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***Feasibility Study for the Commercialization of "Ecuacerámica"
Company Products in the Chilean Market.***

**Graduation Thesis prior to obtaining a Bilingual Bachelor in
International Studies – minor in Foreign Trade**

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Dedictory

The present paper is dedicated to my parents, who have supported and guided me firmly and unconditionally from the beginning of my days until the achievement of this goal, as well as to all the people who have been part of this great achievement.

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I thank God in the first place for giving me the necessary health to get to come this far, my parents for being my unconditional support, and the people who have been a fundamental pillar in concluding this goal.

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Abstract

Ecuacerámica, a company that produces and distributes flat ceramic and porcelain tiles, is a company with a background of more than 50 years, thus being one of the most important brands of the sector in Ecuador. It has state-of-the-art technology which provides a real production capacity of more than 500 thousand square meters per month. This has allowed them to maintain a presence in international markets. Some have flourished while others have not, so it is vital and necessary to seek new export destinations, in this case for determining the feasibility of introducing the brand in the Chilean market.

Introduction

In order to understand the present research, it is necessary to highlight the influence of two scenarios that have been decisive at a national level for the configuration of the current conditions of productivity: the one is the phenomenon that has been characterized as the change of the productivity matrix in Ecuador and involves the implementation of a series of strategies "that allow Ecuador to generate greater value added to its production in the framework of the construction of a knowledge society" (National Secretariat for Planning and Development, 2012, p.5). In this way, the aim is to "overcome the current model of wealth generation ... based on natural resources, by a model ... based on the knowledge and skills of Ecuadorians" (p.5).

The second aspect that should be mentioned is that of up-to-date regulations, since March of 2015, of the so-called "safeguards", which are a package of "tariff surcharges that, according to Resolution No. 011-2015 of the Ministry of Foreign Trade, are of a temporary and non-discriminatory nature and are intended to regulate the general level of imports of the country "(Instituto de la Ciudad, 2016, page 1).

Because these two conditions make the economic scenario favorable to companies seeking to export Ecuadorian products abroad, the company Ecuacerámica has seen the need to take advantage of the aforementioned situation and, thus, work to expand its market influence by strengthening the productive areas that generate attractive merchandise for international niches, especially with regard to ceramic and porcelain tiles. It should be mentioned that the products of the company Ecuacerámica have been characterized by quality and favorable reception at a national and international level in countries such as Colombia, Peru, Panama and the United States (Castillo, 2009). It seeks, therefore, to expand the international market in which it is already present, adding Chile to the group of countries that are export destinations.

CHAPTER 1

1. Theoretical Framework and Current Company Status

1.1 Theoretical Framework

Business internationalization is a process that consists in the fact that a company holds a portion of its supply activity, productive or commercial, outside the national territory through a permanent establishment process (Ballvelantero, 2002). Such proposals usually are taken in consideration within emerging and established companies when the possibility of having significant benefits compared to the experience that they already had within local markets (Rueda, 2008) is distinguished. Quoting Trujillo et al. (2006), one can say that internationalization is equivalent to a set of processes and operations that "facilitate the establishment of more or less stable links between business and international markets, along a process of increasing involvement and international projection" (p. 5).

Both nationally and internationally, the economic-productive activity that is exercised today is characterized by the interconnection of dynamic markets, heading for the implementation of the most innovative technological processes. This context makes companies that are connected to the dynamic economies of their countries tend to strengthen their corporate and administrative strategies. That is how that the internationalization is defined as a transcendent project for the proper functioning of a company and its future prospects.

Considering these arguments, the company Ecuacerámica has the need to invest resources and efforts in a process of international expansion into new markets in the region and beyond. For this, it is urgent to work to improve their production capacity, in

addition to a clear business strategy that allows them to successfully penetrate markets with growth potential.

This proposal is made precisely to carry out a feasibility study to allow clear data on the availability of the necessary resources to accomplish the objectives of international expansion of the company Ecuacerámica, specifically regarding incursion into the Chilean market. It is therefore proposed to execute an analysis of the economic, operational and technical dimensions to help predict the success of the initiative.

According to Fareed Zakaria, an Indian-American journalist and writer, specialized in issues of international relations, "Over the past two years, 124 countries grew their economies more than 4% per year, among which there were more than 30 African countries. Over the past two decades, countries outside the industrialized West grew at unthinkable rates. But while they had booms and busts, the overall trend was upward."

Antoine Van Agtmael, inventor of the term "emerging markets" and founder and chief investment officer of Emerging Markets Management L.L.C, identified the 25 most likely to be the next big multinationals companies in the world. His list includes four companies in Brazil, four in Mexico, four in South Korea and four of Taiwan; three in India, two in China and one of Argentina, one from Chile, one of Malaysia and one from South Africa. (Cateora, 2010)

Currently, most commercial activities are in the global scope. Technical, research, capital investment, production, marketing, distribution and communications networks reach global dimensions. All companies must be prepared to compete in a global economy and a physical environment that are increasingly interdependent, and all executives and entrepreneurs should be aware of the effects of these trends when managing a national exporting company or an international conglomerate. (Cateora, 2010)

It is becoming less feasible for companies to avoid the influence of internationalization, as globalization of world markets and growth in emerging markets increases. As

competition intensifies in global markets, the number of companies that operate only in domestic markets will diminish. (Cateora, 2010)

The challenge of international marketing is to develop strategic plans that are competitive in increasingly global markets. "International marketing is the performance of business activities designed to plan, assign prices, promote and direct the flow of goods and services of a company to consumers or users of more than one country in order to profit. The only difference between the definitions of domestic marketing and international marketing is that in the latter marketing activities are carried out in more than one country." (Cateora, 2016)

It is also important to mention the Marketing Mix, which is defined according to Phillip Kotler in his book Fundamentals of Marketing, as "the set of controllable tactical marketing tools that the company combines to produce a desired response in the target market. The marketing mix includes everything the company can do to influence the demand for their product." (Kotler & Gary, 2013)

The market mix is important and necessary to better understand the market and achieve the best possible customer or target market. In this case, the Chilean market is currently a mostly price market, so it is important to take into account the price at which the product is to be introduced. According to Rafael Muñoz, "the price is a balance between the costs of production and sale of the product and the demands of the market. The further away the costs of the market price, the stronger and the more focused on other marketing variables the company's policy will be." (Muñoz, 2016)

In order to understand the market, it is necessary to know the consumer's profile and behavior. A consumer profile, "is the set of characteristics that, based on the analysis of the variables of a market, describes the target customer." (Gestiopolis, 2002)

Knowing the consumer profile will help to know the customer and offer the product that their needs demand, and consequently to propose strategies focused on the market in question. As part of the strategies to be proposed, POP (Point of Purchase) material can

be used, which is defined as "a category of Marketing that uses advertising put in the points of sale, seeks to generate a permanence of the brand by resorting to a wide variety of objects where information can be printed or stamped about the company or product." (Latin America, 2013).

1.2 History of the Company

In the late 1960, a group of Ecuadorian and Venezuelan businessmen joined by the desire for progress and development, created in Riobamba the Ecuadorian Ceramics Company. This company started operations with 23 people, with a production of 4000 square meters of tiles, and a tunnel furnace technology. The size of the company was only 2000 square meters.

Since the 90s, the Eljuri group kindles a renewed spirit of progress and growth by taking majority control of shares of Ecuadorian ceramics.

The business vision of CEO Mr. Juan Eljuri, manifests with the implementation of a reengineering of production and administrative processes, which enables the company to enter the new millennium as competitive and modern in the ceramic sector. Currently, around 600 people work together in the company, its facilities cover 101,000 square meters of land and 35,000 square meters and Italian technology has resulted in a production capacity of 798,000 m² per month. (Cevallos, 2010)

Ecuacerámica products have always earned favorable reception for its excellent quality and reasonable price. Today, the highest percentage of its production is destined for sale in the domestic market, but many products are also exported, mainly in Central American countries.

A.C Ecuador Ceramics has been the pioneer company in ceramic tile industrial production in the country. It is noted that at the beginning it also produced other items such as: Crockery, Porcelain Toilets, and Artistic Ceramics, whose initiatives and developments created new companies like Andina Pottery, Kerámikos and Hypoo.

AC Ecuadorian Pottery is located in the city of Riobamba, the capital of the magical province of Chimborazo, and its address is Av. Gonzalo Davalos and Brazil.

1.2.1 Clients and Marketing

The business area is managed by a central manager, which consists on the manager of marketing and sales.

The main distribution channel of Ecuacerámica are its exclusive distributors, which are spread all over the country and are served by its territories.

After an analysis, a strategic decision was taken to divide the country into five regions to cover the whole. Each of the territories has defined geographic zone and has qualified personnel in their areas. They have a territory manager, an assistant, a person responsible for trade marketing and sales supervisors. The number of the staff varies between territories and geographical areas.

The territories are divided as follows:

- **TERRITORY 1:** Pichincha, Imbabura, Carchi.
- **TERRITORY 2:** Guayas, Los Ríos, Galápagos, Santa Elena.
- **TERRITORY 3:** Azuay, Cañar, Loja, El Oro, Morona Santiago, Zamora Chinchipe.
- **TERRITORY 4:** Chimborazo, Tungurahua, Bolívar, Cotopaxi, Pastaza, Sucumbíos, Orellana, Napo.
- **TERRITORY 5:** Esmeraldas, Santo Domingo, Manabí.

Thus we have a total of about 200 customers among the five territories, which are rated according to the amount of monthly purchases. This rating gives special prices and priorities regarding other common customers. The rating of customers is as follows:

Table 1.

Client Classification

	Distributor “A”	Distributor “B”	Distributor “C”
City Type 1	5,000.00 m ²	2,500.00 m ²	1,250.00 m ²
City Type 2	2,500.00 m ²	1,250.00 m ²	650.00 m ²
City Type 3	1,250.00 m ²	650.00 m ²	300.00 m ²

Source: Departament of National Comercialization, 2015. **By:** Francys Narváez

To determine the type of the city, the following characteristics are considered:

Table 2.

City Characteristics

City Type	Características
City Type 1	Quito and Guayaquil
City Type 2	Province Capitals or cities of over 100,000 inhabitants.
City Type 3	Cities of less than 100,000 inhabitants.

Source: Departament of National Comercialization, 2015. **By:** Francys Narváez

While Ecuacerámica dealers are the main distribution channel, it also has the support of the company Keramikos, which also have their own stores with an exclusive area for brand management.

In addition to national territories, Ecuacerámica has an international sales team in charge of all the logistics and marketing to foreign countries such as Costa Rica, Colombia, Peru, and Guatemala. Engaging with international markets is very important for promoting certain new products, as the domestic market will not be enough to place these products.

A.C Ecuadorian Ceramics is constantly working on customer satisfaction, both domestic and foreign, in order to position itself as a national market leader in 2017. In the same way it seeks to open new markets and have new distributors to achieve sustainable growth over time, by creating jobs and through economic development of the involved distributors in company marketing.

1.2.2 Products

The Ecuaceramica portfolio consists of 300 products. The subsequent analysis which was made in early 2016, reduced the portfolio to improve customer service response times regarding production. This portfolio is divided by type of support, which gives the product functionality (floor or wall), which in turn is subdivided by formats, types, families, models and product colors.

The portfolio of the company is classified as follows:

- Single-fired - Sizes of products for glazed floor tiles:
31x31, 32x43, 33x33, 40x40, 43x43, 50x50.
- Single-pored - Sizes of Products for glazed wall tiles:
20x20, 25x33, 33x45, 35X50.
- Porcelanato Products - Sizes of porcelain enameled tiles:
45x45, 30x60, 40x60, 60x60.

For these sizes have subdivision regarding the type which is given by the glaze, which is divided as follows:

Shiney.

Satin.

Matted.

In addition to the previously mentioned categories, there are a group of sorted products into families according to their design, this time with sub divisions by color and finishes.

A mandatory parameter for this classification of the products are quality standards, which are made according to characteristics of dry-pressed glazed tiles, which are their absorption and abrasion (PEI).

One of the main strengths is the wide variety of designs that are offered to the market. AC Ceramic Ecuador maintains the following levels of quality, which are:

- **First Grade:** Slated for **export** as this grade is given to those ceramic coatings which do not exhibit dimensional surface or nuance failures, and comply with the respective technical specifications found in "Defects Manual" EC.AC.8.2.4 code P02, and Standard INEN ISO 13006.
- **Primary:** is given to those ceramic tiles which have have met the standard for export standards, at an approximate 80-20, respectively.
- **Second Grade:** is classified as **standard** and this quality is given where the ceramic coating has dimensional (measurements outside of the established range for quality control export standards INEN ISO 13006), surface (tolerable visual quality) and hue.
- **Third Grade:** This grade is given to ceramics with coating that have noticeable surface flaws, but with unaffected structural characteristics.
- **Industrial Tests:** products that are in development or undergoing equalization

trials for existing products are considered industrial tests. This classification is similar to the other qualities, but these products do not belong to normal production.

- **Low:** This designation is given to the product with noticeable surface defects present upon visual inspection and also with defects affecting the structural characteristics of the tiles. This material can be used for reprocessing.

Production Dep., 2016

Quality Dep., 2016

Research and Development Dep., 2016.

1.2.3 SWOT analysis

STRENGTHS:

- 54 year trajectory on the market
- Human talent with knowledge of the business
- Demand for product on the market
- Belongs to a solid group of companies
- Ability to increase productivity
- Solvent and profitable company
- Geographic location
- Broad multi-target product portfolio

WEAKNESSES:

- Aging infrastructure required high maintenance costs
- Slow procurement process

- High reliance on distributors for marketing products
- Weak logistics process
- Lack of budget process involving all areas
- Lack of information analysis and decision-making based on facts and data
- Lack of distribution of manuals of procedures
- The heads of the organizations are geographically separated
- Lack of development in the marketing area
- Inefficient internal communication system
- Lack of financial planning
- High level waste
- Increased production costs
- Lack of staff training
- Lack of teamwork concepts
- Lack of after-sales process
- High staff turnover
- Weak warehouse and inventory management
- Poor product delivery times
- The distribution channel is shared with Rialto

OPPORTUNITIES:

- Government policies that encourage the construction segment with loans and low-interest rates
- Sources of funding for government strategic partners
- Government investment in vulnerable sectors
- Increased purchasing power of attractive segments for goods (middle class)
- potential new unopened markets
- Access to new technologies
- safeguard tariffs that limit the entry of competition from other countries.

THREATS:

- Entry of imported products at a lower price, variety of designs, more innovation and quality
- Strong competition between Corporate Group companies
- Competitive low price porcelain
- Aggressive growth of local competitors
- Aggressive growth of imports
- Inhabitants of Riobamba uncomfortable with the location of the plant
- State controls to medium and large enterprises
- Government budget deficit
- Economic instability of many informal distributors and dealers
- Low bargaining power with suppliers
- Channel distributors are not loyal to any brand
- Oil price decrease
- Dollar strength against other currencies

Possible strategies:

- Increase current sales locations by substituting imported products sales
- Increasing exports
- Define target market
- Develop products with substitute materials
- Develop of new channels
- Enter government construction segment

1.2.4 Legal framework and Certifications

Ecuaceramica was incorporated as a public limited company in compliance with all requirements of the law. It has unique taxpayer registration.

The General Manager and representative of the company since 2009 to date is Ing. Marco Nunez.

The company has INEN and ISO certification, with the following standards: NTE INEN ISO 13006, which has rules of ISO 10545 test procedures; and certification by Bureau Veritas ISO 9001: 2008. The features mentioned in these standards are requirements that are met at all times.

1.2.5 Exports

ECUATORIANA C.A CERAMIC has been dedicated to exports for about 20 years, reaching markets in the US, Chile, Colombia, Peru, Haiti, and El Salvador. Formerly, exports were handled by centralized authorities like Ceramic Group and had a group of 2 people making exports of all companies in the group.

As volume requirements from abroad have increased, it was decided that each company should have its own export department. Thus the customer service and commercial and logistics management should be improved. It should be noted that in the Ceramic Group there are “sister companies” that include Ecuacerámica as they are all part of Eljuri Group, but at the same time there are also direct competitors in domestic and international markets.

The export department of Ecuacerámica has an Export Manager, a manager of international sales, and an International Logistics Coordinator. This team manages customer requirements of international markets, which currently are: Costa Rica, Guatemala, El Salvador, Nicaragua, Colombia, and Peru.

It is important to mention that visits are made to various locations outside the country, in order to reach new markets and expand the customer portfolio. This requires a market study of the visited countries, especially for the importance of knowing the competition and potential customers.

Current international clients are categorized like national clients.

The international trading process is detailed below:

1. Placing Orders

The export department receives the customer's request by purchase order; checks with the Department of Logistics enforcement capacity, and issues the respective proforma for approval.

2. Capacity Verification Compliance

The exports department sends the pro-forme to the Logistics department, who are responsible for verifying the availability of the requested products.

3. Issuance of Proformas

The Proforma numbering is sequential; if modifications exist then a new pro-forme is generated and the previous proforma is immediately passed to the previous status "replaced". The pro-forme is issued by the Department of exports, according to the price lists of approved exports and detailing the anticipated dates set for compliance with the request.

4. Client Acceptance

The pro-forme must be approved by the Department of Marketing and Commercial Management or authorized by the Administrative and Financial Vice President and immediately sent to the customer. The pro-formes are then sent to the customer for approval.

After accepted by the customer, the pro-formes are delivered to the billing department to be entered into the system, and thus export orders are generated.

5. Orders Modifications by Customers

The client can make cancellation or modification requests for their order to the Department of Exports by fax, e-mail or telephone.

6. Order Modifications by Plant

In the event of a change of release date, the Department of Exports shall notify the Logistics Department in a timely manner, to report the case.

7. Billing

Once the order is ready to be sent to the client, the Export department produces an "Export Invoice" and its supporting documents to proceed with the exportation which requires the corresponding approval.

8. Dispatch

The Department of Exports sends the plant a copy of the "Export Invoice" which then continues with the billing procedure.

Regarding logistics, the company hires the services of a customs agent for customs management in each export. It also hires a company of international logistics, called Forwarder, to manage container shipments abroad. It is worth mentioning that the usual means of transport used by Ecuacerámica are land and sea.

CHAPTER 2

2. Analysis of the Chilean Market

2.1 Description

- Official Name: Republic of Chile
- Capital: Santiago of Chile
- Currency: Chilean Peso
- Surface Area: 756.096 Km²
- Population: Approximately 17 million inhabitants.

(ProEcuador, 2016)

2.2 Economic Indicators

- GDP: \$ 258.1 billion
GDP (Gross Domestic Product) refers to the sum total of all goods and services produced by a country (measured in dollars \$ USD), produced by domestic and foreign companies within the national territory of that country, which are recorded within a certain period of time, usually one year. (Tejera, 2010)
- GDP Growth: 1.9% (ProEcuador, 2016)
- Inflation: 4.3% (ProEcuador, 2016)

Inflation is a rise in the general price level, the inflation rate is the rate at which the price level rises. Consequently, inflation means faster proportional rise in prices and wages. (Blanchard, 2000)

The Chilean economy, unlike its neighbors, has managed to maintain its stability. However, after years of sustained growth, Chile has been facing a sharp economic slowdown in 2015 due to the fall in the price of copper -the country is the leading exporter of copper in the world. Due to the falling demand in key emerging markets,

growth forecasts for 2016 are moderate (2.5%). However, prospects for 2017-2020 are more optimistic, with a projected growth rate around 4%, although it is a modest figure compared to the raw material boom years. (Santander, Trade Portal, 2016)

The Chilean economy is dominated by industry and services. These two sectors account for more than 96% of GDP. The main sectors of Chile are mining production (copper, coal and nitrate), manufactured goods (food processing, chemicals, wood) and agriculture (fishing, vineyards, fruit). (Santander Trade Portal, 2016)

Chile has been one of the fastest growing economies in Latin America in the last decade. However, after the boom observed between 2010 and 2012, the economy experienced a slowdown in 2014 with growth of 1.9% and 2.1% in 2015, affected by a decline in the mining sector due to the end of the cycle investment, falling copper prices and the decline in private consumption. In parallel, unemployment has risen slightly, from 5.7% in July 2013 to 5.8% in January 2016. (Banco Mundial, 2016)

Growth is expected to recover gradually as private expectations improve. A slow recovery is expected in 2017-2018 as a result of the recovery in copper prices and private investment. A growth of 2.1% is forecast for 2017. (Banco Mundial, 2016)

2.3 Consumer Profile

According to a study by ACNielsen¹, 42% of the Chilean population, at the time of purchase, are guided by the price of the product, and 68% have at least one credit card. If the price remains a key factor in deciding a purchase, considerations of quality, durability, technology, after-sales service, and service availability also come into play. (Santander Trade Portal, 2016)

More than 50% of Chileans buy electronic products (DVD, cell phones, stereos, computers). The rise in the purchasing power of Chilean allows them to invest more in health and education, two key elements in the future.

¹ The Nielsen Company is a company of information and global media, and is one of the leading sources of market information.

The use of consumer credit has grown considerably since the nineties, and represents 10% of GDP. There are more credit cards in circulation inhabitants. (Santander Trade, 2016)

2.4 Construction Sector

The demand for ceramic material comes largely from the construction sector and meets the needs of residential, office, commercial, and industrial facilities and also in infrastructure projects for public use. The market of ceramic material is linked to the evolution of the economy in general, since fluctuations that occur in the construction sector maintained a close relationship with the economic development of the country. (Sanchis, 2015)

From import data extracted just in 2014, ceramic material imports in Chile reached 62,085,8741 dollars (US \$ FOB). The main countries from which Chile imports ceramic material are China, Peru, Mexico, Argentina, Brazil, Italy and Spain. Among these seven countries account for more than \$ 376 million (US \$ FOB) during the period 2012-2014, representing a 93.72% of total imports for that period. (Sanchis, 2015)

The Chilean market in terms of ceramics, is a price based market, for when choosing between products, this is a decisive element. Upper and middle income segments are where the demand mainly comes from.

Throughout 2014 the authorized surface with building permits reached 12.77 million m², despite the economic slowdown in the country. Specifically, building permits rose 21.5% in 2014, reaching 12.77 million m² and concentrating the demand in the most central districts of Santiago. (Sanchis, 2015)

Investment in construction in Chile has led to a projection for zero progress in 2016, after recording its worst performance in 2015, and in the last six years due to weak domestic demand. The Chilean Chamber of Construction (CChC) highlights the

stagnation of investment, which oscillate in a range of -1.9% to 2.1% in 2016, after a contraction of 0.6% in 2015.

The projection for 2016, "responds to such factors as a lower base of comparison, lower public spending expected in infrastructure and the high uncertainty surrounding the realization of investment projects (especially in energy)," said Javier Hurtado, head of research CChC.

In Figure 2.4.1 below, the variation have ceramic products imports 2015 to 2016. For the present work we will consider ceramic tiles, varnished or enameled detailed, so for this we have as a result that there has been a variation of -13% in imports from January to May 2015 to January-May 2016; and a variation of -6% from May 2015 to May 2016. (Cámara Chilena de la Construcción, 2016)

Table 3.

Imports. GDP value in millions of dollars

Capítulo arancel aduanero/Productos	May 2015	May 2016	Variation	Jan-May 2015	Jan- May2016	Variation
Ceramic Products	23.951,4	25,329.2	6%	140,393.3	129,523.9	-8%
Ceramic tile, varnished or enamelled	14,579.6	13,633.6	-6%	81,707.0	71,198.3	-13%
Refractory products for construction	1,499.5	2,826.9	89%	15,645.8	13,061.0	-17%
Porcelain tableware, for use or decoration	1,103.6	1,393.3	26%	8,452.9	8,399.3	-1%
Porcelain tableware, and other items...	1,525.2	1,208.9	-21%	8,060.0	6,789.5	-16%
Ceramic tile, unglazed, unvarnished	1,386.0	1,355.2	-2%	6,892.1	5,423.8	-21%
Toilets, except porcelain	1,004.0	1,527.2	52%	6,332.0	9,330.9	47%
	515.9	963.7	87%	3,186.6	3,917.0	23%

Toilets, except porcelain						
Ceramic Items	530.7	410.9	-23%	3,113.2	2,483.0	-20%

Source: World Bank, 2016. **By:** Francys Narváez.

The Monthly Index of Construction Activity (Imacon) in Chile posted an increase of 1.5% yoy in July, the lowest in the past eight months growth, reported the Chilean Chamber of Construction (SCH).

According to the report of the business association, the July growth is also lower than the annual average of the last five years (4.9%), which accounts for the slowdown experienced by the construction activity. Javier Hurtado, Studies Manager Guild, said conditions remain restrictive access to credit for both businesses and individuals, and lower credit demand is observed in all segments. (Cámara Chilena de la Construcción, 2016)

Among the elements that constitute IMACON, the aspects that contributed the most to the increase were the hiring of labor, with a positive variation of 6.6% per year; The demand for heavy construction materials (the part of a building from its foundations to the roof), with an increase of 9.1% per annum, the activity of general contractors and the increase in approval of building permits, online with the greater dynamism in the residential sector relative to the surface area approved with industrial, commercial and service destinations. (Cámara Chilena de la Construcción, 2016)

2.5 Possible distribution channels

The company Ecuacerámica has a distribution policy which is to market their products through authorized distributors, it has points of sale of its own.

A few years ago, Ecuacerámica already exported to Chile, however, the Eljuri group had a person who handled all exports of ceramic for the group, ie they were centralized as a group but not as independent companies. This resulted in that data and files for approximately 15 years exporting to Chile being lost, along with other papers from other companies. Since then he had them mixed. Currently, Ecuacerámica aims to reach new markets, and in this case, monitor neglected markets, which for lack of business management they were not able to maintain.

The ceramic market in Chile is led by large building material sales and distribution companies. To analyze the volume of ceramic products imports in Chile, data from major companies importing these products are taken into account (2012-2014). The volume of imports of these companies account for approximately 70% of total imports, and FOB 140 million dollars. (Sanchis, 2015)

Table 4.

Main import companies of ceramic products according to the imports volume

Business	Value \$feb. x m2	Percentage over total imports
RHI Chile, S.A.	24,335,812.32	12.73
Cerámicas Cordillera S.A.	21,189,922.28	11.08
Construmart, S.A.	19,561,452.51	10.23
Easy, S.A.	17,234,673.62	9.01
Codelco Chile	15,632,546.88	8.18
Comercial Duomo Ltda.	8,820,463.48	4.61
Sodimac, S.A.	8,569,400.83	4.48
Dap Ducasse Diseño Ltda.	7,292,981.35	3.81
Imperial, S.A.	6,382,384.77	3.34
Importadora BS, S.A.	4,495,121.46	2.35
Budnik, S.A.	3,850,309.58	2.01

Comercial Habitar Ltda.	3,674,279.58	1.92
Total	141,039,348.66	73.75

Source: Legal Publishing, 2016. **By:** Francys Narváez

Taking the country of origin of these imports as a reference, the result will be that 38% of imports of ceramic products were made from China, followed by some Latin American countries such as Peru, Mexico, Argentina and Brazil, whose values range from 13% and 7% of imports. (Sanchis, 2015)

The other companies are divided into two groups associated with interior decoration and sale and retail distribution of building materials. Below are listed the most important:

- Budnik: manufacture and sale of ceramic products (tiles) and other elements for the construction and renovation (concrete products and pipes).
- Revestimientos Decorativos (Decoralia): manufacture, import and sale of ceramic products.
- Revestimientos Rubio (Pinturas Real): suppliers of decorative and industrial paints, coatings and ceramic floors, ceramic mosaic, accessories and health supplements.
- Importadora BS: importation, sale and distribution of products for wall coverings, walls, floors and furniture.
- Legold Group: importation, marketing and distribution of high quality ceramic coating products, for the retail industry and specialty shops.
- Cerámica Santiago: production and marketing of ceramic products (bricks).
- Porcelanosa Chile: Spanish company specializing in ceramics and furniture, fixtures and bathroom tiles.
- Dap Ducasse Diseño: manufacture and marketing of coatings of floors and walls, such as ceramics and porcelain, wall papers, carpets and floating floors.
- Comercial Duomo: architecture and design firm specializing in ceramics, porcelain, and mosaics.
- Incer: sale of ceramics for swimming pools and ceramics for mosaics.

The other group of companies listed among the top importers of ceramic materials are those related to mining, energy, and pulp:

- Celulosa Arauco: integrated forest production and industrial transformation and works in several divisions (forestry, pulp, wood, and energy).
- Productos Chilenos de Acero (PROACER): ball manufacturing steel castings to supply grinding needs for large and medium scale mining.
- RHI Chile: manufacture of refractory ceramic products.
- Bío-Bío Cementos: manufacture of cement, lime, and plaster.
- Inacal: lime producer supplying the mining market of Chile, it depends on
- Cementos Bio Bio.

2.6 Chilean Legislation, Covenants.

Below is a chart with the current agreements that Chile has with the rest of the world:

Table 5.

Countries and regions with which Chile has had trade agreements

Type of agreement	Country or region
	Australia
	Canada
	Central America
Free Trade Agreement	China
FTA	Korea
	EFTA (Switzerland, Norway, Lichtenstein, Iceland)
	USA

	Malasia
	Mexico
	Panama
	Turkey
Economic Partnership Agreement EPA	P-4 (New Zealand, Singapore, Brunei and Chile) U.E. Japan
Free Trade Agreement FTL	Colombia Peru
Economic Complementation Agreement ECA	N° 16 Argentina N° 22 Bolivia N° 42 Cuba N° 65 Ecuador N° 35 MERCOSUR N° 23 Venezuela
Partial Scope Agreement PCA	India

Source: Direcon, 2016. **By:** Francys Narváez

Goods shipped to Chile must come with the following documents:

- A Unique Administrative Document (DAU)
- A commercial invoice
- It should come in 5 copies, preferably in Spanish, and indicate especially the origin and provenance of goods.
- A phytosanitary certificate
- A health certificate

- Transport documents and packing list.

Chile applies the Harmonised Customs System. Customs duties are calculated Ad Valorem from CIF values. From 1 January 2003, the overall rate of customs duty is 6%, one of the lowest in Latin America, and applies to almost all goods. The National Customs Service, however, reserves the right to apply minimum prices for the value of imports (as may be the case, especially, for certain agricultural products such as wheat, edible oils and sugar).

Chile has signed several trade agreements, especially with Canada, Mexico and certain members of ALADI. Most tariffs between these countries is 0%. Chile also is an associate member of Mercosur, and is currently negotiating with Bolivia and the United States. Finally, Chile signed on November 8, 2002 a partnership agreement with the European Union, which entered into force on 1 February 2003, which has meant a reduction in tariffs.

The General Tariff that Chile applies for building products is 6% for all member countries of the WTO that benefit from preferential treatment MFN (Most Favoured Nation). However, the tariff applied by Chile to Ecuadorian products under study (ceramic), benefit by the Agreement of Economic Complementation ACE 65, giving a preference of 0%. (PROECUADOR, 2016)

2.7 Principal Competitors

Official data could not be found in Chile on the production of ceramic material. However, according to the Association of Manufacturers of Glass, Ceramics and Refractories, this consists of Glassworks of Chile S.A., Cristalerías Toro S.A. and Saint-Gobain Envases S.A, which belong to the glassmaking sector. Most ceramic material in Chile is imported, since according to the Association manufacturers of ceramics and refractories has almost disappeared, and are not registered in the Association. (Sanchis, 2015)

On the other hand, the National Directory of companies and executives, some Chilean tile and brick manufacturers and refractories are rarely producing so they rely on imports such as ceramics from Batuco, Ceramics Santiago, and Ferrolusac's products. (Sanchis, 2015)

It is important to mention Ceramics Cordillera, as it is a company that was founded in 1984 being an industrial icon of technology and productivity, which soon became a leader for Chilean consumers in the ceramic market.

In 1990, Cerámicas Cordillera becomes part of Pizarreño Companies (holdings owned by Etex), the first company of ceramic coatings joins this important group of leaders in the manufacture and distribution of building materials companies. (Cordillera, 2016)

Since 2011, from the plant in Peru, with advanced technology, innovative designs and excellent quality, began to supply the Chilean market, opening stores in Santiago, Concepción and Viña del Mar. At the same time, Ceramics San Lorenzo de Colombia opened its first production plant in the city of Bogota. By the end of 2013, Etex achieved total production capacity of 67000 m² of ceramic and porcelain tiles annually at its eight manufacturing units and becomes the leading Latin American producer of ceramics, with regional coverage for the entire continent. (Cordillera, 2016)

As for external competition, we can mention Graiman, which has managed to internationalize into several markets outside Ecuador, Chile being one of them. Graiman has found authorized distributors in Chile, as Importer BS, with whom he had an exclusive contract until 2015. This contract was based on BS could distribute only ceramic brand Ecuadorian Graiman. Sales were fairly representative, so they managed to open their own local outlets in Chile. In the early and mid-2015, due to crisis in Ecuador, production costs rose, which directly affected the competitive price Graiman held in Chile; This forced them to close local and diversify distribution among importers but with less volume. (Szebki, 2015)

Also it is important to mention Celima, a Peruvian company that offers ceramics, sanitary, adhesives coatings, porcelain and fittings. It has more than 50 years of experience, and consists of Ceramics Lima S.A.- CELIMA and Ceramics Corporation S.A. –TREBOL. (Grupo Celima Trébol, 2016)

On the other side is San Lorenzo Ceramics, Colombia company owned by Etex Group, which markets and manufactures flooring and ceramic tiles in a national and international distribution network. (Cerámica San Lorenzo, 2016)

Both Celima and San Lorenzo, are brands that have a fairly extensive distribution network in Chile, selling its products in most building materials distributors.

2.8 Substitutes

In the case of ceramic flooring, a substitute product is granite, which has a significant demand in the domestic market. As ceramics, which are used in high traffic such as shopping malls, imitation wood laminate, and handmade earthenware floor for parking lots are also available. Among the complementary products and part of the installation process of the different ceramic products, there are adhesives that are commonly used today, more so than cement and silicone, which consumers may purchase with faucets, sanitaryware, jacuzzis, etc. (Pro Ecuador, 2011)

2.9 Market Mix

2.9.1 Product

Chile, a country that maintains several business partners globally, has a large number of ceramic suppliers around the world. This implies that large Chilean distributors, analyze price, quality and design when making their purchases. That is why Ecuacerámica has

reduced the broad portfolio that it regularly handles in favor of a more consolidated portfolio for exports. Also, prices have been modified in order to become more competitive while maintaining profitability..

There are ceramic designs that are similar between competitors, so that the most influential factor when selling is the price.

The products sold in the Chilean market are diverse, covering the needs of its clients in various aspects. Ecuacerámica aims to introduce original products, different from others, as they would not only be well received by the customers but by the distributors as well because, although the price may be higher than usual, they are offset by innovation and originality.

2.9.2 Location

There are several distributors of ceramic products in the Chilean market, however, Ecuacerámica has chosen a specific list of these, based on the volume of purchase, brand management, coverage, and generally by the terms of negotiation with the warehouse. This is important because the benefits would be mutual, and the increased purchase volume allows prices to be modified, keeping exclusivity with Ecuadorian market brands.

The reason why the company has the policy of marketing its products through authorized distributors is because the target market is clear, as they maintain a large number of contacts and experience. All this would help and simplify the work of the company as it avoids the need of reaching the end customer directly

2.9.3 Price

The Home Center in Chile, and various distributors of ceramic products, usually handle a wide range of ceramic products, in different formats, designs and trademarks.

Examples of products that Home Center in Santiago de Chile handles, with their respective price, are brands such as Cordillera, Celima, and Allpa, which are large and competing brands.



Cerámica piedra 45 x 45 cm 2,08 m 2 laja terracota
Cordillera
Cordillera

Precio m2: \$6.290 m2
Internet: \$11.003 caja

Añadir



Cerámica rústica 46 x 46 cm 2,14 mt 2 barcelos beige

Cerámica rústica 46 x 46 cm 2,14 mt 2 barcelos beige
Allpa
Allpa

Precio m2: \$4.990 m2
Internet: \$10.679 caja

Añadir



Cerámica madera 45 x 45 cm 2,08 m 2 avellano beige
Cordillera
Cordillera

Precio m2: \$4.990 m2
Internet: \$10.379 caja

Añadir



Cerámica 30 x 30 cm 1,95 m2 Orense Celima
Celima

Precio m2: \$3.191 m2
Internet: \$6.223 caja

Añadir

Given that up to the current date, 1 USD is equal to 663 Chilean pesos according to the World Bank, the end customer price per square meter of the previously detailed products ranges between \$4.81 and \$9.40. This is the value the end customer could get each m2 of ceramic, similar to those that Ecuacerámica wishes to market. It should be noted that Chile has preferential agreements with certain countries so the import duty is 0% in some cases, including Ecuador, by the Economic Complementation Agreement ACE 65, signed between Ecuador and Chile. It should also be mentioned that these products already have their respective profitability and taxes included in PVP.

2.9.4 Promotion

The Chilean market of ceramic products is a price oriented market, this being one of the decisive factors when choosing between products. Generally demand is determined by the medium-high and high income segments, so the market is limited. For this reason, competition with other local providers is complicated and involves a strong economic investment, especially with regards to the tasks of promoting the product.

The promotion that distributors or Home Center seek to maintain in the Chilean market is to lower prices in low turnover products, or products which have a fairly small stock known as balances.

Ecuacerámica, in this case continues promoting this idea, including the idea that every time they desire to introduce a new product they should offered a second product at a low price. Likewise, various promotions according to the time of year and periodic analysis to be made on the market in question.

An important aspect that influences and shall influence brand positioning, is the kind of brand that Ecuacerámica has, since its name itself indicates the geographical area from which it comes, and the product it sells. This is a big benefit for the company as it is easy to differentiate its origin and its products.

Likewise, it is worth mentioning that the National Brand of "Ecuador Ama la Vida" (Ecuador Loves Life) was created by the Ministry of Foreign Trade, in order to publicize Ecuadorian products exportable in the international market, positioning the country more and more. This national brand, would be anchored to the Ecuacerámica brand. In each square meter box in which the products are packed, there is a national brand seal, which serves not only to show the origin of the product, but also the quality and pride of the same.

CHAPTER 3

3. Commercialization Strategy

3.1 Products to be Promoted

The company C.A ECUATORIANA CERAMIC, has a broad portfolio of products, however, it has reduced it to create a special catalog for exports. Catalog products were chosen based on price, design, layout, production, and market needs in question.

It is worth noting that the price of products for export is different from the price in the national market, therefore it is not convenient to sell at a very low price to an international market, since the profit margins will not be the same as at the national level.

Most original designs and common needs were also taken into account in order to be attractive to the Chilean market. This is also true for the format as well as the design, as buying trends were analyzed for both serial constructions and exclusive sites.

The formats that the company would bid in Chile, would be the 25x33, 31x31, 33x33, 32x43, 35x50, 40x40, 43x43 and 50x50.

Ecuacerámica products have a quality certificate, the data sheet for each product, and a warrantie. The 10 year warranties are for manufacturing failures, however, claims may vary, so each customer shall be attended to according to the type of fault reported in their product.

Should the claim be accepted by Ecuacerámica, a change of product will be made, or a credit note will be issued for the next purchase for the equivalent amount of the product in question.

The following are samples of products slated for marketing:



PETRA LEVANTE 32X50



PEDREGAL 32X50



MONTECRISTI 50X50

3.2 Pricing Policy

In order to reach the Chilean market, Ecuacerámica manages a FOB price, since shipping is to be done by sea. The pricing policy is to add the cost of production, plus the price EX WORK, and add that value to 10%. The EX WORK price already contains 10% more than the cost of production, so the FOB price contains 20% more than the cost of production. Within this FOB value, local costs of shipment, payments to customs agents, profitability, and of course attain competitiveness in the Chilean market are included. While profitability is not high, the company prefers to obtain profitability based on the volume of purchase, because if prices were higher, they would fail to be competitive in the Chilean market. Below you can see an example of the final value of the products chosen at random:

Table 6.

Production Costs

Product	Format	Cost of Production	EXW Price	FOB Price
Alameda negro	25X33	\$3.74	\$4.19	\$ 4.61
Cerezo	31X31	\$4.24	\$4.75	\$5.22
Mindo avena	33X33	\$3.68	\$4.12	\$4.53
Chindul ceniza	32X43	\$3.88	\$4.35	\$4.78
Sauce	40X40	\$3.88	\$4.35	\$4.78
Tempo mocca	43X43	\$4.28	\$4.79	\$5.27

Source: Exports Department, 2016. **By:** Francys Narváez, 2016.

3.3 Publicity and Promotion

Advertising and promotion will be made once working with the dealer, with the brand and display being managed at each retail outlet.

Advertising will be funded by Ecuacerámica, however, the costs of exhibitors will be shared with the dealer. As for promotion, the dealer will decide how to handle promotions directly with the end customer, but will remain based on the promotions Ecuacerámica maintains according to purchase volume and term negotiations.

The marketing strategy you select will be the one you will sell to your company abroad, therefore, in the promotional material you use, you must provide potential customers with a detailed description of the products and how they can purchase them.

Among the strategies that could be used to enter the Chilean market are the following:

- Establish a strategic alliance with a local company, through a Joint Venture, which is a fast and simple way of being able to access a market. A Joint Venture is a commercial agreement between 2 or more people, whether legal or commercial, making a joint long term investment.
- Also export via an online virtual presence. The internet has made commerce much easier. Some exporters get in touch with their buyers this way, as it is quick and inexpensive.

Export to companies that are present in their place of origin. Sell to companies with international recognition that can give good references for Ecuacerámica.

Promotional actions should be chained to a campaign, for which the following points should be taken into account:

- Communication at the point of sale
- Slow penetration - low but effective communication
- Communicate the quality, provenience, and focus of the brand.
- Investment by seasons

It is also necessary to gain exposure for the product, and make it visible to the public by supporting it with samples and images. Apart from introducing advertisements in various sources such as newspapers and specialized catalogs, attendance at fairs and

other media, the product should be present in the main points of sale which is guaranteed to reach both the general public and professionals in the sector.

For advertising, there is a manual of Trade Marketing which will be detailed below:

Brand:

The brand represents the geographical location and products being sold, so you could say it is a **collective brand**, defined by the World Intellectual Property Organization as signs that distinguish the geographical origin, material, mode of manufacture, quality and a times accompanied by a copy of the rules governing their use.

Logo:

The logo has two different versions, a horizontal version and one for vertical formats or square formats:

Horizontal format:



Version for horizontal and square formats:



Primary External Logo:

The main logo aims to present the brand in the best possible space on the local display so that it could be clearly identifiable and legible from various points outside the point of sales.

Logo versions for external signs are:

- 1) With the brand logo, only.
- 2) The logo plus the words "Authorized Dealer"

The logo should occupy 80% of the space of the total sign area and 20% occupied by "Authorized Dealer" and can be applied under or right side of the brand logo as shown in the image.



3) The brand logo sharing space with Authorized Distributor.

The logo should occupy 80% of the total area of the sign and 20% for Distributor logo, it should be applied only to the right side of the brand logo.



Secondary types of labeling:

1) Exterior doors and awnings:

Versions:

- Only with the brand logo.
- The logo added to the words "Authorized Distributor".

Quality Control:

- Paint without wear or chipping
- Legible logo
- Image with updated brand logo

- Logo letters clearly painted

- Correct Corporate Color



2) Vinyls Mesh Flat in windows

Versions:

- With only the brand logo

- Photos of environments along with the brand.

Quality Control:

- Prevent bubbles or tears in vinyl mesh

- Image with updated brand logo

- The color should not be faded or have micro-punctures
- Sharp print resolution
- Correct printing of corporate colors.



Indoor Signs

Signs to be placed in the outlets should be placed in spaces are in the designated display area of Ecuacerámica.

Types of indoor signs:

1) Flex Notices or Billboards

These are metal signs with hardened canvas

2) Light boxes or Illuminated letters

These are signs composed of a metal boxlike structures with a hardened translucent fabric, and employ internal lighting.

Versions:

Indoor signs can use photos of environments together with the brand logo. For this format the following versions should be considered in addition to the horizontal, vertical, and square formats, the proportion of the size of the logo with the photo of the environment should be about 50/50%.

In large premises where the logo on display has enough exhibition space, a logo and image ratio of 20/80% as shown in the last two images on this page is recommended.



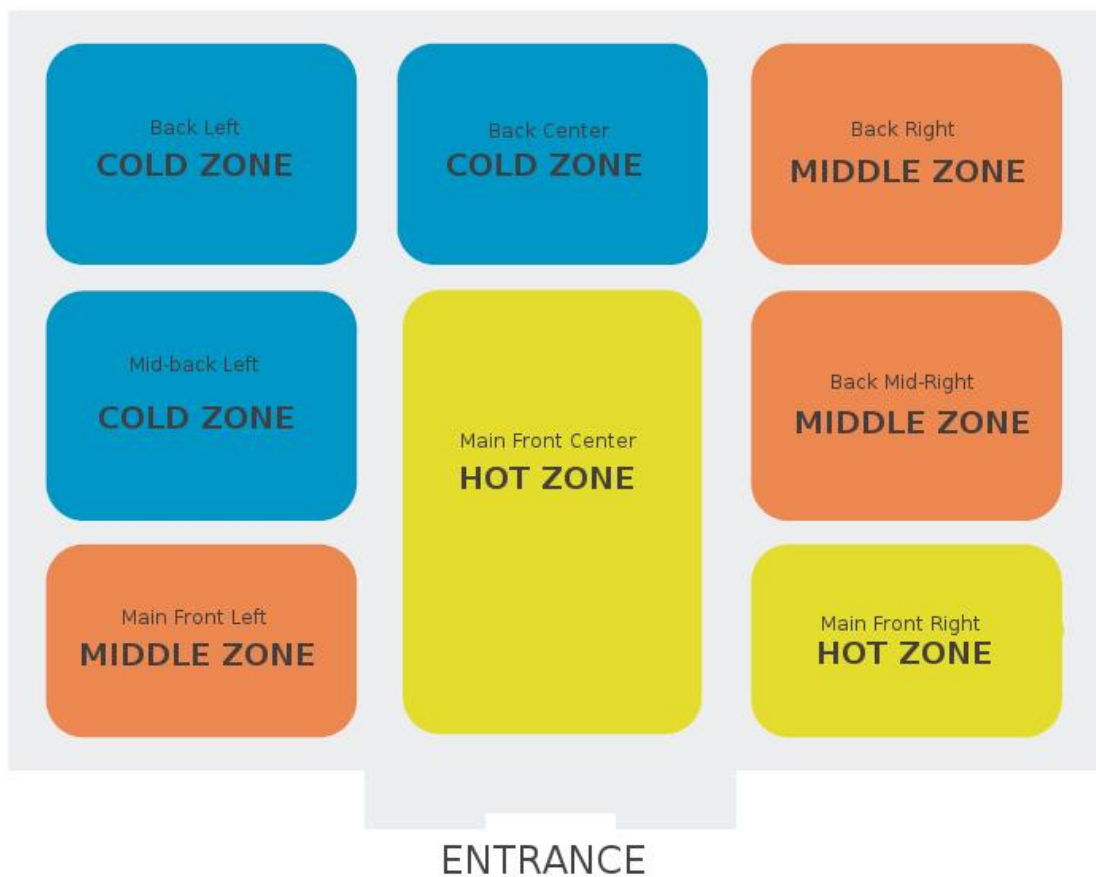
Selection zone for displays at point of sale:

Every sales area is characterized by 3 zones:

-Hot Zone: hot spots are the main entrances front, the main front right hand box location.

-Half Zone: half right spot, right background, left entrance.

-Cold Zone: cold spot background, left middle, left background.



Basic Exhibitions:

Metal displays:

These are metallic displays that have the brand logo. The background color should always be the corporate blue.

Types of metal displays:

- 1) Spine Display, 16 pieces
- 2) Simple Display. 16 pieces from 31x31 format
- 3) Double Display, 32 pieces from 31x31 format



Wood displays:

Wood display parameters:

-Color wenge

-Sweetie satin blue with brand logo, 0.30 meters high.

-Lighting points (yellow LED lights)

-Bookcase Spare Parts

-Exhibiting # of loose parts



Low Inclined Exhibition Panels



Merchandising:

POP Material:

The following promotional items can be delivered with the brand logo:

- Hats
- T-shirts and round collar jerseys
- Shopping bags
- Binders
- Tape measures
- Pens
- Notebooks
- Key chains
- Flyers

As for the promotions offered, Ecuacerámica products will depend on the dealer, who can perform the necessary promotions for the end customer.

The distributor will receive promotions or discounts from Ecuacerámica depending on the volume and frequency of purchase.

3.4 Distribution Channels

Ecuacerámica's intended economic process is to reach the customer through wholesale distributors or retail.

The first step would be to contact and visit each company offering the product portfolio, trying to reach a trade agreement to begin the authorized distribution.

Where Ecuacerámica companies interested to make brand presence, after having had several meetings and conversations, they are as follows:

- Easy, S.A.
- Comercial Duomo Ltda.
- Sodimac, S.A.
- Dap Ducasse Diseño Ltda.
- Importadora BS, S.A.

3.5 Legal Requirements for Opening New Distributors

For a natural or legal person who aspires to join the Ecuacerámica Distribution chain, must submit the following documents to the Relevant Commercial Territory Manager:

1. An application letter granting the distribution of the products of the brands addressed to the corresponding Territory Sales Manager.
2. Submit the "Application Distribution", truthfully completed and signed.
3. Updated Copy of Taxpayer Registry (RUC).
4. Copy of payment of electricity or water bill from the main site and each and every one of its branches. (DEBTOR AND GUARANTOR)
5. Color copy of Citizenship Certificate and voting certificate to the legal representative. (DEBTOR AND GUARANTOR)
6. Copy of the Letter of Legal Representative Appointment (for the case of legal persons). (CEO and Chairman)
7. Copy of the Constitution and Bylaws of the Company (in the case of legal persons).
8. Commercial references (at least two)
9. Bank References (at least two) ORIGINAL Present Certificates accounts and / or credit cards in which includes the date of opening the account, average balances, registering protests to exist, credit operations outstanding loans and the guarantee given the financial institution. (DEBTOR AND GUARANTOR)

10. Certificate of compliance with obligations to the IESS and the Superintendency of Companies.
11. Signature authorization query bureau (DEBTOR AND GUARANTOR)
12. Signature of a distribution contract
13. Submit a business plan that may be a reasonable estimate of sales.

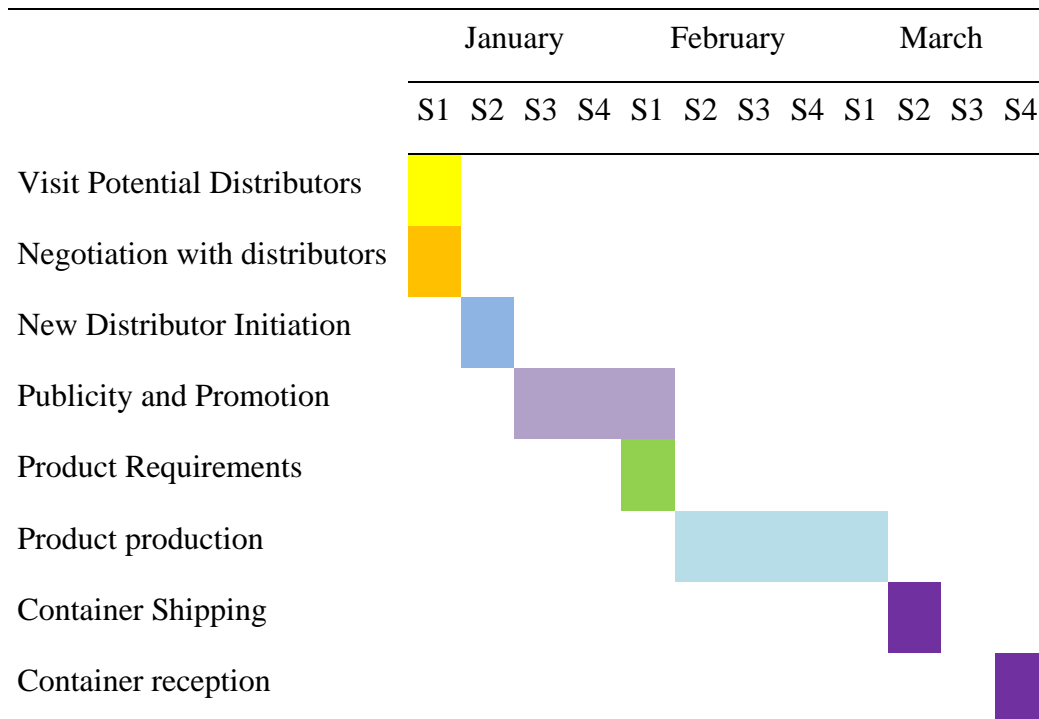
3.6 Tentative Schedule of Activities

It is important to maintain a tentative schedule of how the submission process will be conducted with dates and activities.

Below is a chart detailing each activity and the weeks in which they would be performed.

Table 7.

Schedule of Activities



Source and Created By: Francys Narváez, 2016.

The visit to the possible distributors, the negotiation and the opening, would be done by the international sales executive from the Export department. The marketing strategies, advertising and promotion, would be carried out by the marketing department in conjunction with that of the Export department, as the sales executive is the one who provides the necessary information to enter the market.

The product requirement would be made by the new distributor with the sales executive, depending on the needs and preferences of the customer and the market. The Export Logistics Coordinator is the one who asks the production department for the products of the order to be produced based on the schedule that Ecuacerámica proposes.

The shipment of containers, and the customs process, and export in general, is done by the Export Logistics Coordinator. According to the company FARLETZA SA, with whom Ecuacerámica works as a cargo logistics agent, the freight to the port in Valparaíso, Chile, of a 20 'container, which are usually shipped, would have a freight cost of \$ 750 plus local expenses paid by the exporting company, which is \$ 350. This shipment would have a duration of 11 days of maritime transit. It is important that the contact with the client be permanent, since the feedback is fundamental to achieve better results. The schedule detailed above, is tentative, as times could vary by different factors. This process would be repeated several times a year, since the goal is to export monthly to distributors.

It is important to emphasize that advertising and promotion will be carried out constantly since it is an important and fundamental way in the commercialization of the product.

Conclusions

Based on the study and analysis that has been carried out, it can be said that the introduction of the Ecuacerámica brand to the Chilean market is feasible. While this is true, it has not been the best time for the construction sector in Chile due to the loss of strength in large projects, which has generated a setbacks and uncertainty, however, according to information obtained from the Chamber Chilean Construction and the World Bank, projections for 2017 and beyond are improving by about 2.1% and predict that the slowdown in the construction sector could be reversed.

Ceramic products still have a place in the Chilean market, especially in the mid-high market segments, where projects remain at a good pace. This type of market segment usually seeks quality products, good aesthetic characteristics, guarantees, innovative designs and cutting edge, while also seeking competitive prices.

A great benefit for the C.A ECUATORIANA DE CERÁMICA company is that Ecuador has a trade agreement with Chile, which includes the tariff heading of the products to be traded, which gives Ecuador a 0% tariff.

While the introduction of the brand may not be easy due to statistical data on the activity of the construction sector, it is essential to take into account the strategies that will be used and the necessary recommendations to reach the Chilean market in the shortest time possible and still in good circumstances.

Recommendations

The following are recommendations for successfully introducing the Ecuacerámica brand into the Chilean market:

- Analyze the price with which the product would be marketed in Chile, and make it competitive.
- Send samples of new products from time to time to analyze the reception they would have.
- Make a logistic plan for product marketing.
- Carry out a financial study to project the profitability of ceramics taking the price into account.
- Although the majority of the demand is in the Metropolitan Region, we must not forget the other regions of the country, where it is also important to position afterwards.
- The figure of the distributor or representative is indispensable for two reasons, on the one hand to publicize and commercialize the product and, on the other hand, for the security and confidence that is transmitted to the client by offering personal treatment, an advisory service and after-sales service.
- Maintain active presence in International Construction Trade Shows or related to the product in question.

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