



**UNIVERSIDAD  
DEL AZUAY**

**Faculty of Juridical Sciences  
International Studies School with bilingual mention in  
International Trade**

“Misque” Artisanal liquor’s exportation plan to the Spanish Market,  
2017-2021 period.

**Research prior to the obtention of International Studies with  
Bilingual Mention in International Trade Degree.**

**Authors:**

Justhyn de los Ángeles Calle Padilla  
Jessica Thalía García Cantos

**Director**

Ximena Catalina Abril Fajardo

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## **DEDICATORY**

I dedicate the following thesis to all my loved ones, especially my mother, who has been a fundamental pillar throughout my studies, and my father, whose advice and affection throughout my life have been special to me. Thanks to them I have been able to complete and grow personally and academically and become a woman full of values, respect and, above all, full of happiness.

Justhyn de los Ángeles Calle Padilla

I want to dedicate this achievement to the girl who longed to travel the world.

To my parents Edgar and Narcisa, who have given me their support and unconditional love, I thank you for teaching me to be persistent in life and not to give up despite adversity.

Thanks to you, I have managed to achieve my goals and dreams.

To my brothers Vladimir and Anthony, thank you for always taking care of me and protecting me.

Jessica Thalía García Cantos

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Jessica Thalía García Cantos

## RESUMEN

The objective of this research was to propose an export plan for the artisanal liquor “Miske” to the Spanish market. The starting point of this work lies in the growing supply of producers of alcoholic beverages such as craft beer and liquors that are beginning to gain ground and seek to diversify their commercial borders, based on the export of their products. In this case, it is in the country's interest to carry out innovative projects that promote a change in the productive matrix to stop depending on the sale of raw materials in international markets and also offer finished products. In this way, Spain becomes a target country because not only is it shared history, the same language and certain cultural traits, but there is also a trade agreement in force with Ecuador, which would give certain competitive advantages. For this purpose, the research addressed certain theories related to internationalization, a description of the destination market was made, the physical factors involved in the export of liquor to the Spanish market were defined, as well as the existing tariff and non-tariff barriers, to define the most appropriate negotiation term. Based on the opportunity, strategies were designed to place the product in the target market and an investment of \$49,889.12 was determined, which would be recovered in the time horizon of five years, resulting in an IRR of 27% and a NPV of d \$7,326.39, concluding that the project is viable in economic terms.

### **Keywords:**

Exportation plan; Craft Liquor; Market Study, Economic Viability; Negotiation terms; Exportable Offer.

## **ABSTRACT**

The objective of this research was to propose an export plan for the artisanal liqueur "Miske" to the Spanish market. The starting point of this work lies in the growing supply of producers of alcoholic beverages such as beer and artisanal liquors that are beginning to gain ground and seek to diversify their commercial frontiers by exporting their products. In this case, it is in the country's interest to carry out innovative projects that promote a change in the productive matrix to stop depending on the sale of raw materials in international markets and also offer finished products. In this way, Spain becomes a target country because, not only do they share history, the same language and certain cultural traits, but there is also a trade agreement in force with Ecuador, which would provide certain competitive advantages. For this purpose, the research addressed certain theories related to internationalization, a description of the target market was made, the physical factors involved in the export of liquor to the Spanish market were defined, as well as the existing tariff and non-tariff barriers, in order to define the most appropriate negotiation term. Based on the opportunity, strategies were designed to place the product in the target market and an investment of \$ 49,889.12 was determined, which would be recovered in the time horizon of five years, resulting in an IRR of 27% and an NPV of \$ 7,326.39, concluding that the project is viable in economic terms.

### **Key words:**

Export Plan; Artisanal Liquor; Market Study; Economic Feasibility; Negotiation Terms; Exportable Supply.

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## INTRODUCTION

The Miske o Misque is Ecuador's Inter-Andean region typical beverage, which is produced through distillation of Andean "agaves" known as tzawar. This beverage represents an important item of national identity and is fundamental for the economic development of the poorest communities of the Ecuadorian highlands that do not count on the capacity to execute traditional agriculture due to agro-climatic circumstances. The white or transparent color of the Miske is the result of the distinctive flavors and aromas of the agave, meanwhile a wooden tone shows that it has been aged with noble woods as oak or "chaguar quero".

Thanks to the technological advances. Several artisans have profited from entrepreneurship that are promoted through the use of social media, websites, and other digital platforms that work as launching platforms of their trademarks. This has allowed that beverages like Misque become popular countrywide, allowing an interesting trading expansion to other regions of the Ecuadorian Highlands, thus, generating employment sources from associative models.

One of the most relevant aspects is that it is women who take care of harvesting agave, which is this beverage's main raw material. Additionally, there is a National Association of Agave Producers which highlights that one of the factors behind agave's success is the variety of soil types that exist in Ecuador.

Ecuador is a megadiverse country that offers several products in its different regions, which can be protected under Intellectual Property. This mechanism allows communities development all across the country. In order to improve the production

processes and improve life quality of farmers and producers, an institutional network constituted by the Production, International Trade, the Investments and Fishing Ministry, the Higher Education, Science, Technology and Innovation Secretariat, the Agriculture and Farming Ministry and SENADI (Intellectual Property National Authority) was created. This network allowed the chance to trade this Ecuadorian Highlands-born alcoholic beverage.

Under these premises, it is important to highlight that alcoholic beverages, specially the artisanal-crafted ones, are one of the most consumed substances worldwide. The World Health Organization (WHO) is in charge of issuing an alcohol consumption report whose data shows that in Latin America, Chile is the leading country with 9.6 liters of alcohol per capita, per year, followed by Argentina with 9.3 liters and Venezuela with 8.9 liters. Some studies have justified the consumption of alcohol as a tool to handle stress.

During the Covid 19 Pandemic period, alcohol consumption rates went up in almost every country of the region, showing the importance of backing up prevention strategies. This also constituted a hit in the promotion of trading certain liquors, especially the artisanal type, as cities such as Ambato, Riobamba, Quito and Cuenca have been following these ancestral techniques that give this drink a hard to imitate and unique taste.

Ecuadorians are located in ninth place of per capita alcohol consumption with an average of 7.2 annual liters. This proves that alcoholic drinks are highly consumed in the country, having beer as the preferred option by the locals. Nevertheless, the side effects of alcohol consumption are globally questioned as its consumption is restricted by some

regulations that aim to improve social interaction, avoid car accidents and to mitigate the overall negative effects of this substance, therefore, having drinks with lower alcoholic levels would improve Ecuador's status locally and internationally.

There are business owners who are willing to invest in the Artisanal liquors sector, aiming to export them into international markets, considering Ecuador's need to have an improvement in its commercial balance, which is characteristically determined by exporting primary products and importing final products, hence, causing a constant deficit and highlighting the need to innovate national production, offering finished products and offering a higher value to consumers.

Despite that the national market of alcoholic beverages is practically monopolized by beer brands commercialized by "Cerveceria Nacional"(Pilsener and Club), there is a high interest of competing enterprises to add value to the national production by supporting small production plants for Artisanal Liquors that have their origins in the European market.

Nowadays, the production and consumption of Artisanal liquor is having a greater participation in several countries of the Latin American region, Spain, and the United States, bringing this trend to Ecuador, through small entrepreneurships that have their origins in the city of Quito and Cuenca since 2010. In Gualaceo there is a community of artisans that have dedicated themselves to the production of the artisanal liquor denominated Misque, which is similar to Mexican tequila, and has an interesting development potential to be exported into international markets.

Under these circumstances, this research has the purpose of proposing a plan of exporting “Misque” artisanal liquor to the Spanish market between 2017 and 2021, therefore, the following objectives have been established: (a) defining a new business model, and its strategic actions through the media of “Misque” liquor to a target market; (b) determining the financial management viability of the project and; (c) defined the proposed plan of internationalization for “Misque” liquor producers towards the Spanish Market.

Additionally, it is necessary to establish a market intelligence in the Iberic country, with the purpose of diversifying Ecuador exportable offer in final products that promote a higher added value, in the context of the “Plan de Creación de Oportunidades 2021-2025” that aims towards a transformation of the productive matrix through the creation of added value industry that diversifies exportations while substituting importations.

In order to achieve said objectives, an exportation plan would be carried out, analyzing the environment and the legal framework of the circumstances by which alcoholic beverages have access to the European Union. For this purpose, the economic variables that have incidence in the business outcome will be analyzed. Finally, a cash flow will be elaborated to determine the business financial situation in a timeline of five years.

## METHODOLOGY

Exploratory and descriptive research are the methods used in this project as these methods allow to identify each characteristic of the population or group of people while defining preferences, daily habits and behaviors. Therefore, giving a chance to define a behavioral profile as the main basis of eventual decisions.

Usually, this kind of research is performed under a process that initiates by identifying a need, opportunity or problem, stating propositions and collecting data. This way, it is feasible to identify the acceptance level in the commercialization of artisanal liquor “Misque” in the Spanish market, consequently, creating an exportation plan that focuses on addressing the demand in the most optimal way.

Additionally, a mixed method is applied (quantitative and qualitative), with the purpose of reviewing the collected data from a survey and the application of interviews (Hernandez et al., 2016). Interviews to individuals in charge of the Association of Ecuadorian Immigrants in Madrid shall be used as a tool to collect solid and accurate information regarding the administrative, financial, logistical and economic situation of the market of nostalgia.

On the other hand, the commercialization performance shall be analyzed during the last year of the development of internationalization plan. Subsequently, a quantitative focus shall be applied in the Spanish market, from analysis of the secondary information to identify the opportunity that artisanal liquor “Misque” has in this association. This information shall be demonstrated and properly cited for its eventual analysis.

It's worth mentioning that the Spanish market was chosen due to its high attraction, not just because commercial relations are being handled in the same language, but because as Spain is one of the European Union members, there is a chance to trade this product with other European countries. In spite of this, artisanal liquor “Misque” can be focused to a market of nostalgia such as Ecuadorian immigrants and residents in cities like Madrid. The population refers to the complete group of individuals that constitute the research context (Arias, 2014). In this particular case, the analysis unit is constituted by Ecuadorian residents in the city of Madrid, Spain, and it is estimated that in 2019 there is a total of 415,310 people belonging to this population.

In the medium term, it is estimated that the product can also reach the Spanish population market. The collection of data of the surveys arises from a digital survey through Google platform, locating the market of nostalgia from the database provided by the Ecuadorians Community in Madrid, which will also provide phone numbers and emails to be able to collect the information that will back up this research.

## CHAPTER ONE. THEORY FRAMEWORK

### 1.1. Background.

This section analyzes the main research topic, in this case, it is the Artisanal liquor business, which has been expanding itself gradually from the city of Quito, where at least 42 artisanal alcoholic drinks enterprises have been identified. According to Roman and Vicuña (2014), for the year 2030 it is expected to have at least 150 consolidated beer plants. Currently, the installed capacity can produce at least 60,000 L per month, and is also expected to enhance the production as consumers get more familiar with trademarks and beer types that are currently available in the market.

These drinks are sold in 300 ML bottles for a price of \$3.25 and \$6.00 pending on the sales spot. Thousand 15, Artisanal entrepreneurships paid special consumption taxes or I see E for a total of \$1,238,004, Malta tax for a total of \$723,866 and Social Security payments for a total of \$252,882. Although there is not a precise, quantification of enterprises, dedicated to producing and trading Artisanal liquor, general data, unemployment of these economic activities is available until 2010, where the INEC stated that there were 1667 people employed by this industry (El Telégrafo, 2017).

According to INEC statistics, 912.576 Ecuadorians have admitted to consume alcohol, and a 41.8% does it weekly. 82.5% of the consumers are been 12 and 18 years of age, but the majority group is constituted by young people between 19 and 24 years. The 89.7% of consumers are male. This shows a cultural tendency towards alcohol consumption, where most of interviewed young people have stated that the first time the

consumed alcohol was in social gatherings with friends or relatives. (Instituto Nacional de Estadísticas y Censos, 2021).

On the other hand, according to the World Health Organization (WHO), Ecuador is the second heavy, drinking country in Latin America, with an average of 8.7 L of alcohol per person, when the world average is 6.2 L. Also, Ecuadorian start drinking at the very age of 12 (Coba, 2021).

The elaboration of Artisanal liquor is done in a rustic way, but in compliance with all sanitary and quality regulations established by the Public Health Ministry. For used tools consist in fermenting tanks, made of stainless steel, connectors, manometers, tubes, countercurrent coolers, lids and cleaning agents. This research is important because the artisanal liquor sector has the potential to incorporate high-quality products in international markets, which will promote technification and innovation in the production processes, and will help to transform the production matrix of the country.

This is why this project is correlated with the second axis of the Plan Nacional de Desarrollo 2017-2021 which establishes “an economy in service of society, by promoting productivity and competitiveness for a sustainable economic growth”. This fact is vital because this is how economy becomes dynamic and helps the formalization of productivity sectors such as agave plant, whose distillation creates “Misque” and, as they will be the main material providers for this project, they are a strategic ally for this project’s success.



## **1.2. Theory basis**

### **1.2.1. Internationalization theory**

According to Rave et al., (2018) International trading gives the opportunity for businesses to internationalize they are trademark, products or services. Nevertheless, the main goal of internationalization should not only be to spike sales up nor the economic benefits through opening new commercial boundaries, but also to find the most efficient way to distribute products, to control their costs, and to avoid rising prices in the market, which can repel consumers away.

Logistics have a fundamental role in this process. Additionally, internationalization can be seen as a marketing strategy that provides prestige to the enterprise to potential local or foreign investors, which can also promote client's loyalty in the market where the organization is working. (Morales-Lopez et al., 2019).

In spite of that, an internationalization strategy also carries risks and important changes. Therefore, it is crucial that investors understand the key facts to going beyond commercial borders and designing a new and appropriate strategy for internationalization. The marketing mix model, which considers the product, the price, the place and the promotion can be useful in this context.

According to Frohmann et al., (2016), an enterprise internationalization becomes a reality once it develops and executes an exportation plan that describes step-by-step everything that needs to be done to get into a market successfully and be competitive abroad. This can promote safe and sustainable exportations to retrieve the investment in the short and long term. Nevertheless, it is essential that the exporter understands the requirements to get into the target market and that complies with the regulations to avoid

any sort of inconsistency that would make its internationalization not possible. The exportation plan can have several benefits, like minimizing errors in case of possible incidents, improving the enterprise's preparation for change adaptation, providing an I constant evaluation scheme for the organization and disciplining the organization's purpose systemically. (Páramo, 2013)

### 1.2.2. The exporting process: stages and benefits

Opposing the previous concept, this one takes into account the stages related to the exportation process. According to economic theory, a country decides to export, if it possesses advantages in aspects like technology, diverse resources, high demand, scale economies, and favorable politics. (Galindo & Viridiana, 2015). Technology is the main factor that promotes a competitive advantage, as technologic level rises, so does goods and services value. The diverse resources refer to everything that an economy has in abundance, whether they are human resources, economic resources, natural resources, etc. On the other hand, scale economies are accomplished when a country is capable of producing in great quantities, while reducing the cost of operation. Finally, favorable policies that governments implement are crucial to dynamize the economy and improve the market conditions, just as shown in figure 1.

**Figure 1.**

Explanation for products exportation

<b>Technology</b>	<b>Resources</b>	<b>High demand</b>	<b>Scale Economy</b>	<b>Favorable politics</b>
Countries that have important technological advance in their infrastructure and are more productive in the manufacturing	As an example: Human resources, raw material, technology, communications, etc.	Feasible between countries that demand diverse goods and services.	It takes place when the production allows a rise in quantity of a product at low cost.	Trade agreements that ease getting into target markets without too many restrictions.

of goods and services				
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Source: Galindo and Viridiana, 2015.

To accomplish a successful entry of a product in a foreign market, it is necessary that the enterprise counts on an exportation plan that includes detailed parameters regarding legal, sanitary, fito-sanitary and quality requirements and other relevant aspects that guarantee complying with local regulations and consumer safety. (Palacios & Reyes, 2016).

### **1.1.1. Definition and importance of an exportation plan**

The exportation is a fundamental process for a country's economic development because it contributes to getting the currency reserve higher and improving social welfare, which consequently contributes to development of local industry, rising productivity, and improving employment rates. Also, according to Carvajal et al. (2019), it is a learning process that involves human and technological resources.

According to Páramo (2013), an exportation plan is an essential requirement to successfully access a particular market. Mortar to accomplish this. It is vital to plan strategically, and to consider environmental factors that can have an influence in the enterprise's interests. The exportation plan should include important information, such as competition, market prices, demand, logistics, and legal and sanitary requirements that are needed to get into the foreign market. (Navarro et al., 2017).

The exporting entrepreneurship refers to the process by which Directors of an enterprise can apply an internationalization strategy to have access to international markets. This can be motivated by different factors, such as a saturated national market, a

poorly profited niche abroad, a high demand of the product in the international market or an excessive national offer of a particular good (Quejada & Ávila, 2016).

The exportation intensity should also be evaluated through financial metrics, comparing exportation sales with the operational costs that the internationalization process implies so it is possible to determine what is more rentable: to sell locally or abroad (Sarmiento del Valle, 2014). This way, it is possible to determine which market should be prioritized (Galindo & Viridiana, 2015). The elaboration of an exportation plan represents the advantage of identifying the level of preparation that a business has in relation with the international market, which can also lead to analyzing the risks, and finding ways to solve said risks, improve relations with providers, sales agents, and financial institutions (Solistica, 2019). In the following Chart 1 there are two examples of an exportation plan's structure.

**Chart 1.**

Basic elements of an exportation plan.

<b>Structure A</b>	<b>Structure B</b>
<ul style="list-style-type: none"> <li>● Current situation and company's background</li> <li>● Commercialization</li> <li>● Practical tasks</li> <li>● Budget</li> <li>● Calendar</li> <li>● Complementary information</li> </ul>	<ul style="list-style-type: none"> <li>● Current situation of the potential exporter analysis</li> <li>● Logistics dimension: requirements, regulations and implicit negotiation terms in the exportation</li> <li>● Marketing strategies</li> <li>● Financial plan</li> </ul>

Source: Páramo, 2013

In regards to this research, It is feasible to say that structured B is the most appropriate for the study purposes which is implementing an exportation strategy that

guarantees a successful entrance of Artisanal Liquor “Miske” in the Spanish market. Choosing structure B is justified as it is more complex in comparison to structure A as it addresses logistic issues like legal framework for this product. Additionally, it also includes aspects related to negotiation and marketing strategies, which are highly recommended to attract the target market’s attention.

## **1.2. Product’s qualities and benefits.**

The Misque or Miske is a spiritual beverage originated in Ecuador and is obtained by distilling tzawar or Andean agave, and it has become a country’s distinctive symbol (Revista Líderes, 2017). Its production is done by small artisanal distilleries in the inter-Andean corridor and its popularity has led to a higher demand in the national, as well as the international market.

The raw material for elaborating it is obtained from small producers of wild sources, in Ecuador there are policies that promote the harvesting of agave, with around 240.000 available hectares for it (Servicio Nacional de Derechos Intelectuales, 2022). Despite having the most species of agave over Mexico, these plants have a natural distribution that covers the side of the United States all the way down to the south of Chile. In Ecuador, Miske he’s elaborated from tzawar or Agave Americana Andean Subspecies.

The cultural value of agave is widely spread through Ecuador, and has been used by indigenous nationalities for thousands of years and for several reasons, including feeding, dressing, and housing. The agave’s syrup, also known as tzawarmishky,

commonly consumed as an alcoholic beverage called guajango or guarango, commonly used in ceremonies and festivities. (Santander et al., 2022).

### **1.3. History and benefits of Misque liquor in Ecuador.**

The National Association of Penco and Cabuya Production Chains of Ecuador (Anagavec) has issued the Origin Denomination Miske File to the Tracking Commission of the Interinstitutional System for the Promotion and Protection of Origin Denominations and Geographic Indications of Ecuador, presided by the Production, Foreign Trade, Investments and Fishing Ministry. If required criteria is complied, the Miske, an alcoholic beverage obtained from the distillation of tzawarmishky (penco's syrup), will receive the Origin Denomination by the National Service of Intellectual Rights (SENADI).

Obtaining an Origin Denomination is an important process for Ecuador's international trade because it certifies the exceptional qualities of the local products and particularly benefits small producers, who can put their products in international markets, generate trust in consumers and obtain better prices (Servicio Nacional de Derechos Intelectuales, 2022). Additionally, this protection figure is regulated by international legislation and is recognized in trade agreements with countries and regions, assuring the recognition of Ecuadorian products abroad.

#### **Figure 2**

Illustration of Miske liquor and agave backwards (raw material).



Source: SENADI, 2023.

## **CHAPTER 2. INTERNATIONAL TRADE**

### **2.1. Description of the target market.**

#### **2.1.1. Market selection.**

It is essential to consider several aspects when deciding to internationalize the artisanal alcoholic beverage Misque, because these could have an influence considerably in the strategy's success. Amongst them we can consider physical distances between the involved countries, as well as political, legal, economic and sociocultural factors that could affect the product's trading in the target market.

The countries involved in the internationalization are Spain and Ecuador. The Chart 2 provides a brief description of general facts regarding each country, as demographic facts, government structure and currency to better understand the cultural differences between each other. (The CIA World Factbook, 2022).

## Chart 2.

Physical factors that have an influence in internationalization.

Facts	Ecuador	Spain
Flag		
Continent	South America	Europe
Surface	283.560 sq. km.	505.990 sq. km.
Population	17.08 million	46.94 million
Currency	\$ U.S. Dollar	€ Euro
Language	Spanish	Spanish
Demonym	Ecuadorian	Spanish
State structure	Unitary Presidentialist State – Constitutional Republic	Unitary State – Constitutional Monarchy – Parlamentarism
Highest Government Authority	President of the Republic	King – Monarchy President – Executive branch
Capital city	Quito	Madrid
Main ports	Guayaquil, Manta, Esmeraldas and Puerto Bolivar.	Valencia, Algeciras, Barcelona, Las Palmas, Bilbao.
Time zone	(GMT-5) in continental Ecuador (GMT-6) in Galapagos	(GMT+1)
Official religion	Christians, Catholics and protestants	Christians, Catholics and protestants

Source: Pro Ecuador and The CIA World Factbook, 2022

### 2.1.2. Country Profile.

Spain is a country located in Europe, it is part of the 28 countries that constitute the economic group known as the European Union, it has the Euro € as its official currency that, as of October 25, 2021 has a currency value of \$1.16 per euro. Spain has a surface of 505.990 sq. km.; this means that it doubles the surface of Ecuador. Its population is 46.94



million people and its official language is Spanish or Castilian (The CIA World Factbook, 2022).

Although it is a unitary state, Spain's political regime is a Constitutional-Parliamentary Monarchy, the King is the highest authority of the State; however, the President of the Republic is the chief of the Executive Branch. Nowadays, the current president is Pedro Sanchez and he designates the ministries for each bureau. The Spanish Capital is the city of Madrid, and other important cities are: Barcelona, Málaga, Valencia, Sevilla, Zaragoza and Murcia (Pro Ecuador, 2019).

**Figure 3.**  
Political Division of Spain



Source: Datos Macro. 2020.

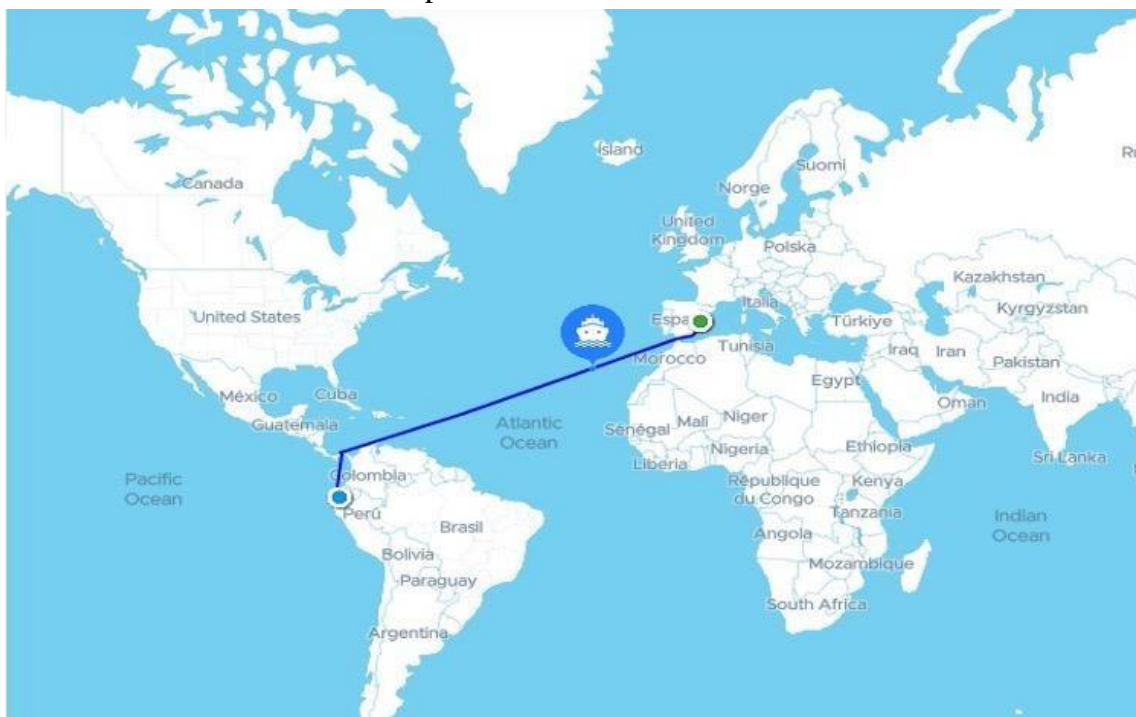
### 2.1. Physical factors that influence internationalization.

Hereby the main characteristics of these countries are showed. As both are located in different continents, it is important to keep the distance in mind between the city of

Guayaquil and the city of Madrid. Considering that Guayaquil is a port city, it takes approximately 4 hours to get from Gualaceo to the sea port of Guayaquil (Boyano-Fram, 2021).

On the other hand, Madrid is not a port city, it is located in the center of Spain. Therefore, trading goods that get to this city come from the sea port of Valencia which is considered the most important port of Spain due to the great cargo that moves through the Mediterranean area, along with the port of Barcelona. Nevertheless, the distance between Valencia and Madrid is way shorter. Figure 4 shows the sea route that connects the ports of Guayaquil and Valencia.

**Figure 4.**  
Distance between Ecuador and Spain



Source: SEA RATES, 2023.

According to the port company DP World via its website sea rates.com, the transportation of goods from Guayaquil to Madrid would arrive to the port of Valencia. The distance between Guayaquil and Valencia is approximately 10.304 km. and it is estimated that a cargo that goes to an average speed of 13 knots would take approximately 17 days and 19 hours to arrive to its destination. Nevertheless, it is important to keep in mind that this time may vary due to weather conditions and the shipping line in charge of the transportation. In figure 5 it is observable that shipping lines that operate in the Guayaquil-Valencia route are Hapag-Lloyd, APL, CMA, CGM, MSC and Maersk, each one with different transit times.

**Figure 5**  
Transit time between Ecuador and Spain

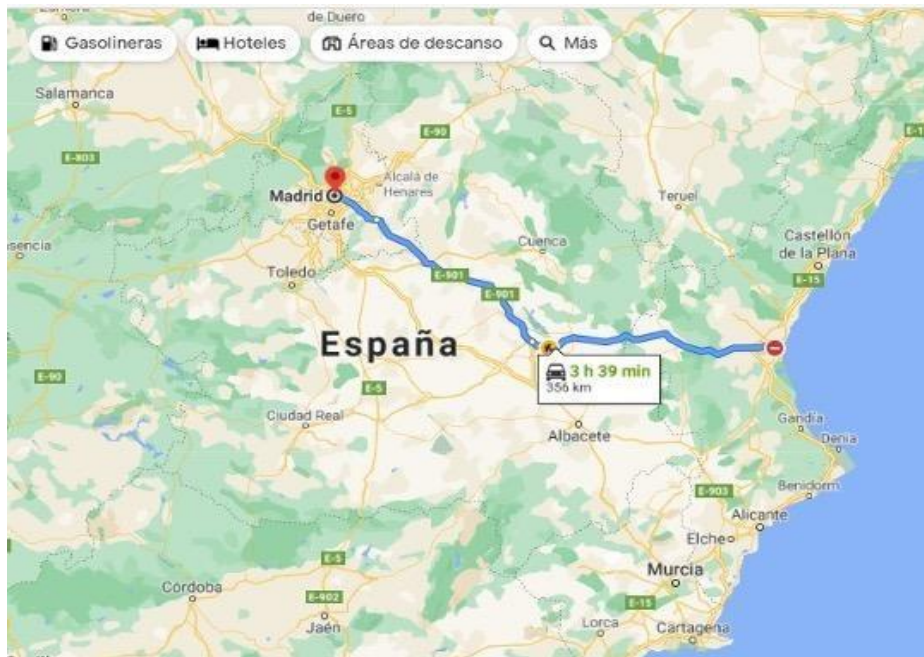


Source: SEA RATES, 2023.

Once the shipment arrives at the port of Valencia, it is transported by land to the city of Madrid, which is located 356 km away. This will take a travel of approximately 3 hours and 39 minutes. It is worth mentioning that this distance is the shortest in comparison to the ports of Bilbao and Barcelona, where travel time is between five and six hours, respectively. Figure 6 shows more details regarding this route.

**Figure 6.**

Between the port of Valencia and the city of Madrid, Spain.



Source: Google Maps, 2023

In conclusion, it is relevant to note that there is a great difference in time zones of both countries. As they are both located on opposite sides of the planet, normally, there is a difference of six hours. Nevertheless, during the time between March and October summertime is applied, meaning, there is an additional hour in all the clocks of that country.

#### **2.1.4. Commercial environment analysis and economic metrics.**

In the European Union, Spain is in fourth place in terms of economy in the continent and in thirteenth place worldwide, which makes Spain a very attractive market for goods and services trading. It is a particularly interesting Country for commercial trading with Latin America, as they share cultural bonds since colonial times and both places share the same language.

In terms of economic metrics, Spain represents a low-risk country, with an annual average rate of 0.62%. Additionally, since Spain has a strong currency as the euro, it registers low rates of inflation being inferior to 1% (Joshi, 2020). In terms of its growth, domestic product in 2020 it reached \$1.28 billion, although it experienced a contraction of 10% during the pandemic. On the other hand, it's GDP per capita is \$27,057.16 which shows a high development index and high acquisition power in this country. When it comes to direct foreign investment, Spain received \$8.928 million until 2020. Nevertheless, its commercial balance showed a deficit during the same period, closing in \$17.997 million. (The CIA World Factbook, 2022)

**Chart 3**

Physical factors that influence internationalization.

Country	Country Risk	Inflation	GDP	GDP per capita	Direct Foreign Investment	Commercial balance
Spain	0,62%	0,8%	\$1,28 trillion	USD \$ 27.057,16	USD \$ 8.928 million	\$17.997 million

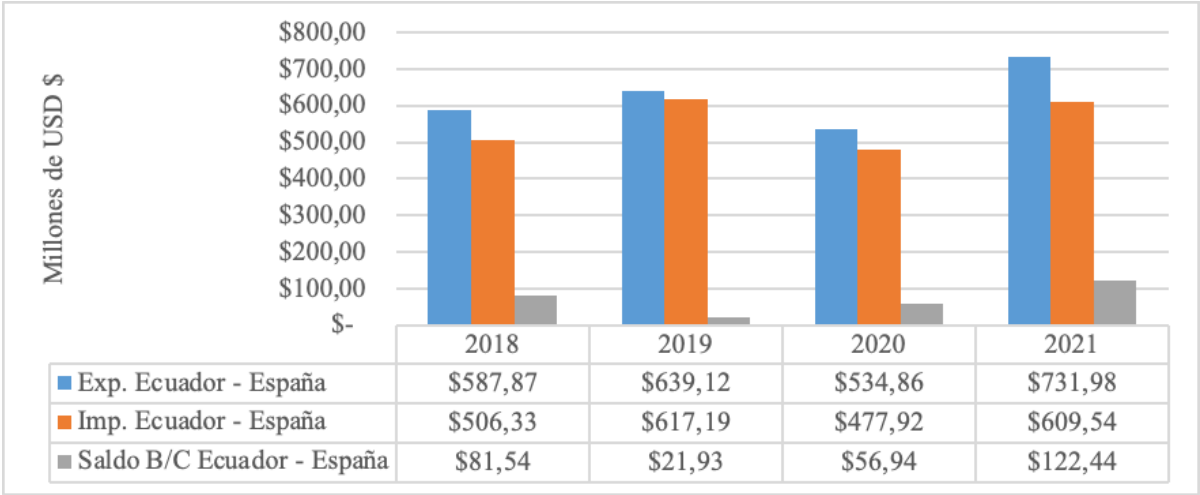
Source: Datos Macro, 2020

**2.1.5. Ecuador – Spain bilateral trading.**

In regards to the bilateral trading between Ecuador in Spain, it is evident that the commercial balance is favorable for Ecuador, thus, the exportation volume is higher than the importations at least during the 2018–2021 period. As we can see in figure 5, 2021 the exportations from Ecuador to Spain added a sum of \$731.98 million, this translates to a growth of 36.9% in relation to 2020. On the other hand, importations added a total of \$609.54 million in 2021, which implicates a growth rate of 27.5% in relation to 2020.

Therefore, the trading balance in 2021 was \$122.44, being the highest recorded in that period. A great percentage of this trading dynamic has benefited from the multi-party commercial agreement that Ecuador has with the European Union (Banco Central del Ecuador, 2022).

**Figure 7**  
Bilateral trading between Ecuador and Spain 2018-2021.



Source: Banco Central del Ecuador, 2022

**2.2. Trade and non-trade barriers**

**2.2.1. Trading agreement between Ecuador and Spain**

As previously stated, Ecuador has a commercial agreement with the European Union, which includes Spain as a member of this economic block. Disagreement gifts, important trade benefits for Ecuadorian products, with an elimination of 95% of customs tariffs. This is particularly favorable for Ecuadorian food products that go into Spanish market without paying taxes.

In the particular case of liquor, Spain imports, most of it from the United Kingdom, the Netherlands, United States and France, and not so much from Ecuador. Therefore, it is necessary to review customs tariffs applied to the entrance of liquor into this country. Meanwhile, some documentation will be required when exporting this product to the Spanish market:

- Commercial documents, as a commercial receipt properly authorized by the Internal Revenue Service Of Ecuador (SRI), containing all the information regarding the importer and the exporter.
- A description of the shipping Content
- Certificate of origin
- Sanitary certificate
- Identification of Spanish customs, as a receive registered in the Spanish consulate.
- ATA (temporary admission of merchandise certification) and CPD (Tickets and declarations carnet)
- Port mobilization registry issued by the shipping line.
- Container insurance
- The Hague Apostille in accordance with the XII Hague Convention. This process consists in certifying the authenticity of the registered signatures in each document of exportation through an apostille.

These documents are required by the Spanish customs authority, to guarantee the compliance of all importation requirements, and the entry of products into the Spanish market.

### 2.2.2. Custom tariffs

The nomenclature used in the European Union is nominated as combined nomenclature, and it is based on the International Convention on the Harmonized Commodity Description and Coding System where different types of custom tariffs are used where specific, mixed, and complex rights are the most known ad valorem. One of the main consequences of a common market in the European Union is a standardization of custom Tariffs, customs procedures, which are only payable in the entrance port in the European Union, once those tariffs get in, there are no other customs' bureaucracy to follow, and the products can be easily transported within the European Union.

Spain particularly requires a sanitary control in all products that are destined to use and human consumption that come from non-EU members. This is a systemic control in the exterior border, in the entrance, or exit of national territory. As long as there are no specific sanitary controls for some products, the sports are authorized to do this control by themselves. For example, every product that comes into Spain has to go through the following control:

**Figure 8.**

Applied controls to products that go into the Spanish Market.

<b>Documentation control</b>
Checkpoint of Sanitary certificates in documents that go along with the product.



<b>Identity control</b>
Visual, checking off accordance between products and documentation and certificates, as well as the presence of stamps and marks that must exist according to communitarian and national regulations.
<b>Physical control</b>
Sample testing and lab analysis of the products.

Source: Agencia Estatal del Boletín Oficial del Estado, 2023.

### **2.2.3. Non-customs tariffs.**

There are some sanitary regulations that apply to EU members, in this case, legislation regarding sanitary regulations in coordination with the European commission. The European Food Safety Authority (EFSA) is the main institution in charge of scientific Analysis regarding all sanitary matters. This works simultaneously with Hazard Analysis And Critical Control Point (HACCP) as an obligatory requirement for all products in any level of the food chain with the purpose of avoiding any hygiene and sanitary problems.

### **2.3. Special taxes in Spain**

Special taxes are of indirect nature that are charged against acidic consumption and charge in a single phase, the stages of manufacturing and importation, and in this specific case, introduction in Spanish territory as well. Additionally, the process of registering some transportation mechanisms, electric energy supplying and coal consumption.

Some products that are subject to special taxing in Spain are alcohol in alcoholic beverages (beer, wine and fermented, beverages, intermediate products, and alcohol, or

any derivative beverage), hydrocarbons Tax (gasoline, natural gas, biocarbons, etc) in tobacco related tax (cigarettes, cigars, etc.). The following is a list of positive types that are charged in alcoholic beverages in Spain.

**Figure 9.**

Taxes paid on alcoholic beverages in Spain

<b>Beer</b>	Imposable base is based on the volume of hl of a final product at 20 °C. Types: Based on the alcohol level.	<b>Wine and fermented beverages</b>	Imposable base is based on the volume of hl of a final product at 20°C, The imposable type is 0 euros per hl.	<b>Intermediate products</b>	Imposable base is based on the volume of hl of a final product at 20°C. The imposable type is 38.48 euros per hl of a lower than 15% alcohol percentage or 64.13 euros per hl of a superior percentage. In Canarias, both types are lower.	<b>Alcohol and derivative beverages</b>	Imposable base is based on the volume of hl of a final product at 20°C. The imposable type is 958.94 euros per h of pure alcohol. In Canarias the imposable type is different. There is a differentiated percentage for artisanal distillation and the harvesting regime.
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Source: Spanish Government, 2023

## 2.4. Negotiation terms INCOTERMS

Since it is the first time that artisanal liquor is being exported to the Spanish market, it has been decided that Incoterm FOB (Free on Board) mechanism has been chosen, which implicates that the seller is responsible to deliver all on board merchandise of the selected shipping to the buyer in the agreed port, generally located in the seller's residential country. Once the merchandise is on board, it is considered delivered in all the risks are transferred to the buyer, Estes merchandise has been previously delivered for its exportation. (Cámara Marítima del Ecuador, 2020).

### 2.4.1. Exporter's main obligations.

- Merchandise Has to be prepared in accordance with the terms established in the purchase contract, including an appropriate packaging and tagging for its transportation. Necessary to transport the merchandise to the agreed port, assuming all due costs.

- Exporter has to provide all necessary documentation as receipts and bulge listing, and aid the buyer in the obtention of any needed document for customs delivery.

- The exporter must also inform the buyer when the merchandise has been shipped.

- Finally, the exporter must do the exportation delivery and gather its documentation, if needed.

#### **2.4.2. Importer's main obligations.**

- To pay the agreed price for the merchandise as established in the purchase agreement. Manage and pay for the maritime transportation of the cargo on board of the ship in the agreed port. If agreed, the seller can handle the shipping hiring but the buyer has to pay for the expenses and assume the risks.

- To receive the merchandise and take care of the expenses and risks from the moment the seller delivers it in the departure port, this includes the maritime transportation, the importation delivery, any additional expenses in the destination and any other operational or handling costs that may come up. (Cámara Marítima del Ecuador, 2020).

## **CHAPTER 3. EXPORTATION PLAN.**

### **3.1. Business description.**

#### **3.1.1. The opportunity**

Artisanal liquor belongs to a group of alcoholic beverages that are mostly prepared in small scale as they consist in products that are meticulously prepared, keeping ancient techniques and traditional procedures that allow a great number of flavors, aroma and

elements that ferment and distillate in small quantities, as is the case of “Casa Malena Multicomercio”.

The above reference enterprise is in charge of producing around 4000 350ml bottles of artisanal liquor Misque per month, which is commercialized with the trademark “Maracuyaso”, as it has a slight note to passionfruit. It gives the drink a special and unique flavor to this indigenous drink. This company is a small business that employs five people who produce this drink in glass containers, PET bottles or cans. The approximate cost of each 350ml bottle is \$2.00 but it is traded at a price of \$4.25 to distributors.

The production and trading of artisanal liquors represents an interesting opportunity to the Spanish market, given the fact that it is aimed to a market of nostalgia as the Ecuadorian community residing in Spain. This will lead to the creation of unique and different liquors with flavor and aromas that highlight the Ecuadorian biodiversity.

It is important to note that, despite “Casa Malena Multicomercio” is a distillery or a national producer of liquor, this project will be focused on the exportation of the product to the Spanish Market, therefore, an intermediary company must be created between the producer and the foreign distributors. This way, “Calle & García Asociados” is born. Through the “Miske” trademark, it is a goal to put this product into the target Spanish market, constituting an interesting business opportunity to catch the attention of the local community. For this effect, the vision, mission and corporate values are hereby shared:

### **3.1.2. Mission, vision and corporate goals.**

3.1.2.1. **Mission.** To export a high-quality artisanal liquor, based on traditional procedures and local based raw material, with the intention of promoting cultural in Ecuadorian heritage and to satisfy the preferences of our clients.

3.1.2.2. **Vision.** To be recognized as expectation of artisanal liquor leaders in Ecuador, offering innovational products that comply with the highest quality standards, promoting sustainability and national industry development.

3.1.2.3. **Corporate goals.** The company's goals are:

- Promote the development of national industry and promote culture and Ecuadorian heritage.
- To consolidate the presence of goods and services in national and international market through an effective commercial strategy.
- To promote sustainability in all the activities, taking care of the environment and supporting the development of local communities.

### **3.1.3. The exporting product.**

As this is a spiritual and ancestral beverage, most of existing enterprises that produce Misque as an alternative to tequila but in a traditional and artisanal way, using techniques that are inherited through each generation. In its manufacturing process, cane sugar syrup is used and it is fermented in big bowls made of wood. After this, it is distilled in copper alembics to obtain the liquor.

This drink has a very strong and sweet flavor, it is kind of similar to rum, vodka, or tequila, depending to the type of distillation. Its alcoholic percentage varies between 40

° and 50°. It is commonly used in the preparation of cocktails. Some describe Misque as a sweet liquor with candy and spices' notes, similarly to other artisanal liquors made from sugar cane. Nevertheless, its unique flavor makes it difficult to compare with other alcoholic drinks.

## **3.2. Legal matters in the business constitution.**

### **3.2.1. Legal basis**

In Ecuador opening in exporting company is regulated by several laws that establish the requirements for its functioning. Here are detailed some of the most relevant laws:

**Organic Code of Production, Commerce and Investments (COPCI):** In its article 23 it establishes several tax incentives for new investments, which can be very beneficial for the reduction of the text charge during the first five years of functioning as it allows tax exemption and tax reimbursement specially for the currency exit tax or ISD, at the point of importing machinery and production equipment, as well as IVA reimbursement (Asamblea Nacional del Ecuador, 2013).

**Organic Law of Popular and Solidary Economy (LOEPS):** regulates the creation and functioning of organizations of popular and solitary economy, colluding the production unions, which can be used as a legal institution to create an artisanal distillery. This would help mainly to generate more type regulation for indigenous communities, as they are the main source of agave, which is the main raw material for the production of Artisanal liquor Misque. (Saltos et al., 2016).

**Law of Internal Tax Regime (LRTI):** establishes ALL tax related obligations of contributors, and the sanctions for non-compliance, as well as exemptions and benefits of certain economic activities (Congreso Nacional, 2018). In this law, it is established that the revenue tax, which in this case is a 22% for societies as well as a 12% IVA. Additionally, establishes the forms of tax declarations that must be submitted monthly and annually.

**Sanitary Statute of Food and Drinks:** it establishes all sanitary regulations that must be completed by any producing establishment of food and drinks, including artisanal liquid distilleries, in this case, it is important to have a Sanitary Registration that is issued by the Sanitary Regulation, Control and Surveillance Agency of Ecuador (ARCSA). This point is vital, because even if the company is an intermediary, it is responsible to verify that the product that is going to be exported complies with all permits and cemetery updated registrations to guarantee its proper sale to the foreign market in this particular case, the Spanish market.

**Ecuadorian Technical Laws:** There are several technical laws that establish quality and safety requirements that must be complied for food and alcoholic drinks and that are mandatory to trade them in the country. This particular case, the INEN regulations evaluate the product's compliance based on the Ecuadorian technical laws, their basic purpose is to satisfy local needs and ease national and international trade, rising competitiveness and taking care of safety and health of the consumer (Servicio Ecuatoriano de Normalización, 2014). The entity in charge of checking, the compliance of these regulations is the Ecuadorian Institute of Normalization (INEN), who is in charge of formulating, technical national regulations, execution of the Ecuadorian system of



quality processes, technical regulation, compliance evaluation, and Ecuadorian products metrics.

Is Important to keep in mind all these regulations at the moment of opening a Artisanal Liquor distillery so they're properly observed therefore, avoiding any sanctions and guaranteeing the quality and safety of the product.

### **3.2.2. Constitution of an exporting company requirements.**

In order to put “Garcia & Calle Asociados” to work, the following requirements must be observed:

**Legally constitute a company:** for this particular case, society needs to be legally constituted. Whether it is as a natural person or legal society, and get a unique contributor registry number (RUC) in the Internal Revenue Service (SRI). For this project purpose, this shall be a legal society.

**Obtaining an operating authorization:** In order to operate an exporting company, an operating authorization must be obtained from the Municipality of Guayaquil, after complying with the requirements established by ARCSA, since the company intends to export a liquor that is a product for human consumption and must comply with quality parameters that guarantee the implementation of and compliance with quality control and hygiene measures in production.

**Infrastructure adequation:** The exporting company's facilities must be adapted, especially with regard to the warehouse for the storage of liquors. These do not necessarily require a refrigerated warehouse, but an ambient temperature, especially considering that

it will be carried out in the city of Cuenca, where the average temperature is 17°C. On the other hand, the administrative offices are also relevant for inventory management, product accounting and other aspects related to the export process.

**Tax regulations compliance:** The exporter must comply with tax regulations, including the payment of taxes and the issuance of invoices and receipts for the sale of products. This is essential, given that there are currently electronic invoicing mechanisms to facilitate the declaration and payment of taxes.

**Affiliation of employees to the Ecuadorian Institute of Social Security (IESS):** This is indispensable, since all employees must be affiliated and earn a minimum remuneration of a unified basic salary which, for 2023, corresponds to \$ 450.00 per month. Therefore, no worker can earn less than that amount. In addition, there are social benefits such as: a thirteenth salary, which is equivalent to an additional salary and is paid until December 24; a fourteenth salary, which is equivalent to a basic salary and is paid until the first fifteen days of April; 15% participation in the profits generated by the company; reserve funds equivalent to 8.33% of the total salary; 15 vacation days, starting from the second year of work; and the employer plus personal contribution to social security for 21.6% of the salary.

### **3.2.3. Society (company) type:**

In Ecuador, there are several corporate formats of companies that can be used to incorporate an exporting company, but the choice of the corporate format will

depend on several factors, such as the number of partners, the liability of each partner, the company goals, taxation, among others. Some of the most common legal company formats in Ecuador are:

**Single person company:** A single person constitutes the company and their liability is unlimited for the company's debt.

**Limited Company (Cia. Ltda.):** It's a company formed by a minimum of two partners and a maximum of fifteen, who have liability limited to and based on the capital they contribute to the company. This format is commonly used for family businesses. The capital stock of the company is a minimum of \$ 400, and is divided into shares where the contributors are known as partners, the highest regulatory body being the Board of Partners of the company.

**Anonym Society (S.A.):** It is a company formed by shareholders who have liability limited to the capital they contribute to the company. This format is commonly used for companies seeking financing through the issuance of shares. In this case, the minimum number of shareholders is two, and there is no maximum limit. On the other hand, this company requires a minimum capital stock of \$800 and the contributions are divided into shares. The highest body is the Board of Shareholders.

For this research purpose, the choice of society format for an exporting company will depend on several factors, such as the number of partners, the liability of each partner, the objectives of the company and taxation, among others. However, for a small exporting company, which will do intermediary work, a limited company (Cia. Ltda.) could be a suitable option. This

society format is a company formed by two or more persons who have liability limited to the capital they contribute to the company.

This consists in a flexible format that allows a simpler and cheaper management than other society formats, which can be an advantage for a liquor exporting company. In addition, this legal format allows the participation of the partners in the decision making of the company and offers limited liability protection to its partners, which means that the personal assets of each partner are not compromised in case of debts or legal problems of the company. Consequently, the company to be incorporated would be a Limited Liability Company.

#### **3.2.4. Society characteristics:**

Below are some relevant data on the characteristics of the company:

- Type of company chosen: Limited Liability Company
- Social name: Garcia & Calle Asociados Cia. Ltda.
- Commercial Name: Licor Miske
- Legal representative: Thalia Gracia
- Tax residence: Cuenca, Ecuador.
- Economic activity: Commercialization and exportation of artisanal liquor.
- Number of partners: 2
- Social capital: \$30,000.00 (Each partner provides \$15,000.00).
- Monthly production goal: 4,000 bottles of 350 ml.
- Logo:

#### **Figure 10**

Logo of the artisanal liquor trademark of Miske

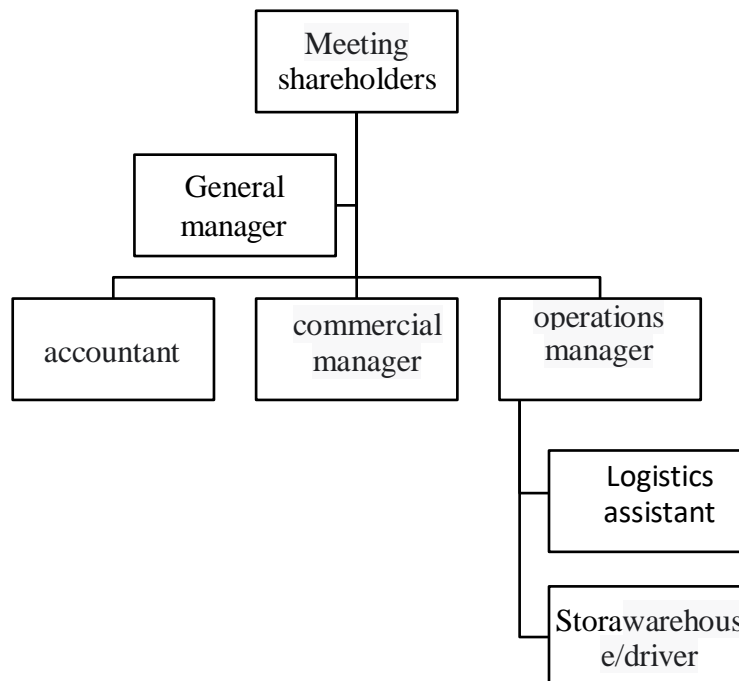


Source: Adapted by the authors, 2023.

### 3.3. Organization Structure:

**Figure 11**

Company's structure.



Source: Adapted by the authors, 2023

In this organization chart, the CEO is the leader of the company and oversees all commercial activities. The Operational chief is in charge of production and supervises the entire process of acquiring the artisanal liquor, as well as its packaging and distribution to international markets. The Logistics Assistant assists the Operational chief and is in charge of coordinating the product distribution activities, as well as the preparation of the different orders to foreign markets. The commercial chief will be in charge of the sales and promotion of the company's products in both traditional and digital media.

The accountant is in charge of preparing the company's budgets, recording all business transactions, preparing financial statements and tax returns and payments, as well as personnel payroll. Finally, the driver is in charge of delivering the product and its distribution in the channels established through a strategic alliance.

### **3.4. SWOT Analysis**

#### **3.4.1. Strengths.**

- Innovative form of product distribution that has not yet been profited by the market.
- Organic ingredients that generate a better tasting product than the industrialized ones.
- Higher quality product as it is made in a more meticulous way, with expert artisans in the distillation of liqueurs.
- Better preservation of the flavors, aromas and properties of the artisan liquor.

#### **3.4.2. Opportunities.**

- High growth rate in the market for artisanal liquors.
- Tendency to consume more organic and natural products than industrialized ones.
- High degree of innovation in the artisanal liquor sector, so the market grows annually.
- Tax incentives based on COPCI legal regulations.
- Increased internet access in Ecuadorian homes that motivates the development of advertising in digital media.

### **3.4.3. Weaknesses**

- New company, hence, none or low brand recognition.
- Low production levels, due to the installed capacity, shortening market coverage. Small-scale distillery.
- During the first stages of production there is a high degree of uncertainty related with customer acceptance.

### **3.4.4. Threats**

- Natural factors affecting the production of certain ingredients and resulting in higher prices.
- Entry into the market of large brands that generate unequal competition.
- High presence in the market of industrial beers and liquors with many years of tradition.
- Political and economic instability in Ecuador.
- Reduction of the consumer confidence index in the country.

### **3.5. Marketing plan**

#### **3.5.1. Product strategy**

Since it is a new brand of artisanal liquor that is intended to enter the Ecuadorian market, it is important to consider a strategy that highlights the rational and emotional attributes of the product. In this case, the rational attributes will be linked to quality aspects, both of the materials, the production process and the final result of the distillation, which would imply a high-quality artisanal liqueur. While the emotional attributes would be linked to aspects that try to harmonize with people's feelings, in order to make them feel something that the brand does not necessarily communicate directly, but in a subjective way, for example, an ancestral drink, a drink that promotes the economic development of indigenous communities, Ecuadorian pride, among others. This way, this product strategy could also be complemented with actions such as:

**Trademark determination:** Meaning, it must be consistent with the identity and values of the company. It is important that the brand is attractive, easy to remember and differentiated from the competition.

**Defining the type of liquor:** It is important for the company to define what type of artisanal liquor it wants to produce and trade. It must take into account market trends and consumer preferences. In this case, in order to highlight the company's value proposition, Miske liqueur will be offered in the first instance, as an innovative and little-known beverage in the market, but which has a high growth potential due to its flavor.



**Label and bottle design:** The design of labels and bottles is crucial to attract the consumer's attention. It is important that the design is consistent with the brand and the type of liquor being marketed.

### **3.5.2. Pricing strategy**

According to the results of the survey, it was determined that Ecuadorian customers are very price sensitive, so it is important to know the prices of similar artisanal liqueurs in the local market in order to establish a competitive price that would attract customers. However, the cost of production must be carefully calculated. This includes the cost of raw materials, machinery, employees and other related expenses.

This way, a price can be established covering costs and setting profits. Generally speaking, the average price of an economic and good quality liquor ranges between \$15 and \$20. But people prefer liquors that are accessible to their personal financial situation so they consume it more frequently in their social gatherings, which is why they will try to reach a price below \$20.00 if the installed capacity and the cost structure allow it. Therefore, the pricing strategy should be accompanied by the following actions:

- **Establishing a price strategy:** Once the cost of production and competitors' prices are established, an appropriate pricing strategy can be set. A low-price strategy can be chosen to attract customers, or a high-price strategy can be chosen to position the liquor as a high-quality product.

- **Discounts and offers:** Offering discounts can be an effective strategy to rise sales and attract clients. For example, a first-time purchase or a two for the price of one offer can be effective.

- **Establishing a pricing policy:** It is important to establish a clear and consistent pricing policy. Customers should know what the price of the liquor is and when discounts and promotions are applicable. Different prices for different bottle sizes can also be considered.

- **Monitoring prices constantly:** Prices should be monitored on an ongoing basis to ensure that you remain competitive in the marketplace. If necessary, adjustments can be made to the pricing strategy to remain competitive and attract customers.

### **3.5.3. A market strategy**

A successful market strategy for an artisanal liquor distillery in Ecuador must include a selective and focused approach to the target consumer segment, using innovative and different distribution channels to reach potential customers. According to the results of the survey, it was determined that the way the product should be distributed would be through supermarkets, therefore, it is an indirect distribution, since this artisanal liquor should be addressed in a selective way.

This means that, instead of being in all points of sale, the distillery could choose to distribute its liqueur in selected establishments such as: supermarket networks, gourmet stores, specialized wineries, hotels and high-class restaurants. This would increase the perception of exclusiveness of the product and improve its positioning in the market. However, other ways of marketing the product could be through the following:

- **Online presence:** The distillery could consider sales directly to the consumer through its website and social media to reach a wider audience across the country and eventually abroad.

- **Fairs and events:** Participating in food and beverage industry trade fairs and events is an effective way to promote the product and reach a target audience. In addition, the distillery could organize private tasting events in prestigious restaurants and bars to showcase the taste and quality of its liquor.

- **Strategic alliances:** The distillery could establish strategic alliances with related companies in the industry, such as prestigious restaurants and bars, so that these places exclusively offer its liquor. This could generate greater interest in the product and enhance its reputation in the market.

- **Direct distribution:** As the brand becomes better known, the distillery could consider setting up an internal sales and direct distribution team to take the product directly to retail outlets. This would allow greater control over product distribution and the ability to customize sales agreements with customers. In addition, one of the sales benefits is that, with no intermediation, the selling price would be more attractive to the final consumer.

#### **3.5.4. Promotion strategy**

According to the survey's results, social media has become the main medium for publishing promotional content for the Miske brand of handcrafted liqueur. Currently, social networks are a very useful tool to publicize the product, interact with consumers and receive feedback about the product. It is important to have a presence in the most popular social networks and to publish quality content on a regular basis. In this sense, an effective promotion strategy using social networks can be key to publicize an artisanal

liqueur in Ecuador. Below are some ideas that revolve around the promotion strategy, emphasizing digital channels:

- **Creating a solid presence on social media:** It is important to have a page on the main social networks (Facebook, Instagram, Twitter) and update them constantly with photos, videos, product descriptions, events, etc. It is also important to interact with followers and respond to their questions and comments.

- **Using influencers:** Influencers can have a great impact on the promotion of a product. Look for influencers related to the world of liquors, preferably those who talk about artisanal liquor, and offer them a sample of the product for them to try and promote it in their social profiles.

- **Giveaways in social media:** A good way to promote a product is through giveaways and contests in social networks. For example, followers can be asked to share a photo with the artisanal liquor and tag the brand, and then give some bottles among the participants.

- **Social media advertising:** Social networks also offer paid advertising options, which can be very effective to reach a wider audience. An ad can be created with an eye-catching image and a message highlighting the characteristics of the handcrafted liqueur and reach an audience selected according to their location, age, interests, etc. For example, by investing in SEO - SEM so that the brand gets shown in the first results of the main search engines such as Google, Bing and others.

A more traditional marketing strategy would be:

- **Events and tastings:** Organizing events and tastings is an excellent way to promote the artisanal liquor and allow customers to taste it before buying it. Events can

be organized in bars, restaurants, food and beverage fairs, among others. And promote them on social media to attract the attention of the public interested in artisanal drinks.

- **Guided tours to the distillery:** This can be a great strategy to attach clients.

### **3.6. Logistics area.**

#### **3.6.1. Distribution channel.**

The way in which the product would be marketed would be through an alliance with the Spanish supermarket chain LIDL, which would become the direct distributor of the product to the final consumer. Therefore, it is a cooperation export between Licor Misque and this supermarket, to cover as many locations as possible within the city of Madrid, starting with the community of Ecuadorians living in Spain, to capture that market of nostalgia.

#### **3.6.2. Exporting process**

#### **3.6.3. Pre boarding phase**

In this phase, the company García & Calle Asociados Cía. Ltda. Must already have a RUC, detailing its economic activity as a company dedicated to the production of artisanal liquors, being Misque its debut product. This information must be duly uploaded in the ECUAPASS platform, where the export process, the exporter's data, the product data, the consignee's information, the arrival destination, weights and quantities must be registered. The customs export declaration (DAE) must include the previous authorizations, the commercial receipt and the packing list. Also, at this stage the gauging is performed, if applicable, all this in order to obtain the authorized exit of the DAE.

#### **3.6.4. Export opening**

In order to open the export process, it is important that the following elements are considered in the DAE: product information, weight, price, origin, characteristics and coding. Likewise, the exporter must detail the payment conditions, the date, the method of payment, if it is 50% - 50%, the euro/dollar exchange rate; the ship, the shipping line and the ports of origin (Guayaquil) and destination (Valencia), as well as the transport route to Madrid, the final destination.

### **3.6.5. International negotiation tools**

The negotiation terms will be based on INCOTERMS, the most commonly used being: CFR and CIF, among the contracts between Ecuadorian and Spanish companies, since responsibilities are shared on a 50%-50% basis.

### **3.6.6. Post boarding phase**

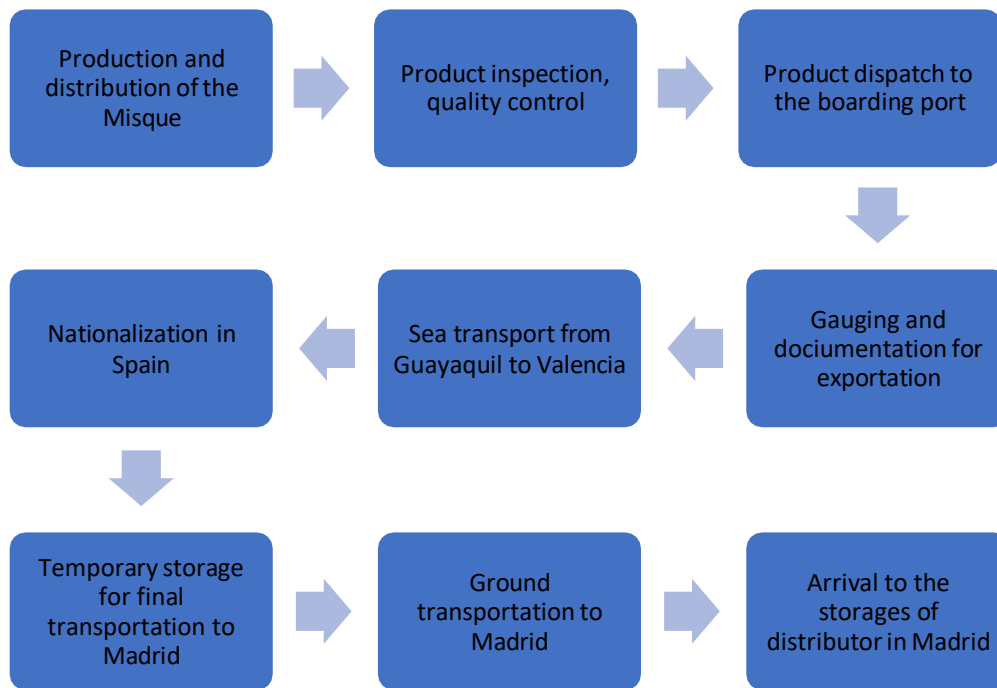
At this stage it is important to comply with the following requirements: (1) correction of the DAE with the definitive data of the shipment by associating the definitive commercial receipt; (2) regularization of the DAE with the definitive data and the status of "Regularized", and finally (3) make the substitutive declaration through ECUAPASS. All the procedures previously discussed are free of charge, only the payment of services related to logistics should be considered such as: transportation, storage and customs agent fees.

### **3.6.7. Exporting process of a product**

The following figure summarizes the export process:

#### **Figure 12**

Summary of an exporting process



Source: Adapted by the authors. 2023

### 3.6.8. Merchandise international transportation

The product will be exported by sea using a 20-foot refrigerated container. The shipping route will be from the Port of Guayaquil to the Port of Valencia and then from Valencia to Madrid by land transport, but this is the responsibility of the importer; therefore, this aspect is not analyzed in this research.

The shipping lines that go from Guayaquil to Valencia are: Maersk, MSC, CMA CGM, APL and Hapag - Lloyd. However, this last one (Hapag - Lloyd) would be the chosen one because it represents the shortest time between these two countries, being only 24 days by sea at a speed of 13 knots. However, at a speed of 20 knots it is possible that the transit time would only be up to 12 days, i.e., half the time, depending on weather conditions.

### 3.6.9. Volume, dimensions and prices.

Chart 4 determines that the liquor company has an installed capacity to produce 4,286 bottles of 350ml, at a cost of \$1.88, including raw materials, hand work and indirect costs.

#### Chart 4

Volume, dimensions and prices

Description	Unit cost	Units	Monthly cost
Agave (kg)	\$ 0.40	3000	\$ 1,200.00
Yeast (kg)	\$ 2.00	5	\$ 10.00
Water (Lt)	\$ 0.02	600	\$ 12.00
<b>Raw material</b>			<b>\$ 1,222.00</b>
<b>Labor cost</b>			<b>\$ 1,471.29</b>
Electricity (kWh)	\$ 0.25	100	\$ 25.00
Indirect expenses (Lt)	\$ 1.25	4,286	\$ 5,357.14
<b>Indirect cost</b>			<b>\$ 5,382.14</b>
<b>TOTAL</b>			<b>\$ 8,075.43</b>
<b>PRODUCTION</b>			<b>4,286</b>
<b>TOTAL</b>			
<b>UNIT COST</b>			<b>\$ 1.88</b>

Source: Adapted by the authors, 2023.

Chart 5 determines that these 4,286 units correspond to a total production of 1.5 million milliliters per month, which when divided by 350ml, leaves that number of containers. Now, the selling price to the distributor would correspond to \$ 4.25, which would represent a gross income of \$ 18,214.29 per month, in the case of selling the entire production.

#### Chart 5

Installed capacity

Monthly installed capacity			
Total production (Lt)	1500	lt	
Total production(ml)	1500000	ml	
Bottle	350	ml	
<b>Total 350 ml bottle production</b>		<b>4,286</b>	<b>7.2%</b>
<b>Price</b>	\$	<b>4.25</b>	



Estimated sales per month

\$ 18,214.29

Source: Adapted by the authors, 2023

### 3.6.10. Required fixed assets

Chart 6 shows that the costs to carry out the export office proposed in this work would represent an investment of \$34,350, divided into machinery and equipment (warehouse), furniture and fixtures, computer equipment and a vehicle, which represents 46.6% of the total investment.

#### Chart 6

Fixed assets investment

DESCRIPTION	Units	Unit cost	Total cost	% PART.
<b><u>Machinery and equipments</u></b>				
Storage with docketts	1	\$10,000.00	\$ 10,000.00	29.1%
<b>Total</b>			<b>\$ 10,000.00</b>	<b>29.1%</b>
<b><u>Furniture and furnishing</u></b>				
Modular executive desk	4	\$ 250.00	\$ 1,000.00	2.9%
Executive chairs	4	\$ 125.00	\$ 500.00	1.5%
Docks	4	\$ 150.00	\$ 600.00	1.7%
<b>Total</b>			<b>\$ 2,100.00</b>	<b>6.1%</b>
<b><u>Hardware</u></b>				
PC	5	\$ 1,100.00	\$ 5,500.00	16.0%
SAI server	1	\$ 750.00	\$ 750.00	2.2%
<b>Total</b>			<b>\$ 6,250.00</b>	<b>18.2%</b>
<b><u>Vehicles</u></b>				
Donfeng C37 -Van	1	\$16,000.00	\$ 16,000.00	46.6%
<b>Total</b>			<b>\$ 16,000.00</b>	<b>46.6%</b>
<b>Total investment in warehouse, property and equipment</b>			<b>\$ 34,350.00</b>	<b>100.0%</b>

Source: Adapted by the authors, 2023

### 3.7. Financial plan

#### 3.7.1. Investment

Chart 7 shows that the total investment of the project corresponds to \$ 49,889.12 due to the combination of fixed or non-current assets and current assets or working capital investment.

### Chart 7

Initial investment

<b>Capital structure</b>	<b>Value</b>	<b>% Part.</b>
Investment in infrastructure, property and equipment	\$ 34,350.00	68.85%
Investment in working capital	\$ 15,539.12	31.15%
<b>TOTAL</b>	<b>\$ 49,889.12</b>	<b>100.00%</b>

Source: Adapted by the authors, 2023

The sources of financing are mixed, since the project's shareholders will contribute 60% jointly and 40% will be requested through a bank loan from BANECUADOR, as shown in chart 8.

### Chart 8

Financing sources

<b>Financing sources</b>	<b>Value</b>	<b>% Part.</b>
Own capital	\$ 30,000.00	60.13%
Bank loan	\$ 19,889.12	39.87%
<b>TOTAL</b>	<b>\$ 49,889.12</b>	<b>100.00%</b>

Source: Adapted by the authors, 2023

## 3.7.2. Financing

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Chart 9 describes the financing conditions of BANECUADOR.

### **Chart 9**

Financing conditions

<b>FINANCIAL INSTITUTION</b>	<b>BANECUADOR</b>
<b>CAPITAL</b>	<b>\$ 19,889.12</b>
<b>INTEREST RATE</b>	<b>11.25%</b>
<b>TIME</b>	<b>5</b>
<b>FREQUENCY</b>	<b>12</b>
<b>MONTHLY PAMENT</b>	<b>\$ 434.92</b>

Source: Adapted by the authors, 2023

Chart 10 determines that amortizing the loan over five years would leave a total interest of \$6,206.17. Thus, the capital plus interest would total \$26,095.29. The amortization table for the 60 periods of the loan can be found in the Annexes.

### **Chart 10**

Loan's annual amortization

<b>PERIOD</b>	<b>CAPITAL</b>	<b>INTEREST</b>	<b>TOTAL</b>
<b>1</b>	\$ 3,140.17	\$ 2,078.88	\$ 5,219.06
<b>2</b>	\$ 3,512.24	\$ 1,706.82	\$ 5,219.06
<b>3</b>	\$ 3,928.39	\$ 1,290.67	\$ 5,219.06
<b>4</b>	\$ 4,393.85	\$ 825.21	\$ 5,219.06
<b>5</b>	\$ 4,914.46	\$ 304.60	\$ 5,219.06
<b>60</b>	<b>\$ 19,889.12</b>	<b>\$ 6,206.17</b>	<b>\$ 26,095.29</b>

Source: Adapted by the authors, 2023

### **3.7.3. Permanent costs, variables and balance point**

Chart 11 establishes that the variable costs are based on the cost of sale of the product, in this case, a monthly sale of 3,429 per \$ 1.88 is estimated, which corresponds to a cost of \$ 6,460.35 per month, and \$ 77,524.16 per year.

Description	Monthly	Year 1
<b><u>Artisanal liquor 350ml</u></b>	3,429	41,143
Sales cost	\$ 1.88	\$ 1.88
<b>Total</b>	<b>\$ 6,460.35</b>	<b>\$ 77,524.16</b>

Fuente: Adapted by the authors, 2023

Charts 12 and 13 describe the permanent costs that, in this case, are determined by administrative and logistics expenses.

### Chart 12

Administrative expenses

Description	Monthly	Year 1
Salary and services of administrative personnel	\$ 5,078.77	\$ 60,945.24
Office and storage rent	\$ 1,000.00	\$ 12,000.00
Office material	\$ 50.00	\$ 600.00
Cleaning material	\$ 30.00	\$ 360.00
Gas	\$ 200.00	\$ 2,400.00
Utilities	\$ 100.00	\$ 1,200.00
Marketing expenses	\$ 200.00	\$ 2,400.00
<b>Total</b>	<b>\$ 6,658.77</b>	<b>\$ 79,905.24</b>

Source: Adapted by the authors, 2023

### Chart 13

Logistics expenses

Description	Monthly	Year 1
<b><u>LOGISTICS EXPENSES</u></b>		
Cost of 20 feet transportation (32m <sup>3</sup> )	\$ 1,500.00	\$ 3,000.00
Issuing of sanitary certificates	\$ 250.00	\$ 500.00
Customs agent	\$ 220.00	\$ 440.00
Anti drugs inspection	\$ 100.00	\$ 200.00
Qualification as exporter cost	\$ 150.00	\$ 150.00

Other exportation costs	\$	200.00	\$	400.00
<b>Total</b>	<b>\$</b>	<b>2,420.00</b>	<b>\$</b>	<b>4,690.00</b>

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Source: Adapted by the authors, 2023

Chart 14 shows that the company's balance point would be 35,966 units, at a price of \$ 4.50, which means that the company must sell more than that amount in order to recover its costs, or else generate an income greater than \$ 161,982.59, since it would be in balance with its fixed and variable costs.

#### Chart 14

Balance point calculation

<b>BALANCE POINT</b>	
<b>VARIABLE COST</b>	\$ 99,364.62
<b>PERMANENT COST</b>	\$ 96,800.11
<b>AVERAGE PRICE</b>	\$ 4.50
<b>UNITS</b>	54,827.02
<b>VARIABLE UNIT COST</b>	\$ 1.81
<b>BALANCE POINT (Q):</b>	<u>PERMANENT COSTS</u> PRICE - C. VARIABLE UNIT
<b>BALANCE POINT (Q):</b>	\$ 96,800.11
	\$ 2.69
<b>BALANCE POINT (Q):</b>	35,966.14
<b>BALANCE POINT (USD \$):</b>	\$ 161,982.59

Source: Adapted by the authors, 2023

### 3.7.4. Results status

#### Chart 15

Integral results status

#### 3.7.4 Results status

#### Chart 15

Integral results status

	Year 1	Year 2	Year 3	Year 4	Year 5
Net sales	\$ 174,857.14	\$ 197,291.05	\$ 221,832.94	\$ 248,657.87	\$ 277,954.48
Production cost	\$ 77,524.16	\$ 87,470.39	\$ 98,351.21	\$ 110,244.23	\$ 123,233.09
<b>Net profit</b>	<b>\$ 97,332.99</b>	<b>\$ 109,820.66</b>	<b>\$ 123,481.73</b>	<b>\$ 138,413.64</b>	<b>\$ 154,721.39</b>
Operational expenses					
Administrative expenses	\$ 79,905.24	\$ 82,919.78	\$ 86,049.94	\$ 89,300.21	\$ 92,675.26
Marketing and sales expenses	\$ 4,690.00	\$ 4,826.01	\$ 4,965.96	\$ 5,109.98	\$ 5,258.17
Amortization	\$ 6,493.33	\$ 6,493.33	\$ 6,493.33	\$ 4,410.00	\$ 4,410.00
Operational total expenses	\$ 91,088.57	\$ 94,239.12	\$ 97,509.23	\$ 98,820.18	\$ 102,343.43
<b>Operational revenue</b>	<b>\$ 6,244.41</b>	<b>\$ 15,581.54</b>	<b>\$ 25,972.50</b>	<b>\$ 39,593.46</b>	<b>\$ 52,377.96</b>
Financial expenses	\$ 2,078.88	\$ 1,706.82	\$ 1,290.67	\$ 825.21	\$ 304.60
<b>Revenue before workers' participation</b>	<b>\$ 4,165.53</b>	<b>\$ 13,874.73</b>	<b>\$ 24,681.84</b>	<b>\$ 38,768.25</b>	<b>\$ 52,073.36</b>

Workers participation	\$ 624.83	\$ 2,081.21	\$ 3,702.28	\$5,815.24	\$ 7,811.00
<b>Revenue before taxes</b>	<b>\$ 3,540.70</b>	<b>\$ 11,793.52</b>	<b>\$ 20,979.56</b>	<b>\$ 32,953.01</b>	<b>\$ 44,262.36</b>
Revenue tax (22%)	\$ 778.95	\$ 2,594.57	\$ 4,615.50	\$7,249.66	\$ 9,737.72
<b>Net revenue</b>	<b>\$ 2,761.75</b>	<b>\$ 9,198.94</b>	<b>\$ 16,364.06</b>	<b>\$ 25,703.35</b>	<b>\$ 34,524.64</b>

Source: Adapted by the authors, 2023

### 3.7.5. Cash Flow

#### 3.7.5 Cash flow

Chart 16  
Cash flow

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
<b><u>Operational revenue</u></b>						
Net sales		\$ 174,857.14	\$ 197,291.05	\$ 221,832.94	\$ 248,657.87	\$ 277,954.48
<b><u>Operational expenses</u></b>						
Production costs		\$ 77,524.16	\$ 87,470.39	\$ 98,351.21	\$ 110,244.23	\$ 123,233.09
Administrative expenses		\$ 79,905.24	\$ 82,919.78	\$ 86,049.94	\$ 89,300.21	\$ 92,675.26
Sales expenses		\$ 4,690.00	\$ 4,826.01	\$ 4,965.96	\$ 5,109.98	\$ 5,258.17
Workers participation in benefits			\$ 624.83	\$ 2,081.21	\$ 3,702.28	\$ 5,815.24
Revenue Tax			\$ 778.95	\$ 2,594.57	\$ 4,615.50	\$ 7,249.66
Subtotal		\$ 162,119.40	\$ 176,619.96	\$ 194,042.89	\$ 212,972.20	\$ 234,231.42
<b>Operational cash flow</b>		\$ 12,737.75	\$ 20,671.09	\$ 27,790.05	\$ 35,685.68	\$ 43,723.06
<b><u>Non operational revenue:</u></b>						
Permanent investment	\$ (34,350.00)					
Circulating capital investment	\$ (15,539.12)					
Projects residual value						
<b><u>Non operation expenses:</u></b>						
Main loan payment		\$ (3,140.17)	\$ (3,512.24)	\$ (3,928.39)	\$ (4,393.85)	\$ (4,914.46)
Loan's interest payment		\$ (2,078.88)	\$ (1,706.82)	\$ (1,290.67)	\$ (825.21)	\$ (304.60)
<b>Net generated cash flow</b>	\$ (49,889.12)	\$ 7,518.69	\$ 15,452.04	\$ 22,570.99	\$ 30,466.62	\$ 38,504.00
Initial cash balance	\$ 15,539.12	\$ 15,539.12	\$ 23,057.81	\$ 38,509.84	\$ 61,080.84	\$ 91,547.46
<b>Final cash balance</b>	\$ 15,539.12	\$ 23,057.81	\$ 38,509.84	\$ 61,080.84	\$ 91,547.46	\$ 130,051.46

Source: Adapted by the authors, 2023]

### 3.7.6. IRR and NPV Analysis

From the financial statements, it was determined that, although the company would generate profits every year, it is only in the fourth year that it is able to recover its investment, given that Chart 17 establishes that the Payback or discounted cash flow would be positive for \$26,119.22. In addition, the IRR reflects that for the fifth year a rate that would be higher than the TMAR or discount rate would be generated, standing at 27%. Chart 18 shows that the discount rate is 21.85%, calculated under the weighted average cost of capital method. However, the project is economically viable by generating a higher rate. Chart 19 also shows that, for every dollar invested, the company would generate 0.15 additional net profit, making this project economically viable.

**Chart 17**  
IRR – NPV Analysis

DESCRIPTION	NET CASH FL	PAYBACK	IRR	BNA
<b>Year 0</b>	-\$49,889.12	-\$49,889.12		
<b>Year 1</b>	\$7,518.69	-\$42,370.43	<b>-85%</b>	\$ 6,170.68
<b>Year 2</b>	\$15,452.04	-\$26,918.39	<b>-36%</b>	\$ 16,578.66
<b>Year 3</b>	\$22,570.99	-\$4,347.40	<b>-3.82%</b>	\$ 29,056.01
<b>Year 4</b>	\$30,466.62	\$26,119.22	<b>15.48%</b>	\$ 42,878.50
<b>Year 5</b>	\$38,504.00	\$64,623.23	<b>27.00%</b>	\$ 57,215.51

Source: Adapted by the authors

**Chart 18**  
Discount rate calculation (TMAR)

Source	Weight	Rate	Ponderation
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<b>Own capital</b>	60.13%	28.87%	17.36%
<b>Bank Loan</b>	39.87%	11.25%	4.48%
<b>TMAR</b>			21.85%

Source: Adapted by the authors, 2023

### Chart 19

Rentability of investment analysis

<b>Discount rate</b>	<b>TMAR</b>	<b>21.85%</b>
<b>Payback intern rate</b>	IRR	27.00%
<b>Current net value</b>	NPV	\$ 7,326.39
<b>Rentability index</b>	IR	\$ 1.15

Source: Adapted by the authors, 2023

## CONCLUSIONS AND RECOMMENDATIONS

Through this research, the following conclusions were established:

The production and commercialization of artisanal liquors in Ecuador represents an interesting opportunity, especially if the growing demand for local and high-quality products is taken into account. To be successful in this market, it is important to have a good knowledge of the production processes, a solid marketing strategy, to comply with legal regulations and to be prepared to adapt to the changing needs and preferences of consumers.

When analyzing the target market, it was determined that Spain would be the main trading partner for the introduction of this liquor, since it is initially aimed at the community of Ecuadorian residents in this country, which is intended to gain a nostalgia market, to gradually gain ground in the rest of the population of Madrid and thus increase the sales of Miske liquor.

On the other hand, a production process was determined to reach a goal of 4,000 bottles per month of handmade liqueur, in this case, Miske, which is a native drink from Ecuador. To carry it out, an initial investment of \$ 49.000,00 is required, of which 60% would be made up by own capital and the difference would be financed through a bank loan.

Finally, the financial evaluation determined that the project would be viable, generating an IRR of 27%, which is higher than the TMAR (21.85%). The net present value (VAN) would correspond to \$ 7,326.39, which means that the company would obtain \$ 0.15 net for each dollar invested. In addition, the payback period is three years, and it is considered to be an acceptable proposal, given that the VAN and IRR are positive and greater than the expected return, therefore the investment is economically viable.

It is recommended that, in the future, other export projects be investigated to help diversify the productive matrix of Ecuador, in finished products that also contribute more revenue to the trade balance. This way, it would fit within the guidelines of the Plan for the Creation of Opportunities, which promotes an economy at the service of society, and above all, one that is sustainable. Amortization

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## ANNEXES

**Table 20**  
Monthly loan amortization

<b>PERIOD</b>	<b>CAPITAL</b>	<b>INTEREST</b>	<b>TOTAL</b>	<b>AMORTIZATION</b>
0				\$ 19,889.12
1	\$ 248.46	\$ 186.46	\$ 434.92	\$ 19,640.66
2	\$ 250.79	\$ 184.13	\$ 434.92	\$ 19,389.87
3	\$ 253.14	\$ 181.78	\$ 434.92	\$ 19,136.72
4	\$ 255.51	\$ 179.41	\$ 434.92	\$ 18,881.21
5	\$ 257.91	\$ 177.01	\$ 434.92	\$ 18,623.30
6	\$ 260.33	\$ 174.59	\$ 434.92	\$ 18,362.97
7	\$ 262.77	\$ 172.15	\$ 434.92	\$ 18,100.20
8	\$ 265.23	\$ 169.69	\$ 434.92	\$ 17,834.97
9	\$ 267.72	\$ 167.20	\$ 434.92	\$ 17,567.25
10	\$ 270.23	\$ 164.69	\$ 434.92	\$ 17,297.02
11	\$ 272.76	\$ 162.16	\$ 434.92	\$ 17,024.26
12	\$ 275.32	\$ 159.60	\$ 434.92	\$ 16,748.94
13	\$ 277.90	\$ 157.02	\$ 434.92	\$ 16,471.04
14	\$ 280.51	\$ 154.42	\$ 434.92	\$ 16,190.54

15	\$	283.14	\$	151.79	\$ 434.92	\$	15,907.40
16	\$	285.79	\$	149.13	\$ 434.92	\$	15,621.61
17	\$	288.47	\$	146.45	\$ 434.92	\$	15,333.14
18	\$	291.17	\$	143.75	\$ 434.92	\$	15,041.97
19	\$	293.90	\$	141.02	\$ 434.92	\$	14,748.07
20	\$	296.66	\$	138.26	\$ 434.92	\$	14,451.41
21	\$	299.44	\$	135.48	\$ 434.92	\$	14,151.97
22	\$	302.25	\$	132.67	\$ 434.92	\$	13,849.72
23	\$	305.08	\$	129.84	\$ 434.92	\$	13,544.64
24	\$	307.94	\$	126.98	\$ 434.92	\$	13,236.70
25	\$	310.83	\$	124.09	\$ 434.92	\$	12,925.87
26	\$	313.74	\$	121.18	\$ 434.92	\$	12,612.13
27	\$	316.68	\$	118.24	\$ 434.92	\$	12,295.45
28	\$	319.65	\$	115.27	\$ 434.92	\$	11,975.80
29	\$	322.65	\$	112.27	\$ 434.92	\$	11,653.15
30	\$	325.67	\$	109.25	\$ 434.92	\$	11,327.48
31	\$	328.73	\$	106.20	\$ 434.92	\$	10,998.75
32	\$	331.81	\$	103.11	\$ 434.92	\$	10,666.94
33	\$	334.92	\$	100.00	\$ 434.92	\$	10,332.02
34	\$	338.06	\$	96.86	\$ 434.92	\$	9,993.97



35	\$	341.23	\$	93.69	\$ 434.92	\$	9,652.74
36	\$	344.43	\$	90.49	\$ 434.92	\$	9,308.31
37	\$	347.66	\$	87.27	\$ 434.92	\$	8,960.65
38	\$	350.92	\$	84.01	\$ 434.92	\$	8,609.74
39	\$	354.21	\$	80.72	\$ 434.92	\$	8,255.53
40	\$	357.53	\$	77.40	\$ 434.92	\$	7,898.01
41	\$	360.88	\$	74.04	\$ 434.92	\$	7,537.13
42	\$	364.26	\$	70.66	\$ 434.92	\$	7,172.87
43	\$	367.68	\$	67.25	\$ 434.92	\$	6,805.19
44	\$	371.12	\$	63.80	\$ 434.92	\$	6,434.07
45	\$	374.60	\$	60.32	\$ 434.92	\$	6,059.47
46	\$	378.11	\$	56.81	\$ 434.92	\$	5,681.36
47	\$	381.66	\$	53.26	\$ 434.92	\$	5,299.70
48	\$	385.24	\$	49.68	\$ 434.92	\$	4,914.46
49	\$	388.85	\$	46.07	\$ 434.92	\$	4,525.61
50	\$	392.49	\$	42.43	\$ 434.92	\$	4,133.12
51	\$	396.17	\$	38.75	\$ 434.92	\$	3,736.94
52	\$	399.89	\$	35.03	\$ 434.92	\$	3,337.06
53	\$	403.64	\$	31.28	\$ 434.92	\$	2,933.42
54	\$	407.42	\$	27.50	\$ 434.92	\$	2,526.00

55	\$	411.24	\$	23.68	\$ 434.92	\$	2,114.76
56	\$	415.10	\$	19.83	\$ 434.92	\$	1,699.66
57	\$	418.99	\$	15.93	\$ 434.92	\$	1,280.68
58	\$	422.92	\$	12.01	\$ 434.92	\$	857.76
59	\$	426.88	\$	8.04	\$ 434.92	\$	430.88
60	\$	430.88	\$	4.04	\$ 434.92	\$	(0.00)
	\$	<b>19,889.12</b>	\$	<b>6,206.17</b>	<b>\$ 26,095.29</b>		

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Source: Adapted by the authors, 2023