

UNIVERSITY OF AZUAY

FACULTY OF LEGAL SCIENCES

SCHOOL OF INTERNATIONAL STUDIES BILINGUAL MENTION FOREIGN TRADE

"RESTRUCTURING PLAN OF THE LOGISTICS CHAIN OF THE COMPANY MELON OUTFITTERS FOR THE EXPORT OF HANDMADE JEAN JACKETS TO GERMANY"

GRADUATION WORK PRIOR TO OBTAINING A BACHELOR'S DEGREE IN INTERNATIONAL STUDIES MENTION BILINGUAL FOREIGN TRADE

AUTHORS:

MARÍA JOSÉ CALDERÓN MACANCELA

RENNIA NATHALY MUÑOZ PALOMEQUE

DIRECTOR:

ATTY. ADRIAN RAMIRO ALVARADO GUZMAN

CUENCA- ECUADOR

2021-2022

ACKNOWLEDGMENTS

Our thanks go to all those who have helped us in this process and have been our guide for the elaboration of this logistics plan and its successful completion.

To the University of Azuay, for providing us during these four years of study with the necessary tools for our training, not only professional but also personal, with values and principles.

To our thesis director, Adrián Alvarado, for guiding and advising us throughout the process, correcting our mistakes and implementing and strengthening our knowledge. Also, we are grateful with him for being our motivation to see beyond simplicity and find solutions to the problems that had during this process.

To the company Melon Outfitters, for their welcome openness, and the information that they shared with us to make this work of qualification possible.

Finally, to our distinguished family and friends for their constant encouragement and support during this arduous journey.

To each of you, our sincerest gratitude.

DEDICATION

I dedicate this work to my parents Jorge and Ana María, for their support throughout the career in every way and especially for trusting on me. I appreciate all the sacrifice that they have made because I value all of that. I am grateful for being my pillar and teaching me everything I have known so far. I am grateful with all my family for being there in spite of everything and showing me about family union and its importance. I know that despite the circumstances, they always make me feel supported and loved.

María José Calderón Macancela

DEDICATION

To my parents Santiago and Norma,
my brothers Santiago and Eduardo,
and my grandmother Elena,
who have always been
my main support and motivation.

All my successes and achievements have been, are and will be by and for you.

Rennia Nathaly Muñoz Palomeque

Table of Contents

ABSTRACT)
INTRODUCTION	11
BACKGROUND	12
Logistics Crisis	12
Ecuador - European Union Multiparty Agreement: Textile Sector .	13
CONCEPTUAL BASES	15
Ecuadorian Textiles	17
Standards and Certifications	18
CHAPTER 1: CURRENT SITUATION OF THE COMPANY	19
1. Background of the company Melon Outfitters	19
2. Company Supply Chain	20
2.1 Sourcing	20
2.2 Production	23
Production Process of Jeans and Jackets	23
2.3 Distribution	26
CHAPTER 2: IDENTIFICATION OF IMPROVEMENTS TO I	
RESTRUCTURING PLAN OF THE LOGISTICS CHAIN IN TOUTFITTERS	
1. Sourcing	
1.1 Problem A	
1.2 Problem B	36
2. Production	38
2.1 Problem A	40
2.2 Problem B	41
3. Distribution	
3.1 Problem A	45
3.2 Problem B	46
4. Solution Flowchart	47
CHAPTER 3: PLAN FOR THE EXPORT OF MELON OUTFI	TTERS JACKETS TO
THE GERMAN MARKET	51
1. Product Features	51
2. Market research	52
2.1 Analysis of secondary data	53

2.1.1 Competition	52
2.1.2 German Market	53
2.2 Analysis of primary data	54
7. Export Logistics:	58
3.1 Non-tariff requirements for Export to Germany	58
3.2 Incoterm- FOB	65
8. Certifications required for export	68
4.1 Voluntary European certificates	68
4.2 Recommended Certifications	70
9. Export Flowchart	72
10. Documents for export	74
11. Tariff Heading	76
12. Export costs	77
13. Conclusions	81
14. Recommendations	83
BIBLIOGRAPHY	84
Appendix	90
Appendix 1	90
Consumer Survey Table	90
Results of the survey of national consumers	92
Appendix 2	97
Market research results	97

Table Index

Table 1 Supply Analysis	33
Table 2 Production Analysis	38
Table 3 Distribution Analysis	43
Table 4 Market Research Survey	55
Table 5 Packing and Packing	63
Table 6 Packaging, weight and merchandise information	64
Table 7 European certifications	68
Table 8 Export Costs	77
Table 9 Export costs 2	78

Index of Illustrations

Figure 1 Sourcing Problems
Figure 2 Production Process
Figure 3 Production Problems
Figure 4 Distribution Problems
Figure 5 Problem Semaphorization31
Figure 6 Semaphorization problem level
Figure 7 Solution Flowchart
Illustration 8 Chompa Páramo
Figure 9 Market Research Results
Illustration 10 Blue Angel Logo
Figure 11 Packaging63
Figure 12 Packaging63
Figure 13 Incoterm FOB
Figure 14 IVN Logo
Ilustración 15 Logo GOTS
Ilustración 16 LOGO FAIRWEAR FOUNDATION
Figure 17 ECO LABEL Logo69
Ilustración 18 Logo STEP BY OEKO TEX70
Figure 19 Export Flowchart
Figure 20 Tariff heading76

Appendix Index

1 Consumer Survey Table	90
2 Consumer Count 1	92
3 Consumer Count 2	93
4 Customer Count 3	93
5 Consumer count 4	94
6 Consumer Count 5	95
7 Consumer Count 6	95
8 Customer Count 7	96
9 German market research count 1	97
10 German market research count 2	98
11 German market research count 3	98
12 German market research count 4	99
13 German market research count 5	100
14 German market research count 6	101

ABSTRACT

Currently, trade is the basis of relations between countries and each other's

development, and by implementing an efficient and effective process this can be

achieved. Unfortunately, many companies produce good products, but these fail in their

logistics process making them weak when they compete with other companies

internationally. Therefore, the development of a good logistics channel will help these

companies become more competitive and commercial. For this purpose, the evaluations

of this project are both quantitative and qualitative, analyzing aspects such as the

market, interviews, surveys, export costs, internal and external company problems, and

added value.

Key words: Logistics process, commercial, quantitative, qualitative, added value

Х

INTRODUCTION

Since ancient times both artisans and their products have been ignored, despite being great generators of jobs nationwide and being considered as the second-largest rural employment in many world regions. Therefore, the principal motivation for this project development is to give greater recognition to Ecuadorian artisans and enhance the image of Ecuadorian culture so that it is recognized internationally. And so, they can show their ability to develop a product that represents the country and take into account that most of its companies nationwide belong to this sector. Moreover, the country needs to enter a new technological era to be more competitive and productive, and the use and implementation of a good logistics process is necessary for the creation of new opportunities in the foreign.

Thus, the present degree work aims to analyze the logistics chain of Melon Outfitters company to detect possible problems that are arising in each process and give them a solution. Therefore, in this work a plan is drawn up to help the company to a future internationalization through its flagship product 'chompa páramo'. The methods used to carry out the development of this work are both quantitative and qualitative methods. On the one hand, the quantitative method is developed through surveys to the internal and external customers of the company to understand how the company is currently being handled so that the company can have an overview of it with the opinion and point of view of who is directly involved. Also, the suggestions of German consumers are necessary to make market research about the export of the product in order to know on first-hand what the preferences of future consumers are.

On the other hand, the qualitative method is developed through in-depth research to know how the logistics chain works fully, and how the company can implement the best solutions within the company. Additionally, research is carried out focused on the required German market requirements for the export of handmade jean jackets to the European market to be successful.

BACKGROUND

Logistics Crisis

After the pandemic, the supply chain has had to be shaped to the needs of demand, and it has had to manage the new relationships with flexible suppliers. However, suppliers have had to face new challenges such as avoiding shortages of commodities and opening the way to new technologies to adapt to the standards established by governments and health authorities (Sánchez Suárez, Pérez Castañeira, Sangroni Laguardia, Cruz Blanco, Medina Nogueira, & Sánchez Suárez, Y. et al. 2021).

In addition to this great event, other circumstances have shown that logistics are in crisis, as was the case of the six-day grounding in the Suez Canal by the Ever Given vessel which increased the concern of the mishaps that have to be faced in the value chain. It resulted in a greater interest in the incorporation of new changes that not only streamline the processes but also can help to confront different types of challenges. Those are: updating systems in inventory review, investing in storage technologies that help avert shortages and order problems, intensifying communication with customers by talking clearly and transparently about delivery times, and the search for new alternatives that solve common doubts in an agile and efficient way. (Muy canal, 2021).

The lack of containers that has been arising in recent times has brought great consequences in maritime transport, as the case of the increase in tariffs since the shipment of a 40-foot container from China to Europe has doubled compared to last year. Several experts assure that it was because of the confinement that produced a considerable reduction in port workers, the closure of logistics agencies, and the reduction of shipping companies. They affected the logistics chain due to the shortage of containers, labor, delays in entry and exit of the few existing, and even the restrictions of each government which has greatly

limited the flow of trade. This situation brings with it the search for other alternatives such as ceasing to depend on world powers and seeking to consume the closest and least expensive (T21, 2021).

Ecuador - European Union Multiparty Agreement: Textile Sector

The Ecuadorian textile sector is mostly focused on provinces such as Guayas, Pichincha, Tungurahua, Imbabura, and Azuay; and the textile production varies according to their region and/or city. Also, the textile activity that stands out the most is the trade represented with 68%, followed by manufacturing with 23%. The last one represents 74% belonging to clothing, 8% to the manufacturing of made-up textile articles and production of footwear, and 10% textile manufacturing activities. There are several complications for this sector either by machinery or training required to compete with neighboring countries because most of the Ecuadorian industry is a cottage industry. This has been represented in the analysis of exports between 2013 and 2017 with the decrease of 40% of this sector, and the achieving of a negative trade balance which shows that this sector is more focused on competing nationally than internationally. Although the Ecuadorian Government has sought to implement mechanisms that help the creation of SMEs within this and other sectors, it has not been enough since even some policies such as tax policies have made many companies migrate to other countries. Likewise, another obstacle is the positioning of countries such as Colombia and Peru for having previous agreements with some important destination countries for Latin America which offer similar products (Arcos, 2020).

Referring to the European Union-Ecuador Multiparty Agreement, it entered into force in January 2017 which provides for tariff concessions on agricultural products and 100% on Ecuadorian industrial products. The textile sector is considered as one of the most important for Ecuador's economy since they contribute 0.84% to real GDP and 5.2% to industrial GDP, and it represents 1/3 of the employment in textile manufacturing that is

the one that generates the most jobs nationwide. In addition, these products have a trade policy of 0% in tariff regarding their income. In the case of the European Union, the consumption of this type of items tends to be based on quality and differentiation with certain requirements, such as fabric made with material from the exporting country as well as its assembly must be done in this place. In the case of Germany, a country considered one of Ecuador's main export destinations, it is an attractive market for its high purchasing power. Furthermore, it has been considered the largest importer of clothing in recent years, since fashion is considered a luxury good. However, several obstacles have been occurring such as unsound political decisions regarding trade policy, expensive textile products, high export and/or logistics costs represented in the current logistics crisis, and obstacles in compliance with international certifications since many of the products do not meet organic requirements.

One of the most competitive aspects of Ecuador that cannot be ignored compared to our neighboring country Colombia is its port and airport infrastructure that allows reducing export and logistics costs, both internal and external. However, other internal obstacles do not allow the Ecuadorian textile sector to evolve are an unsatisfied national demand that demonstrates the complexity at the time to satisfy the foreign demand, as well as other limitations, such as strong national competition, individualism, unfair competition, smuggling, among others. They allow neighboring countries with similar products to experiment more openly with other international markets (López, 2018).

CONCEPTUAL BASES

The 'supply chain' is an ordered sequence of processes and functional activities such as the acquisition of raw material, inventories, transport, etc. Through these activities the raw material is transformed into an elaborated product to make this final product meets the needs of the end customer and adds value to the consumer (Camacho, Gómez, & Monroy, 2012).

According to Andrés Castellanos, 'logistics' is defined as the part of the supply chain that plans, implements, and controls the effective and efficient flow of articles, services, and information that goes from the origin to a specific destination. Also, it aims to meet the requirements of the client based on the capabilities of the company in which 3 major processes are managed: sourcing, production, and distribution (Ramírez, 2015).

'Sourcing' is the process in which the supply of goods such as raw materials or processed products to economic groups or individuals is given, and it reaches a certain level of satisfaction or utility by the consumer part. This is an interdisciplinary activity that seeks to ensure that the customer obtains the correct product in the right place, at the precise time, and at the requested price. So, this must always try to satisfy the needs and requirements of customers together with the capacity of the company (Díaz, 2017).

'Production' refers to the efficient and orderly management of all the activities involved at the time of the transformation of the raw material to the final product. Human energy, labor efficiency, and the necessary machinery are the principal tools for the transformation of this raw material and the creation of the product (Lasource, n.d).

'Distribution' is the phase of the supply chain that is responsible for the movement of goods and/or services, and it ranges from the end of manufacturing to the final consumer. It includes its storage and delivery, which are involved manufacturers, intermediaries, and consumers who carry out the exchange of goods (FAEDIS, n.a). Generally, the concept of distribution is usually limited to the transport of the merchandise concept; however, this is broader since it covers other areas such as packaging, means of transport, distribution area, among others (López, 2019).

On the other hand, 'international commercial logistics' is defined as a study that identifies and monitors the flow of materials, production, and distribution. Also, it needs the flow of information to adapt the company's supply to the optimal quality conditions for market demand (Ramírez, 2015). Its purpose is "to provide the right product, in the required quantity, in an adequate condition, in the right place, in the required time and at a reasonable cost" (Ramírez, 2015, p. 16).

Additionally, Castellanos mentions 'green logistics', which arises from the concern of the environment, and it is sought that each process of the logistics chain maintain respect for the ecosystem. In addition, it is a strategy that increases the attractiveness of its products due to the concern of consumers for this issue so that the company have an advantage when they implement eco-friendly improvements from the packaging to the distribution or reduces waste in each phase of the supply chain. Moreover, it reduces costs that increase the competitiveness and profitability of the company, and it optimizes the management of factors which is a fundamental part of the added value of the product, as well as meeting the requirements of demand (Ramírez, 2015).

In terms of 'Export,' it is a system that has been known since ancient times. It is derived from the Latin 'exportatio' which refers to any good and/or service made in an issuing country (exporter) that makes the shipment of a good to a third party (importer) for its

purchase and use. It is the act of sending and receiving goods. There are different export procedures, one of them is from the base company to a branch of the importing country (Montes, 2015).

Ecuadorian Textiles

'Craftsmanship' is a cultural object with a high historical and ancestral value since it depends on several characteristics such as culture, climate, history of the place, among others. This differs from other works made in series in an industry because it has the least possible industrial process, and it is carried out manually (Artesanía Textil, 2017).

Within Ecuadorian popular culture, traditions such as craft techniques have come to represent a large part of the activities carried out within them, so they have been preserved and improved over time. Crafts represent the symbol of beliefs, customs and rituals as a lifestyle that have been inherited by generations according to the needs that have arisen in the communities (Ferro, 2017).

In Ecuador, the 'textile industry' has been present since colonial times when sheep's wool was used to make its fabrics, and over time, new companies were dedicated to processing wool from which denim textiles are derived. Also, it has evolved until currently, and now there are many products made with all kinds of fibers such as alpaca and others already mentioned. Among the main provinces that have a greater number of textile industries are Pichincha, Guayas, Azuay, Tungurahua, and Imbabura. They contribute more than 7% of the national Manufacturing GDP (*Art I Industry*, 2017).

The 'alpaca' is a domestic species of artidactyl mammal that for hundreds of years has been valued for its fiber and fine tissues, and it is known for its high quality and properties of its fur. One of the main characteristics of alpaca fiber is that it is pure because it does not mix with other materials, so it can guarantee a fine finish to the fabric of both clothing and accessories. The alpaca wool is more resistant than sheep's wool, and its fabrication is totally by hand with which various garments are produced such as Sweaters, Caps, Gloves, Scarves and can be joined with another type of fabric such as jeans to create jackets or pants, resulting in an original and very visual garment (Artesalinas, 2021).

Standards and Certifications

The Standards have the objective of ensuring that the goods and/or services of the organizations that use them reach the desired quality both nationally and internationally. So, it is an important tool to access to international markets as they are denominated as reliable goods from which certifications are derived. A certification is considered as a written guarantee which establishes that a product, its elaboration, and service. It follows certain standards, rules, criteria, or guidelines that ensure that these goods comply with the designated. This certificate is carried out by a certification body or certifier which is responsible for inspecting that the criteria or norms required to achieve the standards are met (FAO, n.d).

CHAPTER 1: CURRENT SITUATION OF THE COMPANY

1. Background of the company Melon Outfitters

Melon Outfitters company was created in 2020 after the COVID-19 pandemic, and it was registered and complied with all the requirements the same year with the aim of directly reaching the final customer. It derives from a much larger one that is the INDUAL textile industry dedicated to fashion and manufacture of jean garments in trench coats and derivatives, and distribution to large clothing chains and local supermarkets. Among its main activities as a company, INDUAL finds the maquila as a strong income for it; so, after an analysis of the INDUAL company's capabilities, Melon Outfitters was born to have the machinery required for this industry and an innovative textile vision.

The company was born to rescue values of Ecuadorian culture and incorporate ancestral elements and fabrics of the country as well as the use of Ecuadorian fabrics and supplies. They are committed to the creation of high-quality garments in which the belief of the potential that exists in Ecuador is reflected. Its first physical store was opened in Cuenca city in October 2020, and it is the only existing physical store so far. Melon Outfitters is a store focused on the production and sale of handmade clothing; hence its idea focuses on the use of fabric and national products. They use Otavaleña fabrics without neglecting jean fabric creating jackets, pants, shirts, among others.

The first on sale product was chompa 'páramo', a jacket of jean or denim lined inside with Otavaleña fabric. Following this and with several innovations has given way to the production of the chompa 'atenas' which is 100% alpaca wool and has certain details of jean on the neck and pockets in order to preserve their habit of maintaining the fabric that has characterized them since the beginning of their creation. Currently, the company is innovating in terms of the designs of its jackets with the collaboration of local artisans and

painters, as the case of the new collection 'matices', a jacket that has Otavaleño designs on the outside in areas of the sleeves, chest, neck.

The company Melon Outfitters has the following departments:

- Administrative: This department includes the head of production Juan Sebastián Ulloa. The Sales Department, which is divided into Marketing, which is responsible for the social media; and the company's vendors.
- Production: It is composed with 20 people who focus on tailoring and cutting, of these, 15 people are in machine; 2 materials, who help in machine; and 3 people in charge of cutting and laying garments.
- Design: In this department there are 4 designers, 3 pattern makers and 1 textile designer.
- Accounting: It is in charge of a general accountant and an assistant (Ulloa S, personal communication, August 10, 2021).

2. Company Supply Chain

2.1 Sourcing

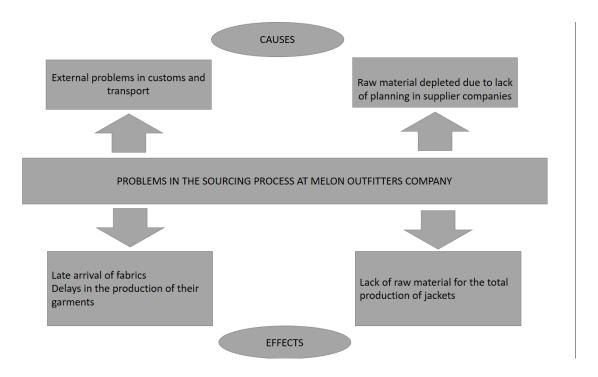
To give way to the production of garment, the Melon company uses 'demin' fabric from 'Vicuña', a national textile company that makes jean fabric in Ecuador, and it is the first and only company that is dedicated to the manufacture of denim textile fabrics. Also, they import fabrics from Colombia and the Middle East. The inputs such as the thread are acquired from 'Pasamanería' company of the Elite brand. It is local too, and it gives the added value to the products. On the other hand, the Otavaleña fabric is 100% national, and these are acquired from three different local artisan looms in the city of Otavalo. Melon demands them the quality product that is required for production.

The imported fabric is kept in stock in its warehouses located in Cuenca within the same place of its offices and clothing areas, and also, there is in a warehouse that is located in Ambato-Pelileo, which takes 1 day to move from this city to Cuenca. On the other hand, the threads of the Elite company usually take a week to arrive to Melon company, even more during season trend. Moreover, the delivery of the buttons that are imported from Colombia from the companies Fabricato and Coltejer takes 1 month and a half until they arrive to their final destination in Cuenca. In the same way, the raw material that is obtained from the city of Otavalo usually takes 20 days approximately.

The transport of the raw material to the company's warehouses is the responsibility of the suppliers who are in charge of this logistics part and work with external trucks such as Midtrans and Transdir in the case of domestic imports located in the city of Quito. Likewise, in the case of Otavaleños suppliers, these are responsible for ensuring that the raw material acquired arrives in the best conditions to the company's warehouses.

Problem tree:

Figure 1 Sourcing Problems



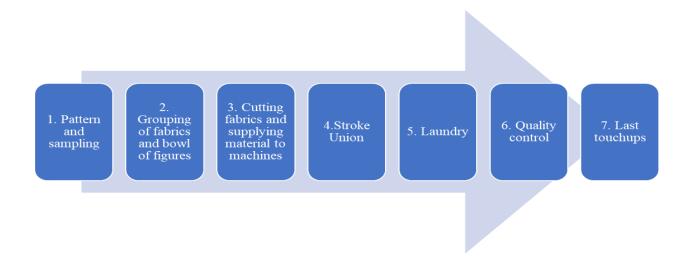
Source: Made by the authors

The company assures that there are usually certain delays in terms of the production of its garments, due to external problems such as customs or transport as the case of arrival from the Middle East. Therefore, the company asks the textile exporter 3 months before the season; however, when time problems occur, it takes approximately 15 additional days to arrive. Likewise, in high season trend there are some breaches caused by suppliers, especially of the Vicuña company due to lack of planning and lack of raw material because once sold out, and it cannot produce again. Therefore, the company cannot stock up on the textiles it needs. In these cases, the company seeks and has to find a fabric similar to the imported one for the elaboration of its products but with another supplier (Ulloa S, personal communication, September 24, 2021).

2.2 Production

Production Process of Jeans and Jackets

Figure 2 Production Process



Source: Made by the authors

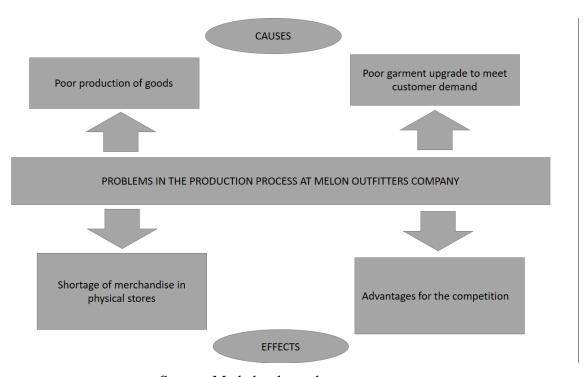
- 1. <u>Pattern making and Sampling:</u> For the process of making jackets, pattern making is carried out, and a sample is produced. If the example is approved, the production of the required product is giving way.
- 2. <u>Grouping of the fabric and stroke of figures:</u> In this Process the required fabric is grouped, and the figures are drawn on it which are identified with codes that belong to each size and part of the garment.
- 3. <u>Cutting of fabric and supply of material to the machines:</u> The cutting of the figures is carried out and passed to the place of machines, where the material is distributed to each one as appropriate. In this place there is a person in charge of verifying that the work is carried out fully.
- 4. <u>Union of strokes:</u> The company needs machinery with heavy drag to work with denim so that it can withstand the stitch of the product, such as the overlock that is responsible for closing the garment, heavy straights, double needles, elbow closer,

coater, waist trimmer and eyelet that has the function of making the holes of the eyelets, all this to make the garment; finally, it goes to finishes and the machine is used to put buttons and cut threads. For the paramo jackets production, the company use 2 machines, the overlock and seamer. These jackets represent 20% of the production being a total of 5000 garments.

- 5. <u>Laundry:</u> It is the process in which chemicals are used to color the garment once it is made, as well as the necessary chemicals are added so that the garment does not shrink. The product initially arrives in a 'raw' condition, which is the color that comes with impregnated cotton, so in this place different shades are given to the garment with which it can be lowered, contaminated, lightened, darkened to the ignite, and can even reach 'dirties' that are greenish colors. This process is carried out through outsourcing.
- 6. <u>Quality control:</u> In this process it is ensured that everything is in accordance with the established. In the case that the tone is not correct, it is returned to dry cleaning. Also, if the garment has faults, it is returned to the maquilas.
- 7. <u>Finishes:</u> Buttons, eyelets and labels are collocated in the garment; and the ironing of this is carried out to obtain the final product (Mejía J, personal communication, September 24, 2021).

Problem tree:

Figure 3 Production Problems



Source: Made by the authors

In the production area, the company has certain shortcomings such as poor production since around 50 to 70 jackets are made weekly when the estimate per machine are 10 jackets to day. As for designs and sizes, although the store has the required supply of merchandise in terms of jean pants and size, there have been problems with the length of these especially in young people. Moreover, although they reach to get the right size, the length does not usually fit their size. Faced with this problem, the company is supplying the store with jeans with a longer cut, but their variety is scarce. In addition, in the case of pants and/or formal jackets jeans with a certain shade that is booming at the moment, or blouses of the new collection, there is not enough to cover the needs of the demand (Segarra M, personal communication, September 24, 2021).

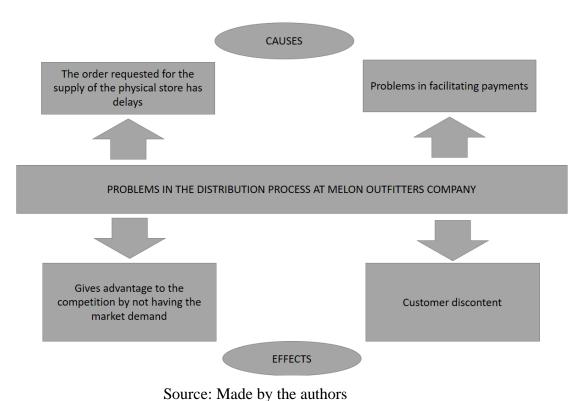
2.3 Distribution

When carrying out the fieldwork, it is possible to know how the logistics process works within the distribution in which the final product is transferred to the physical store located in the historic center of Cuenca. There, new models and merchandise requested by the worker are placed, and she ensures that during the year of work in the place and until nowadays, there have been no problems of returns due to the quality of the product.

As a way of knowing the situation in the distribution process, a survey was conducted aimed at final consumers which is feedback to the company that helps it to know if they are satisfying the necessity of their consumers.

Problem tree:

Figure 4 Distribution Problems



Source. Wrade by the authors

There are small problems with the buttons of the merchandise since some of them fall at the moment that the customer is using it, but these are not very common. And, since of all the merchandise that arrives at the premises only 1 or 2% find these failures. On the other hand, jeans jackets with alpaca designs or better known as 'Páramo Jackets', have great reception since they are not only desired locally. Although several tourists come in search of these, their stock is scarce.

Unfortunately, another setback in distribution logistics is that once the order of the necessary in the store is realized, the supply usually takes from 15 days to a month. It is because the company works through orders, and this is its priority. Therefore, it does not have much production for storage. In addition, the process for the elaboration of their products is long, and they try to have the least possible error in terms of quality. It is necessary to know that the company is engaged in mass production, so the company tends to take out what is really consumed (Segarra M, personal communication, September 24, 2021).

Currently, the company is making online sales only nationwide in which payment methods are made by bank transfers and online payments. They consist of sending a link so that it is redirected to a window to choose a payment method, and it is a facility for the customer because the security of the company is confirmed while the payment is being billed. Once the customer communicates with the company and makes known their preference for a garment, the company ensures that the garment is available in the warehouse. Once this is done, the customer is confirmed to make the payment, and the company proceeds to pack in the store, and the shipment is made through the Servientrega agency that is currently the company that Melon used because of its price and security issues (Ulloa S, personal communication, September 24, 2021).

In addition, by conducting research focused on the external customers of the company through the use of an online survey and interviews, it is known that the service offered by the company is efficient and successful, as well as the delivery time of merchandise and the conditions in which the product arrives. They accentuate the good quality of the products that this company offers, and it is represented in the results presented in the survey carried out in which the good service provided by the company is confirmed. According to the survey, 87.5% indicate that the service was excellent, and it is reflected in the fact that 100% of the respondents do not have any inconvenience at the time of making the purchase. As for online sales, it is found that 62.5% obtain this product through

the use of the internet, either by online catalog or social networks, letting us know the efficiency in its delivery, since 40% ensures that they receive the product in less than a day while 60% denotes that they receive it between 1 to 3 days. There is a consensus the merchandise conditions because all said that the merchandise arrives at its destination in excellent conditions. Furthermore, as recommendations by customers for the improvement of the service of the company, the satisfaction of the needs of the consumer by the company is demonstrated because they exalted the quality of the product and the service provided. ¹

However, a problem that is recognized through the method of data collection -interview-, is in the payment process in the physical store. Although there is the option of making the payment in cash and by card, these can only be made individually by each product. If a consumer buys two pants, just one can be paid in cash and the other by card. However, they cannot pay in cash an amount of the total that they want to acquire and cancel the surplus by means of credit cards. Although it is not very common situation, today there is already the option of making purchases in this way. Moreover, the worker of the place reported that indeed if it can be done in this method, the knowledge of the procedure is not fully known on the part of the seller. Also, that procedure brings difficulties and confusions with the accounting department (Macancela A, personal communication, September 3, 2021).

During an analysis of the logistics chain of the company Melon Outfitters, the existence of various failures in each process is observed. They range from the supply due to external failures or delays that make an efficient and effective process impossible since its inception. Followed by production, a process where the garments are made in the best way, but there are occasions in which this becomes deficient due to the shortage of garments required at that time by demand. The last step is the distribution, which is

_

¹ See Annex 1

essential for the product to reach the final consumer in the best conditions, but it also has many failures. Thus, through this analysis it is concluded that it is still necessary to work on certain aspects such as the ease of payment for customers, and at the supplying time of the physical store with all the garments that are requested according to the need of customers. For that reason, in the next chapter it will carry out a restructuring of this logistics channel, emphasizing these problems, and finding the best solution for each inconvenience of each process.

CHAPTER 2: IDENTIFICATION OF IMPROVEMENTS TO PROCEED WITH THE RESTRUCTURING PLAN OF THE LOGISTICS CHAIN IN THE COMPANY MELON OUTFITTERS

For a readily and efficiently company development, and to obtain the best results, each process within the logistics chain must be working correctly and in constant monitoring. So, it is essential to consider certain failures that create bottlenecks, and in turn, stop the harmonization and synchrony of each department and give a prompt solution to each of these. That is why the problems already identified in the first chapter within the melon Outfitters company are analyzed and solved below. The analysis and the solution of these problems have four phases, which are:

- 1. Problem identification
- 2. Evaluation of the problem through a traffic light in which will be identified as big, medium, or short problems.
- 3. Problem solution
- 4. Problem control

Figure 5 Problem Semaphorization

Short Problem: It is open to a quick and effective solution. Medium Problem: It is a complex problem with more practical handling. Big Problem: It requires more attention because of its complexity.

Source: Made by the authors

 $Figure\ 6\ Semaphorization\ problem\ level$

Problem Level

		•
Short Problem	Medium Problem	Big Problem
1-3	4-6	7-9

Source: Made by the authors

1. Sourcing

Table 1 Supply Analysis

1. Problem	a. Problems in Customs and transport for the arrival of merchandise	b. Non-compliance by national suppliers
2. Evaluation		
2.1. Problem Level	6	5
3. Solution	To focus on improving time planning	To find and to have more than one provider.
3.1 Indicator	The number of plans made based on delivery times.	Quantity of suppliers that offer the fabrics based on the quality required.
3.2 Expected result	To have at least one plan B for each unforeseen external problem related to delivery times in which the company is involved.	To have at least three suppliers and have futures contracts with each of them, or at least one future contract that supplies the company with raw material. To Invest in the necessary machinery to check quality.

3.3 Activities	To make detailed reports about how the established plan was handled. The analysis of periodic reports to know if the plans have been implemented, and how they have been carried out.	To make comparisons in terms of raw material required in each season so that the company can ensure the necessary estimate for the following year.
4. Control/Means of verification	To record the arrival times of each order with their reports.	To record the quality of the raw material of each supplier with their respective comparative reports as well as the number of garments made and sold at that time of year.
4.1 Control period	Every three months or according to the arrival of the merchandise.	Every year in terms of quality registration and every three months in the case of the change of season. Head of Administration
4.2 Supervisor		

	Head of Administration or a delegated person.	
4.3 Assumptions/observa tions	If a person is delegated, they must be trained to carry this information efficiently.	That the company doesn't make records and reports to help control this problem.

Source: Made by the authors

1.1 Problem A

The company tends to have problems in Customs and transport for the arrival of merchandise, which harms it at the production since there are problems from the supply when acquiring the raw material.

1.1.1 Evaluation: The problem identified is medium with a level 6 because it is more complex to solve. Its failure can affect the entire process to a greater extent since the raw material is needed to obtain the final product, and it delays only bring discontent to the final consumer.

1.1.2 Solution: The company must better plan the established times for the arrival, considering the delays that occur in customs or transport for any eventuality, and that in this way, the established times for the production are not altered. If Melon Outfitters company plans a time estimate of three months for the merchandise to arrive in the country, that period should include the extra time related to the delays due to external issues. It seeks to have at least one additional plan that helps the company deal with unforeseen events that relatively harm the delivery times of the merchandise. Therefore, the company must make a report of how the plan was made, and what results were obtained. So that in future claims, the company can analyze them and thus have a prompt solution at hand.

1.1.3 Control: The company must delegate a specific person such as the head of Administration or a person delegated by him to be responsible to record the arrival times of each order placed and make a periodic report. Each report has the intention of identifying if the raw material arrives according to the 3 or 4 months established deadlines by the company or if it presents delays, so the company can know if everything is happening according to their plans.

1.2 Problem B

Through an analysis of the company's operations, it has been possible to see in its records certain breaches by national suppliers, which tend to produce a lack of raw material, even more so in peak seasons.

- 1.2.1 Evaluation: The identified problem is medium with a level 5 since it is complex; however, with proper planning and getting more suppliers, they can correct the problem in a faster way.
- 1.2.2 Solution: The company looks for other suppliers to supply them in these situations. However, these measures must not only be taken in this type of situation, and the company must work with at least two insured suppliers and one extra contingent to supply these materials. If one fails, the other helps to compensate for the missing merchandise. In addition, future contracts can be made to ensure the supply of raw material even more in high seasons.
- 1.2.3 Control: The company must invest in specific machinery for the quality control of the fabrics of each supplier and keep a record of each of these so that it can place orders based on the quality that is needed at that time to all garments must obtain the same quality without variations. In addition, the company must have an estimate of fabrics for each season to be able to ensure its supply, making future contracts that ensure the obtaining of merchandise. Therefore, the company must establish a better relationship with them so that there is a greater commitment from both sides. Moreover, they should consider them as an essential part of the logistics process and treat them as customers. Also, there should be a person in charge to supervise compliance with these records as is the case of the head of Administration.

2. Production

Table 2 Production Analysis

1. Problem	a. Poor production of goods	b. Poor upgrade of garments for demand
2. Evaluation		
2.1. Problem level.	8	2
3. Solution	To perform a time control to the personnel in charge	To have greater consideration of the workers' opinion To be more aware of trends
3.1 Indicator	The number of jackets made per day per machine	The number of meetings held with staff to clarify these situations. The number of web pages or online users that talk about trends.
3.2 Expected result	The production of 50 to 70 jackets per machine per day.	One meeting per month At least 10 web pages that relate to trends, and what your style focuses on.

3.3 Activities	A daily report of garments produced. The checking of established times.	A suggestion box and/or feedback of the workers.
4. Control/ Means of verification	The periodic registration of the garments produced, and in turn, the registration of times by garment and machine.	The implementation of quality circles and market research.
4.1 Control period	Biweekly.	Monthly in case of quality circles, and every 3 months in case of market research through web pages.
4.2 Supervisor	Production Manager or in charge of quality control and the work carried out by the employees in each machine.	Quality circles: Head of Administration Market Research: Head of Marketing

	<u>4.3</u>	Staff opposition to time-	Maybe the pages are not
	Assumptions/observa	taking	updated, and in the case of
	<u>tions</u>		quality circles, the meetings
			could be redirected to other
			unrelated aspects.
- 1		i e	1

2.1 Problem A

Within the company has been identified a deficient production of merchandise since the objective is the production of 50 to 70 jackets per machine per day. However, currently, the company produces 10 jackets weekly that leaves a vacuum, scarcity, and non-compliance with the plan.

2.1.1 Evaluation: The problem that is identified is big with a level of 8 since it affects the logistics process on a larger scale, and its solution is more complex. And, if there is no respective control in the production, there will continue to be failures throughout the chain and will contribute to customers preferring the competition.

2.1.2 Solution: The administration should implement greater control in terms of orders and production times. Therefore, they must keep daily reports of garments produced to check the efficiency in the established times. In addition, once the company meets its long-term goal of internationalization, it must invest in more machinery – such as cutters and sewing machines – and the staff to supply foreign demand since it is currently not possible to fully satisfy the national one.

2.1.3 Control: The company must have a delegated person who is specifically responsible for keeping a periodic record of the garments that are produced weekly to compare the objective production with the real one, and so identify if the production is being correct or in which part it is failing and stopping the process. This control must be carried out biweekly and be controlled either by the Production Manager or by the person in charge of controlling the quality of the garments and the work carried out by each machine in this area.

2.2 Problem B

There is a poor update of the garments to know the customers' needs, since, on the one hand, long pants are scarce, and they do not consider that a large part of the frequent customers' needs pants with these measures. On the other hand, other customers' needs are formal clothing, trendy garments, and new collection garments in stock, which ones the company does not produce in the amount and sizes that are required to satisfy the customer. They become a problem because the consumer seeks to look fashionable and according to the trend of the season.

2.2.1 Evaluation: It is a short problem with a level 2. Although it is affecting the logistics process, the solution to it is fast and controllable.

2.2.2 Solution: The administrative part should have greater consideration of their workers' opinion, especially the one in charge of sales in the physical store because she is directly interacting with customers and receiving first-hand information about the consumers' needs. Although customers come with some requests and discontents, these are not attended to in time. Also, although the company works mostly through orders, they should supply to the physical store on time because it is the place where its copies are exhibited. And, it must have a variety of sizes, measures, and garments demanded by the client. Thus, the company must enable suggestion and/or feedback mailboxes for workers, as well as hold monthly meetings in which they can discuss those suggestions. Moreover, as short market research, the company must follow updated web pages or online users that are related to seasonal trends. And also, they have to be focused on their style too so that they can make creations that share the current fashion and keep the essence of the brand.

2.2.3 Control: The company must implement quality tools such as quality circles in which the opinions and recommendations of the personnel are the main topics to create better solutions. They are the ones who know more closely each process of the logistics chain, and who are in direct relationship with the client are taken into account. So, they know what the company needs for the development of this to improve, and these meetings can be held once a month to have relevant information hand in hand. In addition, greater attention should be paid to market research that could be made in social networks, web pages, etc., so that the company is updated in terms of trends and produce what the consumer asks for.

3. Distribution

Table 3 Distribution Analysis

 Problem Evaluation 	a. Problems in the supply in the physical store	b. Problems in facilitating payments
2.1. Problem level	4	2
3. Solution	Set delivery time periods.	Constant training of staff so that there is a synchrony between departments.
3.1 Indicator	The number of garments received.	The number of trainings.
3.2 Expected result	At least 5 garments of each size, taking into consideration the orders of the store.	At least 1 training every 6 months.

3.3 Activities	Inventory tracking through the system. To be managed through registration sheets and order verification.	Customer surveys. Periodic staff evaluations.
4. Control/ Means of verification	Analysis of registration sheets and order verification.	Knowledge verification by customer feedback
4.1 Control period	Biweekly.	Every 6 months.
4.2 Supervisor	Chief Accountant	Chief Accountant
4.3 Assumptions/observa tions	Shortage of merchandise and little training for staff.	Despite the skills, staff does not apply this knowledge.

3.1 Problem A

Supply problem in the physical store that has been seen after the orders made by

employees. They arrive at this place up to a month later than planned.

3.1.1 Evaluation: It is a medium problem with a level 5 because the lack of merchandise

in the physical store makes efficient sales impossible, and customers come to opt for the

competition. However, the application of the solution is more manageable, and the

duration to adapt it is longer.

3.1.2 Solution: The company must establish delivery periods so that the demand for this

site is met, which helps to increase its level of competitiveness in comparison with other

stores. It is important to remember that the physical store is located in the historic center

of Cuenca so that many establishments can offer similar products. Those establishments

monopolize the consumer who arrives at the Melon store and does not find what he is

looking for because of the scarcity of products that the company offers even through social

networks. Therefore, the solution can be achieved through inventory tracking in the

system, management of a registration sheet, and verification of orders so that there is an

order as to the merchandise required in the physical store.

3.1.3 Control: The personnel in charge, the head of Accounting, must carry out monitoring

and evaluation biweekly through the system to know with which merchandise supply to

the store. Also, the orders can be placed by the employees once or twice a week to cover

the consumers' needs and fully meet the established times. It is achieved with the analysis

of the registration, and the verification sheet to verify that there are no failures.

45

3.2 Problem B

There is a problem-related payment facility because the accounting department is not synchronized. It creates difficulties for the sales staff when receiving the payment of the product.

3.2.1 Evaluation: It is a short problem with a level 2 because even if it is being a nuisance for some customers at the time of making the payment, it is not a problem that is affecting the majority. Also, its solution is quick and easier to treat.

3.2.2 Solution: The company must carry out at least one training every 6 months to the accounting and sales staff which may be evaluated directly by staff or with feedback from the final consumers. And so, they can establish synchrony between departments, harmonizing the system used and improving communication channels.

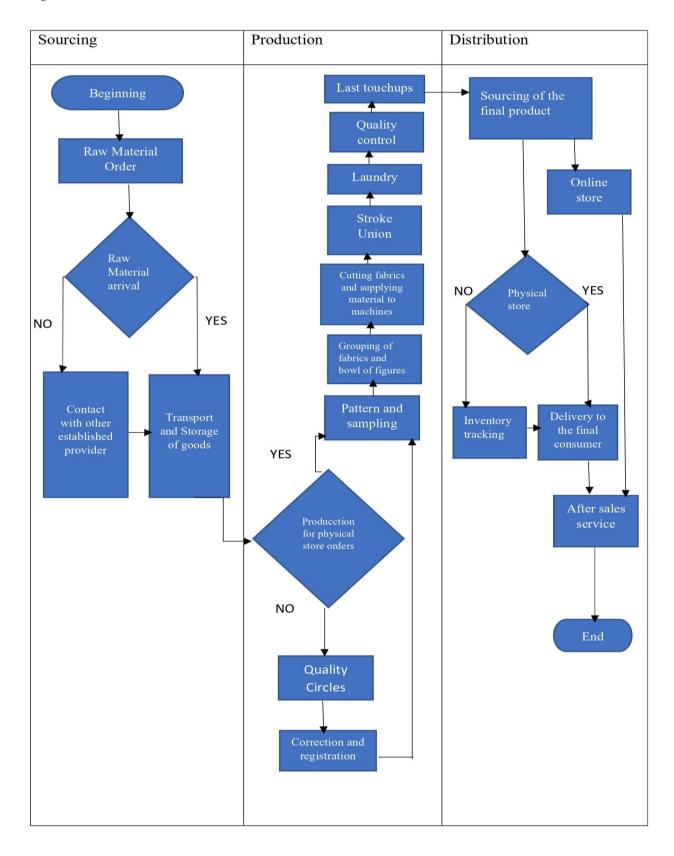
3.2.3 Control: The company must consider the opinion of customers through surveys, interviews, and even enabling spaces on social networks that allow users to leave their recommendations and experiences to verify that this process carries out in a better way. In addition, the company must hold periodic meetings in which they solve all their doubts, exchange information regarding the system that they carry and so harmonize their procedures. The Chief Accountant is in charge of supervising all these processes.

Additionally, it is necessary to keep a record of all the problems and solutions that occur since the beginning of the company operations because, in case of any similar eventuality to another that has already occurred, the company can address the situation more quickly.

4. Solution Flowchart

Once the company comes to apply these solutions to the identified problems, there will be effective performance and efficient results required for the product to arrive in the best condition to the final consumer. A flowchart helps know the procedures within a company through symbols identifying the movements, situations, and activities of this one. Moreover, it helps recognize the problems and know where and why the failure occurs. For this reason, a prototype is detailed below through a flowchart, which explains how the final result implements the solution to each problem, improves it, and reaches the end of operations successfully to ensure that the cycle of this keeps working correctly.

Figure 7 Solution Flowchart



As can be seen, the process starts from the supply, and it is the first step of the logistics chain. In this phase, the company makes the order of the raw material within an estimated time already established by the company that includes the extra time for possible delays that may arise due to external issues to the company, and the possible breaches that may occur by the national suppliers. If there are breaches or this does not arrive on time, the company immediately contacts another defined supplier to solve this problem. Then, they can continue with the supply of all the merchandise and proceed with the production of the garments begins.

In the production process, the number of garments produced must fit with the number of garments estimated by the company. If the quantity produced does not correspond with the estimated, the company proceeds with the implementation of quality circles. On them, the person in charge receives the employees' opinions to reach the root problem and give a solution. Then, the company proceeds to the correction and records these shortcomings to compare them in possible future situations so as not to make this mistake again. Once this phase is solved, the garments are prepared to reach the last process of the logistics chain.

Finally, in the distribution process of the garments to the final consumer, the company has two delivery options, the first through a virtual store through which the product reaches the customer's home. The second one is the physical store, where the customer can acquire the final product. If it does not have what the demand requests, the company can carry out an inventory tracking in conjunction with the request by the staff in charge of sales to solve the problem. Both methods have an after-sales service so that the service delivered to the client is complete, and in turn, the company can have feedback that lets them know what the client thinks about the service that is being offered and have one more motivation to improve and innovate.

Once the solutions are ready to the problems of the logistics chain within the company Melon Outfitters, and the company takes into account that one of the most desired products on the market are jean jackets with handicrafts designs. The next step is the internalization of its product. This company is currently distributing its products nationwide, and one of its objectives is to distribute them outside the country. For that reason, the next chapter carries out an export plan of artisanal jean jackets to Germany so that the company grows at the same time with Ecuadorian craftsmanship along with its culture, and it becomes recognized in this large European market. Moreover, it considers a great added value that is the use of ecological material in the packaging that will be used for your shipment.

CHAPTER 3: PLAN FOR THE EXPORT OF MELON OUTFITTERS JACKETS TO THE GERMAN MARKET

As mentioned in the previous chapters, the company Melon Outfitters is currently distributing its products nationwide; therefore, it is time for its internationalization, especially with their jean jackets with alpaca fabric designs that are flagship products. It is necessary to mention that Alpacas' products are recognized in the international market, and it is a great advance for both the company and Ecuador that these products can be distributed in large markets such as the German market that have high preferences for artisanal products and at the same time. Also, the Ecuadorian artisanal products leave their culture in high in conjunction with the dedication and quality of its companies. For that reason, this chapter deals with an export plan for Germany of the Jean jackets of the company Melon Outfitters, proposing an ecological added value as shipping mode. Moreover, it considers the requirements to be met in the German market so that this product can enter this market of great relevance.

1. Product Features

Chompa Páramo is the denomination of the product of its collection. The term 'chompa' is used referring to a jacket, and the term 'páramo' in honor of the native fabrics of the country obtained from the communities of this place. This textile seeks to use the Ecuadorian macana to preserve the ancient techniques of Ecuador. The classic jean is combined with indigenous designs creating a garment that, in addition to staying fashionable, represents Ecuador as a casual fashion. Moreover, this garment is made in Cuenca, Ecuador by national designers (Melon Outfitters, 2020).

Illustration 8 Chompa Páramo



Source: Melon Outfitters

2. Market research

2.1 Analysis of secondary data

In 2020, exports of alpaca clothing reached \$32 million, but a decrease of \$15 million is observed compared to the previous year. Among these exports Germany is in the second place of markets that managed to grow in this sector (PromPerú, 2020).

2.1.1 Competition

Peru is one of the most competitive countries referring to alpaca textiles, especially in Germany, and it has older trade relations than the Ecuadorian state. Also, it has 87% of the world's population of alpacas, and it is one of the main suppliers of alpaca fiber around the world thanks to its good breeding practices. It promotes the planting and harvesting of cultivated pastures to raise the quantity and quality of nutrients necessary for the feeding of these animals. In addition, after the work of the brand 'Alpaca Peru', the country was

placed as the main supplier of this type of fiber, and it is known as the center for the export of garments and accessories (La Cámara, 2021).

Currently, Peru manages to send 49% of garments to the United States, followed by Germany with 10%, Japan, France, and the United Kingdom with 5% respective to each country. Thanks to the promotion generated after the Alpaca brand of PERU in 2014, it gains the trust of its consumers because nowadays they relate alpaca designs with this country. Although countries within the American region like the United States and Bolivia are already venturing into the breeding of this type of animal, Peruvian alpaca fiber is still attractive to consumers because of its fiber quality. So, Peru is considered one of the strongest competitors in this sector (Biz Republic Magazine, 2019).

2.1.2 German Market

According to the German Research Association, Germany is considered the largest market in Europe wherein 2010, more than 40% of German consumers have opted to purchase goods or services through internet platforms among which the most requested are books, clothing, cars, and tickets. And, they were not only millennials but also consumers aged between 50 and 69 (PRO ECUADOR, 2019). When referring to alpaca fiber within the German market, it competes with several fine hairs such as cashmere and mohair. Those are the most important, and they are well-positioned in that market with prices higher than those of garments made with alpaca wool, which turns out to be an advantage for the alpaca garments (Mincetur, nd).

According to the CBI (California Bureau of Investigation), the preferences on the part of European consumers are products that are unique and different, which present a background story and make known their own identity. In addition, the importance and preference for those products that are sustainable and socially responsible are increasing,

so it is necessary to take into account the use of sustainable materials when developing and marketing a product (PRO ECUADOR, 2019).

In addition, a study carried out by Euromonitor explains that German consumers have increasingly been adopting a healthier lifestyle and increasing their ecological interest, which are factors that have come to influence their buying habits. Moreover, the interest in animal welfare has been prioritized in both food and natural fibers. Therefore, if companies want to export them, they must have the certifications required to enter this market. In the case of Ecuadorian products, they have good potential in the German market, due to their high levels of quality that let them have a high international presence (PRO ECUADOR, 2019).

According to the market development plan prepared by Mincetur, consumers with low and medium purchasing power at the time of making the purchase are more focused on the price than on recognizing the quality of cotton and other fiber. On the other hand, a medium-high and high purchasing power consumers are focused in the acquisition of exclusive, high-end products without giving too much importance to the price of it (PromPerú, 2017).

2.2 Analysis of primary data

The following research is carried out to know the preferences of the German market to inquire about the knowledge of the product, and its purchase intention once the product has been internationalized. This was carried out through the application of a survey that has the following questions are found:

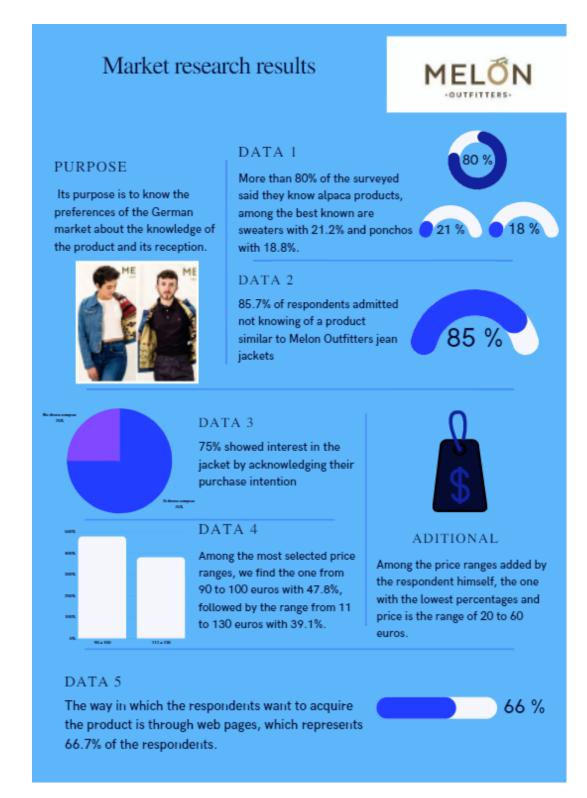
Table 4 Market Research Survey

English	Alemán
What products made with alpaca do you know?	1. Welche Produkte aus Alpakafaser kennen Sie?
Gloves	Handschuhe
Scarves	Schals
Sweaters	Pullovers
Ponchos	Ponchos
Caps	Wollmütze
None	Keine
Other	Andere
2. Have you ever read or seen this product?	2. Haben Sie dieses Produkt schonmal gesehen oder über es gelesen?
Yes	Ja
No	Nein
3. Where have you seen this product marketed?	3. Wo haben Sie gesehen, dass dieses Produkt zum Verkauf ist?
Online	Online-Shops
Stores Social Networks	Soziale Netzwerke
Commercial Premises	Geschäften
Other	Andere
4. Would you be interested in acquiring a jean jacket that contains	4. Haben Sie Interesse eine solche Jeansjacke zu kaufen, die indigene

indigenous indigenous designs based on alpaca wool that allows you to be fashionable and comfortable at the same time? Yes No	Designs auf Alpakawolle enthält, die es Ihnen ermöglicht, modisch und komfortabel zugleich zu sein? Ja Nein
5. What price range will you be willing to pay for this jacket?	5. Welche Preisspanne sind Sie bereit für diese Jacke zu zahlen?
90-110	90-110
111-130	111-130
131-150	131-150
Other	Andere
6. How would you like to purchase the product? Social Media	6. Wie möchten Sie das Produkt kaufen? Soziale Netzwerke Webseiten
Websites Shopping	Einkaufszentren
Malls	Tür-zu-Tür Verkäufer
Door-door Seller	Andere
Other	

2.2.1 Results:

Figure 9 Market Research Results



Through the results of the research, it concludes that the respondents do indeed know about the products of alpaca wool. The most recognized products were sweaters with 21.2%, followed by gloves and ponchos with 18.8% respectively and hats with 17.6%. 85.7% of respondents admit not knowing a product equal to or similar to the jean jackets of the Melon Outfitters company while 14.3% of respondents admit to having seen this product at some time in their lives, either in online stores or social networks, and a low percentage observed them in commercial premises. In addition, alluding to the purchase intention of the Chompa Páramo, 75% are interested in buying it in which the most selected ranges of the prices is 90 to 100 euros range with 47.6%, followed by the range of 111 to 130 euros with 38.1%. And, among the range of prices requested by the same respondents, only a short potion opted for the range between 20 to 60 euros, considered the lowest one. Finally, 66.7% of respondents prefer to acquire the product through web pages.

7. Export Logistics:

3.1 Non-tariff requirements for Export to Germany

Any textile product that enters the European Union must comply with general requirements that can be modified depending on the country in which the merchandise is going to be marketed, so its general regulations are:

- CE mark: It declares that the product complies with all the established and essential requirements of manufacture, design, safety and health, and all the harmonized standards of the European Union. It can be voluntary when this process is not requested, and even the manufacturer can personally check that it meets the technical requirements and not pay any fee. Once approved, the symbol can be placed on the garment maintaining proportions that do not exceed 5mm (IDEPA, 2022).

- Reach: It seeks to protect the environment by evaluating the composition of the good and making sure that it does not contain prohibited chemicals to verify that the product in the long term is not harmful to human health or the environment. The entity in charge of the approval of this procedure is the GINETEX.
- Personal protective equipment like work clothes and footwear that seeks the safety of personnel.
- The regulation on biocidal products and restricted chemical substances such as benzene, amino azo dyes, flame retardants, formaldehyde, nickel released for metal accessories, pentachlorophenol, polycyclic aromatics, such as VI, quinoline, asbestos, among others. They are constantly updated.
- General product safety guidelines such as CE marking
- European labeling guidelines: It must go according to the official language of the country in which it will be marketed. It must have the fiber content only with its generic names in which its compounds must be placed in a descending way, and it must not disagree up to 3% of what was declared at the time of the evaluation of the product. It must be clear, without abbreviations, and easily visible. It must be attached to the garment or printed, and the name of the mark must go after the content of the fibers to not confuse them with the fibers. On the other hand, in the case of care, size, and manufacturer identification labels, these are optional and depend on each country (PROMPERÚ Exports, 2020).

3.1.1 Label

The label must be durable, easy to read, securely attached to the garment, and translated into the official language of the country of destination of the goods, in this case, Germany. In addition, it must not contain abbreviations, and it must specify the composition of the product in which the percentages of fibers must be placed from highest to lowest according to their percentage of mass. It is necessary to mention that these percentages are controlled and approved by regulatory entities of the importing country (Your Europe, 2022).

In the case of linings, coatings, or fillers used in jackets or blazers must be placed compulsorily but separately. While both countries of origin and size labels are not mandatory, these are good practices that help to better handle the garment and knowledge of what the consumer buys. In the case of care labels, these must go as established by GINETEX, which is the organization in charge of regulating this area. Also, if some type of retardant has been used as a form of protection to the properties of the flame, warning labels should be placed (PROECUADOR, 2019). The restricted substances are: azo dyes, phenols, chromium VI, nickel, phthalates, flame retardants, and scattered dyes not detected. Although there are no safety tests regarding flammability, these must be free of sharp tips, sharp edges, small parts, and long or loose cords (PROMPERÚ Exports, 2020).

Illustration 10 Blue Angel Logo



Source: Blue Angel

In addition, the Blue Angel seal has been the German Federal Government's eco-label for more than 40 years. This label represents strict standards for those products and services that become environmentally friendly, and it is necessary for those products that want to be part of the German market as it generates greater confidence and reliability to consumers. The agency in charge of granting this label is RAL gGmbH (Blue Engel, nd).

If a company is interested in obtaining this label, it must be subjected to an initial audit and then annual audits. Those audits carry out an independent expert body that is responsible for reviewing and verifying that the company is complying with all the established requirements. For the agency to award the label, a one-time processing fee is €400 (USD 480) (Blauer Engel, nd).

61

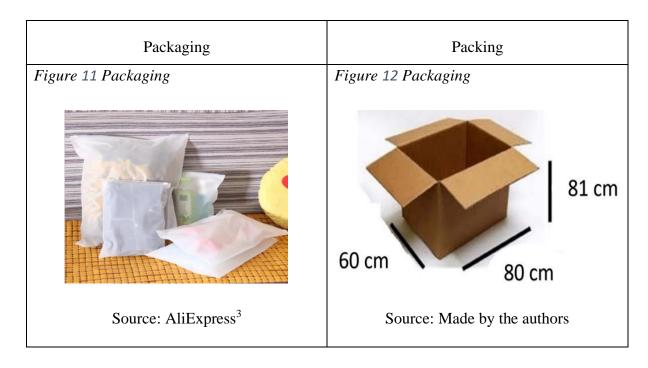
² https://www.ese.com/es/inicio/sostenibilidad/el-angel-azul/

3.1.2 Packing and packing

On January 1th of 2019, a new Law on the management of packaging, VerpackG in German, came into force in Germany, which is applied to those manufacturers or exporters destined for German territory. This law seeks the participation of companies in environmental costs, encouraging and promoting recycling and reuse, especially to the waste of packaging used in the trade. This law wants to achieve greater fairness and transparency VERPACKG to stop the evasion of some distributors' responsibilities (2021).

The information that must be mentioned on the packaging is the name and address of the manufacturer or importer, the correct use of pictograms that allow, and the correct handling of the product. Also, the product must contain a serial number or the designation of its model, as well as the instructions for use duly translated into the language of the importing country. (PROECUADOR, 2019).

Table 5 Packing and Packing



For this export, biodegradable hermetic covers are used as packaging to protect the jacket from damage caused by moisture and thus preserve the product. It is part of the ecological added value because it is not material harmful to the environment, and it can be reusable. It has a cost equivalent to 1.10ctvs per unit. Also, cardboard boxes with measures of 60x80x81 of double C wave are used as packaging in which 50 jackets are placed for transport. Its cost per unit is 1USD, and they are used for the total export of the jackets 66 boxes.

3

https://es.aliexpress.com/item/1005001707558854.html?spm=a2g0o.search0302.0.0.4bb96617J2BC0X &algo pvid=a075749a-6868-4d8f-a360-05a8e65d6511&algo exp id=a075749a-6868-4d8f-a360-05a8e65d6511-22

Table 6 Packaging, weight and merchandise information

Box Dimensions	Length 80cm, Width 60 cm, Height 81 cm
Total European Pallet Container	11 pallets
Boxes per pallet	6 boxes
Jackets per box	50 jackets per box
Total garments per pallet	300 jackets
Total boxes	66 boxes
Total garments	3300 jackets
Total weight Chompa Páramo	2376kg
Total Weight Pallets	330 kg
Total weight boxes	330 kg
Total weight	2706.07 kg

For the exportation, European pallets are used, which weigh 30 kg each, and their dimensions are 1200 mm x 800 mm. The boxes' dimensions are multiples of the dimensions corresponding to the pallet to facilitate the grouping of the product; therefore, the dimensions of the boxes are 80 cm (800mm) x 60 cm (600 mm) x 81 cm (810 mm). The box weighs approximately 0.0012 kg each, which contains 50 paramo jackets, and a box of merchandise weight 37.20 kg. The exportation is with a 20-foot container that would have 11 pallets with 6 boxes in each one. It has a total of 3300 garments. This load

has a total weight of 2706.07 kg, which is beneficial because it does not exceed the advisable weight of 22000 kg.

3.2 Incoterm- FOB

The exportation to Germany is through maritime transport with its first destiny to Hamburg city to be the closest port to the planned spot. Then, the merchandise is transferred to the destination of Berlin city that is the German capital. This exportation is through FOB Incoterm, in which the seller that is Folkdays, obtains the responsibility of delivering the merchandise to the edge of maritime transport that is designated by the buyer. This Incoterm is recommended to this company because it is the first time that is going to commercialize internationally with this market, and the facilities for its export are greater as the risks and liability are smaller.

Figure 13 Incoterm FOB LLEGADA ALMACENAJE LLEGADA ALMACÉN MERCANCIA A DESTINO PRIMER ALMACENAJE **FÁBRICA** CARGA **ENVIO** MERCANCIA PUERTO DE DESTINO FOB LIBRE A BORDO OBLIGACIÓN OBLIGACIÓN TRANSFERENCIA **VENDEDOR** COMPRADOR DE RIESGO

Factory - First shipment -Merchandise storage - Load - Arrival - Merchandise storage-Destination arrival - Warehouse

FOB- Free on board – Destination Port

Seller obligation – Buyer obligation – Risk transfer

Formulaciones FOB	Charges	Risks
Embalaje	V	V
Antes de la entrega de la mercancía al Aduana exportación	V	V
Aduana exportación	V	V
Manutención transporte principal (carga)	V	V
Transporte principal	С	С
Seguro transporte	С	С
Manutención transporte principal (descarga)	С	С
Aduana importe	С	С
Al finalizar la ruta	С	С

V = Seller

C= Buyer

- Packaging
- Before the delivery of the merchandise to the Export Customs
- Export Customs
- Main transport maintenance (load)

- Main trasnport
- Transportation insurance
- Main transport maintenance (unloading)
- Customs amount
- At the end of the route

Source: Santander trade⁴

⁴ https://santandertrade.com/es/portal/analizar-mercados/incoterms

8. Certifications required for export

4.1 Voluntary European certificates

Table 7 European certifications

Certification	Information
Internationale Verband der Naturtextilwirtschaft - IVN Figure 14 IVN Logo Source: Ecological and Sustainable Textile Seals and Certifications	This certification generates greater confidence among consumers since it brings the ecological part to the entire process of creating the good. It goes from the raw material to the sale, and it tries strictly limit the amount of waste after this whole process (CONTROLUNION, n.d.).
Global Organic Textile Standard – GOTS Ilustración 15 Logo GOTS	This certification focuses on textiles made with at least 70% certified natural organic fibers and covers the entire process of manufacturing, packaging, labeling, trade, and distribution. Thereby, it meets the demand for sustainable textiles to encourage fair and ethical trading, and also, it focuses on whoever carries it complying with human working conditions (Kiwa, 2022).

Source: Ecological and
Sustainable Textile Seals and
Certifications

FAIR WEAR FOUNDATION

Ilustración 16 LOGO

FAIRWEAR FOUNDATION



Source: Ecological and
Sustainable Textile Seals and
Certifications

The basis of this certificate is the Labour Code, derived from international labor conventions and the United Nations Declaration of Human Rights. It establishes eight standards, such as free employment, freedom of association and the right to collective bargaining, non-discrimination in employment, non-exploitation of children, payment of a living wage, reasonable working hours, safe and healthy working conditions, and legally binding employment relationship (Natives, 2022).

Eco-Label

Figure 17 ECO LABEL Logo



"They are labels that comply with the limited use of substances harmful to health and the environment, reduction of water and air pollution and resistance to heat transpiration, washing, wet and dry rubbing, and exposure to light" (PROMPERÚ Exports, 2020).

Source: Ecological and
Sustainable Textile Seals and
Certifications

STEP BY OEKO-TEX

Ilustración 18 Logo STEP BY OEKO TEX



Source: Ecological and
Sustainable Textile Seals and
Certifications

It is a certification that focuses on implementing transparent and credible measures about environmental protection at every stage of production. It includes costs of implementing the certificate and its respective documentation, so it helps to reduce costs. In addition, it is a good certification for companies that want to enter new markets (OEKO-TEX®, 2022).

Source: Made by the authors

4.2 Recommended Certifications

- Mucho Mejor Ecuador (Much Better Ecuador)

Mucho Mejor Ecuador seal represents the quality and support for the products made by Ecuadorian companies that seek to boost their sales sustainably. It has nine axes that demonstrate the quality of companies' work in obtaining better results. They are: leadership and regulatory guidelines, customer focus, staff competence, relationship management, production processes, decision making, improvement, occupational health and safety, and environmental management. (Much better Ecuador, 2021).

For the companies that want to obtain the seal, it is essential that the products and services are made within Ecuador, and they must have sanitary registration and registration of their Trademark in the SENADI. Once the company contacts Mucho Mejor Ecuador, an audit is carried out where the established requirements are checked, the information is tabulated, and the certificate is issued within 15 to 20 business days. This certificate has a value of \$ 500 (Much better Ecuador, 2021).

-Standard 100 by OEKO-TEX

It is a certification that generates customer confidence and safety of the product they acquire; it ensures that each component used in the textile production has been tested. It includes threads, buttons, zippers, and linings, thus demonstrating that they are suitable for human health, so they are free of regulated and unregulated harmful substances (OEKO-TEX®, 2022).

The company must send the package of samples of each product component to obtain the certification. Its cost has approximately 885USD, and its generation delays approximately 4 to 6 weeks once the company sends the samples with the complete and required documentation. The documents that must be sent to the OEKO-TEX laboratory in Germany are:

*The original application, answered and signed.

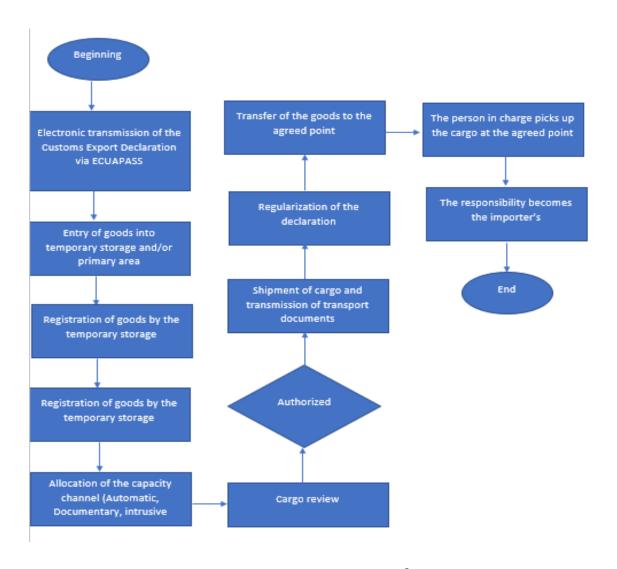
*The declaration of conformity answered and signed.

*The buying guide

(OEKO-TEX®, 2022).

9. Export Flowchart

Figure 19 Export Flowchart



Source: Made by the authors⁵

The export process begins with the Customs Export Declaration insurance through the ECUAPASS platform, which can be carried out by the exporter, customs agent, or export freight forwarder. It is a binding document by the exporter or declarant with the National

⁵ Information Collected from: https://www.aduana.gob.ec/para-exportar/

Customs Service of Ecuador. This document records the data of the exporter or declarant, data of the consignor, destination of the cargo, description of the merchandise by invoice item, the quantities, the weight, and other data that constitute the merchandise. Also, it must be accompanied by digital documents such as the commercial invoice; the Certificate of Origin that in this case is relative to euro 1 as a valid form of the multiparty agreement between Ecuador and the European Union; and prior authorizations, that in the case of this product no certification or prior license is necessary (National Customs Service of Ecuador, 2022).

After the declaration is made, the merchandise enters the primary area, and the registration of its entry by the temporary warehouse is carried out. Then, the allocation of the capacity channel of the declaration is made through ECUAPASS, which can be of 3 ways: automatic, in which the authorized departure of the merchandise is carried out; documentary, in which a customs officer reviews the attached declaration and documentation; and physical, in which a physical inspection is carried out corroborating that what is declared is equal to the load that is carried. Once the capacity is closed, the authorized departure is made, with which the shipment of the goods is authorized. Moreover, the carrier must transmit the transport documents so that the mandatory regularization of the Customs Export Declaration is given. It is given within 30 days after the transmission of the last associated transport document, which ends the export process. Additionally, a request for correction of the declaration can be made, which is assigned to an official for acceptance or rejection, and the definitive documentation with the declaration correction must be attached (National Customs Service of Ecuador, 2022).

10. Documents for export

*Electronic Signature: It is a virtual document that certifies the link of the electronic signature with a specific person, and it becomes equivalent to the handwritten signature because both have the same legal validity. The electronic signature can be obtained in a Token that is a cryptographic device that offers security to the user and is used for citizen procedures. The value for its issuance is 54.88USD including VAT (Government of the meeting, nd).

*Customs Export Declaration: It refers to the electronic document using which the Foreign Trade Operator provides SENAE with information on the goods that are going to be exported or re-exported. Also, it gives way to the creation of a legal link and the obligations to comply with this institution (Gob.ec, 2021).

*Pro-forma invoice: Through this invoice, the buyer has access to relevant information about his product, such as the number of packages, transport costs, insurance of the operation that is being carried out (Ruano, 2017).

*Commercial invoice: It is a binding document issued by the exporter in which states the concept, quantity of the products that are being exported, the means of transport, the conditions in which the delivery is being made, and the method of payment. This document is of great importance because through it, the customs authorities determine what are the taxes and duties on the product depending on the country of destination (Institute of Foreign Trade and Customs Law of Peru-icedap, 2021).

*Packing list: It details the characteristics of the load, such as the number of packages, content, and weight; thus, it grants a reference number to avoid any loss and destruction.

It facilities the selective recognition of goods by customs authorities. (Institute of Foreign Trade and Customs Law of Peru-icedap, 2021).

*Sworn Declaration of Origin: It is a declaration that is issued under oath by the producer who has all the necessary information to establish that the merchandise is originating, and it is essential for the issuance of the certificate of origin (Customs Agency, 2014).

*Certificate of Origin-EUR1: It certifies the origin and place where the product is created (manufacture). It is issued by the Chambers of Commerce. The EUR1 certificate is the document used for the export of goods to the EU from those countries with which it has signed trade agreements, which means that there is a reduction or a total exemption from the payment of customs duties benefiting both the exporter and the importer (Logisber, nd).

11. Tariff Heading

Figure 20 Tariff heading



⁶Source: Access2Markets

The tariff identified for the product to export is 610120 which refers to garments that has in its composition the wool as the main fiber. And, because of the multiparty trade agreement with the European Union, the 0% tariff is valid. Moreover, there are no other taxes or specific additional requirements to this textile product, so only the documents and certificates that have been detailed previously are considered.

76

⁶ https://trade.ec.europa.eu/access-to-markets/es/results?product=61012010&origin=EC&destination=DE#procedures

12. Export costs

Table 8 Export Costs

Export Costs	Units (per container)	Unit Value	Total Value
Factory Costs	3300,00	50,00 USD	165000,00 USD
Labeling	3300,00	0,05 USD	165,00 USD
Packaging	3300,00	1,10 USD	3630,00 USD
Packing	3300,00	1,00 USD	3300,00 USD
EXW	3300,00	52,15 USD	172095,00 USD
Certificate of Origin Euro 1	3300,00	0,003 USD	10,00 USD
Sworn declaration of origin	3300,00	0,030 USD	100,00 USD
Token	3300,00	0,020 USD	65,00 USD
Transport Cuenca - Guayaquil	3300,00	0,16 USD	530,00 USD
Handling and container loading	3300,00	0,11 USD	350,00 USD
Warehouse (documentation and income)	3300,00	0,03 USD	100,00 USD
Agent Commission	3300,00	0,09 USD	300,00 USD
BLUE ANGEL Certificate	3300,00	0,15 USD	480,00 USD
FOB	3300,00	52,74 USD	174030,00 USD

Source: Made by the authors

In this table, the export cost of jean jackets with alpaca designs would reach an EXW price of 172095USD price to be paid by the exporter. It contains the total price of the merchandise for the total of garments that would be sent to Germany and the price of packaging that covers these garments during the trip that keeps them in good condition. On the other hand, the export costs that derive after documentation, handling, warehousing, mandatory certifications result in the FOB price of 174030USD price to be paid by the importer.

Table 9 Export costs 2

Export Costs	Units (per container)	Unit Value	Total Value	
Factory Costs	3300,00	50,00 USD	165000,00 USD	
Labeling	3300,00	0,05 USD	165,00 USD	
Packaging	3300,00	1,10 USD	3630,00 USD	
Packing	3300,00	1,00 USD	3300,00 USD	
EXW	3300,00	52,15 USD	172095,00 USD	
Certificate of Origin Euro 1	3300,00	0,003 USD	10,00 USD	
Sworn declaration of origin	3300,00	0,030 USD	100,00 USD	
Token	3300,00	0,020 USD	65,00 USD	
Transport Cuenca - Guayaquil	3300,00	0,16 USD	530,00 USD	
Insurance 5%	3300,00	2,61 USD	8604,75 USD	

Handling and container loading	3300,00	0,11 USD	350,00 USD	
Warehouse (documentation and				
income)	3300,00	0,03 USD	100,00 USD	
Agent Commission	3300,00	0,09 USD	300,00 USD	
BLUE ANGEL Certificate	3300,00	0,15 USD	480,00 USD	
Standard 100 OEKO TEX				
Certificate	3300,00	0,27 USD	885,00 USD	
Much Better Certificate in Ecuador	3300,00	0,15 USD	500,00 USD	
FOB	3300,00	55,76 USD	184019,75 USD	

Source: Made by the authors

This table shows the option of presenting an improved product to the German market. It has some certifications, such as the Standard 100 OEKO TEX and Mucho Mejor Ecuador. On one hand, the Standard 100 OEKO TEX is the most recognized European textile certification that generates greater consumer confidence because it focuses on issues such as environmental protection and human health, which gives it a great added value. On the other hand, the Ecuadorian certification Mucho Mejor Ecuador is a plus together with the other certification because it focuses on the client, production processes, quality, occupational health and safety, environmental management among others. It encompasses all the areas required for this jacket not only to be imagined as a product in favor of the environment but also of consumer workers. In this scenario, the company opts for the acquisition of these certifications, obtaining a FOB of 184019USD price to be paid by the importer that represents a unit price of \$ 55.76USD. It facilitates the importing company to obtain a profit, and remain among the price ranges that were established in the market research.

As Melon Outfitters company is new to the market, and it is the first time to export to the European continent, an export plan is carried out taking into account the essential for it to become successful. Through market research, it is observed that these jackets are desired by German consumers and do indeed intend to acquire them. Likewise, the jackets based on research for export will have the certifications and labels that Germans value most, and it would consider environmental care a priority.

Also, it is necessary to specify in the form of the shipment since these have to arrive in the best conditions. Its packaging is going to be hermetic and biodegradable in case any liquid enters, which represents the added value that the company is offering for its product because it is friendly to the environment, and in turn, it has a pleasant presentation for the consumer. As the last point, the costs included in the export considered the procedures and documentation necessary for the product to pass through Customs, the FOB incoterm, and the certificates. They are accessible prices and ensure favorable results for the company's future within the German market. Also, it is a good start for the company to continue growing and reaching more international markets and demonstrating the quality of the Ecuadorian products and services has and offers to both national and international consumers.

13. Conclusions

- 1. The company Melon Outfitters presents good results during the time in which it is operating for the garments that have been manufactured, and it has been reflected through the analysis of the surveys in which corroborated the loyalty and satisfaction of its national consumers. However, within the company, the supply chain has detected some failures that have delayed the correct development of the activities to obtain the final product. Many of these are external problems like the supply of the raw material, and others have been internal problems as is the case of lower production of jackets due to machinery which decreases the supply in the physical store that exists in the city of Cuenca. These are some of the problems that were analyzed, and they were given a solution to each one for an improvement of its logistics channel to streamline the process, obtain better results and look towards an efficient export to the German market.
- 2. It is necessary to evaluate in depth each of these problems to give an adequate solution to the problems found within the logistics chain. It is important to understand the principal cause of the problem and consider the current situation of the company and both internal and external customers so that the solution implemented is of common benefit. They need a control process, in which the implemented solutions are verified and monitored. These changes help the company to meet the objectives set in which all those who are part of the company are involved in each of the logistics processes for the elaboration of each garment, ensuring the quality of it.
- 3. It is possible to know in greater depth the tastes and preferences of the German consumer by carrying out market research of the German market. For that reason, through that research, the responses expose positive results towards textile products made with alpaca wool, especially with jean jackets with alpaca wool because of its exotic and unique style. Also, the jacket has several characteristics that involve the German market, so it is predicted the good reception that this product may have once it is exported and is marketed in this country.
- 4. The final cost is favorable considering that this is the first export to this country with great experience in the market. It is corroborated through the analysis of the

certifications, documentation, and requirements necessary to carry out the export as well as those required by the German government for the entry of this product into the country. Also, it considers the use of the Incoterm FOB in which the responsibility is borne by the company until the moment that this merchandise arrives on board the ship. All of them were necessary to know the cost involved for its shipment.

5. All the strategies and improvements implemented from the process of supply, production of the jackets, and both national and international distribution (in this case the German market) are focused on the success of the company. Likewise, it is focused on the future positioning within the market of handmade textile garments that at the same time have their added value that is to consider the environment within each process while making known the Ecuadorian culture to through unique designs on each jacket.

14. Recommendations

- 1. It is recommended to analyze in detail the logistics process within the company in each process so that all are connected. If one of these fails, it can become a problem for the following processes that go in the chain and delay the exit of the product to the final consumer.
- 2. It is important to consider the opinions, observations, and recommendations given by both internal and external customers because they are the engine for the proper functioning of the company. And, their suggestions help that the product meets the expectations and needs of the consumer.
- It is recommended to establish times that go according to the good management of the logistics chain, as well as the registration of these in order to know how the company is going.
- 4. It is recommended to delegate to supervisors by area to report on possible failures within the logistics chain so that the company takes hand in hand the information of those who face these inconveniences day by day.
- 5. To establish periods either for controls within the chain or even updating of essential knowledge for the company to be maintained over time.
- 6. It is necessary to consider the requirements to meet what establishes the chosen market as an export destination to accommodate so that the determined product comply with these guidelines and becomes a success within the chosen market.
- 7. For the product to enter the German market with greater force, go beyond what is required and even opt for other certifications that would give it a plus, such as Standard 100 by OEKO TEX or Mucho Mejor Ecuador, or other seals that help this purpose.
- 8. Each process results in the final product must consider environmental care.

BIBLIOGRAPHY

- AITE I Industry. 2017. *History and Current Affairs*. Aite.com.ec. Retrieved August 31, 2021, https://www.aite.com.ec/industria.html
- Arcos, H. (2020). Analysis of the Multiparty Trade Agreement with the European Union and its benefits for the commercialization of felt bells and hats; and, of braided fibers to the European market Retrieved on September 30, 2021, from https://repositorio.uasb.edu.ec/bitstream/10644/7770/1/T3360-MRI-Arcos-Analisis.pdf
- Artesalinas. (2021). *Alpaca fabrics in Ecuador | Artesalinas Handmade in Ecuador*. Retrieved August 31, 2021, from https://www.artesalinas.ec/tejidos-de-alpaca-ecuador/
- Biz Republic Magazine. (2019). *Alpaca from Peru: Learning to export garments in alpaca fiber to the United States and Europe*. Retrieved January 10, 2022, from https://bizrepublic.com/aprende-a-exportar-prendas-en-fibra-de-alpaca/
- Blue Angel. (nd). *Good for me, good for the environment. Costs of the application.* Recuperado el 11 enero 2022, de https://www.blauer-engel.de/de/zertifizierung/kosten-der-beantragung
- Blue Engel. (nd). *Good for me, Good for the environment. The German Ecolabel.*Recuperado el 11 enero 2022, de https://www.blauer-engel.de/en
- CONTROLUNION. (n.d.) *IVN NATURTEXTIL*. Retrieved January 20, 2022, https://certifications.controlunion.com/es/certification-programs/certification-programs/ivn-naturtextil
- Customs Agency. (2014). *Affidavit of orgien*. Retrieved 01 February 2022, from https://junioraduanas.com/herramientas-de-consulta/glosario/177-declaracion-juramentada-de-origen

- Diaz, C (2017). *Supply Chain Management* Recovered on August 31, 2021, from https://core.ac.uk/download/pdf/326426087.pdf
- Ecological and Sustainable Textile Seals and Certifications. (2020). *Ecological T-shirts by Bichobichejo*. Retrieved January 10, 2022, from https://www.camisetasecologicas.es/sellos-y-certificaciones-textiles-ecologicos-y-sostenibles/
- FAEDIS. (n.a). *UNIT 5. DISTRIBUTION LOGISTICS*. Retrieved August 31, 2021, from http://accioneduca.org/admin/archivos/clases/material/distribucion_15638287333.pdf
- FAO. (n.d). *THE CONCEPTS OF STANDARDS, CERTIFICATION AND LABELLING*. Retrieved August 31, 2021, from http://www.fao.org/3/y5136s/y5136s07.htm
- Ferro, D. (2017). *Identity, culture and innovation in handicrafts: a path to sustainable development and Good Living*. View of Identity, culture and innovation in handicrafts. Retrieved August 31, 2021, from https://www.uasb.edu.ec/observatorio-pyme/wp-content/uploads/sites/6/2021/04/Identidad-cultura-e-innovacion-en-las-artesanias-un-camino-para-el-desarrollo-sustentable-y-el-Buen-Vivir-1.pdf
- Gob.ec. (2021). Registration of the Customs Export Declaration. Retrieved

 January 20, 2022, from <a href="https://www.gob.ec/index.php/senae/tramites/registro-declaracion-aduanera-exportacion#:~:text=La%20Declaraci%C3%B3n%20Aduanera%20de%20Exportaci%C3%B3n%20es%20el%20documento%20electr%C3%B3nico%20por,y%20obligaciones%20a%20cumplir%20con
- Government of the meeting. (nd). *Electronic signature*. Retrieved on 02 February 2022, from https://www.registrocivil.gob.ec/certificado-de-firma-

- electronica/#:~:text=Los%20certificados%20de%20firma%20electr%C3%B3nica,firma%20masiva%20(facturaci%C3%B3n%20electr%C3%B3nica).
- IDEPA. (2022). What is ce marking?. Retrieved January 19, 2022, from https://www.idepa.es/innovacion/enterprise-europe-network-asturias/asesoramiento/marcado-ce/que-es-el-marcado-ce
- Institute of Foreign Trade and Customs Law of Peru-icedap. (June 16, 2021).

 [Facebook post]. Retrieved January 19, 2022, from

 https://www.facebook.com/institutoicedap/photos/a.216935478717652/113252
 8193825038/?type=3
- Kiwa. (2022). GOTS (Global Organic Textile Standard) Retrieved January 20, 2022,
 - https://www.kiwa.com/lat/es/productos/gots/#:~:text=El%20est%C3%A1ndar%20GOTS%20cubre%20el,de%20fibras%20naturales%20ecol%C3%B3gicas%20certificadas.
- Lasource F. (n.d.). *Aspects of foreign trade*. Retrieved August 30, 2021, from http://sgpwe.izt.uam.mx/files/users/uami/fjmv/Comercio_Exterior.pdf
- Logisber. (nd). *Cetified EUR1*. Retrieved 02 February 2022, <u>from https://logisber.com/blog/certificado-eur1</u>
- Lopez, J. (2019). *Distribution logistics*. Retrieved September 29, 2021, from https://economipedia.com/definiciones/logistica-de-distribucion.html
- Lopez, R. (2018). "Analysis of the Multiparty Agreement between the European Union Ecuador and Colombia and competitiveness in the textile sector".

 Retrieved September 29, 2021, from http://repositorio.upec.edu.ec/bitstream/123456789/696/1/420%20An%C3%A1 https://repositorio.upec.edu.ec/bitstream/123456789/696/1/420%20An%C3%A1 https://lisis%20del%20acuerdo%20multipartes%20Uni%C3%B3n%20Europera%20Ecuador-
 - Colombia%20y%20la%20competitividad%20del%20sector%20textil.pdf

- Melon Outfitters [@melonoutfitters] (September 3, 2020) Here's our brand value. Retrieved from: https://www.instagram.com/p/CEsHb7DBC9E/
- Minceur. (n.d). Market profile and export competitiveness of alpaca garments.

 Diagnosis. Retrieved December 27, 2021, from

 https://www.mincetur.gob.pe/wp-content/uploads/documentos/comercio_exterior/plan_exportador/publicaciones/Tejido_Prendas_de_Alpaca.pdf
- Montes J. (2015). *Export Definition, what it is and concept*. Economipedia. Retrieved August 31, 2021, from https://economipedia.com/definiciones/exportacion.html
- Much better Ecuador. (2021). *Prices. Companies with the Mucho Mejor Ecuador seal meet nine quality axes*. Retrieved January 15, 2022, from https://www.muchomejorecuador.org.ec/tag/precios/
- National Customs Service of Ecuador. (2022). *To Export*. Retrieved January 15, 2022, from https://www.aduana.gob.ec/para-exportar/
- Natives, D. (2022). Labour Standards Fair Wear Foundation. Retrieved January 20, 2022, from https://www.fairwear.org/about-us/labour-standards
- OEKO-TEX®. (2022). Certification according to STeP by OEKO-TEX®. Retrieved January 20, 2022, from https://www.oeko-tex.com/en/apply-here/step-by-oeko-tex
- OEKO-TEX®. (2022). STANDARD 100 by OEKO-TEX®. Retrieved January 20, 2022, from https://www.oeko-tex.com/en/our-standards/standard-100-by-oeko-tex
- PROECUADOR (2019) *Commercial Guide Germany 2019*. Retrieved December 7, 2021, *from https://www.proecuador.gob.ec/guia-comercial-alemania/*

- PROMPERÚ (2019) *Market access guide*. Retrieved December 7, 202, https://repositorio.promperu.gob.pe/bitstream/handle/123456789/4276/Requisit os_exportacion_confecciones_textiles_2019_keyword_principal.pdf?sequence= 1&isAllowed=y
- PromPerú (2020). *Performance of the Alpaca line*. Retrieved December 7, 2021, from https://boletines.exportemos.pe/recursos/boletin/INFORME%20ALPACA%20 https://boletines.exportemos.pe/recursos/boletin/INFORME%20ALPACA%20 https://boletines.exportemos.pe/recursos/boletin/INFORME%20ALPACA%20 https://boletines.exportemos.pe/recursos/boletin/INFORME%20ALPACA%20
- PROMPERÚ Exports. (2020). Guide to requirements for the export of textile garments. Retrieved January 19, 2022, from https://issuu.com/promperu/docs/guia-requisitos-exportacion-confecciones-textiles-
- PromPeru. (2017). *Specialized report: Home textiles in Germany*. Retrieved December 30, 2021, from https://boletines.exportemos.pe/recursos/boletin/963947339radA6F79.pdf
- Ramirez, A.C. (2015). *International trade logistics*. Universidad del Norte.

 Retrieved 20 September 2021, from https://editorial.uninorte.edu.co/gpd-logistica-comercial-internacional-2da-edicion-9789587892123.html
- Ruano A. (2017). *Sertrans. What documentation is required to export?* Retrieved January 20, 2022, from https://www.sertrans.es/transporte-internacional/quedocumentacion-es-necesaria-para-exportar/
- Sánchez Suárez, Y., Pérez Castañeira, J., Sangroni Laguardia, N., Cruz Blanco, C., Medina Nogueira, Y., & Sánchez Suárez, Y. et al. (2021). *Current challenges of logistics and supply chain. Industrial Engineering*, 42(1), 169-184.

 Retrieved September 29, 2021, from http://scielo.sld.cu/scielo.php?pid=S1815-59362021000100169&script=sci_arttex

- T21. (2021). The origin of the shortage of containers and its impact on international trade. Retrieved September 2, 2021, from http://t21.com.mx/logistica/2021/02/02/origen-escasez-contenedores-su-impacto-comercio-internacional
- Textile Crafts. (2017). Retrieved August 31, 2021, http://artesaniatextil.com/artesania-textil/
- The camera. (2021). *Alpaca fiber and its international demand*. Retrieved December 7, 2021, from https://lacamara.pe/la-fibra-de-alpaca-y-su-demanda-internacional/
- VERPACKG. (2021). *Information Platform for Manufacturers and Distributors* regarding the Packaging Act. Retrieved January 10, 2022, de https://verpackungsgesetz-info.de/en/
- Very channel. (2021). *Logistical crisis: towards a recovery plan*. Retrieved September 2, 2021, from https://www.muycanal.com/2021/05/27/crisis-logistica
- Your Europe. (2022). *Labelling of textiles*. Retrieved January 14, 2022, from https://europa.eu/youreurope/business/product-requirements/labels-markings/textile-label/index_es.htm

Appendix

Appendix 1

Consumer Survey Table

1 Consumer Survey Table

Variable	Dimension	Indicators	Technique	Instrument	
		 Rate the service you received at the time of purchase Excellent Well A little Very bad 	Survey	Questionnaire	
		 Were there any inconveniences when purchasing the product? Yes No 	Survey	Questionnaire	
plan of the logistics chain of the company Melon	Collection of data from external customers of the company	3. What were these drawbacks? (Point to one or more options)The page stopped workingPayment was not recorded	Survey	Questionnaire	

jackets Problems with the to Germany seller I didn't find what I was looking for Other 4. Have you Survey Questionnaire purchased merchandise from Melon Outfitters online? Yes No 5. Indicate the Survey Questionnaire estimated time on the product reached its final destination once the purchase was made. - Less than a day One to three days More than five days Less than a month More than a month Other 6. What conditions Survey Questionnaire did the product

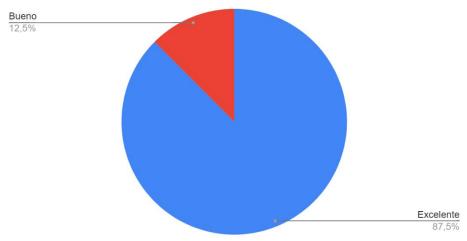
arrive?

- Excellent condition
- Kilter
- Disrepair
- Deplorable
- 7. What Survey Questionnaire recommendations would you give to the company?

Results of the survey of national consumers

2 Consumer Count 1

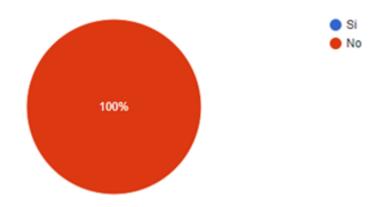
Recuento de 1. Califique el servicio que recibió al momento de realizar su compra



- 1. Rate the service you received at the time of purchase
 - Excellent = 87,5%
 - Well = 12,5%

3 Consumer Count 2

Recuento de 2. ¿Existió algún inconveniente al momento de adquirir el producto?



- 2. Were there any inconveniences when purchasing the product?
- Yes = 100%
- No = 0%

4 Customer Count 3

Recuento de 3. ¿Cuáles fueron estos inconvenientes? (Señale una o varias opciones)

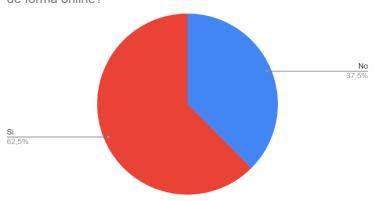
No se registraron respuestas

3. What were these drawbacks? (Point to one or more options)

No responses recorded

5 Consumer count 4

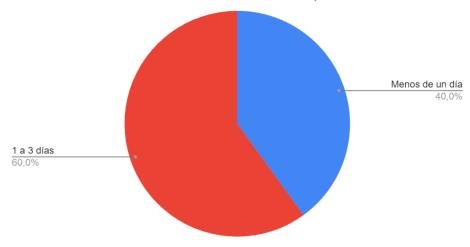
Recuento de 4.¿Ha adquirido mercadería de Melon Outfitters de forma online?



- 4. Have you purchased merchandise from Melon Outfitters online?
- Yes = 62,5%
- No = 37,5%

6 Consumer Count 5

Recuento de 5.Señale el tiempo estimado en el producto llegó a su destino final una vez realizada la compra.



- 5. Indicate the estimated time on the product reached its final destination once the purchase was made.
- Less than a day = 40%
- One to three days = 60%

7 Consumer Count 6

Recuento de 6.¿En qué condiciones llegó el producto?



- 6. What conditions did the product arrive?
- Excellent condition = 100%

8 Customer Count 7

Recuento de 7. ¿Qué recomendaciones daría a la empresa?



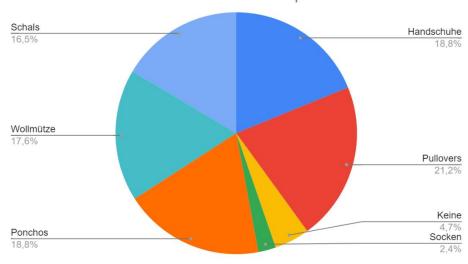
- 7. What recommendations would you give to the company?
- None, the attention is excellent
- Their products are great and have an excellent quality
- The attention both online and in the store is very good! Congratulations.

Appendix 2

Market research results

9 German market research count 1

Recuento de 1. Welche Produkte aus Alpakafaser kennen Sie?



1.	What	products	made	with	alpaca	do '	vou ŀ	(now?
----	------	----------	------	------	--------	------	-------	-------

Gloves

Scarves

Sweaters

Ponchos

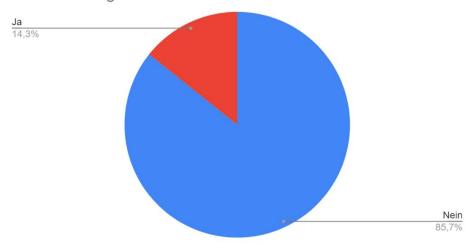
Caps

None

Other

10 German market research count 2

Recuento de 2. Haben Sie dieses Produkt schonmal gesehen oder über es gelesen?



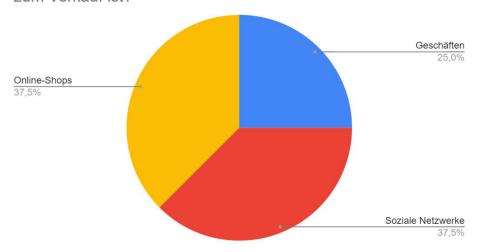
2. Have you ever read or seen this product?

Yes

No

11 German market research count 3

Recuento de 3. Wo haben Sie gesehen, dass dieses Produkt zum Verkauf ist?



3. Where have you seen this product marketed?

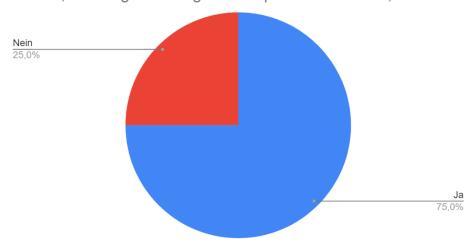
Online Stores

Social Networks

Commercial Premises Other

12 German market research count 4

Recuento de 4. Haben Sie Interesse eine solche Jeansjacke zu kaufen, die indigene Designs auf Alpakawolle enthält, die es...



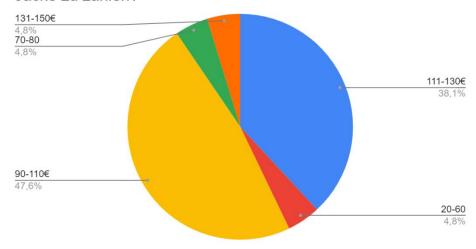
4. Would you be interested in acquiring a jean jacket that contains indigenous indigenous designs based on alpaca wool that allows you to be fashionable and comfortable at the same time?

Yes

No

13 German market research count 5

Recuento de 5. Welche Preisspanne sind Sie bereit für diese Jacke zu zahlen?



5. What price range will you be willing to pay for this jacket?

90-110

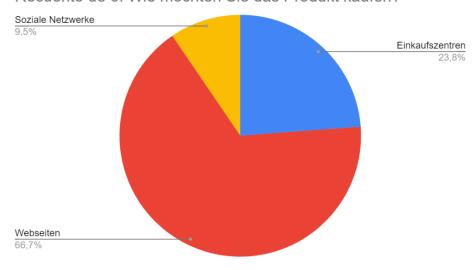
111-130

131-150

Other

14 German market research count 6

Recuento de 6. Wie möchten Sie das Produkt kaufen?



6. How would you like to purchase the product?

Social Media

Websites Shopping

Malls Door-door

Seller

Other