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SCHOOL OF INTERNATIONAL STUDIES

FEASIBILITY STUDY OF HONEY EXPORT TO THE U.S. MARKET

**GRADUATION PROJECT PRIOR TO OBTAINING THE DEGREE OF
BACHELOR IN INTERNATIONAL STUDIES WITH MENTION IN FOREIGN
TRADE**

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DEDICATION

First to the almighty father, God for being my companion, my teacher at all times, giving me the patience and strength to never give up.

To my beloved wife Tefy and the light de my life, my son Lucas, you give me the strength and motivation to fulfill my dreams.

To my parents Esteban and Katherine for always being present during every step de my life, you have made me the man, father and husband that I am today.

Finally, to my 2 brothers Sebastian and Josué. My godfather, Josué for being the example in life that has taught us, if someone pursues their dreams, obstacles can be overcome with discipline, serenity and perseverance.

I thank all my family from the bottom de my heart for their unconditional love and support during the good and bad times.

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SUMMARY

Determining the feasibility for the internationalization of Ecuadorian honey to the US market through the producer and marketer ABMEDIC is the main objective of the research. For the purpose, the company that intends to expand production and to export the product was investigated. Examining the process of planning, organization, and direction of the company. On the other hand, the market segment to which the product will be directed was identified, as well as its acceptance in the North American market. Likewise, the possible sale price for the export of honey was defined, by means of the questionnaire applied to companies in the United States. In addition, a marketing plan was established to publicize the product in the international market, proposing mail and website as the main means of communication, to contact companies interested in importing into the United States. Finally, a financial viability study was carried out, with favorable results, where the NPV calculation shows a positive value of \$ 159,387.12, the IRR is 29.54%, which is higher than the TEMAR percentage, which indicates the viability of the business plan and makes it attractive to investors. In addition to the above, the payback period is 2 years, 2 months, and 3 days. Therefore, it is concluded that the projection is viable and with a return on investment from the first year of planning.

Keywords: NPV, IRR, TMAR, feasibility, export

Introduction

The thesis proposes theories and puts into practice the knowledge acquired throughout the university studies on International Studies through a comprehensive analysis of the possibility of carrying out the export of honey to the US market, taking into account the internal information of the company "ABMEDIC", such as: legal, industrial, political aspects, the target market, competitors, tariff - non-tariff barriers, macroeconomic indexes and other relevant factors to determine the viability of marketing the product honey in the international market. In the business world, doubt and speculation are generated when developing an international business plan, however, this research will serve as a guide for shareholders and investors when deciding the feasibility of distributing the product in the US market, its commercialization, the target market to be taken into account in case of concluding with a favorable result for the commercialization of this product. Currently, commerce allows many countries to expand their products with competitive advantages among them. The United States has a high level of supply and demand for which it has been chosen as the primary export destination for this research. The US market is one of the largest consumers and producers of honey in the world. The beekeeping industry in the US market is in a state of full development, the competitors have great prestige. ABMEDIC is shown as a brand capable of competing due to its multiple health benefits and excellent quality. With the right publicity, ABMEDIC could become successful in the local market and then have a presence in the international market.

The following work seeks: to analyze the current conditions of the ABMEDIC company, to know the macroeconomic environment of Ecuador and the United States in order to define the target market, and to analyze the financial feasibility of the company. The research process is carried out through an exploratory-descriptive study that aims to collect information to carry out a comprehensive analysis that allows concluding the feasibility of this proposal. In addition to a field study to get to know the ABMEDIC facilities and to be able to closely appreciate the extraction process and the company. The viability of this project will be defined according to the analysis of the results of the internal and external aspect, in order to achieve the general objective of this work, to conclude its feasibility.

Problem description

The company ABMEDIC has managed to achieve success in the market of the city of Azogues and Cuenca with the commercialization of its flagship product, honey. According to research carried out by National Geographic, a great demand can be generated in industrialized countries and especially in the United States, which is considered one of the countries with the highest consumption of natural products in the world. However, at the moment the company does not have an export plan, so this thesis will analyze if the conditions of the company are correct so that it can be commercialized in external markets. The implementation of this project will mean great benefits for the company as well as for the country. By exporting this non-traditional product, it will secure an acquirement of foreign capital, which favors Ecuadorian trade in addition to generating employment. It is important to consider that in order to fulfill the objective of this thesis, the North American market will be investigated as one of the main commercial partners of Ecuador, as well as the volume of potential consumers within this market; this way, in the future, you could think of expanding to new markets.

Overall objective

- Determine the feasibility for the internationalization of Ecuadorian honey to the US market through the company ABMEDIC; producer and marketer.

Specific objectives

- Analyze the current situation of the company ABMEDIC.
- Analyze the beekeeping industry in Ecuador and the United States, and identify its demand and distribution channels in the American market.
- Develop the feasibility study of the product towards the United States market.

CHAPTER I

COMPANY ANALISIS

One of the main needs de businessmen and entrepreneurs is to know the current situation de the company, with the idea of having a clear understanding of the operating environment, the strengths, weaknesses of the project and the possible improvements that could be adopted to constantly improve, becoming in a process that will allow us to obtain a clear vision to achieve business success. In addition to this, if the projection is related to positioning in the international market, organizations must be able to make the appropriate decisions to guarantee said positioning.

From this context, a concise approach will be presented about ABMEDIC, a company dedicated to the production and marketing of bee products and on which the study will be carried out, with the purpose of achieving the objective of determining the feasibility for the internationalization of honey. Ecuadorian, to the US market through the company ABMEDIC producer and marketer. For this purpose, the marketing, organizational, technical, legal and financial process must be known, in this way to diagnose, through a SWOT analysis, the positive and negative aspects, both of the internal and external environment that are part of the entity.

1.1 Background

The present investigation will be carried out in the ABMEDIC company located in the canton of Azogues location of offices, and the sales center that is located in the streets Ayacucho 3-17 and Veintimilla, being a center of reproduction, strengthening and production that is Located in Angaloma, belonging to the Cojitambo parish, Azogues canton, it is represented by the owners Dr. Pedro Buestán and Dr. Angélica Astudillo.

The ABMEDIC Company is dedicated to the production and marketing of several bee products, among which are: honey, pollen, propolis, bee bread and bee wax. In addition, based on these products, by-products are made such as: shampoo, nourishing creams, analgesic creams, lip balms, honey with ginger and turmeric.

Bee honey is one of the most primitive foods that man uses to feed himself, it is a product that together with its derivatives make up a range of natural, therapeutic and cosmetic

products of recognized virtues, with moisturizing, nourishing and antioxidant properties for the skin.

Honey is defined by as the sweet, unfermented substance produced by bees from the nectar of flowers or secretions on or from living plants; that they collect, transform and combine with specific substances and that finally store and mature in honeycombs. Its composition is varied. It is composed of water, fructose and glucose, in addition to other substances in a very low proportion such as acids, minerals, amino acids and proteins, enzymes, aromas, among others. Due to its components, honey is a food made up of hydrogen, carbon and oxygen, elements that provide calories to the body, which are translated into energy (Venancio, 2011).

For their part, (Rico & Cáceres, 2017) emphasize that honey is a natural sweet substance, produced by bees from the nectar of plants, from the secretions of living parts of these or from the excretions of plant-sucking insects. , in turn collect and transform their own substances and deposit, dehydrate, store leaving it in the honeycomb to mature and age. Honey is mainly composed of water, sugars, organic acids and minerals. Sugar represents 95 to 99% of dry matter, mostly glucose and simple fructose. Water is the second most important element and it must always be borne in mind that only honeys with less than 18% water content are not at risk of fermentation.

1.1.1 ABMEDIC company mission

The mission of a company is defined as the reason why the company exists, that is, its reason for being, in which the basic functions that the company will develop to achieve what is proposed are determined.

1.1.2 ABMEDIC company vision

ABMEDIC, as a private company responsible for organic production and guaranteeing the safety of its by-products for human consumption, aspires to be one of the best organic beekeeping companies in the region, guaranteeing access to our products and customers at strategic points selling.

1.2 ABMEDIC Management Process

In order to know the administrative process that characterizes the ABMEDIC Company, it is important to strategically highlight tools that allow the company to project itself towards the international market. For which reference is made to the business plans constituted by a guide, which allows the entrepreneur to adequately represent a thought, to be worked on in his company, adapting it to make it feasible.

It is a model that can be done in writing, where all the ideas will be concentrated, associating them with each other and seeking to make them achievable at the moment. Likewise, Basta, Andrade, Ferreira, and Seixas (2015) emphasize that the business plan will be prepared in a certain order, taking into account the objectives, strategies, and both internal and external resources that will be necessary to fully comply with the correct structure of the business. What you want to achieve over time, which will allow you to know the viability of the product or service to defer.

From this context, it is argued that the business plan is a document that synthesizes the current and future positioning of the company at an economic, financial and organizational level. For the author Saant (2017), the strategic plan of an entity refers to a master plan, in which the top management collects the strategic decisions, that is, when the work teams analyze the state of the entity and based on the needs that the strategies have will be considered, in reference to what they want to achieve in the future, in order to have a competitive company that allows them to satisfy the interest groups.

In this sense, once the situation of the company with respect to the markets is determined, in which it would be located with better stability in terms of demand, quality, specificity, price, competition and other specific and unique aspects previously exposed; A study proposal will be developed, with its respective strategic and marketing plan. In addition to this, the study is determined as an undertaking that will continue to advance steadily, maintaining all quality conditions, in its processes and market methods, with the aim of continuing to strengthen day by day, thus proportionally determining positive results daily.

1.2.1 Planning

According to Chiavenato, planning is the first administrative function, since it is the base on which the others are sustained. "Planning is the administrative function that determines in advance what are the objectives that must be achieved and what must be done to achieve them, it is a theoretical model for future action" (Chiavenato, 2012, p. 143). Based on the aforementioned context, short- and long-term objectives have been established that guide the company's day-to-day activities. Table 1 below shows its characterization:

Table 1

Planning Objectives

<i>Long-term objectives</i>	<i>Short-term objectives</i>
<ul style="list-style-type: none">– Brand development and positioning inside and outside the country.– Maximize business predictability through economies of scale.– Internationalize the product with a presence in the world's main markets.	<ul style="list-style-type: none">– Identify potential market niches for the commercialization of honey.– Develop adequate distribution channels that allow a greater presence of the product in the main points of consumption.– Improve its competitive position, and increase its market share in Ecuador.– Develop a project to export to the potential US market, since this country is Ecuador's largest trading partner, and one of the largest consumers of honey in the world.

Source: Adapted by Chiavenato (2012)

1.2.2 Organization

The formal organization is based on "The rational division of labor; specializes in organs and people in certain activities. Therefore, it is the organization planned or defined in the organization chart, instituted by the management and communicated to all through the organization manuals" (Chiavenato, 2012, p. 148). Next, how the organization works in ABMEDIC is shown, making a brief description of the main functions of each of the components of the organization chart and Figure 1 shows how the organization chart of the company is structured.

The formal organization is based on "the rational division of labor; specializes organs and people in certain activities. Therefore, it is the planned organization or the one defined in the organization chart, instituted by the management and communicated to everyone through the organization manuals" (Chiavenato, 2012, p. 148). Next, it is shown how the

organization works in ABMEDIC through a brief description of the main functions of each of the components of the organization chart, as indicated in figure 1.

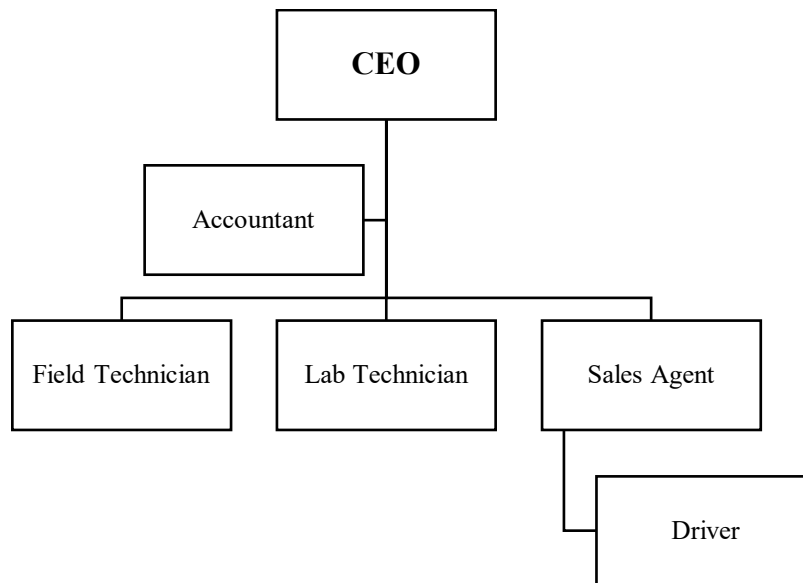


Figure 1. Structural organization chart of the company ABMEDIC
Created by: Esteban Ismael Cardoso Ávila

CEO: His role is to ensure the general well-being of the company, who makes the best decisions to keep the company firm and balanced over time.

Accountant: Responsible for the financial and accounting aspects of the company.

Driver: Will transport the technicians and distribute the products.

Field Technician: He will be a Veterinary Doctor and his work will be the field work in the apiaries, such as the harvest of honey, pollen, propolis, etc.

Lab Technician: Represented by a Chemical Engineer, in charge of managing the laboratory and preparing the by-products.

Sales representative: Responsible for the promotion of the company or marketing, and marketing of bee products.

1.2.3 Direction

Management is the implementation of planning and organization. According to Chiavenato "Management is the administrative function that refers to the interpersonal relationships of administrators and their respective subordinates at all levels of the organization" (Chiavenato, 2012, p. 149). This concept shows that management is related to guiding people in achieving objectives, which is why ABMEDIC, together with departmental managers, define the strategy to obtain short, medium and long-term objectives. Currently the General Management is represented by Dr. Andrés Herrera, who is also one of the company's shareholders and responsible for its development, which is why this role must be performed by a reliable person, who is also aware of the regulations for the company to function fully complying with the law and there are no inconveniences of this nature. In addition, you must have the ability to communicate the objectives to the employees so that they have a direction to follow.

1.2.4 Leadership

Leadership is generally managed in the first order by the manager who influences all staff. Between the functional areas it is routed through the sales managers who report what is sold and the production needed in the future, in this way the sales department communicates with production. In addition to this, the production department in turn communicates with the maintenance department to verify that the machines are ready to start the bottling process. Next, administration, accounting and marketing must be aware of what is happening in each area in order to provide the necessary inputs, carry out a new advertising campaign, or keep the company's accounts up to date.

Within the company ADMEDIC, who has taken the lead as company leader is Andrés Herrera, general manager, trusted staff who has been able to influence the workers to lead them to achieve their goals. Thanks to leadership, optimal teamwork has been achieved, holding regular meetings in order to find out how communication between the different areas is working.

1.2.5 Control

“Control ensures that the results of what is planned, organized, and directed, adjust as much as possible to the established objectives. The essence of control lies in checking

whether or not the controlled activity achieves the objectives or expected results” (Chiavenato, 2012, p. 151). The company needs to ensure that the planned activities coincide with the actual activities of the company. In this aspect, ABMEDIC carries out a series of controls in the different departments.

Administrative department: In the administrative department, it is controlled that the accounts kept by accounting are up to date and consistent with reality. In addition, it must be checked that all legal papers such as invoices received have the correct data. Finally, it was checked that the declared VAT is correct so as not to generate fiscal problems with the SRI. On the other hand, in the warehouse, the number of bottles that enter and leave must be controlled through a daily report, thus avoiding inconveniences such as possible loss of merchandise.

Marketing Department: The existing control here is that of advertising, since each advertising spot must be in accordance with the spirit of the company and what it really wants to sell. Great care is taken that advertising has inappropriate images that could harm the good name of the company.

Sales Department: It is controlled that the water distributors have the product properly placed on the hangers. It is controlled that the vendors make the corresponding visits to the clients through a record in which important points and scope achieved with each client are detailed

Maintenance Department: The production manager must control that the workers carry out periodic maintenance on the machines. If the worker finds any unforeseen failure, he must detail it in order to work on it.

1.3 Marketing MIX

Since previous times, the market has been experienced as the place where processes of exchange of goods and services are developed, produced between applicants and suppliers, however, with the arrival of technology in the modern decade, markets have been expanding giving transition to new competitive ventures for the service of products, where consumers make a productive connection, according to established prices, in order to obtain a profit. Within this argument, Martínez (2018) defines the market as "The set

of real and potential buyers of products, who share a particular need and can be integrated through a commercial exchange relationship" (p. 120).

Other authors argue that the market is a set of suppliers and applicants that covers different types of needs or desires, it is the place where the business will operate, this is where the segment in which the entrepreneur works is defined and disclosed in detail the product or service offered (Bóveda, Oviedo, & Yakusik, 2015). For this purpose, the Marketing Mix is one of the tactical elements that allows knowing the product, price, place and promotion.



Figure 2. The 4 P of Marketing Mix
Created by: Esteban Ismael Cardoso Ávila

1.3.1 Product

According to García, a product can be defined as the "Set of attributes or intangibles that the company defers to the target market, to satisfy a need" (García, 2008, p.31). Bee honey is a natural product full of beneficial nutrients such as, among others. The product is extracted from a in the town of Azogues in the foothills of Cojitambo. This valley is full of bee honey that is bottled by the company under the trade name of "ABMEDIC". It has great qualities because it has properties that benefit health in order to obtain greater performance. In addition, this company has high standards of environmental sustainability and complete protection of the source from which it comes, it also has

curative and regenerative purposes. The product is packaged in 500 gr glass jars, with food grade twist off metal screw caps. (Glass jars: characteristics and types, 2019).

The product and its presentation, which is offered in the market, are detailed below:

Honey: presentation in 500 gr glass jars, with twist off metal screw cap, food grade (Glass jars: characteristics and types, 2019).



Figure 3. Part of the honey extraction process
Created by: Esteban Ismael Cardoso Ávila



Figure 4. ABMEDIC products presentation
Created by: Esteban Ismael Cardoso Ávila

1.3.2 Demand Analysis

Demand is the amount of goods and services that the market is willing to defer, to satisfy the externalization of their specific needs and desires, it is conditioned by the resources available to the consumer or user, the price of the product, tastes and preferences of the customer, stimuli received, geographical location area and availability of products by the competition, among other factors (Pineda & Malhotra, 2016). In effect, the demand analysis helps to determine the possible participation of a product or service in the market

by evaluating the possible factors that determine the marketing requirements with respect to the product, which seeks the satisfaction of a need at a value determined by the market.

The demand in the consumption of bee products of organic origin has increased notably in recent years, in this way we have been able to identify that we can cover and supply the demands of quality and purity that the market demands, with respect to these products. Regarding the part considered as unsatisfied demand, we will be able to channel the increase in production, since it is the greatest inconvenience regarding the development of the enterprise.

In the event that a percentage of problems in the considered unsatisfied demand is generated due to other situations of the company related to the image, presentation, services or others, we will use primary sources and analysis strategies, which allow us to determine those characteristics that the consumer wants to be improved under the productive and business measures dictated by the technical staff to meet the needs of consumers.

1.3.3 Price

The price of the product is equivalent to the monetary value that is assigned to a specific good or service based on the utility perceived by the user and the cost that the company has incurred in producing said good or service. Setting the price of a product is not an easy task and there are many doubts that arise for any entrepreneur when setting the price of their products. Will it be too high? Is the established price really the right one? Will the customer value it or is he not satisfied with that price? (Nuno, 2017).

1.3.4 Place

When positioning a product in the market, it must be kept in mind how it is going to be distributed, how the products will reach their customers, that is, be clear about how they are going to be distributed or what their points of sale will be. In this context (Basta, et al. 2015) point out that some of the variables that must be taken into account when placing a product on the market are:

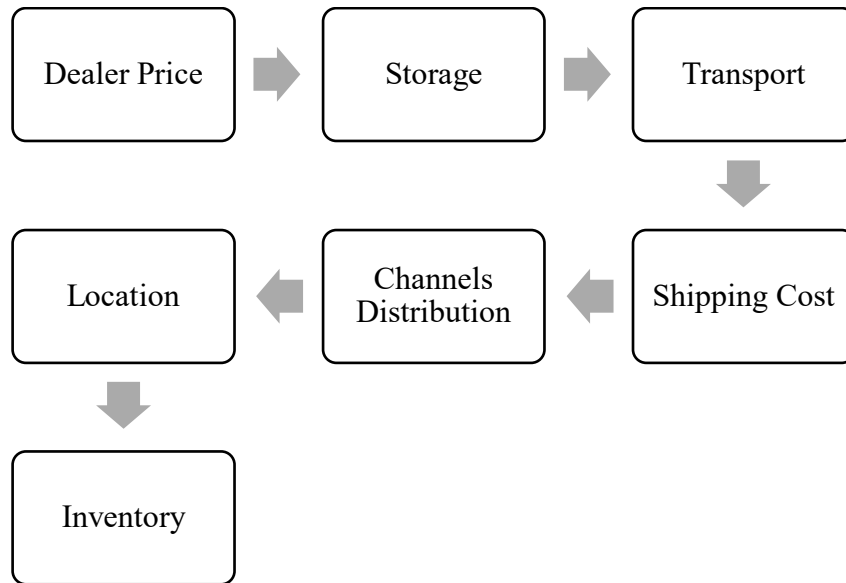


Figure 1. Variables that determine the square of the product

Source: Adapted from: Basta et al., (2015)

Created by: Esteban Ismael Cardoso Ávila

In addition to taking into account these variables and how they can impact the costs and benefits of the company, it is also important to always keep in mind the ideal client or buyer.

1.3.5 Supply Analysis

The analysis of the defer helps to know the strengths and weaknesses of a product or service to improve its competitiveness in the market. Therefore, the defer aims to establish the quantity and conditions in which a product or service can be presented to the consumer, in a certain sales market, detailing quantities, prices, ptheces and periods (Baca, 2010).

The small number of companies that engage in this activity, due to its dangerous nature and the productive complicity that it establishes, has allowed us to position ourselves among the best producers in the Austro, always guaranteeing organic production, which is a characteristic of our company.

1.3.6 Promotion

There are several models for marketing bee products, each depending on the type of production, target market, sales conditions and other guarantees of great variability in the different markets for bee products. In this case, for our undertaking, we will use a

distribution channel and direct promotion of beekeeping production, a sale that will be carried out through the implementation of a commercial premises. We have determined through the experience we have had in the market; that direct sale to the consumer is the key to guaranteeing the ecological and pure production that our company defers, it is the basis of our reliability.

This channel represents better sales prospects, because we defer direct to the consumer, therefore, the price of the product is not devalued, as happens in the case of marketing through third parties and/or intermediaries. The market that we want to reach is open, for people from all rural and urban areas, and it is made up of all consumers who demand real and ecological production; for this we have guaranteed as a company, production conditions, natural conservation and sale for reliable consumption by our market.

Marketing is also guaranteed and facilitated by the confidence that our type of production establishes; which is ecological, oriented to the natural conservation of these products from Beekeeping, it is respectful and honorable with the environment as it is an activity dependent on it, it is respectful of the land and the other animal species that intervene in the processes of pollination, it is respectful with the plants, it complies with the adequate manufacturing conditions and other safety guarantees; therefore, these conditions guarantee and prevent the adulteration of any product derived from Beekeeping and that will be destined for human consumption.

We have begun to work and study the positioning in the market, through other means and/or marketing channels, especially of an indirect type, which will also give us increases in progress on the positioning of the brand and positioning of products in more exclusive markets (Market abroad) (CEPAC, 2014).



Figure 5. Promotion of ABMEDIC products
Created by: Esteban Ismael Cardoso Ávila

1.4 Segment and target

1.4.1 Market Segmentation

As the population grows, the demands for food and nutraceuticals grow today, oriented towards the progressive substitution of the use of conventional drugs, many of them causing other pathological problems or microbial resistance in the population's organism. Many products derived from beekeeping meet unique medicinal conditions, so our company intends to maintain its quality market by expanding its sale directly to potential consumers of the rural and urban population of Azogues, of the other cantons of the province of Cañar, Azuay and other sectors of the Austro and the Country.

To achieve this goal, we have implemented a commercial outlet in the city of Azogues, located near the production site, as well as the laboratory. The business currently has an approximate production capacity of 10 liters of honey per box, for 16 hives in production/month, reaching an approximate production capacity of 1,900 liters of honey per year.

The sales presentation is in glass jars of 500 g. in such a way that in the year we will have approximately 7,600 jars of bee honey available, thus guiding the expectations of adequately covering the demand. The company has the production of other derivatives such as propolis, pollen, royal jelly, bee bread and others; that also provide extra income that boosts the entrepreneurial economy, allowing better investment and innovation of new products that generate added value, demonstrating solvency.

1.4.2 Market segmentation behavior

The market for bee honey and its by-products is also clearly segmented by consumers' ignorance and unethical beekeeping production by non-professional colleagues, thus demarcating, within consumers, behavioral situations, such as, social situations that might or might not favor marketing.

So much so, the sale may depend on a purchase occasion, as well as the consumer's situation, be it economic, social or other.

In other words, the location of the market for our products is an option open to change, from the consumption of products from conventional production with low quality and guarantees of other quality characteristics, which the increase in global consumption demands. In this way, our potential clients are people who necessarily seek a healthy, real and ecological production, as well as a production of artisanal and natural derivatives, guaranteeing the conservation of the environment, as well as the quality that ecological production implements under compliance with adequate animal welfare conditions.

1.4.3 SWOT Analysis

It is a scheme that has as its central point what you want to achieve, in this regard Caldas, Carrión, and Lacall (2015) indicate that the SWOT matrix is a well-known fundamental tool to be able to carry out an analysis of public and private companies. This matrix seeks to diagnose internal and external factors, that is, strengths, weaknesses, threats and opportunities that can affect the development of the fulfillment of organizational goals. In addition, it allows knowing the current state of the organization and the strategic situation implemented so that companies can seek a balance or make adjustments based on internal and external reorganization factors.

The SWOT analysis refers to a strategic tool that is applied to know the situation of a company, both internal and external, in turn helps to determine and take advantage of specific opportunities for a business at a given time, avoiding threats through good use of strengths and a neutralization of weaknesses (Bóveda, et al. 2015). In addition to this, the authors point out that the importance of the SWOT analysis is based on the elementary principle that the formulation of the strategy must be aimed at generating an adjustment between the capacity of business resources, that is, a balance between the strengths and

the weaknesses of its resources and the external situation presented by the conditions of the organization, the business environment, the market opportunities and the specific external threats that affect its profitability and situation in the market.

However, the conclusions obtained as a result of the SWOT analysis can be very useful in the analysis and marketing strategies that are designed and that qualify to be incorporated into the business plan. The SWOT analysis must be oriented solely and exclusively towards the key factors for the success of the business, highlighting the internal strengths and weaknesses, by comparing it objectively and realistically with the competition characterized by the key opportunities and threats in the environment.

Next, table 2 shows the SWOT analysis established in the company ADMEDI

Table 2

SWOT analysis of the company ABMEDIC

<i>Internal Factors</i>	
<i>Strengths</i>	<i>Weaknesses</i>
<ul style="list-style-type: none"> - 100% natural and organic products. - We are producers. - Our profession is related to the company. - Knowledge and preparation. - Diversification in the production of beekeeping products. - Geographic location of the place of production. - Trademark and registered logo - Sales premises with the appropriate permits. - We not only produce raw material, but also bee products. 	<ul style="list-style-type: none"> - Lack of marketing - Sanitary registration pending. Not having a Sanitary Registration result in low acceptance by distribution channels, affecting a fundamental objective, such as becoming market leaders. - Lack of adequate infrastructure, so a laboratory is being expanded. - Lack of new information and communication technologies (NICTs). The current technological capacity also negatively affects the production levels that are intended to be achieved to satisfy the target market. - Insufficient capital available for investment. - Limited work team. - We do not have our own premises.
<i>External Factors</i>	
<i>Opportunities</i>	<i>Weaknesses</i>
<ul style="list-style-type: none"> - Tendency to consume natural and organic products. - Proven benefits of bee products on human health. - Absence of brands with a strong position in the market. - Dissatisfied market, when it buys cheap honey of poor quality. - The competition is in the northern part of the country in a greater percentage, which allows monopolizing the market in the area. - Creation of products innovated by us and that cannot be found anywhere else. 	<ul style="list-style-type: none"> - Climate: beekeeping is affected by cold storms, rains and extreme droughts. - Competitive prices, low competitiveness. - Unfair competition. - Foreign brands gaining market share - Clearing of surrounding forests - Containers are not always available from the city of Quito, since the same models are not imported in some situations. - Substitute products, with market positioning. - Street sellers of adulterated honey.

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CHAPTER II

ECUADORIAN HONEY BEE PRODUCING AND EXPORTING SECTOR

2.1 Ecuador macroeconomic data

From the economic, political and social perspective of Latin America in the last three decades, and especially Venezuela, Ecuador, Bolivia, Nicaragua and Argentina, countries that gave way to new ideological and political positions, whose purpose was to experiment with new economic models, to try to solve urgent problems of a structural nature, related to growth, unemployment, the fight against poverty and income inequality.

Currently, the Covid-19 pandemic has generated a serious high crisis in Ecuador in terms of the social, due to the loss of life, economic growth, as well as the levels of vulnerability, caused by the deterioration of companies and decrease in job. In this regard, García & Almeida (2021), argue that as of 2015, the internal imbalances became more acute, turning into a prolonged recession of the economy, a decline in employment at the productive and formal level, as well as a reduction in the internal price. Added to this, the external imbalance due to the recession of the international economy, the difficulties of world trade due to conflicts between the great powers and the decline of foreign investment in developing countries, deteriorating the external economic system of the country.

The pandemic caused by the coronavirus was aggravating this situation every day, because it exerts strong pressure on supply, as well as aggregate demand, which in turn is expressed in fewer working hours and less consumption. The initial seclusion and social isolation constitute a cluster of preventive health measures with economic consequences (García & Almeida, 2021). Likewise, there is the external problem caused by the fall in international prices in the main export products, such as oil, and the reduction in global consumption.

Next, an analysis of the macroeconomic dynamics that characterizes Ecuador is presented according to the elements indicated in figure 7.



Figure 6. Macroeconomic elements in Ecuador
Source: Adapted from: García & Almeida (2021)
Created by: Esteban Ismael Cardoso Ávila

2.1.1 Gross Domestic Product (GDP) ups and down

Various economic studies such as those indicated by the International Monetary Fund (2020), have clearly indicated that a recessive cycle had occurred in the real economy as of 2015, referring to low economic growth; zero inflation; decrease in productive employment and increase in informality; as well as the decrease of the sector abroad.

Similarly, it is stated by García & Almeida (2021) referring to what was indicated by the Central University of Ecuador, in one of their investigations it is determined that it was evident that one of the factors with the greatest incidence in economic growth is gross capital formation fixed (FBKF), a variable that has maintained a behavior of procyclical growth, during the most affable phase of the economy and reduction in the fall. In this sense, the high variability of investment has a direct impact on economic activities, which do not allow expanding production or generating employment.

On the other hand, the fall in tax revenues and the maintenance of inflexible current expenditures inevitably lead to processes of high internal and external public indebtedness, recreating conditions of tax unsustainability, which are then transferred to the balance of payments via increased payments of interest and capital abroad. Similarly, this situation tends to be frequent within Latin American countries, which are also

affected by the theoretical movement of capital markets worldwide, as well as the deterioration of the exchange terminology.

In this context, the strong macroeconomic instability generated in Ecuador since 2015 is shown, through the main variables of both supply and goods and services characterized by demand.

Table 3

Supply and demand of goods and services

<i>Variables / Years</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021</i>
GDP	3,8	0,1	-1,2	2,4	1,3	0,1	-8,9	3,1
Imports	4,8	-8,2	-9,6	12,2	4,4	1,6	-10,5	3,2
Final Offer	4,0	-1,9	-3,1	4,4	2,0	0,4	-9,2	3,1
Total Final Consumption	4,7	1,0	-1,3	3,6	2,2	-0,9	-7,4	3,1
Public Administrations	6,7	2,1	-0,2	3,2	3,5	-2,4	-3,3	-1,3
Homes	2,7	-0,1	-2,4	3,7	2,1	1,5	-8,5	4,2
Gross Fixed Capital Formation	2,3	-6,2	-8,9	5,3	2,0	-3,4	-19,4	-0,2
Exports	6,2	-0,6	1,4	0,7	1,2	5,2	-5,1	3,1
Final Demand	4,0	-1,9	-3,1	4,4	2,0	0,4	-8,2	3,1

Source: Adapted from: García & Almeida (2021)

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It can be seen that the negative values became the majority as of 2015, or, at least, of low behavior; while the results for 2020 show a considerable deterioration in economic activity. Given this situation, it could be said that the Ecuadorian economy presents a clear process of macroeconomic instability, as part of a stop and go, which begins with external shocks such as those that occurred in 2015 and later the impact generated in macro-prices at the inflation and the fiscal deficit, which in turn expands to real variables such as production and employment (Economic Commission for Latin America and the Caribbean (ECTHEC), 2020). In such a situation, the economic policy becomes ineffective and the external and internal conditions feed off each other, causing the economic crisis.

2.1.2 Labor market

Unemployment in Ecuador has affected half a million people until September 2020, which represents 7% of the economically active population (PEA); while some 4.5 million people are in the category of underemployment, unpaid worker and other non-full jobs; and only 2.5 million people with adequate jobs or some social and economic guarantee (32% of the PEA) (INEC 2020).

In December 2020, 30.8% of workers had adequate employment, according to the latest figures from the National Survey of Employment, Unemployment and Underemployment (ENEMDU), the official source of indicators in the Ecuadorian labor market (Instituto Nacional de Estadísticas y Censos (INEC), 2021), who reports figures showing the deterioration of the labor market due to the economic crisis, which had already been dragging on in Ecuador and which worsened with the COVID-19 pandemic. The table shows the behavior that the labor market has presented in Ecuador in the last eight years

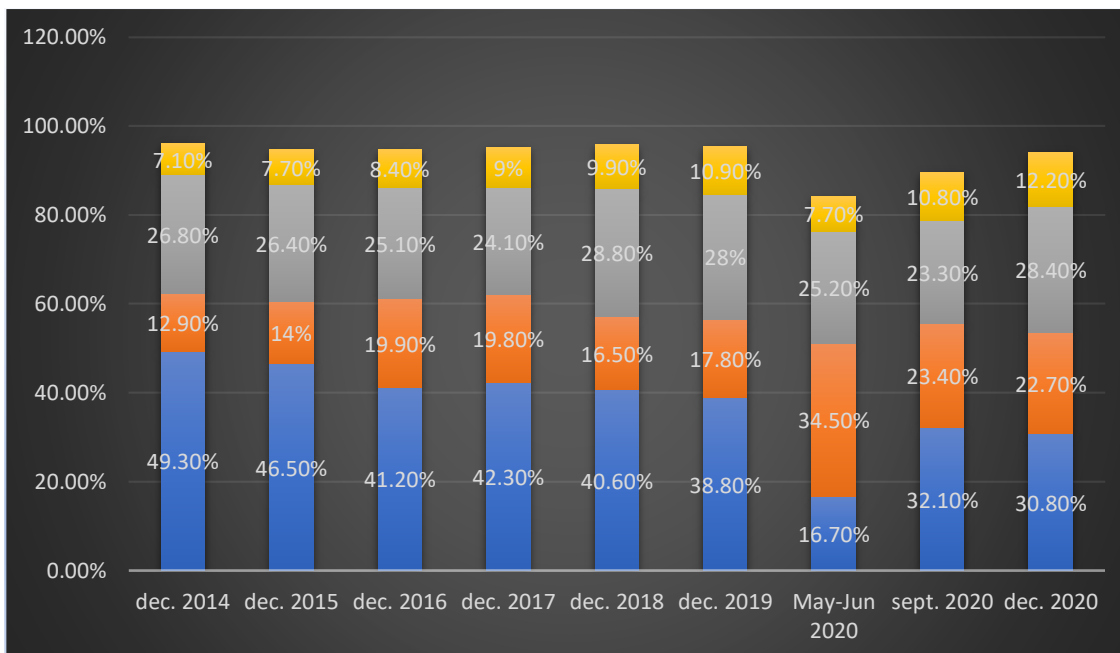
Table 4

Labor Market Situation in Ecuador

	dec. 2014	dec. 2015	dec. 2016	dec. 2017	dec. 2018	dec. 2019	May- Jun 2020	sept. 2020	dec. 2020
Employment rate	49,30%	46,50%	41,20%	42,30%	40,60%	38,80%	16,70%	32,10%	30,80%
Underemployment	12,90%	14%	19,90%	19,80%	16,50%	17,80%	34,50%	23,40%	22,70%
Other Jobs	26,80%	26,40%	25,10%	24,10%	28,80%	28%	25,20%	23,30%	28,40%
Unpaid employment rate	7,10%	7,70%	8,40%	9%	9,90%	10,90%	7,70%	10,80%	12,20%

Source: Adapted from: (Instituto Nacional de Estadística y Censos (INEC), 2021)

Created by: Esteban Ismael Cardoso Ávila



Graphic 1. Labor Market Situation in Ecuador

Source: Adapted from: INEC (Instituto Nacional de Estadística y Censos (INEC), 2021)

2.1.3 Financial sector

According to what is indicated by the Association of Banks (ASOBANCA) (2021), it is evident how the economic recession has affected the national financial system as a whole, recognizing that it has maintained a reasonable situation, which has avoided new recessive pressures. The gross credit portfolio expanded all these years, even until November 2020 there was a growth of 1.1% per month. On the other hand, deposits had an annual variation of 10.8%; while the past due portfolio was 3.9% in 2019 and until November 2020 it was 2.8% on average, an acceptable indicator since, at the end of October 2020, the amount of relief in the financial statements, in the face of the crisis due to the Covid pandemic -19 was USD 9,496 million. In relation to delinquency, it remains within adequate ranges.

Indeed, almost at the end of 2020, the main solvency and liquidity indicators are under reasonable performance parameters, although profitability has decreased. In this context, Ecuador's problems decrease due to the liquidity and capitalization indexes of the cooperative savings and credit system of the smallest segments and the few advances in financial inclusion, to the extent that about half of the population over 14 years old does not have access to financial services.

2.1.4 Prices

Regarding prices, the recent figures show a very worrying phenomenon, since the annual inflation to December reached 1.7% in 2016; 0.4 in 2017; -0.2% in 2018 and -0.07% in 2019. The variation in the consumer price index was -0.91% in November 2020 (National Institute of Statistics and Censuses (INEC), 2021). This situation makes macroeconomic management more complex, due to interrelations that have a fall in the general level of internal prices in investments, private companies and in the recreation of a weak internal demand.

2.1.5 External sector

In this context, for the first quarter of 2021, total exports in Ecuador reached USD 5,780 million, meaning a growth of 8.7% (USD 463 million) compared to the first quarter of 2020. Regarding exports, the main products with the highest boom are characterized by crude oil, bananas and shrimp, presenting a variation compared to 2020 of 33.3%, -12.1%

and -4.9%, respectively. On the other hand, imports decreased in the same period by 4.4% (USD 335 million), reaching a balance of USD 5,049 million. Thus, the trade balance had a surplus of USD 731 million, mainly explained by the increase in oil exports that went from USD 1,502 million in the first quarter of 2020 to USD 1,980 million in the same period of 2021, which meant an annual rate increase of 31.8%. In addition to this, the behavior of imports that have not yet recovered the usual levels of the economy (Association of Banks (ASOBANCA), 2021).

2.2 Macroenvironmental factors

Regarding the environment where companies are developed, support is required from the State, which allows promoting competition between the various entrepreneurs in terms of price and quality of goods and services, through a legal framework that guarantees their normal operation in the market, preventing and sanctioning monopolistic and oligopolistic practices. From this perspective Hernández (2015), emphasizes that the administration as a discipline must be based on the coordination of internal elements and social organizations, framed towards a certain purpose in the environment, which cannot be managed because the external variables obey factors of type economic, social, political, technological, among others, which are not possible to control. In this sense, both companies and social organizations study the environment and its trends to develop the proposed strategies.

On the other hand, the analysis of the political, legal and economic environment is essential for the development of activities within the management of companies, which has a direct impact on their development, often generating opportunities and threats, which must be identified time, in order to be able to take measures to adequately anticipate the operation.

In this regard, Sánchez & León (2018) argue that all organizations operate in a large macro environment characterized by six components as indicated in the figure, and which influence the competitive business environment differently, since some will have a greater impact than others and are oriented towards what is called PESTEL analysis.

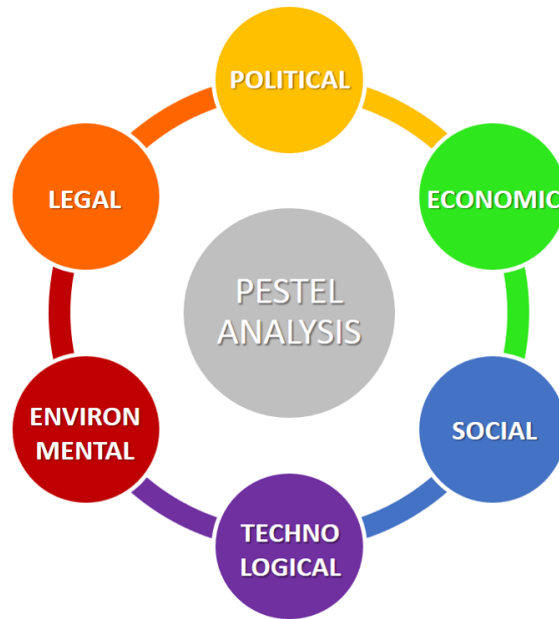


Figure 7. PESTEL analysis factors
Source: Adapted from: (Sánchez & León, 2018)

In this sense, according to what is indicated in figure 8, the factors of the macro environment intervene in a notable way, in the development of the organizations, since they are in a constant evolution, for which it is necessary to take into account the progress of the dissimilar components, examining their later influence. Therefore, the analysis of the environment allows us to understand the reasons of the government for adopting various measures, identifying the economic and political factors to condition the business development of Ecuador. The table below shows how each of these components intervenes within the macro environment of companies.

Table 5*Ecuador business macro environment factors*

COMPONENTS	DESCRIPTION
Political factor	It refers to the political action and process in which a government intervenes within the economy of a given country, where they include tax, fiscal, tariff, political climate policies, among others.
Economic factors	Understand the general economic climate, as well as factors such as: interest rates, exchange rates, inflation and unemployment rates, economic growth rate, trade deficit and surplus, savings rate and domestic product per capita. They also include conditions in the stock and bond markets, which affect consumer confidence and discretionary income.
Sociocultural factors	They are the values, attitudes, cultural factors and lifestyles of society that impact business and demographic factors such as population size, growth rate and distribution. Sociocultural strengths and changes vary by location and change over time.
Technological factors	It refers to the pace of technological change and technical advances that have major effects on society, such as genetic engineering and nanotechnology. In addition, they include activities and institutions that intervene in the creation of new knowledge and control of the use of technology. Technological change can generate the birth of new industries and disrupt others.
Environmental factors	Understand ecological and environmental factors such as climate and climate change, as well as associated factors such as water scarcity. Have a direct impact on the insurance, agriculture, electricity production and tourism industries; they also indirectly affect transport and public services.
Legal factors	These are the regulations and laws that the company must comply with, such as: consumer, labor, antitrust and security regulations, as well as some factors related to banking deregulation, minimum wage legislation, among others.

Source: Adapted from: (Sánchez & León, 2018)

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CAPITULO III

FEASIBILITY OF INTERNATIONALIZATION OF HONEY ABMEDIC

3.1 Results Analysis

3.1.1 ABMEDIC Company Analysis

In this sense, according to what is indicated in figure 8, the factors of the macro environment intervene in a notable way, in the development of the organizations, since they are in a constant evolution, for which it is necessary to take into account the progress of the dissimilar components, examining their subsequent influence. Therefore, the analysis of the environment allows us to understand the reasons of the government for adopting various measures, identifying the economic and political factors to condition the business development of Ecuador. Next, the table shows how each of these components intervene within the macroenvironment of the eWith the purpose of determining the feasibility for the internationalization of Ecuadorian bee honey to the US market through the company ABMEDIC producer and marketer, it was applied a survey through a questionnaire, as a data collection technique and instrument, in order to know the acceptance and viability by the management, as well as the workers regarding the positioning of the Ecuadorian product in the United States markets. For this purpose, analyzes of the results obtained by companies are presented:

QUESTIONS

1. ¿ How much knowledge do you have about the process of exporting honey to other international markets?

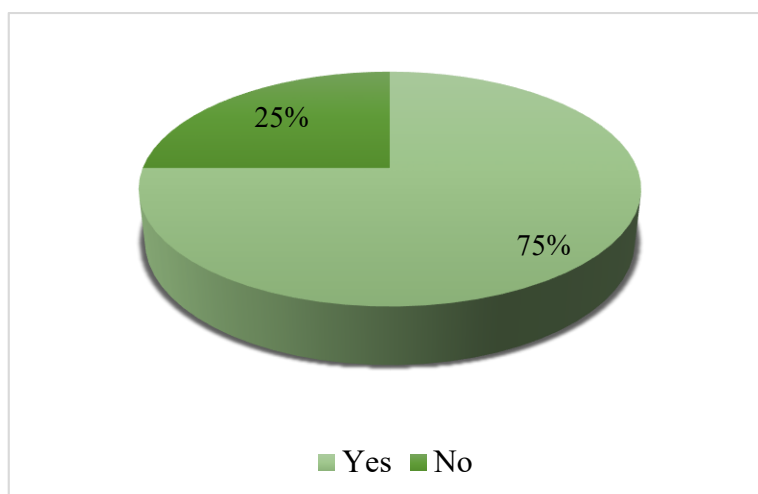
Table 6

Knowledge about the honey bee export process

#	Alternative	Frequency	Percentage
1	Yes	9	75
2	No	3	25
Total		12	100

Created by: Esteban Ismael Cardoso Ávila

Source: surveys



Graphic 2. Honey bee export process
Created by: Esteban Ismael Cardoso Ávila

Analysis and interpretation

According to the Surveyed, 75% have knowledge about honey exports, while 25% do not.

2. ¿How would you rate the process of exporting honey by the company ABMEDIC to the international market?

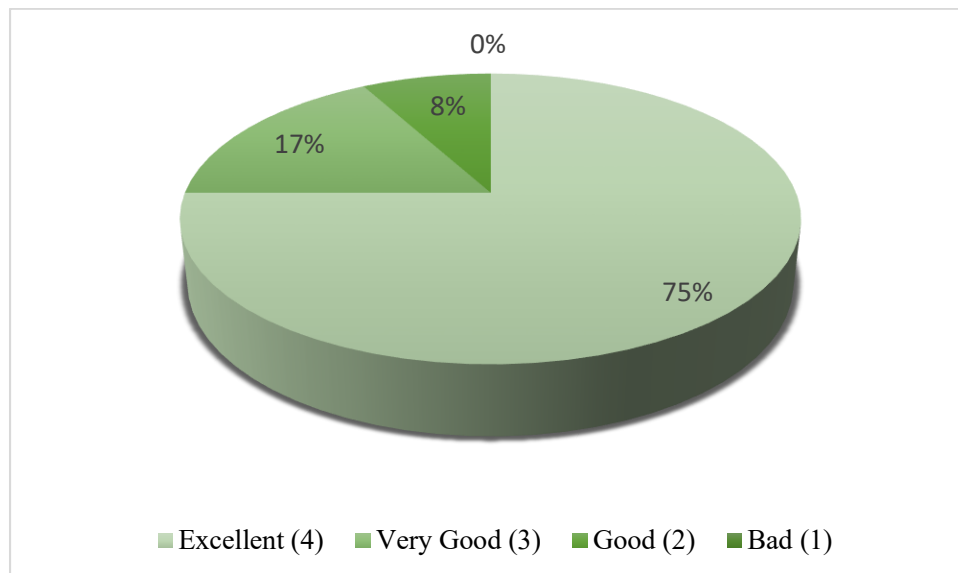
Table 1

Bee honey export process by ABMEDIC

#	Alternative	Frequency	Percentage
1	Excellent (4)	9	75
2	Very Good (3)	2	17
3	Good (2)	1	8
4	Bad (1)	0	0
	Total	12	100

Created by: Esteban Ismael Cardoso Ávila

Source: surveys



Graphic 3. Export process by ABMEDIC

Created by: Esteban Ismael Cardoso Ávila

Analysis and interpretation

On the other hand, 75% consider that the export process of the company is excellent, 17% that it is very good and 8% that in good.

3. ¿Who would be in charge according to their criteria of the procedures of export of honey by the company ABMEDIC?

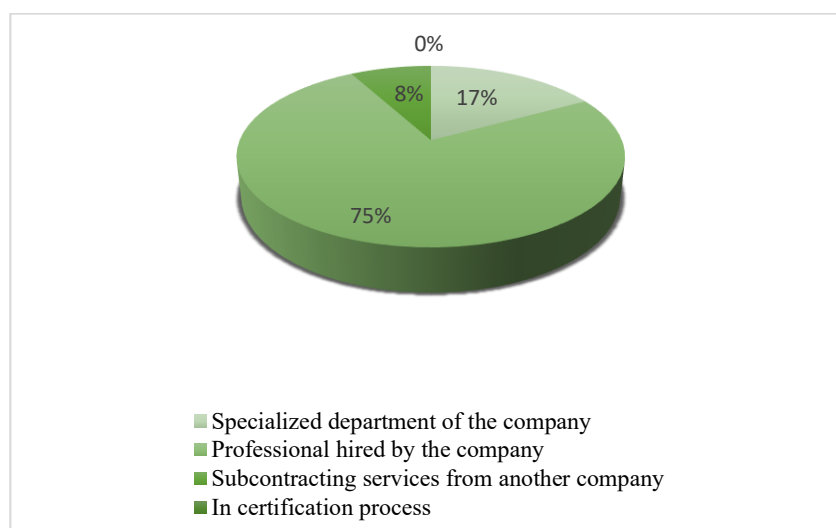
Table 7

Export procedures by the company ABMEDIC

#	Alternative	Frequency	Percentage
1	Specialized department of the company	2	17
2	Professional hired by the company	9	75
3	Subcontracting services from another company	1	8
4	In certification process	0	0
Total		12	100

Created by: Esteban Ismael Cardoso Ávila

Source: surveys



Graphic 4. Export procedures by the company
Created by: Esteban Ismael Cardoso Ávila

Analysis and interpretation

Related to the export process by the company, the 75% say that they would take care of a professional hired to take care of themselves, while 17% expose that a specialized department.

4. ¿Of the following countries which you consider to have been the main buyer of honey in the market international?

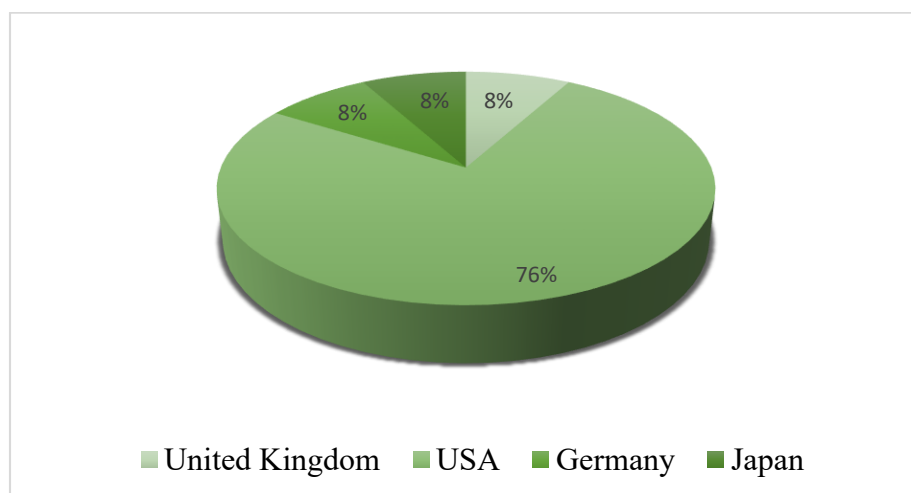
Table 8

Main buyer of bee honey in the international market

#	Alternative	Frequency	Percentage
1	United Kingdom	1	8
2	USA	9	75
3	Germany	1	8
4	Japan	1	8
	Total	12	100

Created by: Esteban Ismael Cardoso Ávila

Source: surveys



Graphic 5. Honey Bee main buyer around the world

Created by: Esteban Ismael Cardoso Ávila

Analysis and interpretation

On the other hand, 75% of the Respondents report that the United States is the main buyer of honey in the international market, 8% state that the United Kingdom, Germany and Japan.

5. ¿What do you consider to have been the percentage of positioning of the export of honey in the US market?

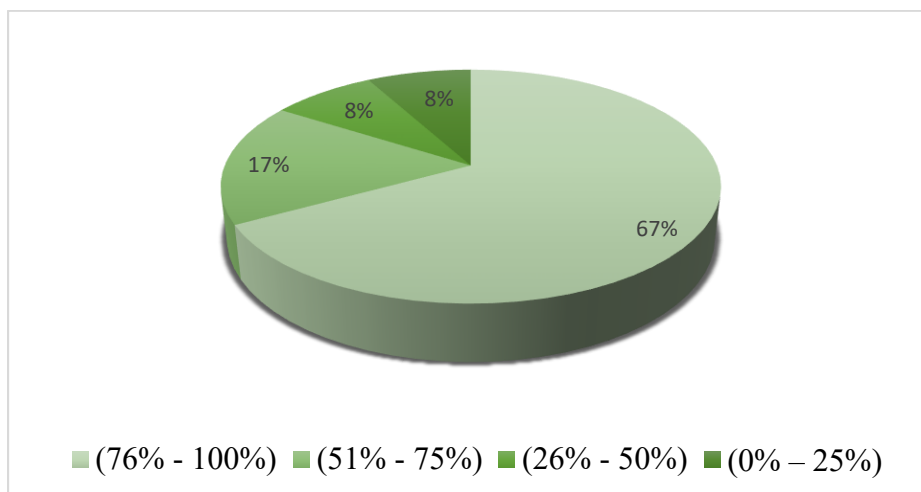
Table 9

Positioning of bee honey in the US market

#	Alternative	Frequency	Percentage
1	(76% - 100%)	8	67
2	(51% - 75%)	2	17
3	(26% - 50%)	1	8
4	(0% - 25%)	1	8
Total		12	100

Created by: Esteban Ismael Cardoso Avila

Source: surveys



Graphic 6. Honey Bee in the US Market
Created by: Esteban Ismael Cardoso Ávila

Analysis and interpretation

Regarding the positioning of honey in the US market, 67% consider that between 76 and 100%, while 17% between 51 and 75%.

6. ¿Of the following factors, what do you consider to be the difficulties that would arise for the company ABMIDEC as a producer and exporter of honey?

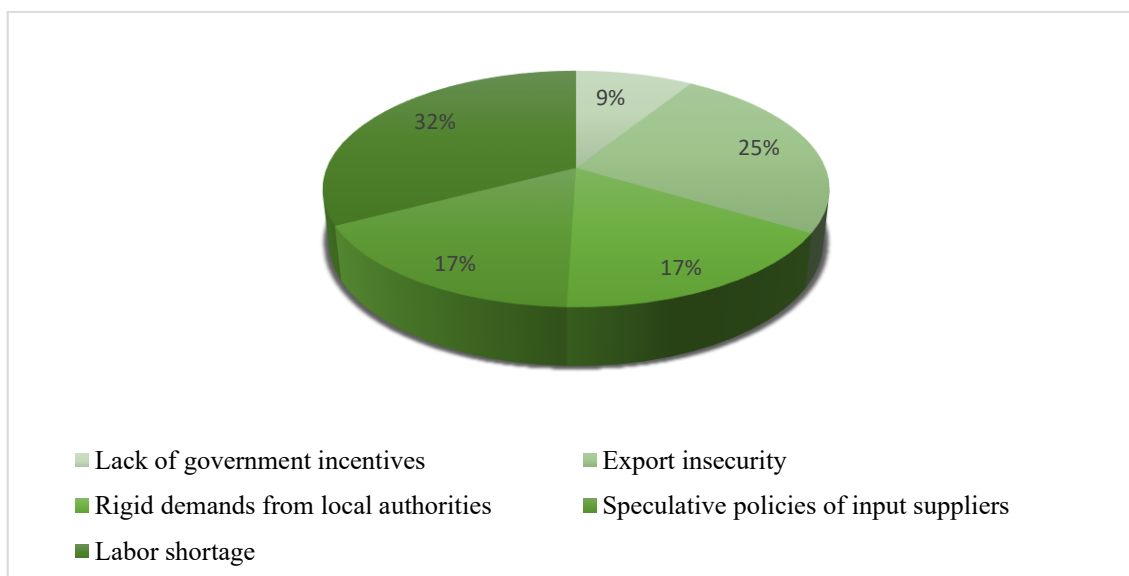
Table 10

Main difficulties to export honey

N°	Alternative	Frequency	Percentage
1	Lack of government incentives	1	9
2	Export insecurity	3	25
3	Rigid demands from local authorities	2	17
4	Speculative policies of input suppliers	2	17
5	Labor shortage	4	33
Total		12	100

Created by: Esteban Ismael Cardoso Ávila

Source: surveys



Graphic 7. Difficulties to export honey
Created by: Esteban Ismael Cardoso Ávila

Analysis and interpretation

On the difficulties or risks that may arise, 25% explain about the insecurity in the face of exports, 17% the requirement of the local authorities and the specific policies of supplier of inputs. Likewise, 33% pointed to the lack of direct labor.

7. ¿What is your assessment of the possible commercial relations that exist between the Ecuadorian and U.S. markets in relation to the export of honey?

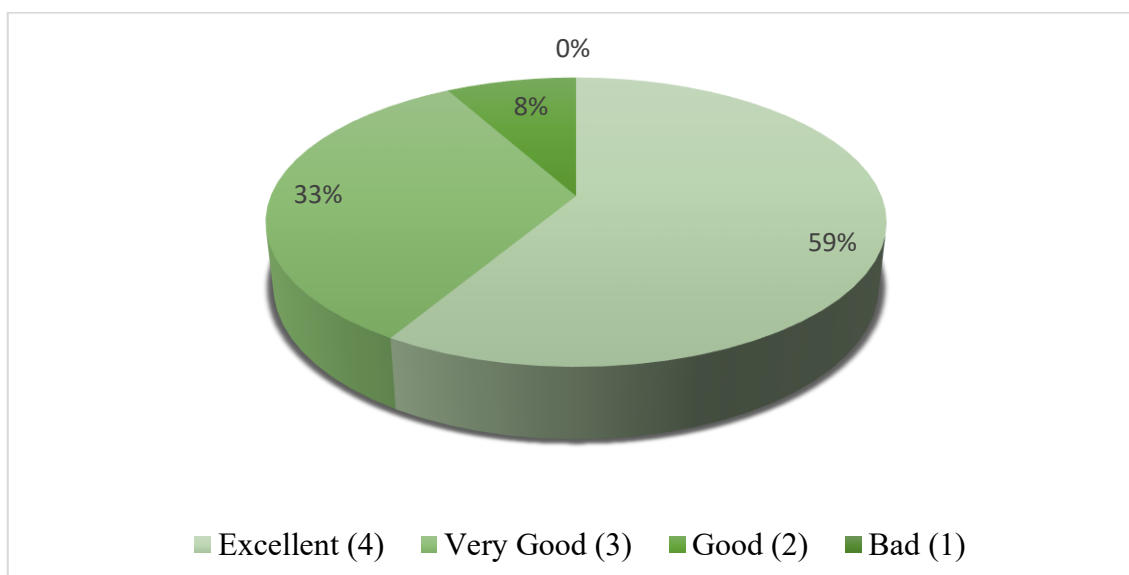
Table 11

Commercial relations between the Ecuadorian and American market

<i>N°</i>	<i>Alternative</i>	<i>Frequency</i>	<i>Percentage</i>
1	Excellent (4)	7	58
2	Very Good (3)	4	33
3	Good (2)	1	8
4	Bad (1)	0	0
Total		12	100

Created by: Esteban Ismael Cardoso Ávila

Source: surveys



Graphic 8. Commercial relations: Ecuador vs American Market
Created by: Esteban Ismael Cardoso Ávila

Analysis and interpretation

Regarding the relations between the country and the United States, referring to international trade. 58% of the sample consider it to be excellent, and 33% very good.

8. ¿ How you catalog the production of honey within the company ABMEDIC?

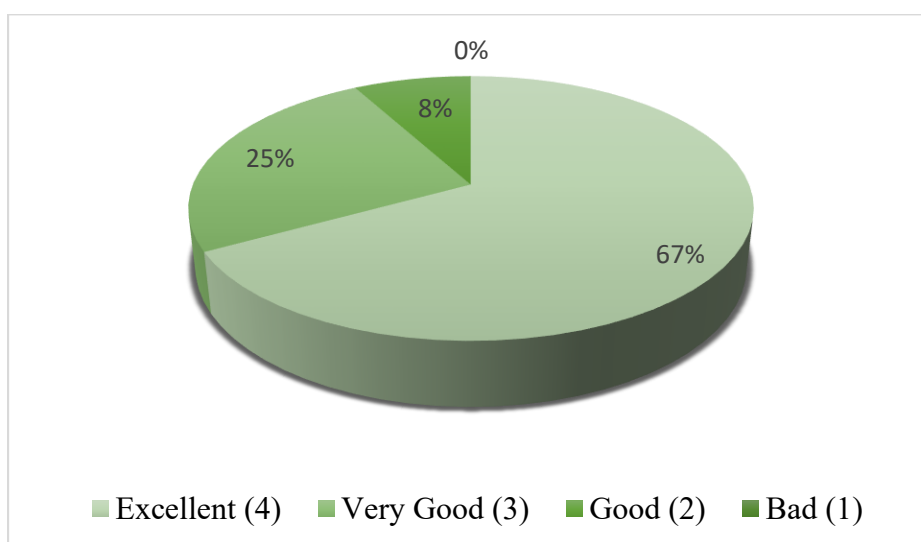
Table 12

Bee honey production at ABMEDIC

#	Alternative	Frequency	Percentage
1	Excellent (4)	8	67
2	Very Good (3)	3	25
3	Good (2)	1	8
4	Bad (1)	0	0
	Total	12	100

Created by: Esteban Ismael Cardoso Ávila

Source: surveys



Graphic 9. Bee Honey production
Created by: Esteban Ismael Cardoso Ávila

Analysis and interpretation

On the other hand, 67% classify the honey production of the company ABMEDIC excellent, and between 25 and 8% of very good and good.

9. ¿What are the aspects that most suppliers consider when purchasing the product of the honey and its derivatives?

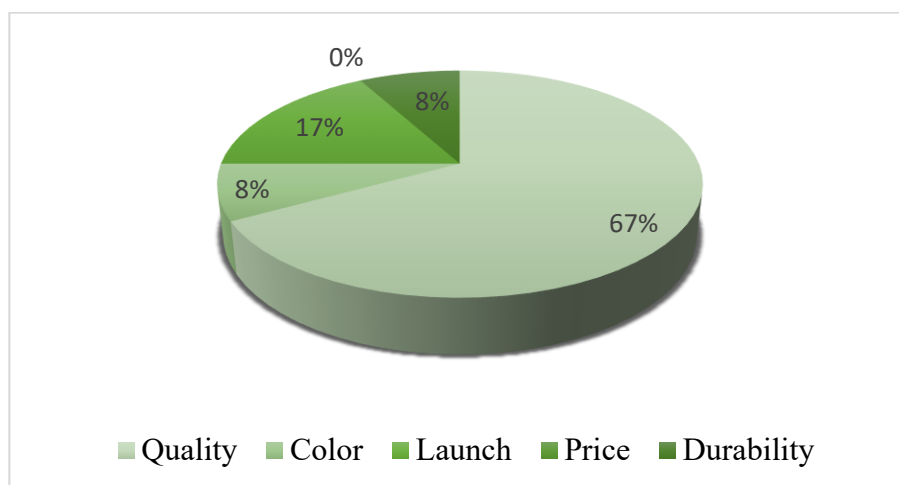
Table 13

Aspects that suppliers consider about the product

#	Alternative	Frequency	Percentage
1	Quality	8	67
2	Color	1	8
3	Launch	2	17
4	Price	0	0
5	Durability	1	8
	Total	12	100

Created by: Esteban Ismael Cardoso Ávila

Source: surveys



Graphic 10. The Suppliers' aspects
Created by: Esteban Ismael Cardoso Ávila

Analysis and interpretation

Regarding the aspects that customers consider when purchasing the product, 67% look for quality, while 17% presentation, also a lower percentage is fixed in the color of this.

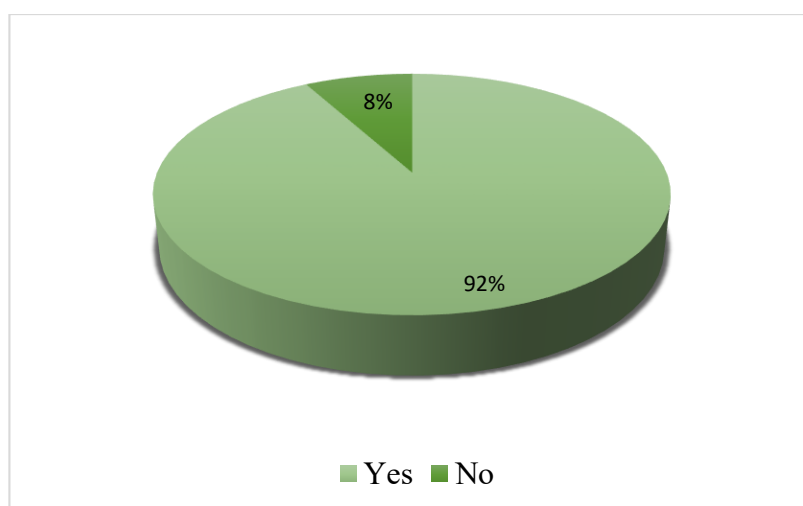
10. ¿Do you consider it feasible for the company ABMEDIC to establish commercial relations with the United States market and as an improvement in productive activity?

Table 14

Feasibility of exporting honey from ABMEDIC to the United States

#	Alternative	Frequency	Percentage
1	Yes	11	92
2	No	1	8
Total		12	100

Created by: Esteban Ismael Cardoso Ávila
Source: surveys

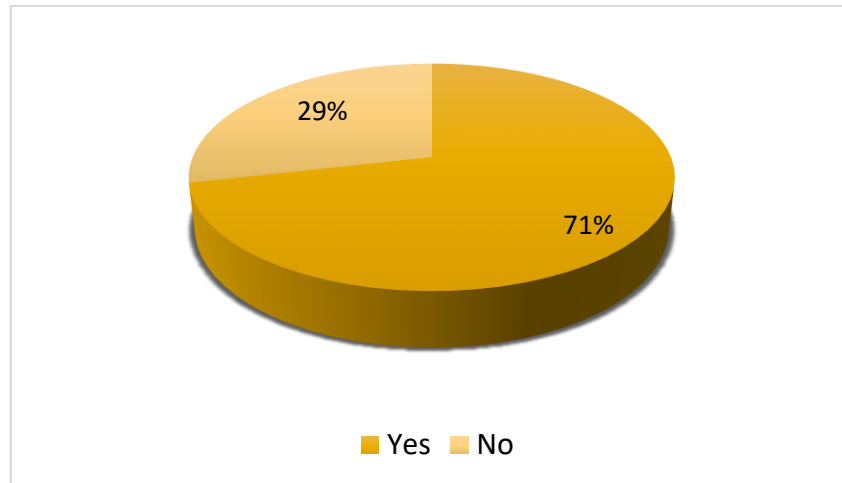


Graphic 11. Feasibility to export honey bee to the US
Created by: Esteban Ismael Cardoso Ávila

Analysis and interpretation

3.1.2 Product's acceptance by the US market

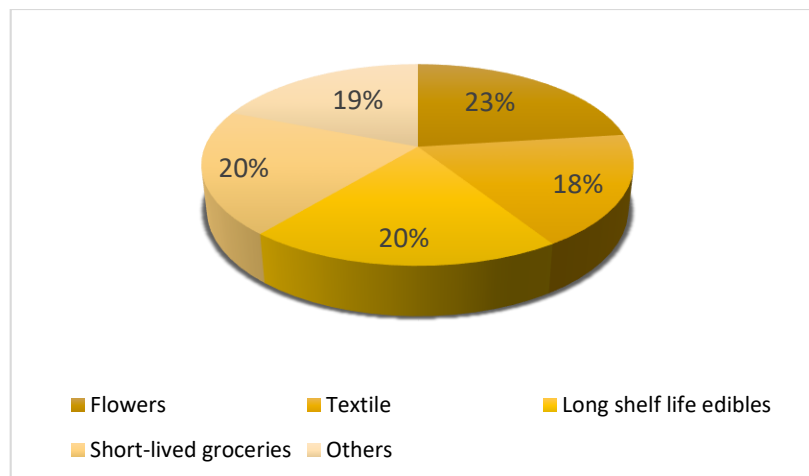
1. ¿Has your company imported some product from Ecuador?



Graphic 12. Import
Created by: Esteban Ismael Cardoso Ávila

When questioning the sample if it has imported any Ecuadorian product, 71.4% report having done so, while 28.60% do not.

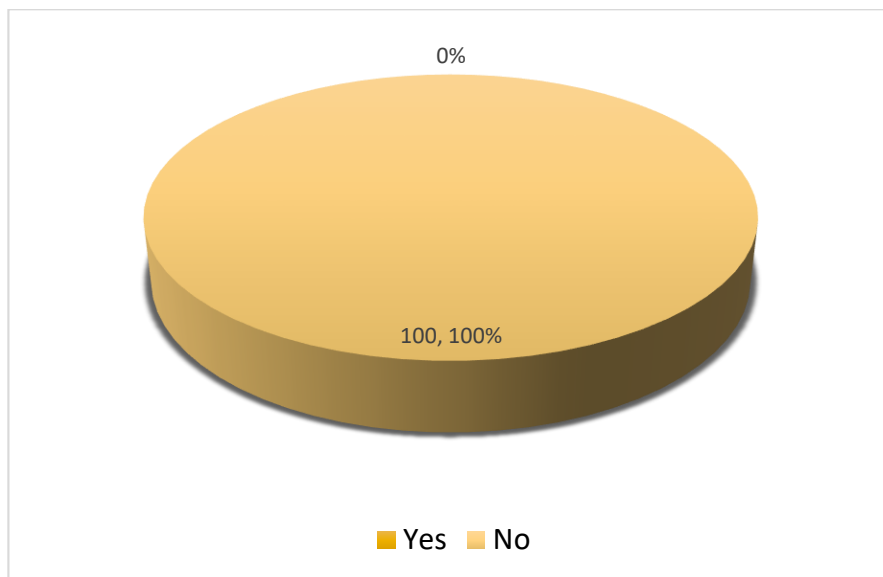
2. ¿What are the main products you import from Ecuador?



Graphic 13. Main import products
Created by: Esteban Ismael Cardoso Ávila

Likewise, 40% state that they have exported groceries, 20% Textiles, flowers and other products.

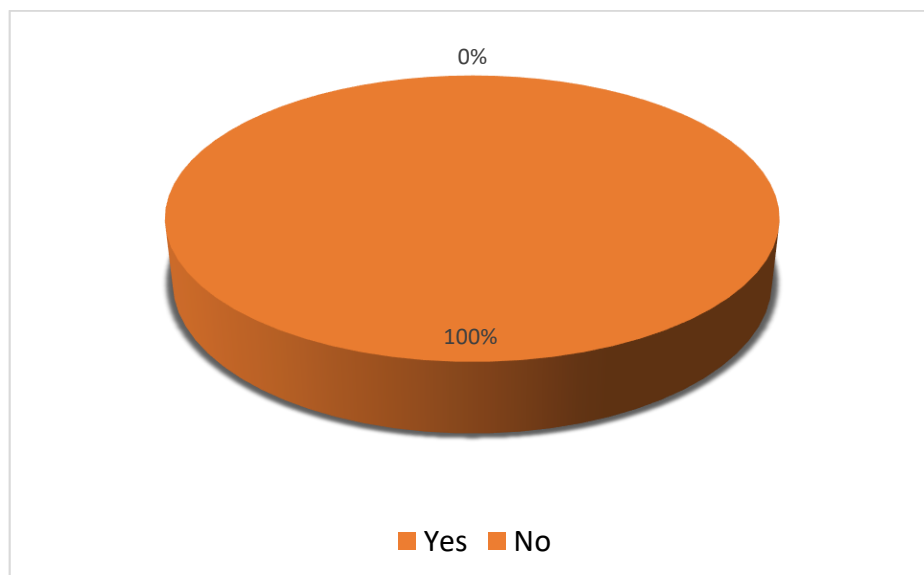
3. ¿Currently, does the company imports bee honey from Ecuador? If the question is NEGATIVE, please answer the following.



Graphic 14. Imported bee honey
Created by: Esteban Ismael Cardoso Ávila

Regarding the import of honey, 100% states that it does not export honey from the country..

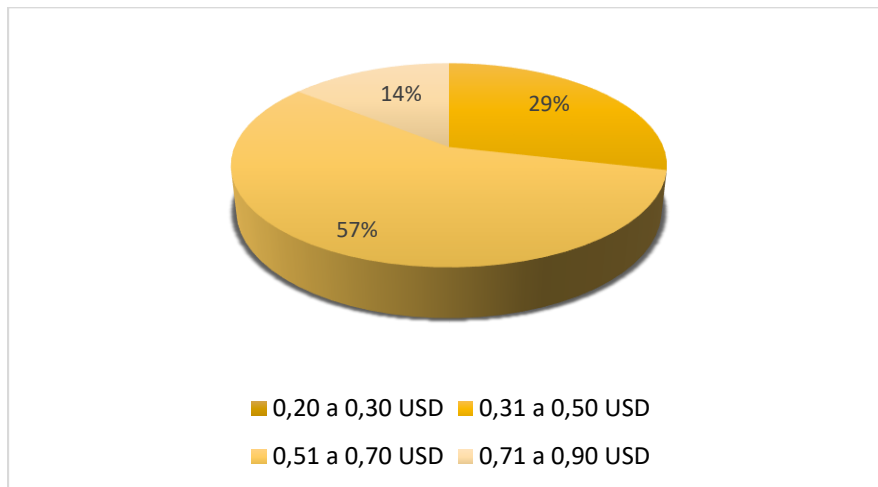
4. ¿Would you be willing to make a purchase and sale alliance with a company producing honey?



Graphic 15. Buy and Sale alliance
Created by: Esteban Ismael Cardoso Ávila

On the other hand, 100% would like an export alliance of Ecuadorian honey.

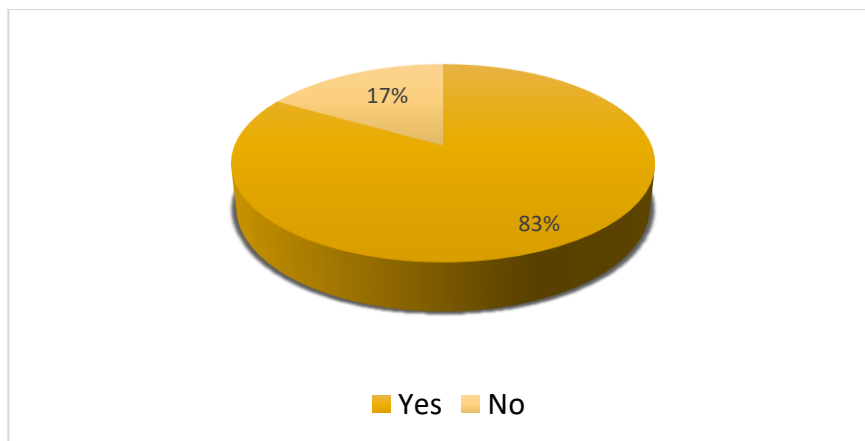
5. ¿How much would you be willing to pay for the Ecuadorian product considering a 500ml container?



Graphic 16. Willing to pay
Created by: Esteban Ismael Cardoso Ávila

Of the seven Surveyed, 57.10% are willing to disburse between 0.51 and 0.70 USD for each 500 ml knob of Ecuadorian honey, 28.5 between 31 and 50 USD, and 14.3% 0.71 and 0.90 USD.

6. ¿ Do you know another company that exports honey from Ecuador?



Graphic 17. Other exporting companies
Created by: Esteban Ismael Cardoso Ávila

Finally, the 83.30% know a company in the country that exports the product to the United States.

3.2 Tariff and non-tariff barriers

Table 15

Tariff classification of honey in the United States

040900020	Natural honey packaged for retail sale
040900025	Honey combed or packaged for retail sale
040900040	Extra clear amber nectar natural honey, or clear not otherwise specified or classified in another denomination
040900042	Natural "white" honey not packaged for retail sale
040900044	Extra Clear Amber Natural Honey, not packaged for retail sale
040900060	Natural amber or dark honey not specified or classified in another dimension

Source: (Flores, 2016)

Created by: Esteban Ismael Cardoso Ávila

Has knowledge about the process of exporting honey to other international markets.

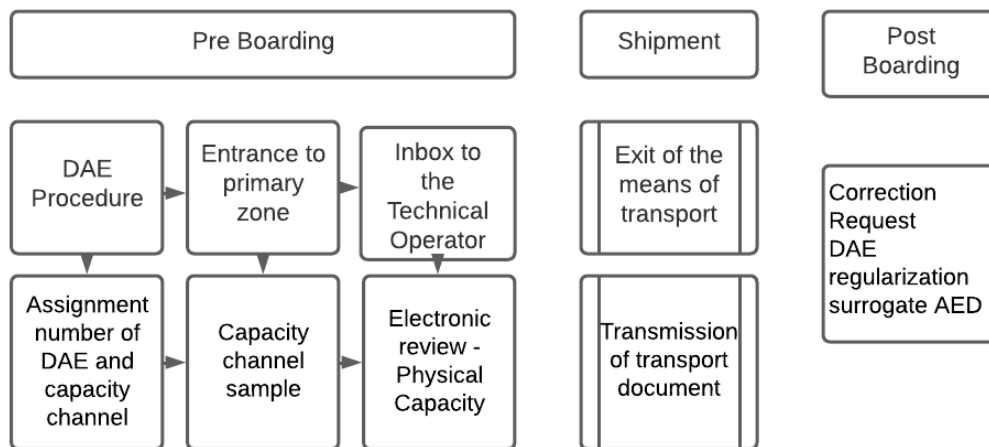


Figure 8. Pre-Shipment Processes

Created by: Esteban Ismael Cardoso Ávila

3.3 Target market

The market to which the advertising will be directed to obtain contracts to export are the trading companies of the United States, especially in Florida. According to the data of the applied survey, 100% of the respondents find it attractive to import honey from Ecuador. On the other hand, there will be no restrictions regarding the type of company as long as they contract the minimum, which would be 2.08T of honey per shipment.

3.4 Distribution and logistics channels

3.4.1 Customs export and import conditions

The product to be exported is honey, which, at the time of its conservation and transfer, it is essential to have storage that is kept in good conditions for consumption. Taking into account the above, the shipment in the port to its destination, a container that meets the specific characteristics required will be used.

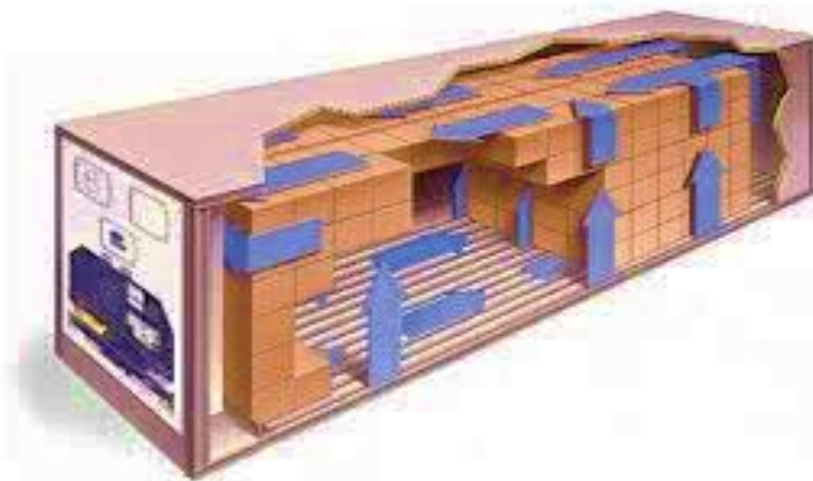


Figure 9. Container for transfer of merchandise
Created by: Esteban Ismael Cardoso Ávila

Figure 9 shows a model with a 40ft (12.19m) extension where the temperature can be adjusted between 24o and -24o Celsius. They are designed to withstand weather conditions, both on land and at sea. This is ideal for transporting the tested product as it must be kept in a stable climate until it reaches end consumers in the US.

Industrial boxes of 60x40x40cm will be placed inside the refrigerator. In them it is possible to place 60 jars of honey in 500 ml in total 30,000 ml in a box. Taking into account that the refrigerator contains 67 m³, it is possible to ship approximately 696 boxes. 2.8 tons of goods can be shipped to the United States.

In addition to the logistics required for the transfer of the merchandise, the export regulations applicable to Ecuador and the import conditions imposed by the country to which the product is to be dispatched will be taken into account.

- In Ecuador

The country has to go through a series of steps to be able to export a product destined for the US market. They are explained below. Since the RUC is already included in the SRI, it is necessary to establish an exporter registry in this facility by following the procedures below, as shown in Table 16.

Table 16

Record to export

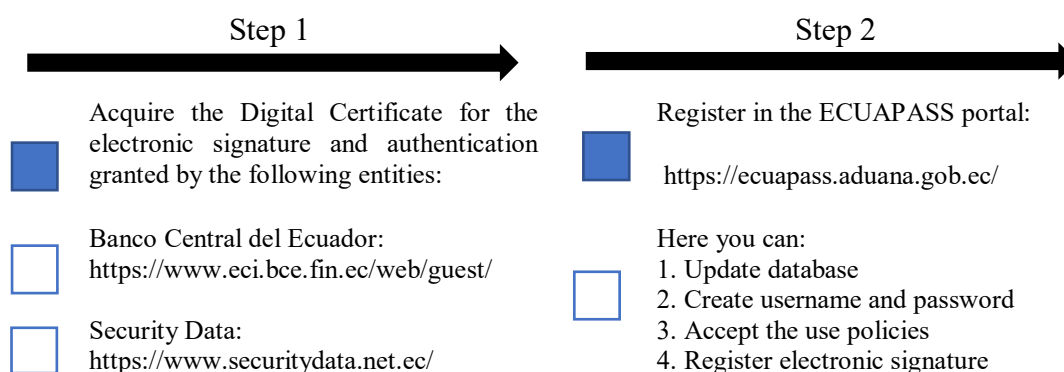


Figure 10. Registration to export

Created by: Esteban Ismael Cardoso Ávila

To start the export process, you must complete an electronic export customs declaration (EAD), to which an invoice or proforma and other documents must be attached before shipment. This is not a brief explanation, it is legal and must be followed by SENA E.

Table 17

Steps for customs declaration

<i>Stages</i>	<i>Details</i>
Data to be delivered to the DAE	<ul style="list-style-type: none"> - From the exporter or declarant - Market description per invoice item - Data of the consignor - Load destination - Quantities - Weight and other data related to the merchandise
Digital discounts that go with DAE through ECUAPASS	<ul style="list-style-type: none"> - Original commercial invoice - Certificate of good manufacturing practices - Previous authorizations (when the case warrants it) - Electronic certificate of origin (when the case warrants it)

Source: Adapted of (SENAE, Servicio Nacional de Aduana del Ecuador, 2017)

Created by: Esteban Ismael Cardoso Ávila

ECUAPASS: "is the Ecuadorian customs system that will allow Foreign Trade Operators to carry out all their import and export customs operations" (SENAE, 2020). After acceptance by DAE, the goods enter the principal place of jurisdiction in which they are displayed. Remain registered and in temporary detention before shipment, in this case to the US. Currently, the exporter is assigned a channel de gauging to which he is subordinate.

Automatic Capacity: deduct the safe-conduct with it so that the merchandise is sent at the moment of entering the primary loading zone.

Documentary Capacity: in this case, the documents and data entered electronically are verified by a customs official, who will give the go-ahead for the shipment of the merchandise.

Intrusive Physical Appraisal: It is a combination of the previous one with the physical inspection of the cargo, seeking to confirm that the data in the documentation coincides with the merchandise.

The company assumes the risk and transport costs to the port of delivery of the merchandise, always by sea. There, the buyer assumes responsibility for the shipment and hands it over to the subsidiary. An example of this scheme is shown in Figure 10.

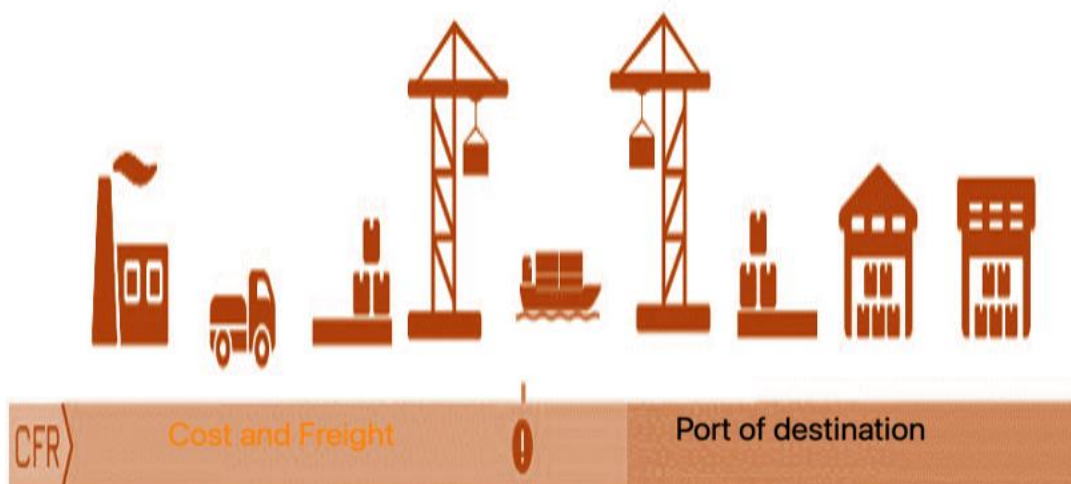


Figure 12. CFR

Source: (Otraempresa, 2020)

Created by: Esteban Ismael Cardoso Ávila

EXPORT FLOW CHART TO THE UNITED STATES

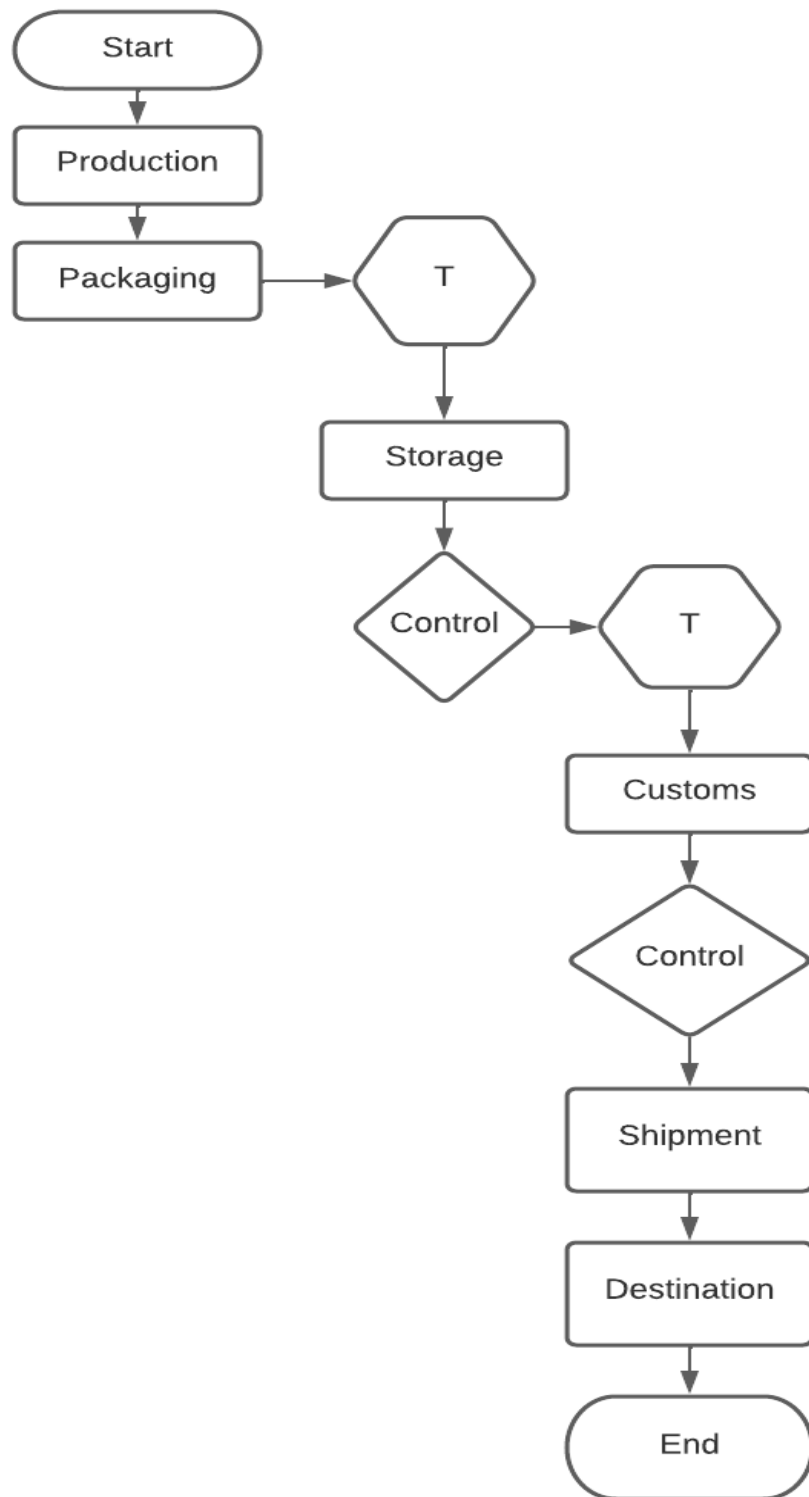


Figure 2. Export flowchart
Created by: Esteban Ismael Cardoso Ávila

3.5 Competition

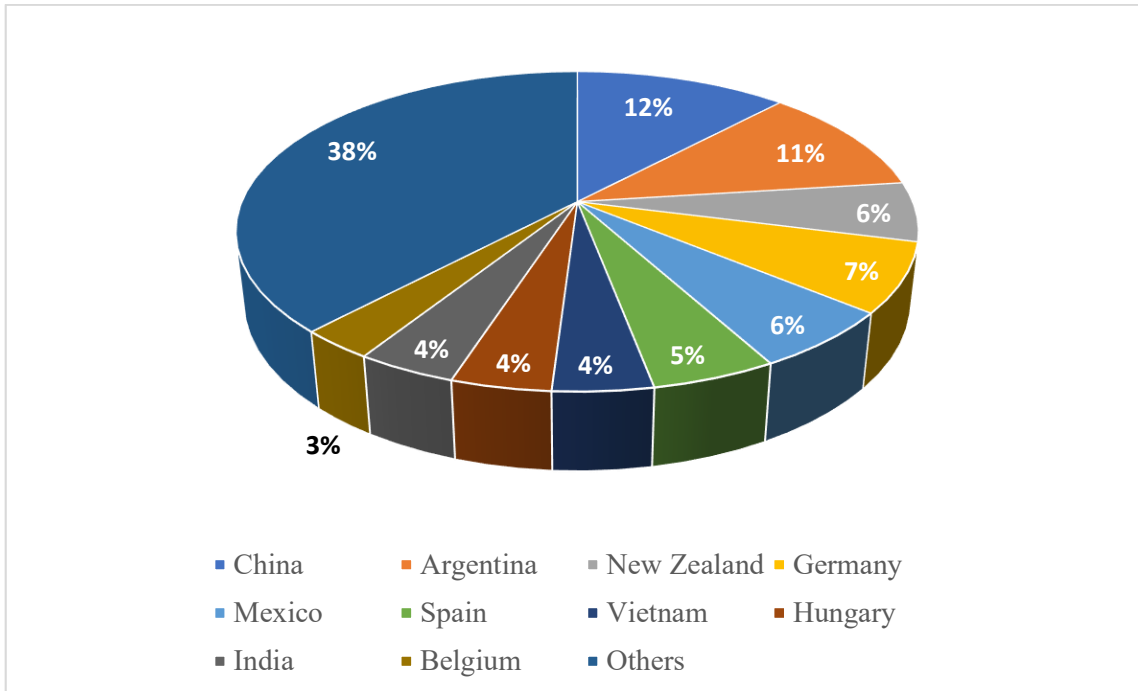


Figure 10. Honey main exporters around the world

Source: (Gualotuña, 2015)

Created by: Esteban Ismael Cardoso Ávila

The latest official information recorded on exports of honey from Baja is from 2015. This includes the periods 2010-2014 contemplated in Trade Map Statistics. According to these results, in 2014 the most exporting countries of honey were China and Argentina. Ecuador has not yet expanded to the market, so there is no high competition from the country. However, in the questionnaire applied to several companies in the United States, 83.03% answered that they do know companies that export the product from Ecuador. The aforementioned forces the company to present products of better quality and with attractive prices for marketers in the United States.

3.6 Marketing Plan

3.6.1 Product

As the export to the United States of America has been considered, the company has decided to redesign its current logo, taking into account that the brand will go to a first world market where there is a more demanding customer. Next, in Figure 14 the new logo of the organization is presented.



Figure 11. ABMEDIC Company Logo
Created by: Esteban Ismael Cardoso Ávila



Figure 12. Packaging and Logo
Created by: Esteban Ismael Cardoso Ávila

3.6.2 Price

For its part, the marketing price has been established, taking into account the market study, carried out online to companies that can market the ABMEDIC product. So, considering the results, it is set at a value of 0.60 USD, for a 500ml container. This value is attractive for interested companies, since in the North American market 150ml of honey can cost 2.69 USD, leaving a wide profit margin for the reseller.

3.6.3 Place

The ABMEDIC product will be exported in a first phase to the state of Florida, in the south of the United States of America. This area of the country has been chosen, as it is one of the areas that houses the most Ecuadorians. Although the product is designed to penetrate the North American market, it is expected to reach the representation of Ecuadorian citizens first, as this would quickly expand the possibilities of consumption, appealing to feelings of nostalgia for consuming a food from their native country.

The company assumes the risk and cost of transporting the merchandise to the port of destination, always by sea. Once there, the client is in charge of the collection and the transfer to his subsidiary. That is, the seller is responsible for the delivery of the merchandise at the port designated by the buyer, as well as for the reservations and payments for the shipment of the merchandise to the port of destination (Otraempresa, 2020). An example of this scheme is shown in Figure 14.



Figure 13. CFR

Created by: Esteban Ismael Cardoso Ávila

3.6.4 Promotion

The ABMEDIC product will be exported in a first phase to the state of Florida, in the south of the United States of America. This area of the country has been chosen, as it is one of the areas that houses the most Ecuadorians. Although the product is designed to

penetrate the North American market, it is expected to reach the representation of Ecuadorian citizens first, as this would quickly expand the possibilities of consumption, appealing to feelings of nostalgia for consuming a food from their native country.

Bearing in mind that the potential clients in the United States of America are companies that will carry out the redistribution of the ABMEDIC product, they assume the advertising and promotion in the northern country. However, the company will use electronic means to attract new customers, carrying out email-marketing campaigns and promotions on the company website itself.



We have offers for you
check our special promotions



Visit our website for more details or contact a Customer Service in the link below

Contact

ABMEDIC



You received this email because you signed up in our website or placed a purchase

[unsubscribe](#)

Figure 14. Email – Marketing example promotion – Available in Spanish and English
Created by: Esteban Ismael Cardoso Ávila

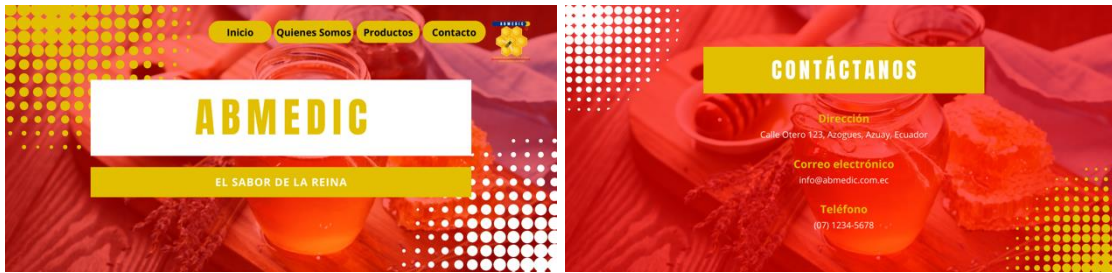


Figure 15. Company Website – Available in Spanish and English
Created by: Esteban Ismael Cardoso Ávila

3.7 Financial Analysis

Each of the calculations that were made to determine the suitability of the proposed business plan is presented below.

Table 18

Investment Structure

Own Capital	\$ 87,092.36	30%	
Financed	\$ 203,215.50	70%	
Working Capital			\$ 146,677.04
Total	\$ 290,307.86		

Created by: Esteban Ismael Cardoso Avila

The total value of the capital necessary to start operations is \$290,307.86, of which 30% is contributed by the owner of the company and the remaining 70% will be obtained from a financial institution. This sum \$ 146,677.04 USD are destined to the working capital of the first three months of operations of the company.

Table 19

Investment

<i>Assets</i>	<i>Quantity</i>	<i>Unit \$</i>	<i>Subtotal</i>	<i>VAT 12%</i>	<i>Total</i>
Working Capital					\$ 146,677.04
Working Capital					\$ 146,677.04
Subtotal					\$ 146,677.04
Furniture and appliances					
Tables	4	\$ 10.00	\$ 40.00	\$ 4.80	\$ 44.80
Chairs	4	\$ 8.00	\$ 32.00	\$ 3.84	\$ 35.84
Packing Machine	2	\$ 1,295.00	\$ 2,590.00	\$ 310.80	\$ 2,900.80
Labeling Machine	1	\$ 3,000.00	\$ 3,000.00	\$ 360.00	\$ 3,360.00
Subtotal					\$ 6,341.44
Machinery and equipment					
Protection devices	12	\$ 45.00	\$ 540.00	\$ 64.80	\$ 604.80
Smoker	6	\$ 25.00	\$ 150.00	\$ 18.00	\$ 168.00
Spatula	6	\$ 15.00	\$ 90.00	\$ 10.80	\$ 100.80
Brush	6	\$ 5.00	\$ 30.00	\$ 3.60	\$ 33.60
Entire Hive	500	\$ 66.70	\$ 33,350.00	\$ 4,002.00	\$ 37,352.00
Remodeling and adaptation of the place (240 mts2 a 900\$/mtr)	1	\$ 30,000.00	\$ 30,000.00	\$ 3,600.00	\$ 33,600.00
Purchase Queen-Bee	200	\$ 20.00	\$ 4,000.00	\$ 480.00	\$ 4,480.00
Motor Vehicle	2	\$ 25,000.00	\$ 50,000.00	\$ 6,000.00	\$ 56,000.00
Honey Extractor	5	\$ 800.00	\$ 4,000.00	\$ 480.00	\$ 4,480.00
Storage Tanks	20	\$ 20.99	\$ 419.80	\$ 50.38	\$ 470.18
Subtotal					\$ 137,289.38
Total investment					\$ 290,307.86

Created by: Esteban Ismael Cardoso Avila

In order to have the required capital of \$290,307.86 to start a business, you need to take out a bank loan as the owner only has 30%, which is \$87,092.36, and the funds convert to the remaining 70% - \$203,215.50 contributed by a financial organization. Although the table shows the values of the first month, the working capital was calculated for three months to have a fund to manage the company.

Table 20

Working Capital

<i>Variable</i>	<i>Monthly Cost</i>	<i>Quarterly Cost</i>
Indirect Labor	\$753.01	\$2,259.03
Direct Labor	\$3,084.27	\$9,252.80
Materials costs	\$41,760.00	\$125,280.00
Basic Services	\$120.00	\$360.00
Export Costs	\$3,175.07	\$9,525.21
Total	\$48,892.35	\$146,677.04

Created by: Esteban Ismael Cardoso Ávila

The monthly working capital will be \$48,892.35 and for three months \$146,677.04. Allow the business to operate during the period in which the merchandise is in transit to the United States and the sale transaction takes effect.

Cost and expenses

Table 21

Indirect labor

<i>Workstation</i>	#	<i>Wage</i>								<i>HHRR YEAR 1</i>	<i>HHRR YEARS 2 - 5</i>
			<i>Month</i>	<i>Year</i>	<i>13th wage</i>	<i>14th wage</i>	<i>Fond. Res</i>	<i>Vacations</i>	<i>IESS</i>		
Production Manager	1	600.00	600.00	6,900.00	633.33	400.00	599.76	300.00	802.80	9,036.13	9,635.89
Total	1		600.00	6,900.00						9,036.13	9,635.89

Created by: Esteban Ismael Cardoso Ávila

Table 22

Direct labor

<i>Workstation</i>	#	<i>Wage</i>								<i>HHRR YEAR 1</i>	<i>HHRR YEARS 2 - 5</i>
			<i>Month</i>	<i>Year</i>	<i>13th wage</i>	<i>14th wage</i>	<i>Fond. Res</i>	<i>Vacations</i>	<i>IESS</i>		
Beekeepers	6	400.00	2,400.00	27,600.00	2,600.00	2,400.00	2,399.04	1,200.00	3,211.20	37,011.20	39,410.24
Field workers	3	400.00	1,200.00	13,800.00	1,300.00	1,200.00	1,199.52	600.00	1,605.60	18,505.60	19,705.12
Total	6		2,400.00	27,600.00						37,011.20	39,410.24

Created by: Esteban Ismael Cardoso Ávila

Direct and indirect labor costs for production are shown. As can be seen, the calculations of all-legal payments to these employees were carried out for five years.

Table 23

Fixed and variable costs

	Expenses				
	<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>	<i>V</i>
Cost of sale					
Direct labor	\$37,011.20	\$39,410.24	\$39,410.24	\$39,410.24	\$39,410.24
Direct materials	\$15,033.60	\$15,335.78	\$15,644.02	\$15,958.47	\$16,279.23
Subtotal	\$52,044.80	\$54,746.02	\$55,054.26	\$55,368.71	\$55,689.47
Administrative expenses					
Basic services	\$1,440.00	\$1,440.00	\$1,440.00	\$1,440.00	\$1,440.00
Hygiene and clean products	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00
Maintenance	\$720.00	\$720.00	\$720.00	\$720.00	\$720.00
Web Site	\$646.28	\$0.00	\$0.00	\$0.00	\$0.00
Formation expenses	\$1,500.00	\$0.00	\$0.00	\$0.00	\$0.00
Export expenses	\$38,100.84	\$38,100.84	\$38,100.84	\$38,100.84	\$38,100.84
Depreciation	\$16,658.74	\$16,658.74	\$16,658.74	\$16,670.95	\$16,658.74
Subtotal	\$68,701.99	\$67,155.47	\$67,155.47	\$67,167.68	\$67,155.47
Cost of sale					
Marketing (advertising)	\$6,510.00	\$6,420.00	\$6,420.00	\$6,420.00	\$6,420.00
Subtotal	\$6,510.00	\$6,420.00	\$6,420.00	\$6,420.00	\$6,420.00
Financial expenses					
Interest	\$21,497.52	\$17,729.61	\$13,520.41	\$8,818.23	\$3,565.35
Subtotal	\$21,497.52	\$17,729.61	\$13,520.41	\$8,818.23	\$3,565.35
Total	\$148,754.31	\$146,051.10	\$142,150.15	\$137,774.63	\$132,830.30

Created by: Esteban Ismael Cardoso Ávila

Table 24

Direct materials

<i>Items</i>	<i>Monthly</i>	<i>I</i>	<i>II</i>	<i>III</i>	<i>IV</i>	<i>V</i>
Units	41760	\$501,120.00	\$506,131.20	\$511,192.51	\$516,304.44	\$521,467.48
Packaging	0.03	0.030	0.030	0.031	0.031	0.031
Total		15,033.60	15,335.78	15,644.02	15,958.47	16,279.23

Created by: Esteban Ismael Cardoso Ávila

Table 24 shows the materials used in production, based on an inflation rate of 1% according to the latest data from the US economy. In the third and fifth year of export activity, it is necessary to increase production to reach more customers and cover an important part of the demand.

Table 25

Export expenses

<i>Variables</i>	<i>Q</i>	<i>Monthly</i>	<i>Annual</i>
Sending documents	6	45,00	\$ 270,00
Port charges	12	80,00	\$ 960,00
Origen certificate	6	10,00	\$ 60,00
Phytosanitary	12	58,34	\$ 700,08
Inspection	4	480,00	\$ 1920,00
Overall cost	12	1071,54	\$ 12 858,48
Insurance	12	660,00	\$ 7 920,00
Bank charges	12	853,00	\$ 10 236,00
Customs agent	12	200,00	\$ 2 400,00
Subtotal	--	--	\$ 37 324,56
Unforeseen expenditure	2%	\$ 64,69	\$ 776,28
Total	--	--	\$ 38 100, 84

Created by: Esteban Ismael Cardoso Ávila

Table 25 shows the expenses incurred in the customs area, including freight insurance that must arrive safely in the United States. In addition, in case of an unexpected situation, a security of 2 percent is estimated.

Table 26*Expense detail*

<i>Details</i>	<i>Annual quantities</i>	<i>Unit price</i>	<i>Total</i>
Basic Services	12	\$120.00	\$1,440.00
Hygiene and Clean Products	12	\$50.00	\$600.00
Maintenance	6	\$120.00	\$720.00
Website	1	\$646.28	\$646.28
Formation expenses	1	\$1,500.00	\$1,500.00
Export expenses	12	\$3,175.07	\$38,100.84
Total			\$43,007.12

Created by: Esteban Ismael Cardoso Ávila

Table 27*Depreciation*

<i>Assets</i>	<i>Total \$</i>	<i>%</i>	<i>i</i>	<i>ii</i>	<i>iii</i>	<i>iv</i>	<i>iv</i>	<i>Residual value</i>
Assets								
Tables	\$40.00	10%	\$4.00	\$4.00	\$4.00	\$4.00	\$4.00	\$20.00
Chairs	\$35.84	10%	\$3.58	\$3.58	\$3.58	\$3.58	\$3.58	\$17.92
Packing Machine	\$2,900.80	20%	\$580.16	\$580.16	\$580.16	\$580.16	\$580.16	\$0.00
Labeling Machine	\$3,000.00	20%	\$600.00	\$600.00	\$600.00	\$600.00	\$600.00	\$0.00
Protection devices	\$540.00	10%	\$54.00	\$54.00	\$54.00	\$54.00	\$54.00	\$270.00
Smoker	\$150.00	10%	\$15.00	\$15.00	\$15.00	\$15.00	\$15.00	\$75.00
Spatula	\$90.00	10%	\$9.00	\$9.00	\$9.00	\$9.00	\$9.00	\$45.00
Brush	\$30.00	10%	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$15.00
Entire Hive	\$33,350.00	10%	\$3,335.00	\$3,335.00	\$3,335.00	\$3,335.00	\$3,335.00	\$16,675.00
Construction	\$30,000.00	5%	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$22,500.00
Storage tank	\$470.18	10%	\$47.02	\$47.02	\$47.02	\$47.02	\$47.02	\$235.09
Tech Devices	\$200.00	33%	\$66.00	\$66.00	\$66.00	\$66.00	\$66.00	-\$130.00
Vehicle	\$50,000.00	20%	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$10,000.00	\$0.00
	\$125,226.62		\$16,658.74	\$16,658.74	\$16,658.74	\$16,670.95	\$16,658.74	\$41,920.70
Total depreciation			\$16,658.74	\$16,658.74	\$16,658.74	\$16,670.95	\$16,658.74	\$83,841.40

Created by: Esteban Ismael Cardoso Ávila

Table 28*Amortization*

AMORTIZATION TABLE				
BENEFICIARY				
Financial Institution	Pichincha			
Total amount \$	\$203,215.50			
Interest rate	11.23%			
Term	5 Years			
Amortization	90 Days			
Periods	20			
No.	Balance	Interest	Capital payments	Fee
0	\$203,215.50			
1	\$195,503.45	\$5,705.28	\$7,712.06	\$13,417.33
2	\$187,574.87	\$5,488.76	\$7,928.57	\$13,417.33
3	\$179,423.71	\$5,266.16	\$8,151.17	\$13,417.33
4	\$171,043.70	\$5,037.32	\$8,380.01	\$13,417.33
5	\$162,428.42	\$4,802.05	\$8,615.28	\$13,417.33
6	\$153,571.26	\$4,560.18	\$8,857.15	\$13,417.33
7	\$144,465.45	\$4,311.51	\$9,105.82	\$13,417.33
8	\$135,103.98	\$4,055.87	\$9,361.46	\$13,417.33
9	\$125,479.70	\$3,793.04	\$9,624.29	\$13,417.33
10	\$115,585.21	\$3,522.84	\$9,894.49	\$13,417.33
11	\$105,412.93	\$3,245.05	\$10,172.28	\$13,417.33
12	\$94,955.07	\$2,959.47	\$10,457.86	\$13,417.33
13	\$84,203.60	\$2,665.86	\$10,751.47	\$13,417.33
14	\$73,150.28	\$2,364.02	\$11,053.32	\$13,417.33
15	\$61,786.65	\$2,053.69	\$11,363.64	\$13,417.33
16	\$50,103.98	\$1,734.66	\$11,682.67	\$13,417.33
17	\$38,093.32	\$1,406.67	\$12,010.66	\$13,417.33
18	\$25,745.45	\$1,069.47	\$12,347.86	\$13,417.33
19	\$13,050.93	\$722.80	\$12,694.53	\$13,417.33
20	\$0.00	\$366.40	\$13,050.93	\$13,417.33
		\$65,131.12	\$203,215.50	\$268,346.62

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Depreciation is calculated over five years and a residual value column is installed to write off equipment that deserves it. The payment of the loan that Pichincha received in a period of 5 years is described in detail in Table 28, with the payment of interest in 20 installments 90 days apart.

Table 29

Estimated Sales

<i>Items</i>	<i>Monthly</i>	<i>1 year</i>	<i>2 year</i>	<i>3 year</i>	<i>4 year</i>	<i>5 year</i>
Knobs	41,760.00	501,120.00	516,153.60	531,638.21	547,587.35	564,014.97
Price	\$0.60	\$0.60	\$0.61	\$0.61	\$0.62	\$0.62
Total		\$300,672.00	\$312,789.08	\$325,394.48	\$338,507.88	\$352,149.75

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Sales are estimated to reach 250,560,000 ml, which will be \$300,672.00 USD in the first year, and are estimated to reach \$352,149.75 thousand USD by the end of the fifth year. The price is based on the opinion of the respondents and the rate of return that must be offered to US customers in order for the price of the product to be attractive to them.

Table 30

Profit and loss

	2021	2022	2023	2024	2025
Operational incomes					
Sales	\$ 300,672.00	\$ 312,789.08	\$ 325,394.48	\$ 338,507.88	\$ 352,149.75
(-) Sales cost	\$ 52,044.80	\$ 54,746.02	\$ 55,054.26	\$ 55,368.71	\$ 55,689.47
Gross profit in sales	\$ 248,627.20	\$ 258,043.07	\$ 270,340.22	\$ 283,139.17	\$ 296,460.27
(-) Sales expenses	\$ 6,510.00	\$ 6,420.00	\$ 6,420.00	\$ 6,420.00	\$ 6,420.00
Sales net income	\$ 242,117.20	\$ 251,623.07	\$ 263,920.22	\$ 276,719.17	\$ 290,040.27
(-) Administrative expenses	\$ 68,701.99	\$ 67,155.47	\$ 67,155.47	\$ 67,167.68	\$ 67,155.47
Operating profit`	\$ 173,415.21	\$ 184,467.59	\$ 196,764.74	\$ 209,551.48	\$ 222,884.80
(-) Financial expenses	\$ 21,497.52	\$ 17,729.61	\$ 13,520.41	\$ 8,818.23	\$ 3,565.35
Total	\$ 151,917.69	\$ 166,737.98	\$ 183,244.33	\$ 200,733.25	\$ 219,319.45
(-) Workers' participation	\$ 22,787.65	\$ 25,010.70	\$ 27,486.65	\$ 30,109.99	\$ 32,897.92
Incomes before taxes	\$ 129,130.03	\$ 141,727.28	\$ 155,757.68	\$ 170,623.26	\$ 186,421.53
(-) Income tax	\$ 32,282.51	\$ 35,431.82	\$ 38,939.42	\$ 42,655.82	\$ 46,605.38
Total profit	\$ 96,847.52	\$ 106,295.46	\$ 116,818.26	\$ 127,967.45	\$ 139,816.15

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Despite the fact that sales represent positive income, the income statement shows that the first two years of operation are lower, with a recovery at the end of the second year. It can be seen that in the fifth year the profits increase by \$69.26 with respect to year one, as long as the plan is fulfilled.

Table 31
Cash flow

	0	1	2	3	4	5
Initial cash flows						
Working capital	-\$146,677.04					
Asset purchase	-\$143,630.82					
Operational flows						
Sales		\$300,672.00	\$312,789.08	\$325,394.48	\$338,507.88	\$352,149.75
(-) Sales cost		-\$52,044.80	-\$54,746.02	-\$55,054.26	-\$55,368.71	-\$55,689.47
(-) Administration expenses		-\$68,701.99	-\$67,155.47	-\$67,155.47	-\$67,167.68	-\$67,155.47
(-) Sales expenses		-\$6,510.00	-\$6,420.00	-\$6,420.00	-\$6,420.00	-\$6,420.00
Income before interest and taxes		\$173,415.21	\$184,467.59	\$196,764.74	\$209,551.48	\$222,884.80
(-) Financial expensive		-\$21,497.52	-\$17,729.61	-\$13,520.41	-\$8,818.23	-\$3,565.35
Income before contribution and taxes		\$151,917.69	\$166,737.98	\$183,244.33	\$200,733.25	\$219,319.45
(-) Workers' contribution (15%)		-\$22,787.65	-\$25,010.70	-\$27,486.65	-\$30,109.99	-\$32,897.92
Income before taxes		\$129,130.03	\$141,727.28	\$155,757.68	\$170,623.26	\$186,421.53
(-) Taxes (25%)		-\$32,282.51	-\$35,431.82	-\$38,939.42	-\$42,655.82	-\$46,605.38
After taxes utility		\$96,847.52	\$106,295.46	\$116,818.26	\$127,967.45	\$139,816.15
(+) Depreciation		\$16,658.74	\$16,658.74	\$16,658.74	\$16,670.95	\$16,658.74
Operational cash flow		\$113,506.27	\$122,954.20	\$133,477.00	\$144,638.40	\$156,474.89
Final flows						
(+) Salvage value						\$83,841.40
(+) Working capital recovering						\$146,677.04
Total Cash Flow	-\$290,307.86	\$113,506.27	\$122,954.20	\$133,477.00	\$144,638.40	\$386,993.33
	TOTALES	102,386.11	113,506.27	122,954.20	133,477.00	144,638.40

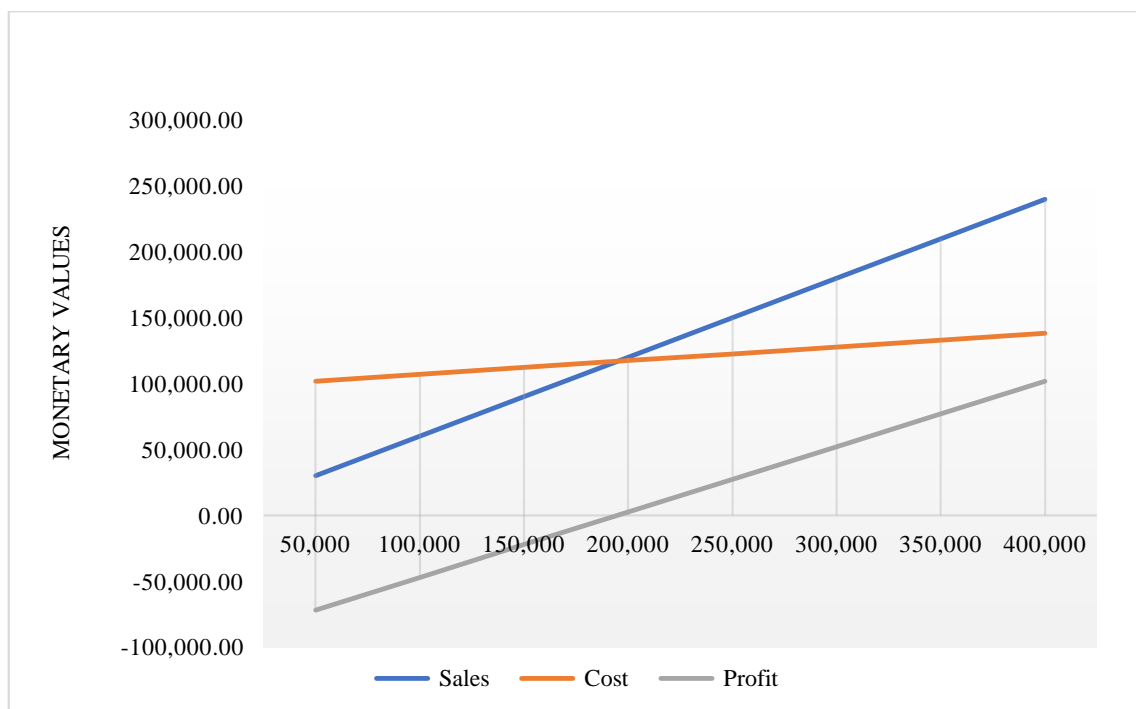
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Table 2

Balance Point

<i>Variables</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
Unit price	\$0.60	\$0.61	\$0.61	\$0.62	\$0.62
Unit variable cost	\$0.10	\$0.11	\$0.10	\$0.10	\$0.10
Fixed cost	\$96,709.51	\$91,305.09	\$87,095.88	\$82,405.92	\$77,140.82
Balance Point – Units	194,923	182,634	171,279	159,372	146,760
Range sales (\$)	\$116,953.59	\$110,676.23	\$104,832.79	\$98,520.64	\$91,631.57
Range sales (%)	38.90%	35.38%	32.22%	29.10%	26.02%

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Graphic 18. Balance Point – 1 Period

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As can be seen in Figure 20, the break-even point is reached in the middle of the first year of beginning exports. Cost and profit intersect at \$194,923 where the business makes no profit or loss if it reaches that intersection.

Table 3

Rate of return

<i>Structure</i>	<i>%</i>	<i>Capital cost</i>	<i>%</i>
Owner	30%	10.00%	3.00%
Financed	70%	11.23%	7.86%
Total	100%		10.86%

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Table 4

NPV, IRR y RP

<i>Financial Indicators</i>	<i>Total</i>
Initial investment	-290,307.86
Net Present Value (VPN)	159,387.12
Internal Rate of Return (IRR)	29.54%
Recovery Period (Payback)	2.23

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Approved calculation for the net present value, shows the positive values and profitability of the project and its investment. This point determines that the company will have profits in its accounts in the future. The IRR gives a higher percentage than TEMAR, so the project is feasible.

Table 5

Recovery period

<i>Years</i>	<i>Investment</i>	<i>Cash Flow</i>	<i>Accumulated</i>
0	-290,307.86		-290,307.86
1		113,506.27	-176,801.59
2		122,954.20	-53,847.39
3		133,477.00	79,629.61
4		144,638.40	224,268.01
5		386,993.33	611,261.34

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The processed data shows that the investment in the project is recovered in 2 years, 2 months and 3 days. Likewise, the internal rate of return is 29.54% higher than the MARR, which is 10.86%, proving that the investment and the project are viable.

3.8 Export risk analysis

Table 6

Export risk

<i>Risk Type</i>	<i>Detail</i>	<i>Solution</i>
Default	It is generated if after receipt of the merchandise, the buyer does not comply with the payment obligation.	To counteract this risk, export credit insurance can be used, which provides coverage for risks inherent in commercial transactions between contracting parties from different countries.
Transport	International trade involves a great distance between the point of departure and arrival of the goods, so the risk increases significantly. Therefore, it is important to have reliable logistics companies, experts in the market to which you are going to export or import. Freight forwarders, ideally with their own structure, can manage operations; both conventional and triangular, if applicable.	In this case, you can hire a company that provides this service, with its own structure and that could manage the operations, both conventional and triangular, if applicable.
Currency Risk	if it is derived from the use of a currency that is not its own, since it can alter the expected return. Therefore, it is always convenient to have stable currencies and cover this exchange risk with items or insurance.	In this case, these two parts rely on the same coin. U.S.
Legal Risk	Insufficient knowledge of laws, legal systems and agreements.	Hire legal advice or specialists in foreign trade who can guide the entire contracting process and train the company on the regulations established to be able to export to the United States.

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3.9 Legal and corporate analysis

The project presented will have the modality of being a society. As it is a constituted company, it is not necessary to carry out the procedures for the constitution or registration of trademarks. On the other hand, it must comply with the relevant records to export abroad that were addressed in previous points of the investigation.

CHAPTER IV

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

1. An analysis was carried out on the company ABMEDIC, where the main products offered by it were determined. Likewise, the mission and vision of this, the administrative, leadership and organizational processes were identified. Being these significant factors to prepare the feasibility project for the export of honey to the United States.
2. Likewise, two questionnaires were applied. One to the internal environment of the company under study and the second to determine the acceptance of the product in the US market. As a result, the company has high knowledge in the process of exporting honey, they also have a product of excellent quality and with the appropriate structural conditions to expand the scope of the market.
3. On the other hand, it was determined with the questionnaire applied to US companies that they are willing to acquire the product, even when they have not imported Ecuadorian honey. Likewise, they are willing to pay up to 1.80 USD for each kg.
4. To know the real potential of the business, the necessary financial calculations were made. Initial investments, working capital and costs were identified, including the source of financing to expand production. The results report, projected for the next five years, shows that in the first two years the return on investment is low, with an improvement for the third year of existence. Where, the break-even point reached \$116,953.59 in sales. The NPV calculation yields a positive value of \$159,387.12, so the investment is viable and the IRR is 29.54%, which is higher than the TEMAR percentage, which indicates the viability of the business plan and makes it attractive to investors. . In addition to the above, the payback period is 2 years, 2 months and 3 days.

Recommendations

1. Based on the results obtained, it is recommended to implement the export project, because it is viable and possible, obtaining profits in the short term.
2. Continue evaluating the processes that are carried out in the production and export of goods, seeking the continuous efficiency and effectiveness of the company.
3. Carry out market studies of several products that are attractive and that can be included in the export of honey, if conditions allow it, as well as its export to other countries such as Europe.
4. Form a department to search for contracts with different importing companies of the product in the United States. This will allow a safe return on investment and within the planned period.

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Anexo 1. Survey

Goal: Determine the acceptance of the honey product in the trading companies of the United States, giving an advantage in quality and price.

General data:

Company name _____

Years of incorporation _____

Questions

1. Has your company imported any product from Ecuador?
 Yes
 Nope

2. What are the main products imported from Ecuador?
 Flowers
 Textiles
 Therga Shelf Edibles
 Short-lived groceries
 Others

3. Does the company currently import honey from Ecuador? If the Question is negative, please answer the following.
 Yes
 Nope
4. Would you be willing to enter into a sales alliance with a company that produces honeys?
 Yes
 Nope
5. How much would you be willing to pay for the Ecuadorian product, considering a 500 ml container?
 0.20 to 0.30 USD
 0.31 to 0.50 USD
 0.51 to 0.70 USD
 0.71 to 0.90
 Other value

6. Know another company that exports honey from Ecuador
 Yes
 Nope

Thanks