University of Azuay

Faculty of Legal Sciences

School of International Studies

“Internationalization plan of the Macabea company d'María for the export of chuchuguazo liquor to the United States market.”

Graduation work prior to obtaining the Degree in International Studies, bilingual mention in Foreign Trade.

Author: Elayne Sthefani Lituma Páez.

Director: P.E: Matías Abad Merchán.

Cuenca –Ecuador.

2019
A plan is a bridge to your dreams. Your job is to make the plan or the real bridge, so that your dreams come true. If all you do is stay in the bank dreaming of the other side, your dreams will only be dreams forever.

Robert Kiyosaki.
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Dedication

I dedicate this work to my parents, who are the most important thing for me.

To my grandparents, my cousins, my friends and all the people who have been watching my university studies, who in one way or another have given me their support despite the distance and the difficulties that have been presented to me on this journey.
Gratitude

I thank my parents for being my fundamental support, and my main motivation in all these years of university.

To my grandparents who have been part of this entire university process, and have always taken care to see me as a professional.

To Mrs. Maria, and her husband Bosco, who have collaborated with me to make this thesis a reality.

To each and every one of the teachers who have shared their knowledge with me, especially to Matías, who has guided me in carrying out this study with patience and determination.
Abstract

This project proposed a plan of internationalization of the Macabea company d’Maria, pioneer in the production of chuchuguazo liquor in the country, to Ecuador’s first commercial partner, the United States. This plan presents a study of this 100% craft entrepreneurship. It also includes an analysis of the qualities of chuchuguazo, such as bark, root, or tree, an analysis of the imports and exports between the US and Ecuador, and an analysis of the liqueurs. A detail of the fulfillments, requirements, certifications and permits that the alcoholic beverage needs to be sold in the US is also exposed. The target market in the U.S will be defined to apply a correct marketing strategy that reaches the potential liquor consumers in the best possible way. In addition, important numerical data to know the economic feasibility of the project and several recommendations are mentioned to carry out this plan.
Introduction

The Ecuadorian Amazon is a blessed land as Ecuador, the Amazon has a gigantic cultural variety and biodiversity that includes unique animals, plants, soils, volcanoes, rivers, and even individuals from different and extravagant cultures. Hence the idea of this project, from the fertile land of Macas, Morona Santiago.

The indigenous Shuar, when interacting with foreigners from Europe, showed and taught all the wonders of nature, so the chuchuguazo is known as a plant, and also as a liquor. The natives were the first to use this tree because they used to see the benefits of mother earth, and this plant helped to alleviate bone pain, childbirth in women, and child beating.

Many years ago, in these lands it was very common to find foreigners sent by the clergy or by international organizations to promote their teachings among the indigenous peoples. It is so that María Virano’s father, an Italian missionary came to the Amazon and tasted the drink which he liked so much that he learned how to make it himself. Later, he also taught his daughter how to make a unique chuchuguazo liqueur with a family secret that has been maintained for several decades.

María begins selling the chuchuguazo liquor made in a unique way, and in 2015 obtains sanitary registration; the most important certificate for being a consumer product, which establishes all the legitimate procedures for making the liquor. The recognition and request of the people who knew about Doña María and her chuchuguazo made d’María exist as a small family business.

This thesis will evaluate the real possibility that the company d’María can have to sell its product to the United States market. In the first chapter a study of the company will be shown, that is, how much it sells, how much it produces, and how is the process of making the liquor. It also will present information about the chuchuguazo tree, and some scientific studies of the University of San Martín de Porres, which check the medicinal effects of this plant.

In the second chapter, we will study the market of the United States and Ecuador, their imports and exports, their culture, people, standard of living, population, etc. General data
of the countries, the process of exporting a liquor, the certifications that this drink must have, the requirements to leave the country and especially the requirements to enter the US market will be detailed, as well as all legal formalities in the different government institutions that are responsible for the sale and sale of alcoholic beverages in the United States based on information obtained from the Santander Trade Portal, the International Trade Center, and the official website of the Economic and Commercial Office of Spain in Washington DC, among other sources.

The third chapter will define the target market within the United States. First, an argumentative explanation will be given as to why the United States was chosen for this internationalization project based on the methodology of Olegario Llamazares (2014), who is one of the authors who has most supported this thesis. The states of the United States that consume the most alcohol will be selected and studied according to research from magazines such as Wall Street 24/7, and Princeton Review. The Statista business information platform, will also be analyzed to choose a grounded state in certain selection criteria.

Then, the target and positioning that best fit in the target market will be defined according to their circumstances, tastes and preferences, and the best option will be sought for the product to enter the market also looking at its competition in such a large environment as the American.

The fourth and final chapter will present an exploration and possible application of the “Four P's” or marketing mix that the company should consider to expand in international territory, in addition to presenting a small analysis with economic tools that allow to know how feasible the project is, how much the company could earn from the sales of the liquor abroad, the profitability that it could have, the possible gains or losses, and some considerations that must be taken.

To conclude, recommendations or suggestions compiling all the most important aspects of this internationalization analysis of chuchuguazo liquor to the United States market are presented. In summary, this project seeks to inform the owners of the company d'María about the economic feasibility of internationalizing their product, the steps to follow, what
can be improved in their company or in their product. It also seeks to best way possible to improve the economy of the area, the country, and Ecuadorians.

Additionally, this project presents the legal aspects of exporting a liquor from Ecuador to the United States, the commercial and processing aspects in both customs, the marketing plan to position the product in the established market, and the economic aspect in which it is known how profitable the sale of liquor will be abroad.
1. CHAPTER 1 CHUCHUGUAZO AND D’MARIA COMPANY

Introduction

This chapter will show the medicinal and healing benefits of the chuchuguazo tree or Maytenus Laevis Reiss, its origins, uses, elements, as well as the purposes that it has had in the different cultures of the Amazon region, including the traditions to use the plant in spiritual rituals or enjoying it as a unique and exquisite drink in parties or celebrations not only of indigenous people.

The chuchuguazo liqueur has achieved recognition in cities due to the social interactions between native people and mestizos, and of course, because of its singularity and the desire to know about this elixir. All the information about d’Maria company is presented, from its origins and numerical data of liqueur quantities that are produced up to the final prices in which this alcoholic beverage is sold.

An internal study and even an external study of the company will be done to highlight the characteristics and certifications that the product has, the enhancement that the owners give to the company, the assistance received by public institutions and some specific officials, the study will also show the competition that the industry has, and it will show the liquor production process without revealing Mrs. María’s secret.

In addition, the most important commerce theories will be presented briefly and chronologically. They will help to put into practice the exportation of the chuchuguazo liqueur from Ecuador to the United States market.

A diagnostic of internationalization of the product will be exposed to recognize if and why the liqueur will be accepted in the target market.
1.1. Chuchuguazo

1.1.1. Origins
The chuchuguazo plant originated in the wetlands of the Amazon and has exclusively been used by indigenous people from Bolivia, Perú, Ecuador and Colombia, principally as a medicine due to its healing properties against rheumatism, arthritis, bronchitis, colds, hemorrhoids, muscle aches, and asthma problems, among others (Salazar, 2014). This plant belongs to the Celastraceae family (Revista Cubana de Plantas Medicinales., 2012), to the genus called Maytenus, the species Maytenus macrocarpa, Maytenus krukovii, or Maytenus laevis. These three species are the most commonly known (Health24.com, 2013) although others are also alluded to, such as Heisteria pallida Engl., Or Maynetus ilicifolia Mar (Arango, 2000).

The scientific name of the chuchuguazo plant is Maynetus Laevis Reiss; this leafy tree, with a thick, reddish trunk, is between 10 and 20 meters high. In Ecuador and Colombia it is known as chugchuguaso or chuchuhuasi, in Perú as chuchuwasha or chuchuhuaza, in Bolivia as chuchuwasi, in Venezuela as chugchuausa, and in Brasil as chihuasca. This plant has several denominations and several forms of use and purposes, since it is found abundantly in areas near the Putumayo River, which extends from Colombia to Brazil, where there are diverse ethnic groups with different customs, such as the Siona people, who are very knowledgeable about the benefits of chuchuguazo (Vega, 2001).

Chuchuguazo can be found as a cream, ointment, pills or capsules, as a syrup or liquor. Over the time, customs regarding its use have changed and have been shared between indigenous people (who were the first to know about the plant) and the inhabitants of big cities or even the whole world through sites on the internet or web pages that offer the chuchuguazo in its different forms, from a compressed medicament to the liquor. Its properties, most common uses, advantages and benefits of consuming this plant have also been known worldwide (Natural and Alternative Medicine).
1.1.2. Benefits, Medicinal Uses, And Cultural Practices.

In a study of the University of San Martin de Porres (Perú) carried out by some college professors of the faculty of medicine, the main medicinal uses given to the chuchuhuasi by the indigenous people of the ethnic population of Bora Bora are described. The plant is used as a remedy for strong discomforts such as labor or postpartum pain, diarrhea or even hemorrhages. Also, the commercial purposes given to the chuchuguazo by the shamans or healers of the city of Lima are disclosed. It is sold as medicine for asthma, for joint pain or for sexual problems, as well as for spiritual and religious cures; mysteriously, through the contact of the shaman with nature, the healing of the person's illness is achieved (Salazar, 2014).

The genus of Maytenus plants contains phytochemicals such as alkaloids, flavonoids, phenols, saponins and coumarins (Revista Cubana de Plantas Medicinales., 2012), organic acids, tannins, unsaturated sterols (Arango, 2000), which are known as functional foods that are characterized by preventing or minimizing the discomfort of chronic diseases. They have compounds that improve the immune system, contribute to a greater well-being in the biological, physical and mental system and even extend aging, in addition to having antioxidants, anti-inflammatory, antiulcerative, and analgesic qualities, among others (Chasquibol, 2003).
The functional foods as phenols, flavonoids, and coumarins are found in citrus fruits, carrots, parsley, broccoli, tomatoes, cabbage, cucumbers, peppers, aubergines, cherries, squash, and soy products; these have compounds that prevent the development of certain hormones that cause cancer and also prevent blood clotting (Chasquibol, 2003).

A study of the hypotensive activity of Maytenus Krukoovii (Chuchuhuasi), in which 1000 milligrams of methanolic extract of chuchuguazo were supplied to 10 conscious laboratory rats, revealed that the chuchuguazo has positive effects in decreasing inflammation, protecting the gastric or gastroprotective mucous, counteracting fever, and reducing blood pressure. The study also showed that there is no harmful effect on the heart rate because chuchuguazo has bradycardic properties that regulate heartbeats (Revista Horizonte Médico, Universidad San Martin de Porres, 2008).

According to the Study of the Polyphenolic Composition of Galician Red Wines of the Colombian Journal of Pharmaceutical Chemical Sciences, the chuchuguazo is the first antihistamine -that attenuates allergic reactions- (Rebolo, 2008) of vegetable origin. In addition, the chuchuguazo has other analgesic and anti-inflammatory properties; and as for the health of the animals in which the research was carried out, in this case, also rats, there no risk or threat presented (Miriam & Jorge).

By macerating the root of the chuchuguazo tree in alcohol, a very effective remedy for rheumatism is obtained, as well as a liquor that is marketed in small quantities. Likewise, with the bark of the plant, through some procedures such as cooking, special preparations are obtained to treat colds, diarrhea, hemorrhoids, bronchitis, and even cracks in the breasts (Salazar, 2014).

For the preparation of these medicaments, the male plant is chosen because it is bigger and stronger. According to what you want to obtain, there are different processes made by the indigenous people who are the ones who know the various medicinal uses of the chuchuguazo plant (Salazar, 2014).

The Peruvian indigenous people use the chuchuguazo with other species to carry out spiritual sessions in which an individual is cleansed of ills through the medicinal qualities
of the plants. It is called “mesadas”, and it is done only by the healer, the person who has the knowledge and dominion to obtain the healing results expected (Salazar, 2014).

Many leaders of the Bora Bora community show that boiling the chuchuguazo bark and mixing it with water results in a perfect drink to calm body aches, to reduce bleeding after parturition, to relieve intestinal discomfort, to prevent colds, to control problems in the urinary tract, and even this drink mitigates the discomforts caused by any type of cancer because of its analgesic properties (Salazar, 2014).

![Figure 2 Chuchuguazo bark.](image)

Source: Sistema Integrado de Información de Comercio Exterior.

According to some healers residing in Lima, the chuchuguazo mitigates the pains or bumps on the body when it is used as an ointment. When drinking the decoction of the plant helps with stomach discomforts and the bronchial tubes. Malaria can also be treated. It has hallucinogenic properties, and is also a sexual stimulant. However, precaution should also be taken when ingesting or putting chuchuguazo in the body, since it has a bitter taste. If it is ingested in excess can cause loss of energy, strength or even weight and should be avoided outright in pregnant women since it can affect considerably to the fetus (Salazar, 2014).

In Ecuador, it is known that the first to use the chuchuguazo either as liquor, as decoction or as an ointment, were the indigenous people from the Shuar population. They have been in contact with nature and due to their customs and culture use several medicinal plants, among them the chuchuguazo tree, to cure their discomforts, but also to taste and enjoy it in their celebrations, meetings, or parties (Virano, 2018).
1.1.3. Chuchuguazo As Liquor.

According to the Real Academia Española, a liquor is a “spirit drink obtained by distillation, maceration or a different substances mix, compose of alcohol, water, sugar and a variety of aromatic essences” (2018), so, in this way the chuchuguazo liquor is obtained. It has no major complications, since only the chuchuguazo bark is mixed with cane brandy and macerated for 3 to 6 months. In some cases, natural sweeteners are added as well as one to another secret (Avila, 2018).

The Shuar culture was the pioneer in Ecuador in the making of chuchuguazo as a liqueur, since, through the contact with the indigenous of the Amazon with nature, some plants known for their medicinal properties were macerated searching to improve the health of people, and also, to party and celebrations (Virano, 2018).

Through time and the interactions between indigenous people and settlers, the chuchuguazo liqueur was known in suburban areas of the Amazon region, and thus, bit a bit, this unique liquor is taken in a special way, since it was not very common, even at present, in the big cities of the country in which its existence is still not known (Virano, 2018).

1.1.4. Chuchuguazo Consumption in Ecuador

In the country, data about the consumption of chuchuguazo as a liqueur is not known, since it is relatively new in the market, and many Ecuadorians do not know it. Although in some pharmacies or naturist centers there are products made from chuchuguazo, such as pills or pomades, there is no numerical data that reveal the actual consumption of chuchuguazo in Ecuador. However, it is known that indigenous people are the ones who most consume the chuchuguazo, and they consume the liqueur made by themselves.

In the city of Macas, there are three companies that produce the chuchuguazo liqueur: Chuchuguazo Chumpi, El Capi, and, d’ María. The small company d’María is the pioneer in the commercialization of the chuchuguazo liqueur. The whole process is handmade thanks to its owner, María Virano, who talked more about her entrepreneurship in an interview.
Pedro Cózar, the owner of El Capi company, started the production of the chuchuguazo in a more industrialized way since 2016. He has positioned his liqueur in big cities such as Quito and Guayaquil thanks the support of the Universidad de las Américas, where he is a student of Marketing, and slowly, he has been expanding with his business abroad (Chuchuguazo El Capi , 2018).

Chuchuguazo Chumpi was established by his owner Diego Rivadeneira Campoverde, from Macas, who in 2016, started the production of the liqueur in an artisan way reaching a good recognition in Ecuador, United States, Spain, Peru, and Colombia, since 2017 (Siguenza, Doctor en Derecho , 2018 ).

Exposing more detailed information about these companies is very difficult because of the competition, so each company owner is cautious and protective of their own business.

1.2. D’María Company

1.2.1. Historical Review of The Company

The small company d’María started from the idea of its owners, María Virano and Bosco Rivadeneira, about seven years ago, when at the request of friends and family, Maria made chuchuguazo liquor to entertain acquaintances in parties and meetings.

Since the liquor of Doña María is better known, she, her husband, and their children, decided to start selling this liquor in a more elaborate way; first of all, advising with the help of the Ministry of Industries and Productivity (MIPRO), and the National Agency for Health Regulation, Control and Surveillance (ARCSA), in order to have all the necessary permits and certifications for the preparation and sale of the chuchuguazo liquor.

This family micro business was established rightfully in the city of Macas in 2015, d’María is dedicated to the processing of chuchuhuazo liquor, based on cane liquor and macerated with the bark of the chuchuguazo tree, endemic of the Amazon. The company works with the small growers of Morona Santiago to obtain raw materials and with Shuar producers to obtain the chuchuguazo bark. Moreover, thinking in the future and knowing
the limitation of the raw material of the chuchuguazo bark, the company already has plantings of the chuchuhuazo tree in its farm.

María is an expert in the preparation of the chuchuguazo liqueur thanks to the knowledge acquired from her father, who migrated from Italy to Ecuador as a missionary. Among some of his hobbies, he produced wines, cocktails, macerated oils, liquors. In addition to preparing delicious foods from his homeland with products from the area, he made the preparation of chuchuguazo liquor (Virano, 2018) that is now popularly known as the Amazonian whiskey (Avila, 2018).

This microbusiness is located in Morona Santiago province, in the capital Macas, in the Kilamo bajo sector, two hundred meters from the bridge of the river Jurumbaino, in the Hacienda Lorenita. The company d'María is registered in the Unique Registry of Mypimes with the name of JUAN BOSCO RIVADENEIRA RIVADENEIRA. Currently, the necessary procedures are being carried out to register the company in the name of his wife, Maria.

1.2.2. The Product

The product is an artisan liqueur made with the bark of the chuchuguazo tree, which grows in the Amazon -not only in Ecuador- and is macerated with cane brandy for approximately two months, and mixed with natural sweeteners, and evidently, the secret of d'María.

This small company produces manually two types of chuchuguazo made by Maria’s hands, a soft and sweetened one called chuchuguazo especial, with 40% alcohol, and, a purer and stronger one called chuchuguazo seco, with 48% alcohol. Both can be found in presentations of large bottles of 750 milliliters and in small bottles of 375 milliliters.
This liqueur is sold with medicinal and tasting purposes. It exposes to the clients the medicinal properties that it has when applying to the body or by ingesting it. A small cup daily can relieve discomfort after childbirth, act as an analgesic, and muscle relaxant. It can also calm the pains of bones and joints, prevent colds and flu, strengthen the hormonal system, protect the digestive system, regulate the menstrual period, besides being an aphrodisiac.

1.2.3. Logo

Figure 4 d’María logo
Source: Chuchuguazo D’María Facebook.
1.2.4. Mission

d’María is a family business that has the purpose to advertise the proper liquor of chuchuguazo, unique, aphrodisiac, and medicinal from the Ecuadorian Amazon, and the city of Macas to Ecuador and the whole world.

1.2.5. Vision

We are seeking national and international recognition thanks to the quality, uniqueness, and exquisiteness of our chuchuguazo liqueur.

1.2.6. Objectives

1.2.6.1. General

To offer our consumers a singular chuchuguazo liqueur made with the highest quality standards, in a unique and artisan way done by Macabeas hands.

1.2.6.2. Specifics

1) Allow our customers to tasting our aphrodisiac and exquisite liqueur.
2) Publicize all the medicinal benefits of chuchuguazo liqueur.
3) Take our product beyond Ecuadorian borders so that the world knows about this mystical liquor.

1.2.7. SWOT Matrix

In 1998 thanks to Thompson, doctor in economy from the University of Tennessee, expert in “commercial strategy, competitive and market analysis, and commercial business economics” (Thompson, Peteraf, Gamble, & Strickland, Administración Estratégica, 2012), a tool that allows knowing the internal and external characteristics, positive or negative, of a certain organization or entity emerged. It is a diagnostic where the situation of the company is recognized and a strategy is proposed to maintain stability between what happens outside (threats and opportunities) and within (weaknesses and strengths) of the entity. It is recognized as a SWOT matrix (Strengths, Opportunities, Weaknesses, and Threats) (Ponce, 2006).
The internal characteristics, strengths, and weakness, according to Strickland (cited in Ponce, 2006), are the assets and liabilities of the organization, and, to obtain better results, strategies must be applied in favor of the company's assets, to increase assets and strengths, and to reduce liabilities and weaknesses. A strength is that competitiveness, capacity, resources, ability, etc., that makes the entity have great achievements. A weakness is that activity that the organization lacks, which it does not do correctly, it is imperfect.

On the other hand, the opportunities and threats are those external characteristics that cannot be controlled, since they do not depend on any factor within the organization and they must simply be accepted and look for quick responses to the negative effects that may affect the entity, and, also consider any positive changes that may occur (Ponce, 2006).

Through this process of diagnostic of the SWOT matrix, the entity can develop new and improved operations that allow it to consider all the factors (internal and external) to achieve its success or failure (Ponce, 2006).

The SWOT analysis of the company d 'Maria is presented below:

**INTERNAL CHARACTERISTICS**

**STRENGTHS**
- The exclusive knowledge in the liqueur preparation.
- Infrastructure and physical space.
- Own land for the obtainment of raw material.
- Own sales location.
- Family business.
- Unique quality in the product.
- Certifications such as sanitary registration, Country Brand Ecuador Loves Life, La Changuina.
- Own transportation.

**WEAKNESSES**
• Lack of knowledge in the commercial area.
• Lack of technology.
• Lack of skilled labor.
• Lack of staff.
• Lack of funding for attendance at fairs.
• Little production capacity.
• A person in charge of almost everything.

EXTERNAL CHARACTERISTICS

OPPORTUNITIES
• The first brand registered in the market.
• Support from institutions of the Government such as MAGAP.
• Fairs to promote.
• Large orders of liquor by large chains such as Tía and Coral Centro.

THREATS
• Inconstant labor legislation
• High special consumption tax (ICE).
• Unfair competition.
• Lack of good road structure in the area.
• Indirect competition from other liquors.

As a conclusion of this analysis, the company has to do a lot of work in the labor field, that is, to include skilled labor in order to increase the production or in its place, to improve the production techniques, but also, remember that the artisan working gives a plus to the product. A strategy that revolves around the production and financing of the company must be applied since the liquor could not be produced mainly due to financial problems.

Also, a strategy must be planned based on the quality of the liquor, since, in addition to having a unique and exclusive production process, it is the first liquor not only to have all the corresponding permits and certifications for its legal sale, but also to have the Country
Brand certification, which means that the product is exportable to the world. This license must be taken advantage in the best possible way.

1.2.8. Product Certifications

According to RAE, a certification is that “document that assures the veracity of a fact” (2018). A liqueur is a drink that needs a certification to ensure its intake without any harmful component to health, that is, a health certificate or registration, which is a "document issued by the corresponding health agencies of the exporting country in which it is verified that the merchandise analyzed is exempt from certain materials" (Comercio Exterior, 2018).

In Ecuador, the institution that regulates these permits is the National Agency for Health Regulation, Control and Surveillance, ARCSA, which seeks to "contribute to the protection of the population health, through the risk management of products of use and human consumption, as well as of the establishments subject to surveillance and sanitary control", this organization encourages" the development of the national productive sector, delivering an agile and expeditious attention to the individual and institutional users” (Agencia Nacional de Regulación, Control y Vigilancia Sanitaria, 2018).

The liquor of chuchuguazo must have a sanitary certificate since it is a consumable product. It is indispensable to ensure that the conditions of its making are adequate and will not harm the consumer's health. In addition, the place where the whole process of obtaining the liquor is performed, the Hacienda Lorenita as well as the establishment where the liquor is sold, which is located in the center of the city of Macas, need and have their operating permits up to date and visible to customers and authorities.

D'María company has the corresponding certificates that allow the sales of their liquors throughout the country without any type of inconvenience. The two types of liquors offered by d'María have the certifications of ARCSA, that is, the Health Notification Certificate NO 10755-ALN-0716 of Sanitary Food Products, with its corresponding Sanitary Notification: 802045-ALN1279, the Operating Permit: ARCSA-2017-14.1.17.4-0000334, for the distillation, rectification, and mixtures, of alcoholic beverages.
Additionally, the chuchuguazo liqueur has the provincial brand “La Changuina” which seeks to take in new food ventures offering advice and help in everything related to permits, certifications, technical and economic support for attending to national and international parts, technical advice on the production, and packaging of the product (Ortiz, 2018).

Figure 5 La Changuina Logo.
Source: GADMS- Department of Productive Development.

Also, Chuchuguazo d'María has from May 18, 2017, with the procedure number IEPI-2016-25058. It complies with all the requirements of the National Directorate of Industrial Property of the IEPI, and the registration of the product brand named "Chuchuguazo d'María more logo", with an expiration date on April 21, 2027. Likewise, d’María has the license of the Country Brand "Ecuador Ama la Vida + logo" in its products from October 10, 2016.

1.2.9. Elaboration Process of the d’María Chuchuguazo.

The process of elaboration of the chuchuguazo liqueur has eight phases that are presented below:

**RECEIPT OF THE RAW MATERIAL:**
In this phase takes place the reception of the different ingredients that compose the final product, from the raw material, the cane brandy, and the chuchuguazo bark.

**SELECTION:**

The selection is made based on quality parameters, for the cane brandy and for the chuchuguazo, they should not present any type of risk in the elaboration of the product. If it is found that the raw materials or ingredients received are not in the optimum conditions, they should be rejected. If positive, the raw material will continue the process, otherwise, it will be used for another use.

**RAW MATERIAL WEIGHING:**

In this process, the raw material is measured, and weighed, according to the dosage of the product elaboration.

**DOSIFICATION:**

The dosage of 75% of cane liquor and 15% of chuchuguazo is made.

**MACERATION:**

Maceration is made in maceration vats, controlling time (60 days) and temperature (25 to 30 degrees Celsius).

**FILTRATION:**

The elimination of impurities resulting from the maceration process will be made.

**PACKAGING AND LABELING:**

In this phase, the cleaning of the glass containers before filling them must be controlled, as well as the correct filling and closing process.

**STORAGE:**

Once the product has been finished it will be stored in airy, dark and fresh places to avoid alterations in the product.

As it can be the making of the liquor does not have a complex procedure, but of course, the secret of Maria to obtain her special and extraordinary product, cannot be revealed.

The phase of reception or obtaining the raw material is carried out thanks to indigenous Shuar who collaborate with Mrs. María selling the bark of chuchuguazo; although the company has plant crops, they are not enough for the production of liquor.

It should be noted that, until the filtration process, Doña María, with a single trusted worker who has been practically part of her family since he was very young, they both are in charge of carrying out all the production of the liquor. The treatment of labeling and packaging is done by machines controlled by the company owner’s children; and liquor bottles are stored at the point of sale located in the city of Macas, on 24 de Mayo and Tarqui streets, and, in the farm.

1.2.10. Chuchuguazo d’María Sales

The small company d’Maria does not have information about the beginning of sales in 2015. In 2016, there are data of the last two months of the year, 513 bottles between large and small were sold.

In 2017, 1978 bottles between large and small were sold, mostly chuchuguazo special or sweet, generating sales of $24,359, with the month of December being the highest sales. In 2018, there was an entry of $27,272 and a sale of 2,256 bottles between large and small. The special liqueur was the most sold, and the month of the best sales was also December as in the previous year.

Table 1

d’María Sales of 2017 and 2018.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bottles</td>
<td>1978</td>
<td>2256</td>
</tr>
<tr>
<td>Cash</td>
<td>$24359</td>
<td>$27272</td>
</tr>
</tbody>
</table>

Source: Author’s elaboration with data of the company.
Large quantities sales are very few. Rather, the majority of sales are made in the company’s premises and in minimum quantities; although there are large purchases by chains such as Tía, Coral Hipermercados, and other intermediaries.

1.2.11. Capacity of Production
The company has a monthly capacity of production of 300 large bottles of chuchuguazo seco, 300 large bottles of chuchuguazo special, 300 small bottles of chuchuguazo seco and 300 small bottles of chuchuguazo special; producing in one month 1,012,000 milliliters of liqueur, that is, 12,150.00 milliliters in one year, around 16,200 large bottles of liquor.

1.2.12. Prices, And Discounts
The small company d’María has two types of liquors in two presentations, the chuchuguazo seco and the chuchuguazo especial (sweet one), both in small bottles of 375 milliliters in $8 and in large bottles of 750 milliliters in $15. The company offers discounts when the purchases are more than 40 bottles. A discount of $1 to $1.50 is applied, so providing bottles of between $13.50 to $14, and, from $6.50 to $7.

1.2.13. Financing
From the beginning, d ’María has been financed with its own capital, but, over the time, and remodeling of the hacienda and production processes, loans were required from the Banco de Pichincha and the Jardín Azuayo Cooperative, which have already been paid in full; although, there are pending payments with the Cooperativa de la Policía Nacional and the Cooperativa JEP, which end this year.

1.2.14. Publicity, And Promotion
The small company d ’María is mainly promoted through radios in the area, investing about $150 quarterly in spots, but also, it is promoted on social networks such as Facebook and Instagram. Likewise, María, the owner of the business attends all fairs within the province in cities such as Méndez, Sucúa, Gualaquiza, Pablo Sexto, and other
cantons of the province; however, she has also been present in the cities as Quito, Cuenca and Riobamba, exhibiting this unique and singular Amazonic liquor.

1.3. Internationalization And Foreign Trade Theories

1.3.1. Foreign Trade, And Internationalization

Foreign trade or international trade is that exchange of products or money that occurs beyond borders, crossing geographical boundaries such as customs which regulate the entry or exit of goods to a country by verifying that they meet the necessary requirements. In the case of food products, it is necessary to pay the corresponding customs taxes, not circulate illegal or traffic items, respect international agreements or trade agreements, etc. (Bustillo, Comercio Exterior).

In foreign trade, the term internationalization has several meanings but, the Commercial Technician and Economist of the State of Spain, Enrique Fajul will be mentioned to maintain a precise definition. He presents three basic components of internationalization or globalization, that for him are not different, the first is the process, the second is the business, and, the third component is the development of some activity outside the country where the company is from.

According to the Innovation Global Index, internationalization is “a process by which a company develops some of its activities (sale of its products, purchase of supplies, production, etc.) in other countries that are not the originative one” (Fanjul, 2018). The internationalization of a company is "the process by which a company participates in the reality of globalization," as the company "projects its activities, totally or partially, to an international environment and generates flows of various types (commercial, financial and of knowledge) between different countries"(Araya, 2009).

1.3.2. Theories

During the sixteenth century, the first foreign trade theory was born in England. It was called Mercantilism, which is based on the fact that the riches of a country is measured by how much gold and silver it has. A country had to export more than it import to
accumulate its fortune and thus be able to stay powerful. In 1776, Adam Smith postulates the theory of absolute advantage which refers to the specialization in producing goods that have an absolute advantage, that is, that the cost of production is less than producing them in another country, and, import the goods that are not advantageous to produce and that other countries produce at a lower cost (Pecina, 2012).

In 1817 David Ricardo with the comparative advantage theory “demonstrates that a country should specialize in those goods and services that can produce more efficiently, and acquire from other countries those that produce less efficiently,” thus, focusing on nations productivity. For the twentieth century, two Swedish economists, Heckscher and Ohlin, showed that the theory of comparative advantage had a relationship with the factors of production (land, labor, and capital), the greater the quantity of any of these factors, the less would be its cost; those goods that make use of the factors that are in abundance would be exported and the goods that make use of the factors that are in small quantity would be imported (Pecina, 2012).

In 1937, Ronald Coase presents a theory that fixes companies and markets as the production bases, and, in turn, as alternative methods of organization for their internationalization or positioning abroad. The companies and markets allow analyzing the transaction costs of an agreement or negotiation in order to know the feasibility and benefits of the execution of the exchange that will be carried out (Aranda & Iván, 2006).

In the sixties, Raymond Vemon defends a new theory of the life cycle of the product. This theory exposes that the product goes through some stages since its introduction in the country of origin or its limited insertion abroad; going through its growth stage to have a good position in the domestic market and to export and even thinking about the production outside the originative territory considering the geographical, economic, commercial, and other factors of the other country. The last stages are when the product reaches its maximum production point continuing with its period of maturity; and, to finalize with the phase of decline in which there is more attractive competition or better, the product is exported but not as before (Bustillo).

In the seventies, a new theory of international trade was born based on the scale economies and the acceptance of large and recognized brands worldwide, and how
difficult it is to compete against them due to the confidence they have in the market and its positioning (Pecina, 2012).

According to the Uppsala model of the authors Johanson, and Vahlne, companies must start exporting in a non-compromising way to prove their evolution in the market, that is, companies must start exporting by means of permits or licenses after having the knowledge necessary and understanding the threats of the whole process of exportation to move to a more involved level such as the construction of subsidiaries or closer ties with other companies (Galende, González, & Galán, 2000).

For the nineties, Porter's analysis or the location theory of Michael Porter is revealed. It seeks to understand what factors influence the success and productivity of nations, giving as a result the allocation of the factors, the conditions of demand, sectors or related industries and support, strategy, structure and rivalry of national companies. However, opportunity and government are factors that affect the production capacity of a country as well as its "natural resources, climate, location and demography (basic factors) and communication infrastructure, refined and qualified labor, research resources and technological knowledge (advanced factors)" (Pecina, 2012).

There is also the OLI paradigm or eclectic theory developed by Dunning, which seeks to comprehend in a holistic way the characteristics for the internationalization of companies, based on three advantages: property, localization, and internalization (Mondo, Haro, Rastrollo, & Gándara, 2014).

The advantages of property are those that the company has and make it more competitive. They can be exploited both nationally and internationally, for example, the intangible or tangible capabilities of the company in its production. The advantages of localization are those unique factors that provide opportunities to the company as skilled labor, lower costs, better infrastructure, etc. The advantages of internalization are the property advantages used or applied for the internal benefit of the company (Mondo, Haro, Rastrollo, & Gándara, 2014).

This theory includes the principles of the others and makes a recognition of everything that could be changed or improved. Dunning adapts his theory thanks to several criticisms
and judgments that he has had from other authors generating a much wider and more complete model of the factors that imply the internationalization of a company (Mondo, Haro, Rastrollo, & Gándara, 2014).

By 2018, Enrique Fanjul describes the process of internationalization of companies in five stages. The first stage is called *Importing Activity*, where companies start with international activities such as importing, attending international fairs, comparing costs of importing certain instruments or supplies necessary for the development of their companies or not to do, so, the connections with the exterior will start. The second stage is called *Exportation*, is the continuation of the first stage where the company already begins to make its sales abroad based on its competence. The third stage is the *Commercial implantation*, where the company is already positioned with a physical space of sales or offices abroad.

The fourth stage is designated as *Foreign investment* and here the company begins to produce abroad. It occurs for two reasons; the "relocation" that seeks to reduce production costs, generally labor costs; and, "to be close to their markets" to avoid any barrier that hinders trade like tariffs and transportation costs, or, simply seek to get closer to your consumers. And, the fifth and last stage is the *Globalization* of the company, where the nationality of the company is lost and it becomes a global business, without the importance of where on earth the different stages of production take place (Fanjul, 2018).

Through time, with new and improved discoveries in the different areas of knowledge, with the advances in business, transport, technology, laws, international agreements, etc., the hypothesis or theories of the international trade are changing according to ages and circumstances in which they are developed. Therefore, you can not talk about one theory as if it was good or bad. They are simply different, and each respond to a different situation, scenario or environment, ideas or intentions.

Each company, according to its own reality, its commercial expectations, its mission and vision, and, of course according to what it sells, will apply the different theories of internationalization in the most appropriate way for the correct sale of its products abroad, for a good reception and positioning in the international market, to get to manufacture its
goods abroad and reduce production costs, to relocate the company or to become a globally recognized brand, in the end, to achieve internationalization.

1.4. Internationalization Diagnostic

Internationalizing the small company d'María must take into account the SWOT analysis carried out previously, and, develop a diagnostic of internationalization which will allow more clearly see the positive or negative options of the sale of your product in the market of the United States.

The following diagnostic must be considered:

1) Undoubtedly, one of the greatest advantages of the company d'María is the knowledge for the elaboration of its chuchuguazo liqueur, unique and incomparable, handcrafted.

2) Consumers who buy this artisan liquor are assured of having a drink that has all the corresponding national certifications, and even, certifications that serve to export the product as the Country Brand "Ecuador Loves Life".

3) The uniqueness of chuchuguazo liquor and all the medicinal properties that it possesses, make this elixir of the Amazon of Ecuador can position itself in the foreign market.

4) The United States, due to the various market in terms of tastes and nationalities that the country has, the chuchuguazo liquor can be accepted in a good way and get to be quoted by all foreigners who want to try this nature delicacy.
Conclusions of the Chapter

The company d'María has the possibility to make an internationalization, selling its product in the United States, as a unique, exclusive and aphrodisiac artisanal liquor with medicinal properties. It can be positioned in liquor stores in the United States as an exotic drink for its quality, uniqueness, and exclusivity, and this is what the company wants to do. Due to its low production capacity, it will seek to recognize the liquor for its rarity and low abundance, so that its process of artisanal elaboration is a plus and not an impediment for internationalization.

In addition, d'María is recognized at the local level for being the first enterprise to elaborate chuchuguazo liqueur thanks to Mrs. Maria and her father's teachings, and with the help and assistance of certain government institutions and its staff, all the respective permits and authorizations for the correct operation of the production plant and the adequate sale of the drink.

This Macabea company will only sell its chuchuguazo liquor with not aim of any other commercial activity abroad. It will be based on the theory of Ronald Coase regarding the development of a study of the company and the market before the internationalization to know its feasibility. It will be supported on the writings of the Upsala model to first explore the market and introduce gradually with the help of knowledge and experience over time. It will be based on the property advantages of the OLI paradigm, thanks to the peculiarity of the liquor; and it will be established in the first stage of the internationalization process of Enrique Fanjul justified by the attendance of the company to fairs or international events where you can learn more about the competition and the business.
2. CHAPTER 2 ECUADOR AND THE UNITED STATES

Introduction

This chapter will study a general overview Ecuador and the United States of America, separately and in a commerce context mainly, describing the history, policies, economies, presidents, population, culture, politics and government structure, some important public institutions in commerce, society, and alcoholic beverages consumption, among other aspects.

It will detail the exports of Ecuador and the imports of the U.S, the main products that these countries export and import, their main trading partners, and, of course, the main exports and imports of alcoholic beverages or liquors and their respective destinations and origins.

Because this thesis seeks to determinate the feasibility to export the chuchuguazo liqueur, the process of exporting a liqueur from Ecuador anywhere in the world, permission and certifications that the product needs to be sold abroad, as well as all the necessary processing for the exportation in the Ecuadorian Custom, is pointed out.

Since the target market of this analysis is the U.S, all the necessary to get in the country legally will be specified, that is, all the authorizations, licenses, or permits that are needed to import this Amazonian liqueur in the American market. All the indispensable requisites will be detailed.

The information in this chapter is fundamental to start the export of the chuchuguazo liqueur to the U.S and to achieve the legal requirements in both countries to rightly launch the beverage’s sales.
The Republic of Ecuador is the second smallest country in South America. It is compared with the state of Nevada, U.S, for having the same area (Extra Ec, 2017). It limits with Perú and Colombia, its main trade partners. Ecuador is a country full of culture, tradition and charming. Its official language is Spanish, and Kiwcha and Shuar are the official languages of intercultural relation, since the huge quantity of indigenous population; although, the majority of the more than 17 millions of inhabitants are considered mestizo (County Meters, 2019).

The Ecuadorian economy in 2017 was 13 millions of millions dollars, doubling since 2007, and growing more than 2% by 2018. Investment in the country has decreased since 2014, but public investment has helped economic growth. The quality of employment has declined significantly, underemployment has doubled since 2012 and unemployment affects the entire nation. Commerce is the sector that produces more appropriate and quality jobs in the country; around 557 thousand worthy places (Cámara de Comercio de Guayaquil, 2018).

According to the Chamber of Commerce of Guayaquil in mid-2018, Ecuador presented negative annual inflation, being the only country in America with this characteristic. However, the country's public debt has quadrupled in the last 10 years, due to loans to international institutions and important countries such as China. Also, taxes, and fees have increased significantly. The general budget of the state is 34% of GDP, something that had never happened before (Cámara de Comercio de Guayaquil, 2018).

The declines in petroleum prices, the decreases in exports, the huge debts quantities, the bad decisions of authorities, the lack of commercial agreements with the main partners for the country have generated all of these economic difficulties in Ecuador.

Lenín Moreno Garcés is the Ecuadorian president since 2007 to the present. His mandate has been characterized by revealing the frauds of the previous mandates of Rafael Correa and all his supporters, including former Vice President Jorge Glass. Moreno is seeking a government of peace, unity, and respect. He wants to resolve the country’s political,
economic, and social issues. He also focuses on people with disabilities, a sector almost completely forgotten in the past.

The Constitution of Ecuador is valid since 2008. It divides the powers of the State in the Legislative Function, controlled by the National Assembly and the assembly members of each of the provinces of the nation, the Executive Function led by the president as the maximum head of State and Government, the Judiciary Function and Indigenous Justice formed by the National Court of Justice and the Council of the Judicature with their respective judges, and courts, the Transparency and Social Control Function composed of the Council for Citizen Participation and Social Control, the General Comptroller's Office of the State, the Ombudsman's Office, and other Super Intendencies. It also includes, the Electoral Function established by the National Electoral Council and the Electoral Contentious Court (Asamblea Nacional, 2008).

All of these functions, institutions, and authorities turn around the National Plan of Development, called “Toda una Vida” -Whole Life-, that regulates polities, projects, programs, etc., that will be executed with the State budget. This plan adjusts the assignations to public resources and organizes activities and occupations of different public institutions, among other faculties with its own competency and autonomy. It will be carried out from 2017 to 2021, while Moreno’s mandate lasts.

Worldwide, Ecuador is recognized for being in the middle of the world, for having three distinct regions in one country, and of course, the enchanted islands or Galápagos with unique species of plants and animals in the planet. Destinations in Ecuador as the Yasuni in the Amazon, or cities as Quito and Cuenca, are well known abroad as singular and particular places to visit. Ecuador has enhanced its tourism since it has taken advantage of its natural wealth in a better way in recent years.
2.2. Exports of Ecuador

According to the Custom of Ecuador, exports are “the custom regimen that permits the definitive output of goods in free circulation, outside the Ecuadorian customs territory or to a Special Economic Development Zone, subject to the provisions established in the current legal regulations” (Aduana del Ecuador, 2017). In simpler terms, exports are sales that are performed out of the national territory and that are done in a legal way or through customs.

The exports of Ecuador have included since many years ago, mostly crude oil, bananas or plantains, flowers and roses, crustaceans in various forms (frozen, canned, fresh, processed, etc.), cocoa, coffee, tropical fruits, tea, chocolate, palm oil, coconut oil, fish oil, margarine, gold, sawn wood, wooden furniture, rubber, iron, plastic, textiles, and precious metals, among others (The Observatory of Economic Complexity, 2018).

Other products from the list of the main exports of Ecuador are plywood, pressed wood, petroleum derivatives, vehicles and its parts, industrial machinery and its parts, metal manufactures, manufactures of fibers and textiles, leather, plastic, and rubber
manufactures, extracts and vegetable oils, among others (Banco Central del Ecuador, 2019).

The exports of Ecuador depend on petroleum in a very large percentage, but also, the remittances of migrants are very significant. The decreases in oil price and the reductions in exports of the last years during the Rafael Correa mandate (2015-2016) must be considered (Central Intelligence Agency, 2019).

In 2007, Ecuador had a GDP of $193 billion, with an increase of 2.4%, GDP per capita of $11,500, and a total of $19.62 billion in exports. The main trading partners of Ecuador in terms of exports are the United States, Vietnam, Peru, Chile, Panama, Russia, and China (Central Intelligence Agency, 2019).

**Table 2**

**Data of the main exports of Ecuador since 2014.**

<table>
<thead>
<tr>
<th>Item</th>
<th>Product</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>110101</td>
<td>Rice</td>
<td>10.905,0</td>
<td>1.014,3</td>
<td>230,2</td>
<td>350,0</td>
<td>18.478,1</td>
</tr>
<tr>
<td>110201</td>
<td>Banana</td>
<td>2.493.624,1</td>
<td>2.730.346,4</td>
<td>2.655.342,1</td>
<td>2.957.571,7</td>
<td>3.102.776,4</td>
</tr>
<tr>
<td>110202</td>
<td>Plantain</td>
<td>83.563,6</td>
<td>77.773,0</td>
<td>78.821,6</td>
<td>76.967,1</td>
<td>93.388,5</td>
</tr>
<tr>
<td>110301</td>
<td>Cocoa</td>
<td>576.389,9</td>
<td>692.849,2</td>
<td>621.432,1</td>
<td>588.415,8</td>
<td>664.465,4</td>
</tr>
<tr>
<td>110599</td>
<td>Other Fruits</td>
<td>41.167,7</td>
<td>48.837,4</td>
<td>60.856,5</td>
<td>64.471,9</td>
<td>88.346,4</td>
</tr>
<tr>
<td>111109</td>
<td>Natural flowers</td>
<td>918.242,0</td>
<td>819.939,1</td>
<td>802.461,3</td>
<td>881.461,6</td>
<td>851.930,8</td>
</tr>
<tr>
<td>140101</td>
<td>Tuna</td>
<td>99.398,9</td>
<td>87.843,1</td>
<td>90.042,5</td>
<td>80.462,2</td>
<td>96.740,9</td>
</tr>
<tr>
<td>140102</td>
<td>Fish</td>
<td>197.085,1</td>
<td>169.975,1</td>
<td>154.272,9</td>
<td>162.033,0</td>
<td>206.956,9</td>
</tr>
<tr>
<td>140201</td>
<td>Shrimps</td>
<td>2.513.463,5</td>
<td>2.279.595,5</td>
<td>2.580.153,3</td>
<td>3.037.858,1</td>
<td>3.234.715,9</td>
</tr>
<tr>
<td>150101</td>
<td>Raw Oil</td>
<td>13.016.019,8</td>
<td>6.355.235,2</td>
<td>5.053.937,4</td>
<td>6.189.823,9</td>
<td>7.853.414,4</td>
</tr>
<tr>
<td>150699</td>
<td>Other miner products</td>
<td>48.376,6</td>
<td>13.728,3</td>
<td>38.321,2</td>
<td>74.238,4</td>
<td>73.344,8</td>
</tr>
<tr>
<td>210399</td>
<td>Other chemical and pharmaceutical</td>
<td>107.173,5</td>
<td>99.669,2</td>
<td>95.708,5</td>
<td>98.568,5</td>
<td>112.181,7</td>
</tr>
</tbody>
</table>
The values presented in the previous table are in FOB value. It has no order other than the tariff heading number, but it is easy to distinguish that the highest values correspond to crude oil, shrimps, and bananas.

Other products that are also exported from Ecuador are mango, passion fruit, pitahaya or dragon fruit, hearts of palm, pepper, broccoli, bamboo, tilapia, toquilla straw and Panama hat, tagua, other exotic fruits, medicinal and aromatic plants, software, furniture and building materials, eucalyptus, pine, and laurel, among others (De Ecuador al Mundo, 2019).

The institution in charge of all the exports and trade in Ecuador is the Ministry of Foreign Trade and Investment (COMEX, acronym in Spanish), which looks for "in a strategic and sovereign way, the economic and commercial insertion of the country in the international context, contribute to Latin American integration, and support the change of the productive matrix," (Ministerio de Comercio Exterior, 2019).

The COMEX seeks through “the formulation, planning, direction, management, and coordination, of the foreign trade policy, the commercial promotion, the investment attraction, the bilateral and multilateral negotiations, the imports regulations, the selective and strategic substitution of imports,” improve the country socially and economically (Ministerio de Comercio Exterior, 2019).

The committee of COMEX has as members the Ministry of Agriculture, Livestock, Aquaculture and Fisheries; the Ministry of Industries and Productivity; the Ministry of...
Economy and Finance; and, the National Secretariat for Planning and Development. Also, are part of the COMEX, without right to vote, the Ministry Coordinator of Production, Employment and Competitiveness, the Coordinating Ministry of Economic Policy; the National Customs Service of Ecuador, and other institutions determined by the President by Executive Decree; in this case, this disposition is given by Executive Decree No. 25 (Ministerio de Comercio Exterior, 2019).

In 2011, the Institute of Promotion of Exports and Investments, PROECUADOR, was born as part of COMEX, an entity that seeks to "execute the policies, and rules of promotion of exports, and investments of the country; in order to promote the offer of traditional, and non-traditional products, markets, and actors in Ecuador, promoting strategic insertion in international trade" (Exporta Fácil, 2019).

PROECUADOR helps with assistance in services and advisory to the exporter, information in international trade, commercial intelligence, investment promotion, commercial promotion, market research, etc. (Exporta Fácil, 2019).

In 2012, the director of Promotion of Exports of PROECUADOR, Manuel Echeverría, said that the institution seeks for markets in other Latin American countries, in Europe, and Asia, with 28 business offices worldwide, taking abroad products of the horticultural and agricultural sectors of the country, and no just banana that is the most common (Echeverría, 2012).

According to Echeverría, “the way to support is given by different spaces. Sectoral support, support to producers (so that producers in the future also become exporters); and support to unions (supporting unions in technical issues: traceability, certification, and giving them opportunities in other countries)” (Echeverría, 2012). Currently, PROECUADOR has 31 offices in 26 countries throughout the world (PROECUADOR, 2019).

Also, seeking for generating diversity in products for exports of MSMEs (Small and Medium Enterprises) of the country, the Ministry of Industries and Productivity (MIPRO) collaborates to “the obtainment of the Unique Artisan Records, Good Manufacturing
Practices, Packaging, Labeling, Corporate Image, and Personalized Advice on the use of the Easy Export tool" (Exporta Fácil, 2019).

The Easy Export tool looks for “improving the competitiveness of MSMEs, and handicrafts by increasing their exports, and the introduction to new markets.” Thanks to this program you can export "the products for a value of up to 5000 dollars (FOB) and a maximum weight of 30 kilos for each shipment of the exporter, without there being restrictions on the number of packages to send". People who wish to export in this way should only register with a user and password on the Exporta Fácil website (Exporta Fácil, 2019).

2.2.1. Liqueur Exports of Ecuador

It is not exactly known when Ecuador started to export alcoholic beverages or which were these since, in the matter, the country is a beginner despite having some large and important companies in the production of alcohol such as Embotelladora Azuaya, DILSA Cía. Ltda, Licorec, La Toscana, Corporación Azende, Cervecería Nacional, Ron San Miguel, Licozam, that seek for the satisfaction of the national consumers, and the expansion abroad of their products with the exports of their liqueurs.

The products that these companies have ranged from spirits, rum, wine, tequila, creams, vodka, whiskey, beer and other spirits, most of their production is made entirely in the country; although these companies also sell imported alcoholic beverages, then national fabrication does not supply the market.

According to TradeMap, Ecuador exported 156 thousand dollars in 2017, with the tariff item 220870 corresponding to “Liquors”. The United States is the first importer followed by New Zealand since 2013; Peru, Spain, Chile, Colombia and Costa Rica are also important business partners. The companies that most spirits export are Toscana and Zhumir, both from Azuay province (International Trade Center, 2019).

As reported by the information of the Central Bank of Ecuador and the national tariffs, section 22 belongs to Beverages, Spirits, and Vinegar. Chapter 2209 belongs to Undenatured ethyl alcohol of an alcoholic strength of < 80%; spirits, liqueurs and other
spirituous beverages. And, subchapter 220870 belongs to Liquors, nomenclature to which the chuchuguazo liquor would correspond. The unit of measure of these items is the liter (Banco Central del Ecuador, 2019).

![Graph of Liqueur Exports from Ecuador 2013-2017](image)

**Figure 7 Liqueur Exports from Ecuador 2013-2017.**


In Ecuador, there is a large variety of alcoholic beverages, but all are not made in a proper way to sell abroad, that is, not all of them have a sanitary registration that gives confidence to the consumer. The sale of homemade liquors is very common in the country since there is an endless number of these, but for the most part, they do not have any certification, although their sale is very popular.

However, due to the uniqueness and recognition of these different drinks that are made throughout the country, such as chuchuguazo, there are people like Mrs. María Virano, an entrepreneur who has started with the commercialization of this liquor legally with all the necessary permits, certificates, and registrations to make their sales both in the national territory and abroad.
2.3. Legal Framework of Ecuador's Exports.

According to the Constitution of Ecuador, the Central State is responsible for ensuring the country’s “economic, tax, customs, and tariff policies; fiscal and monetary policies; foreign trade and indebtedness” of the country, literal 5, article number 26 (2008), thus granting to the government, and authorities on duty to carry out any activity, law, or operation of foreign trade, and other matters mentioned.

According to article 306, “the State will promote environmentally responsible exports, preferably those that generate more employment, and added value; and in particular the exports of small, and medium producers and the artisanal sector” (Constitución del Ecuador, 2008), which commits the State to boost sales of Ecuadorian products abroad.

In Ecuador, according to the law in foreign trade subjects, to export any product or merchandise an exporter's RUC is required, whether a natural or legal person. Also, exporters need a registration, and a digital or electronic signature certificate to access to the ECUAPASS portal of the National Customs System of Ecuador (Cámara de Comercio Ecuatoriano Americana de Quito, 2017).

The ECUAPASS system allows customs operations of exports and imports in an easier, and more agile way to its foreign trade operators through a device regardless of where the OCE (Foreign Trade Operator in Spanish acronyms) or the office of any public institution that refers to foreign trade is located, in accordance with the provisions of the Organic Code of Production, Commerce and Investment (COPCI in Spanish acronyms) (Ecuapass, 2019).

If the product of exports is of plant origin, a registration of AGROCALIDAD is needed, to the consequent obtainment of the phytosanitary certificates that are required to enter the country of destination. For exports of metal, and scrap metal there are quotas, and allocations regulated by the Ministry of Industry and Productivity (MIPRO in Spanish acronyms) (Cámara de Comercio Ecuatoriano Americana de Quito, 2017).
Certifications for exports of bovine hides that cannot be used to make footwear are also administered by MIPRO. Similarly, gold, silver, and other precious metals must be registered with the Internal Revenue Service (SRI in Spanish acronyms) to pay mining royalties and be exported (Cámara de Comercio Ecuatoriano Americana de Quito, 2017).

According to the article 137 of the Organic Health Law, a health notification is needed for “the processed foods, food additives, medicines in general, nutraceuticals, biological products, natural processed of medicinal purposes, homeopathic medicines, and dental products; medical devices, biochemical and diagnostic reagents, hygienic products, pesticides for domestic and industrial use” which are made in the country or abroad “for importation, exportation, commercialization, dispensing and sale”.

Figure 8 ECUAPASS Service
This registry or health notification is obtained in the National Agency of Regulation, Control, and Health Surveillance (ARCSA, acronym in Spanish), the institution that seeks to protect the consumer’s health by following the quality of the Ecuadorians products offered in the market (Agencia Nacional de Regulación, Control y Vigilencia Sanitaria, 2019).

For a better commercialization of the Ecuadorian products abroad, and to avoid complications with duties and taxes, a certification of origin is preferred, that is acquired through the registry in the ECUAPASS, in the Unique Ecuadorian Window, (VUE, acronym in Spanish), by doing a sworn declaration of origin (DJO, acronym in Spanish), and the respective certification of origin (Ministerio de Comercio Exterior e Inversiones, 2019). In the case that Ecuador has a trade agreement with the country of destination of the exportation, the product will have immediately the respective taxes liberation or reduction.

The institution that collaborates and assists to people that want to export their products is the MIPRO, through the Certification of Origin Management System (SGICO, acronym in Spanish) that allows inspecting the status of other sworn declaration of origin, the registries of other exporters, the tariff items registered, among others (Ministerio de Industrias y Productividad, 2019).

![Ecuador Ama La Vida Logo](Source: Proecuador 2019)
The exported products from Ecuador that has the “Ecuador Ama la Vida” brand, search to establish the quality, perception, and origin of the products sold abroad, offering a guarantee to the foreign, generating confidence, and security in the purchase. Likewise, inside the country, the brand is fused with private companies to achieve a combine development, in the private brand such as the country brand (Chicaiza & Lastra, 2014).

The country brand has suffered some changes since 2001 in the first launch until 2010, when, Freddy Ehlers, Minister of Tourism at that time, presented the motto “Ecuador Loves Life”. The brand represents the megadiversity, flora, fauna, life, land, culture, everything that can be found in this country so small, and rich, that it is located in the middle of the world (Edgar Salas, 2014); the brand seeks to improve the exports, to promote tourist attractions and generate investments in Ecuador (Ministerio de Comercio Exterior e Inversiones, 2016).

According to data of 2016, the country brand grew in 242% about the licensees registered in 2015 and 2014; in total, 1.169 licensees pursuing to position the country's work with its brand “Ecuador loves life” around the world. The most licenses of the country brand registered are in the provinces of Pichincha, Guayas, and Azuay, concentrating in small companies, followed by medium, and in a smaller percentage, the large companies, with food products, beverages and spirits, mainly flowers, and cocoa, and, in terms of services, in hospitality and tourism (Ministerio de Comercio Exterior e Inversiones, 2016).

For the exportation of any Ecuadorian product, it is necessary and mandatory the electronic reporting of the DAE (Export Custom Declaration), given by the ECUAPASS System, this document allows to acquire a legal responsibility between the declarant or the person who will export with the public institution SENAE (Aduana del Ecuador, 2017).

When the DAE is accepted, the merchandise is registered and collected in the temporary deposit or Primary Zone where it is shipped; and, for the respective exportation, first it must pass through a capacity, this can be automatic (immediately that the merchandise enters the primary zone), documentary (a public employee in charge will review all the digital documents, and electronic data of the merchandise to give way to its exit or a
possible new revision), or an intrusive physical capacity (same as the documentary capacity but with a physical recognition of the merchandise) (Aduana del Ecuador, 2017).

Fulfilling with all the formalities and requirements that are requested by the Custom of Ecuador, any product could be exported without any problem, abiding all the legislation of the country, and verifying the necessary certifications of each product to shipping abroad.

2.4. The United States of America

The United States of America is considered as one of the biggest and most important countries of the world, due to being one of the main economies in the international level, its extensive territorial area, its history, population, culture, technological development, industries, its contributions in science, educations, and other aspects. In 2017, the GDP of the U.S was more than 19 millions of millions of dollars, and, by 2019 the numbers will be increasing (Banco Mundial, 2019).

The U.S economy is based on a variety of sectors, mainly the agricultural sector, that is the biggest in the world due to the exceptional productivity and the developed technology. The industrial sector is important for the country, as well as the agri-food, automotive, aerospace, and pharmaceutical sectors. But, the tertiary or services sector is primordial and has huge importance for the country economy; health, education, finance, real estate, insurance, are representing more than three-quarters of the nation’s total GDP. This sector generates employment for almost 80% of the population, (Santander, 2019) and, by 2018, the United States had a population of more than 328 million people (United States Census Bureau, 2019).
Only the state of California has a GDP of 2.75 millions of millions of dollars in 2017, overcoming France, Brazil, United Kingdom, Spain, and other countries. California collaborates with around 14% of the total GDP of the U.S thanks to great contributions in agriculture, technology, industries, and the service sector, also, to the high taxes charged in the Californian territory (Ximénez, 2018).

In the political context, the Magna Card of the United States determinates three branches of the Federal Government, the executive function, legislative, and judiciary; that, in general, operates to protect and preserve the American citizens’interests (USAGov en Español, 2018).

The executive function is led by the president of the nation, the vice-president, and the presidential cabinet; this branch is in charge of the implementation, or prohibition of laws whether it is already approved before by Congress. The legislative function is formed by the Congress, composed by the Representatives Chamber and the Senate, that have 435 representatives and 100 senators respectively; and, it is responsible for the protection of
the public spending, approving laws before sending to the president, keeping an eye on
the presidential activities, among other occupations (USAGov en Español, 2018).

The judiciary function or judicial power is constituted by the smaller federal courts or
courts, and the Supreme Court; this function is independent of the others to ensure
impartiality, fairness, equality, and justice in the legal context. The judiciary has the
power to examine legislation and even presidential activities, and declare them
unconstitutional, if so (USAGov en Español, 2018).

The U.S Constitution is the same since September 17, 1787, in the present it has 27
changes or amendments. The promulgation of the Constitution was after the well-known
Constitutional Convention in the same year. The United States has declared as an
independent nation thanks to the Declaration of Independence signed by 56
representatives of the 13 first American colonies in the Congress of July 4, 1776,
commemorated day by all the citizens of the country as the Independence Day of Great
Britain (USAGov en Español, 2018).

Since 2017, the U.S has as a president, the businessman, and republican, Donald Trump,
who had been criticized since his candidacy to the presidency due to his lack of
preparation for a political charge or his diplomacy shortage. The discrimination or
xenophobia, his reactions to the press when being attacked, his education in some acts,
his policies, among other things, but, a lot of people, inside and outside the country,
support and defend him for want to “make America great again”, his campaign slogan.

The United States is confirmed by 50 states that are legislated in different forms, since,
in the country, all the states are ruled by the federal laws, but, also exists the state laws,
that should be known by all the population.

Worldwide touristic destine, place of creation and propagation of huge clothes brands,
vehicles, telephones, shoes, magazines, etc., the cradle of big cinema artists, music,
television, radio, etc., one of the main countries that offer a better way of living and
welcomes to migrants of the whole world. A nation that has done large steps to the
humanity in health, teaching, technology, etc., the U.S is a big country in many senses,
population, progress, culture, science, art, roads, education, training, etc.
2.5. Imports of the United States

An import is “the action of entering foreign merchandise to the country fulfilling with the formalities, and customs duties” (Aduana del Ecuador, 2019). The U.S imports, mainly, machinery, transport, and chemical products, that represents more than 50% of the total of the imports. These imports have turned in the last decade, since, U.S imported in huge quantities from its neighbors and commercial partners for the NAFTA (North America Free Trade Agreement) with Mexico and Canada, and, currently, most of the imports are from Asia, China primarily, but Germany, United Kingdom, and France, are important business partners too (iContainers, 2019).

According to TradeMap, in 2017, the imports from the U.S was around 2.4 millions of millions of dollars, with China, Mexico, Canada, Japan, and Germany, as its main business partners. The imports of U.S represented 13.5% of the total of the world, the country is the number one in imports worldwide.

Table 3
Main countries importers from the U.S

<table>
<thead>
<tr>
<th>Country</th>
<th>Imported value in 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>562,851,621</td>
</tr>
<tr>
<td>Mexico</td>
<td>349,638,424</td>
</tr>
<tr>
<td>Canada</td>
<td>325,801,804</td>
</tr>
<tr>
<td>Japan</td>
<td>146,073,618</td>
</tr>
<tr>
<td>Germany</td>
<td>128,407,929</td>
</tr>
<tr>
<td>Korea</td>
<td>76,234,687</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>61,881,884</td>
</tr>
<tr>
<td>Ireland</td>
<td>57,694,072</td>
</tr>
<tr>
<td>India</td>
<td>56,504,761</td>
</tr>
<tr>
<td>Italy</td>
<td>56,250,218</td>
</tr>
<tr>
<td>France</td>
<td>53,718,718</td>
</tr>
<tr>
<td>Viet Nam</td>
<td>51,317,898</td>
</tr>
</tbody>
</table>

Source: Own elaboration with data of the International Trade Center 2019.
In 2018, the imports of the U.S were 2.2 millions of millions, having China, Canada, Mexico, Japan, Germany, South Korea, United Kingdom, France, India, and Italy, as the ten main importers (Trade Nosis, 2019).

The United States mainly imports automobiles and petroleum crude, but also computers, medicaments, broadcasting equipment, telephones, integrated circuits, gas turbines, video screens, delivery trucks, refined oil, tires, diamonds, gold, animal products, medical, chemical, mineral and food, textiles, footwear, plastics and rubbers, etc. (The Observatory of Economic Complexity, 2019). In addition to nuclear reactors, boilers, machines, devices and mechanical devices, parts of these machines or devices; electrical machines, apparatus and equipment, and their parts, sound recording or reproduction apparatus, television sound, and image recording or reproduction apparatus, and the parts or accessories of these apparatus; mineral fuels, mineral oils and products of their distillation, bituminous materials, mineral waxes (Trade Nosis, 2019).

It also imports motor vehicles, tractors, velocipedes, and other land vehicles, their parts and accessories; aircraft, space vehicles and their parts; optical, photography or cinematographic, measuring, control or precision instruments and apparatus, medical and surgical instruments and apparatus, parts and accessories of these instruments or apparatus; natural (fine) or cultured pearls, precious or semi-precious stones, precious metals, precious metal plating (plaque) and articles of these materials, costume jewelry, coins; plastics and articles thereof; and pharmaceutical products (Trade Nosis, 2019).
2.5.1. Liqueur Imports of the U.S.

In 2015, the U.S imported 4.744 millions of millions of dollars in beers, 14.3 millions of tons, 12% were craft beer, mainly acquired in summer months (Apuy, 2016). According to TradeMap, the main malt beer suppliers (with the tariff heading 2203) to the United States are Mexico, Netherlands, Belgium, Ireland, Germany, Canada, United Kingdom, Jamaica, Italy, and Dominican Republic (International Trade Center, 2019).

It is also important to notice the wine imports from the U.S, in 2017, 6.2 millions of dollars were imported in wines, the main exporters were Italy, France, New Zeland, Australia, and Spain (Revista Gestión, 2019). The U.S market is characterized by especially consuming beer and wine, but, being such a huge and diverse market, the consumption of spirits and novelties of whiskey or cognac are rising (España Exportación e Inversiones, 2017).
The U.S imports of "Liquors" according to tariff item 220870, in 2017, were 7.9 million dollars, mainly from France, United Kingdom, Mexico, Ireland and Canada (International Trade Center, 2019). This amount decreased slightly in 2018, reaching 7.1 million dollars (Trade Nosis, 2019).

### Table 5

<table>
<thead>
<tr>
<th>Liqueur imports of the U.S</th>
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</table>

#### 2.6. Consumption of Alcoholic Beverages in the United States.

The consumption of alcoholic beverages in the states of the United States is legal in people 21 older since 1984, when the National Minimum Drinking Age Law was issued by Congress, looking for reducing the alcohol consumption in the American youth since many investigations confirmed that adolescents in high schools had been consuming alcohol (La Comisión Federal de Comercio, 2013).

According to the Trade Bureau of Peru (OCEX, acronym in Spanish) in Miami, the demand of alcoholic beverages in the US increases year after year. In addition to consuming spirits, wines, and beer, the US market also requests and searches for spirits or artisanal beverages to delight. Beverage Dynamics magazine states that the United States market is looking for new exotic alcoholic beverages since people who consume alcohol in the country choose to try original and strange products (Revista Gestión, 2019).
In the United States more than 17 millions of millions of alcoholic beverages are consumed, that is, around 470 beverages per person and more than 4 different drinks in one occasion (Centros para el Control y Prevención de Enfermedades, 2018).

According to the IWSR magazine, the American consumer prefers whiskey, vodka, or wine, the most consumed alcoholic beverages in the last years. It is also important to consider that beer is also consumed in large quantities, even more artisanal, but the preferences of today go for drinks that have low calories, few degrees of alcohol and very good quality (Revista Gestión, 2019).

In the US, 29% of wines are from other countries, and people who consume the most are the boomers and millennials, who consume it at any meeting, lunch with friends, or simply daily basis for nothing more than pleasure (Muriel Wines, 2019). For more than 24 years, the consumption of wine in the US has been increasing gradually, even though liquor purchases have increased significantly, especially mezcal (Craig & Reinicke, 2019).

Beer consumption in the United States has also increased considerably, due to the strong summer heat, July is the month where more beer is consumed. Consumption of craft beer has been increasing in some states like Florida, Alabama, and Oklahoma are good craft beer producers (Apuy, 2016).

According to 24/7 Wall St, an American news and opinion website, the cities that consume more alcohol are in the state of Wisconsin, and, in the country, for each 10,000 inhabitants therefore 1.3 pubs exist. Nationally, of people who consume alcohol, 18% do so in excess, that is, they drink more than 5 types of drinks in less than 2 hours in the case of men, and more than 4 drinks in women, according to the Center for Control and United States Disease Prevention (Avalos, Vive USA, 2017).

Years ago the fact that a beverage had healing properties for any disease or that is was simply beneficial to people's health, it could not be mentioned on its label to selling it in the United States years before. However, today healthy properties, it can be advertised in drink’s labels be sold on American territory without a problem, as long as these medicinal benefits or attributions are scientifically proven (Santander, 2018).
2.7. Legal Framework of the Liqueur Imports of the United States

Alcoholic beverages in the U.S are regulated by the Code of Federal Regulations (CFR), that in article 27 has the Federal Alcohol Administration Act, that is protected by the known TTB, or Alcohol and Tabacco Tax and Trade Bureau, a federal entity in charge of the execution of this law for beverages of more than 7% of volume of alcohol, including beers (Oficina Económica y Comercial de España en Washington D.C, 2018).

The law in the United States is disposed federally, but, there are also, state laws of each state of the country. The federal agency, TTB, conducts the analysis and quality controls of the samples of alcoholic beverages that are sent to the U.S; also, it accepts the labels of the products, authorizes the activities of the importer and the wholesaler, and asserts the origin denominations of the merchandise (Oficina Económica y Comercial de España en Washington D.C, 2018).

Having an authorized import by the TTB is essential to export drinks of more than 7% alcohol to the United States. The imported must have an Importer's Basic Permit, and obtain all federal and state permits or licenses to be able to exercise their rights and obligations, as well as to make sure that the products that enter the country comply with all the federal and state requirements in physical and documentary form (Oficina Económica y Comercial de España en Washington D.C, 2018).

To export an alcoholic beverage to the United States, a certificate of Certificate of Label Approval, better known as COLA, is required, which must be acquired by the importer, before importing into the TTB to be able to present it in the custom (Oficina Económica y Comercial de España en Washington D.C, 2018).

To obtain this certificate, a list of the components or the formula of the drink is required, in addition to a 750ml sample for the ‘Formula Application’, and its corresponding laboratory studies (Oficina Económica y Comercial de España en Washington D.C, 2018).
But, if the person who is going to export their product does not wish to disclose their manufacturing method, they can directly send the detail of the ingredients to the TTB, thus preventing it from passing through the hands of the importer. However, information about the entire process must be kept with it since a shipping identification number is needed to complete the application of the Formula Application (Oficina Económica y Comercial de España en Washington D.C, 2018).

The information filled in the forms is completely reserved, and only authorized personnel of the TTB can use it for legal purposes (Oficina Económica y Comercial de España en Washington D.C, 2018).

Regarding labels, alcoholic beverages that will be exported to the United States must comply with the labeling legislation of chapter 1 of title 27 of the CFR according to the product, which could be wines, malt beverages, distilled beverages, barley or spirits (Oficina Económica y Comercial de España en Washington D.C, 2018).

Product awards labels can be added by an organization without the need to make a new request. Also, changes can be made to the product labels, as long as they are allowed by the TTB as set out on its website (Oficina Económica y Comercial de España en Washington D.C, 2018).

For the bottling of alcoholic beverages, there is also a legal and regulatory provision in the same CFR. Also, organic alcoholic beverages are regulated by both the TTB and the USDA, US Department of Agriculture, this entity has several Authorized Control Bodies/Agents (Oficina Económica y Comercial de España en Washington D.C, 2018).

In the United States, there are Controlled, or monopolized states, and the Uncontrolled States, or states with licenses for the distribution of alcoholic beverages in the nation. This distribution is regulated by different commercial regimes depending on the state, but, in general, all states are governed by the Three Step System or Three-Tier System; they are three agents or levels through which is a mandatory, and unavoidable way you have to pass the product to reach the final consumer (Oficina Económica y Comercial de España en Washington D.C, 2018).
These three levels are the producer or importer, the distributors, and the retailer. Each one has its responsibilities, commitments, and obligations well determined although each state has its respective rules (Oficina Económica y Comercial de España en Washington D.C, 2018).


Depending on the state, the sale of the drinks is made. Some states have Liquor State Stores or liquor stores, others that sell the drinks to private companies in charge, others have no control over the distribution of alcoholic beverages since they are in the County domain (Oficina Económica y Comercial de España en Washington D.C, 2018).

Uncontrolled or Licensed States do not directly intervene in the process of distribution of alcoholic beverages, but, they are referred to the fiscal control to the granting of licenses, to execute the law, to regulate the consumption and commerce of liquors, to register trademarks, realization tasting or advertising fairs, representation agreements, among other faculties (Oficina Económica y Comercial de España en Washington D.C, 2018).

Samples for fairs, promotions or tastings must enter the United States with the same requirements as merchandise for sale. An authorized importer is required, as well as all the corresponding labels, although there is no need for them to be approved; but, if an exception or waiver request is required, as an extra, a label of ‘For Trade Fair Only Sample, Not for Sale, or Resale’ is required, in addition to a warning label to the risks that can cause in the health the ingesting of alcoholic drinks (Oficina Económica y Comercial de España en Washington D.C, 2018).

Samples must pay all applicable tariff rates, but samples of less than 100 milliliters, wine samples of less than 150 milliliters, and samples of malt beverages of less than 300 milliliters of content are exempt from payment of tributes. For other drinks that do not have specifications, the respective tariffs must be paid (Oficina Económica y Comercial de España en Washington D.C, 2018).
Imports of alcoholic beverages and food from the United States must comply with the Public Health, and Prevention, and Response to Bioterrorism Act, and some sanitary composition and packaging requirements. For the composition, there are certain regulations for certain elements in beverages such as wines or beers, such as the amounts of methane, lead, urethane, sulfites, volatile acidity, direct, and indirect additives, and even alcoholic strength. All this is standardized by the CFR, in chapter 21 and 27 (Oficina Económica y Comercial de España en Washington D.C, 2018).

For the packing of wood, pallets, or wood packaging, phytosanitary requirements of fumigation with methyl bromide or furnace heating are required, according to the International Plant Protection Convention (IPPC), or International Plant Protection Convention, and the Animal & Health Inspection Service (APHIS) or Animal and Health Inspection Service (Oficina Económica y Comercial de España en Washington D.C, 2018).

There is also the Bioterrorism Act, which states that companies that export food products, and beverages must register with the FDA (Food and Drugs Administration). And, any shipment of these goods to the United States must be communicated beforehand, this is known as Prior Notice. Since 2011, the FSMA (Food Safety Modernization Act) presents more conditions to the aforementioned laws (Oficina Económica y Comercial de España en Washington D.C, 2018).

Before any mishap that exists in the production or processing of the products of the companies registered in the FDA under the Bioterrorism Law, there is a portal to report the incident, and see if this may or may not affect the health of consumers and to what extent. This is done through the food facility registration number, which will allow you to investigate the success of the product (Oficina Económica y Comercial de España en Washington D.C, 2018).

For the payment of tariffs or duties of alcoholic beverages entering the United States, the beverage must be correctly classified in the harmonized system according to Section IV of chapter 22 called Beverages, spirit, and vinegar, and, according to the established by law, customs procedures, sanitary technical requirements, the Bioterrorism Law, the

On the TTB website (ttb.gov) you can find the necessary information for any question for a person who wants to export their alcoholic beverage to the United States, from phone numbers of the different departments, through lists of authorized importers, regulations, laws or important announcements, and even the processes of obtaining the respective certificates.

2.8. Trade Agreement between Ecuador and the United States

A trade agreement is an agreement or negotiation of two or more countries that seek to pursue commercial interests, improve their trade, or benefit their economies in general. According to Krugman, Olney, and Wells, a trade agreement is a business in which one country is responsible for not applying policies that harm the exports of the other country, and, in return, the other country would do the same to exports from this country (América Economía, 2018). In other words, norms that disadvantage the exports of the nations involved in the agreement are no longer applied.

According to Miguel Galindo, when trade agreements are subject to supreme or external surveillance, for example, an international organization, when the sovereignty of the country is transmitted to another entity in terms of trade policy, it is an economic integration (América Economía, 2018).
There are different types of trade agreements. The main ones are international cooperation agreements and international integration agreements. There are also free trade zones, customs unions, common markets, and economic unions; each with its characteristics, and its distinctions (América Economía, 2018).

Currently, Ecuador has agreements with the European Union, El Salvador, Nicaragua, Guatemala, Cuba, Chile, Mexico, among other nations. The Republic of Ecuador is mainly part of the World Trade Organization (WTO), the Andean Community (CAN), the Common Market of the South (MERCOSUR), the Latin American Integration Association (ALADI), and the Pacific Alliance (Ministerio de Comercio Exterior e Inversiones, 2019).

The United States and Ecuador do not have a treaty or trade agreement. The then Minister of Foreign Trade, Pablo Campana, has repeatedly announced that the government seeks to negotiating with the United States a fair agreement that will benefit both parties.
Ecuador needs a trade agreement with the United States since it is its main trading partner. This would open the doors to the country's exports (El Telégrafo, 2018).

With the current presidency of Lenin Moreno, the Ecuadorian Investment and Trade Council (ICT) in the United States was reopened seeking to begin negotiations for a trade agreement between countries. But, it is known that the United States government priority is to renegotiate the agreement with Mexico and Canada, so Ecuador will have to wait (América Economía, 2018).

According to Campana, Ecuador exports about 84% of its non-oil products to the United States. With a commercial agreement, the Ecuadorian exports would enter the US market with a zero or very low tariff, which would promote exports widely (América Economía, 2018).

**2.9. Trade Balance between Ecuador and the United States**

The trade balance is made up of imports and exports of the products or merchandise of a country, this balance is the result of subtracting imports from exports; there may be a surplus when exports are greater than imports, or a deficit when imports are higher than exports (Debitoor, 2019).

According to data from the Central Bank, on January 2019, Ecuador's oil trade balance was positive for some countries, including the United States. On the contrary, the non-oil trade balance was deficient with the United States in the same period (Banco Central del Ecuador, 2019).

By January 2018, the total trade balance of Ecuador and the United States was 128.9 million dollars. By January 2019, the total trade balance of Ecuador and the United States was 109.6 million dollars (Banco Central del Ecuador, 2019).

The variation of these years is -17.5%, which means that exports to the US in the last year compared to the previous year, have decreased, despite having a surplus, or being positive (Banco Central del Ecuador, 2019).
Of the total of all Ecuador's exports to the American continent, exports to the United States represent 54.7%. And, of the total of Ecuador's imports, imports from the United States represent 40.7%, according to the January 2019 data from the Central Bank of Ecuador.

On January 2019, the ten main export products from Ecuador to the United States are:

**Table 6**

**Main Ecuadorian exports to the United States.**

<table>
<thead>
<tr>
<th>Producto or ítem</th>
<th>FOB Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude oils of oil or bituminous ore</td>
<td>61.7%</td>
</tr>
<tr>
<td>Bananas or plantains, fresh or dried</td>
<td>9.2%</td>
</tr>
<tr>
<td>Crustaceans, live, fresh, frozen, dried</td>
<td>6.7%</td>
</tr>
<tr>
<td>Flowers and buds, cut for bouquets or ornaments</td>
<td>4.6%</td>
</tr>
<tr>
<td>Raw, semi-woven, or powdered gold</td>
<td>2.3%</td>
</tr>
<tr>
<td>Preparations of fish, caviar and its substitutes</td>
<td>1.8%</td>
</tr>
<tr>
<td>Cocoa beans, whole or broken, raw or roasted</td>
<td>1.7%</td>
</tr>
<tr>
<td>Fillets and other fish meat (even minced)</td>
<td>1.5%</td>
</tr>
<tr>
<td>Fresh or chilled fish, except fillets</td>
<td>1.5%</td>
</tr>
<tr>
<td>Cane sugar, chemically pure sucrose, solids</td>
<td>1.0%</td>
</tr>
<tr>
<td>Others</td>
<td>8.0%</td>
</tr>
</tbody>
</table>

Source: Own elaboration with data of the Central Bank of Ecuador 2019.

For the same date, Ecuador's trade balance with the rest of the world is -247.8 millions of millions of dollars, that is, an alarming deficit, very contrary to the year 2018 that there was a surplus of 0.5 millions of millions of dollars (Banco Central del Ecuador, 2019).
Conclusions of the Chapter

Ecuador is a country blessed by its geographical location, natural landscapes, enchanted islands, exotic jungle, magnificent mountains and volcanoes in the Andes, beautiful beaches on the coast, different cultures, people, etc., which are unique.

But, when talking about its production and trade, which is what makes a country develop in a good way, and achieve a stable economy or a good quality of life for its inhabitants, Ecuador is very limited. From the first years as a republic, the nation has based its exports on commodities or products that do not have added value such as oil, bananas, shrimp, straw hats, cocoa, among the most common.

Ecuador, in terms of liquor exports, is inexperienced since there are few companies in the country that export alcoholic beverages, but, there is already an advance as it could be demonstrated with the quantities and graphs of exported liquors that were shown in the previous pages.

On the other hand, politically, and governmentally, Ecuador has always been involved in misfortunes, falsehoods, and intrigues by its authorities, since most have been involved in acts of corruption, and dishonesty, which does not give a good reputation to the country internationally, and does not allow it to progress in a correct way in all areas.

Also, the United States is a country full of history, culture, diversity of people, technology, tourism, services and is known to be the country where migrants can achieve their dreams, and have a better future, no matter what. In any field, the United States economy will always be a great world reference.

Commercially, both countries have special requirements, certifications or permits to be able to legally export and import any liquor, thanks to institutions such as customs from both the United States and Ecuador, and all other establishments such as the TTB, FDA, and Customs of the United States as well as SENAE, Agrocalidad, MIPRO, ARCSA, PROECUADOR, in the Ecuador, among other organizations that control the drinks and foods that circulate in the country to protect people’s health.
Worldwide, the United States is one of the largest consumers of beer, an American cannot stop watching a football game without a beer in their hands. Thus, the figures of alcohol consumption in the country are increasing, these amounts increase year after year, and not only with beer, but also with the consumption of whiskey, mezcal, tequila, and other types of liquors.

The American consumer of alcoholic beverages seeks new and exotic drinks, which are not common, and if possible unique, therefore, it follows that the United States is a market that can accept chuchuguazo liquor with great reception due to the variety of tastes and preferences when drinking alcoholic beverages of not only Americans but also foreigners residing in the country.

In the commercial sphere, if an agreement between the United States and Ecuador exists, the country would benefit from being able to position its products in the US market with tariff preferences to achieve a better export incentive, which would generate greater economic income for the nation.
3. CHAPTER 3 TARGET DEFINITION

Introduction

This chapter will present information about why the market of the United States was selected for the exportation of the chuchuguazo d’María. Starting from an analysis based on the methodology of Olegario Llamazares (2014) the US was defined as the better option to consume chuchuguazo in contrast to the markets of China or Germany.

Data and information about the U.S, economy, culture, trade, etc., will be presented. The states that more quantity of alcohol consumed are defined, the incomes of each state are studied, its economic growth, culture, education, life quality, GDP, and other aspects that are considered important at the time to decide the choice.

The target state will have a deeper investigation, its main cities, its people, customs, alcohol consumption habits, what type of alcohol, and, if the information exists, the alcoholic brands that are consumed by the citizens.

A variety of segments to which the chuchuguazo liqueur could be exported will be presented, also it will be selected target, or public objective, that defines in a better way the tools to use in the correct positioning of the product abroad.

At the end of the chapter, the competence that this liqueur could have in the selected target will be analyzed, and also the best way of entering the product into the US market will be defined.
3.1. More favorable countries selection

According to Olegario Llamazares (2014), to choose the more favorable countries to export a certain product is necessary based on three important aspects of the countries, the development level, the economic growth, and the geographical and cultural proximity. The development level of the country to which it is desired to export is important so the company knows how to compete in the market, for example, in more developed countries the variety is wider, a product could be positioned by its quality or novelty, and, in less developed countries could be exported non-outstanding or common products.

The country’s economy is a fundamental aspect to know if a company will be positioned, or no, in the place, since a business will not look for a country with economic instability to sell its products. The economic growth of a country will help the company to know about future interactions. The geographical proximity is a primordial aspect due to the logistical, and transportations costs, that can be huge, as well as the taxes and tariffs that must be paid in the customs. Likewise, the cultural proximity is a key factor since it is easier to access in a similar market of the company’s origin (Llamazares, 2014).

Based on the information provided in the web site of the Central Bank of Ecuador, the United States, China, and, Germany, have been selected as the more favorable countries for the exportation of the chuchuguazo liqueur.

The United States and China are two of the main commercial partners of Ecuador, regarding products, and Germany, is one of the main commercial partners of Ecuador in the liqueur field. The three countries have convenient development levels, productive economic growths, and interesting geographical and cultural proximities, that deserve to be evaluated deeper to discard two of the options and select the winning country.

3.1.1. Country Selection

For making the selection of the country to export chuchuguazo, the selection criteria are divided into two parts, the first part includes the criteria that help to know the potential of the market, the economic growth of the country, the purchasing power per capita, import volume, growth of imports, and, exports from Ecuador.
The second part, regarding the market access and risk is composed of the criteria such as tariff barriers, non-tariff barriers, commercial risks, the facility of doing business, and, transparency and corruption.

Table 7
Country Selection Criteria

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Germany</th>
<th>China</th>
<th>United States</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic growth of the country</td>
<td>1.5%</td>
<td>2.6%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Purchasing power per capita</td>
<td>45,229,3</td>
<td>15,308,7</td>
<td>54,225,5</td>
</tr>
<tr>
<td>Import volume</td>
<td>307,8 thousand</td>
<td>46,4 thousand</td>
<td>1,0 million</td>
</tr>
<tr>
<td>Growth of imports (%)</td>
<td>4.6</td>
<td>3.6</td>
<td>60.8</td>
</tr>
<tr>
<td>Exports from Ecuador</td>
<td>0</td>
<td>0</td>
<td>$82,3 thousand</td>
</tr>
<tr>
<td>Tariff barriers</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Non-tariff barriers</td>
<td>2</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Commercial risks, Facility of doing business</td>
<td>A1</td>
<td>B</td>
<td>A2</td>
</tr>
<tr>
<td>Transparency and corruption.</td>
<td>11</td>
<td>87</td>
<td>22</td>
</tr>
</tbody>
</table>

Source: Own elaboration.

The economic growth of a country is recognized for the changes in its GDP. If this value varies in 5% or more, it means that access to the market would be easier since having a constant, and growing demand. In contrast to the variation of 1% means that the market would be stagnant, or in recession, so it will be much more difficult to enter the market (Llamazares, 2014). The GDP measures the riches of the country, considering all the goods and services produced in a certain period (Andrés Sevilla, 2012).
To introduce a product in a new market must be considered the type of product, and to which sector it would correspond, since, there are certain sectors such as the food or basic services sector, which despite the fact that the market has a bad economy or a recession, you will always have an active, and stable demand (Llamazares, 2014).

To recognize the GDP variations from the selected countries, the data of the Statistical Appendix from the World Economic Outlook from April 2019, which is in the official page of the International Monetary Fund, will be taken.

The purchasing power per capita or the purchasing power parity (PPP) per capita, is the level of income that each country has, or the purchasing power or capacity of its inhabitants. These amounts are evaluated in US dollars considering the wealth of the country, the price level, and the evolution of the exchange rate or currency (AndBank, 2014).

The data and information purchasing power per capita or PPA have been obtained in the web site of Trading Economics, with values of 2017 for the three countries respectively.

The volume of imports is another criterion of selection for the market potential, the volume of imports of the product that the company offers must be known to having an idea of the market’s size to which we want to direct. The population of the country to which we want to export must be considered since it can have a population not very large but if a large import volume (Llamazares, 2014).

To expose the data of the import volume, the tariff item 220870 corresponding to “Liquors”, and the information on the page of the International Trade Center of 2018, would be used.

The growth of imports is as important as their volume, to know if it has increasing or decreasing, that is, how much it has evolved. To calculate this average annual growth, the last three years’ data must be taken (Llamazares, 2014). The information to complete this criterion has been taken from the International Trade Center from the last three years, 2018, 2017, and 2016, with the same tariff item 220870.
To know the volume of exports from Ecuador to the world, the quantities exported in the last three years are considered with the foreign trade statistics of the Central Bank of Ecuador.

In the second part of the country's selection process, some criteria allow us to evaluate the accessibility and the risk of entering a new market.

Tariff barriers or import taxes must be canceled at the customs of the countries that carry out the commercialization, the commercial treaties between the countries should be considered since the payment of tariffs could be exempted or decreased. In most cases, tariffs or taxes are set according to the type and value of the merchandise, this makes the product more expensive immediately, and less competitive in the destination market (Llamazares, 2014).

The tariff barriers that truly affect the price are those that exceed 5% for industrial products, and 10% for consumer products that are sold in detail (Llamazares, 2014). To complete this information, the data of the European Union Commission, Market Access Data Base for the United States and China, and, of the Export Helpdesk website for the data of Germany, will be used.

The non-tariff barriers to the imports are quantitative restrictions or conditions, on the trade of certain products; it may be limitations on import quantities, contingent, quotas, licenses, or technical barriers of certifications, or approvals, for products that imply the citizens’ safety and health (Llamazares, 2014).

To know these non-tariff barriers is necessary to look for information about the specific product. The Global Trade Alert web site presents this kind of data, besides the sites mentioned before.

The commercial risks are other important criteria, at the moment of importing or exporting, the company should know the possible risks to deal with. The company must understand the risks that it may have with the transactions, if it is going to export (delays in payments, non-payment, and exchange rate) or, the risks in the investments if it is going
to be established in a new market or country (nationalization, confiscation, repatriation, and investment protection agreements) (Llamazares, 2014).

The commercial risk is cataloged according to the country-risk, there are export credit insurance groups; the COFACE company, is one of the most important internationally, and classifies seven levels of risk, A1, A2, A3, A4, B, C and D. A country with A1 rating is very solvent, a country with A4 has an assumable risk, and, a country with D has a high level of economic, and political risk (Llamazares, 2014).

The presented data in this criterion are from the country-risk evaluation map of COFACE of January 2019.

The facility of doing business in the country to which you want to export is also very important. The legislation and rules within the businesses help to choose the target market, bureaucratic, labor, and logistics cost, taxes, credit and contract compliance, and the complaint procedures, are considered to decide the country to which you wish to export (Llamazares, 2014).

The World Bank, in its annual report of Doing Business from 2018 presents information about how to “provide an objective measurement of the regulations for doing business" of all the countries of the world, allows to know the advances or setbacks that the different nations have had.

And, as the last criteria, transparency, and corruption, that are important factors to know the accessibility and risks to enter in a country market. The ethics factor of a country is a significant feature, access to information, bribes, regulations for hiring, regulations for competitions, etc., are aspects that help to know the insecurities of a country (Llamazares, 2014).

The Transparency International organizations, that dedicate to work with governments, companies, and citizens to avoid the use of power, bribes, deals or any act that implicates corruption, presents an annual ranking evaluating the corruption in 180 countries of the whole world. This presented data is from 2018.
3.1.2. Country Selection Matrix

With the information of these ten selection criteria mentioned before, it is necessary an evaluation mechanism that allows comparing the countries’ options to choose the best market. A country selection matrix is a tool that imposes scores and weighting coefficients to calculate the criteria analytically (Llamazares, 2014).

The matrix that is going to be used will have coefficients from 0 to 3. The coefficient 0 means that the criterion is not applied, the coefficient 1 is a less important criterion, the coefficient 2 is an important criterion, and, the last coefficient 3 is a very important criterion (Llamazares, 2014).

Table 8
Weighting criteria

<table>
<thead>
<tr>
<th>Coef</th>
<th>Criteria</th>
<th>Germany</th>
<th>China</th>
<th>U.S</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Economic growth of the country</td>
<td>3</td>
<td>9</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9</td>
<td>12</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>12</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>3</td>
<td>Purchasing power per capita</td>
<td>4</td>
<td>12</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>12</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>3</td>
<td>Imports volume</td>
<td>3</td>
<td>9</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>1</td>
<td>Imports growth</td>
<td>3</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>Exports from Ecuador</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>1</td>
<td>Tariff barriers</td>
<td>0</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3</td>
<td>3</td>
<td>3</td>
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<tr>
<td></td>
<td></td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>1</td>
<td>Non-tariff barriers</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>2</td>
<td>Commercial risks</td>
<td>5</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>2</td>
<td>Facility of doing business</td>
<td>3</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>2</td>
<td>Transparency and corruption</td>
<td>4</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>8</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>62</strong></td>
<td><strong>32</strong></td>
<td><strong>91</strong></td>
</tr>
</tbody>
</table>

Source: Own elaboration.

After establishing the coefficients for each criterion, each one has to be evaluated through punctuation from 1 to 5; since 1 is for very unfavorable conditions, 2 is for unfavorable
conditions, 3 is for neutral conditions, 4 is for favorable conditions, and, 5 is for very favorable conditions (Llamazares, 2014).

Multiplying the coefficient number for the punctuation number, the total value of each country is obtained, and, in this way, the best option for the product exportation will be known, which option is more accessible, and has a higher possibility of consumption and adaptation of the product.

3.2. The United States

With the developed analysis of the previous tables, U.S is the best market for the exportation of the d’María chuchuguazo liqueur. The results from the criteria point as the American market best option.

From the beginnings of the international trade of Ecuador, the U.S has played an important role as an associate for the country, even in the present, the American giant is one of the main commercial partners of Ecuador. So far, this year 2019, Ecuador has exported to the U.S, more than one million of dollars in different products.

The best option for exporting the chuchuguazo liqueur between the U.S, Germany, and China, is the American market since it the country with major purchasing power per capita. The total growth of the economy of the country has a good percentage. he imports volume is the higher. Also, Ecuador has the major exports quantities to the U.S, the tariff barrier are affordable, and there is a non-tariff barrier that could be complied, a suitable qualification of commercial risks which facilitates doing business, and, a very favorable level of transparency and corruption.

The 2,9% economic growth of the U.S, makes a great potential market to export the liqueur; the $54.225,5 purchasing power per capita is enough to know that the American client has money to consume whatever he or she wants; the exports volume from Ecuador to the U.S of 1,0 million of millions, the 60,8% of the growth in liqueur imports from the U.S, and, the 82,3 million of millions in exports from Ecuador, is a number that allows comprehending that the sale expectations of chuchuguazo in the American market will be beneficial.
The tariff, and non-tariff barriers, do not represent a problem to access to the American market. The A2 qualification of the commercial risk has a good sign, as the position number 8 in the ranking of easiness in doing business, and, the 22 position in transparency and corruption, positioning in this market and having a bad result would represent a very low risk.

Based on data from table 7, the conclusion is that the U.S is the best market to export chuchuguazo.

#### 3.2.1. Selection of US states that consume more liquor.

Between 2015 and 2017, each American citizen consumed on average 8.8 liters of alcohol per year. And, for 2011, the U.S had 66,615 locals between bars, nightclubs or taverns (Statista, 2019).

The alcohol sales in the U.S in 2017 were approximately 234,4 trillion dollars, being beer the most consumed beverage. More than 200 millions of beer barrels are sold annually in the country in bars, and, the wine is the most consumed beverage in the American homes (Statista, 2017). In 2018, according to a study realized by Statista, 31.1% of the Americans surveyed consume from 1 to 3 alcoholic beverages per week (Statista, 2018).

In 2017, in other study published by Wall Street 24/7, reveals that the city that most alcohol consumed in the U.S, is Green Bay, in Wisconsin, thanks to data obtained from the University of Wisconsin Health Institute. The 26% of the population of Green Bay drinks in excess, more than 5 types of alcoholic beverages in a time less than two hours, in the 136 bars that this city has (Avalos Alfredo, 2017).

According to other investigation of Statista of 2017, the states that more alcohol consumed in this year, in order, are North Dakota, Wisconsin, Minnesota, Iowa, and Nebraska, however, the District of Columbia took first place with 16.9% of adults who drank heavily in this period.
Conforming to a more current study of Wall Street 24/7, in 2018, the state of the U.S that more alcohol consumes is North Dakota. As reported by this investigation the 24.7% of the inhabitants with more than 18 years old in this state, drink in excess, being the population of Fargo is who more alcoholic beverages drink (Benítez, 2018).

Wisconsin, Alaska, Montana, and Illinois, are in the top 5 of the states that more alcohol consume, also, are the states in which more accidents in the road exist because of alcohol, despite the legal prohibitions that each of these states has about avoiding to drive under the influence of any type of liquor (Benítez, 2018).

The states that more alcohol drink in the U.S are concentrated in the middle west of the country, and generally, the states that more alcohol consumed, have high economic incomes in agreement with George Koob, president of the National Institute of Alcohol Abuse and Alcoholism. More than half of the states that consume more alcohol in the country have records of income of more than 57 thousand dollars a year (Buckingham, 2018).

Although, for Koob, many factors can influence alcohol consumption such as availability or access to beverages, state taxes, cost, and standard of living, and even weather temperatures (Buckingham, 2018).

For the present year 2019, the necessary data to continue with this study have not been found, so, the last information presented from last year will be used.

3.2.2. Analysis of the 3 states that more alcohol consumes in the U.S
3.2.2.1. North Dakota

The state has the name of Dakota due to the American native Dakota belonging to the Sioux culture that lives in these lands, and, the territories were separated between North Dakota and South Dakota to be accepted as states of the country (Maps of World, 2013).

The capital of North Dakota is Bismarck. It has 53 counties and a population of 755,393 people that live in a territory of 183,108 square kilometers, having a population density of 4, that is, 4 inhabitants per square kilometer (Datosmacro, 2017). More than 80% of the population defines themselves as white, or Caucasian. The capital of the state is Bismark, but the most populous city in the state is Fargo, with more than 115 thousand inhabitants, almost double the population of the capital city (World Population Review, 2019).
The inhabitants of the state of North Dakota are descendants of the first Scandinavians and Germans who arrived in the United States at the beginning of the 20th century and have always stood out for being very friendly and self-sufficient. Although cultures such as the Sioux, Mandan, and Chippewa, remained for many years with settlements in the sector that was considered by them as sacred, that is why the state currently has important national parks or museums that still retain part of the culture (iExplore, 2014).

Regarding religion, 77% of North Dakota residents are Christians, 20% of the population do not practice any religious doctrine, and the remaining 3% are affiliated with some other religion (World Population Review, 2019). 85% of the population of North Dakota had finished high school, and 73% has a college degree or a postgraduate (County Health Rankings Report, 2019). Despite a good education, North Dakota has suffered a brain drain since many years ago, but its economy has been offset by the exploitation of shale, and fuel (Maps of World, 2013).

The main industries of North Dakota are oil refineries, publishing houses, transportation equipment, manufacturing of industrial machinery and food processing, and the state has large lignite deposits (Buchot & Encarta, 2018).

The economy of the state is based mainly on the production of wheat, barley, linen, and sunflower, also, on the production of beef and pork, derived from sheep products and dairy products (Buchot & Encarta, 2018). The state is the national leader in the production of honey, wheat, peas, beans, honey, flax, and canola (North Dakota Be Legendary, 2019).

North Dakota is one of the least polluting states in the country (Maps of World, 2013), despite having the presence of several oil companies that employing the fracking method to extract thousands of barrels of oil from the rocky part of Bakken. This has led to a more dynamic economy in the sector with the increase in hotels, stores or warehouses, restaurants, etc. (La Tercera, 2012).
According to a financial report of the 24/7 Wall St, in 2017, North Dakota was in the third position of the states with the best economies of the country; in February 2019, the unemployment rate was 2.4% (Datosmacro, 2019).

In 2014, the GDP of North Dakota was 55,14 billions of dollars (Statista, 2019), and, the state's GDP per capita is the one that increases the most in the whole country with 3% of annual growth (Stevens, 2018). According to US News, the average income is 32,224 dollars.

As reported by the ranking of the US News 2019, which includes categories such as health care, education, economy, opportunity, infrastructure, crime and corrections, fiscal stability, and quality of life; North Dakota is ranked number 4 of all the 50 states in the United States. The State of North Dakota is ranked number 1 in quality of life in a country level, position number 2 in infrastructure, the number 10 in education, and the 19 in economics.

The State stands out for its outdoor areas, having sparsely populated terrains, activities such as hiking, visits to lakes or national parks, horseback riding or boats, hunting or fishing, are characteristic of North Dakota. Throughout the state, you can find several vineyards or wineries that are very visited by its wine-loving residents (North Dakota Be Legendary, 2019).

Conforming to a study of 2013 of the Gallup company, North Dakota positions above paradisiacal Hawaii as the happiest state in the US, this study considers “the individual assessment of life, emotional health, work environment, physical health, healthy behaviors, and access to basic needs” (Witters, 2014). It is recognized that the presence of oil companies helps the residents of the state to have a good job; the tranquility and landscapes of the territory contribute to making its residents the happiest in the country (La Información, 2014).

Regarding the consumption of alcoholic beverages, North Dakota is the state of the US that most alcohols consumed, 24,5% of the adults drink in excess, the city that most alcohol drinks in the state is Fargo (Buckingham, 2018), in the Cass County. According
to the County Health Rankings of 2019, North Dakota has 26% of adult people who drink alcohol excessively.

3.2.2.2. Wisconsin

Madison is the capital of Wisconsin, the state has 72 counties and a population of 5,795,483 inhabitants, the population density is of 34 people per square kilometer and the area of 169,635 square kilometers (Datos Macro, 2017).

The state of Wisconsin is known as one of the leading dairy producers in the country, the third part of the country's cheese production belongs to this state, fifty four percent of Wisconsin's agriculture is from dairy products. In addition to their agriculture, health businesses contribute greatly to the population's economy (Capital Radio, 2017).

The agriculture represents the majority of the state production, but there are also important crops of corn, potatoes, hay, soy, wheat, tobacco, barley, beets, apples, beans, cucumbers, cherries, and blueberries (Encarta & Buchot, 2018). In fact, in the production of blueberries, Wisconsin is the leading producer at the country level (Capital Radio, 2017).

The dairy industry generates in the state more than 20 billion dollars a year. Agriculture employs more than 350 thousand people, there are about 77 thousand farms that help develop the economy of Wisconsin (US News, 2018).

On the other hand, the wood and paper industries are also important for Wisconsin, as well as metallurgy, agri-food, chemical, mechanical, electrical and electronic industries. Also, the state has significant mineral resources such as gravel and sand, even, Wisconsin has the largest abrasive stone production in the entire country (Encarta & Buchot, 2018).

The most important cities of the state are Madison, for being its capital and headquarters of the University of Wisconsin and other large private and state universities, Milwaukee, with around of 600,000 inhabitants, and Green Bay with more than 100,000 residents, other cities of the states have less than 100,000 inhabitants (US News, 2018).
Milwaukee is the biggest city of Wisconsin, brewer city since many years ago. The Miller company is located in the city, generating more than two thousands jobs since 1945 (Capital Radio, 2017).

Of the total resident citizens of the state, 82% are white, 7% Hispanic, 6% black, and the remaining 3% are Asian descent. As for religion, the majority of the inhabitants of Wisconsin are Protestants, and about 25% are Catholics, for half of the population religion is of great importance (US News, 2018).

In Wisconsin, 89% of the population has finished high school, and 69% has a college degree or postgrad. The unemployment rate is 3.3% (County Health Rankings Report, 2019).

According to the US News ranking (2019) that includes the categories of health care, education, economy, opportunity, infrastructure, crime and corrections, fiscal stability, and quality of life. Wisconsin is ranked 11th of all 50 states of the United States. Wisconsin is ranked number 3 in quality of life, 8 in opportunity, 18 in education, and 27 in economics nationwide.

The GDP of Wisconsin in 2014 was more than 292 billion dollars (Statista, 2019). And in 2017 was more than 313 billion dollars. The annual income average of a family is 30,043 dollars (US News, 2017).

Regarding the consumption of alcoholic beverages, 24.5% of adult residents in Wisconsin drink a type of alcohol, being the city of Green Bay of Brown County, the one that consumes the most (Buckingham, 2018).

Another study of 24/7 Wall St of 2015 indicates the 20 cities in the United States that consume more alcohol per inhabitant and 12 of these are in Wisconsin. The city that consumes the most alcohol in the country according to this analysis is Appleton, followed by Oshkosh, Green Bay, Madison, in the first places, and La Crosse, Fond du Lac, Eau Claire, Wausau, Sheboygan, Racine, Janesville, and Milwaukee (USA Today, 2016).
3.2.2.3. Alaska

The capital of Alaska is Juneau. This state has 16 boroughs or municipalities, and the land of Alaska is 1.723.337 square kilometers big and the density is 14 inhabitants per square kilometers. It has population of 739.795 people (Datos Macro, 2018).

The biggest cities of the state according to its population are Anchorage, Matanuska-Susitna Borough, Fairbanks, Kenai Peninsula Borough, and its capital Juneau (US News, 2017). The most popular are Anchorage, Fairbanks, and Juneau (Moving to Alaska, 2010).

The income average of a family is from more than 76 thousand dollars annually, exceeds the national average of more than 57 thousand dollars (Buckingham, 2018), 76% of the population has finished high school, and 66% has a college degree or post grade. The unemployment rate is 7.2% (County Health Rankings Report, 2019).

The majority of Alaska's residents are white, 6 of each 10 exactly, 18% of the population is black, Hispanic or Asian, and 15% is Native American or the same state (US News, 2017).

Relating to the US News ranking that includes categories such as health care, education, economy, opportunity, infrastructure, crime and corrections, fiscal stability, and quality of life; Alaska is positioned in 44 number of all 50 states of the United States, having the number 5 in opportunities, 19 in quality of life, 40 in education, 50 of 50 in economy, but, the position number 2 in economic opportunities referring to gender equality and salaries.

The GDP of Alaska in 2014 was 57.08 billions of dollars (Statista, 2019), and the economy is based on petroleum in a 90%, so it depends heavily on the market and its ups and downs in the prices of this precious natural resource (US News, 2017).

The cost of living in Alaska is not as higher as in other states, but, access to certain zones or areas. Regarding money, the average family income of Alaska is $ 76,440, much higher
than the national average of 57,000 dollars, which complicates the standard of living of the inhabitants there (US News, 2017).

In Alaska, 22.1% of adults drink alcoholic beverages, and that consumes the most is Fairbanks (Buckingham, 2018). According to a study of Daily News-Miner of 2015, Alaska is one of the states that most alcohol consumes in the country, there is a canteen for every 60 residents in Fairbanks, of a total of 3,500 inhabitants in the city (Daily News Miner, 2015).

Since many years ago, Alaska has the reputation of being a state that consumes too much alcohol, it is even believed that the habit of ingesting large amounts of alcohol comes from when the territory belonged to Russia (Daily News Miner, 2015).

### 3.3. Selection of the target market/state

For the selection of the state that the chuchuguazo will be exported to a selection matrix with different criteria will be used to differentiate and compare the three states that consume more alcohol in the U.S.

#### Table 1

**Selection matrix of the states**

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Alaska</th>
<th>North Dakota</th>
<th>Wisconsin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>739,795</td>
<td>755,393</td>
<td>5,795,483</td>
</tr>
<tr>
<td>Alcohol consumption (adults in excess)</td>
<td>22.1%</td>
<td>26%</td>
<td>25%</td>
</tr>
<tr>
<td>Economic position</td>
<td>50</td>
<td>3</td>
<td>27</td>
</tr>
<tr>
<td>GDP 2014 (in billions of dollars)</td>
<td>57,08</td>
<td>55,14</td>
<td>292</td>
</tr>
<tr>
<td>Average family income</td>
<td>$76,000</td>
<td>$32,224</td>
<td>$30,043</td>
</tr>
<tr>
<td>Quality of life</td>
<td>19</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Education</td>
<td>40</td>
<td>10</td>
<td>18</td>
</tr>
<tr>
<td>Estimated air freight</td>
<td>$1523.96</td>
<td>$998.17</td>
<td>$998.17</td>
</tr>
</tbody>
</table>

Source: Own elaboration with information of US News World Freight Rates.

The criteria were chosen based on information previously obtained from many important sources, the main source for the elaboration of this table is from the document of the US News World Freight Rates, it contains almost all the data needed to complete this matrix.
With the majority of the population among the three pre-selected states, high alcohol consumption, the largest GDP of all, and a fairly stable economy with a view to growth, a favorable average annual family income, a high quality of life, in addition to a good education, and an estimated profitable air freight that would not make the product so expensive, Wisconsin is the state chosen for the export of chuchuguazo liquor.

The liquor of chuchuguazo seeks to have a good acceptance in the Wisconsin market, and it is expected that the inhabitants of the State accept the product in a good way since they are characterized by drinking large amounts of alcohol that can not be missed in any celebration.

To corroborate this, a table with the same previous weighting criteria made with the same methodology of Olegario Llamazares (2014) for the selection of the country to export will be presented below. The table in which with the total results, the state of Wisconsin is the best option when comparing the data with the states of Alaska, and North Dakota.

**Table 2**

**Criteria weighing**

<table>
<thead>
<tr>
<th>Coef.</th>
<th>Criteria</th>
<th>Alaska</th>
<th>North Dakota</th>
<th>Wisconsin</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Population</td>
<td>1</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Alcohol consumption (adults in excess);base_1;base_2</td>
<td>2</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>Economic position</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>GDP 2014 (in billions of dollars)</td>
<td>3</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Average family income</td>
<td>5</td>
<td>15</td>
<td>3</td>
</tr>
<tr>
<td>1</td>
<td>Quality of life</td>
<td>3</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>1</td>
<td>Education</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>Estimated air freight</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

**TOTAL** | 40 | 57 | 69 |

Source: Own elaboration.

The badger state, Wisconsin, is the number one state in the country in consuming alcohol, 67% of the adult population has consumed more than one drink in the past month (TMJ 4, 2017). Drinking alcohol is part of the culture in Wisconsin; the statistical data show that the consumption of alcohol has been growing in the state through the years. The binge drinking are men that consume more than five drinks in one occasion, or women that
consume more than four drinks, and the heavy drinking, men that consume more than two drinks per day, or women that consume more than one drink per day (Healthy Wisconsin, 2019).

The state of Wisconsin allows the purchase and consumption of alcoholic beverages to adult people than 21 or older, like almost all the states of the country. The amount of alcohol consumption allowed to drive on the road for a person with a normal license is 0.08 blood alcohol content or BAC, and for a person with a commercial license, it is a BAC of 0.04 (Gonzalez Law Office, 2019).

3.3.1. Market Segmentation

Having already defined Wisconsin as the market to export chuchuguazo liquor, it is necessary to perform a market segmentation. According to Philip Kloter, marketing leader of the twentieth century, a whole market segmentation study must be developed so that the company knows which customers it wants to reach and develop a marketing plan around a potential client, thus and achieving a good positioning of the product or service in the target market.

First of all, for the existence of a market, characteristics such as a group of people, the need for a product or service, the desire for the product or service, the capability to buy, and, above all, the purchasing capacity must be taken into account, considering economical, legal and qualitative aspects (Monferrer, 2013). According to the existing market levels of Diego Monferrer, in his book Fundamentals of Marketing, the Wisconsin market would be a perfect grouping of available and qualified individuals, since they have the interest, income, access, and qualification required to obtain Chuchuguazo liquor.

In Wisconsin, in a 2018 report from the United Health Foundation, 25% of respondents indicated that they had drunk excessively alcohol in the previous month, with the majority of those registered in over-drinking men. The people who consume the most alcohol are among the ages of 18 to 44 years, followed by adults from 45 to 64 years, and a minority of adults over 65 years.
People who consume excessive alcohol in the state of Wisconsin are multiracial (19.9%), followed by Hispanics (19.8%), whites (19.5%), natives of Alaska and American Indians (18.1%), the African-Americans (14.7%), and Asians in the last position (14.7%). Also, the people who drink the most are those who live in residential or suburban areas, in rural areas in the second category, and in the end the inhabitants of the urban areas (United Health Foundation, 2018).

People who excessively consume more alcohol in excess or more than five drinks per occasion, have economic income of more than 75 thousand dollars per year. Almost 29% of those investigated, 26% have income between 50 to 74,999 dollars, 22.3% of 25 to 49,999 dollars, and 18.3% an economic income of fewer than 25 thousand dollars a year. Which means that the people who consume the most alcohol in Wisconsin have a profitable, and very stable economic position (United Health Foundation, 2018).

In terms of education, individuals who consume more alcohol in the state of Wisconsin studied at the university without having obtained a degree, 26.5%; 23.4% have graduated from college; 23.1% have a university degree, and 17.7% did not even attend to high school (United Health Foundation, 2018).

In the United States, every year the Princeton Review Magazine makes a ranking of the most partying universities or the so-called party school in the country. In 2017 the University of Wisconsin, in Madison, was the number one in the nation. This distinction is not something that the university authorities are proud of, so they try to take measures to avoid alcohol consumption in their students, but the parties and celebrations that occur with fraternities, or brotherhoods on campus are inevitable, and indubitable (Kingkade, 2017).

The inhabitants of Wisconsin have the Scandinavian culture impregnated in them, so going out to drink is very common. Their German ancestors also greatly influence their customs and traditions. In addition to the cold of the state does not give other ways to leave home and socialize, even at parties or family gatherings, alcohol cannot be missing (Erin Gloria, 2018).
The inhabitants of the state are not at all ashamed to know that their territory stands out for drinking a lot. This makes them proud. Getting drunk in a bar is part of their essence, of their culture, the people of Wisconsin love this. In fact, in the airports of the state, you can find shirts printed with the phrase: “DRINK WISCONSINBLY” (Erin Gloria, 2018).

Wisconsin is so fond of beer that, every year in the summer, The Beer Lovers Festival is held, where beer tasters can enjoy all varieties of this drink to the fullest; in addition to live music, and food of different types, especially cheeses, as local cheesemakers deliver samples of their best productions (Bart Watson, 2019).

In the most recent 2018 list of 24/7 Wall St., of the cities of the United States that most alcohol consumes, ten of the twenty cities are the state of Wisconsin. Green Bay leads this list, followed by Eau Claire, Appleton, and Madison, all cities located in Wisconsin (Erin Gloria, 2018).

To divide or segment the Wisconsin market, the cities that consume the most alcohol in the entire state and some geographic and demographic variables of each of the four cities that have been described previously and characteristics such as the percentage of adults who they drink alcohol in excess, the city's position in alcohol consumption nationwide, the number of bars and restaurants where alcoholic beverages are sold, the average annual income per family, the population and the concentration or population density of each instead, which will be presented below in a table that collects all this data:

**Table 3**

<table>
<thead>
<tr>
<th>City</th>
<th>% of adults drinking excessively</th>
<th>Position in the country</th>
<th>Bars and restaurants</th>
<th>Income average</th>
<th>Population</th>
<th>Population density</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green Bay</td>
<td>26.5</td>
<td>1</td>
<td>652</td>
<td>58.000</td>
<td>105.000</td>
<td>From 25 to 40 years From 45 to 60 years</td>
</tr>
<tr>
<td>Place</td>
<td>Age Range</td>
<td>Male</td>
<td>Female</td>
<td>Population</td>
<td>Income 0-100000</td>
<td>Income Over 100000</td>
</tr>
<tr>
<td>-------------</td>
<td>-----------</td>
<td>------</td>
<td>--------</td>
<td>------------</td>
<td>-----------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>Eau Claire</td>
<td>26-38</td>
<td>2</td>
<td>387</td>
<td>51.000</td>
<td>68.587</td>
<td></td>
</tr>
<tr>
<td>Appleton</td>
<td>26-49</td>
<td>3</td>
<td>499</td>
<td>63.000</td>
<td>74.653</td>
<td></td>
</tr>
<tr>
<td>Madison</td>
<td>25-49</td>
<td>4</td>
<td>1.464</td>
<td>68.000</td>
<td>247.000</td>
<td></td>
</tr>
</tbody>
</table>

Source: Own elaboration with data of different sources.

### 3.3.2. Segments

To segment a market, you must take into account the number of people, the different tastes and preferences of this market, and know that the product or service you want to sell is not going to satisfy this entire market completely. Knowing this, a company must be able to identify the market segments that it can meet satisfactorily, both for the client and for the company (Monferrer, 2013).

A market segment is a differentiated group of potential customers with the same, or similar tastes, customs, needs, etc., that would require different marketing strategies (Monferrer, 2013).

Thus, five differentiated segments are presented below for the sale of chuchuguazo liquor:

1. The inhabitants of Green Bay residential areas, the city that consumes the most alcohol in the whole country. People over 25 years of age up to 40, and 45 to 60 years old, whose population is centered, have a high standard of living with economic income of more than $50,000 per year, that is, medium, medium-high, who would dare to try a new liquor for fun, and think about the medicinal benefits that the drink has.

2. University students of the University of Wisconsin, in Madison, over 21 years old, between men and women with a medium-high economic status, of different ethnics, who prefer a liquor rather than a beer.
3. People over 21 years of age up to 44 and 65 or older in Madison, where their population is concentrated, which is the fourth to drink more alcoholic beverages throughout the country, and who are going or have gone to college, or that have a university degree, and high economic status.

4. Eau Claire, a segment of people aged 21 to 30, where the small population of the second city that consumes the most alcohol in the United States is focused, targeting a lower-middle social class since the average economic income of a family is not that high.

5. Citizens of Appleton with a medium-high economic status, from 20 to 40 years old, who like outings and celebrations, and trying new alcoholic beverages different from the common ones.

3.3.3. Target

To determine the target, three very important aspects must be taken into account such as the size and growth of the market, which should be related to the company, that is if the company is large looks for a large segment while the company is small looks for a small segment. The structural attractiveness of the segment thinking about profitability in terms of competition from other industries, the possibility of new implementations or market penetrators, substitute products, the bargaining power of buyers, and the gradual bargaining power of suppliers. And, as the last aspect, the company must assess its objectives and resources, and analyze which segments correspond to its business goals (Monferrer, 2013).

Taking into account that the company has low production capacity, a small market or segment that can be satisfactorily supplied, a market that is profitable for the company and that matches its business policies or goals should be sought.

The characteristics of the previous box have been taken into account to choose the appropriate segment, in addition to the areas where more alcohol is consumed, the suburban or residential areas, the level of economic income, the level of education, the
races that consume the most alcohol in the state, the approximate costs of transport and freight of the segments, thus choosing the first segment presented:

The inhabitants of Green Bay residential areas, the city that consumes the most alcohol in the whole country, people over 25 years of age up to 40, and 45 to 60 years old, whose population is centered, have a standard of living High with economic income of more than $50,000 per year, that is, medium, medium-high, who dare to try a new liquor for fun, and thinking about the medicinal benefits that the drink has.

3.3.4. Positioning

The positioning of the product in the chosen market segment is only the place that the product occupies in the minds of customers. The company must know very well the advantages of its product to take advantage of this and position its product in the best way (Monferrer, 2013).

Chuchuguazo liquor, due to its peculiarities as an alcoholic beverage, can have a good positioning based on the characteristics of the product, being a unique and strange liquor, beneficial for health, medicinal, aphrodisiac, exclusive, and natural of the Ecuadorian Amazon.

The chuchuguazo liquor will seek to position itself among the inhabitants of the suburban or residential areas of Green Bay since it is the area of Wisconsin where more alcohol is consumed, and the city of the state and the country that more drinks alcoholic beverages.

The product will be addressed to people 25 to 40 years of age who have a university degree or have studied at the university, who like to go out for a drink with friends and try new liquors, and people from 45 to over 60 years of age. Age who dare to taste an artisanal, and medicinal liquor, and have a medium, medium-high economic status, with a family income of more than $ 50,000 per year.

The chuchuguazo liqueur will be positioned as an Amazonian and exotic liquor from the Ecuadorian jungle, a liquor that has medicinal, and aphrodisiac properties with a different, and incomparable taste of nature, made with love by the hands of Mrs. Maria.
With the positioning of the chuchuguazo liquor, in the next chapter, a study of the 4p of the marketing mix will be carried out, it will complement all this internationalization analysis of the chuchuguazo d’Maria liquor.

### 3.4. Direct and Indirect Competition.

In the market for products and services, the competition for who sells more is tireless, thus, a small classification of direct and indirect competition exists. Direct competition, as the name implies, when another brand or business sells the same product or service. And, indirect competition is where products or services are offered that can be substituted by the same market (Manuel, 2013).

Chuchuguazo liquor does not have direct competition since this liquor is unique and singular. There is no other like it, and, in the United States market, it cannot be found. It is important to mention that in Ecuadorian fairs where its Ecuadorian competition Chuchuguazo El Capi, and Chuchuguazo Chumpi, who are the strongest, seek to make themselves known but do not remain permanently in the market, and, their target buyer is the Latin, or Ecuadorian consumer.

In regarding indirect competition, chuchuguazo has a great confrontation, beer and wine are its main indirect competitors within the entire state of Wisconsin. In 2018, the total alcohol consumption per person, or per capita in Wisconsin was 2.98; beer is the most consumed with 1.36% per capita consumption; 1.22% for liquors or other alcoholic beverages; and, 0.40% for wine consumption (US News, 2018).

The State of Wisconsin is a high producer and consumer of beer, the beer sector contributed $2.2 million in the state's economy in 2017 (Bart Watson, 2019). According to the Costa Rican Foreign Trade Promoter, there are 121 breweries in Wisconsin throughout the territory.

In the state, the production of craft beer ranges from 400 thousand to 3 million barrels per year. The sales quantities in 2017 and 2018 do not have a strong variation, but, in 2018, the production of craft beers contributes 80% of the growth of the artisanal sector. The
The largest breweries are located in urban areas of the state; therefore, competition is abundant, in addition to their slightly expensive prices (Bart Watson, 2019).

As for wines, the consumption in Wisconsin in 2016 was 14,981 gallons (Statista, 2017) and, table wine is the one that is sold or consumed the most. The main distributors of wine and other beverages in Wisconsin are Wirtz Beverage Group, and Johnson Brothers Liquor Co. (Gallegos, 2014).

Respecting the brands of wines and other beverages that are consumed more, no data are found on the network, so you cannot know which are the most consumed by the population of Wisconsin, and much less detail more information about the city of Green Bay.

### 3.5. Selection of entry forms of the products

In international trade, there are four alternatives or forms of entry to the foreign market, direct export, indirect export, cooperation agreements, and implementation. Each of these options has different considerations to establish abroad (Llamazares, 2014).

Direct export is characterized by not having any intermediary in the marketing, that is, the products goes from the company directly to its destination market, or final customer, taking care of the entire commercial operation, this can occur through the sale to the final customer, the sale to large retailers, or the sale of the product through the internet (Llamazares, 2014).

An indirect export is one in which there is an intermediary figure in charge of certain international operations such as negotiation, logistics, market management, etc. For the sale of the product abroad, they can be a commercial agent, a distributor, importer or wholesaler, or a trading company (Llamazares, 2014).

The cooperation agreements are given by the relationships that are sought so that the company that wishes to export has partners, and in this way, it is easier to implant abroad, they are given through licenses, franchises, piggyback (business associations to complement their activities and export a product), or joint ventures (companies from the
same sector but from different countries that partner to reach the same market) (Llamazares, 2014).

The implementation abroad occurs when the company wishes to establish itself in a defined manner in the territory where its target market is located through commercial subsidiaries, production subsidiaries, or a commercial delegation, each with different objectives, but with the same purpose (Llamazares, 2014).

It must be taken into account that each market entry alternative has its responsibilities, risks, and benefits for the parties involved in the commercial operation regardless of this. Not all forms of entry apply to all companies. Each company has its best way of developing to be able to insert its product abroad.

Based on the above, the best way or alternative to entering chuchuguazo liquor in Green Bay, Wisconsin, United States, is an indirect export through an exclusive distribution company, since this liquor is unique and different to those that can be found anywhere else in the world.

An appropriate distributor will be required for the sale of chuchuguazo d’Maria liquor in the United States for which it would be appropriate to contact the US Chamber of Commerce Foundation of Wisconsin for assistance and cooperation in the matter.
Conclusions of the Chapter

In addition to being one of the largest countries in the world, the United States has one of the best economies and a surprising reception of different products. The United States is Ecuador's main trading partner. Ecuador's exports to the United States are constantly growing, and it is expected that with the talks about a trade agreement between the countries, a consensus will be reached soon, and exports will benefit Ecuadorians, and the small business of Maria too.

It has been resolved that the state of the United States that could accept chuchuguazo liquor in a better way is Wisconsin, since it is the state that consumes the most alcohol. It has a convenient geographical proximity, inhabitants with a fairly high, and profitable economic income, and in general in terms of education, health, opportunities, infrastructure, quality of life, among others, is ranked 11th out of all 50 states in the country.

The fun is part of the customs of the people of Wisconsin and you cannot miss a wine, a beer or an alcoholic drink at a party. In Wisconsin, they drink "Wisconsibly". The city that has the greatest potential for acceptance and reception of chuchuguazo liquor is Green Bay since it is the first city nationwide in alcohol consumption because it has a good economic profitability level, and a possible favorable reception of chuchuguazo liquor due to several features of the environment that can determine the marketing mix in the next chapter.
4. CHAPTER 4 MARKETING-MIX AND FINANCIAL PLAN

Introduction

In this chapter a study of the policies of product, price, distribution, and communication is carried out, that is, of the marketing mix of the liquor of chuchuguazo. Likewise, an analysis is made of the profitability that the company can have when exporting its product to the US market in Wisconsin: how much it can sell, and how much it can earn.

According to Olegario Llamazares (2014), every product to be exported, after knowing the target market and the way of entry, in this case, the target market is the city of Green Bay, in the state of Wisconsin, with a way of entry indirect through an exclusive distribution, you must perform the marketing or marketing-mix as the last revision to offer the liquor to the market, adjusting it to the tastes and needs of the North American consumer.

An analysis of the costs and expenses used in the production of chuchuguzo liquor, a detail of the cost of production of a bottle, of the direct and indirect materials used in the realization of the beverage, of inputs, will be presented. Depreciation and amortization of the assets that the company has among other tables that will help to know how feasible the internationalization of the product is in economic terms.

Besides, projected cash flow will be developed from which the internal rate of return, the current net value of the project, and the cost-benefit ratio are presented. These indicators allow recognizing the benefits or losses that could be had from the export of the product.
4.1. Marketing Mix

Since 1960 there is a study of four important elements of a company, the product, price, distribution, and communication or the "four p’s" (4p), for its initials in English, product, price, place, and promotion. These elements should work together to have a better result in the sales of the items that the company offers and in the objectives and purposes thereof (Espinosa, Marketing Mix: las 4Ps, 2014).

Having set as a target market the inhabitants of residential areas of Green Bay, Wisconsin, aged 25 to 40, and 45 to 60 years, where their population is concentrated, having a high, medium, medium-high socioeconomic status, with annual income per family of more than fifty thousand dollars, that they like to have fun and celebrate and above all dare to try a new medicinal liquor, creative strategies are required to be able to implement a commercial plan that can be successful in the long term.

4.1.1. Product

The product must correctly describe all its qualities and characteristics to know if an adaptation to the market or standardization is needed. A standardization, or global strategy, occurs when the product is sold equally or without any modification in some countries or places abroad. A multidomestic adaptation or strategy is made when the product is differentiated for each market, it can be legally, or by the tastes and needs of consumers in the target market (Muñiz, 2001).

The company must take into account external factors to be able to choose the strategy of the product such as the homogenization of the tastes and needs of international customers; the economies of scale in terms of production, materials, distribution, and marketing costs that the company has; investments in research and development; product life-cycle management; norms and laws that must be followed; use of digital marketing as a policy to communicate the product to the customer; internationalization of the company's distribution channel; and, integration of economic zones of the countries (Llamazares, 2014).
In addition to reviewing the adaptations that the product must make, as well as mandatory, health, safety, and environmental, plus to voluntary, economic differences, cultural, linguistic, and consumption habits. The certifications and permits with which the product must have depending on what it is are very important when choosing the adaptation or standardization that the company will carry out, as well as the prices at which the product will be sold, the customs or traditions of market purchase, the language used, and even the customs of purchase (Llamazares, 2014).

Likewise, the attributes that the product has must also be considered to apply a global or multidomestic strategy, whether they are intrinsic, of composition, quality, or design; external, label, container, or packaging; and intangible, brand, or service, as necessary (Llamazares, 2014).

![Figure 13 Graphic 14 Intrinsic, external, and intangible attributes of the product.](image)


Knowing how to develop products for a foreign market is essential to internationalize a company, understanding whether to maintain the same product line or incorporate new ones is an important fact. You must start with the phase of generating ideas with the help of all the members of the company, and external actors that can collaborate such as agents, distributors, partners, licensees, competition, research, among others, so those notions of all perspectives (Llamazares, 2014).

It continues with the phase of filtering ideas, that is, recognizing the good and the bad ideas, taking the good ones that can reach a good result and discarding the bad ones that do not lead the company to achieve good positioning. The third phase or stage is a prototype test that allows you to apply the ideas chosen above, choosing the market in which you want to run. The next phase is to conduct a business analysis with the results
obtained from the prototype, the productivity that the sales of the product would have is analyzed (Llamazares, 2014).

The fifth phase is the development, here you have a finished product according to all the studies done previously of the demands of the article. In the penultimate phase, a test of the product is carried out where the reception is known in the market is known, you can have a “pilot” market that has the greatest number of characteristics of the other markets that you want to perceive a possible behavior. The final phase is the international launch of the product, where the most convenient markets are chosen, and a relevant strategy is applied to the customers (Llamazares, 2014).

4.1.2. Application

The product will have a multidomestic strategy or adaptation to the market in Green Bay, Wisconsin, United States, where the largest consumers of alcohol in the country are located, and it is the most favorable place for the export of chuchuguazo liquor due to the inclination of the target market of drinking alcoholic beverages.

For export, the product must first present the ARCSA sanitary record, as it is a consumer product; and you will need to obtain a Certificate of Label Approval, or COLA at the TTB, or Alcohol and Tobacco Tax and Trade Bureau of the United States, that will be obtained by the importer, in this case, you should have a talk with the distributor about the subject.

Also, as regards the processing of permits, the company must register with the Food and Drugs Administration (FDA), since a drink will enter the US market, and must be previously notified with the Prior Notice by the Bioterrorism Law.

D’María company must take into account the intrinsic attributes of its product to be composed of cane brandy, chuchuguazo bark, an exotic tree of the Amazon, and natural sweeteners. The company may consider improving the external attributes of its product and developing a different, and more prominent bottle, and label than the current one to distinguish itself in the foreign market.
The identifier of *Ecuador Ama la Vida* that already has the product can be well used in terms of the reference that the country has to have peculiar, and unique products, and it also attracts attention as it is a completely handmade product, without any industrial process. Besides, the company may consider obtaining “Much Better! Ecuador” that would give another plus to the product.
The company may consider telling its story for a better, and distinctive presentation, a short narrative of the company and the liquor, it can also add a kind of small box, and add a piece of bark from the chuchuguazo tree waiting to get the attention of the customer, and attract him for his originality.

Regarding the production of the bottle and packaging of the liquor, recycled materials can be used and, taking care of the environment, and have a feedback on customer satisfaction, a bottle return policy can be applied when already consuming the entire product, preserving the environment, knowing the consumer’s liking of the drink, and even saving on bottle costs for the company, although this idea is quite convenient, it is very difficult to achieve it.

The company may also consider changing the name of its product for something more elegant or simply keeping it as "Chuchuguazo", it would be an alternative that would have to be decided with the owners of the company. Some options may be:

1. Glory
2. Middle of the world.
3. Amazon

Likewise, the current labeling of chuchuguazo d'Maria liquor complies with the requirements of the Code of Federal Regulations, or CFR, but, in case of change or modification, this regulation must be taken into account.

**4.1.3. Price**

When choosing the price of the product, the company has a very heavy load since it is the only way in which income will be obtained within all other operations, and activities carried out. The economic situation of the clients, the purchasing power, the demand and supply, the worldwide economy, the capacity of consumption, and purchase of the people to assign the prices of the products, must be taken into account (Muñiz, 2001).

Even for the pricing, it is significant the prior preparation for decision-making of the CEOs of the largest companies that have the greatest influence on the market, as well as the ease of users having access to the internet, and different websites, compare prices of the same, or similar product, and choose the most economical (Muñiz, 2001).
The consumer expects to have a product according to the price they pay in terms of quality, companies should know that they sell products either by differentiation or by costs. By differentiation it refers to the brand, quality, innovation, originality, design, etc., of the product; and, for costs, it refers to cheap products for their very cheap materials or labor (inputs). It is also necessary to take into account the geographical position of companies, if they are located in developed countries it is better to focus on a differentiation strategy, however, if the company is in a country with a low level of economic or emerging development, it is better to focus on a cost strategy (Llamazares, 2014).

To determine the price of a product you must know the particularities of the market in which you want to sell it, for this purpose Llamazares presents a five-stage process. In the first stage, export costs are calculated, taking into account tax payments, transportation, distribution, communication, processing, etc., from the final price to the initial price to obtain a better result.

The second stage is that of information on competitor prices where the company seeks to compare itself with another to meet its local and international rivals. This stage is carried out thanks to statistical data on exports, and imports from the respective countries; from store-check, or store visits, and the exploration of prices, designs, discounts, promotions, etc.; and, of the information that can be found on the internet about the competition (Llamazares, 2014).

The third stage is the criteria for determining the price, these criteria are chosen according to the purpose or objective of the company, maybe the criteria of competition, costs, or demand. The competition criteria are based on the prices of products that are the same or similar to other companies. The cost criteria are manufacturing, adaptation, logistics, customs, and establishment costs; demand criteria are purchasing power, exchange rates, brand positioning, or image, which the made in effect and the product life cycle (Llamazares, 2014).

The adaptation to the market is the fourth stage, in this phase it is sought that the price fits the market in which the product will be sold, taking into account from the purchasing power per capita to economic data of the country to be exported. The price cannot be
standardized since all markets are different, even being on the same continent as in Europe, and the difference in economies between their nations (Llamazares, 2014).

The last stage for pricing is that of the margins, where yield or profit is applied to the product, according to everything indicated and studied previously, realizing the adaptations of each country, and also of each product in the case that the company offers a variety (Llamazares, 2014).

When setting the prices of the product, it is necessary to make a commercial offer that is commonly made by email showing all the necessary information of the product such as the description of the product, the quantity, the conditions of the expedition, the price and currency, delivery conditions, payment terms, delivery time, and validity (Llamazares, 2014).

As for the description of the product, the product must be described according to its complexity, for example, if it is machinery, its information must be detailed more, but if it is a shoe with general clarifications the buyer will already know what it is. As for the quantity, the commercial offer must show exactly the quantities of the product that you wish to send, taking into account the units, measures of weight, volume, surface, etc. (Muñiz, 2001).

For the shipping conditions, the type of packaging in which the cargo will be sent is specified, the quantities, and units that will enter each pallet, and container. The pallets are wooden platforms with certain measures that allow accommodating the load to place it in the containers, and, the containers are standardized metal drawers that allow the mobilization of the goods. Here you must also detail the type of transport in which the cargo is going to be transferred, by truck, plane, or ship (Espinosa, 2014).

The price and currency are very important in the commercial offer, the price of the product in the currency used in the country of destination must be exposed to avoid misunderstandings, and, both the unit price, and the total price of the product; currencies must be specified well according to international standards or ISO standards (Llamazares, 2014).
The delivery conditions are to specify exactly the place of delivery of the cargo, the transport to be used, the payment of expenses in favor of the importer or export according to the Incoterms (International Commerce Terms), which are rules established by the International Chamber of Commerce every ten years to govern international trade unanimously, and avoid disputes between the parties involved (DSV, 2019).

The Incoterms deal with four important points in international trade: the manner or form, and place of delivery of the merchandise; the transfer of risks, and liabilities for loss or damage of merchandise from the exporter to the importer; the procedures, documents, and administrative procedures to be carried out by the exporter; and, the distribution of expenses between the exporter, and importer in the activities of transport, loading, and unloading of the merchandise as well as insurance, customs, etc. (DSV, 2019).

To better understand Incoterm’s rules, it is necessary to know that they are established from the exporter. While progressing with the classification of Incoterms groups, greater responsibilities are assumed by the exporter, or seller, and those of the importer or buyer decrease. There are eleven terms set by their initials or abbreviations in English, and divided into four groups (DSV, 2019).
Figure 15 Responsibilities between a buyer, and seller in international trade.


The group E or of exit is composed solely of the Incoterm EXW or Ex-Work, and here the exporter has his products on his premises with the minimum responsibilities. The main unpaid group F or transport are the Incoterms: FCA (Free Carrier), FAS (Free Alongside Shipe), and, FOB (Free on Board), where the seller transfers the cargo to a carrier that has been designated by the importer; the exporter almost always pays all transport costs to the place of departure of the goods, a port or airport (DSV, 2019).

The main paid Group C or Transport has: CFR (Cost and Freight), CIF (Cost, Insurance, and Freight), CPT (Carriage Paid To), and, CIP (Carriage and Insurance Paid To), which are the Incoterms in which the exporter deals with the main transport without taking charge of the loss, or damage of the products even after loading and dispatching them (DSV, 2019).

The last group of Incoterms is group D or Arrival, DAT (Delivered at Terminal), DAP (Delivered at Place), and, DDP (Delivered Duty Paid), in where the exporter pays the expenses, and risks that the merchandise may have until arriving at the place of final destination (DSV, 2019).
Another characteristic that must be present in the commercial offer, are the payment conditions, the medium, and the payment date, which are very important to be able to finalize the business. Internationally, transfers, checks, letters, letters of credit, or documentary credit are used, and a method is chosen according to the trust between the parties, and the risk of the country to which it is going to be taken into account to export (Llamazares, 2014).

Forms of payment can be anticipated, a percentage of between 30% to 40% before the delivery of the merchandise, cash payment, or at the time of delivery of the items, or payment on credit that can be made within 30, 60 or 90 days after delivering the merchandise to the importer (Muñiz, 2001).

The delivery period is essential in a commercial offer, you must take into account the time in which the merchandise takes to reach the destination, and, above all, the available quantity of products to be offered. Also, the validity of the commercial offer is also significant, this validity should not exceed more than three months considering the price of raw materials, climate, currency exchange, etc. (Muñiz, 2001).

4.1.4. Application
The retail price in Ecuador of the 750 ml chuchuguazo liquor, the large bottle, is $15.00. To be able to position it abroad, you need to invest in a box that protects the bottle in the transfer processes, and take this expense into account, in addition to the transportation, and documentation costs.

In general, the most used incoterm for this type of commercial transaction is FOB, which will be the best option for the exporter. Since this incoterm will only handle all the procedures in Ecuador, with the commitment to help as much as possible to the importer in the United States.

Understanding that it is necessary to spend in the preparation of a box for the protection, and packaging of the product, in transport to the place of shipment of the merchandise, in the customs procedures of export, and the expenses in the terminal of the origin, it is estimated that spend about $17-$20 per bottle. So, the sale price of a bottle in the United States, for the Green Bay market, of a medium, medium-high economic status, could be between $35 to $40 to the distributor with which relations will be maintained.
Table 4

Approximate expenses per bottle.

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Production</strong></td>
<td></td>
</tr>
<tr>
<td>Product elaboration</td>
<td>$11</td>
</tr>
<tr>
<td>Box elaboration</td>
<td>$2</td>
</tr>
<tr>
<td>Transportation to the boarding point</td>
<td>$2</td>
</tr>
<tr>
<td>Customs formalities</td>
<td>$3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$17</td>
</tr>
</tbody>
</table>

Source: Own elaboration.

Payment terms should be agreed between the parties, but the company d'María should agree to a contract in which about 40% is settled when the merchandise is ready for export, and the rest of the money could be paid within 60 days. This would have to be discussed and agreed with the importer and distributor, just like the subject of insurance.

On the other hand, for the fixing of the price it is necessary to consider the transport cost that according to the *Easy Export Packaging and Packaging Guide*, in the case of chuchuguazo liquor bottles it is a fragile load by its nature since the transfer of this merchandise must be done with great care because it can break; loading and unloading, conditioning and packaging, the entire transfer process must be very meticulous.

Generally, the liquors are transported by air but the cost is a little high, but it is also done by sea although the duration of the transfer lasts a little longer.

4.1.5. Distribution

The distribution in international marketing refers to the processes through which the merchandise must pass to reach an end customer, and, this distribution depends on the trend and way of entering the market whether by direct export, indirect export, cooperation agreements, or implantation (Espinosa, 2014).

Depending on the trend, the distribution will be different, but, the company must know about the distribution channels through which the merchandise must pass, the services performed by intermediaries, the legalities that must be followed, market conditions, etc. (Llamazares, 2014).
There are also more modern international distribution trends such as concentration, where several companies are grouped through mergers that seek to supply a larger and wider market in the same country, and then begin exporting; internationalization, which seeks a better market than the national one to develop with its product; the increase of distributor brands, large brands that have several small distributors that can control from the brand, product design, promotion, negotiations, etc. (Muñiz, 2001).

The new retail formulas seek for customers advantages through convenience stores with long hours of service and without rest offering food, drinks, bazaar, and cleaning products for a slightly high price; of category killers that provide various quantities of different products, and at fairly competitive prices in the market (Muñiz, 2001).

As new retail formulas are also discount stores that are medium-sized stores where you can find drugstore, and food products of large brands at more affordable prices, and, outlets that are large spaces with several stores of different brands especially of fashion that sell the products of past seasons at very affordable prices for the average consumer (Llamazares, 2014).

Another trend of international distribution is the presence of large marketplaces, or virtual stores, that sell several items such as Amazon. Companies that export their products should know all the pros and cons of each of the trends in international distribution to choose the best for its sales (Llamazares, 2014).

The international distribution also has a length, or intermediaries number, the length of the distribution can be direct, with a single intermediary; short, with two intermediaries; or, long, with three intermediaries; the fewer intermediaries (agents, retailers, distributors, wholesalers, etc.) exist, the greater responsibility the exporting company has to carry out the distribution process with greater perfection to obtain a final result without inconvenience and take advantage of such (Muñiz, 2001).

When the company distributes its product abroad through a distribution that is not direct, it must take into account the existing distribution channels, wholesalers, and retailers. The wholesale channel has intermediaries that can be referred to as: importers, who resell the products to retailers, distributors, or the final customer themselves, are experts in the
processing, logistics, and importation of products; distributors, who resell imported products only to retailers, and do all the work corresponding to international distribution; and, wholesalers, who, do the same job as distributors by sectors (Muñiz, 2001).

The retail channel is based on the purchasing power of the market, culture, and customs, consumption habits, and the political and legal environment of the country. According to the point of sale of the retail distribution there are three modalities: open or intensive, where the exporter seeks to establish itself in the largest possible number of points of sale; selective, the exporter has specific retailers to achieve greater cooperation; and, the exclusive distribution, when the exporter works exclusively with a distributor or large retailer in a certain area (Muñiz, 2001).

In case of the form of distribution that has been chosen by an international distributor, there is a process with six stages or phases that must be followed to select the distributors, and have a better result for the parties involved. The first phase is the preparation of the visit to the market, trying to identify potential distributors by viewing business directories, registering possible business partners, scheduling meetings, looking for trade promotion organizations, contacting chambers of commerce, attending international fairs, or simply performing a search on websites of similar products (Llamazares, 2014).

The second phase is visiting the market itself in a personal way and to collect information after the visit so as not to forget any important points. The third phase is the external business reports of potential distributors to have a greater knowledge of their work from another perspective. The fourth stage is having contact with retailers, and final customers to know the potential of the market and verify the image of distributors (Llamazares, 2014).

The second phase is the visit to the market itself in a personal way and to collect information after the visit so as not to forget any important points. The third phase is the external business reports of potential distributors to have a greater knowledge of their work from another perspective. The fourth stage is to have contact with retailers, and final customers, to know the potential of the market and verify the image of distributors (Llamazares, 2014).
The sixth and final phase, is the negotiation and contract that is carried out with the distributor already selected analyzing all the operations and mishaps that may happen, this is done under the agreement of the parties and business objectives must be taken into account, the range of products, the territory, exclusivity, non-competition agreements, delivery and payment conditions, patents and trademarks, information systems, and especially their duration and termination (Llamazares, 2014).

Once the international distributor is established, the company must have a good management with it, so it must maintain good communication, have a good formation of the company, an orderly planning of sales, an online management for a better extra personal relationship, and a follow-up, so that in this way the company that exports through the distributor make its product known, promote its sales, and build customer loyalty (Llamazares, 2014).

As the last point in terms of distribution, there is the creation of a commercial subsidiary, after which the company already has a good position in the foreign market thanks to all the work done previously in conjunction with the distributor. You should study the clauses of the contract made with the distributor and try not to harm it, and if it causes any damage, take action on the matter (Llamazares, 2014).

4.1.6. Application

The best option to export chuchuguazo liquor is internationalization through indirect export through distributors in the state of Wisconsin. In the city of Green Bay, there is a major liquor distributor with years of work in the field called Breakthru Beverage Wisconsin Group, which is one of the most recognized in the state since 1945.

The length of the international distribution should preferably be through a direct distribution with a single intermediary specialist in foreign trade, and who knows in depth the issue to avoid complications for the exporting company, d’María in this case.

The company d'María should have an exclusive distribution with only one distributor, since its product is rare and its profitability is not high, so it could make an agreement with the distributor to be the only ones to sell the Chuchuguazo liquor.
Ideally, for better results in the sale of the product, the company d’María carries out all the phases of an international distribution, from the visit to the market, identifying possible distributors, collecting information from them, maintaining contact with them, knowing them better, its way of working, its popularity, etc., to reach a final stage of negotiation considering the mishaps that could happen in any part of the business process.

4.1.7. Communication
Having a product that is going to be exported, this market has to be shown about the item, or items, to be positioned, the buyer must be informed and motivated to acquire the good, and for this, there is the marketing-mix communication tool. To apply international communication, the account must be taken from the type of product to the objectives of the exporting company, the communication must also choose between an adaptation, or standardization strategy (Espinosa, 2014).

Regarding the design and execution of international communication, aspects such as language should be understood, since when translating some texts the meaning varies and a slang of the local market must be used; cultural customs such as traditions, education, way of life, values, and even colors, music, symbols, and even words; legal aspects especially in advertising; the economic development that influences the message, and the way in which the company will carry out advertising; and, the country of origin and the image it represents in the international arena (Llamazares, 2014).

The company's international communication depends on its corporate image, on the culture it conveys justified in its brand, logo, and promotional message. The brand is the verbal identity of a company, and to be successful it must have a legal registration, be easily globalized or welcomed internationally, and, a relationship with the product (Espinosa, 2014).

The logo is the visual identity of a company through graphic components such as symbols, typography, and colors, which seek to differentiate and distinguish the company. And, the promotional message or slogan of the company that must be short and precise, seeking to position itself according to the product or service, the users or the competition (Muñiz, 2001).
In case the company wishes to make an offline communication, it must be noticed in some advertising and promotion techniques without using the digital world as commercial trips, attendance at international fairs, exhibitions, promotions at different points of sale, physical catalogs or brochures, advertisements on tv, radio, press, sponsor an event, among others (Muñiz, 2001).

Also, if the company wishes to create an online communication, it must follow techniques such as the creation of a web page, the positioning on the Internet through Google, blogs, marketing videos, e-mail marketing, social networks, etc. Whatever the selection, it depends on the size of the company, its products, and its capital to invest in communication (Llamazares, 2014).

4.1.8. Application
The company will opt for a communication strategy of adaptation, so you must use perfect English in the presentation of the liquor, taking into account meanings that may have some concept that has nothing to do with the product. Also, the company may consider re-establishing its logo, and designing a more striking one for the foreign consumer, although, the current design has nothing to bother potential future consumers due to culture or respect.

The company can take into consideration the creation of an official web page where more information about the product, the elaboration of liquor, photos, videos about its owners, and history, of the workers of the company, to establish information, and company contacts already in a more formal and business manner; likewise, the creation of a slogan or motto that recognizes the brand, and is attractive to the customer is another strategic form of communication that the company could use.

Some slogans that the company can use can be:

1. “Drink the Amazon”
2. “The Amazon drink”
3. “The Amazon spirit”
4. “From the middle of the world”
Also, the company can make an offline communication through a promotion at the point of sale, that is, liqueur tasting days that will allow the consumer to try this exotic product.

![Logo options for the company](source: Own elaboration.)

Figure 16 Logo options for the company

Source: Own elaboration.
4.2. Financial Plan
A financial plan shows the viability, and economic, and financial profitability of a project. Next, the registry of the costs, expenses, and income of the project will be presented, an evaluation of the costs of producing the product, the chuchuguazo liquor, the direct and indirect materials, necessary inputs, amortizations and depreciation of the company assets of the project will be carried out, the expenses in the export of the liquor, even an estimate of how much will be obtained by the profits of its sale abroad.

4.2.1. Costs
A cost is that part of the price of an item, property or service, other than the expense or loss; it is raw material, direct materials, and indirect production, or manufacturing costs (Rolando Sáez, 2002).

In every project, you need to know how much it has cost or the costs involved in the realization of the product that is sold, therefore, information about the raw material costs of chuchuguazo liquor, of indirect materials for its production, mobilization and subsequent export, the costs in basic services, the wages and salaries of the workers, the price, depreciation, and amortization of the assets that the company has, is presented.

For the realization of the tables that will be shown below, a percentage of 2 will be used for contingencies or risks that could occur in the production of liquor in terms of the variation of costs in the materials used in the execution of the beverage or any market change.

Table 5
Raw Material Cost

<table>
<thead>
<tr>
<th>Detail</th>
<th>Unit of measurement</th>
<th>Quantity</th>
<th>Unit Value</th>
<th>Total Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chuchuguazo Bark</td>
<td>Unity</td>
<td>1</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Schnapps</td>
<td>Liters</td>
<td>1</td>
<td>2,5</td>
<td>2,5</td>
</tr>
<tr>
<td>Natural sweeteners</td>
<td>unity</td>
<td>1</td>
<td>1,5</td>
<td>1,5</td>
</tr>
</tbody>
</table>

Subtotal 7 7

Incidentals 2% 0,14 0,14

TOTAL 7,14 7,14

Source: Own elaboration with company information.
This table shows the cost of producing a bottle of chuchuguazo with the raw material used for the elaboration of the liquor that is the bark of the chuchuguazo tree, the schnapps, and the natural sweeteners, as part of the secret d’Maria. Table number 13 represents the direct costs of chuchuguazo liquor taking into account its product and its packaging, as well as the excise tax or ICE, for being an alcoholic beverage.

Table 6

Cost of Liquor in the Market

<table>
<thead>
<tr>
<th>Detail</th>
<th>Unit of measurement</th>
<th>Quantity</th>
<th>Unit Value</th>
<th>Total Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chuchuguazo liquor</td>
<td>mililiters</td>
<td>1</td>
<td>12.32</td>
<td>12.32</td>
</tr>
<tr>
<td>Bottle Value</td>
<td></td>
<td>1.5</td>
<td></td>
<td>1.5</td>
</tr>
<tr>
<td>Taxes (ICE)</td>
<td></td>
<td>1.18</td>
<td></td>
<td>1.18</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>15</strong></td>
<td></td>
<td><strong>15</strong></td>
</tr>
</tbody>
</table>

Source: Own elaboration with company information.

With the descriptions of the previous tables, the profit per bottle of the chuchuguzo liquor is $5.18, considering as costs of sale to the public of $15, the expenses in the production inputs, the value of the bottle, and taxes to pay.

This shows that profits are obtained by selling the chuchuguazo liquor nationwide. To demonstrate that the sale of liquor abroad is feasible, 50 bottles will be used as a sample, so that subsequent calculations are easier to perform. The sample was calculated on the Survey Monkey platform, with a population size of 57, a confidence level of 95%, a margin of error of 5%, and a sample of 50.

Direct costs or materials have already been mentioned, but indirect costs or materials, which are included in the manufacture of the product, must also be assessed.
Table 7
Cost of Indirect Materials

<table>
<thead>
<tr>
<th>Detail</th>
<th>Unit of measurement</th>
<th>Quantity</th>
<th>Unit Value</th>
<th>Total Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corrugated cardboard</td>
<td>unity</td>
<td>50</td>
<td>1.35</td>
<td>67.5</td>
</tr>
<tr>
<td>Packing</td>
<td>unity</td>
<td>50</td>
<td>2.5</td>
<td>125</td>
</tr>
<tr>
<td>Packaging</td>
<td>unity</td>
<td>50</td>
<td>1.5</td>
<td>75</td>
</tr>
<tr>
<td>Tags</td>
<td>unity</td>
<td>50</td>
<td>0.25</td>
<td>12.5</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>280</strong></td>
</tr>
<tr>
<td>Incidental 2%</td>
<td></td>
<td></td>
<td></td>
<td><strong>5.60</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>285.60</strong></td>
</tr>
</tbody>
</table>

Source: Own elaboration with company information.

The cost of corrugated cardboard, packing, packaging, and labels or tags are considered as indirect materials for the execution of the final product, in this case, these indirect materials are essential for the identification, and mobilization of the merchandise.

Table 8
Input Costs

<table>
<thead>
<tr>
<th>Input Costs (Electric Power)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detail</td>
</tr>
<tr>
<td>--------</td>
</tr>
<tr>
<td>Electric power</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
</tr>
<tr>
<td>Incidental 2%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
</tr>
</tbody>
</table>

Source: Own elaboration with company information.

Input costs are those costs that are applied in the production, or manufacturing of other goods, or products (Rolando Sáez, 2002). In this case, the cost of input will be the cost of the electric energy used in the production plant, with a 2% variation in contingencies.
Table 9

Indirect Labor Cost 1

<table>
<thead>
<tr>
<th>Detail (One person)</th>
<th>Salary</th>
<th>Thirteenth salary</th>
<th>Fourteenth Salary</th>
<th>Employer Contribution</th>
<th>Reserve Fund</th>
<th>Vacation</th>
<th>Total per Person</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boss</td>
<td>7200</td>
<td>600</td>
<td>394</td>
<td>680,4</td>
<td>600</td>
<td>300</td>
<td>9774,4</td>
</tr>
<tr>
<td>Assistant</td>
<td>4728</td>
<td>394</td>
<td>394</td>
<td>446,80</td>
<td>394</td>
<td>197</td>
<td>6553,80</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Subtotal 16328,20</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Incidents 2% 326,56</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>TOTAL 16654,76</td>
</tr>
</tbody>
</table>

Source: Own elaboration with company information.

Table 10

Indirect Labor Cost 2

<table>
<thead>
<tr>
<th>Indirect Labor Cost 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detail</td>
</tr>
<tr>
<td>Boss</td>
</tr>
<tr>
<td>Assistant</td>
</tr>
<tr>
<td>Subtotal</td>
</tr>
<tr>
<td>Incidents 2%</td>
</tr>
<tr>
<td>TOTAL</td>
</tr>
</tbody>
</table>

Source: Own elaboration with company information.

The above tables show the analysis of the indirect labor costs of the two people who work in the factory, the boss, and the assistant, having a monthly salary of $600 for the boss, and a basic salary of $ 394 for the assistant, respecting the work benefits established in Ecuadorian legislation regarding salaries, tenths, employer contributions from private companies, reserve funds, vacations and everything detailed in the tables.

Showing up next to the specifications of the assets of the small business d’Maria.
### Table 11

**Cost of Asset Maintenance**

<table>
<thead>
<tr>
<th>Detail</th>
<th>Investment</th>
<th>Percentage</th>
<th>Annual Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Processing plant</td>
<td>2138</td>
<td>1%</td>
<td>21,38</td>
</tr>
<tr>
<td>Own transport</td>
<td>5</td>
<td>1%</td>
<td>0,05</td>
</tr>
<tr>
<td>Industrial building land</td>
<td>30000</td>
<td>20%</td>
<td>6000</td>
</tr>
<tr>
<td>Maceration rooms</td>
<td>3150</td>
<td>1%</td>
<td>31,5</td>
</tr>
</tbody>
</table>

|                          |            |            |              |
| Subtotal                 | 6052,93    |            |              |
| Incidents 2%             | 121,06     |            |              |
| **TOTAL**                | **6173,99**|            |              |

Source: Own elaboration with company information.

The cost of asset maintenance takes into account the cost of the processing plant, the space established for the production of the liquor, the cost of own transport, the investment in the land, and in the maceration rooms with the equipment of tanks installed in the factory that will be multiplied by a percentage taken from the cost of investment of the same assets.

### Table 12

**Operational Active Insurance Costs**

<table>
<thead>
<tr>
<th>Detail</th>
<th>Investment</th>
<th>Percentage</th>
<th>Annual Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial building land</td>
<td>36000</td>
<td>1%</td>
<td>360</td>
</tr>
<tr>
<td>Processing plant</td>
<td>2159,38</td>
<td>1%</td>
<td>21,59</td>
</tr>
<tr>
<td>Own transport</td>
<td>5,05</td>
<td>1%</td>
<td>0,05</td>
</tr>
<tr>
<td>Maceration rooms</td>
<td>3181,5</td>
<td>1%</td>
<td>31,82</td>
</tr>
<tr>
<td>Participation in fairs</td>
<td>45</td>
<td>1%</td>
<td>0,45</td>
</tr>
<tr>
<td>Advertising and marketing</td>
<td>142,8</td>
<td>1%</td>
<td>1,43</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>350</td>
<td>1%</td>
<td>3,50</td>
</tr>
</tbody>
</table>

|                          |            |            |              |
| Subtotal                 | 418,84     |            |              |
| Imprevistos 2%           | 8,38       |            |              |
| **TOTAL**                | **427,21** |            |              |

Source: Own elaboration with company information.

This table presents the costs of active insurance operations, calculating the value of the investment plus the annual value of the maintenance cost of the assets of the previous
table, in addition to considering the participation in different fairs by the owner of the company, and the furniture and fixtures that the establishment has.

By having the company's assets insured, the assets are consolidated against any risk, or mishap that could be caused as fire, theft, among others.

### 4.2.2. Depreciation and amortization

This table presents a detail of depreciation and amortization expenses of the company's assets using all the data presented in the previous tables. Depreciation is the successive attrition of the assets; and, amortization is an annual allocation made to repair the cost of the investment.
## Table 13

Depreciations and amortizations

<table>
<thead>
<tr>
<th>Depreciations</th>
<th>Asset Value</th>
<th>Accounting Useful Life</th>
<th>Real Useful Life</th>
<th>Depreciation Percentage</th>
<th>Residual value</th>
<th>Value to depreciate</th>
<th>Depreciation expense (10%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tangible Investments Operational Fixed Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial building land</td>
<td>36360</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Processing plant</td>
<td>2180,97</td>
<td>10</td>
<td>10</td>
<td>10%</td>
<td>218,10</td>
<td>1962,88</td>
<td>196,29</td>
</tr>
<tr>
<td>Maceration rooms</td>
<td>3213,32</td>
<td>10</td>
<td>10</td>
<td>10%</td>
<td>321,33</td>
<td>2891,98</td>
<td>289,20</td>
</tr>
<tr>
<td>Own transport</td>
<td>5,10</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>353,50</td>
<td>10</td>
<td>10</td>
<td>10%</td>
<td>35,35</td>
<td>318,15</td>
<td>31,82</td>
</tr>
<tr>
<td><strong>Total Administrative Fixed Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>517,30</td>
</tr>
<tr>
<td><strong>Fixed Assets Sales</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participation in fairs (45.45 monthly)</td>
<td>545,4</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>545,4</td>
</tr>
<tr>
<td><strong>TOTAL DEPRECIATION EXPENSE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1062,70</td>
</tr>
<tr>
<td><strong>Deferred Assets Intangible Investments</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand registration (for 10 years)</td>
<td>208</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>20,8</td>
</tr>
<tr>
<td>Annual cost procedure</td>
<td>785</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>78,5</td>
</tr>
<tr>
<td><strong>TOTAL AMORTIZATION EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>99,3</td>
</tr>
<tr>
<td><strong>TOTAL DEPRECIATION AND AMORTIZATION EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1162,00</td>
</tr>
</tbody>
</table>
4.2.3. Expenses
An expense is that payment or disbursement of a certain amount of money in exchange for a consideration, which can be paid at that time or at a certain time (Rolando Sáez, 2002).

Table 14
Basic Services Expenses

<table>
<thead>
<tr>
<th>Basic Services Expenses</th>
<th>Monthly value</th>
<th>Annual value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electric power</td>
<td>10</td>
<td>120</td>
</tr>
<tr>
<td>Drinking water</td>
<td>30</td>
<td>360</td>
</tr>
<tr>
<td>Telephone</td>
<td>35</td>
<td>420</td>
</tr>
<tr>
<td>Subtotal</td>
<td></td>
<td>900</td>
</tr>
<tr>
<td>Incidents 2%</td>
<td></td>
<td>18</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>918</td>
</tr>
</tbody>
</table>

Source: Own elaboration with company information.

This table represents the monthly and annual consumption expenditure of basic services such as water, telephone, and electricity.

Table 15
Export Expenses

<table>
<thead>
<tr>
<th>Export Expenses</th>
<th>Shipping Value</th>
<th>Annual Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detail</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Documents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial invoice</td>
<td>0,3</td>
<td>1,8</td>
</tr>
<tr>
<td>Packing list</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unitarization</td>
<td>15</td>
<td>750</td>
</tr>
<tr>
<td>Local Manipuleo exporter</td>
<td>30</td>
<td>180</td>
</tr>
<tr>
<td>Certificates</td>
<td>104</td>
<td>624</td>
</tr>
<tr>
<td>Origin</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sanitary</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Storage</td>
<td>81,95</td>
<td>491,7</td>
</tr>
<tr>
<td>Customs Agent Fees</td>
<td>80</td>
<td>480</td>
</tr>
<tr>
<td>Shipping Handling</td>
<td>183,1</td>
<td>1098,6</td>
</tr>
<tr>
<td>Subtotal</td>
<td>3626,1</td>
<td></td>
</tr>
<tr>
<td>Incidents 2%</td>
<td>72,522</td>
<td></td>
</tr>
</tbody>
</table>

Source: Own elaboration with company information.
In this table, all the expenses that are involved in the export are considered, from the documents such as the commercial invoice, the obtaining of corresponding certificates, the expenses of the customs agent’s fees, the unitarization, the handling of the merchandise to the agreed place, etc.

4.2.4. Cash flow
The cash flow is used to measure the level of liquidity, and know the economic situation of a company, the income, and expenses of the business are shown in a defined time that allows measuring how solvent the business is. Income and expenses are found in the cash flow, which, by subtracting them, represent the net cash flow, which can be positive, when the income is greater than the expenses, or negative when the expenses are greater than the income (Kiziryan, 2018).

4.2.5. THE IRR AND THE NPV
The IRR, or Internal Rate of Return, is the interest rate or return offered by investment, in other words, it is the gain or loss that will be taken from a project represented in percentage (Sevilla, 2017).

The IRR is linked to the net present value, or NPV, because it makes it equal to zero, meaning that the project will not be convenient. The discount rate of flows that are used to calculate the NPV is taken into account to know the acceptance of the project (Sevilla, 2017).

If the IRR is greater than the discount rate, the project will have an internal rate of return higher than the minimum required for a successful investment; if the IRR is equal to the interest rate it is equal to the NPV is equal to zero, that is, the project will not generate or revoke any profitability; if the IRR is lower than the interest rate it means that the project does not even reach the minimum profitability and should be abandoned (Sevilla, 2017).
The net present value (NPV), net updated value, or net present value (NPV), allows a company or business to know how much it is going to gain or lose with its investment through the knowledge of collections and payments. The NPV puts cash flows at the present at a certain interest rate to calculate the profitability of the project and represents this performance in monetary terms (Velayos, 2017).

By knowing the NPV of a company or project, it is known if the investments are effective and which investment is better than another in general terms, it is known if the NPV is greater, equal or less than zero. If the NPV is greater than zero it means that the current value of the future collections and payments of the investment will generate benefits at the selected discount rate; if the NPV is equal to zero, it means that the investments made in the project will not yield losses or benefits; if the NPV is less than zero it means that the project investments will cause economic losses and it would not make any sense to execute it (Velayos, 2017).

### 4.2.6. Cost-benefit relation

The cost-benefit ratio, or RCB, is the process that determines whether or not the project is economically profitable by adding the benefits of a project and subtracting them from the costs of the project taking into account absolutely all existing variables (Duque, 2017).

**Table 16**

**Input Values**

<table>
<thead>
<tr>
<th>Input Values</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment</td>
<td>25059</td>
</tr>
<tr>
<td>Income</td>
<td>6173.99</td>
</tr>
<tr>
<td>Annual Fixed Cost</td>
<td>1191.6</td>
</tr>
<tr>
<td>Annual Variable Cost</td>
<td>60%</td>
</tr>
<tr>
<td>Annual Bank Rate</td>
<td>14.58%</td>
</tr>
<tr>
<td>Discount</td>
<td>18%</td>
</tr>
</tbody>
</table>

Source: Own elaboration with company information.
### Table 17

**Cash flow**

<table>
<thead>
<tr>
<th>Input Variables</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>6173.99</td>
<td>7074.16</td>
<td>8105.57</td>
<td>9287.36</td>
<td>10641.46</td>
<td>12192.98</td>
<td>13970.72</td>
<td>16007.65</td>
<td>18341.56</td>
<td>21015.76</td>
<td></td>
</tr>
<tr>
<td>Fixed cost</td>
<td>1191.60</td>
<td>1191.60</td>
<td>1191.60</td>
<td>1191.60</td>
<td>1191.60</td>
<td>1191.60</td>
<td>1191.60</td>
<td>1191.60</td>
<td>1191.60</td>
<td>1191.60</td>
<td></td>
</tr>
<tr>
<td>Variable cost</td>
<td>3704.39</td>
<td>4244.49</td>
<td>4863.34</td>
<td>5572.42</td>
<td>6384.87</td>
<td>7315.79</td>
<td>8382.43</td>
<td>9604.59</td>
<td>11004.94</td>
<td>12609.46</td>
<td></td>
</tr>
<tr>
<td>Total cost</td>
<td>4895.99</td>
<td>5436.09</td>
<td>6054.94</td>
<td>6764.02</td>
<td>7576.47</td>
<td>8507.39</td>
<td>9574.03</td>
<td>10796.19</td>
<td>12196.54</td>
<td>13801.06</td>
<td></td>
</tr>
<tr>
<td>Utility</td>
<td>-25059.12</td>
<td>31233.11</td>
<td>-24158.95</td>
<td>32264.52</td>
<td>-22977.16</td>
<td>33618.62</td>
<td>-21425.64</td>
<td>35396.36</td>
<td>-19388.71</td>
<td>37730.27</td>
<td>-16714.51</td>
</tr>
</tbody>
</table>

Source: Own elaboration with company information.

### Table 18

**Outputs Variables**

<table>
<thead>
<tr>
<th>Outputs Variables</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NPV</td>
<td>$9,869.76</td>
</tr>
<tr>
<td>IRR</td>
<td>33%</td>
</tr>
<tr>
<td>RCB</td>
<td>1.40</td>
</tr>
</tbody>
</table>

Source: Own elaboration with company information.
To calculate the cash flow of this project, the information presented in the previous tables has been used, and table 25 has been made for better identification of the inputs values that are part of the process of production of chuchuguazo liquor. Percentage rates are taken according to the benchmark rate of the Central Bank of Ecuador.

The cash flow presents favorable results for the export of the liquor, despite having negative figures, does not mean that they will be losses, but that the economic capacity to respond to short-term debts will be difficult to cover, but, with good savings and good negotiations with the importer and distributor abroad would not be a problem to solve this result, and, we must also take into account the positive signs that let us know that the project will be profitable.

The output variables are those results of the productive development of the input variables. The result gives a positive NPV of $9,869.76, which means that the project will have very favorable results in the economic aspect, in addition to a good performance and profitability in the discount rate, since the result of the IRR is 33%, higher than 14.58% used as interest rate according to the Bank.

And, the result of the RCB of 1.40, means that the revenues are greater than the expenditures in this project generating profits for the company.

Having as a result a positive NPV, it is known that when carrying out this project the value of the investment and the value of the interest rate will be collected without any problem in the first year of internationalization, in addition to obtaining a rather beneficial surplus that should be known use for years that show negative utility. The positive result of the IRR greater than the discount rate used, and the RCB greater than 1, result in a lucrative and productive project since the capital invested plus additional profits will be obtained.

All these data presented have been calculated thanks to information obtained from the Central Bank of Ecuador, FEDEXPOR, the regulations, and laws established and in force for private companies, and of course, the information obtained from the small company d’María.
Conclusions of the Chapter

The company d'María can favorably position its product abroad, and have very good results from the sale of chuchuguazo in the market of Green Bay, Wisconsin, United States if all aspects mentioned in this chapter as the product, price, distribution, and communication, are taken.

The liquor must be sold in the United States as what it is, a unique, special, exquisite, medicinal, aphrodisiac, distinct liquor, which can only be found in the Amazon. D’María company have to know how to reach the American public showing the qualities that the product has and of course with a good presentation, and promotion of the liquor. Therefore, the company should seek the professional help of a graphic designer to improve the appearance of this Amazonian beverage, in addition to contacting an importer, and distributor in the United States who wants to display a unique product on their shelves.

Ms María have to decide on some important issues such as maintaining the same name of the product, changing the logo, bottle and package, telling the story of the company and its owners, the way of communication, distribution, payments, etc., and, above all, of the quantities that are thought and that can be sold abroad, since the production capacity is not large for being a handmade product.

Attention should be paid to all the tables of costs, expenses, cash flow, etc., which allow knowing the amounts that are going to be spent, and to earn in the implementation of this project, knowing the economic benefits, a viability, and a feasible profitability.
FINAL CONCLUSIONS

Upon completion of this project, it is concluded that the chuchuguazo d'María liquor does have internationalization potential to the United States market. The United States Market can be a good target market for its massive alcohol consumption, specifically the state of Wisconsin, and the city of Green Bay, which, according to several studies, is the city that consumes the most alcohol in the country.

The internationalization of a small company such as d'María that produces a liquor in an artisanal way, is risky, but if everything mentioned in this analysis is considered as a new design, rethinking the name of the liquor, an improvementing in its logo, the creation of a box with a history of the company, and even with a piece of chuchuguazo bark, finding a correct importer, and distributor of liquors abroad, and maintaining contact and communication for a feedback would be great, among other aspects that considered previously, you can have very favorable results.

A unique product of Ecuadorian nature, prepared in a different way and by hand, this liquor is an elixir of the Amazon that is produced in small quantities, and that can be sold for as it is, would thus have more value in the market, and it would even attract more attention from the American resident of the city of Green Bay of a medium, medium-high economic status, who ventures to try a new flavor of the Amazon.

d'María was the first chuchuguazo company in the town to register its brand, to acquire the sanitary registration, the operating permits, to register in the GAD brand of Morona Santiago, “La Changuina”, and in the Country Brand, Ecuador loves life, which gives the company a plus at the provincial, national and international levels.

Scientifically, chuchuguazo has medicinal properties that relieve various discomforts such as joint pain caused by arthritis, rheumatism, allergies, strengthens the immune system, has antioxidant, anti-inflammatory, analgesic properties, and even has cancer-preventing, coagulation properties. Blood, blood pressure, among other qualities already mentioned, that must be disclosed in the package or presentation of the liquor to demonstrate that in addition to being an alcoholic beverage, this is a medicinal drink. Besides, you can get to know a little about the Shuar culture, the customs and purposes they have with the Chuchuguazo, and tell the story of Doña María about how she learned
to make liquor from a young age thanks to her Italian father, and tell something different from curiosity to potential American consumers.

Internally, the company must decide whether to change its product for export, focusing on presentation, because it seeks to sell chuchuguazo liquor for what it is, a unique and singular product, and for that, it must so appear that it recommends to the owners of d'María that they consider improving the logo of their product, their bottle, and design a box that protects the liquor from manipulation, with a good translation, it will provide a special presentation.

Taking into account the numbers and figures presented, the project has good profitability and would be economically feasible according to the projections and estimates made in the tables presented above. The economic and numerical data result in large profits taking into account the costs of processing, bottling, transport, packaging, export, etc.

The accounting tools used indicate that the project is stable and profitable to generate high amounts of profits or performance, in addition to replenishing the investment made in a short time.

The most difficult process in the elaboration of this internationalization project is to find an importer and distribute liquor in the United States. It would be splendid for the company to have the personnel, training, and financing to go abroad in search of a liquor distributor in the US market.

The company d'María, when wanting to internationalize must think of a way to produce more liquor and therefore bottles, so, in case the demand for liquor abroad is higher than expected, it can be met with the market requirement.

Also, the company may consider obtaining more records nationally and for example “Mejor Ecuador”, as well as internationally in the participation of competitions such as the Monde Selection, which provides a seal of quality to the product, the World Spirits Award, which qualifies to drinks according to several established parameters, among others.
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