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**Feasibility and profitability study for the importation of  
sustainable Ternua brand products**

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## **DEDICATION**

To my parents and brother for being my unconditional support.

## **ACKNOWLEDGEMENTS**

To my dear thesis director, Antonio Torres, who has been an exceptional guide throughout this process.

## **ABSTRACT**

This project aims to analyze the feasibility and profitability of importing two sustainable garments for both men and women from the Spanish brand TERNUA for the Ecuadorian company Monodedo. These garments are two specific models that seek to satisfy the needs of people practicing outdoor activities. This research carries out a market analysis to determine the demand, supply and prices of this type of garment; analyzes the costs and procedures of the import process; and also financially analyzes the import to determine if it is profitable for the company.

**Keywords:** import, profitability, feasibility, Ternua, Monodedo.

## RESUMEN

Este proyecto tiene como objetivo analizar la factibilidad y rentabilidad de importación de dos prendas sustentables tanto para hombre como mujer de la marca española TERNUA para la empresa ecuatoriana MONODEDO. Estas prendas son dos modelos específicos que responden a necesidades de actividades al aire libre. Esta investigación realiza un estudio de mercado para determinar la demanda, oferta y precios de este tipo de prendas, analiza los costos y los procedimientos del proceso de importación y además analiza financieramente la importación para determinar si es rentable para la empresa.

**Palabras clave:** importación, rentabilidad, factibilidad, Ternua, Monodedo.

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## **CHAPTER 1: MARKET ANALYSIS**

### **1. Introduction to the chapter**

This first chapter addresses a brief description of foreign trade as well as the new trend of sustainable consumption. Later, there will be an introduction about the company from which it is planned to import its products, as well as their description.

In addition, this chapter includes a market study, in which demand, supply and market prices were analyzed.

#### **1.1. State of art**

International relations are constantly changing; however, in recent decades they have shared a common phenomenon: globalization. Nowadays, countries are interdependent and have connected economies; additionally, technology and ease of trade have opened borders so that consumers can have access to a wide variety of products and services from anywhere in the world.

The emergence of world trade is believed to have had its beginnings in the mid-15th century with the discovery of the Americas through the exchange of products from the great powers of that time and their colonies. Today we can say that, somehow, there is still the same motivation to keep making exchanges. This occurs because a place has certain specific conditions to be able to provide a product or service to another place that does not have the same conditions; for example export of agricultural products from tropical countries to Nordic countries.

However, the first theory of international trade, called mercantilism, was based on gold and silver as the main supports of national wealth in the mid-sixteenth century. These minerals were the currency for exchange, which meant that exports allowed

more gold and silver to enter nations and imports generated an exit of them; this theory argued the existence of a trade surplus. Later, Adam Smith in 1776 proposed the theory of absolute advantage, which implies that a country must specialize in manufacturing a good in which it has this advantage, since this country will produce it more efficiently than if the same good were produced in another country. On this basis, in 1817 David Ricardo carried out a more in-depth analysis to develop the theory of comparative advantage, in which he proposed that unlike absolute advantage, it is better for a country that specializes in the goods that it produces with greater efficiency and buy from other countries what they produce less efficiently, even if this means buying from other countries goods that it could produce more efficiently on its own (Hill, 2011).

In 1933 the Heckscher-Ohlin model was proposed. It was based on comparative advantage and suggested that countries should produce a good in which they take more advantage of the factor of production that they have in abundance: land, capital or labor. In this way, production would be cheaper and, in turn, international trade would be determined not by differences in production capacity, but by factor endowment. In the mid-1960s, Raymond Vernon proposed the product life cycle theory, which was based on the fact that a country can be an exporter of a new product but it has to be taken into account that once this product reaches maturity in the country where it was produced, this country can become an importer of the same product that now is produced in developing countries, in a more economical way (Hill, 2011).

In 1970 the new theory of trade appeared. It was formulated by several economists who point out the ability of companies to participate in the international market by having economies of scale which represent a significant proportion of world demand and these in turn would be dominated by countries whose companies started their production (Hill, 2011).

## **1.2. Sustainable consumption**

Today humans face one of the greatest challenges for humanity: the acceleration of climate change. This change is causing a threat to food production, rising sea levels which can cause floods, droughts, deforestation, etc., resulting in a challenge for the survival of human life. Current global consumption patterns are no longer sustainable for life on Earth.

One of the main elements for a change towards sustainable development is sustainable consumption and production. This need was exposed worldwide in 1992 at the Earth Summit in Rio, subsequently at the Rio +20 Summit in 2012, its importance was emphasized with the adoption of the 10-year framework in the rush to satisfy the human needs using fewer resources; and reducing the amount of waste and pollution was determined. (United Nations Environmental Program, 2015).

In addition, environmental issues have not only been discussed in international panels on a large scale; consumers are also changing their consumption pattern towards “environmentally friendly” products. Buyers not only focus on the finished product, they also want to know where it comes from, what materials it was made with, what the environmental impacts have been when producing it, and what the company's values are with respect to environmental conservation.

## **1.3. Ternua Company**

Ternua is a Spanish company based in the Basque country that was born in 1994 in order to equip people who like outdoor activities, in a nature-conscious way. Its track record has been characterized by innovations and developments in sustainable treatments for the creation of its garments.

The company has several clothing lines for mountaineering, trekking, Nordic skiing, snowboarding, ice climbing, fast hiking, trail running, alpine skiing, backcountry and skiing, climbing and hiking for women, men and a smaller line for children. It has

recently included the “lifestyle” line with urban garments and it also produces accessories for sports and recreational activities in nature.

In 2006 and 2007 Ternua developed its own fabrics; the company became known in the international market and began to replace conventional cotton with organic cotton. Along the way, it has managed to eliminate PFOA / PFOS (perfluorooctanoic acid and perfluorooctane sulfonate) that according to the EPA can be harmful to health if exposed to certain levels (United States Environmental Protection Agency (EPA), 2016). Ternua has also managed to eliminate PCF (fluorocarbons) from 80% of its products and it uses recycled Neokdun® FP 700 feathers.

The company won the 2016 ISPO Award Gold Winner for its Terranova and South River jackets. This award is given each year to the outstanding products of the sports industry, among leading companies in this sector at an international level. According to ISPO, this award has been established globally to set trends in outstanding products, with retailers using it as a guide to select products, customers as a way to learn about outstanding and innovative products in the sports arena, and the media to spread the news and highlights of this sector (ISPO, n.d.).

Ternua is Bluesign® certified; this certification was founded in 2000 in Switzerland with the purpose that the textile industry develops with the least possible environmental impact with a particular focus on the chemicals used during production (Blue Sign, n.d.)

In addition to all the aforementioned, it is worth mentioning that part of its garments are also manufactured with special treatments that are developed in a sustainable way, such as Polygiene technology which uses low concentrations of silver salt from recycled materials such as spools, X-rays, etc. In order to avoid the proliferation of bacteria that cause bad odor in the garments, they have also developed the Scafé technology, which uses the antibacterial properties of coffee for a natural protection that absorbs body odors (Ternua, n.d.).

Ternua is also developing three projects for the elaboration of its garments: “Colorcycle”, in which it uses the agricultural residues of the nuts from the Association of Cider Houses of Gipuzkoa and Archroma to obtain natural dye; “Seacycle”, this project is a collaboration with AZTI-Tecnalia, the Basque Government (IHOBE), EKO-REC and Seaqual, they collect plastic waste along the Basque coast with fishing boats and then turn it into fabric to develop garments; “Redcycle”, the discarded fishing nets are collected from different Gipuzkoan and Biscayan brotherhoods from Bermeo, Getaria and Hondarribia to be sent to Slovenia so that they can be transformed into yarns, from which garments are manufactured (Ternua, n.d.).

### **1.3.1. Products**

In order to determine which products will be analyzed, it was verified that pants and jackets are the best-selling products. It was also determined which ones have been the pants and jackets that have been sold the most in 2019 in Monodedo Company. There were two main models:

The information on the technical sheets was obtained from the official website of Ternua.

#### **“Gund” Pant**

This garment is designed for trekking. It is resistant and breathable, water repellent, free of PFC, and has 30+ UVA protection. Its design has a mixed waist with belt, 4 pockets (2 front, 1 side and 1 rear). Its hems are adjustable with cord lock.

It has two technical fabrics:

- Shellstretch: It is a bi-elastic fabric that is designed to quickly absorb perspiration away from the body. It has a water-repellent finish and stands out for being durable, comfortable, and for its adaptation to the body without changing its original shape.

- CORDURA®: This fabric is characterized by its greater resistance to breakage, abrasion and its high durability. Classic CORDURA® fabric is made from quality yarns that have been woven according to the standards approved by INVISTA for the CORDURA® brand.

In addition, these pants feature Ternua's Commitment logo, which means that the garment is made from recycled materials, organic cotton, biodegradable materials and its fabrics have the Bluesign® seal. This pants model is available for women in four different colors and for men in eleven colors (Ternua, n.d.)

**Figure 1 “Gund” Pant for men**



Retrieved from: Ternua website.



**Figure 2 “Gund” Pant for women**



Retrieved from: Ternua website.

### **“Unzen” Jacket**

This jacket is a waterproof, light, breathable and windproof garment. It is made of a bi-elastic technical fabric with 2.5 layers; this fabric has a PFC-free water repellency treatment, with adjustable hood and sleeves. The cuffs are adjustable with Velcro and the hem with drawstring and cord lock. The jacket has 2 zippered pockets.

The technical fabric of this garment is:

- Shelltec: This fabric combines waterproofing with a breathable windbreak barrier thanks to its membrane (water column - 10,000 mm and vapor permeability 10,000 gm/m<sup>2</sup>/24h). It is designed to be an outer layer, the Shelltec fabric has been developed to minimize heat loss on exposure to water and wind. This fabric is perfect for outdoor activities when bad weather demands high external protection.

In addition, this jacket features Ternua's Commitment logo, which means that the garment is made from recycled materials, organic cotton, biodegradable materials

and its fabrics have the Bluesign® seal. This jacket model is available for men in four colors and for women in six colors (Ternua, n.d.).

**Figure 3 “Unzen” Jacket for men**



Retrieved from: Ternua website.

**Figure 4 “Unzen” Jacket for women**



Retrieved from: Ternua website.

## 1.4. Market Research

### 1.4.1. Analysis of demand

For the analysis of demand, a study was carried out in which the sample size was selected by applying two segmentation criteria. First, people who perform physical activity; and second, the population with medium-high income.

These criteria were applied only in the area of the city of Cuenca. According to *INEC*<sup>1</sup> data, 36.4% of the population living in the Sierra region of Ecuador practices sports; then, taking into account that the population of Cuenca is approximately 400,078 inhabitants, 36.4% is equivalent to 145,628 inhabitants who would practice sports.

Regarding economic stratification, according to 2011 data from INEC, group A of 1.9% and B 11.2% of Ecuador are equivalent to the population with medium-high income; therefore this criterion was applied to the population who practices sports. 13.1% of 145,628 is equivalent to 19,077, then this figure would be the population to determine the sample size.

The formula that was used to calculate the number of surveys that should be applied was the following:

$$n = \frac{k^2 N p q}{(e^2(N-1) + (k^2 p q))}$$
$$n = \frac{19.077(1,96^2)(0,5)(0,5)}{((0,05^2)(19.077 - 1) + (1,96^2)(0,5)(0,5))}$$
$$n = \frac{19.077 * 0,9604}{(0,05^2)(19077 - 1) + 0,90604}$$
$$n = \frac{18.321,55}{48,6504}$$
$$n = 376,59$$

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<sup>1</sup> National Institute of Statistics and Censuses of Ecuador.

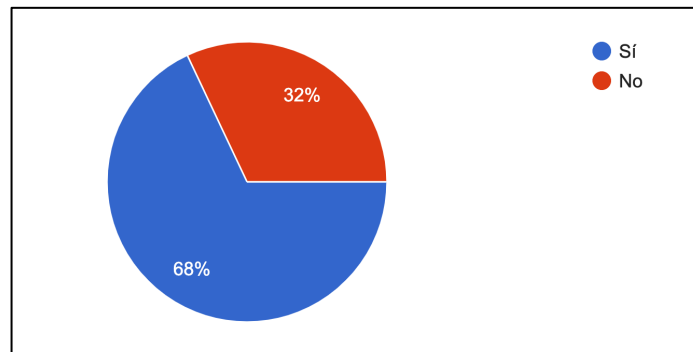
A pilot survey was carried out with 8 people to determine if it was necessary to make any change in the document and confirm the standard deviation of the extreme data. Nevertheless, there was no problem, so the final survey was carried out with 377 people.

To achieve this, a progressive dissemination was made through social networks with groups of people who practice outdoor sports. This allowed to have 382 answered surveys. The survey was conducted through digital media and the following results were obtained:

1. Do you do outdoor activities such as mountain hiking, camping, fishing, mountaineering, climbing, trail running, bird watching, or mountain biking?

As showed in figure 5, 68% of the respondents do outdoor activities and 32% do not do any of these activities. This first question is important since the percentage of people who may require the products can be determined.

**Figure 5 Survey: Determination of outdoor practices**

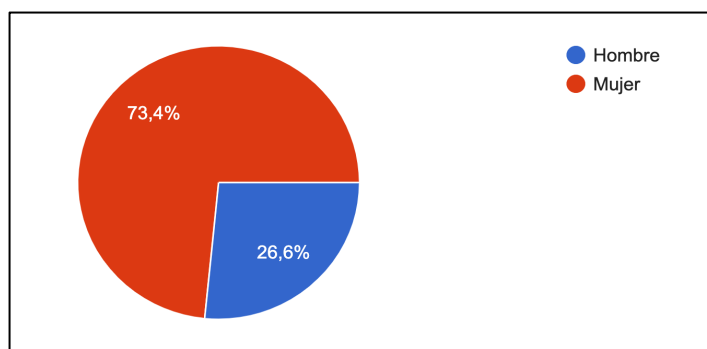


Author: Samantha Montezuma.

2. What gender do you identify with?

The majority of people who responded to the survey (73.4%) identify themselves as women and the remaining 26.6% as men.

**Figure 6 Survey: Gender**

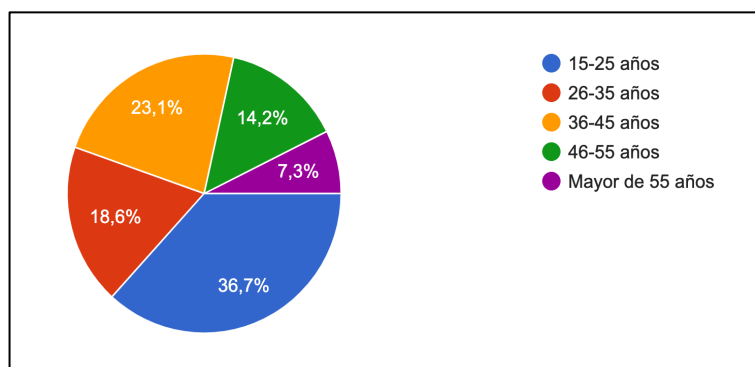


Author: Samantha Montezuma.

3. Select your age range.

As shown in figure 7, the age range is quite balanced since there are people of all ages. However, the majority of people are between 15 and 25 years old and the minority is the group of people over 55 years.

**Figure 7 Survey: Ages**

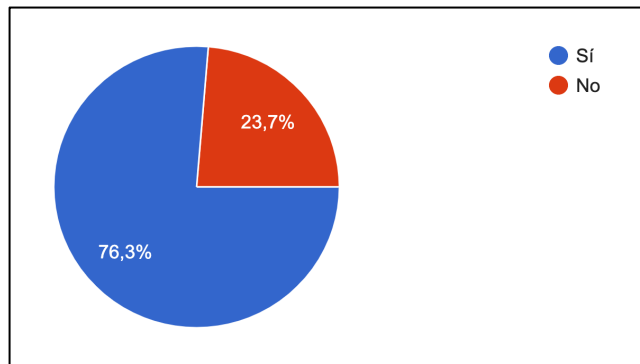


Author: Samantha Montezuma.

4. Have you ever bought clothes designed for these types of outdoor activities?

Despite the fact that 32% of people do not engage in outdoor activities, 8.3% of that percentage have ever purchased clothing designed for this type of activity. This means that 76.3% of those surveyed have purchased this type of garment.

**Figure 8 Survey: Acquisition of garments for outdoor activities**

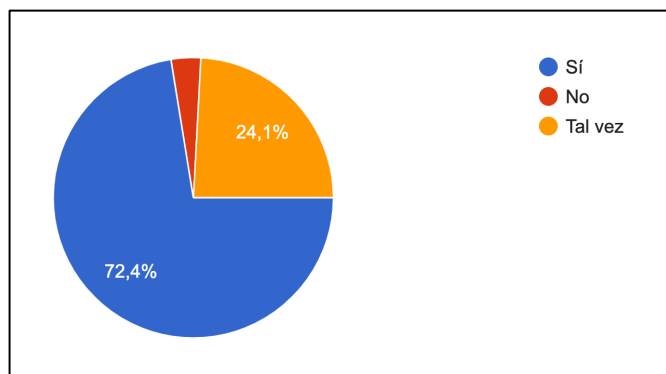


Author: Samantha Montezuma.

5. Would you be willing to buy clothes specifically designed for these types of activities?

72.4% of those surveyed would be willing to buy clothes designed for outdoor activities. 24.1% responded that they would possibly be willing to buy; this percentage is important since they are people who can become potential buyers of this type of clothing.

**Figure 9 Survey: Willingness to buy clothes for outdoor activities**



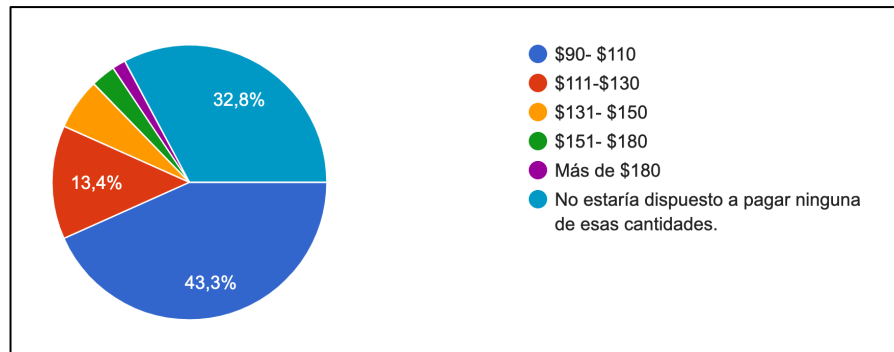
Author: Samantha Montezuma.

6. How much would you be willing to pay for a waterproof jacket?

43.6% of the surveyed people would be willing to pay between \$90 and \$110, 38.2% would not be willing to pay any of the amounts presented in the survey, 13.4% would be willing to pay between \$111 and \$130, 6% would be willing to

pay between \$ 131 and \$ 150, 2.9% would be willing to pay between \$151 and \$180 and 1.6% would be willing to pay more than \$180.

**Figure 10 Survey: Amount of money people would pay for a waterproof jacket**

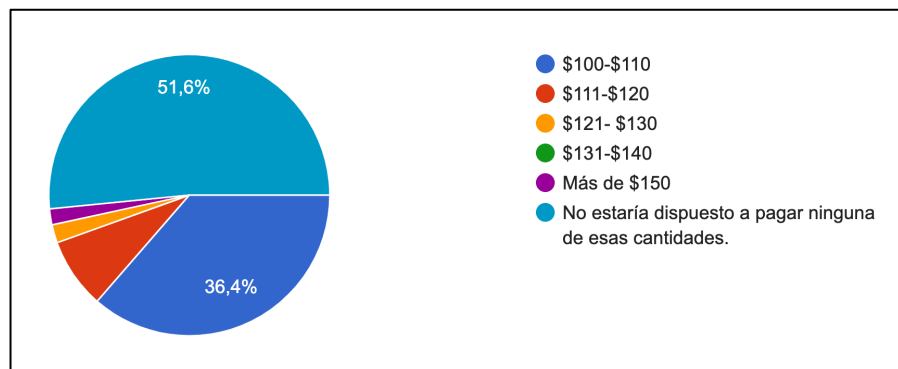


Author: Samantha Montezuma.

7. How much would you be willing to pay for pants to do different types of outdoor activities?

More than half of the respondents (51.6%) would not be willing to pay any of the amounts presented in the survey. 36.4% would be willing to pay between \$100 and \$110, 8.1% would be willing to pay between \$111 and \$120, 2.1% would be willing to pay from \$121 to \$ 130, and 1.8% would be willing to pay more than \$150.

**Figure 11 Amount of money people would pay for pants for outdoor activities**



Author: Samantha Montezuma.

With the results obtained, it was identified that 68% of those surveyed do outdoor activities, however, 72.4% would be willing to buy clothes designed for these types of activities. 67.2% of those surveyed would be willing to pay more than \$90 for a waterproof jacket and 4.5% would be willing to pay \$151 or more. As for pants, 48.4% would be willing to pay \$100 or more for pants.

#### **1.4.2. Analysis of supply**

The objective of this analysis is to determine what the market offers. It is important to emphasize that there are three main types of supply. First, competitive or free market supply, in which producers are in free competition circumstances, since when producing the same item, market share is defined by the quality, price, and service offered to the consumer. Second, oligopolistic supply, which is characterized by the fact that the market is dominated by few producers and they are the ones who determine supply and prices. Third, the monopoly supply, in which a producer dominates or owns more than 95% of the market and therefore has the ability to impose price and quality (Baca Urbina, 2013).

In this case, it has been determined that the type of supply is free market. Since the import proposal of this thesis is directed towards Cuenca, the stores that offer this type of products were identified. It is also known that today part of the competition and supply is the smuggling of products that enter the country without paying taxes or under the modality of traveler's luggage, but since this information is unknown, it has not been analyzed.

Two stores have been identified in the city. Cuenca, which is still considered a small city, allows the consumer greater freedom to choose among several stores since the distance between one and other is a maximum of 5 kilometers.

All suppliers have products similar to those studied in this work, however, it was analyzed the price and characteristics of each of them to determine their situation in the market:



**Table 1 Offer of trekking pants for men in the market of Cuenca**

	<b>Pants 1</b>	<b>Pants 2</b>	<b>Pants 3</b>	<b>Pants 4</b>	<b>Pants 5</b>	<b>Pants 6</b>
<b>Features</b>	Convertible into shorts, vintage design, 9 pockets.  *Recycled bottles were used to make it.	Aerodynamic elastic design that protects against mosquitoes, sunscreen and anti-odor.	Convertible into shorts, elastic and light, UV protection and anti-mosquito treatment. 5 pockets.	Urban cut design, quick drying.	Lightweight and breathable, built-in belt, quick drying.	Thermal and breathable fabric. It is wind resistant and water repellent.
<b>Price</b>	\$74.90	\$99.90	\$104.90	\$50	\$79	\$97
<b>Colors</b>	Light grey	Black	Dark gray and light green	Light grey	Light grey	Black with gray

Author: Samantha Montezuma.

**Table 2 Offer of trekking pants for women in the market of Cuenca**

	<b>Pants 1</b>	<b>Pants 2</b>	<b>Pants 3</b>	<b>Pants 4</b>
<b>Features</b>	Elastic, 3 zippered pockets, sun protection.  *250 grams of recycled material were used to make the product.	Stretch and quick-drying fabric.	Lightweight, quick drying and convertible into shorts.	Stretch fabric, quick drying.
<b>Price</b>	\$79.90	\$62	\$71	\$69
<b>Colors</b>	Light green, dark blue, gray.	Dark gray	Light brown	Gray and beige

Author: Samantha Montezuma.

**Table 3 Offer of waterproof jackets for men in the market of Cuenca**

	Jacket 1	Jacket 2	Jacket 3	Jacket 4
<b>Features</b>	Its length is below the hip, city design, vintage design with internal mesh.	Its length is below the hip, city design, vintage design with internal mesh. It has side zippers under the armpit, adjustable hood.	Adjustable design with elastics, it is ultra-waterproof, breathable, lightweight and compact.	Breathable, large hood.
<b>Price</b>	\$99.90	\$159.90	\$211	\$120.50
<b>Colors</b>	Navy blue, blue	Red, black	Black, blue with orange	Blue

Author: Samantha Montezuma.

**Table 4 Offer of waterproof jackets for women in the market of Cuenca**

	Jacket 1	Jacket 2	Jacket 3	Jacket 4	Jacket 5
<b>Features</b>	Heavy jacket with thick fleece inner layer, vintage design.  *PFC free, breathable.	Its length is below the hip, city design, vintage design with internal mesh.	Vintage design with internal mesh, lightweight.	Adjustable design with elastics, it is ultra-waterproof, breathable, lightweight and compact.	Breathable, large hood.
<b>Price</b>	\$164.90	\$99.90	\$119.90	\$211	\$120.50
<b>Colors</b>	Violet, blue	Purple, blue	Orange, blue	Blue with light blue	Orange, blue

Author: Samantha Montezuma.

### 1.4.3. Price analysis

Monodedo Company currently sells products obtained through a distributor. Regardless of whether they are for men or women, the price of jackets is \$126 and pants, \$109.

In the market, these products have been classified by segment in order to carry out an analysis that allows to define in which market segment the products currently marketed by the company are located.

As for jackets, although the lowest prices in this research are from \$99 to \$120 dollars, there is a difference in terms of characteristics since some of them are old models, the trend in this type of jacket has changed for several years ago.

However, there are two segments corresponding to this study. A mid-range segment that goes between \$159 and \$165. Despite these are higher prices, the design of these jackets is old and heavy and one of the jackets includes a thick inner layer of fleece that is not in the trend when it comes to waterproof garments. The jacket that the company sells belongs to this segment despite the fact that the price is lower but its characteristics are better.

High-end segment of jackets with prices over \$210. The jackets found in this segment are super light but are focused on people who perform activities such as trail running, since they need to move quickly in the mountains and these jackets are lighter and delicate. For pants, only the segment from \$ 95 onwards has been identified, since this corresponds to the competition that the company currently sells.

## **1.5. Chapter conclusions**

In this chapter, both supply and demand for these two products were defined. In terms of supply, it is considered that there is still no saturated market and there are even few competitors in the same garment segment. According to the survey carried out, consumers may not only be people who practice outdoor sports, which widens the segment of demand; however, there is a smaller percentage of people that would be willing to pay more money.

## **CHAPTER 2: OPERATIONAL FEASIBILITY ANALYSIS**

### **2. Introduction to the chapter**

In this chapter, the procedure to be followed for the importation of sustainable garments of the Ternua brand will be determined. The final cost towards the destination warehouse with two different import scenarios will also be established. The panoramas are differentiated by the number of units of garments to be imported.

On the one hand, qualitative information will be obtained about the incoterms and the customs regimes to be applied. On the other hand, quantitative information about the costs of customs brokers, who, besides being experts in the field of foreign trade, are legally certified to be in charge of carrying out the import process. Tax calculation will also be determined through a value chain.

#### **2.1. Foreign trade**

Foreign trade is a fundamental part of the life of a country, not only in the economic sector in which objects of international trade (goods or merchandise, basic products or raw materials, manufactures or intangible services) are exchanged (UNAM Institute of Legal Research & Witker Velázquez, 2011); but in responding to the national interests of the state and generating diplomatic relations by participating in trade agreements and regional economic blocs.

Worldwide, there are countries that are mostly exporters of raw materials and primary products, and importers of finished products, this is the case of Ecuador. Among these products are garments and clothing accessories, with \$144,909,000 of total imports in 2019 (Trade Map, n.d.).

For the import process there are three aspects that are important in order to determine the logistics process to be carried out and its cost. It begins with the negotiation of the Incoterm with the supplier, followed by the customs regime that will be applied at the time of entry of merchandise to the country, and finally the payment method to the supplier.

### **2.1.1. Trade agreement**

The World Trade Organization accepts trade agreements between countries and proposes that they try to achieve a balance between flexibility and commitment. It also analyzes the economic justification for such agreements and considers that two main approaches can be distinguished. The first, in the absence of a trade agreement, a country could manipulate the price of its exports in relation to that of imports to raise national income, which can cause countries having constant trade wars with high levels of protection and low trade flows.

The second, when formulating their trade policies, governments have economic and political difficulties, so trade agreements make it possible to avoid conflicts and resist pressure from the private sector and groups that demand the state to move towards a more liberal trade (World Trade Organization, 2009).

### **2.1.2. Trade agreement with the European Union**

On November 11, 2016, Ecuador signed the Protocol of Accession to the European Union free trade agreement, joining Colombia and Peru, which had already signed the agreement in June 2012. This agreement took place thanks to the principle of regional integration with the Andean Community. It aims to eliminate high tariffs and address technical barriers to trade. In addition, it frees up the service markets and includes commitments to comply with labor and environmental standards, as well as effective procedures in conflict resolution (European Council, 2016).

In Ecuador's accession protocol to the trade agreement between the European Union with Colombia and Peru there is a schedule of tariff reduction for goods originating in the European Union that are exported to Ecuador; this schedule is based on the NANDINA nomenclature for each product. In this case, both pants and jackets have a base tariff of 30 and are in category 5.

Category 5 implies that tariff reduction occurs in 6 equal stages, starting on the day the agreement entered into force, this is January 1, 2017. Each remaining stage takes place on January 1 of the following years, so that the merchandise is progressively free of customs duties. The base tariff 30 refers to the value on which the tariff reduction of the agreement begins.

**Table 5 Tariff reduction schedule EU-EC**

24.12.2016		ES	Diario Oficial de la Unión Europea		L 356/945
NANDINA 2007	Descripción del producto	Arancel Base	Categoría	NOTA	
6117809000	-- Los demás	30	5		
6117901000	-- De fibras sintéticas o artificiales	30	5		
6117909000	-- Los demás	30	5		
6201110000	-- De lana o pelo fino	30	5		
6201120000	-- De algodón	30	5		
6201130000	-- De fibras sintéticas o artificiales	30	5		
6201190000	-- De las demás materias textiles	30	5		
6201910000	-- De lana o pelo fino	30	5		
6201920000	-- De algodón	30	5		
6201930000	-- De fibras sintéticas o artificiales	30	5		
6201990000	-- De las demás materias textiles	30	5		
6202110000	-- De lana o pelo fino	30	5		
6202120000	-- De algodón	30	5		

Retrieved from: Annex I to the protocol of accession of Ecuador to the EU-Colombia/Peru trade agreement

## 2.2. Incoterms

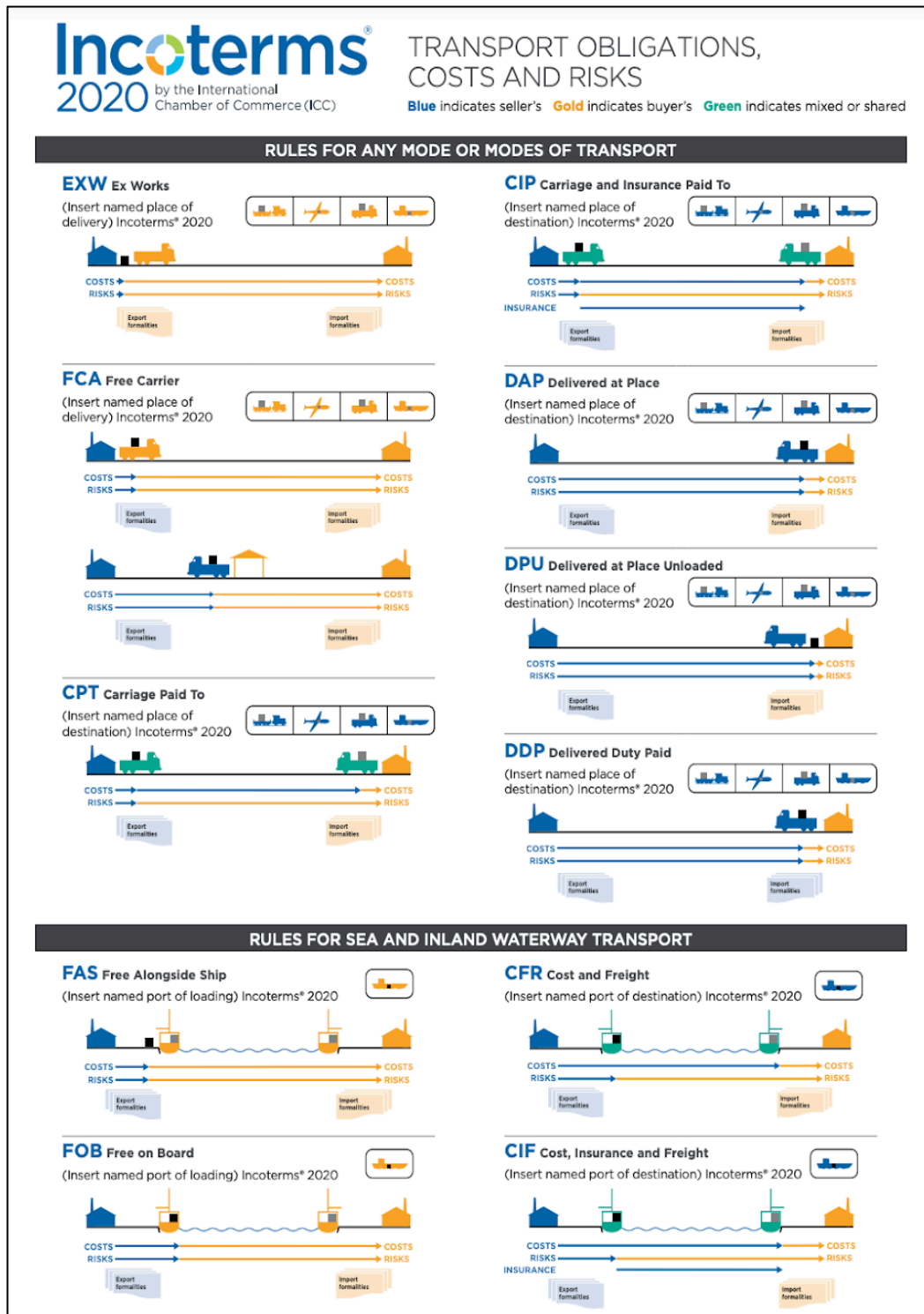
The most used instruments for international business in the world are the Incoterms rules created by the International Chamber of Commerce (ICC). Their use is generalized and accepted for any sales contract in the world (ICC, 2020). According to the Incoterm that is used for a negotiation, the obligations of both the buyer and seller during each stage of the logistics chain are determined.

In the new 2020 Incoterms rules, there are 11 terms that can be divided into two groups:

1. Multimodal transport Incoterms (EXW- FCA-CPT-CIP-DPU-DAP-DDP)
2. Incoterms only for maritime transport and inland waterways (FOB- FAS-CIF-CFR)

In order to better understand the responsibilities of both the buyer (orange) and the seller (blue), they can be observed in the following figure. In addition, the warning sign explains when the risk is transferred from one party to the other.

Figure 12 Incoterms 2020



Author: International Chamber of Commerce



### 2.3. Customs regimes

Customs regimes vary in each country. In the case of Ecuador, they are classified into import regimes, export regimes, other customs regimes, exception regimes, and the termination of the regime. The National Customs Service of Ecuador (*SENAE*, by its acronym in Spanish) defines them as “the treatment applicable to merchandise, requested by a declarant, in accordance with current customs legislation” (National Assembly of Ecuador, 2010).

For a better understanding, each import customs regime will be briefly explained in accordance with section I of chapter VII of the *COPCI*<sup>2</sup> regulation. This will lead us to understand the reason behind the application of this regime for the items to be imported in the case study.

Non-transformation regimes:

- Import for consumption (regime 10): It is the customs regime for the definitive entry of merchandise into the country. It allows merchandise to circulate freely in Ecuadorian territory (National Assembly of Ecuador, 2010).
- Temporary admission for re-exportation in the same state (regime 20): Goods can be brought into the country with total or partial suspension of import duties and taxes. They have a period of one year to be exported in the same state, except merchandise for the execution of public works and services (National Assembly of Ecuador, 2010).
- Re-importation in the same state (regime 32): It allows importation for consumption with exemption from import duties and taxes and applicable surcharges, of goods that have been definitively exported (National Assembly of Ecuador, 2010).
- Duty-free replacement (regime 11): It allows importing with exemption from import duties, taxes, and surcharges with the exception of applicable fees. They are part of this regime goods that are identical or similar to those nationalized that have been used to obtain the goods previously exported definitively (National Assembly of Ecuador, 2010).

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<sup>2</sup> Organic Law of production, trade and investment.

- Customs warehouses (regime 70): It is a special customs regime which allows imported goods to be stored for a specified period without the payment of applicable duties, taxes, and surcharges (National Assembly of Ecuador, 2010).

Transformation regimes:

- Temporary admission for active improvement (Regime 21): Merchandise can be introduced into Ecuadorian territory to be subjected to a process of improvement (National Assembly of Ecuador, 2010).
- Transformation under customs control (Regime 72): Goods can be brought into the country with the suspension of payment of taxes in order to modify their species or state (National Assembly of Ecuador, 2010).
- Special warehouse (regime 75): It allows the storage of goods that will be used for the supply, repair and maintenance of ships, aircrafts and cargo units that provide public service of passenger and cargo transport, free of any tax to foreign trade (National Assembly of the Ecuador, 2010).

The first customs regime to be used in this case will be regime 70, since the goods will be in a warehouse in which a physical inspection will be carried out and the labels required by the INEN regulations will be added to the garments. Subsequently, regime 10 will be used, since the merchandise to be imported will enter the country definitively; it means that all the necessary taxes must be paid so that they can circulate freely in Ecuadorian territory. In addition, it is worth mentioning that the merchandise will not undergo any transformation and will not be subject to re-export.

#### **2.4. Payment methods**

The method of payment is the necessary tool to carry out an economic transaction of purchase and sale, both of goods and services. There are 6 internationally recognized payment methods:

- Open account: In this type of transaction an open account is generated in which the goods are delivered and there is no immediate payment, credits of

up to more than 90 days can be generated. The exporter sends the merchandise, the invoice and the shipping documents. This type of transaction is usually riskier for the exporter and he must ensure the stability of the country and his client before proceeding.

- Simple remittance: In this payment, the bank would become an intermediary since the exporter requests his/her bank to send a financial document such as a bill of exchange, a promissory note or a receipt to the importer's bank, which must be presented directly to the importer for its payment or acceptance.
- Documentary remittance: It is similar to the simple remittance; the exporter's bank sends the financial documents and also commercial documents of the property of the merchandise to the bank of the importer, such as transport documents, commercial invoice, etc. These documents are only delivered to the importer once the payment has been made.
- Documentary credit: This method allows the importer to request his/her bank to make the payment to the exporter once the required documentation has been delivered, which generally refers to evidence of the shipment of the merchandise such as customs certificates, purchase invoices, etc.
- Cash in advance: The advance payment refers to the total payment of the merchandise to the exporter without the obligation that it has already been dispatched.

In international trade, it is important to know the risks that the parties may have when making a negotiation. There are 4 main types:

1. Commercial risk: When there may be a unilateral cancellation of the contract.
2. Country risk: This risk refers to the inability to pay for causes attributable to the state, which means that it is not in the control of the importer.
3. Exchange risk: A different currency price can be given at the time of contracting and at the subsequent payment or collection.
4. Extraordinary risks: This risk is not in the control of the importer either, since there may be cases such as natural disasters, war conflicts, civil war, etc. (ICEX, 2017).

Monodedo Company has agreed with Ternua Company to make an advance bank transfer for the total value of the transaction, which may be considered risky for the

importing company. Nevertheless, in this case the payment will be done with confidence because there was already a previous link with the exporting company and with the main shareholders.

## **2.5. Tariff classification**

The World Customs Organization developed a harmonized system for the coding and description of goods known as the “harmonized system”. It comprises groups of commodities identified by a six-digit code that respond to defined rules, and legal and logical structures. This system is used in more than 200 countries as a basis for customs duties and for compiling information on international trade (World Customs Organization, n.d.).

The Andean Community, to which Ecuador belongs, takes as a reference the tariff nomenclature called NANDINA, which is based on the harmonized system and works with 8 digits, which means greater detail of what is going to be imported.

In order to determine the tariff headings in which the importation will be carried out, a step-by-step investigation was carried out starting from the chapter to which the products belong until the 8-digit heading was obtained. To achieve this, the explanatory notes and the classification rules set out in each chapter were used.

After reading section 6, which includes textile materials and their manufactures, it was defined that chapter 62 should be used. It refers to garments and accessories, clothing, knitwear.

For women's jackets, it was defined category 62.02 Women's or girls' overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters, wind-jackets and similar articles (excl. knitted or crocheted, suits, ensembles, jackets, blazers and trousers). Then, the six-digit subheading was obtained: 6202.13.00 Made of synthetic or artificial fibers since the jacket is composed of 83% polyester, which is a synthetic fiber.

For the same jacket for men, the same procedure was followed starting from category 62.01 Men's or boys' overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters, wind-jackets and similar articles (excl. knitted or crocheted, suits, ensembles, jackets, blazers and trousers). Thus, the following subheading was obtained: 6201.13.00 Made of synthetic or artificial fibers since the jacket is composed of 82% polyester, which is a synthetic fiber.

For women's pants, we started with the category 62.04 Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, bib and brace overalls, breeches and shorts (excl. knitted or crocheted, wind-jackets and similar articles, slips, petticoats and panties, tracksuits, ski suits and swimwear). The chosen six-digit subheading was 6204.63.00 Made of synthetic fibers, because the pants are made up of 90% polyamide, which is a synthetic fiber.

For men's pants it was used the heading 62.03 Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches and shorts (excl. swimwear). The six-digit subheading was 6203.43.00 Made of synthetic fibers since the pants are made up of 90% polyamide, which is a synthetic fiber.

## **2.6. Technical regulations**

The Ecuadorian Institute for Standardization (*INEN*, by its acronym in Spanish) is the competent national body for regulation, standardization and metrology, established in the laws of the Republic and in international treaties, agreements and conventions, in terms of the law of the Ecuadorian quality system.

For the development of normative documents, the *INEN* establishes the fundamental principles in a document entitled "Principles of Standardization of the Norm of Norms *NTE INEN 284*" (*INEN*, 2014).

These regulations have 4 main purposes:

- To facilitate trade, especially to reduce technical barriers to international trade.

- To provide a framework for achieving efficient economies.
- To improve consumer protection and confidence.
- To support the objectives of public policy.

The *INEN* for the importation of clothing requires the technical standard *NTE INEN 1875* that refers to the necessary requirements for the labeling of clothing. This label needs to be permanently sewn or adhered to a part of the garment where it can be seen quickly and that meets all of these requirements:

- Appropriate size of labels so that the information is legible (both graphics and text)
- Information in Spanish
- Company name of the manufacturer and/or importer
- Country of origin
- Size
- Percentage of fibers used
- Garment care instructions

Additionally, the brand label must contain its respective hallmark, either the brand name and/or logo (Ecuadorian Customs Corporation, 2018).

**Figure 13 Label model for the garments to be imported**



Author: Samantha Montezuma

## 2.7. Import volume - accounting tables

To determine the import volume, two sales scenarios were established for the company, each of them with a different projection for 2021.

***Table 6 Scenario 1 - Sales projection for men's clothing***

Men	2021 Sales projection	# Units to reach sales level
Pants	\$10,058.66	92
Jackets	\$9,489.96	75

Author: Samantha Montezuma

***Table 7 Scenario 1 - Sales projection for women's clothing***

Women	2021 Sales projection	# Units to reach sales level
Pants	\$8,330.11	76
Jackets	\$6,710,03	49

Author: Samantha Montezuma

***Table 8 Scenario 2 - Sales projection for men's clothing***

Men	2021 Sales projection	# Units to reach sales level
Pants	\$15,505.58	178
Jackets	\$18,485.76	166

Author: Samantha Montezuma

**Table 9 Scenario 2 - Sales projection for women's clothing**

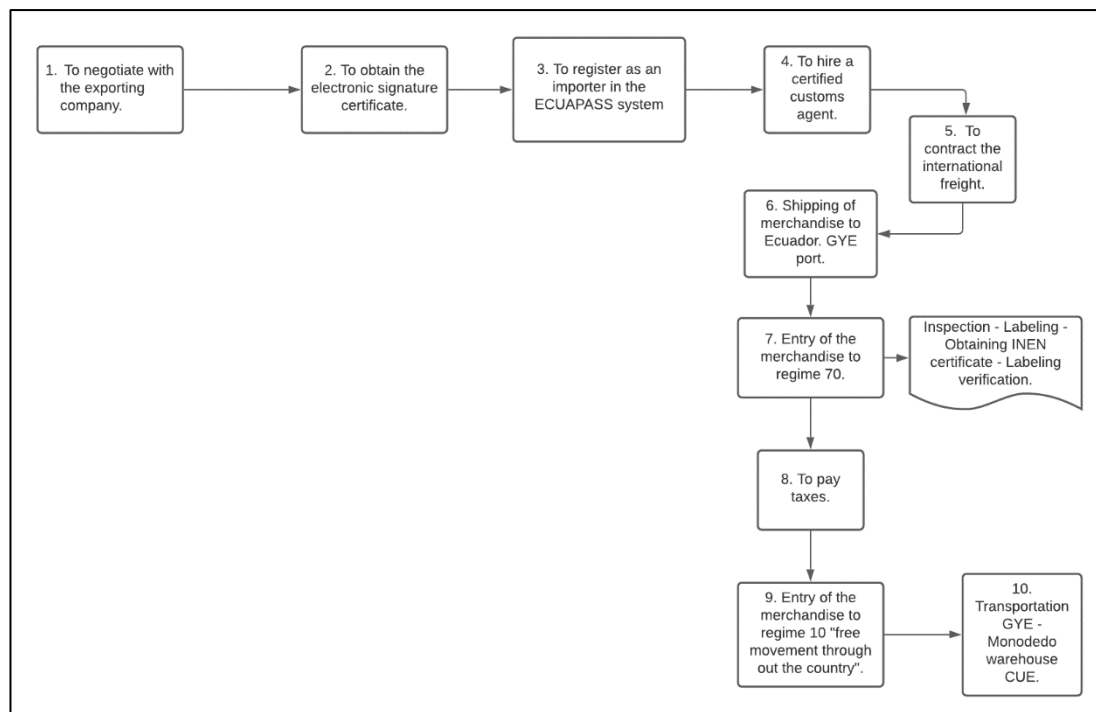
Women	2021 Sales projection	# Units to reach sales level
Pants	\$12,805.17	147
Jackets	\$12,138.24	109

Author: Samantha Montezuma

## 2.8. Import process and costs

For a better understanding of the reader, a flow chart of the process to be carried out for the import is presented. Below figure 14 you can find the description and costs of each step.

**Figure 14 Import flow chart**



Author: Samantha Montezuma



To start the import process, the first step was to contact the exporting company to obtain the FOB Barcelona value of the garments. Two different values were obtained that differ by the quantity of garments to be imported.

For the first scenario, which has an import of fewer items, these are the prices that the company offers us:

**Table 10 FOB price - Scenario 1**

Garment	FOB price per unit
“Gund” pant for men and women	\$50.69
“Unzen” jacket for men and women	\$71.58

Author: Samantha Montezuma

With the FOB price per unit and the number of units to be imported, the total value of the import was obtained.

**Table 11 Total FOB price - Scenario 1**

Description	Unit price	Required number of units	Total FOB price
Pants for men	\$50.69	92	\$4,663.48
Pants for women	\$50.69	76	\$3,852.44
Jacket for men	\$71.58	75	\$5,368.50
Jacket for women	\$71.58	49	\$3,507.42
			\$17,391.84

Author: Samantha Montezuma

In the second scenario, the exporting company grants a 15% discount for the number of units required and the prices are as follows:

**Table 12 FOB price - Scenario 2**

Garment	FOB price per unit
“Gund” pant for men and women	\$43.08
“Unzen” jacket for men and women	\$60.84

Author: Samantha Montezuma

With the FOB price per unit and the number of units to be imported, the total value of the import was obtained.

**Table 13 Total FOB price - Scenario 2**

Description	Unit price	Required number of units	Total FOB price
Pants for men	\$43.08	178	\$7,668.24
Pants for women	\$43.08	147	\$6,332.76
Jacket for men	\$60.84	166	\$10,099.44
Jacket for women	\$60.84	109	\$6,631.56
			\$30,432

Author: Samantha Montezuma

All Ecuadorian or foreign, natural or legal persons, based in Ecuador, can import if they register in the ECUAPASS system and have been approved by the national customs system of Ecuador.

The steps prior to importing have been made known by the National Customs Service of Ecuador:

1. To obtain a digital certificate of electronic signature (Token) through the Central Bank of Ecuador, the Civil Registry and electronically with a security data company, which will later be used for the electronic signature of the import declaration.
2. To install the *Ecuapass* software to determine the tariffs and restrictions of the product to be imported.
3. To register as an importer in the customs system.
4. To have a customs agent who is accredited by *SENAE* to carry out the customs clearance procedures for the merchandise (Ecuador Customs, 2017).

Taking these steps into account, we proceed to the cost analysis. Thus, the exporting company was contacted to define the FOB Barcelona price per garment and the following was obtained:

With these prices and with the sales projection previously presented, a cost analysis was carried out from the departure of the products in Barcelona to the arrival at the warehouse in Cuenca, for both panorama 1 and panorama 2.

For the development of the logistics and cost chain, the tables presented below were made. In addition, after each table, the procedure and the values corresponding to each step are explained.



Additionally, there is the *FODINFA* (Child Development Fund) which refers to a mandatory tax on all imports of 0.5% on the import tax base, in this case the CIF value (National Customs Service of Ecuador, 2017). Taxes on the exit of foreign currency were also determined, which is 5% on the FOB value, since this is the value that leaves the country.

For the cargo to enter the country, it will require deconsolidation, in addition to its management and administration, which will be carried out by the same freight company at a cost of \$170, we call this local expenses.

According to article 227 in title V of chapter I of the *COPCI*, the customs agent is the only person who can render the customs declaration and is the legal representative of the principal, in this case the importing company, for the actions and notifications of the customs clearance and the acts derived from it. Since this is mandatory, the list of accredited customs agents by the national customs service was consulted to obtain the prices to carry out the procedures for this import, which are entry to regime 70 and regime 10.

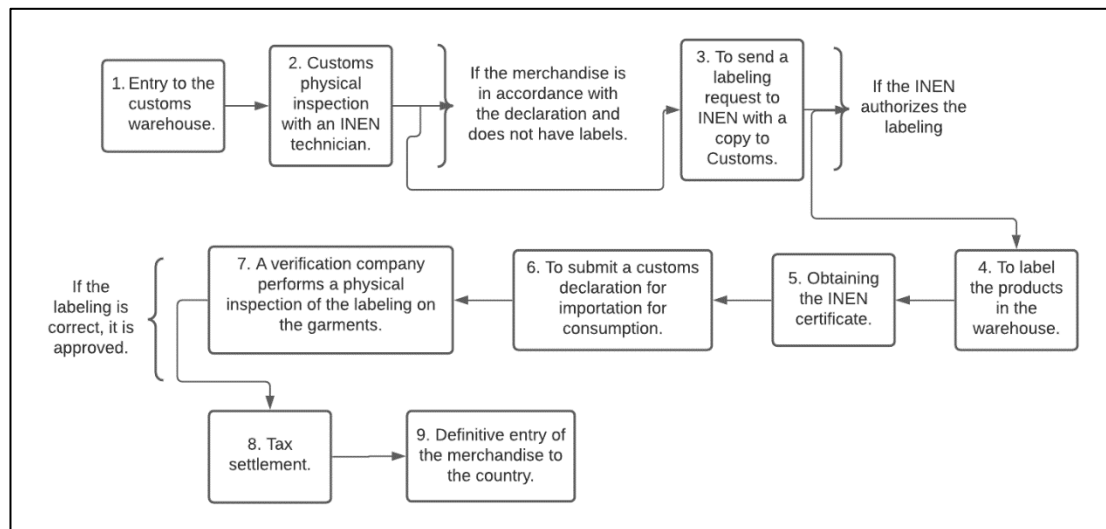
In addition, Law No. 2007-76 of the Ecuadorian Quality System in its article 31 establishes that natural or legal persons who want to commercialize a product in the national market must demonstrate that it is of quality “through the certificate of conformity issued by an organization accredited in the country”. In the case of the merchandise in this thesis, the INEN recognition certificate is requested to verify the Ecuadorian technical regulations that apply to products that are imported into the country in order to contribute to safety, the protection of human, animal and plant life and health, preservation of the environment and consumer protection against deceptive practices (Ecuador Government, 2020)

To obtain the INEN certificate, the garments must comply with the RTE INEN 013 regulation of the Ecuadorian Standardization Service for the labeling of garments, home clothes and clothing accessories, in which the requirements are the following: permanent labels, information in Spanish language and prior to importation or marketing, the labels must be visible to the consumer.

For this procedure, the merchandise is allowed to enter a customs warehouse (regime 70) and this necessarily goes through a physical inspection by a member of customs along with an INEN technician. This inspection is to verify that the merchandise is the one that was declared and that it does not have labels. Therefore, a labeling request is made to the INEN; once this request is authorized, the product is labeled inside the warehouse. After the labeling is completed, the INEN certificate is obtained and the customs declaration of import for consumption (regime 10) is presented. Finally, a verification company performs a physical inspection of the labeling on the garments, the certificate and all inspection requirements are verified, in order taxes can be paid.

Once the requirements have been met and the taxes has been paid, the merchandise definitively enters the country and can circulate freely in the national territory. Because the merchandise arrives at the port of Guayaquil, an internal transportation cost of \$100 was took into account in order the merchandise is delivered to the warehouses of Monodedo Company in the city of Cuenca.

**Figure 16 Customs inspection flow chart**



Author: Samantha Montezuma

Finally, the products arrive at the warehouses in Cuenca with a final cost of \$21,492.92, which is equivalent to 23.58% more than the FOB value that was initially invoiced. The unit cost of the garments was also calculated once they were placed in the warehouse. In order to know these values, the “dollar factor” was obtained by

dividing the total of the final cost of each garment over the FOB value of each garment; then, the unit cost is obtained by multiplying the FOB price of the garment by the factor.

In the case of the second scenario, the same procedure was carried out as in the first, but the costs of international freight, local expenses, internal transport and labeling are different, since there are more garments that would be imported (from 12 to 25 boxes and from 292 to 600 garments). In addition, the tariffs, the FODINFA and the insurance are calculated based on the new FOB and CIF values.

Regime 70 or customs warehouse, the INEN certificate and the verification company maintain the same prices as in scenario 1. It is important to take into account since they could lower the prices of the products since they are costs that are divided into a greater quantity of garments.

Regime 70 or customs warehouse, the INEN certificate and the verification company maintain the same prices as in scenario 1. It is important to take into account that due to this fact, the costs of the products could be reduced, by dividing the same values for a greater number of garments.

**Figure 17 Value chain - Scenario 2**

DESCRIPTION		AMOUNT				
		PANTS FOR MEN	PANTS FOR WOMEN	JACKET FOR MEN	JACKET FOR WOMEN	
FOB		\$7,668.24	\$6,332.76	\$10,099.44	\$6,631.56	<b>\$30,732.00</b>
Freight		\$28.13	\$23.23	\$37.05	\$24.33	<b>\$112.75</b>
Insurance	1%	\$76.68	\$63.33	\$100.99	\$66.32	<b>\$307.32</b>
CIF		<b>\$7,773.06</b>	<b>\$6,419.32</b>	<b>\$10,237.49</b>	<b>\$6,722.21</b>	<b>\$31,152.07</b>
Ad valorem tariff	5%	\$388.65	\$320.97	\$511.87	\$336.11	<b>\$1,557.60</b>
Specific tariff		\$0.00	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>
FODINFA	0.50%	\$38.87	\$32.10	\$51.19	\$33.61	<b>\$155.76</b>
Foreign currency outflow tax	5%	\$383.41	\$316.64	\$504.97	\$331.58	<b>\$1,536.60</b>
Local Costs		\$82.34	\$68.00	\$108.45	\$71.21	<b>\$330.00</b>
Internal freight		\$24.95	\$20.61	\$32.86	\$21.58	<b>\$100.00</b>
Customs agent		\$119.77	\$98.91	\$157.74	\$103.58	<b>\$480.00</b>
Port module		\$37.43	\$30.91	\$49.29	\$32.37	<b>\$150.00</b>
Regime 70		\$99.81	\$82.43	\$131.45	\$86.31	<b>\$400.00</b>
INEN certification		\$112.28	\$92.73	\$147.88	\$97.10	<b>\$450.00</b>
Labeling		\$53.40	\$44.10	\$49.80	\$32.70	<b>\$180.00</b>
Verifying Company		\$44.91	\$37.09	\$59.15	\$38.84	<b>\$180.00</b>
Total Cost		\$9,158.88	\$7,563.80	\$12,042.16	\$7,907.20	<b>\$36,672.03</b>
Dollar factor		1.19	1.19	1.19	1.19	
	<b>DESCRIPTION</b>	<b>QUANTITY</b>	<b>FOB</b>	<b>UNIT COST</b>		<b>Total</b>
<b>1</b>	<b>PANTS FOR MEN</b>	<b>178</b>	43.0800	\$51.4544		\$9,158.88
<b>1</b>	<b>PANTS FOR WOMEN</b>	<b>147</b>	43.0800	\$51.4544		\$7,563.80
<b>1</b>	<b>JACKET FOR MEN</b>	<b>166</b>	60.8400	\$72.5431		\$12,042.16
<b>1</b>	<b>JACKET FOR WOMEN</b>	<b>109</b>	60.8400	\$72.5431		\$7,907.20
						\$36,672.03

Author: Samantha Montezuma

In this scenario, all imported items would arrive at the warehouse in Cuenca with a final cost of \$36,672.03. The price of the pants in the warehouse would be \$51.45 and the jackets \$72.54.

## 2.9. Chapter conclusions

This chapter analyzed the entire logistics process that must be carried out to have the merchandise in the warehouse of Cuenca and also the costs that this entails. In scenario 1, with the importation of 168 pants and 124 jackets, the unit price in the warehouse is \$62.68 and \$88.39 respectively. On the other hand, if the import is carried out with the number of units of scenario 2, 325 pants and 275 jackets, the unit price in the warehouse is \$51.45 and \$72.54. This means a reduction of \$11.23 in unit value for pants and \$15.85 for jackets.



In both cases, it was analyzed that between the unit FOB price and the unit warehouse cost there is no strong increase since it oscillates by 20% in both garments. This is mainly due to the release of the specific tariff and the reduction of 50% of the ad valorem tariff applied to this type of products imported from Spain, thanks to the trade agreement between Ecuador and the European Union, which was signed in 2016.

## **CHAPTER 3: COST AND PROFITABILITY ANALYSIS**

### **3. Introduction to the chapter**

In this chapter, two accounting scenarios will be analyzed in order to define which the most convenient option for the company is and what the retail price will be. In addition, in each scenario, a flow analysis will be carried out with the data of the company's expenses; this will allow to establish indicators of net present value and internal rate of return, in order to define the profitability of the company.

#### **3.1. Fixed and variable expenses**

To analyze the profitability the company will have, it is necessary to know what will be the monthly expenses that must be covered regardless of the number of garments that are imported.

There are 3 employees working part time with the basic salary, they are attributed the employer contribution, social benefits and reserve funds that are mandatory under Ecuadorian law for workers.

Part of the monthly expenses of the company are the basic services that include water, electricity, telephone and internet and the rental of the premises. In addition, there are other expenses such as fuel, parcels, toiletries and office supplies.

Monodedo Company manages the following monthly expenses:

**Table 14 Monodedo Company expenses**

<b>Expense description</b>	<b>Amount</b>
Wages	\$653.88
Employer contribution	\$79.45
Social benefits	\$104.49
Reserve funds	\$37.82
Basic services	\$149.15
Rent	\$100.00
Other expenses	\$89.83
<b>Total</b>	<b>\$1,214.62</b>

Author: Samantha Montezuma

This means that the company must sell a minimum of \$ 1,214.62 monthly and \$ 14,575.44 annually to cover expenses.

### **3.2. Cash Flow**

Cash flow is a liquidity indicator of the company that provides information on the inflow and outflow of money during a given period. Because the import is projected for one year, there is a monthly periodicity to determine the dynamic effect during this year, since the national supply is on an annual basis to optimize prices. The cash flow study is also carried out on an annual basis to analyze the effect of cash flow in the same period.

The following table shows scenario 1 with an initial investment of \$21,492.92, which is equivalent to the import of 292 garments in relation to the sales projection made.

**Table 15 Scenario 1 - Cash flow**

MONTHLY CASH FLOW	INVESTMENT	TIME FRAME												TOTAL
		JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
<b>INVESTMENT</b>		(21,492.92)												
<b>INITIAL BALANCE</b>		\$ 200.00	\$ 2,441.83	\$ 4,683.67	\$ 6,925.50	\$ 9,167.33	\$ 11,409.17	\$ 13,651.00	\$ 15,892.84	\$ 18,134.67	\$ 20,376.50	\$ 22,618.34	\$ 24,860.17	\$ 200.00
<b>INCOME</b>	CASH SALES	\$ 3,456.45	\$ 3,456.45	\$ 3,456.45	\$ 3,456.45	\$ 3,456.45	\$ 3,456.45	\$ 3,456.45	\$ 3,456.45	\$ 3,456.45	\$ 3,456.45	\$ 3,456.45	\$ 3,456.45	\$ 3,456.45
	COLLECTION OF CREDIT ACCOUNTS													\$ -
	OTHER INCOME													\$ -
<b>TOTAL INCOME</b>		\$ 3,456.45	\$ 3,456.45	\$ 3,456.45	\$ 3,456.45	\$ 3,456.45	\$ 3,456.45	\$ 3,456.45	\$ 3,456.45	\$ 3,456.45	\$ 3,456.45	\$ 3,456.45	\$ 3,456.45	\$ 41,477.40
<b>EXPENSES</b>	PURCHASE OF IMPORTED MERCHANDISE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	PAYMENT TO SUPPLIERS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	ADMINISTRATIVE EXPENSES													\$ -
	WAGES	\$ 653.88	\$ 653.88	\$ 653.88	\$ 653.88	\$ 653.88	\$ 653.88	\$ 653.88	\$ 653.88	\$ 653.88	\$ 653.88	\$ 653.88	\$ 653.88	\$ 653.88
	EMPLOYER CONTRIBUTION	\$ 79.45	\$ 79.45	\$ 79.45	\$ 79.45	\$ 79.45	\$ 79.45	\$ 79.45	\$ 79.45	\$ 79.45	\$ 79.45	\$ 79.45	\$ 79.45	\$ 79.45
	SOCIAL BENEFITS	\$ 104.49	\$ 104.49	\$ 104.49	\$ 104.49	\$ 104.49	\$ 104.49	\$ 104.49	\$ 104.49	\$ 104.49	\$ 104.49	\$ 104.49	\$ 104.49	\$ 104.49
	RESERVE FUNDS	\$ 37.82	\$ 37.82	\$ 37.82	\$ 37.82	\$ 37.82	\$ 37.82	\$ 37.82	\$ 37.82	\$ 37.82	\$ 37.82	\$ 37.82	\$ 37.82	\$ 37.82
	BASIC SERVICES	\$ 149.15	\$ 149.15	\$ 149.15	\$ 149.15	\$ 149.15	\$ 149.15	\$ 149.15	\$ 149.15	\$ 149.15	\$ 149.15	\$ 149.15	\$ 149.15	\$ 149.15
	RENT	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00
	TAXES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OTHER EXPENSES	\$ 89.83	\$ 89.83	\$ 89.83	\$ 89.83	\$ 89.83	\$ 89.83	\$ 89.83	\$ 89.83	\$ 89.83	\$ 89.83	\$ 89.83	\$ 89.83	\$ 89.83	
<b>TOTAL EXPENSES</b>		\$ 1,214.62	\$ 1,214.62	\$ 1,214.62	\$ 1,214.62	\$ 1,214.62	\$ 1,214.62	\$ 1,214.62	\$ 1,214.62	\$ 1,214.62	\$ 1,214.62	\$ 1,214.62	\$ 1,214.62	\$ 10,714.32
<b>OPERATING FLOW</b>		\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 30,763.08
<b>NON-OPERATING INCOME</b>	SALE OF FIXED ASSETS													\$ -
	LOANS						\$ -							\$ -
<b>TOTAL INGRESOS NO OPERATIVOS</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>NON-OPERATING EXPENSES</b>	PAYMENT OF BANK DEBTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	OTHER PAYMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL NON-OPERATING EXPENSES</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>NET CASH FLOW</b>		\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 30,763.08
<b>ACCUMULATED CASH FLOW</b>		-21492.92	\$ 2,441.83	\$ 4,683.67	\$ 6,925.50	\$ 9,167.33	\$ 11,409.17	\$ 13,651.00	\$ 15,892.84	\$ 18,134.67	\$ 20,376.50	\$ 22,618.34	\$ 24,860.17	\$ 27,102.00

Author: Samantha Montezuma

Since operating cash flow is always positive, it indicates that the company has the capability to settle debt, reinvest in the business, return money to shareholders, and have a buffer against future challenges.

It is important to understand that the accumulated cash flow at the end of each year is greater than the initial investment since it can be a good indicator to verify that there will be a profit. This will be verified with the indicators that will be presented later in this chapter.

**Table 16 Scenario 2 - Cash flow**

MONTHLY CASH FLOW	INVESTMENT	TIME FRAME												TOTAL
		JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
<b>INVESTMENT</b>		(36,672.03)												
<b>INITIAL BALANCE</b>		\$ 200.00	\$ 3,896.60	\$ 7,593.21	\$ 11,289.81	\$ 14,986.41	\$ 18,683.02	\$ 22,379.62	\$ 26,076.23	\$ 29,772.83	\$ 33,469.43	\$ 37,166.04	\$ 40,862.64	\$ 200.00
<b>INCOME</b>	CASH SALES	\$ 4,911.22	\$ 4,911.22	\$ 4,911.22	\$ 4,911.22	\$ 4,911.22	\$ 4,911.22	\$ 4,911.22	\$ 4,911.22	\$ 4,911.22	\$ 4,911.22	\$ 4,911.22	\$ 4,911.22	\$ 58,934.64
	COLLECTION OF CREDIT ACCOUNTS													\$ -
	OTHER INCOME													\$ -
	<b>TOTAL INCOME</b>	\$ 4,911.22	\$ 4,911.22	\$ 4,911.22	\$ 4,911.22	\$ 4,911.22	\$ 4,911.22	\$ 4,911.22	\$ 4,911.22	\$ 4,911.22	\$ 4,911.22	\$ 4,911.22	\$ 4,911.22	\$ 58,934.64
<b>EXPENSES</b>	PURCHASE OF IMPORTED MERCHANDISE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	PAYMENT TO SUPPLIERS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	ADMINISTRATIVE EXPENSES													\$ -
	WAGES	\$ 653.88	\$ 653.88	\$ 653.88	\$ 653.88	\$ 653.88	\$ 653.88	\$ 653.88	\$ 653.88	\$ 653.88	\$ 653.88	\$ 653.88	\$ 653.88	\$ 7,846.56
	EMPLOYER CONTRIBUTION	\$ 79.45	\$ 79.45	\$ 79.45	\$ 79.45	\$ 79.45	\$ 79.45	\$ 79.45	\$ 79.45	\$ 79.45	\$ 79.45	\$ 79.45	\$ 79.45	\$ -
	SOCIAL BENEFITS	\$ 104.49	\$ 104.49	\$ 104.49	\$ 104.49	\$ 104.49	\$ 104.49	\$ 104.49	\$ 104.49	\$ 104.49	\$ 104.49	\$ 104.49	\$ 104.49	\$ -
	RESERVE FUNDS	\$ 37.82	\$ 37.82	\$ 37.82	\$ 37.82	\$ 37.82	\$ 37.82	\$ 37.82	\$ 37.82	\$ 37.82	\$ 37.82	\$ 37.82	\$ 37.82	\$ -
	BASIC SERVICES	\$ 149.15	\$ 149.15	\$ 149.15	\$ 149.15	\$ 149.15	\$ 149.15	\$ 149.15	\$ 149.15	\$ 149.15	\$ 149.15	\$ 149.15	\$ 149.15	\$ 1,789.80
	RENT	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ 100.00	\$ -
	TAXES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
OTHER EXPENSES	\$ 89.83	\$ 89.83	\$ 89.83	\$ 89.83	\$ 89.83	\$ 89.83	\$ 89.83	\$ 89.83	\$ 89.83	\$ 89.83	\$ 89.83	\$ 89.83	\$ 1,077.96	
<b>TOTAL EXPENSES</b>	\$ 1,214.62	\$ 1,214.62	\$ 1,214.62	\$ 1,214.62	\$ 1,214.62	\$ 1,214.62	\$ 1,214.62	\$ 1,214.62	\$ 1,214.62	\$ 1,214.62	\$ 1,214.62	\$ 1,214.62	\$ 10,714.32	
<b>OPERATING FLOW</b>		\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 48,220.32
<b>NON-OPERATING INCOME</b>	SALE OF FIXED ASSETS													\$ -
	LOANS						\$ -							\$ -
<b>TOTAL INGRESOS NO OPERATIVOS</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>NON-OPERATING EXPENSES</b>	PAYMENT OF BANK DEBITS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	OTHER PAYMENTS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL NON-OPERATING EXPENSES</b>		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>NET CASH FLOW</b>		\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 48,220.32
<b>ACCUMULATED CASH FLOW</b>		-36672.03	\$ 3,896.60	\$ 7,593.21	\$ 11,289.81	\$ 14,986.41	\$ 18,683.02	\$ 22,379.62	\$ 26,076.23	\$ 29,772.83	\$ 33,469.43	\$ 37,166.04	\$ 40,862.64	\$ 44,559.24

Author: Samantha Montezuma

In the second scenario, the cash flow is also positive; this means that the company has the same conditions as the first scenario but the flow is higher because the purchase batch is larger, thereby reducing fixed costs and obtaining best supplier prices.

### 3.3. Comprehensive Income

A comprehensive income statement was made for scenario 1 and scenario 2 to determine the summary of the project's operations. It analyzes income, expenses and costs in order to obtain profit.

**Table 17 Scenario 1 - Comprehensive Income**

INCOME	41,477.40
SALES INCOME	41,477.40
Sales Rate 12%	41,477.40
COSTS AND EXPENSES	36,068.32
<b>SALES COST</b>	<b>21,492.92</b>
Sales Cost	21,492.92
<b>OPERATING EXPENSES</b>	<b>14,575.40</b>
SALES AND ADMINISTRATIVE EXPENSES	13,497.44
ADMINISTRATIVE EXPENSES	10,507.64
Wages and salaries	7,846.56
Contributions to the IESS	953.36
Social benefits	1,253.88
Taxes and rates	0
Office supplies	0
Professional fees	0
Depreciations	0.00
Reserve funds	453.84
Other Administrative Expenses	0
<b>GASTOS DE VENTAS</b>	<b>2,989.80</b>
Commissions	0
Internet	0.00
Datafast	0
Maintenance and repairs	0
Basic services	1,789.80
Rent	\$ 1,200.00
Fuel	0
Vehicle Maintenance	0
<b>FINANCIAL EXPENSES</b>	<b>\$ 1,077.96</b>
Various Bank Expenses	\$ 1,077.96
PROFIT before taxes	5,409.08
EMPLOYEE PARTICIPATION	811.36
INCOME TAX	829.55
<b>PROFIT</b>	<b>3768.17</b>

Author: Samantha Montezuma

**Table 18 Scenario 2 - Comprehensive Income**

INCOME	58,934.64
SALES INCOME	58,934.64
Sales Rate 12%	58,934.64
COSTS AND EXPENSES	51,247.43
<b>SALES COST</b>	<b>36,672.03</b>
Sales Cost	36,672.03
<b>OPERATING EXPENSES</b>	<b>14,575.40</b>
SALES AND ADMINISTRATIVE EXPENSES	13,497.44
ADMINISTRATIVE EXPENSES	10,507.64
Wages and salaries	7,846.56
Contributions to the IESS	953.36
Social benefits	1,253.88
Taxes and rates	0
Office supplies	0
Professional fees	0
Depreciations	0.00
Reserve funds	453.84
Other Administrative Expenses	0
<b>GASTOS DE VENTAS</b>	<b>2,989.80</b>
Commissions	0
Internet	0.00
Datafast	0
Maintenance and repairs	0
Basic services	1,789.80
Rent	\$ 1,200.00
Fuel	0
Vehicle Maintenance	0
<b>FINANCIAL EXPENSES</b>	<b>\$ 1,077.96</b>
Various Bank Expenses	\$ 1,077.96
PROFIT before taxes	7,687.21
EMPLOYEE PARTICIPATION	1153.08
INCOME TAX	1178.69
<b>PROFIT</b>	<b>5355.44</b>

Author: Samantha Montezuma

### 3.4. Indicators

#### 3.4.1. Net present value and internal rate of return

The NPV (net present value) is a tool to know how much is going to be gained or lost with the investment through updating project receipts and payments, that is, all the expected profits are compared against the outlays that are needed to produce these profits in terms of its equivalent value to the present moment or zero time (Baca Urbina, 2013, 207-210).



Based on the cut-off rate, it is also calculated the accumulated cash flow and the initial investment. It is calculated based on the following formula:

$$VAN = -I_0 + \sum_{t=1}^n \frac{F_t}{(1+k)^t} = -I_0 + \frac{F_1}{(1+k)} + \frac{F_2}{(1+k)^2} + \dots + \frac{F_n}{(1+k)^n}$$

- **VAN** is net present value by its acronym in Spanish.
- **F<sub>t</sub>** are the money flows in each period t.
- **I<sub>0</sub>** is the initial investment (t = 0).
- **n** is the number of periods in time.
- **k** is the discount rate or interest rate required for the investment.

In scenario 1, the NPV is \$34,118.54, this means that the investment will generate a profit and therefore it is viable. In scenario 2 it is \$54,575.74, the investment also will generate a profit and is viable.

The IRR (internal rate of return) is an indicator that shows the discount rate for which the net present value is equal to zero, that is, it equals the sum of the discounted flows to the initial investment (Baca Urbina, 2013, 206). It is calculated based on the NPV formula equal to zero:

$$VAN = -I_0 + \sum_{t=1}^n \frac{F_t}{(1+TIR)^t} = -I_0 + \frac{F_1}{(1+TIR)} + \frac{F_2}{(1+TIR)^2} + \dots + \frac{F_n}{(1+TIR)^n} = 0$$

- **F** represents the cash flows in each period.
- **I<sub>0</sub>** is the value of the initial investment outlay.
- **n** is the number of time periods.

In scenario 1 it is 36.1% which means that the initial investment will have an interest rate of 36.1% during the life of the project and in scenario 2 it is 35%.

**Table 19 Scenario 1 NPV - IRR**

<b>NET CASH FLOW</b>		\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 2,241.83	\$ 30,763.08
<b>ACCUMULATED CASH FLOW</b>		-21492.92	\$ 2,441.83	\$ 4,683.67	\$ 6,925.50	\$ 9,167.33	\$ 11,409.17	\$ 13,651.00	\$ 15,892.84	\$ 18,134.67	\$ 20,376.50	\$ 22,618.34	\$ 24,860.17	\$ 27,102.00	\$ 30,963.08
TASA DE CORTE	15%														
TIR	36.1%														
VAN															34,118.54

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**Table 20 Scenario 2 NPV - IRR**

<b>NET CASH FLOW</b>		\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 3,696.60	\$ 48,220.32
<b>ACCUMULATED CASH FLOW</b>		-36672.03	\$ 3,896.60	\$ 7,593.21	\$ 11,289.81	\$ 14,986.41	\$ 18,683.02	\$ 22,379.62	\$ 26,076.23	\$ 29,772.83	\$ 33,469.43	\$ 37,166.04	\$ 40,862.64	\$ 44,559.24	\$ 48,420.32
TASA DE CORTE	15%														
TIR	35.0%														
VAN															54,575.74

Author: Samantha Montezuma

### 3.5. Retail price

To obtain the retail price for scenarios 1 and 2, the import cost was divided by the units purchased and the fixed cost by the units purchased.

Two different profits were determined: 10% and 15%. A larger import batch reduces fixed costs and can increase the profit margin. A 10% profit is applied when costs are high due to smaller import batches and if it is a larger import batch, fixed costs go down and profit can be increased to 15%. In addition, this profit in these two items is part of the mix of products that generate the total profit of the company.

The cost of the warehouse was not added since the company has its own warehouse in the same location as its store, which means a reduction in transportation costs. Additionally, it is worth mentioning that it is a warehouse that cannot be leased to third parties since it has a direct connection with the store, for this reason it is not considered an opportunity cost.

Therefore, in Scenario 1 the price for clothing is as follows:

**Table 21 Scenario 1 - R.R.P.**

<b>Garment</b>	<b>R.R.P.</b>
Jacket	\$163.35
Pants	\$126.32

Author: Samantha Montezuma

In scenario 2 the retail price is:

**Table 22 Scenario 2 - R.R.P.**

<b>Garment</b>	<b>R.R.P.</b>
Jacket	\$111.36
Pants	\$87.11

Author: Samantha Montezuma

### **3.6. Chapter conclusions**

Scenario 1 and scenario 2 are viable considering that profitability, the analyzed indicators of IRR, NPV and ROI give favorable results for both cases. However, in scenario 2, even though the utility is higher, the costs are reduced because they are batches of larger purchases, so they are economically more efficient.

At the end of this work, it is considered that the proposed objectives have been achieved. The best import scenarios were identified and the costs of each of them were comparatively analyzed, which will contribute to the commercial and operational efficiency of Monodedo Company.

## CONCLUSIONS

This research has made it possible to compare two import scenarios to analyze which one is profitable and feasible for the company.

Through the market study it was determined that there is a demand for these garments in the city of Cuenca, which is positive since the majority of respondents are willing to buy this type of clothing. Additionally, this analysis made it possible to know that potential consumers are willing to buy this type of garment even without doing outdoor activities and how much they are willing to pay for each garment.

Regarding the offer, as it is a local project, it was defined that the market is not saturated, it has few suppliers that are in a similar price range with different qualities and designs; except for some garments that are priced higher than the average. It should be noted that only this market was analyzed because it is the only one to which we have access to information, since there is also smuggling of this type of garments, but because their entering to the country is illegally, the information is unknown.

Regarding logistics, it is feasible to contact the supplier and also obtain discounts depending on the batch of purchases. The INCOTERMS 2020 are known and it was agreed between both parties to use FOB. The agreement with the European Union was also known, which reduces the tariffs on this purchase. The operation can also be carried out successfully since the procedures to be followed were clearly explained. The customs regimes through which the merchandise must pass (public commercial deposit regime and the import for consumption regime), and the responsibilities of the company so that the garments arrive at the warehouse were determined.

Finally, in the cost and profitability analysis, the fixed and variable costs of the company were determined, the cash flow, the comprehensive income statement and the IRR and NPV indicators for the different purchase batches were made. In scenario 1 with a purchase batch of 292 garments, the warehouse cost for the jackets is \$50.69 and for the pants \$71.50, the NPV is \$34,118.54 and the IRR is 36.1%; these results are positive in terms of profitability, however, the retail price with a profit of 10% is \$163.35 for jackets and \$126.32 for pants. Instead, scenario 2, which has a larger purchase batch, allows reducing fixed costs, having a greater profit margin of 15% and still obtain a competitive retail price in the market, \$111.36 for the jacket and \$87.11 for the pants; this scenario has a NPV of \$ 54,575.74 and an IRR of 35%.

## RECOMMENDATIONS

The recommendations after this reports are that Monodedo Company import 600 sustainable garments from Spain to obtain a retail price of \$111.36 for the jacket and \$87.11 for the pants, which implies having a profit of 15%. In addition, it is advisable to do the same analysis for other garments to determine the most economically efficient batches for importation. These are the competitive prices in the market according to the supply analysis and are in the price range that consumers are willing to pay according to the demand analysis. For these reasons, it is not recommended to import scenario 1 since retail prices are very high compared to other market prices.

Regarding logistics, Monodedo should carry out the processes that are described in chapter 2 in the import flow chart with emphasis on the negotiation in FOB terms of a larger batch of garments, since in this way a discount of 15% will be obtained. Additionally, it is suggested the advance payment of half of the total value of the purchase to Ternua Company and the remaining payment with credit thirty days after the merchandise has arrived at Monodedo's warehouse. This way both parties agree to comply with their obligations and also creates bases of trust for future negotiations.

In addition, Monodedo Company must verify the progressive reduction of tariffs due to the agreement with the European Union. It has to be taken into account that 2022 is the fifth year of validity of this agreement, which means that the tariffs on these products will become 0, being this an incentive for imports.

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## ANNEXES

### Annex 1 Survey

## Encuesta

Esta encuesta es para un proyecto de tesis sobre la importación de ropa para actividades al aire libre.

Los productos tienen altas prestaciones técnicas, con tejidos de alta calidad para su durabilidad y resistencia en climas adversos, no contienen químicos y además están hechos con algodón orgánico y materiales biodegradables.

**\*Obligatorio**

1. ¿Realiza actividades al aire libre como caminatas en la montaña, camping, pesca, andinismo, escalada, trail running, observación de aves o ciclismo de montaña? \*

*Marca solo un óvalo.*

- Sí  
 No

2. ¿Con qué género se identifica? \*

*Marca solo un óvalo.*

- Hombre  
 Mujer

3. Seleccione su rango de edad \*

*Marca solo un óvalo.*

- 15-25 años  
 26-35 años  
 36-45 años  
 46-55 años  
 Mayor de 55 años

4. ¿Alguna vez ha adquirido prendas diseñadas para este tipo de actividades al aire libre? \*

*Marca solo un óvalo.*

Sí

No

5. ¿Estaría dispuesto/a a comprar ropa diseñada específicamente para este tipo de actividades? \*

*Marca solo un óvalo.*

Sí

No

Tal vez

6. ¿Cuánto estaría dispuesto/a a pagar por una casaca impermeable? \*

*Marca solo un óvalo.*

\$90- \$110

\$111-\$130

\$131- \$150

\$151- \$180

Más de \$180

No estaría dispuesto a pagar ninguna de esas cantidades.

7. ¿Cuánto estaría dispuesto/a a pagar por un pantalón para realizar todo tipo de actividades al aire libre? \*

*Marca solo un óvalo.*

\$100-\$110

\$111-\$120

\$121- \$130

\$131-\$140

Más de \$150

No estaría dispuesto a pagar ninguna de esas cantidades.

## Annex 2 AC GROUP international freight quote



**ACGROUP WORLDWIDE ECUADOR S.A.**  
 Dirección: Cda. Kennedy Norte, Calle Flores Pérez y Calle Clotario Paz, Edificio Atlantis, Piso 5, Guayaquil – Ecuador  
 PBX: 593-4-2680100 FAX: 593-4-2681803  
 www.acgroupecuador.com Email: info@acgroupecuador.com

### COTIZACIÓN

SAMANTHA MONTEZUMA

Número:	00003203-2021
Fecha y Hora:	may/03/2021 05:10
Fecha de Expiración:	may/15/2021 11:59
Empleado:	Carina Zavala

Información de Origen		Información de Destino
		SAMANTHA MONTEZUMA
Modo de Transportación: <b>LCL</b>	Puerto de Origen: <b>Barcelona</b>	Puerto de Destino: <b>Guayaquil</b>

Descripción de los Cargos	Cantidad	Precio	Valor
FLETE MARITIMO LCL	2,05 m <sup>3</sup>	55,00	112,75
BL FEE LCL	1,00	50,00	50,00
MANEJO Y ADMINISTRACION LCL	1,00	120,00	120,00
DESCONSOLIDACION LCL MIN. USD100	1,00	100,00	100,00
THD LCL MIN. USD60	1,00	60,00	60,00
COSTO FINANCIERO ADMINISTRATIVO LCL	1,00	25,00	25,00
Subtotal			467,75
Impuesto			36,60
Total ▶ USD			504,35

Notas
SALIDAS SEMANALES TT. 32 DIAS APROX SUJETO A EMISION DE BL EN DESTINO USD60+IVA

Firma: \_\_\_\_\_

### Annex 3 TIBA international freight quote



ECU-593-21-264

Fecha:	09/03/2021	MONEDA	TIPO DE CAMBIO
Ciente:			
Contacto:	Hernán Borrero		

Ref: Cotización flete marítimo LCL desde Barcelona, España

Estimado Cliente:  
Nos complace presentar a continuación nuestra oferta para el servicio solicitado:

Incoterm: FOB  
 Dirección de recogida (si aplica):  
 Servicio: Marítimo LCL  
 POL: Barcelona, España  
 POD: Guayaquil, EC  
 Bultos:  
 Peso: 120,00 kg  
 Volumen: 1,00 cbm  
 Tipo de carga: Carga general  
 Dirección de entrega (si aplica):

#### Ocean Freight

POL	POD	Freight	Transit time	Frequency	Validity	TOTAL USD
Barcelona, España	Guayaquil, EC	\$ 36,00	27 días	Semanal	31-mar-21	\$ 36,00

Cargos locales en destino:			
Administración	\$ 80,00	+IVA	/bl
Servicios Logísticos	\$ 20,00	Min \$100 +IVA	/wm - tn/cbm
Transmisión	\$ 70,00	+IVA	/bl
Gasto portuario	\$ 7,00	Min 80 +IVA	/wm - tn/cbm
Collect fee	5%	Min \$15 +IVA	/cargos en origen/flete

TOTAL USD
\$ 80,00
\$ 100,00
\$ 70,00
\$ 80,00
\$ 15,00

Summary LCL 1 CBM	
Flete	\$ 36,00
Locales destino	\$ 345,00
All in sin IVA	\$ 381,00
IVA	\$ 41,40
All in	\$ 422,40

Esperamos haber cumplido sus expectativas. En caso de requerir información adicional no dude en contactarnos.

#### Observaciones:

- \*La emisión de BLS originales tiene un costo de \$25+IVA.
- \*Tarifa sujeta a confirmación, espacio en el buque y disponibilidad de equipos.
- \*Tarifa no aplica para carga peligrosa o sobredimensionada.
- \*TIBA no será responsable de demoras imprevistas o retrasos de fuerza mayor durante el tránsito de la carga.
- \*La emisión de una nueva factura por responsabilidad del cliente tendrá un valor de \$15+IVA.
- \*Valores a pagar a Contecon, TPG, Bana Puerto o cualquier operador portuario son responsabilidad del importador.
- \*Cualquier rubro adicional no contemplado en esta oferta será cobrado como reembolso.
- \*Para cumplir con el proceso de registro, es necesaria la aceptación de la propuesta por escrito.
- \*Itinerario sujeto a modificación.
- \*Tiempos de tránsito estimados y sujetos a variación por parte de la línea naviera.
- \*En el caso de precisarse servicio de courier será facturado.
- \*Sobrestadias, almacenajes e inspecciones adicionales serán facturadas si no están cotizadas de forma explícita en esta cotización.
- \*El embalaje de la carga debe ser el apropiado para el transporte internacional.
- \*Sujeto a tasa de cambio en Banco del Pacífico.

ROSSANA HUAYAMAVE  
 TIBA ECUADOR-FORWARDING S.A.  
 Av. Rodrigo Chavez; Parque Empresarial Colón  
 Guayaquil, Ecuador  
 Mobile: 0981463467  
 Email: rhuayamave@tibagroup.com  
[www.tibagroup.com](http://www.tibagroup.com)

## Annex 4 Labeling quote

COTIZACION ETIQUETADO Recibidos x



**Juan Carlos Mera Patiño** <juancmerap@gmail.com>  
para mí ▾

lun, 8 mar 17:47 ☆ ↶ ⋮

Buenas tardes estimada, de acuerdo a la información brindada telefónicamente la norma a utilizar sería RTE-013 prendas de vestir y complementos y el costo del etiquetado cosido como exige la norma es de 0,30 centavos por etiqueta más IVA.  
El valor mínimo a facturar es USD 50,00 más IVA.

Este costo incluye trámite en el MIPRO para obtener la autorización misma que demora 24 horas aproximadamente y el tiempo estimado para el trabajo de etiquetado es un día.

Cualquier inquietud estamos a las órdenes.

Juan Carlos Mera P.