Wage in Ecuador

On the other hand, an analysis of the evolution of the Gross Minimum Wage in Ecuador in the previous years will be carried out. In 2011 there was a minimum wage of \$ 264, in 2012

there was an increase of \$ 292, in 2013 there was an increase of \$ 318, in 2014 it increased of \$ 340, in 2015 it increased of \$ 354, in 2016 it increased of \$ 366, in 2017 it increased of \$ 375, in 2018 it increased of \$ 386, in 2019 it increased of \$ 394 and in 2020 it increased of \$ 400. According to some projections for 2021, the Unified Basic Wage it has remained at \$ 400 due there was not a formal agreement in the National Labor and Salaries Council (CNTS) between workers and employers; thus, it is the first time that the wage does not increase in the country (El Universo).

Nevertheless, for January 2021 were announced two compensations, a bonus of \$ 60 for those who earn the Unified Basic Wage and another of \$ 100 for those who lost their job during the pandemic and have not recovered it (El Universo).

Figure 5. Unified Basic Salary



Reference: El Universo, 2020

Elaborated: Authors

2.3.3 Social analysis

According to data from the survey applied by the INEC, the average expenditure per household is \$ 809.6 per month. It indicates that 58.8% of the population has the capacity to save, while 41.1% has higher expenses than income. In addition, it is reported that the consumer manifests preferences in three categories, led by the food and non-alcoholic beverages sector, in the order of 22%; followed by the transportation sector with 15% and the services sector, mostly made up of personal care, financial, insurance, jewelry with 10%. That represents about 50% of consumer spending. In this case, the expense is usually made in cash at 80%. Only 3% of purchases are made through credit cards.

The current behavior of the Ecuadorian consumer occurs as a result of the economic crisis of 1999. After this impact, it would pass a decade before the middle class could recover its consumption flow. Certain conditions, such as dollarization, the development of information technologies and a new boom in oil prices, favored the recovery of consumer purchasing power. In addition, the presence of accessible information gave way to an evolution of the type of Ecuadorian consumer, going from being a thoughtless and uninformed buyer, to becoming an informed, demanding, thoughtful buyer, endowed with skills and tools in the technological field (Revelo).

According to (Fedexpor), Ecuadorian consumers stand out for their sense of individuality and a growing national identity, which is why they look for local products and brands that are authentic and native to a certain territory. In this way, niche brands begin to have great regional and even global success. Multinational companies are interested in localizing their production or acquiring established local players. Companies like MP3, whose production is located in the country, can take advantage of this trend to develop business strategies that allow them to win and retain consumer loyalty.

The pandemic caused by Covid-19 has also had an influence on consumer habits. Mainly, the usual practices of buying and selling have been replaced by the digital factor. There has been a marked increase in online stores, which is a disadvantage compared to the competition and the lack of digital means for the sale of the product. People prefer the use of digital sales media; that save time and pose less danger by limiting contact with vendors; reduce potential buyer / seller clashes; provide flexibility and efficiency by allowing access to a greater diversity of products and stores; provide information at the moment and; allow an immediate price comparison. Similarly, consumers have greater control in the purchasing process by increasing interaction between business and consumer, while breaking down geographical barriers by making purchases from anywhere in the world (Rohm and Swaminathan).

2.3.4 Technological Analysis

The World Intellectual Property Organization (WIPO) is the Global Forum responsible for services, policy, cooperation and information in terms of Intellectual Property, it is composed of 193 members. Every year this organization carries out the Global Innovation Index, this report classifies countries in terms of innovation based on the political, economic, infrastructure, business and social development context. Through these standards it is possible to understand the level of development of the countries in the technological sphere (Organización Mundial de Propiedad Intelectual).

Currently, the Global Innovation Index is led by Switzerland with 66 points, followed by Sweden with 62 points, the United States with 61 points, the United Kingdom with 60 points. In the same way, the Latin American region is led by Chile with 33,86 points, followed by Mexico with 33,60 points, Costa Rica with 33,51 points, Brazil with 31,94 points, Colombia with 30,84 points, Uruguay with 30,84 points, Panama with 29,04 points and Perú 28,79

points, among others. Nowadays, Ecuador has 24.11 points in the ranking, occupying the 99 out of 133 countries. It is essential to point out that Ecuador continues in the same position as the previous year. According to this study, Latin America is a region with serious imbalances in terms of innovation, countries do not invest much in research, and they do not consider the importance of intellectual property (Angle).

1.3.5 Ecological Analysis

In 2012 the Ministry of the Environment announced the Unique System of Environmental Information, which refers to a Web application that manages procedures and projects directed on control, registration, maintenance and preservation of the environment at the national level, and in the service of all citizens in order to integrate all environmental information in a single place to generate Geographic standards, Documentaries, Statistical Indicators and automation of institutional processes (SUIA).

In Ecuador, the Environmental Management Law is based on policies of sustainable development for the conservation of natural heritage and the sustainable use of nature. For that reason, there are some tools to applied the environmental standards such as: environmental quality standard, effluent standards and emissions, technical standards for product quality, permit system and administrative licenses, environmental impact assessments, lists of polluting and harmful products for human health and the environment, environmental quality certifications of products, services and others. Moreover, environmental contributions and fines are applied for the environment protection and sustainable use of natural resources, as well as risk insurance and deposit systems, which may encourage environmental protection. On the other hand, the government set economic incentives towards productive activities to protect the environment and sustainable management of natural resources (Ministry of the Environment).

It is important to emphasize that the firm MP3 is dedicated to the assembly of televisions and also produces electronic cards. Therefore, the firm needs to follow certain environmental standards, although it is not considered a polluting firm.

2.3.5 Legal Analysis

It is important for the analysis to consider legal aspects such as employment, quotas, taxes, resources, imports, exports, etc. There are certain laws that affect the business environment in a market; In addition, companies operate internally according to certain policies. Companies in Ecuador, both limited and anonymous, are regulated by the Superintendency of Companies, and ruled by the Law of Companies. To start a new commercial company, it is a requirement to establish the corporate purpose or activity to be carried out, choose an original name and verify that it has not been previously occupied in the registry of the Superintendency of Companies (Superintendency of Companies).

This process can be completed within a period of eight days that begins with the application for incorporation until obtaining the Single Registry of Taxpayers before the Internal Revenue Service of Ecuador (SRI). Once a company is constituted, it acquires a series of formal and fiscal obligations before the different regulatory entities and the SRI:

Table 7. Obligations with regulatory entities

Monthly Obligations	Monthly declaration of taxes withheld at source.
	Value added taxes VAT.
Annual Obligations	Preparation and monthly declaration of Transactional Annex (SRI).
	Preparation and declaration of 1.5% of the municipal tax on assets
	Patent tax declaration
	Preparation and transmission of reports to the Ministry of Labor Relations.
	Preparation of income tax (SRI).

Source: SRI, 2020

Elaborated: Authors

It should be remembered that, in the case of having employees, the company acquires certain obligations related to payroll management. The Ministry of Labor is in charge of establishing the modifications regarding the value of the Unified Basic Salary and the amount destined for Social Security. Currently, the basic salary is set at 400 USD per month (Ministry of Labor). Regarding Social Security contributions (IESS), the calculation is made based on the Unified Basic Salary: in the case of an employee with a dependency relationship, he or she will be required to deliver a contribution to the IESS of 9.45% equivalent to \$ 37.80 of their salary or salary, while, to the employer, 11.15% equivalent to \$ 44.60 of the worker's salary (IESS).

2.4 Porter Diamond Analysis

As previously mentioned, Michael Porter performed an analysis of the companies, and the influencing factors of the environment for incorporation and success in the international markets. Each of these factors will be analyzed below.

2.4.1 Demand

Based on the information obtained from MP3, the following chart shows how the TV market has performed in the country in the last five years focusing on brand imports such as LG, Riviera, Samsung, TCL, Sony, Global, Innova, Diggio, Prima, JVC, Riviera, Hyundai, Doppio, RCA, Nakamichi, Daewoo, Indurama, Zitro, Icesa, Westinghouse, Ecoline, Electric Life, Blaupunkt, Tomico, Tekno, Coby, Innova, Evvo, Erion, King Post, Konka, Xtratech, Gadyet, SM, LG Electronics, Goldstar, Ecasam Nakamichi, among others. In 2015, 330,130.00 televisions were imported while in 2016 imports increased with 392,318.00 televisions. In 2017 imports decreased with 577,535.0 televisions. Likewise, in 2018 imports

decreased compared to 2017, with a value of 72,057.00 televisions. By contrast, in 2019 importations increased with a value of 223,462.00 and actually, importations have increased in relation to the previous year, with a value of 3059,773.00.

Figure 6. TV importations in the last 5 years

	2015	2016	2017	2018	2019	2020	Total general	PART. 2015-2019	PART 2020
IG	37,250.00	121,612.00	133,828.00	141,701.00	92,063.00	22,882.00	549,336.00	18.37%	10.2%
RIVIERA	72,138.00	70,104.00	115,772.00	132,800.00	79,678.00	49,739.00	520,231.00	16.41%	22.3%
SAMSUNG		62,314.00	96,487.00	115,535.00	91,290.00	34,010.00	399,636.00	12.76%	15.2%
(en blanco)	54,779.00	14,750.00	22,600.00	260,174.00	3,751.00		356,054.00	12.42%	0.0%
TCL	12,500.00	11,800.00	44,700.00	19,300.00	151,595.00	28,500.00	268,395.00	8.37%	12.8%
SONY	64,178.00	28,264.00	28,462.00	16,996.00	11,606.00	1,960.00	151,466.00	5.22%	0.9%
GLOBAL	13,595.00	17,100.00	35,229.00	40,018.00	23,608.00	2,140.00	131,690.00	4.52%	1.0%
INNOVA	8,117.00	8,335.00	21,905.00	41,343.00	27,173.00	20,579.00	127,452.00	3.73%	9.2%
DIGGIO	19,586.00	18,566.00	18,357.00	24,821.00	34,505.00	3,756.00	119,591.00	4.04%	1.7%
PRIMA	10,000.00	3,400.00	21,800.00	19,500.00	41,050.00	14,550.00	110,300.00	3.34%	6.5%
JVC		18,295.00	19,423.00	18,327.00	14,960.00		71,005.00	2.48%	0.0%
RIVIERA					21,030.00	5,600.00	26,630.00	0.73%	2.5%
HYUNDAI					21,857.00	3,036.00	24,893.00	0.76%	1.4%
DOPPIO	20,640.00			1,800.00	2,000.00		24,440.00	0.85%	0.0%
RCA					17,955.00	1,500.00	19,455.00	0.63%	0.7%
NAKAMICHI				1,000.00	12,817.00	4,060.00	17,877.00	0.48%	1.8%
DAEWOO	3,080.00	2,720.00	1,500.00	6,000.00	1,950.00	1,150.00	16,400.00	0.53%	0.5%
INDURAMA					2,759.00	12,720.00	15,479.00	0.10%	5.7%
SIN MARCA		420.00	3,840.00		8,062.00	1,000.00	13,322.00	0.43%	0.4%
ZITRO					8,438.00	4,800.00	13,238.00	0.29%	2.1%
ICESA				4,000.00	8,098.00		12,098.00	0.42%	0.0%
WESTINGHOUSE	3,960.00	8,100.00					12,060.00	0.42%	0.0%
ECOLINE	1,242.00		2,400.00	4,778.00	1,624.00		10,044.00	0.35%	0.0%
ELECTRIC LIFE		2,500.00		7,309.00			9,809.00	0.34%	0.0%
BLAU PUNKT					5,807.00	3,045.00	8,852.00	0.20%	1.4%
TOMICO	85.00	2,650.00	2,000.00	3,000.00			7,735.00	0.27%	0.0%
TEKNO	1,470.00	565.00	5,356.00				7,391.00	0.26%	0.0%
COBY				1,616.00	5,487.00		7,103.00	0.25%	0.0%
INNOVA				5,583.00			5,583.00	0.19%	0.0%
EVVO						4,245.00	4,245.00	0.00%	1.9%
ERION						4,190.00	4,190.00	0.00%	1.9%
KING POST	3,664.00						3,664.00	0.13%	0.0%
KONKA			348.00	1,632.00	1,600.00		3,580.00	0.12%	0.0%
XTRATECH	2,400.00		1,128.00				3,528.00	0.12%	0.0%
GADYET				3,023.00			3,023.00	0.11%	0.0%
SM			2,400.00				2,400.00	0.08%	0.0%
HYUNDAI					2,000.00		2,000.00	0.07%	0.0%
IG ELECTRONICS				1,800.00			1,800.00	0.06%	0.0%
GOLDSTAR	1,446.00						1,446.00	0.05%	0.0%
HUYNDAI					1,000.00		1,000.00	0.03%	0.0%
ECASA		820.00					820.00	0.03%	0.0%
NAKAMACHI					508.00		508.00	0.02%	0.0%
OTROS		3.00		1.00			4.00	0.00%	0.0%
Total general	330,130.00	392,318.00	577,535.00	872,057.00	694,271.00	223,462.00	3,089,773.00	100%	100%

Reference: MP3, 2020

Elaborated: Authors

In 2020 the TV imports increased due to the confinement measures for Covid-19 carried out by the national government, which caused an increase in television consumption in households. According to the report on Audience Behavior in Ecuadorian households by Kantar Ibope Media, 843,000 people turned on their Tv on March 2, 2020; so, there was an increase of 35% for March 16 with 1,141,000 viewers. In this way, this study showed that on March 16 television consumption increased by 24% (El Telégrafo).

2.4.2 Competence

Since 2008, to have a greater market participation several television brands such as LG, Sony, Riviera, Diggió, Innova, Indurama, Blaupunkt, among others are assembled in Ecuador with the creation of the tariff headings that allow importing television parts (CKD). In this way, greater cost competitiveness is achieved in order to increase the demand given that the importation of manufactured televisions is more expensive (El Comercio).

An analysis of the market was carried out at Créditos Económicos and Marcimex Stores where certain factors were considered like prices, sizes, models, and brands benefits of Samsung, Indurama, Sony, Riviera, TCL, LG, Diggió, Riviera, Innova to compare with Blaupunkt.

The following charts will analyze the following information about the market

Table 8. Analysis of the prices of Samsung Tv brand

Brand TV SAMSUNG	Price	Size	TV RESOLUTION
SMART UN55RU7100PCZE (MARCIMEX)	\$,521.07	55 inches	4K UHD
TELEVISOR LED UN50RU7100PCZEPCZE (MARCIMEX)	\$,318.27	50 inches	UHD
SMART UN43J5290AHCZE (MARCIMEX)	\$1,040.75	43 inches	FHD
SMART UN32J4290AHCZE (MARCIMEX)	\$ 718.79	32 inches	HD
TELEVISOR LED UN49NU7100PCZE(MARCIMEX)	\$,276.64	49 inches	UHD
LED SMART UN55RU7100PCZ (CREDITOS ECONOMICOS)	\$ 763.56	55 inches	HDR
LED Smart UN58NU7103 (CE)	\$ 887.54	58 inches	4K UHD
UN65NU8500PCZE (CE)	\$ 1157.52	65 inches	HDR
LED Smart UN43RU7100PCZE (CE)	\$ 543.30	43 inches	4K UHD
LED Smart UN85TU8000PXP (CE)	\$ 2311.70	85 inches	UHD 4K

LED Smart QN65Q6FNAPCZ (CE)	\$ 1188.92	65 inches	4K UHD
LED Smart UN32J4290A (CE)	\$ 333.59	32 inches	HD
LED Smart UN43RU7100PCZE (CE)	\$ 499.00	43 inches	4K UHD
LED Smart UN49NU7100PCZ (CE)	\$ 559.00	49 inches	4K UHD
LED Smart QN55Q6FNAPCZ (CE)	\$ 949.02	55 inches	4K UHD
LED Smart UN75NU7100PCZ (CE)	\$ 1348.97	75 inches	4K UHD

Elaborated: Authors

Table 9. Analysis of the prices of Indurama Tv brand

INDURAMA TV BRAND	PRICE	SIZE	TV RESOLUTION
SMART SIN BORDES(MARCIMEX)	\$1,267.49	55 Inches	UHD
SMART SIN BORDES (MARCIMEX)	\$ 1,665.28	65 inches	UHD
TELEVISOR 58TIHX1UHD (MARCIMEX)	\$ 1,412.64	58 inches	UHD
LED Smart 10000099 (CE)	\$ 1180.17	65 inches	4K UHD
LED Smart 10000099 (CE)	\$ 1180.17	65 inches	4K UHD

Elaborated: Authors

Table 10. Analysis of the prices of TCL Tv brand

BRAND TCL TV	PRICE	SIZE	TV RESOLUTION
LED Smart 43P615 P27893 (CE)	\$ 505.08	43 inches	UHD Android

Elaborated: Authors

Table 11. Analysis of the prices of Hyundai Tv brand

BRAND HYUNDAI TV	PRICE	SIZE	TV RESOLUTION
P49890 (CE)	\$ 880.00	65 inches	LED

Elaborated: Authors

Table 12. Analysis of the prices of LG Tv brand

BRAND TV LG	PRICE	SIZE	TV RESOLUTION
-------------	-------	------	---------------

LED 32LM630BPSB (MARCIMEX)	\$ 746.56	32 inches	HD
LED Smart 70UN7310PSC (CE)	\$1119.23	70 inches	HD
LED Smart 49UM7360-P1 (CE)	\$ 693	49 inches	4K
LED Smart 55UM7470-P3 (CE)	\$ 708.99	55 inches	4K HDR
LED Smart 32LM630B (CE)	\$ 361.54	32 inches	HD

Elaborated: Authors

Table 13. Analysis of the prices of Diggio Tv brand

BRAND TV DIGGIO	PRICE	SIZE	TV RESOLUTION
LED Smart DG-TV32UB01 (CE)	\$ 219.31	32 inches	HD
HDR DG-TV58DN4-P1 (CE)	\$ 689.92	58 inches	HDR
LED Smart DG-TV50DN4 (CE)	\$ 501.98	50 inches	4K UHD
LED Smart DG-TVLS55DN4-7 (CE)	\$ 569.09	55 inches	LED SMART
LED Smart DG-TV58DN4 (CE)	\$ 676.17	58 inches	4K UHD
LED Smart DG-TV50CH6000SB (CE)	\$ 445.85	50 inches	4K UHD

Elaborated: Authors

Table 14. Analysis of prices of Riviera Tv brand

BRAND TV RIVIERA	PRICE	SIZE	TV RESOLUTION
TV LED Smart DSF43HIKN18 (CE)	\$ 372.80	43 inches	HD

Elaborated: Authors

Table 15. Analysis of prices of Sony Tv Brand

BRAND TV SONY	PRICE	SIZE	TV RESOLUTION
LED KDL32W609D	\$ 818.72 en	32 inches	FHD

(MARCIMEX)	efectivo \$339.98		
LED KDL40W659D (MARCIMEX)	\$ 1,029.65 en efectivo \$444.97	40 inches	FHD
LED Smart XBR-55X805H (CE)	\$ 1034.31	55 inches	4K UHD Android
Smart LED HD KDL32W609D (CE)	\$ 345.14	32 inches	LED HD

Elaborated: Authors

Table 16. Analysis of prices of Global Tv brand

BRAND TV GLOBAL	PRICE	SIZE	TV RESOLUTION
SMART GL58B2000NHS (MARCIMEX)	\$ 1,273.99	58 inches	UHD

Elaborated: Authors

Table 17. Analysis of prices of Global Tv brand

BRAND TV INNOVA	PRICE	SIZE	TV RESOLUTION
LED Smart P59960 (CE)	\$ 352.58	43 inches	4K UHD

Elaborated: Authors

As can be noted, all brands have a developed operating system a Smart Tv, regarding prices Samsung has an expensive price range above \$ 1000 as well as Indurama, LG, Global, Sonywhile Diggio has an intermediate price range between \$ 200 to \$ 700. On the other hand, Riviera has a low-price range of \$300, also Innova with a range of \$ 400. In addition, Blaupunkt has a range between \$ 300 to \$ 1,000 depending on the size and the Tv resolution.

Related to the Tv sizes, Samsung has 32 inches, 43 inches, 49 inches, 50 inches, 55 inches, 58 inches, 65 inches, 75 inches and 85 inches, while Indurama has 43 inches, 55 inches, 58 inches and 65 inches, LG Tv has 32 inches, 49 inches and 55 inches, while Diggio Tv has 32 inches, 50 inches, 55 inches and 58 inches, Riviera Tv has 43 inches, Sony Tv has

32 inches, 40 inches and 55 inches, Global Tv has 58 inches , Innova Tv has 43 inches and finally, Blaupunkt has 40 inches, 43 inches, 55, 65 and 75 inches.

Regarding the Tv Resolution, Samsung has an advantage compared to other brands because it has a 4K UHD resolution in most of its televisions; while Indurama already has 4K UHD, UHD resolutions. LG has several resolutions like HD, HDR and 4K, Digigio has HD, HDR and 4K UHD; while Riviera has an HD resolution. By contrast, Sony has 4k, UHD and FHD and HD; Global has UHD resolution, Innova has 4K UHD resolution and finally, Blaupunkt has Full HD, UHD and 4K UHD resolutions.

2.4.3 Factor

The hiring of labor in Ecuador currently has become a complicated process, according to several Human Resources Managers or Directors, mainly in private sector companies. The challenge for entrepreneurs is to know how to choose their employees correctly, to avoid high levels of turnover. The task is becoming more and more complex, due to the massive demand for a job, which forces a tighter pre-selection process. According to the statistics of personnel recruitment companies in Ecuador, of the total resumes received by the human development departments for a job application, only 2% of applicants meet the expectations and requirements for a job. (Acosta)

In addition, due to the low demand for graduated professionals in the formal sector, and especially in the country's largest cities such as Quito and Guayaquil, many professionals must go to apply for work at the expense of not exercising their careers of, for example, doctors, lawyers, etc., or even work in the manufacturing sector. This phenomenon is due to the large number and overexploitation of some university courses. (Acosta)

In the other hand, it is difficult for the companies to find skilled workers in new technologies and modern manufacturing processes, so many times they are forced to invest in training for their employees just to cover the demand for this type of work, proving that in Ecuador, more training is needed in new branches and sciences not yet exploited and with high growth potential (Molina).

Regarding factors such as infrastructure and supplies, a visit was made to the plant of the MP3 Company. it was found that the televisions have an adequate assembly area, as shown in the image. In this plant, approximately 300 units are produced every day, using the inputs that are generally imported from China, except for the mainboard, whose production is carried out in the country.

Figure 7. MP3 Installations



Elaborated: Authors

In this plant the process of assembling a television is carried out, as we were able to verify, in this procedure seven activities are identifiable:

1. Merchandise reception: once the Blaupunkt TV parts have been imported, the purchased quantities are reviewed to avoid shortages.
2. Quality control of parts and pieces: verify the state in which the merchandise arrives, once this filter passes, the parts and pieces are inventoried.
3. Warehouse dispatches all the pieces and parts necessary for the assembly of the televisions.
4. The factory personnel carry out the assembly of the pieces and parts to the televisions (among which there are: bluetooth, the mainboard card, audio and video connectors, digital signal receiver) all these parts are assembled on the panel principal.
5. Once the TV is assembled, they go to quality control where it must be verified that all the lights on the panel are working.
6. We proceed to the packaging of the televisions.
7. For quality control, it is done with random sampling and the chosen televisions are subjected to all quality control tests of the television's functions.

2.4.4 Cooperation

The televisions assembled in MP3 belong to the renowned international brand Blaupunkt, from which it derives a license to manufacture its products in Ecuador. This implies that there are reliable suppliers of the necessary supplies for the manufacture of televisions. In addition, as already mentioned, during the first years, the assembly companies had the support of the government of the day, as part of an incentive plan for local industries. This support was reflected in tax benefits, which the assembler received during its first five years.

2.5 SWOT ANALYSIS

Based on the Porter Diamond, the SWOT Analysis is a basic tool that details the current situation of a firm by analyzing the strengths, weaknesses, opportunities and possible threats of the environment.

2.5.1 Strengths

- Ecuador is a member of the Andean Community (CAN). It means, there is a free trade zone allowing the free movement of goods, that promotes the elimination of tariffs between the members (Ecuador, Bolivia, Peru, and Colombia).
- Since 1923 Blaupunkt has been a prestige brand with international experience due to its great added value. As a recognized brand, it does not require positioning; it means that the partner who has the degree is the one who benefits from the brand.
- In the Tv market, Blaupunkt represents a brand of quality which prevails the customer trust in the brand due they associate it with the benefits of the product.
- Blaupunkt has several benefits over its competitors because it is not only focused on a product line but rather offers a diverse range of products such as: radios, car alarms, televisions, headphones, among others.
- Blaupunkt has the UHD 4K Resolution that stands out in the market nowadays.
- Blaupunkt has a price range depending on the resolution, services and size.
- Blaupunkt offers several Tv sizes: 40 inches, 43 inches, 55 inches and 65 inches and 75 inches.

2.5.2 Weakness

- For firms that require skilled labor in new technologies and modern manufacturing processes, quality human resources are scarce.
- Brand dependency for television production.
- Requires developing strategic alliances with trading houses to expand their product portfolio.

2.5.3 Opportunities

- The insertion of the Blaupunkt brand into new markets like the Peruvian market.
- The company has an adequate infrastructure and assembly area.
- The existence of reliable suppliers that offer high-quality supplies.
- Some essential parts for the production are manufactured in the country like the Mainboard card.
- Ecuador is changing the productive matrix which implies an incentive to the industries to bring back their production to the country.
- Certain circumstances such as the Dollarization, the development of technologies and a new boom in oil prices benefit the recovery of the purchasing power of the Ecuadorian consumer.
- It is a decisive factor for the Ecuadorian consumer having the specific information when choosing a product because they recognize immediately the quality of a brand.

2.5.4 Threats

- The Peruvian Tv market has strong competitors such as Riviera, Samsung, LG, TCL, Innova, it is indispensable to consider whether it is feasible to internalize the Blaupunkt brand to this market.
- Due to the health emergency, there is an economic contraction in the country, due to the decrease in investment, exports of goods and services, household final consumption expenditure, and finally by the contraction of government final consumption expenditure.
- Actually, in the Ranking of Doing Business, Ecuador is ranked 129 out of 190 that is the reason why the market is less competitive regarding other countries of the region such as Peru or Colombia.
- Ecuador has inflexible legislation in terms of labor contracting or types of wages.

2.6 Conclusions of the chapter

A PESTEL analysis was carried out to analyze the Blaupunkt Tv brand in the Ecuadorian market, to understand the business environment and Porter's Competitive Diamond, and to achieve greater competitiveness for the firm. With this information a SWOT analysis was realized which reflected the internal and external factors that influence the performance of the Blaupunkt brand in the country.

In the PESTEL, the development of policies and projects was analyzed in order to focus on strengthening the productive sector. The change of the production matrix benefits the Tv assembly industry in Ecuador; thus 70% of televisions in the market are assembled domestically. On the other hand, international indicators are not very

advantageous at this level. According to the Doing Business Report, Ecuador is currently ranked 129 out of 190, falling from position 123 compared to the previous year.

Furthermore, in the economic sphere, Covid-19 is a barrier to economic growth, in the case of the Ecuadorian economy has been seriously affected, generating a suspension of economic activities. Despite the GDP decrease, the reduction was less compared to other countries in the region. The GDP contraction is due to the decrease in investment, in exports of goods and services, the reduction in household final consumption expenditure and the contraction in the government's final consumption expenditure.

In the exports of goods and services, several Ecuadorian industries were hit, such as the floriculture sector, the livestock and forestry sector. Despite this, certain Ecuadorian industries benefited from their annual external sales, such as processed shrimp, bananas, coffee, cocoa, among other food products. On the other hand, despite unemployment increasing during the confinement, nowadays there is a significant advance in the labor market due to the economic reactivation. According to the World Bank for 2021 it is expected a GDP growth of 4.8% in Ecuador.

Regarding the GINI Index, which measures the level of inequality in a country with a scale from 0 to 100. It should be noted that Peru has 42.8 points, while Ecuador has 45.4 points and Colombia 50.4 points; this means that the region needs to be concerned on equality issues based on income distribution.

Based on the social field the Ecuadorian consumer has experienced several changes since the dollarization of the country, when it comes to consumption is thoughtful and informed. The Ecuadorian consumers seek a sense of individuality and a growing national identity that is why they look for domestic products and brands that are native of a certain

territory. At this point there is an advantage for firms like MP3, which carry out part of the production in the country.

According to the technological analysis in the Global Innovation Index, Ecuador is ranking in the 99 out of 133 countries, keeping the same position as in 2019 this means, that it must strengthen innovation and emphasize Intellectual Property.

On the other hand, based on the ecological field, companies in Ecuador must follow environmental regulations; so, many of them must comply with certain environmental standards. In the case of MP3, it is a non-polluting firm.

Regarding the legal framework, for assemblers were not found conditions that establish a great difference between Ecuador and other countries in the region. On this wise, the only barrier in the hiring laws of staff is that they are inflexible in relation to hours and salaries.

Currently it has become a complex process in Ecuador, in respect of the availability of productive factors and the hiring of the staff. According to some Managers or Directors of Human Resources of private firms; especially skilled labor is required in new technologies and in modern assembly processes. Regarding infrastructure and supplies, the televisions have a proper assembly area, where approximately 300 units are produced each day, using the supplies imported from China, whereas the mainboard card is produced in Ecuador.

Based on the competitors, the Tv market is comprised by highlighted brands such as Riviera, with a share of 22.3%, Samsung with a share of 15.2%, LG with a share of 10.2%, TCL with a share of 12.8%, Innova with a share of 9.2%. Notwithstanding, in relation to the prices, the Tv market presents several prices with an expensive price range

such as Samsung, Indurama, Sony, LG and Global brands. By contrast, intermediate price ranges such as Diggio and TCL, and finally an economic price range such as Riviera and Innova. It is pertinent to consider these price ranges to internalize the Blaupunkt Tv brand into the Peruvian market.

Finally, in relation to the demand in 2019 importations increased with a value of 223,462.00. Currently the imports increased compared to the previous year, with a value of 3059,773.00 this increase is due to confinement measures caused by the health emergency.

2.7 Summary Tables

2.7.1 PESTEL Analysis

Table 18. Political, Legal and Social Environment of the Ecuadorian Market

Political Analysis	<ul style="list-style-type: none">● 70% of televisions on the market are locally assembled.● Ecuador is ranked 129 out of 190 in the Doing Business ranking.● Lack of credibility to the government due to poor handling of the pandemic.
Social Analysis	<ul style="list-style-type: none">● Average household spending is \$ 809.6 per month.● The Ecuadorian Consumer is informed, demanding, thoughtful and endowed with technological skills and tools.● Consumers with a feeling of national identity, looks for local products and brands.
Legal Analysis	<ul style="list-style-type: none">● The companies are regulated by the Superintendence of Companies.● They acquire tax obligations before the SRI.● Basic Salary of 400 USD, plus Social Security affiliation for employees.

Elaborated: Authors

Table 19. Economic sphere of the Ecuadorian market

<p>Covid-19 Influence</p>	<ul style="list-style-type: none"> ● The Ecuadorian economy was seriously affected, it generated the suspension of productive activities. ● The GDP decreased, whereas compared to other countries of the region the impact was less. ● The GDP contraction occurred because of the decrease in investment, exports, the reduction of the household final consumption expenditure and the reduction of government's final consumption expenditure.
<p>Construction Sector</p>	<ul style="list-style-type: none"> ● This sector had a decrease of 12.7%. ● One of the sectors most affected by the confinement. ● According to projections, it is the second sector with the highest reduction by 2021.
<p>Oil Sector</p>	<ul style="list-style-type: none"> ● This sector presented a year-on-year fall of 29.4% in its Gross Added Value (GVA) due to the decrease in the extraction of crude oil.
<p>Transport Sector</p>	<ul style="list-style-type: none"> ● This sector is one of the hardest hit due to the mobility restrictions. ● The gasoline consumption of Extra and Diesel decreased 46.9%.
<p>Exportations 2020</p>	<ul style="list-style-type: none"> ● Export products benefited: shrimp, banana, coffee, and cocoa. ● Harmed export products: flowers and forestry
<p>Unemployment Rate</p>	<ul style="list-style-type: none"> ● Unemployment had increased due to confinement measures; however, the productive sector recovered at the moment restrictions were moved.
<p>Global Innovation Index</p>	<ul style="list-style-type: none"> ● Scale 0 -100 in terms of innovation. ● Top Ranking: Switzerland, Sweden, United States, United Kingdom and Netherlands. ● Ecuador obtained 24.1 points; so, should improve on innovation issues.

GINI Index	<ul style="list-style-type: none"> ● Indicator based on the measurement of the level of inequality according to the income distribution, scale (0-100). ● Ecuador scores 45.4 points. ● Peru scores 42.8 points.
Projections for 2021	<ul style="list-style-type: none"> ● Challenge towards economic reactivation. ● IMF support to equilibrate the balance of payments by offering a loan of USD 6,500 million with a period of 10 years ● It is projected an economic growth of 3.1% due to the increase of household spending, an increase in the import of consumer goods and the remittances received. ● Exports will increase to USD 1,095.2 million due to the recovery of crude oil prices, banana, shrimp, and cocoa production. ● Imports will increase by 3.2% compared to 2020. ● It is projected as a reduction in public investment and an increase in private investment. ● The World Bank estimates that Ecuador will end 2020 with economic contraction of 11%, while in 2021 the GDP will increase 4.8%.
Basic Wage	<ul style="list-style-type: none"> ● In 2020 basic wage did not increase, remaining at \$ 400 because there was no formal agreement in the National Council of Work and Salaries.

Elaborated: Authors

Table 20. Ecological sphere in the Ecuadorian market

Ecological Analysis

- The Environmental Management Law is based on sustainable development policies for the conservation of natural heritage and the sustainable use of natural resources.
- Environmental instruments: environmental quality parameters, effluent standards and emissions, technical standards for product quality, among others.
- Economic incentives for productive activities that seek to protect the environment.
- MP3 is not a polluting firm.

Elaborated: Authors

Table 21. Technological sphere in the Ecuadorian market

Country	Global Innovation Index
Ecuador	Position 99 out of 133 (2019-2020)
<ul style="list-style-type: none"> ● Latin America is a region with strong imbalances in innovation, so it is indispensable to invest in research and take into account Intellectual Property 	

Elaborated: Authors

2.7.2 Porter's Diamond

Table 22. Demand of the Tv market

Year	Tv Imports
2015	330,130.00 TVs
2016	392,318.00 TVs
2017	577,535.0 TVs
2018	72,057.00 TVs
2019	223,462.00 TVs
2020	3059,773.00 TVs
<ul style="list-style-type: none"> ● In 2020 the imports increased due to the confinement which caused an increase in television consumption in households. 	

Elaborated: Authors

Table 23. Competence of the Tv market

Tv Brands	High range of prices (> 1000\$)	Intermediate range of prices (< 700)	Economic range of prices (< 400)
Samsung	X		
Indurama	X		
Sony	X		
TCL		X	
LG	X		
Diggio		X	
Riviera			X
Innova			X
Global	X		

Elaborated: Authors

Table 24. Infrastructure, inputs, labor and Cooperation

Factor	Labor
	<ul style="list-style-type: none"> • High rate of informal labor, mainly concentrated in rural areas. • Shortage of skilled labor in new technologies and modern manufacturing processes. • Overexploitation of some university careers.
	Infrastructure and inputs
	<ul style="list-style-type: none"> • The company has a suitable plant for the assembly of televisions. • The inputs are imported from China, except the mainboard card.

Cooperation

- MP3 is licensed to manufacture Blaupunkt televisions.
- During its first 5 years, MP3 had tax benefits from the government

Elaborated: Authors

3 CHAPTER III

ANALYSIS OF THE PERUVIAN MARKET

3.1 PESTEL Analysis of the Peruvian market

Hereunder, several factors are detailed to consider into the Peruvian market in the political, economic, social, technological, ecological and legal sphere to carry out a feasibility study to insert the Blaupunkt television brand to the Peruvian market.

3.1.1 Political Analysis

Unlike Ecuador, Peruvian governments have not promoted policies to encourage the development of an assembly industry. Although, at the end of the 60s there is an interesting antecedent to take into account during the Peruvian military dictatorship, which promoted the development of the local assembly industry, so that household appliances should have a percentage of up to 40% of local production, to access tariff benefits. The plants of the Philco and Zenith brands stood out in the manufacture of televisions, importing supplies from the United States; while in Peru protection furniture was produced. (Morrison)

Then, in the 1980s, these companies faced the challenges of an increasingly globalized international market. In this case, they were surpassed by Asian companies in terms of the production of household appliances and televisions. Philco was sold to the South Korean company Goldstar, which would later become LG. Zenith, for its part, ended up closing its headquarters. Since then, Peru has not ventured again into the assembly of televisions (Morrison).

Regarding the current situation in the political sphere, we highlight that, within the Latin American region, Peru has been one of the most affected countries by Covid-19 and state

abandonment. In this context, the situation has become even more critical, due to the political crisis it is going through, with Congress and the Executive branch as protagonists in a long chain of mutual attacks. In March 2018, pressured by several allegations of corruption, Pedro Pablo Kuczynski resigned from the Presidency of the Republic, and appointed Vice President Martín Vizcarra as his successor. (Guevara)

At the beginning, the Vizcarra government was firm and committed to the fight against corruption, for this reason a referendum was called to reform four chapters of the Constitution, including one related to the reelection of congressmen. Subsequently, Congress was dissolved in October 2019 due to criminal maneuvers by the majority of its members, represented by the Fujimori party. However, in March 2020 the pandemic caused by Covid-19 revealed the shortcomings of a country that, despite sustained economic growth, was not able to avoid the ravages of the health crisis. The Government of Vizcarra had to face the health emergency with a collapsed health system and a population mostly subsisting in informality, which made it impossible to guarantee confinement measures (Guevara).

After the dissolution of Congress, Peruvians elected new legislators, to end the previous period and deliver the position in July 2020, without the possibility of reelection. The new Congress confronted the Executive by questioning the economic management during the pandemic, which led to the removal of Vizcarra, and Manuel Merino was appointed as the new president. This decision, quite unpopular for a large part of the Peruvian people, triggered a series of protests, leading to Merino's resignation. Despite the fact that Francisco Sagasti was appointed by Congress as the new President of the Republic; it has not been possible to solve the underlying problems in this crisis, nor to overcome popular discontent with the political class and the prevailing order (Parodi-Revoredo).

Despite the political crisis, the country has experienced constant growth in its Gross Domestic Product (GDP) in recent years, driven mainly by the production and export of commodities. This stability is the product of government reforms, aimed at improving the business climate, promoting foreign investment and boosting the country's competitiveness. However, Peru is still vulnerable to external shocks, such as the fall in the price of commodities, changes in international financial conditions or the pandemic. Despite this, Peru remains one of the most stable and promising economies in the region (Lovón).

Regarding the perception of international entities, Peru fell eight positions, from 68 to 76 in the Doing Business 2020 ranking. According to the World Bank report, the country climbed positions in the indicators of Cross-border Trade, Management of Construction permits, Registration Property and Insolvency Resolution. Meanwhile, it maintained its position in the indicators of Payment of taxes; Obtaining electricity; Obtaining credit; Protection of minority investors and Compliance with contracts. As a weak point, there is a decrease in the indicator of Opening a Business. Despite Peru's decline in the ranking, it still holds the third position in Latin America after Chile and Colombia; surpassing Panama; Brazil, Argentina, Ecuador and Honduras (World Bank).

Table 25. Report Doing Business in Peru

Parameters	DB 2020	DB 2020
	Ranking	Score
Starting Business	133	82.1
Construction Permits	63	72.5
Getting electricity	88	74.5
Registering Property	55	72.1
Getting Credit	37	75
Protecting minority interests	45	68

Paying taxes	121	65.8
Trade	102	71.5
Enforcing Contracts	83	59.1
Resolving insolvency	90	46.6

Source: Banco Mundial, 2020

Elaborated: Authors

Regarding government management during the pandemic, measures were taken from the beginning to stop the spread of the virus among the population; however, the results were unfavorable and unsatisfactory. It should be noted that the vast majority of the population within the Peruvian economy performs informal jobs, as they are not salaried, it is impossible to stay at home due to lack of income. In addition, a small number of people were willing to abide by the restrictions imposed by the government, the Police reported that only in Lima 321 illegal parties were held during 2020. In addition, the reduced investment in the health system was evidenced when Peru faced the start of the pandemic with only 100 intensive care beds for 32 million people; likewise, during the peak of infections, oxygen bottles for treatments began to be scarce. Having a greater number of beds became a priority for the government, neglecting other issues such as expanding the capacity of testing laboratories or the provision of basic medical supplies, such as oxygen tanks, essential for treating critically ill patients. . Humanitarian assistance programs were created, such as the payment of economic aid, which caused agglomerations because only 38% of Peruvians had a bank account and the rest of them had to collect the money in person in large queues in front of the banks. These have been some of the factors that contributed to Peru leading the mortality rate from Covid-19 in Latin America, a few months after the start of the pandemic (Humaní).

3.1.2 Economic Analysis

Export Sector

Peruvian exports are composed of traditional or extractive, which represent 80% and non-primary or added value, represent 20% of the amount. Peru is characterized for being a mining country that exports copper, gold, zinc and iron. By contrast, the nontraditional sector is comprised by the textile industry and the agroindustry (Parodi).

According to the World Bank, Peru has had two growth phases since the beginning of the new century. Among 2002 to 2013 Peru was one of the most developed countries in Latin America, with a rate of average growth of the Gross Domestic Product (GDP) of 6.1% per year, with low inflation levels and structural reforms for a favorable external landscape. Moreover, poverty rates were reduced in the country which fell from 52.2% in 2005 to 26.1% in 2013, this means that during this period 6.4 million people out of poverty. Likewise, extreme poverty decreased from 30.9% to 11.4% during the same period.

Furthermore, among 2014 to 2019, the Gross Domestic Product (GDP) had an average annual rate of 3.1%, this means that compared to previous years, there was a GDP contraction due to the fall in the international price of raw materials, this external event led to a temporary reduction in investment of the private sector, slowdown in consumption and lower tax collection. Despite this, there was a responsible management of the fiscal, monetary and rate policy during the economic boom that led to endure the tax reduction fall without an adjustment in spending.

In addition, the government had enough reserves to adjust the exchange rate. Besides that, in order to increase exports and compensate for the slowdown in the domestic demand the

mining production was increased. In this landscape, the deficit in the current account has decreased from 4.8% of GDP in 2015 to 1.5% in 2019 (Banco Mundial).

In 2020, the National Institute of Statistics and Informatics (INEI) estimated in the first and second quarter of 2020 a GDP contraction of 3.4% and 30.2% due to the health emergency. Conversely, the major economic contraction during confinement was in March with - 16.7%, followed in April with -39.9%, in May with - 32.7% and June with -18.1%. Since June the Peruvian economy started to recover due the national government implemented an economic reactivation plan. In the first semester the hit hardest sectors were restaurants and accommodation sector with a contraction of - 51.7%, the constructions with a contraction of - 42.1% as well as the transport sector - 29.7%, while other sectors continued growing such as the agriculture sector with a growth of 2, 1%, the telecommunications sector with growth of 2.6% and financial services with a growth of 6.7% (Díaz, Deza and Moreno).

According to the World Bank, compared to other countries of the region, Peruvian households were one of the most affected in terms of employment and income generating a reduction to the consumption (Banco Mundial). Based on the National Institute of Statistics and Informatics of Peru (INEI) in the months of May, June, July 2020 compared to the same period of 2019 1, 9 million jobs were lost, a value that represents 40% of total employment. Also, in the same period there was a wage contraction of 10.6% of people that did not lose their jobs. Despite this, these impacts tend to be highest among the population segments with lower wages (Díaz, Deza and Moreno).

In fact, due to the economic crisis, the Central Bank with the Ministry of Economy offered a strategy to benefit households and businesses with the implementation of a program for economic recovery based on containment and economic reactivation. So, the government to contain the spread, had implemented some measures to restrict mobility which generated a

negative impact for the Peruvian economy. On the other hand, the Central Bank implemented the Plan *Reactiva Peru* in which was provided liquidity to commercial banks for a value of 60,000 million soles, which is equivalent to 18 billion dollars in order to grant loans to formal firms with a guarantee from the Ministry of Economy that fluctuates between 80% and 98% of the loan, depending of the size of it. The loan was granted for 36 months with a minor interest of 2% per year, the 98% were micro and small firms including firms linked to agriculture and tourism. In this way, the credit for the private sector had grown by similar amounts to a year without a pandemic (Parodi).

On the other side, the Ministry of Economy and Finance (MEF) implemented several relief measures to all economic agents, and in the same way offered a monetary bonus for vulnerable families. Nevertheless, the framework of bonds did not include or partially included informal independents, which are a mass of workers that amounts to 7 of each 10 workers; for that reason, it was pertinent to give the bonus for the most vulnerable (Parodi).

Inflation and Exchange Rate.

The Central Bank of Peru manages the floating exchange rate system, in which the free market defines the exchange rate; however, requires the intervention of the monetary authority to avoid abrupt fluctuations. Additionally, the Central Bank manages the Inflation Targeting Scheme which its annual inflation aim is 2% +/- 1%. Therefore, in the months of July, August and September 2020 the inflation was 0.46%, -0.11% and 0.14%, respectively. Despite this, since March the reference rate has been reduced from 2.25% to 0.25%, in line with the measures taken to face the impacts of the Covid-19. As can be seen in the checkbox, in any month of 2020 year-on-year inflation does not exceed 1.90%. The expectation of inflation of the economic agents remains at 1.8% for 2020, in relation to the expected results (Parodi).

Table 26. Inflation rate 2020 in Peru

Months	Monthly	Year-on-year
February	0,14	1,90
March	0,65	1,82
April	0,10	1,72
May	0,20	1,78
June	-0,27	1,70
July	0,46	1,86
August	-0,11	1,69
September	0,14	1,82

Elaborated: Authors

It is noted that the monetary stability represents the soundness of the Peruvian economy. The exchange rate, after being in a band between 3.30 to 3.40 soles per dollar from 2018 to 2019, in the first months of 2020 it had a jump to 3.57 soles per dollar, due to the uncertainty generated by the health emergency, but it was offset by the Central Bank. In 2020 the exchange rate would close among 3.55 to 3.60 soles per dollar. Conversely, the Federal Reserve (FED) and the Central Reserve Bank of Peru reduced their interest rates, due to global uncertainty (Parodi).

Trade Agreements

Since 1995 Peru has been part of the World Trade Organization (WTO). Moreover, since 1969 it is a member of the Andean Community of Nations (CAN). On the other hand, Peru subscribed several Free Trade Agreements with some countries such as: Australia, Honduras, Japan, Costa Rica, Panama, Mexico, South Korea, China, Canada, Singapore, Chile, the United States and Thailand. In 2005 Peru joined the MERCOSUR, in 2008 subscribed a Free Trade Agreement with the Association Free Trade Agreement (EFTA) and finally in 2014 Peru joined the Pacific Alliance (SICE).

Growth of Projections

According to the World Bank report, Latin America and the Caribbean are the most stricken regions due to the health emergency. It requires the protection of the population while returning towards growth. In 2020 it is projected in Latin America and the Caribbean regions a GDP decreases of 7.9%. On the contrary, for 2021 is expected a growth of 4%.

As can be seen in the following box, in 2020 Peru presented a GDP growth of -12.0%. Conversely, for 2021 is expected a growth of 7.6%, while for 2022 a growth of 4.5%. It is important to keep in mind that Peru will be the country in the region with the best economic recovery (Banco Mundial).

Table 27. Growth projections by Work Bank

GDP Growth Projections			
Países	2020	2021	2022
Argentina	-12,3	5,5	1,9
Brasil	-6,3	4,2	3,1
Bolivia	-7,3	4,4	3,8
Colombia	-7,2	4,5	4,2
Chile	-6,3	4,2	3,1
Ecuador	-11,0	4,8	1,3
Paraguay	-3,2	3,5	3,7
Perú	-12,0	7,6	4,5
Uruguay	-4,0	4,2	3,1

Reference: World Bank

Elaborated: Authors

Additionally, the Peruvian economy must face several challenges such as the GDP growth acceleration, promote shared prosperity and protect citizens. To this effect, it is necessary to achieve more efficiency in the provision of public services to generate protection by the government, provide an efficient connectivity infrastructure and promote policies that reduce inflexibilities in factor and product markets (Banco Mundial).

3.1.3 Social Analysis

According to the National Institute of Statistics and Informatics (INEI), the average monthly expenditure per household in Peru is 2,797.90 soles. It should be noted that Peru is

going through a difficult situation with a depressed labor market; in 2020 the unemployment rate reached 8.8%, double compared to last year, which translates to 6.7 million people without work. Naturally, this directly affects household spending, which has registered a decrease of 14.2% since the start of the health crisis. (INEI)

The population has shown a cautious attitude in their consumption habits. Products and services related to health, food, basic services and communications have been those that have shown favorable increases in their consumption. On the other hand, entertainment groups, restaurants and hotels have been affected, despite the support that home services have generated. A recovery is expected for 2021 compared to the catastrophic year that 2020 has been. Remember that the presented numbers are a reflection of the incomes lack; In other words, the growth in spending responds to the recovery of the labor sector and the consequent reduction in unemployment (INEI).

Table 28. Distribution of expenses in Peruvian households

Distribution of expenses in Peruvian households		
Consumption Groups	Before Quarentine	After Quarentine
Food and non-alcoholic beverages	27,10%	33,50%
Restaurants y hotels	13,60%	10,80%
Transports	11,60%	8,40%
Education	9,90%	8,20%
Accommodation and basic services	8,50%	10,10%
Goods and services	6,50%	8,10%
Vestment	5,60%	3,90%
Furniture and household items	5%	4,60%
Recreation and culture	4,70%	4%
Health	3,20%	3,80%
Communications	3%	3,40%
Alcoholic beverages and tobacco	1,30%	1,20%

Source: INEI

Elaborated: Auauthors

On the other hand, the Peruvian consumer has not been oblivious to the evolution that the way of doing business has gone through, due to factors such as innovation in technology and globalization. Their consumption habits, as well as their relationship with brands, are now determined by the use of mobile devices. The use of digitally available information is a useful tool in the stage that precedes the purchase, allowing people to compare prices, find out the characteristics of the product or learn the opinions of other consumers. This has created a more demanding consumer, who needs to highlight their individuality by being served in a personalized way (Mukherjee). The customer expects a greater offer aimed at him, greater fluency in communication and direct interaction with retail to solve problems related to the purchase process or the product (Osorio).

All of the above has contributed to create a Peruvian consumer who demands quality, but above all who rationalizes their purchasing decisions, with quality being their main concern, which implies that only the minority of consumers have uncritical consumption impulses. However, what is most relevant is that the majority of the Peruvian consumer states that they are inclined to adopt new products early, while less than half are inclined to buy products from famous brands or aspirations. This last point becomes relevant when it comes to the acquisition of durable goods such as automobiles or electrical appliances (Frenk).

3.1.4 Technological Analysis

Based on the Global Innovation Index report, Peru ranked at 76 out of 131 economies; however, compared to 2019 Peru fell seven positions and five compared to 2018 (Mendoza).

In the following box will be detailed the top ranking in terms of innovation at the regional level and the positions in the global ranking (Mendoza).

Table 29. Ranking Global Innovation Index of Latin America

Countries of Latin America and the Caribbean	Position in the regional ranking	Position in the global ranking
Chile	1	54
México	2	55
Costa Rica	3	56
Brasil	4	62
Colombia	5	68
Uruguay	6	69
Jamaica	7	72
Panamá	8	73
Perú	9	76
Argentina	10	80

Elaborated: Authors

The results demonstrate that the Peruvian performance in terms of innovation matches with the Gross Domestic Product Per Capita. The index indicates that Peru has fewer results in terms of innovation based on the investments that make.

Therefore, it is necessary that the region invest in research and development, in technological advances to achieve greater competitiveness, also in intellectual property systems, the disconnection between the public and private sectors regarding the prioritization of direct investment and innovation. It is important to underline that only Brazil performs direct investment at the European level. Likewise, Brazil, Mexico and Argentina have global companies of direct investment. Thus, Chile, Uruguay and Brazil formulate technical and scientific articles of high level, and besides Brazil is the only country in the region to register patents developed in its territory (Mendoza).

3.1.5 Ecological Analysis.

The Directorate of Control, Sanction and Incentive Application of the OEFA publish and update the information of the Record of Good Environmental Practices of the Evaluation and Enforcement Agency Environmental. It establishes that everyone has the right to live in a healthy, balanced and adequate environment for the development of human living. Moreover, there are some obligations to contribute to an effective environmental management ensuring the health of people individually and collectively, conservation of biological diversity, sustainable use of natural resources and the sustainable development of the country (El Peruano).

The aim of this Record is to regulate the operation of the Register of Good Environmental Practices carried out by natural persons or legal, public or private, that comply with their environmental obligations and are under the jurisdiction of the OEFA, and these are applicable for the accountable units (mining unit, lot, central, plant, concession, between others (El Peruano).

To carry out these economic activities, the managed must have the updated environmental management instrument which refers to the Environmental Impact Statement (EIS), Impact Study Detailed environmental (EIA-d) or semi-detailed (EIA-sd), Adequacy Program, Environmental Management (PAMA), Complementary Annual Fishing Plan (PACPE), Plan Environmental Management (PMA) or other instrument that regulates the obligations management (El Peruano).

Additionally, in the Register of Good Environmental Practices of the OEFA will record the following information:

a) Company Name, denomination of the managed owner of the unit audited;

- b) Name and location of the audited unit;
- c) Number of National Identity Document or Unique Taxpayer Registry of the administered;
- d) Sector and subsector to which the company belongs;
- e) Summary of the activity carried out in the auditable unit;
- f) Date of direct supervision on which compliance with the environmental obligations (El Peruano).

Within the grounds for withdrawal, the auditable unit will be removed from the Recover of Good Environmental Practices of the OEFA for the following reasons:

- a) If it is detected a finding of an alleged administrative infraction for a direct supervision;
- b) If it improperly disseminates its incorporation in the Register of Good Practices

Of the OEFA, in breach of the provisions of Article 10 of the Regulation. In this way, the auditable unit withdrawn from the Recover of Good Environmental Practices may not be incorporated again in a period of 12 months, counted from retirement (El Peruano).

3.1.6 Legal Analysis

The regulatory entity for business activity in Peru is INDECOPI, which promotes healthy competition and respect for Intellectual Property. The process for the creation of a company in Peru can be carried out through a natural or legal person. It can take between 10 and 26 days, it all depends on the particularities and nature of each business. It should be noted that the average time is the lowest in all of Latin America and the Caribbean. The World Bank estimates that the costs of starting a business in Peru are around 9.4% of per capita income,

which is still lower than the approximate average for Latin America and the Caribbean (World Bank).

Since November 1991, the Framework Law for the Growth of Private Investment was approved in Peru, which eliminates and prohibits all forms of reservation of economic activities in favor of the State, except for reasons of public interest or national security. From that moment, the main function of the State was to supervise and promote free competition, avoiding abuses or the formation of Monopolies (Echecopar).

The Peruvian legal framework, in order to encourage foreign investment and attract new capital, provided that prices will be regulated only by the law of supply and demand, relegating to the state only the designation of tariffs for public services. For the same purpose, the same rights were established for foreign investors as for domestic investors. Certain guarantees were introduced, such as the free right to possession and disposal of foreign currency; and the repatriation of capital and dividends. Naturally, with regard to exchange matters, there is no distinction between sectors or types of activities when determining tariffs. The right to freely transfer foreign currency without any authorization was guaranteed, preserving the integrity of its capital, profits and royalties. The only restriction reserved by the State is to prohibit foreigners from possessing mines, forests, water, fuels and energy sources, except for an exception declared by Supreme Decree based on public necessity or national utility (Echecopar) .

To start a business in Peru or apply for a work visa in Peru, a deep understanding of Peruvian labor law is essential. In addition, the importance of protecting the rights of local employees is of great concern to the Peruvian government and therefore, it is important to know the restrictions for employing foreign employees (Garcia).

3.2 Interview to the Head of Television Line.

On January 25, 2021, an interview was conducted to Dr. Luis Guillermo Crespo, Head of Television Line of the firm MP3, through a virtual meeting by zoom; in order to analyze several factors of the Peruvian market. Several questions were asked to know some particularities of the market and the most important differences in comparison with the Ecuadorian market.

Regarding the internalization process carried out with its products; the Dr. Crespo mentioned that the firm MP3 has the Blaupunkt brand license, and other brands for the production in Latin America. When starting with the commercialization of televisions outside of Ecuador, the different competitive advantages of each market are analyzed. In the case of Peru, the assembly industry is almost nil, at least in the television market. Thus, certain brands have been inserted to Peru, sending a final product from China to MP3 commercial office. It is relevant to emphasize that the business model of the firm does not sell to the final consumer, conversely is directed to large chains.

To have a successful internalization it is necessary to analyze the differences between the Peruvian and the Ecuadorian market. The Ecuadorian market stands out for its Smart Tv televisions, representing 100% of televisions to sell, this means that televisions require access to the Internet. It is noteworthy that there is not even 50% penetration of the Internet in Ecuador; thus, many televisions that are sold do not connect to the Internet or are given to the Internet through the plans of the user's cell phones. By contrast, in the Peruvian market, Smart Tv only represents 60% of the market and 40% are not Smart Tv. On the other hand, it is essential to consider that Ecuador is a dollarized country, where costs are higher and the final consumer price. Thus, in Peru televisions stand out for their quality and require a lower cost in comparison to Ecuador. Peru does not have national brands; televisions are imported

whereas in Ecuador are assembled national brands in the white brand market which represents 60% of sales.

By all means, the importation of international brands in the Peruvian market such as Samsung, Edge, TCL, Hyundai, Sony, Orion, among others are leading the sales in the country; in this way, Blaupunkt has to compete against these brands, highlighted for their quality and prestige, it is important to focus on giving it an appropriate position in the market. The challenge is to sell a product of good quality and affordable price to offset the fight against the top of mind.

As the firm MP3 is the licensee of the Blaupunkt brand, it is possible to offer televisions as an exclusive brand. Retail chains assess the competitive advantage that this gives them, avoiding entering a competition of prices, because they are able to set them and choose their target. Regarding its price, is an approachable rank below the top-of-mind brands, without being so cheap that to question the quality. In order to reach the clients, televisions have an innovative and modern Android 6.0 Operating System, as well as offering a technical service back up.

The Peruvian market offers several advantages to internalization like the opportunity to replicate the business model of Ecuador by indirect export with a foreign agent. As mentioned before, Peru doesn't have national brands; they rather import televisions taking advantage of the Free Trade Agreements with the United States, China and Korea, these 3 countries are the major producers of televisions. Instead, Ecuador is an TVv assembler;, that is the case of MP3, which produces brands as Blaupunkt, and offers its products to retail chains. It's important to mention that televisions are offered only to Grupo El Rosado as an exclusive brand. In this sense, the benefits of the retail chain will be set relative to the target and demand, unlike other brands that do not have this exclusivity and are distributed in

several stores where there is a price competition. Another advantage of the Peruvian market is that their products are free of importation, whether of any type of finished product; likewise, in Ecuador there are certain tariffs towards finished products.

Finally, we move to the current context caused by the Covid-19 where the government implemented restrictions and measures to slow down the spread of the virus among the population like other companies, MP3 was not able to produce during the first days of the health emergency, Notwithstanding, when the restrictions were lifted, the television market had an increase in its sales. Since the population was forced to deprive a large part of its social activities, televisions had a great acceptance among the consumers. Moreover, in recent years the boom of Stream services, such as Netflix, Amazon Prime, Disney Plus, Blim, HBO Go, etc., have become popular to televisions with Smart Tv technology. The counterpart of this situation would be later, since higher consumption, higher demand. Today, the supply from China had increased, this caused a rise in manufacturing costs between 30% to 40%, including logistics costs \$ 800 to \$ 1500 in low season, at a value that goes from \$ 6000 to \$ 8000.

3.3 Internalization Case of the Peruvian market

On February 4, 2021, a virtual interview was conducted via zoom to the Ing. Pedro Espinoza, Commercial Manager of Indurama, who has a profound knowledge of the Peruvian market. Several questions were asked to know some particularities of the market.

Indurama is the result of the entrepreneurship of a group of cuencans in order to develop the industrial sector, carrying out the assembly of refrigerators with the advice and license of WCI-USA. Additionally, the assembly of refrigerators, Indurama began with the production of oven stoves which had the support of Tecnogas-Italia. In 1982 its products had a great acceptance in the Ecuadorian market, this led to the firm systematizing its online production, allowing it to achieve high levels of quality, expand the supply of models and finally increase the production of household appliances. In 1985 Indurama expanded into new markets in Latin America, becoming Peru the first export destination. It is worth mentioning that Indurama has 47 years of market participation, standing out for its high-quality products. Currently, it is one of the brand leaders in kitchens representing 42% of the market.

According to the Commercial Manager, the Peruvian market is an open competitive market where there are no tariffs due to the fact that Peru has Free Trade Agreements with other countries. Furthermore, in this market there is strong competition with large participation as the case of Samsung, LG, Sony, Panasonic, among other recognized brands; conversely, what highlights in this market are the major chains, as SAGA Falabella which is a Chilean department store, considered the major retail company in Latin America which has several branches in Chile, Peru, Argentina and Colombia, offering a range of products such as clothing, footwear, jewelry, appliances, among others. One of its major competitors is the Ripley Store, which is a Chilean chain of department stores which have operated in Peru since 1997, offering financial services, a supermarket and department stores where clothing,

footwear, furniture, kitchenware, food, clothing, among other products. In 2020 Tiendas París, the Chilean department store, liquidated its stores in Peru given that did not obtain the expected participation.

To become part of these chains, brands must comply with certain standards because chains are demanding at the time of insertion since they represent 60% of the market. By contrast, the stores by departments, supermarkets, and horizontal distributors represent the 80% in the appliance sector. One of the most important stores of appliances is the Hiraoka Store in the District of Lima, which from the point of view of the Indurama Commercial Manager is an opportunity for our product to internalize. Based on the state support, some areas are assisted like the Development Zones; so, the government provides them labor and machinery for its growth; similarly, to the agro-industrial and the mining sectors. By contrast, in the appliance market there is no state assistance.

This market has some challenges such as the price wars, the issue of credits required by the chains and related to technical service in Peru due to long distances. Equally, many of these stores tend towards the liquidation of the exhibition, a point to take into account at the moment of internalization to this market. It could even say that the Peruvian market is a competitive market but at the same time it is profitable.

3.4 Competitive Diamond by Porter

Next, an analysis of the Peruvian market will be carried out based on Porter's forces: demand, competence, factors and supporting sectors.

3.4.1 Demand

According to the Lima Chamber of Commerce, Peru is an importing country of televisions. Thus, during February of the previous year, 142,528 televisions were imported

with a value of 30 million dollars which meant an increase in quantity of 17.71% in comparison to September 2019. Conversely, due to the confinement measures carried out by the Peruvian government the imports of televisions have been affected (Andina).

As from the month of March the import market reported a contraction, in May its lowest peak with 57,566 units imported, that means a decline of 73.08% by a value of eight million dollars this represents 84.54% less compared to May 2019. By contrast, in July the imports had increased with 182,842 televisions (74.94%) by a value of 42 million dollars (56.56%) compared to July 2019. In September the performance of the market was positive with imports of 147,388 devices by a value of 35 million dollars, this represents 5.62% more than September 2019. Likewise, in October the imports of televisions by a value of 49 million dollars, which is equivalent to a growth of 26.92% in comparison to October 2019 (Andina).

Additionally, in 2020 was conducted a study by ConcorTV which clarified that 99% of the Peruvians consume an average of two hours of television a day. However, comparing the value of the television audience from March 1 to 15 with the audience of March 16 to 26, there is an increase in the consumption by 42%, while Colombia with 36%; Guatemala with 32% and Ecuador with 29%. Thus, due to the restrictions, television consumption had increased during April where it shows that Peruvians spent up to 6.41 hours watching TV. Even though all the age ranges increased their television consumption, especially it highlighted people between 38 to 49 years, which had a greater consumption increase if we compare the week of March 9 with the week of April 6, 2020 (Mercado Negro).

3.4.2 Competence

As mentioned before, Peru does not assemble televisions but rather import the top trademarks such as Samsung, LG, Panasonic, Philips, AOC, Hisense, Sony, Hyundai and Haier. An analysis of the television market was carried out in the following stores: El METRO, El Curacao, and Linio.

In the following tables will be analyzed several factors:

Table 30. Analysis of the Samsung Tv in the store El METRO

TV BRAND	FEATURES	RESOLUTION	PRICE IN SUNS	PRICE IN DOLLARS
Samsung Smart Tv Crystal	50 inches	4K	S/1,699.00	\$ 466,75
Samsung Smart Tv Crystal	65 inches	4K	S/2,399.00	\$ 659,06
Samsung Smart TV Crystal	55 inches	4K UHD	S/1,999.00	\$ 549,17
Samsung Smart TV Crystal	50 inches	4K UHD	S/1,799.00	\$ 494,23
Samsung Smart TV Crystal	55 inches	4K UHD	S/2,299.00	\$ 631,59
Samsung Smart TV Crystal	55 inches	4K UHD	S/1,899.00	\$ 521,70
Samsung Smart TV Crystal	75 inches	4K UHD	S/4,399.00	\$1208,51
Samsung Smart TV LED	75 inches	4K UHD	S/5,999.00	\$ 1648,07
Samsung Smart TV LED	55 inches	4K UHD	S/4,499.00	\$ 1235,98

Elaborated: Authors

Table 31. Analysis of the LG Tv in the store El METRO

TV BRAND	FEATURES	RESOLUTIONS	PRICE IN SUNS	PRICE IN DOLLARS
LG Smart Tv	32 inches	HD	S/899.00	\$246,97
LG Smart Tv	60 inches	UHD	S/1,899.00	\$521,70
LG Smart TV NanoCell	55 inches	UHD	S/2,099.00	\$576,64
LG Smart Tv	55 inches	UHD	S/1,749.00	\$480,49
LG Smart Tv	49 inches	UHD	S/1,499.00	\$411,81
LG Smart Tv	50 inches	UHD	S/1,899.00	\$521,70
LG Smart Tv NanoCell	86 inches	UHD	S/12,999.00	\$3571,15
LG Smart TV NanoCell	65 inches	UHD	S/3,499.00	\$ 961,26
LG Smart TV	70 inches	UHD	S/3,599.00	\$988,73

Elaborated: Authors

Table 32. Analysis of the Panasonic Tv in the store El METRO

TV BRAND	FEATURES	RESOLUTIONS	PRICE IN SUNS	PRICE IN DOLLARS
Panasonic Smart TV	55 inches	4K UHD	S/1,549.00	\$425,54
Panasonic Smart TV	43 inches	4K UHD	S/1,299.00	\$ 356,86
Panasonic Smart TV	50 inches	4K UHD	S/1,299.00	\$356,86

Elaborated: Authors

Table 33. Analysis of the Philips Tv in the store El METRO

TV BRAND	FEATURES	RESOLUTIONS	PRICE IN SUNS	PRICE IN DOLLARS
Philips Smart TV	50 inches	4K UHD	S/1,299.00	\$ 356,86
Philips Smart TV	70 inches	4K UHD	S/2,699.00	\$741,48
Philips LED	55 inches	ULTRA HD 4K	S/1,499.00	\$411,81
Philips Smart TV	50 inches	UHD	S/1,599.00	\$439,28
Philips Smart TV	43 inches	Full HD	S/1,099.00	\$301,92

Elaborated: Authors

Table 34. Analysis of the AOC Tv in the store El METRO

TV BRAND	FEATURES	RESOLUTIONS	PRICE IN SUNS	PRICE IN DOLLARS
AOC Smart TV	55 inches	4K UHD	S/1,549.00	\$425,54
AOC Smart TV	43 inches	Full HD	S/1,099.00	\$301,92

Elaborated: Authors

Table 35. Analysis of the Hisense Tv in the store El METRO

TV BRAND	FEATURES	RESOLUTIONS	PRICE IN SUNS	PRICE IN DOLLARS
Hisense Smart Tv	32 inches	HD	S/829.00	\$227,74
Hisense Smart TV	43 inches	Full HD	S/1,249.00	\$343,13

Elaborated: Authors

Table 36. Analysis of the Sony Tv in the store EL METRO

TV BRAND	FEATURES	RESOLUTIONS	PRICE IN SUNS	PRICE IN DOLLARS
Sony Smart TV	49 inches	UHD	S/2,399.00	\$ 659,06
Sony Smart TV	65 inches	4K UHD	S/3,549.00	\$ 975

Elaborated: Authors

Table 37. Analysis of the Samsung Tv in the store La Curacao

TV BRAND	FEATURES	RESOLUTIONS	PRICE IN SUNS	PRICE IN DOLLARS
Samsung Smart TV Crystal	50 inches	Ultra HD	S/ 1,649.00	\$ 453,02
Samsung Smart TV Crystal	55 inches	Ultra HD	S/ 1,999.00	\$549,17
Samsung Smart TV Crystal	65 inches	UHD 4K	S/ 2,599.00	\$ 714,01
Samsung Led	55 inches	4K Ultra HD	S/ 4,399.00	\$ 1208.51
Samsung Smart TV Led	55 inches	4K Ultra HD	S/ 4,499.00	\$1235,98
Samsung Smart TV Led	65 inches	4K Ultra HD	S/ 5,599.00	\$1538,18
Samsung Smart TV Led	65 inches	4K Ultra HD	S/ 4,499.00	\$1235,98
Samsung Led	50 inches	4K Ultra HD	S/ 3,499.00	\$961,26
Samsung Smart Tv Crystal	50 inches	Ultra HD	S/ 1,649.00	\$453,02
Samsung Smart Tv Crystal	55 inches	Ultra HD	S/ 1,999.00	\$549,17
Samsung Smart	65 inches	UHD 4K	S/ 2,599.00	\$714,01

Tv Crystal				
Samsung Led	55 inches	Ultra HD	S/ 4,399.00	\$1208,51
Samsung Smart Tv Led	55 inches	Ultra HD	S/ 4,499.00	\$1235,98
Samsung Smart Tv Led	65 inches	4K Ultra HD	S/ 5,599.00	\$1538,18
Samsung Smart Tv Led	65 inches	4K Ultra HD	S/ 4,499.00	\$1235,98
Samsung Led	50 inches	4K Ultra HD	S/ 3,499.00	\$961,26

Elaborated: Authors

Table 38. Analysis of the LG Tv in the store La Curacao

TV BRAND	FEATURES	RESOLUTION S	PRICE IN SUNS	PRICE IN DOLLARS
LG Smart TV	43 inches	4K Ultra HD	S/ 1,399.00	\$ 384,34
LG Smart TV	49 inches	4K Ultra HD	S/ 1,499.00	\$411,81
LG Smart TV	55 inches	4K Ultra HD	S/ 1,799.00	\$494,23
LG Smart TV	65 inches	4K Ultra HD	S/ 2,299.00	\$631,59
LG Smart TV	70 inches	4K Ultra HD	S/ 3,099.00	\$851,37
LG Smart TV Nanocell	50 inches	4K	S/ 1,999.00	\$549,17
LG Smart Tv Nanocell	55 inches	4K	S/2,499.00	\$686,53
LG Smart TV Nanocell	65 inches	4K	S/ 3,499.00	\$961,26
LG Smart TV	75 inches	4K Ultra HD	S/ 3,899.00	\$1071,15
LG Smart TV Nanocell	55 inches	4K	S/ 3,199.00	\$878,84
LG Smart TV Nanocell	75 inches	4K	S/ 9,499.00	\$2609.61
LG Smart TV	86 inches	Ultra HD	S/ 8,799.00	\$2417,30
LG Smart TV Oled	65 inches	4K	S/ 7,999.00	\$2197,52
LG Smart TV Oled	65 inches	Ultra HD 4K	S/ 5,999.00	\$1648,07
LG Smart TV Oled	55 inches	Ultra HD 4K	S/ 4,199.00	\$1153,57
LG Smart TV	50 inches	Ultra HD	S/ 1,899.00	\$521,70

Elaborated: Authors

Table 39. Analysis of the Hisense Tv in the store La Curacao

TV BRAND	FEATURES	RESOLUTIONS	PRICE IN SUNS	PRICE IN DOLLARS
Hisense Led	58 inches	Ultra HD	S/ 1,599.00	\$439,28
Hisense Smart TV Led	32 inches	HD	S/ 749.00	\$205,76
Hisense Smart TV Led	49 inches	FHD	S/ 1,249.00	\$343,13
Hisense Smart TV Led	50 inches	Ultra HD	S/ 1,399.00	\$384,34
Hisense Smart TV Led	55 inches	Ultra HD	S/ 1,599.00	\$439,28
Hisense Smart TV Led	65 inches	Ultra HD	S/ 2,099.00	\$576,64
Hisense Smart Tv Led	43 inches	Full HD	S/ 1,049.00	\$288,18

Elaborated: Authors

Table 40. Analysis of the AOC Tv in the store La Curacao

TV BRAND	FEATURES	RESOLUTIONS	PRICE IN SUNS	PRICE IN DOLLARS
AOC Smart TV	50 inches	Ultra HD 4K	S/ 1,449.00	398,07\$
AOC Smart TV	55 inches	Ultra HD 4K	S/ 1,649.00	453,02\$

Elaborated: Authors

Table 41. Analysis of the Philips Tv in the store La Curacao

TV BRAND	FEATURES	RESOLUTIONS	PRICE IN SUNS	PRICE IN DOLLARS
Philips Smart TV	50 inches	4k Ultra HD	S/ 1,699.00	\$466,75
Philips Smart TV	58 inches	4K Ultra HD	S/ 2,199.00	\$604,12
Philips Smart TV Led	70 inches	4K UHD	S/ 2,899.00	\$796,42

Elaborated: Authors

Table 42. Analysis of the Hyundai Tv in the store La Curacao

TV BRAND	FEATURES	RESOLUTIONS	PRICE IN SUNS	PRICE IN DOLLARS
Hyundai Smart TV	58 inches	Ultra HD	S/ 1,499.00	\$411,81
Hyundai Smart TV Led	32 inches	HD	S/ 749.00	\$205,76
Hyundai Smart TV Led	40 inches	Full HD	S/ 949.00	\$260,71
Hyundai Smart TV	50 inches	4K Ultra HD	S/ 1,299.00	\$356,86
Hyundai Smart TV Led	65 inches	UHD	S/ 2,299.00	\$631,59

Elaborated: Authors

Table 43. Analysis of the Haier Tv in the store La Curacao

TV BRAND	FEATURES	RESOLUTIONS	PRICE IN SUNS	PRICE IN DOLLARS
Haier Smart TV	50 inches	4K Ultra HD	S/ 1,399.00	\$384,34
Haier Android TV	55 inches	4K Ultra HD	S/ 1,599.00	\$439,28
Haier Smart TV	55 inches	4K Ultra HD	S/ 1,299.00	\$356,86
Haier TV	32 inches	HD	S/ 449.00	\$123,35\$

Elaborated: Authors

Table 44. Analysis of the Panasonic in the store La Curacao

TV BRAND	FEATURES	RESOLUTIONS	PRICE IN SUNS	PRICE IN DOLLARS
PANASONIC Smart TV	43 inches	Ultra HD 4K	S/ 1,399.00	\$384,34
PANASONIC Smart TV	50 inches	Ultra HD 4K	S/ 1,599.00	\$439,28
PANASONIC Smart TV	55 inches	Ultra HD 4K	S/ 1,799.00	\$494,23
PANASONIC Smart TV	65 inches	UHD	S/ 2,499.00	\$686,53

Elaborated: Authors

Table 45. Analysis of the Samsung Tv in the store Linio-Peru

TV BRAND	FEATURES	RESOLUTIONS	PRICE IN SUNS	PRICE IN DOLLARS
Samsung Smart TV Crystal	50 inches	UHD 4K	S/ 1,799.00	\$494,23
Samsung Smart TV Led	50 inches	4K	S/ 2,149.00	\$590,38
Samsung Smart TV Led	65 inches	4K	S/ 6,799.00	\$1867,85
Samsung Led	58 inches	UHD 4K	S/ 2,199.00	\$604,12
Samsung Smart TV Led	55 inches	4K	S/ 5,499.00	1510,71\$
Samsung Led Crystal	55 inches	UHD 4K	S/ 2,049.00	562,91\$
Samsung Smart TV Crystal	75 inches	UHD 4K	S/ 4,299.00	1181,04\$
Samsung Smart TV Crystal	55 inches	UHD 4K	S/ 1,899.00	521,70\$
Samsung Led Crystal	65 inches	UHD 4K	S/ 2,799.00	768,95\$

Elaborated: Authors

Table 46. Analysis of the Sony Tv in the store Linio-Peru

TV BRAND	FEATURES	RESOLUTIONS	PRICE IN SUNS	PRICE IN DOLLARS
Sony Smart TV	55 inches	4K UHD	S/ 2,049.00	\$562,91
Sony Android Smart TV	75 inches	4K UHD	S/ 5,999.00	\$1648,07
Sony Android Smart TV	85 inches	4K UHD	S/ 8,999.00	\$2472,25
Sony Android Smart TV	65 inches	4K UHD	S/ 3,549.00	\$975
Sony Android Smart TV	55 inches	4K UHD	S/ 3,999.00	\$1098,62
Sony Smart TV	32 inches	HD	S/ 1,149.00	\$315,65
Sony Android Smart TV	65 inches	4K UHD	S/4,299.00	\$1181,04
Sony Android Smart TV	65 inches	4K UHD	S/ 5,799.00	\$1593,13
Sony Android Smart TV	55 inches	4K UHD	S/ 4,299.00	\$1181,04\$

Elaborated: Authors

Table 47. Analysis of the Philips Tv in the store Linio-Peru

TV BRAND	FEATURES	RESOLUTIONS	PRICE IN SUNS	PRICE IN DOLLARS
Philips Smart TV Led	50 inches	4K UHD	S/ 1,499.00	\$411,81
Philips Smart TV Led	58 inches	4K UHD	S/ 1,799.00	\$494,23
Philips Smart TV Led	55 inches	4K UHD	S/ 1,699.00	\$466,75
Philips Smart TV Led	55 inches	4K UHD	S/ 1,799.00	\$494,23
Philips Smart TV Led	50 inches	4K UHD	S/ 1,519.00	\$417,30
Philips Smart TV Led	58 inches	4K UHD	S/ 1,999.00	\$549,17
Philips Smart TV Led	70 inches	UHD	S/ 2,799.00	\$ 768,95

Elaborated: Authors

Table 48. Analysis of the Panasonic Tv in the store Linio-Peru

TV BRAND	FEATURES	RESOLUTIONS	PRICE IN SUNS	PRICE IN DOLLARS
Panasonic TV Led	65 inches	4k HDR	S/ 2,199.00	\$604,12

Elaborated: Authors

Regarding the Peruvian television market, El Metro is a chain of Peruvian supermarkets which is part of the Chilean holding Cencosud firm, located in Peru since 1992. This chain offers several Tv brands such as: Samsung, LG, Panasonic, Philips, AOC, Hisense and Sony. Besides, La Curacao Retail Chain specializes in household appliances, has more than 80 stores all over the country, also stand out 30 years of experience in the market offering the following Tv brands: Samsung, LG, Hisense, AOC, Philips, Hyundai, Haier and Panasonic. Similarly, Linio is a Peruvian online store that offers several Tv brands: Samsung, Sony, Philips and Panasonic with low prices.

In these stores the 90% of the Tv brands are Smart Tv with an operating system. Regarding the Tv features, Samsung has the following features: 50 inches, 55 inches, 58

inches, 65 inches, and 75 inches. LG, 32 inches, 43 inches, 49 inches, 50 inches, 55 inches, 60 inches, 65 inches, 70 inches, 75 inches, 85 inches, and 86 inches while Panasonic, 43 inches, 50 inches, 55 inches and 65 inches. Philips, 43 inches, 50 inches, 55 inches, 58 inches and 70 inches. AOC, 43 inches, 50 inches and 55 inches. Hisense, 32 inches, 43 inches, 49 inches, 50 inches, 55 inches, 58 inches and 65 inches. Hyundai, 32 inches, 40 inches, 50 inches, 58 inches and 65 inches and finally Haier, 32 inches, 50 inches and 55 inches.

Regarding the Tv resolution, Samsung has HD, UHD 4K, 4K Ultra HD, 4K and 4K UHD resolutions; LG has 4K, 4K Ultra HD, HD and UHD resolutions. By contrast, Panasonic has UHD, Ultra HD 4K, 4K HDR and 4K UHD resolutions while Philips has UHD, full HD, 4K UHD and Ultra HD 4K resolutions; AOC has Ultra HD, 4K, Full HD and 4K UHD resolutions; Hisense has HD, FHD and Ultra HD resolutions; Sony has HD, UHD and 4K UHD resolutions; Hyundai has HD, UHD, Ultra HD and 4K Ultra HD resolutions; Haier has HD and Ultra HD 4K resolutions.

Finally, concerning the prices it will depend on the feature and the Tv resolution. Therefore, in the following box are a range of prices depending on the brand. Samsung is positioned in a high price range offering televisions between \$ 450 to \$ 1500; likewise, LG with televisions between \$ 240 to \$ 2,600, Sony between \$ 660 a \$ 2470 and Philip between \$ 300 to \$ 800. However, brands like AOC, Hisense, Hyundai, Panasonic are in an intermediate range of prices, AOC with a range between \$ 425 to \$ 450, Hisense between \$ 230 to \$ 580, Panasonic between \$ 425 to \$ 690 and Hyundai between \$ 200 to \$ 630, and finally Haier is an economic range of prices with a range between 120\$ to 400\$.

3.4.3 Factors

3.4.3.1 Labor

In the Peruvian labor market (as in other countries in the Latin American region) we can highlight that there is a low level of open unemployment; however, there is also a low level of salaried personnel. In fact, we can find a high rate of labor informality, mainly concentrated in rural areas. It can be noted that a large part of the active population, made up of working-age inhabitants who have paid employment, work mainly in micro and small companies, developing occupations of salespeople, service workers and even professionals and technicians. Empirical information shows that, in Peru, men predominate among properly employed workers. On the other hand, underemployment due to income predominates among women and among the younger active population (less than 24 years old) or among the elderly (older than 65 years). (Rees)

It has been evident that in Peru there is a shortage of qualified labor, causing the salaries for competent professionals to increase, which reduces the competitiveness of the Peruvian economy. Today, the high demand for technicians has caused an increase in their salaries reaching up to 2,000 USD per month. It is increasingly common for foreign workers to replace the national workforce, significantly reducing household income for Peruvian families. This is because the educational offers of the Universities are not aligned with the labor demand. It produces an overexploitation of certain careers, which insert thousands of professionals each year in a labor market that does not have the capacity to support them.

(Proexpansión)

3.4.3.2 Inputs and infrastructure

In Porter's model, the competitiveness of a sector is based on the availability of suppliers or related industries that, in turn, are themselves competitive. Related industries include all those that share common technologies, inputs and complementary products. In other words, related industries are those with which companies can share or coordinate activities in their value chain, such as technology development, manufacturing, distribution, marketing or product service. Typically, in developing countries, given the lack of competitive suppliers, industries appear as isolated sectors rather than clusters or related industries. This forces most of the components to be imported. In the case of Peru, the absence of a television assembly industry would initially force the products to be imported into the country, directly by the MP3 Company. Therefore, the infrastructure destined to be the intermediary between MP3 and the Peruvian consumer would be some of the large retail chains that operate in the country, such as Saga Falabella, Ripley, Tiendas Paris, Sodimac, La Polar, among others.

3.4.4 Related and support sectors

According to Porter, it is important to understand the role that a country's government plays in influencing each market through laws, regulations and policies. With each change in the rules of the game, it brings with it consequences that can negatively or positively alter the business climate. In the Peruvian case, in 1990 the opening and liberalization of the markets took place, eliminating the barriers to entry and exit of capital, while reducing the participation of the State in economic affairs. Once these conditions were met, a more competitive market began to emerge, creating a stimulus for companies to improve the quality of their products and services. This change allowed to a cultural evolution in the Peruvian market, causing many companies to internalize new standards and norms (Prado).

3.5 Marketing Plan

Table 49. View, misión, objectives of the firm

Marketing Plan	
View	Retain our client segment, satisfying their needs above their expectations, providing them quality products to hand with technological advances in their field.
Mission	Position Blaupunkt as a competitive Tv brand in the Peruvian market, to be a reference of quality, innovation, and avant-garde for our clients.
General Objective	Position the Blaupunkt Tv brand in the Peruvian market.
Specific Objectives	<ul style="list-style-type: none"> • Increase 10% of the firm's sales with the internalization of Blaupunkt to the Peruvian market in a period of 5 years.
	<ul style="list-style-type: none"> • Retain client's loyalty in the Peruvian market with the Blaupunkt Tv brand.
	<ul style="list-style-type: none"> • Position the Blaupunkt Tv brand in the leading appliance store in Peru (La Curacao).

Elaborated: Authors

3.6 Product

3.6.1 Product Inventory

MP3 has several Blaupunkt Tv models such as Blaupunkt Smart Tv 65 inches with UHD resolution, Blaupunkt Smart Tv 75 inches with 4K UHD resolution, Blaupunkt Smart Tv 55 inches with an Ultra HD resolution, Blaupunkt Smart Tv 55 inches with an UHD 4K resolution, Blaupunkt Smart Tv 43 inches with Full HD resolution and Blaupunkt Smart Tv 40 inches with Full HD resolution. Even though, we chose a sample of three televisions that represent 90% of the company sales, which are described in the following box:

Table 50. TVs in stock

Blaupunkt Tv	Features	Cost
Smart Tv	32 inches	144\$
Smart Tv	43 inches	227\$
Smart Tv	50 inches	293\$

Elaborated: Authors

3.6.2 Technical Assistance, Installation and Training System.

- Online advice on the Tv operation.
- Advice and training about the Tv operation at household.
- Tv installation and configuration, operating systems and programs.
- Product return policy up to seven days after delivery.

- One-year warranty in the event of a product failure.

3.6.3 Additional Products

Currently, MP3 Company does not have the following Blaupunkt products, but it seeks to import them to internalize in the Peruvian market:

- Antennas;
- Monitoring Systems;
- Remote control;

3.7 Price

To define the price, we use an estimated range in the prices of our potential competitors in the Peruvian market. Since the Blaupunkt televisions to be internalized correspond to the three most representative sizes in sales (32, 43 and 50 inches), we choose analogue products from other brands.

Table 51. Competitor's price range

Competitor's price range		
TVs by size	Maximum price	Minimum price
32 inches	315,65\$	123,35\$
43 inches	384,34\$	260,71\$
50 inches	650,06\$	356, 89\$

Elaborated: Authors

Our pricing strategy is based on obtaining a profit margin for our product, which does not result in its increase in price, thus exceeding the price range of our competition. For these purposes we have chosen a profit margin of 10%.

Table 52. Price of the product

TV	Size	Price in China	Price in Peru + 10%	Distributor Price 20%	Price to the public 25%	Price with IGV 19%
Smart TV Blaupunkt	32 inches	144\$	158,4\$	190,08\$	237,60\$	282,74\$
Smart TV Blaupunkt	43 inches	227\$	249,7\$	299,64\$	374,55\$	445,71\$
Smart TV Blaupunkt	50 inches	293\$	322,3\$	386,76\$	483,45\$	575,31\$

laborated: Authors

3.8 Place: La Curacao

It is relevant to consider what store to commercialize the Blaupunkt Televisions. For this reason, we consider the leading appliance store, La Curacao of Peru, this store commercializes household appliances and household items. Currently, La Curacao is located in several countries of the region such as: El Salvador, Guatemala, Nicaragua, Honduras, Costa Rica, República Dominicana, Colombia and Perú. Thus, is the first retail chain specialized in household appliances which is part of the *Conecta* Retail Group. It has more than 30 years of experience in the Peruvian market, with more of 80 stores with a presence throughout the country and the best human team of technological advisers. Their vision is based on modeling the market to improve the lives of the clients by facilitating accessibility and promoting the common welfare and also offering several Tv brands such as LG, Samsung, Hyundai, Panasonic, Hisense, Haier, Polarid, AOC, Philips, Sony and Orizon.

Concerning the benefits, La Curacao has brands products offering the best prices and online promotions, there is a return policy until the seven days after the delivery of the product, and the online purchase is quickly and safely (La Curacao).

3.9 Promotion

In order to reach our potential customers, which are large retail stores in Peru, it is believed appropriate to use three strategies for the promotion for Blaupunkt televisions:

- Apply a discounts on the product after the purchase of a accorded number of units. With this, it seeks to encourage the client to make an investment in large quantities of the product, to obtain the economic benefit that it entails.
- Use the prestige of the Blaupunkt brand by offering high-tech products and at the forefront of all the advances in its area, all of which have passed through strict quality control.

- Offer exclusivity agreements for the distribution of the Blaupunkt brand in Peru, constituting for our client as a differentiating factor with respect to other retail chains.

3.10 Financial Analysis

In order to know the probability of success of an internationalization of the Blaupunkt television brand in Peru, a financial analysis was carried out, projected for a period of five years. This tool allows us to create awareness about business risks, as it projects their possible evolution to us, thus facilitating decision-making. As the table indicates, the project is attractive, since it has an IRR (Internal Rate of Return) of 15% over a period of five years.

Table 53. Financial Analysis

		YEAR1	YEAR2	YEAR3	YEAR4	YEAR5
Initial Investment	1660000\$					
Sold units		7500	7500	9000	9000	10500
Projected Income		2191200\$	2191200\$	2629440\$	2629440\$	3067680\$
Projected Selling Costs		1660000\$	1660000\$	1992000\$	1992000\$	2324000\$
GROSS PROJECTED PROFIT		531200\$	531200\$	637440\$	637440\$	743680\$
SALES EXPENSE						
Marketing Expenses		21912\$	21912\$	26294,4\$	26294,4\$	30676,8\$
Distribution Expenses		2000\$	2000\$	2000\$	2000\$	2000\$
Transportation expenses		75000\$	75000\$	90000\$	90000\$	105000\$
TOTAL EXPENSES		98912\$	98912\$	118294,4\$	118294,4\$	137676,8\$
TOTAL PROFIT	-1660000\$	432288\$	432288\$	519145,6\$	519145,6\$	606003,2\$
IRR	15%					

Elaborated Authors

3.11 Conclusions of the chapter

Based on the previous analysis, despite the political crisis, the Peruvian economy grew during the previous years, mainly driven by the production and export of commodities. This stability is possible due to several reforms carried out by the government, in order to improve the business environment, promote foreign investment and boost the competitiveness of the country. Nevertheless, it remains vulnerable to external shocks, such as changes in international financial conditions or the pandemic. Despite this, Peru is one of the most stable and encouraging economies in the region.

Regarding the assembly industry, Peruvian governments did not implement any project for its development since the late 1960s, when the household appliances needed to have a percentage of up to 40% of domestic production, to access tariff benefits. However, this industry was overtaken by the international competence.

Concerning the characteristics of the consumers of the market, at the moment of making purchasing decisions the Peruvian consumer is strict and rational. In this sense, quality is the main concern at the moment of purchasing a product. Moreover, only a minority group affirmed they prefer new products and less than half of the interviewees preferred to purchase products of famous brands. Despite this, when it comes to the purchase of durable goods such as appliances and automobiles, the brand is presented as one of the most important purchasing factors in contrast with what happens with massive categories such as food and beverages, where the functionality and quality of the product prevails.

Based on the previous economic analysis, between 2002 to 2013 Peru was one of the countries of the region of highest growth, with low inflation levels and unemployment. Conversely, between 2014 to 2019 there was a GDP contraction due the fall of the price of raw materials that caused a reduction in the private inversion, in the consumption and a

reduction in the tax revenues. Despite this, the government realized a good fiscal, monetary management and foreign exchange policy which allowed to offset the tax reduction, there were international reserves to set the exchange rate. Even, the mining production increased which led to higher economic growth in the country.

Currently due to the health emergency, in the first and second quarter of 2020 there was a GDP contraction of 3.4% and 30.2%. The Peruvian households were one of the most affected in the region in terms of income and employment; so, it generated a negative effect on consumption. For that reason, “Plan *Reactiva Peru* ” was implemented to grant credits with low interest rates to the productive sector, another measure carried out was tax relief to all economic agents, and also was granted a bonus to the most vulnerable families. Even though Peru faces a difficult economic situation, for 2021 it is projected that there will be a growth of 7.6% and by 2022 a growth of 4.5%.

Regarding the technological field, countries such as Switzerland, Sweden, United States, United Kingdom and Netherlands lead the Global Innovation Index while in the Latin American region countries such as Chile ranked 54 followed by México, Costa Rica, Brazil, Colombia, among others. Likewise, Peru ranked 76 out of 131 economies; which means that the region needs to improve on innovation issues and in Intellectual Property to achieve greater competitiveness against other countries.

Based on the ecological field, The Register of Good Environmental Practices in Peru, refers to environmental obligations that must be fulfilled by natural or legal persons, public or private. It is essential to consider these ecological standards when internalizing a brand in this market.

Finally, the Peruvian legal framework opens the economy to private investment, which is implemented in a market social economy Furthermore, promotes competence, and guarantees

foreign investment in any type of firm. Thus, the prices are regulated by the law of supply and demand, it demonstrates that the only prices regulated are the tariffs for public services established by Law of the Congress of the Republic. Likewise, it recognized the freedom of trade and industry and of exports and imports. Since the early 1990s investment guarantees were introduced such as the right to free possession and disposition of foreign currency, and the capital and dividend repatriation to all persons natural and legal, national and foreign. In addition, it is guaranteed not to establish discriminatory or differentiated treatments in exchange matters, prices, tariffs among investors based on sectors or types of activity or geographical location, nor between natural or legal persons, national or foreign. There is a regime to obtain legal stability of the rights as an investor and in tax and labor matters.

On the other hand, to obtain information about the Peruvian market two interviews were conducted. Dr. Luis Crespo, Tv Line Manager of MP, affirmed that for a possible internalization it is necessary to analyze the different competitive advantages of each market. In the case of Peru, the assembly industry is almost null. It is pertinent to take into account the differences between the Ecuadorian and the Peruvian markets, like the underdevelopment Peruvian market of technology of Smart Tv, or issues of differences regarding the currency exchange. In Peru there are no national brands, all televisions for sale are imported, while in Ecuador are assembly Ecuadorian brands in the market of white marks, representing 60% of the sales. The Peruvian market offers several benefits to internalization such as the opportunity to replicate the business model of Ecuador through indirect export with an external agent. In the current context of the pandemic, the Tv market has increased in its sales. Since the population was forced to avoid social activities, there was also a boom in Stream services.

In addition, Ing. Pedro Espinoza of Indurama, affirmed that this is a competitive market given that Peru has a free market economy with tariff-free due its free trade agreements with China and other exporting countries. Even though, of the benefits of this market, it has certain challenges because of the strong competence and many of them have certain exclusivity in chains and retail stores which are demanding for their inclusion. It is relevant to consider what chain or retail store is more convenient to sell the product.

Concerning the Competitive Diamond, was analyzed the demand, competence, factors and support networks. Due to the confinement measures caused by the pandemic, the Tv imports were affected in March; however, in July there was an increase in imports due to the reduction of mobility restrictions, and it led to the economic reactivation. In spite, the fact that the imports were affected in March, due to the confinement, the Peruvian Tv audience increased by 42% compared to other countries such as Colombia with 36%, Guatemala with 32% and Ecuador with 29%. So, the segment with the highest consumption was people between 38 and 49 years.

Based on the competence, several brands of the Peruvian market were analyzed; thus, to classify the brands were established price ranges. Among the expensive brands are Sony, Samsung, Philip and LG, the brands with intermediate price ranges are AOC, Hisense, Hyundai, Panasonic and in the inexpensive range is the Haier brand. It is necessary to consider the price range when internalizing the Blaupunkt brand to this market. It's important to keep in mind that the Blaupunkt brand stands out for its quality and price. For this reason, it must be established at an adequate price in the market considering the competence.

The factor analysis determined in terms of labor, that there is a low level of open unemployment in Peru, but also, there is a low level of wage earners (around 50% of the employed EAP, higher in urban areas and among men). By contrast, there is a persistent high

labor informality and is located in rural areas. Another characteristic of the Peruvian labor market is that most of the PEA is busy and works in micro and small firms, as salespeople, service workers and even professionals and technicians. In the case of inputs and infrastructure, when there is no assembler industry it would force import the products into the country, directly by MP3 firm. Therefore, the infrastructure which is the intermediary between MP3 and the Peruvian consumer, would be the major retail chains that operate in the country such as Saga Falabella, Ripley, Paris Stores, Sodimac, La Polar, etc.

Based on the supporting sectors, in 1990 Peru changed towards a more competitive environment, with the opening and liberalization of markets, the elimination of inputs and outputs barriers to products, and also less intervention of the State. These were the conditions to create a competitive market, besides a complementary job will prevent anti-competitive practices and abuses against consumers. Naturally, this drives a lack of state aid to industries.

3.12 Summary Tables

3.12.1 PESTEL Analysis

Table 54. Political, social and legal analysis

Political	<ul style="list-style-type: none">● Lack of policies to develop the assembly industry.● Peru is ranked 76 out of 190 in the Doing Business ranking.● Despite the political crisis, there has been steady economic growth in recent years.● The government of Peru has been one of the most criticized for poor handling of the pandemic.
Social	<ul style="list-style-type: none">● The average monthly expenditure per household in Peru is 2,797.90 soles.● Spending has decreased as a result of the health crisis● An informed, demanding, thoughtful consumer, endowed with technological skills and tools.● Consumers who demand quality and tend to adopt new products.
Legal	<ul style="list-style-type: none">● The companies are regulated by INDECOPI.● It is one of the countries that offers the easiest way to create businesses in Latin America and the Caribbean.● All forms of reservation of economic activities in favor of the State were eliminated.● Legal framework in favor of foreign investment.

Elaborated: Authors

Table 55. Economic Analysis of Peru

Event	Economic Analysis
2002-2013	<ul style="list-style-type: none"> ● A period of economic Boom, with low inflation levels where there were reduced poverty rates in the country.
2014-2019	<ul style="list-style-type: none"> ● GDP decreases due to the fall in the international price of raw materials. However, there was an economic recovery through a proper fiscal monetary exchange rate management and the international reserves. Also, the mining production was increased.
Covid-19 Influence	<ul style="list-style-type: none"> ● In the first and second quarter of 2020, there was a GDP contraction of 3.4% and 30.2% due to the health emergency. ● Peruvian households were one of the most affected of the region in terms of employment and income; so, it generated a negative impact on consumption. ● The Central Bank alongside the Ministry of Economy implemented the Reactiva Peru plan in which it injected liquidity to commercial banks to grant credits with low interest rates for micro and small businesses. ● Tax relief measures were implemented for all economic agents. ● The government offered a monetary bonus to the most vulnerable.
Injured Economic Sectors	<p>The following sectors were contracted</p> <ul style="list-style-type: none"> ● Accommodation Sector and restaurants - 51.7%. ● Construction Sector with - 42.1%.

	<ul style="list-style-type: none"> ● Transportation Sector with - 29.7%.
Advantaged Economic Sectors	<p>The following sectors were advantaged</p> <ul style="list-style-type: none"> ● Agricultural Sector with 2.1%. ● Telecommunications Sector with 2.6%. ● Financial Services with 6.7%.
Inflation and exchange rate	<ul style="list-style-type: none"> ● In the months of July, August and September 2020, the inflation rate was 0.46%, -0.11% and 0.14%. ● In any month of 2020, Year-on-year inflation does not exceed 1.90%. ● Between 2018 to 2019, the exchange rate was in a band between 3.30 to 3.40 soles per dollar, while in the first months of 2020 had a jump to 3.57 soles per dollar, due to uncertainty for the Covid-19, which was offset by the Central Bank. ● In 2020 the exchange rate would be between 3.55 to 3.60 soles per dollar.
Projections 2021-2022	<ul style="list-style-type: none"> ● By 2021, is expected a GDP growth of 4% in Latin America and the Caribbean region. ● By 20201, is expected a GDP growth of 7.6% in Peru. ● By 2022 is expected a GDP growth of 4.5% in Peru. ● It is predicted that Peru will be the country of the region with the best economic recovery.

Elaborated: Authors

Table 56. Technological analysis

Peru	Ranking of the Global Innovation Index
2018	Position 64 of 131 economies
2019	Position 69 of 131 economies
2020	Position 76 of 131 economies

- The Ranking concerning innovation is led by Switzerland, Sweden, Kingdom United, Netherlands and the United States.
- Latin America has low investments in research, development and innovation, also in intellectual property systems. It is clear the disconnection between the public and private sector with respect to the prioritization of foreign investment.

Elaborated: Authors

Table 57. . Ecological Analysis

Ecological Analysis
<ul style="list-style-type: none"> ● The Good Environmental Practices Record of the Evaluation and Environmental Inspection promotes good environmental practices carried out by natural or legal persons, public or private. ● Nevertheless, MP3 does not need to comply with these ecological standards to internalize in the Peruvian market due only seek to export.

Elaborated: Authors

3.12.2 Competitive Diamond

Table 58. Competence of prices

TV BRANDS	High range of prices (> \$ 1000)	Intermediate range or prices (< 700)	Inexpensive range of prices (< 400)
AOC		X	
Haier			X
Hisense		X	
Hyundai		X	
LG	X		
Panasonic		X	
Philip	X		
Samsung	X		
Sony	X		

Elaborated: Authors

Table 59. Demand

- Due to the containment measures as of March 2020, the imports were contracted.
- As of July, there was an increase in Tv imports.
- In comparison to other countries in the region, Peru has a major Tv consumption.
- During April the television consumption was increased (6.41 hours).
- The population with the major consumption is between 38 and 49 years old (PEA = Purchase Power).

Elaborated: Authors

Table 60. Factors: Infrastructure, inputs, labor and Cooperation

Factors	Labor
	<ul style="list-style-type: none"> ● High rate of informal labor, mainly concentrated in rural areas. ● Shortage of skilled labor in new technologies and modern manufacturing processes. ● Overexploitation of some university careers.
Cooperation	Infrastructure and inputs
	<ul style="list-style-type: none"> ● Industries appear as isolated sectors forcing most inputs to be imported. ● The infrastructure destined to be the intermediary between MP3 and the Peruvian consumer, would be one of the large retail chains.
	<ul style="list-style-type: none"> ● Liberalization of markets, eliminating barriers to the entry and exit of capital, reduces the participation of the State in economic affairs. ● High competition between companies.

Elaborated: Authors

4 GENERAL CONCLUSIONS

In order to seek new foreign markets for its expansion, thus increasing its business volume, the MP3 Company began a process of internalizing the Blaupunkt brand televisions, manufactured in Ecuador, to the Peruvian market. This work analyzes some of the different variables that could pose both a threat to the success of internalization, and an advantage that facilitates achieving the company's objectives. It began with the study of the Peruvian and Ecuadorian business environment through a PESTEL analysis; then the competitiveness of each market with the Porter Diamond was analyzed; In addition, professionals with experience in Foreign Trade in both markets were consulted; to end with a Marketing Plan and Financial Analysis. All this information, once verified, will facilitate decision-making regarding the course of internalization.

Based on the PESTEL analysis, Peru was one of the countries of the region with the highest affection by the health emergency and that caused an increase of the unemployment and the reduction of the household income, it caused a negative effect on the consumption. Thus, in the second quarter of 2020 there was a GDP contraction of 3,4% y 30, 2%. In response, the Central Bank and the Ministry of Economy implemented a plan for economic reactivation in which it injected liquidity to the banks in order to grant credits with low interest rates to micro and small firms. Moreover, tax relief measures were carried out for all economic agents and also the government offered a monetary bonus to the most vulnerable. Among the sectors most hit were the restaurants, accommodation, construction and transportation sectors.

Even though the Ecuadorian economy was seriously affected by the pandemic, the decrease was less compared to Peru, whose contraction was of -30,2%. In Ecuador the GDP contraction was due to the decrease in investment, exports of goods and services, the

reduction of household final consumption expenditure and the contraction of government final consumption expenditure. Among the most disadvantaged sectors in Ecuador were the oil sector, non-oil GVA, construction, transportation, financial services, accommodation and restaurants, among others. It is important to mention that both countries were affected regarding employment; conversely, the economic situation will improve when the restrictions lead to an economic recovery.

The World Bank anticipated that in 2021 Ecuador will have a GDP growth of 4.8%; likewise, Peru will have a GDP growth of 7.6%. Also, by 2022, Ecuador will have a GDP growth of 1.3% while Peru will have GDP growth of 4.5%. So, it is important to keep in mind that in this aspect Ecuador is at a disadvantage compared to Peru, when internalizing this market.

In the technological field, was analyzed the Global Innovation Index, an annual publication created by the INSEA Business School, which classified the countries based on innovation to analyze development in terms of technology in each country. Currently, Ecuador is positioned at 90 out of 133 countries, having 24.11 points in the ranking; likewise, Peru has 28.79 points. So, in this field, Peru has an innovation advantage in comparison with Ecuador. On this wise, it is necessary that Ecuador emphasizes creativity, in doing things in a different way to achieve greater competitiveness in relation to other countries in the region.

In the ecological analysis, in both countries companies must comply with certain non-contamination standards. Despite this, MP3 is not considered a polluting firm; so, would not have this inconvenience in the Peruvian market.

The political analysis revealed important differences between the markets. In Ecuador, the government's support for the assembly industry was evident, achieving through tax incentives that 70% of the televisions in the market are assembled locally. For its part, Peru is

committed to a free market, relegating the participation of the State in economic affairs to the background; which explains the absence of policies for the development of an assembly industry. Regarding the general perception about the governments of each country; low credibility, corruption cases, and especially criticism for the handling of the health crisis during the pandemic, have reduced the popularity of each regime. However, due to the nature of its economic policy, the different political crises have not affected the constant growth of the Peruvian economy in recent years. Consequently with this fact, the international perception leans favorably towards the Peruvian market, which is located at 53 positions over the Ecuadorian market in the Doing Business Ranking.

In order to know the consumers in both markets, a social analysis was carried out. In general terms, both populations show similarities, starting with the monthly expenditure of each household, which in Ecuador is USD 809, while in Peru it is 2,797.90 Soles (USD 748.45). Regarding consumption habits, the populations of both countries are thoughtful and have enough information, provided by modern technological tools. It is possible that the only difference is that the Ecuadorian consumer is influenced by a sense of national identity, which motivates them to seek local brands, creating great loyalty for certain brands; while the Peruvian consumer prioritizes quality, adopting new products quickly.

Finally, with the legal analysis, it is clear that both markets differ diametrically. Peru being one of the countries that offer the greatest facility to create businesses in Latin America and the Caribbean, given that the State eliminated all forms of economic activity in its favor, acting as an arbitrator for the private sector. On the other hand, the Ecuadorian legal framework gives the State a leading role with regard to the production of wealth and its distribution. Therefore, Peru ends up becoming a more attractive country due to its legal framework in favor of foreign investment.

According to Porter's Competitive Diamond analysis, compared to other countries of the region Peru had the highest Tv consumption during the confinement. The population of major Tv consumption is the Economically Active Population, which means that they are people between 38 and 49 years old, with strong purchasing power it also means, they can pay for an intermediate range and a product of quality. It is pertinent to highlight that the Peruvian market is highly competitive due to expensive brands such as Samsung, Sony, Philip, LG, but also the intermediate price brands such as AOC, Hisense, Hyundai and Panasonic and finally the inexpensive brands like Haier. In fact, the Blaupunkt brand is ranked within the intermediate range but differs from the other brands because it not only offers price or quality, but also offers both in a single product.

After studying the production factors in each of the countries, we can conclude that the labor force, both Ecuador and Peru have a high rate of labor informality, mainly concentrated in rural areas. In addition, the overexploitation of certain university courses makes it difficult to find qualified labor in new technologies and modern manufacturing processes.

Infrastructure and inputs are easily distinguishable factors, the Ecuadorian assembly industry is ahead, since it has an adequate plant for the production of televisions and part of the inputs are manufactured in the same country. Peru, although it lacks an assembly industry, makes up for it with a market open to trade, where the distribution of the product could be carried out by one of the large retail chains. Naturally, in terms of cooperation, the Ecuadorian State is more oriented to encourage local production. In the case of MP3, during its first five years it received tax benefits from the government. In Peru this would be unthinkable, given the reduced state participation in economic affairs, creating a fairly competitive market.

Based on the data of the market, the Marketing Plan was carried out, beginning with the mission, vision and the aims of the firm. To proceed to the internalization were selected 3 tv

models which represent the 90% of the company's sales: 32 inches, 43 inches and 50 inches to which we applied our pricing policy, resulting in a cost of \$ 190.08, \$ 299.64 and \$ 386.76 respectively. Concerning the place, it is proposed a distribution to the stores of La Curacao which has recognized brands, offering the best prices and online promotions, besides there is a return policy up to the first 7 days after the delivery of the product and online purchase. As strategy of promotion, it seeks to offer discounts and enact into exclusive agreements for the product distribution. Finally, a financial analysis was carried out which led to an Internal Rate of Return of 15%, it is an attractive value to carry out a long-term project.

5 RECOMMENDATIONS

When internalizing, discretion is suggested regarding the number of units destined to be exported. The health crisis caused by Covid-19 had serious repercussions on the economy of each country, reducing the income of each household by increasing unemployment. This led to a reduction in consumption, which will gradually recover as the immunization process advances. Therefore, sales must go hand in hand with this economic recovery.

The MP3 Company is recommended to carefully analyze the different economic policies applied in the country. Unlike the target market, the Ecuadorian State has great decision-making capacity regarding the country's economic growth, making decisions that could both affect and favor trade between both markets.

Given the Ecuadorian and Peruvian consumer appreciates immediacy, security and fluency at the moment of making your purchases. It is crucial to have a retail chain that manages online stores. Thus, clients have the chance to easily access to information about the product. Thus, the most accurate store to internalize the brand is La Curacao which stands out for its leadership in the commercialization of household appliances. In addition, it has 30 years of experience in the Peruvian market, offering the best prices and online promotions to their clients.

Likewise, it is recommended to the firm MP3 that the target be directed towards the Peruvian Economically Active Population because according to some studies this range is the major Tv consumption during the health emergency, and also has a high purchasing power which will lead to access to the product.

Finally, the Peruvian market provides enough guarantees to the foreign investor, thus facilitating trade. It constitutes a highly competitive market, varied in brands of all quality.

For this reason, it is recommended to insert Blaupunkt televisions as products with an intermediate price range, with high-quality technology and innovation.

6 BIBLIOGRAPHY

Acosta, Alberto, Susana López, and David Villamar. "ECUADOR: OPORTUNIDADES Y AMENAZAS." *Migraciones: un juego con cartas BRANDdas* (2004): 259

Andina. «CCL: importaciones de televisores crecieron 26.9% en octubre de este año.» *Andina* 19 de noviembre de 2020. Angulo, Sebastián. «Ecuador se estanca en el ranking global de innovación y se mantiene en el puesto 99 entre 131 países.» 5 de septiembre de 2020.

Bajo, Oscar. *Teorías del comercio internacional*. Antoni Bosch editor, 1991.

Banco Central del Ecuador. *BCE*. 2020. 5 de diciembre de 2020.

—. *BOLETÍN 31.- ECUADOR Y LOS ACUERDOS COMERCIALES*. junio de 2019. 5 de diciembre de 2020.

Banco Mundial. *Banco Mundial*. 2018. 5 de diciembre de 2020.

Banco Mundial. 13 de octubre de 2020. 4 de enero de 2021.

—. 2020. 4 de enero de 2021.

—. *Banco Mundial*. 2020. 11 de enero de 2021.

Banco Mundial. *Datos.Bancomundial.Org*, 2020,

<https://datos.bancomundial.org/indicador/IC.BUS.EASE.XQ?end=2019&start=2019&type=s>
haded&view=map. Accessed 10 Dec 2020.

Banco Mundial. *Doingbusiness.Org*, 2020,

<https://www.doingbusiness.org/content/dam/doingBusiness/country/e/ecuador/ECU.pdf>.

[Accessed 10 Dec 2020](#).

Blaupunkt . *Blaupunkt*. s.f. 16 de diciembre de 2020.

Betancourt, Diego Fernando. *Cómo hacer un Análisis PESTEL*. 01 de septiembre de 2018. 03 de diciembre de 2020. <www.ingenioempresa.com/analisis-pestel>.

Bloch, Harry, and David Sapsford. "Some estimates of Prebisch and Singer effects on the terms of trade between primary producers and manufacturers." *World Development* 25.11 (1997): 1873-1884.

Cardoso, Pedro, Andrés Chavarro y Carlos Ramírez. «Teorías de internacionalización.» *Leeds Beckett University* (2007): 4-23

Casanova, Alfonso y Ismael Zuaznábar. *El Comercio Internacional: teorías y políticas*. Universo Sur, 2018.

Chacholiades, Miltiades, et al. *Economía internacional*. No. 04; HF1411, C4.. McGraw-Hill, 1982.

Cuevas, Homero. "Una explicación alternativa de la paradoja de Leontief." *Cuadernos de economía (Santafé de Bogotá)* 14.21 (1994): 157-163.

De Compañías, Superintendencia. "Superintendencia de compañías." *Recuperado el 10* (2014).

De Rentas Internas, Servicio. "SRI." *Recuperado el* (2016).

Díaz, Javier, María Deza y Kenji Moreno. *Banco Interamericano de Desarrollo* . septiembre de 2020. 15 de marzo de 2021.

Echecopar. «Guía de negocios en el Perú.» Lima, 2017.

El Comercio. *Ecuador avanza en su ingreso a la Alianza del Pacífico* 6 de julio de 2019.

—. *El Gobierno anuncia que Ecuador y Estados Unidos acordaron negociar un Acuerdo Comercial de Primera Fase* 16 de noviembre de 2020.

—. «La TV ensamblada en el país es más competitiva.» 2 de diciembre de 2015.

El Peruano. «TV RESOLUTION de Consejo Directivo N.034-2014-OEFA/CD.» 25 de octubre de 2014: 3. 1 de enero de 2021.

El Telégrafo. 2020. *Ensamblaje, "Made In Ecuador"*. [online] Available at: <<https://www.eltelegrafo.com.ec/noticias/economia/4/el-70-de-televisores-ya-se-ensambla-en-ecuador>> [Accessed 9 December 2020].

El Telégrafo. *El índice de desempleo disminuyó de 13,3% a un 6,6%, según el INEC* 7 de diciembre de 2020.

—. «Ecuatorianos aumentan el consumo de televisión en los días de cuarentena.» 28 de marzo de 2020.

El Universo. *Salario Básico de Ecuador se mantiene en \$400 para 2021; Gobierno anuncia compensaciones de \$60 y \$100* 30 de noviembre de 2020.

"Fedexpor". *Fedexpor.Com*, 2020, <https://www.fedexpor.com/tendencias-de-consumo-2020/>. Accessed 16 July 2020.

Frenk, André. Nielsen.com. 28 de Julio de 2018. 22 de Enero de 2021
<<https://www.nielsen.com/pe/es/insights/article/2014/como-es-el-consumidor-peruano/>>.

Garcia Escajadillo, Maria Kattia. "La excepción a la prestación personal en el contrato de trabajo en el Perú a la luz de la Ley de Productividad y Competitividad Laboral." (2020).

Guarín Grisales, Álvaro, and Daniel Franco López. "La sustitución de importaciones como medio para un desarrollo sostenible." *Revista Universidad EAFIT* 44.151 (2011): 56-67.

Guevara, Anahí Durand. Celag.org. 15 de 09 de 2020. 26 de 01 de 2021
<<https://www.celag.org/crisis-politica-en-peru-nueva-temporada/>>.

Heckscher-Ohlin-Samuelson." *Revista de economía política* 83 (1979).

Hill, Charles. *Negocios Internacionales*. México D.F: INTERAMERICANA EDITORES, S.A. DE C.V., 2011.

Huamaní, Charles, et al. "Condiciones estimadas para controlar la pandemia de COVID-19 en escenarios de pre y postcuarentena en el Perú." *Revista Peruana de Medicina Experimental y Salud Pública* 37 (2020): 195-202.

Huayamave, Germán. "La Sustitución de importaciones como política para alcanzar el desarrollo económico del Ecuador. Caso de estudio: Ecuador–Corea del Sur (1950–2013) Análisis comparativo de su Comercio Exterior." *Gaceta Sansana* 1.4 (2014).

INEC. Noviembre de 2020. 5 de diciembre de 2020.

Krugman, Paúl y Maurice Obstfeld. *Economía Internacional: teoría y política*. Madrid: PEARSON EDUCACIÓN, S.A, 2006.

La Curacao . 2021. 15 de marzo de 2021.

Lombana, Jahir, y otros. *Negocios Internacionales*. Barranquilla: Universidad del Norte, 2011.

López–Altamirano, Diego Alberto, et al. "La economía de las empresas del Ecuador en el contexto de la pandemia." *Polo del Conocimiento* 5.1 (2020): 285-304.

Lovón Cueva, Marco Antonio, Hendrik Anderson Camarena Champi, and María Mercedes

Mendoza, Tereza Marleny. «El panorama mundial de la innovación y la situación peruana.

Mercado Negro. «Perú es el país que más TV consume en Latinoamérica durante cuarentena.» *Mercado Negro* abril de abril.

Ministerio del Ambiente. 10 de septiembre de 2004. 9 de diciembre de 2020.

Molina, Dayni L. Palacios, and Pedro E. Reyes Vélez. "Cambio de la matriz productiva del Ecuador y su efecto en el comercio exterior." *Dominio de las Ciencias* 2.2 (2016): 418-431.

Molina Freire, Denise Andrea. "Migración calificada de españoles al Ecuador." (2014).

Morrison, Andrew R. "Incentivos tributarios y política de descentralización productiva: Perú, 1968-1986." (1988).

Mukherjee, Sovik, and Praveen Kaur. "SYNOPTICALLY DECODING NEUROMARKETING: ENTERING INTO THE BRAIN OF THE CONSUMER."

Organización Mundial de Propiedad Intelectual. *Global innovation index, 2019*:

Organización Mundial de Propiedad Intelectual. julio de 2019. 5 de diciembre de 2020.

Osorio Malqui, Kelly Belen, and Gwendoline Margot Percca Linares. "Revisión sistemática de la literatura sobre los principales factores que influyen en el comportamiento del consumidor en los últimos diez años en Perú y América Latina." (2020).

Palomino Gonzales. "Martín Vizcarra Cornejo en el poder: los presuntos actos de corrupción en su contra y su lucha contra la corrupción."

París, Jose Antonio. *Marketing Internacional desde la óptica latinoamericana*. Buenos Aires: ERREPAR S.A, 2008.

Parodi-Revoredo, Daniel. "¿ Por qué apoyar a Martín Vizcarra?." (2019)

Parodi, Carlos. *Cesla*. noviembre de 2020. 10 de enero de 2021.

Pérez, Carlota. "La modernización industrial en América Latina y la herencia de la sustitución de importaciones." *Comercio exterior* 46.5 (1996): 347-363.

Prado, Jorge Nicanor Arroyo. "El desarrollo de las ventajas competitivas de Porter y los IPAS verdes en el comercio exterior del Perú." *Paideia XXI* 4.5 (2014): 13-27.

Primicias. *Ecuador logra un nuevo acuerdo con el FMI por USD 6.500 millones* 2020.

Rees, Gareth H., Felipe Peralta Quispe, and Cris Scotter. "The implications of COVID-19 for health workforce planning and policy: the case of Peru." *The International Journal of Health Planning and Management* (2021).

Renau, Juan. «El Por qué, el cómo y el dónde de la internacionalización de la empresa.» *Revista Asturiana de Economía* (1996): 7-8.

Retos para el Perú.» *Científicos.PE* (2020).

Revelo Ron, Oswaldo. "El comportamiento del consumidor ecuatoriano desde la perspectiva psicológica." (2017).

Revista Facetas. «La ventaja competitiva de las naciones.» *Revista Facetas* (2008): 1.

—. «La ventaja competitiva de las naciones.» *Revista Facetas* (2008): 1-2.

—. «La ventaja competitiva de las naciones.» *Revista Facetas* (2008): 3.

Requeijo, Jaime. "Ideas y creencias en la teoría del intercambio internacional: el teorema de Rohm, Andrew J., and Vanitha Swaminathan. "A typology of online shoppers based on shopping motivations." *Journal of business research* 57.7 (2004): 748-757

Rojas, Jorge. "El Mercantilismo. Teoría, política e historia." *Economía* 30.59-60 (2007): 76-96.

Román, Alfonso J. Ballesteros. Comercio exterior (2a edición): TEORIA Y PRACTICA. EDITUM, 2001.

Sánchez, José Zacarías Mayorga, and Clemencia Martínez Aldana. "Paul Krugman y el nuevo comercio internacional." *Criterio libre* 8 (2008): 73-86..

SICE. *Sistema de Información sobre Comercio Exterior*. s.f. 10 de enero de 2021.

Sistema Único de Información Ambiental- SUIA. 2015. 5 de diciembre de 2020.

The Global Economy . *Índice de innovación*. 2020. 5 de diciembre de 2020.

Toye, John FJ, and Richard Toye. "The origins and interpretation of the Prebisch-Singer thesis." *History of political Economy* 35.3 (2003): 437-467.

