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**FEASIBILITY STUDY FOR THE EXPORTATION  
OF ORGANIC TEA FROM JAMBI KIWA  
ASSOCIATION TO CZECH REPUBLIC AND  
UNITED STATES.**

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# **Feasibility study for the exportation of organic tea from Jambi Kiwa Association to Czech Republic and United States.**

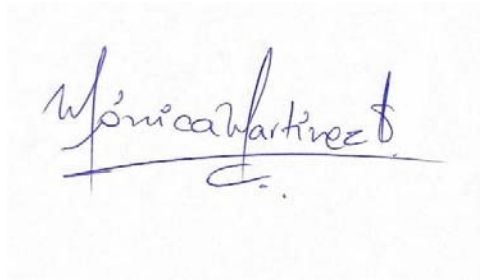
## **Abstract**

The objective of this research is to analyze the feasibility of exporting organic tea from the Jambi Kiwa Association to the Czech Republic and New York. Through a bibliographic review, and analysis of the Jambi Kiwa Association is presented. The association is responsible for the production and marketing of medicinal organic tea. Likewise, in order to know if the Czech Republic and New York correspond to optimal markets for the export of medicinal tea, a market analysis is offered, which considered economic, political, social and cultural aspects of these markets. The results of the research establish that the two markets are optimal for the export of organic Jambi Kiwa tea, since both possess a stable economic situation, which is an important factor to establish commercial relations. They also correspond to populations with a high preference for tea consumption, as well as natural, organic and medicinal products.

## **Key words**

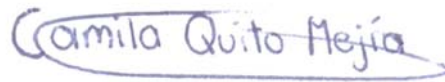
Feasibility study, commerce, exports, organic tea, Ecuador

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# Feasibility study for the exportation of organic tea from Jambi Kiwa Association to Czech Republic and United States

## 1. Introduction

Ecuador is a multicultural and plurinational country conformed by 14 nationalities and 18 indigenous peoples whose wisdom and knowledge have been transmitted for years (Ministerio Coordinador De Patrimonio & Unicef, 2011). Every indigenous community in Ecuador has maintained the essence of their own beliefs, traditions and customs due to the strong sense of cultural identity transmitted to future generations. Jamioy (1997) affirms that indigenous wisdom has great importance because it is considered as heritage and as a social commitment to the duty to guarantee the identity of these peoples and communities.

In addition, Ecuador has great diversity due to its geographical location and climatic conditions. This is the reason why the indigenous people consider the pachamama as a divine being generator of life with which they must maintain a peaceful and balanced relationship in order to preserve it for the future (United Nations, 2013). The connection between indigenous peoples and nature is established under the principle of reciprocity, which allows the indigenous ancestral knowledge and knowledge of Ecuador to be extended to different areas, being natural medicine one of the most outstanding. Traditional medicine is defined by the World Health Organization (WHO) (2002) as the total, sum of knowledge, techniques and procedures based on the theories, indigenous beliefs and experiences of different cultures, whether or not they are explainable, used for the maintenance of health, as well as for the prevention, diagnosis, improvement or treatment of physical and mental illnesses (pg.1).

For this reason, it is important to highlight ancestral wisdom and increase the participation of indigenous peoples from Ecuador in international trade; however, foreign trade is characterized by strong competition between different industries within the international market, which makes it difficult for companies to position themselves internationally. In the case of Ecuador, there is the Jambi Kiwa Association, founded in 1999 by a committee of indigenous women, whose main objective was the fight against inequalities and discrimination suffered by indigenous women in Ecuador; it is currently made up of 120 members from different communities in the province of Chimborazo. Jambi Kiwa is engaged in the cultivation, processing and marketing of organic medicinal tea, since through their ancestral wisdom they seek to transmit the benefits that Mother Nature offers to the human being through practices that protect the environment, as well as fair trade labor practices (Cunningham et al., 2004).

In order to promote local productions that generate benefits through an approach to achieve sustainable development for different communities and countries, this research seeks to achieve results that contribute to the achievement of four Sustainable Development Goals established by the United Nations (2018). The first one corresponds to Objective 3: health and well-being, since it seeks to demonstrate the use of medicinal plants for the production of tea in order to counteract or prevent different diseases that affect the health of human beings. The next one corresponds to Goal 5: gender equality, the Jambi Kiwa Association was founded by women, the majority come from indigenous communities of Chimborazo, seeks to increase women's participation in the labor sector under fair working conditions. It also focuses on Goal 8: decent work and economic growth, as the Jambi Kiwa Association promotes economic growth for all its members in order to improve their quality of life, in the same way, it promotes labor techniques under fair trade practices for all its workers. Finally, Goal 12: responsible production and consumption, Jambi Kiwa implements sustainable practices in the production of organic medicinal plants, which allow better care of the environment.

For this reason, it is of interest to analyze whether the Czech Republic and the United States are optimal markets for the export of Ecuadorian organic tea. Therefore, it is necessary to know the level of consumption of medicinal tea, as well as the level of competition between the main tea suppliers for these markets in order to identify if they correspond to a direct competition for Ecuadorian medicinal Andean tea. In addition, to find out the level of feasibility of exporting medicinal tea from the Jambi Kiwa Association to the Czech Republic and the State of New York in the United States, it is necessary to investigate tastes, preferences and demands that exist in these markets, all this with the aim of achieving a solid position within the international market against the competition.

## 1.1. Objectives

The general objective is to analyze the feasibility of exporting organic tea produced by the Jambi Kiwa Association to the Czech Republic and the United States. The specific objectives are: to analyze the production of organic tea of the Jambi Kiwa Association, to study the production and marketing of tea in the markets of the Czech Republic and the USA; finally, **to carry out** a feasibility study for the export and commercialization of organic tea of the Jambi Kiwa Association to the Czech Republic and the United States in the State of New York.

## 1.2. Theoretical framework

The interconnection between countries is the result of the phenomenon of globalization, where a commercial exchange between different nations arises worldwide causing significant effects on the local and global economy. Witker (2011) argues, foreign trade is an important sector for the economic activity of a country since it is the commercial exchange of goods, services, capital between a country and others. In the same way, Feenstra & Taylor (2011) mention that through the import and export of goods made by countries, significant effects are created for the economy that are reflected in its trade balance, which corresponds to the difference between the value of exports and imports made annually. In addition, the trade balance allows us to know if a trade surplus is obtained, this occurs when the level of exports is greater than the value of imports, otherwise a trade deficit where imports value is higher than exports value.

Trade between countries also generates effects on the domestic production of each country; the Gross Domestic Product (GDP), which represents the value of all final goods and services that have been produced in a year within the borders of a country (Feenstra & Taylor, 2011). In the same way, another benefit generated by international trade is for the labor sector, according to the World Trade Organization (2017), workers in companies dedicated to the import or export of goods receive 30% more in their salaries than those workers in companies focused only on national trade; due to the opening to trade and increased competitiveness in the international market, companies require skilled labor in different areas of work, this encourages workers to find ways to develop their skills and acquire new abilities.

To understand foreign trade, there are different theories in order to explain how this phenomenon develops, one of these theories corresponds to the factor endowment theory developed by Heckscher and Ohlin; this theory explains how the difference in resources such as, land, labor and capital of certain countries in relation to others, influences foreign trade (Feenstra & Taylor, 2011). This theory is applied in the case of Ecuador, since the country has a great variety of natural resources, as is the case with medicinal and aromatic plants, it is complemented by the knowledge and ancestral wisdom of the indigenous population of Ecuador. According to a study by Martínez (2006), in Ecuador there are 432 species of medicinal plants, which are grown in the different climatic zones of Ecuador; this is a great advantage compared to other countries that do not possess the same natural resources.

Due to the increase in commercial exchange between countries, the need has arisen to require protection for the domestic production sector, which is threatened by the entry of similar products from abroad. For this reason, countries have implemented trade barriers, which act as a protectionist measure because it limits the amount of goods and services entering a country (Feenstra & Taylor, 2011). One of the trade barriers most used by countries to protect their domestic production corresponds to tariffs, which are a tax applied to goods entering the territory of a country, for the purpose of increasing its commercial price to make it more difficult to compete with a similar domestic product (Baena Rojas, 2018). However, there are also non-tariff barriers, which are different from the tariffs that apply to goods or services seeking to enter a country; the non-tariff barriers can be pointed to sanitary, phytosanitary and technical regulations that must be fulfilled by goods wishing to enter another country for marketing (Boza & Fernández, 2014). These measures are applied with the purpose of generating fairer and more equitable competition in the international market in relation to the exchange of goods and services.

Another effect of globalization corresponds to the internationalization approach pursued by companies, this seeks to increase the participation of companies within foreign markets, for this it is necessary to take into account the level of exports, imports and foreign investment that the company has (García & Mayor, 2019). In this way, internationalization generates greater economic benefits, since the companies reach greater presence in the foreign market; According to Bose (2016), internationalization is not limited to working only for the national or local market, it is about going further and achieving greater reach at the international level. Additionally, as Leandro (2009) mentions, internationalization is the sum of different strategies applied by a company, includes important factors such as resources and entrepreneurship, it is also important to analyze the opportunities and threats that may arise during the process, because when an international approach is achieved, greater commercial, financial and knowledge exchange between different world economies arises.

According to the authors García & Mayor (2019), companies seek to internationalize for several reasons. One of them corresponds to reducing production costs because companies seek to reach foreign markets with cheaper factors of production in order to implement them in their production process, in this way they manage to be more competitive within the international market. Similarly, internationalization allows companies to seek markets that have resources, such as natural, technological or abundant labor, since in the national market they are scarce or even non-existent hindering their level and production capacity. In the same way, through internationalization, companies increase the volume of their sales and increase the level of production to reach international markets, which can generate positive economic effects. Likewise, internationalization reduces the risk for companies because they not only depend on domestic demand, but must supply the demand of the foreign market. For this reason, companies must conduct a market study in order to achieve positioning in the foreign market optimally. Vargas (2017) states that a market study is detailed research, which allows to identify the needs and preferences of the target market by applying different techniques to correctly satisfy that specific market and avoid economic losses for companies.

## 2. State of the art

According to a study by Oñate Álvarez et al., (2018), medicinal plants are applied by the ancestral communities of Ecuador as a source of food, to cure diseases and for spiritual purposes. De la misma manera, the study determines that the thinking of Andean communities, in relation to the benefits of nature, is based on four pillars: Relationality, Reciprocity, Correspondence and Complementarity.

According to the Andean worldview, relationality is the interconnection that exists between the human being and nature; any action performed by the human being generates an effect on nature, which will consequently affect the human being. For this reason, to obtain benefits from nature, it is important to maintain a balance and implement practices of care and preservation of the environment. An example of this is the implementation of ancestral medicine and use of medicinal plants for the treatment of physical illness or pain, due to the connection between man and nature which allows the human being to benefit from the properties of nature and for that it is essential that practices of care and conservation of the environment are applied. In the same way, according to the Andean cosmovision, reciprocity consists in thanking and giving back to nature for all the benefits it provides to the human being through actions and practices of environmental care and conservation. Also, according to the Andean cosmovision, correspondence occurs when damage to nature is considered direct harm to the human being, because human beings belong to nature. Finally, complementarity establishes that each subject and each activity they perform are linked to each other, such is the case of the human being and nature, since through their union it is possible to achieve a more harmonious relationship (Oñate Álvarez et al., 2018).

According to a study conducted by Gallegos Zurita (2016) in rural areas of Babahoyo, there are three ways to treat diseases: treatment with a shaman, medicinal plants and medical care. The results of this study showed that 59.4% of the population of these areas has as their main alternative the use of medicinal plants to treat diseases and 38% go for medical care when the disease is severe. Also, the research carried out by Angulo et al., (2012), in the Municipality of Pasto in Colombia were identified 44 diseases treated with medicinal plants, which were classified into 12 categories:

**Table 1**

*Diseases treated with medicinal plants*

Category	Diseases
Skin	Warts, infections, skin wounds, burns, skin inflammation, boils, scabies, cuts, bumps and blisters
Cardiovascular	Heart disease. Heart pain
Respiratory	Difficulty breathing, throat pain, chest pain, asina, bronchitis, tuberculosis, cough and colds
Neurológica	numbness of the extremities, paralysis
Reproductive	infertility, vaginal pain, pregnancy pain, stop bleeding during childbirth, abundant flow of menstruation, menstrual problems and increase sexual potency.



Gastrointestinal	Diarrhea, dysentery, vomiting, stomach ache, gastritis, Intestinal worms, anthelmintic, bile disorders and constipation
Orthopedic	Heal broken bones, bone fractures, Back pain, hand and leg fracture, bone-ache, bone diseases, joint pain
Blood	Increase blood, blood purification, high blood pressure and blood circulation
Renal or urological	Kidney diseases, urinary tract infection, diuretic, dysuria
Muscular	Increase body size, for body massage, "waist pain", body inflammation, blindness, vision defects, earache, sinusitis, gingivitis, relief of dental pain and tonsillitis
sensory system	Conjunctivitis, Nose Pain, Eye Pain, Stop Nosebleeds, Eye Disease, Blindness, Vision Defect, Earache, Sinusitis, Gingivitis, Toothache Relief, Tonsillitis
Pediatric	Children's head massage
Others	Fever (any type: typhoid and malaria), jaundice, headache, vertigo/dizziness, stop sweating, diabetes, cancer, snake bite and scorpion sting, vitamin, nutrient, tonic to treat weakness, infectious diseases, pain in ribs, tuberculosis, edema (swelling of the body), body pain, and "swelling pain."

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Source: Angulo et al., 2012, p. 172.

In rural communities, medicinal plants such as chamomile, paico, cedron and pennyroyal are used to treat gastrointestinal diseases such as diarrhea or parasites. To treat respiratory diseases, such as cough or throat problems, bougainvillea plant and peppermint are used, while, to treat blows, relieve pain and heal wounds, matico, congona and chupalla are used, with which they are processed and an ointment is prepared (Angulo et al., 2012).

### **Jambi Kiwa Association**

In Ecuador, indigenous communities in the Andean areas are engaged in productive activities, as is the case of the cultivation of medicinal plants where the Jambi Kiwa Association of the province of Chimborazo is one of the largest producers.

In 1999, Rosa Guamán and a group of women from Chimborazo Province founded the Jambi Kiwa Association of Medicinal Plant in order to achieve greater social equality for indigenous women in Ecuador, encourage gender equity in the productive activities of the country and improve the economic livelihood of families in rural areas of Chimborazo under practices that represent indigenous knowledge and feelings. Jambi Kiwa was born with the aim of cultivating, processing and marketing medicinal and aromatic plants from Ecuador, this idea did not arise only in order to obtain economic benefit, was also seen as an opportunity to improve community health (Cunningham et al., 2004).

The Jambi Kiwa Association collected between five and ten kilograms of medicinal plants weekly, but then increased to 100 kilograms. The increase in the production of medicinal plants of the Association allowed a tea company in the city of Ambato decides to buy its medicinal plants; subsequently, members of Jambi Kiwa Association began processing medicinal plants and manufacturing their own medicinal products, such as soap, shampoo and natural expectorants (Cunningham et al., 2004).

In 2001, the Association achieves its legal status and established a contract as a supplier of dried and ground medicinal plants for the Compañía Ecuatoriana del Te C.A (CETCA) in Quito; this allowed the medicinal tea produced by Jambi Kiwa to be marketed in Panama, Colombia and Costa Rica. This growth allowed the Association to acquire machinery for the drying and processing of medicinal plants, as well as having greater knowledge about the management of the tea industry. Due to the growth of the company, it was necessary to seek new markets for the sale of medicinal plants, therefore, Jambi Kiwa trained producers in good practices for the cultivation of medicinal plants with the aim of obtaining an organic certification of the Bio Control System (Cunningham et al., 2004).

According to the interview with the Manager of Jambi Kiwa, the Association aims to demonstrate to the world the culture of Ecuador; for this reason, in the packaging of boxes of organic medicinal tea that they produce it can be seen the image of an indigenous woman of the Andes of Ecuador, wearing the typical costume of their community and

harvesting medicinal plants. In addition, the production process of the Association has different certificates that guarantee its level of quality, such as 100% organic product (BcS), fair trade (SPP), and BCS ÖKO Garantie

The products that Jambi Kiwa commercializes are boxes of medicinal Andean tea in 8 different presentations: té 3 Aromas, té Algemix, té Bilgramix, té de la abuela, té Diumix, té Eucalipment, té Paicomix y té Valerianis, each of these boxes contains 25 tea bags priced at \$1.50 each box, and the deadline for consumption is 2 years (Jambi Kiwa Chimborazo Association, 2020).

**Table 2**

*Medicinal tea produced by Jambi Kiwa Association*

<b>Product</b>	<b>Ingredients</b>	<b>Benefits</b>
té 3 aromas	chamomile, mint and tipo	stimulating and expectorant, to use it to treat sinusitis, flu, fever, and cough.
té Algemix	taraxaco, mint, chamomile, borraja, Artichoke, Artemisia absinthium, chilca, Anethum graveolens	To keep cholesterol low and uric acid, as well as to help burn fat and lose weight
té Bilgramix	nettle, caballo chupa, Medicago sativa, Aloysia citrodora, chamomile, ajenjo	For the proper functioning of the biliary system
té de la abuela	sangorache, Borago officinalis, Aloysia citrodora, caballo chupa, escancel, Mentha spicata, lemon verbena, hoja naranja, Plantago major, chamomile, mint, tilia, tipo, Melissa officinalis.	Diuretic effect
té Diumix	Taraxacum, sangorache, Urtica, Phyllanthus niruri, caballo chupa, escancel, Aloysia citrodora, calaguala, Plantago major, malva, mint, muelan	Purifying effect of blood, cleans urinary tract, detoxifies the body and deflates the liver and kidney
té Eucalipment	Borago officinalis, tipo, mint, flor de iso, Aloysia citrodora, sangorache, tilo, Eucalyptus	decongestant, to treat sinusitis and tonsil, reduces discomfort and fever caused by the flu
té Paicomix	paico, oregano, Mentha spicata, mint, thyme, nettle, tipo, matico, Medicago sativa, malva, Aloysia citrodora	Eliminate parasites from the digestive system and help treat gastritis
té Valerianis	valerian, Melissa officinalis, mint, Aloysia citrodora, hoja naranja, chamomile, lemon verbena, oregan.	To calm the nervous system, it serves as a relaxant and to fall asleep

Source: Jambi Kiwa Association (2021)

The Jambi Kiwa Association complies with all the agricultural quality regulations that are required in Ecuador, guaranteeing that the tea they produce is 100% organic and natural. To obtain organic product certification, the producers of the association undergo inspections, audits and monitoring in the field on a regular basis, in the same way, the care of the environment is guaranteed through good agricultural and productive practices.

The market segment of Jambi Kiwa is to people interested in taking care of their health by consuming natural and organic products; each producer must have a land suitable for production of at least 400 m<sup>2</sup>, also they must also be certified as organic producers, for this a field technician must supervise and accompany the producers in order to verify compliance with all established agricultural regulations and practices. Likewise, the technician is responsible for supervising the traceability process during the transportation of medicinal plants to the processing plant, to register it and weigh the amount of medicinal plants.

The manufacturing process of medicinal tea of Jambi Kiwa Association has the following stages: First, all the raw material enters a collection area, in which it is recorded and weighed. Second, the medicinal plants are disinfected and then go to the drying area for the leaves. Finally, it enters a machine in charge of grinding the leaves, and then packing them. Currently, Jambi Kiwa exports its product to France and has the production capacity of 5 thousand cases of tea per week. However, it seeks to further increase its level of production so it is implementing a business plan through which it is possible to identify how to attract more partners with productive capacity, improve the process of cultivation and collection of medicinal plants and seek new international markets for the commercialization of medicinal tea.

### **3. Methods**

This study was conducted by goal, question, and metric method, which involves four phases: planning, definition, information gathering and interpretation of information (Basili, 1980). The research is of a descriptive exploratory type with a qualitative approach based on the theory of Sampieri (2006).

It applies literary review of secondary sources, in order to understand about ancestral traditions of Ecuador in relation to the use and benefits of medicinal plants. In addition, to learn about the production of medicinal tea and the export process currently handled by the Jambi Kiwa Association, it conducted a semi-structured interview with the manager of the Association, additionally it was complemented by researching through literary review of secondary sources. To analyze the competition in the markets chosen for the study, it applied bibliographic review to acquire qualitative and quantitative data. Finally, in order to fulfill the feasibility study for the export and commercialization of tea of the Jambi Kiwa Association, it made use of review of secondary sources in order to obtain data and information with a focus on tea consumption in the state of New York in the USA and in the Czech Republic.

### **4. Results and discussion**

#### **a. Market Analysis**

##### **i. Economic growth**

The Gross Domestic Product (GDP) measures the total monetary value of all final goods and services, which have been produced within the borders of a country during a specific time (International Monetary Found, 2020). The GDP of the Czech Republic grew by 29.28% between 2017 and 2021. On the other hand, in the same period of time, the United States increased its GDP by 18.06% (Annex 1) (International Monetary Found, 2020). The results show that the GDP of the Czech Republic and the United States has grown in the last five years, however, the economic growth of the Czech Republic is higher.

The increase in GDP demonstrates that, due to high consumer demand, companies in these markets increase their production of goods and offer more services, likewise, it increases the demand for labor by reducing the level of unemployment, this improves the economic condition of the population. In addition, this makes these two countries stable economies capable of attracting investment and increasing trade, being a beneficial factor for the Jambi Kiwa Association, since they correspond to markets capable of acquiring more products for consumption, as is the case of medicinal tea.

##### **ii. Purchasing power**

Purchasing power measures the capability of people to buy non-essential products for consumption, as is the case with Jambi Kiwa medicinal tea. The purchasing power in the United States has had a decrease of 4% in the last five years (Annex 2), In addition, inflation has increased by 2.57%. (Annex 3). This means that the population of the United States receives a lower salary than previous years and the cost of goods and services are higher and therefore less affordable. On the other hand, the purchasing power of the Czech Republic increased by 42% (Annex 2), however, its inflation rate has increased 1.39% (Annex 3) (International Labor Organization, 2021) (World Bank, 2021). On this occasion, the Czech Republic obtains greater economic growth, however, the costs of goods and services also show an increase.

Although the inflation rate in the Czech Republic has increased, purchasing power has also increased considerably, therefore, the Czech population has a greater possibility of acquiring products that are not part of the basic basket as is the case of Jambi Kiwa medicinal tea, which is beneficial for the brand due to the opening of a new market. However, in the United States the situation is different, since the inflation rate has increased and the level of purchasing power has decreased, for this reason, the American population has less possibility of acquiring non-essential products, being a negative result for the Jambi Kiwa Association and the export of medicinal tea. Between these two markets, the Czech Republic is the most optimal country to introduce Jambi Kiwa medicinal tea, since the comparison between the purchasing power and the inflation rate is more beneficial in contrast to the United States.

##### **iii. Country Risk**

Country risk is an economic indicator to consider when deciding to invest or establish business relationships in another country, because it demonstrates the level of credit risk, liquidity, solvency and economic stability of the country (Ceballos Aristizábal et al., 2017). The country risk index is calculated from lowest to highest risk on a scale between

A1 (very low), A2 (low), A3 (satisfactory), A4 (reasonable), B (slightly high), C (high), D (very high), and E (extreme). The Czech Republic is category A3, that is, its level of country risk is satisfactory, while the country risk of the United States is category A2, therefore, it is low (COFACE, 2021).

The country risk of the United States is low, which shows that its capacity to pay debts is high, making it an attractive country to receive foreign investment and maintain responsible trade relations with other countries. which leads to achieving greater growth and economic and social development for its population. On the other hand, although the country risk of the Czech Republic is not as low as that of the United States, their ability to pay debts is still high. This is important since it is considered a suitable country to receive investment and financing projects that help contribute to the economic growth of the country. In the case of both markets, the country risk index is a beneficial factor because this means that they are less risky and more profitable countries to do business, this being an important factor when exporting products to these countries, as is the case for the Jambi Kiwa Association with the export of medicinal tea, if it is exported to these markets, the Association has greater security regarding the fulfillment of the obligations of the buyers, such as the payment of their invoices.

#### **iv. Corruption perception index**

The corruption perception index (CPI) is important when analyzing the economic growth of a country, because it generates results that affect the population positively or negatively; it is measured on a scale from 0 (high level) to 100 (low level). The Czech Republic has a level of 54 points in the CPI, which places it in the middle level and ranks 49th out of 180 countries. On the other hand, the United States in the CPI has a level of 67 points, that is, a medium-low level and is in position number 27 (Transparency international, 2022a, 2022b)

According to these results, the United States and the Czech Republic are among the fifty least corrupt countries internationally, this is favorable, since it shows how countries direct their public funds towards internal investment in order to contribute to economic growth and reduce social inequality among the population. However, even though the level of corruption in the Czech Republic is medium, the country must further strengthen its anti-corruption laws to improve its position at the international level, since this represents greater benefits for the quality of life of its population, as well as in commercial exchange and investment. This result is favorable for the export of medicinal tea from the Jambi Kiwa Association, since it demonstrates the possibility of a fairer and more transparent competition between companies due to the economic and social stability that these international markets possess, which makes them attractive countries to establish trade relations for their political stability.

#### **v. Doing Business**

The Doing Business index calculates the level of simplicity of doing business in a country on a scale of 0 to 100, in which 0 is inefficient and 100 is very efficient. For its calculation, the level of demand for compliance with regulations and business standards must be considered, as well as the level of public safety, protection of workers, companies and investments, since if they are inefficient, they can affect the productivity, development and growth of companies (World Bank, 2020). In the year 2020, the Czech Republic obtained a score of 76.3, while the state of New York in the United States reached a score of 85.2 (World Bank, 2020a, 2020b).

The Doing Business index is more favorable in the case of New York than in the Czech Republic, therefore, the state of New York presents fewer obstacles when doing business; it has a greater level of facility to open new companies, either through faster and more efficient procedures, payment of less taxes or greater possibility of obtaining credits destined for investment. This is an important factor because it makes it a more attractive economy for investment. and benefits the economic development of this state by increasing trade between different parts of the world. Likewise, it allows improving living conditions for the population by reducing the level of unemployment and poverty. However, despite the fact that the Doing Business index in the Czech Republic is slightly less favorable than that of the state of New York, It is a very positive qualification, since it demonstrates the benefits and facilities at the moment of establishing commercial relations with companies and individuals from this country.

#### **a. Trade relations**

##### **i. Trade Agreement between Ecuador and European Union**

Since the Trade Agreement between Ecuador and the European Union entered into force in 2017, bilateral trade between these two partners grew by 31%, that is why Ecuador becomes the main supplier of bananas, plantains and shrimp in the European Union, it also increased its level of flower and cocoa exports for this trade bloc, similarly, in

2021, bilateral trade increased by 16% compared to 2020. In addition, in 2022, 1,326 products will enter Ecuador from the European Union with a 0% tariff (Delegation of the European Union in Ecuador, 2022)..

## **1. Trade relations between Ecuador and Czech Republic**

Exports from Ecuador to the Czech Republic increased by 7.67% from 2017 to 2021 (Trademap, 2021a), (Annex 4) also, in the same period of time, exports from the Czech Republic to Ecuador also increased by 149% (Annex 5) (Trademap, 2021b). The Trade Agreement between Ecuador and the European Union has generated positive results for the economy of Ecuador because it has allowed to obtain greater opening for the commercial exchange between partners. Since the agreement entered into force, Ecuadorian exports to this market have increased considerably due to the commercial opportunities it offers. It is important to mention that exports from Ecuador to the Czech Republic for the year 2020 decreased due to the Covid 19 pandemic.

### **ii. Trade relations between Ecuador and United States**

The United States is the main trading partner of Ecuador and also one of its main investors during January and August of the year 2020, 20% of all Foreign Direct Investment (FDI) that Ecuador received came from the United States (Ministerio de Producción, Comercio, Inversiones y Pesca, 2020). However, there is currently no FTA between Ecuador and the United States, but the governments are in negotiations about it, since it would mean great economic and commercial benefits for both countries. For this reason, at the end of 2020, Ecuador and the United States signed the Protocol of the Agreement of the Trade and Investment Council or First Phase Agreement, it entered into force on August 4, 2021. This agreement establishes facilitating rules for international trade, such as simplifying processes and customs procedures. In addition, to increase the commercial exchange between Ecuador and the United States it is necessary to achieve legal certainty, for this reason, this agreement seeks to develop and implement trade and investment regulations through the implementation of international standards and practices. The first phase agreement also seeks to improve opportunities for MSMEs through simpler and faster customs processes to increase trade between these countries. Also, to achieve a fairer and safer commercial Exchange; this agreement seeks to eradicate corruption in international trade processes, modernize customs processes and increase commercial control tools (Ministerio de Producción, Comercio, Inversiones y Pesca, 2020).

Similarly, in 2020, the United States exported to Ecuador a value of approximately \$4 billion dollars, which represented 25% of total imports to Ecuador (U.S. Embassy & Consulate in Ecuador, 2020), In the same year, Ecuador exported to the United States a total value of \$4,786,401 USD (Trademap, 2021a), this means that in this year the value of exports exceeded imports (Annex 6). The same thing happened in 2021, where imports from the United States were \$5,681,096 USD (Trademap, 2021d), (Annex 7) while exports reached a total value of \$6,402,850 (Trademap, 2022a)

Although the commercial exchange between Ecuador and the United States has been strengthening over the years, the fact that there is no free trade agreement (FTA) between these economies makes it impossible for exporting companies in Ecuador to achieve a greater opening in this market; this does not allow Ecuador to increase trade with the United States. In addition, between 2017 and 2021, exports from Ecuador to the United States increased by 7.28% (Trademap, 2021a) (Annex 6), so, if there is a commercial agreement between these partners, these values can improve and be more beneficial for Ecuador through a closer relationship with the United States.

## **b. Evolution of imports**

The Andean medicinal tea product has been classified with the tariff heading "1211" corresponding to insecticide, pesticide or similar uses, fresh, chilled, frozen and dried, whether or not cut, broken or pulverized" and to subheading 1211.90.90.00 category "others" (Foreign Trade Committee, 2017). In 2021, the value of imports to the Czech Republic from worldwide for subheading 1211.90.90.00 was \$28,057 USD, which is higher than the values imported in the last five years (Annex 8) (Trademap, 2021f), while for heading 0902 corresponding to "Tea, even flavoured" which includes black tea and green tea, its imported value was \$28,955 USD (Annex 9) (Trademap, 2021e). Subheading 1211.90.90.00 includes all tea that has pulverized medicinal plants as ingredients, while heading 0902 only includes black tea and green tea. It is important to make this differentiation, since the main brands of tea on the market belong to heading 0902, therefore, the level of sales in the international market is higher due to the fact that the product contains less common ingredients. In addition, analyzing tea imports to these markets is very useful when seeking to export Jambi Kiwa medicinal tea, since it allows knowing the level of preference that the population has in relation to this product.

### **c. Tea exports from Ecuador to the United States and the Czech Republic**

With subheading 1211.90.90.00, in 2021, Ecuador has exported \$14,000 USD to the Czech Republic, which is the highest value in the last 5 years (Annex 10) (Trademap, 2021b). In 2021, Ecuador exported a total of \$1,280 USD to the United States, which is lower than the value for the year 2020, which was \$1,312 (Annex 11) (Trademap, 2021a). Exports from Ecuador to the Czech Republic with the subheading 1211.90.90.00 is not so high, which means that the country does not export large quantities of this product to this market. This is important to consider because this market can mean a great opportunity for the Jambi Kiwa Association to market medicinal tea, because the level of competition within this market is not that high. On the other hand, in the case of New York, exports in 2021 were lower than in 2020, which may mean that this sector has not yet been able to recover from the effects caused by the Covid 19 pandemic. Likewise, the amounts exported to this country are not high, representing a good opportunity for Jambi Kiwa to enter this market.

### **d. Consumers**

Identifying the target population is important, since it allows knowing the approximate number of people who may be interested in acquiring and consuming a product. In the case of Jambi Kiwa, the medicinal tea they produce is aimed at people who want to take care of their health, treat or prevent diseases, as well as young people interested in consuming healthy, natural and organic products. For this reason, the population was selected. target in a range of 30 years and older. In the case of the Czech Republic, the number of inhabitants in this age range is 7,264,340 inhabitants, representing 69% of the total Czech population (Annex 12) (Czech Statistical Office, 2021). In the case of the State of New York, it has a total population of 8,382,865 inhabitants, of which 5,194,634 people (62% of the total population) are over 30 years of age (Annex 13) (Global world statistics, 2021). The target market to which the Jambi Kiwa Association is directed, in the case of the Czech Republic and New York, is quite broad, since it represents more than 60% of the total population, this being an important factor to take into account when enter these markets because it raises awareness of the number of people possibly interested in consuming medicinal Jambi Kiwa tea.

### **e. Cultural Characteristics**

It is important to analyze the cultural aspects of the target consumers for the commercialization of Jambi Kiwa medicinal tea, since it must be identified if the product is of interest to the segment of the population of the Czech Republic and the United States, it also allows identifying what adaptations or changes must be implemented in the product in order to satisfy the tastes and needs of future customers. Therefore, according to Hofstede's cultural dimensions, which are measured on a scale from 0 to 100, 0 being low level and 100 being high level in each dimension (Hofstede et al., 2010), it has been possible to differentiate the main characteristics cultures of the Czech Republic and the United States (Annex 14).

In the dimension on the level of individualism within society, a high score means that it is an individualistic society, where each individual takes care of himself and his closest family, while a low level in this dimension means a society based on collectivism; they are people who are part of a larger group, where the family group is more extensive (Hofstede et al., 2010). In this dimension, the Czech Republic has a high score of 58 points, meaning that it is an individualistic society where people are more independent and mainly care about themselves and their closest family. In this case, the United States also corresponds to an individualistic society because it has 91/100 in this dimension (Hofstede insights, 2022). It is important to analyze this dimension because it allows us to know how the population in the Czech Republic and the United States consumes tea, where the population prefers to enjoy a cup of tea individually or only with people who are very close to them, as in small groups. This is an important factor to take into account, because it provides the necessary information to the Jambi Kiwa Association to plan new strategies, in a way that adjusts to consumer preferences.

In the same way, through the analysis of the dimension of masculinity, which establishes that a high score corresponds to a masculine society, that is, individuals tend to be more assertive, tough and focused on material success, while a low score means that the society is feminine, therefore, it is more modest, understanding and cares more about the quality of life of individuals. In this dimension, the Czech Republic has a score of 57/100 and the United States 62/100, which means that they are masculine societies governed by relatively more objective behaviors and with a view to the material (Hofstede insights, 2022). The importance of analyzing this dimension is that it has revealed that the societies of the United States and the Czech Republic focus on economic growth and on obtaining more materialistic results, thus neglecting personal well-being and health. This is important to take into consideration for the commercialization

of Jambi Kiwa medicinal tea, since these are markets where people tend to have less free time in which to rest and enjoy a cup of tea.

Another dimension corresponds to uncertainty aversion, which consists of the level at which members of a culture feel threatened by ambiguous or unknown situations. In this dimension, a high score corresponds to a society with a high preference for avoiding uncertainty, while a low score corresponds to a society open to facing new or unknown situations. In this case, the Czech Republic has 74/100, meaning that it is a society with a high preference for avoiding uncertainty and therefore has a great need for rules and regulations in order to avoid unknown situations. On the other hand, the United States has 46/100, that is, a low level of uncertainty avoidance and therefore it is a society with a high level of acceptance of trying different and innovative things, as well as accepting new ideas (Hofstede insights, 2022). It is important to consider the level of uncertainty within the target countries, since it is necessary to know how willing they are to discover and try a different product with natural and little-known ingredients. In the case of the United States, it is a society open to trying new and different products from those already known, this is a great opportunity for the Jambi Kiwa Association because it represents a market willing to try organic medicinal tea made with different ingredients and with high healing properties, quite the opposite, to the Czech Republic, which is a closed society in the presence of unknown products that create greater uncertainty for the population. However, this cultural difference must be taken into consideration, as it corresponds to an opportunity for the Jambi Kiwa Association to create new strategies focused on promoting the healing and natural properties of medicinal organic tea to combat diseases, so that the Czech population feel safer and more confident in consuming this product, since they will be less susceptible to contracting a virus or disease.

On the other hand, the long-term orientation establishes that societies with a high score in this dimension have a long-term orientation, that is, they tend to invest more and save more, since over time they will obtain more satisfactory rewards, while societies with a score below the average correspond to a short-term orientation, which means that they focus on encouraging spending and obtaining immediate profits (Hofstede et al., 2010). In this dimension, the Czech Republic has a high score of 70/100, that is, it is a long-term oriented society with a strong incentive for saving and investment, the opposite occurs in the United States, since it has a level of 26 /100, that is, it is a society with a high level of preference for maintaining its own traditions and regulations in the face of changes in society (Hofstede insights, 2022). According to the dimension of long-term orientation, the Czech Republic tends to make decisions whose results can be evidenced later, therefore, Jambi Kiwa has a sales opportunity in this country because it is a market capable of buying medicinal tea with the objective that its medicinal properties generate positive effects on your health over time. The opposite occurs in the United States, where the population prefers to obtain immediate results, however, Jambi Kiwa medicinal tea provides rapid calming effects, also meeting the demand of the American market.

Finally, the dimension of the level of indulgence establishes that a high-level means that the society allows people to be freer, enjoy life more and have fun, while a low level represents a society that is more controlled and regulated by strict social norms that must be met for acceptance into society. In this case, the Czech Republic has a score of 29/100, this means that it is a society restricted by social norms, while the United States has 68/100, that is, a high level of indulgence, quite the opposite, to the Czech Republic (Hofstede insights, 2022). According to the level of indulgence, the Jambi Kiwa Association has a greater opportunity to sell in the US market because it corresponds to a society that is more open to experimenting with new things or, in this case, new products; this increases the opportunity to sell different and innovative products such as the almost of Jambi Kiwa. However, in the Czech Republic the situation is different, since it is a society that avoids the unknown, this creates greater difficulties for companies seeking to bring their new products to this market.

## **f. Consumption Characteristics**

It is of interest to know the consumption characteristics of the target markets, since it seeks to identify their preferences and needs in order to establish different strategies, that allow to market Ecuadorian medicinal tea more precisely. For this reason, it should be mentioned that in the Czech Republic there is a culture of "tea rooms", which are characterized by being different from a traditional cafeteria, since they are calmer and quieter places where you can enjoy a delicious tea and perform traditional tea ceremonies (The Progetto Repubblica Ceca magazine, 2014). In addition, in the Czech Republic the consumption of herbal teas has a long tradition because they are consumed in case of illness or simply when you want to consume a hot drink, likewise, during the autumn in the Czech Republic there is evidence of an increase in the consumption of healthy products due to the need to strengthen the immune system and prevent diseases due to the weather (Horáková, 2005). The Economic and Commercial Office of Spain in Prague (2020), states that, in

2020, due to the pandemic, Czech consumers changed their consumption preferences and have chosen to increase the consumption of healthy and organic products to improve their health.

According to a survey conducted by the Nielsen Admosphere Agency (2021), more than half of the total population in the Czech Republic drink tea every day, 24% drink tea several times a day, while 29% only drink it once. In the same way, it is established that 57% consume tea to warm up, while 54% do so to treat health problems, in addition 70% of those surveyed consume tea mostly in winter due to weather conditions. In the same way, it is established that 57% consume tea to warm up, while 54% do so to treat health problems, in addition 70% of those surveyed consume tea mostly in winter due to weather conditions. In the case of the United States, the Tea Association of the U.S.A. Inc, (2022), establishes that in the year 2021 approximately 85 billion cups of tea were consumed, of which 84% was black tea, 15% green tea and the remaining 1% corresponds to white tea and other flavors. In addition, according to this study, the United States is the third country that consumes the most tea in the world, the main reasons for its consumption is to reduce the level of stress, increase concentration, calm nervousness, as well as strengthen the immune system. Also, this survey establishes that, in the United States, 87% of people between the ages of 26 and 41 drink tea and 80% of all tea consumed is served cold. By 2021, the United States imported approximately 240 million pounds of black tea and green tea, the latter accounting for 15% of total tea imports. These consumption characteristics allow the Jambi Kiwa Association to know the tastes and preferences of the population regarding the consumption of medicinal tea in order to be able to apply strategies in the production and marketing of medicinal tea in order to satisfy these international markets.

## **5. Competitive analysis**

### **a. Brands, product origin, price, quality and design**

It is important to investigate the main brands of tea that are consumed in the Czech Republic and the United States, since they will be the competition for Jambi Kiwa. According to a survey conducted by Nielsen Admosphere (2018), the most consumed tea brands in the Czech Republic are: Teekanne, Pickwick, Lipton, Babička Růženka, and Ahmad Tea, which are sold in local supermarkets and online stores. The German brand Teekane offers 20 fruit-flavored tea bags at a price of \$37 Czech crowns (\$1.60 USD), the design of its packaging corresponds to images of fruits. The Pickwick brand from the Netherlands offers the flavors of fruit, black tea, green tea and herbal tea, the quantity of 20 sachets at a price of 38 CZK (\$1.65 USD) and its packaging image is based on fruit illustrations, cups of tea and bright colors. Also, Lipton tea from Great Britain has the variety of green tea, black tea, matcha tea, fruit tea, herbal tea, its price is 57 crowns (\$2.45 USD), the Czech brand Babička Růženka (Beauty of the grandmother) offers fruit tea and herbal tea, on its packaging you can see an image of a grandmother accompanied by images of fruits and herbs, this tea is sold at a price of 17 Czech crowns (\$0.75). Finally, Ahmad Tea from England is priced at 149 CZK (\$6.30 USD), the variety of flavors it offers is green tea, black tea, and fruit and herbal tea, its packaging design is based on images of fruits and herbs.

According to Top List Brands (2019), the most consumed tea brands in the United States are: Lipton Tea, Twinings Tea, Smith Teamaker Herbal Tea – Prado, Bigelow Tea, and Dilmah Tea. Lipton tea, in a package of 20 bags, is sold at a price of \$2.48, the British brand of twining tea with 20 bags has a value of \$3.32, while the American brand of Herbal Tea Smith Teamaker – Prado of 15 bags has a value of \$17.79 value and Sri Lankan Dilmah Tea is priced at \$4.71 for 20 sachets; the packaging of all these brands consists of images of fruits accompanied by bright colors. According to the results, the sale prices of these brands vary from one to the other, this depends on the quality of the tea and the origin of the brand, however, it should be taken into consideration that most of these brands have the presentation of 20 tea bags per box compared to Jambi Kiwa tea which has 25 tea bags per box.

## **6. Geographic Distance**

Measuring the distance between Ecuador and the target markets of the Czech Republic and New York is essential to calculate the cost of exporting medicinal tea from Jambi Kiwa and how this will impact the sale price within these markets. Therefore, to measure the distance that exists between Ecuador and the Czech Republic for the shipment of merchandise, it is calculated from the Port of Guayaquil to Bremerhaven Shipping Port in Germany, there is a distance of approximately 10,191.01 km (Google, n.d.), and from Bremerhaven Shipping Port in Germany to the port of Decín in the Czech Republic there is a distance of 405.19 km (Google, n.d.). This is because the Czech Republic does not have direct access to the sea, resulting in a total distance of 10,596.2 km. On the other hand, the distance between Ecuador and the United States is calculated from the Port of Guayaquil to the Port of New York and there is a total distance of 4,871.10 km (Google, n.d.). This result allows knowing the distance that exists between one market and the other, so that it is possible to know the level of feasibility of exporting medicinal tea from Jambi Kiwa.



## **7. Tariff and non-tariff barriers**

The presence of tariff and non-tariff barriers make it possible to control the exchange of goods and services between nations. For this reason, in addition to the general requirements necessary to export, the European Commission (2022) establishes that the specific requirements to export products of plant origin intended for human consumption to the Czech Republic are the following documents: control of contaminants in food products, which seeks to guarantee that the food that enters is suitable and safe for consumption and does not contain contaminants that put human health at risk; the control of pesticide residues in plant and animal products destined for human consumption and the sanitary control of genetically modified (GM) foods and new foods, which prohibits the entry of food products containing genetically modified organisms for marketing and consumption.

In addition, comply with the sanitary control of food of non-animal origin, which has the objective of avoiding the entry of a product that endangers the health of people, the phytosanitary control of traceability, compliance and responsibility in food to prevent the entry of pests and organisms that affect plants or plant products present in this country. It is also necessary to comply with the correct labeling of food products to guarantee that consumers obtain all the information on the product at the time of purchase, as well as the certificate of protection of species in danger of extinction, in which it seeks to control the importation of species of endangered animals and plants, and finally, comply with the regulations for products from organic production, which is voluntary until exporters adapt their productive activity to comply with the standard, since it entered into force on January 1, 2022. In addition, it is important to point out that the products that belong to subheading 1211.90.90.00 (others) enter with a 0% tariff.

On the other hand, to enter the United States, Jambi Kiwa tea must comply specific regulations. Because medicinal tea corresponds to processed food products, is necessary to have sanitary certifications, also, it must comply with the certificate for organic food issued by the United States Department of Agriculture (USDA); and, for a greater control and registration, the exporting company must be registered with the Food and Drug Administration (FDA) (Amcham, 2018). Likewise, if Jambi Kiwa Association fulfill with all the regulations established by the controls of the Czech Republic and the United States, it becomes an attractive product for new markets due to the added value that the product possesses.

## **8. Cost of export**

Calculating the total cost of exporting to the markets of the Czech Republic and the United States allows estimating the sale price of the product in each of these markets. In the case of the Czech Republic, for the export of a 20-foot container with a capacity for 24,948 boxes of tea (Annex 15), the freight cost is approximately \$3,512.01 USD (Connect Americas, 2021a), the CFR is \$40,934.01 USD and the insurance value is \$204.67 USD, resulting in a product cost for the Czech market of \$1.79 USD (Annex 16). In the case of the United States, the freight cost is \$3,325 USD (Connect Americas, 2021b), the CFR is \$40,934.01 USD and the insurance value is \$204.67 USD, the cost of the product already in the US market is \$1, 77 USD (Annex 17), however, it is important to consider that the percentage of 30% profit for sellers in the target market will be added to this cost, resulting in the consumer sale price of \$2.33 and \$2.31 for the Czech Republic and United States respectively (Annex 18). This is an important factor to consider because it must be compared with the prices of the competition in order to identify if it corresponds to a competitive price within the selected markets.

## **9. International SWOT**

The international SWOT matrix is a tool that allows internal and external evaluation of the organizational situation of a company by analyzing the strengths, weaknesses, threats and opportunities that arise, so that it is possible to formulate and apply strategies that help boost its international positioning (Oña & Vega, 2018). For this reason, it is important to include it in this analysis because it will make it possible to synthesize all the information mentioned above, as well as to know if the Czech Republic and New York are optimal markets for the export of medicinal tea, so that it is possible to establish strategies to enhance the capacity and internal organization of the Jambi Kiwa Association for a better international positioning.

### **a. Weaknesses**

The Jambi Kiwa Association is made up of 120 members, of which only 25 are producers of medicinal plants used for the production of medicinal tea, therefore, Jambi Kiwa does not have the necessary number of producers, so it is considered a small company dedicated to the production of medicinal products, especially Andean medicinal tea. Likewise, despite the fact that the production of medicinal plants in Jambi Kiwa has the capacity to supply the national

demand, it currently does not have the necessary resources to increase its productive capacity to supply the international market. It is important to take into consideration the high competition that exists in the production and marketing of tea, in its two varieties, whether aromatic and medicinal, within the international market by foreign companies that have greater production capacity compared to the Jambi Kiwa Association

## **b. Threats**

The main threat to the Jambi Kiwa Association is the level of competition between international brands of aromatic and medicinal tea, which are positioned in the international market, especially in the target markets of the Czech Republic and the United States, to which they are wants to arrive with Jambi Kiwa medicinal tea. Another threat presented when analyzing the feasibility of exporting medicinal tea corresponds to the high costs that Jambi Kiwa would have to face when marketing its product in the international market; taking into account that currently the Association does not have sufficient financial resources to meet these costs. Likewise, another threat corresponds to the fact that the target market is unaware of the ingredients and benefits of Jambi Kiwa medicinal tea, resulting in the need for a strong advertising and socialization plan for the product in these markets.

## **c. Strengths**

The climatic and geographical characteristics of Ecuador make it possible for the Jambi Kiwa Association to have the necessary natural resources for the production of medicinal tea. Likewise, Jambi Kiwa medicinal tea is a natural product with organic certification and strengthened by Ecuadorian indigenous wisdom, these characteristics are highly valued in foreign markets, as is the case of the Czech Republic and the United States. In addition, Jambi Kiwa implements a wide variety of native Ecuadorian medicinal plants in the production of its medicinal tea, which do not exist or are scarce in other countries, generating added value to this product and making it more attractive to the foreign market.

## **d. Opportunities**

The Jambi Kiwa Association has production of medicinal plants with organic certification for the manufacture of medicinal tea, this feature is attractive to foreign markets with a high preference for natural and organic products for human consumption. In addition, in the case of the countries of the Czech Republic and the United States, they have a fairly broad target market segment, since it represents a high percentage of the total population of each country. Likewise, these target markets have a high demand for tea, whether medicinal or aromatic, due to the fact that their population has a preference or interest in consuming organic, natural and healthy products that provide benefits for human health. It is important to mention that the Czech Republic and New York are markets with high purchasing power, this allows knowing that they have the possibility of acquiring non-essential products for health care, providing an opportunity for the Jambi Kiwa Association to market organic tea in these markets.

## **5. Conclusion**

This research has been developed with the aim of analyzing the feasibility of exporting organic tea from the Jambi Kiwa Association to the Czech Republic and the United States, including several sections that have made it possible to carry out an in-depth analysis that allows the proposed objective to be met. The main concepts on foreign trade have been included so that the content of the following sections is easy to understand, later a detailed analysis of the Jambi Kiwa Association has been made for being the producer of organic medicinal tea that is being planned to be exported. Next, a market study has been carried out for the Czech Republic and New York, which has allowed knowing the economic, political, social and cultural characteristics of these markets in order to conclude whether or not these are optimal markets for medicinal tea of the Jambi Kiwa Association.

Once this analysis is complete, it can be concluded that the Czech Republic and New York are optimal markets for the export and commercialization of medicinal tea from the Jambi Kiwa Association. This result has been reached taking into account the economic and political situation of these markets, which is positive since they show that they are stable markets with which it is possible to establish commercial relations. In addition, according to the analysis of the tastes and preferences of the population, it has been possible to conclude that they are potential consumers of medicinal tea, since they are interested in trying organic, healthy and natural products, as well as preventing or treating diseases that affect personal well-being.

However, it should be taken into consideration that in these markets there is a high level of competition from other international tea brands, this being a threat to the Jambi Kiwa Association, however, through a properly developed internationalization plan it is possible to overcome this and other obstacles that arise and be able to ensure that the

product has a high level of acceptance by consumers in these markets, this can be done by highlighting the virtues and characteristics that make Jambi Kiwa tea different from the competition..

Likewise, the SWOT analysis allows identifying both positive and negative aspects that the Association faces when taking its product to compete in the international market. For this reason, it is important to implement new logistics strategies that allow increasing the productive capacity of medicinal plants by increasing organic producers, so that it is possible to achieve a production with the capacity to supply the national and international market, because the Jambi Kiwa Association has the opportunity for its product to have a high level of acceptance in the Czech Republic and New York.

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## Annexes

### Annex 1

#### *GDP: Czech Republic and United States 2017 - 2021*

Country	2017	2018	2019	2020	2021	Growth rate
Czech Republic	\$218.629	\$248.95	\$252.498	\$245.339	\$282.641	\$29.28%
United States	\$19479.625	\$20527.15	\$21372.6	\$20893.75	\$22997.5	\$18.06%

Source: International Monetary Found (2022)

### Annex 2

#### *Purchasing power: Czech Republic and United States (2017 – 2021)*

Country	2017	2018	2019	2020	2021	Growth rate
Czech Republic	\$419.90	\$468.87	\$524.62	\$546.00	\$596.36	42%
United States	\$1,101.18	\$1,077.94	\$1,104.28	\$1,122.22	\$1,057.44	-4%

Source: World Bank (2021)

### Annex 3

#### *Annual inflation Czech Republic and United States*

Country	2017	2018	2019	2020	2021	Growth rate
Czech Republic	2.45%	2.15%	2.85%	3.16%	3.84%	1.39%
United States	2.13%	2.44%	1.81%	1.23%	4.70%	2.57%

Source: World Bankl (2021)

### Annex 4

#### *Ecuador export to Czech Republic (2017 – 2021)*

CODE	2017	2018	2019	2020	2021	Growth rate
All products	\$10.858	\$11.084	\$12.398	\$12.244	\$11.691	7.67%

Source: Trademap (2021)

### Annex 5

#### *Czech Republic export to Ecuador (2017 – 2021)*

CODE	2017	2018	2019	2020	2021	Growth rate
All products	\$20.923	\$22.147	\$22.501	\$32.903	\$52.106	149%

Source: Trademap (2021)

## Annex 6

### *Ecuador export to United States (2017 – 2021)*

CODE	2017	2018	2019	2020	2021	Growth rate
All products	\$5968.418	\$6.631.276	\$6.732.893	\$4,786.401	\$6402.850	7.28%

Source: Trademap (2021)

## Annex 7

### *United States export to Ecuador (2017 – 2021)*

CODE	2017	2018	2019	2020	2021	Growth rate
All products	\$3,959.48	\$5,008.22	\$4.637,379	\$3.977,717	\$5,681.10	43%

Source: Trademap (2021)

## Annex 8

### *Czech Republic imports from all countries subheading 1211.90.90 (2017 – 2021)*

CODE	2017	2018	2019	2020	2021	Growth rate
1211.90.90	\$18.956	\$22610	\$21855	\$23960	\$28.057	48%

Source: Trademap (2021)

## Annex 9

### *Czech Republic imports from all countries heading 0902 (2017 – 2021)*

CODE	2017	2018	2019	2020	2021	Growth rate
0902	\$25.478	\$24380	\$27834	\$26436	\$28.955	14%

Source: Trademap (2021)

## Annex 10

### *Ecuador export to Czech Republic (2017 – 2021) subheading 1211.90.90.00*

CODE	2017	2018	2019	2020	2021
1211.90.90.00	\$2.000	\$11.000	\$8.000	\$9.000	\$14.000

Source: Trademap (2021)

## Annex 11

### *Ecuador exports to United States subheading 1211.90.90.00 (2017 – 2021)*

CODE	2017	2018	2019	2020	2021
1211.90.90.00	\$738	\$816	\$837	\$1312	\$1280

Source: Trademap (2021)

## Annex 12

### *Czech Republic target market*

Age	Population
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<b>30 a 34</b>	690,561
<b>35 a 39</b>	719,089
<b>40 a 44</b>	857,917
<b>45 a 49</b>	877,616
<b>50 a 54</b>	688,110
<b>55 a 59</b>	666,391
<b>60 a 64</b>	616,608
<b>65 a 69</b>	668,081
<b>70 a 74</b>	618,629
<b>75 a 79</b>	419,368
<b>80 a 84</b>	243,373
<b>85 a 89</b>	135,311
<b>90 a 94</b>	52,786
<b>95 a 99</b>	9,853
<b>100 o más</b>	647
<b>TOTAL</b>	7,264,340

Source: Czech Estadistical Office (2021)

## Annex 13

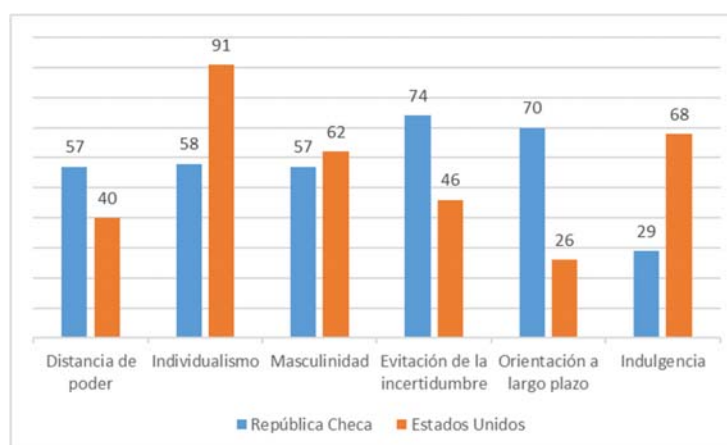
*United States target market*

Age	Population
<b>30-44</b>	1,674,231
<b>45-59</b>	1,528,739
<b>60-74</b>	1,363,198
<b>75-89</b>	557,030
<b>90+</b>	71,436
<b>Total</b>	5,194,634

Source: Global World Statistics (2021)

## Annex 14

*Hofstede Six cultural dimensions United States vs Czech Republic*



Source: Hofstede insights (2022)



## Annex 15

### *Total tea boxes per standard dry container 20'*

Total cardboard boxes		
Size	Units	Total Units
Height	9.568	9
Width	7.84	7
Length	11.8	11
<b>Total cardboard boxes</b>		<b>693</b>
Total tea boxes per cardboard box		
Size	Units	Total Units
Height	3.125	3
Width	4.286	4
Length	3.571	3
<b>Total tea boxes</b>		<b>36</b>
Cardboard boxes	Container capacity	Tea boxes
<b>693</b>	<b>100%</b>	<b>24948</b>

<b>Sale price</b>	<b>\$</b>	<b>1.50</b>
<b>FOB (100%)</b>	<b>\$</b>	<b>37,422</b>

Source: Own elaboration

## Annex 16

### *Export costs for Czech Republic*

Origin	<b>Guayaquil, Ecuador</b>
Destiny	Bremerhaven, Germany
Container	Standard Dry Container 20'
Total tea boxes	24948 units
Currency	USD
National transportation (Ecuador)	\$ 800
Ocean freight and surcharges	\$ 1,112.01
Documentation and handling costs	\$ 700
Total estimated Ecuador – Germany	\$ 1,812.01
Transportation Germany – Czech Republic	\$ 900
<b>TOTAL FREIGHT COST</b>	<b>\$ 3,512.010</b>
CFR	\$ 40,934.01
INSURANCE	\$ 204.67
<b>TOTAL PRODUCT COST</b>	<b>\$1.79</b>

Source: Own elaboration

## Annex 17

### *Export costs for the United States*

Origin	Guayaquil, Ecuador
Destiny	Nueva York - Staten Island, United States
Container	Standard Dry Container 20'
Total tea boxes	24948 units
Currency	USD
National transportation (Ecuador)	\$ 800
Ocean freight and surcharges	\$ 1,550
Documentation and handling costs	\$ 975

Total estimated	\$ 2,525
TOTAL FREIGHT COST	\$ 3,325.00
CFR	\$40,747.00
INSURANCE	\$203.74
TOTAL PRODUCT COST	\$1.77

Source: Own elaboration

## Annex 18

### *Total Cost consumer sales*

<b>Total sales price for the Czech Republic market</b>	
<b>Total product cost</b>	\$ 1.79
<b>30% gain</b>	\$ 0.54
<b>Total sale price</b>	\$ 2.33

<b>Total sales price for United States market</b>	
<b>Total product cost</b>	\$ 1.77
<b>30% gain</b>	\$ 0.53
<b>Total sale price</b>	\$ 2.31

Source: Own elaboration